

# ferroamp



## **Third Quarter 2020 Interim Report**

01-07-2020 - 30-09-2020  
Ferroamp Elektronik AB

# Summary of the period

## Third Quarter 2020

- **Net Sales** amounted to 22.496 (11.114) KSEK
- **Profit/loss after financial items** amounted to -6.983 (-5.408) KSEK
- **Earnings per share** amounted to -0,62 (-0,63) SEK

## January – September 2020

- **Net Sales** amounted to 56.698 (26.933) KSEK
- **Profit/loss after financial items** amounted to -24.015 (-17.655) KSEK
- **Earnings per share** amounted to -2,25 (-2,35) SEK

### Significant events during the quarter

- Ferroamp goes through with a directed new share issue which brings in 102 MSEK to the company, excluding costs of issue.
- Ferroamp Elektronik AB takes the next step in the development and strengthens the management team with Mattias Nyström – acting as Chief Growth Officer.
- Our award-winning solar string optimizer is now delivered in volume to customers.

### Significant events after the end of the period

- Ferroamp strengthens the management team with Åsa Hedman – Chief Communication Officer.

KSEK	Jul-Sept 2020	Jul-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Jan-Dec 2019
Net sales	22 496	11 114	56 698	26 933	45 838
Profit after financial items	-6 983	-5 408	-24 015	-17 655	-24 203
Balance sheet total	148 230	56 382	148 230	56 382	52 761
Equity ratio (%)	84	69	84	69	58
Earnings per share, SEK	-0,62	-0,63	-2,25	-2,35	-3,22
Cash flow from operating activities	-7 060	-8 271	-21 643	-25 701	-29 653

# A stronger Ferroamp

We are leaving this quarter with the best revenue in the company's history and therefore lays out a good foundation for our growth journey. We have done well with invoicing relating to solar system, where our new generation of solar string optimizer, SSO gen 2, contributes to our new opportunity of growth. Starting this past August, we have delivered SSO gen 2 in volumes, despite Covid-19 that resulted in some challenges.

***”Once again we reached a new record in number of systems delivered to clients. ”***

*– Krister Werner*

Even though we had a strong revenue in Q3, we see some signs of a slight decrease during this fall regarding the further extension and development of solar systems, especially solar systems for smaller properties. This is assessed to be a result of the cut down on the previous subsidies for development of solar electricity for smaller facilities, which was declared this past July, while waiting for the new subsidies regulations to be released when we enter a new year. Already during the spring of 2020 did we notice some restraint among property owners when it came to decision of investing, due to the Covid-19 pandemic, and the insecurities it has put on the greater global economy. Our assessment is that we will continue to see this during this fall, but only temporarily, as we expect an increasing pace during next year's Q1 in both segments. Unfortunately, we do see an impact of the Covid-19 pandemic in the planned margin improvement, as for example the cost of shipping increased.

During this time, we have seen a lot of focus in



news about the consequences in the society from the ongoing energy conversion and electrification. The Swedish government is assigning a general of electrification, and we have at multiple occasions talked with representatives from the government, agencies, and organizations within this industry, to give them constructive guidance and advice regarding the conditions and challenges in the society moving forward. We are focusing on the area that makes us unique, where we have solutions to further support electrification and the challenges regarding capacity that follows with it. The products and solutions provided by Ferroamp are possibility givers in many aspects and is not only constrained to the

extension of solar energy. The strong growth with electrified cars together with the industry and transportation sector doing actions to electrify, the demand of solutions to provide this capacity is increasing. Due to our multiple reference systems put in place, our competence, and system knowledge, we are frequently asked to help with the capacity issues. That is an honor, and it shows that Ferroamp will have a critical role to fill moving forward.

Furthermore, we have worked with strengthening and developing our collaborations with partners in Sweden, greater Nordic countries, and Europe, where we have seen an increased request and demand of our systems. We believe that Europe is going to obtain a central role in our growth moving forward, with large investments to change the energy usage, creating more carbon neutrality.

With all of this said, we are leaving the third quarter stronger as both a company, but most importantly as a team. It is with great pride and happiness we watch the company, the team, and the business grow stronger. During this period,

Mattias Nyström joined us as the Chief Growth Officer, with a clear mission to develop the company's business and deliver the desired client experience. We have also done a lot of improvements internally, to create a stronger team feeling and understanding our community goals and focus moving forward. There is a lot of energy, determination, and strength among the people at Ferroamp. Our main goals regarding the future growth is improving customer satisfaction, marginal improvements, and internationalization. This will continue as we move forward and creates a foundation for our future goals. Finally, during this time we strengthen our account with a new share issue, giving us about 100 MSEK and some new, long term, owners.

