

**Advanced SolTech  
Sweden AB (publ)  
Newsletter  
Retail Green Bond  
SOLT 4**

September 2020



**ADVANCED SOLTECH SWEDEN AB (PUBL).**

## Introduction

« The need for increased resources to support a low carbon strategy in China is crucial and require significant investments. I am proud to see that our work in China, investing in and operating a portfolio of solar power stations, has developed so well and that we have been able to establish a great amount of trust among Swedish and Nordic Investors, making it possible to continue our mission to further develop a low-carbon way of life »

Frederic Telander, Chairman of the Board, Advanced SolTech Sweden AB (publ).

Since 2015 when SolTech Energy Sweden AB (publ), Advanced SolTech Sweden AB's parent company, first established its Joint Venture with Advanced Solar Power Hangzhou Inc., we have seen a remarkable growth in the Chinese solar energy market. During 2015 the total installed solar capacity was 43.18 GW, since then the total installed solar capacity has increased to over 204 GW in 2019 with an estimate to add another 45 GW during 2020.

In our efforts of providing the market with solutions for green energy, we also saw the opportunity to start working with solutions for green finance. Advanced SolTech started the journey preparing the company for issuing green Bonds in 2016 and in 2017 the company received the highest grade, Dark Green for its Green Bond Framework by the Norwegian company Cicero and their partners SEI and ENSO.

Advanced SolTech Sweden AB has been in the forefront of developing a Green Bond structure for the Swedish Retail Market and in March 2018, Nasdaq Stockholm opened an exclusive market for Retail based Green Bonds, having « Dark Green » classification – Nasdaq First North Sustainable Retail Bond Market. This as a result of Advanced SolTech Sweden AB being the first issuer of such bond.

This report is our first annual green bond report relating to Advanced SolTechs fourth Green Bond issuance. Further details can be found on our webpage :

<http://www.advancedsoltech/investors/presentations/greenbondreport>

## Green Bond Market

Global Market - The labelled green bond market has been showing tremendous growth, roughly doubling in size in 2016 and 2017. The growth has continued strongly in 2018 and 2019, global green bond and green loan issuance reached an adjusted USD258.9bn in 2019, marking a new global record. The total is up by 51% on the final 2018 figure of USD171.2bn. However a slower growth is expected for green bond market in 2020.

Nordics - Sweden is the leading country in the Nordics both relating to the number of issuers as well as total issued amount. Proactive and engaged market, the Nordic Investment Bank, a multilateral institution owned by the Nordic and Baltic states and the Norwegian state bank KBN Kommunalbanken started issuing green bonds in 2010. The first corporate green bond in Sweden was issued in 2013. Significant for the Nordic green bond market are the many small and repeat issuers creating a big impact. Nordic players are also at the forefront of promoting market integrity: demonstrating best practice in external reviews, pushing investor standards and leading the international dialogue.

The Nordic countries are at the forefront of defining « green ». Their green bond markets have evolved in the context of the Nordic Model, which relies strictly on consensus and cooperation to achieve equitable and sustainable social development. (The Green Bond market in the Nordics, Climate Bonds Initiative).

China - China's economic growth has been an international success with over a billion people raised out of poverty in just three decades. However, the environmental cost of this growth has become evident with polluted air, rivers and green house gas emissions impacting human health, ecosystems and climate change.

The Chinese government is shifting its priorities in response to environmental challenges. The President of the Peoples Republic of China, Xi Jinping, has emphasized the country's commitment to build an « ecological civilization. To achieve the goal of ecological civilization, President Xi called for promoting green development, which includes developing green finance. (China Green Bond Market, Climate Bonds Initiative).

## Brief Description of Issuer

Advanced SolTech Sweden AB (publ) is the issuer of the Green Bonds, with proceeds being on lent in the form of intra-group loans and/or invested in Advanced SolTech Renewable Energy Hangzhou Co. Ltd (ASRE), which is the owner, installer and operator of Solar Power Stations on customers roof-tops in China.

Advanced SolTech Sweden AB is the Swedish subsidiary of SolTech Energy Sweden AB (publ) (SolTech). SolTech is a Swedish public (limited liability) stock company. The company was formed in Sweden on August 30, 2006 and registered at Bolagsverket (the Swedish Office for Company Registration). SolTechs share is publicly traded on First North at NASDAQ Stockholm under the ticker « SOLT ». SolTech is a developer and provider of integrated solar energy solutions, being both a building material and a solar energy solution. SolTech currently has installations in eight countries and is the majority shareholder in Advanced SolTech Sweden AB (51 %).

