

ANNUAL REPORT

of

Parans Solar Lighting AB (publ)

Corporate ID no. 556628-0649

The Board of Directors and the Managing Director's annual report for the financial year 2022-01-01 - 2022-12-31

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BOARD OF DIRECTORS REPORT

The annual report is prepared in TSEK.

Business Concept & Overview

Significant events during the financial year

Significant events during the financial year

Due to the pandemic in China and the resulting lack of sales, both Parans and PLT have been operating with serious financial difficulties during the year. The board has had to make significant decisions with major consequences for the company.

-In order to avoid bankruptcy, the board decided at the end of the year to urgently sell 50% of the shares in its subsidiary PLT in China for 2 million RMB.

-PLT has completed an issue of 1 million RMB, which means that Parans's share is now 40%.

-Due to the sale of PLT shares, we have adjusted down the value of our remaining holding to 3 million SEK.

-The board has chosen to write off the entire value of the patents as it is difficult to calculate the value under the current circumstances and lack of sales.

-The company has carried out a significant reduction of the company's costs during the year, which means that we have no office premises or employees left in the company.

-During the year, the company has also sold or disposed of all the company's inventory.

-Fredrik Mårtensson took office as acting CEO in October 2022.

Nature and orientation of the business

Parans offers two main product categories. Part sunlight, mainly for indoor environments through an innovative system that captures and directs the sun's rays, part innovative street lighting through smart floodlights with minimal electricity consumption and maintenance costs.

Expected future prospects and significant risks and uncertainties

Outlook for 2023

-PLT works intensively on bringing in risk capital. The goal is to collect 20 million RMB in the first round to be able to take on larger sales projects in China.

-Parans will eventually sell additional shares in PLT to raise capital to reopen a sales office in Sweden.

-Parans is looking for suitable partners in Sweden to find additional products and services to develop and sell.

Multi-year review*

	2022	2021	2020	2019	2018
Net sales	1 659	21 229	576	3 812	4 303
Profit/loss after financial items	-20 978	-15 079	-22 682	-21 489	-24 605
Balance sheet total	6 477	39 693	45 525	13 921	20 138
Equity-assets ratio (%)	44	60	85	42	30
Quick ratio (%)	126	171	492	121	119

*For definitions of key ratios, please see notes

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Changes in equity

	Share capital	Unrestricted share premium reserve	Profit/loss brought forward	Profit/loss for the year	Total equity
Opening amount	2 101	54 716	-17 893	-15 079	23 845
To be carried forward		0	-15 079	15 079	0
Profit/loss for the year				-20 978	-20 978
Closing amount	2 101	54 716	-32 972	-20 978	2 867

Appropriation of profit/loss (SEK)

Proposed treatment of the company's profit

At the disposal of the general meeting:

loss brought forward	-32 971 693
free share premium reserve	54 715 646
loss for the year	<u>-20 978 202</u>
	765 751

The board of directors proposes the following:

to be carried forward	<u>765 751</u>
	765 751

For information about the company's earnings and financial position in other respects, please refer to the income statements, balance sheets and accompanying notes set out below.

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INCOME STATEMENT

	Note	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating income etc.			
Net turnover		1 659	21 229
Change in inventories of products in progress, finished goods and work in progress on contract		0	-21
Other operating income		<u>0</u>	<u>60</u>
		1 659	21 268
Operating expenses			
Raw materials and consumables		-1 573	-15 225
Other external expenses		-3 188	-9 054
Personnel costs	3	-3 707	-8 939
Depreciation and write-down of tangible and intangible assets		-8 765	-2 717
Other operating expenses		<u>-229</u>	<u>-106</u>
		-17 462	-36 041
Operating profit/loss		-15 803	-14 773
Profit/loss from financial items			
Profit/loss from other securities and receivables accounted for as fixed assets		-5 217	0
Other interest income and similar profit/loss items		0	43
Interest expense and similar profit/loss items		<u>42</u>	<u>-349</u>
		-5 175	-306
Profit/loss after financial items		-20 978	-15 079
Profit/loss for the year		<u>-20 978</u>	<u>-15 079</u>

