



INTERIM REPORT Q1 2020

# Interim report for the first quarter of 2020

Midsummer AB (Publ) Nasdaq First North Stockholm, MIDS

## Notable events January–March 2020

### **2 March 2020 Midsummer invests in Europe**

Midsummer hires a Business Development Manager to focus on the European market.

### **19 March 2020 Midsummer launches new product pages**

New product pages for Midsummer WAVE and Midsummer SLIM at [midsummersolarroofs.se](https://midsummersolarroofs.se). A product page for Midsummer BOLD is also launched soon after.

### **30 March 2020 Midsummer sells its first production line as part of the framework agreement with the Russian company Rusnano**

A new order for a production line from Nanotechnology and Nanomaterials Center of the Republic of Mordovia in Russia. This order is the first under the framework agreement with Rusnano Group that was presented in September 2019.

## Notable events after the end of the period

No notable events have taken place since the end of the period.

# Overview of the Group from January to March 2020 including key performance indicators

| SEK                      | Jan-Mar 2020 | Jan-Mar 2019 |
|--------------------------|--------------|--------------|
| Net sales                | 42,801,271   | 26,883,503   |
| EBITDA                   | 12,709,517   | 14,059,999   |
| Operating profit         | 4,129,098    | 8,069,608    |
| Profit before tax        | 649,810      | 8,850,420    |
| Profit after tax         | 649,810      | 7,258,250    |
| Operating margin         | 9.65%        | 30.02%       |
| EBITDA margin            | 29.69%       | 52.30%       |
| Equity/assets ratio      | 28.96%       | 69.32%       |
| Cash flow for the period | -39,681,496  | -11,225,874  |
| Earnings per share       |              |              |
| - before dilution        | 0.02         | 0.23         |
| - after dilution         | 0.02         | 0.23         |

## Definitions and descriptions of key performance indicators

The company presents some financial measures in this interim report that are not defined under IFRS. The company believes that these measures provide valuable supplemental information for investors and the company's management as they enable the evaluation of the company's performance.

### EBITDA

Operating profit before depreciation/amortization and impairment.

EBITDA is a measure that the Group regards as relevant for investors who wish to understand the earnings generated before investments in non-current assets.

### Operating margin

Operating profit/Net sales

Operating profit is a measure that aims to show profitability in operating activities.

### EBITDA margin

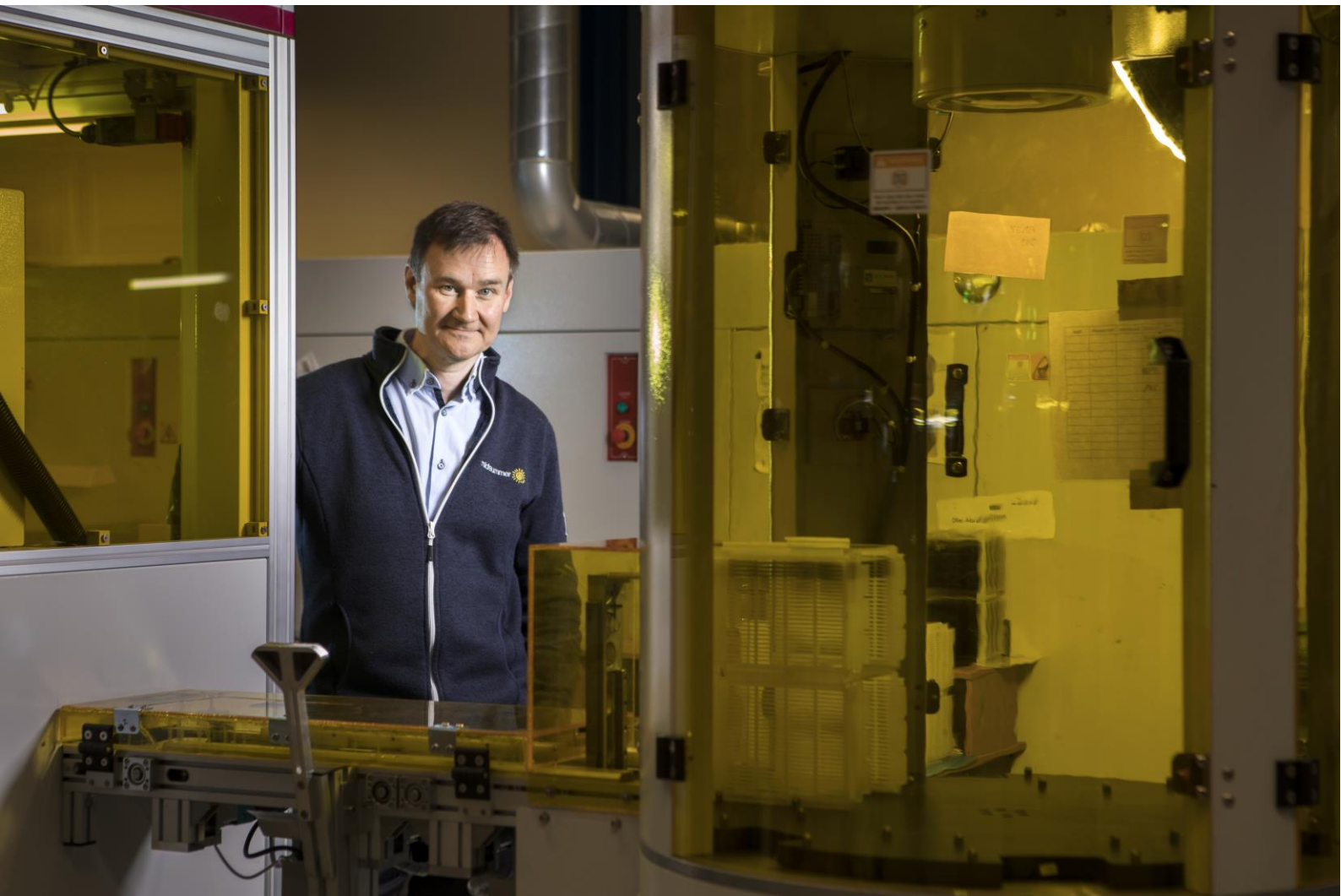
EBITDA/Net sales

EBITDA margin is a measure that the Group regards as relevant for investors who wish to understand the earnings generated in relation to sales before investments in non-current assets.

### Equity/assets ratio

Equity in relation to total assets.

The equity/assets ratio is a key performance indicator that shows the proportion of the assets that are financed with equity and can be used as an indication of the company's long-term solvency.



