

## SECOND QUARTER 2021



### Production start approaching as planned

Azelio strengthened its commercial organisation in the second quarter by establishing sales organisations in Australia, South Africa and the Middle East. Moreover, the company was selected for Accelerator programmes in India and Indonesia with the aim of introducing Azelio's technology in collaboration with the Swedish Energy Agency and Business Sweden.

Preparations for the start of production at the end of September are progressing as planned and include securing the supply chain as well as the design and fine tuning of numerous new processes. In addition, a memorandum of understanding (MOU) was signed with US-based MMR Constructors, with the aim of developing projects combining Azelio's long-duration energy storage, TES.POD, with solar PV to thereby supply customers with renewable energy around-the-clock. Azelio has thus entered 15 MOUs and has two extensive collaborations in place with Abu Dhabi-based Masdar and Morocco-based Masen.

In addition to the company's two commercial contracts for one and two storage units, respectively, in August Azelio received a conditional order from Engazaat Development S.A.E. on 20 units of Azelio's renewable energy warehouse, TES.POD®.

The ongoing pandemic is creating challenges worldwide, also for Azelio. Challenges related to suppliers and business partners but also for our business development, where restrictions make project specifications and assessments more difficult and time-consuming.

## Contents

|                                  |    |
|----------------------------------|----|
| Comments from CEO .....          | 4  |
| The business .....               | 6  |
| Significant events.....          | 7  |
| Group financial development..... | 7  |
| Financial statements.....        | 11 |
| Notes .....                      | 17 |
| Assurance of the Board.....      | 20 |

## Group financial development

### Q2: April–June 2021

- Net sales amounted to kSEK 629 (330)
- Operating profit/loss (EBIT) amounted to kSEK -99,938 (-48,414). As a result of the start of commercialisation, the company began to write off development costs, which entailed an increase in depreciation and amortisation to kSEK -33,419 (-5,322)
- Earnings per share before and after dilution totalled SEK -0.87 (-0.53)
- Profit/loss for the period amounted to kSEK -100,289 (-48,583)
- Cash flow amounted to kSEK -117,010 (-68,960)
- Cash and bank balances amounted to kSEK 714,415 (224,200)

### Half year: Jan–Jun 2021

- Net sales amounted to kSEK 726 (458)
- Operating profit/loss (EBIT) amounted to kSEK -164,671 (-93,404) after depreciation and amortisation of kSEK -37,769 (-10,247)
- Earnings per share before and after dilution totalled SEK -1.49 (-1.04)
- Profit/loss for the period amounted to kSEK -165,348 (-93,652)
- Cash flow amounted to kSEK 381,902 (168,502)
- Cash and bank balances amounted to kSEK 714,415 (224,200)

## Significant events

### Q2: April–June 2021

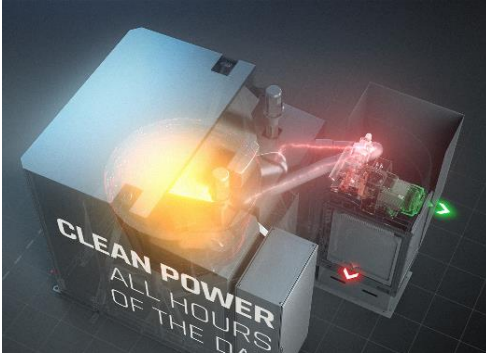
- The annual general meeting elected Carol Browner, Elaine Weidman-Grunewald and Hans-Ola Meyer as new Board members, and Bo Dankis, Hicham Bouzekri, Kent Janér, Pär Nuder and Bertil Villard were re-elected. Bo Dankis was also appointed Chairman of the Board.
- The Swedish Energy Agency and Business Sweden selected Azelio for Accelerator programmes in India and Indonesia. Membership in the programmes provides Azelio with a unique opportunity to establish partnerships and grow in two of the world's most attractive markets for renewable energy.
- An extraordinary general meeting on 18 June resolved to adopt a long-term incentive programme for the Board.
- A MOU was signed with MMR Constructors, with the aim of developing projects combining TES.POD with solar PV to supply customers with renewable energy around-the-clock. The collaboration aims at an installed capacity of 250 MWh by 2027, starting with a small-scale installation in 2022.

### Events after the end of period

- In August, Azelio received a conditional order from Engzaat Development S.A.E. on 20 units of Azelio's TES.POD® renewable energy storage units. The order, which is conditional on, apart from the usual project items, the ongoing techno-economic feasibility study for this specific project, has a value of approx. USD 1.5 million and is expected to be delivered in December 2021

## Key figures for the Group

|   | Apr–Jun<br>2021 | Apr–Jun<br>2020 | Jan–Jun<br>2021 | Jan–Jun<br>2020 | Jan–Dec<br>2020 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales, kSEK                                   | 629             | 330             | 726             | 458             | 1,074           |
| Operating profit/loss, kSEK                       | -99,938         | -48,414         | -164,671        | -93,404         | -191,939        |
| Profit/loss for the period, kSEK                  | -100,289        | -48,583         | -165,348        | -93,652         | -192,572        |
| Earnings per share before and after dilution, SEK | -0.87           | -0.53           | -1.49           | -1.04           | -2.03           |
| Equity, kSEK                                      | 1,186,293       | 615,963         | 1,186,293       | 615,963         | 772,257         |
| Equity/assets ratio, %                            | 87              | 83              | 87              | 83              | 84              |
| Cash flow from operating activities, kSEK         | -69,725         | -31,336         | -97,882         | -77,888         | -150,220        |
| Cash and bank balances, kSEK                      | 714,415         | 224,200         | 714,415         | 224,200         | 332,463         |



*“We are in the midst of a transformation phase in which we are pursuing an ambitious plan to reach aggressive targets.”*

- Jonas Eklind, CEO

## Comments from CEO

### Aiming to start production followed by volumes

Preparations for the start of production at the end of September are progressing as planned. Our more than 70 suppliers are gearing up from producing individual articles to producing entire series of the hundreds of components that make up a TES.POD. Preparing for the start of production is a complex process that will lead up to the point where we can commence TES.POD production in a manner that can later be scaled up to large volumes, thereby enabling us to achieve the economies of scale needed for Azelio to profitably deliver an attractively priced product. Establishing volume production for an entirely new technology entails extensive, highly skilled and detail-oriented work, both from our own organisation and from our partners.

To be able to monitor and gradually fine tune the supply and logistics chain as well as our own processes, initial production will be low volume. Prior to production start, we will secure the entire chain to ensure quality is maintained at all stages as the production rate increases. This is being worked on by an experienced production team at the Uddevalla factory, with the support of automotive industry know-how. Production start is planned for the end of September this year so that we can begin to gradually scale up volumes. In parallel with the above, we will also deliver one or two 100 kW or larger projects in 2021.

Azelio is working with production targets, expressed as capacity targets, to dimension the supply chain as well as its own production capacity. However, actual production volumes will be steered by customer orders, which could be both higher or lower than the volumes for which the production chain is dimensioned.

