



Advanced  
Soltech

# Interim report

January – March  
2023



## Strong growth in China

# Good demand from Chinese customers

During the quarter, demand from Chinese customers remained high and new orders corresponding to 13.5 (6.5) MW were signed. During the quarter, Advanced Soltech's 174 (151) solar energy plants produced a total of 43 (33) million kilowatt hours, an increase with 31 percent in the quarter. Through this we reduced CO<sub>2</sub> emissions by 27,000 (20,000) tonnes. We have continued to build new capacity in China, but no new capacity has been connected during the quarter. At the end of the period the total installed capacity amounted to 250.3 (213.2) MW.

## The quarter, in short

### January 1st – March 31st

- The company installed a total of 0.0 (8.7) MW of roof-based solar energy plants and had 250.3 (213.2) MW installed and revenue-generating capacity at the end of the quarter.
- 43 (33) million kWh were produced, an increase of 31 percent, which reduced China's CO<sub>2</sub>-related emissions by approximately 27,000 (20,000) tonnes.
- At the end of the quarter, the company had 58 (41) MW in subscribed orders, as well as projects in the pipeline of 118 (125) MW.
- The company signed 3 (3) contracts amounting to a total installed capacity of 13.5 (6.5) MW.
- The company's bonds SOLT2 and SOLT5 was extended to 2023-07-09, in accordance with the company's request.
- The company has appointed Johan Edin as the new CFO of the company, taking office no later than August 2023. Johan succeeds Lars Höst, who is retiring.

## The quarter, in numbers

### January 1st – March 31st

- Revenues (sales of electricity and subsidies) amounted to SEK 40.7 (32.7) million, an increase of 25 percent compared with the previous year. In addition to the installed base being higher in 2023 than in 2022, irradiation has been better this year. Currency effects had an effect on revenues of SEK 1.4 (3.9) million.
- Net sales (sales of electricity to customer and Grid) amounted to SEK 33.2 (25.6) million, an increase with 30 percent. Currency effects had an effect on net sales of SEK 1.1 (3.1) million.
- Other operating income (subsidies) amounted to SEK 7.5 (7.1) million.
- Operating expenses amounted to 37.8 (29.0) MSEK, an increase of 30 percent compared to the previous year. The single largest item to the increase is extraordinary costs, amounted to SEK 3.0 million, in connection with the extension of the SOLT2 and SOLT5 bonds. Other major items are that costs for planned depreciation, maintenance costs and roof rents for solar energy facilities have increased, as well as a currency effect of -1.0 (-2.9) MSEK.
- Operating profit for the quarter amounted to SEK 2.9 (3.7) million. Adjusted for extraordinary costs in connection with the extension of the bonds, the operating profit amounted SEK 5.9 million.
- Interest expenses and similar income items amounted to SEK 37.4 (32.3) million. Behind the figure is an increased interest rate for the bond loans SOLT2 and SOLT5, and increased interest costs for financing in China.
- Profit for the year after financial items and tax amounted to SEK -35.3 (-7.5) million and was affected by a non-cash flow-effecting currency effect of SEK -0.9 (20.9) million. Adjusted for this item, profit for the year amounted to SEK -34.4 (-28.5) million.
- Total cash flow for the quarter amounted to SEK -8.2 (-100.2) million.
- Earnings per share before dilution amounted to SEK -0.89 (-0.19).
- The number of employees at the end of the period was 18 (15).

## Significant events after the end of the period

- The company signed two contracts amounting to an installed capacity of 6.5 MW.



# Great interest among Chinese financiers

“China’s reopening after the pandemic has gone faster than expected”



**During the past year**, we have made great progress in our endeavor to continue growing and developing as a leading company in solar energy. We have worked intensively on refinancing our outstanding obligations with the aim of creating the conditions for continued profitable growth, despite the challenges prevailing on the credit market in Scandinavia. We chose instead to investigate other and, for us as a company, better adapted possible solutions. After considering the alternatives, we finally chose to work on Chinese refinancing where we both ensure a better interest on the capital while at the same time largely eliminating the currency risk as we intend to take out the loan in Chinese Yuan (CNY).

**We are currently working** on a new financing solution in local currency. A Chinese financing solution means lower taxes and that the currency risk largely disappears. The repayment of our outstanding Swedish bonds will take place when the solution is in place, aiming at the end of the second quarter.

**As part of the refinancing process**, we visited China at the end of March. It was truly a fond reunion and we took the opportunity to meet both financial and industrial actors who can become new partners. During the visit, we were also confirmed with the determination with which China tackles the green transition. We are very positive about the future and believe that our presence in the Chinese market will open new opportunities for us to continue growing and developing both as a company and in terms of installed and revenue-generating capacity.

**Electricity production in the quarter** was 43 (33) million kWh, an increase of 31 percent, reducing China’s CO<sub>2</sub>-related emissions by approximately 27,000 (20,000) tonnes. In the quarter, we had good solar irradiation, but higher costs due to rising interest rates and negative currency effects. In connection with our refinancing process, we have also been forced to incur some costs of a one-off nature, including for legal and financial advice. We are experiencing strong demand for our offer and when new financing is in place, we can increase the rate of growth.

**China’s economy has grown** at an annual rate of 4.5 percent in the first quarter of 2023, which was higher than expected. The statistics for the first quarter confirm that China’s post-pandemic reopening has been faster than expected. We believe that China’s official target of 5 percent annual growth by 2023 is likely to fall short, which only strengthens our belief in the potential of our presence in the Chinese market. We look forward with great confidence to continuing our journey towards a sustainable and green future together with our partners and customers.

