



ferroamp

2023

Annual report

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FINANCIAL CALENDAR

Interim Report Q1 2024	2024-04-25
Annual General Meeting 2024	2024-05-16
Interim Report Q2 2024	2024-07-26
Interim Report Q3 2024	2024-11-07
Year-end report Q4 2024	2025-02-13

Ferroamp in brief

Our vision

Our vision is a world powered by 100 percent renewable and reliable electricity.

What we do

Ferroamp offers property owners a sustainable solution to the electricity supply of the future through a unique patented technology for energy and power optimisation. The Ferroamp system integrates solar power, energy storage and charging of electric vehicles in a DC grid with intelligent control and real-time monitoring. With PowerShare technology, several systems can also be connected and share solar power production between buildings.

Our customers

Our end customers are property owners in the segments of private homes, tenant-owner associations and public housing, private and commercial property owners, industry and agriculture.

In cooperation with

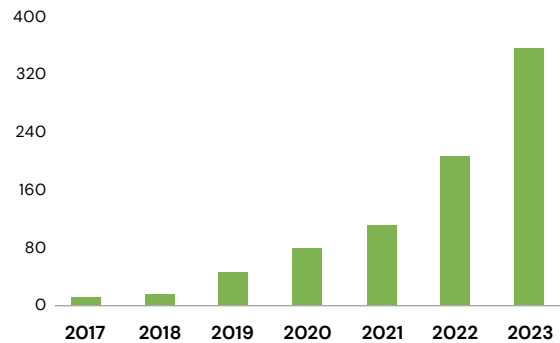
Ferroamp works closely with integrators, wholesalers, installers, energy advisors and energy companies to create a flexible solution for the end customer.

How we make a difference

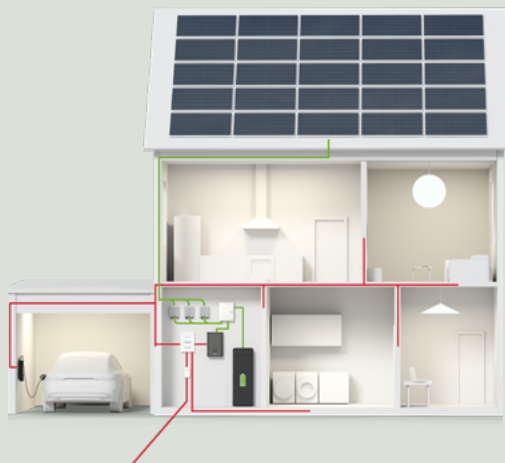
The Ferroamp system gives property owners control over their production and use of electricity in a changing market. The flexible and modular system can be expanded and adapted to the needs and opportunities created in the energy system. At the same time, the system contributes to solving the capacity problems in the electricity grid and thereby contributes to the energy transition in society.

Net sales

(MSEK)



The Ferroamp System



HARDWARE

- EnergyHub
- SSO (Solar String Optimizer)
- Energy storage

SOFTWARE

- EnergyCloud

FEATURES

- Solar Power
- Energy Storage
- EV-charging
- Phase balancing
- PowerShare
- Ancillary services

Focus on profitability after a year with volatile market

2023 was a year in which external factors led to large fluctuations in sales, while the company took important steps on the journey towards industrialization and profitability. In addition, the Ferroamp system has been developed with new attractive features and work has begun to establish the company in new markets.

Net sales for the full year were SEK 355 million (205), which is an increase of 73 percent compared to 2022. However, sales fluctuated significantly between quarters as a result of the economic downturn and lower electricity prices during the autumn. Since wholesalers and installers bought up large inventories during the market rush in the spring, our sales were doubly affected when PV installations slowed down after the summer. After reaching industrial-scale production in the spring, we corrected production volumes down significantly.

The inventory we built up during the time it took to reduce production had a negative impact on cash flow, but since the inventory consists of finished products where materials and production have already been paid for, these will mean a direct contribution to the cash register when sold.

Profitability in sight

The gross margin for the year was 19 percent and was greatly affected by the spot price purchases that was made during the component shortage at the beginning of the year. These have now

been discontinued and we have also taken strong measures to improve profitability. Comprehensive quality work resulted in reduced costs for service and support, and by sharpening and streamlining the organization, we have reduced costs by a total of SEK 50 million by 2024.

We estimate that we will reach profitability in the first quarter of 2025. The assessment is based on the assumption that we will have cost-optimised products ready by then and thus do not assume sales growth.

Support services a new driving force in the market

Although the market for solar cells dived in the second half of the year, the long-term trend is clear. In both Sweden and the rest of Europe, the need for fossil-free electricity production is increasing and the electricity grids are in great need of support to cope with electrification.

A new driving force in the market in Sweden is the ability to sell ancillary services to the electricity grid. Ferroamp has therefore developed a unique solution where you can use your battery to sell ancillary services at the same time as you use it in your own property. The solution was approved by Svenska kraftnät in January 2024 and we are experiencing great interest among customers in several segments.

In both Sweden and the rest of Europe, the need for fossil-free electricity production is increasing and the electricity grids are in great need of support to cope with electrification.



Innovation at the forefront

We are also continuing to develop our EV charging offering. At the beginning of 2024, we were able to show a prototype for a bidirectional electric car charger that can be used for vehicle to grid (V2G). The prototype has attracted great interest and is now being field tested with the goal of launching it on the market in 2025.

The modular structure of the Ferroamp system and open APIs make it well suited to be integrated with other systems. A first major partnership to be able to offer a complete solution for the property's energy needs has now been presented. It is the heat pump and energy optimisation company Aira that will include Ferroamp in its offering to residential customers in several key European markets. It's a great opportunity for us to quickly reach out with our products internationally. In

2024, we will focus on achieving profitability while continuing to be at the forefront of innovation and improving the offering to our customers. As the number of installed Ferroamp systems now approaches 10,000, we can see how our products benefit society, how they stabilize the electricity grid and contribute to the development of a fossil-free society. It fills us with motivation and faith in the future.

Kent Jonsson
CEO

Objectives and priorities

Overall target 2026

- Cost-optimized product portfolio in place .
- V2G DC-DC fully commercialized and part of our core portfolio.
- Signed agreements with partners in three additional verticals.
- Launched in the Nordic region as well as five other European countries.
- Established software sales as part of our core business.

Our priorities for 2024

- Increase turnover.
- Normalize the inventory level.
- Reach a positive cash flow.
- Finalize our new cost-optimized products.
- Expand sales in Europe.

The year in brief



Fully guaranteed rights issue

In June, Ferroamp carried out a rights issue. The issue was fully subscribed and raised approximately SEK 220 million gross to the company. The money was used for industrialization and the development of second-generation products; to develop ancillary services and energy optimization, as well as to secure hardware .



New learning platform and service agreements for installers

Ferroamp has invested in improving the conditions for the installers who work with The

Ferroamp system and launches the web-based training platform Ferroamp Academy, which is aimed at installers and electricians . By signing service partner agreements with a number of installers scattered across the country, the opportunities for fast quality service improved.



Bronze medal by EcoVadis

In the international sustainability assessment company EcoVadis' first evaluation of Ferroamp, the company was awarded a bronze medal. The evaluation is based on 21 criteria in the areas of environment, HR, ethics and sustainable purchasing. The bronze medal means that you have a better result in the evaluation than 50 percent of the companies in the same industry.

Kent Jonsson new CEO

In April, Kent Jonsson took over as the new CEO. Kent's most recent role was as CEO of Volvo Car Retail UM AB. A largely new management team was also put in place during the year and the focus is now clearly on improving profitability, increasing sales and driving development work.

Multi-year overview for the Group*

kSEK	2023	2022	2021	2020	2019
Net sales	355,253	205,112	110,218	76,772	45,838
Gross margin (%)	19	19	16	19	17
EBITDA	-88,205	-45,233	-35,729	-27,776	-22,641
EBITDA (%)	-25	-22	-32	-36	-49
Profit after financial items	-107,031	-55,100	-41,102	-33,138	-24,203
Balance sheet total	366,489	239,509	188,913	144,778	57,761
Equity ratio (%)	69	67	80	80	58
Basic and diluted earnings per share	-4.70	-3.90	-3.19	-3.10	-3.22
Cash flow from operating activities	-234,638	-60,979	-42,065	-25,790	-29,653

*Figures and key figures for the years 2019, 2020 & 2021 refer to the parent company Ferroamp AB (publ).



Ancillary services to the grid

Together with the software company Ntricity, Ferroamp has developed a technical solution that makes it possible for battery owners to participate and sell ancillary services to the electricity grid while the battery is used in the property. After a successful pilot project together with Varberg Energi, the solution was approved by Svenska kraftnät and could be offered to customers in early 2024.



Secured production capacity

During the spring, a major investment was made to secure large-scale production capacity for

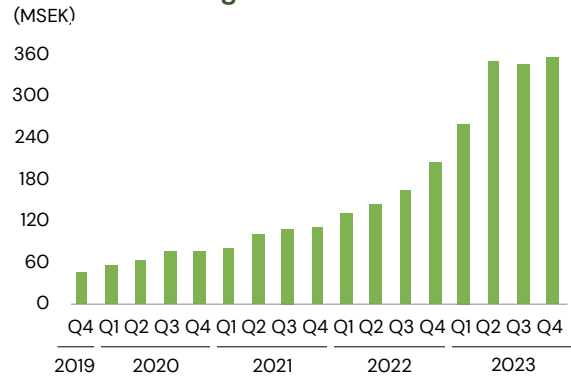
the different models of EnergyHub. During the autumn, production was reduced as a result of the reduced demand.



Efficiencies and savings

During the autumn, a cost review was carried out. Comprehensive quality work has reduced the cost of service and support. The organisation has also been sharpened and made more efficient. Savings totalling SEK 50 million will have an impact in 2024.

Net sales rolling 12 months



Turnover, MSEK

355

Equity ratio, %

69

Systems installed

8 000

Number of employees

86

Three trends affecting Ferroamp

The Ferroamp system gives property owners the tools to take advantage of the opportunities created by the energy transition and avoid the pitfalls. Three societal trends that follow in the wake of the transition and reshape the entire energy market form the basis of Ferroamp’s strategy.

The Solar Boom

In 2023, the number of photovoltaic installations connected to the Swedish electricity grid increased by over 70 per cent. After the summer, demand fell as a result of lower electricity prices and the general economic downturn, but in the longer term, everything points to continued growth in the market as the need for fossil-free electricity production is expected to increase dramatically as transport and industrial processes are electrified.

Within the EU, there is a fully negotiated directive on the energy performance of buildings, which states, among other things, that all public buildings must be equipped with solar cells if the conditions exist. The directive will be phased in from 2027 onwards.

The International Energy Agency, IEA, forecasts that solar energy production globally will double between 2023 and 2027. According to the forecast, the total production of solar energy will overtake nuclear power in 2026 and wind power in 2028.

The Ferroamp system makes it possible to use more of the solar energy produced in your own property, thereby reducing the transmission cost and shortening the payback time for the installation.



Electrification of transport

The electrification of the vehicle fleet continues to break the dependence on fossil fuels. Almost 60 per cent of all newly registered cars in Sweden in 2023 were chargeable. Although the pace of the transition has slowed down due to the economic downturn and the withdrawal of the bonus for electric cars at the end of 2022, the direction remains unchanged. An increasing number of electric car models, including those in lower price ranges, are expected to appear on the market as the EU’s emission requirements for car manufacturers are tightened in 2025.

Electric car charging poses a challenge to the electrical system of properties. Ferroamp’s solution for integrating electric car chargers into the Ferroamp system protects both fuses in the property and cuts consumption peaks. In addition, Ferroamp is now developing a cost-effective solution for bidirectional charging where the car battery can be discharged if necessary to support the property or the electricity grid in so-called vehicle-to-grid (V2G).

Challenges in the power grid

Increased electrification leads to challenges in the electricity grids. There is already congestion locally when many people consume a lot of electricity at the same time or when several photovoltaic plants deliver surplus production to the grid at the same time. The electricity grid needs to be reinforced to meet the needs, but it is costly and will take time.

A faster and cheaper alternative is increased flexibility among electricity consumers. With the Ferroamp system's ability to store energy and to connect the electrical system in several buildings, the self-consumption of solar electricity increases so that less money needs to be sent out to the grid.

At the national level, the need for balance and protection against disturbances increases as an increasing share of production consists of solar and wind energy. Svenska kraftnät is now paying a number of different actors to contribute flexible resources that can be switched on and off if necessary to maintain the balance in the electricity grid. Ferroamp has developed a solution where battery owners can participate and sell ancillary services while using the battery in their own property.

In the long term, solar cells and the electric car charger will also be able to be used to bid on the balancing market.



A system in constant change



We are living in the midst of an energy revolution. The only thing we know for sure about the electricity system of the future is that it will continue to change. The Ferroamp system is built precisely to give the customer the opportunity to manage changes and take advantage of the opportunities that arise.

On the night of 22 December, everyone who owns a Ferroamp system with a battery will receive an early Christmas present. A software update, which automates the maintenance of the battery, is sent out over the network, which significantly improves performance and lifespan of the battery. That's just one of the twelve software releases released in 2023. Just like a mobile phone, the system is continuously updated with new features and small improvements that improve the experience for the user.

"Just look at the changes that have taken place in terms of solar cells and electric cars since the first Ferroamp systems were installed eight years ago. Now comes ancillary services and vehicle-to-grid, which will also bring major changes to the market. Through over-the-air updates and the modular design, even those who bought our early systems can be involved and contribute with support services today," says Björn Jernström, CTO and founder of Ferroamp .

Future-proof is the key word

The foundation of the entire Ferroamp system lies in phase balancing. Subsequently, the opportunities were created to integrate solar cells, batteries and eventually electric car charging into the system. As solar cells and electric cars have now made a big breakthrough, challenges are created in the electricity grid. Once again, the Ferroamp system is being updated to control the battery in

order to, for example, cut power peaks and now also to be able to contribute with ancillary services to the electricity grid.

"Now that solar cells and electric cars are being rolled out on a large scale, we see how the challenges and problems that was feared can be solved through smart control of the very same technology. By controlling the various resources, we can create a flexible and robust electricity grid," says Björn Jernström .

Future-proof is a key word for Ferroamp. When it comes to ancillary services, FCR-D, where resources are ready to respond to rapid disturbances in the power grid, is currently the most profitable. But as more players appear on the market, prices will fall, while other types of ancillary services, both nationally and locally, may become relevant. Here, too, the Ferroamp system's software can be updated to constantly give the customer the opportunity to participate in the markets that are most attractive.

"The secret lies in not locking yourself into one service, but in combining different services and functions with each other. Run FCR-D when it's profitable, spot price control when it's profitable, or participate in a local power market. All of this then has to be automated or become self-learning, because you can't expect property owners themselves to be able to familiarise themselves with this extremely complex market," says Björn Jernström .

