



INTERIM REPORT Q2 2020

Interim report for the second quarter of 2020

Midsummer AB (Publ) Nasdaq First North Premier Growth Market, MIDS

Net sales for the Group for the first six months of 2020 stood at TSEK 62,511 (TSEK 133,356 for the first six months of 2019). Net sales for the second quarter amounted to TSEK 28,412 (TSEK 106,473 for the second quarter of 2019).

Earnings per share for the Group for the first six months of 2020 stood at SEK -0.55/share (SEK 0.19/share for the first six months of 2019). Earnings per share for the second quarter stood at SEK -0.57/share (SEK -0.04/share for the second quarter of 2019).

Notable events April–June 2020

22 May 2020 Midsummer moves up to Nasdaq First North Premier

The Premier segment of First North Growth Market enables companies to prepare for a listing on the stock exchange's main list by setting stricter requirements for areas such as information disclosure, accounting policies and corporate governance.

25 May 2020 Midsummer launches its new Midsummer.se

User-friendliness is at the heart of the new Midsummer.se website, presenting the company in a more visual and accessible way and highlighting the new targeted business plan.

5 June 2020 Midsummer's solar panels almost ten times more eco-friendly than the most common solar panels on the market

A new lifecycle analysis (LCA) shows that the carbon footprint of Midsummer's solar panels produced in Sweden is almost 90% lower than the conventional silicon-based solar panels produced in China. This confirms the position of Midsummer's solar panels among the most eco-friendly types of energy in all categories due to the company's own advanced technology and Swedish production.

15 June 2020 Midsummer continues to perform well in ESG Risk Rating from Sustainalytics

Midsummer remains stable in the lower risk spectrum in Sustainalytics' latest ESG evaluation. Midsummer performs best in products and carbon dioxide emissions. Business ethics and staff safety also receive excellent reviews.

24 June 2020 Midsummer Magnum – 500 Watts per solar panel

Midsummer presents its first 500-Watt solar panel, Midsummer Magnum, and adapts its production line to be able to produce Midsummer Magnum in larger volumes.

25 June 2020 New machine order from an Asian customer

The order for two DUO systems is placed within the framework of Midsummer's green bond. The order value is in the normal interval of MUSD 3.5 and MUSD per production line.

Notable events after the end of the period

9 July 2020 Midsummer launches PowerMesh Technology

The new interconnection technology, PowerMesh Technology, increases the power of the solar cells and makes the end products look even more discrete.



Previous version



PowerMesh Technology

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

SEK	Jan–Jun 2020	Jan–Jun 2019	Apr–Jun 2020	Apr–Jun 2019
Net sales	62,511,030	133,356,024	28,412,135	106,472,521
EBITDA	9,183,699	23,836,014	-3,525,828	9,776,015
Operating profit	-8,278,044	10,983,860	-12,407,152	2,914,252
Profit before tax	-16,926,463	7,347,641	-17,576,283	-1,502,779
Profit after tax	-16,926,463	6,025,818	-17,576,283	-1,232,432
Operating margin	-13.24%	8.24%	-43.67%	2.74%
EBITDA margin	14.69%	17.87%	-12.41%	9.18%
Equity/assets ratio	25.39%	38.20%	25.39%	38.20%
Cash flow for the period	-83,324,700	139,330,798	-43,643,204	149,770,007
Earnings per share				
- before dilution	-0.55	0.19	-0.57	-0.04
- after dilution	-0.55	0.19	-0.57	-0.04

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

History books will describe the spring of 2020 using different words connected with social distancing, lockdowns and restrictions caused by the ongoing pandemic. However, for Midsummer the last quarter will instead be viewed as a time when we found new ways of meeting each other digitally – using both internal and external working methods to adapt to this situation – and a time when we launched a brand new website that clearly and intuitively describes us as a company and looks after visitors. This has resulted in us coming closer to each other and our customers on several levels, resulting in new insights, new efficiencies and new ideas.

But the current situation makes it difficult to meet new customers in China. Even the customers we already work with have faced delays in their talks with authorities due to the lockdowns that were introduced in places like Beijing at the beginning of the summer. This clearly affects us and gives us further proof that the route we should be taking is to have our own production in Europe.

Despite this and even though the process took longer than normal, we were able to finalize the deal for two DUO systems with a customer in Asia. This order was placed under the framework of Midsummer's green bond, which was great confirmation that Asia is still committed to investing in green solutions and they are still interested in our unique production systems. We have also recently received a small order for an upgrade of an existing system at a university in China.

