

Advanced Soltech Sweden AB (publ)

Year-End Report 2020



Increased interest in sustainable solar energy production

The company's revenues for 2020 amounted to SEK 138.8 million, an increase of 32 percent compared with 2019. The corona pandemic has affected ASAB both in terms of revenue and growth. During the fourth quarter, revenues were negatively affected by approximately SEK 1 million and for the full year 2020, the corresponding figure was SEK 13.5 million. During the second half of the year, however, interest in investments in sustainable energy production increased and Advanced Soltech was able to sign a number of important agreements with new customers.

Fourth quarter 2020

- Revenues during the quarter amounted to SEK 35.9 million (25.2) and operating profit to SEK 16.4 million (10.2), an increase of 42 and 61 percent, respectively, compared with 2019.
- The quarter's profit after financial items and tax amounted to SEK -59.6 million and was affected by an unrealized, non-cash flow affecting currency effect of SEK -35.1 million. Adjusted for this item, the quarter's profit amounted to SEK -24.5 million.
- Revenues were negatively affected during the period by approximately SEK 1.0 million as a result of the temporary price reduction for electricity by five percent introduced by the state organ NDRC in order to stimulate the Chinese economy after the effects of the pandemic.
- During the quarter, Advanced Soltech had a negative currency effect of SEK 35.1 million. Simplified, it can be said that since the company has virtually all assets (solar plants) reported in CNY and liabilities to two thirds in SEK and one third in EUR, a weaker CNY, relative to SEK and EUR, creates a negative result and a stronger CNY a positive result. However, these effects are an effect of accounting and have nothing to do with the underlying operations. The currency effect is also not realized and has no effect on the company's cash flow.
- Total cash flow for the quarter amounted to SEK 51.9 million.
- During the quarter, the company issued preference shares for the equivalent of SEK 26.1 million and received SEK 26.0 million net after deduction of issue costs.
- During the period, solar facilities were connected to the electricity grid for a total of 33.3 MW.

Full Year 2020

- Revenues for 2020 amounted to SEK 138.8 million (105.0), an increase of 32 percent compared with 2019.
- Operating profit for 2020 amounted to SEK 76.2 million (60.8), an increase of 25 percent compared with 2019. Profit for the year after financial items and tax amounted to SEK -97.0 million and is affected by a non-cash flow-affecting currency effect of -41, 3 MSEK. Adjusted for this item, the profit for the year amounted to SEK -55.7 million.
- In 2020, the effects of the Corona pandemic affected Advanced Soltech in two different ways. Firstly, due to reduced revenues through a general price reduction, that about 30 MW were shut down during the first and second quarters and that lower activity among customers caused lower electricity consumption, which led to a larger share of electricity being sold to the grid where ASAB is paid less. ASAB estimates the loss of revenue for this at SEK 13.5 million for the full year. The second effect was poorer conditions in the capital markets, which through poorer borrowing conditions caused higher costs, but which are nevertheless difficult to estimate.
- In 2020, Zhejiang Province, where we have most of our projects installed, also had solar radiation that was approximately 7 percent lower than the normal year, which has a negative impact on revenue revenues.
- Total cash flow for the full year 2020 amounted to SEK 23.5 million.
- In 2020, the company issued preference shares for the equivalent of SEK 157.5 million and received SEK 146.2 million net after deduction of issue costs.
- In 2020, the company installed a total of 37.4 MW of roof-based solar energy plants and had 176.6 MW installed and revenue-generating capacity at the end of the year. During the year, 124.4 million kWh were produced, which reduced China's CO₂-related emissions by approximately 77,000 tonnes.
- At the end of 2020, the company had 38 MW in signed orders, including projects under construction corresponding to 2.6 MW.

Significant events during the fourth quarter

- After the end of the period, Advanced Soltech signed contracts amounting to an installed capacity of 18.1 MW with nine customers.
- The company issued additional preference shares to a value corresponding to SEK 26.1 million, on the same terms as the offer made in September 2020. The purpose of the issue was to give Advanced Soltech increased opportunities to take advantage of business opportunities in China.
- Advanced Soltech was awarded the prize in China as "Top 10 Industrial and Commercial Distributed Solar Power Station Builders in 2020". The award is presented by The International Energy Web, an interest group with over 500,000 members.

