ANNUAL REPORT 2020
Midsummer AB (publ)

The Board of Directors and the CEO
hereby present the

Annual Report for

Midsummer AB (publ)
556665–7838

Financial year
1 January 2020 – 31 December 2020

MIDSUMMER'S VISION

With the most sustainable solar panel we transform the conventional roof and accelerate the transition towards renewable energy.

Introduction

In 2020 the Covid-19 pandemic led to a temporary reduction in global CO2 emissions and the use of fossil fuels. Renewable energy sources have accounted for a much larger share of the total energy mix than in previous years. This is a positive trend that must continue and get stronger as markets and economies recover.

A transition to renewable energy sources is required to achieve the global goals that have been set to combat severe climate change. More than 120 countries have joined together and declared their commitment to a net-zero 2050. The current pandemic presents a unique opportunity to realise this commitment as economies and businesses start to build up again.

Midsummer was founded to be part of this transition. Our promise is to continue to build the market for discrete solar roofs and solar panels with a minimal carbon footprint.

Installation of Midsummer SLIM

Contents

Midsummer in brief 1
Notable events in 2020 2
Key performance indicators 3
CEO's statement 5
Midsummer's products 7
Environment and sustainability 9
Directors' Report 11
Financial statements..... 19
- Consolidated statement of income and other comprehensive income..... 20
- Consolidated financial position..... 21
- Consolidated changes in equity..... 22
- Consolidated cash flow..... 23
- Income statement for the parent company..... 24
- Statement of income and other comprehensive income for the parent company..... 24
- Balance sheet for the parent company..... 25
- Changes in equity for the parent company..... 27
- Cash flow statement for the parent company..... 28
- Notes to the financial statements..... 29

Board of Director's certification 74

Installation of Midsummer WAVE

Swedish innovation focusing on design, function and sustainability

Midsummer develops and sells equipment for the production of flexible thin-film solar cells, and produces, sells and installs solar roofs and solar panels. The company was founded in 2004 and Midsummer owns the entire chain from the manufacturing equipment to installed solar roofs and solar panels. As the company owns the relationship with the end customer, it benefits from rapid feedback that it can implement directly in its continuous development work. Midsummer's technology and products are considered to be well-positioned to meet future needs and expectations on a market experiencing strong, global growth.

The Midsummer DUO production system enables the successful mass production of thin-film solar cells. Midsummer's products are particularly attractive as a result of their high production rate and solar cells that have a 90% lower carbon footprint than conventional solar panels. Midsummer AB is listed on Nasdaq First North Premier Growth Market.

Annual Report 2020

Midsummer AB (Publ) Nasdaq First North Premier Growth Market

The comparison figures presented in this report relate to the previous year unless otherwise specified.

NOTABLE EVENTS FOR THE FULL YEAR 2020

- Net sales for the Group stood at TSEK 71,954 (TSEK 184,467) in 2020. Earnings per share for the Group stood at SEK -2.65/share both before and after dilution (SEK -1.30/share) in 2020.
- Sales of solar panels and solar roofs amounted to TSEK 10,693 (TSEK 5,217) in 2020.
- Midsummer expands into Europe and sets up a subsidiary in Italy, Midsummer Italia. The aim is to establish a factory in Italy for the large-scale production of solar panels to meet the increase in demand for sustainable and lightweight solar cells.
- Rusnano Group places its first order with Midsummer for a production line as part of the framework agreement presented in September 2019.
- Midsummer changes its trading venue to Midsummer AB (publ) Nasdaq First North Premier Growth Market. Its first day of trading was 26 May 2020.
- Midsummer's building-integrated solar panels are launched on the Iberian Peninsula. The company signs a cooperation agreement with Rollgum and Imperalum to supply roofs with integrated solar panels to commercial customers in Spain, Portugal, Andorra and Portuguese-speaking countries in Africa.
- The pandemic has led to Midsummer taking a number of measures during the year to enable it to perform acceptance tests remotely. Two machines that had previously been ordered were therefore able to be completed and shipped.
- The company carries out a directed new share issue totalling TSEK 30,450 and a rights issue totalling TSEK 253,516.
- Midsummer wins the prestigious procurement of a research system for the University of New South Wales in Sydney, Australia, with Midsummer UNO. The system will be used to develop a new innovative type of tandem solar cell.

OTHER EVENTS AND AWARDS IN 2020

- Midsummer's solar panels are 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 made in Sweden is almost 90% lower than most imported solar panels.
- Midsummer is named the most innovative company of the year for technical solutions for solar energy. The award was 'Most Innovative SolarTech Solutions' (Europe) and was given by the publication Capital Finance International for the company's technological advances and future expansion opportunities.

Key

TSEK	2020	2019
Net sales	71 954	184 467
EBITDA	-50 042	9 012
Operating profit	-74 487	-23 096
Profit before tax	-92 302	-35 449
Profit after tax	-92 302	-40 292
Operating margin	negativt	negativt
EBITDA margin	negativt	4,89%
Equity/assets ratio	49,18%	28,50%
Cash flow for the period	105 897	57 662
Earnings per share		
- before dilution (SEK)	-2,65	-1,30
- after dilution (SEK)	-2,65	-1,30

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/amortisation 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.

476 %

Total new orders for solar roofs and solar panels – an increase on the previous year.

PowerMesh Technology

Midsummer launches Power Mesh Technology (PMT). PMT increases the power of solar cells and gives the final products a more discreet look, while retaining previous benefits such as flexibility, a sustainable production process and class-leading weight characteristics. PMT reduces the use of silver by 75%.

90 procent lägre koldioxidavtryck

Midsummer's solar panels that are made in Sweden generate almost 90% lower CO2 emissions than traditional silicon-based solar panels, and only 1% of the greenhouse gases emitted by European coal power, for example. This has been reported in a new LCA analysis.

UNSW Sydney

Midsummer sells a research system, UNO, to the University of New South Wales in Sydney, Australia.

The company wins the prestigious procurement of a research system for the University of New South Wales, UNSW, in Sydney, Australia. UNSW in Sydney has held the world record for solar cell efficiency for several decades and they have now decided to advance their research using a platform supplied by Midsummer.

The team at UNSW, led by the award-winning researcher, Xiaojing Hao, Physical Scientist of the Year, will use the Midsummer UNO to develop a new type of tandem solar cell, focusing on productivity and scalability.

Cooperation

During the year Midsummer cooperated in research and development with companies and organisations whose technology and products can be integrated in an interesting way with products from the company's portfolio. Current projects include integration in canvas and installation directly on vehicles.

CEO's statement

In 2020 the global pandemic challenged the world in a way that we have not experienced in recent history. Midsummer is closing a financial year when current restrictions impacted some of Midsummer's business, so our results for the year are as you would expect. Midsummer made a concerted effort to develop its business with private and commercial customers, reporting a strong trend in new sales for our solar roofs and solar panels. We have also sold new machines to customers in Asia, Russia and Australia. During the year we developed a process for obtaining final approval for our machines online, enabling us to reduce our contract assets; this work will continue in 2021.

A sustainable future

We all have to be part of the green transition if we are going to combat severe climate change and create a sustainable society. This is our absolute conviction and is at the heart of Midsummer's business. By producing and selling products that challenge the assumptions of conventional roofs and traditional solar panels, we are building a market where solar energy is available to more people. We are working with the purchasers of our production equipment to achieve this. The strong trend we saw in new orders for our solar roofs and solar panels in 2020 strengthens our conviction that we are on the right track and that we are meeting a need on the market.

Unique production

Midsummer's solar panels and solar roofs are made in Sweden, which makes us completely unique. We believe that a true environmentally-friendly and sustainable product should be local. Just as renewable energy should be generated where it is consumed, solar cells and solar panels should be produced where the customers are located.

Our production method also ensures that our solar roofs and solar panels have a minimal carbon footprint, almost 90% lower than conventional imported silicon panels. This is due to the technology that we at Midsummer have developed ourselves, reducing the use of materials and energy needed in our production. Of course, the energy used in our factories is renewable.

A growing market

There is huge potential in the market for solar roofs and solar panels, and we are seeing a demand for solutions with Midsummer's product characteristics. Our oversubscribed new issue provides us with the finances we need to invest in growth and build Midsummer for the future. We have strengthened our marketing and sales department to meet this growing demand and we will increase our current production capacity.

Sweden's goal is to transform its energy systems to make them renewable and fully climate-neutral in the future. The need for electricity will increase in parallel to this. This is why clean energy sources are needed, as well as attractive, sustainable solutions for energy production. Midsummer is working to deliver this to the market.

Sven Lindström, CEO, Midsummer AB

Midsummer's products

Midsummer supplies the market with unique products that challenge the assumptions of conventional roofs and traditional solar panels. We offer solutions for a high volume of roofs. Our product portfolio includes solar roofs and solar panels that are suitable for new builds, for replacing entire roofs and for retrofitting onto existing roofs. Midsummer's solar roofs and solar panels are sold to private and commercial property owners.

Midsummer SLIM

SLIM offers the customer a discrete and elegant solar roof in folded sheet metal and is sold as a complete replacement roof. The sheet metal for SLIM has the same width as the solar panel to maximise the installed power and to create a discrete design. SLIM has better wind-resistant properties than competing products.

Midsummer WAVE

WAVE is the first solar panel in the world that has been adapted for roof tiles. It can be retrofitted onto existing roofs or sold as a complete replacement roof. WAVE creates a beautiful and discrete solar roof, which cannot be seen and does not intrude. The wave design of the solar panel preserves the original design of the roof, making it easier to install than traditional methods.

Midsummer BOLD

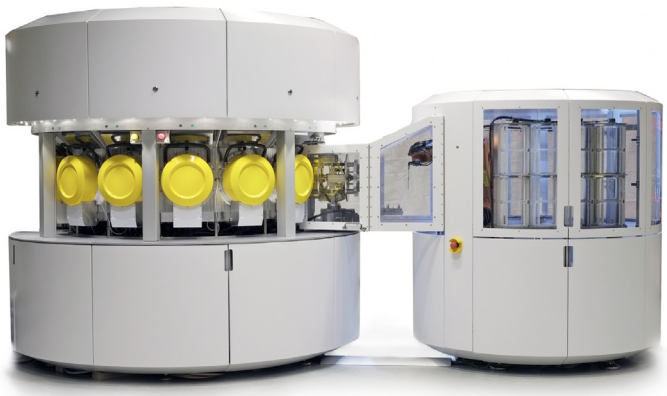
BOLD is a solar panel that is integrated into cardboard and membrane roofs and can be retrofitted onto existing roofs or sold as a complete replacement roof. The main advantages of BOLD are the panel's low weight and the fact that installation does not require any holes to be made in in the roof's waterproofing layer. BOLD is Midsummer's leading product on the commercial market and can be installed on, for example, industrial premises and sports halls. BOLD is also sold on the private market, where it replaces roof tiles or sheet metal.

Midsummer DUO

Turnkey and cost-effective production systems for CIGS solar cells

The system produces a complete solar cell every 20 seconds

Unique production process with a low carbon footprint



Midsummer UNO

Used at universities for world-leading solar cell research

Flexible and customised configuration

Results from UNO can be implemented for commercial production in DUO

Environment and sustainability

Sustainability is at the very heart of Midsummer and forms an intrinsic part of every section of its organisation. The combustion of fossil fuels and electricity production are two factors that contribute strongly to global climate change. CO2 emissions in the air have steadily increased, almost doubling over the past 50 years, although they did reduce in 2020 as a result of the Covid-19 pandemic. Once society and life go back to normal after Covid-19, decisive action is needed to address this crisis and reduce CO2 levels.

Both energy consumption and the energy mix need to be addressed to reduce CO2 emissions globally and locally. Midsummer works to accelerate the transition to renewable energy by offering a range of products that enable private individuals and commercial companies to generate solar energy. The products' unique properties (flexible, lightweight and discrete) enable solar roofs and solar panels to be installed at locations where it would otherwise be impossible to install traditional silicon-based solar cells due to weight restrictions or aesthetic reasons. Midsummer's panels also have a minimal carbon footprint compared with similar technologies.

Minimal carbon footprint

A holistic approach to a product's lifecycle is needed to compare carbon footprints. A lifecycle analysis is used to ascertain the net emissions of greenhouse gases across a product's entire life, including decommissioning and recycling. It is important for any measures that are implemented to be effective and not increase CO2 emissions elsewhere.

A third-party reviewed lifecycle analysis found that Midsummer's production process has up to a 90% lower carbon footprint than the production of traditional silicon solar panels. This difference is due to Midsummer's production process, which uses a lower quantity of input materials and less

energy. In addition, Midsummer's production processes are completely free of cadmium, which is an environmentally hazardous substance used in several other production processes for solar cells, including thin-film CIGS cells.