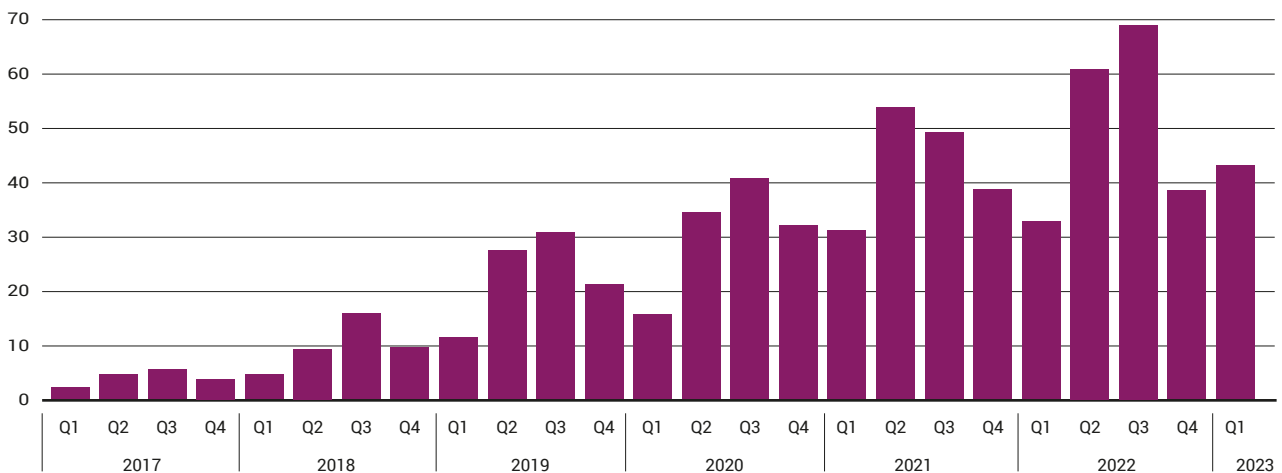
**Max Metelius**  
CEO

## Key performance measures

	230101-230331	220101-220331	220101-221231
<b>Financial Key performance measures (*)</b>			
Total revenue	40,704	32,679	203,849
Net revenue	33,161	25,584	156,972
Net revenue share of total revenue	81%	78%	77%
EBIT	2,922	3,684	79,428
EBIT%	7%	11%	39%
EBITDA	21,699	19,411	149,115
EBITDA%	53%	59%	73%
Amortization of capitalised borrowing costs	3,880	6,889	27,793
Interest expenses	29,703	22,161	94,308
Earnings per share for the period before dilution, SEK	neg	neg	neg
Earnings per share for the period after dilution, SEK	neg	neg	neg
<b>Operational Key performance measures (*)</b>			
Produced electricity, millions of kWh	43	33	200
Reduction of China's CO2-related emissions, tonnes	27 000	20,000	125,000
	2023-03-31	2022-03-31	2022-12-31
<b>Financial Key performance measures</b>			
Interest-bearing debt	1,137,010	1,036,184	1,127,561
Net interest-bearing debt	1,084,054	971,847	1,066,767
Equity ratio	25%	30%	26%
Equity ratio, rolling 12 months	28%	-	30%
<b>Operational Key performance measures</b>			
Installed capacity, MW	250,3	213,2	250,1
Average remaining contract time, years	16,4	17,7	16,8
Signed orders, MW	58	41	37

(\*) Definitions of Key Performance Measures, see note 3

### Produced electricity in millions of kWh



# Business model, market and customers

Advanced Soltech Sweden AB (publ) (“ASAB”) has a clear cut business model and access to a very large market with many potential customers, both among private companies and state-owned businesses.

## Vision

ASAB was founded with the goal of accelerating the transition to renewable energy in China by offering electricity generated from solar energy as a service. The vision is to become a driving force in sustainable energy production to secure a better future for the planet and future generations.

## Mission

ASAB’s mission is to finance, install, own and operate solar energy installations to generate electricity on customers’ roofs and then sell the electricity generated to the customer, the company that conducts operations in the building. ASAB will offer customers in industry, commerce and public administration an easy way to replace a significant part of their electricity consumption with locally generated solar energy at a discounted price compared to the grid price. The systems are installed through a local network of installers and dealers in China. Operations are financed via the parent company, ASAB.

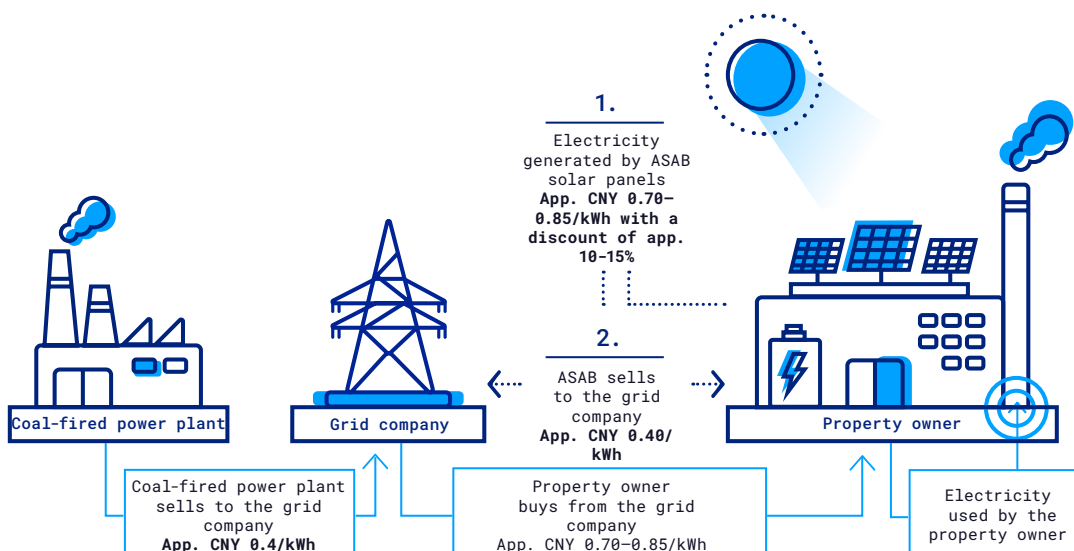
## Business model

Customers, who are owners of large properties, enter into 20-year contracts with ASAB, whereby the customer commits to buy, at a pre-agreed price, the electricity generated by the system. Electricity purchased from ASAB’s system is priced at a discount of approximately 10–15 percent compared to the price the customer pays for electricity from the grid. The electricity that the customer does not buy is sold to the grid, ensuring an almost 100 percent uptake of the electricity generated by ASAB’s projects.

On expiry of the 20-year contract period, the contract is automatically extended by five years, unless the customer chooses to terminate the contract and requests to discontinue occupancy. The customer may also purchase the system at a pre-agreed price. If a property where the system is installed is sold during the contract period, the customer must either buy the system from ASAB or, subject to ASAB’s approval, ensure that the new property owner takes over the contract.

## Subsidies

Although ASAB’s business model is commercially feasible, subsidies are another source of income. The subsidy amount for a specific project is determined before the construction of the solar energy plant begins, when the local grid operator evaluates the design of the project. The commitment of the authorities to pay subsidies includes both an interest rate, the



- ASAB sells electricity generated by solar cells installed at the customer’s/owner’s property, at a discount of app. 10–15% to the price compared to grid company’s list price.
- If the customer/property owner does not buy all the electricity generated by ASAB’s solar panels, ASAB sells it to the grid company.



## ABOUT ADVANCED SOLTECH

CNY amount per kWh generated and a duration, the number of years that the state unit undertakes to pay subsidies. The duration of the subsidies varies between two and 20 years, depending on whether the subsidies come from the district and city level or from the state or regional level.