### Preparing for more business

Naturally, volume production also has to be matched with customers and we are therefore expanding the business organisation. To supplement the existing global sales organisation in Sweden and the Asian organisation in China, we have recruited local sales representatives in markets with high potential and where we believe that a local presence facilitates business. In the first phase, we have employed sales representatives in Australia, South Africa and the Middle East, while an external sales partner has been engaged for the US market.

Azelio has been selected for Accelerator programmes in India and Indonesia and can thus leverage the advantage of approaching these markets together with the Swedish Energy Agency and Business Sweden. Both countries have ambitious plans to continue their expansion of renewable energy, which entails an increased need for energy storage. Moreover, suitable applications exist for the heat produced by Azelio's systems in parallel with electricity, thereby further enhancing the benefits of our technology.

In addition to these investments in business development, we have also initiated a service function to enhance customer support with implementing successful projects harnessing our technology.

### Another partner for commercialisation

We continued to prepare for sales during the quarter by engaging additional partners with MOUs. These MOUs comprise an

agreement between us and the partner, whereby we collaborate to identify specific projects that can be optimised for Azelio's energy storage. At the end of June, we announced a collaboration with US-based MMR Constructors (MMR), a global leader in instrumentation and electrical construction, maintenance, and technical services. MMR sees the possibilities with our technology to make various projects throughout the US more sustainable, reliable and cost-effective.

To date, we have signed 15 MOUs with partners around the world and we have two extensive collaborations in place with Abu Dhabi-based Masdar and the Moroccan state-owned company Masen with the goal of securing 52% of Morocco's energy from renewable sources by 2030. Only a few of our MOUs are with smaller players in the process of developing their operations with a new product or offering and where Azelio's technology plays a key role. The majority of the MOUs are with major corporations with existing and planned projects that intend to utilise Azelio's technology.

Azelio received a conditional order from Engazaat Development S.A.E. on 20 units of Azelio's renewable energy warehouse, TES.POD®. The order is conditional on the ongoing techno-economic feasibility study for this specific project. Based on an agreed commercial setup and obtained permits, Engazaat and Azelio will establish a joint project company to finance and carry out the installation and operation of the project. This is an important milestone for us.

### Continued progress in line with aggressive plan

Azelio is continuing to pursue its plan to create a new, significant Swedish industrial company. The plan is aggressive and is designed with tight deadlines to bring TES.POD to market and thereby leverage Azelio's technological lead in the storage of renewable energy for use as electricity and heating around-the-clock. The plan is designed to enable this lead to be converted into a commercial success that helps meet substantial, and increasing, global energy needs in a sustainable and cost-effective manner.

The ongoing pandemic is creating challenges worldwide, including for Azelio. In 2020, this entailed us moving our verification from the installation in Morocco to an identical installation at our development unit in Åmål, Sweden. At the same time, we advanced our timetable by one quarter. To date, a digital work approach has worked well for us, with most staff able to work from home. We have successfully advanced our dialogues with potential customers, which has resulted in several MOUs. This demonstrates the strong driving forces and the capacity to adapt within the organisation.

In our current phase, travel restrictions are complicating final project negotiations since the specific project conditions are normally examined during a site visit. We are making positive advances in these types of negotiations with several customers but have also noted that these have become more time-consuming and complex than if conditions were normal and no travel restrictions applied. Accordingly, our priorities cannot be based solely on commercial opportunities – restrictions also need to be considered.

The next step in our plan is to start volume production in Uddevalla, Sweden, and deliver one or two 100 kW or larger projects in 2021. Given the inherent strength of the organisation and network we have built, I am convinced we will also succeed with this phase of Azelio's development. We are in the midst of a

transformation phase in which we are pursuing an ambitious plan to reach aggressive targets.

Jonas Eklind

## The business



### Rapid global electrification

Around the world, fossil fuels are being replaced by electricity. To make this transition truly green and meet the UN's Sustainable Development Goals, the grids also need to increasingly rely on renewable sources of energy. As the renewable energy element of the mix grows so does the need for energy storage and thereby demand for solutions like the one offered by Azelio.



### Sustainable energy for all

Access to the right form of reliable and sustainable energy and at the right cost is vital for global economic growth. Solar and wind energy is found in abundance in many places around the world but access to a reliable grid is missing. Today, a billion people live without access to a grid, with double that number living in areas with unstable grids.

### A large and growing market

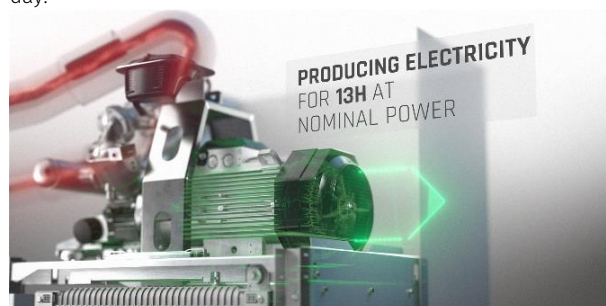
Azelio has a solution that can provide renewable energy for all – when and wherever it is needed. The solution stores renewable energy from the sun or other renewable sources, subsequently making it available as electricity and heat around-the-clock at a very competitive cost.

In providing efficient storage of renewable energy, Azelio is addressing a large and rapidly growing market. Since Azelio publicly demonstrated its technology in 2018, the company has received expressions of interest of more than 3.9 GW,

representing storage capacity of 50 GWh and around SEK 170 billion in potential order value. These volumes of interest exceed the company's capacity over the next few years.

### A ground-breaking solution

The solution, given the name TES.POD®, stores energy as heat, more specifically at 600 degrees Celsius, in recycled aluminium. The energy is converted steerable to electricity using a Stirling engine, and into heat at 55–65 degrees Celsius. The system can achieve a total efficiency of up to 90% from electricity to output energy as electricity and heat. The solution is modular and cost-effective from 0.1 to 100 MW, capable of supplying, for example, factories, mines, agriculture, and small communities with renewable energy at a low cost, on demand at all hours of the day.



### Moving from innovation to industrialisation

Azelio is now following a clear plan: to industrialise and commercialise its innovation globally, thereby laying the foundation for a significant new Swedish industrial company. We are making the move from innovation to industrialisation in collaboration with well-established global partners. The company has signed 15 MOUs worldwide. In December 2020, the first commercial contract for a TES.POD® was concluded and in March 2021, a second commercial order was received for two TES.POD units in Sweden. In August, Azelio received a conditional order for 20 TES.POD® units for an installation in Egypt.

## Significant events

### Q2: April–June 2021

#### New Board members elected at the AGM

The annual general meeting elected Carol Browner, Elaine Weidman-Grunewald and Hans-Ola Meyer as new Board members, and Bo Dankis, Hicham Bouzekri, Kent Janér, Pär Nuder and Bertil Villard were re-elected. Bo Dankis was also appointed Chairman of the Board. Mattias Bergman and Sigrun Hjelmqvist declined re-election.