We are equipped for our next step on this journey, stronger.

Spånga, November 2020  
Krister Werner



# About Ferroamp

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

## Ferroamp in short

- Founded 2010
- Commercial introduction 2016
- Office and production in Spånga
- IPO in March 2019
- 39 employees
- 1700 systems installed

Long-term objectives (run-rate 2022)

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

## Awards

Ferroamp has won several international competitions. Among others:

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

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

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

## Main Products

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

## Consumer Segments

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

## Distribution Channels

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



# Financial overview

## Operating incomes

The total income for the third quarter amounted to 24.692 (12.976) KSEK, where the net sales amounted to 22.496 (11.114) KSEK.

The first three quarters of 2020 has had total income of 64.859 (34.127) KSEK, where the net sales amounted to 56.698 (26.933) KSEK.

This means there was an increase of net sales for the third quarter of 2020 of 11 MSEK, which translates to 102% compared to the same period 2019.

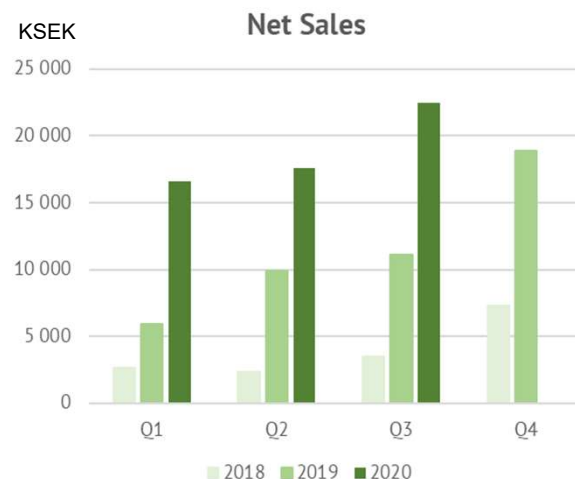
## Operating costs

Operating costs amounted to 31.519 (18.367) KSEK for the third quarter. Raw material & consumables increased to 17.771 (9.488) KSEK. Other external costs amounted to till 4.915 (4.460) KSEK. Costs of personnel amounted to 6.778 (4.055) KSEK.

Operating costs during the first three quarters of 2020 amounted to 88.620 (51.682) KSEK. Raw material and consumables increased to 45.113 (22.438) KSEK.

The share of raw material and consumables decreased from 85% to 79%, which equals a 6% decrease compared to the same period 2019. The freight costs for incoming goods (part of the post raw material and consumables) has as an effect of Covid-19 increased significantly during the year. 2019 the freight cost was approximately 1% of net sales, and during the third quarter 2020 it was 8%. Our judgement is that the increase in cost for freight will remain during the first part of 2021.

Other external costs for the first three quarters has increased to 17.511 (15.686) KSEK. Costs of personnel amounted to 22.103 (12.508) KSEK. The increase of other external costs and cost of personnel can mainly be attributed to the increased volume and the increased investment in product development.



## EBIT

Earnings before interest and taxes amounted to -6.826 (-5.391) KSEK for the quarter.

Earnings before interest and taxes amounted to -23.761 (-17.555) KSEK for the first three quarters 2020.

During the third quarter a loan from Energimyndigheten, which was obtained in 2015-2016, was corrected as a consequence of an adjusted accounting assessment. The correction is done with a retroactive effect from 01-01-2019. This has given a positive contribution to the earnings of the quarter of 0,5 MSEK. For the full year, the reassessment has no net effect on the earnings.

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

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## Financial position, Liquidity

The company's cash and cash equivalents amounted to 102.848 KSEK, at the closing of the period, compared to 16.411 KSEK when entering into 2020 and 24.368 KSEK after Q3 2019. The new share issue in September contributed with 102 MSEK excluding costs of the issue.

