

ferroamp



Year End Report

01-01-2020 – 31-12-2020
Ferroamp Elektronik AB

Summary of the period

Fourth Quarter 2020

- **Net Sales** amounted to 20.074 (18.905) KSEK
- **Profit/loss after financial items** amounted to -9.123 (-6.547) KSEK
- **Earnings per share** amounted to SEK -0,74 (-0,72) SEK

January – December 2020

- **Net Sales** amounted to 76.772 (45.838) KSEK
- **Profit/loss after financial items** amounted to -33.138 (-24.203) KSEK
- **Earnings per share** amounted to SEK -3,10 (-3,22)

Significant events during the quarter

- Ferroamp makes a large new European systems deal together with Nilar and Indutecc
- Ferroamp is an official supplier to the Swedish pavilion at the world exhibit Expo2020 in Dubai
- Ferroamp strengthens the management team with Åsa Hedman as Chief Communication Officer and Charlotte Eisner as Chief Commercial Officer
- Our award-winning solar string optimizer is now delivered in volume to customers.

Significant events after the end of the period

- Ferroamp builds a stronger organization for research and development – strengthens the management team with Carl Heyman as Chief Development Officer

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jac-Dec 2020	Jan-Dec 2019
Net sales	20 074	18 905	76 772	45 838
Profit after financial items	-9 123	-6 547	-33 138	-24 203
Balance sheet total	144 778	52 761	144 778	52 761
Equity ratio (%)	80	58	80	58
Earnings per share, SEK	-0,74	-0,72	-3,10	-3,22
Cash flow from operating activities	-4 146	-3 952	-25 790	-29 653

Ferroamp during growth



During the past year, Ferroamp has showed strong growth despite some major challenges. 2020 our net sales was 167% compared to 2019. We have showed that we are well positioned in a continuously developing and growing market, where also the demand for sustainable options in the electrification of the society is constantly increasing.

We do important businesses in all segments

We have during 2020 followed through with some important businesses with our partners and customers. We have been chosen as the supplier in important projects, both developmental projects as well as projects that are undergoing changes, in order to increase the capacity and growth with renewable energy. Exciting

milestones have been reached together with many of our customers, ranging from communal real-estate companies to housing cooperatives, commercial buildings, but also smaller houses and villas. We have also followed through with work to support network companies in their challenge of dealing with the large capacity. In these agreements, we show a wide capability and knowledge on how to solve these issues to our clients and the broader society.

Europe is around the corner

The year 2020 was also a year where we continued our work to globalize, resulting in multiple significant businesses happening outside Sweden, above all in Holland. The journey towards the International market will continue throughout 2021, with our main focus being Europe. We will improve our organization one step at a time in order to prepare for our expansion and our attendance in the International market during the second half of 2021.

Leadership in Technology

Furthermore, during the year have we showed our level of technology, resulting in multiple recognitions. The most prestigious recognition was the InterSolar Award for our solar string optimizer, being the third time Ferroamp receives this award.

We have also been appointed the official supplier, together with some crucial Swedish partners, for the Swedish booth at Expo 2020 in Dubai. We will be delivering the clever energy system that controls the solar panels and energy storage of the building. This prestigious mission will give us an opportunity to show the International market our unique technology in one spot.

Strong performance during 2020 despite challenges

The year has included many challenges, mainly due to the pandemic, but also due to changes in the rule system among our end customers and partners. The year 2020 started off with high expectations and strong order entry, which later on changed to tentative development among commercial real-estate, house cooperatives, and the public benefit as a result of the insecurities regarding the financial development. The market with smaller real-estate and houses had a stable growth during the spring, despite some challenges we faced with the material supply from Asia. The changes that occurred in the rule system, that took office during the summer, for smaller real-estate to incorporate solar electricity resulted in a slower improvement in our villa-segment during the final months of the year. During the fall we also faced some delivery issues among one of our more crucial partners, which affected the end of our year in a negative way.

Despite these challenges, the fall was successful for Ferroamp, resulting in the best half-year revenue ever. This is a testimony of our strength as an organization and company, we solve the problems that we are put up against. I am very proud over the organization and our colleagues, whom continuously deal with these challenges with grace.

We are building a stronger Ferroamp with a capacity to grow

During the fourth quarter we have continued our work to develop and improve. We have continuously strengthened our financials during the fall. This has been done through new share issue to enable investments going forward, and at the same time developed our owner base with a few, long-term owners. We have seen a large interest for us, which we are grateful for, as it gives us the opportunity to invest and develop in the long run.