Paving the way toward a new plant in Italy

We are currently setting up a new plant in Italy to further expand into Europe and continue to produce locally for the European market. We have started to form an Italian subsidiary and at the end of June/beginning of July I went with the state organization Invitalia to visit several interesting potential locations for our plant. At the moment we are negotiating a lease contract with the property owners and we are expecting to have this in place by the end of Q3 so that we can then submit a formal application to Invitalia for a start-up grant. It is going to be an exciting autumn!

New technological advances and stock exchange move

Midsummer has not had to close anything down. We have still been working at a high pace and in the spring and early summer we were able to announce our continued progress on the stock exchange by moving to First North Premier Growth Market and our brand new 500-Watt panel – Midsummer Magnum. Midsummer Magnum has generated a lot of interest in the trade media in a short period of time and many inquisitive customers have contacted us. The sales volumes for our other solar panel products are steadily growing and we can see a need to increase our production to meet this demand.

We have developed our new technology for interconnecting solar cells – PowerMesh Technology – and at the start of July we were able to present it to the world. PowerMesh Technology results in higher power and makes our end products look even more discrete. We are therefore continuing to invest in product development, both refining and improving our solar panels, which are already the most attractive on the market.

Strong investment in green solutions

Midsummer's solar panels are not only attractive and discrete. The carbon footprint of our products is particularly impressive. A new lifecycle analysis (LCA) was published in June that shows that the carbon footprint of Midsummer's solar panels produced in Sweden is almost 90 % lower than the conventional silicon-based solar panels produced in China. This is due to our advanced technology and Swedish production. Our DUO machines show that we have cracked the code for the mass production of thin, flexible CIGS solar cells, while the production process is both quick and has low energy consumption.

Midsummer's customers on the US market

On the US market our customer Sunflare has reported growth in the outdoors industry. More Americans are spending time outdoors, which is reflected in the growth in sales in this segment. The recreational vehicles segment has seen a 25% increase in sales and up to 80% of customers are choosing to have their vehicles fitted with solar panels from Sunflare. The modular building segment is also showing positive growth.



Sven Lindström, CEO, Midsummer AB

The development of earnings and financial position in the first six months of 2020

Sales and earnings

Net sales for the Group for the first six months of 2020 stood at TSEK 62,511 (TSEK 133,356 for the first six months of 2019). Net sales for the second quarter amounted to TSEK 28,412 (TSEK 106,473 for the second quarter of 2019).

Midsummer has changed its accounting of exchange rate gains/losses for contract assets in this Q2 report. They were previously recognized under net sales, but have now moved and are recognized under other operating income/expenses. Substantial exchange rate fluctuations have had a relatively high impact on Midsummer's earnings. In the first quarter, exchange rate gains on contract assets had a positive impact on earnings of TSEK 8,702, but in the second quarter, as the Swedish krona strengthened against the dollar and the euro, we reported an exchange rate loss of TSEK -7,869 instead. The combined effect over these six months was an exchange rate gain of TSEK 833.

Revenues from Group contributions were TSEK 46 in the first six months (TSEK 2,139 for the first six months of 2019). The company was also awarded compensation of TSEK 3,224 in a judgement in the second quarter following non-delivery from a subcontractor. The compensation from this dispute is recognized as part of other operating income.

Operating profit for the Group for the first six months of 2020 was TSEK -8,278 (TSEK 10,984 for the first six months of 2019), and operating profit for the second quarter was TSEK -12,407 (TSEK 2,914 for the second quarter of 2019). Profit before tax ended at TSEK -16,926 for the first six months of 2020 (TSEK 7,348 for the first six months of 2019). Profit before tax for the second quarter was TSEK -17,576 (TSEK -1,502 for the second quarter of 2019).

In the second quarter two new DUO systems were sold to a new customer in Asia. However, these machines will mostly be expensed on delivery, so this deal was not enough for the company to be able to report a profit for the second quarter. The strengthening of the Swedish krona also impacted profit in the second quarter. Problems in the delivery of materials for solar cell production had a negative effect on production in April and May.

The coronavirus pandemic only had a minor impact on the company as a whole in the second quarter. Midsummer has not received any coronavirus-related support from authorities, except for compensation for high sick pay costs and a reduction in social security contributions.

For the first six months of 2020 this meant that the parent company recorded an operating profit of TSEK -12,870 (TSEK -24,736 for the first six months of 2019). In the second quarter operating profit for the parent company was TSEK -5,816 (TSEK -30,779 for the second quarter of 2019).