## Statement from the CEO

In the first week of January I went to China to visit potential new customers as well as our existing customers. The main reason I was there was to secure deliveries of solar panels from our existing customers to support our own production in Järfälla. Since the end of 2019 the interest in our solar panels has continued to increase and our own production capacity in Järfälla has not really been able to keep up. Although our customers in China had full order books, we were promised 500 kW a month as soon as production started after the Chinese New Year.

However, the start of production was significantly delayed because of the outbreak of the coronavirus and we are not expecting any higher volumes from there until 2021. What has happened has strengthened our belief that we should invest in production in Europe.

### **New deals during the period**

It was wonderful that we were able to secure an order for a DUO system from Russia, despite the travel restrictions. This deal is the first under the framework agreement with the state-owned Rusnano Group. This partnership aims to develop the market for lightweight building-integrated solar panels in Russia and the Eurasian region. This contract also enabled us to report positive figures again in Q1, which is not easy in the current climate.

The interest in our solar panels remains high and the number of visitors to our sales channels is increasing. In the last quarter the sales of our solar panels were eight times higher than the corresponding period one year earlier, accounting for 8.4% of net sales.

### **Green transition in Europe**

The market for building-integrated solar cells is growing much more quickly than the solar cell market on the whole and is expected to increase by approximately 40% per year in the coming years. Demand across Europe exceeds the production capacity at our existing plants.

Midsummer believes that solar power should be produced where it is consumed. It is now time to expand our own production in Järfälla with more plants in Europe. At the beginning of March we employed a Business Development Manager to focus on these new European plants.

We can see the incredible potential of expanding our own production as part of the green transition that has already started. We are also seeing more opportunities as the EU is getting back on track and adapting to a 'new normal' post-coronavirus.

We saw exactly the same thing happen in China after the financial crisis in 2009–2010 when the world's production capacity for solar cells multiplied. Everything from Juncker's investment plan in Europe to local support measures will benefit us. Midsummer offers a unique solution and is in a good position to become an important player in getting Europe back on its feet using local eco-friendly production.

We are heading in the right direction and have received a positive response to our plans to establish in several regions in southern Europe. We are now negotiating with organizations and authorities to find the best possible solution. Along with the order we received in December, this will result in our delivery capacity multiplying in Europe in 2021.

### **Transition instead of lockdown**

We are naturally complying with the recommendations of the Public Health Agency of Sweden and we are not letting the new normal get in our way. Instead we are trying to see this as an opportunity to rethink our approach. We are working from home and supporting our plants in China remotely as much as possible, even though we have staff on site in China as well. Something that made us particularly happy was that Järfälla Municipality came and took the offcuts from our transparent wrap and used them to make visors.

### **Digital updates**

We are continuing to work on our digital presence and in the last quarter we launched product sites for Midsummer WAVE and Midsummer SLIM. Straight after this we also launched a site for Midsummer BOLD – a solar roof that can completely replace roofing sheets or roof tiles. BOLD is also perfect for large industrial premises and sports arenas, for example, where weight limits make it impossible to install traditional solar panels. Over the coming days we are also going to launch our new, updated Midsummer.se.



*Sven Lindström, CEO, Midsummer AB*

# The development of earnings and financial position in Q1 2020

## Sales and earnings

Net sales for the Group for the first quarter of 2020 stood at TSEK 42,801 (TSEK 26,884 for Q1, 2019).

Revenues from Group contributions were TSEK 46 (TSEK 1,475 for Q1, 2019).

Operating profit for the Group for the first quarter of 2020 was TSEK 4,129 (TSEK 8,070 for Q1, 2019), and profit before tax ended at TSEK 650 (TSEK 8,850 for Q1, 2019).

Following two quarters of negative earnings, Midsummer recorded a small profit for the first quarter of 2020. Net sales increased as a result of the sale of a DUO machine to Russia and higher direct sales of Midsummer's solar roofs, while the weakening of the Swedish krona during the quarter had a positive impact on earnings compared with the second half of 2019. However, the company did report a reduction in revenues from service and support due to the impact of the coronavirus in China in Q1, as service engineers could not be sent from Sweden to China during this period.

Compared with the first quarter of 2019, the operating margin is lower; this is because we were not able to apply the percentage of completion method for Q1 2019, as our old contracts had not been updated by then. Net sales for the first quarter of 2019 mostly comprised revenues for the process, where we have high margins.

Midsummer has elected to use the completed contract method as its policy for revenue recognition for the parent company in accordance with RFR2. This means that revenues are recognized at the time when the work on the DUO machines is essentially completed. For the first quarter of 2020 this meant that the parent company recorded an operating profit of TSEK -7,359 (TSEK 6,043 for Q1, 2019).

The reason for the weaker earnings for the parent company is that the majority of revenues in the parent company are from the completion of contracts, and in the first quarter of 2020 no such completion was carried out.

## Cash flow and financing

In the first quarter of 2020 cash flow was TSEK -39,681 (TSEK -11,226 for Q1, 2019). Cash and cash equivalents amounted to TSEK 72,236 at the end of the quarter.

Inventories in the Group fell slightly in the quarter from TSEK 23,732 to TSEK 22,007 (TSEK 78,917 at the end of Q1, 2019), while contract assets increased from TSEK 115,145 to TSEK 132,751.

## Investments

As the new production line and the new research center were completed in 2019, we did not need any major investments at Järfälla in the first quarter of 2020.

The total investments in property, plant and equipment in the first quarter of 2020 amounted to TSEK 197 (TSEK 3,056 for Q1, 2019).

This information also applies to the parent company.

## Significant risks and uncertainties

Midsummer operates in a global market that has several companies offering various technologies. Midsummer has a competitive product, but there is a risk that the market will prefer technologies from Midsummer's competitors. In addition, the customers' investment decisions are affected by market factors, such as the general economic climate, trade tariffs and subsidies. In the short term, this could result in a delay in orders, which would have a negative impact on Midsummer.

The coronavirus affected deliveries of materials for our own solar roof production, and deliveries of solar panels from our contractors in China in the first quarter. China has now restarted its production and we are expecting deliveries from China to return to normal during the second quarter. However, there are still problems in the logistics chain between Asia and Europe and freight costs are higher and more volatile than normal.

At the moment we are not able to send installation and service engineers from Sweden to China unless they are Chinese citizens. There is uncertainty as to when foreign citizens will be able to obtain an entry permit and a visa to travel into China. Midsummer currently has Chinese citizens employed both in Sweden and Hong Kong, and we are also working to train our customers' staff in China to make them more independent. However, there are risks related to future travel between countries.

