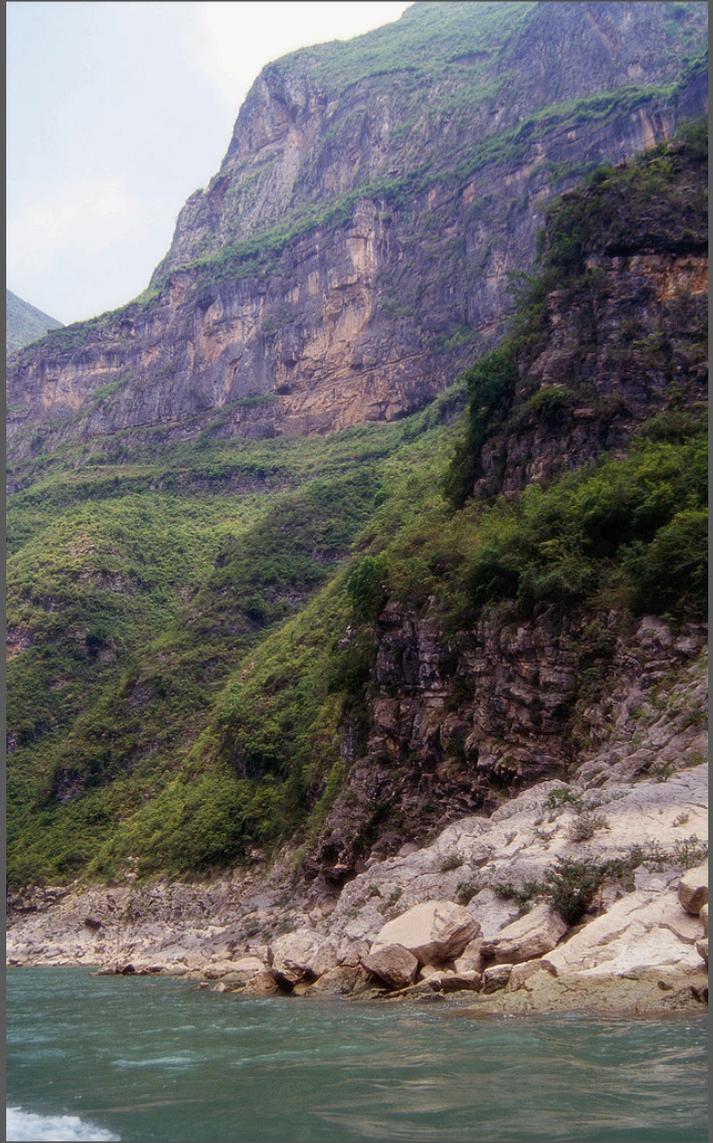


**Advanced SolTech  
Sweden AB (publ)  
Newsletter  
Retail Green Bond  
SOLT 3**

September 2019



2019-09-01

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 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, Chief Executive Officer, Advanced SolTech Sweden AB (publ).

Since 2015 when SolTech Energy Sweden AB (publ), Advanced SolTechs 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 174 GW. During the same period Advanced SolTechs installed solar capacity in China has grown from a mere 2 MW to close to some 100 MW.

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 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 (publ) being the first issuer of such bond.

This report is our first annual green bond report relating to Advanced SolTechs second Green Bond issuance. Further details can be found on our webpage : <http://www.soltechenergy/investerare/advancedsoltech/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, with the estimate that the green bond market will reach USD 1tn (trillion) by 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). (ASAB) 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.

ASAB 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 ASAB (51 %), with SolTechs CEO also being the Chairman of ASAB.

In China, SolTech operates through ASRE and has two seats on the board. The other two seats are occupied by ASRE :s COO 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 paralell securing that the internal sustainability work is top class. ASAB currently owns 71,5 % of the shares in ASRE, with the remaining 28,5 % of the shares being owned by SolTech Energy Netherlands Holding B.V. (SEN) which in turn is 100 % owned by SolTech. As part of the plan to list ASAB.s shares on First North Growth Market in the fall of 2019, SEN :s shares in ASRE will be transferred to ASAB, resulting in ASAB holding 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 all electricity produced by such solar power stations under a 20-25 year contract. ASRE's target is to reach an installed capacity of 605 MW at the end of 2021, that are fully connected to the grid by 2022.

## 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 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 reductions of GHG emission.

