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STOCKHOLM, 15 May 2023

Press release

# Ferroamp's Board of Directors resolves on a fully guaranteed rights issue of approximately SEK 220 million and adopts new financial targets

**INSIDE INFORMATION;** The Board of Directors of Ferroamp AB (publ) ("Ferroamp" or the "Company") has today, pursuant to the authorization granted by the Company's Annual General Meeting held on 10 May 2023 (the "AGM"), resolved on a fully guaranteed issue of a maximum of 16,171,047 shares with preferential rights for the Company's shareholders, corresponding to approximately SEK 220 million before deductions of costs attributable to the transaction (the "Rights Issue"). The subscription price in the Rights Issue has been set to SEK 13.60 per share. The Rights Issue is fully guaranteed through a combination of subscription undertakings, declarations of intent to subscribe for shares and guarantee commitments. In addition, the Company's Board of Directors has, as a result of a strategic review, resolved to adopt new financial targets.

## Summary

- The purpose of the Rights Issue is to finance the Company's strategy which consists of three primary initiatives: (i) To complete the industrialization of the current product portfolio and strengthen the R&D department to continue developing the second generation of products. (ii) Launch B2B offering within frequency support services and energy optimisation. (iii) Working capital through increased inventory to secure cost-effective hardware for increasing sales volumes. The Rights Issue will support activities to improve the scalability of the product portfolio, enabling profitable growth and ensuring that Ferroamp fully benefits from the growing demand for its products.
- As a result of strategic review, the Board of Directors has resolved to adopt new financial targets. The Board of Director's resolution means that Ferroamp's financial targets are as follows: (i) Growth: Net sales to reach at least SEK 1.7 billion by the 2026 financial year. (ii) Profitability: Reach an EBITDA-margin of at least 15% by the 2026 financial year.
- Existing shareholders in the Company will receive one (1) subscription right for each share held as of the record date. Ten (10) subscription rights entitle the holder to subscribe for eleven (11) new shares in the Rights Issue.
- The Rights issue comprises of a maximum of 16,171,047 shares. For existing shareholders not participating in the Rights Issue, a dilution effect corresponding to approximately 52.4 percent of the total number of shares and votes in the Company following the Rights Issue will arise.
- The record date for participation in the Rights Issue is 25 May 2023.
- Subscription period of the Rights Issue is 29 May – 13 June 2023.

- The subscription price in the Rights Issue has been set to SEK 13.60 per share, corresponding to a discount of approximately 31.8 percent compared to the theoretical price after separation of subscription rights (TERP), based on the volume-weighted average price (VWAP) of Ferroamp's share on Nasdaq First North Growth Market on 15 May 2023.
- The Rights Issue is fully guaranteed through a combination of subscription undertakings, declarations of intent to subscribe for shares and guarantee commitments:
  - the Company has received subscription undertakings to subscribe for shares from certain existing shareholders, including The First Swedish National Pension Fund, Nordea Asset Management, Wallenstam AB, Andra AP-Fonden and Cicero Fonder AB amounting to approximately SEK 70.7 million,
  - the Company has received declarations of intent to subscribe for shares from certain existing shareholders, including Swedbank Robur amounting to approximately SEK 13.5 million.
  - External guarantors have provided guarantee commitments, with customary conditions, amounting to a total of approximately SEK 135.8 million.

### **Background and rationale**

The demand for Ferroamp's products is high and has increased significantly in recent years. Between 2019 and 2022, net sales increased from SEK 46 million to SEK 205 million, corresponding to a compound annual growth rate (CAGR) of 65 percent. During the first quarter of 2023, net sales amounted to SEK 95 million, an increase of 129 percent compared to the same period previous year and the highest net sales for a single quarter in the Company's history.

In recent years, Ferroamp's gross margin has continuously improved as a result of price increases and increasing production volumes, a development partly made possible by the fact that production, since 2021, has been entirely outsourced to external production partners. According to the Company, the fact that production is handled by a third party makes it easier to quickly increase production volumes. For example, the manufacturer NOTE doubled the production of EnergyHub XL from September 2022 to March 2023.

During 2022, the gross margin has been temporarily negatively affected by the fact that the Company, due to external environmental factors, had difficulty securing key components for production, which resulted in expensive purchases on the spot market. Ferroamp assesses that purchases on the spot market will decrease significantly going forward as the Company assesses that the availability of key components has improved, and that continued growth will result in some increase in inventory.

In addition to meeting the increased demand, Ferroamp focuses on reducing the direct costs related to the products. The Company works continuously to standardize and industrialize the products for large-scale production. Ferroamp intends to complete the industrialization of its product portfolio, involving the development and adapting of the Company's products ensuring that they are designed for volume production in terms of, for example, manufacturing cost, quality and testability. This is a central part of the overall product development aimed at developing the next generation of the product portfolio.