Cash flow and financing

In the first six months of 2020 cash flow was TSEK -83,325 (TSEK 139,331 for the first six months of 2019). Cash and cash equivalents amounted to TSEK 28,475 at the end of the second quarter.

Inventories in the Group increased in the first six months from TSEK 23,732 to TSEK 30,262 (TSEK 11,212 at the end of the first six months of 2019), while contract assets increased from TSEK 115,145 to TSEK 147,113 (TSEK 92,847 at the end of the first six months of 2019).

There have been relatively significant variations in cash flow from quarter to quarter as the large payments that come in from the machine orders are more intermittent and do not follow income recognition. Although the cash flow was negative in the first six months of the year, contract assets increased and these contract assets will be transformed to cash and cash equivalents over time.

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 six months of 2020.

The total investments in property, plant and equipment in the first six months of 2020 amounted to TSEK 791 (TSEK 10,386 for the first six months of 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.

Although the coronavirus affected deliveries of materials to our own solar roof production in the first quarter, the delivery chains returned to normal in the second quarter and we currently do not have any problems receiving material deliveries. The first delivery of solar panels from China was also able to be shipped in the second quarter. However, we recognize that there is a risk of a second wave and new lockdowns in China could result in the delivery problems we had in the first quarter returning. There remains a shortage of freight flights between Asia and Europe, which means that 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 of the 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 of 2019, 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 aesthetics are 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 30 June 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	1,131,792	3.66%
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 (4,806)	6,914,150	22.37%
Total number of shares	30,902,200	100.00%

Condensed consolidated statement of income and other comprehensive income

SEK	Note	Jan–Jun 2020	Jan–Jun 2019	Apr–Jun 2020	Apr–Jun 2019
Net sales	3	62,511,030	133,356,024	28,412,135	106,472,521
Other operating income		5,626,254	2,139,116	5,580,721	664,301
Own work capitalized		12,063,202	6,873,170	6,585,354	3,373,291
		80,200,486	142,368,310	40,578,210	110,510,113
Raw materials and consumables		-24,546,996	-82,423,648	-11,034,743	-80,888,010
Other external expenses		-8,237,730	-6,065,247	-4,641,424	-3,461,412
Staff expenses		-36,540,277	-29,992,811	-18,231,548	-16,368,974
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-17,461,743	-12,852,154	-8,881,324	-6,861,762
Other operating expenses		-1,691,783	-50,590	-10,196,322	-15,703
Operating profit		-8,278,044	10,983,860	-12,407,152	2,914,252
Financial income		625,117	1,100,523	-575,362	0
Financial expenses		-9,273,536	-4,736,742	-4,593,769	-4,417,031
Net financial items		-8,648,419	-3,636,219	-5,169,131	-4,417,031
Profit before tax		-16,926,463	7,347,641	-17,576,284	-1,502,779
Tax		-	-1,321,823	-	270,346
Profit for the period		-16,926,463	6,025,818	-17,576,284	-1,232,433
Other comprehensive income					
Other comprehensive income for the period		-	-	-	-
Comprehensive income for the period		-16,926,463	6,025,818	-17,576,284	-1,232,433
Profit for the period attributable to:					
- Owners of the parent		-16,926,463	6,025,818	-17,576,284	-1,232,433
- Non-controlling interests		-	-	-	-
Earnings per share					
- before dilution (SEK)		-0.55	0.19	-0.57	-0.04
- after dilution (SEK)		-0.55	0.19	-0.57	-0.04
Number of outstanding shares at end of reporting period					
- before dilution		30,902,200	30,902,200	30,902,200	30,902,200
- after dilution		30,902,200	30,902,200	30,902,200	30,902,200
Average number of outstanding shares					
- before dilution		30,902,200	30,902,200	30,902,200	30,902,200
- after dilution		30,902,200	30,902,200	30,902,200	30,902,200