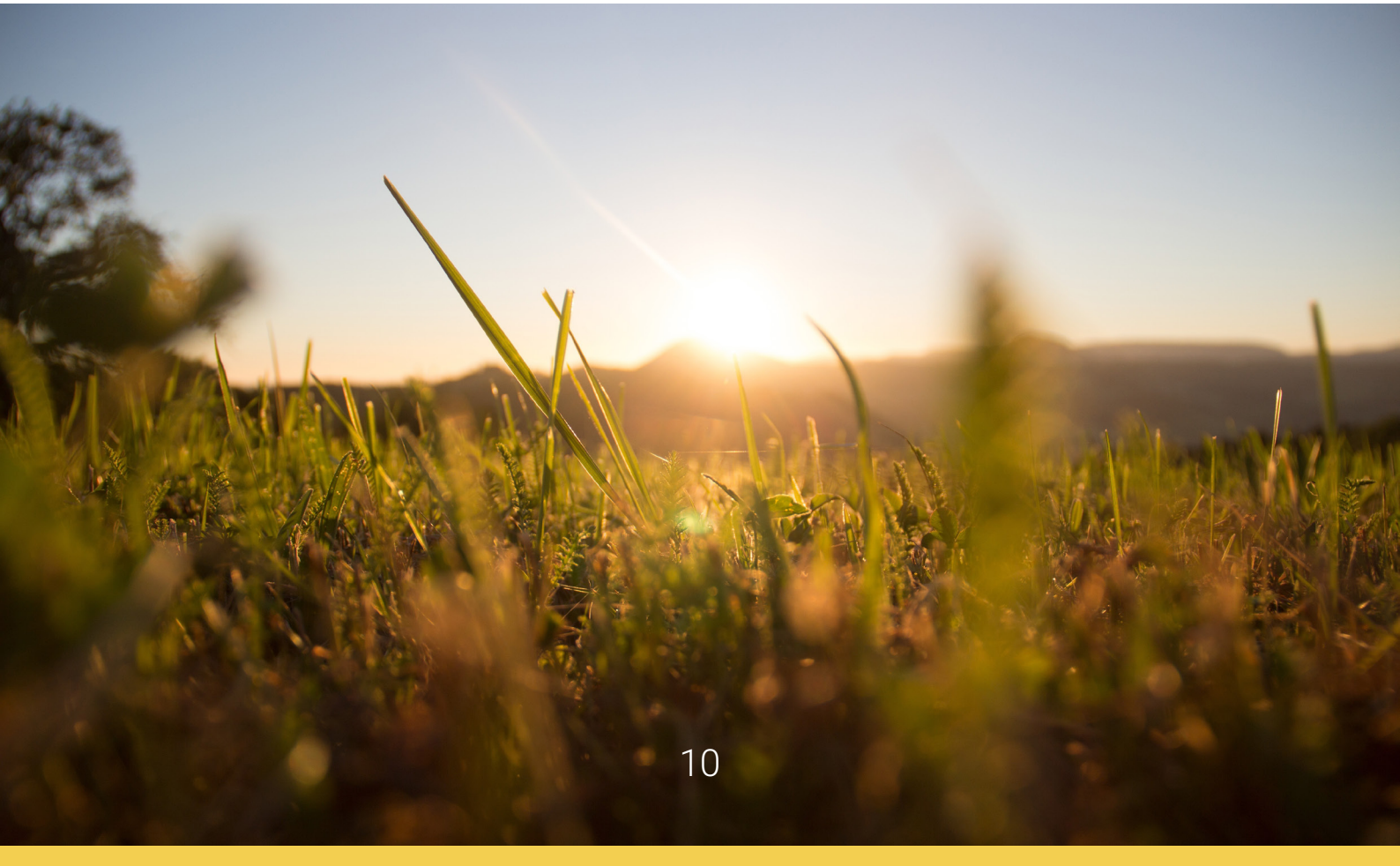
Midsummer believes that carbon footprints and energy payback will become even more important, both globally and locally. Producing energy-intensive silicon panels and glass and aluminium frames using energy from coal power is not environmentally friendly. In the future solar cell suppliers will be judged increasingly on the climate impact of their production processes.

Sustainable today, sustainable in the future

Midsummer's sustainability work includes both environmental and social sustainability. The minimum requirements for the organisation are set out in laws, ordinances and statutory requirements. Midsummer's policies include guidelines, routines, goals and activities to achieve efficiency and quality in the management of its work environment, gender equality and diversity. This work involves continual improvements that are documented and reviewed annually.

Midsummer works proactively and actively for a workplace free from discrimination that promotes our employees' health, job satisfaction and efficiency. Midsummer works with ESG ratings to enable the company to clearly monitor its work and produce established data for investors.

Midsummer uses Sustainalytics as its partner for its ESG rating. This is presented in a separate report. Midsummer's most recent ESG rating (2019 financial year) was 23.4 of 100 – a low risk assessment.



Directors' Report

The Board of Directors and CEO of Midsummer AB (publ), 556665–7838, hereby present the annual accounts and consolidated accounts for the 2020 financial year.

Operations

Midsummer AB ('Midsummer', the 'Company' or the 'Group') has world-leading technology for the manufacture of solar roofs and solar panels, and production equipment for solar cells. In 2020 the Company expanded its business from production equipment to include the production, sale and installation of solar roofs and solar panels. In 2020 solar roofs were mostly sold on the Swedish market. Production equipment is exported, primarily to Asia and Europe.

The Company's registered office is located in Stockholm, while solar roofs, solar panels and production machines are manufactured at Midsummer's facility in Järfälla, north of Stockholm. The Company started a subsidiary in Italy in 2020 and plans to expand its production capacity by setting up a new factory in Bari in southern Italy to manufacture solar roofs and solar panels.

Midsummer's vision is to transform the conventional roof with its most sustainable solar panel and accelerate the transition to renewable energy.

Operating segments

In 2020 Midsummer carried out its business operations in one operating segment. From 2021 the Company will report on two segments, solar panels and production equipment, and the Company will monitor its operations accordingly from 2021.

Sales and earnings

Net sales for the Group in 2020 stood at TSEK 71,954 (TSEK 184,467).

Revenues from Group contributions were TSEK 1,264 (TSEK 2,823) in 2020. 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 recognised as part of other operating income.

Operating profit for the Group for 2020 was TSEK -74,487 (TSEK -23,096), and profit before tax ended at TSEK -92,302 (TSEK -35,449).

The Swedish krona strengthened against the US dollar during the year, resulting in a foreign exchange loss for the Company of TSEK -16,154 for its contract assets.

Comments on the Income Statement and Balance Sheet for the period

The Company's profit was hit by lower machine sales and lower revenues from service agreements. The production systems that Midsummer sells are complex, with a long sales process that requires physical meetings both at Midsummer's facilities and on site with the customer. The current

pandemic has restricted travel to the countries and regions where Midsummer has traditionally sold DUO machines. There were no new DUO sales in the third or fourth quarters of 2020, while the UNO that was sold to Australia will only be recognised as income in 2021. The Company also built fewer machines where the percentage-of-completion method could be applied. Against this backdrop, the profit figure was lower for 2020.

Midsummer is taking action to manage the negative effects of the pandemic and in the fourth quarter of 2020 two machines received final delivery approval. The Company was able to gain this final approval from the customer by developing a method to perform machine acceptance tests by video link and using external experts.

Comments on the impact of COVID-19

Midsummer has not received any government support linked to Covid-19, except for compensation for sick pay costs and a reduction in social security contributions.

Parent company

In 2020 the parent company reported an operating profit of TSEK -44,986 (TSEK -55,957). Net sales in the parent company in 2020 was TSEK 71,250 (TSEK 90,262). For the parent company we apply the completed contract method for revenue recognition, where we receive revenue for new sales (the process) and revenue when we ship the products (the machine), but nothing in between.

Cash flow and financing

Cash flow in 2020 amounted to TSEK +105,897 (TSEK +57,662). At the end of 2020 cash and cash equivalents amounted to TSEK 217,610 (TSEK 111,015).

In the third quarter the Company carried out a directed new share issue totalling TSEK 30,450 and in the fourth quarter the Company carried out a rights issue totalling TSEK 253,516. After issue costs, these two issues boosted cash and cash equivalents by TSEK 247,963.

Both issues had a subscription price of SEK 10.50 per Unit, where each Unit comprised a new share and a warrant, with every 2 warrants entitling the holder to subscribe to a new share at a rate of SEK 15.20 per share between 1 November 2021 and 30 November 2021. In the rights issue, every 7 existing shares entitle holders to subscribe to five Units.

The purpose of these two issues was to (i) finance the need for greater production capacity as part of the continued European expansion, (ii) increase the sales and marketing organisation both at its headquarters in Järfälla and in Italy, and (iii) provide other/working capital.

Inventories in the Group increased in 2020 from TSEK 23,732 to TSEK 26,682.

At the end of the year contract assets amounted to TSEK 118,353 (TSEK 115,145). In the first three quarters, contract assets gradually increased to TSEK 141,485 at the end of the third quarter, but they fell by TSEK -23,132 in the fourth quarter.

The current pandemic makes it far more difficult to perform acceptance tests and install the DUO machines that Midsummer has already sold. The Company has now developed a method for obtaining final approval without customers having to be physically present, which enabled Midsummer to reduce its contract assets in the fourth quarter. Midsummer is using this new method to obtain final approval for several machines and the Company assesses that contract assets will continue to fall in 2021.

The Company's share

The share is listed on Nasdaq First North Stockholm (MIDS, ISIN code: SE 0011281757) and its first day of trading was 21 June 2018.

In 2020 the Company changed its trading venue to Nasdaq First North Premier Growth Market with its first day of trading on 26 May 2020.

The share capital in Midsummer amounted to TSEK 2,318 as at 31 December 2020, distributed among 59,171,392 shares with a nominal value of SEK 0.04.

The share price at the end of 2020 was SEK 10.80, which meant that Midsummer's market capitalisation was TSEK 639,051.

In 2020 the Company issued 28,269,192 warrants (MIDS TO1, ISIN code: SE 0014957593) in conjunction with the above new issues. Two warrants entitle the holder to subscribe to one new share at SEK 15.20 per share between 1 November 2021 and 30 November 2021.

If all 28,269,192 warrants are utilised, this will entitle the holders to subscribe to 14,134,596 new shares.

Ownership structure as at 31 December 2020

Liang Gao	6,305,450	10.66%
Philip Gao	6,305,400	10.66%
Cidro Förvaltning AB	4,363,259	7.37%
Infologix (BVI) Ltd.	3,042,293	5.14%
Jan Lombach, privately and via companies	3,023,980	5.11%
Skandia fonder	2,723,639	4.60%
Nordea Nordic Small Cap	2,653,533	4.48%
H. Waldéus AB	1,996,188	3.37%
Länsförsäkringar fonder	1,941,782	3.28%
Nordnet Pension	1,519,315	2.57%
Other shareholders (6,015)	25,296,553	23.56%
Total number of shares	59,171,392	100.00%

Research and development operations

Midsummer's research and development focus on two main areas: reducing costs and streamlining the production process. Research and development are represented across four different departments: Module Cost and Compliance, Process, Materials Development and Special Projects.

In 2020 Midsummer launched a new technology, Power Mesh Technology (PMT). PMT has been developed to increase the power of the solar cell and make more efficient use of the raw materials, while giving the panels an even more discrete look. PMT has enabled the Company to reduce its use of the raw material silver by 75% at the cell level. During the year focus was also on automating the production line to increase production capacity.

Notable events during the financial year

In 2020 the Company expanded its commercial focus from production equipment to include the production, sale and installation of solar roofs and solar panels. The Company continues to supply the market with advanced machines (DUO) for the production of thin-film solar cells. New employees have been recruited in business development, marketing and sales as a result of the expansion of the Company's commercial focus.

In March the Company sold its first production line under a framework agreement with the state-owned Russian company, Rusano Group. In June the Company received an order for two DUO machines from an Asian customer within the framework of Midsummer's green bond, and in December a UNO model was sold to the University of New South Wales i Sydney, Australia.

In 2020 the Company was listed on Nasdaq First North Premier Growth Market with its first trading day on 26 May 2020.

The Company is preparing itself for an increase in production capacity and in 2020 it established a subsidiary in Italy, Midsummer Italia. In November, the Company purchased factory premises in Bari, in southern Italy, with a maximum capacity of 50MW for the production of solar roofs and solar panels. In December the Company submitted an application for a startup grant from Italy's National Agency for Inward Investment and Economic Development, Invitalia.

The Company continues to expand its operations and in 2020 it signed cooperation agreements with two roof suppliers on the Iberian peninsula, Rollgum Corp and Imperalum. These agreements aim to supply roofs with integrated solar panels to commercial customers in Spain, Portugal, Andorra and Portuguese-speaking countries in Africa.

In 2020 the Company carried out a directed new share issue totalling TSEK 30,450 and a rights issue totalling TSEK 253,516 before issue costs.

Future development

Midsummer continues to build the market for a new generation of solar roofs and solar panels and works to promote a more sustainable energy mix. Using local production, producing minimal CO2 emissions and focusing on design, the customer is offered a completely unique product, compared with traditional silicon panels.

Midsummer reported an identified demand and strong new orders in 2020 and will continue to grow its business for solar roofs and solar panels in Sweden by investing in marketing, sales and installation. The Company also intends to improve its offer to end consumers by offering add-on products.

In 2020 the Company worked successfully to secure financing and partners to achieve growth in its business for solar roofs and solar panels. Midsummer started a new subsidiary in Italy with its own factory so that it could secure greater production capacity.