Ferroamp's system is based on power and energy optimization in real time, which means that detailed measurement data is collected. The Company sees good opportunities to develop complementary digital services with great customer value based on measurement data and delivered with already developed and installed systems. As a first step in Ferroamp's digital service offering, the Company intends to offer services within frequency support and system optimization to professional property owners.

The Rights Issue will serve to ensure that Ferroamp can realize the Company's adopted strategy. Ferroamp intends to use the net proceeds from the Rights Issue for the following purposes listed in order of priority below (approximate share of the net proceeds stated in parentheses):

- (i) To complete the industrialization of the current product portfolio and strengthen the R&D department to continue developing the second generation of products (approximately 70 percent)

(ii) Launch B2B offering within frequency support services and energy optimisation (approximately 15 percent)

(iii) Working capital through increased inventory to secure cost-effective hardware for increasing sales volumes (approximately 15 percent)

## Financial targets

The Board of Directors of Ferroamp has, as a result of a strategic review, resolved to adopt new financial targets regarding growth and profitability. The financial targets reflect Ferroamp's strategy, focusing on improving profitability across the product portfolio while continuing to increase the installed base, and thereby its market share. The main focus will be continued organic growth which is expected to primarily come from the Swedish market.

The Board of Director's resolution means that Ferroamp's financial targets are as follows:

- Growth: Net sales to reach at least SEK 1.7 billion by the 2026 financial year.
- Profitability: Reach an EBITDA-margin of at least 15% by the 2026 financial year.

## The Rights Issue

The Board of Directors of the Company has today, pursuant to the authorization granted by the Company's AGM on 10 May 2023, resolved on an issue of a maximum of 16,171,047 shares with preferential rights for the Company's shareholders *pro rata* to their shareholdings as of the record date 25 May 2023.

Shareholders will receive one (1) subscription right for each share held on the record date. Ten (10) subscription rights entitle to subscription of eleven (11) shares in the Rights Issue, at a subscription price of SEK 13.60 per share. The subscription price corresponds to a discount of approximately 31.8 percent to the theoretical price after the separation of subscription rights (TERP), based on the volume-weighted average price (VWAP) of the Ferroamp share on 15 May 2023 on Nasdaq First North Growth Market. The Rights Issue will provide Ferroamp with a maximum of SEK 219,926,239, before deduction of costs attributable to the Rights Issue, by issuing a maximum of 16,171,047 shares.

The Rights Issue will result in an increase of the share capital of a maximum of SEK 1,617,104.7. The number of shares in Ferroamp, after the Rights Issue, will amount to a maximum of 30,871,998 shares and the share capital will amount to a maximum of SEK 3,087,199.8. For existing shareholders not participating in the Rights Issue, a dilution effect corresponding to approximately 52.4 percent of the total number of shares and votes in the Company following the Rights Issue will arise. Shareholders who choose not to participate in the Rights Issue have the opportunity to compensate for the economic dilution effect by selling their subscription rights.

The last day of trading in Ferroamp's shares, including the right to receive subscription rights in the Rights Issue, is 23 May 2023. Subscription of shares with subscription rights shall be made by cash payment during the period from 29 May – 13 June 2023. Subscription of shares without subscription rights shall be made on a special subscription list during the period from 29 May – 13 June 2023. Payment for shares subscribed for without subscription rights shall be made in cash no later than two banking days following the issue of the settlement note, which indicates notification of allocation. The Board of Directors is entitled to extend the subscription period and the last day for payment.

## Allocation principles

In the event that not all shares are subscribed for by exercise of subscription rights, the Board of Directors shall, within the maximum amount of the Rights Issue, resolve on allotment of shares without subscription rights. Allotment will then take place in the following order of priority:

- *Firstly* to persons who have applied for subscription without subscription rights and who have subscribed for shares with subscription rights, regardless of whether or not the subscriber was a shareholder on the record date, and in case of oversubscription, allocation shall be made in relation to the total number of shares allotted through exercise of subscription rights, and to the extent that this is not possible, by drawing of lots.
- *Secondly*, allocation shall be made to other persons who have applied for subscription without subscription rights, and in the case of oversubscription, *pro rata* to the new number of shares subscribed for in the application form, and to the extent that this is not possible, by drawing of lots.
- *Finally*, allotment of the remaining shares shall be made to the investors who have provided guarantees and in accordance with the conditions of their respective guarantee.

### **Lock-up**

In connection with the Rights Issue, the Company, the Board of Directors and members of Company's management have entered into customary lock-up agreements for a period ending on the date falling 180 days after the announcement of the outcome in the Rights Issue.