In April 2021, new rules were introduced which mean that no new facilities receive subsidies. This was an expected development, as the facilities currently show a good return without subsidies. Already approved subsidies, however, remain in place for the lifetime of the contract.

### Market

When ASAB evaluates which regions the company wants to be present in, there are three main factors to take into consideration, solar irradiation, the local electricity price and the accessible customer base. All of these factors are important for ASAB to achieve long-term profitability in its operations. ASAB's market consists entirely of China, primarily the country's eastern regions, which are also the most industrialized and economically developed. This region provides an ideal mix of customer base, electricity prices and solar irradiation.

China's political leadership has over time made several decisions aimed at reducing the country's dependence on coal, a resource that today supplies more than 60 percent of the electricity production. The so-called 30-60 target means that carbon dioxide emissions will begin to decrease from 2030 and that the country will be completely climate-neutral by 2060.

An important part of the transition to carbon neutral economy will be based on solar energy, and in June 2021 a directive was issued stating that a large part of the suitable roof surfaces that are available will be covered with solar panels. The directive, issued by the Chinese Energy Agency, sets a goal that at least 50 percent of the available roof area of buildings that house government operations should be covered with solar panels. For public buildings, such as schools and hospitals, the corresponding target is at least 40 percent and for commercial and industrial buildings at least 30 percent. Although ASAB does not yet know the details of how this will be put into practice, the general perception in the market is that the directive is very positive for the solar energy sector.

ASAB also sees that both foreign and Chinese investors are now beginning to take an interest in the business model with

roof-based solar energy that the company offers. Although this will in the long run mean increased competition, ASAB sees it primarily as a confirmation that the company is working according to the right strategy. ASAB also has an advantage in the form of an established and functioning organization with great trust among customers, something that takes time to build.

### Customers

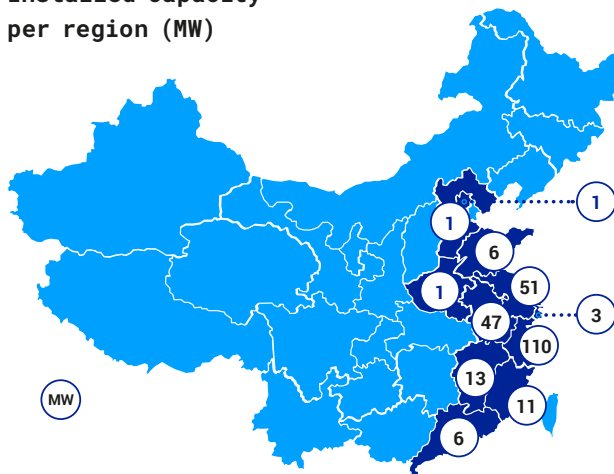
ASAB's customers are active in a wide range of areas, from the automotive and textile industries to brewing operations, but also in government operations. In total, just over 80 percent of customers are active in the private sector. What the customers have in common is that they are extensive organizations with a large number of employees. A customer base with mainly large customers, also spread across different industries, gives ASAB's operations long-term stability. A prerequisite for ASAB, however, is that customers have access to large free roof areas, as a photovoltaic system on average takes up approximately 15,000 square meters. Those of ASAB's customers who today have the largest installed capacity are found in machine manufacturing and the basic industry and are in the range of 100 to 500 employees (for more detailed information, see the tables below).

The reason why customers choose ASAB is that they get access to green electricity in an easy way and at a lower price than the electricity they can buy from the grid. Today, the company has 163 customers, which means that the counterparty risk is very diversified, something that distinguishes ASAB from similar companies which sell to the public electricity grid and thus has a weaker negotiating position and only one off-taker.

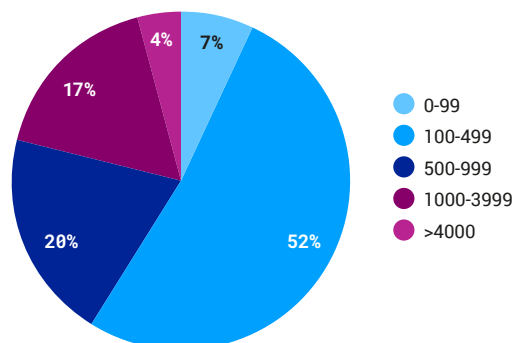
The rapid growth and conversion to alternative energy sources give ASAB, which has proven experience in identifying suitable solar energy projects, coupled with efficient installation methods, good opportunities for continued profitable development. The risks that exist in the market are mainly associated with the fact that the infrastructure, including electricity production, is strongly regulated and dependent on permits and ultimately political decisions.

Another driving force is environmental benefits. Through its operations, ASAB contributes to a way of reducing climate emissions and major environmental benefits through reducing air pollution.

### Installed capacity per region (MW)



### ASAB's customers – numbers of employees (FTE)



# Financial information

The Board of Directors and the CEO for Advanced Soltech Sweden AB (publ) may hereby submit an Interim report for the period January - March 2023.

## The Group's net sales and results for the quarter

- Revenues (sales of electricity and subsidies) amounted to SEK 40.7 (32.7) million, an increase of 25 percent compared with the previous year. In addition to the installed base being higher in 2023 than in 2022, irradiation has been better this year. Currency effects had an effect on revenues of SEK 1.4 (3.9) million.
- Net sales (sales of electricity to customer and Grid) amounted to SEK 33.2 (25.6) million, an increase with 30 percent. Currency effects had an effect on net sales of SEK 1.1 (3.1) million.
- Other operating income (subsidies) amounted to SEK 7.5 (7.1) million. Currency effects had an effect on other operating income of SEK 0.3 (0.7) million.
- Operating expenses amounted to 37.8 (29.0) MSEK, an increase of 30 percent compared to the previous year. The single largest item to the increase is extraordinary costs, amounted to SEK 3.0 million, in connection with the extension of the SOLT2 and SOLT5 bonds. Other major items are that costs for planned depreciation, maintenance costs and roof rents for solar energy facilities have increased, as well as a currency effect of -1.0 (-2.9) MSEK.
- Operating profit for the quarter amounted to SEK 2.9 (3.7) million, a decrease of 21 percent compared with the previous year. Adjusted for extraordinary costs in connection with the extension of the bonds, the operating profit amounted to SEK 5.9 million.
- Interest expenses and similar income items amounted to SEK 37.4 (32.3) million. Behind the figure is an increased interest rate for the SOLT2 and SOLT5 bond loans, and increased interest costs for financing in China.
- Exchange rate difference amounted to SEK -0.9 (20.9) million and was mainly attributable to a change in SEK against CNY (-0.4 percent since December 31, 2022) respectively SEK against EUR (-1.3 percent). For the same period last year, the change was for SEK against the CNY (-3.0 percent since December 31, 2021) respectively SEK against EUR (-1.1 percent). The exchange rate difference arises through translation of assets and liabilities, with amounts in currency which is not the respective company's accounting currency. The amount is unrealized and do not affect the cash flow.
- Profit after tax amounted to SEK -35.3 (-7.5) million.