Midsummer's production equipment business will continue to be challenged by the obstacles to global trade that has been caused by the pandemic. As the recovery gradually gathers momentum and demand returns, Midsummer will be well-equipped to supply new and existing machinery customers with world-class production equipment and service.

Working with the Company's machinery customers, Midsummer is building demand and accelerating the transition to renewable energy.

Information about risks and uncertainties

Midsummer's operations comprise the development and manufacture of equipment for the production of flexible thin-film solar cells, as well as the production and sale of solar panels and integrated solar roofs. Midsummer's business is therefore associated with commercial and operational risks, legal and regulatory risks, and financial risks.

Commercial and operational risks

Covid-19

The outbreak of pandemics can have a major impact on the societies and markets where the Company operates or where the Company has suppliers, customers and/or collaborations. The Covid-19 pandemic has presented and will continue to present commercial risks for the Company.

The current pandemic affects the Company's ability to visit customers outside of Sweden's borders. As 100% of Midsummer's machine sales have been exported so far, it means that the ability for the Company to sell DUO machines is limited while the current lockdowns and restrictions remain in place. The travel restrictions also affect the Company because customers that have already ordered DUO machines are not able to travel to Sweden to take part in the acceptance tests that the Company always performs on all its DUO machines before they are shipped. Midsummer has developed a process for acceptance tests by video link to manage this risk associated with travel restrictions. There is a significant risk that lockdowns and restrictions will continue.

However, the Company's assessment is that at the time of these annual accounts, the Company is not in a position to quantify the effects that the current pandemic could have on the Company's operations, earnings capacity and financial position. In addition, new lockdowns of, for example, societies, markets, communications and international or internal EU borders could affect Midsummer's ability to run its operations and could therefore also impact the Company's profit.

Technological changes and product development

Technology is continually developing in the areas where the Company carries out its operations. There could be rapid technological developments in the kinds of solar cells and technologies that the Company has developed and is producing, and they could be completely replaced by more efficient technologies. The amount of success that the Company has in achieving a favourable market position in this respect will have a material impact on the Company's profit and financial position.

Competition

There are several companies in the market for solar cells and production equipment that use similar or different technology. There is a risk that the market may prefer the competitors' products or that current competitors or other companies could develop new methods or concepts that are better received than the solutions offered by the Company. Companies normally carry out this kind of development work under strict secrecy, which is why it is difficult for the Company to predict or describe potential competing technology and products other than at a general level, using publicly available information about technical development in this area. This kind of development would impact the Company's profit.

There may be price competition from financially strong companies that use price reductions to quickly increase their market shares or establish themselves with similar products. This is particularly true of the solar cell sector as other technologies could prove more financially beneficial than the ones marketed by the Company. This kind of development would impact the Company's profit.

Dependency on suppliers and cooperation

Midsummer collaborates with a number of suppliers and partners that are important for the Company's manufacture of products and production equipment. If suppliers do not fulfil their commitments or are unable to deliver as a result of political decisions or similar events, this could have a negative impact on the Company's ability to maintain delivery reliability and profitability for the products it sells. This kind of development would impact the Company's profit.

Dependency on intermediate goods and raw materials

Midsummer is dependent on a number of intermediate products, technical components and raw materials that are essential for production. None of these materials are particularly rare or impossible to source from different suppliers or geographic regions. However, there are situations where the delivery of various materials is affected by political decisions, trade restrictions, increased duties or taxes, natural catastrophes or other extraordinary situations. Consequently, the Company's production volumes and delivery times could be affected, or deliveries and production could be halted completely. This kind of development would impact the Company's profit.

Legal and regulatory risks

Risks related to intellectual property rights protection

There is a risk that the Company's current intellectual property rights

protection and the assessment of the possibilities and need for additional intellectual property rights protection are insufficient. Claims may also be brought that the Company's business is encroaching on the intellectual property rights held by other companies. Defence of the Company's rights or remuneration to third parties for infringement and/or use of a third party's intellectual property rights could result in lower revenue or higher costs until the infringement is settled, the licensing fees paid or permission obtained to use the third party's intellectual property rights. Uncertainty as a result of patent lawsuits or other processes that have been started and are being carried out could have a material impact on the Company's profit and financial position.

Disputes

The Company may become involved in disputes within the framework of

its normal operations, and there is a risk that it may be subject to claims regarding contract issues, product liability and alleged errors in deliveries of the Company's products. Such disputes and claims can be time-intensive and disrupt normal operations, could involve substantial amounts and significant costs. Furthermore, the outcome of complex disputes can be difficult to predict. As a result, serious disputes could have a material impact on the Company's operations, earnings and financial position.

Financial instruments and risk management

Midsummer is exposed to financial risks in its operations and the financial risks are identified in accordance with the information in note 22.

Sustainability disclosures

Midsummer's sustainability work is based on a desire to reduce the amount of greenhouse gases by using the Company's products to achieve the world's most sustainable electricity production.

The minimum requirements for the organisation are set out in laws, ordinances and statutory requirements. The Company's policies include guidelines, routines, goals and activities to achieve efficiency and quality in the management of its work environment, gender equality and diversity.

This work involves continual improvements that are documented and reviewed annually. Midsummer works proactively and actively for a workplace free from discrimination that promotes our employees' health, job satisfaction and efficiency.

Midsummer uses Sustainalytics to produce its Sustainability Report in accordance with ESG criteria. This is presented in a separate report. Midsummer's most recent ESG rating, published in April 2020 for the 2019 financial year, was 23.4 of 100. A low figure translates into a low ESG risk, which is therefore desirable. Midsummer is ranked at number 44 of the 224 semiconductor companies with an ESG rating.

Corporate Governance Report

Midsummer considers sound corporate governance to be an important foundation for achieving a trusting relationship with its shareholders and other important stakeholders. The Swedish Corporate Governance Code, which is applied by Midsummer, aims to create a good balance between the shareholders, the Board of Directors and senior management. Sensible corporate governance, with high standards for openness, reliability and ethical values, is a guiding principle for Midsummer.

Midsummer's green bond is listed on a regulated market (Nasdaq Stockholm Sustainable Bond List). The Company has therefore applied the Swedish Code of Corporate Governance since 2019. The code is based on the principle of 'comply or explain'. This means that the Company does not have to comply with every provision in the Code at all times, but may choose other solutions that are considered to better reflect the circumstances in an individual case, provided that the Company openly reports any deviation, describes the solution that was selected instead, and stipulates the reasons for this.

The Board of Directors is the highest management body under the authority of the general meeting and continually assesses the financial situation of the Company and the Group. It is the responsibility of the Board to ensure that the Company's organisation is designed so that accounting, asset management and the Company's financial conditions are controlled in a satisfactory manner.

The Board has issued instructions for the CEO that stipulate that the CEO must report the Company's financial situation to the Board of Directors using extracts from the balance sheet and income statement, and presenting the Company's cash flow.

The Group's finance policy for managing financial risks has been designed by the Board of Directors and contains a framework of guidelines and rules in the form of policies and individual assessments of customers and transactions. The responsibility for the Group's financial transactions and risks are managed centrally by the Group's finance function, which is part of the parent company and run by the parent company's CFO. The overall goal of the finance function is to provide cost-effective financing and minimise the negative effects of market risks on the Group's earnings. The head of the central finance function reports continually to the Group's management team and Board of Directors.

The following shareholders in the Company represent at least one tenth of the voting figure for all shares in the Company:

Liang Gao, 6,305,450 shares, 10.66%

Philip Gao, 6,305,400 shares, 10.66%

According to the Articles of Association, the name of the Company is Midsummer AB (publ) and the financial year is the calendar year, 1 January to 31 December. Visit the Company's website midsummer.se/ir/bolagsordning to view the Articles of Association in their entirety, with the current version being adopted by the 2018 Annual General Meeting.

There are no limits to the number of votes that each shareholder may cast at a general meeting.

The general meeting has not granted the Board any authorisation to decide that the Company will issue new shares or acquire its own shares.

There are no special circumstances that may affect the prospects for acquiring the Company via a public share offer.

Proposed appropriation of the Company's profit or loss

The following amounts in TSEK are at the disposal of the Annual General Meeting:	
Share premium reserve	404,559
Retained earnings	-148,281
Profit for the year	-62,395
Total	**193,883**

The Board of Directors proposes that the accumulated appropriation of profit and non-restricted reserves of TSEK 193,883:	
be carried forward	193,883
of which to the share premium reserve	404,559
Total	**193,883**

For further information regarding the results and financial position, refer to the following income statements and balance sheets, with their accompanying notes.

Consolidated statement of income and other comprehensive income

TSEK	Note	2020	2019
Net sales	2.3	71,954	184,467
Other operating income	4	14,811	2,823
		86,765	**187,289**
Own work capitalised		23,562	13,846
Raw materials and consumables		-41,199	-107,153
Other external expenses	7	-17,995	-18,627
Staff expenses	6	-72,175	-65,904
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	11.12	-24,445	-32,108
Other operating expenses	5	-29,001	-438
Operating profit		**-74,487**	**-23,097**
Financial income	8	876	1,322
Financial expenses	8	-18,690	-13,675
Net financial items	**8**	**-17,814**	**-12,353**
Profit before tax		**-92,302**	**-35,450**
Tax	9	-	-4,843
Profit for the year		**-92,302**	**-40,293**
Other comprehensive income			
Other comprehensive income for the year		-440	-
Tax effect		-	-
Comprehensive income for the year		**-92,741**	**-40,293**
Profit for the year attributable to:			
- Owners of the parent		-92,302	-40,293
Comprehensive income for the year attributable to:			
- Owners of the parent		-92,741	-40,293
Earnings per share			
- before dilution (SEK)		-2.65	-1.30
- after dilution (SEK)		-2.65	-1.30
Number of outstanding shares at end of reporting period			
- before dilution		59,171,392	30,902,200
- after dilution		59,171,392	30,902,200
Average number of outstanding shares			
- before dilution		34,883,912	30,902,200
- after dilution		34,883,912	30,902,200

Consolidated financial position

TSEK	Note	31 Dec 2020	31 Dec 2019
Assets	**24**		
Intangible assets	11	45,436	31,434
Property, plant and equipment	12	66,571	35,904
Right-of-use asset	23	14,882	25,204
Non-current receivables	13	40	40
Total non-current assets		**126,929**	**92,582**
Inventories	14	26,682	23,732
Tax assets	9	1,322	1,650
Accounts receivable	21	22,768	6,464
Contract assets	2	118,353	115,145
Prepayments and accrued income	15	478	977
Other receivables	13	6,253	90
Cash and cash equivalents		217,610	111,015
Total current assets		**393,465**	**259,074**
Total assets		**520,394**	**351,656**
Equity	**16**		
Share capital		2,367	1,236
Other paid-in capital		404,510	157,238
Reserves in equity		-440	-
Retained earnings incl. profit/loss for the period		-150,504	-58,203
Equity attributable to owners of parent		**255,933**	**100,271**
Non-controlling interests		-	-
Total equity		**255,933**	**100,271**
Liabilities			
Non-current interest-bearing liabilities	17	209,294	213,774
Other provisions	19	188	1,484
Total non-current liabilities		**209,482**	**215,259**
Current interest-bearing liabilities	17	6,331	8,154
Trade payables		34,387	16,249
Contract liabilities	2	2,555	6
Tax liabilities		803	-
Other liabilities		3,542	2,154
Accruals and deferred income	20	7,362	9,563
Total current liabilities		**54,980**	**36,125**
Total liabilities		**264,461**	**251,384**
Total equity and liabilities		**520,394**	**351,656**

Consolidated statement of changes in equity

Equity attributable to owners of parent

TSEK	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total	Non-controlling interests	Total equity
Opening equity 1 Jan 2019	**1,236**	**157,238**	**-**	**-17,911**	**140,563**	**-**	**140,563**
Comprehensive income for the period							
Profit for the period				-40,292	-40,292	-	-40,292
Other comprehensive income for the period				-	-	-	-
Comprehensive income for the period				**-40,292**	**-40,292**	**-**	**-40,292**
Closing equity 31 Dec 2019	**1,236**	**157,238**	**-**	**-58,203**	**100,271**	**-**	**100,271**
Opening equity 1 Jan 2020	**1,236**	**157,238**	**-**	**-58,203**	**100,271**	**-**	**100,271**
Comprehensive income for the period	-	-		-	-	-	-
Profit for the period	-	-		-92,302	-92,302		-92,302
Other comprehensive income for the period	-		-440	-	-440	-	-440
Comprehensive income for the period	**-**		**-440**	**-92,302**	**-92,741**	**-**	**-92,741**
New issue[1]	1,131	247,272		-	248,403	-	248,403
Closing equity 31 Dec 2020	**2,367**	**404,510**	**-440**	**-150,504**	**255,933**	**-**	**255,933**