### **Prospectus**

Complete terms and conditions of the Rights Issue as well as other information about the Company will be included in a prospectus expected to be published by the Company on or around 26 May 2023.

### **Subscription undertakings, declarations of intent to subscribe for shares and guarantee commitments**

The Rights Issue is fully guaranteed through the subscription undertakings, declarations of intent to subscribe for shares, and guarantee commitments.

Certain existing shareholders, among others, The First Swedish National Pension Fund, Nordea Asset Management, Wallenstam AB, Andra AP-Fonden and Cicero Fonder AB, have undertaken to subscribe for shares in the Rights Issue. Total subscription undertakings from these amount to approximately 32.1 percent of the Rights Issue, which corresponds to approximately SEK 70.7 million.

Certain existing shareholders, among others, Swedbank Robur have declared their intention to subscribe for shares in the Rights Issue, in an aggregate amount of SEK 13.5 million, corresponding to approximately 6.1 percent of the Rights Issue.

In addition of the aforementioned subscription commitments and declarations of intent, external guarantors and existing shareholders have provided guarantee commitments subject to customary conditions, which in aggregate, amount to approximately SEK 135.8 million, corresponding to approximately 61.7 percent of the Rights Issue.

For the guarantee commitments, a guarantee commission of five (5) percent of the guaranteed amount shall be paid as a cash remuneration. No remuneration shall be paid for the subscription undertakings or declarations of intention to subscribe for shares.

### **Preliminary timetable for the Rights Issue**

Last day of trading in shares including right to receive subscription rights	23 May 2023
First day of trading in shares excluding right to receive subscription rights	24 May 2023
Record date for participation in the Rights Issue	25 May 2023
Prospectus published	26 May 2023
Subscription period	29 May – 13 June 2023

Trading in subscription rights	29 May – 8 June 2023
Trading in BTAs	29 May – 19 June 2023
Announcement of outcome in the Rights Issue	Around 14 June 2023
Delivery of and trading in new shares	Around 26 June 2023

## Advisers

In connection with the Rights Issue, the Company has engaged Carnegie Investment Bank AB (publ) as Sole Global Coordinator and Bookrunner, and Baker McKenzie as legal advisor.

*This press release constitutes inside information that Ferroamp AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact person set out below, at the time stated by the Company's news distributor, beQuoted, at the publication of this press release.*

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## About Ferroamp

Ferroamp is an innovative technology Company within Greentech that provides a combined hardware and software platform for power and energy optimization in properties. The Ferroamp system integrates renewable energy, energy storage and electric vehicle charging into a local direct current (DC) network, with a connection to the power grid. The Ferroamp system gives the property owner control over the electricity grid connection and makes the property an active resource in the energy landscape.

The technology is used within everything from single family homes to apartment buildings and larger commercial properties, but also has applications outside real estate installations, such as depot charging of electric cars. With the PowerShare technology, several buildings can be connected and share local energy.

The demand for Ferroamp's products is high and has grown significantly in recent years, between 2019 and 2022, net sales increased from SEK 46 million to SEK 205 million, which corresponds to a compound annual growth rate of 65 percent. At the beginning of 2023, Ferroamp communicated that the Company enters 2023 with a record order book of SEK 350 million. During the period 2019 to 2022, the number of employees in the Company has increased from 28 to 68. Ferroamp is an established actor and had, as of 15 March 2023, 6,000 systems installed.

Ferroamp's head office is located in Spånga outside Stockholm. As a result of the continued growth, the Company will move to new premises in Sundbyberg in September 2023. The Company has been listed on the Nasdaq First North Growth Market in Stockholm since March 2019.

Visit [www.ferroamp.com](http://www.ferroamp.com) for more information.

Visit our investor website for more financial information: <https://investor.ferroamp.com/>

Ferroamp is listed on the Nasdaq First North Growth Market. G&W Fondkommission is the Company's Certified Adviser.

### **Important information**

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in the Company in any jurisdiction, neither from the Company nor from someone else.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, Switzerland or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus according to the definition in Regulation (EU) 2017/2019 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus will be prepared in connection with the Rights Issue and be reviewed and approved by the Swedish Financial Supervisory Authority, which is the national competent authority in Sweden with regard to the Prospectus Regulation. In order for investors to fully understand the potential risks and benefits associated with a decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Prospectus. Thus, investors are encouraged to review the Prospectus in its entirety.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision in connection with the Rights Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by

Carnegie. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Carnegie is acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

This press release does not constitute an invitation to warrant, subscribe, or otherwise acquire or transfer any securities in any jurisdiction. This press release does not constitute a recommendation for any investors' decisions regarding the Rights Issue. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Rulebook for Issuers.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "**UK**

**Target Market Assessment**” and, together with the EU Target Market Assessment, the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Carnegie will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.