



# Investor Presentation

Advanced SolTech Sweden AB (publ)  
Convertible Preference Shares  
Up to SEK 150m Pre-IPO Financing  
September 2020



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## Target market

Solely for the purposes of the manufacturer's (as used herein, "**Manufacturer**" refers to SIP Nordic Fondkommission AB ("**SIP Nordic**")) product approval process, the target market assessment in respect of the shares has led to the determination of the following target market for the shares:

- Type of clients: Retail clients/non-professional clients, professional clients and eligible counterparties, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**").
- Clients' knowledge and experience: Medium knowledge or experience with direct investment in shares, an understanding of counterparty risk, and understanding of the main assumptions behind the investment proposition.
- Clients' financial situation with a focus on the ability to bear losses: Ability to tie money up to 3 years and ability to bear a 100 % capital loss.
- Clients' risk tolerance and compatibility of the risk/reward profile of the product with the target market: Willingness to accept value fluctuations in exchange for the opportunity of higher returns/Financial ability and willingness to put the entire capital invested at risk.
- Clients' objectives and needs: Looking for the potential of earning a greater return than in a deposit account over a medium-term investment horizon (3 years).
- Clients who should not invest:
  - clients lacking the requisite knowledge and experience;
  - clients with an investment horizon longer than three (3) years; and
  - clients lacking the ability to tolerate the risks of the investment are deemed incompatible with the characteristics of this product.

## Disclaimer (cont.)



Distribution channel: In light of the target market analysis, the optimal retail distribution channel for the product is via sale by trading desk, online subscription, distribution through other investment firms, sale through other investment firms and unit link products. Any person subsequently offering, selling or recommending the shares (a "**Distributor**") should take into consideration the Manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the shares (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares.

### Placing and arrangement fee

JOOL Corporate Finance AB in its capacity as corporate finance advisor of the share transaction will be paid a fee by the Issuer in respect of the structuring of the transaction and SIP Nordic will be paid a fee by the Issuer for the arrangement and placement of the share transaction.

### Advanced SolTech Sweden AB (publ)

This presentation material has been put together in connection with the pending Issue.

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// The Board of Directors of Advanced SolTech Sweden AB (publ)

**IMPORTANT INFORMATION: THE RISK FACTORS DESCRIBED AT THE END OF THIS PRESENTATION MUST BE CAREFULLY READ AND CONSIDERED BEFORE ANY INVESTMENT DECISION IN THE SECURITIES IS TAKEN**

# Summary of risk factors



The risks listed below are just a summary of the headlines of the risks related to an investment in this equity financing. For a more extensive description of the risk factors that may adversely affect the Company, please see the section "Risk Factors" below.

## RISKS RELATING TO THE MARKET AND THE BUSINESS ACTIVITIES

Macroeconomic conditions  
The PRC's legal system  
Credit risk  
Interest rate risk  
Currency risk  
Financing and refinancing  
Supplier risk  
Competition  
Executive management, staff and operational risk  
Risks relating to insurance coverage  
Risks related to the political decisions and regulations regarding the renewable energy in the PRC  
Fluctuations on the electricity market  
Delays and use of products in the connection to the electricity grid  
Sabotage  
Tax related risks  
The Issuer's dependence on other companies in the Group  
ASRE's and LSE Suqian's dependence on its affiliated companies  
Risks relating to projects acquired by ASRE or LSE Suqian  
Project risk  
The Group's dependence on material agreements  
Risks from legal and arbitration proceedings  
Use of agents  
Risks relating to filing with National Development and Reform Commission (NDRC)  
Discrepancies between the estimate capacity and the capacity connected to the grid  
Risks relating to lack of power purchase agreement and grid connection acceptance notice  
Risks relating to the Coronavirus disease (COVID-19)  
The Group faces a number of operational risks associated with the development of new solar projects

## RISKS RELATING TO THE SHARES

Owners with significant influence  
Future dividend on the preference shares  
Terms for limitation of dividends in the bond terms  
Exchange rate differences can have a negative impact on dividends paid  
Issue may lead to dilution  
Increased costs in relation to the proposed listing on First North Growth Market or other suitable marketplace



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# Transaction summary

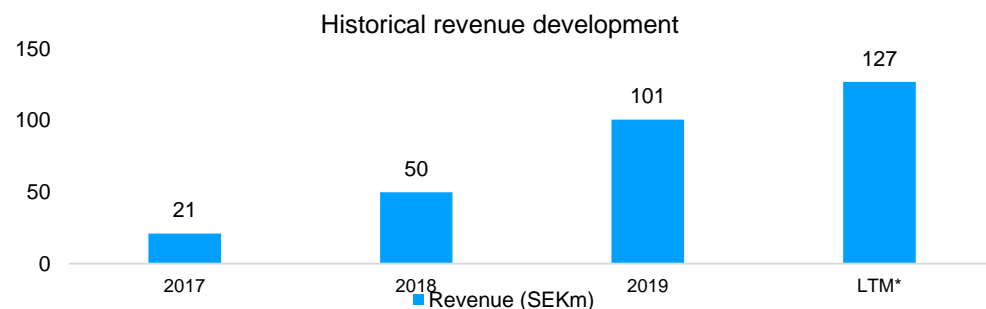
## About Advanced SolTech Sweden AB (publ)

Advanced SolTech Sweden AB (publ) ("**ASAB**" or the "**Company**") is a Swedish company founded in 2016, engaged in solar power production in China. ASAB group owns and manages approx. 143 MW of rooftop solar power facilities and sells the generated electricity to the respective property- and grid owners. The growth of the Group has been exponential and as of 2020 total investments into the portfolio of solar power facilities exceeds SEK 1 000m. ASAB now prepares to take the Company public through an IPO for which it has engaged the investment banks DNB Markets and Carnegie Investment Bank to carry out the transaction as soon as market conditions allows. ASAB intends to issue convertible preference shares which are converted to common shares in conjunction with the IPO. The shares carries a minimum return of 15%, provided the IPO takes place within the first twelve months and thereafter 1,25% monthly on principal invested amount.

## Transaction highlights

Volume:	Up to SEK 150m (or equivalent in EUR)
Min. investment:	SEK 1 100 000 or EUR 100 000
Product:	SEK and EUR series of convertible preference shares
Conversion:	Invested amount converted to common shares at IPO
Return:	15% p.a. (non-compounded) received in shares at IPO (minimum 15%)

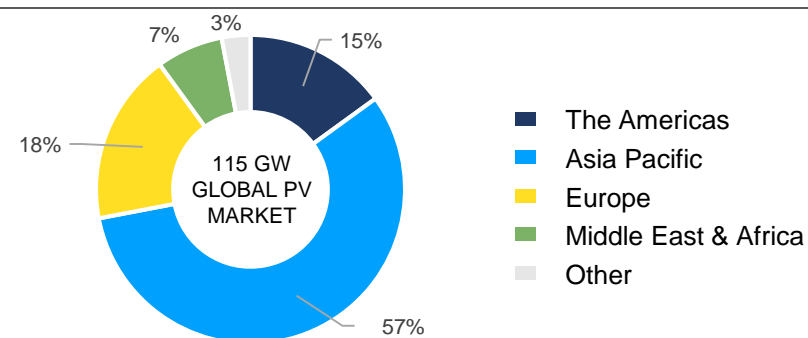
## Revenue development



## Investment highlights

- Revenue increased by **102% from 2018 to 2019**
- EBITDA-margin of **87%**
- ASAB is operating in the **world's largest renewable energy market**
- Opportunity to participate in a planned IPO at a discount where the Company has mandates in place with DNB Markets and Carnegie Investment Bank for the IPO

## Global market size\*\*



\*Last Twelve Months corresponds to the period 2019/07/01 – 2020/06/30. Not audited figures or consolidated into any ASAB group accounting. The figure comes from ASABs half-year report 2020 and ASAB's internal reports.

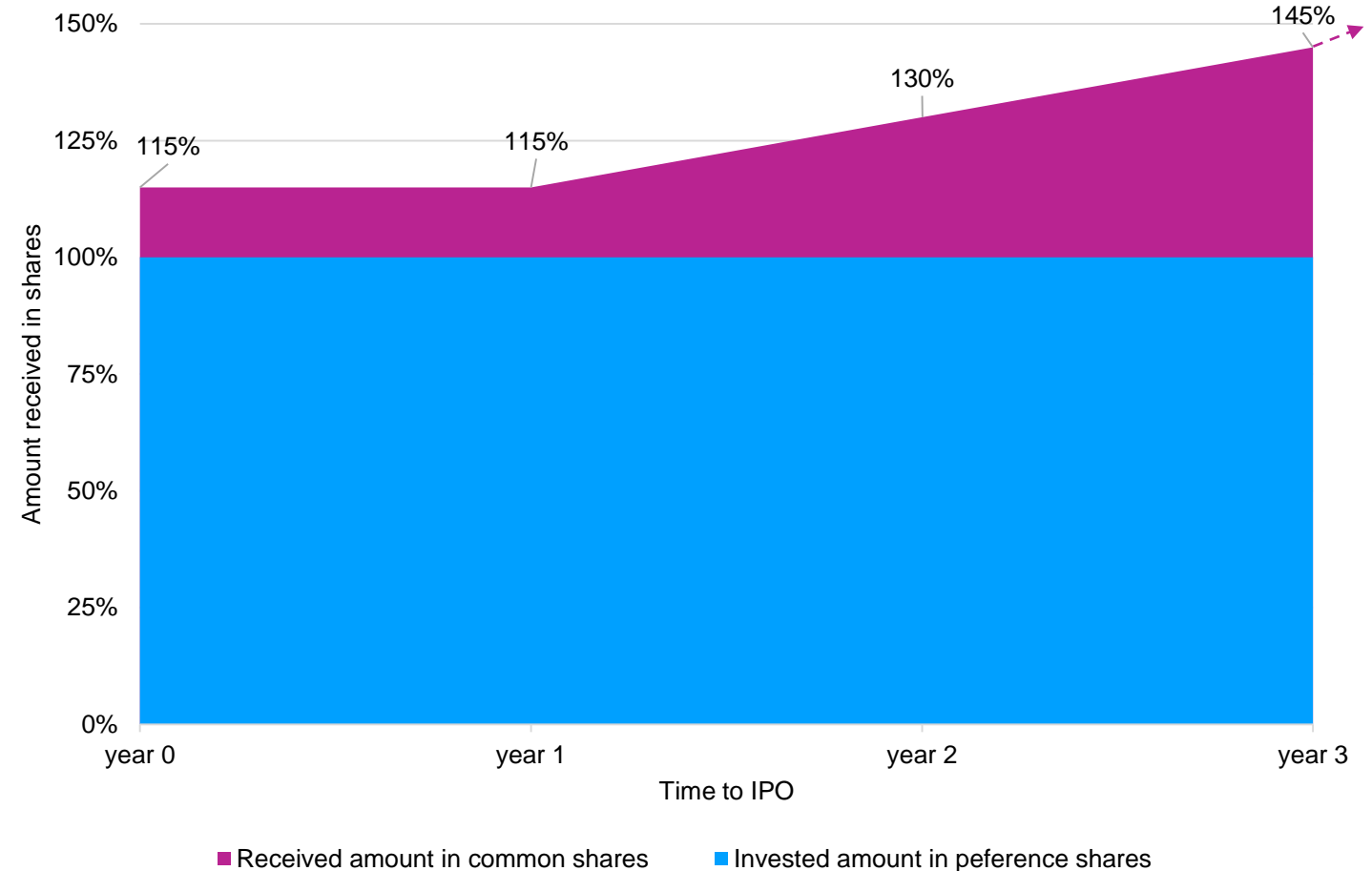
\*\* International Energy Agency "Snapshot of Global PV Markets 2020".

# Investment structure

### Return on investment

- By investing in the pre-IPO preference shares the investor will receive common shares at the IPO at a value corresponding to at least the original investment + 15% (*regardless of future share price*)
- The investor may invest in the SEK or EUR series of preference shares
- At IPO the preference shares will be converted to common shares at a fixed conversion price/share
  - *EUR-series will be converted to SEK common shares based on the average EUR/SEK f/x of a 30 day prior to the listing*
- If the IPO takes place within month 0 – 12 from the Settlement Date, the investor will receive an amount of common shares corresponding to the value of 115% of the invested amount in shares
- The amount is adjusted upwards with 1,25% at the end of each month thereafter. E.g. the following returns are applicable depending on when the IPO takes place:
  - *18 months after Settlement Date yields a conversion amount equal to 122,5% of the invested amount*
  - *36 months after Settlement Date yields a conversion amount equal to 145% of the invested amount*

### Pay-off profile



## Terms in brief\*

Issuer:	Advanced SolTech Sweden AB (publ)
Product:	Convertible preference shares
Currencies:	SEK and EUR series preference shares
Issue Size:	Up to approx. SEK 150 000 000 (or equivalent in EUR)
Minimum investment:	SEK 1 100 000 or EUR 100 000
New number of shares:	Up to 1 500
Nominal amount/share:	SEK 100 000 or EUR 10 000
Votes per share:	Preference shares has the same voting rights as a common share
Expected settlement date:	On or about [●] September 2020
IPO conversion:	Converted into common shares at IPO
Conversion amount:	Invested amount + 15% received in shares at IPO if IPO within 12 months from Settlement Date, additionally 1,25% per month if IPO after 12 months
Tag/Drag/Exit:	If the main owners sell shares so that they control less than 50% of the votes the preference share holders shall be offered to sell their shares at the same terms
Shareholders agreement:	Each shareholder needs to enter a shareholder's agreement
Transferability:	Freely transferable up until an IPO
Lock-up:	Up to 180 days lock up from the first trading date after an IPO
Registration:	To be affiliated with Euroclear Sweden
Listing:	Unlisted
Redemption:	The shares may be redeemed any time at the same financial terms as an IPO-conversion
ISIN:	SEK [●] EUR [●]
Subscription fee:	3% of invested amount
Arranger:	SIP Nordic Fondkommission AB
Corporate finance advisor:	JOOL Corporate Finance AB
Corporate finance legal advisor:	Roschier Advokatbyrå AB
Fee:	The Arranger and advisors will be paid a fee by the Issuer in connection with the transaction
Secondary Market:	SIP Nordic Fondkommission AB facilitates off-market transactions on "best effort"-basis
Target Market:	The product's target market is minimum retail clients with a portfolio of SEK 5m, medium competence, high risk tolerance and ability to tie capital for 3 years

\*Full terms available in Appendix

Ownership structure after the transaction if full issue size is met			
Owner	Common shares	Preference shares	Total votes
SolTech Energy Sweden AB (publ)	219 300	0	50,82%
Advanced Solar Power (Hangzhou) Co., Ltd.	210 700	0	48,83%
Preference shareholders	0	1 500	0,35%
<b>Total</b>	<b>430 000</b>	<b>1 500</b>	<b>100%</b>

Use of net proceeds	%
Constructions of solar power facilities	85%
General corporate purposes	15%
<b>Total uses of capital</b>	<b>100%</b>



# Highlights

## Opportunity

- An attractive investment opportunity in a fast-growing company with a solid business model
- Return of **15%** if an IPO takes place during the first 12 months after the closing date of the convertible preference share issue, and an additional 1,25% monthly from the 13<sup>th</sup> month and onwards
- Guaranteed allocation at an IPO-event corresponding to the invested amount plus accrued return
- **The Group has mandated Carnegie Investment Bank and DNB Markets as advisors for its contemplated IPO and intend to proceed with the IPO as soon as market conditions are deemed favourable**

## Proven growth

- The Group has been growing continuously since the company was formed in 2016
- The average electricity production per quarter has almost doubled during the last 12 months
- **Total backlog of 46 MW signed orders, 123 MW in other pipeline and framework agreements of 705 MW**
- **Goal of having 1 000 MW connected to the grid by 2024**

## Financials

- EBITDA of SEK 54m H1 2020
- **Excellent EBITDA-margin of 87% H1 2020 and EBIT-margin of 56% H1 2020**
- **Revenue increased by 102% from 2018 to 2019**
- Revenue of SEK 62m for H1 2020, despite negative Covid-19 effects of SEK 10,5m

## Market

- China is the **world's largest investor in renewable energy production**
- Strong demand from both societal and governmental parties to leap into renewable energy
- **Well-diversified customer portfolio with 103 solar power facilities in different geographies in China**



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# ASAB at a glance

**2016**

Founded by SolTech Energy and ASP

**15**

Employees in Sweden and China

**+ SEK 1 000m**

Invested capital

**95 000**

Tonnes of CO2 avoided annually

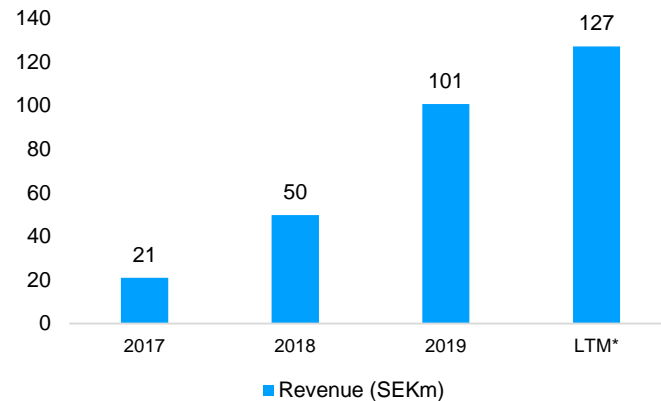


# About ASAB

## About ASAB

- ASAB was founded in 2016 as a joint venture between SolTech Energy Sweden AB (publ) and Advanced Solar Power Hangzhou Co. Ltd.
- The Group installs, owns and operates solar power facilities on its customer's rooftops and sells the generated electricity to the respective customer
- As end of August 2020 the Group has approx. 143 MW installed
- The Group only works with long-term contracts of 20 to 25 years
- ASAB only operates in China, the world's largest solar power market

Historical revenue development



## Management and board of directors



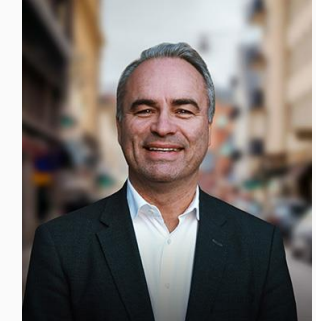
**Max Metelius,**  
CEO ASAB

- Co-founder of the solar power company Eneo Solutions
- 15 years of experience from banking at HQ Bank and Carnegie
- CEO since June 2020
- Degree in law



**Lars Höst,**  
CFO ASAB

- + 30 years of experience from senior finance positions
- Previously CFO since 2017 at Ortivus Capital, a listed medtech company
- Other positions include CFO/head of accounting positions at D-Link, Gunnebo and Sitetel



**Frederic Telander,**  
Executive Chairman of the Board

- CEO of ASAB 2016 – 2020
- CEO of SolTech from 2009 to 2018, Chairman 2018-2020 and BoD Member since. Co-founded ASAB with SolTech's Chinese partner
- Previously partner at EIG Venture Capital Ltd.