1 Issue costs amount to TSEK 35,564 as at 31 December 2020

Consolidated cash flow

TSEK	Note	2020	2019
Operating activities			
Profit before tax	26	-92,302	-35,449
Adjustment for non-cash items	26	19,726	31,376
Income tax paid		-	-288
Increase (–)/Decrease (+) in inventories		-2,949	46,686
Increase (–)/Decrease (+) in operating receivables		-24,846	-109,389
Increase (+)/Decrease (–) in operating liabilities		20,677	-5,814
Cash flow from operating activities		**-79,694**	**-72,877**
Investing activities			
Acquisition of property, plant and equipment		-29,081	-31,294
Acquisition of intangible assets		-23,919	-13,895
Cash flow from investing activities		**-53,000**	**-45,188**
Financing activities			
Share issue		247,963	-
Loans raised		-	200,000
Repayment of loans		-6,480	-9,439
Repayment of leasing liabilities		-2,891	-14,832
Cash flow from financing activities		**238,592**	**175,729**
Cash flow for the period		**105,897**	**57,663**
Cash and cash equivalents at start of period		111,015	53,079
Exchange difference in cash and cash equivalents		698	274
Cash and cash equivalents at end of period		**217,610**	**111,016**

Income statement for the parent company

TSEK	Note	2020	2019
Net sales	2.3	71,250	90,262
Change in goods in progress, finished goods and work in progress		30,365	16,092
Own work capitalized		23,562	13,846
Other operating income	4	8,185	2,823
		133,362	**123,023**
Raw materials and consumables		-58,882	-60,467
Other external expenses	7	-23,666	-29,835
Staff expenses	6	-72,175	-65,904
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	11,12	-13,673	-22,336
Other operating expenses	5	-9,952	-438
Operating profit	**5, 6, 23**	**-44,986**	**-55,957**
Profit from financial items			
Interest income and similar profit/loss items	8	876	1,345
Interest expense and similar profit/loss items	8	-18,285	-13,440
Profit after financial items		**-62,395**	**-68,052**
Profit before tax		**-62,395**	**-68,052**
Tax	9	-	-6,726
Profit for the year		**-62,395**	**-74,778**

Statement of income and other comprehensive income for the parent company

TSEK	Note	2020	2019
Profit for the year		-62,395	-74,778
Other comprehensive income		-	**-**
Comprehensive income for the year		**-62,395**	**-74,778**

Balance sheet for the parent company

As at 31 December

TSEK	Note	31 Dec 2020	31 Dec 2019
Assets			
Non-current assets			
Intangible assets	11	45,285	31,434
Property, plant and equipment	12	36,130	35,904
Financial non-current assets			
- Interests in subsidiaries	25	15,771	50
- Other non-current receivables	13.22	40	40
Total financial non-current assets		**15,811**	**90**
Total non-current assets		**97,226**	**67,428**
Current assets			
Inventories, etc.	14	115,197	86,510
Current receivables			
- Accounts receivable	21	22,768	6,464
- Contract assets	2	44,161	33,912
- Tax assets		1,322	291
- Other receivables		6,077	1,449
- Prepayments and accrued income	15	1,612	1,751
Total current receivables		**75,940**	**43,866**
Cash and bank balances		214,650	110,965
Total current assets		**405,786**	**241,342**
Total assets		**503,013**	**308,770**

The table continues on the next page

TSEK	Note	31 Dec 2020	31 Dec 2019
Equity and liabilities			
Equity	**16**		
Restricted equity			
- Share capital		2,367	1,236
- Fund for development expenses		48,042	32,760
Non-restricted equity			
- Share premium reserve		404,559	157,238
- Retained earnings		-148,281	-58,172
- Profit for the period		-62,395	-74,778
Total equity		**244,292**	**58,284**
Provisions			
- Other provisions	19	188	1,484
Total provisions		**188**	**1,484**
Non-current liabilities			
- Bonds		194,000	200,000
- Liabilities to credit institutions	18, 22	7,601	-
- Other non-current liabilities		-	7,756
Total non-current liabilities		**201,601**	**207,756**
Current liabilities			
- Advances from customers		10,887	13,152
- Trade payables		34,361	16,249
- Current tax liabilities		803	-
- Other current liabilities		3,519	2,282
- Accruals and deferred income	20	7,362	9,563
Total current liabilities		**56,932**	**41,246**
Total equity and liabilities		**503,013**	**308,770**

Changes in equity for the parent company

	Restricted equity		Non-restricted equity			Total equity
TSEK	**Share capital**	**Fund for development expenses**	**Share premium reserve**	**Retained earnings**	**Profit for the year**	**Total equity**
Opening equity 1 Jan 2019	**1,236**	**28,717**	**157,238**	**-73,176**	**19,047**	**133,062**
Profit for the year					-74,778	
Other comprehensive income for the year					-	
Comprehensive income for the year					-74,778	-74,778
Appropriation of profit				19,047	-19,047	
Provisions		13,551		-13,551		
Provisions for the fund for development expenses		-9,508		9,508		
New issue						
New issue costs						
Closing equity 31 Dec 2019	**1,236**	**32,760**	**157,238**	**-58,172**	**-74,778**	**58,284**

	Restricted equity		Non-restricted equity			Total equity
TSEK	**Share capital**	**Fund for development expenses**	**Share premium reserve**	**Retained earnings**	**Profit for the year**	**Total equity**
Opening equity 1 Jan 2020	**1,236**	**32,760**	**157,238**	**-58,172**	**-74,778**	**58,284**
Profit for the year					-62,395	
Other comprehensive income for the year					-	
Comprehensive income for the year					-62,395	-62,395
Appropriation of profit				-74,778	74,778	
Provisions		36,599		-36,599		
Provisions for the fund for development expenses		-21,268		21,268		
New issue	1,131		282,885			
New issue costs			-35,564			
Closing equity 31 Dec 2020	**2,367**	**48,042**	**404,559**	**-148,281**	**-62,395**	**244,292**

See note 16 for a description of Fund for development expenses, Share premium reserve and Retained earnings.

Cash flow statement for the parent company (indirect method)

1 January–31 December

TSEK	Note 26	31 Dec 2020	31 Dec 2019
Operating activities			
Profit after financial items		-62,395	-68,052
Adjustment for non-cash items		11,761	21,572
Income tax paid		-	-288
		-50,634	**-46,768**
Increase (-)/Decrease (+) in inventories		-28,686	-16,092
Increase (-)/Decrease (+) in operating receivables		-32,073	-28,228
Increase (+)/Decrease (-) in operating liabilities		16,983	4,030
Cash flow from operating activities		**-94,410**	**-87,057**
Investing activities			
Acquisition of property, plant and equipment		-17,608	-31,294
Acquisition of intangible assets		-10,143	-13,895
Acquisition of financial non-current assets		-15,721	-
Cash flow from investing activities		**-43,471**	**-45,188**
Financing activities			
New issue		247,963	-
Loans raised		-	200,000
Repayment of loans		-7,096	-10,142
Cash flow from financing activities		**240,867**	**189,858**
Cash flow for the year		**102,986**	**57,612**
Cash and cash equivalents at start of year		110,965	53,079
Exchange difference in cash and cash equivalents		698	274
Cash and cash equivalents at end of year		**214,650**	**110,965**

Note 1 Significant accounting policies

Statement of compliance

The consolidated accounts have been prepared in accordance with the International Financial Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The parent company applies the same accounting policies as the Group except in cases specified in the section 'Parent company's accounting policies'.

Measurement bases applied in preparing the financial statements

Assets and liabilities are recognised at historic cost.

Functional currency and reporting currency

The parent company's functional currency is the Swedish krona, which is also the reporting currency for the parent company and the Group. This means that the financial statements are presented in Swedish krona.

Assessments and estimates in the financial statements

The preparation of these financial statements in conformity with IFRS requires company management to make assessments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may diverge from these estimates and assessments.

These estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change only affects that period; or the period in which the change is made and future periods if the change affects both current and future periods.

Assessments made by company management when applying IFRS that have a significant impact on the financial statements and estimates that may lead to significant adjustments to the following year's financial statements are described in more detail in note 29.

Significant accounting policies applied

The following accounting policies have been applied consistently to all periods that are presented in the consolidated financial statements, except for those described below. The consolidated accounting policies have also been applied consistently by the Group's companies.

Changes in accounting policies caused by new or amended IFRS rules

Amendments to IFRS applicable from 1 January 2020 have had no material impact on the consolidated accounts.

New IFRS rules that have not yet begun to be applied

New and amended IFRS rules with future application are not expected to have any material impact on the Company's financial statements and have not been applied in advance in the preparation of these financial statements.

Classification, etc.

Non-current assets consist for the most part of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date; while current assets consist for the most part of amounts that are expected to be recovered or paid 12 twelve months of the balance sheet date. Non-current liabilities consist for the most part of amounts for which Midsummer AB has, at the end of the reporting period, an unconditional right to choose to pay later than twelve months after the end of the reporting period. If Midsummer AB does not have this right at the end of the reporting period – or holds liabilities for trading or if a liability is expected to be settled within the normal business cycle – the liability amount is recognised as a current liability.

Operating segment reporting

An operating segment is a part of the Group that engages in business operations from which it may generate income and incur expenses and for which independent financial information is available. An operating segment's earnings are also monitored by the Company's chief operating decision-maker to assess its performance and to allocate resources to the operating segment. See note 3 for a further description of the classification and presentation of operating segments.

Consolidation policies and business combinations

Subsidiaries

Subsidiaries are companies that operate under the control of Midsummer AB. Control exists if Midsummer AB has influence over the object of investment, is exposed to or has rights to variable returns from its involvement, and can use its influence over the investment to affect returns. In assessing whether control exists, potential voting shares and whether de facto control exists are taken into account.

Subsidiaries are recognised in accordance with the acquisition method. This method means that an acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value on the date of acquisition of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction expenses that are incurred are recognised directly in profit for the year, except for transaction expenses that are attributable to the issue of equity instruments or debt instruments.

In the case of business combinations where the transferred consideration, any non-controlling interests and the fair value of previously owned participating interest (in the case of acquisitions in steps) exceed the fair value of the assets acquired and liabilities assumed that are recognised separately, the difference is recognised as goodwill. When the difference is negative ('low-cost acquisitions'), this is recognised directly in profit for the year.

The consideration transferred for the acquisition does not include payments related to the settlement of pre-existing business relationships. This kind of settlement is normally recognised in profit and loss.

Contingent considerations are recognised at their acquisition-date fair value. If the contingent consideration is classified as an equity instrument, no revaluation is performed and the adjustment is made to equity. Other contingent considerations are revalued for each financial statement and the difference is recognised in profit for the year.

If the acquisition does not pertain to 100% of the subsidiary, it is deemed a non-controlling interest. There are two methods for recognising non-controlling interests. These two methods are to recognise the non-controlling interest's share of the proportional net assets or to recognise the non-controlling interest at fair value, meaning that the non-controlling interest is part of goodwill. The choice is made on a case-by-case basis between which of these two methods is used for recognising non-controlling interests.

For acquisitions in steps, goodwill is determined on the date on which controlling influence is reached. Previous holdings are measured at fair value and the change in value is recognised in profit for the year.

The remaining holdings are measured at their fair value and the change in value is recognised in profit for the year when the disposal leads to the end of the controlling influence.

Transactions that are eliminated upon consolidation

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated entirely when preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised profits but only to the extent that there is no impairment requirement.

Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which companies operate. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during the translations are recognised in profit for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Revenue

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognises 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.

For the Process performance obligation, control is considered to have been transferred to the customer at a point in time, which is when the customer gains access to the process and can benefit from it; for example it can start to negotiate with relevant suppliers for intermediate goods for machinery, etc. For the Machinery for Solar Cell Production performance obligation, control is considered to have been transferred to the customer at a point in time, which is considered to be when the equipment is delivered and accepted by the customer, expect for contracts where Midsummer AB is entitled to expenses paid plus a reasonable profit margin if the customer were to terminate the contract for reasons other than the Company's negligence to perform what it had promised. In such cases, control is transferred over a period of time depending on the stage of completion, which is based on the book costs in relation to the total project costs that have been calculated.

Payment for the Process and Machinery for Solar Cell Production performance obligations is made at specific milestones, with final invoices being sent when the Machinery for Solar Panel Production is installed and accepted by the customer. Uninvoiced amounts are recognised as contract assets, while amounts invoiced in advance are recognised as contract liabilities. Invoices are normally due within 30–60 days.

For subsequent service and process support, control is considered to transfer continually to the customer. Invoicing takes place every month and invoices are normally due within 30–60 days.

For solar cells, control is considered to transfer to the customer at the time of delivery from the factory and invoicing is carried out in conjunction with this. Invoices are normally due within 30 days.

(iv) Government grants

Government grants are recognised in the statement of financial position as deferred income when there is reasonable assurance that the grant will be received and the Group will comply with the terms associated with the grant. Grants are accrued systematically in profit for the year in the same way and over the same periods as the costs which the grants are intended to compensate. Government grants related to assets are recognised as a reduction in the asset's carrying amount in the statement of financial position.

Leases

When a contract is entered into, the Group assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee

The Group recognises a right-of-use asset and a leasing liability on the start date of the lease. The right-of-use is initially valued at cost, which consists of the original value of the leasing liability with an addition for lease payments paid at or before the start date plus any initial direct expenses. The right-of use asset is subsequently written off on a straight-line basis from the start date to the earliest of the end of the asset's useful life and the end of the lease term.

The leasing liability is initially valued at the present value of the future lease payments that have not been paid at the start date. The lease payments are discounted by the implicit interest on the lease. If this interest rate cannot be easily determined, the Group's marginal borrowing rate is used.

