Soltech

LARGE-SCALE BATTERY PROJECT WITH TEKNISKA VERKEN

Soltech Energy Solutions will help energy group Tekniska verken with battery storage of 4 MWh. The battery storage facility will be built in conjunction with a new charging park for HGVs to be built by Tekniska verken in Mjölby. The project is the second that Soltech is building in its network after a 2 MWh battery storage was installed in 2022.
(Visualisation: ChargeLab Mjölby, Tekniska verken)

» Read more

INTERIM REPORT

1 JULY – 30 SEPTEMBER 2023

SOLTECH ENERGY SWEDEN AB (publ)

Continued improvement in operating profit/loss and strong growth

QUARTER 3
1 JULY – 30 SEPTEMBER

- Net sales increased by 54% to SEK 741.0 (480.1) million. Growth in the quarter was mainly driven by organic growth.
- The Group's organic growth, adjusted for exchange rate fluctuations, amounted to 38% (44%).
- EBITDA totalled SEK 32.8 (-46.8) million. The improvement in profitability is attributed to an ongoing focus on profitability, synergies and improved purchasing processes. EBITDA includes revaluation effects related to contingent considerations of SEK 7.3 (0) million.
- Operating profit/loss (EBIT) amounted to SEK 14.6 (-68.2) million.
- Cash flow from operating activities for the period amounted to SEK -100.6 (-33.3) million.
- Earnings per share after dilution totalled SEK -0.01 (-0.76) and earnings per share after dilution totalled SEK -0.01 (-0.61).

KEY EVENTS DURING THE QUARTER:

- - On 5 July, Soltech acquired 100% of the electrical engineering company Tekniska lösningar i Täby AB.
- On 11 July, Soltech acquired the remaining 30% of the subsidiary Takorama, which after the acquisition became a wholly owned subsidiary.
- On 1 September, Soltech acquired Icopal Entreprenad in Helsingborg, Sweden, via its subsidiary Takrekond, which became part of the same subsidiary.

INTERIM PERIOD:
1 JANUARY – 30 SEPTEMBER

- Net sales increased by 80% to SEK 2,163.8 (1,199) million. The growth was driven by organic growth and acquisitions.
- The Group's organic growth, adjusted for exchange rate fluctuations, amounted to 41% (39%). All segments show good organic growth with a continued demand for services where solar transformation contributes to new business opportunities.
- EBITDA totalled SEK 71.9 (-121.2) million. The improvement in profitability is attributed to an ongoing focus on profitability, synergies and improved purchasing processes. EBITDA includes revaluation effects related to contingent considerations of SEK 8.3 (0) million.
- Operating profit/loss (EBIT) amounted to SEK 22 (-151.8) million.
- Cash flow from operating activities for the period amounted to SEK -100.2 (-146.5) million.
- Earnings per share before and after dilution amounted to SEK -0.32 (-1.59).

KEY EVENTS DURING THE PERIOD:

- During the past year, Soltech has made one acquisition; Tekniska lösningar i Täby AB, and five additional acquisitions. The additional acquisitions are Vårgårda Solenergi AB, Plåtteamet i Örnsköldsvik AB, Arvika Elinstallationer AB, Din Elkontakt i Kungälv AB and Icopal Entreprenad i Helsingborg. On 11 July, the remaining 30% of the of subsidiary Takorama was acquired.
- This is the Group's second financial report prepared in accordance with IFRS. Comparative figures have also been recalculated.

SELECTED KEY RATIOS* (Amounts in SEK thousands unless otherwise indicated)	**2023** July – Sept. *3 months*	**2022** July – Sept. *3 months*	**2023** Jan – Sept. *9 months*	**2022** Jan – Sept. *9 months*
Net sales	**741,042**	480,078	**2,163,828**	1,198,996
Sales trend **%**	**54%**	81%	**80%**	79%
Organic growth adjusted for FX **%**	**38%**	44%	**41%**	39%
Gross profit margin **%**	**30%**	25%	**33%**	30%
Operating profit/loss **(EBIT)**	**14,610**	-68,236	**22,007**	-151,829
Operating profit/loss before depreciation and amortisation **(EBITDA)**	**32,834**	-46,846	**71,850**	-121,207
Profit/loss for the period	**-1,337**	-78,989	**-45,614**	-164,516
Earnings per share **(SEK)**	**-0.01**	-0.76	**-0.34**	-1.59
Earnings per share after dilution **(SEK)**	**-0.01**	-0.61	**-0.34**	-1.59
Cash flow from operating activities	**-100,545**	-33,336	**-100,172**	-146,464
Equity ratio**%**	**43%**	47%	**43%**	47%
Number of shares	**132,279,393**	103,785,041	**132,279,393**	103,785,041
Equity per share(**SEK)**	**8.83**	11.60	**8.83**	11.60
Equity per share after dilution**(SEK)**	**8.66**	9.29	**8.66**	9.29

CEO STATEMENT

Fourth consecutive quarter with improved profitability

Soltech Energy continues to deliver high organic growth. We reached SEK 741 million in net sales and an EBITDA of SEK 32.8 million, which is an increase of 54% in net sales and almost SEK 80 million in profitability compared to the third quarter of 2022. In a challenging time, we are strengthening our position and have delivered net sales of SEK 2,164 million during the first nine months of the year.

OUR ORGANIC GROWTH REMAINS STRONG

One of the things I am very proud of is Soltech's organic growth, which is 38% for the quarter and 41% so far this year. This is clear evidence that our entrepreneurs and their employees really thrive and flourish as part of the Soltech Group. Due to the market and financing conditions, we have reduced the pace of acquisitions, making organic growth even more important to achieve our goals.

FOCUS ON SYNERGIES AND COST CONTROL

Sweden and the world at large are going through a challenging period of rapidly changing market conditions. In times like these, it is even more important to review our costs and work hard to maximise synergies. This is an important focus area, and it is starting to produce results.

QUALITY, PROFITABILITY AND GROWTH

These three focus areas are at the top of our agenda. Consistently delivering quality is a given, but it requires an ever-evolving approach in a fast-growing group. An example of how we focus on this is our internal service company Soltech Business Support, which helps our operating companies with training, project management and quality control.

Reaching profitability of 8–10% remains our long-term goal, which we are always working towards. Growth is satisfactory and could of course increase when we start acquiring more and larger companies once again.

ENTREPRENEURS AND INTRAPRENEURS

I always applaud our entrepreneurs, the business leaders from whom we bought our companies. These heroes form the very heart of our group. But it's not just them, of course, but also their employees who often act as intrapreneurs. That is, employees who take responsibility for and drive development, change and innovation in our subsidiaries. Entrepreneurs, intrapreneurs and my skilled colleagues at head office comprise the fantastic team that makes up the Soltech family, which now totals over 1,000 people across Sweden, the Netherlands and Spain.

CLOUDS ON THE HORIZON BUT SOLAR ENERGY IS THE FUTURE

We are living in extremely difficult and unpredictable times that have not improved since the last report. But as I wrote then, I firmly believe that the sun comes out after the rain, and as long as we keep delivering quality, profitability and growth, our efforts will pay off. Solar energy and all related services and technologies will certainly be a big part of our future.

I look forward to meeting our shareholders at future shareholders' meetings, hopefully in a progressively more favourable trading climate.

Stefan Ölander, CEO

Our operations

Soltech Energy was an early adopter of solar energy and, together with innovators at the KTH Royal Institute of Technology, started the business in 2006. Since then, the company has developed, sold and installed solar energy solutions for property owners, landowners and individuals, as well as for agriculture and society in general. In 2019, Soltech decided on its strategy as an acquisition company and the Group's growth journey to increase the pace of solar energy installations and accelerate the green transition began. Building a group of companies of the size we are today requires a strong focus on profitability, quality and growth, and this is achieved every day in our subsidiaries in solar, roofing, facade, electrical engineering, charging and storage.

Soltech is a comprehensive supplier with market-leading expertise in solar technology and advanced installations for future-proof green energy solutions. The Group's overall goal is to integrate solar into the everyday, and we are working to contribute to the green transition while also creating value for our shareholders, who number around 80,000.

Our companies develop, sell, instal and optimise solar energy solutions including charging and smart storage solutions, as well as services in electrical engineering, roofing and facade contracting. By taking responsibility for the entire value chain, from development to installation and service, all types of properties can be converted into efficient energy producers with our help.

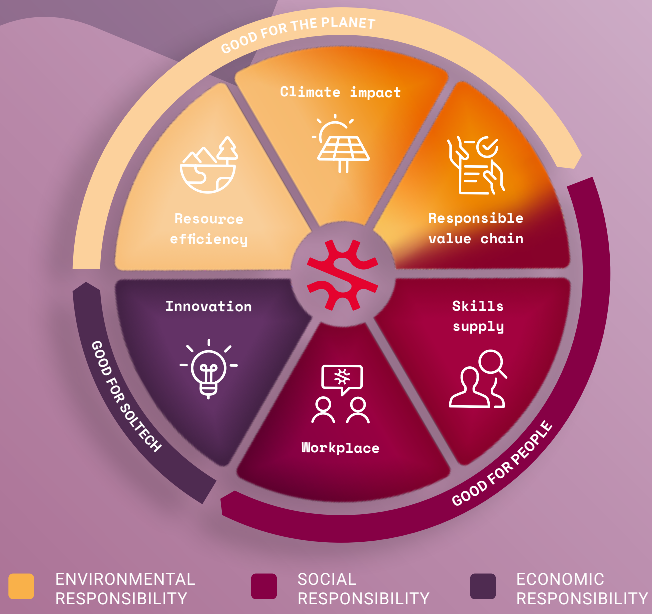
We have major industrial and logistics customers who are installing solar panels on their large roofs, and there is great potential for both rooftop solar and energy-efficient solar facades. Solar parks are a major focus for the whole industry and an important source of energy for society as a whole, not just locally but also for our increasing energy needs as a society. We are developing land for large-scale solar-energy solutions with associated energy storage such as battery parks and charging stations.

The increasing electricity consumption that we see everywhere in society creates a need to find new smart solutions for property owners and landowners so that they can produce and use their own green electricity in the best possible way. That's why we are expanding our business in charging and storage systems and smart technical combination solutions.

THE ACQUISITION AND TRANSFORMATION JOURNEY

Our acquisition and transformation strategy is unique and based on acquiring companies in the solar, roofing, electrical engineering and facade sectors in Sweden, the Netherlands and Spain. We acquire prosperous companies with strong local roots and create not only new business opportunities but also positive synergies for existing subsidiaries and our customers.

By being an entrepreneurial group with cross-industry expertise that requires all of us, we contribute to enhanced value creation. By transforming companies in traditional industries, we become an active and important force for societal change. We transform companies into companies of the future with solar energy as a platform. Adding solar energy to the acquired companies' product offering future-proofs the businesses and meets customers' changed demands and needs for renewable energy.



SUSTAINABILITY

Since 2022, we have been working on a sustainability agenda in the six sustainability areas that represent the most important issues for the Group. In this way, we not only have an environmental goal of integrating more of the sun into everyday life –we are also part of the solution to the social and economic challenges facing our industries. Soltech consists of companies from different industries and our sustainability work reflects and includes the most important issues for all businesses.

Our aim is to make sustainability work good for the planet, for people, for Soltech and for the economy. As we are and want to remain part of the solution, we link our sustainability work to the 2030 Agenda to make it easier to understand how our activities affect the world around us.

Through company acquisitions, Soltech has welcomed dozens of committed contractors and their employees who, with their various core competencies, open new doors for each other. Our diverse expertise means that together we can offer the market new types of complete solutions.

We are a modern energy movement that makes a difference and integrates the sun into the everyday lives of more people.

Segment information

The Group's various business areas also constitute the Group's reporting segments and form the basis of the internal reporting structure. The segments are evaluated and analysed by the CEO to determine the allocation of resources and evaluate the Group's performance.

OPERATING SEGMENT

SOLAR

The Soltech Group encompasses the solar companies 365zon, Measol, Soldags i Sverige, Soltech Energy Solutions and SUD Renovables. The companies deliver solar energy solutions to all kinds of customers and conduct operations relating to the design and installation of solar panel systems on roofs, facades and solar parks. The companies also offer charging, battery and other energy optimising services.