**Stefan Ölander,**  
Board member ASAB

- CEO of SolTech Energy
- Founded and sold the consulting firm Rewir
- Previously communication director at SEB and Kinnevik



**Ben Wu,**  
Board member ASAB

- Co-founder of ASP
- Director at Lenovo and executive assistant to Lenovos chairman 2007-2008
- Worked at McKinsey & Co, Himalaya VC and other IT-firms



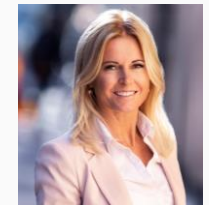
**Gang Bao, CEO ASRE,**  
Board member ASAB

- Vast experience in running start-ups and business development
- Gang was production manager at ASP from 2008 to 2012 and created the manufacturing process of ASP's thin film modules



**Patrick de Muyneck,**  
Board member ASAB

- Previous partner and Head of Credit Strategies at EQT for a long period of time, built up EQT's credit division
- Previous experience includes:
  - Senior VP, Société Générale
  - Head of LBO, HSBC
  - MD, Elixor



**Vivianne Holm,**  
Board member ASAB

- Clean-tech investor and board member in e.g. Climeon, Inzile, Meva Energy and Volta Greentech
- Educated in finance and worked 4 years at Alfred Berg and Enskilda Securities

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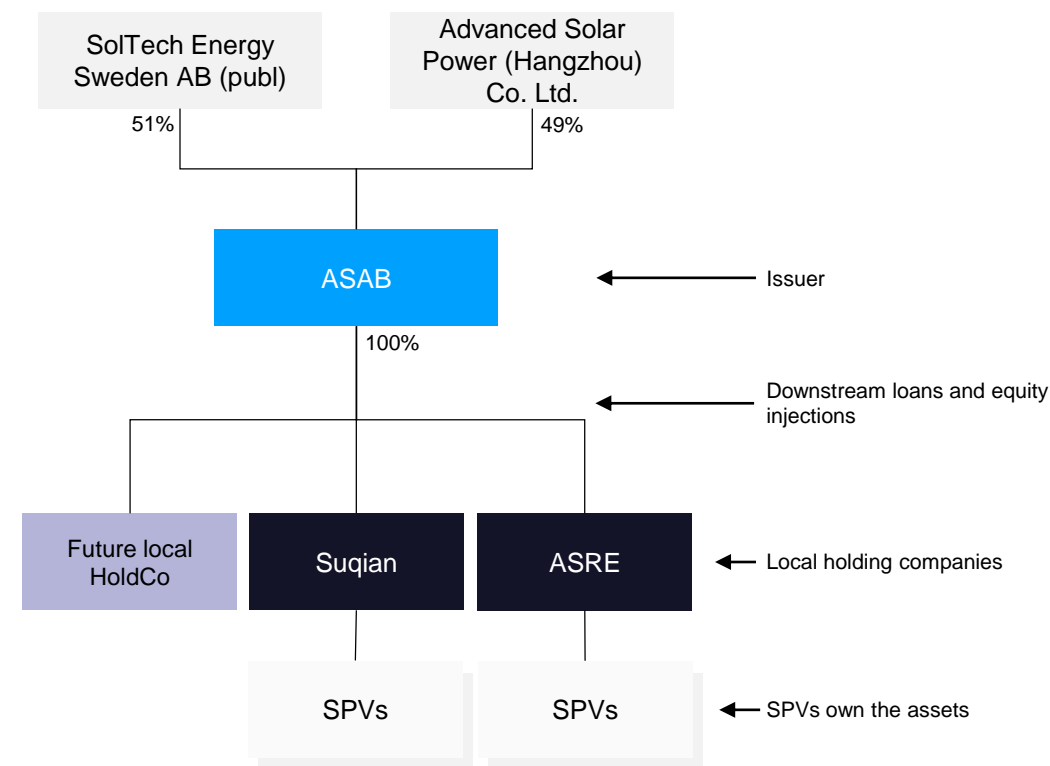


# Group structure

## Investments through subsidiaries

- ASAB invests in new solar power facilities through its subsidiaries in China
- The Company has local Chinese holding companies that are directly owned by ASAB
  - *The subsidiaries ASRE and Suqian owns a number of SPVs\* that in turn owns the solar power facilities*
- Capital is provided by ASAB to the subsidiaries in the form of downstream loans and direct equity injections
- The group structure makes the company flexible to capitalize on new market opportunities within China as well as abroad, if such overseas opportunities would arise
  - *The group structure provides flexibility to set up new local SPVs which can receive local subsidies when foreign capital is contributed*
- ASAB has previously issued a number of bonds where the proceeds have financed the construction of solar power facilities in the local SPVs

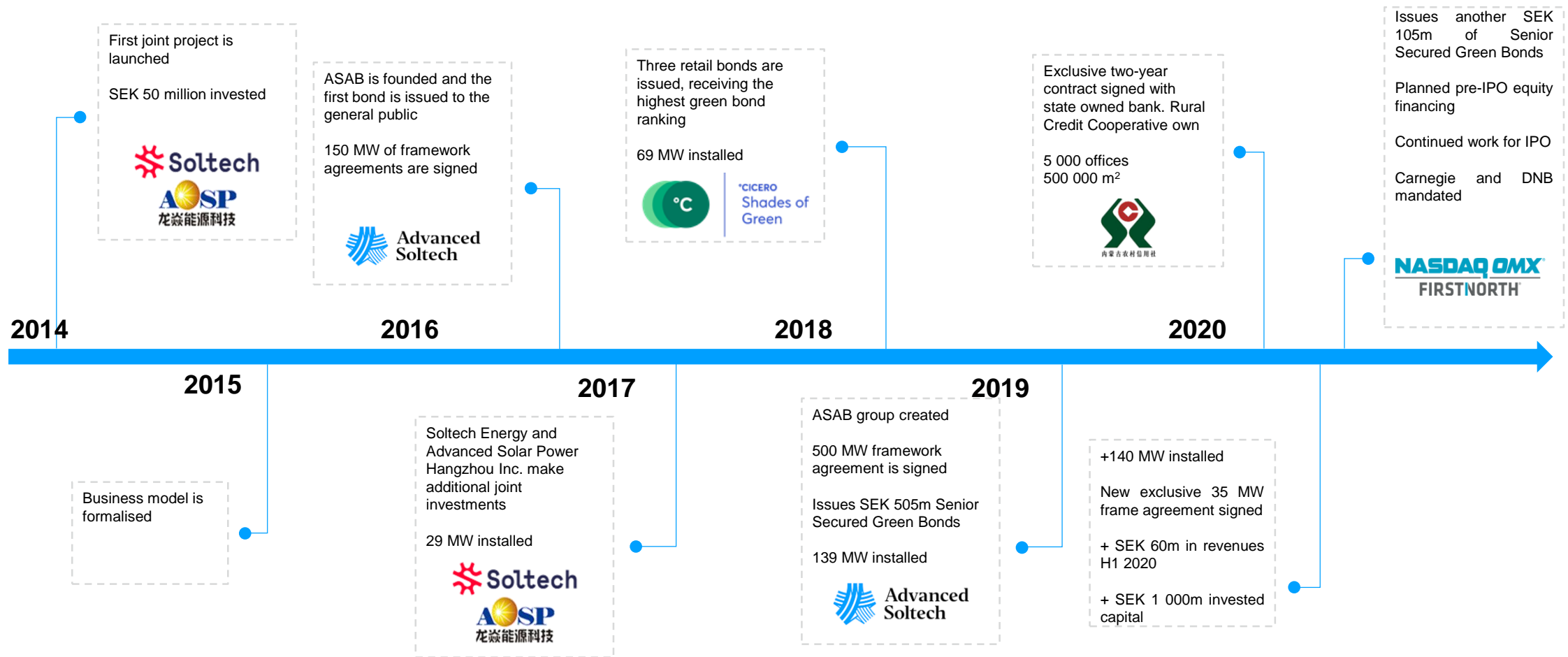
## Group structure



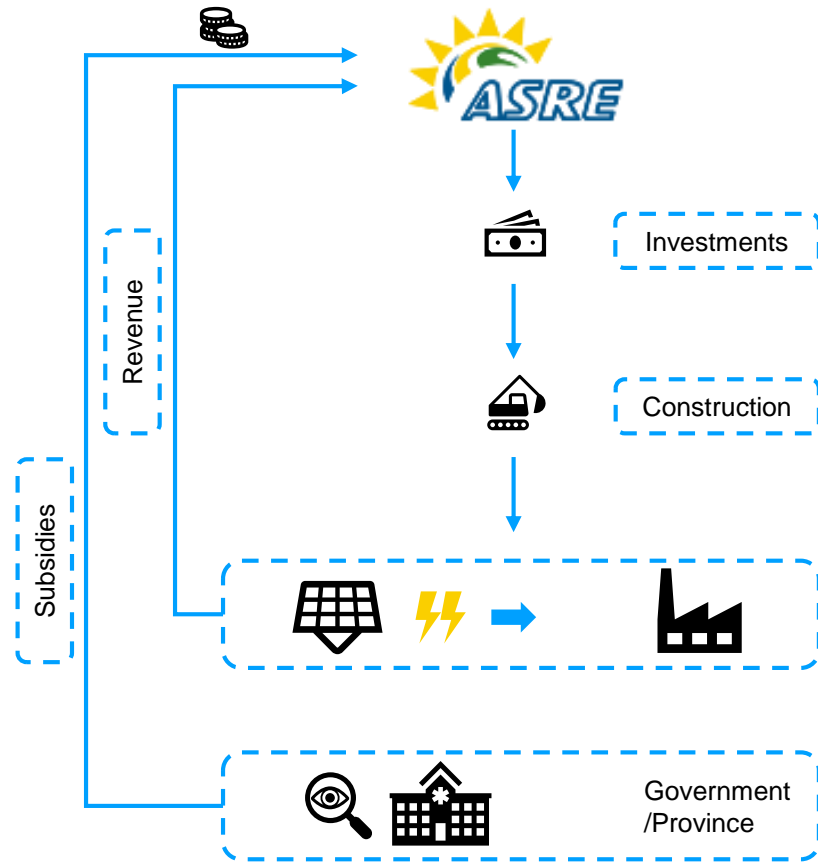
\*SPV stands for Special Purpose Vehicle. The SPVs owned by Suqian and ASAB are limited liability companies that have been set up for the sole purpose of owning the solar power installations.

# Historical development

## Timeline



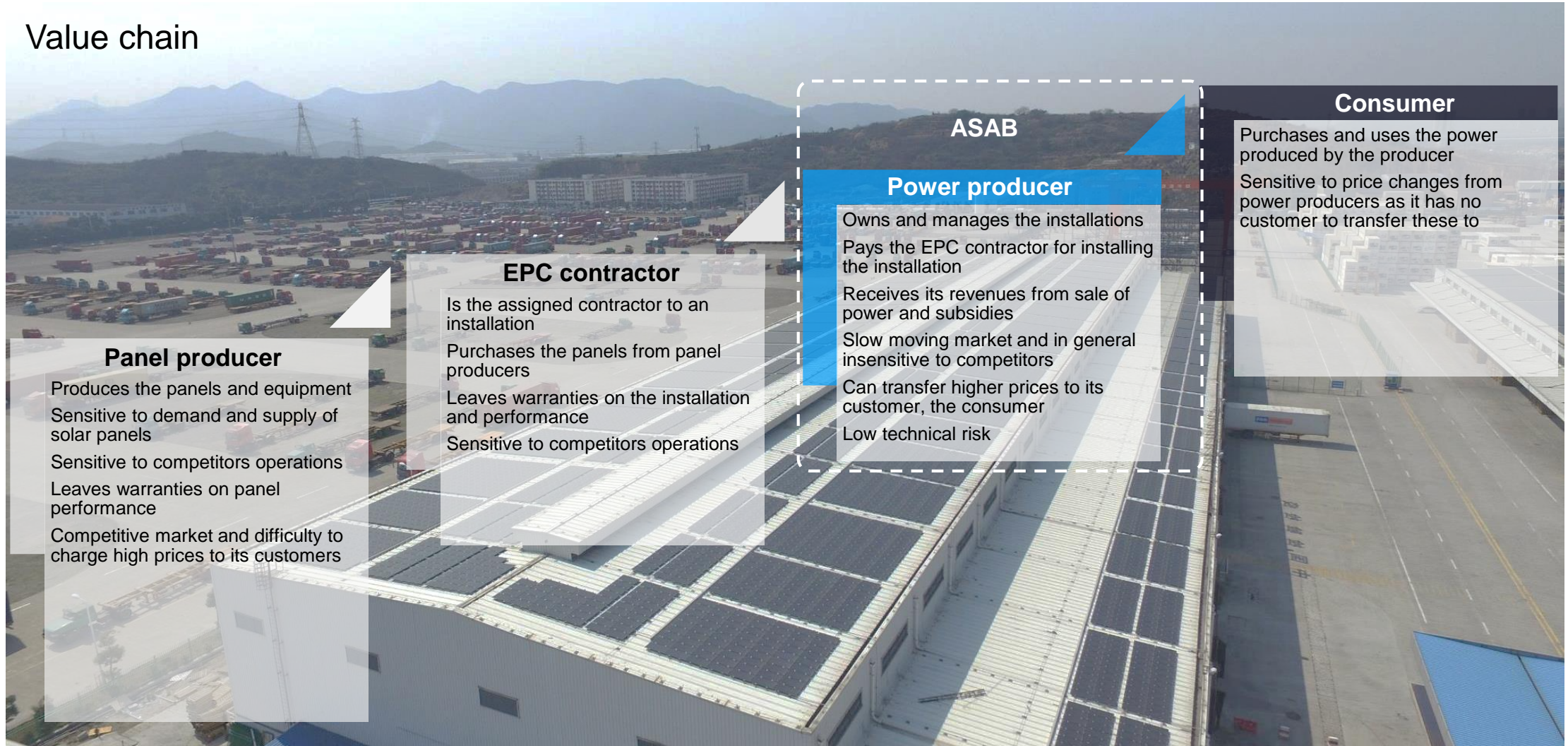
# Business model



## Keys in ASABs business model

Revenues	Deals	Strategy
<p>The Group receives its income from its solar panels producing power</p> <p>Every produced kWh is sold to the property owner and the Group also receives subsidies per produced kWh</p>	<p>The Group always looks for new deals through direct acquisition or to install new facilities on rooftops</p> <p>Through the Group's and the co-owner ASPs network the Group has a good reputation and know-how</p>	<p>The Group uses third party EPC contractors when installing the panels</p> <p>Using external EPC contractors, the Group can keep operational costs to a minimum</p> <p>The Group does not give any performance guarantees to its customers</p>
Customer Benefits	Societal Benefits	Growth
<p>The property owner does not need to pay for the facility, but commits to purchase the power produced for the next 20 years</p> <p>The price for the produced power is set just below the grid price</p>	<p>Cleaner electricity is produced</p> <p>The property owners receive cheaper and green electricity while ASRE receives all income</p>	<p>Generated cash flow can be reinvested into new facilities</p> <p>Economies of scale with growth such as cheaper operational costs and financial costs</p>

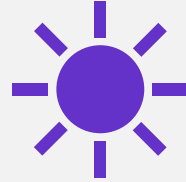
## Value chain





## Environmental factors

1 produced MWh from solar power...