The value of the liability increases with the interest rate cost for the respective period and is reduced by the lease payments. The interest rate cost is calculated as the value of the liability multiplied by the discount rate.

The leasing liability is revalued if the future lease payments change as a result of, for example, changes to an index or rate. When the leasing liability is revalued in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset.

Short leases or leases of low value

The Group has chosen not to recognise right-of-use assets and leasing liabilities for leases that are shorter than 12 months or that have underlying assets of a low value. Lease payments for these leases are recognised as a cost on a straight-line basis over the lease term.

Financial income and expense

The Group' financial income and expense include:

- interest income
- interest expense
- exchange rate gains/losses on financial assets and financial liabilities.

Interest income and interest expense are recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the carrying gross amount of the financial asset, or
- the amortised cost of the financial liability.

Taxes

Income tax consists of current tax and deferred tax. Income tax is recognised in profit for the year except when the underlying transaction is recognised in other comprehensive income or equity, in which case the associated tax effect is recognised in other comprehensive income or equity.

Current tax is tax to be paid or received for the current year, applying the tax rates enacted or substantively enacted on the balance sheet date. Current tax also includes an adjustment of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences arising between the carrying amount of assets and liabilities and their value for tax purposes. Temporary differences are not taken into consideration in consolidated goodwill, nor for differences that arise on initial recognition of assets and liabilities that are not business combinations and which on the date of transaction do not affect either recognised or taxable profit. Temporary differences attributable to interests in subsidiaries and associates that are not expected to be reversed in the foreseeable future are not taken into consideration either. The measurement of deferred tax is based on how the amount of the underlying assets or liabilities is expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax regulations enacted or substantively enacted on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable they will be utilised. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

Financial instruments

Recognition and initial measurement

Accounts receivable and debt instruments issued are recognised when they are issued. Other financial assets and financial liabilities are recognised when the Group becomes a party to the contractual terms of the instrument.

Upon initial recognition a financial asset (except for accounts receivable that do not have a significant financing component) or financial liability is measured at fair value. In the case of financial instruments not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue are included. Receivables without a significant financing component are measured at the transaction price.

Classification and subsequent measurement

Financial assets

Upon initial recognition a financial asset is classified as measured: at amortised cost; at fair value through other comprehensive income – debt instrument investment; at fair value through other comprehensive income – equity investment; or at fair value through profit or loss. All financial assets are recognised at amortised cost. This is because they are held within the framework of a business model aimed at receiving the contractual cash flows at the same time that cash flows from the assets consist solely of payments of principal and interest.

Financial liabilities – Classification, subsequent measurement, and gains and losses

Financial liabilities are classified as measured at amortised cost or at fair value through the income statement. The Group's liabilities for earnouts attributable to business combinations are recognised at fair value through the income statement. All other financial liabilities are recognised at amortised cost.

Derecognition in the statement of financial position

Financial assets

The Group derecognises a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset expire or if it transfers the right to receive the contractual cash flows via a transaction that entails the transfer of all substantial risks and benefits of ownership; or where the Group does not transfer or retain all substantial risks and benefits of ownership and it does not retain control of the financial asset.

The Group enters into transactions in which it transfers assets recognised in the statement of financial position, but retains all substantial risks and benefits of ownership associated with the transferred assets. In these instances, the transferred assets are not derecognised from the accounts.

Financial liabilities

The Group derecognises a financial liability from the statement of financial position when the obligations in accordance with the contract are fulfilled, cancelled or cease. The Group also derecognises a financial liability when the contractual terms and conditions are modified and the cash flows from the modified liability are substantially different. In this case, a new financial liability is recognised at fair value based on the modified terms and conditions.

When a financial liability is derecognised, the difference between the carrying amount that has been removed and the payment that has been made is recognised in earnings (including non-monetary assets that have been transferred or liabilities that have been assumed).

Property, plant and equipment

Owned assets

Property, plant and equipment are recognised at cost in the Group less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to the asset to put it in place in working order for use in accordance with the intended purpose of the acquisition. Borrowing costs that are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale are included in the cost. The accounting policies for impairment are described below.

The carrying amount of property, plant and equipment is derecognised from the statement of financial position upon disposal or sale, or when no future financial benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expense.

Additional expenditures

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Company and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

Depreciation policies

Assets are depreciated on a straight-line basis over their estimated useful life. Leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of individual components.

Estimated useful lives:	
Plant and machinery	5–10 years
Equipment, tools and installations	5 years
Leasehold improvements	20 years

Depreciation methods, residual values and useful lives are reassessed at the end of each year.

Intangible assets

Research and development

Expenditures on research aimed at gaining new scientific or technical knowledge are expensed as they are incurred.

Expenditures on development, where research findings or other knowledge are applied to produce new or improved products or processes, are recognised as an asset in the statement of financial position, provided that the product or process is technically and commercially feasible and the Company has sufficient resources to complete development and then use or sell the intangible asset. The carrying amount includes all directly attributable expenditures; for example, benefits to employees, registration of a legal right, amortisation of patents and licenses, and borrowing costs in accordance with IAS 23. Other development expenses are expensed in profit for the year as they are incurred. In the statement of financial position, development expenses are recognised at cost less accumulated amortisation and any impairment.

Other intangible assets

Other intangible assets acquired by the Group comprise patents and are recognised at cost, less accumulated amortisation and any impairment losses.

Additional expenditures

Additional expenditures for capitalised intangible assets are recognised as an asset in the statement of financial position only to the extent that they increase the future financial benefits of the specific asset to which they are attributable. All other expenditures are expensed as they are incurred.

Borrowing costs

Borrowing costs that are attributable to the production of a qualifying asset are capitalised as a part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Firstly, borrowing costs that have arisen on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs that have arisen on general loans that are not specific to any qualifying asset are capitalised. The capitalisation of borrowing costs for the Group primarily comprise capitalised development expenses.

Depreciation policies

Amortisation is recognised in the profit for the year on a straight-line basis over the estimated useful life of intangible assets, unless such useful lives are indefinable. The useful lives are reassessed at least once a year. Intangible assets with definable useful lives are amortised from the date on which they are available for use.

Estimated useful lives

Patents	10 years
Capitalised development expenses	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated by applying the weighted average price method and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state. For finished goods and work in progress, cost includes an appropriate share of indirect costs based on normal capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Impairments

The Group's recognised assets are assessed on each balance sheet date to determine whether there is any indication of impairment. IAS 36 is applied for the impairment of assets other than financial assets, which are recognised in accordance with IAS 39, inventories and deferred tax assets. For the exceptions stated above, the carrying amount is assessed according to the relevant standard.

Impairment of property, plant and equipment, and intangible assets

If impairment is indicated, the recoverable amount of the asset is calculated. If it is not possible to ascertain essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, the assets are grouped at the lowest level at which it is possible to identify essentially independent cash flows (a 'cash-generating unit') when testing for impairment.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds its recoverable amount. Impairment losses are expensed in profit for the year. Once impairment has been identified for a cash-generating unit (group of units), the impairment loss is initially allocated to goodwill, after which other assets in the unit (group of units) are proportionally impaired.

The recoverable amount is the higher of fair value less selling expenses and value-in-use. When calculating value-in-use, future cash flows are discounted using a discounting factor that reflects risk-free interest and the risks associated with the specific asset.

Reversal of impairment

An impairment of assets included in the scope of IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable value. However, impairment of goodwill is never reversed. Impairment is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less amortisation if appropriate, if no impairment had been recognised.

Impairment of financial assets

Midsummer recognises loss reserves for expected credit losses on financial assets measured at amortised cost. The loss reserve for accounts receivable and contract assets is measured at an amount corresponding to expected credit losses for the remaining term.

The impairment of accounts receivable and contract assets is determined based on historical experience of customer losses on similar receivables. Credit losses are measured as the present value of all losses in the cash flows (i.e. the difference between the cash flows according to the contract and the cash flow that the Group expects to receive).

The loss reserve reduces the assets' value in the statement of financial position.

Earnings per share

The calculation of earnings per share before dilution is based on the profit for the year in the Group that is attributable to the parent company shareholders and on the weighted average number of shares outstanding during the year.

When calculating diluted earnings per share, the average number of shares is adjusted for the effects of potential ordinary shares; in the reported periods these refer to warrants issued as part of share issues. These warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the warrants. Potential ordinary shares are considered to have a dilutive effect only during periods when they result in lower earnings or a higher loss per share.

Employee benefits

Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided.

Defined-contribution pension plans

Pension plans classified as defined-contribution plans are those where the Company's obligation is limited to the contributions that the Company has undertaken to pay. In such cases, the size of the employee's pension is dependent on the contributions paid by the Company to the plan or to an insurance company and the return on capital yielded by the contributions. Consequently, it is the employee who bears the actuarial risk (that the pension payment will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected payments). The Company's obligations with regard to payments to defined-contribution plans are expensed in profit or loss for the year as they are earned by the employee's performance of services for the Company during a period.

Termination benefits

Benefits associated with the termination of employment are expensed at the earlier of the date that the Company can no longer withdraw the offer to the employee or the date that the Company recognises restructuring costs. Benefits that are expected to be settled after 12 months are recognised at their present value. Benefits that are not expected to be completely settled within 12 months are recognised in accordance with long-term benefits.

Provisions

A provision differs from other liabilities because there is uncertainty about the date of payment or the amount required to settle the provision. A provision is recognised in the statement of

financial position when there is a present legal or informal obligation as a result of a past event, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made at the amount which is the best estimate of the expenditure required to settle the present obligation on the balance sheet date. Where the effect of payment timing is important, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, if appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and a weighing of possible outcomes in relation to the probability of these outcomes occurring.

Contingent liabilities

Contingent liabilities are provided when there is a possible obligation attributable to events that have occurred, the occurrence of which can only be confirmed by one or more uncertain future events out of the control of the Group, or when there is an obligation not recognised as a liability or provision because it is not likely that the use of resources will be required or the amount cannot be calculated with sufficient reliability.

Parent company's accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 states that in the annual report for the legal entity, the parent company must apply all IFRS and interpretations adopted by the EU as far as possible within the framework of the Swedish Annual Accounts Act, Pension Obligations Vesting Act and considering the relationship between accounting and taxation. The recommendation states the exceptions from and additions to IFRS that must be made.

Differences between Group and parent company accounting policies

The differences between Group and parent company accounting policies are detailed below. The following accounting policies for the parent company have been applied consistently to all periods that are presented in the parent company's financial statements.

Classification and presentation

An income statement and a statement of income and comprehensive income are presented for the parent company, whereas for the Group these two statements comprise *one* statement of income and comprehensive income. In addition, the parent company uses the terms balance sheet and cash flow statement for the statements that in the Group are called statement of financial position and statement of cash flows respectively. The income statement and balance sheet for the parent company are presented in accordance with the Swedish Annual Accounts Act, while the statement of income and comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 *Presentation of financial statements* and IAS 7 *Statement of cash flows*. The most significant differences from the consolidated statements that are apparent in the parent company's income statement and balance sheet relate to the recognition of financial income and expense, non-current assets, equity, and the fact that provisions are recognised under a separate heading in the balance sheet.

Subsidiaries

Shares in subsidiaries are recognised in the parent company using the cost method. This means that transaction costs are included in the carrying amount of interests in subsidiaries, associates and jointly controlled entities. In the consolidated financial statements, transaction expenses that are attributable to subsidiaries are recognised directly in profit and loss when they arise.

Revenue

Works contracts

For the parent company works contracts are recognised at a fixed price when the contract has been completed. Until then, work in progress for works contracts is recognised at the lower of cost and the net realisable value on the balance sheet date.

Financial instruments and hedge accounting

The parent company has elected not to apply IFRS 9 for financial instruments. However, parts of the principles of IFRS 9 are still applicable, such as impairment losses, recognition/derecognition, criteria for the application of hedge accounting and the effective interest method for interest income and interest expense.

In the parent company, financial non-current assets are measured at cost less any impairment losses, and financial current assets in accordance with the lowest value principle. For financial assets recognised at amortised cost, the impairment rules of IFRS 9 apply.

Operating segment reporting

The parent company does not report segments broken down in the same way and to the same extent as the Group, but instead discloses the breakdown of net sales to the parent company's various business streams.

Leased assets

The parent company does not apply IFRS 16, in accordance with the exception in RFR 2. As a lessee, lease payments are expensed on a straight-line basis over the term of the lease and are therefore not recognised as a right-of-use and leasing liabilities in the balance sheet.

Note 2 Revenue

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 building-integrated solar panels. 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 summarised below.

(TSEK)	Machinery for solar cell production and process for solar cell production		Other		Total	
Product/service area	**Jan–Dec 2020**	**Jan–Dec 2019**	**Jan–Dec 2020**	**Jan–Dec 2019**	**Jan–Dec 2020**	**Jan–Dec 2019**
Machinery for solar cell production	22,620	114,685	-	-	22,620	114,685
Process for solar cell production	31,873	47,549	-	-	31,873	47,549
Other	6,203	16,566	11,257	5,667	17,460	22,232
Total	**60,697**	**178,800**	**11,257**	**5,667**	**71,954**	**184,467**

The other sales in “Machinery for solar cell production and process for solar cell production” (TSEK 6,203) are from the sale of service, support and spare parts. The other sales that are not part of “Machinery for solar cell production and process for solar cell production” are mostly (TSEK 10,694) from the sale of solar panels and solar roofs.

