



Advanced Soltech

Company presentation

September 2021

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Indicative offering structure

Issuer	<ul style="list-style-type: none"> Advanced Soltech Sweden AB (publ) ("Advanced Soltech", "ASAB" or the "Company")
Offer type and size	<ul style="list-style-type: none"> SEK 196m purchase rights offering of ordinary shares (Sw. Inköpsrättserbjudande) and subsequent listing
Listing venue	<ul style="list-style-type: none"> Nasdaq First North Growth Market
Indicative deal structure	<ul style="list-style-type: none"> The sale of the ASAB ordinary shares included in the Offering will bring in approximately SEK 196 million to the Company (before deduction of expenses related to the Offering). In order to ensure that Soltech owns the corresponding number of ordinary shares in Advanced Soltech after the Offering as before the Offering, and that the proceeds from ordinary shares sold in the Offering will be allocated to Advanced Soltech, the Company will carry out a directed issue of the same number of ordinary shares sold in the Offering to Soltech and at the same price as in the Offering Shareholders in Soltech Energy on the record date, 11 October 2021, will be allotted one (1) purchase right for each share in Soltech Energy. Thirteen (13) purchase rights grant the right to acquire one (1) Advanced Soltech share from Soltech Energy. SEK 27 should be paid in cash for each acquired Advanced Soltech share In connection with the Listing, all preference shares in the Company will be converted into 9,810,221 ordinary shares with a total value of approximately SEK 265 million, corresponding to 116.25 percent of the amount paid for the preference shares issued in September 2020 and 115.00 percent of the amount paid for the remaining outstanding preference shares The total market value of the Company's shares is expected to be approximately SEK 845 million prior to the Offering
Timetable	<ul style="list-style-type: none"> 22 September 2021: Announcement of Intention to Float 28 September 2021: Estimated date for publication of the prospectus 7 October 2021: Last day of trading in the Soltech Energy share including rights to purchase rights in the Offering 8 October 2021: Ex-date 11 October 2021: Record date in Soltech Energy 13 October 2021 – 25 October 2021: Trading in purchase rights through BQ Broker 13 October 2021 – 27 October 2021: Application period 29 October 2021: First day of trading in Advanced Soltech on Nasdaq First North Growth Market 2 November 2021: Settlement date
Joint Global Coordinators	<ul style="list-style-type: none"> Carnegie and DNB Markets

Management



Frederic Telander
*Working Chairman of
the Board*

- Working Chairman of the Board of ASAB
- Board member of Soltech Energy, CEO and Board member at Sactum
- Previously CEO of ASAB and Chairman of Soltech Energy
- Previously partner at EIG Venture Capital Ltd



Max Metelius
CEO

- CEO of ASAB
- Previously CFO/COO of ASAB
- Co-founded Alight Solutions, a solar energy consulting and PPA provider
- Previously worked at HQ Bank and Carnegie, primarily within emerging markets



Lars Höst
CFO

- CFO of ASAB
- Most recently CFO at Ortivus, listed on Nasdaq Stockholm
- Previously CFO / Head of accounting at D-Link Northern Europe, Sitetel Sweden and Gunnebo Nordic



Advanced Soltech

Strictly private and confidential

Created as a Swedish-Chinese joint venture



- Soltech Energy Sweden AB develops and sells aesthetic building integrated photovoltaics ("BIPV") solar power solutions in Sweden for all types of buildings
- The company has exclusive rights to sell ASP products in Scandinavia
- Soltech Energy is listed on First North Growth Market and has approx. 70,000 shareholders

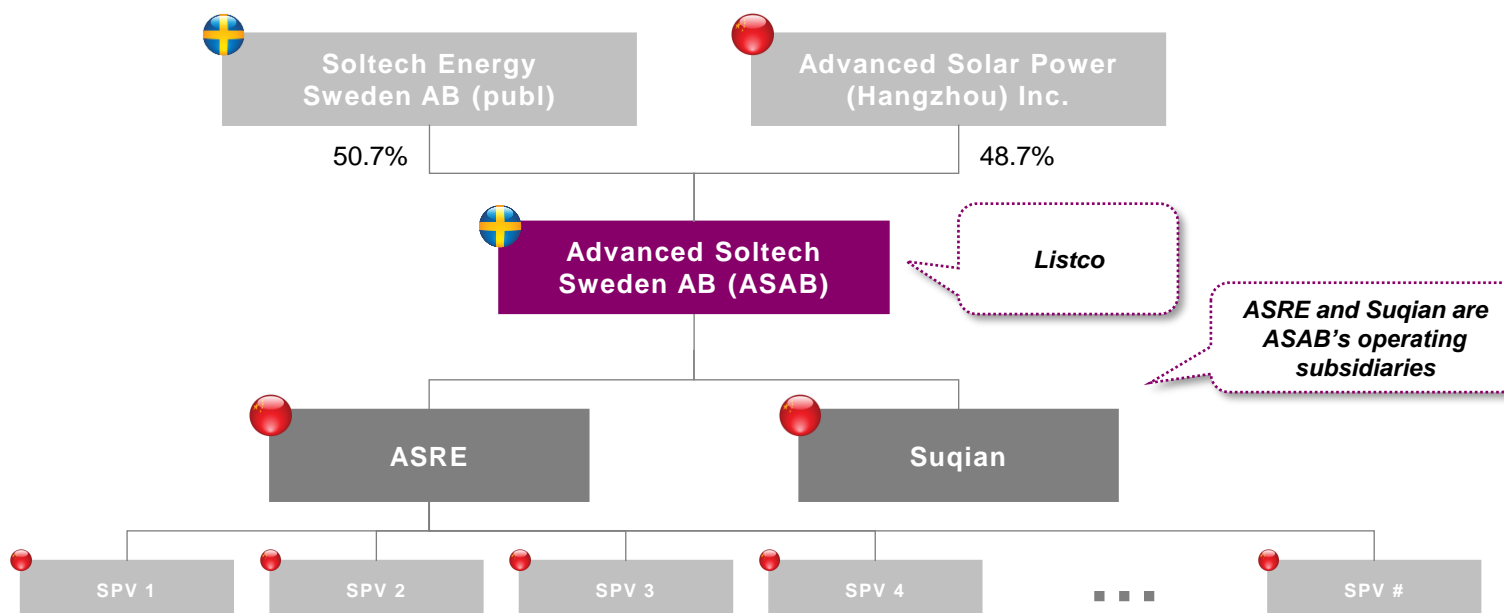


- Advanced Solar Power Hangzhou ("ASP"), is a prominent thin film solar cell producer based in China
- ASRE engages ASP as EPC-contractor meaning ASP is responsible for engineering, procurement, design and installation of the plants
- ASAB does not commit to purchase ASP technology, only ~30% of ASAB's installations use solar panels from ASP
- Selected investors in ASP:

SEQUOIA

LEGEND
CAPITAL
君联资本

MORNINGSIDE
晨兴资本



Advanced Soltech at a glance

Advanced Soltech in brief



Founded with the vision of accelerating the migration to renewable energy through a solar service offering that benefits all stakeholders

Solar as a Service



What it is

- ✓ ASAB **owns** rooftop solar plants and **sells electricity** to the property owner at a discount to grid price
- ✓ ASAB **finances** the installation of solar power plants on the roof of commercial real estate in China
- ✓ The customer commits to buy the electricity over the next 20-25 years



What it is not

- ✗ ASAB does not **sell solar panels**
- ✗ Third-parties are responsible for engineering, design, procurement, installation and maintenance
- ✗ ASAB is **not bound** to use any particular technology or supplier
- ✗ The company does not install solar plants on households