## The Group's cashflow for the quarter

- The Group's total cash flow amounted to SEK -8.2 (-100.2) million.
- Current operations generated a cash flow of SEK 14.9 (-57.2) million, where the largest change consists of an increase of accounts payable.

- Investment activities generated a cash flow of SEK -27.7 (-42.3) million, which for the most part consists of investment in new solar energy plants, SEK -30.1 (-40.6) million.
- Financing activities generated a cash flow of SEK 4.6 (0.0) million, due to an increase of bank loan in China.

## The Group's financial standing and liquidity at the end of the period

- Total assets amounted to SEK 1,987 (1,719) million.
- Tangible fixed assets amounted to SEK 1,743 (1,427) million, which for the most part consists of solar energy plants.
- Financial fixed assets amounted to SEK 60 (93) million, which mainly consists of VAT receivables, which arose when the company invested in ongoing and new solar energy plants.
- Cash and bank amounted to SEK 53 (64) million.
- Equity amounted to SEK 489 (510) million.
- Long-term liabilities amounted to SEK 75 (279) million, consisting of loans from the two main owners and three smaller external loans.
- Current liabilities amounted to SEK 1,411 (918) million, where the largest items consist of bond loans, accounts payable as well as accrued expenses for interest and installation projects.

## The parent company's numbers for the quarter

- Revenues amounted to SEK 1.0 (0.8) million, mainly invoiced service to the Chinese subsidiaries.
- Operating expenses amounted to SEK 7.4 (4.9) million. The single largest item to the increase is the cost in connection with the extension of the SOLT2 and SOLT5 bonds.
- Operating profit amounted to SEK -6.4 (-4.1) million.
- Interest income and similar income items amounted to SEK 20.0 (19.2) million, mainly intercompany transactions.
- Interest expenses and similar income items amounted to SEK 29.3 (25.2) million. Behind the figure is an increased interest rate for the SOLT2 and SOLT5 bond loans.
- Exchange rate difference amounted to SEK 6.4 (5.4) million.
- Profit after tax amounted to SEK -9.3 (-4.6) million.
- The number of employees at the end of the period was 4 (4).

## ABOUT ADVANCED SOLTECH

### Bond loans

In January 2019, ASAB issued its first institutional Green Bond, SOLT5. The proceeds from the bond issue have been used to finance solar panel facilities in China. SOLT5 was listed on the Nasdaq First North Sustainable Bond Market with a first trading day on March 21, 2019. The Group's total debt in the balance sheet for the item "Bond loan", both non-current and current, contains capitalized borrowing costs that is periodized with the same term as the respective bond loan. As of the balance sheet date, the remaining capitalized borrowing costs are SEK 4.2 million. Accrued interest expense as of March 31, 2023 is SEK 22 122 thousand. Below is a specification of ASAB's bond loans.

Bond loan	ISIN	Principal		Booked value MSEK	Initial issue date	Redemption day	Interest rate	Interest payment periodicity (months)	Secured	
		Currency	MEUR							MSEK
SOLT2 (***)	SE0010831313	SEK		127.7	127,7	2018-03-01	2023-07-09	8.75%	6	No
SOLT3	SE0011231166	SEK		148.3	148,3	2018-07-10	2023-07-09	8.75%	6	No
SOLT4	SE0011721380	SEK		70.4	70,4	2018-11-10	2023-11-08	8.25%	6	No
SOLT5 (*)	SE0012012680	EUR	27.3		308,3	2019-01-25	2023-07-09	9.00%	3	Yes
SOLT5 (**)	SE0012012698	SEK		320.8	320,8	2019-01-25	2023-07-09	9.00%	3	Yes
				<b>975,5</b>						

(\*) The interest rate for SOLT5 EUR is 9.00% plus EURIBOR 90 days. In connection with the extension of SOLT5 the interest rate have been changed to 11.00% plus EURIBOR 90 days, from 2023-01-26.

(\*\*) The interest rate for SOLT5 SEK is 9.00% plus STIBOR 90 days. In connection with the extension of SOLT5 the interest rate have been changed to 11.00% plus STIBOR 90 days, from 2023-01-26.

(\*\*\*) The interest rate for SOLT2 SEK is 8.75%. In connection with the extension of SOLT2 the interest rate have been changed to 10.75%, from 2023-03-01.

### Pledged collateral for bond loan SOLT5

The bond SOLT5 is secured as follows:

- pledge of ASAB's shares in the directly owned Chinese subsidiaries Advanced SolTech Renewable Energy (Hangzhou) Co., Ltd ("ASRE"), Longrui Solar Energy (Suqian) Co., Ltd ("SQ") and Suqian Ruiyan New Energy Co., Ltd ("RY");
- pledge in all intra-group loans from ASAB to ASRE and from ASAB to SQ, from time to time; and
- negative pledge clause that limits the granting of security for financial indebtedness, in addition to such security as is permitted under the terms of the bond SOLT5.

ASRE and SQ will in turn secure their respective obligations under the intra-group loans arising from the bond SOLT5 as follows:

- pledging of solar facilities owned solely by ASRE and SQ (or any of their respective Chinese subsidiaries) financed from time to time through the intra-group loans which originate from the bond SOLT5; and
- security over the receivables from the energy purchase agreements regarding the installation and operation of solar cell facilities that have been financed through the intra-group loans which originates from the bond SOLT5.

### Intra-group loans from ASAB to Advanced SolTech Renewable Energy (Hangzhou) Co., Ltd ("ASRE") and Longrui Solar Energy (Suqian) Co., Ltd ("SQ") respectively

Funds from the SOLT bonds have mainly been used by ASAB to provide intra-group loans to ASRE, SQ or one of their respective Chinese subsidiaries. Certain conditions and requirements in the intra-group loan agreements entered into between ASAB and ASRE are reflected in the terms of the SOLT bonds. ASAB, as a lender according to the intra-group loan agreements, has provided ten loans to ASRE and three loans to LSE regarding the funds from the SOLT bonds and new issues. The total amount for all the 13 intra-group loans that ASAB gave to ASRE and SQ is EUR 68.6 million and they are all not due and unpaid.





## ABOUT ADVANCED SOLTECH

### Bank loans in China

ASRE has five bank loans, as of 31 March 2023, according to the specification below. These loans have previously been continuously extended in six to twelve-month intervals, which we also expect will happen in connection with the maturity dates specified below. All loans are unsecured and short-term.