Bi-directional EV charger

When it comes to the flexibility of the electricity grid, there is also great potential to use electric car batteries when the car is parked for what is known as vehicle-to-grid (V2G). At the beginning of 2024, Ferroamp presented a prototype for a bidirectional DC/DC charger. By connecting to the Ferroamp system's DC grid, you get a fast charge without the need for a special inverter in the car. In addition, there is no problem for the car to keep track of grid codes and certifications in the electricity grid because EnergyHub is already prepared for this.

"Technically, we have the solution ready. What remains now is field tests and for the car companies to approve that we use their batteries in this way. The potential of using electric car batteries to stabilize the grid is enormous," says Björn Jernström .

A sustainable vision and strategy

Our strategic framework forms the basis of our value creation. The framework summarises our culture, mission and vision and connects them to our overall offering.

Ferroamp is an innovation company driven by technical curiosity and a desire to contribute to the transition to a fossil-free society. Our innovative products and services enable large and small property owners to take control of their electricity and help make the world more sustainable. In Sweden, the construction and property sector accounts for around 40 percent of our final ener-

gy use and around 20 percent of greenhouse gas emissions. With our solutions, property owners can gain greater control over their production and consumption of electricity, making an active contribution to a sustainable energy transition.

Ferroamp’s unique system is based on DC technology and the ability to create microgrids that link solar panels, battery storage and electric vehicle chargers, establishing a more efficient system with higher controllability and less energy loss. With our products and services, we simply give property owners the opportunity for smarter control of their electricity.

STRATEGIC FRAMEWORK

Vision

Our vision is a world powered by 100 percent renewable, reliable electricity.

Mission

Our mission is to optimise the use of electricity and provide our customers with tools and sustainable innovations to enable them to be part of the energy revolution.

Values

- Pioneering innovation
- Customer focus
- Stronger together

Offering

We offer our customers the tools to control their electrification and explore new business models by owning their grid connection.



The Ferroamp system

– future-proof and flexible

The brain of the property's power system

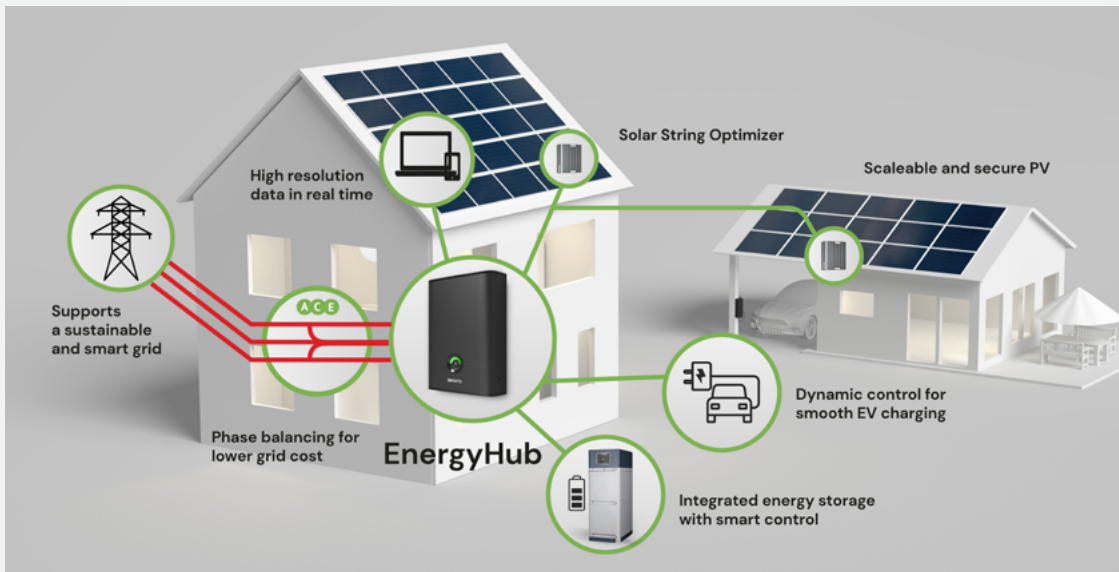
EnergyHub is a smart inverter and the brain of an intelligent electricity system where solar cells, electric car charging and energy storage in batteries can easily be connected via a DC grid with intelligent control and real-time monitoring. The system optimizes electricity use and solar power production in and between properties. The scalability and the ability to update the system over the network provides unique flexibility so that property owners can meet both current and future needs.

A new way of thinking

Installing solar panels is just the first step in taking control of electricity usage. By thinking about the entire property's electrical system from the outset, it is possible to balance consumption and protect the main fuse while avoiding costly power peaks. Since both energy storage and electric car charging use direct current, conversion losses are avoided while maximizing controllability.

FERROAMP SYSTEM DESCRIPTION

Integrating solar panels, storage and charging solutions



Five reasons to choose Ferroamp

- 1 Easy, efficient electric vehicle charging**
Protect the main fuse and avoid power peaks through phase balancing and load control
- 2 More boost from solar power**
Maximize self-consumption and shorten payback time.
- 3 Smart battery control**
Use energy storage to harness solar power or charge at night when electricity is cheap and discharge when it is most expensive or to cut power peaks.
- 4 Ancillary services**
Earn money by supporting and balancing the grid while using the system in the property.
- 5 Adapt to future needs**
The system is future-proof and is updated as opportunities and challenges emerge in the electricity system. Easy to scale up if needed.

Value-creating model

Ferroamp’s DC-based platform provides the property with an infrastructure that enables property owners to take control of their electricity use in the new decentralised energy landscape.

Ferroamp’s smart inverters and the cloud-based user interface EnergyCloud connect solar power production, energy storage and electric car charging in a flexible system that benefits both the customer and the grid. The system is modular and can be expanded as needed and connected to Ferroamp systems in other buildings in an energy sharing network, PowerShare.

Together, this gives property owners the opportunity to optimize and make efficient use of their own electricity production.

The controllability, phase balancing, flexibility and modular design contribute to a future-proof solution that also reduces dependence on buying electricity from the grid. By relieving the electricity grid, it contributes to the sustainable electrification of society.

Ferroamp creates value for customers by making it financially attractive to participate in the green transition with a future-proof electricity infrastructure in and between buildings.



Flexible properties for a fossil-free world



2023 was by far the warmest year globally since records began in 1850 and the ten warmest years have occurred during the last decade. This is an almost too obvious signal that society must phase out its dependence on fossil fuels. And fast.

At the climate summit in Dubai last autumn, the countries of the world finally managed to agree on a transition away from fossil fuels and at the same time agreed to triple the capacity of renewable electricity production by 2030. This will be needed both to phase out the fossil electricity production that exists today, but also to electrify transport and industrial processes that also account for large emissions.

Ferroamp is working to make it attractive for property owners to contribute to the transition. On the one hand, it is about getting more people to invest in renewable electricity production, and on the other hand, it is about supporting the electricity grid so that it can cope with the new challenges that the transition entails.

With the ability to store solar energy in batteries and connect several buildings in one system, the self-consumption of solar electricity increases, which both makes the investment more profitable and reduces the load on the main grid. The same applies to the ability to cut power peaks

and to control the need to import electricity from the grid to hours when the load is low. Together with phase balancing, this reduces the need to strengthen the electricity grid, which otherwise increases as more people install solar cells or want to charge the electric car in the same area.

With Ferroamp, the property becomes a flexible node that relieves the local electricity grid when needed and can also contribute with ancillary services to balance the national electricity grid. With several nodes like this, that can also consist of several buildings connected with a PowerShare, we get an electricity grid whose flexibility also makes it more resilient and less sensitive to disturbances, something that is important, not least from a security perspective.

Ferroamp's DC technology also reduces the amount of material required during installation, as it is possible to use thinner cables, which thus require less metal. In particular, the supply of copper is seen as a bottleneck in the transition.

Through Ferroamp's technical solutions, more people can benefit from the transformation of the energy system, which makes it possible to increase the pace even further.



Major benefits of sharing energy between sports facilities

In many municipalities, sports facilities are among the most energy-intensive buildings. This means that there are also major savings to be made. Connecting solar cells from a roof with several buildings via a PowerShare makes it possible to optimize electricity use and reduce costs.

In Skara municipality, the swimming pool and the ice rink are the buildings in the municipality that require the most electricity. Heating swimming pools and sauna heaters requires a lot of energy in the bathhouse and in the ice rink power peaks over 200kW are created when the ice is flushed when water is both heated and cooled down.

Neither the bathhouse nor the ice rink have roofs that can support a photovoltaic system. On the other hand, the large sports hall Vilanhallen, which is located in the same area, does.

"The original idea was to place a smaller facility at the bathhouse, but when we realized that it would create a risk of leakage from the roof, the idea was born to connect the three buildings to share energy between them," says Simon Holmgren, property engineer at Skara Municipality.

Dimensioning according to consumption

Vilanhallen's large roof has now

been equipped with a photovoltaic system with a peak power of 260kW. The energy produced is shared via a PowerShare from Ferroamp to the swimming pool and ice rink. A PowerShare is a local direct current network that connects Ferroamp systems in different buildings. Since the photovoltaic system is thus connected to two electricity consumers with different consumption patterns, all the electricity produced can be used locally without having to be sold to the grid.

"A photovoltaic system should be dimensioned according to your own consumption. It is not so beneficial to sell off the electricity from large installations on the grid. If you connect several consumers, such as a swimming pool and an ice rink, with a PowerShare, it will be easier to use the electricity locally," says Adam Persson at Elektrobyrån, which carried out the installation.

Multipal benefits for the municipality

In addition to the benefits of increased self-consumption of solar energy, the load on the surrounding electricity grid is also reduced. Something that the municipality expects will pay off for them as well.

"We see that, in the long term, electricity companies will increasingly move towards power tariffs for both the electricity you buy and the electricity you produce and sell on the grid. There will be money to be made by keeping the effect down. With this arrangement, we are prepared," says Simon Holmgren.

Skara municipality collaborates with the neighbouring municipalities in the V6 network, where there is now a common idea to continue working with energy sharing between municipal buildings. Among other things, there are now plans for a bathhouse and a preschool in Götene where solar cells at the preschool could help to provide the bathhouse with energy to run the heat pump.

"PowerShare opens up several new opportunities to use solar energy more efficiently and in a way that benefits the entire municipality", says Simon Holmgren.

Ferroamp's sustainability work

Ferroamp's goal is to enable property owners to participate in the energy transition away from fossil fuels. We also strive for ecological, social and economic sustainability in our processes and value chains.

The strategic framework forms the basis for sustainability work in terms of how we build our business model, how our products and our operations affect the development of society in Sweden and globally, and how we create a good working environment for our employees.

The Ferroamp system optimises energy use in properties and also helps to build up a flexible electricity grid. We thereby contribute to the electrification of society that is required if we are to be able to limit climate change. The use of direct current also means that we can reduce the material consumption in installations compared to solutions based on alternating current.

However, our operations and our products also have an impact on the climate and the environment. In 2023, we have therefore produced Environmental Product Declarations (EPDs) for EnergyHub and the Solar String Optimizer.

This provides us with a valuable basis for our continued work to reduce our climate footprint and our use of other natural resources.

Ferroamp's sustainability work is not only about the environment, but also about economic and social sustainability.

During the year, we have also been awarded a bronze medal for our sustainability work by EcoVadis. EcoVadis is an independent company that evaluates and monitors corporate governance and processes with respect to social responsibility and sustainability work. Bronze level means that you have a better result in the evaluation than 50 per cent of the companies in the same industry.

The ambition is now to further improve the rating going forward through systematic work to reduce the environmental impact of the company's products in a life cycle perspective, develop



management systems and to continuously ensure compliance with the company’s Code of Conduct. As part of the latter, we conducted internal training in the Code of Conduct during the year and also introduced a whistleblower function for staff.

A large part of our impact is in the supply chain and in 2024 we will revise our sustainability policy at company level with a focus on environmental impact. At the beginning of the year, we also developed a policy for sustainability and code of conduct for our suppliers, which will now be implemented.

Significant events in 2023

- **Bronze in EcoVadis rating**
- **Environmental Product Declaration (EPD) implemented for EnergyHub and SSO**
- **Completed supplier audit/risk assessment of suppliers**
- **Training conducted in Code of Conduct, work environment and electrical safety for employees**

Focus area	Key issues	Activities	KPIs
<p>1 Sustainable business Provide sustainable solutions for society’s energy transition supported by an efficient business model and strong financial position.</p>	<p>Drive profitability and investment power by:</p> <ul style="list-style-type: none"> • Offering competitive products with high quality and product safety. • Developing an efficient, sustainable business model. • Reducing negative impact on the climate and environment from our operations and products. • Contributing to the development of society. 	<ul style="list-style-type: none"> • Develop revised sustainability policy at company level • Implement sustainability policy for purchasing • Update and implement code of conduct for suppliers 	<ul style="list-style-type: none"> • Customer satisfaction: NPS – Wholesaler, Retailer, Installer, End customer • Finance: Net sales, EBITDA, Equity ratio • Quality: Maintenance cost per system
<p>2 Transparent operations Ensure transparent operations throughout the value chain, based on core values and the code of conduct.</p>	<p>Based on our mission and strong core values, ensure that:</p> <ul style="list-style-type: none"> • Our code of conduct is complied with by everyone throughout the value chain. • Strong management systems are developed. • Audits are carried out and key performance indicators are developed to ensure compliance. 	<ul style="list-style-type: none"> • Implement a standardized way of working for supplier audits 	<ul style="list-style-type: none"> • Number of staff trained in ethics, corruption and discrimination. • Number of supplier audits • Number of signatures on SCoC for Suppliers
<p>3 Attractive workplace Take responsibility for our employees, our workplace and the entire value chain strengthening our ability to innovate.</p>	<p>Attract and retain valuable skills by:</p> <ul style="list-style-type: none"> • An inclusive working environment. • Leadership that encourages participation. • Creating a workplace that favours well-being and innovation. • Promoting preventive healthcare initiatives. 	<ul style="list-style-type: none"> • Establish frameworks and forums that promote inclusion, equity, and diversity • Regular pulse surveys and follow-ups 	<ul style="list-style-type: none"> • Engagement index • eNPS • Sickness absence • Gender distribution



Ancillary services are changing the battery business

The ability for property owners to contribute with ancillary services to the electricity grid can completely change the business for energy storage. The solution Ferroamp developed in 2023 was approved by Svenska kraftnät shortly after the turn of the year and means that it can participate in the balancing market while using the battery in the property.

Svenska kraftnät buys capacity in the balancing market in order to maintain the frequency in the electricity grid. Production and consumption must be equal at every second, and this is guaranteed by the trade in ancillary services.

In July 2023, Ferroamp, together with the software company Ntricity, submitted an application for pre-qualification to Svenska kraftnät to enable customers with a Ferroamp system to participate in the lucrative market for the FCR-D ancillary service. The service acts as an insurance in the electricity grid. The battery owner is paid to have capacity ready, and if a disturbance occurs in the power grid, the battery charges or unloads for a few seconds or minutes.