ELECTRICAL ENGINEERING

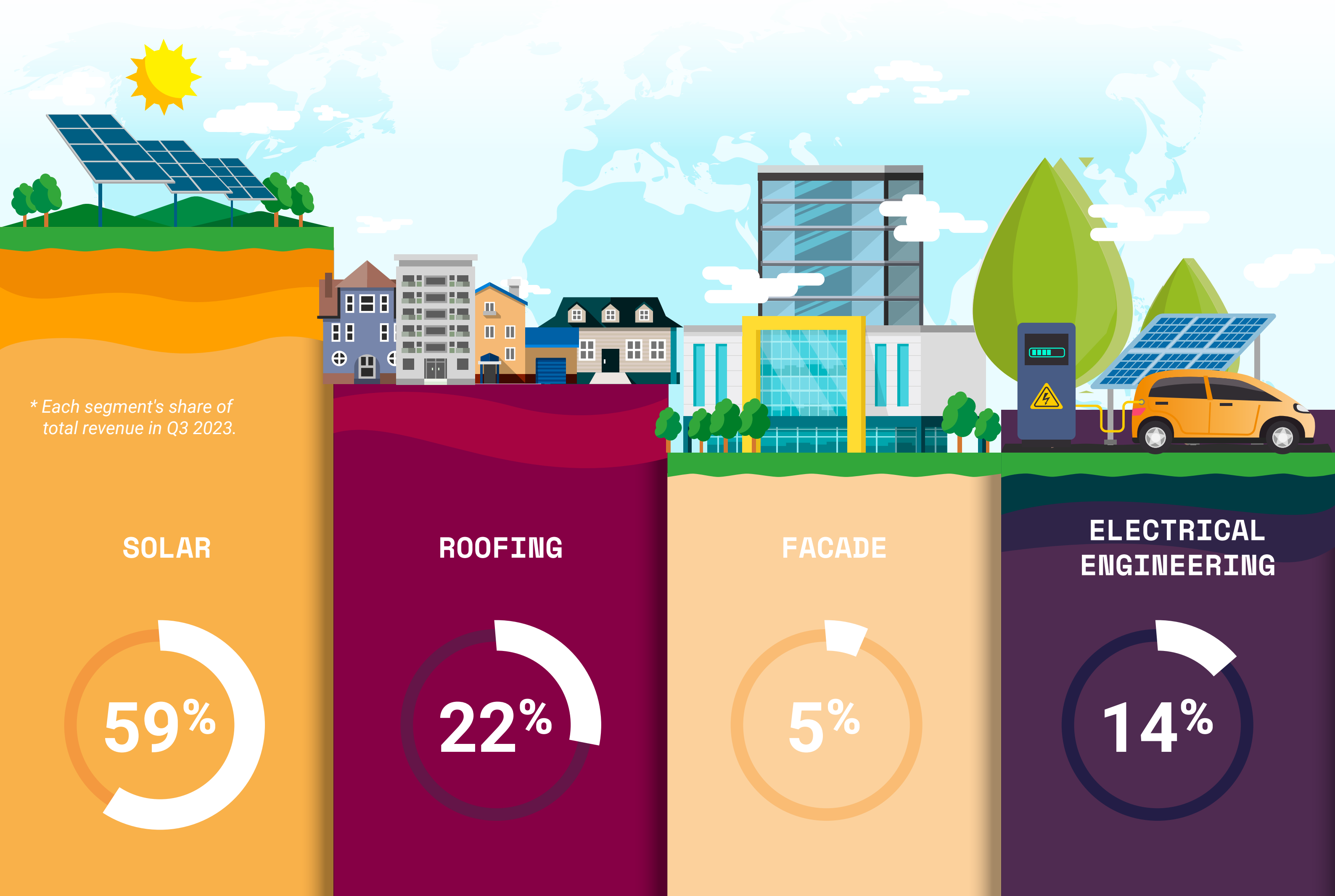
The Group's solar technology companies with associated add-on acquisitions are Provektor, Rams El, TG:s El i Finspång and E-Mobility. From 5 July 2023, Tlab is also included in the Group. The electricity company supplies complete solutions in electrical installation, control systems and automation, as well as solar energy solutions with control and storage, in order to promote smart energy use and meet society's increasing energy demands.

ROOFING

The Soltech Group consists of eleven solar roofing companies with associated add-on acquisitions: NP Gruppen, Takorama, Din Takläggare i Värmland, Takrekond i Småland, Annelunds Tak and Ljungs Sedum Entreprenad, Takbyrån i Alingsås, Tak & Bygg i Falun, Takab i Jönköping as well as Wettergrens Tak & Plåtslageri. The roofing companies work with all types of roofs and, with Soltech's transformation, also offer solar energy solutions. During the year, Takrekond i Kalmar merged into Takrekond i Småland and Falu plåtslageri merged into Tak & Bygg i Falun.

FACADE

Fasadsystem i Stenkullen and Essa Glas & Aluminium are the Group's two solar facade companies. The companies provide exterior and interior glass and aluminium facades and develop solar energy solutions for solar panels integrated into facades.



REVENUE AND PROFIT/LOSS PER SEGENT

Operating profit/loss before depreciation, amortisation and impairment of intangible assets and property, plant and equipment (EBITDA) is the performance measure reported to the chief operating decision maker as a basis for allocating resources and assessing segment performance.

Group-wide refers to group-wide income and expenses for certain central functions that are not allocated to the segments.
Below is an analysis of the Group's revenue and profit for each reportable operating segment:

2023 SEK 000S 1 January – 30 September	SOLAR	ROOFING	ELECTRICAL ENGINEERING	FACADE	GROUP-WIDE & ELIMINATION	Total
Total revenue	**1,255,884**	**559,592**	**339,690**	**154,566**	**-123,913**	**2,185,819**
EBITDA	65,885	24,804	9,023	5,011	-32,873	**71,850**
Depreciation/amortisation and impairment					-49,843	**-49,843**
Profit from participations in associated companies					-24,337	**-24,337**
Financial income					10,104	**10,104**
Financial expenses					-47,920	**-47,920**
Profit/loss before tax						**-40,146**

2022 SEK 000s 1 January – 30 September	SOLAR	ROOFING	ELECTRICAL ENGINEERING	FACADE	GROUP-WIDE & ELIMINATION	Total
Total revenue	**537,650**	**374,372**	**227,509**	**119,393**	**-51,971**	**1,206,953**
EBITDA	-27,742	3,863	-56,936	-1,305	-39,087	**-121,207**
Depreciation/amortisation and impairment					-30,622	**-30,622**
Profit from participations in associated companies					7,214	**7,214**
Financial income					3,416	**3,416**
Financial expenses					-20,670	**-20,670**
Profit/loss before tax						**-161,869**

AGRICULTURE WITH FAVOURABLE SOLAR ENERGY CONDITIONS

Soltech company Provektor has been commissioned to install a roof-mounted solar panel system of just over 5,200 square metres for Åkerholmen Lantbruk in Falköping, where 750 dairy cows produce tens of thousands of litres of milk daily. The solar panels will provide the cowsheds with solar electricity to power the milking machines, fans and coolers for the milk produced.

» **Read more**

Financial performance during Interim report 1 July – 30 September 2023

REVENUE AND GROWTH

Total revenue amounted to SEK 759.5 (482.5) million, which is an increase of 57 per cent compared to the corresponding quarter last year.

Growth was driven by acquisitions and organic growth of 38 per cent, excluding effects from exchange rate fluctuations.

OPERATING PROFIT/LOSS

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to SEK 32.8 (-46.8) million. EBITDA has been positively affected by revaluation effects of contingent considerations of SEK 7.3 (0) million.

Operating profit/loss (EBIT) , for the quarter amounted to SEK 14.6 (-68.2) million, which is an increase of SEK 82.8 million compared to the third quarter last year.

The improvement is driven by continuous work with a focus on profitability, while the third quarter also showed increased synergy effects and effects from improved purchasing processes. Efficiency improvements and focus are starting to yield results despite a tougher business climate.

Soltech's business is to some extent affected by seasonal variations related to weather conditions, holiday taking and the calendar effects of public holidays. Normally, activity is somewhat lower in the first quarter, especially in the Swedish portion of the business, and the third quarter is also affected, primarily due to holidays.

FINANCIAL ITEMS

Financial items have impacted profit before tax by SEK -16.1 (-11.5) million and consist mainly of present value effects relating to contingent considerations and acquisition options that have no cash flow impact in the period.

TAX

Tax effect in the period amounted to SEK +0.5 (-3.8) million. The tax effect is positive due to a change in the calculation of deferred tax liabilities.

PROFIT/LOSS FOR THE PERIOD

Soltech has a holding of 30.4 per cent in Advanced Soltech Sweden AB (publ) (”ASAB”), which is recorded as participations in associated companies of SEK 247 million as of 30 September 2023. The market value was SEK 9.12/share as of 30 September 2023. With a weighted volume price of SEK 11.53/share in 2023, the market valuation of the equity stake is equivalent to approximately SEK 200.6 million. No impairment has been recognised during the period.

Profit/loss from participations in associated companies has affected profit before tax by SEK -0.3 (4.6) million.

Profit/loss for the period amounted to SEK -1.3 (-79) million. Earnings per share after dilution totalled SEK -0.01 (-0.76) and earnings per share after dilution totalled SEK -0.01 (-0.61).

FINANCIAL ITEMS	**2023** July – Sept. 3 months	**2022** July – Sept. 3 months	**2023** Jan – Sept. 9 months	**2022** Jan – Sept. 9 months	**2022** Jan – Dec. 12 months
Interest expenses	-5,586	-1,835	-9,900	-5,656	-6,732
Interest on leases	-629	-463	-1,679	-1,049	-1,601
Exchange rate differences	-283	-	-758	-	-566
Other	-1,822	-669	-2,298	-4,265	-8,908
Present value effects	-8,243	-9,600	-33,285	-9,700	-24,500
Financial expenses	**-16,563**	**-12,567**	**-47,920**	**-20,670**	**-42,307**
Interest income	552	336	1,363	1,437	1,782
Exchange rate differences	-189	-2	9	-69	3,051
Revaluation impairment receivable	-133	-	5,100	-	-
Other	189	728	3,632	2,048	-
Financial income	**419**	**1,062**	**10,104**	**3,416**	**4,833**
NET FINANCIAL ITEMS	**-16,144**	**-11,505**	**-37,816**	**-17,254**	**-37,472**

* For definitions, see » Note 16.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities before changes in working capital amounted to SEK -7.8 (-49) million and includes adjustment and reclassification of paid income tax with an impact in the quarter. Cash flow from operating activities for the period amounted to SEK -100.5 (-33.3) million and is affected by the above-mentioned adjustment and reclassification. Cash flow from operating activities was also affected by reductions in inventories due to deliveries of materials, increased completion rates in projects and changes in accrued but not invoiced revenue.

Cash flow from investing activities amounted to SEK -78 (-63.7) million and was mainly driven by participation in a private placement in the associated company Advanced Soltech Energy Sweden AB of SEK -60.3 million. Cash flow from investing activities was mainly driven by investments in solar parks as well as acquisitions of subsidiaries and contingent consideration payments.

Cash flow from financing activities totalled SEK 64.3 (195.6) million and consisted primarily of tax deferrals.

Cash flow for the period amounted to SEK -114.3 (98.6) million.

CASH FLOW AND FINANCIAL POSITION

At the end of the period, the Group's cash and cash equivalents totalled SEK 162.4 (248.6) million. Available but unutilised credit facilities in Sweden amounted to SEK 61.1 million.

The equity ratio was 43 (47) per cent on 30 September 2023 and equity was SEK 1,167.9 (1,204.2) million. Total assets as at 30 September 2023 amounted to SEK 2,691.1 (2,542.6) million. Changes since year-end mainly consist of increased accounts receivable as a consequence of increased activity in the solar segment and increased current liabilities following an increase in the Group's tax provision.

LARGE SCALE BATTERIES AT SWEDEN'S LARGEST FAST CHARGING PARK

Solar technology company Soltech Energy Solutions shows off the large-scale batteries it has installed at Sweden's largest fast-charging park in Malmö during an event in October. The park is equipped with 2 MW batteries that both relieve the grid and ensure high capacity in the fast chargers. The park will accommodate both heavy electric transport vehicles and private electric cars.

Financial performance during the first nine months of the year

1 January - 30 September 2023

REVENUE AND GROWTH

Total revenue for the quarter amounted to SEK 2,185.8 (1,207) million, which is an increase of 81 per cent compared to the corresponding quarter last year.

Growth was driven by acquisitions and organic growth of 41 per cent, excluding effects from exchange rate fluctuations. All segments show good organic growth during the first nine months of the year where solar transformation contributes to new business opportunities.

OPERATING PROFIT/LOSS

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to SEK 71.9 (-121.2) million. EBITDA has been positively affected by revaluation effects of contingent considerations of SEK 8.3 (0) million.

Operating profit/loss (EBIT) for the period amounted to SEK 22 (-151.8) million which is an improvement of SEK 173.8 million compared to the interim period last year.

The improvement is primarily driven by a strong focus on profitability, synergy effects and effects from improved purchasing processes.

FINANCIAL ITEMS

Financial items have impacted profit before tax by SEK -37.8 (-17.3) million and consist mainly of non-cash present value effects relating to contingent consideration and acquisition options. Soltech holds a long-term loan receivable from associated companies where a revaluation has affected net financial items by SEK 5.1 (0) million.

TAX

The Group's tax expense in the period amounted to SEK 5.5 (2.6) million. The tax expense increased as a consequence of increased activity compared to the same period last year.

PROFIT/LOSS FOR THE PERIOD

Profit/loss from participations in associated companies has affected profit before tax by SEK -24.3 (7.2) million.

Profit/loss the period amounted to SEK -45.6 (-164.5) million. Earnings per share before and after dilution amounted to SEK -0.34 (-1.59).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities before changes in working capital amounted to SEK 51.5 (-138.6) million. Cash flow from operating activities for the period amounted to SEK -100.1 (-146.5) million. The change in working capital is largely attributable to increased accounts receivable as a result of the Group's sales growth.