192
MW

Installed capacity



134
Projects

Generating cash



20
Years

Typical contract length



12-15
%

Target yield



15
FTE

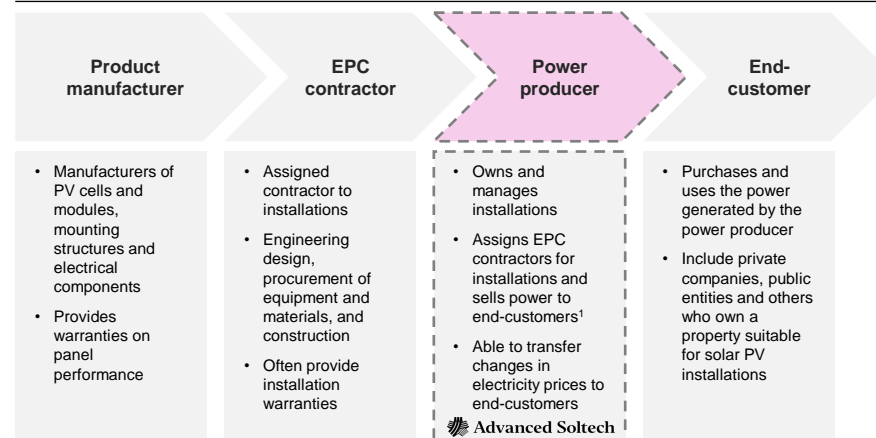
In the Group

Signed agreements
~37 MW

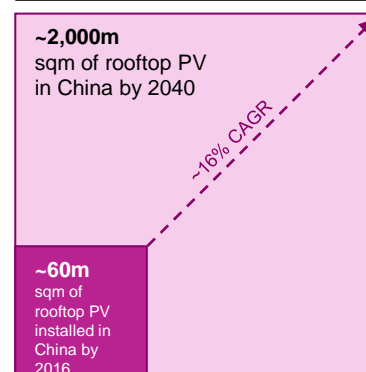
Long-term pipeline
~123 MW

Framework agreements
705 MW⁵

Rooftop solar as a service: Value chain



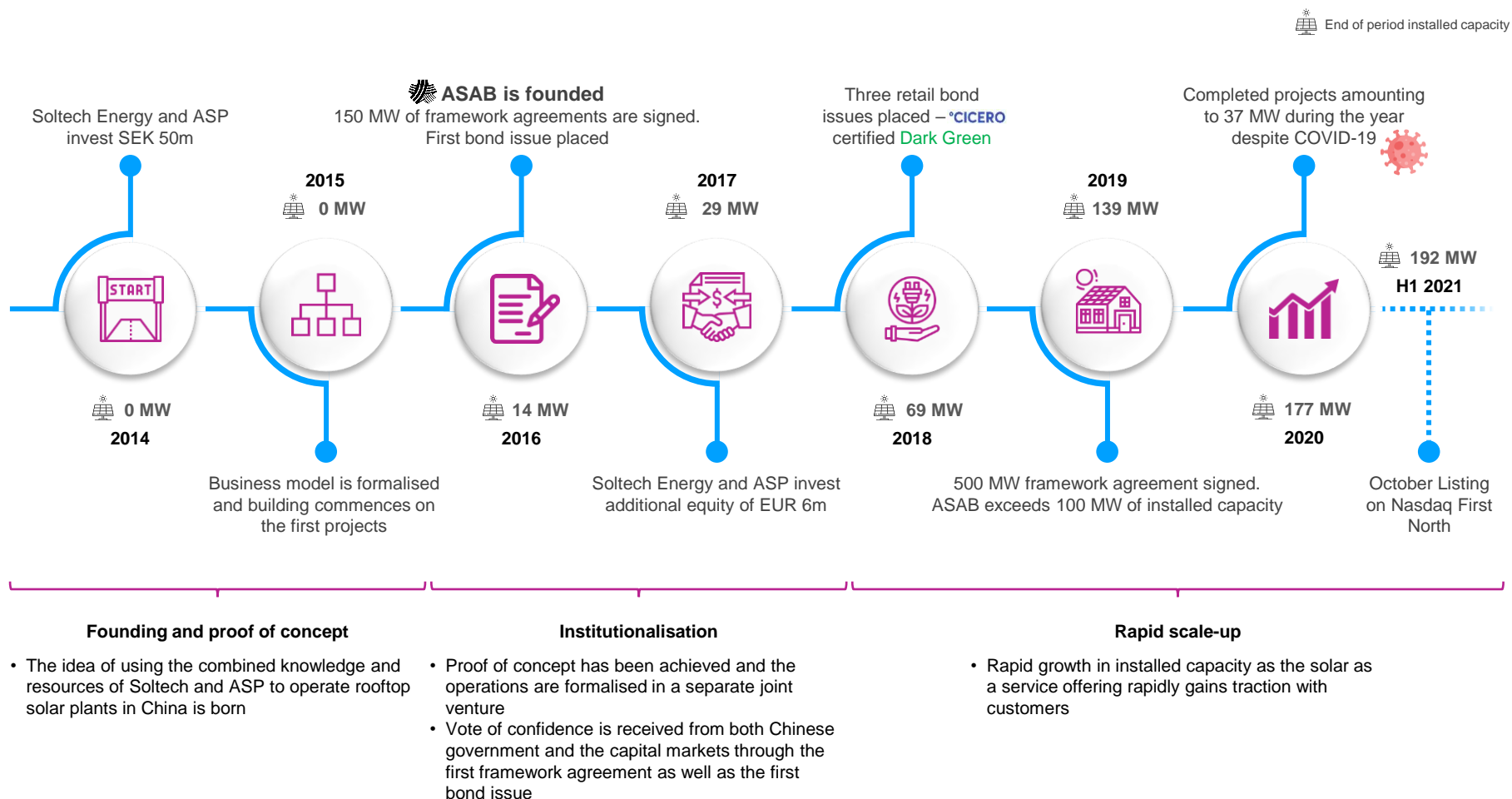
Rapidly growing market²



Market drivers

- Rising awareness and consensus around climate and environmental challenges
- Reduced cost of solar technology
- Strong commitment from the Chinese state
 - Carbon neutrality by 2060³
 - Solar and wind to amount to 1,200 GW by 2030⁴
- GDP growth, urbanisation and a growing Chinese middle class

Key historical milestones of Advanced Soltech



A brief introduction to solar power technology and business models

Technologies

Solar PV



High energy value
Long lifespan
Low maintenance



- Converts sunlight into electricity
- Less maintenance
- Ability to sell excess power to the grid
- Electricity is a higher value energy carrier than heat
- Commonly subsidised

Solar thermal



High efficiency per sqm.
Cost-effective energy storage



- Generates thermal energy, usually by heating water
- Less suitable if the goal is to generate electricity
- Water storage more cost-effective than storage of electricity
- Often more productive than PV per sqm.

Business models

ASAB's focus area

Distributed solar PV



No land disputes
No losses
No grid fees



- Supplies customers directly or through the grid
- Can utilise rooftop space with zero (or close) opportunity cost
- Suitable for cities
- Behind the meter – no distribution costs or losses

Centralised solar PV



Some scale benefits



- Some economies of scale in e.g. bulk purchasing & installation labor
- Easy installation
- Easy to access
- More dependent on subsidies

Distributed solar PV can supply densely populated areas with reliable electricity at a low cost without taking up additional land

Examples of projects owned by ASAB



Fenghua Xuri Hongyu Co., Ltd.
Capacity: 1.7 MW
Location: Ningbo, Zhejiang



Ebara Great Pumps Co. Ltd.
Capacity: 3.1 MW
Location: Wenzhou, Zhejiang



Ningbo Sente Auto Parts Co. Ltd.
Capacity: 0.5 MW
Location: Ningbo, Zhejiang



Advanced Solar Power Hangzhou's Factory
Capacity: 1.0 MW
Location: Hangzhou, Zhejiang