“It is only for short periods that the battery is activated. What you get paid for is that the battery is ready and included in what is called the frequency reserve. In that way you can help stabi-

lize the grid and make money from their battery,” says Martin Holsner, product manager for batteries at Ferroamp.

With Ferroamp’s solution, it is possible to continue to use the battery at the same time as selling the ancillary service. In other words, the customer can make money on the balancing market while saving money on the functions that the battery enables in the property.

Starting with Varberg Energi

In order to participate in the market, the customer must join a partner offering these services. The first company to offer ancillary services with the Ferroamp system is Varberg Energi. In this context, Ntricity acts as an aggregator, which means that they gather the capacity of several small battery systems in order to be able to bid on the balancing market. How much a battery owner will profit from the service is determined by a number of factors and cannot be

said in advance, but if you look at historical prices, it can mean that the payback time for a battery is shortened by several years.

“Even if FCR-D is the most lucrative service right now, we don’t know how the market will develop in the future. The strength of the Ferroamp system is its flexibility, which means that it can be adapted to contribute new services to the electricity grid. The goal is to provide maximum benefit to the customer,” says Martin Holsner.

Nor does Ferroamp want to limit the support services to batteries only. The company is looking at the possibilities of offering capacity from electric car chargers and solar cells. Being able to offer central control of solar cells can also be valuable in counteracting the congestion in the electricity grid that can occur when many photovoltaic systems deliver maximum at the same time.

Ferroamp’s ambition is to be involved in leading the development of ancillary services so that property owners can be paid for contributing to a stable and flexible electricity grid.



An investment that pays off

Positive bills from the electricity company and cheaper bank loans. The investment in solar cells with a Ferroamp system has paid off well for Pia and Anders Broberg.

“We’re not exactly electricity nerds trying to be first on the ball, but it’s great to see that the investments are turning out well,” says Anders.

When the geothermal heat pump needed to be replaced a couple of years ago, the installation firm HS Solteknik proposed a holistic approach to energy use in the house in Järfälla. Pia and Anders may not be nerds but they like to do things properly when they renovate. When the oil boiler broke down shortly after moving in in 1996, they installed geothermal heating, and when the windows needed to be replaced, they had triple-glazed windows, so a Ferroamp system was completely in line with their ambition to improve and modernize the old seventies villa.

“The important thing for us was that it is reliable, easy to use and that it is constantly updated with new functions without having to make new installations,” says Anders.

Doesn’t skimp on electricity

Since the house has been equipped with an EnergyHub and solar cells totalling 18 kW, Pia and Anders have largely received positive bonuses from the electricity company between April and September. And they haven’t even skimmed on electricity. In addition, they have an electric car.

“Last Christmas, the neighbors reacted to the fact that we had so much Christmas lighting. They wondered which electricity company we have, Pia laughs and thinks that it is nice to not have to consider what times you wash dishes and do laundry now that they also have a battery.

Hampus Carlsson at HS Solteknik says that it is otherwise quite common for those who buy a Ferroamp system to also start changing their electricity use since they can follow the development in the web portal EnergyCloud.

“Many of our customers come back and tell us that they have gained a whole new understanding of the electricity consumption in the house. It’s no longer just a bill that you can’t do anything about, but something that can be influenced by investing or just changing behaviour,” he says.

Many benefits

Many people buy the Ferroamp system with its EnergyHub as an inverter for the solar cells, while the many other advantages often become clear over time. For Pia and Anders, phase balancing is something that works quietly but something which Hampus says

they would notice if they didn’t have it.

When the electric car is on charge and they use all the electronics in their well-equipped kitchen, the fuse would blow if the phase balancing did not equalize the loads over the phases.

Besides lower electricity bills Pia and Anders looks at the facility as a way of increasing the value of the property. After the investments the energy rating went from E to a B+. It gives them a green loan from the bank, which means lower interest rates.

Curious about ancillary services

The couple has also invested in a battery and now plans to enter the ancillary services market. They will then be paid to allow the battery to help keep the frequency in the grid.

“It will be fun to see where it goes. At the same time, we know that this is a market that is constantly moving, and that is why the Ferroamp system is such a good fit. It’s constantly updated so that you can be there when new opportunities arise,” says Anders.

“Many customers who bought Ferroamp systems several years ago are now very happy that their old systems can also be used for support services. It shows that the system is future-proof,” says Hampus Carlsson at HS Solteknik.

Good reasons to own shares in Ferroamp

1 Good conditions for continued rapid growth

- High growth rate with an increase in sales from SEK 10 million in 2017 to SEK 355 million in 2023.
- A clear strategy and action plan for increased efficiency in the supply chain, improved product profitability and development of the business will bring Ferroamp towards a positive financial result.
- Plans for a European expansion.

2 A strong team with strong partnerships

- Close cooperation with established wholesalers, installers and integrators to provide the market with the best solutions.
- A strong and growing team with broad experience and a focus on innovation and customer value.
- A strong ownership base of stable institutional investors and long-term owners.

3 Strong market for green technology and energy optimisation

- More and more areas of society are being electrified and demand for fossil-free electricity production and flexible solutions in the electricity system is increasing.
- Ferroamp's patented systems and technology are just right for the times. We are well positioned with unique and innovative solutions in a market that is growing rapidly.
- Greater awareness of electricity use among the general public as a result of the large fluctuations in electricity prices in recent years.
- With innovation and cutting-edge technical expertise, we have secured several important patents that give us competitive strength and secure the business model – Ferroamp is at the forefront.
- An investment in Ferroamp is an investment in a Swedish technology in the fore front that contributes to global energy transition and electrification.



Share

The share and distribution of ownership

Ferroamp AB (publ) has been listed on Nasdaq First North Growth Market since 22 March 2019 under the ticker FERRO. The number of outstanding shares at the end of the year amounts to 30,871,997. All shares carry equal voting rights. In the second quarter of 2023 on June 13, 2023 a rights issue of 16,171,046 shares was carried out, raising approximately SEK 220 million gross for Ferroamp.

The highest price in 2023 was SEK 71.40 per share on 15 February and the lowest price was SEK 6.40 per share on 7 December. The closing price for the year was SEK 8.72 per share.

Ownership as of 2023-12-31

Owner	Number of shares	Share of votes and capital, %
Nordea Fonder	2,901,776	9.40
SEB Life International Assurance	2,755,226	8.92
Wallenstam Aktier AB	2,257,500	7.31
Swedbank Robur Ny Teknik BTI	1,892,100	6.13
Andra AP-Fonden	1,428,000	4.63
Jernström, Björn	1,427,440	4.62
Avanza Pension	1,229,974	3.98
Mellgren, Claes	1,125,841	3.65
Nordnet Pensionsförsäkring	917,619	2.97
Första AP-Fonden	750,000	2.43
Jonsson, Kent	493,147	1.60
Cicero Hållbar Mix	450,309	1.46
ABN Amro Sweden Client Non-Treaty	412,836	1.34
Pension, Futur	354,471	1.15
Rehnman, Åke	333,363	1.08
A total of 15 largest shareholders	18,729,602	60.67
Other owners (approx. 9.400)	12,142,395	39.33
Sum	30,871,997	100.00

Stock warrant programs*

	Year decided	No. of warrants	No. of options	Subscription period	Subscription price, SEK	Target group
Stock warrant program 2021/2024-1	2021	36,500	44,530	240315-240415	93.64	Employees
Stock warrant program 2021/2024-2	2021	184,000	224,480	241115-241215	77.69	Employees
Stock warrant program 2023/2026	2023	214,000	261,080	230601-230831	31.93	Employees
Sum		434,500	530,090			

*The number of shares each warrant is entitled to amounts to 1.22 and is adjusted after the rights issue carried out in 2023

Share price development, SEK



Directors' Report

The Board of Directors and the CEO of Ferroamp AB (publ), (hereinafter Ferroamp or the "Company") with corporate identity number 556805-7029, hereby submit the annual report for the financial year 2023. The company's reporting currency is the Swedish krona (SEK). Ferroamp is a Swedish limited liability company listed on Nasdaq First North in Stockholm. Ferroamp's corporate governance is based on Swedish legislation and Swedish regulations such as the Swedish Companies Act, the Articles of Association and other relevant rules and guidelines.

General information about the business

Ferroamp is a greentech technology company that provides a combined hardware and software platform for power and energy optimisation in properties. Ferroamp's EnergyHub system integrates renewable energy, energy storage and charging of electric vehicles into a local DC grid, connected to the electricity grid. Today, the technology is mainly used in real estate, from detached houses to apartment buildings and larger commercial properties, and also has applications outside of property installations, such as depot charging of electric cars. With PowerShare technology, several buildings can be connected together and share local energy. Geographically, the majority, just over 97 per cent, of Ferroamp's sales take place in Sweden. In addition, the company also has regular sales in Norway and the Netherlands. Ferroamp was founded in 2010 and has been listed on Nasdaq First North Growth Market since 2019. At year-end 2023, the company had 86 employees and approximately 10,000 system installations. The company is based in Stockholm, Sweden.

Board of Directors and auditor

Since the 2023 Annual General Meeting, the Board of Directors of Ferroamp consisted of five members; Ylwa Karlgren, Chairman, and Board members Anders Persson, Claes Mellgren, Erik Hallberg and Lars-Åke Bokenberger. At the 2023 Annual General Meeting, Öhrlings PriceWaterhouse- Cooper AB ("PWC") was elected as auditor until the 2024 Annual General Meeting. The auditor in charge is Claes Sjödin.

Steering group

The company's management at year-end consisted of eight people:

Kent Jonsson – CEO

William Ryan – Acting Chief Financial Officer

Björn Jernström – Chief Technology & Innovation Officer

Lisa Larsson Lerner – Chief Purchasing Officer
Magnus Lindberg – Chief Development Officer
Mattias Stragne – Head of Sales & Customer Care
Bodil Prising – Chief Commercial Officer
Malin Silander – Chief People & Culture Officer

Employees

The number of employees in the company at the end of the year was 86 (68). There has been an increase in all functions. At year-end, the proportion of women among the company's employees was 19 percent (16). The proportion of women in the management team was 38 percent (25).

Financing and going concern

After the end of the financial year, the Board of Directors carried out a directed share issue that will provide the company with approximately SEK 39 million before issue costs, provided that the issue is approved by the Annual General Meeting on 16 May.

The Board of Directors' assessment is that this financing will cover the company's and the Group's liquidity needs in 2024 and the annual report has therefore been prepared in accordance with the going concern principle. In order not to be dependent on additional external financing, the Group must also execute on the business plan adopted by the Board of Directors in 2024, which means, among other things, that significant parts of the Group's current inventory can be realized no later than Q3 and Q4 and that the cost savings that have begun to be implemented have the desired effect on earnings and cash flow. Should this not be carried out at the pace and extent that the Board of Directors believes, the company and the Group will be dependent on additional external financing for continued operations, which is not secured at the time of submission of the annual report.

The underlying forecast is based on a slight recovery in the market in the second quarter and then a gradual increase in the third and fourth quarters. Furthermore, sales for the second quarter are expected to consist mainly of products that are not in Ferroamp's inventory. In the third quarter, sales of products directly from the warehouse are expected to increase, which will have a positive effect on cash flow.

The forecast is based on estimates and assessments, which are further described in Accounting and valuation principles.

Significant events during the financial year

Full house at Ferroamp's DC conference

At the beginning of November, Ferroamp invited installers, property owners and wholesalers to a conference on direct current and the role of the property in the electricity grid of the future. In the old reactor hall at KTH, participants learned more about how Ferroamp's innovations can be used to solve challenges and drive the electrification of society.

Service agreements with installers

Ferroamp signs agreements with a number of selected installers with extensive experience of the Ferroamp system to enable faster service. Ferroamp's service partners will be a complement to Ferroamp's own technicians and perform service services for installation, troubleshooting and servicing of the products sold by Ferroamp. The ambition is to tie up around 30 partners with coverage across the country.

Secured production capacity

The target for the production rate of the EnergyHub Wall 14 residential system at the supplier Kitron was achieved during the summer. This secured production capacity for both smaller and larger systems.

Rights issue fully subscribed

Ferroamp carried out a rights issue in June, which was fully subscribed and raised approximately SEK 220 million gross to the company.

New training for installers

Ferroamp is launching the web-based training course Ferroamp Academy, which is aimed at installers and electricians. With the training, everyone who works with the Ferroamp system can learn more about installation, operation and the possibilities of direct current technology in properties.

Kent Jonsson new CEO

The Board of Directors appoints Kent Jonsson as the new CEO. Kent Jonsson has, among other things, a background as CEO of Volvo Car Retail UM AB following Volvo's acquisition of Upplands Motor AB, where he was CEO and co-owner since 2013.

Financial Comments

Financial comments refer to the Group.

Sales and earnings

Total revenue for the year amounted to SEK 415.2 (248.7) million, of which net sales amounted to

SEK 355.3 (205.1) million. The increase in net sales during the year amounted to 73 percent compared with the previous year. During the year, we have had a very positive development on all our products, such as EnergyHub, batteries and solar string optimizers.

The increase in the number of EnergyHub sold during the year is approximately 190 per cent, batteries 75 per cent and solar string optimizers 2 per cent compared with the previous year.

The increase in revenue is strongly driven by the green energy transition that is taking place in society as a whole, combined with the fact that more and more customers want to be able to take control of their energy use and reduce their costs.

Operating expenses for the full year amounted to SEK 521.3 million (303.2). Goods for resale for the full year increased to SEK 287.6 million (167.1). Goods for resale accounted for 81 percent (81) of net sales, excluding spot purchases the share is 76 percent (68). The gross margin for the full year, including spot purchases, amounted to 19 per cent (19). The gross margin, excluding spot purchases, amounted to 24 percent (32) for the full year. The cost of spot purchases amounted to SEK 16.4 (28.0) million. Spot purchases were agreed during the component crisis and were necessary to secure components for the increased net sales. The cost is recognized in line with the sales of products that include these components. At the end of the year, we had a total of just over SEK 1 million in inventory that will be expensed in 2024.

Other external costs for the full year increased to SEK 124.4 million (60.4), the increase is mainly attributable to consultants and provisions for expected costs as a result of purchase commitments, which will not be utilised in connection with the shift in production to new generation products. Personnel costs amounted to SEK 90.0 (66.1) million. During the second half of the year, the company has implemented cost savings that are expected to have an effect of approximately SEK 50 million lower costs in 2024.

Operating profit (EBIT) for the full year 2023 amounted to SEK -106.1 million (-54.5) and the profit margin amounted to -30 percent (-28).