Significant events after the end of the period

- Advanced Soltech signed contracts amounting to an installed capacity of 14.9 MW with five customers.

ABOUT ADVANCED SOLTECH

Comments from the CEO

”To be able to meet the increased demand for sustainable, we have taken the step from start-up companies to investments growth companies.”

Max Metelius
CEO



Right time, right place, right product

2020 was a different and challenging year. I do not think anyone a year ago could have imagined how one virus could change the entire world economy and affect us all in our daily lives. Today we know better. For ASAB as companies, as for so many others, have the pandemic involved a severe ordeal, however after a tough spring, when no one knew what that would happen, we were back in full swing already at the end of May.

Our growth plans have been delayed somewhat, mainly because of the financial market's reaction to the pandemic, and our revenues 2020 was slightly lower than expected when the NDRC, which controls electricity prices in China, during the year introduced a temporary price reduction of five percent in order to stimulate the economy. The fact that solar radiation in 2020 was seven percent lower than the normal year in Zhejiang Province, where Advanced Soltech has facilities which accounts for 105 of a total of 177 MW installed power, also negatively affected our results.

Overall, we could however handle the consequences well. Pandemic effects became very limited and we delivered continued growth, if than at a slightly lower rate than we originally hoped for. At the same time, we have seen a growing interest in our offering, somewhat which was also realized in the form of a strong order inflow during second half of the year. Only during the last quarter of 2020, we signed about ten new agreements. These include Zhe SenKai New Material Co. Ltd. who signed contracts for a facility of 8 MW, which gives us an annual expected revenue of 5.4 million SEK. Our efficient installation process and our ability to choose the right project use us to achieve a good return on project level even without subsidies. Our goal is to reach 1,000 MW installed capacity is adjusted slightly, but we expect to reach this target before the end of 2024.

Revenues for the full year amounted to SEK 138.8 million and taking into account the NDRC's price adjustment, it was in line with our expectations. The result for both the quarter and the year was burdened with unrealized, non-cash flow, currency effects totaling SEK -41.3 million. Our currency exposure is significant and we are now developing a method to handle it more efficiently. The intention is that the method shall be introduced in connection with the planned listing of Advanced Soltech.

Since I took over as CEO, I have been asked why we selected China as our market. My answer is that China has one complex relationship with many other countries, politically as well as economically, but also that the country is a huge market for a company like Advanced Soltech. China strives to reduce their dependence on coal power, the energy source that today accounts for over 60 percent of electricity production in China, and beyond by 2030, the country will

install facilities for a total production of 1,200 GWh of renewable electricity. In September 2020 China's leader Xi Jinping also announced that the country should be Carbon-neutral by 2060, which is a huge challenge.

In connection with the upcoming five-year plan, a new plan for goals regarding renewable energy will be presented. Our assessment is that it will be aggressive when it comes to investments in solar energy. And even if the economic growth in China in 2021 will be lower than the seven or eight percent we saw 2019, it will still be high. All in all, this means that Advanced Soltech is currently in the right place, at the right time and with the right product. A gratifying proof of this is that our local operating company in November was awarded by The International Energy Web as "Top 10 Industrial and Commercial distributed Solar Power Station Builders in 2020" for our efforts in China.

To be able to meet the increased demand for sustainable investments we continue our development from start-up company to growth companies. It is about building a structural capital, both in terms of organization, systems, and routines. We have strengthened our organization in Sweden with our new CFO, Lars Höst and our General Counsel Cecilia Xia. In China, there is now Steven Yang as finance manager, which makes Gang Bao, CEO of our Chinese companies, can focus even more on business development. We also strive to simplify and automate our internal processes, by the introduction of common ERP and invoicing systems.

During the autumn, we also carried out two new share issues such that together gave us a capital injection of 146.2 million SEK after deduction of issue costs. The funds were invested in new solar power plants in the Chinese market. It is of course gratifying that there is such a big interest in investing in Advanced Soltech and thus in sustainable energy production.

Access to capital has been the most severe bottleneck and our biggest cost item is interest rates and financial costs. To get better conditions for our financing and improving our capital structure is therefore the decisive reason for that we are preparing for a listing of Advanced Soltech on Nasdaq First North Growth Market. That work continues together with our mandated banks, Carnegie and DNB. We will supply more details at a later stage.