*...results in 13 times less CO2 emittance  
compared to its coal equivalent*



*...saves emission of local dangerous  
particles*



*...saves approx. 0,65 tonne in CO2 emissions  
compared to the general Chinese electricity mix*



*...helps reduce smog and haze by replacing  
fossil fuels*



6. Introduction



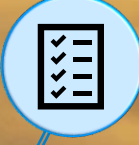
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## Portfolio overview



**103**

Current solar power facilities



**17,8 years**

Average remaining maturity on rooftop contracts



**+ SEK 1 000m**

Invested capital



**+ SEK 2 400m**

Expected remaining income from current contracts



**+ 1 000**

Customer's average number of employees



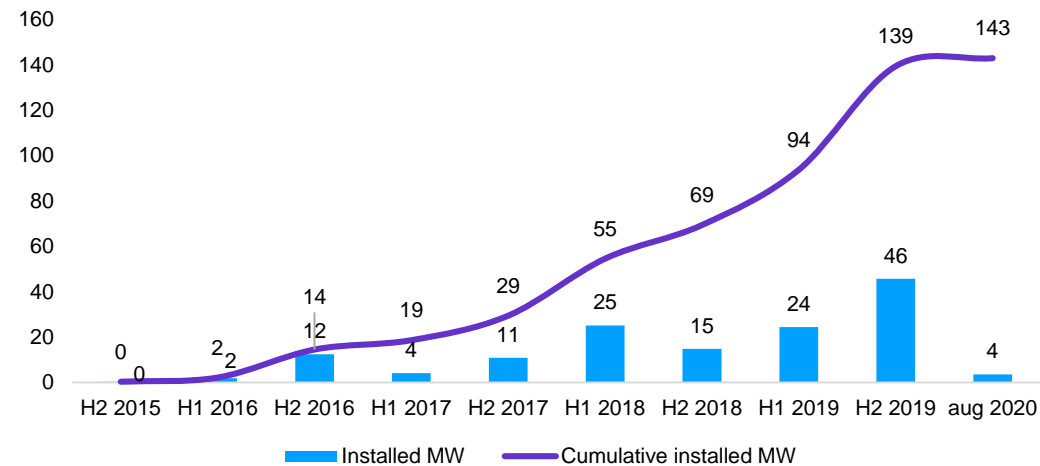
**143 MW**

Total MW installed

# Portfolio growth and backlog

## Portfolio growth

- Since the first installation was completed in 2015 the portfolio of solar power facilities has been growing exponentially
- At the end of 2018 the Group had approx. 69 MW installed, a figure that doubled to 139 MW by the end of 2019 due to the construction of new solar power facilities and acquisitions
- Over the past 3 years the portfolio has grown by approx. 668%
- The backlog supports a strong continued expansion, however it is dependant on the Groups availability to raise capital
- The goal is to have 1 000 MW of solar power facilities connected to the grid and generating revenue by 2024



## Current backlog

- The Group currently has 46 MW in signed orders
- The Group also has another 123 MW in its pipeline
- The Group has the following framework agreements which ongoingly provides new orders:
  - 50 MW, local government of Jincheng, Shanxi
  - 100 MW, Henan Provincial Energy Conservation Co. Ltd, Henan
  - 500 MW, Jiangsu Siyang Administrative Committee of Economic Development Zone, Jiangsu
  - 20 MW, Rural Credit Cooperative, Hebei
  - 35 MW, Fengxian Economic Development Zone Investment Development Co. Ltd., Jiangsu

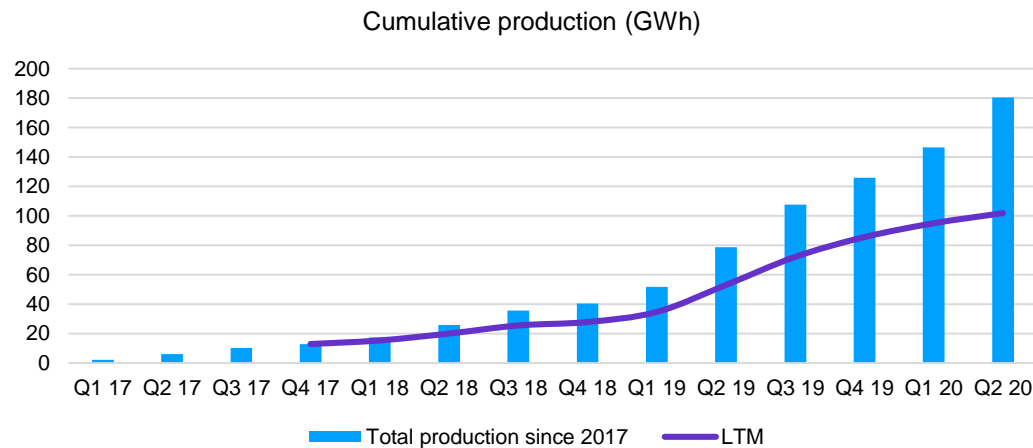
	MW
Signed orders	46
Other pipeline	123
Total framework agreements	705



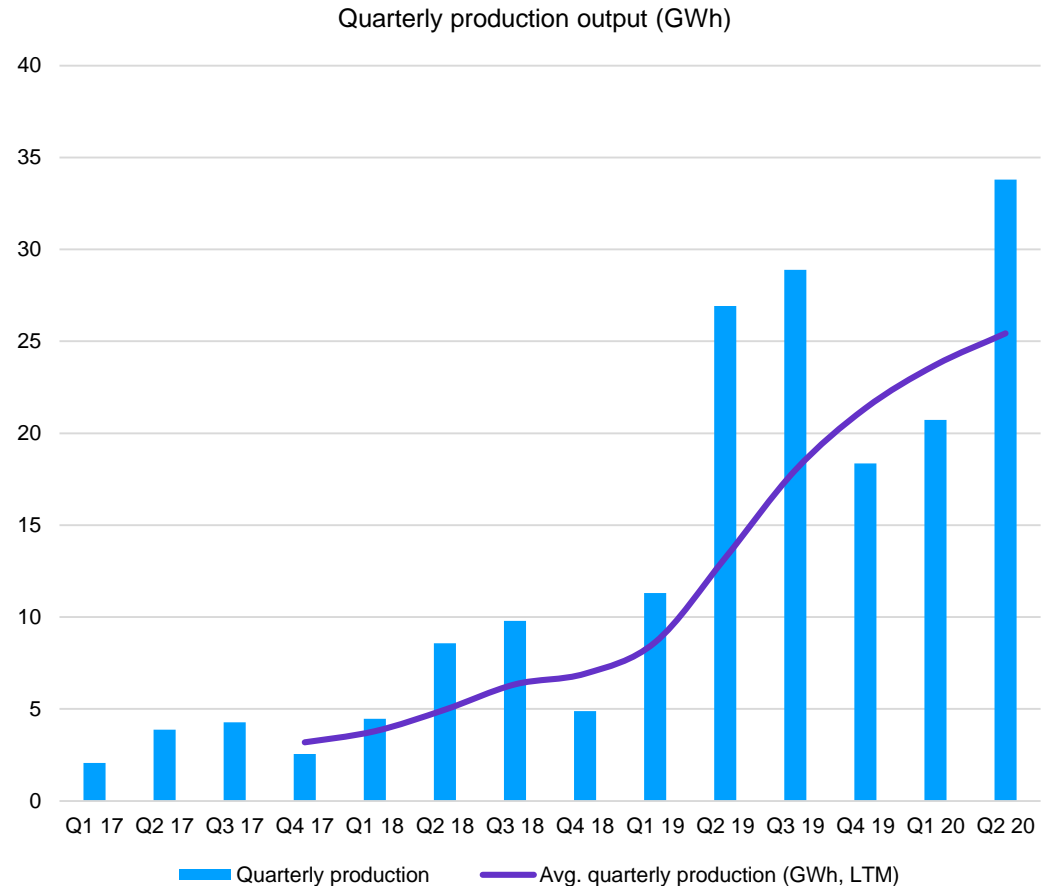
# Production output

## Production growth

- With the increased size of the Group's portfolio, produced electricity has increased every quarter on a rolling 12 months basis
- Since 2017 the Group has produced approx. 180 GWh of electricity from its solar power facilities which in turn equals 115 000 tonnes of less emitted CO2 in the environment
- During Q2 2020 the Group produced approx. 34 GWh of electricity which was all time high
- A key part of the business model is to design each solar power facility to match each customers individual electricity consumption, thereby minimizing the kWh sold to the grid



## Continuously increased production

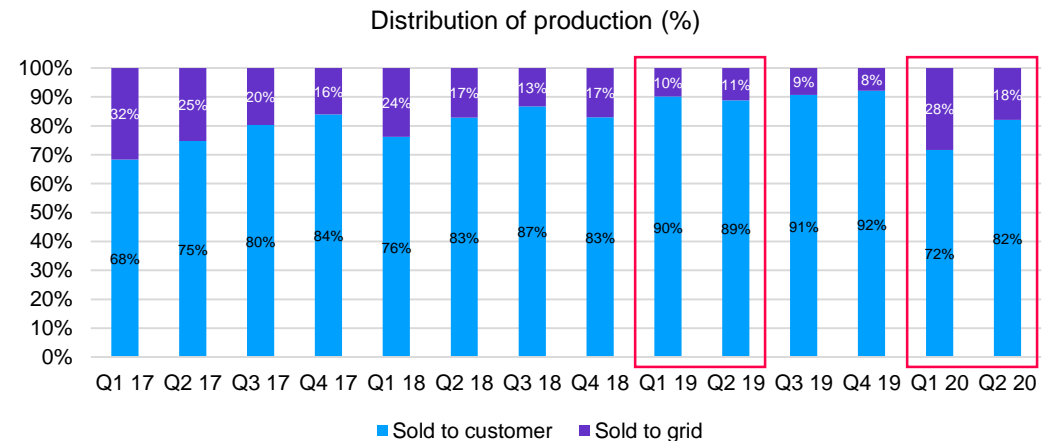
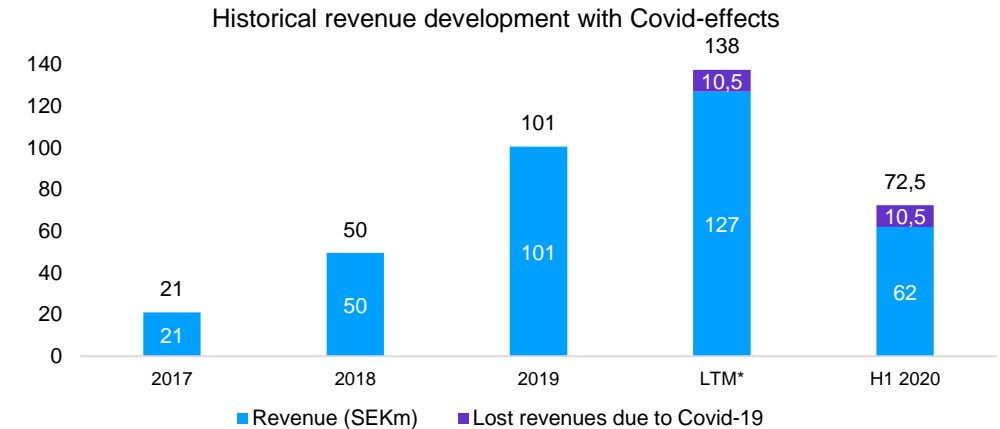


# Pandemic effects

## Effects due to Covid-19

- The Covid-19 pandemic had some temporary one time effects on the Company's development during H1 2020
- During the first quarter the annual holiday in conjunction with the Chinese new year was extended all over China as a countermeasure to stop the spread of the epidemic in China
- Maintenance of certain facilities took longer than expected as workers were at home
- More electricity than usual was sold to the grid which generated lower revenues than if sold to the customer
  - Q1 2020 28% was sold to the grid (10% Q1 2019)
  - Q2 2020 18% was sold to the grid (11% Q2 2019)
- **Distribution of sales to customer vs sales to grid is now back to normal levels of 10 – 15%**
- The Group lost approx. SEK 10,5m in revenues for H1 2020 (SEK 5,5m Q1, SEK 5m Q2) due to the Covid-19 related effects
- Despite the Covid-19 effects the Group had its best period to date in terms of revenue and EBITDA during the first half of 2020, which shows the robustness of the business model

## Robust development



\*Last Twelve Months corresponds to the period 2019/07/01 – 2020/06/30. Not audited figures or consolidated into any ASAB group accounting. The figure comes from ASABs half-year report 2020 and ASAB's internal reports.

# Location

## Located on the east coast

- Most of the Group's customers are located on the east coast of China
- The majority of solar power facilities are located in the Zhejiang and Jiangsu provinces
  - *The Group's Chinese office is located in Hangzhou, Zhejiang*
- The eastern part of China is characterized by its high degree of industrialization and has a great market potential
- Local governments are very supportive of investments in new clean energy solutions
- Local companies that attract foreign invested capital (such as e.g. Suqian) are sometimes rewarded with additional tax breaks and subsidies

## Map of solar power facilities



## Selected customers

### Jiangsu Yanghe Brewery

- Listed Chinese wine & spirits producer with a market cap of + SEK 250bn and a profit of approx. SEK 10bn 2019
- 179 affiliates and 30 000 employees

#### Facts

Location:	Jiangsu
Capacity (MW):	12,8
Annual production (MWh):	13 000
Grid connection date:	June 29 <sup>th</sup> , 2018



### Terumo Medical Products (Hangzhou) Co., Ltd.

- Part of the Terumo Group, a large Japanese medicine manufacturer founded 1921 with + 25 000 employees
- Listed on the Nikkei Stock Exchange with a market cap of + SEK 250bn
- The Group's first installed facility

#### Facts

Location:	Zhejiang
Capacity (MW):	0,3
Annual production (MWh):	2 744
Grid connection date:	February 1 <sup>st</sup> , 2015



### Zhejiang Jindun Fire Control Equipment Co. Ltd

- Established in 1998
- Specialises in manufacturing a wide range of fire fighting equipment and parts
- + 500 employees

#### Facts

Location:	Shaoxing
Capacity (MW):	4
Annual production (MWh):	3 900
Grid connection date:	October 14 <sup>th</sup> , 2016



### National Centre for the Performing Arts

- State-owned organisation that owns and manages the Beijing Opera and several other arts operations
- Proof that the Group is an attractive provider to both private companies as well as state-owned entities

#### Facts

Location:	Beijing
Capacity (MW):	0,65
Annual production (MWh):	5 260
Grid connection date:	December 26 <sup>th</sup> , 2018



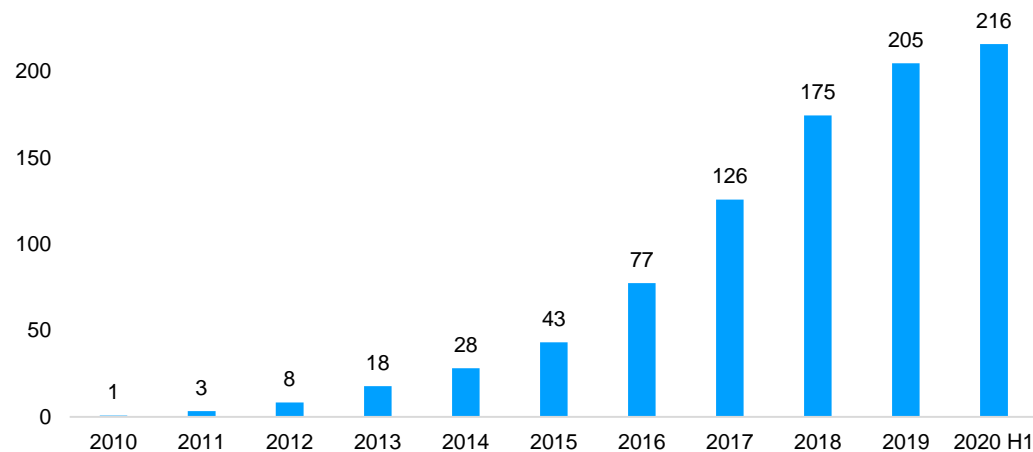


# Market outlook

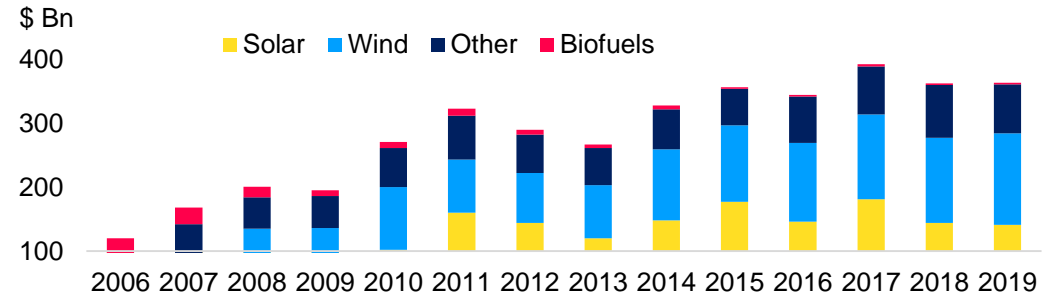
## Market growth

- Investments in renewable energy sources have tripled since 2006
- China leads the way and has continuously increased their commitment to green technology and renewable energy
- In 2019, approximately one third of all investments made in clean energy were made in China
- Total installations by the end of 2019 was 205 GW according to China Energy Portal which equals 31% of the global cumulative capacity (664 GW)\*
  - ASABs installations correspond to a market share in China of approx. 0,07%

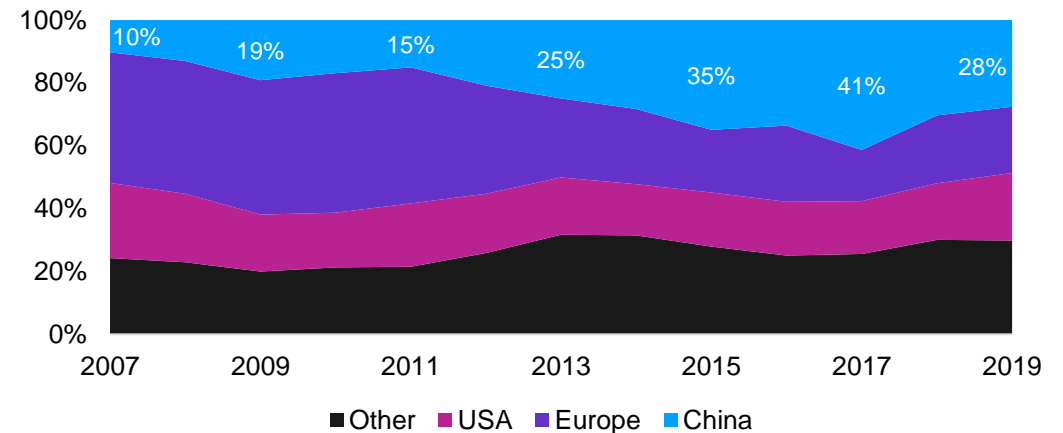
Cumulative installed PV capacity at the end of period in China (GW)\*\*