In 2019 we supplied all our solar panels for our Swedish solar cell installations from our plant in Järfälla. So far we have not seen any signs of a drop in demand for our solar roofs, but there are market risks associated with Europe entering into a recession and these risks are difficult to assess at this point in time.

Midsummer's market is characterized by constant technological development. Companies often carry out this kind of development in secret, making it difficult to predict which products could be launched. Although this is a large and global market, new, revolutionary products could delay Midsummer's customers' orders, which would have a negative impact on Midsummer.

Our new product Midsummer Wave, which we launched in the market in the fourth quarter, is currently a completely unique product without any similar competitors. Our unique technology for flexible solar cells on stainless steel makes this product possible. However, it is possible that over time our competitors will try to create something similar so that they could also launch onto unique markets, such as listed buildings and other buildings where aesthetic value is highly valued.

This information also applies to the parent company.

## Transactions with associates

Two machines from an order in December 2018 from Sunflare Inc will be installed at Sunflare's new plant in China, when we and they judge that this is possible given the current situation surrounding coronavirus. Sunflare is owned by Liang Gao, who is also a Board member of Midsummer.

This information also applies to the parent company.

## Ownership structure as at 31 March 2020

|  |                   |                |
|--|-------------------|----------------|
| Liang Gao                                | 6,305,450         | 20.40%         |
| Philip Gao                               | 6,305,400         | 20.40%         |
| Infologix (BVI) Ltd.                     | 2,947,053         | 9.54%          |
| Jan Lombach, privately and via companies | 1,763,990         | 5.71%          |
| Skandia fonder                           | 1,343,609         | 4.35%          |
| Länsförsäkringar fonder                  | 1,136,364         | 3.68%          |
| Sven Lindström                           | 1,037,345         | 3.36%          |
| Alf Linder                               | 963,900           | 3.12%          |
| Nordea Småbolag Norden                   | 778,179           | 2.52%          |
| Eric Jaremalm                            | 662,732           | 2.14%          |
| Blue AB                                  | 429,000           | 1.39%          |
| Alex Witt                                | 319,600           | 1.03%          |
| Other shareholders (4,688)               | 6,909,578         | 22.36%         |
| <b>Total number of shares</b>            | <b>30,902,200</b> | <b>100.00%</b> |



# Condensed consolidated statement of income and other comprehensive income

| SEK   | Note | Jan–Mar<br>2020   | Jan–Mar<br>2019   |
|---|------|-------------------|-------------------|
| Net sales   | 3    | 42,801,271        | 26,883,503        |
| Other operating income  |      | 45,533            | 1,474,815         |
| Own work capitalized  |      | 5,477,848         | 3,499,879         |
|   |      | <b>48,324,652</b> | <b>31,858,197</b> |
| Raw materials and consumables   |      | -13,512,253       | -1,535,639        |
| Other external expenses   |      | -3,596,316        | -2,603,836        |
| Staff expenses  |      | -18,308,729       | -13,623,836       |
| Depreciation/amortization and impairment of property, plant and equipment and intangible assets |      | -8,580,419        | -5,990,391        |
| Other operating expenses  |      | -197,837          | -34,887           |
| <b>Operating profit</b>   |      | <b>4,129,098</b>  | <b>8,069,608</b>  |
| Financial income  |      | 1,200,479         | 1,159,021         |
| Financial expenses  |      | -4,679,767        | -378,209          |
| <b>Net financial items</b>  |      | <b>-3,479,288</b> | <b>780,812</b>    |
| <b>Profit before tax</b>  |      | <b>649,810</b>    | <b>8,850,420</b>  |
| Tax   |      | -                 | -1,592,169        |
| <b>Profit for the period</b>  |      | <b>649,810</b>    | <b>7,258,250</b>  |
| <b>Other comprehensive income</b>   |      |                   |                   |
| Other comprehensive income for the period   |      | -                 | -                 |
| <b>Comprehensive income for the period</b>  |      | <b>649,810</b>    | <b>7,258,250</b>  |
| <b>Profit for the period attributable to:</b>   |      |                   |                   |
| Earnings per share  |      |                   |                   |
| - before dilution (SEK)   |      | 0.02              | 0.23              |
| - after dilution (SEK)  |      | 0.02              | 0.23              |
| <b>Number of outstanding shares at end of reporting period</b>                                  |      |                   |                   |
| - before dilution   |      | 30,902,200        | 30,902,200        |
| - after dilution  |      | 30,902,200        | 30,902,200        |
| <b>Average number of outstanding shares</b>   |      |                   |                   |
| - before dilution   |      | 30,902,200        | 30,902,200        |
| - after dilution  |      | 30,902,200        | 30,902,200        |

# Condensed consolidated statement of financial position

| SEK  | Note | 31 Mar 2020        | 31 Mar 2019        |
|--|------|--------------------|--------------------|
| <b>Assets</b>                                      |      |                    |                    |
| Intangible assets                                  |      | 33,762,625         | 31,871,827         |
| Property, plant and equipment                      |      | 43,245,001         | 29,989,089         |
| Right-of-use assets                                |      | 13,388,203         | 7,716,234          |
| Deferred tax assets                                |      | -                  | 3,424,717          |
| Non-current receivables                            |      | 40,000             | 40,000             |
| <b>Total non-current assets</b>                    |      | <b>90,435,829</b>  | <b>73,041,867</b>  |
| Inventories  |      | 22,006,502         | 78,916,633         |
| Tax assets   |      | 438,834            | 34,970             |
| Accounts receivable                                |      | 27,244,520         | 9,343,610          |
| Contract assets                                    |      | 132,751,463        | 7,963,908          |
| Prepayments and accrued income                     |      | 1,567,935          | 169,785            |
| Other receivables                                  |      | 1,746,757          | 1,146,155          |
| Cash and cash equivalents                          |      | 72,236,450         | 42,639,335         |
| <b>Total current assets</b>                        |      | <b>257,992,460</b> | <b>140,214,396</b> |
| <b>Total assets</b>                                |      | <b>348,428,289</b> | <b>213,256,264</b> |
| <b>Equity</b>                                      |      |                    |                    |
| Share capital                                      |      | 1,236,088          | 1,236,088          |
| Other paid-in capital                              |      | 157,237,914        | 157,237,914        |
| Retained earnings incl. profit/loss for the period |      | -57,552,894        | -10,652,612        |
| Equity attributable to owners of parent            |      | 100,921,108        | 147,821,390        |
| Non-controlling interests                          |      | -                  | -                  |
| <b>Total equity</b>                                |      | <b>100,921,108</b> | <b>147,821,390</b> |
| <b>Liabilities</b>                                 |      |                    |                    |
| Non-current interest-bearing liabilities           |      | 212,354,683        | 19,919,744         |
| Other provisions                                   |      | 1,083,333          | 1,593,750          |
| <b>Total non-current liabilities</b>               |      | <b>213,438,016</b> | <b>21,513,494</b>  |
| Current interest-bearing liabilities               |      | 12,857,786         | 12,087,296         |
| Trade payables                                     |      | 9,715,401          | 6,228,910          |
| Contract liabilities                               |      | -                  | 19,422,975         |
| Other liabilities                                  |      | 2,801,001          | 1,770,016          |
| Accruals and deferred income                       |      | 8,694,977          | 4,412,183          |
| <b>Total current liabilities</b>                   |      | <b>34,069,165</b>  | <b>43,921,380</b>  |
| <b>Total liabilities</b>                           |      | <b>247,507,181</b> | <b>65,434,874</b>  |
| <b>Total equity and liabilities</b>                |      | <b>348,428,289</b> | <b>213,256,264</b> |