Now we are entering a new and hopefully more stable year, there we at Advanced Soltech can continue expand in the largest solar market in the world. Together with my employees I look forward to being part of that journey. I want express our thanks to them, and to partners, customers and owners for all the good efforts made during the past year.

February, 2021
Max Metelius,
CEO

ABOUT ADVANCED SOLTECH

Activities and Market

Advanced Soltech Sweden AB (publ), ASAB offers, through its wholly owned subsidiaries In China, Chinese customers electricity from solar power plants placed on the roofs of customers' properties. ASAB's offer means that the company invests in, owns and operates the solar energy plant, in exchange for the customer buying the electricity that the plant produces at a pre-agreed price during a contract period of 20 years. The electricity that the customer does not buy sold to the electricity grid.

Market

ASAB's market consists entirely of China and then primarily the country's eastern regions, which are also the most industrialized. Since the start in 2014, when the first two plants were installed, ASAB has installed a large number of solar energy plants with a total power of a total of 176.6 MW.

There are strong and fundamental driving forces behind ASAB's focus on the Chinese market. Most importantly, China has a growth rate that, although dampened by the corona pandemic in 2020, will remain high, both economically and industrially for the foreseeable future, increasing the need for electricity. As a result, the market for alternative energy sources is growing rapidly. China's political leadership has also taken decisions to reduce dependence on coal, a resource that today accounts for over 60 percent of electricity production. By 2030, facilities for a total production of 1,200 GWh of renewable electricity will be installed, which is a doubling of the capacity that China has today, and by 2060 the country will be completely climate neutral. An important part of the conversion will probably be based on solar energy. The rapid growth and conversion to alternative energy sources gives ASAB, which has proven experience in identifying suitable solar energy projects, coupled with efficient installation methods, good opportunities for continued profitable development. The risks that exist in the market are mainly associated with the fact that the infrastructure, including electricity production, is strongly regulated and dependent on permits and ultimately political decisions..

Another driving force is environmental benefits. Through its operations, ASAB contributes to more efficient climate change and major environmental benefits. Each kWh of solar energy produced by ASAB replaces a corresponding energy mix based on coal, which produces about ten times higher emissions of greenhouse gases compared with Sweden's. At the same time, the amount of harmful particles in the air that are created when coal is burned decreases, something that is a big problem in China today. In 2020 alone, 124.4 million kWh was produced by ASAB's solar power plants, which reduced China's CO₂-related emissions by approximately 77,000 tonnes. As a comparison, just under 20,000 Swedish villas supply electricity on an annual basis.

Customers

ASAB's customers are usually large companies with extensive properties with large free roof areas. They can be active in a range of areas, from the manufacture of vehicle components to brewing operations, or in public operations such as universities or the Beijing Opera. The reason why customers choose Advanced Soltech is that they get access to green electricity in a simple way and also at a lower price than the one they can buy from the network.

The contracts that ASAB has signed before 2020 often have public subsidies that remain throughout the contract period. After the expiration of the 20-year contract period, the customer can choose to extend the contract, terminate the contract and request eviction, or to purchase the facility. If a property is sold, the customer must either buy the facility from ASAB or, after ASAB's approval, ensure that the new property owner takes over the contract. ASAB normally has a gross return on the projects in which the company invests of between 12 and 15 percent.

ASAB today has a well-diversified portfolio of customers in various industries, which reduces counterparty risk. The business is financed through loans, so far mainly bond issues, and equity from ASAB in Sweden. Through the financing, investors can take advantage of the strong growth in Chinese solar energy and at the same time contribute to sharply reduced carbon dioxide emissions.

ABOUT ADVANCED SOLTECH

Financial information for the group

Net sales and results

The Group's sales amounted to SEK 138.8 (105.0) million for the full year and for the fourth quarter in isolation to SEK 35.9 (25.2) million. Revenues consisted of sales of electricity to customers and the electricity grid as well as other operating revenues, which for the most part consist of contributions from authorities.

Personnel costs amounted to SEK 9.1 (4.5) million for the full year and SEK 3.9 (1.5) million for the last quarter of the year. At the end of the year, the Group had three employees in Sweden and eleven in China.