#### Azelio selected for programmes in India and Indonesia

The Swedish Energy Agency and Business Sweden selected Azelio for Accelerator programmes in India and Indonesia. Membership in the programmes provides Azelio with a unique opportunity to establish partnerships and grow in two of the world's most attractive markets for renewable energy.

#### Long-term incentive programme

An extraordinary general meeting on 18 June resolved to adopt a long-term incentive programme encompassing all Board members of Azelio, save Kent Janér, in total a maximum of seven people. The incentive programme comprises the issue of not more than 340,000 warrants.

#### MoU with MMR Constructors

An MoU was signed with US-based MMR Constructors, with the aim of developing projects combining TES.POD with solar PV to supply customers with renewable energy around-the-clock. The collaboration aims at an installed capacity of 250 MWh by 2027, starting with a small-scale installation in 2022.

MMR Constructors is an industry leader in instrumentation and electrical construction, maintenance, and technical services. The company is based in the US and has a global footprint of projects completed in 36 countries. To support MMR's expansion plans for North America, a collaboration is being initiated with Azelio as a system integrator in energy projects using Azelio's energy storage solution, TES.POD, coupled with solar PV.

The scope of the transaction is presented in MWh and not as previously in MW. The reason for this change is that we believe it is more relevant to describe the energy that a storage solution can deliver over time (MWh) than the power output (MW). This approach provides clarity regarding how Azelio's technology differs from other storage technologies, such as batteries. This can be illustrated by envisioning an energy storage unit as a watering can with a spout, where the watering can's capacity is measured in MWh, whereas the spout is dimensioned in MW. Differently sized watering cans can have the same sized spouts and be able to pour at the same speed, or with the same power output, but the larger can is able to do so for a longer period. A lithium-ion battery with a storage capacity of up to four hours symbolises the smaller watering can, whereas Azelio's technology, which has been developed to deliver energy around-the-clock, symbolises the larger can. The capacity to store energy over an

extended period is crucial for the successful global transition to renewable energy. Moreover, given the central importance of storage capacity, the automotive industry is also changing to using MWh.

### Events after the end of period

#### Azelio receives a conditional order for 20 TES.POD®

In August Azelio received a conditional order from Engazaat Development S.A.E. on 20 units of Azelio's renewable energy warehouse, TES.POD®. The order is conditional on, apart from customary project items, the ongoing techno-economic feasibility study for this specific project. Based on an agreed commercial setup and obtained permits, Engazaat and Azelio will establish a joint project company to finance and carry out the installation and operation of the project. The order is valued at approximately USD 1.5 million, and it is estimated that delivery will take place in December 2021.

## Group financial development

### Q2: April–June 2021

#### Revenue, expenses, and profit/loss

Net sales amounted to kSEK 629 (330). Own work capitalised amounted to kSEK 37,268 (33,430) for the quarter.

Expenses amounted to kSEK -138,395 (-82,600). Since the first commercial orders for the energy storage system have been won, the company has started to write off the development costs accumulated over the development period. Accordingly, amortisation and depreciation increased to kSEK -33,419 (-5,322), of which amortisation of development costs accounted for kSEK -28,880 (-4,549).

Operating profit/loss (EBIT) amounted to kSEK -99,938 (-48,414)

Loss from financial items during the period was kSEK -351 (-166) and consisted mainly of interest income, interest expenses and similar profit/loss items. Earnings amounted to kSEK -100,289 (-48,583). Earnings per share before and after dilution amounted to SEK -0.87 (-0.53).

#### Cash flow, investments, and financial position

Cash flow from operating activities during the quarter amounted to kSEK -69,725 (-31,336). Cash flow from financing activities amounted to kSEK 8,314 (-2,542).

Investments affecting cash flow during the quarter amounted to kSEK -55,599 (-35,081), mainly in the form of capitalised development.

Cash and cash equivalents amounted to kSEK 714,415 as of 30 June (224,200).

Equity at the end of the period amounted to kSEK 1,186,293 (615,963), or SEK 10.31 per share (6.71). The equity/assets ratio as of the same date was 87% (83%).

#### Parent company

Net sales for the parent company in the second quarter amounted to kSEK 629 (330). Operating profit/loss (EBIT) amounted to kSEK -99,095 (-47,725) and earnings for the quarter totalled kSEK -99,266 (-49,094). Equity at the end of the period amounted to kSEK 1,186,304 (614,574).

## Half year: January–June 2021

#### Revenue, expenses, and profit/loss

Net sales amounted to kSEK 726 (458). Own work capitalised amounted to kSEK 77,509 (62,011) for the quarter.

Expenses amounted to kSEK -243,991 (-163,406), of which amortisation/depreciation and impairment accounted for kSEK 37,769 (10,247). Operating profit/loss (EBIT) amounted to kSEK -164,671 (-93,404).

Loss from financial items during the period was kSEK -678 (-244) and consisted mainly of interest income, interest expenses and similar profit/loss items. Earnings amounted to kSEK -165,348 (-93,648). Earnings per share before and after dilution amounted to SEK -1.49 (-1.04).

#### Cash flow, investments, and financial position

Cash flow from operating activities during the period amounted to kSEK -97,882 (-77,888) following a reduction in operating receivables of kSEK 19,218 (-5,747). Cash flow from financing activities amounted to kSEK 574,192 (305,247).

Investments affecting cash flow during the period amounted to kSEK -94,407 (-58,858), mainly in the form of capitalised development.

Cash and cash equivalents amounted to kSEK 714,415 as of 30 June (224,200).

Equity at the end of the period amounted to kSEK 1,186,293 (615,963), or SEK 10.31 per share (6.71). The equity/assets ratio as of the same date was 87% (83%).

#### Parent company

Net sales for the parent company in the period amounted to kSEK 726 (458). Operating profit/loss (EBIT) amounted to kSEK -163,096 (-91,870) and profit/loss for the period totalled kSEK -164,716 (-100,264). Equity at the end of the period amounted to kSEK 1,186,304 (614,574).

## Other

#### Organisation

At the end of the period, the number of employees was 183 (134), of whom 138 (108) were men and 45 (26) were women. The average number of employees in the period was 169 (127).

#### The share

On 30 June 2021, the share closed at SEK 50.50, down 3.8% from SEK 52.20 at year end. Shares outstanding amounted to 115,108,706 and the share capital totalled SEK 57,554,354. After the balance-sheet date, warrants were exercised and registered with resulting increases in the share capital of kSEK 105 and the number of shares by 209,000 to 115,317,706 shares.