We continue our growth to an international customer focused technology company. We have strengthened our organization and management by adding new competencies and skills. I feel very proud and grateful for the team we are building moving forward. We have attracted multiple recognized, knowledgeable, and merited people to our team, and we are continuing this journey during 2021, by building a stronger Ferroamp through tying us to key competencies. In our management and organization, we have a broad spectrum of experiences, background, and knowledge. Today, our management consists of an equal split between men and women, a mix I only see as a strength.

During the year, an important question has been to improve our capacity to grow and deliver a volume with a margin. We have continued to industrialize and outsource the production to reach greater volumes. We see an opportunity to improve our margin moving forward, while there are some increasing costs due to the pandemic. This includes mainly transportation costs and component access, which affects us negatively.

Good opportunities during 2021

I look forward to 2021 with great confidence. The spring will most likely continue with similar challenges to what we have already seen due to the pandemic. We have already shown our capability of handling these challenges, and continue on with improving ourselves to grow in a more structural and strategic way.

We are well positioned with unique systems in a market that is undergoing a lot of changes and growth. Therefore, with better systematics and stronger organization, are we ready to continue our growth on a journey controlled by us.

Spånga, February 2021

Krister Werner

About Ferroamp

A new way of thinking – Ferroamp has created the EnergyHub system, bringing a new future-proof way of integrating solar power, energy storage and DC loads in one system. With one single inverter, the EnergyHub, new DC devices can be added when required. The bidirectional inverter acts as a bridge between the utility AC grid and a local DC Nanogrid within the building or between buildings where solar PV, energy storage, and loads are connected, to minimize losses compared to using a traditional system. The system is scalable and can easily be adapted to all effect needs, from villas to large commercial properties, and together with a DC Nanogrid this gives a flexible system that can be expanded to more solar panels, increased load capacity or, in a near future, add a DC charger for an electric vehicle. The result is control and steering of effect, lower grid costs and faster charging of electric vehicles.

Ferroamp in short

- Founded 2010
- Commercial introduction 2016
- Office and production in Spånga
- IPO in March 2019
- 42 employees
- ~ 2000 systems installed

Long-term objectives (run-rate 2022)

- Net Sales 400 MSEK
- Gross Margin 40%
- Internationally established on several leading European markets

Awards

Ferroamp has won several international competitions. Among others:

- 2020 Intersolar Award Winner
- 2020 Affärsvärldens IPO of the Year – honourable mentioned for share price development, small companies
- 2019 Global Cleantech Top 100
- 2018 PV Magazine: Array Changing Technologies
- 2018 Smarter-E Award Winner
- 2018 VA/Eon E-Prize

The Business builds on four main structural driving forces. These are:

- Electrical and hybrid vehicles
- Solar power
- Battery development
- Scarcity of effect in society

Main Products

- Energy Cloud (eCloud), software portal for effect optimization with:
 - Property surveillance- and analytics tools
 - Management systems for effect- and energy optimization (EMS)
- Inverter (eHub and eHub XL)
- Solar string optimizer (SSO)
- Integrated Energy Storage (Power storage and Home storage)

Consumer Segments

The Company's end customers are found in segments for apartment buildings, public housing, commercial properties and villas.

Distribution Channels

Ferroamp works closely with integrators, energy advisors and energy companies to create a smooth solution for the end customer.



Financial overview

Operating income

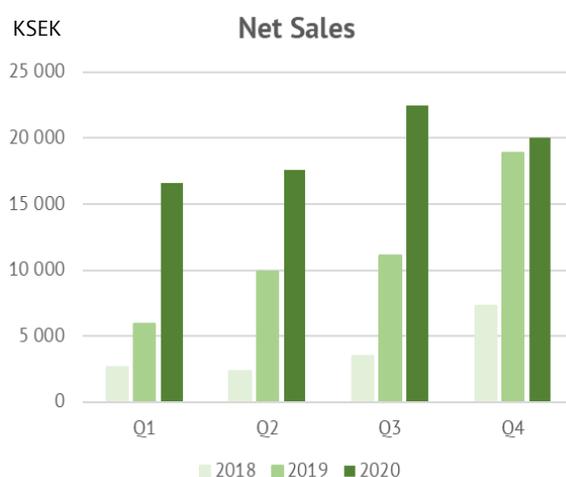
The total income for the fourth quarter amounted to 23.347 (21.327) KSEK, where the net sales amounted to 20.074 (18.905) KSEK. In the fourth quarter 2019, we had non-recurring effects of 5 MSEK attributable to the battery container developed together with Vattenfall, as well as the energy storage grant. Adjusted for this, the base business for the fourth quarter increased by 6 MSEK compared to 2019. For the fourth quarter 2020, we saw a slowdown from the solar power industry which, as a result of the new green deduction, is expected to pick up again during the end of first quarter and beginning of second quarter 2021. The total incomes for the full year amounted to 88.205 (55.454) KSEK, where net sales amounted to 76.772 (45.838) KSEK.