Condensed consolidated statement of financial position

SEK	Note	30 Jun 2020	30 Jun 2019
Assets			
Intangible assets		36,999,824	32,033,261
Property, plant and equipment		40,275,676	19,571,359
Right-of-use asset		12,458,001	21,901,489
Deferred tax assets		-	3,695,064
Non-current receivables		40,000	40,000
Total non-current assets		89,773,501	77,241,173
Inventories		30,261,894	11,211,918
Tax assets		666,815	120,356
Accounts receivable		28,387,630	8,153,787
Contract assets		147,113,169	92,847,121
Prepayments and accrued income		2,063,855	73,595
Other receivables		1,461,985	2,326,462
Cash and cash equivalents		28,474,890	191,811,983
Total current assets		238,430,238	306,545,222
Total assets		328,203,739	383,786,395
Equity			
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		-75,129,167	-11,885,044
Equity attributable to owners of parent		83,344,835	146,588,958
Non-controlling interests		-	-
Total equity		83,344,835	146,588,958
Liabilities			
Non-current interest-bearing liabilities		211,126,668	212,440,980
Other provisions		791,667	1,265,625
Total non-current liabilities		211,918,335	213,706,605
Current interest-bearing liabilities		10,181,198	3,300,334
Trade payables		8,499,817	11,627,060
Contract liabilities		-	6,445
Other liabilities		3,012,626	2,518,629
Accruals and deferred income		11,246,928	6,038,365
Total current liabilities		32,940,569	23,490,833
Total liabilities		244,858,904	237,197,438
Total equity and liabilities		328,203,739	383,786,395

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			-	-	-	-
Comprehensive income for the period			7,258,250	7,258,250	-	7,258,250
Closing equity 30 June 2019	1,236,088	157,237,914	-10,652,613	147,821,390	-	147,821,390
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			-16,926,463	-16,926,463		-16,926,463
Other comprehensive income for the period						
Comprehensive income for the period			-16,926,463	-16,926,463		-16,926,463
Closing equity 30 June 2020	1,236,088	157,237,914	-75,129,167	83,344,835	-	83,344,835

Condensed consolidated statement of cash flows

SEK	Note	Jan–Jun 2020	Jan–Jun 2019	Apr–Jun 2020	Apr–Jun 2019
Operating activities					
Profit before tax		-16,926,463	7,347,641	-17,574,478	-1,502,779
Adjustment for non-cash items		17,483,485	11,986,863	10,517,285	7,108,174
Income tax paid		-119,467	-117,207	-145,935	88,788
Increase (-)/Decrease (+) in inventories		-6,529,522	59,206,650	-8,255,392	67,704,715
Increase (-)/Decrease (+) in operating receivables		-54,923,875	-88,741,980	-16,556,162	-84,706,317
Increase (+)/Decrease (-) in operating liabilities		-5,707,948	-14,089,609	1,246,847	-11,866,095
Cash flow from operating activities		-66,723,790	-24,407,642	-30,767,836	-23,173,514
Investing activities					
Acquisition of property, plant and equipment		-790,893	-10,386,127	-593,620	-7,395,373
Acquisition of intangible assets		-12,226,795	-6,904,178	-6,726,837	-3,395,379
Cash flow from investing activities		-13,017,688	-17,290,305	-7,320,457	-10,790,752
Financing activities					
Loans raised		-	200,000,000	-	200,000,000
Repayment of loans		-3,583,222	-18,971,255	-5,554,911	-16,265,727
Cash flow from financing activities		-3,583,222	181,028,745	-5,554,911	183,734,273
Cash flow for the period		-83,324,700	139,330,798	-43,643,204	149,770,007
Cash and cash equivalents at start of period		111,015,273	53,078,543	72,236,450	42,639,335
Exchange difference in cash and cash equivalents		784,318	-597,358	-118,355	-597,360
Cash and cash equivalents at end of period		28,474,890	191,811,983	28,474,890	191,811,983

Condensed income statement for the parent company

SEK	Note	Jan–Jun 2020	Jan–Jun 2019	Apr–Jun 2020	Apr–Jun 2019
Net sales		43,558,873	29,028,363	26,868,436	2,144,860
Change in goods in progress, finished goods and work in progress		20,151,970	11,846,297	9,814,034	7,055,153
Own work capitalized		11,469,962	6,873,170	6,296,751	3,373,291
Other operating income		5,177,132	2,139,116	5,131,599	664,301
		80,357,937	49,886,945	48,110,820	13,237,605
Raw materials and consumables		-31,858,961	-21,618,961	-19,883,755	-15,292,179
Other external expenses		-12,044,732	-14,413,794	-6,524,888	-7,690,415
Staff expenses		-36,540,277	-29,992,811	-18,231,548	-16,368,974
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-11,093,110	-8,547,155	-5,717,139	-4,649,258
Other operating expenses		-1,691,783	-50,590	-3,570,092	-15,703
Operating profit		-12,870,927	-24,736,366	-5,816,603	-30,778,924
Profit from financial items					
Interest income and similar profit/loss items		623,322	1,100,523	-575,362	-
Interest expense and similar profit/loss items		-9,118,345	-4,641,061	-4,520,493	-4,690,855
Profit after financial items		-21,365,950	-28,276,904	-10,912,459	-35,469,780
Profit before tax					
		-21,365,950	-28,276,904	-10,912,459	-35,469,780
Tax		-	4,602,648	-	5,896,629
Profit for the period		-21,365,950	-23,674,255	-10,912,459	-29,573,150