Cash flow, liquidity and financial position

Cash flow for 2023 amounted to SEK -5.9 (-43.0) million. Cash flow from operating activities amounted to SEK -234.6 million (-61.0). In addition to the earnings effect, the negative operating cash flow is mainly due to increased inventories as a result of the autumn's slowdown in the market. In addition, all other items in working capital have also contributed negatively to cash flow.

Investment in intangible assets for the full year 2023 has been made with SEK 52.6 million (43.4), the investment is mainly made for the development of the next generation EnergyHub. Net new issue for the year was SEK 197.6 million (64.4). During the year, loan amortisations totalled SEK 0.2 million (2.3).

The company's cash and cash equivalents amounted to SEK 49.0 (55.0) million on the balance sheet date. The Board of Directors, together with the company's management, works very proactively to achieve profitability and secure the company's liquidity. Equity amounted to SEK 251.6 million (160.7). The equity/assets ratio amounted to 69 percent (67). As of December 31, 2023, total assets amounted to SEK 366.5 million (239.5). Non-current assets amounted to SEK 137.2 million (80.4), of which SEK 113.4 million (75.0) pertained to intangible assets.

Significant events after the end of the financial year

Application for FCR-D approved

In mid-January, Svenska kraftnät approved the technical solution for the FCR-D ancillary service that Ferroamp has developed in collaboration with Ntricity, and in mid-March, the first bid was made with Ferroamp systems in the balancing market. Unlike the services that are already available on the market, Ferroamp's solution means that you can use the battery in the property at the same time as you sell ancillary services.

Field tests of V2G begin

Ferroamp has carried out successful tests of dual charging with several common electric car models. Ferroamp's DC grid provides a cost-effective solution for vehicle-to-grid (V2G) where the new DC/DC charger is integrated without the need for additional converters. Field tests of the technology are now underway.

Joint venture with Aira in Europe

Ferroamp and the heat pump company Aira have signed an agreement on a joint investment in energy solutions for the European market. Development work is now underway to integrate the Ferroamp system with Aira's energy offering to homeowners. Integration of Ferroamp's smart control of solar energy, batteries and electric car charging into the system will enable the customer to optimise electricity use and heating in a single system.

Nicolas Hassbjer proposed as Chairman of the Board

The Nomination Committee proposes Nicolas Hassbjer as the new Chairman of the Board of Directors of Ferroamp ahead of the Annual General Meeting on 16 May. Lars Kvarnsund and Jenny Edfast are proposed as new members of the Board of Directors. The current Chairman Ylwa Karlgren and Board member Erik Hallberg have declined re-election.

Directed share issue raises SEK 39 million

The Board of Directors has resolved on a directed share issue which, if approved by the Annual General Meeting on May 16, will provide the company with SEK 39 million. As a result of the issue, incoming Chairman of the Board Nicolas Hassbjer will become a major shareholder in Ferroamp via his company Tequity through the subscription of three million shares. In addition, a number of institutional investors subscribed for shares in the rights issue.

Risks and uncertainties

Below is a description, in no particular order, of some of the risk factors and important conditions that are deemed to be of importance for Ferroamp's future development and that may have a negative impact on the company's operations as well as its financial position and earnings. This applies to risks both in terms of circumstances that can be attributed to Ferroamp or the industry and those that are of a more general nature.

Financial risks

Risks related to the ability to successfully manage growth

Ferroamp is a greentech company that, through its patented technology for energy and power optimisation, offers property owners sustainable solutions for the energy supply of the future. The way in which electrical energy is produced and transported is changing rapidly, creating both challenges and opportunities for the company. In recent years, the company has expanded and during the 2023 financial year, the company's net sales increased by 73 percent compared with 2022.

Expectations regarding the company's future growth rate in the coming years thus place high demands on the company's management and the operational and financial infrastructure. There is a risk that external factors affect the company's ability to implement this in an optimal way for the company.

For example, like many other companies in the industry, the company experienced component

shortages as a result of the coronavirus pandemic, which slowed the pace of expansion of photovoltaic systems at customers and the shortage of components on the world market remains. Investments in development projects, industrialisation, expansion of distribution networks and outsourcing are examples of measures that Ferroamp is implementing in order to meet the increased production needs, all of which place demands on Ferroamp's management and operational infrastructure.

Ferroamp's future success will therefore depend to some extent on its ability to manage growth effectively. If the company is unable to manage its growth in an efficient manner, Ferroamp may fail to execute its business plan and customers and partners may choose not to continue using the company's products and terminate their collaborations or reduce the scope of the same. If this risk materialises, it could have a material adverse effect on Ferroamp's net sales and net profit, which would have an impact on the company's future prospects.

Risks related to future earnings capacity, competition and capital requirements

The company is in a very strong development and expansion phase. The company has historically shown a negative operating result and there is a risk that the company will not be able to generate positive operating profit and generate revenue at the pace and scope desired by Ferroamp. There is a risk that the company will be forced to run operations at a more restrained pace than planned if the cash flow is not sufficient to support the investments that the company wants and has planned to implement, which risks leading to delayed or lost sales revenues and delayed or absent commercialization of the company's new products. This could also result in competing players launching competing technologies and thereby taking market share from the company.

There is a risk that the company does not have sufficient capital to finance its operations and to carry out the necessary investments and projects.

product development in accordance with the company's business plan. Thus, the company may need to raise additional capital or seek financing from shareholders or third parties in the future.

In the event of a changed market situation, recession and similar situations outside the company's control, Ferroamp may thus have difficulties in obtaining financing on such terms as the company requires. There is thus a risk that the terms and conditions for financing may be significantly worse than what the company has experienced historically. If the company does not obtain sufficient financing, the company may be required to carry

out restructuring, conduct operations at a slower pace and, for example, postpone investments in production and product development, which may have a material negative impact on the company's future prospects, earnings, cash flow and financial position.

Risks related to the company's operational activities

Risks relating to the availability of components, transport capacity and production quality

Ferroamp's production requires continuous access to certain components, including semiconductor components and other electronic components. During 2022 and the first half of 2023, the shortage of components on the world market, which also resulted in an increase in costs, affected the company's production capacity and thus Ferroamp's revenues. The shortage of electronic components is a challenge for the company and the continued operation and growth targets of the business are partly dependent on the company's success in securing such components. The company's collaborations with, for example, NOTE and Kitron give Ferroamp access to further contacts with global suppliers and the company has also expanded its own purchasing department in order to optimise the situation. The company's assessment is that the availability of components will improve markedly in the future compared with previous periods.

However, this is associated with risks as the market situation is difficult to assess and is in many respects beyond the company's control.

In the event that production is not of sufficiently high quality in such a way that components and the end product itself are not delivered in accordance with the agreed performance and quality requirements that can be expected, Ferroamp is also liable for the costs of complaints and remedial action, as well as damaging the company's reputation.

Ferroamp is also dependent on suppliers for a functioning production chain and reliable delivery and transport capacity, for the delivery of products within Europe, and in the production stage for deliveries between production facilities, as well as for final assembly at the customer's premises. International competition and difficulties in obtaining supplies of semiconductor components and other electronic components as a result risk affecting Ferroamp's expansion opportunities and profitability growth.

In addition, there is a risk that general limitations, cost increases and delays in product delivery capacity will hamper and delay the company's growth. As an example, the outbreak of the corona pande-

mic has affected the availability of components and has also led to reduced delivery and transport capacity as well as increased costs. In addition, there is a risk that the production or delivery capacity of important suppliers will be limited, either temporarily or permanently, as a result of pandemics or natural disasters, bankruptcies, strikes or similar events beyond the company's control. If such an event occurs, there is a risk that the company will not be able to compensate the supplier at short notice. In the event that Ferroamp were to have to compensate a supplier based on the above-mentioned circumstances, there is a risk that this would cause Ferroamp to increase costs and would also result in limited production capacity and that the company's customers would make claims for compensation against the company for delayed or missed deliveries. If the risks above materialised, it would have a negative impact on Ferroamp's growth, earnings and future prospects.

Risks related to competing technologies gaining market share

The company assesses that there are a limited number of existing players in the market that provide a complete solution for connecting distributed solar string optimisers, DC loads and energy storage via a local DC grid. A growing market for local electricity grids and power-optimising technology however means that Ferroamp can face competition from new players entering the market in addition to those that exist today. There is a risk that both new and existing players will develop technology similar to Ferroamp's or technology whose performance exceeds that of the company. In addition, there is a risk that such players will develop and manufacture products with lower production costs and launch solutions that cover the technology used by the company, which together will lead to increased competition and costs for Ferroamp as a result of reduced profit margins and increased marketing and sales costs.

In addition, Ferroamp works continuously and closely with wholesalers, installers and integrators. In line with a growing and more mature market, there is therefore a risk that new financially strong and well-established players will enter the market and develop their own solutions, acquire and/or enter into partnerships with such wholesalers, installers and integrators who then choose to terminate their collaborations with Ferroamp or choose to scale down existing collaborations. There is also a risk that such operators have a greater opportunity than Ferroamp to make major financial and personnel investments in product development, marketing and sales. All in all, there is a risk that Ferroamp will

lose market share or relevance in the market, which would have a material negative impact on the company's earnings and financial position.

In addition, there is an international competitive risk and associated difficulties with regard to the supply of semiconductor components and other electronic components, which risk affecting the company's expansion opportunities and profitability growth. There is a risk that Ferroamp will not be able to manage competitors proactively in terms of new products and pricing strategies, which risks having a negative impact on the company's growth and earnings capacity.

Risks related to personnel and key employees

Ferroamp is a Swedish greentech company with an EnergyHub system that enables property owners to take control of energy and power consumption. The system is based on the patented innovation ACE (Adaptive Current Equalization), which improves the utilization of a three-phase supply. Implementing the ACE technology required an optimised bi-directional three-phase inverter that has been developed by the company since Ferroamp's formation in 2010.

An important component of Ferroamp's growth journey and development is thereby the company's key employees.

The company's ability to satisfactorily manage the growth rate that Ferroamp is experiencing, and is expected to experience in the future, requires that the company's employees possess adequate training, experience and specialist knowledge that is sought after in the market. There are key employees at the company who have worked for a long time and who Ferroamp believes have been, and will continue to be, particularly involved in the development of Ferroamp's products, including employees in the company's research and development team who have developed the technology for the company's energy solutions over time. These individuals possess valuable expertise in the company's products. Furthermore, the company has an experienced and committed management team with extensive knowledge to make the company grow rapidly in the future and to become profitable.

One or more of Ferroamp's key employees could choose to terminate their employment or commitment within the company and such a loss of employees risks causing disruptions to operations, which could delay or prevent the development and commercialisation of the company's products and mean that the company's future growth completely or partially stops. The loss of one or more of Ferroamp's key personnel or personnel may in the

short term lead to a loss of competence or resources, which in turn causes delays in the implementation of the company's planned commercialization strategy and growth journey.

In addition, it is essential for the company's growth to be able to attract new competent and qualified employees. The company may compete with other companies and organisations in terms of recruiting persons for the company's management, researchers and staff to the research and development team with relevant knowledge. There is a risk that recruitment is not done in a satisfactory manner, as a result of competing employers or difficulties in finding the right skills. In order to retain and attract the necessary skills, the company could be forced to raise the salary levels for its employees in order to be an attractive employer, which would increase the company's personnel costs and in turn have a negative impact on its operating profit and cash flow.

There is a risk that one or more key employees within Ferroamp will leave the company at short notice and that, where appropriate, Ferroamp will not be able to replace them with people who possess the right skills, which will affect the company's level of knowledge. If the risks above materialise, Ferroamp thereby risks delays in development or losing a technological advantage, which could have a material negative impact on the company's business development and operating profit.

Risks related to product development

The company's innovative products and services enable large and small property owners to take control of their electricity. In order to meet the rising demand for the company's products, production has been outsourced entirely to external production partners since 2021. This gives the company the opportunity to focus on its core business, developing its product portfolio and software services.

The company works continuously to improve and develop the functionality of its products, both itself and in collaboration with partners.

On the product, system and technology side, there is a risk that planned development activities will be more extensive, more time-consuming and more costly than forecast. The development of the company's products is thus associated with risks such as difficulties in satisfactorily carrying out planned development activities or other unexpected challenges, which may lead to the company not being able to fulfil delivery commitments to customers or that the company is unable to obtain market and customer acceptance to the extent expected by the company.

If the company fails to improve and develop the

functionality of its products and the implementation of Ferroamp's strategic initiatives therefore fails, in whole or in part, the company may not receive the revenues, margins and profitability that Ferroamp expects and that are required for the company to be able to develop its product portfolio and software services. In addition, the Company may lack sufficient financial resources to finance desirable or necessary investments related to such initiatives. If any of the above risks materialise, there is a risk that the company's ability to grow will be limited, which could have a negative impact on Ferroamp's future prospects.

Risks related to the company's ability to engage in strategic partnerships

Ferroamp is continuously developing its collaborations with new and existing partners and believes that this is an important aspect of the company's ability to successfully implement its business model. A broader distribution network both creates and meets increased demand. The company therefore has material collaborations with several companies such as Polestar, CTEK Sweden AB ("CTEK"), Ntricity and other companies related to product development for the integration of partner products with Ferroamp's systems. The company works continuously with various partners in order to develop innovative and efficient charging solutions. In 2020, for example, Ferroamp and CTEK launched an integration between the Chargestorm Connected wallbox from CTEK and the Ferroamp system, a system for integrating solar power, energy storage and electric car charging. In collaboration with Polestar, electric car chargers are being developed with so-called V2X functionality so that the car can deliver energy to both the property and the electricity grid. The collaboration with CTEK and other players who provide electric car chargers is thus essential for Ferroamp's continued growth. When it comes to strategic partners around EnergyHub, the company works with contract manufacturers Gelab, Kitron and Note. Another strategic partner is the company Trio. There is a risk that such collaborations will be terminated prematurely, will not be extended or that disputes will arise as a result of the collaborations. The company's ability to deepen ongoing partnerships and signing new successful agreements is dependent on successful development work, the quality of the company's products, the quality of the solution and of the company's research and associated documentation, the robustness of Ferroamp's intellectual property rights and the fact that Ferroamp otherwise appears to be a credible and attractive business and partner, which is associated with risks to the

extent that the company does not meet the potential requirements of current and potential partners. If the risks above materialize, it would have a material negative impact on the company's operations and future development.

Risks linked to innovation and quality

Ferroamp operates in a rapidly growing market, which in many cases exhibits disruptive patterns new competitors, new solutions and new customer needs. This is exemplified by the fact that major players from other industries such as Huawei and Tesla develop products and services for the energy industry. At the same time, Ferroamp's traditional competitors, such as SMA, Fronius, SolarEdge, Growatt and other companies, are rapidly developing products. As a result, Ferroamp's investments in innovation and product development are central to positioning the company in the rapidly changing competition. There is a risk that these investments will be delayed or will not provide the desired market benefits that the company expects, which risks having a significant negative impact on the company's future development.