Equity amounted to 124.487 KSEK, compared to 30.603 KSEK when entering into 2020 and 38.968 KSEK in Q3 2019. The equity ratio was 84%. During the third quarter a loan to Energimyndigheten, which was obtained 2015-2016, was adjusted as a consequence of an adjusted accounting assessment. This has decreased equity with 4,7 MSEK and increased long-term debt with the same amount. The reassessment is done with a retroactive effect from 01-01-2019.

Per the closing of the period, the total assets were 148.230 KSEK, which is an increase compared to the corresponding period last year when the assets amounted to 56.382 KSEK. The increase is mainly attributable to the contribution of capital from the share issue, which partly remains in cash and cash equivalents, and also enabled an increase in inventory and accounts receivables. Fixed assets amounted to 16.921 (9.777) KSEK, where 15.497 (9.072) KSEK refers to intangible assets (mainly capitalized work).

## Cash Flow

Cash flow for the quarter amounted to 85.068 (11.616) KSEK.

Cash flow for the first six months amounted to 86.437 (22.996) KSEK.

During the first three quarters, amortizations of loans amounted to 1.600 (3.200) KSEK.

Investment in intangible fixed assets has been done, amounting to 1.933 (2.495) KSEK and during the first three quarters 7.752 (5.442) KSEK. The investment is mainly done in SSO Gen 2 and XL 1.5. During the third quarter the R&D-department has had a strong focus on customer satisfaction, and non capitalizable work has been spent on improvements that supports this.

## Employees

The number of employees at the Company was at the end of the period 39 (27). Compared to 2019, there has been an increase within all functions.



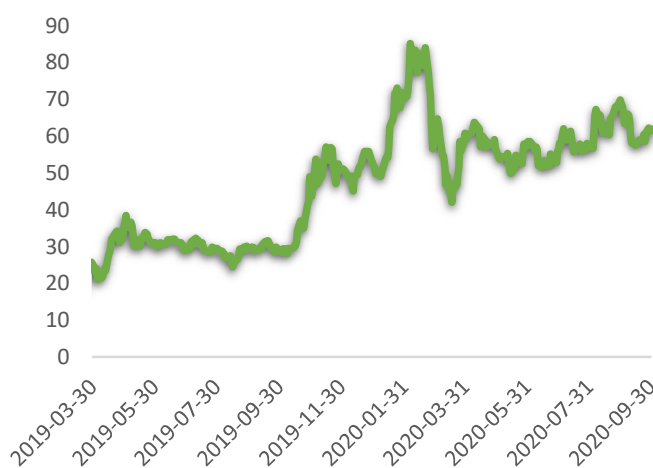
# The Ferroamp Share

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

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

Closing price for the quarter was 61,90 SEK/share. Highest price during the period was 73,20 SEK/share, the 31st of August, and the lowest price was 54,10 SEK/share the 2nd of July. During 2020 the highest price has been 88,30 SEK/share, the 19th of February and the lowest price was 41 SEK/share the 17th of March.

Closing Price, SEK



## New Share Issue

The 9th of September, Ferroamp went through with a directed new share issue through an accelerated book building offering. The issue contributed with 102 MSEK excluding costs of issue and 2.042.349 new shares.

The Company has through the issue extended its ownership base with strong long-term owners. Furthermore, the issue was done to invest in the international expansion that Ferroamp has started, as well as to enable investments in product development.

## Ownership Distribution, 2020-09-30

Owner	Number of shares	Percentage, votes and capital
Björn Jernström	1 425 700	11,63%
Nordea Fonder	1 103 094	9,00%
Första AP-Fonden	1 157 670	9,45%
KIC InnoEnergy SE	638 175	5,21%
Almi Invest Stockholm AB	500 000	4,08%
Åke Rehnman	497 325	4,06%
Försäkringsaktiebolaget Avanza Pension	442 913	3,61%
Mats Karlström	405 975	3,31%
Andra AP-Fonden	300 000	2,45%
Nordic Cross	271 000	2,21%
<b>Sum 10 largest shareholders</b>	<b>6 741 852</b>	<b>55,02%</b>
Other shareholders (approx. 5000)	5 512 240	44,98%
<b>Sum</b>	<b>12 254 092</b>	<b>100%</b>

## Stock warrant programs

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

	Decision made	Number of warrants	Number of shares	Exercise period	Exercise price, SEK	Target Group
Series 2018/2021	2018	62 500	62 500	010621-301021	16,00	CEO
Series 2019/2022	2019	185 000	185 000	010322-310522	52,10	Employees
Series 2020/2023	2020	69 000	69 000	010623-300623	69,56	Employees
<b>Total</b>		<b>316 500</b>	<b>316 500</b>			



## Definitions and key figures

### **Profit/loss after financial items**

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

### **Net sales**

Operating incomes, invoiced expenses, side revenues and revenue adjustments

### **Balance sheet total**

The Company's total assets.