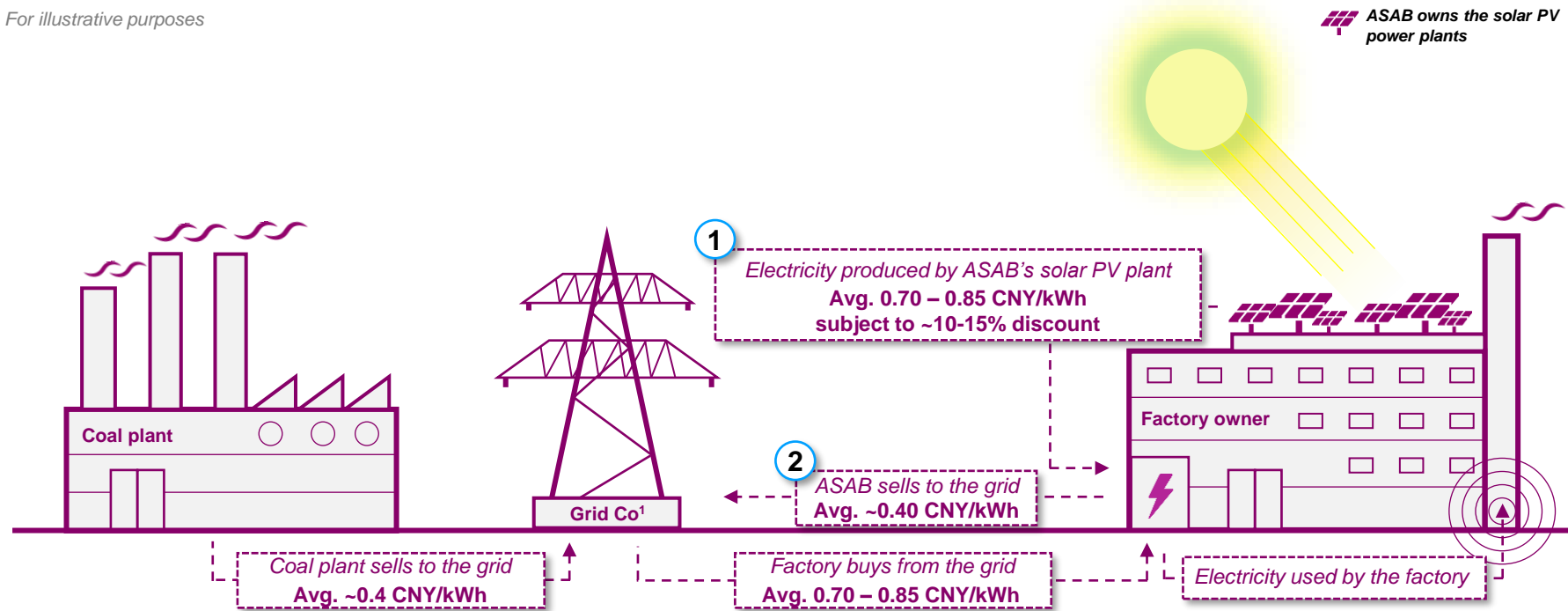
Shaoxing Longze Pipeline Co's property
Capacity of 1.4 MW
Location: Shaoxing, Zhejiang



Zhejiang Jindun Fire Control Equipment Co. Ltd.
Capacity: 4.0 MW
Location: Shaoxing, Zhejiang

ASAB enables customers to buy electricity at a discount

For illustrative purposes



- 1 ASAB sells solar PV electricity produced on the rooftop to the customer/factory owner at a ~10-15% discount price compared to the grid price
- 2 If the customer/factory owner does not purchase the electricity produced by the solar PV, ASAB sells the electricity produced directly to the grid

The customer always has an incentive to buy the electricity produced by the solar PV instead of buying directly from the Grid Co¹

ASAB's business model in practice – customer case study

SEKm

ACCUMULATED PROJECT CASH FLOW

Sohbi Craft

1.7 MW solar power plant in Jiangsu installed in September 2019



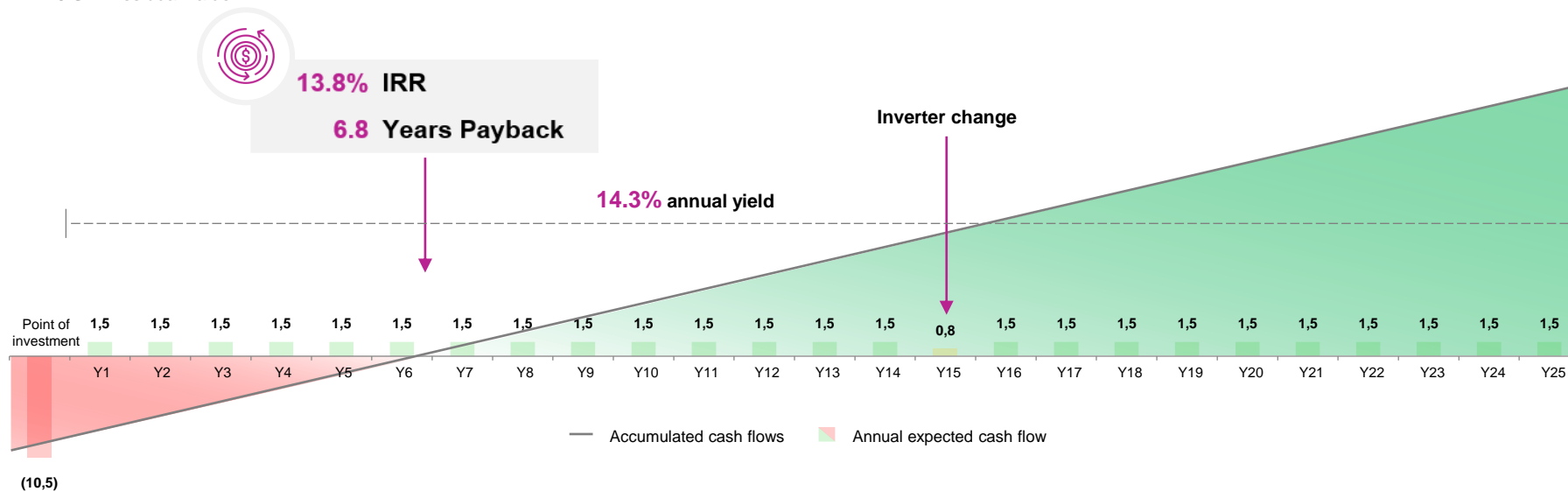
General assumptions:

- 95% of the electricity is sold to the customer, the rest is sold to the grid
- The grid price is 50% of the customer price
- An average project uptime of 98%
- RMB/SEK = 1.28

(These assumptions will be referenced throughout the presentation where applicable)

















Key project figures:

- 1,706 kW installed capacity
- 10.5 SEKm investment
- 1.06 kWh/W and year
- 1.05 SEK/kWh price paid by customer
- 0.038 SEK/W and year in operating costs
- 0.735 SEKm inverter change in year 15
- 0.0 SEK/kWh subsidies over the 20-year period
- 0 SEK residual value



Attractive cash flow profile with long term commitments and a high degree of visibility

The Chinese solar PV market is the world's largest, characterised by emerging market growth rates under a stable business environment

			 <i>For reference</i>	 <i>For reference</i>
Market attractiveness, solar PV characteristics	Sweden	China	South Africa	Egypt
Solar irradiance levels				
Solar irradiance consistency over the year				
Market size			n.a.	n.a.
Established solar PV ecosystem			n.a.	n.a.
Market attractiveness, macro factors (for country rankings, lower is better)				
Ease of doing business country rank ¹ (Classification)	10/190 (Very easy)	31/190 (Very easy)	84/190 (Easy)	114/190 (Medium)
Country risk classification ² 0-7, where 0 = safest	0/7	2/7	4/7	5/7
5yr CDS implied probability of default (S&P credit rating)	0.19% (AAA)	0.52% (A+)	5.23% (BB-)	7.32% (B)
China offers a stable business environment and high acceptance for the solar PV model				

Investment highlights

1

Large untapped market with structural growth in a low risk and subsidy independent renewables niche

2

Outsized positive environmental impact from solar power investments in China

3

Attractive and low risk customer proposition within rooftop solar panels

4

Scalable and technology agnostic business model with long-term cash flow visibility

5

Large current project pipeline combined with attractive upside potential

6

Continuous accumulation of high yielding underlying assets

1. Large untapped market with structural growth in a low risk and subsidy independent renewables niche

Macro trends



Rising awareness and consensus around climate and environmental challenges



Reduced cost of solar technology



Urbanisation and growing Chinese middle class



Strong commitment from the Chinese state



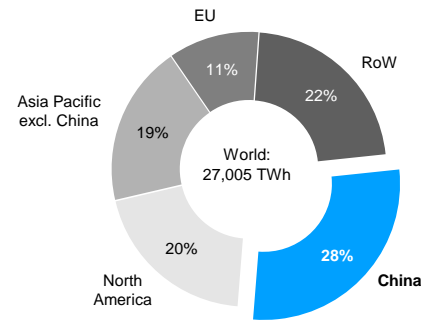
GDP growth on the back of continued industrialisation and growing services sector