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>	Renewable Energy  Meaning a project or asset funded, in whole or in part by ASAB that promotes the transition to a low-carbon society.
<b>Evaluation</b>	Customer evaluation including overall financial position  Energy Consumption incl. energy mix & CO2 impact  Future needs  Geographical location  Roof gradient and condition
<b>Funds tracking</b>	The use of proceeds are tracked through separate accounts to simplify the annual review.
<b>Impact assessment</b>	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

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

## Reporting

ASAB will report annually and until maturity of the Green Bonds issued, to the investors - on its website and in ASAB'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 will on a annual basis 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 :	July 10, 2018
Maturity Date :	July 09, 2023
Issued Amount :	148 MSEK
Interest Rate :	8,75 %
ISIN :	SE0011231166
Short Name :	SOLT3
Listing :	First North Sustainable Retail Bonds, Nasdaq Stockholm
Issuing Institute :	Avanza Bank AB
Agent :	Intertrust Sweden

### Use of Proceeds

Reporting Date :	16 September , 2019
Amount Disbursed to Eligible Green Projects :	14 210 000 EUR
Renewable energy CO2 avoidance :	22 500 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 3):	9
Geographic allocation of projects :	China

## Green Bonds - Invested per project

<b>Projects (Client)</b>	<b>Amount RMB</b>
XinJian TeKuo PiaoZheng (NANTong) Co., Ltd.	17,214,397,5
JiangSu YangHe Brewery Co., Ltd.	60,143,871,5
Shaoxing Shangyyu Hebang Metal Products Co., Ltd.	12,150,881,9
Da Xie Xi Chuan (Daikyo Nishikawa) Tongyang Auto Parts (Nanjing) Co., Ltd.	5,659,116,7
Shaoxin Shangyu Shunhe Electric Appliance for Illumination Co., Ltd.	346,613,9
Shaoxing Longze Pipe Co., Ltd.	528,739,5
Zhejiang Kanglongda Special Protection Technology Co., Ltd.	815,152,5
HengAn (ZheJiang) Family Life Products Co., Ltd.	12,180,231,2
<u>NingBo RiXin Bearing Co., Ltd.</u>	<u>2,337,564,3</u>
<b>Total:</b>	<b>111,376,569</b>

Comment : EUR 14 210 000 have been converted to 111 376 569 RMB

## Green Bonds - CO2 avoidance per project

<b>Projects (Client)</b>	<b>CO2 Avoidance (tons per year)</b>
XinJian TeKuo PiaoZheng (NANTong) Co., Ltd.	2,700
JiangSu YangHe Brewery Co., Ltd.	10,000
Shaoxing Shangyyu Hebang Metal Products Co., Ltd.	1,500
Da Xie Xi Chuan (Daikyo Nishikawa) Tongyang Auto Parts (Nanjing) Co., Ltd.	1,100
Shaoxin Shangyu Shunhe Electric Appliance for Illumination Co., Ltd.	2,000
Shaoxing Longze Pipe Co., Ltd.	1,000
Zhejiang Kanglongda Special Protection Technology Co., Ltd.	1,500
HengAn (ZheJiang) Family Life Products Co., Ltd.	2,200
<u>NingBo RiXin Bearing Co., Ltd.</u>	<u>500</u>
<b>Total:</b>	<b>22,500</b>



## Project / customer examples

<u>Customer/project</u>	<u>Amount (RMB) CO2 avoided - predictions made by customer</u>	
Zhejiang Kanglongda Special Protection Technology Co, Ltd. Area : Zhejiang	815.152	- 1500 tons

## 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

- Public Company, i.e. publicly traded share

### Customer valuation

- Public company with stable and solid financials

### Energy valuation

- The customer uses approx. 12 million kwh of electricity per year, almost all of them generated by coal.
- With our solar power installation, the customer could use 1.5 - 2.0 million kwh from solar, which will result in approx. 1500-2000 Tons of less CO2 being admitted in 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</u>	<u>CO2 avoided - predictions made by customer</u>
Shaoxin Shangyu Shunhe Electric Co, Ltd. Area : Hangzhou	346.613	- 2000 tons

## 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 joint venture created by a public company, one of the world's top 500 enterprises with stable and solid financials.

### Energy valuation

- The customer uses approx. 5 million kwh of electricity per year, almost all of them generated by coal.
- With our solar power installation, the customer could use 3,5 million kwh from solar, which will result in approx. 2000 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 (publ) (ASAB) has during 2018 issued three Green Bonds in the Retail Market :
  - March 2018, 128 MSEK (SOLT2)
  - May 2018, 148 MSEK (SOLT3)
  - October 2018, 70,5 MSEK (SOLT4)
- Early 2019 ASAB's first Institutional Green Bond was launched
  - January, 171 MSEK (SOLT5)
  - May 110 MSEK (SOLT5 – tap issue)
  - Aug-Sept In progress (SOLT5 - tap issue)
- Further Institutional Bonds are planned to be issued during 2019.

To date Advanced SolTech has invested some +900 MSEK for some 100 MW of installed solar energy capacity in China. With a set installation target of 605 MW of solar energy capacity in 2022, further investments just below 3 000 MSEK 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 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.