Cash flow from investing activities amounted to SEK -242.8 (-127.9) million, affected by participation in a directed new issue in the associated company Advanced Soltech Energy Sweden AB of SEK -60.3 million, as well as investments in solar parks and acquisitions of subsidiaries and payments of contingent considerations.

Cash flow from financing activities amounted to SEK 229.7 (186.8) million and was mainly affected by loans raised in the form of extensions. Total cash flow for the period amounted to SEK -113.3 (-87.5) million.

During the year, Soltech's subsidiary Soltech Energy Solutions continued to build its solar park business and invested SEK 46.2 million in these facilities. The majority of the investment relates to the company's own facility, Öringe solar park.

No dividends were paid or declared during the period.

EVENTS AFTER THE BALANCE SHEET DATE

- The solar technology company Soltech Energy Solutions has signed a large-scale battery project with Tekniska verken at an order value of SEK 28 million.
- Solar technology company E-Mobility has signed an agreement with Hydroscand AB.
  The agreement covers around 200 charging points at over 75 locations in Sweden.
- Solar technology company 365zon has won one of the largest solar energy contracts in the Netherlands. Under the contract, 365zon will install solar panels on 900 houses by the end of 2023 and potentially a further 4,000 houses over the next two years. The potential order value for the entire deal amounts to approximately SEK 130 million.
- Solar technology company Takorama Elteknik has won a hybrid deal, which means that the company will help the logistics property company Catena with a roof-mounted solar panel system of 1 MW, energy storage with an output of 1.5 MW, roof conversion and associated electrical engineering work.

PERSONNEL

The number of employees in the Group as of 30 September 2023 was 1004 (785).

Personnel expenses for the interim period amounted to SEK 472.9 (351.3) million. The increase was primarily a result of company acquisitions that have been made, but it is also a result of investments and further efforts made in existing operations.

OUTSTANDING STOCK-RELATED INCENTIVE SCHEMES

Soltech has an outstanding stock option scheme corresponding to 2,552,500 shares aimed at Group management and key people in the Group. The stock options have been transferred on market terms at a price determined on the basis of a calculated market value using the Black & Scholes valuation model calculated by an independent valuation institute. Conditions for the subscription price per share correspond to 130% of the volume-weighted average price over ten trading days after the 2023 AGM, which corresponds to SEK 15.6 per share.

SUMMARY OF SIGNIFICANT RISKS

Doing business involves risk. The business and the Company's profit/loss and financial position are affected partly by internal factors that Soltech can control, and partly by external factors where the Company's ability to influence is limited. When assessing the Company, it is important to consider a number of risk factors, a selection of which are presented in summary below.

WAR AND UNREST

A troubled world with several wars in progress has had and could continue to have a major impact on the world economy. These types of global conflicts have an indirect effect on the Group's expenses, as the price trend for the components required for the manufacture of solar panel systems, roof systems, electrical installations and facades may be affected. Soltech makes no sales to or purchases from any of the current conflict zones.

SUPPLY AND INDUSTRY RISKS

The Company is dependent on deliveries functioning from its suppliers in order to continue to sell and distribute solar panels. The Covid-19 pandemic and the war in Ukraine are clear and unforeseen examples of external factors that may affect supply chains and deliveries to customers. The production of photovoltaic panels is a high-tech, costly and relatively slow process and there is a risk that there may be disruptions in production. From time to time, components for manufacturing photovoltaic cells have experienced fluctuations in supply and demand. Demand has increased – partly as a result of higher energy prices, which means that there is a risk that component prices will increase or availability will decrease, which could lead to delays and ultimately to reduced sales and significant changes in transport costs.

GLOBAL FINANCIAL CONDITIONS

Global economic conditions are likely to affect the Company's product sales. The Company's activities are to some extent in line with the fluctuations in the construction industry. This sector is notoriously sensitive to economic volatility, and during economic downturns the construction industry always suffers a significant drop in both demand and profitability. There is therefore a risk that the Company's ability to generate revenue is affected by a global economic downturn or recession.

CHANGES IN EXCHANGE RATES AND MARKET INTEREST RATES

Concerns in the currency market entail currency risks as the Company operates in an international market and also purchases components in currencies other than Swedish kronor. A weakening of the Swedish krona against the Euro and the USD would result in increased costs for the procurement of these components and affect the Company's results and financial position. The Group's currency exposure also increases with the acquisitions in the Netherlands and Spain in 2022. Rising market interest rates can affect customers' willingness to buy and their purchasing calculations. Some of Soltech's products are capital intensive and are amortised over many years. Increased interest rates may thus lead to a deterioration in the calculation of customers' repayment periods, which in turn leads to a reduction in sales. Similar risks also exist in the roofing, cladding and electrical engineering sectors.

FINANCING AND CONTINUITY

To fulfil Soltech's long-term growth targets, there is a need for financing both working capital and potential future acquisitions. Future capital procurement and financing is evaluated on an ongoing basis and opportunities for increased financing are affected by factors such as external factors. The Board of Directors and the CEO continuously assess Soltech's liquidity and financial resources in the short and long term. For the coming 12-month period, liquidity supply is deemed to be secured by improved profitability and the Group's ability to utilise available credits, among other things. For a more detailed description of risks and uncertainty factors, please refer to the 2022 Annual Report.

PARENT COMPANY

The parent company's activities consist primarily of acquisition activities, as well as supporting the subsidiaries in marketing and communication, IT, business development/innovation, finance and sustainability and HR.

1 JANUARY – 30 SEPTEMBER 2023

- Revenue for the parent company over the first nine months amounted to SEK 48.4 (23.2) million.
- The parent company's earnings before interest, tax, depreciation and amortisation (EBITDA) during the first nine months amounted to SEK -3.5 (-36) million and EBIT amounted to SEK -3.6 (-36) million.
- The parent company's equity ratio as of the reporting date amounted to 77% (77%).
- During the period, non-current liabilities decreased by SEK 93.4 million, mainly as a consequence of contingent considerations paid. Otherwise, no significant changes have occurred in the parent company's balance sheet during the reporting period.

Consolidated income statement in summary

AMOUNT IN SEK THOUSANDS	**2023** July – Sept. 3 months	**2022** July – Sept. 3 months	**2023** Jan. – Sept. 9 months	**2022** Jan – Sept. 9 months	**2022** Jan – Dec. 12 months
Net sales	**741,042**	480,078	**2,163,828**	1,198,996	1,931,412
Other operating income	**18,454**	2,426	**21,991**	7,957	70,089
Raw materials, consumables and goods for resale	**-515,438**	-360,176	**-1,458,388**	-844,292	-1,337,220
Other external expenses	**-54,462**	-37,574	**-169,864**	-122,460	-185,636
Employee benefit costs	**-144,170**	-121,532	**-472,921**	-351,340	-498,482
Depreciation/amortisation and impairment	**-18,224**	-21,390	**-49,843**	-30,622	-42,415
Other operating costs	**-12,592**	-10,068	**-12,796**	-10,068	-
Operating profit/loss	**14,610**	**-68,236**	**22,007**	**-151,829**	**-62,252**
Profit from participations in associated companies	**-274**	4,559	**-24,337**	7,214	-114,099
Profit/loss from participations in Group companies	**-**	-	**-**	-	-
Financial income	**419**	1,062	**10,104**	3,416	4,833
Financial expenses	**-16,563**	-12,567	**-47,920**	-20,670	-42,307
Profit/loss before tax	**-1,808**	**-75,182**	**-40,146**	**-161,869**	**-213,825**
Income tax	**471**	-3,807	**-5,468**	-2,647	-10,368
Profit/loss for the period	**-1,337**	**-78,989**	**-45,614**	**-164,516**	**-224,193**
Profit/loss for the period attributable to:					
Parent company shareholders	**-1,384**	-77,197	**-44,525**	-159,029	-217,362
Holdings with a non-controlling interest	**47**	-1,791	**-1,089**	-5,486	-6,830
Earnings per share (SEK)					
Earnings per share before dilution	**-0.01**	-0.76	**-0.34**	-1.59	-1.73
Earnings per share after dilution	**-0.01**	-0.76	**-0.34**	-1.59	-1.73

Consolidated statement of comprehensive income in summary

AMOUNT IN SEK THOUSANDS	**2023** July – Sept. 3 months	**2022** July – Sept. 3 months	**2023** Jan. – Sept. 9 months	**2022** Jan – Sept. 9 months	**2022** Jan – Dec. 12 months
Profit/loss for the period	**-1,337**	**-78,989**	**-45,614**	**-164,516**	**-224,193**
Items that can be reversed to the income statement					
Exchange rate differences on the translation of foreign operations	**-17,049**	15,028	**16,831**	33,525	38,723
Other comprehensive income	**-17,049**	**15,028**	**16,831**	**33,525**	**38,723**
Comprehensive income for the period	**-18,386**	**-63,961**	**-28,783**	**-130,991**	**-185,470**
Comprehensive income for the period attributable to:					
Parent company shareholders	**-18,433**	-62,169	**-27,694**	-125,504	-178,639
Holdings with a non-controlling interest	**47**	-1,791	**-1,089**	-5,486	-6,830

Consolidated statement of financial position in summary

AMOUNT IN SEK THOUSAND	2023 30/09	2022 30/09	2022 31/12
ASSETS			
Capital subscribed but not paid up		83,859	
Non-current assets			
Goodwill	928,704	810,324	874,401
Other intangible assets	140,458	126,852	139,430
Property, plant and equipment	152,859	93,310	101,822
Right-of-use assets	87,684	91,831	93,957
Participations in associated companies	247,203	342,003	213,148
Other long-term receivables	4,492	4,607	5,196
Deferred tax asset	4,994	4,690	290
Total non-current assets	**1,566,394**	**1,473,618**	**1,428,243**
Current assets			
Inventories	243,548	210,882	240,766
Accrued, not invoiced income	147,830	90,978	107,773
Accounts receivable	425,572	318,531	316,754
Tax assets	23,332	17,895	28,377
Receivables from associated companies	24,226	28,162	9,212
Other receivables	41,241	19,691	29,718
Prepaid expenses and accrued income	56,620	50,311	36,771
Cash and cash equivalents	162,385	248,640	275,298
Total current assets	**1,124,753**	**985,090**	**1,044,669**
TOTAL ASSETS	**2,691,147**	**2,542,566**	**2,472,912**
EQUITY			
Share capital	6,614	5,189	6,482
Other contributed equity	1,362,882	1,315,076	1,327,412
Translation reserve	64,407	25,327	47,576
Profit/loss brought forward, including profit/loss for the period	-274,174	-154,016	-217,960
Holdings with a non-controlling interest	8,213	12,651	11,207
Total equity	**1,167,942**	**1,204,227**	**1,174,716**
Non-current liabilities			
Liabilities to credit institutions	75,303	60,116	32,851
Deferred tax liability	42,539	40,347	44,272
Other liabilities	365,534	498,269	443,050
Lease liabilities	51,552	44,231	58,124
Provisions	7,780	16,847	8,089
Total non-current liabilities	**542,709**	**659,810**	**586,387**
Current liabilities			
Accounts payable	238,118	202,665	214,856
Current tax liabilities	22,143	10,798	7,363
Lease liabilities	31,215	29,624	30,362
Current liabilities to credit institutions	65,515	0	65,596
Overdraft facilities	20,776	78,704	26,721
Other liabilities	412,482	110,022	194,770
Deferred, unrealised income	79,025	118,292	81,471
Accrued expenses and deferred income	111,222	128,425	90,670
Total current liabilities	**980,497**	**678,530**	**711,809**
TOTAL EQUITY AND LIABILITIES	**2,691,147**	**2,542,566**	**2,472,912**

Consolidated statement of changes in equity in summary

2023	Share capital	Other contributed capital	Translation reserves	Profit/loss brought forward, including profit/loss for the year	Total equity attributable to the parent company's shareholders	Holdings with a non-controlling interest	Total equity
Opening balance 1 January 2023	6,482	1,327,412	47,576	-217,960	**1,163,510**	11,207	1,174,717
Adjustment for adoption of IFRS 9	-	-	-	-11,191	**-11,191**	-	-11,191
Profit/loss for the year	-	-	-	-44,525	**-44,525**	-1,089	-45,614
Other comprehensive income	-	-	16,831	-	**16,831**	-	16,831
Total comprehensive income	**0**	**0**	**16,831**	**-55,716**	**-38,885**	**-1,089**	**-39,974**
Transactions with owners:							
New share issue	132	35,470	-	-	**35,602**	-	35,602
Dividend	-	-	-	-	**-**	-4,134	-4,134
Acquisition of minority shares	-	-	-	-498	**-498**	-4,307	-4,805
Invested capital minority	-	-	-	-	**-**	6,536	6,536
Total transactions with owners	**132**	**35,470**	**-**	**-498**	**35,104**	**-1,905**	**33,199**
Closing balance 30 September 2023	**6,614**	**1,362,882**	**64,407**	**-274,174**	**1,159,729**	**8,213**	**1,167,942**