Condensed statement of income and comprehensive income for the parent company

SEK	Note	Jan–Jun 2020	Jan–Jun 2019	Apr–Jun 2020	Apr–Jun 2019
Profit for the period		-21,365,950	-23,674,255	-10,912,459	-29,573,150
Other comprehensive income		-	-	-	-
Comprehensive income for the period		-21,365,950	-23,674,255	-10,912,459	-29,573,150

Condensed balance sheet for the parent company

SEK	Note	30 Jun 2020	30 Jun 2019
Assets			
Non-current assets			
Intangible assets		36,406,584	32,033,261
Property, plant and equipment		32,263,016	19,571,359
Financial non-current assets			
- Interests in subsidiaries		50,000	50,000
- Other non-current receivables		40,000	40,000
- Deferred tax assets		-	11,502,398
Total financial non-current assets		90,000	11,592,398
Total non-current assets		68,759,600	63,197,018
Current assets			
Inventories, etc.		105,879,993	83,862,901
Current receivables			
- Accounts receivable		28,387,630	8,153,787
- Contract assets		48,314,137	7,942,435
- Tax assets		666,815	120,356
- Other receivables		1,461,985	2,326,462
- Prepayments and accrued income		1,242,958	822,605
Total current receivables		80,073,525	19,365,646
Cash and bank balances		28,424,890	191,761,983
Total current assets		214,378,408	294,990,531
Total assets		283,138,008	358,187,549

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

Condensed balance sheet for the parent company continued

SEK	Note	30 Jun 2020	30 Jun 2019
Equity and liabilities			
Equity			
Restricted equity			
- Share capital		1,236,088	1,236,088
- Fund for development expenses		38,673,114	30,532,167
Non-restricted equity			
- Share premium reserve		157,237,914	157,237,914
- Retained earnings		-138,862,988	-55,943,855
- Profit for the period		-21,365,950	-23,673,236
Total equity		36,918,178	109,389,078
Provisions			
- Other provisions		791,667	1,265,625
Total provisions		791,667	1,265,625
Non-current liabilities			
- Bonds		200,000,000	200,000,000
- Liabilities to credit institutions		7,884,685	7,919,372
Total non-current liabilities		207,884,685	207,919,372
Current liabilities			
- Advances from customers		14,806,306	19,429,419
- Trade payables		8,499,817	11,627,060
- Other current liabilities		2,990,428	2,518,629
- Accruals and deferred income		11,246,928	6,038,365
Total current liabilities		37,543,478	39,613,473
Total equity and liabilities		283,138,008	358,187,549

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. For the contracts that were signed in 2019 and 2020, the Group assessed that some of these contracts meet the requirements, while others do not. Consequently revenues from some contracts are recognized over a period of time, while revenues from other contracts are recognized based on performance obligations being met 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 most of its revenue 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–Jun 2020	Jan–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Jun 2020	Jan–Jun 2019
Machinery for solar cell production	20,415,085	104,327,660	-	-	20,415,085	104,327,660
Process for solar cell production	31,873,458	22,241,236	-	-	31,873,458	22,241,236
Other	4,528,595	5,969,664	5,693,892	817,463	10,222,487	6,787,127
Total	56,817,138	132,538,561	5,693,892	817,463	62,511,030	133,356,024

Geographic areas

Group

SEK	Jan–Jun 2020	Jan–Jun 2019
Sweden	4,145,811	637,489
China/Hong Kong	32,649,701	132,538,561
EU	2,839,135	-
Russia	22,866,983	-
Other	9,400	179,974
Total	62,511,030	133,356,024

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.

Future reporting dates

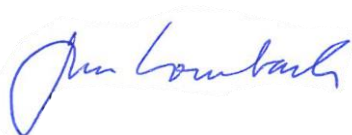
- Interim report Q3, 2020 – 17 November 2020
- Year-end report 2020 – 15 February 2021

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 14 August 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.