## Ten largest shareholders

| Name                          | %      | Verified    |
|-------------------------------|--------|-------------|
| Kent Janér                    | 15.87% | 16 Jul 2021 |
| Capital Group                 | 5.03%  | 30 Jun 2021 |
| Avanza Pension                | 4.54%  | 30 Jun 2021 |
| Braginsky Family Office AG    | 3.48%  | 30 Apr 2021 |
| Jim O'Neill                   | 2.93%  | 31 Jan 2021 |
| Swedbank Robur Fonder         | 2.17%  | 30 Jun 2021 |
| Argenta Asset Management SA   | 2.11%  | 30 Jun 2021 |
| Nordnet Pensionsförsäkring    | 1.45%  | 30 Jun 2021 |
| Chahine Capital               | 1.32%  | 7 May 2021  |
| RAM Rational Asset Management | 1.30%  | 30 Jun 2021 |

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear and Morningstar.

## Warrants

At the end of the period, there were 35,180,469 warrants, issued in six different series with exercise prices of between SEK 13 and SEK 40. Full conversion of these warrants would increase the number of shares by 6,521,871 shares.

## Related-party transactions

In the second quarter of 2021, an amount totalling kSEK 1,475 (833) relating to services delivered in conjunction with the company's demonstration facility in Ouarzazate, Morocco, was recognised as a liability in the accounts. The state-owned Moroccan Agency for Sustainable Energy (Masen) holds 16,666,667 warrants in the company and has a representative on the Board of the company. The accrued expenses amount to kSEK 19,734 (15,759) in total. These services are performed on market terms.

## Outlook

Azelio follows a business plan that is based on the company securing increasing order volumes that will be met with series manufactured products from the third quarter of 2021. The operations are expected to become cash-flow positive in 2022.

## Coronavirus pandemic

Azelio announced in the beginning of 2020 that as a result of the coronavirus pandemic, the company's overall timetable had been postponed by one quarter, which means that series production is scheduled for the third quarter of 2021. Continued restrictions may impact sales, implementation and the after-market when the commercialisation pace for energy storage systems accelerates. Azelio is continually monitoring developments to plan the production and commercialisation of energy storage systems as securely and efficiently as possible.

## Significant risks and uncertainties

The current valuation of the company's assets in the forms of capitalised development costs and inventory is based on adherence to the prepared business plan. The Board expects the future sales volumes to be so extensive that the discounted cash flows generated will justify the current valuation with a good margin. The Board believes there is good potential to implement the business plan and that capitalised development costs are likely to lead to future economic benefits. The company's

capitalised development costs related to various technologies. All of them are, however, linked to the Stirling engine and the energy storage solution, the technologies upon which the company has built its business. The Board believes that, due to technical synergies, the current use of the Stirling engine was made possible by the company's previous development of the gas engine. Due to the close relationship between these technical solutions, the machines are not assigned to separate cash-generating units. The Stirling engine is a further development of earlier technology and thus no impairment losses have been reported on development costs for earlier versions. On the other hand, inventory disposals and provisions have been made on an ongoing basis for components that were unique to previous versions of the product.

Azelio is in a build-up period that will enable industrialisation and broad commercialisation of the company's energy storage system. The company has forged relationships with several well-established partners for sales and installation, who are gradually expected to play an increasingly significant role in the commercialisation of the product. Although the company concluded several MoUs with potential customers and also received two commercial orders for its energy storage system, the technology has not yet achieved broad commercial success and the use of the technology is limited. There is a risk that Azelio does not secure the orders that the company had expected or at the rate that the company had expected, which could in turn lead to a delay for the commercialisation of the company's products and technology.

Azelio's system, although based on established technology, is new on the market and the company has therefore not been able to collect complete and necessary data, for example regarding the system's and its components' life, any typical faults or deficiencies and service needs and associated costs, which may have negative market and cost impact.

Azelio relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect the company's intellectual property rights. Azelio has 13 granted patents and 15 patents pending. There is a risk that the company will not be able to obtain or maintain patent protection for important parts of its technology or that the company will not maintain patents in key markets for the company. The company may be involved in processes or other proceedings for alleged infringement of rights, which could be costly and time consuming, regardless of whether or not the claim is justified, and even if the outcome is favourable for the company.

Azelio's products are intended to be sold globally in the geographies where the company's system is most suitable. It follows that the company will operate in different countries which

in some cases require regulatory approvals, certifications, approvals or requirements from government agencies or other administrative bodies. These may also have different local standards or specific deviations, which is common in the energy industry. There is a risk that the company will not receive permits, certifications or other approvals in due time.

Azelio's profitability from product sales will depend on, among other things, the price development for aluminium, steel and energy (especially diesel), which is affected by a number of factors beyond the company's control. Regulatory requirements, taxes, duties and other barriers to trade, price and currency regulations or other government measures may restrict operations. There is a risk that competitors, both known and unknown, will develop more efficient systems and technology for products similar to those that the company develops and offers.

#### Auditors' review

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

# Financial statements

## Consolidated statement of income and other comprehensive income

| Amounts in kSEK   | Note | Apr–Jun<br>2021         | Apr–Jun<br>2020         | Jan–Jun<br>2021         | Jan–Jun<br>2020         | Jan–Dec<br>2020         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Revenue</b>  |      |                         |                         |                         |                         |                         |
| Net sales   | 4    | 629                     | 330                     | 726                     | 458                     | 1,074                   |
| Own work capitalised  |      | 37,268                  | 33,430                  | 77,509                  | 62,011                  | 126,730                 |
| Other operating income  |      | 560                     | 426                     | 1,085                   | 7,533                   | 7,817                   |
|   |      | <b>38,457</b>           | <b>34,186</b>           | <b>79,320</b>           | <b>70,002</b>           | <b>135,621</b>          |
| <b>Costs</b>  |      |                         |                         |                         |                         |                         |
| Raw materials and consumables   |      | -1,368                  | -970                    | -2,493                  | -1,630                  | -3,219                  |
| Other external expenses   |      | -51,182                 | -40,470                 | -110,940                | -81,846                 | -162,372                |
| Employee benefit expenses   |      | -52,320                 | -35,795                 | -92,406                 | -69,388                 | -140,869                |
| Depreciation/amortisation and impairment of property, plant and equipment and intangible non-current assets |      | -33,419                 | -5,322                  | -37,769                 | -10,247                 | -20,702                 |
| Other operating expenses  |      | -106                    | -44                     | -384                    | -295                    | -397                    |
| <b>Total operating expenses</b>   |      | <b>-138,395</b>         | <b>-82,600</b>          | <b>-243,991</b>         | <b>-163,406</b>         | <b>-327,560</b>         |
| <b>Operating profit/loss</b>  |      | <b>-99,938</b>          | <b>-48,414</b>          | <b>-164,671</b>         | <b>-93,404</b>          | <b>-191,939</b>         |
| <b>Financial items</b>  |      |                         |                         |                         |                         |                         |
| Financial income  |      | 0                       | 58                      | 0                       | 555                     | 750                     |
| Finance costs   |      | -351                    | -223                    | -678                    | -799                    | -1,382                  |
| <b>Total financial items</b>  |      | <b>-351</b>             | <b>-166</b>             | <b>-678</b>             | <b>-244</b>             | <b>-633</b>             |
| <b>Profit/loss after financial items</b>  |      | <b>-100,289</b>         | <b>-48,580</b>          | <b>-165,348</b>         | <b>-93,648</b>          | <b>-192,572</b>         |
| Tax on profit for the period  |      | 0                       | -3                      | 0                       | -3                      | 0                       |
| <b>Profit/loss for the period</b>   |      | <b>-100,289</b>         | <b>-48,583</b>          | <b>-165,348</b>         | <b>-93,652</b>          | <b>-192,572</b>         |
| <b>Other comprehensive income:</b>  |      |                         |                         |                         |                         |                         |
| <i>Items that have been or may be reclassified to profit for the period</i>                                 |      |                         |                         |                         |                         |                         |
| Translation differences for the period on translation of foreign operations                                 |      | -27                     | -76                     | 41                      | -398                    | -505                    |
| <b>Other comprehensive income</b>   |      | <b>-27</b>              | <b>-76</b>              | <b>41</b>               | <b>-398</b>             | <b>-505</b>             |
| <b>Total comprehensive income for the period</b>  |      | <b>-100,315</b>         | <b>-48,659</b>          | <b>-165,308</b>         | <b>-94,049</b>          | <b>-193,077</b>         |
|   |      | <b>Apr–Jun<br/>2021</b> | <b>Apr–Jun<br/>2020</b> | <b>Jan–Jun<br/>2021</b> | <b>Jan–Jun<br/>2020</b> | <b>Jan–Dec<br/>2020</b> |
| Earnings per share before and after dilution  | 6    | -0.87                   | -0.53                   | -1.49                   | -1.04                   | -2.03                   |
| Average number of shares  |      | 115,065,663             | 91,752,900              | 110,907,454             | 89,852,692              | 94,641,570              |
| Number of shares at end of period   |      | 115,108,706             | 91,752,900              | 115,108,706             | 91,752,900              | 104,102,400             |