## Global investment in clean energy



## New clean energy investments by region



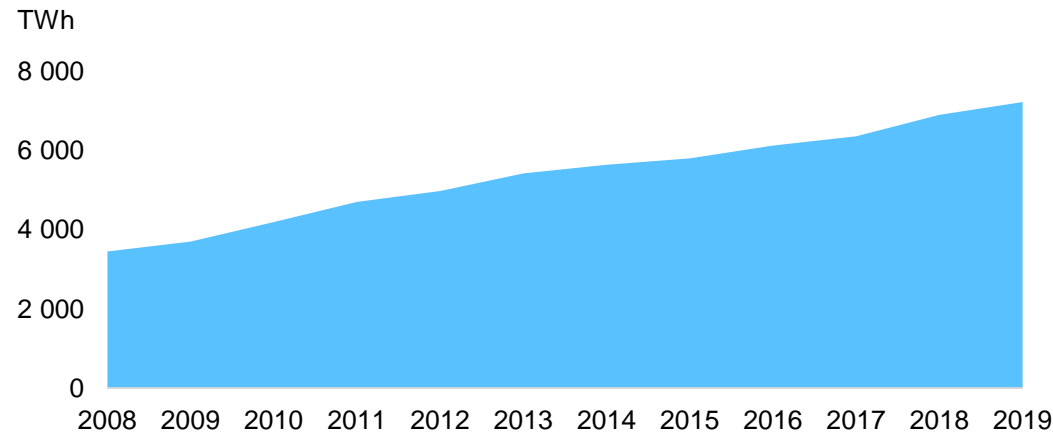
\*A total PV capacity deployed by the end of 2019 according to the statistics company Statista. PV is short for *Photovoltaics*, and refers to solar generated energy. \*\*China Energy Portal

## Market outlook (cont.)

### Economic Growth drives demand

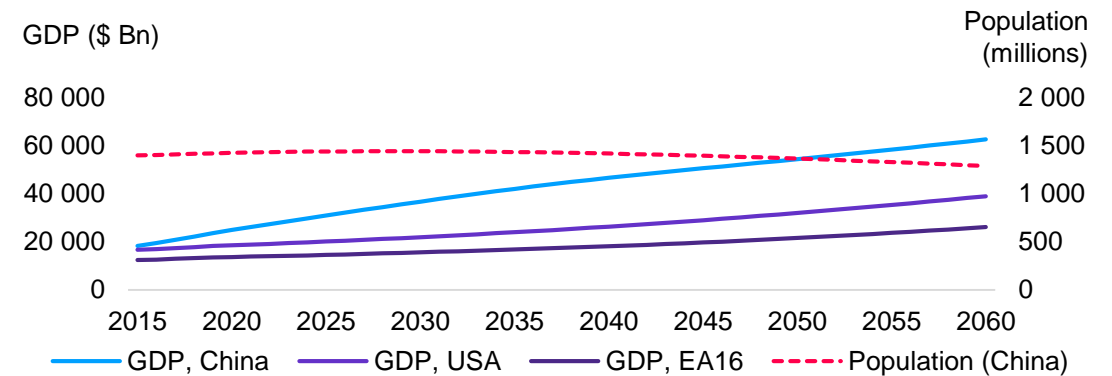
- The Chinese economy has been growing during a long period of time with high GDP-growth numbers, and early data suggest that the Chinese GDP has been affected less than other economies during the Covid-19 pandemic
- As the Chinese economy grows, the demand for electricity is estimated to follow
- The increase will largely fall to renewable energy sources, as the standing long-term plan states that by 2050, 75 % of generated electricity in China shall be zero-carbon
- China will peak in electricity consumption by 2042, at around 12 000 TWh

### China: Electricity consumption

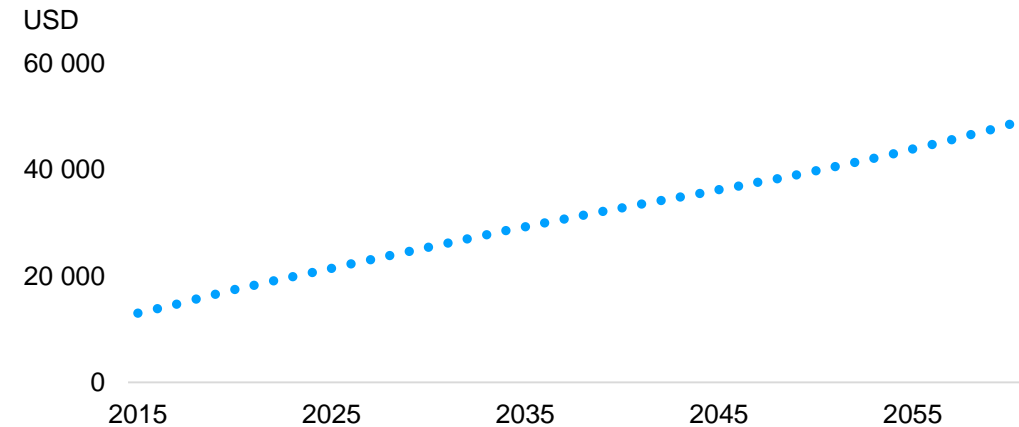


Sources: OECD, UN: Population Projection Medium, Bloomberg: New Energy Outlook 2019, CEIC Data

### GDP, China



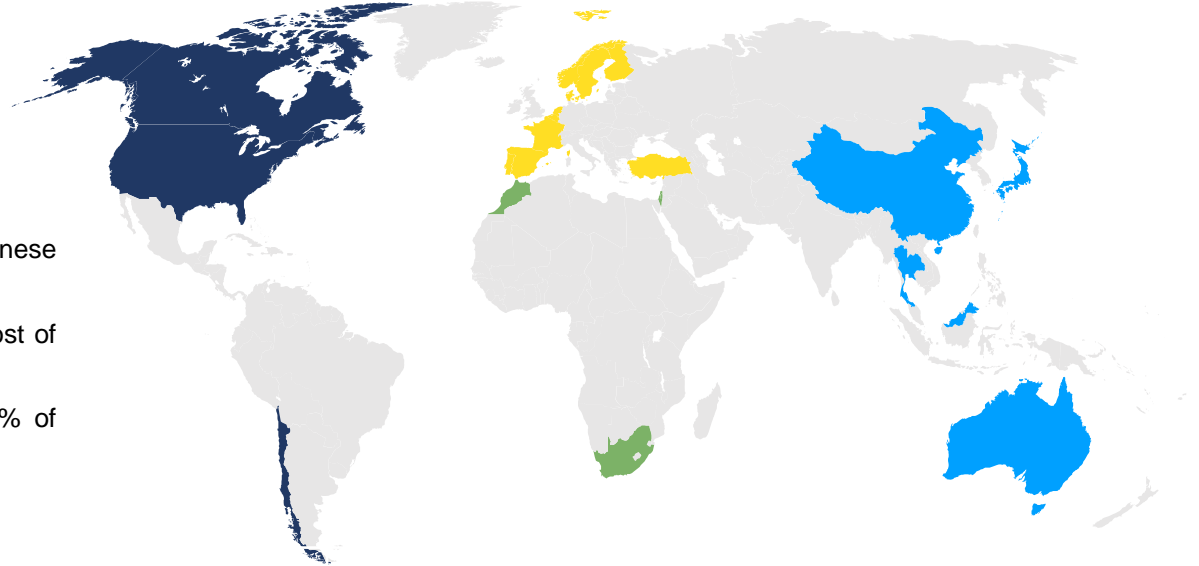
### GDP/Capita, China




## Market outlook (cont.)

### PV impact

- In 2019, PV contribution saved as much as approx. 720 million tons of CO<sub>2</sub>eq
- Equivalent to a 1,7 % reduction of global CO<sub>2</sub> emissions
- 54 % of the globally installed PV capacity has been installed in the past 3 years
- China continues to be the world's largest PV market
- Since 2000, more than 100 pro-solar policies have been introduced by the Chinese government
- Grid-parity has been achieved in several places in China, meaning that the cost of PV no longer exceeds the cost of fossil fuel
- By 2050, China is expected to have 1,3 TW installed, corresponding to 17% of installed global PV



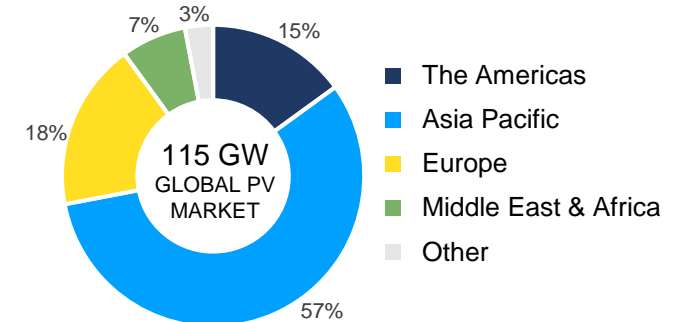
#### Top PV markets in 2019

 30,1 GW

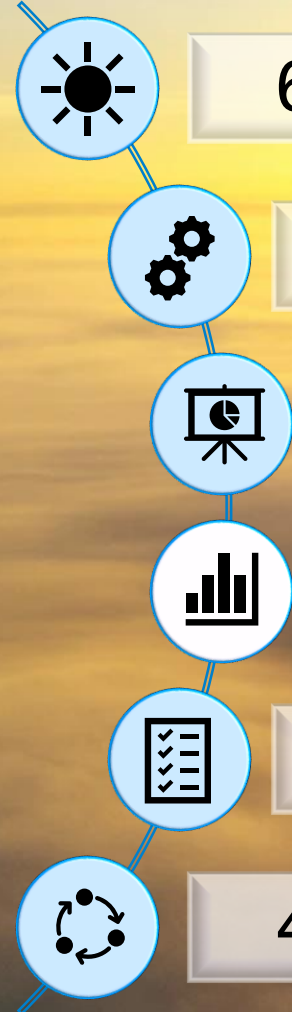
 16,0 GW


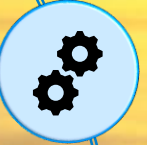


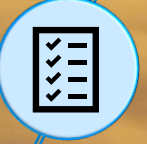

 13,3 GW

	Ranking	2015	2016	2017	2018	2019
Top PV Markets	1					
	2					
	3					
	4					
	5					



Sources: International Energy Agency, National Energy Administration of China, National Development and Reform Commission, Bloomberg: New Energy Outlook 2019, Nature Energy. 4. 709-717.



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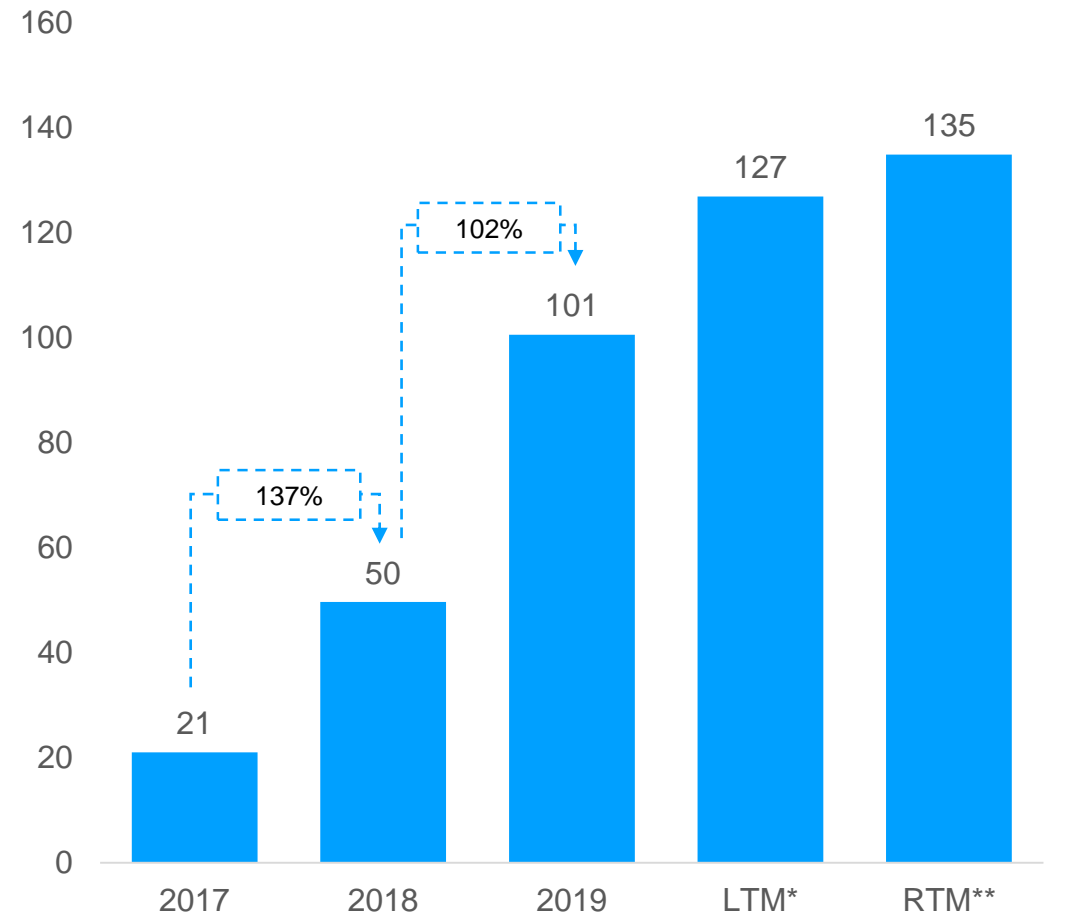
# Recent financial development

## Development during 2020

- The Group has been characterized by its significant growth in revenue and operating profits
- 2020 is the first year where ASAB consolidates the Group's financial statements
- Revenues of the Group grew by 102% between 2018 and 2019
- The strong growth has continued in 2020 with an estimated revenue of approx. SEK 127m over the last twelve months\*
- EBITDA for H1 2020 was SEK 54m
- Net profit for H1 2020 was SEK - 27m, whereof the Group had non-cash losses such as depreciation and f/x-losses of SEK 28m

Key figures (SEKk)	2017	2018	2019	H1 2020
Revenue	21 017	49 709	100 605	61 972
EBITDA	8 053	37 453	79 587	54 019
EBITDA-margin	38%	75%	79%	87%
EBIT	2 139	23 826	49 319	34 938
EBIT-margin	10%	48%	49%	56%
Net profit	n/a	n/a	n/a	-27 485

## Revenue development (SEKm)

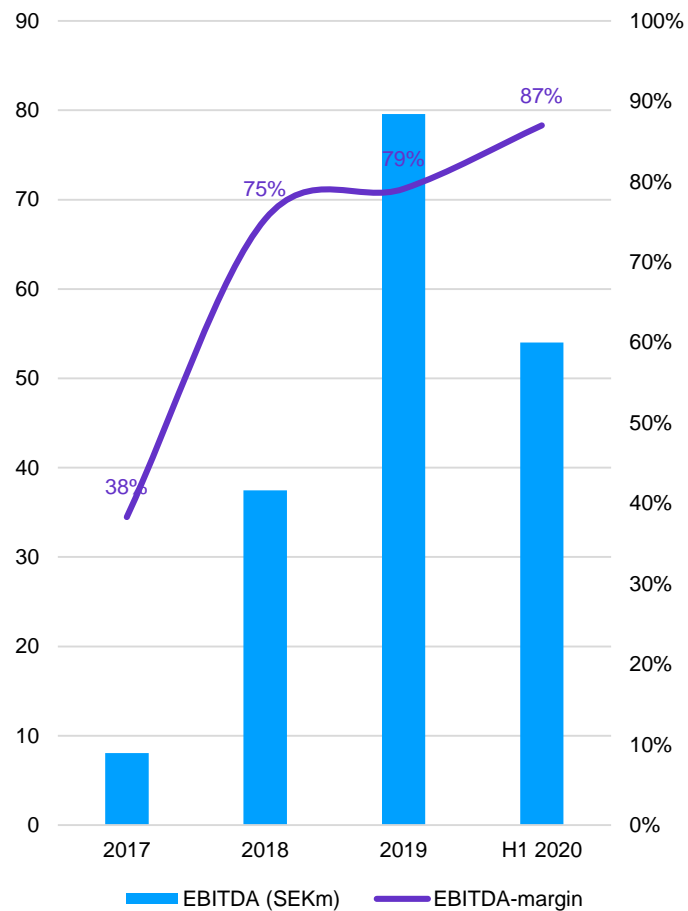


\*Last Twelve Months corresponds to the period 2019/07/01 – 2020/06/30. Not audited figures or consolidated into any ASAB group accounting. The figure comes from ASABs half-year report 2020 and ASAB's internal reports.

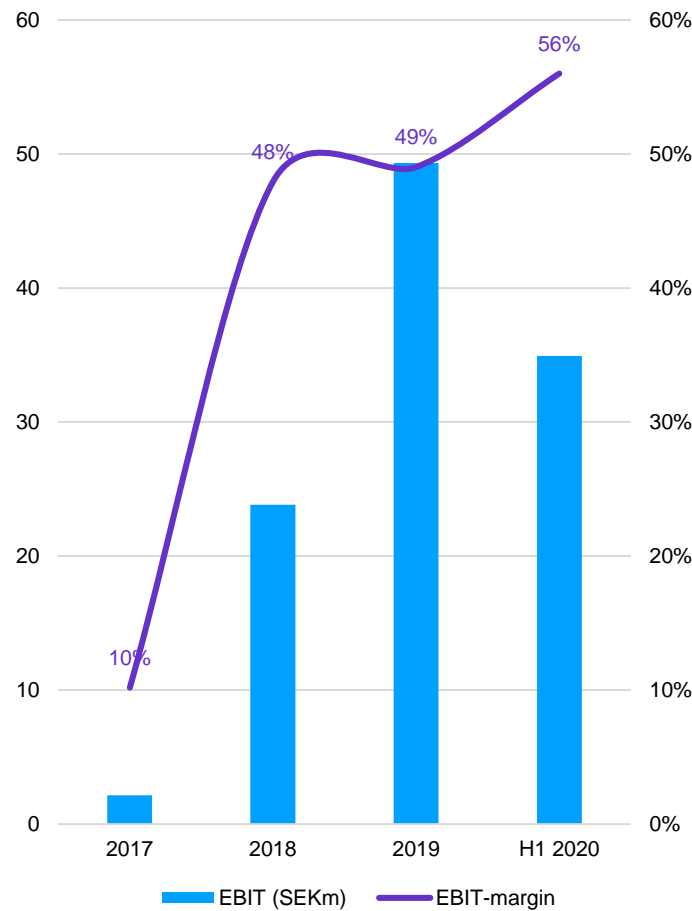
\*\*Illustrated annual income based on the current portfolio of installations. Please see page 33 and 54 for more information.