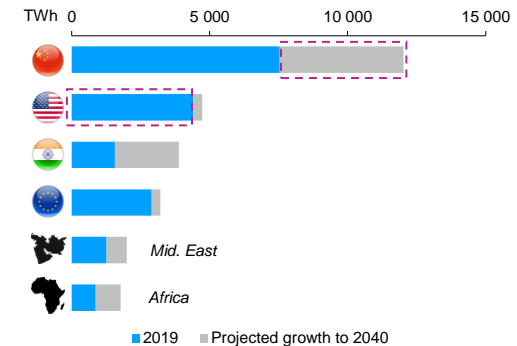
Electrification

China is the World's largest electricity market, accounting for around one quarter of global electricity generation

Electricity generation 2019 (TWh)

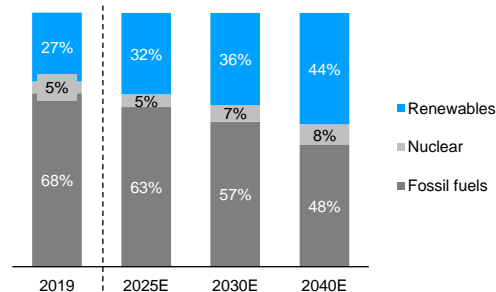


China needs to add nearly the equivalent of today's US power system by 2040 to meet rising electricity demand



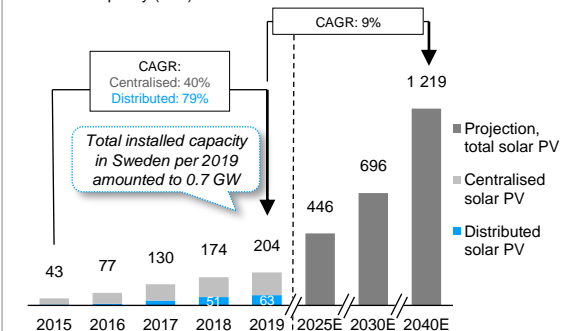
Growing electricity needs are increasingly met by renewables

China: Electricity generation by technology (TWh)



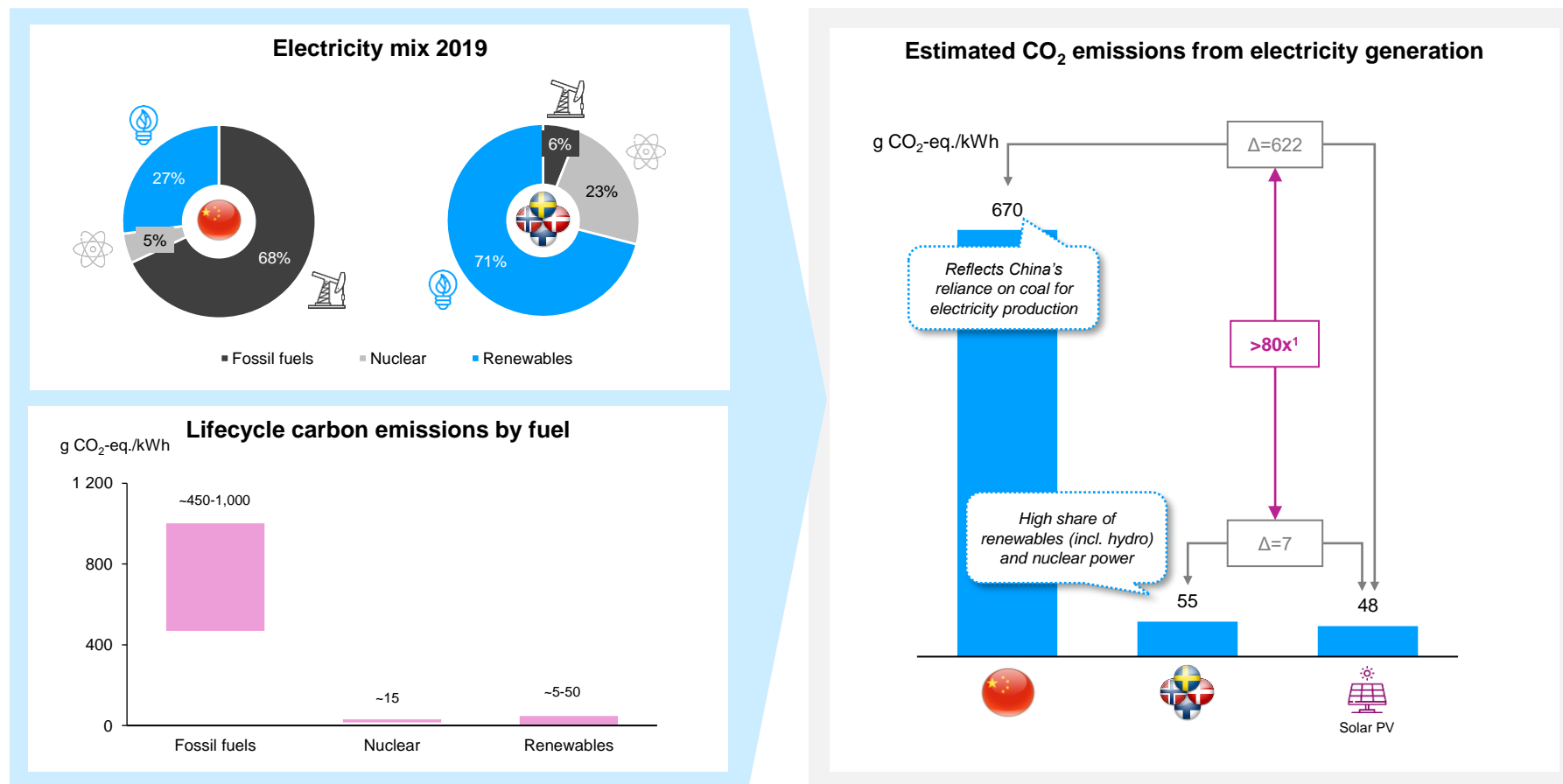
Impressive deployment record of solar energy, which is a major pillar in China's future energy mix

Installed capacity (GW)



Large and rapidly growing electricity market in China with a fundamental need for renewable energy

2. Outsized positive environmental impact from solar power investments in China



Investments in solar power in China yields >80x emission reduction compared the Nordics

3. Attractive and low risk customer proposition within rooftop solar panels

No investment

Average plant has a capacity of 1.4 MW
During 2020, the average cost to build was ~6 SEK per W
There is no investment for the customer



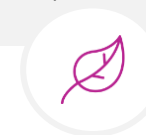
Cost savings by utilising unused roof area

The customer gets a discount to the grid price of 10-15% which can be fixed or floating
The customer is committed to buy the electricity for 20 years with an automatic extension for 5 more years
The accumulated savings over the course of a contract are substantial



Improved “green” profile

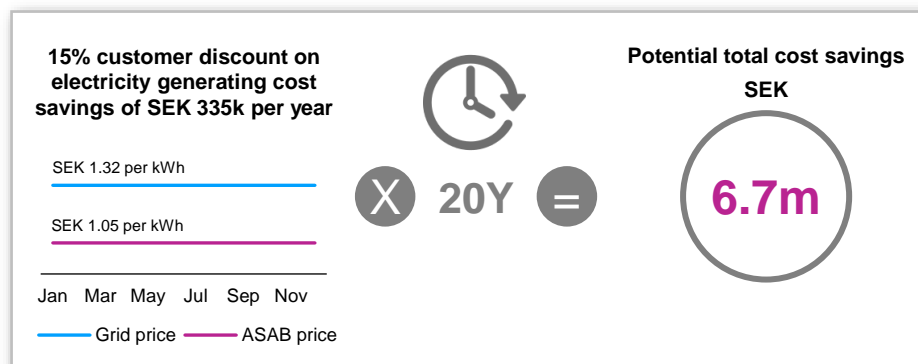
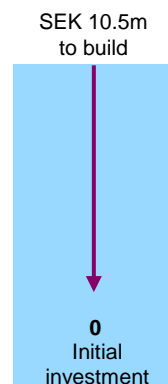
Key issue for many stakeholders including employees, customers, the government and investors
Good local PR contributing less to air pollution



CUSTOMER CASE STUDY

Sohbi Craft

1.7 MW solar power plant in Jiangsu



“China’s growth potential should not be at the expense of the climate and clean air. Thanks to Advanced Soltech, we can save money and reduce our impact on the climate at the same time.”