All remaining performance obligations as at 31 December 2020 have an original expected duration of one year or less.

Contract balances

Information about receivables, contract assets and contract liabilities from contracts with customers is summarised below.

Group

TSEK	31 Dec 2020	31 Dec 2019
Contract assets	118,353	115,145
Contract liabilities	-2,555	-6

Parent company

TSEK	31 Dec 2020	31 Dec 2019
Contract assets	44,161	33,912
Advances from customers	-10,887	-13,152

Contract assets primarily relate to the Group's right to compensation for work performed but not invoiced at the balance sheet date regarding the sale of machinery for solar cell production. The contract assets are transferred to accounts receivables when the rights are unconditional. This normally takes place when the Group issues an invoice to the customer.

Contract liabilities primarily refer to the advances that have been received from customers for machinery for solar cell production.

TSEK 6,678 was recognised as revenue as at 31 December 2020 of the TSEK 13,152 that had been recognised as contract liabilities in the parent company at the start of the period. TSEK 6, which had been recognised as contract liabilities in the Group at the start of the period, was recognised as revenue as at 31 December 2020.

Note 3 Operating segments

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.

Geographic areas

Group

TSEK	Jan–Dec 2020	Jan–Dec 2019
Sweden	9,939	2,744
China/Hong Kong	36,141	153,737
EU	2,868	27,843
Russia	22,994	-
Other	12	143
Total	**71,954**	**184,467**

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

In 2020 the Company had three main customers that each accounted for more than 10% of revenues. Sales to these customers amounted to TSEK 22,994, TSEK 22,546 and TSEK 13,141.

The Group's non-current assets are mostly located in Sweden, but the Group's subsidiary, Midsummer Italia S.l.r., has also made investments in its premises in Italy. The Group's total non-current assets amount to TSEK 112,007, which includes TSEK 99,812 in Sweden and TSEK 12,195 in Italy.

Note4 Other operating income

Parent company

TSEK	31 Dec 2020	31 Dec 2019
Public grants	1,264	2,822
Dispute compensation	3,224	-
Exchange rate gains	3,691	-
Other	6	-
Total	**8,185**	**2,823**

Group

TSEK	31 Dec 2020	31 Dec 2019
Public grants	1,264	2,822
Dispute compensation	3,224	-
Exchange rate gains	10,317	-
Other	6	-
Total	**14,811**	**2,823**

Note 5 Other operating expenses

Group

TSEK	31 Dec 2020	31 Dec 2019
Exchange rate losses	-28,979	
Other operating expenses	-22	-438
Total	**-29,001**	**-438**

Parent company

TSEK	31 Dec 2020	31 Dec 2019
Exchange rate losses	-9,930	
Other operating expenses	-22	-438
Total	**-9,952**	**-438**

The corresponding value for exchange rate losses in 2019 is TSEK 4,903 for the Group and TSEK 448 for the parent company.

Note 6 Employees, staff expenses and remuneration to senior executives

Average number of employees

	31 Dec 2020	Of whom men	31 Dec 2019	Of whom men
Parent company				
Sweden	109	83%	109	77%
Total parent company	**109**	**83%**	**109**	**77%**
Subsidiaries				
Sweden	-	-	-	-
Italy	-	-	-	-
Group total	**109**	**83%**	**109**	**77%**

Gender distribution in company management

	31 Dec 2020 Proportion of women	31 Dec 2019 Proportion of women
Parent company		
Board of Directors	20%	20%
Other senior executives	50%	50%
Group total		
Board of Directors	20%	20%
Other senior executives	50%	50%

Wages, salaries and other remuneration broken down between senior executives and other employees, and social security contributions in the parent company[1]

TSEK	2020			2019		
Parent company	**Senior executives (6 people)**	**Other employees**	**Total**	**Senior executives (6 people)**	**Other employees**	**Total**
Salaries and other remuneration	4,341	46,007	50,348	3,299	42,610	45,908
(of which bonuses, etc.)						
Parent company total	**4,341**	**46,007**	**50,348**	**3,299**	**42,610**	**45,908**
(of which bonuses, etc.)						
Social security contributions[1]	2,244	18,152	20,396	1,584	16,918	18,502
[1]of which pension costs	948	2,583	3,531	657	2,654	3,312

[1]The same applies for the Group for 2020 and 2019.

Salaries and other remuneration for senior executives, parent company 2020

TSEK	Basic salary, Board fee	Variable remuneration	Pension costs	Share-based payment	Other remuneration	Total	Pension commitments
CEO Sven Lindström	2,345		590		132	3,067	
Remuneration from parent company	**2,345**		**590**		**132**	**3,067**	
Other senior executives							
Jan Lombach	150					150	
Eva Kristensson	75					75	
Liang Gao							
Philip Gao							
Eric Jaremalm	1,555		358		84	1,997	
Remuneration from parent company	**1,780**		**358**		**84**	**2,222**	
Total	**4,125**		**948**		**216**	**5,289**	

Salaries and other remuneration for senior executives, parent company 2019

TSEK	Basic salary, Board fee	Variable remuneration	Pension costs	Share-based payment	Other remuneration	Total	Pension commitments
CEO Sven Lindström	1,599		400		82	2,081	
Remuneration from parent company	**1,599**		**400**		**82**	**2,081**	
Other senior executives							
Jan Lombach	150					150	
Eva Kristensson	75					75	
Liang Gao						0	
Philip Gao						0	
Eric Jaremalm	1,350		258		42	1,650	
Remuneration from parent company	**1,575**		**258**		**42**	**1,875**	
Total	**3,175**		**657**		**124**	**3,956**	

No severance payments were made and there are no plans to do so. The CEO and CFO have a mutual notice period of six months, with no severance pay or similar.

Note 7 Fees and reimbursement to auditors

Parent company/Group

	Group		Parent company	
TSEK	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
KPMG [Mattias Lötborn]				
Audit assignment	1,852	1,311	1,852	1,311
Audit activities other than the audit assignment				
Tax advice				
Other services	116	584	116	584
Total	**1,968**	**1,895**	**1,968**	**1,895**

'Audit assignment' refers to the statutory audit of the annual and consolidated accounts and the accounting records, as well as the administration of the Board of Directors and the CEO, as well as other audits or examination performed by agreement or contract.

This includes other duties incumbent on the auditor of the Company as well as providing advisory services or other assistance due to observations made during such an audit or while performing other such duties.

Note 8 Net financial items

Parent company

TSEK	**31 Dec 2020**	**31 Dec 2019**
Interest income on bank balances	129	1,345
Exchange rate gains, net	747	-
Total	**876**	**1,345**
Interest expense	-18,218	-9,421
Other financial expenses	-68	-4,019
Total	**-18,285**	**-13,440**

Group

TSEK	**31 Dec 2020**	**31 Dec 2019**
Interest income on bank balances	129	30
Exchange rate gains, net	747	1,292
Total	**876**	**1,322**
Interest expense	-18,622	-9,656
Other financial expenses	-68	-4,019
Total	**-18,690**	**-13,675**

Note 9 Taxes

Recognised in the statement of income and other comprehensive income/income statement

Parent company

TSEK	2020	2019
Deferred tax income	-	-6,726

Group

TSEK	2020	2019
Deferred tax income	-	-4,842

Reconciliation of effective tax

Parent company

TSEK	2020 (%)	2020	2019 (%)	2019
Profit before tax		-62,395		-68,052
Tax according to tax rate for the parent company	21.4%	13,353	21.4%	14,563
Non-deductible expenses	-0.3%	-201	-0.5%	-352
Tax exempt income	0.2%	129	0.0%	-
Utilisation of previous non-capitalised loss carryforwards	0.0%	-	0.0%	-
Tax effect of share issue expenses	0.0%	-	0.0%	-
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-21.3%	-13,281	-21.9%	-14,211
Revaluation of previously recognised deferred tax	-	-		-6,726
Effective tax recognised	-	-	-9.9%	-6,726

Group

TSEK	2020 (%)	2020	2019 (%)	2019
Profit before tax		-92,302		-35,449
Tax according to tax rate for the parent company	21.4%	19,753	21.4%	7,586
Effect of other tax rates for foreign subsidiaries	0.0%	-22	-	-
Non-deductible expenses	-0.2%	-201	-0.5%	-352
Tax exempt income	0.1%	129	0.0%	-
Utilisation of previous non-capitalised loss carryforwards	0.0%	-	0.0%	-
Tax effect of share issue expenses	0.0%	-	0.0%	-
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-14.4%	-13,281	-21.9%	-14,211
Change in taxable temporary differences without the equivalent posting of deferred tax	-6.9%	-6,400		
Revaluation of previously recognised deferred tax	-	-	-	2,134
Effective tax recognised	-	-	-13.7%	-4,843

Recognised in the balance sheet

Unrecognised deferred tax assets

Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognised in the balance sheet:

Parent company

TSEK	31 Dec 2020	31 Dec 2019
Tax losses	132,789	70,322

Group

TSEK	31 Dec 2020	31 Dec 2019
Tax losses parent company	132,789	70,322
Tax losses Midsummer Italia s.r.l	75	-
Other deductible temporary differences	-	-
Total	**132,865**	**70,322**

Change in tax rate

From 1 January 2019 the tax rate in Sweden is 21.4% for companies whose financial year starts on 1 January 2019 or later. The tax rate will be reduced to 20.6% for financial years starting from 1 January 2021 or later.

Note 10 Earnings per share

Profit for the year attributable to the equity holders of the parent company

Group

SEK	2020	2019
Profit for the year attributable to the equity holders of the parent company	-2.65	-1.30

The Group's profit after tax for 2020 was TSEK -92,741 (TSEK -40,292).
The average number of shares amounted to 34,883,912 (30,902,200) in 2020.

Instruments that may result in future dilution and changes after the balance sheet date.

In 2020 the Company issued warrants on three different dates (25 September, 11 November and 16 November), whose exercise price (SEK 15.20 per share) was higher than the average price of the ordinary shares between 25 September and 31 December 2020 (SEK 12.48 SEK per share). These warrants are therefore not dilutive and have been excluded from the calculation of earnings per share after dilution. If the share price rises to a level higher than the exercise price in the future, these warrants will be dilutive.

Note 11 Intangible assets

All intangible assets are amortised, except for goodwill. The Group does not currently have any goodwill. For information about amortisation, see the accounting policies in note 1.

Group

	Internally developed intangible assets	Acquired intangible assets	
TSEK	Development expenses	Concessions, patents, licenses, trademarks and similar rights	Total
Accumulated cost			
Opening balance 1 Jan 2020	**108,446**	**1,472**	**109,918**
Investments		357	
Internally developed assets	23,561		
Closing balance 31 Dec 2020	**132,007**	**1,829**	**133,836**
Accumulated amortisation			
Opening balance 1 Jan 2020	**-77,477**	**-1,006**	**-78,484**
Amortisation for the year	-9,798	-119	
Closing balance 31 Dec 2020	**-87,276**	**-1,125**	**-88,401**
Carrying amounts			
As at 31 Dec 2020	**44,731**	**704**	**45,436**

Parent company

TSEK	Internally developed intangible assets Development expenses	Acquired intangible assets Concessions, patents, licenses, trademarks and similar rights	Total
Accumulated cost			
Opening balance 1 Jan 2019	**94,600**	**1,423**	**96,023**
Investments		49	49
Internally developed assets	13,847		13,847
Closing balance 31 Dec 2019	**108,447**	**1,472**	**109,919**
Opening balance 1 Jan 2020	**108,447**	**1,472**	**109,919**
Investments		207	207
Internally developed assets	23,561		23,561
Closing balance 31 Dec 2020	**132,008**	**1,678**	**133,686**
Accumulated amortisation			
Opening balance 1 Jan 2019	**-63,926**	**-867**	**-64,794**
Amortisation for the year	-13,551	-139	-13,690
Closing balance 31 Dec 2019	**-77,477**	**-1,006**	**-78,484**
Opening balance 1 Jan 2020	**-77,477**	**-1,006**	**-78,484**
Amortisation for the year	-9,798	-119	-9,917
Closing balance 31 Dec 2020	**-87,276**	**-1,125**	**-88,401**
Carrying amounts			
As at 1 Jan 2019	30,674	555	31,229
As at 31 Dec 2019	30,970	465	31,434
As at 1 Jan 2020	30,970	465	31,435
As at 31 Dec 2020	44,732	553	45,285

Note 12 Property, plant and equipment

Group

TSEK	Leasehold improvements	Plant and machinery	Equipment, tools and installations	Total
Accumulated cost				
Opening balance 1 Jan 2020	**8,912**	**62,983**	**45**	**71,939**
Investments	510	51,405	-	51,915
Closing balance 31 Dec 2020	**9,422**	**114,387**	**45**	**123,854**
Accumulated depreciation				0
Opening balance 1 Jan 2020	**-415**	**-35,575**	**-45**	**-36,035**
Depreciation according to plan for the year	-502	-20,746	-	-21,248
Closing balance 31 Dec 2020	**-917**	**-56,321**	**-45**	**-57,283**
Carrying amounts				
As at 31 Dec 2020	**8,505**	**58,066**	**-**	**66,571**