2022	Share capital	Other contributed capital	Translation reserves	Profit/loss brought forward, including profit/loss for the year	Total equity attributable to the parent company's shareholders	Holdings with a non-controlling interest	Total equity
Opening balance 1 January 2022	**4,729**	**888,736**	**8,853**	**1,451**	**903,769**	**34,885**	**938,654**
Profit/loss for the year	-	-	-	-159,029	**-159,029**	-5,487	-164,516
Other comprehensive income	-	164	33,361	-	**33,525**	-	33,525
Total comprehensive income	**0**	**164**	**33,361**	**-159,029**	**-125,504**	**-5,487**	**-130,991**
Transactions with owners:							
New share issue	460	190,369	-	-	**190,829**	-	190,829
Ongoing new issue	-	240,242	-	-	**240,242**	-	240,242
Dividend	-	-	-	-	**-**	-554	-554
IFRS-changes	-	-	-16,887	3,562	**-13,325**	-1,538	-14,863
Other changes	-	-	-	-	**-**	-	-
Transactions with minorities	-	-4,435	-	-	**-4,435**	-16,335	-20,770
Total transactions with owners	**460**	**426,176**	**-16,887**	**3,562**	**413,311**	**-16,747**	**396,564**
Closing balance 30 September 2022	**5,189**	**1,315,076**	**25,327**	**-154,016**	**1,191,576**	**12,651**	**1,204,227**

Consolidated statement of cashflow in summary

AMOUNT IN SEK THOUSANDS	2023 July – Sept. 3 months	2022 July – Sept. 3 months	2023 Jan. – Sept. 9 months	2022 Jan – Sept. 9 months	2022 Jan – Dec. 12 months
Operating activities					
Profit/loss after financial items	-1,808	-75,181	-40,146	-161,869	-213,824
Adjustments for non-cash items	21,192	30,953	106,392	40,104	169,076
Interest received	441	1,061	585	3,415	4,448
Interest paid	-10,303	-2,113	-21,651	-9,381	-14,471
Income tax paid	-27,209	-4,744	-14,750	-16,811	-18,962
Cash flow from operating activities before changes in working capital	-7,826	-48,972	51,496	-138,576	-63,710
Increase (-) / Decrease (+) of inventories	68,758	1,877	-3,531	-48,224	-76,169
Increase (-) / Decrease (+) of accounts receivable	2,689	-27,175	-105,975	-94,433	-78,871
Increase (-) / Decrease (+) of other receivables	-65,887	-9,181	-65,939	-61,739	-68,875
Increase (+) / Decrease (-) of accounts payable	-11,435	-4,801	14,856	40,026	42,258
Increase (+) / Decrease (-) of other liabilities	-86,846	54,916	8,921	156,483	54,022
Cash flow from operating activities	-100,545	-33,336	-100,172	-146,464	-191,345
Investing activities					
Acquisition of subsidiaries	-1,298	-56,852	-123,237	-116,864	-138,410
Investments in intangible assets	-1,173	-3,301	-2,840	-3,630	-541
Investments in property, plant and equipment	-15,897	-4,748	-57,168	-19,278	-27,904
Acquisition of financial assets	-60,229	1,201	-60,393	11,919	11,346
Divestment of financial assets	637	-	810	-	-
Cash flow from investing activities	-77,960	-63,700	-242,828	-127,853	-155,509
Financing activities					
Shareholder contributions	1,219	-	7,260	-	-
Borrowings	75,695	4,102	251,913	2,204	51,036
Amortisation of loans	-	-	-1,216	-6,055	-3,347
Amortisation of lease liabilities	-8,658	821	-24,120	-	-
Dividend	-4,003	-554	-4,134	-554	-898
Transactions with minorities	-	5,000	-	5,000	-
New share issue	-	186,235	-	186,235	239,234
Transaction costs related to loans	-	-	-	-	-
Cash flow from financing activities	64,253	195,604	229,703	186,830	286,025
Cash flow for the period	-114,251	98,568	-113,297	-87,487	-60,829
Cash and cash equivalents at the start of the period	276,565	150,072	275,299	336,127	336,127
Exchange rate fluctuations in cash and cash equivalents	71	-	383	-	-
Cash and cash equivalents at the end of the period	162,385	248,640	162,385	248,640	275,298

Parent company condensed income statement in summary

AMOUNT IN SEK THOUSANDS	2023 July – Sept. 3 months	2022 July – Sept. 3 months	2023 Jan. – Sept. 9 months	2022 Jan – Sept. 9 months	2022 Jan – Dec. 12 months
Net sales	15,497	7,356	40,601	22,420	36,316
Other operating income	7,562	504	7,818	739	130
Raw materials, consumables and goods for resale		-	-	-42	-
Other external expenses	-10,566	-10,087	-29,132	-28,429	-40,406
Employee benefit costs	-7,688	-6,415	-23,547	-20,665	-26,221
Depreciation/amortisation and impairment	-44	-42	-129	-68	-111
Other operating costs	-56	-10,000	788	-10,000	-
Operating profit/loss	4,705	-18,684	-3,601	-36,045	-30,292
Profit from participations in associated companies	-	-	-	-	-
Profit/loss from participations in subsidiaries	11,351	-51,932	12,012	-56,279	-83,536
Financial income	952	1,259	4,246	3,955	6,134
Financial expenses	-17,951	-2,191	-17,565	-5,228	-14,710
Profit/loss before tax	-943	-71,548	-4,908	-93,597	-122,404
Group contributions	-	-	-	-	-37,192
Income tax	-	-	-	-	-
Profit/loss for the period*	-943	-71,548	-4,908	-93,597	-159,596

*Profit/loss for the period corresponds to the parent company's comprehensive income.

Parent company condensed balance sheet in summary

AMOUNT IN SEK THOUSANDS	2023 30/09	2022 30/09	2022 31/12
ASSETS			
Capital subscribed but not paid up		83,859	
Non-current assets			
Machinery and equipment	584	718	677
Shares in subsidiaries	1,098,712	949,160	1,027,013
Participations in associated companies	183,403	123,125	123,125
Receivables from Group companies	55,593	88,458	79,861
Long-term receivables associated companies	29,305	27,840	28,377
Other long-term receivables	-	459	459
Total non-current assets	**1,367,597**	**1,189,760**	**1,259,512**
Current assets			
Receivables from Group companies	22,496	7,630	40,560
Other receivables	4,277	1,279	2,763
Prepaid expenses and accrued income	6,336	7,246	5,817
Cash and bank balances	72,437	203,681	179,243
Total current assets	**105,546**	**219,836**	**228,383**
TOTAL ASSETS	**1,473,143**	**1,493,455**	**1,487,895**
EQUITY AND LIABILITIES			
Restricted equity	-	-	-
Share capital	6,614	5,189	6,482
Non-restricted equity	-	-	-
Share premium reserve	1,567,674	1,523,866	1,538,737
Retained profit	-439,971	-281,989	-282,003
Profit/loss for the period		-93,597	-159,596
Total equity	**1,134,317**	**1,153,469**	**1,103,620**
Non-current liabilities			
Other provisions	119,128	279,384	212,557
Liabilities to credit institutions	-	9,523	-
Liabilities to Group companies	-	6,717	-
Total non-current liabilities	**119,128**	**295,624**	**212,557**
Current liabilities			
Accounts payable	1,656	13,602	4,664
Liabilities to Group companies	113,026	1,037	62,081
Current tax liabilities	701	435	557
Other liabilities	98,213	3,646	97,962
Accrued expenses and deferred income	6,102	25,641	6,454
Total current liabilities	**219,698**	**44,361**	**171,719**
TOTAL EQUITY AND LIABILITIES	**1,473,143**	**1,493,455**	**1,487,895**

Notes for the financial report

1. ACCOUNTING PRINCIPLES

The interim report was prepared in accordance with IAS 34, Interim Financial Reporting.

These are Soltech Energy Sweden AB's second consolidated financial statements prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). The Group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The company previously applied the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board's BFNAR 2012:1 Annual Report and Consolidated Accounts (" K3").

The date of transition to IFRS has been set at 1 January 2022, which means that the comparative figures for the financial year 2022 have been recalculated in accordance with IFRS. A description of the accounting policies applied can be found in » **Note 8** and quantification of transition effects can be found in » **Note 9**.

The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2: Accounting for legal entities. This is the parent company's first financial report prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The parent company previously applied the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board's BFNAR 2012:1 Annual Report and Consolidated Accounts ('K3'). The date of transition was set at 1 January 2022 which means that the comparative figures for the financial year 2022 have been recalculated in accordance with RFR 2. The transition to RFR 2 has meant that contingent consideration have been calculated at present value. Changes as per tables on » **page 2**. In general, the transition has not entailed any significant effects on the parent company's financial position, earnings or cash flow. A description of the accounting policies applied can be found in » **Note 8**.

Disclosures under IAS 34 Interim Financial Reporting are provided both in the notes and elsewhere in the interim report.

2. LOANS AND EQUITY

The number of shares totalled 132,279,393 (100,964,973) at the end of the period.

An offset issue totalling SEK 10.5 million was carried out during the quarter and the number of shares increased by 992,365.

3. TRANSACTIONS WITH RELATED PARTIES

Soltech has receivables from associated companies that relate to loans issued in 2019. The loan bears interest which is capitalised on an ongoing basis and is repayable at maturity. At the balance sheet date, loan receivables amount to SEK 24.2 million in the parent company.

No other significant related party transactions, besides normal business transactions, have taken place in the Group or in the parent company during the year.

4. CONTINGENT LIABILITIES

The parent company has guarantee commitments of SEK 23.9 million and surety commitments of SEK 81.2 million. There was no significant change in contingent liabilities during the interim period.

5. ACQUISITION AND SALE OF SUBSIDIARIES

ACQUISITION OF COMPANIES

Soltech has made the following acquisitions during the period January – September 2023. The purchases have been financed entirely with own funds and with newly issued Soltech shares.

Possession	Acquisitions	Segment	Geographic area	Share of votes and capital
01/02/2023	Plåtteamet i Örnsköldsvik AB	Roofing	Sweden	100%
01/02/2023	Vårgårda solenergi AB	Solar	Sweden	100%
01/04/2023	Arvika Elinstallationer AB	Electricity	Sweden	100%
03/04/2023	Din elkontakt i Kungälv AB	Electricity	Sweden	100%
05/07/2023	Tekniska Lösningar i Täby AB	Electricity	Sweden	100%

EFFECTS OF ACQUISITIONS

The acquisitions during the period have the following effects on the Group's assets and liabilities. None of the period's acquisitions are individually deemed to be significant, which is why they are disclosed together. The amounts recognised for the identified acquired assets and liabilities in the four add-on acquisitions made during the interim period are specified in the table on the following page. Soltech considers the calculations to be preliminary until finalised data from the acquired companies is received.

Fair value Group SEK thousand	30/09/**2023**	30/09/**2022**
Other fixed assets	1,198	40,081
Other current assets	17,350	156,728
Cash and cash equivalents	8,725	18,827
Deferred tax liability	-	-
Non-current liabilities	-564	-14,868
Current liabilities	-13,791	-137,025
Total identifiable assets	**12,919**	**63,742**
Consolidated goodwill	30,404	414,203
Trademarks	1,023	45,160
Customer relationships	4,317	60,208
Transferred compensation		
Cash and cash equivalents	7,846	119,346
Equity instruments	24,675	108,375
Contingent consideration	16,141	158,691
Option liability	-	196,901
Total transferred compensation	**48,663**	**583,313**
Impact on cash and cash equivalents		
Cash paid consideration	7,846	119,346
Cash and cash equivalents in acquired entities	8,725	-18,827
Total impact on cash and cash equivalents	**4,595**	**100,519**
Impact on Soltech's net sales and profit/loss		
Net sales	27,581	204,219
Profit/loss	979	4,716
Consolidated pro forma for net sales and profit/loss		
Net sales	2,179,173	1,415,486
Profit/loss	1,048	-153,730

The fair value of the contingent considerations accrued during the first nine months of 2023 is SEK 16.1 million, see » **Note 6**. Goodwill of SEK 30.4 million, Trademarks of SEK 1 million and Customer relations of SEK 4.3 million arising from the acquisitions consist of the cost of acquisition less the fair value of the net assets acquired. The goodwill value is justified by the companies' future earning capacity and represents the economic benefits that are expected to be achieved through, among other things, joint purchases, synergies and increased focus on solar energy solutions. No part of the goodwill is expected to be tax deductible.

The fair value of 2,095,158 ordinary shares issued as part of the consideration paid for the five acquisitions (SEK 24.7 million) is based on the fair value on the closing date.

Acquisition-related expenses in the first nine months of the year are included in Other external costs and amount to SEK 0.1 million.

The acquisitions contributed SEK 27.6 million in net sales and SEK 1 million to the Group's profit between the acquisition date and the end of the reporting period 2023.

The first recognition of the acquisitions has only been provisionally established at the end of the reporting period. At the date of preparation of these consolidated financial statements, the necessary market valuations and other calculations have not been finalised and are therefore only provisionally determined based on management's best estimate of probable fair values.