- Guan Yongchu
Head of the Energy Department, Sohbi Craft

Wholly funded by green bonds, rated:



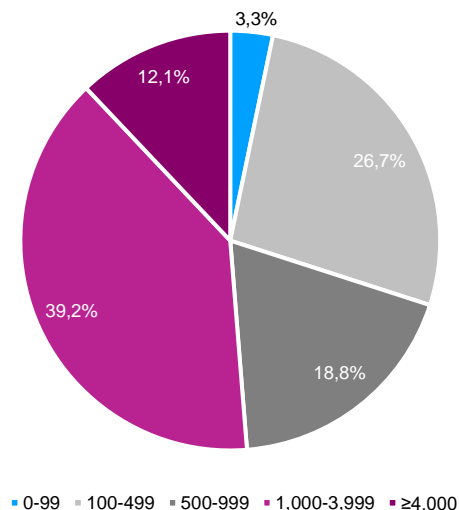
CICERO
Dark Green

Customers get better economics and a more green profile for free, i.e. are effectively receiving rent for their roof

4. Scalable and technology agnostic business model with long-term cash flow visibility (I/IV)

Customer split by size

Installed capacity by customers ~FTEs

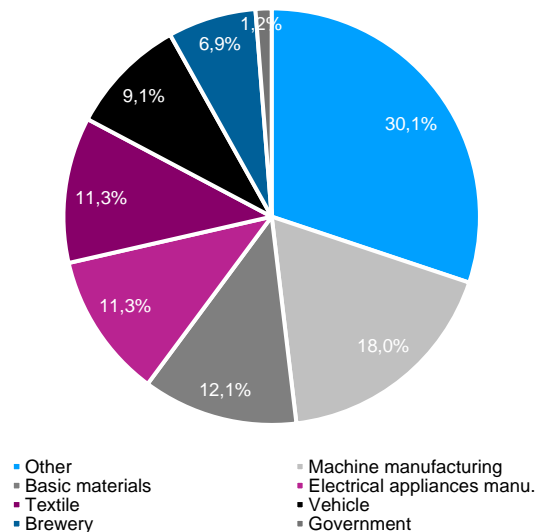


- A customer base of predominantly large organisations contributes to stability in the portfolio
- Proven offering to demanding customers who prioritise quality and reputation

Well-established customer base

Customer split by industry

Installed capacity by customer industry

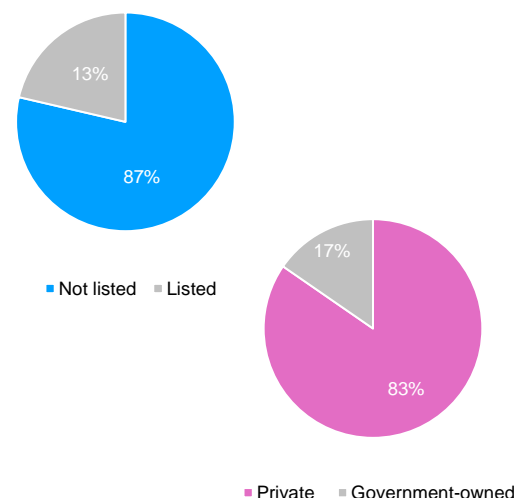


- Diverse customer base ensures added protection against industry specific risk
- Proven offering across a large variety of industries

Diversified sector exposure

Customer split by types

Installed capacity by customer type

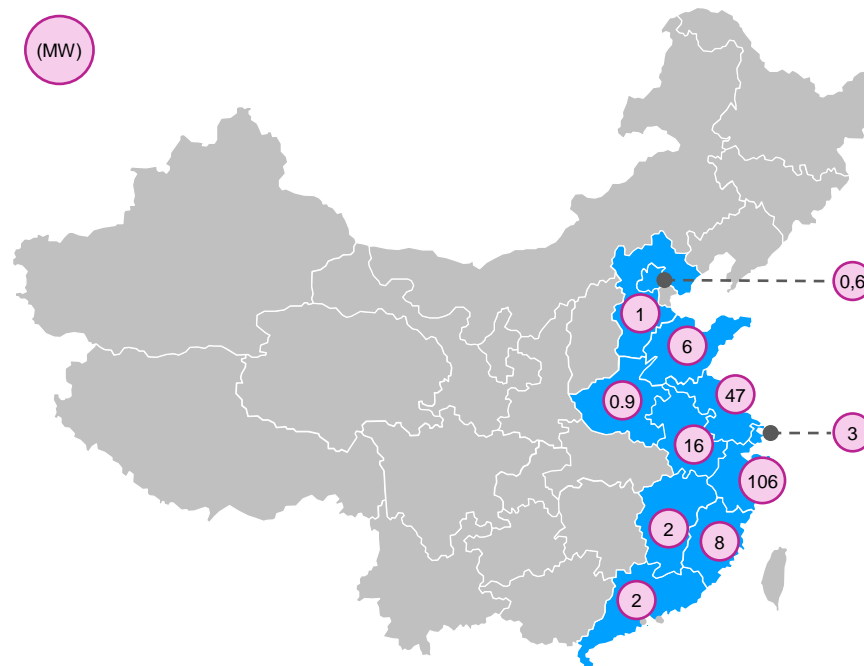


- Strong interest from government entities underscores the alignment of interests
- Strong interest from public companies shows the importance of public perception for environmental issues

Both private and government customers


4. Scalable and technology agnostic business model with long-term cash flow visibility (II/IV)

Portfolio focused to eastern China




High electricity prices especially in the cities


Densely populated, little space for ground mounted


Large industries, significant energy needs and unused roofs

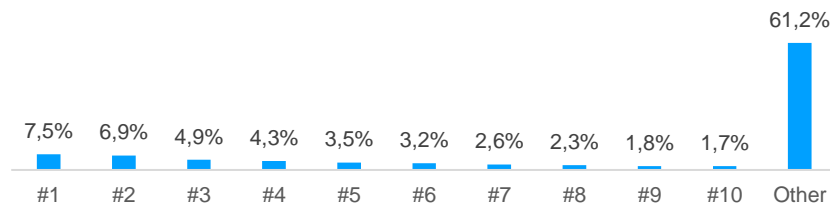

Air pollution, key issue for the local community

Regional overview

Operational assets

Province	Capacity (MW)	Number of projects	Share of capacity	Price for customer	Grid price
Zhejiang	105.8	81	55.0%	0.69	0.48
Jiangsu	46.9	19	24.3%	0.77	0.45
Anhui	15.7	12	8.1%	0.76	0.44
Fujian	8.2	4	4.3%	0.76	0.45
Shandong	6.3	1	3.3%	None sold	0.45
Shanghai	2.9	4	1.5%	0.90	0.48
Guangdong	2.2	1	1.1%	0.69	None sold
Jiangxi	2.1	1	1.1%	0.72	0.48
Hebei	1.1	3	0.6%	0.72	0.42
Henan	0.9	7	0.5%	0.65	None sold
Beijing	0.6	1	0.3%	1.08	None sold
Total	192.5	134	100%		