# Financial highlights

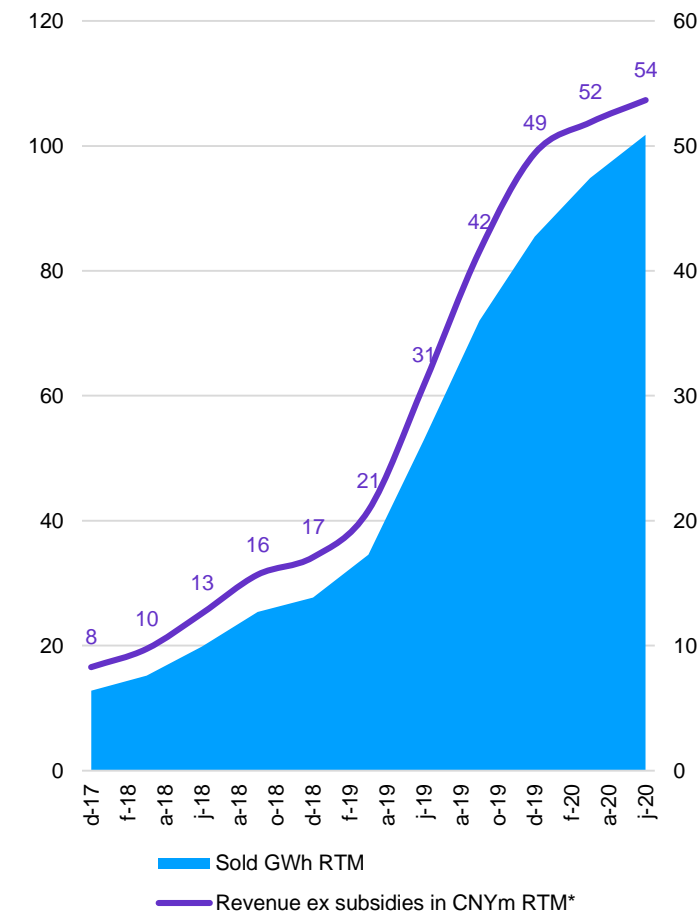
## Improved EBITDA-margin...



## as well as EBIT-margin...



## due to economies of scale with larger portfolio



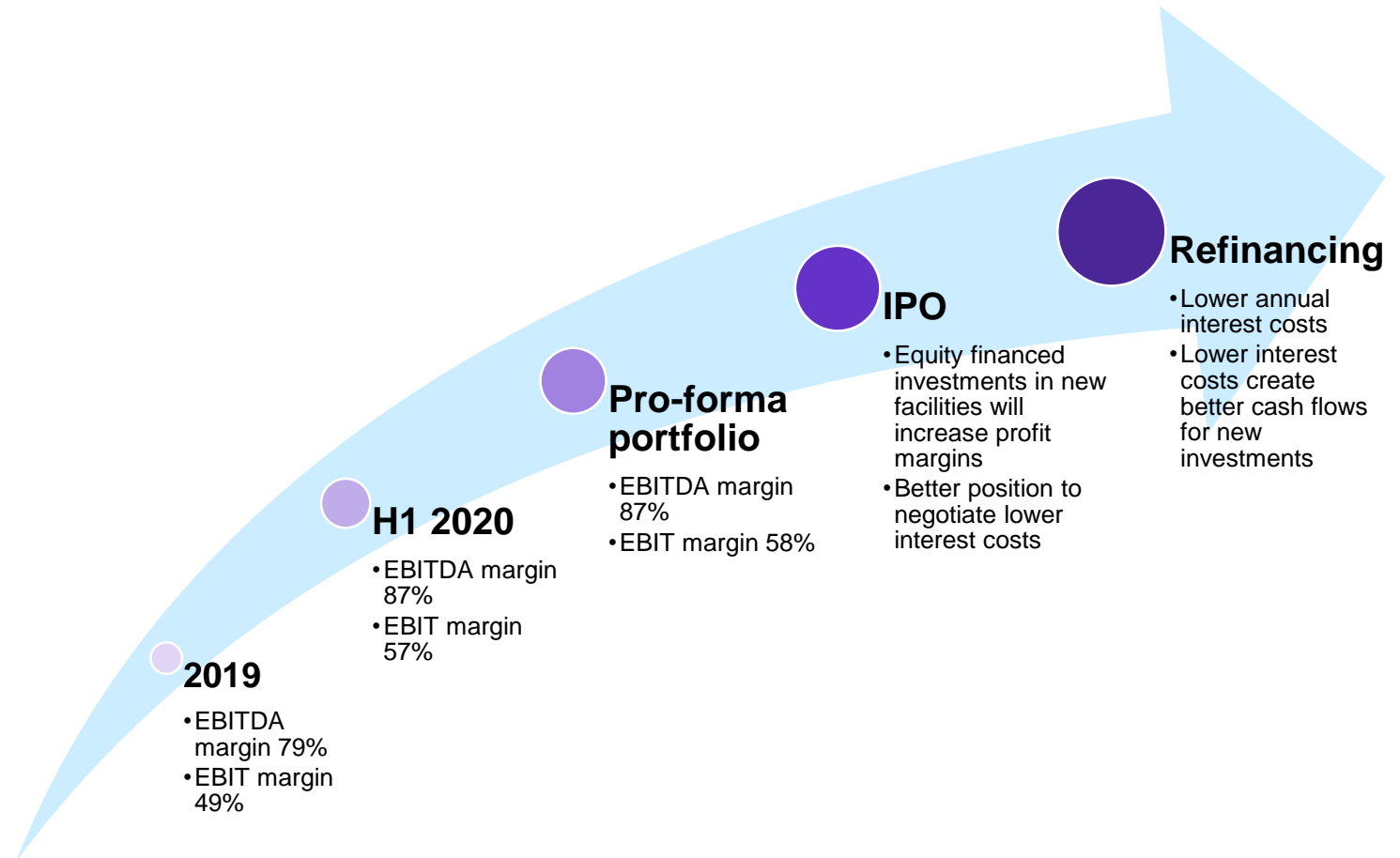
\*Internal figures, not audited or included in any consolidated accounting for ASAB.

# Financing strategy

## Margin improvement with size

- With the stable cash flows from the solar power facilities ASAB is much to be seen as a yield-arbitrage investor
- A new solar power facility typically yields 12-16% annually on invested capital
- The residual cash flow after financial costs and taxes are to be invested into new facilities
- With reinvested capital the profit margins are expected to increase over time
- With increased size the Group expects to receive cheaper financing as it is seen as a safer investment
- The contemplated IPO will also strengthen the Groups position to attract cheaper debt capital as well as provide the Group with direct access to the equity capital markets

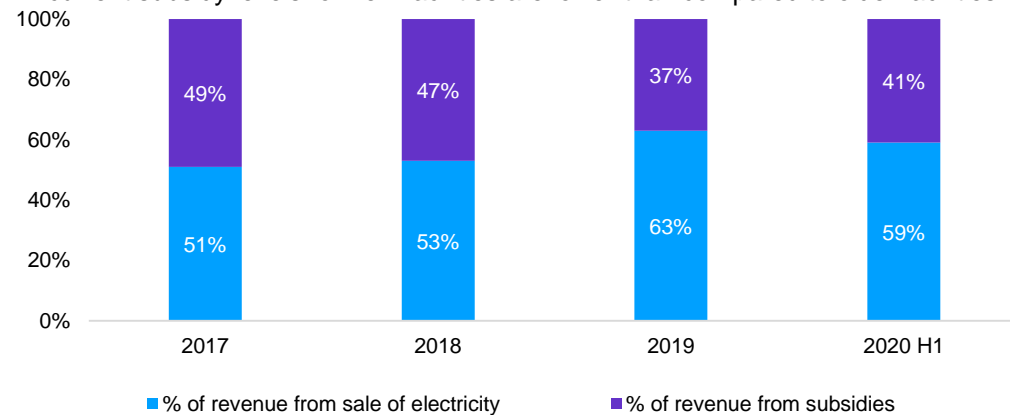
## Potential margin expansion triggers



# Revenue from subsidies

## Dependence on subsidies

- As the manufacturing process for solar cells becomes more efficient the Chinese government is phasing out subsidies
- In 2016 a new solar power facility could expect a 20 year subsidy of approx. 0,42 RMB/kWh, however, today ASAB budgets with only 0,02 RMB/kWh on its new facilities
- The lower subsidies do not affect the subsidy level already attributed to the Group's current portfolio. They remain for the duration of the stipulated period
- In 2019 63% of the Groups revenue came from sales of electricity to its customers and 37% came from subsidies
- Subsidies were elevated during H1 2020 due to pay-out of accumulated local subsidies that was received in Q2
- A smaller percentage of revenues will come from subsidies going forward as current subsidy levels for new facilities are lower than compared to older facilities



## Client cases

### Client: Terumo Medical Products (Hangzhou) Co., Ltd.

Province:	Zhejiang
Installed capacity:	313 kW
Installed date:	2015-02-01
Subsidy (CNY)/kWh:	0,62
Revenue (CNY)/kWh:	0,672
Subsidy as % of total revenue:	48%



### Client: Suqian Huiyang Textile Technology Co., Ltd.

Province:	Jiangsu
Installed capacity:	340 kW
Installed date:	2019-08-19
Subsidy (CNY)/kWh:	0,04
Revenue (CNY)/kWh:	0,697
Subsidy as % of total revenue:	5%

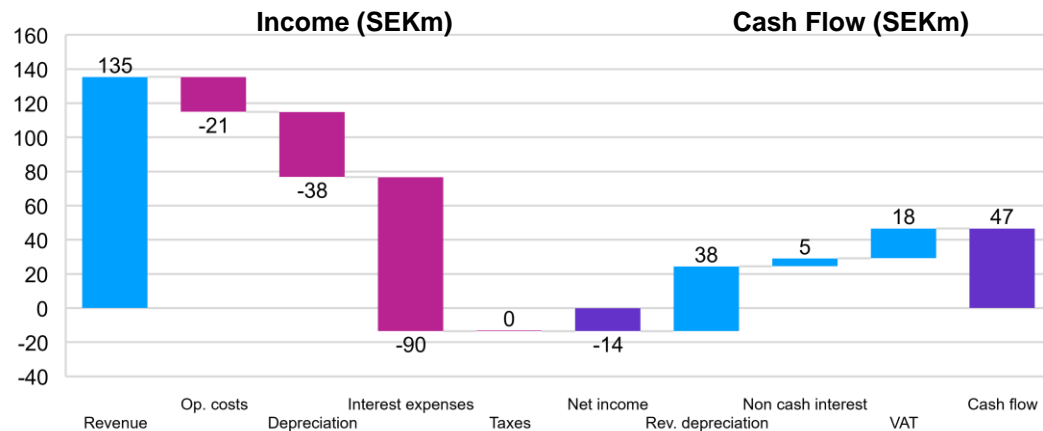




# Illustration of financials

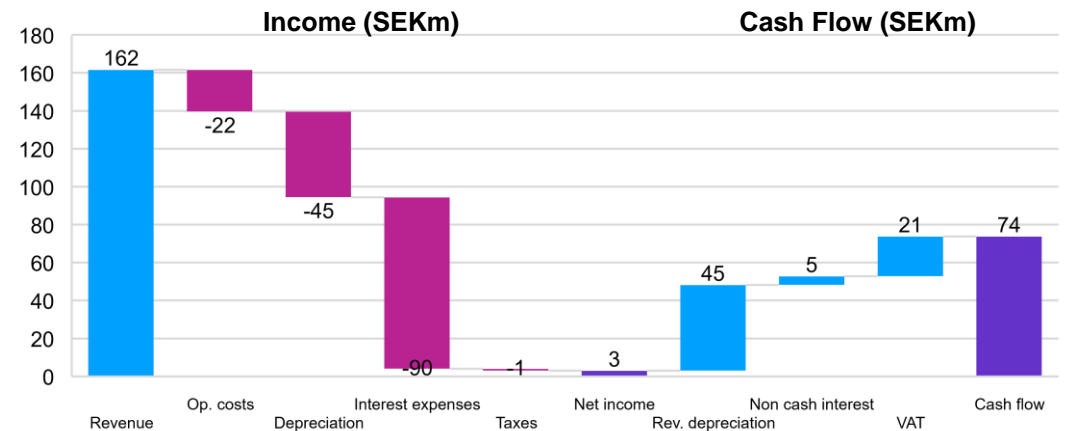
## Current portfolio\*

- The below graph illustrates how revenues from a portfolio of 143 MW solar power facilities generate cash flow, excluding one-time costs
- Revenue comes from the sale of electricity and received subsidies
- The Group has limited operational costs with 15 employees in Sweden and China. Operational costs mainly consist of panel care and salaries
- The Group receives VAT in cash when selling electricity and receiving subsidies
  - The VAT is kept as cash due to a large VAT-receivable
- The Group has non-coupon paying shareholder loans which affect the income, but not the operational cash flow
- Interest expenses does not account for capitalized arrangement costs for bond issues or f/x-effects



## Invested portfolio

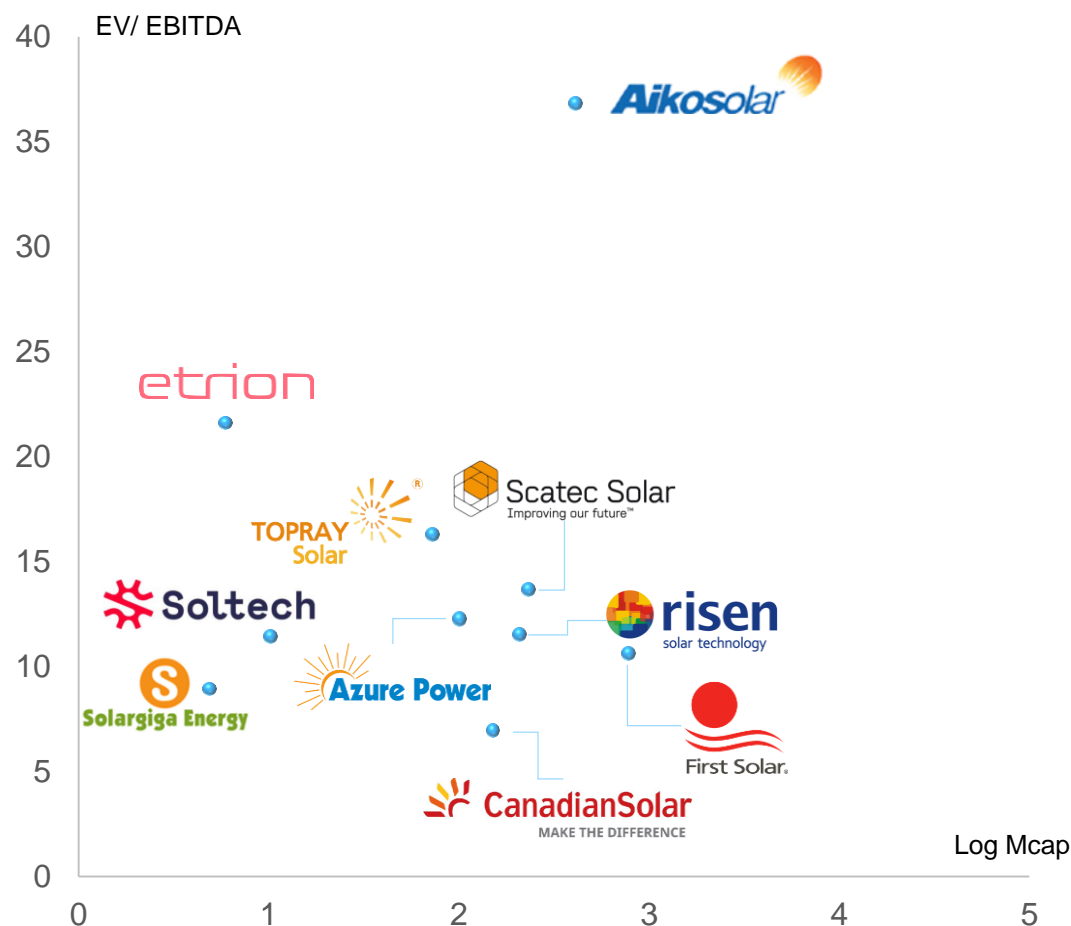
- The Group received net liquidity of approx. SEK 92m after a subsequent bond issue on its green senior secured bond framework
- Assuming a fully subscribed convertible preference share issue of SEK 150m, the Group receives another approx. SEK 115m in liquidity for investments in new solar power facilities after transaction costs (of approx. SEK 13m) and proceeds for general corporate purposes
- With an average installation cost of 4,5 RMB/w the Group will have liquidity for construction of approx. 35 - 40 MW
- Below illustration shows how revenue from solar power installations of approx. 180 MW generate cash flow under certain conditions (please see the Appendix)