The fair value of contingent consideration accrued during the first nine months of 2022 is SEK 158.7 million, see » **Note 6.** Goodwill of SEK 414.2 million, Trademarks of SEK 45.2 million and Customer relations of SEK 60.2 million arising from the acquisitions consist of the cost of acquisition less the fair value of the net assets acquired. The goodwill value is justified by the companies' future earning capacity and represents the economic benefits that are expected to be achieved through, among other things, joint purchases, synergies and increased focus on solar energy solutions. No part of the goodwill is expected to be tax deductible.

The fair value of 5,277,445 ordinary shares issued as part of the consideration paid for the acquisitions (SEK 108.4 million) is based on the fair value on the closing date.

Acquisition-related expenses in the first nine months of 2022 are included in Other external costs and amount to SEK 2.7 million.

The acquisitions contributed SEK 204.2 million in net sales and SEK 4.7 million to the Group's profit between the acquisition date and the end of the reporting period 30/09/2022.

If the acquisitions had occurred on the first day of the financial year 2022, the Group's net sales for the first nine months of the year would have been SEK 1,415 million and the Group's result would have been SEK -153.7 million.

6. FAIR VALUE FINANCIAL INSTRUMENTS

Under IFRS, contingent consideration and option liabilities are measured at fair value attributable to Level 3 and are recognised under Non-current liabilities and Other current liabilities in the balance sheet. At the end of the period, the Group's estimated contingent consideration amounted to SEK 209.2 million, of which SEK 16.1 million relates to acquisitions made in 2023. Liabilities for contingent consideration are linked to completed business combinations and are mainly based on the performance measure EBIT for the years 2023, 2024 and 2025. Contingent consideration is valued on an ongoing basis using a probability assessment based on expected cash flows with a risk-adjusted discount rate. Expected operating results are determined based on the company's knowledge of its business and how the current economic environment is likely to affect it. At the end of the period, option liabilities totalled SEK 230.1 million. The applied risk-adjusted discount rate is 14%.

The fair values of the Group's financial assets and liabilities are estimated to be equal to their carrying amounts. The Group does not apply net accounting to any of its material assets or liabilities. There were no transfers between levels 1, 2 or 3 or valuation categories during the period. Contingent consideration has a fixed maximum level. The potential undiscounted amount of all future payments that the Group may have to make under contingent consideration is SEK 412.4 million.

The table below shows the reconciliation of the carrying amount of instruments measured at fair value in Level 3 during the period and with the comparative period.

Changes in contingent consideration
SEK million

Opening balance contingent consideration 1 January 2022	140.3
Gains or losses recognised in the income statement	-
Business acquisitions	155.8
Payments	-28.7
Revaluation effects	2
Opening balance contingent consideration 30 September 2022	**269.4**
Opening balance contingent consideration 1 January 2023	**298.3**
Gains or losses recognised in the income statement	-8.3
Business acquisitions	17.8
Payments	-121.7
Revaluation effects	23.2
Closing balance contingent consideration 30 September 2023	**209.2**

Changes in option value
SEK millions

Opening value of option liability 1 January 2022	-
Acquisitions	122
Closing value of option liability 30 September 2022	**122**
Opening value of option liability 1 January 2023	**213**
Revaluation effects	17.1
Closing value of option liability 30 September 2023	**230.1**

7. BREAKDOWN OF REVENUE BY COUNTRY

2023 1 January – 30 September	SOLAR	ROOFING	ELECTRICAL ENGINEERING	FACADE	GROUP-WIDE & ELIMINATION	TOTAL
Sweden	656,555	559,592	339,690	154,566	-123,913	**1,586,490**
Spain	216,006	-	-	-	-	**216,006**
The Netherlands	383,323	-	-	-	-	**383,323**
Total revenue	**1,255,884**	**559,592**	**339,690**	**154,566**	**-123,913**	**2,185,819**

2022 1 January – 30 September	SOLAR	ROOFING	ELECTRICAL ENGINEERING	FACADE	GROUP-WIDE & ELIMINATION	TOTAL
Sweden	335,285	374,372	227,509	119,393	-57,971	**1,004,588**
Spain	69,984	-	-	-	-	**69,984**
The Netherlands	132,381	-	-	-	-	**132,381**
Total revenue	**537,650**	**374,372**	**227,509**	**119,393**	**-57,971**	**1,206,953**

8. ACCOUNTING PRINCIPLES APPLIED

CONSOLIDATED ACCOUNTS
The consolidated financial accounts include the financial statements of the Company and the entities (subsidiaries) over which the Company has control at the end of the reporting period. Controlling influence is achieved when the Group:

- has influence over the object of investment;
- is exposed, or has the right, to variable returns from its involvement in the subject of the investment; and
- can use its influence to affect its performance.

A subsidiary is consolidated when the entity obtains control of the subsidiary and ceases when the entity loses control of the subsidiary.

BUSINESS COMBINATIONS
Business combinations are recognised using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the acquirer at the acquisition date, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Acquisition-related costs are reported in the income statement as they rise.

At the acquisition date, the acquired identifiable assets or liabilities assumed are measured at fair value, with a few exceptions.

Goodwill is measured as the difference between the consideration transferred, the amount of any non-controlling interest in the acquired entity, the fair value of the acquirer's previously held equity interest in the acquired entity and the net of the amounts of the identifiable assets acquired and liabilities assumed at the acquisition date.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liabilities are revalued each period at fair value. Any resulting revaluation gains and losses are recognised in the profit and loss account.

GOODWILL
Goodwill is initially measured and recognised as above. Goodwill is not amortised but is tested for impairment at least annually. When testing for impairment, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the acquisition. Soltech allocates goodwill from business combinations to each cash-generating unit (or group of cash-generating units) acquired.

REVENUES
The Group mainly receives revenue from construction contracts and service contracts. Revenue is measured based on the contract with the customer and represents the consideration to which the Group expects to be entitled in exchange for transferring promised goods, excluding value added tax. The Group recognises revenue when control of a good or service is transferred to a customer.

Construction contracts mainly involve the sale of solar panel systems or roof/facade installations, but also larger electrical installations and the sale of electrical automation. What construction contracts have in common is that revenue is recognised over time as the asset is constructed on land controlled by the customer based on costs incurred in relation to the total expected costs of the contract. The transaction price is normally a fixed fee paid by the customer at agreed times.
If the revenue recognised for an assignment exceeds the invoiced revenue, a contract asset is recognised which is referred to in the balance sheet as 'Accrued but not invoiced income'. Contract assets are reclassified as accounts receivable at the time the amount is invoiced to the customer.

Sales of solar panel systems and roofing include the installation of a solar panel system or the construction of a new roof on the customer's property. The installation is considered significant and the delivery of the solar panel system or roofing material to the customer is considered an input. The promise to transfer and install the solar panel system or roof installation is therefore seen as a bundled performance obligation.

In construction contracts, Soltech provides the usual product and installation guarantees. Issued guarantees are recognised as provisions, see below for a description of the recognition of provisions.

Service contracts are characterised by the provision of different types of electricity services, often to local businesses or private households. Remuneration is normally on a current account basis according to an agreed price per hour and number of hours for the delivery of the service. Service contracts are of a shorter nature and normally take from a few hours to a few days to deliver. Revenue is recognised over time based on the amount Soltech is entitled to invoice the customer.

If the revenue recognised for an assignment exceeds the invoiced revenue, a contract asset is recognised which is referred to in the balance sheet as 'Accrued but not invoiced income'. Contract assets are reclassified as accounts receivable at the time the amount is invoiced to the customer. If the revenue recognised for an assignment is less than the invoiced revenue, a contract liability is recognised which is referred to in the balance sheet as 'Invoiced but not accrued income'. Contract liabilities are reclassified to revenue as Soltech recognises revenue from the contract.

LEASING – GROUP AS LESSEE
The Group assesses whether the agreement is, or contains, a lease at the inception of the agreement. The Group recognises a right-of-use asset with an associated lease liability for all leases where the Group is the lessee, except for short-term leases (leases classified as leases with a lease term of less than 12 months) and low-value leases (such as office equipment). For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- fixed charges (including, in substance, fixed charges, less any benefits associated with taking out a lease),
- variable lease payments that depend on an index or price, initially valued using the index or price at the commencement date.

The lease liability and right-of-use asset are recognised as separate items in the consolidated statement of financial position.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method), and by decreasing the carrying amount to reflect lease payments made.

Right-of-use assets comprise the sum of the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date. They are subsequently measured at cost less accumulated amortisation and impairment losses.

Rights of use are amortised over whichever is the shorter of the lease term and the useful life of the underlying asset.

Variable lease payments that do not depend on an index or price are not included in the measurement of the lease liability or right-of-use asset. These attributable payments are recognised as an expense in the period in which the event or condition giving rise to these payments occurs and are included in 'Other external expenses' in profit or loss.

FOREIGN CURRENCIES
In preparing the financial statements of the foreign subsidiaries, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rate at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Non-monetary items recognised at fair value in foreign currencies are translated at the exchange rate on the date the fair value was calculated. Non-monetary items measured at cost are not restated. Exchange rate differences are recognised in profit or loss in the period in which they arise.

In preparing the consolidated financial statements, the Group's assets and liabilities in foreign currencies are translated at the closing rate on the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Exchange rate differences are recognised in Other comprehensive income and accumulated in the translation reserve.

Goodwill arising on business combinations and fair value adjustments made on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and revalued at the exchange rate at the balance sheet date. Exchange rate differences are recognised in Other comprehensive income.

PENSION COSTS
All the Group's pension plans are classified as defined contribution pension plans. Contributions to a defined contribution plan are recognised as an expense when the employees have rendered the services that earn them the right to the contributions.

INCOME TAX
The income tax cost represents the sum of current tax and deferred tax.

Current tax is calculated on the taxable profit for the period. Taxable profit differs from reported profit as it has been adjusted for income and expenses that are taxable or deductible in other periods and also excludes items that will never be taxable or deductible.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used to calculate taxable profit.

Deferred tax liabilities are recognised for virtually all taxable temporary differences. In principle, deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the amounts can be utilised against future taxable profits. Deferred tax assets relating to loss carry-forwards in the parent company are not recognised as a matter of prudence. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to realise all or part of the deferred tax asset.

Deferred tax liabilities and assets are not recognised if the temporary differences relate to the initial recognition of goodwill. Deferred tax assets and liabilities are recognised net when there is a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax assets and liabilities on a net basis.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Stocks	5 years
Buildings	
Frames	**100 years**
Roofs and installations	**40 years**
Facades	**80 years**
Floors, walls, ceilings, windows	**20 years**
Ventilation	**20 years**

Depreciation is recognised on a straight-line basis over the useful life as follows: The estimated useful lives and depreciation method are evaluated at the end of each reporting period; changes in estimates are recognised on a forward looking basis.

An item of property, plant and equipment is derecognised when it is retired or disposed of, or when no future economic benefits are expected to arise from its use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION. ACQUISITION
Intangible assets acquired in a business combination that are recognised separately from goodwill are initially recognised at fair value at the acquisition date (which is considered to be the cost of the asset).

After initial recognition, intangible assets acquired in a business combination are recognised at cost less accumulated amortisation and accumulated impairment losses, in the same way as other intangible assets acquired separately.

The useful life of trademarks acquired in a business combination is considered indeterminable.

An intangible asset shall be derecognised from the statement of financial position upon retirement or disposal, or when no future economic benefits are expected from the use or retirement/disposal of the asset. The profit or loss arising from the derecognition of an intangible asset from the statement of financial position, calculated as the difference between the net revenue and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL
At the end of each reporting period, the Group assesses the carrying amounts of tangible and intangible assets to determine whether there is any need for impairment of these assets. If there is an indication of impairment, the recoverable amount of the asset is calculated to determine any impairment. If the asset does not generate cash flows that are largely independent of the cash flows from other assets or groups of assets, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

Intangible assets with an indefinite useful life are tested for impairment at least annually or whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In calculating the recoverable amount, estimated future cash flows are discounted to their present value using a pre-tax discount rate to reflect current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

PARTICIPATIONS IN ASSOCIATED COMPANIES

An associated company is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence means that Soltech can participate in the decisions regarding an entity's financial and operating policies, but does not imply a controlling influence or joint controlling influence over those policies.

Holdings in associated companies are recognised by applying the equity method. When applying the equity method, an investment in the associated company is initially recognised at the cost of the asset. The carrying amount is subsequently increased or decreased to recognise the Group's share of the associated company's profit or loss after the acquisition date. Dividends received from the associated company reduce the carrying amount of the investment. The carrying amount is also adjusted to reflect other changes in the associated company's equity.

If there is objective evidence that the Group's investment in associated companies is impaired, the asset's recoverable amount, which is the higher of value in use and fair value less costs to sell, is compared with its carrying amount. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss. Impairment testing is performed once a year.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

FINANCIAL ASSETS

All recognised financial assets are measured after initial recognition at amortised cost taking into account Soltech's business model for managing financial assets and the characteristics of the contractual cash flows from the financial asset.

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in the credit risk of each financial asset since the initial recognition.