In China, Advanced SolTech Sweden AB operates through ASRE and has two seats on the board. The other two seats are occupied by ASRE :s CEO and the CEO of SolTechs Chinese partner, Advanced Solar Power (Hangzhou) Inc. (ASP), a world leading solar cell/module manufacturer and supplier in the Chinese and global market of CdTe thin film solar modules. In China, SolTech is focusing on meeting the increased market demand for solar power stations and in parallel securing that the internal sustainability work is top class. Advanced SolTech Sweden AB owns 100 % of the shares in ASRE. ASRE invests in, installs, operates maintains and owns solar power stations on its customers roof tops. The customers commit to buy the electricity produced by such solar power stations under a 20-25-year contract. Advanced SolTech Sweden AB's target is to reach an installed capacity of 1000 MW at the end of 2023, that are fully connected to the grid by 2024.

## Advanced SolTech - Green Bond Framework

### Summary

**Use of Proceeds** - Eligible Projects and Assets are new, under construction or existing, and /or represents an expansion or enhancement of any existing Solar Energy Solutions, defined as Solar Power Stations owned and managed by ASRE in China.

**Conditions** - applicable to all ASRE Solar Power Stations are as follows:

- The customer is located in an area where the level of Green House Gas (GHG) emissions are high.
- The project shall include the exchange of fossil related energy to solar power or, if increased energy need, the avoidance of fossil related energy use, and delivers a substantial reductions of GHG emissions.
- The installation shall use existing buildings, not prospecting of new land areas.

**Customers** - ASRE's customers are Local Governments, municipalities as well as larger private and public companies with a long-term market positioning perspective.

<b>Use of proceeds</b>	<p>Renewable Energy</p> <p>Meaning a project or asset funded, in whole or in part by Advanced SolTech Sweden AB that promotes the transition to a low-carbon society.</p>
<b>Evaluation</b>	<p>Customer evaluation including overall financial position</p> <p>Energy Consumption incl. energy mix &amp; CO2 impact</p> <p>Future needs</p> <p>Geographical location</p> <p>Roof gradient and condition</p>
<b>Funds tracking</b>	<p>The use of proceeds are tracked through separate accounts to simplify the annual review.</p>
<b>Impact assessment</b>	<p>Impact reporting on all Solar Power Stations financed with Green Bonds; 1. Total annual reduction or avoidance of CO2-equivalents emissions, measured per project compared to baseline (starting level defined</p>

as current impact). 2. Other potential climate and sustainability findings by the Solar Power Station installation.

## Reporting

Advanced SolTech Sweden AB will report annually and until maturity of the Green Bonds

issued, to the investors - on its website and in Advanced SolTech Sweden AB 's Annual Newsletter, provide the following information.

The Green Bond Committee will review and approve each Green Bond Report.

Assurance obtained a second opinion from CICERO on the Advanced SolTech Green Bond Framework and been certified as Dark Green.

## Summary

Overall, Advanced SolTechs Green Bond framework and environmental policies provide a progressive framework for climate-friendly investments. The Green Bond framework lists eligible businesses and projects that are mainly supportive of the objective of promoting a transition to low-carbon and climate-resilient growth and is supported by a strong governance structure.

Advanced SolTech Sweden AB will use an independent assurance provider for all outstanding Green Bonds to provide assurance that information presented has been prepared in line with Advanced SolTechs Green Bond Framework. *(They will make an annual audit on all Green Bonds issued together each year).*

## Project Evaluation and selection procedure

- The customer is located in an area where the level of Green House Gas (GHG) emissions is high.
- The project shall include the exchange of fossil related Energy to solar power or, if increased energy need, the avoidance of fossil related energy use, and delivers a substantial reduction of GHG emission.
- The installation shall use existing buildings, not prospecting on new land areas

A summary of the selection process is noted below:

- Customers with a long-term market positioning perspective
  - Local governments
  - Municipalities
  - Public companies
  - Larger private companies
- Customers overall financial position

## Energy valuation

- Energy consumption
- Energy mix and CO2 impact
- Future energy needs

## Advanced SolTech Green Bond Report

### Green Bonds Details

Issuer:	Advanced SolTech Sweden AB (publ).
Issue Date:	November 10, 2018
Maturity Date:	November 08, 2023
Issued Amount :	70 MSEK
Interest Rate:	8,25 %
ISIN:	SE0011721380
Short Name:	SOLT4
Listing:	First North Sustainable Retail Bonds, Nasdaq Stockholm
Issuing Institute:	Avanza Bank AB
Agent:	Intertrust Sweden