Ferroamp believes that the company is facing expansive growth and ramp-up. At the same time, rapid growth entails risks linked to a lack of quality if internal organisation and processes, as well as external suppliers, are unable to meet the increasing customer demand with sufficient quality and the support needs that may arise as a result. This can have a significant impact on the company's future sales and profitability.

Risks related to intellectual property protection and the use of intellectual property rights

Ferroamp has patented solutions for phase balancing/current equalization that take place dynamically between the three phase conductors into the property and streamline the use of the grid connection (Adaptive Current Equalization, ACE) and PowerShare, a solution that connects several EnergyHub systems and makes it possible to share energy between buildings in a local DC grid. The company's success is thus to some extent dependent on patent protection, copyright and other intellectual property rights. The Company protects its intellectual property rights by relying on a combination of patent and trademark laws, trade secrets and third-party confidentiality commitments to the Company. Ferroamp currently has over 20 registered patents within 3 patent families. Innovation and technological development are constantly taking place and there is a risk that innovations similar to Ferroamp's will be introduced

to the market, as assessments relating to patents involve complex legal and technical assessments, there is a risk that the company will not receive sufficient intellectual property protection. Insufficient intellectual property protection for the company's products risks resulting in Ferroamp's products being replaced or circumvented by other players in the market, which could lead to a weakened market position and significantly impair the company's conditions for revenue generation. In addition, there is a risk that a third party infringes the company's intellectual property rights or otherwise fails to fulfil confidentiality commitments entered into with the company. Furthermore, there is a risk that the company itself infringes, or is alleged to infringe, the intellectual property rights of others, especially those that are not registrable, which can lead to time-consuming and costly processes. If the counterparty is a player that is financially stronger than the company, the risk is even greater than would otherwise be the case. Infringement of intellectual property rights or inadequate protection of intellectual property rights risk having a negative impact on the company's financial position and revenue potential. This may also mean that Ferroamp needs to write down the value of its intangible assets if the above risk materialises. In addition, there is a risk that the company will be prevented from registering new patents, whether it is seeking protection internationally or nationally, and that the company will be prevented from maintaining or renewing existing registered intellectual property rights.

Risks related to the company's operations from a market perspective

Risks related to legislative and political measures

The company's operations as well as the behaviour of existing and potential customers and end customers can be influenced as well as steered by legislative measures and political decisions in the energy market. For example, the Ordinance amending the Ordinance (2007:215) on exemptions from the requirement for a network concession under the Electricity Act (1997:857) entered into force on 1 January 2022, an amendment to the ordinance that allows energy sharing in microgrids.

Ferroamp's patented PowerShare technology makes this possible by allowing shared photovoltaic systems to be used by all apartments and buildings in a tenant-owner association, or by sharing a common energy storage facility with several buildings, which leads to lower costs. In addition, both international and national energy policy objectives are set out that revolve around a more efficient use of

electricity and electricity production from renewable energy. In order to achieve these energy policy goals, political decisions have historically concerned the regulation of subsidies and subsidies that in various ways are intended to encourage more sustainable use of electricity. Ferroamp's operations are driven by factors such as electricity and electricity grid prices and the development of the market for electric cars and photovoltaic systems. Such political regulations of subsidies and grants can influence and govern the behaviour of companies and private individuals, which has an impact on the energy market as a whole. A change in political orientation, which for example entails lower or non-existent subsidies related to renewable energy, risks having a significant negative impact on Ferroamp's revenues, earnings and financial position.

There is also a risk of other regulatory measures that could have an impact on the company's growth in relation to products such as the PowerShare system. A non-favourable tax burden on shared photovoltaic installations, or an unfavourable and cumbersome regulatory framework for concessions, would, for example, risk affecting the willingness and interest of Ferroamp's customers and end users in the company's product offering and could have a negative impact on the company's product offering and could impact on the company's future prospects and earnings capacity.

Compliance risks

The Company needs to continuously ensure that Ferroamp's operations and products, as well as associated safety requirements, are compatible with the national and regional requirements that exist in the markets in which Ferroamp operates. This includes, for example, adaptation to the Electricity Act (1997:857), various ordinances and regulations and guidelines issued by the Energy Market Inspectorate, the European Commission's common regulatory framework for ensuring the implementation of the EU's internal electricity market, taxation of common photovoltaic installations, regulations for concessions, the hedging tariffs that exist in Sweden and some other Nordic countries, or the conditions for participating in the frequency regulation markets. The company's operations thus impose a number of regulatory requirements that entail time- and cost-intensive compliance measures. The company is affected both directly through requirements that apply to Ferroamp's own operations and also indirectly through requirements imposed on the company's partners.

The company continuously devotes resources to achieving regulatory compliance and will need to do

the same in the future. There is a risk that

Ferroamp's compliance activities are not sufficient or that they will be more resource-intensive than Ferroamp forecast. Furthermore, regulatory requirements and regulatory practices vary between jurisdictions in which the company currently conducts operations and in jurisdictions to which the company may expand its operations in the future. An expansion of the business to new jurisdictions may also require a certain level of product adjustment, depending on the regulatory requirements that exist in that market. In addition, applicable laws and regulations, public authority practices, guidelines and interpretations may be changed in the future to the detriment of the company. This could result in an increased documentation burden for Ferroamp, which requires well-established internal procedures. Deficiencies in regulatory compliance, sanctions, limitations in operations and/or criminal sanctions may result in increased costs, delays and/or temporary halts in production and limit Ferroamp's ability to successfully develop and commercialise its products. There is a risk this might have a negative impact on the company's future earnings capacity and operations, and if the regulatory requirements are not complied with, it can also lead to negative publicity and damage the company's brand and reputation.

Risks related to market development

Ferroamp operates in a market that is generally undergoing a transition towards more environmentally friendly products and services, and where there is also a great need to improve the efficiency of energy use. For example, the International Energy Agency (IEA) forecasts that global solar PV capacity will triple between 2022 and 2027, overtaking coal as the most important source of electricity generation. In addition, electric car sales increased in 2023, with 60 percent of new car sales in 2023 being chargeable. According to the company, this poses a challenge for the electrical systems in the properties where many cars charge at the same time. The company's product and service offering consists, among other things, of technology relating to energy from solar cells, and the company also makes major investments related to electric vehicle charging. There is still a risk that the market for photovoltaic installations and the need for electric vehicle charging will develop more slowly or in a different way than the company has forecast, for example if hybrid cars were to take an increasing share of the market instead of pure electric cars and there would not be as great a need for efficient electric car charging, which could lead to reduced interest in the company's products among

end customers. There is a risk this might result in reduced revenues and could also have a negative impact on the company's operations and future prospects.

Risks related to macroeconomic and geopolitical factors

The global market and the industry in which Ferroamp operates are affected by a number of macro-economic and geopolitical factors such as electricity and grid prices and the development of the market for electric cars and photovoltaic systems. The security situation in Europe following the invasion of Ukraine is characterised by increased uncertainty. This has resulted in a changed market situation affected by increased inflation, reduced willingness to invest and demand, as well as a recession, which entails a risk for the company. The corona pandemic and the national initiatives that have arisen as a result of this, such as transport regulations and border regulations, have affected the company historically, and Ferroamp sees a risk that this may affect the company's ability to grow production capacity with international partners in the future, thereby inhibiting or delaying volume and margin growth through delays and increased transport and production costs.

The company's ability to manage the international expansion and expand sales in terms of quality and build partnerships and opportunities internationally risks being negatively affected by the above. The extent to which macroeconomic and geopolitical factors, such as the situation in Ukraine, may affect Ferroamp in the future is a factor of uncertainty for the company and also outside Ferroamp's control, but may still have a material negative impact on the company's profitability and financial position.

Outlook 2024

At the beginning of 2024, the market situation remains cautious. High interest rates and a generally uncertain global situation are cooling the market for solar cells and energy optimisation in the short term.

A strong driver in 2024 for growth in the market for energy optimisation in Sweden is the opportunity for battery owners to sell ancillary services to the electricity grid. In mid-January, Ferroamp was the first company to receive approval from Svenska kraftnät for our unique solution, which allows you to sell ancillary services while using the battery's other functions in your own property. We see this as a great opportunity to increase our sales.

In the autumn of 2023, we carried out extensive work to reduce our costs. Comprehensive quality work has resulted in reduced costs for service and support. The organisation has also been sharpened and streamlined. This will result in reduced costs totalling SEK 50 million in 2024. As a result of this cost savings and the fact that we have cost-optimized products ready for manufacturing in the fourth quarter, we estimate that the company will reach profitability in the first quarter of 2025.

Proposed appropriation of profits

The Board of Directors proposes that the available profit (kSEK):

Share premium reserve	548,020
Accumulated loss	-304,112
Loss for the year	105,945
	137,954
Be carried forward	137,954

The company's results and financial position in general are presented in the following income statement and balance sheet as well as the cash flow statement with notes.

Multi-year review for the Group**

kSEK	2023	2022	2021	2020	2019
Net sales	355,253	205,112	110,218	76,772	45,838
Gross margin, %	19	19	16	19	16
EBITDA*	-88,205	-45,233	-35,729	-27,776	-22,641
EBITDA, %	-25	-22	-32	-36	-49
Profit/loss after financial items*	-107,031	-55,100	-41,102	-33,138	-24,203
Balance sheet total	365,109	239,509	188,913	144,778	57,761
Equity ratio, %	69	67	80	80	58
Earnings per share, SEK	-4.70	-3.90	-3.19	-3.10	-3.22
Cash flow from operating activities	-234,638	-60,979	-42,065	-25,790	-29,653

* In 2022, costs for senior executives who have left the company impacted earnings by SEK 2,592 thousand

** Figures and key figures for the years 2019, 2020 & 2021 refer to the Parent Company Ferroamp AB (publ).

Income statement

Group

kSEK	Note	2023	2022
OPERATING INCOME			
Net sales		355,253	205,112
Capitalized work for own account		54,937	43,235
Other operating income		4,975	314
TOTAL		415,165	248,661
OPERATING EXPENSES			
Raw material and consumables		-287,561	-167,120
Other external costs	2, 3	-124,444	-60,466
Personnel costs	4	-90,019	-66,081
Depreciation, amortisation and impairment of tangible and intangible assets		-17,881	-9,266
Other operating cost		-1,346	-227
TOTAL		-521,251	-303,160
OPERATING PROFIT (EBIT)	5	-106,086	-54,499
Financial income	6	3,245	14
Financial expenses	6	-4,190	-615
PROFIT/LOSS AFTER FINANCIAL ITEMS		-107,031	-55,100
PROFIT/LOSS BEFORE TAX		-107,031	-55,100
Tax on profit/loss for the year	7	-	-
NET PROFIT/LOSS FOR THE YEAR		-107,031	-55,100

Balance sheet

Group

kSEK	Note	2023	2022
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Capitalised development costs	8	113,438	74,978
TOTAL		113,438	74,978
PROPERTY, PLANT AND EQUIPMENT			
Equipment, tools, fixtures and fittings	9	13,750	5,456
TOTAL		13,750	5,456
FINANCIAL FIXED ASSETS			
Other non-current receivables		10,000	–
TOTAL		10,000	–
TOTAL FIXED ASSETS		137,188	80,434
CURRENT ASSETS			
INVENTORIES ETC.			
Raw materials and consumables		15,074	23,426
Goods in progress		–	908
Finished products		112,330	11,132
Advances to suppliers		3,526	6,507
TOTAL		130,930	41,973
CURRENT RECEIVABLES			
Trade receivables		38,084	46,412
Other receivables		4,838	11,536
Current tax receivables		1,380	–
Prepaid expenses and accrued income	12	5,008	4,166
TOTAL		49,310	62,114
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		49,061	54,988
TOTAL		49,061	54,988
TOTAL CURRENT ASSETS		229,301	159,088
TOTAL ASSETS		366,489	239,509

Balance sheet, cont.

kSEK	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
	13, 14		
Share capital		3,087	1,470
Other contributed capital		601,568	405,282
Other shareholders' equity including profit for the year		-353,079	-246,048
TOTAL SHAREHOLDERS' EQUITY		251,576	160,704
PROVISIONS			
Provisions	15	23,593	4,605
TOTAL		23,593	4,605
NON-CURRENT LIABILITIES			
	16		
Other debt (warranty)		942	3,886
Liabilities to credit institutions (leasing)		4,462	–
TOTAL		5,404	3,886
CURRENT LIABILITIES			
Liabilities to credit institutions		636	175
Advances from customers		142	7,880
Trade payables		22,950	35,328
Current tax liabilities		–	1,133
Other liabilities		43,177	6,813
Accruals and deferred income	17	19,011	18,985
TOTAL		85,916	70,314
TOTAL EQUITY AND LIABILITIES		366,489	239,509

Cash flow condensed

Group

kSEK	Note	2023	2022
OPERATING ACTIVITIES			
Operating income		-106,086	-54,856
Adjustments for non-cash items	18	32,880	9,666
Interest paid		-1,675	-615
Interest received		2,852	14
Exchange rate differences		393	-
Factoring costs		-2,515	-
Paid taxes		-554	-283
		-74,705	-46,074
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in inventories and work in progress		-88,958	-23,151
Changes in trade receivables		-61,830	-21,381
Changes in current receivables		-4,905	-10,283
Changes in trade payables		-12,378	14,596
Changes in current liabilities		8,138	25,314
		-234,638	-60,979
INVESTMENT			
Investments in intangible assets		-52,628	-43,440
Investments in tangible assets		-12,095	-2,056
		-64,723	-45,496
FINANCING ACTIVITIES			
New share issue		219,926	68,281
Issue costs		-22,288	-3,850
Warrants		265	-
Lease liabilities		1,329	1,255
Borrowings		94,376	74
Loan repayments		-175	-2,268
		293,433	63,492
CASH FLOW FOR THE YEAR			
		-5,929	-42,983
Cash and cash equivalents at beginning of year		54,988	97,972
CASH AND CASH EQUIVALENTS AT YEAR-END		49,062	54,988

Change in equity

Group

kSEK	Share capital	Other contri- buted capital	Other share- holders' equity including profit for the year	Total equity
AMOUNTS AT THE BEGINNING OF THE YEAR	1,470	405,282	-246,048	160,704
New share issues	1,617	218,309	-	219,926
Issue costs	-	-22,288	-	-22,288
Warrants	-	265	-	265
Net profit for the year	-	-	-107,031	-107,031
NET PROFIT FOR THE YEAR	3,087	601,568	-353,079	251,576