# Financial statements

## Consolidated statement of financial position

| Amounts in kSEK                                       | Note | 30 Jun<br>2021   | 30 Jun<br>2020 | 31 Dec<br>2020 |
|---|------|------------------|----------------|----------------|
| <b>ASSETS</b>   |      |                  |                |                |
| <b>Intangible non-current assets</b>                  |      |                  |                |                |
| Capitalised expenditure for development and similar   |      | 567,363          | 457,182        | 518,744        |
| <b>Total intangible non-current assets</b>            |      | <b>567,363</b>   | <b>457,182</b> | <b>518,744</b> |
| <b>Property, plant and equipment</b>                  |      |                  |                |                |
| Leasehold improvements                                |      | 6,884            | 3,502          | 4,692          |
| Equipment, tools, fixtures and fittings               |      | 37,511           | 17,673         | 19,033         |
| <b>Total property, plant and equipment</b>            |      | <b>44,395</b>    | <b>21,175</b>  | <b>23,725</b>  |
| Right-of-use assets                                   |      | 24,815           | 21,894         | 24,004         |
| <b>Total non-current assets</b>                       |      | <b>636,573</b>   | <b>500,251</b> | <b>566,474</b> |
| <b>Inventories</b>                                    |      |                  |                |                |
| Raw materials and consumables                         |      | 3,129            | 2,759          | 3,053          |
| Finished goods and goods for resale                   |      | 692              | 706            | 688            |
| <b>Total inventories</b>                              |      | <b>3,821</b>     | <b>3,465</b>   | <b>3,741</b>   |
| <b>Current assets</b>                                 |      |                  |                |                |
| Trade receivables                                     |      | 372              | 264            | 183            |
| Current tax assets                                    |      | 865              | 734            | 1,345          |
| Other receivables                                     |      | 4,804            | 5,984          | 14,025         |
| Prepaid expenses and accrued income                   |      | 2,281            | 3,327          | 3,932          |
| Cash and cash equivalents                             |      | 714,415          | 224,200        | 332,463        |
| <b>Total current assets</b>                           |      | <b>726,558</b>   | <b>237,974</b> | <b>355,688</b> |
| <b>TOTAL ASSETS</b>                                   |      | <b>1,363,131</b> | <b>738,225</b> | <b>922,162</b> |
| <b>EQUITY AND LIABILITIES</b>                         |      |                  |                |                |
| <b>Equity</b>   |      |                  |                |                |
| Share capital   |      | 57,659           | 45,876         | 52,051         |
| Other paid-in capital                                 |      | 2,394,956        | 1,576,671      | 1,821,219      |
| Reserves  |      | -860             | -793           | -900           |
| Retained earnings, including profit/loss for the year |      | -1,265,462       | -1,005,791     | -1,100,114     |
| <b>Total equity</b>                                   |      | <b>1,186,293</b> | <b>615,963</b> | <b>772,257</b> |
| <b>Non-current liabilities</b>                        |      |                  |                |                |
| Other liabilities                                     |      | 22,674           | 22,755         | 22,674         |
| Lease liabilities                                     |      | 15,059           | 12,140         | 14,470         |
| <b>Total non-current liabilities</b>                  |      | <b>37,733</b>    | <b>34,895</b>  | <b>37,145</b>  |
| <b>Current liabilities</b>                            |      |                  |                |                |
| Advances from customers                               |      | 0                | 0              | 0              |
| Trade payables  |      | 28,850           | 18,358         | 27,287         |
| Lease liabilities                                     |      | 9,369            | 9,389          | 9,228          |
| Other current liabilities                             |      | 40,923           | 10,986         | 26,810         |
| Accrued expenses and deferred income                  |      | 59,963           | 48,633         | 49,435         |
| <b>Total current liabilities</b>                      |      | <b>139,105</b>   | <b>87,367</b>  | <b>112,761</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                   |      | <b>1,363,131</b> | <b>738,225</b> | <b>922,162</b> |

# Financial statements

## Consolidated statement of changes in equity

| Amounts in kSEK                                  | Note | Share capital | Ongoing new share issue | Other paid-in capital | Reserves | Retained earnings incl. profit/loss for the year | Total equity |
|--|------|---------------|-------------------------|-----------------------|----------|--|--------------|
| <b>Opening balance, 1 January 2020</b>           |      | 21,174        | 24,703                  | 1,577,096             | -395     | -912,204   | 710,374      |
| Profit/loss for the period                       |      |               |                         |                       |          | -93,652  | -93,652      |
| Other comprehensive income                       |      |               |                         |                       | -398     |  | -398         |
| <b>Total comprehensive income for the period</b> |      | 21,174        | 24,703                  | 1,577,096             | -793     | -1,005,855                                       | 616,324      |
| <b>Transactions with shareholders</b>            |      |               |                         |                       |          |  |              |
| Ongoing new share issue                          |      |               | -24,703                 |                       |          |  | -24,703      |
| New share issue                                  |      | 24,703        |                         | -425                  |          |  | 24,278       |
| Premiums for issued warrants                     |      |               |                         |                       |          | 64   | 64           |
| <b>Closing balance, 30 June 2020</b>             |      | 45,876        | 0                       | 1,576,671             | -793     | -1,005,791                                       | 615,963      |