Currency effects negatively affected the quarter's earnings by the equivalent of SEK 35.1 million and the full year by SEK 41.3 million. The Parent Company's long-term loan liabilities in foreign currency totaled EUR 27.3 million. The parent company has lent EUR 69 million to the two Chinese subsidiaries, where a currency effect arises between EUR and CNY. The exchange rate effect is unrealized.*

Interest expenses amounted to SEK 28.7 million for the quarter and SEK 123.6 million for the full year 2020. The costs consist of interest expenses on issued bond loans, loans from Group companies, loans from related companies, two smaller external loans, and expense costs of SEK 22.7 million. The borrowing cost also included Chinese withholding tax of SEK 15.0 million, which arises when interest is paid from the Chinese subsidiaries to the Swedish parent company.

The company has made corrections retroactively in this report, see note 1.

Cashflow

The total cash flow for the full year amounted to SEK 23.5 million and for the fourth quarter in isolation to SEK 51.9 million. Cash flow from investing activities for the full year amounted to SEK -139.0 million. This is mainly due to investment in solar panels for customer projects. Cash flow from financing activities for the full year amounted to SEK 195.1 million, which is due to issues and raising of external loans. During the year, a bank loan in China of SEK 37.5 million was repaid.

Financial standing

Intangible fixed assets mainly consist of customer contracts that have arisen in connection with the acquisition of existing customer projects. Amortization of intangible fixed assets has been made with SEK 2.0 million for the full year. No investments in intangible fixed assets were made during the year. Tangible fixed assets mainly consist of solar panels installed at the company's customers. Depreciation of tangible fixed assets has been made with SEK 37.1 million for the year. Investments in tangible fixed assets during the year amounted to SEK 124.3 million.

The company has a VAT receivable of SEK 104.1 million, of which SEK 88.3 million is considered by the company to be a long-term receivable. The VAT receivable is set off on an ongoing basis against outgoing VAT that arises when invoicing electricity.

As of December 31, 2020, the Group's cash and cash equivalents amounted to SEK 73.3 million.

Equity for the Group as of December 31, 2020 amounted to SEK 202.7 million. During the year, two issues were carried out, which together raised SEK 157.5 million after deductions for issue costs.

As of December 31, 2020, the Group's long-term liabilities amounted to SEK 944.9 million, which consists of bond loans of SEK 941.6 million, the deduction for capitalized borrowing costs of SEK 58.9 million, and loans from Soltech Energy Sweden AB of SEK 27.3 million, loans from Advanced Solar Power of SEK 24.8 million and loans from external parties of SEK 10.1 million.

Bond loan	Currency	MSEK	Date of maturity	Interest rate
SOLT2	SEK	127,7	2023-02-28	8,75%
SOLT3	SEK	148,3	2023-07-09	8,75%
SOLT4	SEK	70,4	2023-11-08	8,25%
SOLT5	EUE	274,4	2023-01-25	9,00%
SOLT5	SEK	320,8	2023-01-25	9,00%
		941,6		

Pledged collateral for bond loans

The parent company Advanced Soltech AB (publ), has pledged all shares in subsidiaries, receivables from subsidiaries and assets in the subsidiaries as security for bond loans.

* The company, together with an external party, has formulated a foreign exchange policy in order to deal with currency fluctuations in the best and most cost-effective way.

Transactions with related parties

ASAB implemented a new policy for related party transactions during the year, based on the Swedish Companies Act. The Group has loan liabilities to its principal owners Soltech Energy Sweden AB (publ), of EUR 2,550,000, and Advanced Solar Power (Hangzhou) Inc, of CNY 18,661,650. The interest rate on the loans has been 9 percent up to and including quarter 3, 2020. During the current quarter, the interest rates have been renegotiated to 3 percent, calculated retroactively from 1 January 2020. The following related party transactions, with market conditions, took place during the financial year.

(SEK 000')			
Type of transaction	Counterpart	2020 Q4	2020FY
Purchase of solar panel	Advanced Solar Power (Hangzhou) Inc.	90 574	146 646
Purchase of service	Advanced Solar Power (Hangzhou) Inc.	0	0
Charged interest	Advanced Solar Power (Hangzhou) Inc.	-420	1 087
Rental of office	Advanced Solar Power (Hangzhou) Inc.	34	133
Charged interest	SolTech Energy Sweden AB (publ)	-1 015	781

Risks

Risk is defined as uncertainty, positive or negative, which can affect ASAB's goals and the ability to achieve the best possible results. The risks are divided into four categories:

- financial risks
- business and strategic risks
- national risk
- legal and regulatory risks.