Bank	Principal CNY	Principal SEK	Interest Rate	Repayment Date
ZheShang Bank	10,000,000	15,077,000	4,57%	2023-05-09
China Merchant Bank	12,000,000	18,092,400	3,95%	2023-09-06
Industrial and Commercial Bank of China	5,000,000	7,538,500	4,57%	2023-09-15
China Merchant Bank	3,000,000	4,523,100	3,65%	2023-12-27
Bank of China	10,000,000	15,077,000	4,60%	2023-11-14
	<b>40,000,000</b>	<b>60,308,000</b>		

### Other loans

ASRE has three outstanding loans to sellers of solar cell installations in China that were acquired in 2018. The three loans amount to SEK 12,179 thousand with an interest rate of ten percent, which is paid out annually. The capital debt is in CNY, and the amount is as of the closing currency rate on March 31, 2023.

### Related party transactions

The Group has loan liabilities to its main owner Soltech Energy Sweden AB (publ), for SEK 28,754 thousand, and Advanced Solar Power (Hangzhou) Inc., for SEK 28,136 thousand. In 2023, the interest rates for the loans were three percent respectively zero percent. Accrued interest expense, per March 31, 2023 amounted to SEK 3,882 thousand respectively SEK 1,639 thousand. The capital debt and accrued interest are in EUR respectively CNY and are as of the closing currency rate on March 31, 2023. During the year, the company incurred interest expenses based on overdue accounts payable to Advanced Solar Power, with an interest rate of 4.3 percent, amounted to SEK 652 thousand. All related party transactions have taken place on a market basis. The following related party transactions took place during the financial year.

SEK '000

Transaction	Counterpart	230101-230331	220101-220331	220101-221231
Purchase of solar panels	Advanced Solar Power (Hangzhou) Inc.	4,393	33,272	350,185
Purchase of service	Advanced Solar Power (Hangzhou) Inc.	4,706	3,648	14,886
Charged interest	Advanced Solar Power (Hangzhou) Inc.	652	0	1,056
Office rental	Advanced Solar Power (Hangzhou) Inc.	49	47	193
Charged interest	Soltech Energy Sweden AB (publ)	214	200	813
		<b>10,014</b>	<b>37,168</b>	<b>367,133</b>

### Accounts payable

As of March 31, 2023, the group has outstanding accounts payables to Advanced Solar Power (Hangzhou) Inc of SEK 246 million, which constitutes as an ongoing credit that can be equated with an "overdraft facility". The debt is in CNY and is as of the closing currency rate on March 31, 2023.

In addition to accounts payable, the group has accrued costs to Advanced Solar Power for the construction of new projects, amounting to SEK 88 million.



# Other information

## The Group

The consolidated accounts cover the Swedish parent company Advanced Soltech Sweden AB (publ) ("ASAB") and the wholly owned subsidiaries

- Advanced SolTech Renewable Energy (Hangzhou) Co., Ltd
- Longrui Solar Energy (Suqian) Co., Ltd
- Suqian Ruiyan New Energy Co., Ltd
- ST-Solar Holding AB

The Chinese subsidiaries are in their turn the parent companies of local Chinese companies, established in different regions of China. The business was established in 2014 as a joint venture between Soltech Energy Sweden AB and the solar panel manufacturer Advanced Solar Power Hangzhou Inc. ST-Solar Holding manages the Group's employee warrants. The parent company's operations are to finance the Group's solar energy facilities in China.

## Risks

All entrepreneurship and ownership of shares is associated with risk-taking and the operations of ASAB is no exception. When assessing the company, it is important to consider a number of risk factors, a selection of which is presented below in a summary. See the Annual report 2022 for a more detailed description of the Group's risks.

## The share and owners

The shares are listed for trading on Nasdaq OMX Stockholm, First North Growth Market. The number of shares per date of report was 39,640,390. The dilution effect depends on the warrant programs as described below.

Number of shares	230101-230331	220101-220331
Opening balance	39,640,390	38,747,539
<b>Closing balance</b>	<b>39,640,390</b>	<b>38,747,539</b>

Average number of shares	230101-230331	220101-220331
Before dilution	39,640,390	38,747,539
After dilution	41,577,767	40,684,916

Major shareholders 2023-03-31	Number of shares	Share capital	Share votes
SolTech Energy Sweden AB (publ.)	11,373,941	28.69%	28.69%
Advanced Solar Power Hangzhou Inc.	10,943,940	27.61%	27.61%
Isac Brandberg AB	1,816,665	4.58%	4.58%
The World We Want Foundation	1,033,199	2.61%	2.61%
Gryningskust Holding AB	525,131	1.32%	1.32%
Others	13,947,514	35.19%	35.19%
	<b>39,640,390</b>	<b>100.00%</b>	<b>100.00%</b>

## ABOUT ADVANCED SOLTECH

### Warrant program

On October 28, 2021, the Annual General Meeting resolved on four warrant programs, see table below. The total number of warrants that have been issued in the warrant programs corresponds to 4.89 percent of the share capital after the completion of the issues. This creates a potential dilution effect of 4.89 percent of the share capital after the completion of the issue. During the period, there have been no changes regarding the warrant programs.

Warrant program	Decided year	Number of warrants	Number of shares	Subscription period	Subscription price, SEK	Target group
LTIP 2021/2024 I EC	2021	542,466	542,466	241115-241216	36.45	Employees Sweden
LTIP 2021/2024 II EC	2021	406,849	406,849	241115-241216	36.45	Board of Directors Sweden
LTIP 2021/2024 I	2021	193,738	193,738	241115-241216	36.45	Employees China
LTIP 2021/2024 II	2021	794,324	794,324	241115-241216	36.45	Board of Directors China
		<b>1,937,377</b>	<b>1,937,377</b>			

### Corporate governance

Advanced Soltech Sweden AB (publ) is a Swedish public limited company. The company is formed in Sweden and was registered with Bolagsverket 2016-03-30 and has conducted operations since then. The company follows the rules of the Swedish Companies Act (2005: 551) and other applicable laws and regulations in Stockholm, Sweden where the company has its registered office. In addition to this, the company applies Swedish and international accounting legislation that ensures that the financial reporting meets the requirements.

The basis for the company's operations is the Articles of Association. The object of the company's operations is to conduct financing of the Group's solar energy plants, but not such operations referred to in the Banking and Financing Operations Act and activities compatible therewith.

For more information, see Annual Report 2022, section "Corporate Governance".

### Sustainability

#### Environmental responsibility

ASAB will offer environmentally friendly products and services that are produced with the least possible resource and energy consumption and with low environmental impact. All solar cells owned by ASAB are collected for recycling when they are used up. Wise resource management is a key word within the company and great focus is placed on resource use, regardless of whether it concerns energy, premises, waste, travel or transport, and to reduce these based on reasonable efforts. ASAB works systematically and prevents pollution through a goal-oriented environmental work that is an integral part of the company's culture. Current environmental requirements together with environmental aspects and environmental goals form the basis for our work.