| Amounts in kSEK                                  | Note | Share capital | Ongoing new share issue | Other paid-in capital | Reserves | Retained earnings incl. profit/loss for the year | Total equity |
|--|------|---------------|-------------------------|-----------------------|----------|--|--------------|
| <b>Opening balance, 1 January 2020</b>           |      | 21,174        | 24,703                  | 1,577,096             | -395     | -912,204   | 710,374      |
| Profit/loss for the period                       |      |               |                         |                       |          | -192,572   | -192,572     |
| Other comprehensive income                       |      |               |                         |                       | -505     |  | -505         |
| <b>Total comprehensive income for the period</b> |      | 21,174        | 24,703                  | 1,577,096             | -900     | -1,104,776                                       | 517,297      |
| <b>Transactions with shareholders</b>            |      |               |                         |                       |          |  |              |
| Ongoing new share issue                          |      |               | -24,703                 |                       |          |  | -24,703      |
| New share issue                                  |      | 30,877        |                         | 244,123               |          |  | 275,000      |
| Premiums for issued warrants                     |      |               |                         |                       |          | 4,662  | 4,662        |
| <b>Closing balance, 31 December 2020</b>         |      | 52,051        | 0                       | 1,821,218             | -900     | -1,100,114                                       | 772,257      |

| Amounts in kSEK                                  | Note | Share capital | Ongoing new share issue | Other paid-in capital | Reserves | Retained earnings incl. profit/loss for the year | Total equity |
|--|------|---------------|-------------------------|-----------------------|----------|--|--------------|
| <b>Opening balance, 1 January 2021</b>           |      | 52,051        | 0                       | 1,821,218             | -900     | -1,100,114                                       | 772,257      |
| Profit/loss for the period                       |      |               |                         |                       |          | -165,348   | -165,348     |
| Other comprehensive income                       |      |               |                         |                       | 41       |  | 41           |
| <b>Total comprehensive income for the period</b> |      | 52,051        | 0                       | 1,821,219             | -860     | -1,265,462                                       | 606,949      |
| <b>Transactions with shareholders</b>            |      |               |                         |                       |          |  |              |
| Ongoing new share issue                          |      |               | 105                     | 7,384                 |          |  | 7,488        |
| New share issue                                  |      | 5,503         |                         | 566,353               |          |  | 571,856      |
| <b>Closing balance, 30 June 2021</b>             |      | 57,554        | 105                     | 2,394,956             | -860     | -1,265,462                                       | 1,186,293    |

# Financial statements

## Consolidated statement of cash flows

| Amounts in kSEK  | Note | Apr–Jun<br>2021 | Apr–Jun<br>2020 | Jan–Jun<br>2021 | Jan–Jun<br>2020 | Jan–Dec<br>2020 |
|--|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Cash flow from operating activities</b>             |      |                 |                 |                 |                 |                 |
| <b>Operating profit/loss</b>                           |      | -99,941         | -48,414         | -164,671        | -93,404         | -191,939        |
| Interest received                                      |      | 0               | 0               | 0               | 0               | 0               |
| Interest paid  |      | -348            | -223            | -674            | -359            | -956            |
| Other financial items                                  |      | 0               | 58              | -4              | 115             | 324             |
| Adjustment for non-cash items                          |      | 33,419          | 5,322           | 37,015          | 10,247          | 13,595          |
| Income tax paid  |      | 0               | -3              | 0               | -3              | 0               |
| Increase (-)/decrease (+) in inventories               |      | -774            | 1,176           | 674             | 1,600           | 1,324           |
| Increase (-)/decrease (+) in operating receivables     |      | 11,839          | 2,960           | 10,560          | 9,664           | 1,226           |
| Increase (+)/decrease (-) in operating liabilities     |      | -13,921         | 7,788           | 19,218          | -5,747          | 26,207          |
| <b>Cash flow from operating activities</b>             |      | <b>-69,725</b>  | <b>-31,336</b>  | <b>-97,882</b>  | <b>-77,888</b>  | <b>-150,220</b> |
| <b>Cash flow from investing activities</b>             |      |                 |                 |                 |                 |                 |
| Investments in property, plant and equipment           |      | -18,331         | -1,651          | -24,353         | -4,302          | -9,486          |
| Investments in intangible non-current assets           |      | -37,268         | -33,430         | -70,054         | -54,556         | -119,275        |
| Investments in financial assets                        |      | 0               | 0               | 0               | 0               | 0               |
| <b>Cash flow from investing activities</b>             |      | <b>-55,599</b>  | <b>-35,081</b>  | <b>-94,407</b>  | <b>-58,858</b>  | <b>-128,762</b> |
| <b>Cash flow from financing activities</b>             |      |                 |                 |                 |                 |                 |
| Warrants redeemed                                      |      | 10,726          | 0               | 20,679          | 0               | 0               |
| New share issue  |      | 218             | -391            | 558,665         | 309,195         | 559,917         |
| Proceeds from warrants issued                          |      | 0               | 0               | 0               | 64              | 4,662           |
| Repayment of lease liability                           |      | -2,630          | -2,152          | -5,153          | -4,012          | -8,613          |
| Repayment of borrowings                                |      | 0               | 0               | 0               | 0               | -81             |
| <b>Cash flow from financing activities</b>             |      | <b>8,314</b>    | <b>-2,542</b>   | <b>574,192</b>  | <b>305,247</b>  | <b>555,886</b>  |
| <b>Cash flow for the period</b>                        |      | <b>-117,010</b> | <b>-68,960</b>  | <b>381,902</b>  | <b>168,502</b>  | <b>276,905</b>  |
| Cash and cash equivalents at beginning of period       |      | 831,458         | 293,221         | 332,463         | 55,634          | 55,634          |
| Exchange rate differences in cash and cash equivalents |      | -33             | -62             | 50              | 64              | -76             |
| <b>Cash and cash equivalents at end of period</b>      |      | <b>714,415</b>  | <b>224,200</b>  | <b>714,415</b>  | <b>224,200</b>  | <b>332,463</b>  |