Based on the type and characteristics of the risk, management is responsible for conducting risk analyzes and developing action plans and implementing these to reduce uncertainty where possible and optimize the financial effects. Policy and process for risk management as well as the most important overall risks must be reported in ASAB's annual report and short-term risks must be reported in the quarterly reports if necessary.

ABOUT ADVANCED SOLTECH

Other Information

Owner

The company is 50.82 percent owned by Soltech Energy Sweden AB (publ) and 48.83 percent by Advanced Solar Power (Hangzhou) Inc. The remaining 0.35 percent shareholding consists of preference shareholders.

Share

The total outstanding number of ASAB shares was 5,000 at the beginning of the year. During the first quarter of the year, a new issue of 38,000 new shares was carried out, subscribed for pro rata by the then existing owners, Soltech Energy Sweden and Advanced Solar Power, respectively. The total outstanding number of ASAB shares was 430,000 ordinary shares at the end of the third quarter, after a split of 1/10. During the fourth quarter of the year 1,567 preference shares were issued, which will be converted into ordinary shares upon listing.

Listing

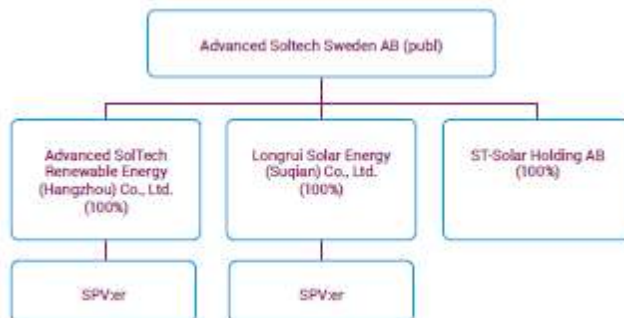
ASAB is not currently listed but is currently preparing a listing on the Nasdaq First North Growth Market, together with the company's mandated banks, Carnegie and DNB.

The group

The report covers Advanced Soltech Sweden AB (publ), consisting of the Swedish parent company Advanced Soltech Sweden AB (publ) and the wholly owned subsidiaries

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

The two Chinese subsidiaries are in their turn the parent companies of local Chinese companies, so-called SPVs (Special Purpose Vehicle) established in different regions of China. The companies are without employees.



Forward-looking statements

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

Calendar

- Interim report for the first quarter of 2021 will be published on May 12, 2021
- ASAB's Annual General Meeting 2021 will take place on 26 May 2021

Audit review

The report has not been subject to audit by the company's auditor.

ADVANCED SOLTECH GROUP

Income Statement

(SEK 000')	2020 Q4	2019 Q4	2020 FY	2019 FY
Revenue	27 817	13 940	86 401	60 477
Other incomes	8 071	11 246	52 393	44 523
Total income	35 888	25 186	138 794	105 000
Operating expenses				
Other external expenses	-6 048	-3 808	-13 761	-10 299
Personnel expenses	-3 883	-1 496	-9 115	-4 543
Depreciation and amortization	-9 452	-9 651	-39 072	-29 309
Other operating expenses	-145	0	-667	0
Operating profit / EBIT	16 360	10 231	76 179	60 849
EBIT%	46%	41%	55%	58%
Result from financial items				
Interest income and similar income items	55	1 048	1 839	1 156
Interest expenses and similar income items	-28 735	-27 207	-123 637	-83 103
Currency gains and losses	-37 093	-8 496	-41 340	3 277
Profit after financial items	-49 413	-24 424	-86 959	-17 821
Tax	-10 215	8 592	-10 058	3 844
The result of the period	-59 628	-15 832	-97 017	-13 977
Attributable to the parent company's owners	-60 376	-15 853	-98 477	-15 269
Minority interest	748	21	1 460	1 292
EBITDA	25 812	19 882	115 251	90 158
EBITDA%	72%	79%	83%	86%