## Condensed consolidated statement of changes in equity

| SEK  | Share capital    | Other paid-in capital | Retained earnings incl. profit/loss for the period | Total              | Non-controlling interests | Total equity       |
|--|------------------|-----------------------|--|--------------------|---------------------------|--------------------|
| Opening equity 1 Jan 2019                  | 1,236,088        | 157,237,914           | -17,910,863  | 140,563,139        | -                         | 140,563,139        |
| Comprehensive income for the period        |                  |                       |  |                    |                           |                    |
| Profit for the period                      |                  |                       | 7,258,250  | 7,258,250          | -                         | 7,258,250          |
| Other comprehensive income for the period  |                  |                       | -  | -                  | -                         | -                  |
| <b>Comprehensive income for the period</b> |                  |                       | <b>7,258,250</b>                                   | <b>7,258,250</b>   | <b>-</b>                  | <b>7,258,250</b>   |
| <b>Closing equity 31 Mar 2019</b>          | <b>1,236,088</b> | <b>157,237,914</b>    | <b>-10,652,613</b>                                 | <b>147,821,390</b> | <b>-</b>                  | <b>147,821,390</b> |
| Opening equity 1 Jan 2020                  | 1,236,088        | 157,237,914           | -58,202,704  | 100,271,298        | -                         | 100,271,298        |
| Comprehensive income for the period        |                  |                       |  |                    |                           |                    |
| Profit for the period                      |                  |                       | 649,810  | 649,810            |                           | 649,810            |
| Other comprehensive income for the period  |                  |                       |  |                    |                           |                    |
| Comprehensive income for the period        |                  |                       | 649,810  | 649,810            |                           | 649,810            |
| Closing equity 31 Mar 2020                 | 1,236,088        | 157,237,914           | -57,552,894  | 100,921,108        | -                         | 100,921,108        |

## Condensed consolidated statement of cash flows

| SEK  | Note | Jan–Mar 2020       | Jan–Mar 2019       |
|--|------|--------------------|--------------------|
| <b>Operating activities</b>                        |      |                    |                    |
| Profit before tax                                  |      | 649,810            | 7,258,250          |
| Adjustment for non-cash items                      |      | 7,817,661          | 5,946,157          |
| Income tax paid                                    |      | 26,468             | 142,353            |
| Increase (-)/Decrease (+) in inventories           |      | 1,725,870          | -8,498,065         |
| Increase (-)/Decrease (+) in operating receivables |      | -38,521,825        | -3,794,989         |
| Increase (+)/Decrease (-) in operating liabilities |      | -7,653,938         | -2,474,408         |
| <b>Cash flow from operating activities</b>         |      | <b>-35,955,954</b> | <b>-1,420,702</b>  |
| <b>Investing activities</b>                        |      |                    |                    |
| Acquisition of property, plant and equipment       |      | -197,273           | -3,357,958         |
| Acquisition of intangible assets                   |      | -5,499,958         | -3,508,799         |
| <b>Cash flow from investing activities</b>         |      | <b>-5,697,231</b>  | <b>-6,866,757</b>  |
| <b>Financing activities</b>                        |      |                    |                    |
| Loans raised                                       |      | 3,805,101          | -                  |
| Repayment of loans                                 |      | -1,833,412         | -3,448,464         |
| <b>Cash flow from financing activities</b>         |      | <b>1,971,689</b>   | <b>-3,448,464</b>  |
| <b>Cash flow for the period</b>                    |      | <b>-39,681,496</b> | <b>-11,735,923</b> |
| Cash and cash equivalents at start of period       |      | 111,015,273        | 53,078,543         |
| Exchange difference in cash and cash equivalents   |      | 902,673            | 1,296,716          |
| <b>Cash and cash equivalents at end of period</b>  |      | <b>72,236,450</b>  | <b>42,639,336</b>  |

## Condensed income statement for the parent company

| SEK   | Note | Jan-Mar<br>2020    | Jan-Mar<br>2019   |
|---|------|--------------------|-------------------|
| Net sales   |      | 18,766,583         | 26,883,503        |
| Change in goods in progress, finished goods and work in progress                                |      | 10,337,936         | 4,791,144         |
| Own work capitalized  |      | 5,173,211          | 3,499,879         |
| Other operating income  |      | 45,533             | 1,474,815         |
|   |      | <b>34,323,262</b>  | <b>36,649,341</b> |
| Raw materials and consumables   |      | -11,975,206        | -6,326,783        |
| Other external expenses   |      | -5,519,844         | -6,723,378        |
| Staff expenses  |      | -18,308,729        | -13,623,836       |
| Depreciation/amortization and impairment of property, plant and equipment and intangible assets |      | -5,375,971         | -3,897,897        |
| Other operating expenses  |      | -197,837           | -34,887           |
| <b>Operating profit</b>   |      | <b>-7,054,324</b>  | <b>6,042,559</b>  |
| <b>Profit from financial items</b>  |      |                    |                   |
| Interest income and similar profit/loss items   |      | 1,198,684          | 1,482,286         |
| Interest expense and similar profit/loss items  |      | -4,597,852         | -331,969          |
| <b>Profit after financial items</b>   |      | <b>-10,453,492</b> | <b>7,192,877</b>  |
| <b>Profit before tax</b>  |      | <b>-10,453,492</b> | <b>7,192,877</b>  |
| Tax   |      |                    | -1,293,981        |
| <b>Profit for the period</b>  |      | <b>-10,453,492</b> | <b>5,898,895</b>  |