#### Social responsibility

ASAB shall safeguard the integrity of the company's stakeholders and partners and handle information so that it is protected and managed in a responsible manner. We have a clear focus on sustainability, and we work to ensure that our partners are also expected to share our values and our code of conduct. It is through the employees' commitment, development and competence that we create a culture where we and our partners thrive. As an employer, we take our responsibility by offering each employee a developing and responsible job.

#### Other

Diversity enriches and we therefore work actively with diversity and gender equality issues. We support and follow the principles of the UN Global Compact initiative.

#### Forward-looking statements

All forward-looking statements in this report are based on the company's best judgment at the time of the report. Such statements, like all future assessments, contain risks and uncertainties, which may mean that the actual outcome will be different. In addition to what is required by current legislation, forward-looking statements only apply on the day they are made and the company does not undertake to update these in the light of new information or future events. The company does not provide any forecasts.

#### Auditor's review

This report has not been subject to review by the company's auditors.

#### Calendar

- Interim report for Q2 2023 will be published on August 24th, 2023.
- Interim report for Q3 2023 will be published on November 16th, 2023.



# Income Statement

(SEK 000')	230101-230331	220101-220331	220101-221231
Net revenue	33,161	25,584	156,972
Other operating income	7,543	7,095	46,877
<b>Total revenue</b>	<b>40,704</b>	<b>32,679</b>	<b>203,849</b>
<b>OPERATING EXPENSES</b>			
Other external expenses	-14,359	-9,063	-40,016
Personnel expenses	-4,646	-4,205	-14,718
Depreciation, amortization and write-downs	-18,777	-15,727	-69,687
<b>Total operating expenses</b>	<b>-37,782</b>	<b>-28,995</b>	<b>-124,421</b>
<b>Operating profit / EBIT</b>	<b>2,922</b>	<b>3,684</b>	<b>79,428</b>
<b>RESULT FROM FINANCIAL ITEMS</b>			
Interest income and similar income items	16	196	409
Interest expenses and similar charges	-37,358	-32,347	-134,944
Currency gains and losses	-857	20,939	20,051
<b>Profit after financial items</b>	<b>-35,277</b>	<b>-7,528</b>	<b>-35,056</b>
<b>Tax</b>	<b>0</b>	<b>0</b>	<b>5,972</b>
<b>The result for the period</b>	<b>-35,277</b>	<b>-7,528</b>	<b>-29,084</b>
Attributable to the parent company's owners	-35,194	-7,327	-29,426
Minority interest	-83	-201	342
Earnings per share for the period before dilution, SEK	neg	neg	neg
Earnings per share for the period after dilution, SEK	neg	neg	neg
Weighted average number of outstanding ordinary shares	39,640,390	38,747,539	39,228,686
Weighted average number of outstanding ordinary shares after dilution	41,577,767	40,684,916	41,166,063

# Balance Sheet

(SEK 000')	2023-03-31	2022-03-31	2022-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Total intangible fixed assets	44,678	45,927	45,180
<b>Total intangible fixed assets</b>	<b>44,678</b>	<b>45,927</b>	<b>45,180</b>
<b>Tangible fixed assets</b>			
Solar PV installations	1,591,429	1,378,340	1,595,681
Solar PV installations under construction	149,145	45,820	125,899
Other tangible assets	2,565	2,423	2,734
<b>Total tangible fixed assets</b>	<b>1,743,139</b>	<b>1,426,583</b>	<b>1,724,314</b>
<b>Financial assets</b>			
Other long-term receivables	53,105	92,068	42,590
Deferred tax assets	6,447	1,388	6,421
<b>Total financial fixed assets</b>	<b>59,552</b>	<b>93,456</b>	<b>49,011</b>
<b>Total fixed assets</b>	<b>1,847,369</b>	<b>1,565,966</b>	<b>1,818,505</b>
<b>Current assets</b>			
<b>Short-term receivables</b>			
Accounts receivable	37,554	35,948	36,371
Other receivables	8,262	23,376	25,932
Prepaid expenses and accrued income	41,325	29,404	31,485
<b>Total current receivables</b>	<b>87,141</b>	<b>88,728</b>	<b>93,788</b>
<b>Cash and bank balances</b>			
Cash and bank balances	52,956	64,337	60,794
<b>Total cash and bank balances</b>	<b>52,956</b>	<b>64,337</b>	<b>60,794</b>
<b>Total current assets</b>	<b>140,097</b>	<b>153,065</b>	<b>154,582</b>
<b>TOTAL ASSETS</b>	<b>1,987,466</b>	<b>1,719,031</b>	<b>1,973,087</b>



# Balance Sheet, continued

(SEK 000')	2023-03-31	2022-03-31	2022-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7,928	7,750	7,928
Additional paid in capital	569,427	552,860	569,427
Retained earnings including profit/loss for the period	-88,670	-50,569	-56,445
<i>Equity related to:</i>			
Owners of the parent company	481,855	502,510	514,025
Minority interest in equity	6,830	7,531	6,885
<b>Total equity</b>	<b>488,685</b>	<b>510,041</b>	<b>520,910</b>
<b>Provisions</b>			
Deferred tax liability	12,980	12,410	12,928
<b>Total provisions</b>	<b>12,980</b>	<b>12,410</b>	<b>12,928</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	74,590	69,772	73,782
Bond loan	0	209,017	0
<b>Total non-current liabilities</b>	<b>74,590</b>	<b>278,789</b>	<b>73,782</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	60,308	48,196	55,563
Bond loan	971,222	712,337	963,358
Accounts payable	252,339	97,297	227,521
Tax liabilities	786	3,343	783
Other current liabilities	9,759	21,181	13,082
Accrued expenses and prepaid income	116,797	35,437	105,160
<b>Total current liabilities</b>	<b>1,411,211</b>	<b>917,791</b>	<b>1,365,467</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,987,466</b>	<b>1,719,031</b>	<b>1,973,087</b>

# Changes in equity

<b>230101-230331</b>							
(SEK 000')	Share capital	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	7,928	569,427	72,330	-135,660	<b>514,025</b>	6,885	<b>520,910</b>
Result for the period	0	0	3,024	-35,194	<b>-32,170</b>	-83	<b>-32,253</b>
Translation differences	0	0	0	0	<b>0</b>	28	<b>28</b>
Rights issue	0	0	0	0	<b>0</b>	0	<b>0</b>
Issue cost	0	0	0	0	<b>0</b>	0	<b>0</b>
Dividends	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Closing balance</b>	<b>7,928</b>	<b>569,427</b>	<b>75,354</b>	<b>-170,854</b>	<b>481,855</b>	<b>6,830</b>	<b>488,685</b>