ADVANCED SOLTECH GROUP

Balance Sheet

(SEK 000')	2020-12-31	2019-12-31
ASSETS		
Fixed assets		
Customer contracts	42 266	46 956
Total intangible fixed assets	42 266	46 956
Tangible fixed assets		
Solar panels	918 209	901 851
Solar panels under construction	59 963	25 279
Other tangible assets	1 703	2 266
Prepayments of tangible fixed assets	0	25 396
Total tangible fixed assets	979 875	954 792
Financial assets		
Other long-term receivables	88 271	90 991
Deferred tax assets	7 858	9 271
Total financial fixed assets	96 129	100 262
Total fixed assets	1 118 270	1 102 010
Current assets		
Receivables		
Accounts receivable	23 537	22 612
Other receivables	16 790	18 513
Prepayments and accrued income	25 128	7 813
Sum of current receivables	65 455	48 938
Cash and bank balances		
Cash and bank balances	73 325	49 850
Total cash and bank balances	73 325	49 850
Total current assets	138 780	98 788
TOTAL ASSETS	1 257 050	1 200 798

ADVANCED SOLTECH GROUP

Balance Sheet, continued

(SEK 000')	2020-12-31	2019-12-31
EQUITY AND LIABILITIES		
Equity		
Share capital	4 316	500
Additional paid in capital	354 989	212 532
Comprehensive income and other	-156 628	-38 151
<i>Equity related to:</i>		
<i>Parent company's owner</i>	195 631	168 848
<i>Minority interest in equity</i>	7 046	6 033
Total equity	202 677	174 881
Provisions		
Deferred tax liability	7 853	7 482
Total provisions	7 853	7 482
Long-term liabilities		
Other long-term liabilities	34 886	36 448
Liabilities to group companies	27 323	27 603
Bond loan	882 699	788 261
Long-term liabilities	944 908	852 312
Current liabilities		
Liabilities to credit institutions	0	37 332
Accounts payable	56 600	101 947
Tax liabilities	9 116	2 039
Other debts	8 547	921
Accrued expenses and prepaid income	27 349	23 884
Current liabilities	101 612	166 123
TOTAL EQUITY AND LIABILITIES	1 257 050	1 200 798

ADVANCED SOLTECH GROUP

Cash flow analysis

(SEK 000')	2020 Q4	2019 Q4	2020 FY	2019 FY
Earnings before financial items	16 359	10 230	76 179	60 849
Adjustment for depreciation	9 451	9 651	39 072	29 309
Adjustment for items not affecting the cash flow	-8 954	-7 661	-4 019	-6 280
	16 856	12 220	111 232	83 878
Received interest	55	1 048	1 839	1 156
Paid interest	-29 864	-8 246	-108 816	-62 854
Paid income tax	1 061	5 419	-614	6 381
Cash flow from operating activities before change in working capital	-28 748	-1 779	-107 591	-55 317
Change in working capital	4 763	135 652	-34 053	21 173
Cash flow from operating activities	-7 129	146 093	-30 412	49 734
Cash flow from investments	-85 754	-224 045	-139 024	-514 042
Cash flow from financing activities	146 912	88 178	195 116	484 253
CASH FLOW FOR THE PERIOD	54 029	10 226	25 680	19 945
Translation difference in cash and cash equivalents	-2 115	-833	-2 204	-307
Cash and cash equivalents opening balance	21 411	40 457	49 849	29 942
Cash and cash equivalents closing balance	73 325	49 850	73 325	49 850

ADVANCED SOLTECH GROUP

Note 1. Consolidation of the ASAB Group and Correction of previously published reports

Consolidation of the ASAB Group

Advanced Soltech Sweden AB (publ) was formed on March 30, 2016 as a partly owned subsidiary of Soltech Energy Sweden AB and has historically been owned 51 percent by Soltech Energy Sweden AB and 49 percent by the company Advanced Solar Power Ltd ("ASP") through a Hong Kong-based subsidiary. ASAB's operations have historically consisted of issuing green bonds in Sweden to finance solar energy plants in China, which are administered by the China-based company Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd ("ASRE"), which was historically owned 51 percent by SolTech Energy Sweden AB through a Dutch subsidiary and 49 percent by ASP.