Income statement

Parent company

kSEK	Note	2023	2022
OPERATING INCOME			
Net sales		355,253	205,112
Capitalized work for own account		54,937	43,235
Other operating income		4,975	314
TOTAL		415,165	248,661
OPERATING EXPENSES			
Raw material and consumables		-287,561	-167,120
Other external costs	2, 3	-125,870	-61,471
Personnel costs	4	-90,019	-66,081
Depreciation, amortisation and impairment of tangible and intangible assets		-15,982	-7,868
Other operating expenses		-1,346	-227
TOTAL		-520,778	-302,767
OPERATING PROFIT (EBIT)	5	-105,613	-54,106
Financial income	6	3,246	14
Financial expenses	6	-3,577	-170
PROFIT/LOSS AFTER FINANCIAL ITEMS		-105,945	-54,262
PROFIT/LOSS BEFORE TAX		-105,945	-55,100
Tax on profit/loss for the year	7	-	-
NET PROFIT/LOSS FOR THE YEAR		-105,945	-54,262

Balance sheet

Parent company

kSEK	Note	2023	2022
ASSETS FIXED ASSETS			
INTANGIBLE ASSETS			
Capitalised development costs	8	113,438	74,978
TOTAL		113,438	74,978
PROPERTY, PLANT AND EQUIPMENT			
Equipment, tools, fixtures and fittings	9	10,930	2,869
TOTAL		10,930	2,869
FINANCIAL FIXED ASSETS			
Participations in Group companies	10	50	50
Other non-current receivables		10,000	–
TOTAL		10,050	50
TOTAL FIXED ASSETS		134,418	77,897
CURRENT ASSETS			
INVENTORIES ETC.			
Raw materials and consumables		15,074	23,426
Goods in progress		–	908
Finished products		112,330	11,132
Advances to suppliers		3,526	6,507
TOTAL		130,930	41,973
CURRENT RECEIVABLES			
Trade receivable		38,084	46,424
Other receivables		4,839	11,536
Current tax receivables		1,380	–
Prepaid expenses and accrued income	12	5,008	4,166
TOTAL		49,311	62,126
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		49,031	54,956
TOTAL		49,031	54,956
TOTAL CURRENT ASSETS		229,272	159,055
TOTAL ASSETS		363,690	236,952

Balance sheet, cont.

kSEK	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY	13, 14		
RESTRICTED EQUITY			
Share capital		3,087	1,470
Fund for development expenditure		112,834	74,502
TOTAL		115,921	75,972
NON-RESTRICTED EQUITY			
Share premium reserve		548,021	337,296
Profit or loss brought forward		-304,122	-197,089
Profit/loss for the year		-105,945	-54,262
TOTAL		137,954	85,945
TOTAL SHAREHOLDERS' EQUITY		253,875	161,917
PROVISIONS			
Provisions	15	23,593	4,605
TOTAL		23,593	4,605
LONG-TERM LIABILITIES			
Other liabilities	16	942	116
TOTAL		942	116
CURRENT LIABILITIES			
Liabilities to credit institutions		-	175
Advances from customers		142	7,880
Trade payables		22,950	35,328
Current tax liabilities		-	1,133
Other liabilities		43,177	6,813
Accruals and deferred income	17	19,011	18,985
TOTAL		85,280	70,314
TOTAL EQUITY AND LIABILITIES		363,690	236,952

Cash flow condensed

Parent company

kSEK	Note	2023	2022
OPERATING ACTIVITIES			
Operating income		-105,613	-54,106
Adjustments for non-cash items	18	30,982	7,750
Interest paid		-1,062	-170
Interest received		2,853	14
Exchange rate differences		393	-
Factoring costs		-2,515	-
Paid taxes		-554	-727
		-75,517	-47,239
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in inventories and work in progress		-88,958	-23,151
Changes in trade receivables		-61,830	-21,381
Changes in current receivables		-4,905	-11,105
Changes in trade payables		-12,378	14,596
Changes in current liabilities		8,137	26,621
		-235,451	-61,658
INVESTMENT			
Investments in intangible assets		-52,628	-41,642
Investments in tangible assets		-9,952	-1,639
		-62,580	-43,281
FINANCING ACTIVITIES			
New share issue		219,926	68,281
Issue costs		-22,288	-4,165
Warrants		265	-
Borrowings		94,376	74
Loan repayments		-175	-2,268
		292,104	61,922
CASH FLOW FOR THE YEAR			
		-5,927	-43,018
Cash and cash equivalents at beginning of year		54,956	97,972
CASH AND CASH EQUIVALENTS AT YEAR-END		49,031	54,956

Change in equity condensed

Parent company

kSEK	Share capital	Fund for Development expenditure	Share premium reserve	Retained earnings	Profit/loss for the year	Total
AMOUNTS AT THE BEGINNING OF THE YEAR	1,470	74,502	329,711	-189,505	-54,262	161,917
Transfer of previous year's result	-	-	-	-54,262	54,262	-
Dividend	-	-	-	-	-	-
Capitalization of development costs	-	52,381	-	-52,381	-	-
Reversal as a result of this year's Depreciation	-	-14,049	-	14,049	-	-
Rights Issue	1,617	-	218,309	-	-	219,926
Issue costs	-	-	-	-22,288	-	-22,288
Warrants	-	-	-	265	-	265
Net profit for the year	-	-	-	-	-105,945	-105,945
AMOUNT AT YEAR-END	3,087	112,834	548,020	-304,122	-105,945	253,876

Accounting and valuation principles

General information

The annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Group Accounts (K3).

The Parent applies the same accounting policies as the Group, except in the cases set out below under the section "Accounting policies in the Parent Company".

The financial year 2023 is the first year that the company prepares consolidated financial statements. The transition to consolidated accounting has not entailed any significant changes in items or amounts other than the accounting of leases, where the Group classifies contracts as financial or operational while the Parent Company classifies all leases as operational.

The accounting principles are otherwise unchanged compared to previous years.

Consolidated financial statements

Ferroamp AB prepares consolidated financial statements. Companies in which Ferroamp AB holds the majority of the votes at the Annual General Meeting and companies in which Ferroamp AB has a controlling interest through agreements are classified as subsidiaries and consolidated in the consolidated financial statements. Information on group companies can be found in the note on participations in group companies. The subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling influence ceases.

The Group's financial statements have been prepared in accordance with the acquisition method. The acquisition date is the date on which the controlling interest is obtained. Identifiable assets and liabilities are initially measured at fair value at the date of acquisition. The minority share's share of the acquired net assets is measured at fair value. Goodwill consists of the difference between the acquired identifiable net assets at the date of acquisition and the acquisition value, including the value of the minority interest, and is initially measured at cost. Dealings between group companies are eliminated in their entirety.

Revenue recognition

Revenue has been recognised at fair value of the amount already received or to be received and is recognised to the extent that it is probable that the economic benefits will be credited to the company and the income can be measured reliably.

Sales of goods are recognised when significant

risks and rewards are transferred from the seller to the buyer in accordance with the terms of the sale. Sales are reported after deduction of VAT and discounts.

Intangible assets

The enterprise reports internally generated intangible fixed assets in accordance with the capitalization model. This means that all expenses relating to the production of an internally generated intangible asset are capitalised and amortised during the asset's estimated useful life, provided that the criteria in BFNAR 2012:1 are met.

Intangible assets are recognised at cost less accumulated amortisation and impairment. Amortisation is carried out on a straight-line basis over the estimated useful life. The amortisation period for internally generated intangible assets amounts to five years.

Fixed assets

Intangible assets and tangible assets are recognised at cost less accumulated depreciation according to plan and any impairment losses.

Depreciation takes place on a straight-line basis over the expected useful life, taking into account significant residual value. The following depreciation percentage is applied: Capitalised development costs: 20 per cent Equipment, tools, fixtures and fittings: 20 per cent.

Financial fixed assets

Financial assets intended for long-term holdings are recognised at cost. If, on the balance sheet date, a financial fixed asset has a value lower than the book value, the asset is impaired to this lower value if it can be assumed that the decline in value is permanent.

Lease

All leases are classified as finance or operating leases. A financial lease is a lease under which the risks and rewards associated with owning an asset are transferred from the lessor to the lessee in all material respects. An operating lease is a lease that is not a finance lease.

Inventories

The inventory has been valued at the lower of its cost and its net realisable value on the balance sheet date. Net realisable value refers to the estimated selling price of the goods less selling costs. The sale of goods is recognized as revenue in its entirety at the time of sale.

The cost is determined using the first-in, first-out (FIFO) method. In the case of raw materials, all

expenditure directly attributable to the supply of raw materials is included. The assessment of any provision for obsolescence is based on the age and recoverable value of the items.

Income taxes

Current taxes are valued on the basis of the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are valued on the basis of the tax rates and tax rules adopted before the balance sheet date.

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent that it is probable that the deduction can be offset against surpluses in future taxation. Receivables and liabilities are recorded net only when: There is a legal right to set-off.

Current tax, as well as changes in deferred tax, are recognized in the income statement unless the tax is attributable to an event or transaction that is recognized directly in equity. Tax effects of post-recognised directly in equity, recognised in equity. Due to the connection between accounting and taxation, the deferred tax liability attributable to untaxed reserves is not reported separately.

Employee benefits

Short-term remuneration in the Group consists of salary, social security contributions, paid holidays, paid sick leave, medical care and bonuses. Short-term benefits are recognized as an expense and a liability when there is a legal or constructive obligation to pay a remuneration.

Termination benefits

Termination benefits are paid when the company decides to terminate an employment relationship before the normal date of termination of employment or when an employee accepts an offer of voluntary severance in exchange for such compensation. If the remuneration does not provide the company with any future economic benefit, a liability and an expense are recognised when the company has a legal or informal obligation to provide such compensation. The remuneration is valued at the best estimate of the remuneration that would be required to settle the obligation at the balance sheet date.

Warrants

At the end of 2023, the company had three outstanding employee stock option Program.

Foreign currencies

When currency hedging is not applied, monetary assets and liabilities in foreign currency are valued

at the spot exchange rate on the balance sheet date. Transactions in foreign currency are translated according to the spot date of the transaction course.

Trade receivables and other receivables

Receivables are recognised as current assets with the exception of items with a maturity date more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are recognised at the amount expected to be paid after deduction of individually assessed doubtful debts. Receivables that are interest-free or that accrue interest that deviates from the market interest rate and have a maturity of more than 12 months are reported at a discounted present value and the change in time value is reported as interest income in the income statement.

Ownership interests

Participations include holdings of shares in another company that are intended to promote the company's operations by creating a lasting relationship with the other company. The holdings are held for the long term. Assets included in the item are initially recognised at cost. In subsequent reporting, the shares are valued at cost with an assessment of whether there is a need for impairment.

Borrowings and accounts payable

Borrowings are initially recognised at cost less transaction costs (amortised cost). If the reported amount differs from the amount to be repaid at maturity, the difference is accrued as interest expense over the term of the loan using the instrument's effective interest rate. As a result, the amount reported and the amount to be repaid at the due date are the same.

Public subsidies

Public subsidies that are not associated with requirements for future performance are recognized as income when the conditions for receiving the grant are met. Public grants associated with requirements for future performance are recognized as revenue when the performance is performed. If the grant has been received before the conditions for recognising it as income have been met, the grant is recognised as a liability. A public contribution relating to the acquisition/development of a non-current asset is recognised in the company as a reduction in the asset's acquisition value.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that have resulted in receipts or payments. In addition to cash and cash equivalents, the company classifies balances at the bank and other credit institutions, as well as short-term investments listed on a market venue with a maturity of less than three months from the date of acquisition. Changes in blocked funds are reported in investment activities.

Estimates and assumptions

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

The company makes estimates and assumptions about the future, which do not always correspond to actual results. The estimates and assumptions that entail a significant risk of significant adjustments to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Impairment of intangible assets

If there is an indication of impairment the recoverable amount of the asset is calculated. For intangible assets with an indeterminate period of use and intangible assets that are not yet ready for use, the recoverable amount is calculated annually or as soon as indications arise. If it is not possible to determine substantially independent cash flows for an individual asset, and its actual value reduced by costs to sell cannot be used, a so-called cash-generating unit shall be grouped when assessing impairment requirements.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement. The recoverable amount is the higher of fair value less selling costs and value in use. When calculating value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and the risk associated with the specific asset. The discounted cash flow impairment testing is taken from the company's budget and forecast with the assumption that sufficient financing can be secured for the company to be able to conduct its operations in the long term.

For sensitivity analyses of capitalised development costs, see Note 6.

Going Concern Principle

The going concern principle means that the company is expected to continue to run its operations for the foreseeable future. The Company has prepared a liquidity forecast for 2024, based on historical outcomes, expectations of future events and other factors that are considered reasonable under the current circumstances. The forecast indicates that the company is expected to continue to operate for the foreseeable future. Significant assumptions used in the forecast is the expected sales and the level of factoring. A 15 per cent decrease in expected sales does not affect the assessment. A reduction of the expected level of factoring by 25 percentage points does not affect the assessment.

Warranty provision

A provision is made when the company has a formal or informal obligation as a result of an event that has occurred, when it is probable that an outflow of resources is required to settle the obligation and the amount can be calculated in a reliable manner. Recognized provisions refer to any future obligations for warranty obligations as a result of products sold. The amount is calculated on an ongoing basis during the year based on previous results and current sales, plus other known conditions.

Other provisions

In the event of a shift in production to new cost-optimised products, costs arise as a result of purchasing commitments which will not be used in connection with the shift in production to new generation products. The amount is assessed quarterly during the year based on the expected number of units produced before final production and the expected sales value of residual material.

Definitions of key figures

- Net sales – Main operating income – invoiced expenses, ancillary income and revenue adjustments.
- Profit/loss after financial items – Profit/loss after financial income and expenses, but before appropriations and taxes.
- Balance sheet total – Total assets of the company.
- Equity/assets ratio (%) – Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

Parent Company's accounting policies

The accounting policies of the Parent Company are consistent with the accounting principles set out above in the consolidated financial statements, except in the following cases.

Leasing

All leases in which the company is the lessee are reported as operating (leases), regardless of whether the leases are financial or operational. The lease fee is recognized as an expense on a straight-line basis over the lease period.

Notes

The notes presented below refer to the Group and the Parent Company. In the event that the figures of the Group and the Parent Company differ, these are reported separately.

NOTE 1 PLEDGED ASSETS

kSEK	2023-12-31	2022-12-31
Company mortgages	1,950	1,950
Total	1,950	1,950

NOTE 2 FEES TO AUDITORS

kSEK	2023	2022
Öhrlings Pricewaterhouse Coopers AB		
Audit engagements	595	293
Audit activities in addition to the audit assignment	523	7
Tax Advice	83	0
Other services	76	58
Total	1,277	358

NOTE 3 TRANSACTIONS WITH RELATED PARTIES AND REMUNERATION OF SENIOR EXECUTIVES

During the period January 2022 to March 2022, Niklas Cassel was engaged as interim Chief Commercial Officer. Niklas is a consultant at the company Adept AB, where board member Stefan Jakelius is CEO. For this service, Adept AB has received consultancy services as specified below.