Operating costs

Operating costs amounted to 32.222 (27.846) KSEK for the fourth quarter. Raw material & consumables increased to 16.715 (15.858) KSEK. Other external costs amounted to 5.643 (4.920) KSEK. Costs of personnel amounted to 8.763 (6.656) KSEK. For the full year 2020, operating costs amounted to 120.841 (79.529) KSEK. Raw materials & consumables increased to 61.828 (38.296) KSEK.

Raw materials & consumables as a share of net sales improved from 84% during 2019 to 81% during 2020. The freight costs for incoming goods (part of raw materials & consumables) increased significantly during the year as a result of Covid-19. In 2019, raw materials & consumables, excluding freight, amounted to 82%, for the fourth quarter of 2020 the corresponding share was 74%. The assessment is that the cost increase for freight will remain during the first part of 2021.

Other external costs increased, for the full year, to 23.154 (20.606) KSEK. Costs of personnel amounted to 30.866 (19.164) KSEK.



For the full year, the cost increase has mainly taken place on the personnel side (+61%) as a result of the expansive investments we make. Our internal work with the costs has resulted in the increase in other external costs (+12%) is significantly lower than the increase in cost of personnel.

EBIT

Earnings before interest and taxes amounted to -8.875 (-6.519) KSEK for the quarter.

Earnings before interest and taxes amounted to -32.636 (-24.075) KSEK for 2020.

During the third quarter a loan from Energimyndigheten, which was obtained in 2015-2016, was corrected as a consequence of an adjusted accounting assessment. The correction is done with a retroactive effect. For the full year 2019, the reassessment results in a net effect on earnings of +464 KSEK.

The loss is according to plan and a consequence of the Company's investments in expansion and focus on new customers, new markets, industrialisation of the product portfolio and costs for subcontracting the SSO and eHub to external suppliers, as well as strengthening of the work force.

Financial position, liquidity

The company's cash and cash equivalents amounted to 95.224 KSEK, at the closing of the period, compared to 16.411 KSEK 2019.

Equity amounted to 115.141 KSEK, compared to 30.603 KSEK in 2019. The equity ratio was 80%. During the third quarter, a loan from Energimyndigheten, obtained in 2015-2016, was adjusted as a consequence of an adjusted accounting assessment. This has decreased equity with 4,7 MSEK and increased long-term liabilities with the same amount. The reassessment is done with retroactive effect.

Per the closing of the period, the total assets were 144.778 KSEK, which is an increase compared to the same period 2019, when total assets amounted to 52.761 SEK. The increase is mainly attributable to the contribution of capital from the share issues.

Fixed assets amounted to 19.172 (12.580) KSEK, where 17.717 (11.383) KSEK refers to intangible fixed assets (mainly capitalized work).

Inventories amounted to 16.302 (11.178) KSEK at the closing of the period. The increase is consciously made to be able to meet an expected increase in demand from the solar power industry with delivery of products at the end of the first quarter or beginning of second quarter 2021.

Cash flow

Cash flow for the quarter amounted to -7.624 (-7.958) KSEK.

Cash flow for the full year amounted to 78.813 (15.037) KSEK.

During 2020, amortizations of loans amounted to 1.675 (3.275) KSEK.

Investment in intangible fixed assets amounted to 3.040 (1.853) KSEK and during the full year 10.792 (7.295) KSEK. The investment is mainly done in SSO 2.0 and XL 1.5. During the second half of the year, the R&D-department has had a strong focus on customer satisfaction, and non-capitalizable work has been spent on improvements supporting this.

Employees

The number of employees at the Company was at the end of the period 42 (28). Compared to 2019, there has been an increase within all functions.



The Ferroamp Share

Ferroamp Elektronik AB is since the 22nd of March 2019 listed on Nasdaq First North Growth Market under the short name (FERRO).

The number of outstanding shares is per the end of the year 12.254.092. All shares hold equal voting rights.

Closing price for the quarter was 81,60 SEK/share. Highest price during the period was 84,20 SEK/share, the 29th of December, and lowest price was 51,00 SEK/share, the 28th of October. During 2020, the highest price has been 88,30 SEK/share, the 19th of February, and the lowest price was 41 SEK/share the 17th of March.