The Group always recognises expected credit losses for the remaining lifetime of trade receivables and contract assets in accordance with the simplified model. The expected credit losses on these financial assets are measured using an allowance matrix based on the Group's historical credit losses, adjusted for factors specific to the counterparties and general economic conditions and an assessment of both current and prospective factors at the end of the reporting period, including the time value of money where appropriate.

For all other financial assets, the Group recognises expected credit losses for the remaining term only when there has been a significant increase in credit risk since initial recognition. If there has been no significant increase in credit risk since the initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to 12 months of expected credit losses.

The Group considers that if information developed internally or obtained from external sources indicates that it is unlikely that the counterparty will be able to meet its obligations in full (without taking into account collateral held by the Group), the asset is in default.

WRITE-OFFS

The Group writes off a financial asset when there is information indicating that the counterparty is in serious financial difficulty and there is no realistic prospect of recovery (for example, when the counterparty has been placed in liquidation or has commenced bankruptcy proceedings) or, in the case of accounts receivable, when the amounts are more than two years past due, whichever is earlier. Impaired financial assets may still be subject to repayment measures. Any refunds are recognised in the income statement.

DERECOGNITION OF FINANCIAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION OF FINANCIAL ASSETS

The Group removes a financial asset from the statement of financial position only when the contractual rights expire or all the risks and rewards of the financial asset are transferred to another party.

FINANCIAL LIABILITIES

Soltech measures liabilities for contingent consideration from business combinations at fair value through profit or loss. All other financial liabilities are measured at amortised cost.

The effective interest method is the method used to measure the amortised cost of a financial asset or financial liability and to allocate and recognise interest income or interest expense in profit or loss in the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments (including transaction costs and any other premiums or discounts) over the expected life of the financial liability, or (when applicable) over a period shorter than the expected life, to the amortised cost of a financial liability.

DERECOGNITION OF FINANCIAL LIABILITIES FROM THE STATEMENT OF FINANCIAL POSITION

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in the income statement.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is recognised at the amount that is the best estimate of what is required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. When a provision is measured by using estimated cash flows to settle the existing obligation, its carrying amount is the present value of the future cash flows.

GUARANTEES

Provisions for the expected cost of warranty obligations are recognised at the time of sale of the products, at the management's best estimate of the expenditure required to settle the Group's obligation.

ONEROUS CONTRACTS

Existing obligations for an onerous contract are calculated and recognised as a provision. An onerous contract arises if the Group has a contract where the unavoidable cost of meeting the Group's obligations exceeds the expected economic benefits from it.

THE DIFFERENCES BETWEEN THE ACCOUNTING POLICIES OF THE PARENT COMPANY AND THE GROUP ARE DESCRIBED BELOW:

CLASSIFICATION AND PRESENTATION FORMATS

The parent company's income statement and balance sheet are prepared in accordance with the Annual Accounts Act’s templates. The main difference with IAS 1 Presentation of Financial Statements, which is applied in the preparation of the consolidated financial statements, is the presentation of financial income/expenses and equity.

LEASES

The parent company, which is the lessee, recognises lease payments as an expense on a straight-line basis over the lease term unless another systematic approach better reflects the economic benefits to the user over time.

SUBSIDIARIES

Shares in subsidiaries are recognised at cost. Dividends from subsidiaries are recognised in the income statement when the right to receive dividends is deemed certain and can be reliably calculated. Contingent consideration is recognised as part of the cost if it is probable that it will be paid and is discounted to reflect the time value of money. If in subsequent periods it becomes apparent that the initial assessment needs to be revised, the cost is adjusted.

ASSOCIATED COMPANIES

Participations in associated companies are recognised in the parent company at cost.

FINANCIAL INSTRUMENTS

The parent company does not apply IFRS 9 in accordance with the exemption in RFR 2. Instead, a method based on acquisition value according to the Annual Accounts Act is applied. This means that financial fixed assets are valued at cost less any impairment and financial current assets are valued according to the lowest value principle. When calculating the net realisable value of receivables recognised as current assets, the principles for impairment testing and loss risk provisioning under IFRS 9 are applied, see Group policies.

When assessing and calculating impairment of financial assets recognised as non-current assets, the principles for impairment testing and loss risk provisioning in IFRS 9 are applied wherever possible. Financial liabilities are measured at amortised cost using the effective interest method. The principles for recognition and derecognition of financial instruments are similar to those applied to the Group and described above. The rules in IFRS 9 regarding financial guarantee contracts are not applied in the parent company for guarantee contracts in favour of subsidiaries.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Group contributions are recognised as appropriations in the income statement. Shareholders' contributions paid are recognised as an increase in the item ‘Participations in Group companies’ by the payer.

9. TRANSITION TO IFRS

These consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). These are Soltech Energy Sweden AB's second consolidated financial statements prepared in accordance with IFRS. The company previously applied the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board’s BFNAR 2012:1 Annual Report and Consolidated Accounts (” K3”).

The transition date to IFRS has been set at 1 January 2022. The transition to IFRS is recognised in accordance with IFRS 1 on first-time adoption of IFRS. The main rule in IFRS 1 requires an entity to apply all standards retrospectively in determining the opening IFRS balance sheet. This means that the comparative figures for 2022 are restated under IFRS. However, some exceptions to retroactive application are permitted. The Group has chosen to apply the following:

BUSINESS COMBINATIONS (IFRS 3)

Soltech has chosen not to apply IFRS 3 retroactively to business combinations made before the date of transition to IFRS (1 January 2022). The carrying amount of goodwill at the date of transition to IFRS on 1 January 2022 has been adopted and recognised as cost.

FINANCIAL INSTRUMENTS (IFRS 9)

The Group does not apply the impairment rules with full retroactivity as it is not possible to restate previous periods without the use of information obtained retrospectively. Accordingly, no transition effect is recognised as at 1 January 2022, but instead the effect arising from the transition to IFRS is recognised as at 1 January 2023, which is also the Group's first date of application for IFRS 9.

REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)

The Group has not restated contracts that begin and end within the same financial year or end before 1 January 2022. There are no material effects from the transition and application of IFRS 15.

LEASES (IFRS 16)

The Group has chosen to apply the following transitional rules when applying IFRS 16 Leases at the transition date:

- Determine whether a contract that exists at the date of transition to IRFS contains a lease by applying paragraphs 9 –11 of IFRS 16 to those contracts based on the facts and circumstances at that date.
- Measure the lease liability at the date of transition to IFRS at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate at the date of transition to IFRS.
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics (for example, leases whose remaining lease term is similar for a similar class of underlying assets in a similar economic environment).
- Measure right-of-use assets at the date of transition to IFRS at an amount equal to the lease liability, adjusted for any prepaid lease payments.
- Apply IAS 36 to right-of-use assets at the date of transition to IFRS.
- Leases that are terminated within twelve months of the date of transition are recognised as short-term leases.
- Leases for which the underlying asset is of low value are recognised at the date of transition as leases for which the underlying asset is of low value.
- Use retrospective estimates when, for example, determining the lease term if the lease contains options to extend or terminate the lease.

The following tables present and quantify the management's assessment of the impact of the transition to IFRS in the Consolidated statement of comprehensive income and financial position.

Consolidated balance sheet 01/01/2022

AMOUNT IN SEK THOUSAND	NOTE	According to AR 2021 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
ASSETS				
Non-current assets				
Goodwill		377,185	-	377,185
Other intangible assets		933	-	933
Property, plant and equipment		82,446	-37,296	45,150
Right-of-use assets	14	-	40,928	40,928
Participations in associated companies		317,735	-	317,735
Other long-term receivables		12,000	-	12,000
Deferred tax asset		-	-	-
Total non-current assets		**790,299**	**3,632**	**793,931**
Current assets				
Inventories		102,629	-	102,629
Accrued, not invoiced income		56,941	-	56,941
Accounts receivable		143,667	-	143,667
Receivables from associated companies		26,079	-	26,079
Tax assets		2,379	-	2,379
Other receivables		8,729	-	8,729
Prepaid expenses and accrued income	14	18,452	-892	17,560
Cash and cash equivalents		336,127	-	336,127
Total current assets		**695,003**	**-892**	**694,111**
TOTAL ASSETS		**1,485,302**	**2,740**	**1,488,042**
Equity				
Share capital		4,729	-	4,729
Other contributed capital		888,736	-	888,736
Translation reserve		8,853	-	8,853
Profit/loss brought forward, including profit/loss for the year		1,313	138	1,451
Holdings with a non-controlling interest		34,885	-	34,885
Total equity		**938,516**	**138**	**938,654**
Non-current liabilities				
Liabilities to credit institutions		44,610	-	44,610
Deferred tax liability		9,924	-	9,924
Other liabilities		26,197	128,635	154,832
Long-term lease liabilities	14	-	23,770	23,770
Other provisions		143,968	-140,346	3,622
Total non-current liabilities		**224,699**	**12,058**	**236,757**
Current liabilities				
Accounts payable		82,430	-	82,430
Current tax liabilities		7,102	-	7,102
Short-term lease liabilities	14	-	12,902	12,902
Current liabilities to credit institutions		22,359	-	22,359
Overdraft facilities		16,215	-	16,215
Other liabilities		94,218	-22,359	71,859
Invoiced, not accrued income		32,163	-	32,163
Accrued expenses and deferred income		67,600	-	67,600
Total current liabilities		**322,087**	**-9,457**	**312,630**
TOTAL LIABILITIES AND EQUITY		**1,485,302**	**2,740**	**1,488,042**

Consolidated income statement

July - September 2022

AMOUNT IN SEK THOUSAND	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
Net sales		480,015	-	480,078
Other operating income		2,489	-	2,426
Raw materials, consumables and goods for resale		-360,040	-	-360,176
Other external expenses	12, 14	-50,615	13,042	-37,574
Employee benefit costs		-121,532	-	-121,532
Depreciation/amortisation and impairment	11, 12, 14	-29,451	8,061	-21,390
Other operating costs		-10,204	-	-10,068
Operating profit/loss		-89,338	21,103	-68,236
Profit from participations in associated companies	15	4,559	-	4,559
Financial income		1,061	-	1,061
Financial expenses	12, 14	-2,767	-9,799	-12,566
Profit/loss after financial items		-86,485	11,304	-75,181
Tax on profit for the year	12, 14	-4,608	801	-3,807
PROFIT/LOSS FOR THE YEAR		-91,093	12,105	-78,988
Attributable to:				
Parent company's shareholders		-93,551	11,325	-77,197
Holdings with a non-controlling interest		2,458	780	-1,792
Consolidated statement of comprehensive income				
Profit/loss for the year		-91,093	12,105	-78,989
Items that will be reclassified in the income statement				
Exchange rate differences on the translation of foreign operations		*28,945*	*-13,917*	*15,028*
Other comprehensive income for the year		28,945	-13,917	15,028
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-62,148	-1,812	-63,961

Consolidated income statement

January - September 2022

AMOUNT IN SEK THOUSAND	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
Net sales		1,199,009	-	1,198,996
Other operating income		7,944	-	7,957
Raw materials, consumables and goods for resale		-844,292	-	-844,292
Other external expenses	12, 14	-132,506	10,046	-122,460
Employee benefit costs		-351,340	-	-351,340
Depreciation/amortisation and impairment	11, 12, 14	-68,553	37,931	-30,622
Other operating costs		-10,068	-	-10,068
Operating profit/loss		-199,806	47,977	-151,829
Profit from participations in associated companies	15	7,214	-	7,214
Financial income		3,415	-	3,415
Financial expenses	12, 14	-9,706	-10,964	-20,670
Profit/loss after financial items		-198,883	37,014	-161,869
Tax on profit for the year	12, 14	-3,552	905	-2,647
PROFIT/LOSS FOR THE YEAR		-202,435	37,919	-164,516
Attributable to:				
Parent company's shareholders		-195,189	36,160	-159,029
Holdings with a non-controlling interest		-7,246	1,759	-5,487
Consolidated statement of comprehensive income				
Profit/loss for the year		-202,435	37,919	-164,516
Items that will be reclassified in the income statement				
Exchange rate differences on the translation of foreign operations		*34,262*	*-737*	*33,525*
Other comprehensive income for the year		34,262	-737	33,525
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-168,173	37,182	-130,991