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BALANCE SHEET

	Note	2022-12-31	2021-12-31
Assets			
Fixed assets			
Intangible assets			
Capitalised expenditure for development and similar work	5	0	0
Concessions, patents, licenses, trademarks etc.	6	<u>0</u>	<u>8 765</u>
		0	8 765
Tangible assets			
Plant and machinery	7	0	17
Equipment, tools, fixtures and fittings	8	<u>0</u>	<u>355</u>
		0	372
Financial assets			
Participations in group companies	9	45	19 799
Participations in associated companies and jointly controlled companies	10	<u>3 000</u>	<u>0</u>
		3 045	19 799
Total fixed assets		3 045	28 936
Current assets			
Inventories etc.			
Finished products and goods for resale		0	1 940
Advance payments to suppliers		<u>0</u>	<u>82</u>
		0	2 022
Current receivables			
Trade receivables		0	1 148
Receivables from group companies		0	85
Receivables from associated companies and jointly controlled companies		3 043	0
Current tax asset		109	70
Other receivables		267	498
Prepaid expenses and accrued income		<u>12</u>	<u>447</u>
		3 431	2 248
Cash and bank			
Cash and bank		<u>1</u>	<u>6 572</u>
Total cash and bank		1	6 572
Total current assets		3 432	10 842
TOTAL ASSETS		6 477	39 778

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BALANCE SHEET

	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	11	<u>2 101</u>	<u>2 101</u>
		2 101	2 101
Non-restricted equity			
Share premium reserve		54 716	54 716
Profit or loss carried forward		-32 972	-17 893
Profit/loss for the year		<u>-20 978</u>	<u>-15 079</u>
		766	21 744
Total equity		<u>2 867</u>	<u>23 845</u>
Provisions			
Other provisions	12	<u>878</u>	<u>878</u>
Total provisions		878	878
Long-term liabilities			
Liabilities to credit institutions		0	167
Liabilities to group companies		<u>0</u>	<u>9 781</u>
Total long-term liabilities		0	9 948
Current liabilities			
Liabilities to credit institutions		200	200
Advance payments from customers		41	360
Trade payables		1 336	502
Liabilities to group companies		45	45
Other liabilities		1 051	2 857
Accrued expenses and deferred income	13	<u>59</u>	<u>1 143</u>
Total current liabilities		2 732	5 107
TOTAL EQUITY AND LIABILITIES		6 477	39 778

NOTES

Note 1 Accounting and valuation policies

The annual report has been prepared in accordance with the Annual Accounts Act and general advice from the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts.

The policies are unchanged compared with the previous year.

Receivables

Receivables are recorded in the amounts at which they are expected to be received.

Other assets, provisions and liabilities

Other assets, provisions and liabilities are recorded at cost of acquisition unless otherwise stated below.

Revenue recognition

Revenue is recorded at fair value of what has been received or will be received. Consequently the company records revenue at nominal value (invoice amount) if the payment is received in cash or cash equivalents directly on delivery. Deduction is made for discounts given.

Ongoing service contracts

Cost plus service contracts are recognised as revenue as the work is done and material is delivered or consumed.

Tangible fixed assets

Tangible fixed assets are recorded at cost of acquisition less accumulated depreciation and any write-downs. The assets are depreciated on a straight-line basis over the estimated useful life, apart from land, which is not depreciated. The useful life is reviewed as at every balance sheet date. The following useful lives are applied:

Intangible fixed assets

Intangible fixed assets are recorded at cost of acquisition less accumulated depreciation and any write-downs. The assets are depreciated on a straight-line basis over the estimated useful life. The useful life is reviewed as at every balance sheet date. Ongoing projects are not depreciated but are tested for impairment annually. The following useful lives are applied:

Financial instruments

Financial instruments are measured on the basis of cost of acquisition.