## Condensed statement of income and comprehensive income for the parent company

| SEK  | Note | Jan-Mar<br>2020    | Jan-Mar<br>2019  |
|--|------|--------------------|------------------|
| Profit for the period                      |      | -10,453,492        | 5,898,895        |
| Other comprehensive income                 |      | -                  | -                |
| <b>Comprehensive income for the period</b> |      | <b>-10,453,492</b> | <b>5,898,895</b> |

## Condensed balance sheet for the parent company

| SEK                                       | Note | 31 Mar 2020        | 31 Mar 2019        |
|---|------|--------------------|--------------------|
| <b>Assets</b>                             |      |                    |                    |
| <b>Non-current assets</b>                 |      |                    |                    |
| Intangible assets                         |      | 33,457,988         | 31,871,827         |
| Property, plant and equipment             |      | 33,896,899         | 15,280,918         |
| Financial non-current assets              |      |                    |                    |
| - Interests in subsidiaries               |      | 50,000             | 50,000             |
| - Other non-current receivables           |      | 40,000             | 40,000             |
| - Deferred tax assets                     |      | -                  | 5,605,967          |
| <b>Total financial non-current assets</b> |      | <b>90,000</b>      | <b>5,695,967</b>   |
| <b>Total non-current assets</b>           |      | <b>67,444,887</b>  | <b>52,848,711</b>  |
| <b>Current assets</b>                     |      |                    |                    |
| Inventories, etc.                         |      | 96,659,579         | 78,916,633         |
| <b>Current receivables</b>                |      |                    |                    |
| - Accounts receivable                     |      | 27,244,520         | 9,343,610          |
| - Contract assets                         |      | 29,319,021         | 7,963,908          |
| - Tax assets                              |      | 438,834            | 34,970             |
| - Other receivables                       |      | 1,746,757          | 1,146,155          |
| - Prepayments and accrued income          |      | 1,559,193          | 883,005            |
| <b>Total current receivables</b>          |      | <b>60,308,325</b>  | <b>19,371,648</b>  |
| Cash and bank balances                    |      | 72,186,450         | 42,639,335         |
| <b>Total current assets</b>               |      | <b>229,154,354</b> | <b>140,877,616</b> |
| <b>Total assets</b>                       |      | <b>296,599,241</b> | <b>193,726,328</b> |

Condensed balance sheet for the parent company continues on next page.

# Condensed balance sheet for the parent company continued

| SEK                                  | Note | 31 Mar 2020        | 31 Mar 2019        |
|--------------------------------------|------|--------------------|--------------------|
| <b>Equity and liabilities</b>        |      |                    |                    |
| <b>Equity</b>                        |      |                    |                    |
| <b>Restricted equity</b>             |      |                    |                    |
| - Share capital                      |      | 1,236,088          | 1,236,088          |
| - Fund for development expenses      |      | 35,311,867         | 29,385,370         |
| <b>Non-restricted equity</b>         |      |                    |                    |
| - Share premium reserve              |      | 157,237,914        | 157,237,914        |
| - Retained earnings                  |      | -135,501,741       | -54,797,058        |
| - Profit for the period              |      | -10,453,492        | 5,898,895          |
| <b>Total equity</b>                  |      | <b>47,830,636</b>  | <b>138,961,210</b> |
| <b>Provisions</b>                    |      |                    |                    |
| - Other provisions                   |      | 1,083,333          | 1,593,750          |
| <b>Total provisions</b>              |      | <b>1,083,333</b>   | <b>1,593,750</b>   |
| <b>Non-current liabilities</b>       |      |                    |                    |
| - Bonds                              |      | 200,000,000        | -                  |
| - Other non-current liabilities      |      | 7,623,824          | 15,895,563         |
| <b>Total non-current liabilities</b> |      | <b>207,623,824</b> | <b>15,895,563</b>  |
| <b>Current liabilities</b>           |      |                    |                    |
| - Advances from customers            |      | 14,800,306         | 19,422,975         |
| - Trade payables                     |      | 9,715,401          | 6,228,910          |
| - Other liabilities                  |      | 6,850,764          | 2,841,444          |
| - Accruals and deferred income       |      | 8,694,977          | 8,782,476          |
| <b>Total current liabilities</b>     |      | <b>40,061,448</b>  | <b>37,275,805</b>  |
| <b>Total equity and liabilities</b>  |      | <b>296,599,241</b> | <b>193,726,328</b> |

## Note 1 Accounting policies

This condensed consolidated interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. The interim report for the parent company has been prepared in accordance with Chapter 9, Interim Financial Reports, in the Swedish Annual Accounts Act. The same accounting policies and methods of computation have been applied for the Group and the parent company as in the most recent annual report.

Disclosures in accordance with IAS 34.16A appear in the financial statements and their accompanying notes, as well as in other sections of this interim report.

## Note 2 Key estimates and assessments

The company management and the Board have discussed the development, choice and information regarding the Group's important accounting policies and estimates, as well as the application of these policies and estimates.

Listed below are some important accounting assessments and estimates.

### Leases

The Group has leases for both vehicles and premises. When ascertaining the size of leasing liabilities and leasing assets, assessments are required to determine whether it is reasonably certain that the Group will use the extension options. When assessing whether it is reasonably certain that extension options will be used for the premises, the Group has taken into consideration its future growth, and based on this, it has determined how long it could use the current premises. As a result, the Group has determined that it is not reasonably certain that the Group will use its extension options. However, this is something that may change in the future and would then affect the size of the leasing liability and leasing asset.

### Revenue recognition

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognizes revenue when control over goods or services transfers to the customer. Assessments are required to determine the time when control is transferred, i.e. a point in time or a period of time. The Group has made the assessment that the contracts that the Group entered into up to 2018 do not meet the requirements for the performance obligations being met over a period of time, but at a point in time. It has been assessed that the renegotiated contracts that were signed with customers in 2019 meet these requirements, so from now on revenues will be recognized over a period of time and not at a point in time.

## Note 3 Operating segments and revenue allocation

The Group's business is divided into operating segments based on the parts of the business monitored by the company's chief operating decision-maker. This is known as a management approach. The Group's internal reporting is structured so as to allow Group management to follow up on the operations in their entirety. Based on this internal reporting the Group has identified that the Group only has one segment.