Consolidated balance sheet 30/9/2022

AMOUNT IN SEK THOUSAND	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
ASSETS				
Capital subscribed but not paid up		83,859	-	83,859
Goodwill	11	878,662	-68,338	810,324
Other intangible assets	12	4,284	122,568	126,852
Property, plant and equipment	10	122,471	-29,161	93,310
Right-of-use assets	10, 14	-	91,831	91,831
Participations in associated companies		342,003	-	342,003
Deferred tax asset	14	4,520	170	4,690
Other long-term receivables		4,607	-	4,607
Total non-current assets		1,356,547	117,070	1,473,617
Inventories		210,882	-	210,882
Accrued, not invoiced income		90,978	-	90,978
Accounts receivable		318,531	-	318,531
Tax assets		17,895	-	17,895
Receivables from associated companies		28,162	-	28,162
Other receivables		19,691	-	19,691
Prepaid expenses and accrued income	14	51,289	-978	50,311
Cash and cash equivalents		248,640	-	248,640
Total current assets		986,068	-978	985,090
TOTAL ASSETS		2,426,474	116,092	2,542,566
Share capital		5,189	-	5,189
Other contributed capital		1,315,076	-	1,315,076
Translation reserve	11	26,064	-737	25,327
Profit/loss brought forward, including profit/loss for the year	11, 12, 14	-193,876	39,860	-154,016
Holdings with a non-controlling interest		12,430	221	12,651
Total equity		1,164,883	39,344	1,204,227
Liabilities to credit institutions	10	67,869	-7,753	60,116
Deferred tax liability	12	9,984	30,363	40,347
Other liabilities	10, 12	224,553	273,716	498,269
Long-term lease liabilities	10, 14	-	44,231	44,231
Provisions	10, 12	298,921	-282,074	16,847
Total non-current liabilities		601,327	58,483	659,810
Accounts payable		202,665	-	202,665
Current tax liabilities		10,798	-	10,798
Short-term lease liabilities	10, 14	-	29,624	29,624
Current liabilities to credit institutions	10	11,359	-11,359	-
Overdraft facilities		78,704	-	78,704
Other liabilities		110,021	-	110,021
Invoiced, not accrued income		118,292	-	118,292
Accrued expenses and deferred income		128,425	-	128,425
Total current liabilities		660,264	18,265	678,529
TOTAL LIABILITIES AND EQUITY		2,426,474	116,092	2,542,566

Consolidated income statement

January – December 2022

AMOUNT IN SEK THOUSAND	NOTE	According to AR 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
Net sales		1,931,412	-	**1,931,412**
Other operating income		70,089	-	**70,089**
Raw materials, consumables and goods for resale	**10**	-1,334,288	-2,932	**-1,337,220**
Other external expenses	**10, 12, 14**	-203,182	17,546	**-185,636**
Employee benefit costs		-498,482	-	**-498,482**
Depreciation/amortisation and impairment	**11, 12, 14**	-97,735	55,320	**-42,415**
Other operating costs			-	**-**
Operating profit/loss		-132,186	69,934	**-62,252**
Profit from participations in associated companies	**15**	-114,099	-	**-114,099**
Financial income	**10**	4,448	385	**4,833**
Financial expenses	**10, 12, 14**	-15,859	-26,448	**-42,307**
Profit/loss after financial items		-257,696	43,871	**-213,825**
Tax on profit for the year	**12, 14**	-12,155	1,787	**-10,368**
PROFIT/LOSS FOR THE YEAR		-269,851	45,659	**-224,192**
Attributable to:				
Parent company's shareholders		-263,024	45,662	**-217,362**
Holdings with a non-controlling interest		-6,827	-3	**-6,830**
Consolidated statement of comprehensive income				
Profit/loss for the year		-269,851	45,659	**-224,192**
Items that will be reclassified in the income statement				
Exchange rate differences on the translation of foreign operations	**11**	39,243	-519	**38,723**
Other comprehensive income for the year		39,243	-519	**38,723**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-230,608	45,139	**-185,469**

Consolidated balance sheet 31/12/2022

AMOUNT IN SEK THOUSAND	NOTE	According to AR 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
ASSETS				
Goodwill	11	934,955	-60,554	874,401
Other intangible assets	12	1,169	138,261	139,430
Property, plant and equipment	10	130,461	-28,639	101,822
Right-of-use assets	10, 14	-	93,957	93,957
Participations in associated companies		213,148	-	213,148
Other long-term receivables		5,196	-	5,196
Deferred tax asset	14	146	144	290
Total non-current assets		1,285,075	143,168	1,428,243
Inventories		240,766	-	240,766
Accrued, not invoiced income		107,773	-	107,773
Accounts receivable		316,754	-	316,754
Receivables from associated companies		28,377	-	28,377
Tax assets		9,212	-	9,212
Other receivables		29,665	53	29,718
Prepaid expenses and accrued income	14	38,620	-1,849	36,771
Cash and cash equivalents		275,351	-53	275,298
Total current assets		1,046,518	-1,849	1,044,669
TOTAL ASSETS		2,331,593	141,319	2,472,912
Share capital		6,482	-	6,482
Other contributed capital		1,327,412	-	1,327,412
Translation reserve	11	44,052	3,524	47,576
Profit/loss brought forward, including profit/loss for the year	11, 12, 14	-261,711	43,751	-217,960
Holdings with a non-controlling interest		10,996	211	11,207
Total equity		1,127,231	47,485	1,174,716
Liabilities to credit institutions	10	45,976	-13,125	32,851
Deferred tax liability	12	10,718	33,554	44,272
Other liabilities	10, 12	223,821	219,229	443,050
Long-term lease liabilities	10, 14	-	58,124	58,124
Other provisions	10, 12	231,163	-223,074	8,089
Total non-current liabilities		511,678	74,709	586,387
Accounts payable		214,856	-	214,856
Current tax liabilities		7,363	-	7,363
Short-term lease liabilities	10, 14	-	30,362	30,362
Current liabilities to credit institutions	10	76,833	-11,237	65,596
Overdraft facilities		26,721	-	26,721
Other liabilities		194,770	-	194,770
Invoiced, not accrued income		81,471	-	81,471
Accrued expenses and deferred income		90,670	-	90,670
Total current liabilities		692,684	19,125	711,809
TOTAL LIABILITIES AND EQUITY		2,331,593	141,319	2,472,912

Parent company income statement
July – September 2022

AMOUNT IN SEK THOUSAND	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
Net sales		7,356	-	7,356
Other operating income		504	-	504
Raw materials, consumables and goods for resale		-	-	-
Other external expenses		-10,087	-	-10,087
Employee benefit costs		-6,415	-	-6,415
Depreciation/amortisation and impairment		-42	-	-42
Other operating costs		-10,000	-	-10,000
Operating profit/loss		-18,684	0	-18,684
Profit from participations in associated companies		-	-	-
Profit/loss from participations in subsidiaries		-51,932	-	-51,932
Financial income		1,259	-	1,259
Financial expenses	12	-291	-1,900	-2,191
Profit/loss before tax		-69,648	-1,900	-71,548
Group contributions		-	-	-
Income tax		-	-	-
Profit/loss for the period*		**-69,648**	**-1,900**	**-71,548**

*Profit/loss for the period corresponds to the parent company's comprehensive income.

Parent company income statement

January – September 2022

AMOUNT IN SEK THOUSANDS	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
Net sales		22,420	-	22,420
Other operating income		739	-	739
Raw materials, consumables and goods for resale		-42	-	-42
Other external expenses		-28,429	-	-28,429
Employee benefit costs		-20,665	-	-20,665
Depreciation/amortisation and impairment		-68	-	-68
Other operating costs		-10,000	-	-10,000
Operating profit/loss		-36,045	0	-36,045
Profit from participations in associated companies		-	-	-
Profit/loss from participations in subsidiaries		-56,279	-	-56,279
Financial income		3,955	-	3,955
Financial expenses	12	-3,228	-2,000	-5,228
Profit/loss before tax		-91,597	-2,000	-93,597
Group contributions		-	-	-
Income tax		-	-	-
Profit/loss for the period*		**-91,597**	**-2,000**	**-93,597**

*Profit/loss for the period corresponds to the parent company's comprehensive income.

Parent company condensed balance sheet 30/09/2022

AMOUNT IN SEK THOUSANDS	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
ASSETS				
Capital subscribed but not paid up		83,859	-	83,859
Machinery and equipment		718	-	718
Shares in subsidiaries	12	963,835	-14,675	949,160
Participations in associated companies		123,125	-	123,125
Receivables from Group companies		88,458	-	88,458
Long-term receivables associated companies		27,840	-	27,840
Other long-term receivables		459	-	459
Total non-current assets		1,204,435	-14,675	1,189,760
Receivables from Group companies		7,630	-	7,630
Other receivables		1,279	-	1,279
Prepaid expenses and accrued income		7,246	-	7,246
Cash and bank balances		203,681	-	203,681
Total current assets		219,836	0	219,836
TOTAL ASSETS		1,508,130	-14,675	1,493,455
EQUITY AND LIABILITIES				
Restricted equity		-	-	-
Share capital		5,189		5,189
Non-restricted equity		-	-	-
Share premium reserve		1,523,866	-	1,523,866
Retained profit		-282,003	14	-281,989
Profit/loss for the period		-91,597	-2,000	-93,597
Total equity		1,155,455	-1,986	1,153,469
Other provisions		292,074	-12,690	279,384
Liabilities to credit institutions		9,523	-	9,523
Liabilities to Group companies		6,717	-	6,717
Total non-current liabilities		308,314	-12,690	295,624
Accounts payable		13,602	-	13,602
Liabilities to Group companies		1,037	-	1,037
Current tax liabilities		435	-	435
Other liabilities		3,646	-	3,646
Accrued expenses and deferred income		25,641	-	25,641
Total current liabilities		44,361	0	44,361
EQUITY AND LIABILITIES		1,508,130	-14,675	1,493,455

Parent company income statement

January – December 2022

AMOUNT IN SEK THOUSANDS	NOTE	According to Q3 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
Net sales		36,316	-	36,316
Other operating income		130	-	130
Raw materials, consumables and goods for resale		-	-	-
Other external expenses		-40,406	-	-40,406
Employee benefit costs		-26,221	-	-26,221
Depreciation/amortisation and impairment		-111	-	-111
Other operating costs		-	-	-
Operating profit/loss		-30,292	0	-30,292
Profit from participations in associated companies		-	-	-
Profit/loss from participations in subsidiaries		-83,536	-	-83,536
Financial income		6,134	-	6,134
Financial expenses	12	-8,310	-6,400	-14,710
Profit/loss before tax		-116,004	-6,400	-122,404
Group contributions		-37,192	-	-37,192
Income tax		-	-	-
Profit/loss for the period*		-153,196	-6,400	-159,596

*Profit/loss for the period corresponds to the parent company's comprehensive income.

Parent company condensed balance sheet 31/12/2022

AMOUNT IN SEK THOUSANDS	NOTE	According to AR 2022 prepared according to K3	Adjustments on transition to IFRS	On application of IFRS
ASSETS				
Machinery and equipment		677	-	677
Shares in subsidiaries	12	1,044,231	-17,218	1,027,013
Participations in associated companies		123,125	-	123,125
Receivables from Group companies		79,861	-	79,861
Long-term receivables associated companies		28,377	-	28,377
Other long-term receivables		459	-	459
Total non-current assets		1,276,730	-17,218	1,259,512
Receivables from Group companies		40,560	-	40,560
Other receivables		2,763	-	2,763
Prepaid expenses and accrued income		5,817	-	5,817
Cash and bank balances		179,243	-	179,243
Total current assets		228,383	0	228,383
TOTAL ASSETS		1,505,113	-17,218	1,487,895
EQUITY AND LIABILITIES				
Restricted equity		-	-	-
Share capital		6,482	-	6,482
Non-restricted equity		-	-	-
Share premium reserve		1,538,738	-	1,538,738
Retained profit		-282,003	-	-282,003
Profit/loss for the period		-153,196	-6,400	-159,596
Total equity		1,110,021	-6,400	1,103,621
Other provisions		223,374	-10,818	212,556
Liabilities to credit institutions		-	-	-
Liabilities to Group companies		-	-	-
Total non-current liabilities		223,374	-10,818	212,556
Accounts payable		4,664	-	4,664
Liabilities to Group companies		62,081	-	62,081
Current tax liabilities		557	-	557
Other liabilities		97,962	-	97,962
Accrued expenses and deferred income		6,454	-	6,454
Total current liabilities		171,718	0	171,718
TOTAL EQUITY AND LIABILITIES		1,505,113	-17,218	1,487,895

10. RECLASSIFICATIONS

In connection with the transition to IFRS, the following reclassifications of right-of-use assets and lease liabilities have been specified on separate lines in the balance sheet. As at 31 December 2022, SEK 28.6 million was allocated from Tangible fixed assets to Right-of-use assets and a new asset of SEK 65.4 million was raised – the total value of Right-of-use assets was SEK 94 million. At the same time, SEK 13.1 million was allocated from Liabilities to credit institutions to Long-term lease liabilities and a new long-term debt of SEK 45 million was raised, totalling SEK 58.1 million. At the same time, SEK 11.2 million was allocated from Liabilities to credit institutions to Current lease liabilities and a new lease liability of SEK 19.2 million was raised, totalling SEK 30.4 million. Other reclassifications as at 31 December 2022 include reclassification from Raw materials to Other external costs of SEK 2.9 million. In connection with the transition to IFRS, the Provision for contingent consideration, totalling SEK 212.3 million, has been classified as Other financial liabilities. An additional reclassification regarding option liability of SEK 7.8 million has occurred between the line item Liabilities to credit institutions and Other financial liabilities. There has also been a reclassification between financial income and expenses of SEK 0.4 million.