### Use of Proceeds

Reporting Date :	31 January , 2020
Amount Disbursed to Eligible Green Projects:	5 088 405 EUR
	1 638 888 EUR (*)
Renewable energy CO2 avoidance :	26 tons first year
Bond proceeds remaining to be used :	Zero (0)

### Further Bond Information

Number of projects/clients supported by Advanced SolTech Green Bonds (Solt 4):	28
Geographic allocation of projects :	China



## Green Bonds - Invested per project

Projects (Client)	Amount RMB
Da Xie Xi Chuan Tongyang Auto Parts (Nanjing) Co. ,Ltd.	5,659,116,75
HengAn (Zhejiang) Family Life Products Co. ,Ltd.	12,180,231,25
NingBo RiXin Bearing Co. ,Ltd.	2,337,564,32
National Center for the Performing Arts	577,577,68
JiangSu YangHe Brewery Co., Ltd.	363,383,73
ShangYu ShunDa Pipe Co., Ltd.	2,413,200,45
Shaoxing Shangyu Area Planning Administration Service Center	569,300,80
Shanghai Conch(Group) Business Co. ,Ltd.	1,603,452,75
Zhejiang Luhuan Engineering Machinery Co., Ltd.	1,765,647,20
<u>JiangSu SanPeng Auto Parts Co., Ltd.</u>	<u>6,156,639,35</u>
	33,626,114,28
Shaoxing Xinhui Lighting Co., Ltd. (6.67AQ)	
Shaoxing Huineng Gaoke Computer Co., Ltd. (6.67AQ)	
Zhejiang Tongcheng Alloy Copper Tube Co., Ltd. (6.67AQ)	
Shaoxing Zhongdi Pipe Industry Co., Ltd. (6.67AQ)	
Zhejiang Yinjia Copper Industry Co., Ltd. (6.67AQ)	
Shaoxing Shangyu Jiangjing Copper Industry Co., Ltd. (6.67AQ)	
Shaoxing Jiaye Real Estate Development Co., Ltd. (6.67AQ)	
Shaoxing Shangyu Jiesheng Copper Industry Co., Ltd. (6.67AQ)	
Shaoxing Shangyu Yuelong Food Co., Ltd. (6.67AQ)	
Tongpulida Copper Pipe Factory, Shangyu District, Shaoxing City (6.67AQ)	
Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd. (6.67AQ)	
Shaoxing Datong Shopping Center Co., Ltd. (6.67AQ)	
<u>Zhejiang Dingfeng Mirror Co., Ltd. (6.67AQ)</u>	
	1,166,667,00
Shaoxing Shunyu Lighting Engineering Co., Ltd. (6.67AQ)	
<u>Zhejiang Jinsheng Packing Co., Ltd. (6.67AQ)</u>	
	1,620,000,00
Shaoxing Chentong Metal Products Co., Ltd. (6.67AQ)	
Zhejiang Meike Electric Co., Ltd. (6.67AQ)	
<u>Zhejiang Innovation Color Printing Co., Ltd. (6.67AQ)</u>	
	3,500,000,00
<b>Total:</b>	<b>39,912,781,28</b>

Comment (\*): EUR 5 088 405 have been converted to 39 912 781,28 RMB. Due to transfer and tax expenditures relating to money transfers in and out of china, the amount (\*) 17 054 272 SEK were kept in Sweden. Although the corresponding amount have been

invested in Solar Power Stations during the period of the issuance of Solt2, Solt3 and Solt4 with an average Co2 reduction of 8,5 tons on a yearly basis. The kept funds in Sweden have been used to offset the initial balance that have been activated for setting up the initial infrastructure regarding framework, legal processes and procedures (8,4 MSEK) to handle the need of green finance towards our impact efforts in China including equity injection (5,1 MSEK) needed to handle larger investments through green bonds and direct transaction costs for Solt4 (3,9 MSEK).