Soltech Energy Sweden AB and the China-based company Advanced Solar Power Ltd's respective decision to withdraw from it jointly owned and controlled group of companies distinguish a group with Advanced Soltech Sweden AB (publ) as parent company. This was done by ASAB acquiring the remaining shares of up to 100 on September 29, 2019 percent in the sister company ASRE from the previous shareholders, through which ASAB became the new parent company in the ASAB Group. In addition to this, the Chinese ownership in ASAB will be transferred to direct ownership by Advanced Solar Power Ltd, without an intermediate Hong Kong-based company as it has historically done. Transferred consideration for the shares in ASRE consists of promissory notes that are settled with shares in ASAB and does not change the ownership of ASAB between Soltech Energy Sweden AB and Advanced Solar Power Ltd.

Common control

The financial statements have been prepared based on the previously reported values from the group taken over by ASAB. A prerequisite for preparing the financial reports is that both ASAB and ASRE have historically been within so-called "Common control". Companies in the ASAB group, which are included in the financial statements, are all under the same controlling influence as the companies have either been directly or indirectly wholly owned by the owners and under the same controlling influence. Thus, the restructuring is a reorganization under the same controlling influence, which is why the financial statements have been prepared as if the owners have made a joint establishment by ASAB.

The ASAB Group has consolidated from 1 January 2020, consolidating the two Chinese subgroups, Advanced Soltech Renewable Energy and Longrui Solar Energy. In this report, the ASAB Group has been consolidated retroactively from 2019-01-01, and this has meant that borrowing costs have been corrected retroactively compared with the previous year. The two Chinese subgroups have previously been consolidated in Soltech Energy Sweden's reporting. ASAB's consolidation may differ from Soltech Energy Sweden's consolidated report for 2020.

Correction of previous reporting

In connection with the consolidation of the ASAB Group, the company has stated that some corrections have had to be made:

- During the years 2017-2020, the Chinese companies reported a VAT receivable of a total of SEK 7 million. This VAT receivable has been found to be a non-deductible expense, which is why the company expensed this item. The booking has been distributed to each period retroactively.
- The company's City and District subsidies, so-called grants, have previously been reported as income when payment to the company has been made. During the fourth quarter, the company reviewed the conditions for reporting according to K3 of subsidies when the electricity was produced. The company has assessed that it meets the criteria for monthly reporting of income generated and has recognized income retroactively for the years 2018-2020.
- During the period quarter 4 for 2019 up to and including quarter 3 for 2020, the company reported too high revenues and too high exchange rate losses. This has been corrected retroactively for the mentioned periods.

The impact of the corrections per quarter during the 2020 financial year is shown below. As ASAB has not previously published consolidated reports for previous years, there is no basis for reporting of the impact of the corrections for previous financial years.

Income Statement	2020-07-01--2020-09-30			2020-04-01--2020-06-30			2020-01-01--2020-03-31		
	Previous reported	Corrections	Corrected report	Previous reported	Corrections	Corrected report	Previous reported	Corrections	Corrected report
(SEK 000')									
Total income	42 843	-3 424	39 419	46 960	472	47 432	15 012	1 043	16 055
EBIT	27 877	-4 509	23 368	31 592	472	32 064	3 347	1 043	4 390
Net from financial items	-41 991	6 350	-35 641	-67 243	775	-66 468	4 820	-77	4 743
Net result	-13 957	1 841	-12 116	-35 651	1 247	-34 404	8 167	966	9 133
Balance Sheet	2020-09-30			2020-06-30			2020-03-31		
(SEK 000')	Previous reported	Corrections	Corrected report	Previous reported	Corrections	Corrected report	Previous reported	Corrections	Corrected report
Subscribed unpaid new share issue	120 250	0	120 250	0	0	0	0	0	0
Non-current assets	1 103 583	-3 875	1 099 708	1 066 592	-2 624	1 063 968	1 152 697	-2 388	1 150 309
Current assets	79 477	5 408	84 885	145 886	2 181	148 067	78 494	755	79 249
	1 303 310	1 533	1 304 843	1 212 478	-443	1 212 035	1 231 191	-1 633	1 229 558
Equity	252 639	1 533	254 172	132 016	-443	131 573	213 134	-1 633	211 501
Provisions and non-current liabilities	958 143	0	958 143	956 070	0	956 070	866 188	0	866 188
Current liabilities	92 528	0	92 528	124 392	0	124 392	151 869	0	151 869
	1 303 310	1 533	1 304 843	1 212 478	-443	1 212 035	1 231 191	-1 633	1 229 558