Parent company

TSEK	Leasehold improvements	Plant and machinery	Equipment, tools and installations	Total
Accumulated cost				
Opening balance 1 Jan 2019	**2,210**	**38,390**	**45**	**40,646**
Acquisitions	6,701	24,592	-	31,294
Closing balance 31 Dec 2019	**8,912**	**62,983**	**45**	**71,939**
Opening balance 1 Jan 2020	**8,912**	**62,983**	**45**	**71,939**
Acquisitions	510	3,517	-	4,027
Divestments and disposals	-	-3,920	-45	-3,965
Closing balance 31 Dec 2020	**9,422**	**62,579**	**-**	**72,001**
Accumulated depreciation				
Opening balance 1 Jan 2019	**-167**	**-27,178**	**-45**	**-27,390**
Depreciation for the year	-248	-8,397	-	-8,645
Closing balance 31 Dec 2019	**-415**	**-35,575**	**-45**	**-36,035**
Opening balance 1 Jan 2020	**-415**	**-35,575**	**-45**	**-36,035**
Divestments and disposals	-	3,920	45	3,965
Depreciation for the year	-502	-3,299	-	-3,801
Closing balance 31 Dec 2020	**-917**	**-34,954**	**-**	**-35,871**
Carrying amounts				
As at 1 Jan 2019	2,043	11,213	-	13,256
As at 31 Dec 2019	8,496	27,408	-	35,904
As at 1 Jan 2020	8,496	27,408	-	35,904
As at 31 Dec 2020	8,505	27,625	-	36,130

Note 13 Non-current receivables and other receivables

Group and parent company

TSEK	31 Dec 2020	31 Dec 2019
Non-current receivables that are non-current assets		
Deposit	40	40

Group and parent company

TSEK	31 Dec 2020	31 Dec 2019
Non-current receivables		
Accumulated cost		
At start of year	40	40
Closing balance 31 December	40	40

Note 14 Inventories

Group

TSEK	31 Dec 2020	31 Dec 2019
Raw materials and consumables	24,421	12,977
Goods in progress	2,261	539
Finished goods and goods for resale	-	10,217
Total	**26,682**	**23,732**

Parent company

TSEK	31 Dec 2020	31 Dec 2019
Raw materials and consumables	24,421	12,977
Goods in progress	2,261	539
Finished goods and goods for resale	88,515	72,995
Total	**115,197**	**86,510**

Note 15 Prepayments and accrued income

	Group		Parent company	
TSEK	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Rent	149	-	1,159	868
Insurance	130	240	150	240
Other prepayments	199	321	174	321
Prepaid leases	-	416	130	322
Total	**478**	**977**	**1,612**	**1,751**

Note 16 Equity

Types of shares

	Ordinary shares	
	31 Dec 2020	**31 Dec 2019**
Issued as at 1 January	30,902,200	30,902,200
Cash issue	28,269,192	-
Issued as at 31 December – paid	**59,171,392**	**30,902,200**

The number of shares amounted to 59,171,392 (30,902,200) as at 31 December 2020.

Holders of ordinary shares are entitled to a dividend that is established from year to year, and their shareholding entitles them to exercise one vote per share at the annual general meeting.

The share capital in Midsummer amounted to TSEK 2,367 (TSEK 1,236) as at 31 December 2020, distributed among 59,171,392 shares (30,902,200) with a nominal value of SEK 0.04 (SEK 0.04).

Dividend

No dividend has been proposed by the Board of Directors. The Board committed not to issue a dividend over the subsequent three years when it issued its green bond in 2019.

Group

The translation reserve comprises all exchange rate differences generated by translating the financial statements from foreign companies that have been presented in a different currency to the one used in the Group's financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

Parent company

Restricted reserves

Restricted reserves may not be diminished by the distribution of profits.

Fund for development expenses

The amount that is capitalised for internally generated development expenses is transferred from non-restricted equity to the fund for development expenses in restricted equity. The fund will contract as the capitalised expenses are amortised or impaired. It is handled in a similar way to the revaluation fund.

Non-restricted equity

The following funds, along with profit for the year, make up non-restricted equity, i.e. the amount available for dividends to the shareholders.

Share premium reserve

When shares are issued at a premium, i.e. when more must be paid for the shares than their nominal value, an amount equivalent to the amount received in excess of the share's nominal value is transferred to the share premium reserve. Amounts transferred to the share premium reserve from 1 January 2006 are part of non-restricted equity.

Retained loss

The retained loss comprises the retained earnings from previous years and the profit/loss following deductions for dividends paid out during the year.

Note 17 Interest-bearing liabilities

The following is a presentation of the contractual terms applying to the Company's interest-bearing liabilities. For more information about the Company's exposure to interest rate risk and the risk of changes in exchange rates, see note 22.

Group

TSEK	31 Dec 2020	31 Dec 2019
Non-current liabilities		
Loans from creditors	201,067	207,756
Leasing liabilities	8,227	6,018
	209,294	**213,774**
Current liabilities		
Current portion of loans from creditors	535	129
Current portion of leasing liabilities	5,796	7,829
	6,331	**7,957**

Contractual terms and scheduled repayments

For information on contractual terms and scheduled repayments, see the table below. Collateral for loans from creditors has been issued at an amount of TSEK 4,500 (TSEK 4,500) in floating charges (also see note 24).

TSEK	Currency	Nom. interest	Due	Nom. amount 31 Dec 2020	Carrying amount 31 Dec 2020	Nom. amount 31 Dec 2019	Carrying amount 31 Dec 2019
Green bond	SEK	8.50%	2023	194,000	194,000	200,000	200,000
Conditional loan Swedish Energy Agency	SEK	6.00%	2025	7,601	7,601	7,885	7,885
Leasing liabilities	SEK	2.50%	2023	14,023	14,023	13,847	13,847
Total				**215,625**	**215,625**	**221,732**	**221,732**

Note 18 Liabilities to credit institutions

Parent company

TSEK	31 Dec 2020	31 Dec 2019
Non-current liabilities		
Loans from creditors	201,067	207,756
Current liabilities		
Current portion of loans from creditors	535	129
Liabilities that fall due for payment later than five years after balance sheet date	-	7,756

Note 19 Provisions

Group/parent company

TSEK	31 Dec 2020	31 Dec 2019
Warranty obligations	188	1,484
Total	**188**	**1,484**

Group/parent company

TSEK	31 Dec 2020	31 Dec 2019
Carrying amount at start of period	1,484	1,922
Provisions made during the period	83	547
Amount used during the period	-1,380	-984
Carrying amount at end of period	**188**	**1,484**

Warranties

The provisions for warranties relate to the sale of machinery for solar cell production. These provisions are based on calculations that use historic data for warranties associated with the sale of machinery.

Note 20 Accruals and deferred income

	Group		Parent company	
TSEK	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Annual leave pay incl. social security contributions	5,721	5,585	5,721	5,585
Special payroll tax	857	1,334	857	1,334
Other accruals	784	2,644	784	2,644
Total	**7,362**	**9,563**	**7,362**	**9,563**

Note 21 Valuation of financial assets and liabilities at fair value and categorisation

Classification and fair value

Group

TSEK	Carrying amount 31 Dec 2020 Financial assets valued at amortised cost	Other liabilities	Total
Financial assets			
Other non-current receivables	40		40
Accounts receivable	22,768		22,768
Other receivables	6,253		6,253
Accrued income	478		478
Cash and cash equivalents	217,610		217,610
	247,148		**247,148**
Financial liabilities			
Liabilities to credit institutions		201,601	201,601
Leasing liabilities		14,023	14,023
Trade payables		34,387	34,387
Other current liabilities		3,542	3,542
		253,554	**253,554**

TSEK	Carrying amount 31 Dec 2019 Financial assets valued at amortised cost	Other liabilities	Total
Financial assets			
Other non-current receivables	40		40
Accounts receivable	6,464		6,464
Other receivables	90		90
Accrued income	977		977
Cash and cash equivalents	111,015		111,015
	118,587		**118,587**
Financial liabilities			
Other non-current liabilities		207,756	207,756
Liabilities to credit institutions		129	129
Leasing liabilities		13,847	13,847
Trade payables		16,249	16,249
Other current liabilities		2,154	2,154
		240,134	**240,134**

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

Note 22 Financial risks and risk management

The Group is exposed to various types of financial risks through its operations.

- Credit risk
- Liquidity risk
- Market risk

Framework for financial risk management

The Group's finance policy for managing financial risks has been designed by the Board of Directors and contains a framework of guidelines and rules in the form of policies and individual assessments of customers and transactions. The responsibility for the Group's financial transactions and risks are managed centrally by the Group's finance function, which is part of the parent company and run by the parent company's CFO. The overall goal of the finance function is to provide cost-effective financing and minimise the negative effects of market risks on the Group's earnings. The head of the central finance function reports continually to the Group's management team and Board of Directors.

Credit risk

Credit risk is the risk that a customer or counterparty in a financial instrument is unable to fulfil its commitments, thereby causing the Group a financial loss, and arises mainly from the Group's accounts receivable and contract assets.

The carrying amount of financial assets and contract assets represents the maximum credit exposure.

Credit risks in accounts receivable

The Group's credit risk exposure is affected primarily by the individual characteristics of each customer. However, the management team also takes into consideration any factors that could affect the credit risk of its customer base, including the risk of failure associated with the industry and the country where the customers operate.

Each new customer is analysed individually to assess their creditworthiness before being offered the Group's general payment and delivery terms and conditions. The Group's analysis covers external credit ratings, if they are available, financial statements, information from credit rating agencies, industry information and, in some instances, bank references.

When monitoring customers' credit risk, customers are grouped according to their credit properties, their geographical location, trading history with the Group and the existence of any previous financial difficulties.

The Group sometimes requires letters of credit or other collateral for accounts receivable and other receivables. The Group has no accounts receivable or contact assets for which impairment reserves have not been recognised due to collateral.

As at 31 December 2020 the credit exposure to accounts receivable and contract assets per geographic region is as follows.

Credit exposure, accounts receivable and contract assets per geographic region

	Carrying amount	
TSEK	**31 Dec 2020**	**31 Dec 2019**
China/Hong Kong	85,831	93,316
EU	30,333	26,761
Sweden	3,150	1,424
Other regions	21,047	115
Total	**140,361**	**121,616**

As at 31 December 2020 the carrying amount for the Group's largest customer (an Asian distributor) was TSEK 67,748 (2019: TSEK 93,316).

Reserve for anticipated credit losses

The Group makes an individual assessment of its accounts receivable and contract assets with regard to the risk of failure. The loss reserve for accounts receivable and contract assets is measured at an amount corresponding to anticipated credit losses for the remaining term of the receivable. The Group has not historically had any credit losses, which is why the risk of loss due to failure is very low. The Group currently does not have a reserve for anticipated credit losses.

Credit risk in cash and cash equivalents

The Group has cash and cash equivalents of TSEK 217,610 as at 31 December 2020. Only European banks (SEB, Nordea, SBAB, Credem) are the counterparties for cash and cash equivalents.

The Group deems that cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties; and the Group currently does not have any reserves for anticipated credit losses in cash and cash equivalents.

Management of capital

According to the policy of the Board, the Group's financial objective is to have a solid financial position that contributes to maintaining the confidence of investors, creditors and the market, as well as being a solid foundation for the continued development of business operations, while generating satisfactory long-term returns for the shareholders.

Capital is defined as total equity, not including non-redeemable preference shares.

TSEK	31 Dec 2020	31 Dec 2019
Total equity	255,933	100,271
Debt/equity ratio		
Financial liabilities	215,625	207,885
Minus cash and cash equivalents and current investments	-217,610	-111,015
Net debt	**-1,985**	**96,869**
Debt/equity ratio (Net debt/Total equity)	**-0.01**	**0.97**

The decrease in the debt/equity ratio is partly because the parent company issued a directed new issue and a rights issue in 2020.

During the year there was no change to the Group's management of capital.

The parent company committed to maintaining the equity/assets ratio above 20% when it issued its green bond. At the end of the year the Company had an equity/assets ratio of 49.2%.

Liquidity risk

The liquidity risk is the risk that the Group may encounter problems in fulfilling its obligations associated with its financial liabilities. The Group has a rolling 12-month liquidity plan covering all units in the Group. This plan is updated every month. Group forecasts covering 1–4 years also comprise liquidity planning in the medium term. Liquidity planning is used to manage the liquidity risk and the costs of Group financing. The objective is for the Group to be able to meet its financial obligations in favourable and unfavourable market conditions without running into significant unforeseen costs and without risking the Group's reputation. Liquidity risks are managed centrally for the entire Group by the central finance department.

In the first half of 2019 the parent company issued its first green bond. This green bond worth TSEK 200,000 has a maturity of four years with a variable interest rate of STIBOR 3m + 8.5% and was issued under a framework of TSEK 500,000. The green bond was listed on Nasdaq Stockholm Sustainable Bond List on 22 August 2019.

Credit facilities (as at 31 Dec 2020)	Nom. TSEK	Unutilised	Available
Bank overdrafts	2,500	-	2,500

The Company's financial liabilities amounted to TSEK 215,624 at the end of the year and the maturity structure of the debt is presented in the table below.