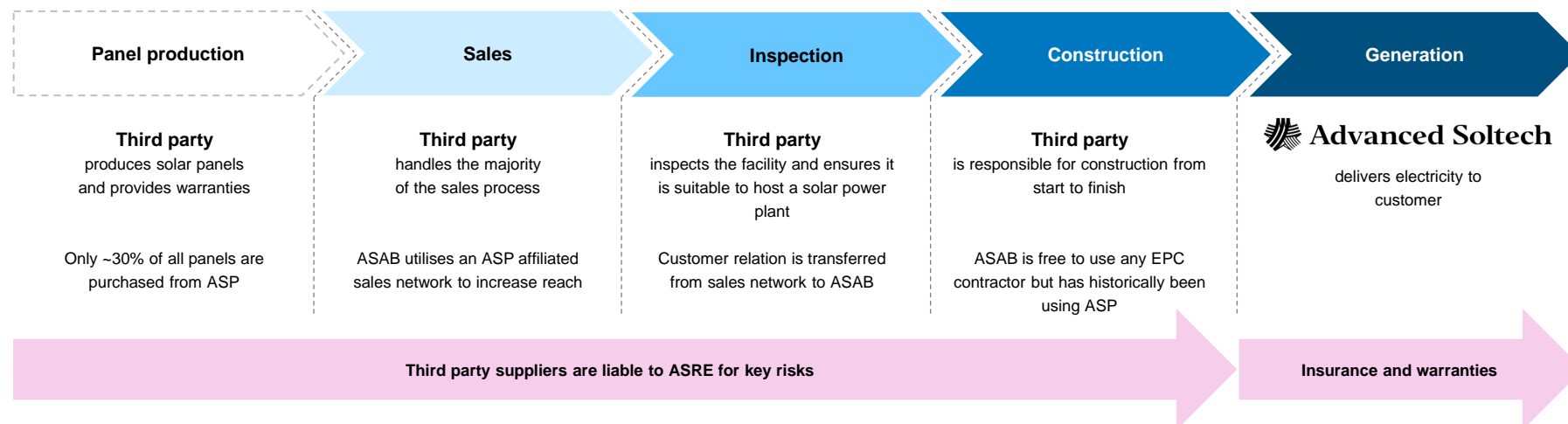
Share of installed capacity for the largest operational portfolio



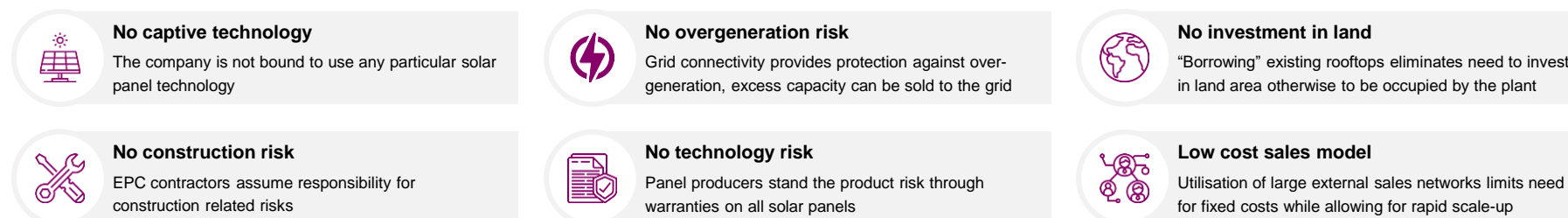
Low dependency on individual projects adding to regional diversification

4. Scalable and technology agnostic business model with long-term cash flow visibility (III/IV)

ASAB focuses on power generation without dependence on specific technology



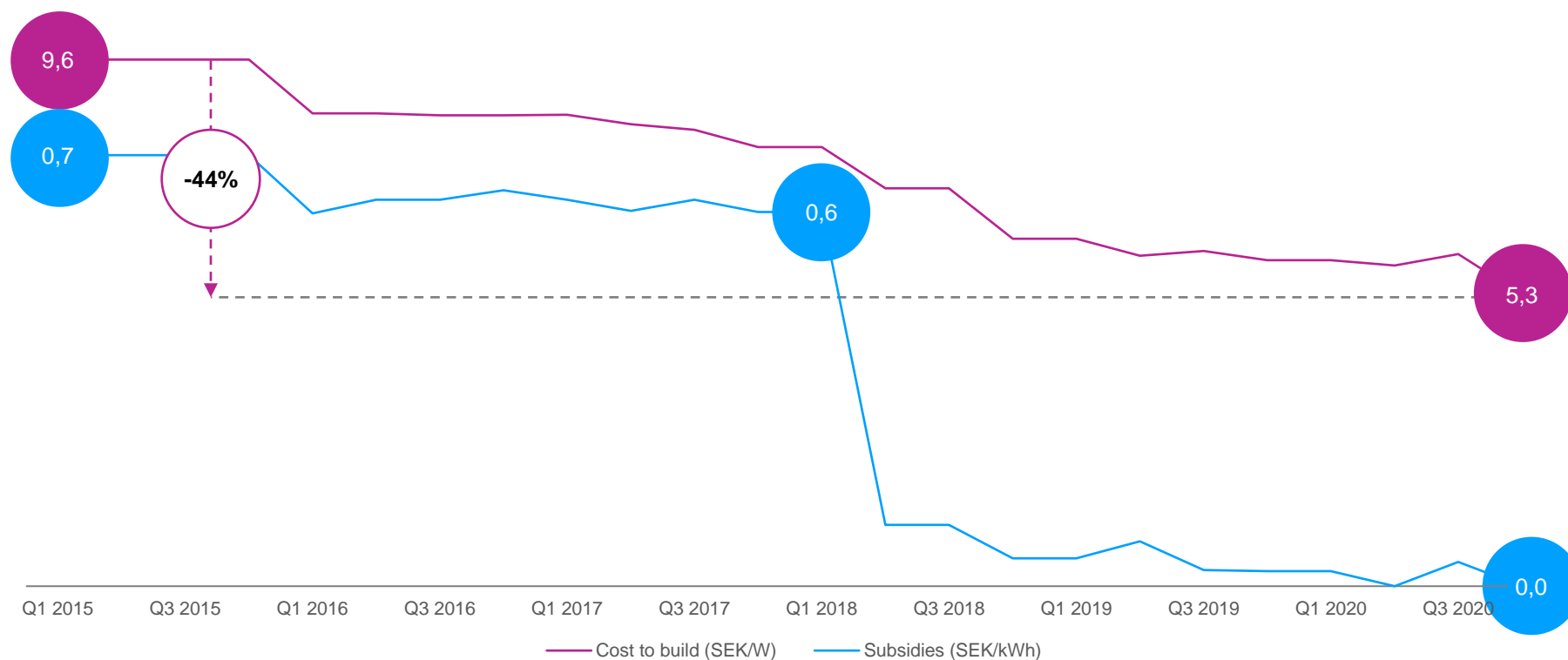
Key benefits



A favourable value chain positioning with a clear focus on power generation provides for a non-binary investment risk

4. Scalable and technology agnostic business model with long-term cash flow visibility (IV/IV)

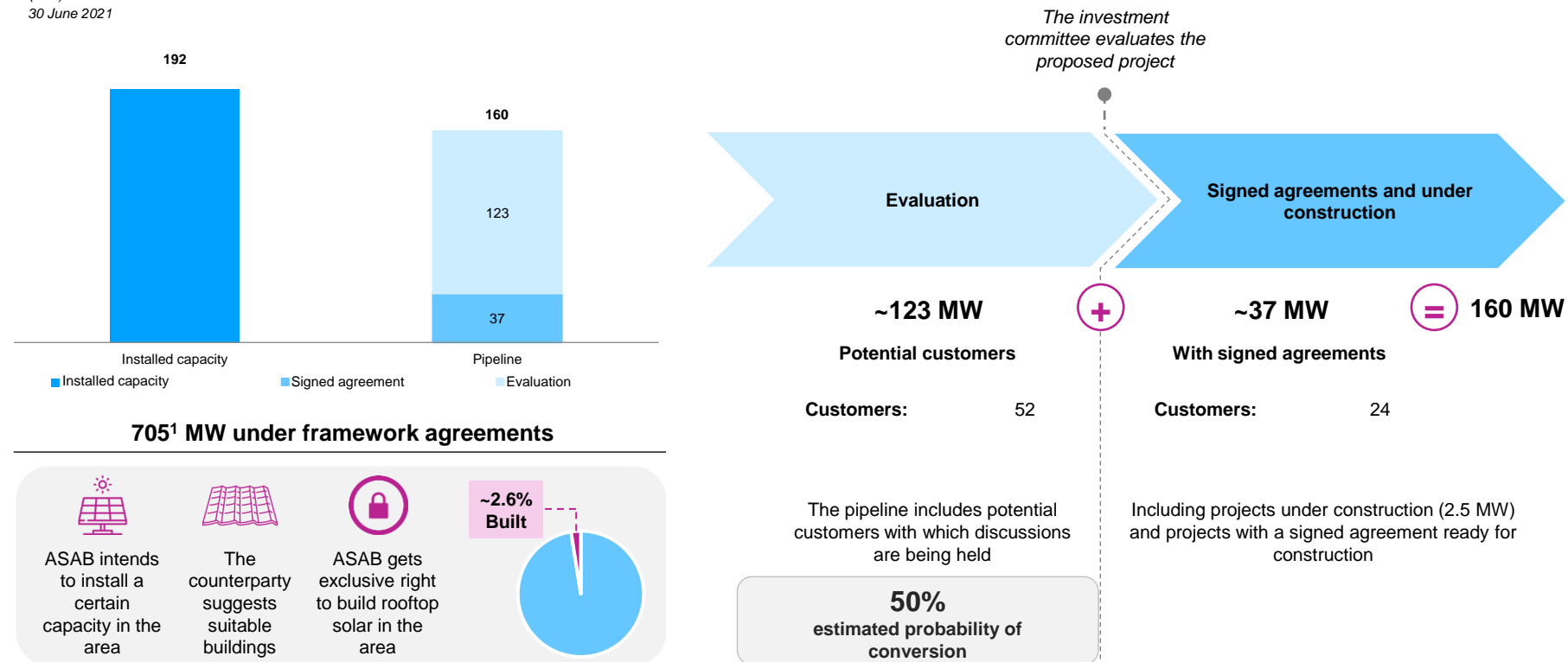
Historical installation costs and expected subsidies for ASAB's greenfield projects by quarter¹