### Revenue streams

The Group generates revenue primarily from the sale of machinery for solar cell production, the process for solar cell production, the service of machinery and solar cells. Currently the Group receives its revenue almost exclusively from the sale of machinery for solar cell production and the process for solar cell production, which is why only revenue from these is presented.

### Breakdown of revenue from contracts with customers

The breakdown of revenue from contracts with customers into major product and service areas is summarized below.

| Product/service area                | Machinery for solar cell production and process for solar cell production |                   | Other            |                | Total             |                   |
|-------------------------------------|---|-------------------|------------------|----------------|-------------------|-------------------|
|                                     | Jan-Mar 2020  | Jan-Mar 2019      | Jan-Mar 2020     | Jan-Mar 2019   | Jan-Mar 2020      | Jan-Mar 2019      |
| Machinery for solar cell production | 25,774,746  | -                 | -                | -              | 25,774,746        | -                 |
| Process for solar cell production   | 11,126,411  | 22,484,847        | -                | -              | 11,126,411        | 22,484,847        |
| Other                               | 2,316,752   | 3,980,070         | 3,583,139        | 418,586        | 5,899,891         | 4,398,656         |
| <b>Total</b>                        | <b>39,217,909</b>   | <b>26,464,917</b> | <b>3,583,139</b> | <b>418,586</b> | <b>42,801,048</b> | <b>26,883,503</b> |

### Geographic areas

| SEK             | Jan-Mar 2020      | Jan-Mar 2019      |
|-----------------|-------------------|-------------------|
| Sweden          | 2,202,628         | 399,491           |
| China/Hong Kong | 13,893,474        | 26,464,917        |
| EU              | 4,128,979         | 19,095            |
| Russia          | 22,531,168        | -                 |
| Other           | 44,800            | -                 |
| <b>Total</b>    | <b>42,801,048</b> | <b>26,883,503</b> |

Revenue from external customers refers to individual countries using the country where the customer is based.

The Group's non-current assets are localized entirely in Sweden.



### **Information about major customers**

Sales to Russia refer to Midsummer's sales under the framework agreement with Rusnano Group. Most of the sales in China go through Midsummer's distributor in Hong Kong, United Goal Development Ltd.

## **Note 4 Fair value of financial instruments**

The carrying value of all financial assets and liabilities provide a reasonable approximation of fair value.

## **Note 5 Explanations of the transition to IFRS**

This consolidated financial report is the fourth to have been prepared in conformity with IFRS. The accounting policies set out in note 1 have been applied when preparing the Group's and the parent company's financial statements for the 2020 financial year and the comparison year 2019. For a more detailed description of the transition effects of the transition to IFRS, see note 31 in the 2019 Annual Report.

### **Effects on the income statement, balance sheet (consolidated statement of financial position) and equity**

The following overviews show the aforementioned effects on the income statement, balance sheet (consolidated statement of financial position) and equity if IFRS had been applied in the first quarter of 2019.

## Consolidated statement of income and other comprehensive income, 1 January–31 March 2019

| SEK   | According to previous policies | Effect of IFRS 15 | Effect of IFRS 16 | According to IFRS |
|---|--------------------------------|-------------------|-------------------|-------------------|
| Net sales   | 18,687,789                     | 8,195,714         | -                 | 26,883,503        |
| Other operating income  | 1,474,815                      | -                 | -                 | 1,474,815         |
| Own work capitalized  | 3,499,879                      | -                 | -                 | 3,499,879         |
|   | <b>23,662,483</b>              | <b>8,195,714</b>  | <b>-</b>          | <b>31,858,197</b> |
| <b>Operating expenses</b>   |                                |                   |                   |                   |
| Raw materials and consumables   | -6,326,783                     | 4,791,144         | -                 | -1,535,639        |
| Other external expenses   | -3,402,662                     | -                 | 798,826           | -2,603,836        |
| Staff expenses  | -13,623,836                    | -                 | -                 | -13,623,836       |
| Depreciation/amortization and impairment of property, plant and equipment and intangible assets | -5,215,046                     | -                 | -775,345          | -5,990,391        |
| Other operating expenses  | -34,887                        | -                 | -                 | -34,887           |
| <b>Operating profit</b>   | <b>-4,940,731</b>              | <b>12,986,858</b> | <b>23,481</b>     | <b>8,069,608</b>  |
| <b>Profit from financial items</b>  |                                |                   |                   |                   |
| Interest income and similar profit/loss items   | 1,159,027                      | -                 | -6                | 1,159,021         |
| <b>Interest expense and similar charges</b>   | <b>-331,969</b>                | <b>-</b>          | <b>-46,240</b>    | <b>-378,209</b>   |
| <b>Profit after financial items</b>   | <b>-4,113,673</b>              | <b>12,986,858</b> | <b>-22,765</b>    | <b>8,850,420</b>  |
| <b>Profit before tax</b>  |                                |                   |                   |                   |
| <b>Profit before tax</b>  | <b>-4,113,673</b>              | <b>12,986,858</b> | <b>-22,765</b>    | <b>8,850,420</b>  |
| Tax on profit for the year  | -114,886                       | -1,479,878        | 2,594             | -1,592,169        |
| <b>Profit for the period</b>  | <b>-4,228,559</b>              | <b>11,506,980</b> | <b>-20,171</b>    | <b>7,258,250</b>  |
| <b>Earnings per share</b>   |                                |                   |                   |                   |
| before dilution (SEK)   | -0.14                          | 0.37              | 0.00              | 0.23              |
| after dilution (SEK)  | -0.14                          | 0.37              | 0.00              | 0.23              |

| SEK  | According to previous policies | Effect of IFRS 15 | Effect of IFRS 16 | According to IFRS |
|--|--------------------------------|-------------------|-------------------|-------------------|
| Profit for the period                      | -4,228,559                     | 11,506,980        | -20,171           | 7,258,250         |
| Other comprehensive income for the period  | -                              | -                 | -                 | -                 |
| <b>Comprehensive income for the period</b> | <b>-4,228,559</b>              | <b>11,506,980</b> | <b>-20,171</b>    | <b>7,258,250</b>  |