Stängningskurs, SEK



Events during the year

During the first quarter, the stock warrant program TO1 was subscribed for, which added 1.104.870 new shares and 23,1 million SEK before deductions for issue costs. During the second quarter, warrants were issued for the employees, Series 2020/2023. The Company was awarded during the event IPO of the Year, organized by Affärsvärlden, during the second quarter. During the third quarter, a directed new share issue was done, contributing 102 million SEK excluding costs of issue, and 2.042.349 new shares. The Company has through the new share issue extended its ownership base with long term owners. Several of the institutional investors have since the new share issue further increased their holdings in Ferroamp

Stock warrant programs

During the quarter no changes has been done in the Company's stock warrant programs. At the closing of the period the Company has the following three stock warrant programs targeting employees.

	Decision made	Number of warrants	Number of shares	Exercise period	Exercise price, SEK	Target Group
Series 2018/2021	2018	62 500	62 500	010721-301121	16,00	CEO
Series 2019/2022	2019	185 000	185 000	010322-310522	52,10	Employees
Series 2020/2023	2020	69 000	69 000	010623-300623	69,56	Employees
Total		316 500	316 500			

Ownership distribution, 31-12-2020

Owner	Number of shares	Share of votes and capital
Björn Jernström	1 425 700	11,63%
Första AP-Fonden	1 157 670	9,45%
Nordea Fonder	1 141 577	9,32%
KIC InnoEnergy SE	559 175	4,56%
Almi Invest Stockholm AB	500 000	4,08%
Åke Rehnman	497 325	4,06%
Försäkringsaktiebolaget Avanza Pension	466 767	3,81%
Mats Karlström	405 975	3,31%
Nordic Cross	361 000	2,95%
Andra AP-Fonden	300 000	2,45%
Sum, 10 largest owners	6 815 189	55,62%
Other shareholders (approx. 6770)	5 438 903	44,38%
Sum	12 254 092	100%

Definitions and key figures

Profit/loss after financial items

Result after financial revenues and costs, but before appropriations and taxes.

Net sales

Operating incomes, invoiced expenses, side revenues and revenue adjustments

Balance sheet total

The Company's total assets.

Equity ratio (%)

Equity as a percentage of total assets.

Earnings per share, SEK

Net Income divided by the weighted average number of shares during the period.

Diluted earnings per share, SEK

Net Income divided by the weighted average amount of shares and all convertible securities.

Cash flow from operating activities

Cash flow from operating activities including changes in working capital.

Financial calendar

Annual Report 2020	29-04-2021
Interim Report 1 st Quarter 2021	19-05-2021
Annual General Meeting	20-05-2021
Interim Report 2 nd Quarter 2021	18-08-2021
Interim Report 3 rd Quarter 2021	10-11-2021
Year End Report 2021	16-02-2022



Risks and uncertain factors in the operations

The executive management makes assumptions, assessments and estimates that effects the content of the financial reports. Actual outcomes may differ from these assessments and estimates, which is also implied by the accounting principles. The objective of the company's risk management is to identify, mitigate, control and limit the risks in the business. The risks can be divided into financial, operational, and external risks. Ferroamp's operational and external risks consist of, among other things, operational risks (access to competent personnel, quality in production and design, implementation of R&D projects according to plan), market risks (competition, political decisions, demand), intangible risks (patent risks), and financial risks (access to financing for expansion and increased costs).

For a detailed description of risk exposure and risk management, see the annual report for 2019, which was published the 23rd of April 2020. The report is available on Ferroamp's website:

<http://www.ferroamp.se>

External risks – The spread of the Corona virus is a worrying factor, from a global economic perspective. We are closely following the development and potential implications for Ferroamp and the Company's customers and suppliers.

Accounting principles

The Interim Report has been prepared in with chapter 9 in the Swedish Annual Accounts Act and the same accounting principles have been applied as in the latest annual report.



Assurance from The Board of Directors

The Board of Directors and the Chief Executive Officer offer their assurance that the content of this Interim report constitutes a true and fair view of the company's operations, financial position, profit/loss and liquidity for the current period.

Stockholm, February 11
The Board of Directors

G&W Fondkommission +46(0)8-503 00 050, ca@gwkapital.se is the Company's Certified Adviser.