5. Large current project pipeline combined with attractive upside potential (I/II)

Installed capacity supplemented by large and growing pipeline with ~70 potential customers spread across stages

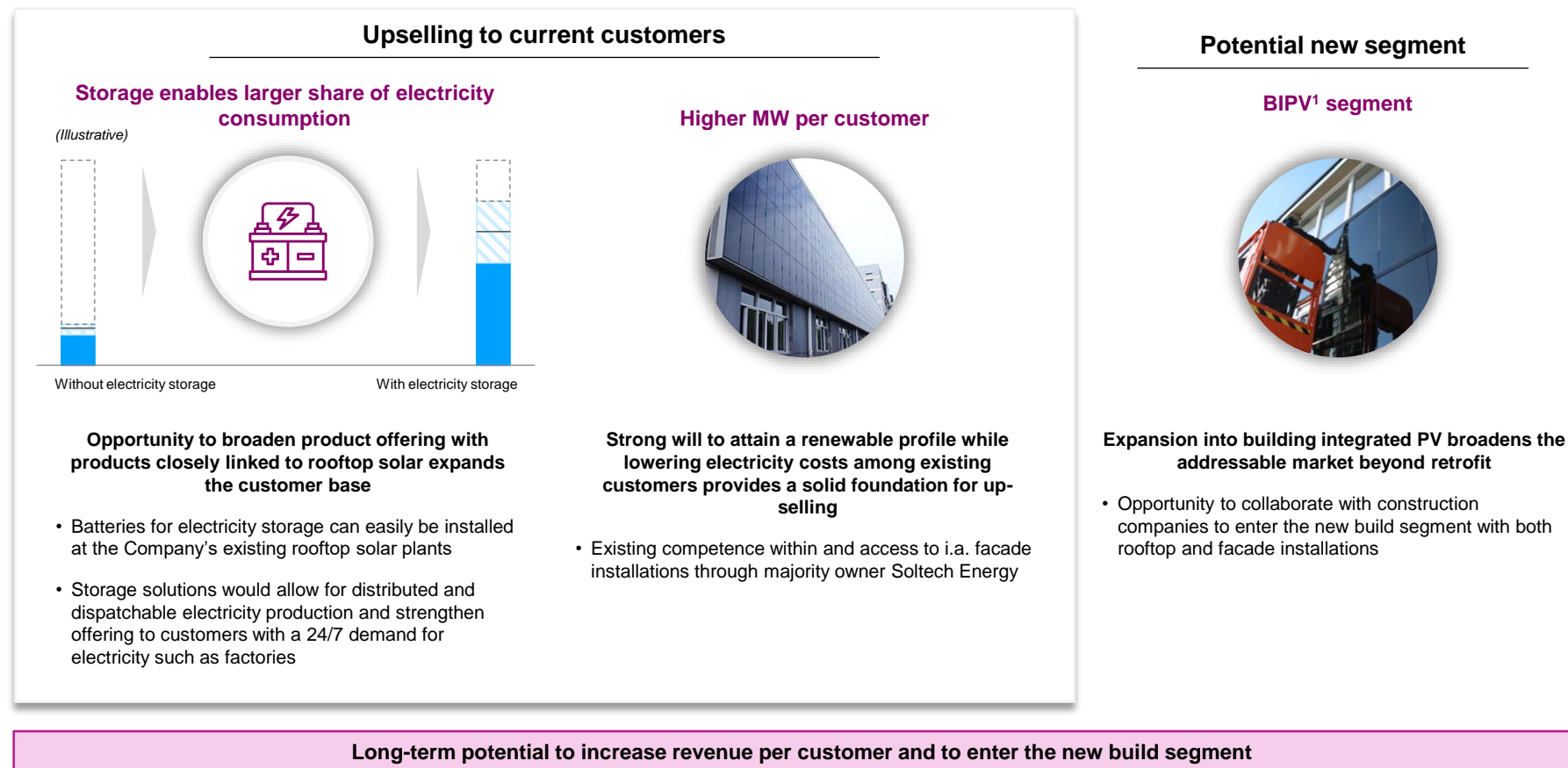
(MW)
30 June 2021



Total pipeline of ~160 MW supported by 705¹ MW under framework agreements

5. Large current project pipeline combined with attractive upside potential (II/II)

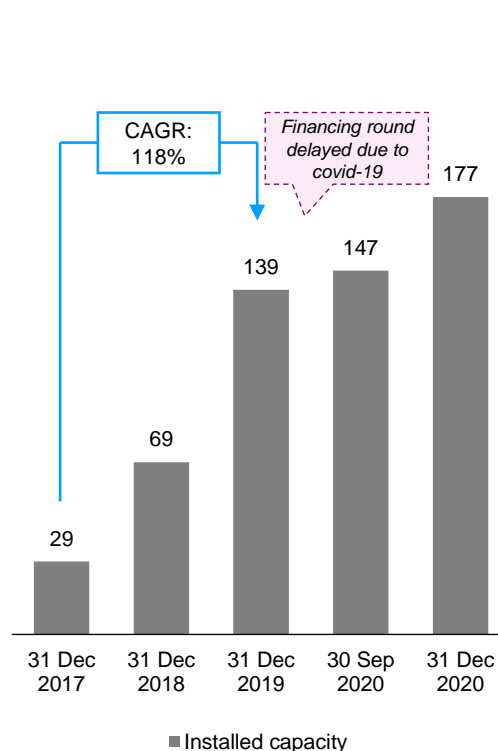
Selected future potential growth avenues represent a considerable long-term opportunity