\*Please see the Appendix for assumptions

## Comps: Solar companies

### Key ratio



### Peers

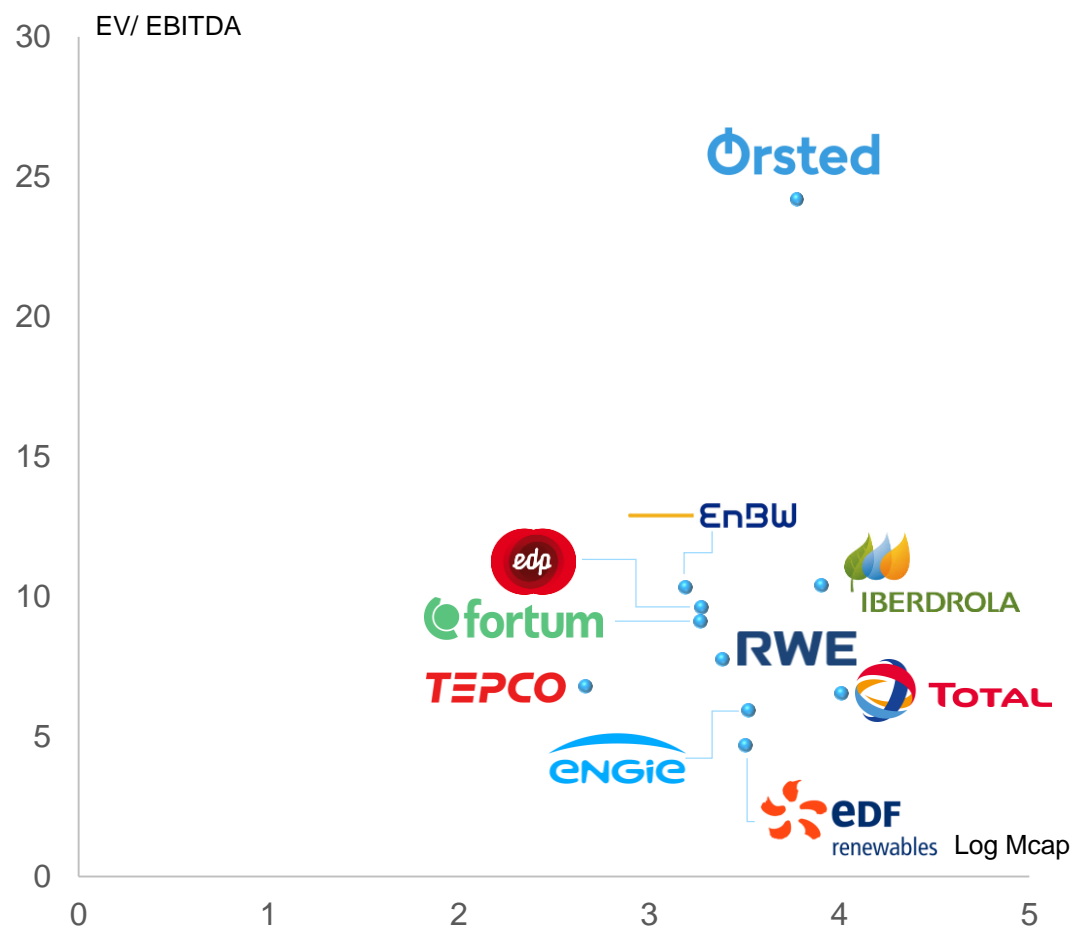
Company	EV / NTM EBITDA	Market Capitalization (MUSD)
Etrion Corporation	21,6x	58,7
First Solar, Inc.	10,6x	7 728,0
Shanghai Aiko Solar Energy Co., Ltd.	36,8x*	4 094,3
Canadian Solar Inc.	7,0x	1 503,3
Solargiga Energy Holdings Limited	9,0x*	48,7
SHENZHEN TOPRAYSOLAR Co.,Ltd.	16,3x*	725,7
Azure Power Global Limited	12,3x	1 000,7
Scatec Solar ASA	13,7x	2 311,6
SolTech Energy Sweden AB (publ)	11,4x	102,1
Risen Energy Co.,Ltd.	11,5x	2 068,1
<b>Median</b>	<b>11,9x</b>	<b>1 252,0</b>
<b>Average</b>	<b>15,0x</b>	<b>1 964,1</b>

Source: S&P Capital IQ 2020-08-10

\*EV/EBITDA multiple for Shanghai Aiko Solar Energy, Solargiga Energy and Shenzhen Topraysolar are based on LTM (last twelve months), due to lack of consensus estimate regarding NTM (next twelve months)

## Comps: Energy sector

### Key ratio



### Peers

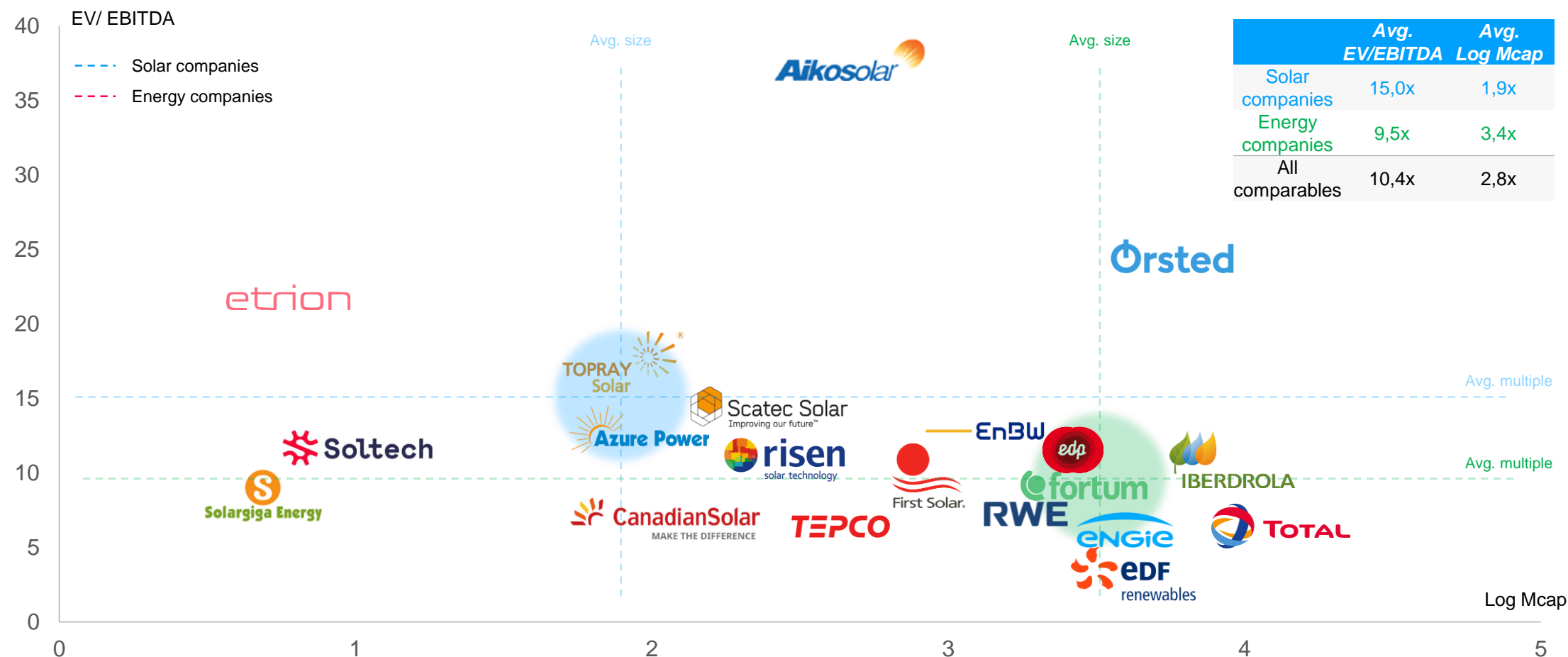
Company	EV / NTM EBITDA	Market Capitalization (MUSD)
RWE Aktiengesellschaft	7,8x	24 107,1
EDP - Energias de Portugal, S.A.	9,6x	18 758,4
Iberdrola, S.A.	10,4x	79 949,1
Electricité de France S.A.	4,7x	31 878,5
Tokyo Electric Power Company	6,8x	4 586,6
Fortum Oyj	9,1x	18 605,6
ENGIE SA	5,9x	33 065,4
EnBW Energie Baden-Württemberg AG	10,3x*	15 388,0
Ørsted A/S	24,2x	59 538,3
TOTAL SE	6,6x	101 613,1
Median	8,4x	27 992,8
Average	9,5x	38 749,0

Source: S&P Capital IQ 2020-08-10

Note: EnBW multiple is based on LTM, due to lack of consensus estimate regarding NTM

# Comps: All

## Key ratio



Source: S&P Capital IQ 2020-08-10

Note: EV/EBITDA multiple for EnBW, Shanghai Aiko Solar Energy, Solargiga Energy and Shenzhen Topraysolar are based on LTM, due to lack of consensus estimate regarding NTM





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# Risk factors



## Introduction

The risk factors in the section "Risks Relating to the Market and the Business Activities" below were prepared in connection with, and for the purpose of, the bond financing by Advanced SolTech Sweden AB (publ) (the "**Issuer**") and any other company in the group (the "**Group**") and the proceeds of which was used towards financing transaction costs, equity injections and downstream loans to Advanced Soltech Renewable Energy (Hangzhou) Co., Ltd. ("**ASRE**") and Longrui Solar Energy (Suqian) Co., Ltd. ("**LSE Suqian**") for their acquisition and/or construction of solar power facilities and general corporate purposes of the Issuer. The risk factors in the section "Risks Relating to the Market and the Business Activities" were consequently updated in connection with the third tap issue by the Issuer of SEK 100,000,000 made in November 2019 (the "**Third Tap Issue**"), however only with respect to factors relating to the assets which were acquired, constructed or contemplated to be constructed by ASRE in connection with the Third Tap Issue. The risk factors in the section "Risks Relating to the Market and the Business Activities" were further updated in connection with the fourth tap issue by the Issuer of up to SEK 100,000,000 which occurred in May 2020 (the "**Fourth Tap Issue**"), however only with respect to factors relating to the construction of the new solar power facilities by ASRE and LSE Suqian. In connection with this contemplated issue of preference shares (the "**Issue**") a management interview has been conducted to verify that no material changes, which risk affecting an investors decision, have occurred since May 2020.

An investment in shares involves inherent risks. Financial performance of the Group is an important factor to consider when deciding whether an investment should be made in the Issue. A number of risk factors and uncertainties may adversely affect the Issuer or the Group. If any of these risks or uncertainties materialize, the business, operating results and financial position of the Group could be materially and adversely affected. In this section, a number of risk factors are illustrated, both general risks pertaining to the Group's business operations and risks specifically relating to the Issue and the securities. There could also be other risks not discussed herein, not currently known or not currently considered to be material which may also negatively affect the Group's future operations, performance and financial position. The risk factors are not presented in order of importance. Potential investors should consider carefully the information contained in this section and make an independent evaluation before making any investments in the Issue.

## RISKS RELATING TO THE MARKET AND THE BUSINESS ACTIVITIES

### Macroeconomic conditions

Although the Issuer's financial operations are mainly performed in Sweden, the entire commercial operation of the Group is in the People's Republic of China (the "**PRC**"). Substantially all of the Group's assets are located within the PRC. As such, the development of the business of the Issuer is closely connected with the performance of ASRE and LSE Suqian which in turn is connected with the development of the renewable energy business in the PRC, changes in the general economic situation or the taxation system or changes within the system for governmental grants or other regulatory conditions, in each case in the PRC, which are outside the control of the Issuer and the Group. Even smaller changes may have a negative effect on the Group's business, financial condition or results of operations. Even though the Group is operating in a growing market for renewable energy, changes in the global economy may affect the will to invest in new solar energy. A weakened world economy or a long-lasting economic recession may imply a reduced need of electricity which could have a negative impact on the Group's business, financial condition or results of operations.

### The PRC's legal system

ASRE and LSE Suqian are both incorporated under the laws of the PRC and conduct their business in the PRC. ASRE's and LSE Suqian's business operations are regulated primarily by PRC laws and regulations. PRC laws and regulations are based on written statutes, and past court judgments may be cited only for reference. As these laws and regulations are still evolving, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement. The PRC legal system is based, in part, on government politics and internal rules (some of which are not published on a timely basis or at all). As a result, ASRE and LSE Suqian may not be aware of its violation of these policies and rules until sometime after the violation. Because of these uncertainties, ASRE and LSE Suqian may be subject to uncertainties in their operation and potential breaches of policies and rules in the PRC which could lead to governmental sanctions that could adversely affect the operations and financial results of the Group.

### Credit risk

There is a risk that the Group's counterparties are unable to fulfil their financial obligations towards the Group. An assessment of the credit risk must therefore include an assessment of ASRE's, LSE Suqian's and their subsidiaries' possibility to operate their business and the credit risk that ASRE, LSE Suqian and their subsidiaries have against their customers and the risk that these customers may get in a financial situation where they cannot pay the agreed fees or other amounts owed to ASRE, LSE Suqian and their subsidiaries as they fall due or otherwise abstain from fulfilling their obligations. There are no guarantees that the ASRE's, LSE Suqian's and their subsidiaries' counterparties can fulfil their obligations which would then affect ASRE's, LSE Suqian's and their subsidiaries' possibility to fulfil their obligations against the Issuer which could affect the Group's business, financial condition or results of operations.

## Risk factors (cont.)



### Interest rate risk

The Group has incurred, and may in compliance with the limits set out in the final terms and conditions of the Issuer's existing bond financing further incur, financial indebtedness to finance its business operations. Such financing may generate interest costs which may be higher than the gains produced by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. Further, the Group is exposed to changes in interest rates through its financing agreements that carry floating rates of interest. The interest rates are affected by a number of factors that are beyond the control of the Group, including but not limited to the interest rate policies of governments and central banks. An increase in interest rates would entail an increase in the Group's interest obligations, which could have a negative effect on the Groups' operations, financial position, earnings and results.

### Currency risk

The Chinese currency Renminbi ("**RMB**") is not freely convertible into other currencies. All activities relating to payments and receipts of foreign exchange and the conversion of foreign exchange into RMB and vice-versa are regulated. All foreign exchange transactions are in some form controlled or supervised by the State Administration of Foreign Exchange in the PRC ("**SAFE**"), the main regulatory body of the PRC's foreign exchange control system. Only financial institutions designated by SAFE are allowed to process foreign exchange transactions and they must operate special foreign exchange accounts for this purpose. Foreign currency is not permitted to be circulated or used for payment within the PRC. Any domestic institution or individual that makes a payment in foreign exchange overseas in an amount equivalent to more than USD 50,000 must first make a tax filing with the competent office of the State Administration of Taxation where the institution or individual is located. Generally, this can cause certain delays and require certain paper work and may have adverse effect on the Group's business.

The PRC government may temporarily restrict certain payments in relation to, inter alia, dividends. In such cases, this may have a detrimental effect in relation to ASRE's and LSE Suqian's ability to pay for example dividends to the shareholders. Further, the exchange rate between RMB and other currencies may fluctuate from time to time and be affected by, among other things, changes in the PRC's political and economic environment. The fluctuation in the exchange rate between the RMB and other currencies may have an adverse effect on the business, results of operations and financial condition of the Group and the Issuer. A weakening of the RMB against the EUR or SEK means that ASRE and LSE Suqian may have exchange loss on their books which leads to a reduced income in real terms for the Group. The Group does not use any form of hedging to mitigate such currency risks. The devaluation of the RMB may adversely affect the value of, and any dividends payable on, the shares held by the Issuer as the foreign shareholder of ASRE and the shares held by the Issuer as the foreign shareholder of LSE Suqian. This may have an adverse effect on the Group's business, financial condition or result of operations.

### Financing and refinancing

Refinancing and new financing risks are the risks in relation to ASRE and/or LSE Suqian not being able to obtain necessary financing, or that such financing is only partly obtained at significantly increased costs as concerns refinancing of existing debts or new borrowing. There is a risk that future refinancing is not possible at all, or is not possible on terms that are attractive for the Issuer, which would have an adverse effect on the business of the Group. In case the Issuer and/or ASRE and/or LSE Suqian are unable to refinance existing debt or obtain additional financing at attractive terms, as a result of an insufficient supply in the capital market or for any other reason, this would have an adverse effect on the Group's business, financial condition or results of operations.

### Supplier risk

In order to maintain its business, the Group is dependent upon timely deliveries of photovoltaic (which converts light into electricity) ("**PV**") and thereto related components. Missing or postponed deliveries of the PVs may cause delays with regard to the installations of PVs under construction and future installations. The manufacturing of PVs is a high tech, costly and relatively slow process and interruptions in the production may occur. From time to time, the supply and demand of components necessary for the manufacturing of PVs have varied. Following increases in demand, there is a risk of increase in prices for PVs or that the supply of PVs will decrease, which may lead to delays in the installations of the PVs. These factors may therefore have an adverse effect on the Group's business, financial condition or results of operations.

### Competition

The Group operates within the renewable energy industry offering solar energy installations in which there are several actors with similar or alternative technology. Going forward with respect to new solar facilities, it may show that the market prefers other actors' products or that current competitors or other companies develop better or more attractive methods or concepts, other than the solutions the Group provides. Such development may have an adverse effect on the Group's business, financial condition or results of operations. The Group may also be exposed to competition in price from economically stronger actors that may, through quick price reductions, increase their market share or establish similar products. This especially applies within in the solar cell sector where other techniques may prove to be more economically favorable than the technique promoted by the Group. There is always a risk that new technology will emerge. This could have a material adverse effect on the Group's business, financial condition or results of operations.