Auditing by auditors

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

Contact Information

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Consolidated Financial Information

Income Statement

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net Sales	20 074	18 905	76 772	45 838
Capitalized work for own account	2 567	2 454	10 619	9 627
Other operating income	706	-32	814	-11
Total operating income	23 347	21 327	88 205	55 454
Raw material and consumables	-16 715	-15 858	-61 828	-38 296
Other external costs	-5 643	-4 920	-23 154	-20 606
Personnel costs	-8 763	-6 656	-30 866	-19 164
Depreciation of tangible and intangible fixed assets	-982	-390	-4 860	-1 434
Other operating costs	-118	-22	-134	-29
Total operating costs	-32 222	-27 846	-120 841	-79 529
EBIT	-8 875	-6 519	-32 636	-24 075
Financial items	-248	-28	-502	-128
Profit/Loss after financial items	-9 123	-6 547	-33 138	-24 203
NET INCOME	-9 123	-6 547	-33 138	-24 203
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Data per Share				
Earnings per share, before and after dilution, SEK	-0,74	-0,72	-3,10	-3,22
Number of outstanding shares, closing of the period	12 254 092	9 106 873	12 254 092	9 106 873
Number of outstanding shares after dilution	12 570 592	10 482 075	12 570 592	10 482 075
Weighted average of outstanding shares during the period	12 254 092	9 106 873	10 680 483	7 514 087

Balance Sheet

KSEK	Dec 31 2020	Dec 31 2019
ASSETS		
Intangible fixed assets	17 717	11 383
Tangible fixed assets	1 405	1 184
Financial assets	50	12
Total fixed assets	19 172	12 580
Inventory	16 302	11 178
Current receivables	14 080	12 592
Cash and cash equivalents	95 224	16 411
Total current assets	125 606	40 182
TOTAL ASSETS	144 778	52 761
EQUITY AND LIABILITIES		
Restricted equity	18 730	12 249
Unrestricted equity	96 412	18 354
Total equity	115 141	30 603
Provision for warranty	1 622	0
Provision for warranty	1 622	0
Long-term liabilities, interest bearing	2 444	5 046
Total long-term liabilities	2 444	5 046
Current liabilities, interest-bearing	2 603	1 675
Current liabilities, non-interest-bearing	22 969	15 438
Total current liabilities	25 571	17 113
TOTAL EQUITY AND LIABILITIES	144 778	52 761

Cash Flow Statement

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Cash flow for operating activities after financial items	-9 123	-6 648	-33 138	-24 203
Adjustments for non-cash items	2 550	-589	6 428	1 434
Paid taxes	394	312	137	155
Cash flow from operating activities before changes in working capital	-6 179	-7 389	-26 573	-22 614
Changes in inventory	-5 035	-91	-5 123	-5 037
Changes in accounts receivables	1 627	-111	-3 902	-1 576
Changes in current receivables	1 222	-1 331	2 415	-4 065
Changes in accounts payables	6 137	7 093	4 821	7 716
Changes in current payables	-1 917	-2 586	2 572	-4 077
Cash flow from operating activities	-4 146	-3 952	-25 790	-29 653
Investments in intangible fixed assets	-3 040	-1 853	-10 792	-7 295
Investments in tangible fixed assets	-140	-262	-569	-1 040
Investments in financial assets	0	0	-38	0
Cash flow from investing activities	-3 180	-2 114	-11 399	-8 334
New share issue, net	-222	-2 019	117 677	56 098
Borrowing	0	0	0	0
Amortization	-75	-75	-1 675	-3 275
Warranties	0	202	0	202
Cash flow from financing activities	-297	-1 892	#####	53 025
CASH FLOW	-7 624	-7 958	78 813	15 037
Liquidity opening day of period	102 848	24 368	16 411	1 374
LIQUIDITY CLOSING DAY OF PERIOD	95 224	16 411	95 224	16 411

Statement of Changes in Equity

KSEK	Share capital	Development fund	Unrestricted equity	Total equity
Equity 31-12-2018	592	5 358	-2 272	3 678
Adjustment as a consequence of the adjusted accounting assessment of financing from Energimyndigheten			-5 172	-5 172
Adjusted amount as at 01-01-2019	592	5 358	-7 444	-1 494
New share issue	319		60 459	60 778
Cost of issue			-4 680	-4 680
Provisions for funds		5 980	-5 980	0
Warrants			202	202
Net Income of the period			-24 203	-24 203
Amount as at 31 Dec 2019	911	11 338	18 354	30 603

KSEK	Share capital	Development fund	Unrestricted equity	Total equity
Equity 2020-01-01	911	11 338	23 063	35 311
Adjustment as a consequence of the adjusted accounting assessment of financing from Energimyndigheten			-4 709	-4 709
Amount as at 01-01-2020	911	11 338	18 354	30 603
New share issue	315		125 005	125 320
Cost of issue			-7 643	-7 643
Provisions for funds		6 166	-6 166	0
Warrants			0	0
Net Income of the Period			-33 138	-33 138
Amount as at 31 Dec 2020	1 225	17 504	96 412	115 141