Inventories

Inventories are measured at the lower of cost of acquisition, calculated according to the first-in-first-out method, and net realisable value. Net realisable value has been calculated as the sales value after deduction for estimated selling expenses, taking into account obsolescence.

Income tax

Current tax is income tax for the current financial year that refers to the year's taxable earnings and the as yet unreported part of previous financial years' income tax.

Current tax is stated at the probable amount according to the tax rates and tax rules applicable on the balance sheet date.

NOTES

Provisions

Provisions are recognised when there is a legal or constructive obligation arising from a past event, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The timing or amount of the outflow may still be uncertain.

Provisions for restructuring are only recognised if an approved and detailed restructuring plan has been drawn up and introduced, or if the company at least has announced the main features of the plan to those affected. Provisions are not recognised for expenditure associated with the future operations.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are only utilised for the expenditure for which the provision was originally intended. Provisions are discounted at their present value where the time value of money is material.

Employee benefits

Pensions

Defined contribution pension plans

Contributions to defined contribution plans are recognised as an expense as incurred.

Government grants

Government grants are measured at fair value of the asset the company has received or will receive.

Government grants without future performance conditions, called unconditional grants, are recognised as revenue when the conditions for receiving the grant are met, which is usually at the time the grant is received. Government grants with future performance conditions, called conditional grants, are recognised as expense when the grant is received and thereafter recognised as revenue when the performance conditions are met.

Note 2 Accounting estimates

Note 3 Personnel

2022

2021

Average number of employees

The average number of employees is based on hours worked related to normal working hours paid for by the company.

The average number of employees was

5,00

9,00

of whom women

1,00

2,00

of whom men

4,00

7,00

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NOTES

Wages/salaries, remuneration etc.

Wages/salaries, remuneration, social security costs and pension costs have been paid as follows:

Board of directors and managing director:

Wages/salaries and remuneration	1 543	1 962
Pensions	138	186
	<u>1 681</u>	<u>2 148</u>

Other employees:

Wages/salaries and remuneration	1 623	4 057
Pensions	53	529
	<u>1 676</u>	<u>4 586</u>

Social security costs	871	2 055
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Total board of directors and others	<u>4 228</u>	<u>8 789</u>
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Note 4 Wages/salaries and remuneration to boardmembers and CEO 2022

Chairman of the board Fred Sun	101	
Boardmember Fredrik Mårtensson	67	
Boardmember Maggie Jie	67	
Boardmember Steve Cai	38	
Boardmember Yazhou Ruan	0	
CEO Anders Koritz	1 270	
	<u>1 543</u>	

Note 5 Capitalised expenditure for development and similar work

	2022-12-31	2021-12-31
Opening cost of acquisition	20 113	20 113
Sales/retirements	<u>-20 113</u>	<u>20 113</u>
Closing accumulated cost of acquisition	0	20 113
Opening depreciation	-8 328	-8 328
Sales/retirements	<u>8 328</u>	<u>-8 328</u>
Closing accumulated depreciation	0	-8 328
Opening write-downs	-11 785	-11 785
Sales/retirements	<u>11 785</u>	<u>0</u>
Closing accumulated write-downs	0	-11 785
Closing carrying amount	<u>0</u>	<u>0</u>

Note 6 Concessions, patents, licenses, trademarks etc.