## Consolidated statement of financial position, 31 March 2019

| SEK  | According to previous policies | Effect of IFRS 15  | Effect of IFRS 16 | According to IFRS  |
|--|--------------------------------|--------------------|-------------------|--------------------|
| <b>Assets</b>  |                                |                    |                   |                    |
| Intangible assets  | 31,871,827                     |                    |                   | 31,871,827         |
| Property, plant and equipment                                | 29,989,089                     |                    |                   | 29,989,089         |
| Right-of-use assets  |                                |                    | 7,716,234         | 7,716,234          |
| Non-current receivables                                      | 40,000                         |                    |                   | 40,000             |
| Deferred tax assets  |                                | 3,422,129          | 2,588             | 3,424,717          |
| <b>Total non-current assets</b>                              | <b>61,900,916</b>              | <b>3,422,129</b>   | <b>7,718,822</b>  | <b>73,041,867</b>  |
| <b>Current assets</b>  |                                |                    |                   |                    |
| Inventories  | 13,320,802                     | 65,595,831         |                   | 78,916,633         |
| Tax assets   | 34,970                         |                    |                   | 34,970             |
| Accounts receivable  | 9,343,610                      |                    |                   | 9,343,610          |
| Receivables from customers for contract work/Contract assets | 69,791,584                     | -61,827,676        |                   | 7,963,908          |
| Prepayments and accrued income                               | 883,005                        |                    | -713,220          | 169,785            |
| Other receivables  | 1,146,155                      |                    |                   | 1,146,155          |
| Cash and cash equivalents                                    | 42,639,335                     |                    |                   | 42,639,335         |
| <b>Total current assets</b>                                  | <b>137,159,462</b>             | <b>3,768,155</b>   | <b>-713,220</b>   | <b>140,214,396</b> |
| <b>Total assets</b>  | <b>199,060,377</b>             | <b>7,190,284</b>   | <b>7,005,602</b>  | <b>213,256,264</b> |
| <b>Equity</b>  |                                |                    |                   |                    |
| Share capital  | 1,236,088                      |                    |                   | 1,236,088          |
| Other paid-in capital  | 157,237,914                    |                    |                   | 157,237,914        |
| Retained earnings incl. profit/loss for the year             | 372,933                        | -11,005,374        | -20,171           | -10,652,612        |
| Equity attributable to shareholders of the parent            | 158,846,935                    | -11,005,374        | -20,171           | 147,821,390        |
| Non-controlling interests                                    |                                |                    |                   | -                  |
| <b>Total equity</b>  | <b>158,846,935</b>             | <b>-11,005,374</b> | <b>-20,171</b>    | <b>147,821,390</b> |
| <b>Liabilities</b>   |                                |                    |                   |                    |
| Deferred tax liabilities                                     | 1,227,317                      | -1,227,317         |                   | -                  |
| Non-current interest-bearing liabilities                     | 15,895,563                     |                    | 4,024,181         | 19,919,744         |
| Other provisions   | 1,593,750                      |                    |                   | 1,593,750          |
| <b>Total non-current liabilities</b>                         | <b>18,716,630</b>              | <b>-1,227,317</b>  | <b>4,024,181</b>  | <b>21,513,494</b>  |
| <b>Current liabilities</b>                                   |                                |                    |                   |                    |
| Current interest-bearing liabilities                         | 9,085,703                      | -                  | 3,001,593         | 12,087,296         |
| Trade payables   | 6,228,910                      |                    |                   | 6,228,910          |
| Contract liabilities   | -                              | 19,422,975         |                   | 19,422,975         |
| Other liabilities  | 1,770,016                      |                    | -                 | 1,770,016          |
| Accruals and deferred income                                 | 4,412,183                      |                    | -                 | 4,412,183          |
| <b>Total current liabilities</b>                             | <b>21,496,812</b>              | <b>19,422,975</b>  | <b>3,001,593</b>  | <b>43,921,380</b>  |
| <b>Total liabilities</b>                                     | <b>40,213,442</b>              | <b>18,195,658</b>  | <b>7,025,774</b>  | <b>65,434,874</b>  |
| <b>Total equity and liabilities</b>                          | <b>199,060,377</b>             | <b>7,190,283</b>   | <b>7,005,602</b>  | <b>213,256,264</b> |

## Income statement for the parent company, 1 January–31 March 2019

| SEK   | According to previous policies | Effect of RFR 2 IFRS 15 | Effect of RFR 2 IFRS 16 | According to RFR 2 |
|---|--------------------------------|-------------------------|-------------------------|--------------------|
| Net sales   | 18,687,789                     | 8,195,714               | -                       | 26,883,503         |
| Change in goods in progress, finished goods and work in progress                                | -                              | 4,791,144               | -                       | 4,791,144          |
| Own work capitalized  | 3,499,879                      | -                       | -                       | 3,499,879          |
| Other operating income  | 1,474,815                      | -                       | -                       | 1,474,815          |
|   | <b>23,662,483</b>              | <b>12,986,858</b>       | <b>-</b>                | <b>36,649,341</b>  |
| <b>Operating expenses</b>   |                                |                         |                         |                    |
| Raw materials and consumables   | -6,326,783                     | -                       | -                       | -6,326,783         |
| Other external expenses   | -3,402,662                     | -                       | -3,320,717              | -6,723,378         |
| Staff expenses  | -13,623,836                    | -                       | -                       | -13,623,836        |
| Depreciation/amortization and impairment of property, plant and equipment and intangible assets | -5,215,046                     | -                       | 1,317,149               | -3,897,897         |
| Other operating expenses  | -34,887                        | -                       | -                       | -34,887            |
| <b>Operating profit</b>   | <b>-4,940,731</b>              | <b>12,986,858</b>       | <b>-2,003,568</b>       | <b>6,042,559</b>   |
| <b>Profit from financial items</b>  |                                |                         |                         |                    |
| Interest income and similar profit/loss items   | 1,159,027                      | -                       | 323,259                 | 1,482,286          |
| <b>Interest expense and similar charges</b>   | <b>-331,969</b>                | <b>-</b>                | <b>-</b>                | <b>-331,969</b>    |
| <b>Profit after financial items</b>   | <b>-4,113,673</b>              | <b>12,986,858</b>       | <b>-1,680,308</b>       | <b>7,192,877</b>   |
| <b>Profit before tax</b>  | <b>-4,113,673</b>              | <b>12,986,858</b>       | <b>-1,680,308</b>       | <b>7,192,877</b>   |
| Tax on profit for the year  | -114,886                       | -1,354,325              | 175,230                 | -1,293,981         |
| <b>Profit for the period</b>  | <b>-4,228,559</b>              | <b>11,632,533</b>       | <b>-1,505,078</b>       | <b>5,898,896</b>   |
| <b>Earnings per share</b>   |                                |                         |                         |                    |
| before dilution (SEK)   | -0.14                          | 0.38                    | -0.05                   | 0.19               |
| after dilution (SEK)  | -0.14                          | 0.38                    | -0.05                   | 0.19               |