Until August 2023, Ferroamp leased extra office space from Convendum, which is partly owned by Wallenstam AB, in Umami Park in Sundbyberg. The cost to Convendum for the year amounted to SEK 645 thousand (390). During the third quarter of 2023, the company moved into brand new premises in Sundbyberg. The lease agreement has been signed with Wallenstam AB, where board member Lars-Åke Bokenberger is chairman of the board. This at a monthly cost of approximately 395 kSEK. During the year, SEK 1,359 thousand (0) was expensed. All these transactions are carried out on market terms.

kSEK	2023	2022
Stefan Jakelius	0	513
Lars-Åke Bokenberg	1,359	0
Total	1,359	513

NOTE 4 EMPLOYEES AND PERSONNEL COSTS

Average number of employees

	2023	2022
Women	13	9
Men	71	52
Total	84	61

Salaries and other remuneration

kSEK	2023	2022
Salaries and other remunerations	61,731	41,855
Total	61,731	41,855

Social security costs

kSEK	2023	2022
Pension costs	6,378	4,578
Social security costs for employees and the Board of Directors	19,736	13,830
Total	26,114	18,408

Total salaries, remuneration, social security costs and pension costs

kSEK	2023	2022
Total salaries, remuneration, social security costs and Pension costs	87,845	60,263
Total	87,845	60,263

Gender distribution, Board of Directors

	2023	2022
Women	1	1
Men	4	5
Total	5	6

Gender distribution among senior executives

%	2023	2022
Percentage of women on the Board	20	17
Percentage of men on the board	80	83
Percentage of women among other senior executives	38	25
Percentage of men among others senior executives	62	75

Note 4, cont.

Senior executives			kSEK		
	2023	2022		2023	2022
SALARIES AND OTHER REMUNERATION			PENSION COSTS		
Kent Jonsson 20230401-20231231	1,800	0	Kent Jonsson	509	0
Krister Werner 20230101-20230331	458	1,980	Krister Werner	161	466
Fredrik Breitung tf VD 20230101-20230331	120	0	Ylwa Karlgren	0	0
Ylwa Karlgren	475	353	Erik Hallberg	0	0
Erik Hallberg	185	148	Anders Persson	0	0
Anders Persson	198	158	Claes Mellgren	0	0
Claes Mellgren	88	0	Lars-Åke Bokenberger	0	0
Lars-Åke Bokenberger	188	158	Björn Jernström	0	146
Stefan Jakelius	0	148	Other executives (7st)	1,298	870
Björn Jernström	0	1,226	TOTAL	1,967	1,481
Other executives (7st)	8,696	7,044			
Sum	12,299	11,199			

Severance pay

The employee agreement with the CEO entitles the CEO severance pay amounting to 6 months' salary. The agreement only applies to termination by the company. In the event of termination by the CEO, there is a 6-month notice period.

Warrants

There are three warrant programs for employees, in which the employees have acquired the warrants to market conditions.

	Year Decided	Number of options	Number of shares	Subscription period	Subscription Price, SEK	Target group
Warrant Series 2021/2024-1	2021	36,500	44,530	240315-240415	93.64	Employees
Warrant Series 2021/2024-2	2021	184,000	224,480	241115-241215	77.69	Employees
Warrant Series 2023/2026	2023	214,000	261,080	260601-260831	31.93	Employees
TOTAL		434,500	530,090			

NOTE 5 OPERATING LEASES

Leasing expenses for the year relating to leases amounted to SEK 3,802,529 (2,081,568).
Future lease payments, for non-cancellable leases.

kSEK	2023	2022
Due as follows:		
Within one year	5,097	2,444
Later than one year but within five years	16,564	–
Later than five years	–	–
	21,661	2,444

NOTE 6 FINANCIAL INCOME AND EXPENSES

Group		
kSEK	2023	2022
Financial income		
Interest income	2,852	14
Exchange rate differences	393	–
	3,245	14
Financial expenses		
Interest expenses	1,675	615
Factoring costs	2,515	–
	4,190	615
Parent company		
kSEK	2023	2022
Financial income		
Interest income	2,853	14
Exchange rate differences	393	–
	3,246	14
Financial expenses		
Interest expenses	1,062	170
Factoring costs	2,515	–
	3,577	170

NOTE 7 CURRENT AND DEFERRED TAX**Tax on profit for the year**

Group		
kSEK	2023	2022
Current tax	–	–
Deferred tax	–	–
Total recognised tax	–	–

Note 7, cont.

Reconciliation of effective tax	2023		2022	
	Percent	Amount	Percent	Amount
Pre-tax profit/loss	–	-107,031	–	-55,100
Tax at current rate	20.6	22,048	20.6	11,350.6
Tax effect of non-deductible expenses	-4.61	-4,887	-0.15	-79
Non-taxable income	0.03	34	–	–
Effect of unrecognized loss carryforwards	–	-38,209	–	-11,272
Recognised effective tax	–	–	–	–
Unutilised loss carryforwards for which no deferred tax assets have been recognised, SEK		268,962,010	(185,485,434)	
Potential tax benefit, SEK		55,406,174	(38,209,999)	
Tax rate, %				20.60

Parent company

kSEK	2023	2022
Current tax	–	–
Deferred tax	–	–
Total recognised tax	–	–

Reconciliation of effective tax	2023		2022	
	Percent	Amount	Percent	Amount
Pre-tax profit/loss	–	-105,612	–	-54,262
Tax at current rate	20.6	21,824	20.6	11,178
Tax effect of non-deductible expenses	-4.61	-4,887	-0.15	-79
Non-taxable income	0.03	34	–	–
Effect of unrecognized loss carryforwards	–	-38,209	–	-11,099
Recognised effective tax	–	–	–	–
Unutilised loss carryforwards for which no deferred tax assets have been recognised, SEK		267,875,901	(185,485,434)	
Potential tax benefit, SEK		55,182,436	(38,209,999)	
Tax rate, %				20.60

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent that it is probable that the deduction can be offset against surpluses in future taxation. Since the company does not report positive results, an assessment has led to these losses not being balanced.

NOTE 8 CAPITALISED DEVELOPMENT COST

kSEK	2023	2022
Opening acquisition value	90,323	48,682
Expenditure for the year	55,112	43,440
Sales/Disposals	–	–
Capitalised contributions for the year	-2,603	-1,798
Closing accumulated costs	142,832	90,323
Opening amortisation	-15,346	-8,244
Sales/disposals	–	–
Reclassification	–	–
Amortisation for the year	-14,049	-7,102
Closing accumulated Amortisation	-29,395	-15,346
Closing carrying amount	113,438	74,978

Intangible assets refer to the internal development of products with the intention of being sold. A recoverable amount is calculated when there is an indication that the asset has decreased in value. No events occurred during the year that indicate a decline in values.

Intangible assets under development are tested annually for impairment. The recoverable amount for the company's cash-generating units (CGU) is determined based on calculations of value in use. Calculation is done per project. These estimates are based on estimated future cash flows based on financial forecasts and strategies approved by management and covering a five-year period. The assumptions reflect the financial targets set by the Board of Directors, market reports regarding future growth and technology trends.

The discount rate after tax used is 14.0 per cent (-). It shall reflect the specific risks that apply to the segment in which the company operates. A change in the discount rate of 3 percentage points (3) does not trigger any impairment. Based on the above, no write-downs have been deemed necessary.

NOTE 9 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

Group	2023	2022
kSEK		
Opening cost	9,552	3,265
Purchases	12,095	6,287
Sales/disposals	–	–
Closing accumulated cost	21,647	9,552
Opening depreciation	-4,109	-1,268
Sales/disposals	–	–
Depreciation for the year	-3,789	-2,841
Closing accumulated Depreciation	-7,898	-4,109
Closing carrying amount	13,749	5,443

Parent company

kSEK	2023	2022
Opening costs	4,904	3,265
Purchases	9,952	1,639
Sales/disposals	–	–
Closing accumulated costs	14,368	4,904
Opening depreciation	-2,034	-1,268
Sales/disposals	–	–
Depreciation for the year	-1,891	-767
Closing accumulated Depreciation	-3,437	-2,034
Closing carrying amount	10,930	2,869

NOTE 10 PARTICIPATIONS IN GROUP COMPANIES**Ferroamp Incentive AB, 559229-0430, Stockholm**

Ferroamp AB holds 100% of the capital and voting rights in Ferroamp Incentive AB.

kSEK	2023	2022
Opening costs	50	50
Purchases	0	0
Sales/disposals	0	0
Closing accumulated cost	50	50
Closing carrying amount	50	50

NOTE 11 INVENTORIES

kSEK	2023	2022
Component stock	14,604	15,716
Interim stock	4,488	7,710
Work in progress	0	908
Stocks of finished goods	108,311	11,132
Advance payments for goods and services	3,526	0
Total	130,930	35,467

NOTE 12 PREPAID EXPENSES AND ACCRUED INCOME

kSEK	2023	2022
Prepaid rent	1,331	557
Accrued contributions	2,811	2,192
Other accrued expenses	866	1,416
Total	5,008	4,166

NOTE 13 NUMBER OF SHARES AND QUOTIENT VALUE

	Number Shares value	Quota
FERRO	30,871,997	0.1

NOTE 14 PROPOSED APPROPRIATION OF PROFIT

The Board of Directors proposes that the available profits

kSEK	
Share premium reserve	548,020
Accumulated loss	-304,112
Loss for the year	-105,945
	137,954

Be carried forward 137 954. The company's results and financial position in general are presented in the following income statement and balance sheet and cash flow statement with notes.

NOTE 15 PROVISIONS

kSEK	2023	2022
Provision for warranty		
Amount at start of year	4,605	2,476
Reversed during the year	-4,605	-2,476
Claimed during the year	-8,593	-4,605
Provisions for the year	17,185	9,211
Other provisions*	15,000	0
Amounts at year-end	23,593	4,605

* Other provisions refer to expected costs as a result of purchase commitments, which will not be utilised in connection with the shift in production to new generation products.

NOTE 16 NON-CURRENT LIABILITIES

Group	2023	2022
kSEK		
Due within 1-5 years	4,462	3,770
Liability for extended product warranty	942	116
Total	5,404	3,886

Note 16, cont.

Parent company

kSEK	2023	2022
To pay within 1–5 years	0	0
Debt extended product warranty	942	116
Total	942	116

NOTE 17 ACCRUED EXPENSES AND DEFERRED INCOME

kSEK	2023	2022
Accrued salaries	5,842	5,823
Other deferred contributions	871	871
Received in stock, not yet invoiced	4,488	8,769
Accrued interest expenses	893	0
Other accrued expenses	6,917	3,523
Total	19,011	18,986

NOTE 18 ADJUSTMENTS FOR NON-CASH ITEMS

Group

kSEK	2023	2022
Depreciation	17,880	9,666
Other provisions	15,000	0
Total	32,880	9,666

Parent company

kSEK	2023	2022
Depreciation	15,982	7,750
Other provisions	15,000	0
Total	30,982	7,750

NOTE 19 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Application for FCR-D approved

In mid-January, Svenska kraftnät approved the technical solution for the FCR-D ancillary service that Ferroamp has developed in collaboration with Ntricity, and in mid-March, the first bid was made with Ferroamp systems in the balancing market.

Unlike the services that are already available on the market, Ferroamp's solution means that you can use the battery in the property at the same time as you sell ancillary services.

Field tests of V2G begin

Ferroamp has carried out successful tests of dual charging with several common electric car models. Ferroamp's DC grid provides a cost-effective solution for vehicle-to-grid (V2G) where the new DC/DC charger is integrated without the need for additional converters. Field tests of the technology are now underway.

Joint venture with Aira in Europe

Ferroamp and the heat pump company Aira have signed an agreement on a joint investment in energy solutions for the European market. Development work is now underway to integrate the Ferroamp system with Aira's energy offering to homeowners. Integration of Ferroamp's smart control of solar energy, batteries and electric car charging into the system will enable the customer to optimise electricity use and heating in a single system.

Nicolas Hassbjer proposed as Chairman of the Board

The Nomination Committee proposes Nicolas Hassbjer as the new Chairman of the Board of Directors of Ferroamp ahead of the Annual General Meeting on 16 May. Lars Kvarnsund and Jenny Edfast are proposed as new members of the Board of Directors. The current Chairman Ylwa Karlgren and Board member Erik Hallberg have declined re-election.

Directed share issue raises SEK 39 million

The Board of Directors has resolved on a directed share issue which, if approved by the Annual General Meeting on May 16, will provide the company with SEK 39 million. As a result of the issue, incoming Chairman of the Board Nicolas Hassbjer will become a major shareholder in Ferroamp via his company Tequity through the subscription of three million shares. In addition, a number of institutional investors subscribed for shares in the rights issue.

Assurance

The undersigned hereby certify that the annual report has been prepared in accordance with the Annual Accounts Act and generally accepted accounting principles, that current accounting standards have been applied and that the information provided is in accordance with actual circumstances.

Stockholm 24 april 2024

Ylwa Karlgren
Chair of the Board of Directors

Lars-Åke Bokenberger
Board Member

Erik Hallberg
Board Member

Anders Persson
Board Member

Claes Mellgren
Board Member

Kent Jonsson
CEO

Our auditor's report on this annual report was submitted on 24 April 2024
Öhrlings PricewaterhouseCoopers AB

Claes Sjödin
Authorised Public
Accountant

Auditor's report

To the Annual General Meeting of Ferroamp AB (publ), org.nr 556805-7029

Report on the annual accounts and consolidated accounts

Statements

We have audited the annual accounts and consolidated accounts of Ferroamp AB (publ) for the year 2023. The company's annual report and consolidated report are included on pages 22 – 51 of this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2023 and their financial results and cash flow for the year then ended in accordance with the Annual Accounts Act. The Board of Directors' Report is consistent with the other parts of the annual report and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for the Parent Company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISAs) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on pages 1 – 21. The Board of Directors and the CEO are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not include this information and we do not express any assurance on this other information. In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identi-

fied during the audit and assesses whether the information otherwise appears to be materially misstated. If, based on the work performed on this information, we conclude that the other information contains a material misstatement, we are required to report this. We have nothing to report in that regard.

Material uncertainty regarding the going concern assumption

Without prejudice to our statements above, we would like to draw attention to the Board of Directors' Report and the sections "Financing and going concern" and "Risks and uncertainties" in the annual accounts and consolidated accounts. These state that after the end of the financial year, the Board of Directors has decided on a directed share issue that will provide the company with approximately SEK 39 million before issue costs, subject to approval by the Annual General Meeting. The Board of Directors' assessment is that this additional financing covers the company's liquidity needs for 2024, provided that the company's forecast can be achieved with, among other things, realisation of the company's current inventory during the third and fourth quarters and that the company receives positive liquidity effects from cost savings. In the event that the Annual General Meeting does not resolve on the above-mentioned directed share issue and/or that the Board of Directors' forecasts are not met to a sufficient extent or within a sufficient time, the company may be in need of additional financing to continue its operations. This financing is not secured at the time of submission of the annual report. These circumstances indicate that there are significant uncertainties that may lead to significant doubts about the company's and the group's ability to continue as a going concern.