# Financial statements

## Parent company statement of income and other comprehensive income

| Amounts in kSEK   | Note | Apr–Jun<br>2021 | Apr–Jun<br>2020 | Jan–Jun<br>2021 | Jan–Jun<br>2020 | Jan–Dec<br>2020 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales   | 4    | 629             | 330             | 726             | 458             | 1,074           |
| Own work capitalised  |      | 37,268          | 33,430          | 77,509          | 62,011          | 126,730         |
| Other operating income  |      | 560             | 426             | 1,085           | 7,533           | 7,817           |
|   |      | <b>38,457</b>   | <b>34,186</b>   | <b>79,320</b>   | <b>70,002</b>   | <b>135,621</b>  |
| Raw materials and consumables   |      | -1,368          | -970            | -2,493          | -1,630          | -3,219          |
| Other external expenses   |      | -53,914         | -42,877         | -116,104        | -85,868         | -170,373        |
| Employee benefit expenses   |      | -51,387         | -34,889         | -90,862         | -67,929         | -138,351        |
| Depreciation/amortisation and impairment of property, plant and equipment and intangible non-current assets |      | -30,778         | -3,132          | -32,574         | -6,149          | -11,941         |
| Other operating expenses  |      | -106            | -44             | -384            | -295            | -397            |
| <b>Total operating expenses</b>   |      | <b>-137,552</b> | <b>-81,911</b>  | <b>-242,417</b> | <b>-161,872</b> | <b>-324,281</b> |
| <b>Operating profit/loss</b>  |      | <b>-99,095</b>  | <b>-47,725</b>  | <b>-163,096</b> | <b>-91,870</b>  | <b>-188,660</b> |
| Income from participations in Group companies   |      | 0               | -1,380          | -1,317          | -8,487          | -9,844          |
| Other interest income and similar profit/loss items   |      | 0               | 70              | 0               | 555             | 750             |
| Interest expenses and similar profit/loss items   |      | -170            | -58             | -303            | -463            | -728            |
| <b>Total financial items</b>  |      | <b>-170</b>     | <b>-1,369</b>   | <b>-1,620</b>   | <b>-8,395</b>   | <b>-9,823</b>   |
| <b>Profit/loss after financial items</b>  |      | <b>-99,266</b>  | <b>-49,094</b>  | <b>-164,716</b> | <b>-100,264</b> | <b>-198,483</b> |
| Tax on profit for the period  |      | 0               | 0               | 0               | 0               | 0               |
| <b>Profit/loss for the period</b>   |      | <b>-99,266</b>  | <b>-49,094</b>  | <b>-164,716</b> | <b>-100,264</b> | <b>-198,483</b> |

Profit/loss for the period tallies with total comprehensive income for the period.

# Financial statements

## Parent company balance sheet

| Amounts in KSEK  | Note | 30 Jun<br>2021   | 30 Jun<br>2020 | 31 Dec<br>2020 |
|--|------|------------------|----------------|----------------|
| <b>ASSETS</b>  |      |                  |                |                |
| Capitalised expenditure for development and similar    |      | 567,363          | 457,182        | 518,744        |
| <b>Total intangible non-current assets</b>             |      | <b>567,363</b>   | <b>457,182</b> | <b>518,744</b> |
| <b>Property, plant and equipment</b>                   |      |                  |                |                |
| Leasehold improvements                                 |      | 6,884            | 3,502          | 4,692          |
| Equipment, tools, fixtures and fittings                |      | 37,511           | 17,673         | 19,033         |
| <b>Total property, plant and equipment</b>             |      | <b>44,395</b>    | <b>21,175</b>  | <b>23,725</b>  |
| <b>Financial non-current assets</b>                    |      |                  |                |                |
|  |      | 50               | 50             | 50             |
| <b>Total non-current assets</b>                        |      | <b>600,651</b>   | <b>478,407</b> | <b>542,519</b> |
| <b>Inventories</b>                                     |      |                  |                |                |
| Raw materials and consumables                          |      | 3,129            | 2,759          | 3,053          |
| Finished goods and goods for resale                    |      | 692              | 706            | 688            |
| <b>Total inventories</b>                               |      | <b>3,821</b>     | <b>3,465</b>   | <b>3,741</b>   |
| Trade receivables                                      |      | 372              | 264            | 183            |
| Receivables from Group companies                       |      | 0                | 0              | 0              |
| Current tax assets                                     |      | 865              | 734            | 1,345          |
| Other receivables                                      |      | 4,743            | 5,754          | 13,964         |
| Prepaid expenses and accrued income                    |      | 3,232            | 4,151          | 4,757          |
| Cash and bank balances                                 |      | 713,673          | 222,338        | 331,150        |
| <b>Total current assets</b>                            |      | <b>726,707</b>   | <b>236,707</b> | <b>355,140</b> |
| <b>TOTAL ASSETS</b>                                    |      | <b>1,338,515</b> | <b>715,114</b> | <b>897,660</b> |
| <b>EQUITY AND LIABILITIES</b>                          |      |                  |                |                |
| <b>Equity</b>  |      |                  |                |                |
| Share capital  |      | 57,659           | 45,876         | 52,051         |
| Development expenditure fund                           |      | 521,499          | 408,151        | 472,870        |
| Share premium reserve                                  |      | 2,394,956        | 1,576,671      | 1,821,219      |
| Retained earnings including profit/loss for the period |      | -1,787,809       | -1,416,124     | -1,574,464     |
| <b>Total equity</b>                                    |      | <b>1,186,304</b> | <b>614,574</b> | <b>771,676</b> |
| <b>Provisions</b>                                      |      |                  |                |                |
| Other provisions                                       |      | 0                | 0              | 0              |
| <b>Total provisions</b>                                |      | <b>0</b>         | <b>0</b>       | <b>0</b>       |
| <b>Non-current liabilities</b>                         |      |                  |                |                |
| Other liabilities                                      |      | 22,674           | 22,755         | 22,674         |
| <b>Total non-current liabilities</b>                   |      | <b>22,674</b>    | <b>22,755</b>  | <b>22,674</b>  |
| <b>Current liabilities</b>                             |      |                  |                |                |
| Advances from customers                                |      | 0                | 0              | 0              |
| Trade payables   |      | 28,850           | 18,358         | 27,287         |
| Other current liabilities                              |      | 40,723           | 10,793         | 26,587         |
| Accrued expenses and deferred income                   |      | 59,963           | 48,633         | 49,435         |
| <b>Total current liabilities</b>                       |      | <b>129,536</b>   | <b>77,784</b>  | <b>103,309</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                    |      | <b>1,338,515</b> | <b>715,114</b> | <b>897,660</b> |



# Notes

## **Note 1            General information**

Azelio AB (publ) ("Azelio"), Corp. Reg. No. 556714-7607, is a parent company domiciled in Sweden with its registered office in Gothenburg at Lindholmsplatsen 1, SE-417 56 Gothenburg, Sweden.

Unless otherwise stated, all amounts are in thousand Swedish kronor (kSEK). Data in parentheses pertain to the comparative periods.

## **Note 2            Summary of significant accounting policies**

Azelio's consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies and definitions applies concur with those described in the Azelio Group's Annual Report for 2020. This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Annual Accounts Act. The parent company's accounts have been prepared in accordance with the Annual Accounts Act and RFR 2.

The fair value of financial instruments corresponds to the carrying amounts for the Group.

## **Note 3            Significant accounting estimates and judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. Estimates and assumptions that entail a significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year are outlined below.