### **Equity ratio (%)**

Equity as a percentage of total assets.

### **Earnings per share, SEK**

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

### **Diluted earnings per share, SEK**

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

### **Cash flow from operating activities**

Cash flow from operating activities including changes in working capital.

## Financial calendar

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



## Risks and uncertain factors in the operations

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

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

<http://www.ferroamp.se>

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

## Accounting principles

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



## Assurance from The Board of Directors

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

Stockholm, November 10  
The Board of Directors

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

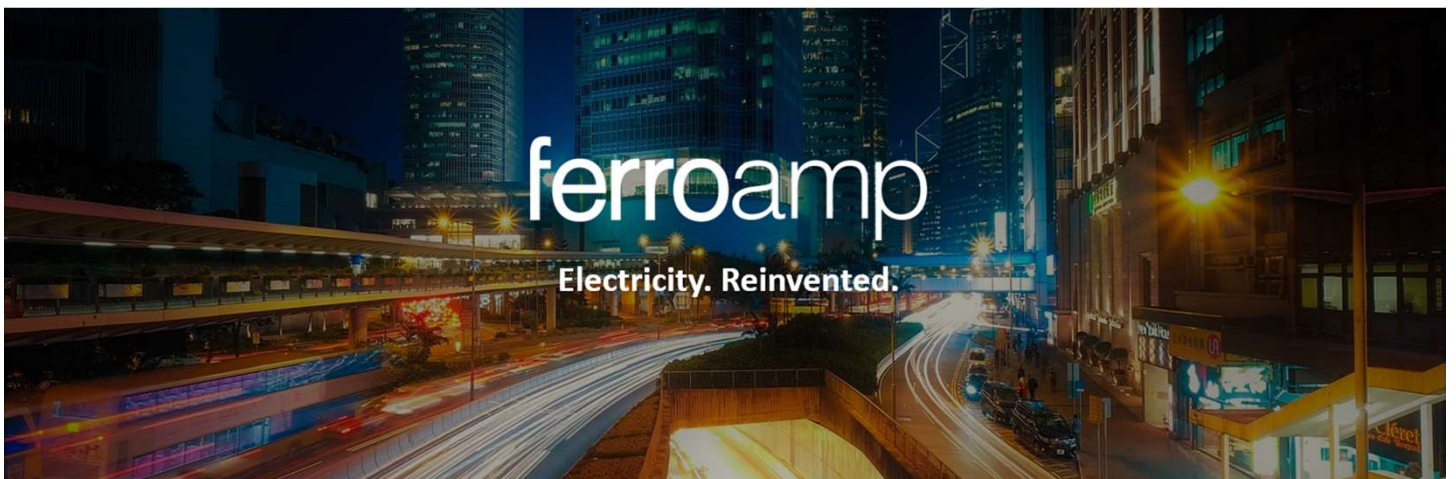
### Auditing by auditors

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

### Contact Information

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# Consolidated Financial Information

## Income Statement

KSEK	Jul-Sept 2020	Jul-Sept 2019	Jan-Sept 2020	Jan-Sept 2019
Net Sales	22 496	11 114	56 698	26 933
Capitalized work for own account	2 135	1 845	8 052	7 173
Other operating income	62	17	108	21
<b>Total operating income</b>	<b>24 692</b>	<b>12 976</b>	<b>64 859</b>	<b>34 127</b>
Raw material and consumables	-17 771	-9 488	-45 113	-22 438
Other external costs	-4 915	-4 460	-17 511	-15 686
Personnel costs	-6 778	-4 055	-22 103	-12 508
Depreciation of tangible and intangible fixed assets	-2 039	-360	-3 878	-1 044
Other operating costs	-16	-4	-16	-7
<b>Total operating costs</b>	<b>-31 519</b>	<b>-18 367</b>	<b>-88 620</b>	<b>-51 682</b>
<b>EBIT</b>	<b>-6 826</b>	<b>-5 391</b>	<b>-23 761</b>	<b>-17 555</b>
Financial costs	-157	-17	-254	-100
<b>Profit/ Loss after financial items</b>	<b>-6 983</b>	<b>-5 408</b>	<b>-24 015</b>	<b>-17 655</b>
<b>NET INCOME</b>	<b>-6 983</b>	<b>-5 408</b>	<b>-24 015</b>	<b>-17 655</b>
<b>Data per share</b>	<b>Jul-Sept 2020</b>	<b>Jul-Sept 2019</b>	<b>Jan-Sept 2020</b>	<b>Jan-Sept 2019</b>
Earnings per share, before and after dilution, SEK	-0,62	-0,63	-2,25	-2,35
Number of outstanding shares, closing of the period	12 254 092	9 106 873	12 254 092	9 106 873
Number of outstanding shares after dilution	12 501 592	10 705 910	12 501 592	10 705 910
Weighted average of outstanding shares during the period	11 232 918	8 641 788	10 680 483	7 514 087