## Green Bonds - CO2 avoidance per project

Projects (Client)	CO2 Avoidance (tons per year)
Da Xie Xi Chuan Tongyang Auto Parts (Nanjing) Co., Ltd.	1,100
HengAn (ZheJiang) Family Life Products Co.,Ltd.	2,200
NingBo RiXin Bearing Co., Ltd.	500
National Center for the Performing Arts	800
JiangSu YangHe Brewery Co., Ltd.	10,000
ShangYu ShunDa Pipe Co., Ltd.	500
Shaoxing Shangyu Area Planning Administration Service Center	100
Shanghai Conch(Group) Business Co., Ltd.	300
Zhejiang Luhuan Engineering Machinery Co., Ltd.	3,000
JiangSu SanPeng Auto Parts Co., Ltd.	1,100
Shaoxing Xinhui Lighting Co., Ltd. (6.67AQ)	200
Shaoxing Huineng Gaoke Computer Co., Ltd. (6.67AQ)	164
Zhejiang Tongcheng Alloy Copper Tube Co., Ltd. (6.67AQ)	1,170
Shaoxing Zhongdi Pipe Industry Co., Ltd. (6.67AQ)	330
Zhejiang Yinjia Copper Industry Co., Ltd. (6.67AQ)	318
Shaoxing Shangyu Jiangjing Copper Industry Co., Ltd. (6.67AQ)	474
Shaoxing Jiaye Real Estate Development Co., Ltd. (6.67AQ)	303
Shaoxing Shangyu Jiesheng Copper Industry Co., Ltd. (6.67AQ)	315
Shaoxing Shangyu Yuelong Food Co., Ltd. (6.67AQ)	148
Tongpulida Copper Pipe Factory, Shangyu District, Shaoxing City (6.67AQ)	235
Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd. (6.67AQ)	435
Shaoxing Datong Shopping Center Co., Ltd. (6.67AQ)	443
Zhejiang Dingfeng Mirror Co., Ltd. (6.67AQ)	370
Shaoxing Shunyu Lighting Engineering Co., Ltd. (6.67AQ)	300
Zhejiang Jinsheng Packing Co., Ltd. (6.67AQ)	245
Shaoxing Chentong Metal Products Co., Ltd. (6.67AQ)	640
Zhejiang Meike Electric Co., Ltd. (6.67AQ)	275
<u>Zhejiang Innovation Color Printing Co., Ltd. (6.67AQ)</u>	318
<b>Total:</b>	<b>26,283</b>



## Project / customer examples

<u>Customer/project</u>	<u>Amount (RMB) CO2 avoided - predictions made by customer</u>	
HengAn (ZheJiang) Family Life Products Co.,Ltd.	12 180 231,95	- 2 200 tons

Area: Shanoxing City

## Criteria

### Eligible Project and Asset Category

- Solar Panels for electricity generation

### Conditions

- The customer is located in an area where the level of Green House Gas (GHG) emissions is high.
- The project shall include the exchange of fossil related Energy to solar power or, if increased energy need, the avoidance of fossil related energy use, and delivers a substantial reduction of GHG emission.
- The installation shall use existing buildings, not prospecting of new land areas.

### Customer

- Pubic company

### Customer valuation

- The customer is a subsidiary of a public company. They produce tissues and paper products and have very good quality and good market. The finance condition is good.

### Energy valuation

- The customer uses approx. 10 million kwh of electricity per year, almost all of them generated by coal.
- With our solar power installation, the customer could use 2,2 million kwh from solar, which will result in approx. 2,200 Tons of less CO2 being emitted into the environment.
- The customer's future energy needs is estimated to be stable for coming 5 years.

*When considering an optimal, financially viable, environmentally friendly and safe Solar Energy Solution, adapted to the customers current and future electricity needs, geographic location and roof/panel gradient and conditions are of great importance.*

## Project / customer examples

<u>Customer/project</u>	<u>Amount (RMB) CO2 avoided - predictions made by customer</u>	
JiangSu YangHe Brewery Co., Ltd	363 383,73	-10 000 tons

Area : Jiangsu Province

## Criteria

### Eligible Project and Asset Category

- Solar Panels for electricity generation

### Conditions

- The customer is located in an area where the level of Green House Gas (GHG) emissions is high.
- The project shall include the exchange of fossil related Energy to solar power or, if increased energy need, the avoidance of fossil related energy use, and delivers a substantial reduction of GHG emission.
- The installation shall use existing buildings, not prospecting of new land areas.

### Customer

- Local government, Public company

### Customer valuation

- The customer is a state-owned enterprise of the world's top 500 enterprises and has gone public. They produce and sell liquor and have very good quality and good market. The finance condition is good.

### Energy valuation

- The customer uses approx. 40 million kwh of electricity per year, almost all of them generated by coal.
- With our solar power installation, the customer could use 10 million kwh from solar, which will result in approx. 10,000 Tons of less CO2 being admitted in the environment.
- The customer's future energy needs is estimated to be stable for the coming 5 years.