The annual accounts and consolidated accounts have been prepared with the assumption of going concern and assets and liabilities are valued on the basis that they can be realised within the framework of ongoing operating activities. In addition, the Accounting and Valuation Principles and section "Estimates and assumptions" states that the impairment tests performed by the Board of Directors primarily in respect of capitalised development costs presuppose that the company and the group can ensure sufficient financing and that the company's and the group's budget and forecast can be achieved. If this does not happen, it could mean that the parent company's and the group's assets are overvalued, whereupon impairment losses may be actualized..

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and for giving a true and fair view in accordance with the Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary in order to prepare an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, where applicable, circumstances that may affect the ability to continue as a going concern and to use the going concern presumption. However, the going concern assumption does not apply if the board of directors and the managing director intend to liquidate the company, cease operations or have no realistic alternative to doing any of the same.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance as to whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement, if any. Misstatements may arise from fraud or mistakes and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions made by users on the basis of the annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts can be found on the Swedish Inspectorate of Public Accountants' website: www.revisor-sinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other requirements laid down by law and regulation

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and

the CEO of Ferroamp AB (publ) for the year 2023 and of the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting dispose of the proceeds in accordance with the proposal in the administration report and discharge the members of the Board of Directors and the CEO from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under this section are described in more detail in the section Auditor's Responsibilities. We are independent in relation to the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss. A dividend proposal includes, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company's and the Group's business nature, scope and risks place on the size of the Parent Company's and the Group's equity, consolidation needs, liquidity and position in general. The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the company's and the Group's financial situation, and ensuring that the company's organisation is designed so that accounting, asset management and the company's financial affairs in general are controlled in a satisfactory manner. The CEO shall manage the day-to-day administration in accordance with the Board's guidelines and instructions and, among other things, take the measures necessary to ensure that the company's accounting is carried out in accordance with the law and that the management of funds is managed in a satisfactory manner.

Auditor's responsibilities

Our objective with regard to the audit of the administration, and thus our opinion on discharge, is to obtain audit evidence in order to be able to assess with a reasonable degree of assurance

Auditor's report, cont.

whether any member of the Board of Directors or the CEO in any material respect:

- has taken any action or been guilty of any omission that may give rise to an obligation to pay compensation to the company, or
- in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective with regard to the audit of the proposed appropriation of the company's profit or loss, and thus our opinion thereon, is to assess with a reasonable degree of certainty whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high degree of assurance, but there is no guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always reveal actions or omissions that may give rise to liability to the company, or that a proposal for appropriation of the company's profit or loss is not in accordance with the Swedish Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/ the auditor's responsibility. This description is part of the auditor's report..

Stockholm den 24 april 2024

Öhrlings PricewaterhouseCoopers AB

Claes Sjödin
Authorized Public Accountant

Board



Ylwa Karlgren

Chair of the Board of Directors since 2018.

Born: 1956.

Education: M.Sc. in Business and Economics from Uppsala University

Previous experience: Background in the financial industry, venture capital and the real estate sector. Has held leading roles within SEB and has been a board member of VPS Verdipapircentralen ASA and Markedskraft ASA.

Current assignments: Chairman of the Board of Plejd AB (publ), Board member of Gullberg & Jansson AB (publ) and Board member of Acrinova AB (publ).

Independent from owners, independent from companies.

Shareholding: 101,000



Erik Hallberg

Board member since 2021.

Born: 1956

Education: Mechanical Engineer

Previous experience: Background at TeliaSonera, most recently as Executive Vice President of TeliaCompany. Chairman and owner of Telia's Baltic subsidiaries, responsible for Telia's fixed and mobile network services in Sweden, CEO of Telia Cars with some 30 international subsidiaries. Previous board assignments: HiQ International AB, Edgeware AB, Prevas AB and founder and chairman of Glocalnet AB.

Current assignments: Chairman of the Board of Fidesmo AB, IOT Communications International AB and Haltian OY and member of the Board of EyeonID Group AB and Thing AB.

Independent from owners, independent from companies.

Shareholding: 2,050



Anders Persson

Board member since 2019.

Born: 1957

Education: Master of Science in Engineering, Chalmers University of Technology, Gothenburg.

Previous experience: More than 25 years of experience from senior positions with a focus on growth. Since 2014 board member of various companies. Previously Executive Vice President and CEO of Net Insight AB (publ) and prior to that in various positions, both nationally and internationally, within the Ericsson Group.

Current assignments: Chairman of the Board of Hexatronic Group AB and member of the Board of Directors of Coloreel Group.

Independent from owners, independent from companies.

Shareholding: 10,774



Lars-Åke Bokenberger

Board member since 2022.

Born: 1968

Education: M.Sc. in Economics and Business Administration from the School of Business, Economics and Law at the University of Gothenburg.

Previous experience: Background in the financial industry as Swedish Head of Equities at AMF, Equity Analyst and Head of Research at Alfred Berg Fondkommission. Broad experience from the business sector and from board work in both listed and unlisted companies.

Current assignments: Chairman of the Board of Wallenstam AB and Mattssons Fastighetsutveckling AB and Vice Chairman of the Board of Convendum Corporation AB. Board member of Mertzig Asset Management AB and Colive AB.

Independent from owners, independent from companies.

Shareholding: 12,600

**Claes Mellgren**

Board member since 2023.

Born: 1959

Education: M.Sc. in Mechanical Engineering, Linköping Institute of Technology.

Previous experience:

Founder and CEO of AQ Group AB during the period 2010–2018. Production, logistics and site manager at various ABB units in Västertås. Chairman of the Board of NOTE AB (publ). Member of the Board of Directors of Bioservo Technologies Aktiebolag.

Current assignments:

Chairman of the Board of AQ Group AB (publ). Board member of Solö Mechanical Solutions Aktiebolag and Teqnion AB (publ).

Independent from owners, independent from companies.

Shareholding incl. with related parties: 1,140,771

Auditor

Öhrlings PricewaterhouseCoopers AB
Claes Sjödin
Member of FAR SRS

Management



Kent Jonsson
Chief Executive Officer since 2023.

Born: 1968

Education: Master of Science in Electrical Engineering from Chalmers University of Technology. MBA International Marketing from the School of Business, Economics and Law at the University of Gothenburg.

Previous experience: CEO of Volvo Car Retail UM AB following Volvo Cars' acquisition of Upplands Motor AB, where Kent was CEO and co-owner. Various leading roles within the Telia Group, where Kent has been responsible for creating and building up Halebop, Telia's TV venture and the collaboration with Spotify.

Shareholding: 493,147

Warrants
2023–2026: 150,000



William Ryan
Chief Financial Officer since 2023.

Born: 1993

Education: M.Sc. in Economics and Business Administration with a focus on accounting and finance from Linköping University.

Previous experience: Various finance and accounting roles in both listed companies and private companies. Most recently as Business Controller at Invisio and before that as an auditor at KPMG, in Stockholm and Copenhagen.

Shareholding: 0



Björn Jernström
Founder, Chief Technology & Innovation Officer since 2010.

Born: 1971

Education: M.Sc. in Electrical Engineering, Royal Institute of Technology in Stockholm.

Previous experience: Specialized in high-voltage engineering and plasma physics. Founder of startups in the electric power industry. Positions in project management, product development, research and development. Engineering roles in TC Tech, M2 Engineering and GE Energy. Inventor of four different patents related to Ferroamp.

Shareholding: 1,427,440

Warrants
2020–2023: 4,000

Warrants
2021–2024_2: 8,000



Lisa Larsson Lerner
Chief Purchasing Officer since 2021.

Born: 1977

Education: Master of Science in Industrial Engineering and Management with a focus on logistics from Luleå University of Technology.

Previous experience: Roles in purchasing and procurement at Atlas Copco, Skanska and SAS. Most recently at Stockholm Exergi, where she held positions as purchasing manager and plant manager.

Shareholding: 3,100

Warrants
2021–2024_2: 8,000

Warrants
2023–2026: 4,000



Magnus Lindberg
Chief Development Officer
since 2023.

Born: 1967

Education: M.Sc. and Ph.D. in Chemical Engineering from the Royal Institute of Technology in Stockholm.

Previous experience: 20 years of experience in the development and maintenance of products with high demands on quality and availability. Magnus joins us from Getinge as Head of Software Design Development. Former unit manager in software development at Svenska Kraftnät.

Shareholding: 4,200

Warrants 2023–2026: 4,000



Bodil Prising
Chief Commercial Officer
since 2023.

Born: 1973

Education: M.Sc. in Business and Economics with a focus on entrepreneurship and international marketing from the School of Business, Economics and Law at the University of Gothenburg.

Previous experience: Extensive experience of leading positions in business and product management, primarily in the telecom sector in companies such as Telia and Tele2 and as head of Halebop. I have also been on both the consumer and corporate side and have worked as a consultant to support the scale-up of a number of SaaS companies.

Shareholding: 2,100

Warrants 2023–2026: 4,000



Malin Silander
Chief People & Culture
Officer since 2023.

Born: 1978

Education: M.Sc. in Business and Economics with a focus on leadership and marketing, Umeå School of Business, Economics and Law.

Previous experience: Has worked at, among others, Svensk Fastighetsförmedlinggruppen, Upplands Motor and Bisnode and has more than 20 years of experience from leading positions in HR and business management.

Warrants 2023–2026: 4,000

Industry-specific glossary

AC/alternating current

Standard used in the general electricity network and in home electrical outlets.

ACE – Adaptive Current Equalization

Ferroamp's patented phase balancing/current equalisation solution that operates dynamically between the three phase conductors into the property, boosting the efficiency of the grid connection.

DC/direct current

Photovoltaic cells produce direct current. Batteries and electric vehicles store and use it.

DC nanogrid

The basis of the Ferroamp system, due in part to increased controllability of energy and a higher voltage level, which provides savings in both money and carbon dioxide emissions due to reduced material consumption.

Power

Power is measured in kilowatts (kW) and indicates the volume of energy per unit of time. Indicates the force with which the energy acts.

Power tariff

Part of the network charge that is based on the times at which the customer had their highest electricity consumption.

Demand peak

Demand peaks occur when many people want a lot of power from the grid at the same time, for example if many electric vehicles are being charged at the same time.

EnergyCloud

Ferroamp's cloud-based portal where data on a property's electricity production, storage and consumption is stored and visualised.

EnergyHub

The heart of Ferroamp's system solution, a bidirectional inverter that regulates the flow between solar panels, energy storage, the grid and a property's electricity consumption. Acts as a bridge between the electricity grid and the property's local DC nanogrid.

Energy storage

The collective name for various energy storage technologies. In Ferroamp's system, energy is stored in batteries.

EV

Electric Vehicle. Electric vehicle.

Grid

The electricity distribution network.

Green tax relief

A tax reduction for investments in photovoltaic cells, charging stations and solutions for storing self-produced electricity.

Kilowatt

Unit of power and means 1,000 Watt. Watts (W) and kilowatts (kW) are a way of specifying power.

Kilowatt hours

Unit of energy, how long stored energy lasts or how much energy can be stored in, for example, a battery. If a battery is charged at 11 kW for two hours, it has been filled with 2 x 11 kWh, i.e. 22 kWh.

Microgrid

A local electricity distribution network in or between buildings.

Network charge

Fixed charge from the electricity grid company.

PowerShare

Ferroamp's patented solution that links multiple EnergyHub systems and enables energy sharing between buildings in a local DC nanogrid.

Prosumer

Someone who is both a producer and a consumer, especially a producer for own use of electricity.

SSO – Solar String Optimizer

Used to connect photovoltaic cells to the EnergyHub system.

Support services/balancing services/flexible services/aggregation services

Services that help maintain a stable power system and can be provided, for example, by production plants, plants that can adjust their electricity consumption or energy storage facilities. Can also be created by aggregating flexible resources, such as combinations of solar power and batteries.

Ferroamp system/EnergyHub system

Ferroamp's award-winning system solution for integrating solar power, energy storage, electric vehicle charging and other loads in a DC nanogrid, and for measuring, controlling and optimising a property's electricity production and consumption.

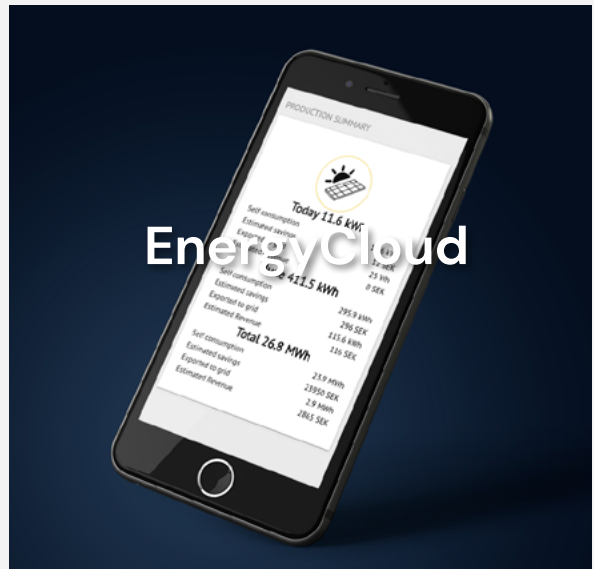
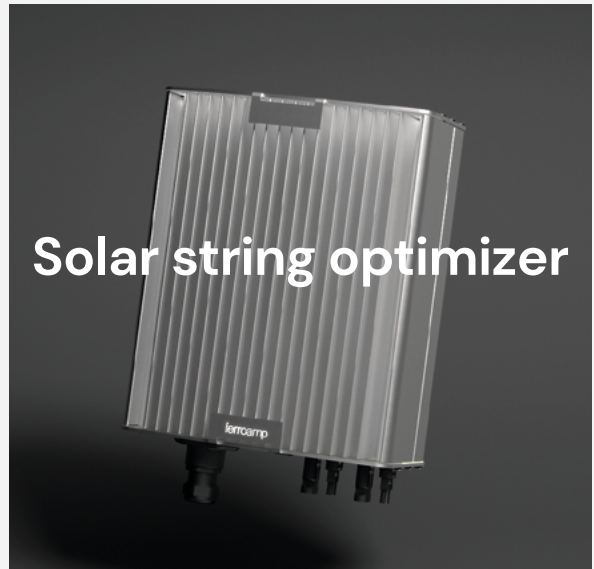
Fuse tariff

Fuse tariffs consist of a subscription charge (SEK/year) and a transmission charge (öre/kWh). The subscription charge is paid for the size of the main fuse in Ampere (A).

Vehicle-to-Grid (V2G), Vehicle-to-Home (V2H), Vehicle-to-Everything (V2X)

Enables parked cars to contribute their battery capacity for, for example, reduction of demand peaks, backup power during power cuts or grid support services.

Components of the Ferroamp system



smart electricity control

ferroamp

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