	2022-12-31	2021-12-31
Opening cost of acquisition	12 513	12 513
Closing accumulated cost of acquisition	<u>12 513</u>	<u>12 513</u>
Opening depreciation	-3 748	-1 169
Depreciation for the year	<u>-8 765</u>	<u>-2 579</u>
Closing accumulated depreciation	-12 513	-3 748
Closing carrying amount	<u>0</u>	<u>8 765</u>

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Note 7	Plant and machinery	2022-12-31	2021-12-31
	Opening cost of acquisition	419	419
	Sales/retirements	-419	0
	Closing accumulated cost of acquisition	0	419
	Opening depreciation	-402	-377
	Sales/retirements	402	0
	Depreciation for the year	0	-25
	Closing accumulated depreciation	0	-402
	Closing carrying amount	0	17

Note 8	Equipment, tools, fixtures and fittings	2022-12-31	2021-12-31
	Opening cost of acquisition	758	725
	Purchases	0	33
	Sales/retirements	-758	0
	Closing accumulated cost of acquisition	0	758
	Opening depreciation	-404	-291
	Sales/retirements	404	0
	Depreciation for the year	0	-113
	Closing accumulated depreciation	0	-404
	Closing carrying amount	0	354

Note 9 Participations in group companies

Company	Corporate identity number	Number	Shareholders' equity	Book
Registered Office	Share of equity, %	Profit/loss	value	
Parans Solar AB				
559131-8349	50 000	45	45	
Mölnådal	100,00%	0		
			45	

	2022-12-31	2021-12-31
Opening cost of acquisition	19 813	59
Purchases	0	19 754
Sales/retirements	-11 537	0
Reclassifications	-8 217	0
Closing accumulated cost of acquisition	59	19 813
Opening write-downs	-14	-14
Closing accumulated write-downs	-14	-14
Closing carrying amount	45	19 799

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Note 10 Participations in associated companies and jointly controlled companies

Company		Book value	
Office	Share equity, %		
Parans Light Technologies (Qingdao) Co Ltd		3 000	
China	40,00%		
		<hr/>	
		3 000	
		2022-12-31	2021-12-31
Reclassifications		<hr/> 8 217	<hr/> 0
Closing accumulated cost of acquisition		8 217	0
Write-downs for the year		<hr/> -5 217	<hr/> 0
Closing accumulated write-downs		-5 217	0
Closing carrying amount		<hr/> 3 000	<hr/> 0

Note 11 Disclosures on share capital

	Number of shares	Ratio per share
Number/value at opening of year	105 065 787	0,02
Number/value at closing of year	105 065 787	0,02

Stock options

Series 3 warrants

The company has 805,496 options outstanding, which when issued gave the right to subscribe for one share per option for SEK 3 during the period 2019-06-20 - 2023-07-04. According to the option terms, the subscription price in 2020 has been recalculated to 1.242.

Series 4 warrants

The company has 521,642 options outstanding, which when issued gave the right to subscribe for one share per option for SEK 3.60 during the period 2018-08-09 - 2023-08-23. According to the option terms, the subscription price in 2020 has been recalculated to 1.242.

Series 5 warrants

The company has 664,867 options outstanding, which when issued gave the right to subscribe for one share per option for SEK 2,952 during the period 2019-10-22 - 2023-11-05. According to the option terms, the subscription price in 2020 has been recalculated to 1.242.

Note 12 Other provisions

	2022-12-31	2021-12-31
Carrying amount, opening balance	878	622
Years provision	<hr/> 0	<hr/> 256
Carrying amount, closing balance	878	878

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NOTES

Note 13	Accrued expenses and deferred income	2022-12-31	2021-12-31
		0	724
		59	419
		<hr/> 59	<hr/> 1 143

Note 14	Pledged assets	2022-12-31	2021-12-31
	Floating charges on behalf of the company	5 000	5 000
	Total pledged assets	<hr/> 5 000	<hr/> 5 000

Note 15 Definitions of business and financial ratios

Equity-assets ratio

Adjusted equity as a percentage of the balance sheet total

Quick ratio

Current assets excluding inventories as a percentage of current liabilities

Stockholm

Fredrik Mårtensson
Managing Director

Sun Xiqing

Yazhou Ruan

Maggie Mei Jie

My audit report was given on , .

Håkan Kjellström
Auktoriserad revisor