## Statement of income and other comprehensive income for the parent company, 1 January–31 March 2019

| SEK                                      | According to previous policies | Effect of RFR 2 IFRS 15 | Effect of RFR 2 IFRS 16 | According to RFR 2 |
|--|--------------------------------|-------------------------|-------------------------|--------------------|
| Profit for the year                      | -4,228,559                     | 11,632,533              | -1,505,078              | 5,898,896          |
| Other comprehensive income for the year  | -                              | -                       | -                       | -                  |
| <b>Comprehensive income for the year</b> | <b>-4,228,559</b>              | <b>11,632,533</b>       | <b>-1,505,078</b>       | <b>5,898,896</b>   |

## Balance sheet for the parent company, 31 March 2019

| SEK   | According to previous policies | Effect of RFR 2 IFRS 15 | Effect of RFR 2 IFRS 16 | According to RFR 2 |
|---|--------------------------------|-------------------------|-------------------------|--------------------|
| <b>Assets</b>   |                                |                         |                         |                    |
| Intangible assets   | 31,871,827                     |                         |                         | 31,871,827         |
| Property, plant and equipment                                   | 29,989,089                     |                         | -14,708,171             | 15,280,918         |
| Financial non-current assets                                    | 90,000                         | 3,547,680               | 2,058,287               | 5,695,967          |
| <b>Total non-current assets</b>                                 | <b>61,950,916</b>              | <b>3,547,680</b>        | <b>-12,649,884</b>      | <b>52,848,711</b>  |
| <b>Current assets</b>   |                                |                         |                         |                    |
| Inventories   | 13,320,802                     | 65,595,831              |                         | 78,916,633         |
| Tax assets  | 34,970                         |                         |                         | 34,970             |
| Accounts receivable   | 9,343,610                      |                         |                         | 9,343,610          |
| Receivables from customers for contract work/Contract assets    | 69,791,584                     | -61,827,676             |                         | 7,963,908          |
| Prepayments and accrued income                                  | 883,005                        |                         |                         | 883,005            |
| Other receivables   | 1,146,155                      |                         |                         | 1,146,155          |
| Cash and bank balances  | 42,589,335                     |                         |                         | 42,589,335         |
| <b>Total current assets</b>                                     | <b>137,109,462</b>             | <b>3,768,155</b>        | <b>-</b>                | <b>140,877,616</b> |
| <b>Total assets</b>   | <b>199,060,377</b>             | <b>7,315,834</b>        | <b>-12,649,884</b>      | <b>193,726,328</b> |
| <b>Equity</b>   |                                |                         |                         |                    |
| Share capital   | 1,236,088                      |                         |                         | 1,236,088          |
| Fund for development expenses                                   | 29,385,370                     |                         |                         | 29,385,370         |
| Share premium reserve   | 157,237,914                    |                         |                         | 157,237,914        |
| Retained earnings   | -24,783,878                    | -22,512,356             | -7,500,825              | -54,797,058        |
| Profit for the period   | -4,228,559                     | <b>11,632,533</b>       | <b>-1,505,078</b>       | <b>5,898,896</b>   |
| Equity attributable to shareholders of the parent               | 158,846,935                    | -10,879,823             | -9,005,903              | 138,961,210        |
| Non-controlling interests                                       |                                |                         |                         | -                  |
| <b>Total equity</b>   | <b>158,846,935</b>             | <b>-10,879,823</b>      | <b>-9,005,903</b>       | <b>138,961,210</b> |
| <b>Liabilities</b>  |                                |                         |                         |                    |
| Deferred tax liabilities  | 1,227,317                      | -1,227,317              |                         | -                  |
| Other provisions  | 1,593,750                      |                         |                         | 1,593,750          |
| <b>Total provisions</b>   | <b>2,821,067</b>               | <b>-1,227,317</b>       | <b>-</b>                | <b>1,593,750</b>   |
| Other liabilities to credit institutions                        |                                |                         |                         | -                  |
| Other non-current liabilities                                   | 15,895,563                     |                         |                         | 15,895,563         |
| <b>Total non-current liabilities</b>                            | <b>15,895,563</b>              | <b>-</b>                | <b>-</b>                | <b>15,895,563</b>  |
| Liabilities to credit institutions                              | 9,085,703                      |                         | -8,014,275              | 1,071,428          |
| Liabilities to customers for contract work/Contract liabilities |                                | 19,422,975              |                         | 19,422,975         |
| Trade payables  | 6,228,910                      |                         |                         | 6,228,910          |
| Other current liabilities                                       | 1,770,016                      |                         |                         | 1,770,016          |
| Accruals and deferred income                                    | 4,412,183                      |                         | 4,370,293               | 8,782,476          |
| <b>Total current liabilities</b>                                | <b>21,496,812</b>              | <b>19,422,975</b>       | <b>-3,643,981</b>       | <b>37,275,805</b>  |
| <b>Total liabilities</b>  | <b>40,213,442</b>              | <b>18,195,658</b>       | <b>-3,643,981</b>       | <b>54,765,118</b>  |
| <b>Total equity and liabilities</b>                             | <b>199,060,377</b>             | <b>7,315,834</b>        | <b>-12,649,884</b>      | <b>193,726,328</b> |

## Future reporting dates

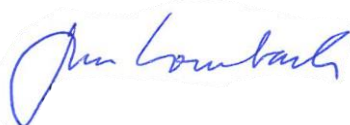
- Annual General meeting 2020 – 4 June 2020
- Interim report Q2, 2020 – 14 August 2020
- Interim report Q3, 2020 – 17 November 2020
- Year-end report 2020 – 15 February 2021

## Certification

The Board of Directors and the Chief Executive Officer hereby certify that this interim report provides an accurate overview of the operations, position and earnings of the Group and the parent company and that it describes the material risks and uncertainties faced by the parent company and the Group companies.

## Signatures/submission of the report

Stockholm 15 May 2020



**Jan Lombach**  
Board Member



**Eva Kristensson**  
Board Member



**Liang Gao**  
Board Member



**Philip Gao**  
Board Member



**Sven Lindström**  
CEO/Board Member

## Review

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