6. Continuous accumulation of high yielding underlying assets (I/II)

Strong project pipeline where financing is the major growth constraint

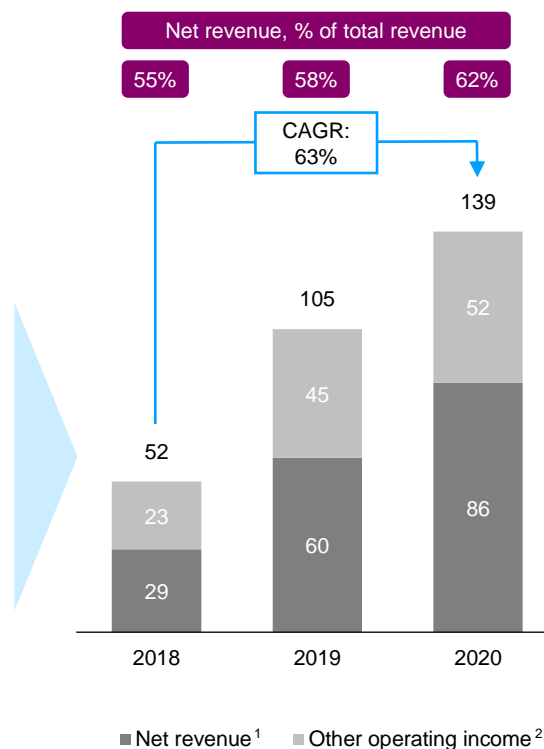
MW



192 MW installed capacity in Q2 2021

Strong top line growth despite decreased subsidy levels on new projects

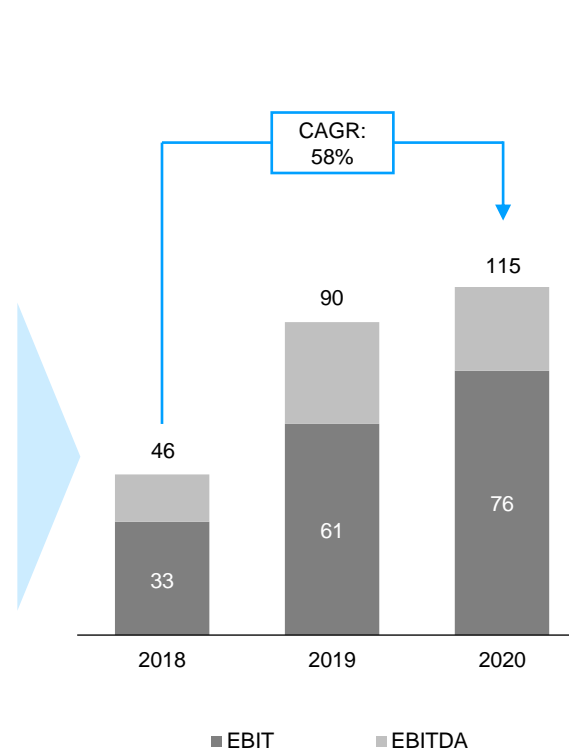
SEKm



**SEK 152m LTM Q2 2021 revenue
(71% net revenue)**

High operational profitability from small cost base

SEKm



**SEK 115m LTM Q2 2021 EBITDA
SEK 73 LTM Q2 2021 EBIT**

6. Continuous accumulation of high yielding underlying assets (II/II)

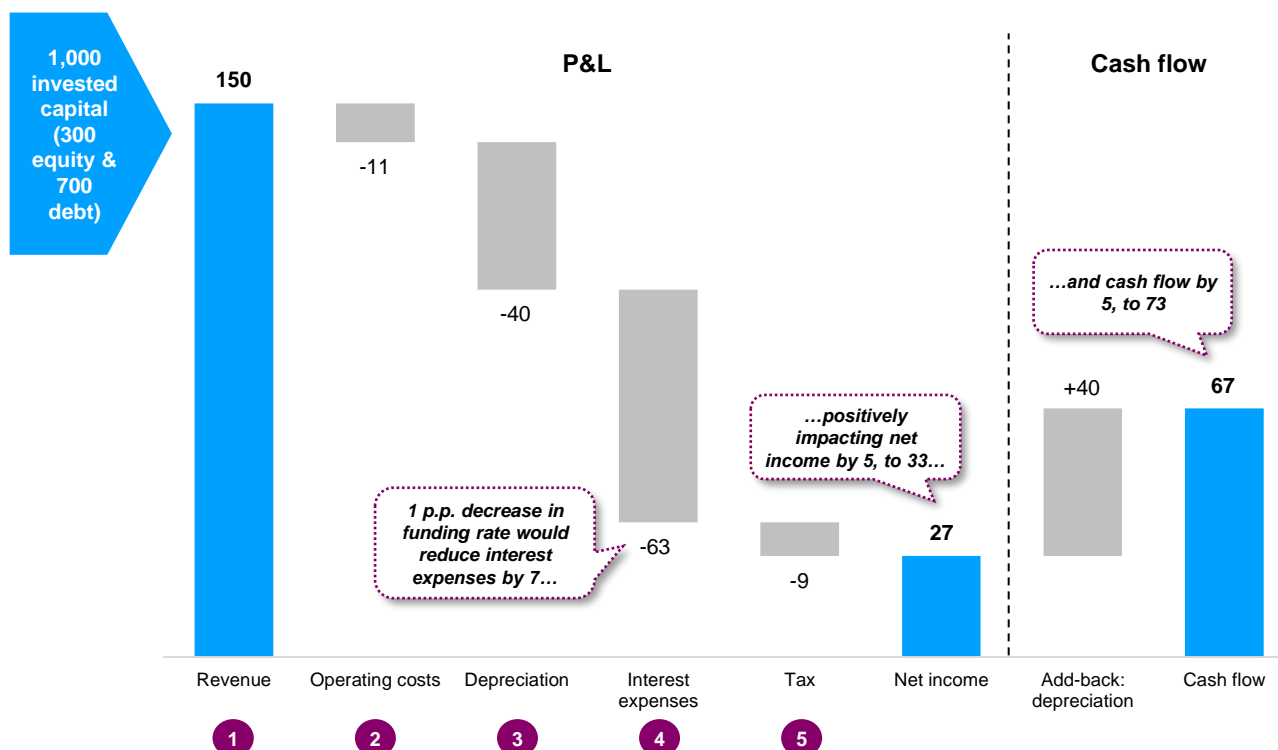
Comments

- 1 Assuming 15% yield
- 2 Assuming project level opex at 7% of project revenue. Operating costs relate mainly to solar panel cleaning costs
- 3 4% annual depreciation over 25 years
- 4 Assuming average interest rate of 9%. Reshaping the Company's capital structure will be a top priority going forward. On group level, it should be noted that any interest payments from SPV:s to ASRE are subject to 10% withholding tax, 6% VAT and an additional tax of 0.7%. These taxes are not included in the illustrative project-level economics
- 5 Assuming 25% tax rate in China. Note that for newly formed companies, income tax is zero during the first three years and 12.5% during years 4-6. The full 25% rate applies from year 7. It should also be noted that since group contributions are not allowed in China, profitable entities are themselves subject to income tax

Note: The illustrative figure excludes cash flow effects from VAT. In accordance with Chinese tax law, the Company pays 13% VAT when investing in new PV installations. The VAT paid is later netted against VAT paid by ASAB's customers. As long as the Company has VAT receivables, all inbound VAT can be netted

Illustrative P&L and cash flow of a typical ASAB project

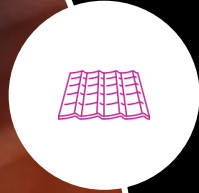
Illustrative example



Increasing cash flow from growing solar plant portfolio can be utilised to fund new projects or acquisitions



>80x emission reduction compared to the Nordics



20+ year contracts



No investment for customers



Target project yield 12–15%



160+ MW tangible pipeline

Financial targets

Installed capacity

1,000 MW

Installed capacity by year-end
2024

Project yield

12-15%

Gross project yield¹

Capital structure

≥25%²

Equity ratio

For a foreseeable future, ASAB will focus on growth and does not intend to propose any dividend for the coming year. The Board will review the dividend policy annually²

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Board of directors



Frederic Telander
*Working Chairman of
the Board*

- Working Chairman of the Board of ASAB
- Board member of Soltech Energy, CEO and Board member at Sactum
- Previously CEO of ASAB and Chairman of Soltech Energy
- Previously partner at EIG Venture Capital Ltd



Stefan Ölander
Board member

- Board member of ASAB since 2011 and Chairman of the board between 2012 and 2018
- CEO and the largest shareholder in Soltech Energy
- Previously Director of Communications for SEB and Kinnevik
- Founded Rewir, a leading branding consultancy during the 2000s



Ben Wu
Board member

- Founder and CEO of ASP
- In 2007 to 2008, before founding ASP, Ben had a prominent role at Lenovo, whose investment company also became the first external investor in ASP
- Previously McKinsey from 2004 to 2006



Gang Bao
Board member

- Since 2015, Gang has been with ASAB, working with sales and business development
- Previously Production Manager at ASP developing the manufacturing process for the CdTe panel production
- Extensive experience of sales and marketing across industries



Vivianne Holm
Board member

- Vivianne has extensive experience from the finance industry and has previously worked within equity research, corporate finance, business development, capital raising and investor relations.
- Vivianne is an active clean tech investor



Patrick de Muynck
Board member

- Patrick has worked in the financial sector for most of his 35-year career working in London and New York
- From 2000 until 2015 he was a Partner with EQT Partners responsible for the Credit activity and member of the Executive Committee



Advanced Soltech

Strictly private and confidential