### **(a) Impairment testing of capitalised development expenditure**

The Group annually tests whether capitalised development expenditure is subject to any impairment in accordance with the accounting policy described in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Certain estimates must be made in these calculations in the form of risk-free interest, market risk premium, industry beta value, equity and company-specific alpha value.

The forecast period covers five years based on the company's business plan. For the period thereafter, no assumption of growth rate has been made.

The calculation of the discount rate is based on an assumption of substantial external financing at an estimated interest of 8%, while the return on equity is estimated at close to 20%. Should, as an example, the external financing be halved, the discount rate will increase by more than 20% but requires no write-down of the underlying asset.

The impairment test is built on an assumption that the company will be able to execute its expansive business plan with a large volume commercial breakthrough from 2021 and that these projects and additional investments can be financed. Since the test period is only five years, an adjustment to the time plan could have a substantial impact on the value, which could lead to an impairment of the underlying asset. The company's development is monitored continuously compared to the estimated cash flow and time plan.

Furthermore, the impairment test is based on assumptions regarding electricity prices in local markets. These prices are based on assessments of prices and competitiveness under these circumstances. The electricity prices can be impacted by a number of events that are difficult to assess – like the development of competing technologies, business cycle, and cost for raw materials.

### **(b) Going concern assumption**

Until such time as the company's sales are under way, there is a dependence on contributions from shareholders or other external investors to be able to ensure continued operations.

As at the balance-sheet date, the company had liquidity of kSEK 714,415, which is estimated to be sufficient to safeguard the company's operations until the business becomes cash-flow positive, which is expected to occur during 2022. Accordingly, the Board is of the opinion that the accounts can be issued under the going concern assumption.

**Note 4 Net sales****Revenue**

Since revenue from external parties is reported to the CEO, it is measured in a manner consistent with that in the consolidated statement of income and other comprehensive income.

| Revenue from external customers by type of product and service: | Apr-Jun<br>2021 | Apr-Jun<br>2020 | Jan-Jun<br>2021 | Jan-Jun<br>2020 | Jan-Dec<br>2020 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Products  | 486             | 0               | 486             | 0               | 0               |
| Service obligations   | 25              | 72              | 50              | 142             | 206             |
| Spare parts   | 0               | 196             | 72              | 254             | 714             |
| Other   | 118             | 62              | 119             | 62              | 154             |
| <b>Total</b>  | <b>629</b>      | <b>330</b>      | <b>726</b>      | <b>458</b>      | <b>1,074</b>    |

Revenue from external customers broken down by country, based on where customers are located:

|                | Apr-Jun<br>2021 | Apr-Jun<br>2020 | Jan-Jun<br>2021 | Jan-Jun<br>2020 | Jan-Dec<br>2020 |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sweden         | 143             | 95              | 169             | 137             | 347             |
| EU             | 0               | 193             | 51              | 251             | 449             |
| Outside the EU | 486             | 41              | 507             | 70              | 278             |
| <b>Total</b>   | <b>629</b>      | <b>330</b>      | <b>726</b>      | <b>458</b>      | <b>1,074</b>    |

Revenue from major customers (more than 10%) amounted to kSEK 602 (kSEK 297) for the second quarter and to kSEK 602 (kSEK 376) accumulated for the period.

**Note 5 Related-party transactions**

In the second quarter of 2021, an amount totalling kSEK 1,475 (833) relating to services delivered in conjunction with the company's demonstration facility in Ouarzazate, Morocco, was recognised as a liability in the accounts. The state-owned Moroccan Agency for Sustainable Energy (Masen) holds 16,666,667 warrants in the company and has a representative on the Board of the company. The accrued expenses amount to kSEK 19,734 (15,759) in total. These services are performed on market terms.

**Note 6 Earnings per share**

|                          | Apr-Jun<br>2021 | Apr-Jun<br>2020 | Jan-Jun<br>2021 | Jan-Jun<br>2020 | Jan-Dec<br>2020 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>SEK</b>               |                 |                 |                 |                 |                 |
| Basic earnings per share | -0.87           | -0.53           | -1.49           | -1.04           | -2.03           |

Measurements used in calculating earnings per share:

Profit attributable to parent company shareholders used in calculating basic and diluted earnings per share

|  |          |         |          |         |          |
|--|----------|---------|----------|---------|----------|
| Profit attributable to parent company shareholders, kSEK | -100,289 | -48,583 | -165,348 | -93,652 | -192,572 |
|--|----------|---------|----------|---------|----------|

**Number**

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

|  |             |            |             |            |            |
|--|-------------|------------|-------------|------------|------------|
|  | 115,065,663 | 91,752,900 | 110,907,454 | 89,852,692 | 94,641,570 |
|--|-------------|------------|-------------|------------|------------|

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share

|  |             |            |             |            |             |
|--|-------------|------------|-------------|------------|-------------|
|  | 115,108,706 | 91,752,900 | 115,108,706 | 91,752,900 | 104,102,400 |
|--|-------------|------------|-------------|------------|-------------|

**Warrants**

Adjustment for calculation of diluted earnings per share: 0 0 0

Warrants have not had any dilutive effect since profit for the period is negative

# Assurance of the Board

The Board of Directors and CEO give their assurance that this interim report provides a true and fair account of the company's operations, financial position and earnings, and that it describes the material risks and uncertainties faced by the company.

Gothenburg, 20 August 2021

**Bo Dankis**  
Chairman of the Board

**Hicham Bouzekri**  
Board member

**Carol Browner**  
Board member

**Elaine Weidman  
Grunewald**  
Board member

**Kent Janér**  
Board member

**Pär Nuder**  
Board member

**Hans Ola Meyer**  
Board member

**Bertil Villard**  
Board member

**Jonas Eklind**  
CEO

# Financial calendar

Q3 Report 2021

19 November 2021

## Definitions

### **Number of shares**

Average number of shares, weighted average number of shares outstanding during a certain period. Number of shares per day / number of days during the period.

### **Equity**

Equity at the close of the period.

### **Employee benefit expenses**

Employee benefit expenses during the period include salaries, other remuneration and social security expenses.

### **Earnings per share**

Profit/loss for the period, attributable to the parent company shareholders, divided by the average number of shares in the market.

### **Operating income**

All income including own work capitalised.

### **Operating profit/loss (EBIT)**

Profit/loss before financial items and tax.

### **Equity/assets ratio**

Total equity / Total assets.

## Address

Azelio AB  
Lindholmsplatsen 1  
SE-417 56 Gothenburg, Sweden

## Contact

For further information, please contact:  
Jonas Eklind – CEO, [jonas.eklund@azelio.com](mailto:jonas.eklund@azelio.com)  
Fredrik Wäppling – CFO, [fredrik.wappling@azelio.com](mailto:fredrik.wappling@azelio.com)

## Certified Adviser

FNCA Sweden AB  
Tel: +46 (0)8-528 00 399  
Mail: [info@fnca.se](mailto:info@fnca.se)