Maturity structure financial liabilities – undiscounted cash flows

Group

TSEK	Currency	Nom. amount original currency	31 Dec 2020 Total	<1 year	1–5 years	>5 years	31 Dec 2019 Total	<1 year	1–5 years	>5 years
Loans from creditors	SEK	201,601	246,822	17,481	229,341	-	271,939	17,757	254,182	-
Leasing liabilities	SEK	14,023	15,664	5,392	10,272	-	14,190	6,755	7435	-
Total		**215,624**	**262,486**	**22,873**	**239,613**	**0**	**286,129**	**24,512**	**261,617**	**0**

Parent company

TSEK	Currency	Nom. amount original currency	31 Dec 2020 Total	<1 year	1–5 years	>5 years	31 Dec 2019 Total	<1 year	1–5 years	>5 years
Loans from creditors	SEK	201,601	246,822	17,481	229,341	-	271,939	17,757	254,182	-
Total		**201,601**	**246,822**	**17,481**	**229,341**	**0**	**271,939**	**17,757**	**254,182**	**0**

Loans from creditors include a conditional loan from the Swedish Energy Agency.

The repayment plan for this loan has not yet been determined as it depends on the number of solar panels the Group sells. The figures stated above in the table are the Group's best estimate of how these repayments will be made in the future.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will fluctuate due to changes in market prices. Market risks are divided by IFRS into three types: currency risk, interest rate risk and other price risks. The market risks that affect the Group the most are currency risks and interest rate risks.

Currency risk

The risk that fair values and cash flows from financial instruments may fluctuate with changes in the value of foreign currencies is referred to as a currency risk. The Group is exposed to currency risk on transactions where there is a mismatch between the currencies in which sales, purchases, assets and liabilities are denominated and the Group's functional currency, which is SEK. The currencies of the transactions are primarily the Swedish krona (SEK) and the US dollar (USD).

Sensitivity analysis – exchange rate risk

A 10% stronger Swedish krona against the US dollar as at 31 December 2020 would result in a change in equity and profit of TSEK -11,500 (TSEK -12,600 in 2019). The sensitivity analysis is based on the assumption that all other factors (e.g. interest rate) remain unchanged. The same conditions were applied to 2019.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market rates. Interest rate risk can result in changes to fair values and changes to cash flows. A significant factor influencing interest rate risk is the fixed interest rate period.

The Group's interest rate risk arises mainly in connection with long-term borrowing. The Group's current loans are subject to variable interest rates.

Sensitivity analysis – interest-rate risk

The impact of an interest rate hike/cut of 1 percentage point at the balance sheet date on interest revenue and interest expense during the coming 12-month period would be approximately -/+ TSEK 2,000.

Note 23 Leases

The Group's leases mainly relate to the leasing of properties, vehicles and machinery, where properties represent the highest proportion of the closing balance for right-of-use assets as at 31 December 2020. Lease payments for properties are recalculated annually based on the price index, while lease payments for vehicles are recalculated every quarter based on current interest rates.

Right-of-use asset

Group 2020

TSEK	Properties	Vehicles	Machinery	Total
As at 1 Jan 2020	11,420	3,100	10,684	25,204
Depreciation during the year	3,817	1,613	-	5,430
Reclassification	-	-	-10,684	-10,684
As at 31 Dec 2020	**11,451**	**3,431**	**-**	**14,882**

Additional right-of-use assets amounted to TSEK 5,792 during the year.

Group 2019

TSEK	Properties	Vehicles	Machinery	Total
As at 1 Jan 2019	7,640	438	16,025	24,103
Depreciation during the year	3,338	1,093	5,342	9,773
As at 31 Dec 2019	**11,420**	**3,100**	**10,684**	**25,204**

Additional right-of-use assets amounted to TSEK 10,873 during the year.

Amounts recognised in profit

Group

TSEK	31 Dec 2020	31 Dec 2019
Interest on leasing liabilities	405	235
Costs for variable lease payments	-	-
Costs for low-value leases	93	44

Total cash outflow for leases

Group

TSEK	31 Dec 2020	31 Dec 2019
Leasing liabilities	14,023	24,103
Variable lease payments	-	-
Low-value leases	93	44
Total	**14,116**	**24,147**

Leasing liabilities

Group

Non-current leasing liabilities

TSEK	31 Dec 2020	31 Dec 2019
Vehicles	1,500	1,771
Premises	6,727	4,247
Total	**8,227**	**6,018**

Current leasing liabilities

TSEK	31 Dec 2020	31 Dec 2019
Vehicles	1,819	1,232
Premises	3,977	6,597
Total	**5,796**	**7,829**

Leases for properties and vehicles normally have a term of 3–5 years.
Rental contracts are for 3 years until 31 December 2023 and are renegotiated one year before the end of the term.

Extension periods are available for use by the Group for all of these leases. Where possible the Group tries to include such extension options in new leases as this contributes to operational flexibility. These extension options may only be used by the Group, not by the lessor.

The Group also leases a copying machine and an air compressor with terms of 1–3 years. These leases are low-value leases. The Group has chosen not to recognise right-of-use assets and leasing liabilities for these leases.

Parent company

The description of the leases for the Group that is set out under 'Group' is the same as the leases for the parent company.

As at 31 December 2020 future lease payments for the parent company amount to TSEK 15,664.

Parent company

TSEK	<1 year	1–5 years	>5 years	Total
Properties	3,702	8,413	-	12,115
Vehicles	1,690	1,859	-	3,549

Note 24 Pledged assets, contingent liabilities and contingent assets

	Group		Parent company	
TSEK	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Real estate mortgages	14,500	4,500	14,500	4,500
Total pledged assets	**14,500**	**4,500**	**14,500**	**4,500**
Contingent liabilities				
Total contingent liabilities	**None**	**None**	**None**	**None**

Note 25 Group companies

Interests in subsidiaries	**Subsidiaries' registered office, country**	**Ownership share in % 31 Dec 2020**
Midsummer Roofing AB	Järfälla, Sweden	100
Midsummer Italia S.r.L	Rome, Italy	100

Parent company

TSEK	**31 Dec 2020**	**31 Dec 2019**
Accumulated cost		
At start of year	50	50
Purchases	104	-
Closing balance 31 December	**154**	**50**

Specifications of shares in subsidiaries directly held by parent company

TSEK			**31 Dec 2020**	**31 Dec 2019**
Subsidiaries/ Corporate identity number / Registered office	**No. of shares**	**Proportion in %**	**Carrying amount**	**Carrying amount**
Midsummer Roofing AB, 559081–4652, Järfälla, Sweden	50,000	100	50	50
Midsummer Italia S.r.L, 15 843 471 002, Rome, Italy	10,000	100	104	-

Note 26 Specifications to the cash flow statement

Cash and cash equivalents – parent company

TSEK	31 Dec 2020	31 Dec 2019
The following components are included in cash and cash equivalents:		
Cash at bank and in hand	213,400	110,965

Interest paid and dividend received – parent company

TSEK	1 Jan 2020 –31 Dec 2020	1 Jan 2019 –31 Dec 2019
Interest received	129	30
Interest paid	-18,218	-9,419

Interest paid and dividend received – Group

TSEK	1 Jan 2020 –31 Dec 2020	1 Jan 2019 –31 Dec 2019
Interest received	129	30
Interest paid	-18,622	-9,654

Adjustment for non-cash items – parent company

TSEK	31 Dec 2020	31 Dec 2019
Depreciation/Amortisation	13,673	22,336
Unrealised exchange differences	-698	-326
Other provisions	-1,214	-438
Total	**11,761**	**21,572**

Adjustment for non-cash items – Group

TSEK	31 Dec 2020	31 Dec 2019
Depreciation/Amortisation	19,015	32,108
Unrealised exchange differences	-698	-295
Other provisions	1,409	-438
Total	**19,726**	**31,376**

Reconciliation of liabilities arising from financing activities – parent company

TSEK	1 Jan 2020	Cash flows	31 Dec 2020
Non-current liabilities			
Swedish Energy Agency	7,756	-690	7,067

Green bond	200,000	-6,000	194,000
Total non-current liabilities	**207,756**	**-6,690**	**201,067**
Current liabilities			
Current portion of liabilities from credit institutions	129	-406	535
Total current liabilities	**129**	**-406**	**535**
Total liabilities arising from financing activities	**207,885**	**-7,096**	**201,601**

TSEK	**1 Jan 2019**	**Cash flows**	**31 Dec 2019**
Non-current liabilities			
ALMI	7,976	-7,976	-
Swedish Energy Agency	7,919	-163	7,756
Green bond	-	200,000	200,000
Total non-current liabilities	**15,896**	**191,861**	**207,756**
Current liabilities			
Bank overdrafts	702	-702	-
Current portion of liabilities from credit institutions	1,429	-1,300	129
Total current liabilities	**2,131**	**-2,002**	**129**
Total liabilities arising from financing activities	**18,027**	**189,858**	**207,885**

Reconciliation of liabilities arising from financing activities – Group

TSEK	1 Jan 2020	Cash flows	Changes to non-cash items	31 Dec 2020
Non-current liabilities				
Swedish Energy Agency	7,756	-690	-	7,067
Green bond	200,000	-6,000	-	194,000
Leasing liabilities	6,018	-271	2,480	8,227
Total non-current liabilities	**213,774**	**-6,960**	**2,480**	**209,294**
Current liabilities				
Current portion of liabilities from credit institutions	129	406	-	535
Current portion of leasing liabilities	7,829	-2,620	587	5,796
Total current liabilities	**7,957**	**-2,214**	**587**	**6,331**
Total liabilities arising from financing activities	**221,732**	**-9,175**	**3,067**	**215,625**

TSEK	1 Jan 2019	Cash flows	Changes to non-cash items	31 Dec 2019
Non-current liabilities				
ALMI	7,976	-7,976	-	-
Swedish Energy Agency	7,919	-163	-	7,756
Green bond	-	200,000	-	200,000
Leasing liabilities	4,396	-5,218	16,455	6,018
Total non-current liabilities	**20,291**	**186,642**	**16,455**	**213,774**
Current liabilities				
Current portion of loans from credit institutions	1,429	-1,300	-	129
Current portion of securities issued	-	-		-
Current portion of leasing liabilities	12,595	-9,614	4,848	7,829
Total current liabilities	**14,023**	**-10,914**	**4,848**	**7,957**
Total liabilities arising from financing activities	**34,314**	**175,729**	**21,303**	**221,732**

Note 27 Transactions with associates

In 2020 Midsummer completed an order for production equipment for Sunflare Nanjing, worth approximately TSEK 58,025 (exchange rate as at 31 December 2020). Sunflare is owned by Liang Gao, who is also a major shareholder in Midsummer. This transaction was carried out on commercial terms. This deal accounted for approximately TSEK 12,246 (TSEK 35,771 in 2019) of Midsummer's contract assets at the end of 2020.

No transactions were made between the parent company and its subsidiaries.

See note 5 for information about remuneration to each key member of the company management team.

Note 28 Events after the balance sheet date

In March Midsummer delivered a DUO machine to Russia. This is the first machine delivered as part of the framework agreement with Rusnano Group.

In March the final payment was made for the last DUO machine in the order from Sunflare Nanjing, which is described in note 27. This means that at the end of March 2021 none of Midsummer's contract assets were from this deal.

This information also applies to the parent company.

Note 29 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; for more information see note 23. 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 recognises 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.

Note 30 Appropriation of profit

The following amounts in TSEK are at the disposal of the Annual General Meeting:

Share premium reserve	404,559
Retained earnings	-148,281
Profit for the year	-62,395
Total	**193,883**

The Board of Directors propose the following accumulated loss and non-restricted reserves of SEK 193,883:

be carried forward	193,883
of which to the share premium reserve	404,559
Total	**193,883**

Note 31 Information about the parent company

Midsummer AB is a Swedish limited liability company with its registered office in Stockholm. The parent company's shares are registered on Nasdaq First North Premier Growth Market.

The address of its head office is:

Elektronikhöjden 6
SE-175 43 JÄRFÄLLA, Sweden

The 2020 consolidated financial statements comprise the parent company and its subsidiary, jointly referred to as the Group.

The Board of Directors and the Chief Executive Officer certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with international accounting standards as prescribed by the European Parliament and the Council in Regulation (EC) No 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the parent company's and the Group's financial position and results of operations. The administration report for the parent company and the Group provides a true and fair overview of the development of the parent company's and the Group's business activities, financial position and results of operations as well as the significant risks and uncertainties which the parent company and the companies included in the Group are exposed to.

Signatures

The annual accounts and the consolidated accounts were, as described above, approved for issue by the Board of Directors and the Chief Executive Officer on 15 April 2021. The consolidated statement of income and other comprehensive income, the statement of financial position and the parent company income statement and balance sheet will be subject to adoption at the Annual General Meeting on 4 June 2021.

Stockholm 15 April 2021

Jan Lombach
Chairman of the Board

Eva Kristensson
Board Member

Liang Gao
Board Member

Philip Gao
Board Member

Sven Lindström
CEO / Board Member

Our Audit Report was presented on 15 April 2020.

KPMG AB

Mattias Lötborn

Authorised Public Accountant