As at 30 September 2022, SEK 29.2 million was allocated from Tangible fixed assets to Right-of-use assets and a new asset of SEK 62.6 million was raised, totalling SEK 91.8 million. At the same time, a new long-term debt of SEK 44.2 million was raised. At the same time, SEK 11.4 million was allocated from Liabilities to credit institutions to Current lease liabilities and a new lease liability of SEK 18.2 million was raised, totalling SEK 29.6 million. In connection with the transition to IFRS, the Provision for the contingent consideration of SEK 269.4 million and Liabilities to credit institutions of SEK 7.7 million are classified as Other financial liabilities of SEK 277.1 million.

11. RECOGNITION OF GOODWILL REVERSAL OF PREVIOUS AMORTISATION

Under IFRS, the item goodwill is an intangible asset with an indefinite useful life, which differs from K3 where goodwill is subject to amortisation based on an estimated useful life of 10 years. The transition to IFRS therefore results in the amortisation of goodwill in 2022 being reversed and recognised as an increase in retained earnings in equity. The transition to IFRS entails a reduced amortisation of goodwill of SEK 72.6 million for 2022 for the Group as well as a reduced amortisation in subsidiaries of SEK 0.5 million and a currency translation difference of SEK 0.5 million. This increases profit before tax by a corresponding amount and a corresponding increase in retained earnings in equity as at 31 December 2022. An allocation from goodwill to other intangible assets has been made with an amount of SEK 133.6 million, which together with the reversal of amortisation gives a total effect of SEK -60.5 million for the goodwill item as at 31 December 2022.

As at 30 September 2022, the transition to IFRS entailed a reduced amortisation of goodwill of SEK 53.9 million and a currency translation difference of SEK 0.7 million which increased profit before tax by a corresponding amount and a corresponding increase in retained earnings in equity. At the same time, SEK 122.2 million was allocated from goodwill to other intangible assets, giving a total effect of SEK -68.3 million on the goodwill item as at 30 September 2022. In the interim period from July to September 2022, reduced amortisation amounted to SEK 25.6 million.

12. ADJUSTMENTS TO ACQUISITION ANALYSES

EXPENSING OF TRANSACTION COSTS RELATED TO BUSINESS COMBINATIONS

Soltech has incurred costs for, among other things, legal and financial advice in connection with business combinations which, when applying K3, have been recognised as part of the acquisition value of the businesses, thereby increasing the reported acquisition value as part of the reported value of goodwill. Unlike K3, IFRS requires transaction costs attributable to business combinations to be recognised as an expense in the income statement in the period in which the service is received. The transition to IFRS entails a decrease in goodwill as of 31 December 2022 and an increase in operating expenses under Other external costs of SEK 3.1 million for the full year 2022, SEK 2.8 million for the period January to September 2023 and SEK 0.8 million in the interim period July to September 2022. The recognition of transaction costs is considered a permanent difference and therefore no tax effect is recognised.

IDENTIFICATION AND MEASUREMENT OF ASSETS IN BUSINESS COMBINATIONS

When businesses are acquired, the difference between the consideration transferred and the identified net assets is allocated to goodwill. Since IFRS imposes higher requirements on the identification of assets, management has, based on the rules in IFRS, performed an updated assessment of identified assets in business combinations that occurred after the date of transition to IFRS. In the updated acquisition analyses, customer relationships and trademarks have been identified and the estimated fair value of these assets is recognised separately from goodwill. The useful life of customer relationships has been estimated at 5 years. For trademarks, the useful life is considered to be indefinite. As at 31 December 2022, the carrying amount for customer relationships and trademarks in the balance sheet amounts to SEK 76.5 million and SEK 61.8 million respectively, a total SEK 138.3 million, and the year's amortisation of customer relationships in the income statement for the full year 2022 amounts to SEK -7.6 million.

As at 30 September 2022, the carrying amount for customer relationships and trademarks in the balance sheet amounts to SEK 69.5 million and SEK 53.1 million respectively, a total 122.6 million, and the year's amortisation of customer relationships in the income statement for the period January to September 2022 amounted to SEK -3.8 million and in the interim period July to September 2022 the corresponding amount was SEK -3.1 million. Impairment testing of acquired trademarks has not identified any need for impairment.

Soltech also reports a deferred tax liability in the balance sheet as at 31 December 2022 regarding temporary differences relating to customer relations of SEK 18.6 million and trademarks of SEK 15 million, a total of SEK 33.6 million. The recognised deferred tax liability is reduced in line with the reduction in the carrying amount of customer relationships and trademarks through amortisation and impairment. The decrease in deferred tax liability is recognised in the income statement on the Income tax line. Expensed deferred tax in 2022 amounts to SEK 1.9 million. As at 30 September 2022, the deferred tax liability relating to customer relations amounted to SEK 17.2 million and trademarks to SEK 13.2 million, totalling SEK 30.4 million. Expensed deferred tax during the period from January to September amounts to SEK 1 million and is SEK 0.8 million in the interim period from July to September.

VALUATION OF CONTINGENT CONSIDERATION

In applying IFRS, the measurement of contingent consideration and option premiums from call options recognises the time value of money. In applying K3, recognised liabilities for contingent consideration and option premiums have not been calculated at present value. In the transition to IFRS, Soltech has calculated the present value of liabilities for contingent considerations and option premiums on call options. This means that the recognised value of the option liability has increased by SEK 7 million, and lines Other financial liabilities and Other provisions have decreased by SEK 10.8 million relating to contingent considerations. An interest expense corresponding to the discounting effect for revaluation of these liabilities of SEK 24.5 million was recognised in 2022.

For the period from January to September 2022, the discounting effect amounted to SEK 9.7 million with a corresponding interest expense. The carrying amount of the option liability has decreased by SEK 3.4 million on the line Other financial liabilities, and the liability for contingent consideration has decreased by SEK 12.7 million on the line Provisions.

In the parent company, the present value calculation of the contingent consideration in 2022 has reduced the parent company's liability for additional considerations by SEK 10.8 million and an interest expense corresponding to the discounting effect of SEK 6.4 million for 2022 has affected profit before tax, for the period January to June 2022 the corresponding amount was SEK 2 million.

13. VALUATION IFRS 9

The Group does not apply the impairment rules with full retro-activity as it is not possible to restate previous periods without the use of information obtained retrospectively, the Group's first application date for IFRS 9 is therefore 1 January 2023. The impairment rules under IFRS 9 mainly affect accounts receivable and the receivable from the associated company Advanced Soltech. IFRS 9 means that Soltech must assess expected credit losses, while previously applied principles according to K3 were based on a model where the calculation is based on an anticipated event having occurred. For the Group's accounts receivable, a simplified model for expected credit losses has been applied, which has affected equity before tax by SEK 1.3 million.

For the Group's receivable from the associated company Advanced Soltech, nominally amounting to SEK 28.4 million including accrued interest as at 31 December 2022, Soltech has assessed that the receivable has a significantly increased credit risk as of 1 January 2023 compared with the lending date. Based on Soltech's knowledge and insight into the associated company's operations, it was Soltech's judgement at that time that the receivable did not meet the definition of default, which is why the assessment of the credit loss has been estimated on the basis that the receivable is in stage 2 according to IFRS 9. Based on a scenario analysis, an expected loss for credit loss of SEK 9.9 million before tax has been recognised as a reduction in equity.

14. RECOGNITION OF LEASES

IFRS 16 means that Soltech recognises leases that meet the definition in IFRS 16 in the balance sheet as a right-of-use asset and the present value of future lease payments as a financial liability. Soltech primarily has leasing agreements for office space, machinery and cars. Based on Soltech's application of the transition rules, a right-of-use asset of SEK 40.9 million, a reduced prepaid cost of SEK -0.9 million and a financial liability of SEK 36.7 million corresponding to the present value of future minimum lease payments at the time of the transition to IFRS on 1 January 2022 have been recognised. There has been no material impact on the Group's recognised equity at the date of transition to IFRS.

As at 31 December 2022, the transition to IFRS 16 means that Soltech recognises in the balance sheet a right-of-use asset of SEK 94 million, a deferred tax asset of SEK 0.1 million, a reduced prepaid cost of SEK -1.8 million, a long-term lease liability of SEK 58.1 million and a short-term lease liability of SEK 30.4 million.

As at 30 September 2022, the transition to IFRS 16 means that Soltech recognises in the balance sheet a right-of-use asset of SEK 91.8 million, a deferred tax asset of SEK 0.2 million, a reduced prepaid cost of SEK -1 million, a long-term lease liability of SEK 44.2 million and a short-term lease liability of SEK 29.6 million.

In the income statement for 2022, Soltech reports an increased depreciation of rights of use of SEK 16.6 million compared to Q3, reduced other external costs of SEK 17.8 million, interest expenses on lease liabilities of SEK 1.6 million and expensed deferred tax of SEK 0.1 million.

In the income statement for the period January to September 2022, the transition to IFRS means that depreciation of rights of use increased by SEK 12.2 million, reduced other external costs of SEK 12.8 million, interest expenses on lease liabilities of SEK 1.3 million were recognised as well as expensed deferred tax of SEK 0.1 million. For the interim period July to September 2022, depreciation of right-of-use assets amounts to SEK 4.3 million, interest expenses on lease liabilities of SEK 0.2 million are recognised as well as reduced other external costs of SEK 4.4 million.

Soltech recognises a deferred tax asset linked to lease liabilities and a deferred tax liability linked to right-of-use assets. In the balance sheet, Soltech has recognised net deferred tax assets and deferred tax liabilities relating to leases and recognises a deferred tax asset totalling SEK 0.1 million in the 2022 annual accounts. As at 30 September 2022, the corresponding amount was SEK 0.2 million.

15. RECOGNITION OF PROFIT OR LOSS FROM INVESTMENTS IN ASSOCIATED COMPANIES

As a result of the partial divestment and listing of Advanced Soltech (ASAB), Soltech can no longer have a controlling interest in ASAB. Furthermore, ASAB operates independently from Soltech with its own management function, governance and responsibility for the business model and development of the business. Based on this, it is Soltech's assessment that ASAB does not constitute an integrated part of the Group and therefore the results of associated companies are recognised after operating profit. For the period January to September 2022, this means that operating profit decreases by SEK 7.2 million, while net financial items are affected by a corresponding amount, the corresponding amount for the interim period July to September 2022 was SEK 4.6 million. For the full year 2022, the amount amounted to SEK -114.1 million and net financial items are reduced by the corresponding amount. The change has no impact on recognised tax.

16. FINANCIAL MEASURES NOT DEFINED UNDER IFRS AND DEFINITIONS

AMOUNTS IN SEK THOUSANDS (unless otherwise indicated)	**2023** July – Sept. 3 months	**2022** July – Sept. 3 months	**2023** Jan. – Sept. 9 months	**2022** Jan – Sept. 9 months
Operating profit/loss	**14,610**	-68,235	**22,007**	-151,829
Depreciation/amortisation and impairment	**18,224**	21,390	**49,843**	30,622
EBITDA	**32,834**	**-46,845**	**71,850**	**-121,207**

AMOUNTS IN SEK THOUSANDS (unless otherwise indicated)	**2023** July – Sept. 3 months	**2022** July – Sept. 3 months	**2023** Jan. – Sept. 9 months	**2022** Jan – Sept. 9 months
EBITDA	**32,834**	-46,845	**71,850**	-121,207
Adjustments	**-**	-	**-**	-
Adjusted EBITDA	**32,834**	**-46,845**	**71,850**	**-121,207**

KEY RATIOS	**DEFINITION**	**MOTIVATION**
EBITDA	Operating profit/loss (EBIT) before depreciation, amortisation and impairment of tangible and intangible fixed assets. The non-cash effects of Soltech's share in associated companies are not included.	The aim of reporting EBITDA is to provide investors with a picture of the profitability of operating activities.
Earnings per share before dilution	Profit/loss for the period after tax divided by the number of shares outstanding at the balance sheet date.	Earnings per share outstanding.
Earnings per share after dilution	Profit/loss for the period after tax divided by the number of shares outstanding at the balance sheet date plus shares that may be added due to shares outstanding.	Earnings per share after any dilution.
Organic growth	Change in total revenue in comparable units after djusting for currency effects, as a percentage of net sales in the comparison period.	Organic growth excludes the effects of acquisitions and exchange rates, which enables a comparison of net sales over time.

The Board of Directors and the Chief Executive Officer state that the interim report provides a true and fair view of the parent company's and the Group's business, position and financial results and describes the significant risks and uncertainty factors that the parent company and the Group companies are facing.

STOCKHOLM, 16 NOVEMBER 2023

Mats Holmfeldt
Chairman of the Board

Stefan Ölander
Board member and CEO

Hellen Wohlin Lidgard
Board member

Vivianne Holm
Board member

Göran Starkebo
Board member

Johan Thiel
Board member

This interim report has not been reviewed by the company's auditors.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FUTURE REPORTING DATES:

Year-end Report	**22** February 2024
Interim report first quarter	**15** May 2024
Annual General Meeting	**21** May 2024
Interim report second quarter	**27** August 2024
Interim report third quarter	**20** November 2024

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ÖRINGE, OUR OWN SOLAR PARK
The investment is part of the Soltech Group's sustainability work and when completed, the park will produce electricity equivalent to the household electricity consumption (estimated at 5,000 kWh/year) of about 1,200 houses. The park will also increase the biodiversity in the area through planting new plants and using insect colonies.

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