## Risk factors (cont.)



### Executive management, staff and operational risk

ASRE and LSE Suqian rely on consultants for certain services. Advanced Solar Power (Hangzhou) Inc. ("ASP") is ASRE's former shareholder and currently is an affiliated company of ASRE and LSE Suqian. To a large extent ASRE and LSE Suqian use ASP's network of installers/agents to sell, install and provide services to ASRE's and LSE Suqian's installations. In addition, in most cases ASRE and LSE Suqian use ASP as EPC (engineering, procurement and construction) contractor, but may also use other parties as EPC contractors. This entails that ASRE and LSE Suqian to an extent are dependent on ASP which entails a risk for ASRE and LSE Suqian since they do not themselves control all vital parts of their business. There is no agreement in place preventing ASP from conducting competing business or increasing prices or ensuring that ASP remains as a key partner. ASRE and/or LSE Suqian may not be able to replace the current organization if necessary.

Operational risk is the risk of incurring losses due to inadequate procedures and/or irregularities. Should the Group's internal control, administrative system adapted for the purposes, skills development and access to reliable valuation and risk models fail, there is a risk that this will have an adverse effect on the Group's business, financial condition or results of operations. The Group's employees' knowledge, experience and commitment are important for the Group's future development. The Group would be affected negatively if key employees would leave the Group, or if the Group's administrative security and control would fail.

### Risks relating to insurance coverage

ASRE generally maintains all risks insurance policies for its properties. There might be delays in procuring the insurance policy and during the delayed period its properties are not insured. In addition, there are certain types of losses, such as losses from forces of nature, that are generally not insured because they are either uninsurable or because insurance cannot be obtained on commercially reasonable terms. This practice is consistent with what the Group believes to be the industry practice in the PRC. Certain types of losses caused by war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding and other natural disasters are not covered. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in such property and anticipated future revenue therefrom while the Group remains liable for. Any such loss could materially and adversely affect the financial condition and results of operations of the Group.

### Risks related to the political decisions and regulations regarding the renewable energy in the PRC

The Group acts within areas which take greater consideration to the environment in production of electricity. There are several types of political instruments favoring investments in renewable energy. This can consist of different forms of financing or subsidies for certain types of energy. An important factor in the Group's revenue calculations is the expected subsidies from the PRC government and from regional and local authorities. There is always a risk for changes in these systems, which would have an adverse effect on the Group's business, financial condition or results of operations.

In recent years, the PRC government has promulgated a series of laws and regulations to support and encourage the development of solar power. These laws, regulations and policies directly affect the prospects of the domestic solar power industry and are factors that may affect the demand for the Group's business. The level of acceptance of solar power as a viable form of renewable energy by the government agencies that establish energy policies as well as the general public in markets in which the Group operates has a significant effect on us. There is a risk that it would have adverse effect on the Group's business, financial condition or results of operations. Although the PRC government's latest five-year plan has clear directions to promote the development of renewables in order to address PRC's acute pollution problem and for PRC to thereby be less dependent on fossil fuel, should a direct or indirect reduction or termination of government support take place then there may be adverse effect on the PRC solar power market. In the event of changes in the support by the PRC government of the industry in which ASRE and LSE Suqian operate, or changes to the policies associated with ASRE's and LSE Suqian's industry, ASRE's and/or LSE Suqian's operations may be adversely affected. In the event of changes in these preferential policies by the PRC government, solar power may in the future and with respect to the PV installations become less attractive which would have an adverse effect on ASRE's and/or LSE Suqian's business, results of operations and prospects.

In addition, the policies relating to the subsidies for solar power energy in some places of PRC are unstable as local authorities have not officially issued specific regulations or rules to ensure such subsidies. There is a risk that the Group may not receive certain subsidies due to the unstable local policies, which may have adverse effect on the Group's business and financial conditions.

### Fluctuations on the electricity market

The revenue for ASRE and/or LSE Suqian is to a great extent dependent on the development in the electricity market in the PRC. A majority of contracts use a floating price mechanism. There are risks of fluctuations in the electricity price. A decrease in the electricity price would have a material adverse effect on ASRE's and/or LSE Suqian's possibility to pay interest and any mortgage payments which would have adverse effect on the Group's business, financial condition or results of operations. The Group does not use any form of hedging to mitigate such risks linked to fluctuations in electricity prices.



## Risk factors (cont.)

### **Delays and use of products in the connection to the electricity grid**

ASRE and LSE Suqian design their installations to suit customers' electricity consumption. In short, ASRE's and LSE Suqian's aim is not to deliver electricity to the grid, but it needs the grid connection to sell any overcapacity, if a customer for whatever reason does not consume all the electricity produced, from time to time and thereby receive the subsidy from the government which is paid by the grid company. There is also a risk that the price of the power sold to the grid may deviate from the price ASRE and/or LSE Suqian would receive if it was sold to the customer. Furthermore, some of the solar projects have not been completed and/or been connected to the grid. In the event of any difficulties and/or delays in connecting completed installations to the electricity grid in the PRC, this may result in payment difficulties for ASRE and/or LSE Suqian and therefore negatively affect the Group's business, financial condition or results of operations.

In addition, certain technical issues with the existing electricity grids to which the existing projects are connected to, such as the less effectiveness of the solar panels as time passes or the decrease of the efficiency of the equipment during the lifetime of the projects, could have adverse effect on the Group's business, financial condition or results of operations.

### **Sabotage**

There is a risk for sabotage, theft, attacks and natural disasters or other force majeure events which the Group cannot control and which are not covered by insurance. Such events would have an adverse effect on ASRE's and/or LSE Suqian's business.

### **Tax related risks**

The structure of the Group is among other things intended to prevent tax liabilities in several levels for the shareholders of the Group. The Group conducts its business in accordance with its own interpretation of applicable tax regulations and applicable requirements and decisions. There is a risk that the Group's or its advisers' interpretation and the Group's application of laws, provisions, judicial practice has not been, or will in the future not be, correct or that such laws, provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, the Group's tax liabilities can increase, which would have an adverse effect on the Group's business, financial condition or results of operations.

### **The Issuer's dependence on other companies in the Group**

The Issuer is a financing vehicle for the purpose of financing ASRE's and LSE Suqian's commercial operations in the PRC. As such, the Issuer does not hold any significant assets. The Issuer therefore depends on the receipt of interest payments and payment of principal under the downstream loans granted by the Issuer to ASRE and LSE Suqian, which in turn is dependent on sufficient income and cash flow being generated from the operations of ASRE and LSE Suqian. Consequently, the Issuer is dependent on ASRE's, LSE Suqian's and their subsidiaries' availability of cash and their ability to service the downstream loans from the Issuer. A decrease in any such income and cash flow may have an adverse effect on the Issuer's business, financial condition or results of operations.

In addition, the Issuer does not have any employees or operations of its own, this means that it is highly dependent on SolTech Energy Sweden AB (publ) to ensure that tasks including corporate administration, accounting, execution of payments etc. are properly carried out. If these tasks are not carried out at all or carried out inappropriately it could have an adverse effect on the Issuer's business, financial condition or results of operations..

### **ASRE's and LSE Suqian's dependence on its affiliated companies**

ASRE and LSE Suqian have a slim organization and a limited number of employees, this means that they are highly dependent on ASP's network and knowledge of the local PRC market to ensure that tasks including corporate administration, accounting, execution of payments etc. are properly carried out. If these tasks are not carried out at all or carried out inappropriately it could have a negative effect on ASRE's and/or LSE Suqian's financial condition and its ability to service its debt under the downstream loans from the Issuer and consequently it could have an adverse effect on the Issuer's financial condition or results of operations.

ASRE's and LSE Suqian's shareholder is instrumental in order for their business to develop successfully. In the event that the shareholder of ASRE would divest its shareholding in ASRE entirely or partly, or the shareholder of LSE Suqian would divest its shareholding in LSE Suqian entirely or partly, or choose to conduct business in direct or indirect competition with ASRE and/or LSE Suqian, it could have an adverse effect on ASRE's and/or LSE Suqian's business.

## Risk factors (cont.)

### Risks relating to projects acquired by ASRE or LSE Suqian

Some companies/assets which ASRE or LSE Suqian may acquire or have acquired ("**Target Companies**") may have long term receivables. It is possible that these receivables may not be collected in the end since the counterparties may not be able to fulfil their financial obligations. In addition, some Target Companies may have a relevantly high debt ratio. Even if ASRE or LSE Suqian has required these Target Companies to collect the receivables and service the debt, it is still possible that the receivables and payables still exist which may adversely affect ASRE's and LSE Suqian's financial conditions.

Certain solar plant may be forced to be closed by local authority if it materially violates applicable law or due to change of law. In such case, the closed plant will no longer generate electricity and therefore no revenues after its closure. There are two different models of electricity sale, one model is sale to the grid and other is sale to rooftop owner with surplus to the grid. For the second model, the Target Companies will face credit risks of the electricity buyer, namely rooftop owners. Further, some projects may not clearly state which model applies. Due to this ambiguity, it is uncertain whether the shareholder of the Target Companies will have joint liabilities for the payment of the power fees.

All of the above issues may have adverse effect on the Target Companies' receipt of the power fees. Although ASRE or LSE Suqian could require the Target Companies to solve these problems, it is still possible that these problems will remain which may adversely affect ASRE's and LSE Suqian's business and financial conditions.

### Project risk

The contemplated construction works of certain solar power stations have not yet commenced. Construction projects in early stages are always subject to significant risks and the acquisition of the expected value depends upon the successful implementation of the construction projects. Construction projects entail risks relating to procurement of building permits and clearances and other necessary government approvals, procurement of the construction contract, the completion of the construction etc. There is a risk that the projects are delayed for various reasons, for example due to the cost of the projects may overrun the estimated budget. The projects may be aborted or become more expensive and thereby yield less profits than what is estimated by the Issuer, which may have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group's dependence on material agreements

The Group is dependent on the entering into rooftop agreements, i.e. agreements with property owners (a "**Rooftop Owner**") for the installation of PV installations on the rooftop of the property and the Rooftop Owner's purchase of electricity from ASRE or LSE Suqian (as the case may be) which lapse for a minimum of 20 years (a "**Rooftop Agreement**"). The Rooftop Agreements may be terminated by the Rooftop Owner relying on one of the few termination events existing in the Rooftop Agreements, such as ASRE or LSE Suqian (as the case may be) failing to perform its obligations under the Rooftop Agreement to which it is a party, ASRE or LSE Suqian (as the case may be) becomes insolvent or is wound-up or that the Rooftop Owner purchases the PV installation. There is a risk that in the event that the Rooftop Owner terminates the Rooftop Agreement which would have an adverse effect on the Group's business, financial condition or results of operations.

A number of the Rooftop Agreements provide for a 25-year lease term, which exceeds the longest lease term of 20 years allowed by PRC law. Therefore, this lease term may be deemed as invalid and be adjusted to 20 years. Any period above 20 years may be viewed as an open contract and, as such, may be terminated anytime by either party. The period exceeds 20 years is subject to agreement by the parties upon expiry of 20 years lease term. As a result, there is uncertainty in the Group's ability to generate revenue after 20 years under those Rooftop Agreements, which may have a negative effect on the Group's business and financial conditions. A number of the Rooftop Agreements states that the lessee shall start or complete construction during a defined construction period. Some of these construction periods are inconsistent with the construction periods under the related EPC agreements. This may result in breach of the Rooftop Agreement while the EPC agreements are not breached. In such case the lessee may not be able to recover loss from the contractor, which would have an adverse effect on the Group's business and financial conditions. Some Rooftop Owners own their property but do not apply for real property title certificates. Real property title certificate is the legal title document evidencing ownership of the property. This title document is very important for the owner to transfer, mortgage the property, or apply for bank loans based on the property. Without the real estate title certificate, use of the property will not be affected but the real estate cannot be transferred or mortgaged. It is possible that disputes may arise over the ownership of the property if there is no real property title certificate.

Furthermore, some Rooftop Owners have mortgaged their property to other parties. The mortgage will not affect the validity of the Rooftop Agreements. However, in the event that such mortgage is enforced by the relevant mortgagee, the operation of PV installations could be adversely affected and therefore the Group's proceeds or results of operations could be adversely affected. In addition, there is no assurance that the Rooftop Agreements will be duly performed by the Group's counterparties. Some of the Group's counterparties may have failed to perform their obligations to some of their creditors. If the Group's counterparties do not duly perform their obligations under the relevant Rooftop Agreements, or at all, the Group's business, financial condition or results of operations could be materially and adversely affected.

## Risk factors (cont.)



### **Risks from legal and arbitration proceedings**

As of the date of this presentation, there are no existent or pending legal or arbitration proceeding to which any member of the Group is a party. Nevertheless, it cannot be ruled out that the Group or any of its members will not be involved in a legal or arbitration proceeding in the future. In the event of such proceeding, subject to the cause of the action and the judicial system of the state of the forum, the non-pledged assets of the Group or its member might be attached or enforced, which might bring an adverse impact on the business of the Group or its member. Nor can it be ruled out that the relevant member of the Group could lose such a proceeding and there is a risk that such loss would have an adverse on the Group's business, financial condition or results of operations.

### **Use of agents**

ASRE and LSE Suqian have both elected to use a selected number of ASP's agents/distributors to market, sell, install and service ASRE's and LSE Suqian's solar power stations on ASRE's and LSE Suqian's customers' rooftops. The installation procedure is safeguarded by ASP acting as EPC contractor and using its agents/distributors as subcontractors. As a result, this creates uncertainties since ASRE and LSE Suqian do not hold these relationships themselves and therefore needs to rely on ASP's network. This model needs to continuously be evaluated in order to address the development phase that ASRE and LSE Suqian may be in at the time of evaluation. Should ASRE and/or LSE Suqian in the future not be able to use ASP's agents/distributors or work directly with ASP's network of agents/distributors or be able to replace such agents/distributors within short notice this would have an adverse on the Group's business, financial condition or results of operations.

### **Risks relating to filing with National Development and Reform Commission (NDRC)**

Under PRC law, project owners shall obtain NDRC filing documents before commencing the construction of a solar project, and shall conduct the amendment filing if the location of the project, the scale of the construction or the content of the construction is amended. One of the Group's solar project does not have a NDRC filing document and construction have not been commenced, and the NDRC filing documents in some solar projects were obtained after the date of the corresponding EPC contracts. There is a risk that these projects may commence or that construction have commenced without or prior to obtaining the relevant NDRC filing documents. Furthermore, in some of the Group's solar projects, the address of the project in the Rooftop Agreement and/or real estate certificate and/or power purchase agreement is different from the address of the project in the corresponding NDRC filing document. It is possible that the location of such project has been changed but the relevant project owner does not complete amendment filing with NDRC. In addition, in some of the Group's solar projects, the installed capacity is smaller than the capacity specified in the corresponding NDRC filing documents. It is possible that the scale and construction content of this project has been changed but the relevant project owner does not complete the amendment filing with NDRC. Any of the above issues may result in a fine of RMB 20,000 to RMB 50,000 on the relevant project owner (i.e. LSE Suqian, ASRE and any of its subsidiaries). Should the any Group Company be fined, the Group's business, financial condition or results of operations could be materially and adversely affected.

### **Discrepancies between the estimate capacity and the capacity connected to the grid**

In the solar projects, the actual capacity connected to the grid may be a bit smaller than the estimate capacity specified in the NDRC filing document or a Rooftop Agreement due to the normal loss during the connection process. For any solar projects of the Group that have not been connected to the grid, there is a risk that the actual capacity connected to the grid may be a bit smaller than the estimate capacity and therefore a bit less subsidies or power fees will be paid to LSE Suqian, ASRE and any of its subsidiaries than expected.

### **Risks relating to lack of power purchase agreement and grid connection acceptance notice**

Certain project has been connected to the grid while power purchase agreement with the grid company has not been signed yet. There is a potential risk that the grid company may refuse to pay subsidies or fees due to the lack of the power purchase agreement, which may affect the Group's financial conditions.

## Risk factors (cont.)

### Risks relating to the Coronavirus disease (COVID-19)

The 2019 novel coronavirus ("COVID-19") outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February and March 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. As a response to the COVID-19 outbreak, the PRC government imposed a lockdown of certain regions of China. The Group's ongoing projects are currently located in Henan, Zhejiang, Shanghai, Jiangsu, Guangdong, Anhui and Beijing and although the lockdown did not affect the aforementioned cities or provinces, the regions have been subject to certain restrictions, including e.g. travel bans and quarantine of overseas arrivals. These types of measures and other measures to limit the transmission of COVID-19 implemented by governments around the world may adversely impact the Group's operations. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group faces a number of operational risks associated with the development of new solar projects

The Group's new solar projects may not be completed according to planned schedules or be completed at all and may not generate the levels of expected revenue or contemplated investment returns. The projects the Group undertakes typically require substantial capital expenditures during construction and usually take many months to generate proceeds in cash. The time required and the costs involved in completing construction can be affected by many factors, including shortages of construction materials, equipment or labor, adverse weather conditions, natural disasters, delays or failures in performance by the Group's contractors, labor disputes, disputes with contractors and subcontractors, accidents, changes in governmental priorities and other circumstances. Construction delays may result in significant losses of revenue and increase in costs. There can be no assurance that the Group's future projects will be completed on time, or at all, and generate satisfactory returns.

### RISKS RELATED TO THE SHARES

#### Owners with significant influence

At present, SolTech Energy Sweden AB (publ) and Advanced Solar Power Hangzhou Inc., own all outstanding shares in the Issuer (the "**Main Owners**"), and thus has control over the Issuer prior to the planned Issue. Following the completion of the Issue, the Main Owners will have the opportunity to exercise significant influence over the Issuer and significant control over the matters that the Issuer's shareholders vote on, including approval of the income statement and the balance sheet, election and dismissal of board members, dividends, capital increases and amendments of the Issuer's articles of association. This means that the participants in the New Issue have a limited opportunity to exercise influence in the Issuer through their voting rights because the preference shares which are issued in the Issue only entitles to one (1) vote per share, while the ordinary shares in the Issuer (after the Issue) will entitle to ten (10) votes per share. Furthermore, the shareholders will be bound by a shareholders' agreement. There is a risk that the Main Owners exercise their voting rights or otherwise controls the Issuer in a manner that is not compatible with what is best for the preference shareholders or in a manner that could be contrary to their interests or wishes. The Main Owners can, among other things, through representation in the board of directors exercise control over such board and in this way influence how the board of directors manages the Issuer's operations and other business.