<b>220101-220331</b>							
(SEK 000')	Share capital	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	7,750	552,860	37,570	-106,234	<b>491,946</b>	7,509	<b>499,455</b>
Result for the period	0	0	17,891	-7,327	<b>10,564</b>	-201	<b>10,363</b>
Translation differences	0	0	0	0	<b>0</b>	223	<b>223</b>
Rights issue	0	0	0	0	<b>0</b>	0	<b>0</b>
Issue cost	0	0	0	0	<b>0</b>	0	<b>0</b>
Warrants	0	0	0	0	<b>0</b>	0	<b>0</b>
Dividends	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Closing balance</b>	<b>7,750</b>	<b>552,860</b>	<b>55,461</b>	<b>-113,561</b>	<b>502,510</b>	<b>7,531</b>	<b>510,041</b>

# Cash flow analysis

(SEK 000')	230101-230331	220101-220331	220101-221231
<b>Cash flows from operating activities</b>			
Operating profit (EBIT)	2,922	3,684	79,428
Adjustment for depreciation, amortization and write-downs	18,777	15,727	69,687
Adjustment for items not included in the cash flow	-8,414	1,296	6,838
	<b>13,285</b>	<b>20,707</b>	<b>155,953</b>
Interest received	16	196	409
Interest paid	-45,212	-30,684	-108,965
Income tax paid	0	0	-1,509
	<b>-45,196</b>	<b>-30,488</b>	<b>-110,065</b>
Change in accounts receivables	-1,049	1,367	1,985
Change in other short-term receivables	11,225	-6,530	-13,563
Change in accounts payables	24,166	-24,238	111,563
Change in other current liabilities	12,508	-18,727	30,955
<b>Cash flow from working capital</b>	<b>46,850</b>	<b>-48,128</b>	<b>130,940</b>
<b>Cash flow from operating activities</b>	<b>14,939</b>	<b>-57,909</b>	<b>176,828</b>
<b>Investing activities</b>			
Investments in tangible fixed assets	-30,150	-40,575	-359,201
Change in other financial fixed assets	2,468	-1,713	54,607
<b>Cash flow from investing activities</b>	<b>-27,682</b>	<b>-42,288</b>	<b>-304,594</b>
<b>Financing activities</b>			
Shareholders' contributions	0	0	17,940
Share issue cost	0	0	-1,194
Net proceeds from new loans	4,571	0	70,594
Repayment of loans	0	0	-64,586
Payment of warrants	0	0	0
Dividends to minority interest	0	0	-1,406
<b>Cash flow from financing activities</b>	<b>4,571</b>	<b>0</b>	<b>21,348</b>
<b>Cash flow for the period</b>	<b>-8,172</b>	<b>-100,197</b>	<b>-106,418</b>
Translation difference in cash and cash equivalents	334	3,810	6,488
Cash and cash equivalents opening balance	60,794	160,724	160,724
Cash and cash equivalents closing balance	52,956	64,337	60,794

# Income Statement

(SEK 000')	230101-230331	220101-220331	220101-221231
<b>REVENUES</b>			
Net revenue	988	839	3,366
Other operating income	0	0	0
<b>Total revenue</b>	<b>988</b>	<b>839</b>	<b>3,366</b>
<b>OPERATING EXPENSES</b>			
Other external expenses	-4,022	-1,567	-5,551
Personnel expenses	-3,354	-3,325	-11,298
Depreciation, amortization and write-downs	-3	-1	-5
<b>Total operating expenses</b>	<b>-7,379</b>	<b>-4,893</b>	<b>-16,854</b>
<b>Operating profit / EBIT</b>	<b>-6,391</b>	<b>-4,054</b>	<b>-13,488</b>
<b>RESULT FROM FINANCIAL ITEMS</b>			
Interest income and similar income items	20,012	19,242	76,982
Interest expenses and similar charges	-29,329	-25,194	-105,649
Currency gains and losses	6,434	5,432	44,168
<b>Profit after financial items</b>	<b>-9,274</b>	<b>-4,574</b>	<b>2,013</b>
Group contributions	0	0	71
<b>Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>The result for the period</b>	<b>-9,274</b>	<b>-4,574</b>	<b>2,084</b>

# Balance Sheet

(SEK 000')	2023-03-31	2022-03-31	2022-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Other tangible assets	45	17	48
<b>Total tangible fixed assets</b>	<b>45</b>	<b>17</b>	<b>48</b>
<b>Financial assets</b>			
Shares in group companies	698,410	618,660	698,410
Receivables from group companies	815,994	748,144	805,305
<b>Total financial fixed assets</b>	<b>1,514,404</b>	<b>1,366,804</b>	<b>1,503,715</b>
<b>Total fixed assets</b>	<b>1,514,449</b>	<b>1,366,821</b>	<b>1,503,763</b>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group companies	26,174	101,364	49,842
Other receivables	614	381	672
Prepaid expenses and accrued income	5,394	934	715
<b>Total current receivables</b>	<b>32,182</b>	<b>102,679</b>	<b>51,229</b>
<b>Cash and bank balances</b>			
Cash and bank balances	2,190	17,182	1,235
<b>Total cash and bank balances</b>	<b>2,190</b>	<b>17,182</b>	<b>1,235</b>
<b>Total current assets</b>	<b>34,372</b>	<b>119,861</b>	<b>52,464</b>
<b>TOTAL ASSETS</b>	<b>1,548,821</b>	<b>1,486,682</b>	<b>1,556,227</b>



# Balance Sheet, continued

(SEK 000')	2023-03-31	2022-03-31	2022-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	7,928	7,750	7,928
<b>Unrestricted equity</b>			
Share premium fund	583,779	567,211	583,779
Retained earnings	-67,254	-69,339	-69,339
Profit (loss) for the year	-9,274	-4,574	2,084
<b>TOTAL EQUITY</b>	<b>515,179</b>	<b>501,048</b>	<b>524,452</b>
<b>Long-term liabilities</b>			
Bond loan	0	218,690	0
Other long-term liabilities	32,636	29,131	31,995
<b>Total long-term liabilities</b>	<b>32,636</b>	<b>247,821</b>	<b>31,995</b>
<b>Current liabilities</b>			
Bond loan	975,461	718,055	970,120
Accounts payable	7	717	15
Liabilities to group companies	100	0	0
Other current liabilities	203	156	200
Accrued expenses and prepaid income	25,235	18,885	29,445
<b>Total current liabilities</b>	<b>1,001,006</b>	<b>737,813</b>	<b>999,780</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,548,821</b>	<b>1,486,682</b>	<b>1,556,227</b>

# Notes

## Note 1. Accounting and valuation principles

### General accounting principles

The report and group accounting have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements ("K3"). The Financial Statements are stated in thousands of kronor (kSEK) unless otherwise stated. Rounding errors may occur. The parent company's accounting currency is Swedish kronor, which also constitutes the accounting currency for the group.