*When considering an optimal, financially viable, environmentally friendly and safe Solar Energy Solution, adapted to the customers current and future electricity needs, geographic location and roof/panel gradient and conditions are of great importance.*

## Project / customer examples

<u>Customer/project</u>	<u>Amount (RMB) CO2 avoided - predictions made by customer</u>	
Zhejiang Luhuan Engineering Machinery Co., Ltd	1 765 647,20	- 3 000 tons

Area: Shengzhou City, Zhejiang

## Criteria

### Eligible Project and Asset Category

- Solar Panels for electricity generation

### Conditions

- The customer is located in an area where the level of Green House Gas (GHG) emissions is high.
- The project shall include the exchange of fossil related Energy to solar power or, if increased energy need, the avoidance of fossil related energy use, and delivers a substantial reduction of GHG emission.
- The installation shall use existing buildings, not prospecting of new land areas.

### Customer

- Larger private company

### Customer valuation

- The customer is a large private company. They engage in designing, producing and installing machineries used for textile printing and dyeing. The products have very good quality and the market is good. The finance condition is good.

### Energy valuation

- The customer uses approx. 18 million kwh of electricity per year, almost all of them generated by coal.
- With our solar power installation, the customer could use 3 million kwh from solar, which will result in approx. 3000 Tons of less CO2 being emitted into the environment.
- The customer's future energy needs is estimated to be stable coming 5 years.

*When considering an optimal, financially viable, environmentally friendly and safe Solar Energy Solution, adapted to the customers current and future electricity needs, geographic location and roof/panel gradient and conditions are of great importance.*

## Project / customer examples

<u>Customer/project</u>	<u>Amount</u>	<u>CO2 avoided - predictions made by customer</u>
JiangSu SanPeng Auto Parts Co., Ltd Co, Ltd.	6 156 639,35	- 1 100 tons
Area : Jiangsu		

## Criteria

### Eligible Project and Asset Category

- Solar Panels for electricity generation

### Conditions

- The customer is located in an area where the level of Green House Gas (GHG) emissions is high.
- The project shall include the exchange of fossil related Energy to solar power or, if increased energy need, the avoidance of fossil related energy use, and delivers a substantial reduction of GHG emission.
- The installation shall use existing buildings, not prospecting of new land areas.

### Customer

- Larger private company

### Customer valuation

- The customer is a large private company producing auto parts and have good quality and good market. The finance condition is good.

### Energy valuation

- The customer uses approx. 2,5 million kwh of electricity per year, almost all of them generated by coal.
- With our solar power installation, the customer could use 1,1 million kwh from solar, which will result in approx. 1100 Tons of less CO2 being admitted in the environment.
- The customer's future energy needs is estimated to be stable for the coming 5 years.

*When considering an optimal, financially viable, environmentally friendly and safe Solar Energy Solution, adapted to the customers current and future electricity needs, geographic location and roof/panel gradient and conditions are of great importance.*

## Advanced SolTech Green Bond Updates

Since the start of issuing Green Bonds in 2018 a number of milestones have been achieved:

- Advanced SolTech Sweden AB has during 2018 issued three Green Bonds in the Retail Market :
  - March 2018                      128 MSEK (SOLT2)
  - May 2018                         148 MSEK (SOLT3)
  - November 2018                70,5 MSEK (SOLT4)
- Early 2019 Advanced SolTech Sweden AB's first Institutional Green Bond was launched
  - January                            171 MSEK (SOLT5)
  - May                                 110 MSEK (SOLT5-1 – tap issue)
  - September                        125 MSEK (SOLT5-2 - tap issue)
- 2020
  - June                                100 MSEK (SOLT5-3 - tap issue)
- Further Institutional Bonds are planned to be issued during 2020.

To date Advanced SolTech Sweden AB has invested 1.040 MSEK for 139,2 MW of installed solar energy capacity in China distributed on 102 customers and a total volume of 95 000 tons of CO2 avoided per year. With a set installation target of 1000 MW of solar energy capacity in 2023, further investments will be needed. Such is planned to be financed through a mix of equity, loans, and Green Bonds.

After the listing of SOLT2 on Nasdaq First North Sustainable Retail Bonds in March, 2018 Advanced SolTech Sweden AB has become a partner to Climate Bonds Initiative which is an international organisation based in London, founded 2009 and solely working to mobilize the largest capital market of all, the USD 100 trillion bond market, for climate change solutions.