#### Future dividend on the preference shares

The Issuer's ability to pay dividends in the future depends on a number of different factors, including the Issuer's operations, financial position, earnings, distributable funds, cash flow, future prospects, capital requirements and general financial and legal restrictions. There are no guarantees that dividends will be payable in the future. Furthermore, ordinary shareholders have not committed to vote in favor of dividends. It is therefore not certain that the Issuer's general meeting will resolve upon a dividend on the preference shares.

#### Terms for limitation of dividends in the bond terms

Dividends from, or redemption of, preference shares may under certain circumstances be restricted under the bond terms for the Issuer's outstanding bond financing and any distribution or redemption will then require that the Issuer can obtain approval from the bondholders or, where applicable, a waiver from the agent concerning the limitation of dividends.



## Risk factors (cont.)

### **Exchange rate differences can have a negative impact on dividends paid**

Any dividends shall be in both SEK and EUR. This means that shareholders may have an adverse effect on the value of holdings and dividends when these are converted, depending on the exchange rate and date, from SEK to EUR at each relevant date of dividend payment. Furthermore, investors whose reference currency is a currency other than SEK may be adversely affected by any decrease in the value of SEK in relation to each investor's reference currency. In addition, investors may incur additional transaction costs when converting SEK to another currency.

### **Issue may lead to dilution**


The Issuer may need additional equity to finance its day-to-day operations or to make additional investments, which may exceed the amounts the Issuer currently deems necessary. Such financing may be sought, for example, through Issue of shares, other share-related instruments or convertible debentures. If the Issuer chooses to raise additional capital, for example, through an issue of shares, there is a risk that the shareholders' holdings in the Issuer may be diluted, both in terms of economic rights and voting rights.

### **Increased costs in relation to the proposed listing on First North Growth Market or other suitable marketplace**


The Issuer will incur additional costs during a listing process and after a planned listing, on First North Growth Market or other suitable marketplace, the Issuer will be affected by costs that the Issuer did not have to bear before, for example in terms of costs for administration, fee to the marketplace and information disclosure. These costs may adversely affect the Group's operations, financial position and earnings compared with historically reported costs.



6. Introduction



11. About ASAB



19. Portfolio and market



29. Economics



38. Risk factors



47. Appendix

# Terms for convertible preference shares

Issuer:	Advanced SolTech Sweden AB (publ)
Product:	Convertible Preference Shares
Currencies:	SEK series preference shares and EUR series preference shares
Issue size:	Up to SEK 150 000 000 (or equivalent in EUR)
Minimum investment:	SEK 1 100 000 or EUR 100 000
New number of shares:	1 500
Nominal amount/share:	100 000 SEK or 10 000 EUR
Vote per shares:	Common shares: 1, Preference shares: 1
Expected Settlement Date:	On or about [●] September 2020
IPO conversion:	Preference shares will convert into common shares in connection with an IPO
Conversion Ratio Year 1:	In the event of an IPO within 12 months from the Settlement Date the Convertible Preference Shares will be converted to common shares at a ratio of 1,15/1
Conversion Ratio Adjustment:	Uptick of 1,25% per month starting 12 month after the Settlement Date. Example: In case of an IPO 18 months after the Settlement Date the conversion ratio will be 1,225/1
Conversion f/x-adjustment:	The calculation of conversion from preference to common shares will entail that an fx rate must be applied. Such rate and date will be set by the board, acting reasonably, in connection with the effectuation of the conversion and shall be based on a 30-day average fx rate. This will apply to IPO conversions as well as other conversions
Other conversion:	If an IPO has not been executed within 36 months investors are free to convert their preference shares or remain as preferential shareholders. Conversion to common shares will be done at a value determined by an independent internationally acknowledged appraiser (appointed by the company). However, for practical reasons such conversions will only be effected quarterly, meaning that each preference shareholder must give the company notice at latest 2 month prior to be converted in the next quarter. Valuations will be carried out at least annually.
Further financing:	<p>The company may take up additional financing in the form of loans or bonds or other types of debt.</p> <p>Any equity financing may be taken up provided that any new equity instruments does not receive a right ahead of the preference shares to receive dividends/yields.</p>

Additional investors:	<p>The company and the main owners may invite additional investors into the company on terms they consider appropriate provided any such additional investors shall not be entitled to receive dividends/proceeds ahead of the preference shares (as long as they are preference shares and not converted to common shares).</p> <p>Such dilution may not entail that the two main owners together fall below 50% of the votes in the company.</p>
Transferability:	<p>The preference shares are freely transferable up until the time of an IPO (and can then be subject to lock-up). Transfer of preference shares will require and be conditional upon any new acquiror to enter into/adhere to a shareholder's agreement.</p> <p>For the purpose of ensuring the IPO mechanics, the preference shares may not be pledged.</p>
Lock-up:	The company has an option to require all preference shareholders to enter into a customary lock up undertaking prior to an IPO for no longer than 180 days from the first day of trading.
Shareholder agreement:	Each shareholder will enter into a shareholder's agreement to give effect to the provisions hereof, e.g. including exit provisions, conversion of shares in case of IPO, certain governance provisions.
Tag/Exit:	In case the main owners (holders of common shares initially) agree to sell a number of common shares so that they together no longer control >50% of the votes in the company, the preference shareholders shall be offered to sell all their shares on the same terms and shall also be required to sell the remainder of their shares on the same terms, taking into account that preference shares shall receive their preference return together with the additional conversion value as if an IPO had occurred, before any proceeds are allocated to sellers of common shares.

# Terms for convertible preference shares

Governance:	<p>Each preference shareholder must issue a power of attorney to the main owner for the main owner to attend and vote at shareholders' meetings, to give effect to the shareholders' agreement (including to convert shares in connection with an IPO), which will apply for a period of 36 month from the date of the execution of the shareholders agreement. The power of attorney will also cover any actions necessary in connection with an IPO. Each preference shareholder is also required to renew such power of attorney if at any time required by the main owner.</p> <p>Following the 36 months period, or if a preference shareholders holding has been converted to common shares, the obligation to issue a power of attorney shall lapse (but might apply for specific actions such as IPO).</p> <p>It is specifically noted that the shareholders will not be entitled to invoke provisions regarding minority dividends, special examiners and minority squeeze out.</p>
Registration:	To be affiliated with Euroclear Sweden
Listing:	Unlisted
Redemption:	The shares may be redeemed any time at the same financial terms as an IPO-conversion
Dividends:	Common shareholders cannot receive cash dividends until preference shares has been converted to common shares.
ISIN:	SEK [●] EUR [●]
Subscription fee:	3% of invested amount
Arranger:	SIP Nordic Fondkommission AB
Corporate finance advisor:	JOOL Corporate Finance AB
Corporate finance legal advisor:	Roschier Advokatbyrå AB
Fee:	The Arranger and advisors will be paid a fee by the Issuer in connection with the transaction
Secondary Market:	SIP Nordic Fondkommission AB facilitates off-market transactions on "best effort"-basis
Target Market:	The product's target market is minimum retail clients with a portfolio of SEK 5m, medium competence, high risk tolerance and ability to tie capital for 3 years



# Financial statements

<b>Advanced SolTech Sweden AB (publ)</b> <b>Income Statement*</b> (SEK 000')	ASAB Group <b>Q2 2020</b>	ASAB Group <b>H1 2020</b>
Revenue	26 286	36 738
Other operating income	20 673	25 234
<b>Total income</b>	<b>46 959</b>	<b>61 972</b>
<b>Operating expenses</b>		
Other external expenses	- 4 566	- 5 199
Personnel expenses	- 1 436	- 2 753
Depreciation	- 9 378	- 19 081
Other operating expenses	0	0
<b>Operating profit</b>	<b>31 590</b>	<b>34 938</b>
<b>Result from financial investments</b>		
Interest income and similar income items	1 713	1 777
Interest expenses and similar income items	- 30 462	- 58 922
Currency gains and losses	- 38 494	- 5 278
<b>Profit after financial items</b>	<b>- 35 653</b>	<b>- 27 485</b>
Tax		
<b>The result of the period</b>	<b>- 35 653</b>	<b>- 27 485</b>
Attributable to the parent company's owners	- 35 306	- 27 205
Minority interest	- 347	- 280

\*Not audited

## Financial statements (cont.)

<b>Advanced SolTech Sweden AB (publ)</b>		
<b>Balance sheet*</b>		
(SEK 000')	ASAB Group 2020-03-31	ASAB Group 2020-06-30
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	64 273	44 914
<b>Total intangible fixed assets</b>	<b>64 273</b>	<b>44 914</b>
<b>Tangible fixed assets</b>		
Solar power plants	985 287	918 674
<b>Total tangible fixed assets</b>	<b>985 287</b>	<b>918 674</b>
<b>Financial assets</b>		
Other long-term receivables	93 253	93 809
Deferred tax assets	9 883	9 195
<b>Total financial fixed assets</b>	<b>103 136</b>	<b>103 004</b>
<b>Total fixed assets</b>	<b>1 152 697</b>	<b>1 066 592</b>

<b>Balance sheet (cont.)</b>		
(SEK 000')	ASAB Group 2020-03-31	ASAB Group 2020-06-30
<b>ASSETS (cont.)</b>		
<b>Current assets</b>		
<b>Inventories</b>		
Advances to suppliers	9 634	8 611
<b>Total inventory</b>	<b>9 634</b>	<b>8 611</b>
<b>Receivables</b>		
Accounts receivable	24 451	31 228
Tax receivables	467	345
Other receivables	25 778	31 331
Prepayments and accrued income	247	131
<b>Sum of current receivables</b>	<b>55 199</b>	<b>63 035</b>
<b>Cash and bank balances</b>		
Cash and bank balances	13 661	74 241
<b>Total cash and bank balances</b>	<b>13 661</b>	<b>74 241</b>
<b>Total current assets</b>	<b>78 494</b>	<b>145 886</b>
<b>TOTAL ASSETS</b>	<b>1 231 191</b>	<b>1 212 478</b>

\*Not audited

## Financial statements (cont.)

<b>Advanced SolTech Sweden AB (publ)</b>		
<b>Balance sheet*</b>		
(SEK 000')	ASAB Group 2020-03-31	ASAB Group 2020-06-30
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	4 200	4 200
Additional paid in capital	206 508	206 399
Comprehensive income and other	2 427	- 78 583
Equity related to:		
Parent company's owner	207 039	125 763
Minority interest in equity	6 096	6 254
<b>Total equity</b>	<b>213 134</b>	<b>132 016</b>
<b>Provisions</b>		
Deferred tax liability	10 980	7 387
<b>Total provisions</b>	<b>10 980</b>	<b>7 387</b>

<b>Balance sheet (cont.)</b>		
(SEK 000')	ASAB Group 2020-03-31	ASAB Group 2020-06-30
<b>EQUITY AND LIABILITIES (cont.)</b>		
<b>Long-term liabilities</b>		
Other Long-term liabilities	27 969	37 625
Liabilities to associated companies	29 858	28 930
Bond loan	797 381	882 129
<b>Long-term liabilities</b>	<b>855 208</b>	<b>948 683</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	39 796	37 024
Accounts payable	79 580	61 087
Tax liabilities	2 502	806
Other debts	12 154	449
Accrued expenses and prepaid income	17 836	25 025
<b>Current liabilities</b>	<b>151 868</b>	<b>124 391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 231 191</b>	<b>1 212 478</b>

\*Not audited

## Financial statements (cont.)

<b>Advanced SolTech Sweden AB (publ)</b> <b>Cash flow analysis*</b> (SEK 000')	ASAB Group <b>Q2 2020</b>	ASAB Group <b>H1 2020</b>
Earnings before financial items	31 980	35 328
Adjustment for depreciation	9 377	19 081
Adjustment for items not affecting the cash flow	0	0
<b>Total</b>	<b>41 357</b>	<b>54 409</b>
Received interest	1 713	1 777
Paid interest	-23 272	-48 835
Paid income tax	- 1696	-1 410
<b>Total</b>	<b>-23 255</b>	<b>-48 468</b>
Change in working capital	-21 054	-29 741
<b>Cash flow from operations</b>	<b>-2 952</b>	<b>-23 800</b>
Cash flow from investments	-29 277	-44 618
Cash flow from financing	92 809	92 809
<b>CASH FLOW FOR THE PERIOD</b>	<b>60 580</b>	<b>24 391</b>

\*Not audited



# Owners

## SolTech Energy Sweden AB (publ)

- SolTech is a Swedish company listed on Stockholm First North stock exchange with a market capitalization of approx. SEK 1 280m (2020-09-07)
- The company was founded in 2006 and has approx. 110 employees
- Besides the engagement in ASAB, SolTech has a wide range of products within integrated aesthetic solar panels
- The products within the business area *integrated solar cell solutions* include substitutes to normal roofs, facades and shingle as well as semitransparent solar cells
- SolTech has continued the acquisition strategy that was implemented in 2019 and acquired Fasadsystem i Stenkullen AB and Takorama AB during Q1 2020 and Miljö & Energiansvar i Sverige AB during Q3 2020
- SolTech initiated a rights issue of SEK 98m in August 2020

## Selected products



## Key figures Q2\* 20

- ✓ Revenue of SEK 156m
- ✓ EBIT of SEK 36m
- ✓ EBIT-margin of 23%
- ✓ Total assets of SEK 1 561m
- ✓ Equity ratio of 21%

\*Not audited

## Board and management SolTech

### Anna Kinberg Batra – Chairman of the board



- Party leader for one of Sweden's largest political parties between 2015-2017
- +25 years of professional political experience
- Also board member at Collector Bank
- Holds 10 000 shares

### Göran Starkebo – board member



- Lawyer and partner at Carat Advokatbyrå
- Previously judge at the Swedish courts of appeal and a career within the Swedish ministry of finance
- Holds 37 000 shares

### Frederic Telander – board member



- CEO of ASAB 2016 – 2020
- CEO of SolTech from 2009 to 2018, Chairman 2018-2020 and BoD Member since. Co-founded ASAB with SolTechs Chinese partner
- Previously partner at EIG Venture Capital Ltd.
- Holds 1 368 294 shares

### Stefan Ölander – CEO and board member



- At SolTech since 2011
- Previously communication director at SEB and Kinnevik and founded the branding consultancy firm Rewir, which later was sold to the Intellecta-group
- Holds 1 372 686 shares

### Ninna Engberg – board member



- Ninna runs her own firm within marketing and PR
- Previous experience as CEO at Sensori, CEO at Stockholm Globe Arena and group manager at Sisofys-gruppen
- Holds 52 652 shares

## Owners (cont.)

### Advanced Solar Power (Hangzhou) Co. Ltd.

- The ASP-group owns 49% of ASAB and is a solar cell producer
- The company was founded in 2007 by professor Xuanzhi Wu and Ben Wu based on professor Wu's longstanding research on solar cells conducted in the U.S
- ASP is a world leading CdTe-solar cell producer with notable VC-firms as investors as well as government owned entities
- The company distributes its products to customers in more than 42 countries and has approx. 220 employees
- In 2018 the ASP-group invested in its production facilities and now operates with an annual production capacity of approx. 90 MW

### Selected co-investors in ASP\*

- ✓ Sequoia Capital owns approx. 3% of ASP Cayman and is a world leading VC-firm. Notable investments include e.g. Apple, Google, PayPal, Klarna etc.
- ✓ Morningside owns 12,5% of ASP Cayman, it has previously invested in e.g. the Xiaomi Group and Sohu.com
- ✓ Legend Capital is Lenovo's VC-arm and holds 21,03% of the shares in ASP Cayman. Legend Capital is one of the initial investors in ASP
- ✓ Northern Light Venture Capital owns 13% of ASP Cayman and runs 5 separate funds with approx. USD 4,5 billion under management

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### Key takeaways – ASP

#### Financials 2019\*\*

- ✓ Revenue of SEK 470m
- ✓ EBIT of SEK 50m
- ✓ Net result of SEK 47m

#### Key management ASP

##### Xuanzhi Wu – Co-founder and Chairman at ASP



- Professor Xuanzhi Wu is one of the top scientists in the PV researching field worldwide and co-founder of ASP
- ASPs technology is based on the world record breaking record research conducted by Xuanzhi at the National Renewable Energy Laboratory in the United States on CdTe solar cells

##### Ben Wu – Co-founder and board member at ASP



- Ben has co-founded the ASP Group and has previous experience as Director at the Lenovo Group, as well as being the personal executive assistant to the chairman during 2007 – 2008
- Worked as an associate at McKinsey & Company from 2004 to 2006 and has worked at MSCI, Himalaya VC and several IT-firms

\*Co-investors own their shares in Advanced Solar Power Inc. (Cayman) that owns 100% of Advanced Solar Power (Hong Kong) Ltd. Which in turn owns 64% of ASP Hangzhou.

\*\*Assuming RMB/SEK of 1,27

## Operational and financial assumptions

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The illustrations carries a lot of assumptions, including assumptions of the portfolio, F/X-rates and costs. Any change in these assumptions, or performance below or above the assumptions will affect the illustration. Some key assumptions are:

- RMB/SEK 1,25
- EUR/SEK 10,3
- All facilities produce the expected number of kWh
- Besides the current operating facilities, net liquidity from the fourth subsequent bond issue and net liquidity after general corporate purposes from a fully subscribed convertible preference share can be used to construct new facilities
- Sales prices on each facility does not change
- The group will receive 0,02 RMB in subsidies on all facilities that does not yet have a decided level of subsidy
- VAT rate stays at 13%
- 12% of all produced electricity is sold to the grid
- When electricity is sold to the grid it is assumed that the reduction in revenue is 35% compared to when it is sold to a customer



**Advanced Soltech**