The same accounting principles and calculation bases as in the most recent annual report has been applied.

## Note 3. Definition of key performance measures

### Net revenue

Revenues related to sales of electricity to customers and the electricity grid. Net VAT and any discounts. The measure is used because it shows ASAB's revenues from electricity sales.

### Other operating income

Mainly income related to subsidies. To a lesser extent also other income such as investment grants from Chinese authorities and positive currency effects related to the operational activities. The measure is used because it shows ASAB's revenues from subsidies and income other than direct electricity sales.

### Net revenue share of total revenue, %

Net revenue as a share of total revenue. The measure is used since it helps to assess ASAB's reliance on electricity sales in relation to other operating income, notably subsidies.

(SEK '000)	230101- 230331	220101- 220331	220101- 221231
Net revenue	33,161	25,584	156,972
Total revenue	40,704	32,679	203,849
	81%	78%	77%

### Operating profit (EBIT)

Earnings before interest and taxes. The measure is used since it provides an overview of the profitability of the operations.

### EBIT margin

Earnings before interest and taxes as a percentage of total revenue. The measure is used since it shows operational profitability over time.

## Note 2. Estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current circumstances. The estimates for accounting purposes that result from these, will by definition rarely correspond to the actual result.

The same estimates and assumptions as in the most recent annual report has been applied.

### EBITDA

Earnings before depreciation and amortization, financial items, and taxes. The measure is used to follow up the business's results generated by the day-to-day business and facilitates comparisons of profitability between different companies and industries.

(SEK '000)	230101- 230331	220101- 220331	220101- 221231
EBIT	2,922	3,684	79,428
Depreciation, amortization and write-downs	18,777	15,727	69,687
EBITDA	21,699	19,411	149,115

### EBITDA margin

EBITDA as a percentage of total revenue. The measure is used since it shows operational profitability over time, regardless of financing, depreciation and amortization.

### Interest expense

Interest expense and similar charges less amortization of capitalized borrowing costs, taxes relating to intra-group interest payments and withholding tax on interest payments from China. The measure is used since it enables assessment of whether ASAB can fulfil the commitments under its debt agreements.

### Amortization of capitalised borrowing costs

The item "Interest expenses and similar income items" includes this item as part and shows the cost of amortized borrowing costs attributable to, among other things, bond loans. The measure is used since it shows ASAB's expenses related to borrowings, excluding interest expenses.

### Result per share

Profit after tax divided by the weighted average total of shares in the period.

## NOTES

### Interest-bearing debt

The sum of current and non-current portion of bond debt, liabilities to credit institutions, liabilities to Group companies and other non-current interest-bearing debts. The measure is used since it shows ASAB's gross interest-bearing indebtedness. The table below does not include the loan debt to ASP, as it is an interest-free loan. As of 2023-03-31, the loan debt was SEK 28,136 (27,255) thousand.

(SEK '000)	2023-03-31	2022-03-31	2022-12-31
<b>Short-term interest-bearing debt</b>			
Bank loan in China	60,308	48,196	55,563
Overdue Accounts Payable Advanced Solar Power (Hangzhou) Inc	60,308	0	60,068
Bond loans	0	218,690	0
<b>Sum short-term interest-bearing debt</b>	<b>120,616</b>	<b>266,886</b>	<b>115,631</b>
<b>Long-term interest-bearing debt</b>			
Loan Soltech Energy Sweden AB	28,754	26,363	28,377
Loan private investors in China	12,179	11,798	12,130
Bond loans	975,461	731,137	971,423
<b>Sum long-term interest-bearing debt</b>	<b>1,016,394</b>	<b>769,298</b>	<b>1,011,930</b>
<b>Sum interest-bearing debt</b>	<b>1,137,010</b>	<b>1,036,184</b>	<b>1,127,561</b>

### Net interest-bearing debt

Interest-bearing debt less cash and bank balances. The measure is used because it enables assessment of whether ASAB has an appropriate financing structure and can fulfil the commitments according to its debt agreements.

(SEK '000)	2023-03-31	2022-03-31	2022-12-31
Interest-bearing debt	1,137,010	1,036,184	1,127,561
Cash and bank	-52,956	-64,337	-60,794
	<b>1,084,054</b>	<b>971,847</b>	<b>1,066,767</b>

### Equity ratio

Equity divided by total assets per closing balance for each reporting period. The measure is calculated based upon closing balance for each reporting period. The measure is used since it helps to assess ASAB's financial stability.

(SEK '000)	2023-03-31	2022-03-31	2022-12-31
Total equity	488,685	510,041	520,910
Total assets	1,987,466	1,719,031	1,973,087
	<b>25%</b>	<b>30%</b>	<b>26%</b>

### Equity ratio, rolling 12 months

Equity divided by total assets per closing balance for each reporting period. The measure is calculated based upon the average of closing balance for the latest four quarters. The measure is used since it helps to assess ASAB's financial stability.

(SEK '000)	2023-03-31	2022-12-31
Total equity 2022-03-31		510,041
Total equity 2022-06-30	577,444	577,444
Total equity 2022-09-30	617,933	617,933
Total equity 2022-12-31	520,910	520,910
Total equity 2023-03-31	488,685	
Total assets 2022-03-31		1,719,031
Total assets 2022-06-30	1,828,884	1,828,884
Total assets 2022-09-30	1,972,654	1,972,654
Total assets 2022-12-31	1,973,087	1,973,087
Total assets 2023-03-31	1,983,224	
	<b>28%</b>	<b>30%</b>

### Installed capacity, MW

Maximum amount of electric energy output that all operational solar energy plants in ASAB's portfolio can produce, expressed in megawatts. The measure is used since it helps to assess ASAB's earnings capacity.

### Electricity produced, kWh millions

Electric energy generated by all operational solar energy plants in ASAB's portfolio and sold to customers over the period, expressed in millions of kilowatt hours. The measure is used because it allows for comparison of sold volumes over time, as ASAB's customers are invoiced per kWh of electricity used.

### Signed agreements, MW

Planned installed capacity of all signed contracts in ASAB's project pipeline. The measure is used since it helps to assess ASAB's future earnings capacity and required investments from its near-term project pipeline.

### Average remaining contract length, years

Average remaining contract length for Rooftop Agreements across all of ASAB's installed solar energy installations. The measure is used since it helps assess the remaining contract value in ASAB's portfolio of solar energy installations.





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