## Balance Sheet

KSEK	Sept 30 2020	Sept 30 2019	Dec 31 2019
<b>ASSETS</b>			
Intangible fixed assets	15 497	9 072	11 383
Tangible fixed assets	1 374	693	1 184
Financial assets	50	12	12
<b>Total Fixed Assets</b>	<b>16 921</b>	<b>9 777</b>	<b>12 580</b>
Inventory	12 241	10 053	11 178
Current receivables	16 219	12 184	12 592
Cash and cash equivalents	102 848	24 368	16 411
<b>Total Current Assets</b>	<b>131 309</b>	<b>46 605</b>	<b>40 182</b>
<b>TOTAL ASSETS</b>	<b>148 230</b>	<b>56 382</b>	<b>52 761</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	16 873	9 938	12 249
Unrestricted equity	107 614	29 030	18 354
<b>Total Equity</b>	<b>124 487</b>	<b>38 968</b>	<b>30 603</b>
Long-term liabilities, interest-bearing	2 221	6 546	5 046
<b>Total Long-term Liabilities</b>	<b>2 221</b>	<b>6 546</b>	<b>5 046</b>
Current liabilities, interest-bearing	2 900	300	1 675
Current liabilities, non-interest-bearing	18 621	10 568	15 438
<b>Total Current Liabilities</b>	<b>21 521</b>	<b>10 868</b>	<b>17 113</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>148 230</b>	<b>56 382</b>	<b>52 761</b>



## Cash Flow Statement

KSEK	Jul-Sept 2020	Jul-Sep 2019	Jan-Sept 2020	Jan-Sept 2019
Cash flow from operating activities after financial items	-6 983	-5 391	-24 015	-17 555
Adjustments for non-cash items	2 039	1 358	3 878	2 023
Paid taxes	-49	30	-257	-157
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4 993</b>	<b>-4 003</b>	<b>-20 394</b>	<b>-15 689</b>
Changes in inventory	-99	-2 332	-88	-4 946
Changes in accounts receivables	-4 714	-3 194	-5 529	-1 465
Changes in current receivables	405	-402	1 193	-2 734
Changes in accounts payables	2 595	-2 188	-1 315	623
Changes in current payables	-254	3 847	4 490	-1 491
<b>Cash flow from operating activities</b>	<b>-7 060</b>	<b>-8 271</b>	<b>-21 643</b>	<b>-25 701</b>
Investments in intangible fixed assets	-1 933	-2 495	-7 752	-5 442
Investments in tangible fixed assets	-90	-538	-429	-778
Investments in financial assets	0	0	-38	0
<b>Cash flow from investing activities</b>	<b>-2 023</b>	<b>-3 033</b>	<b>-8 219</b>	<b>-6 220</b>
New share issue, net	95 600	23 020	117 899	58 117
Borrowing	0	0	0	0
Amortization	-1 450	-100	-1 600	-3 200
Warranties	0	0	0	0
Share capital	0	0	0	0
<b>Cash flow from financing activities</b>	<b>94 150</b>	<b>22 920</b>	<b>116 299</b>	<b>54 917</b>
<b>CASH FLOW</b>	<b>85 068</b>	<b>11 616</b>	<b>86 437</b>	<b>22 996</b>
<b>Liquidity opening day of period</b>	<b>17 780</b>	<b>12 752</b>	<b>16 411</b>	<b>1 374</b>
<b>LIQUIDITY CLOSING DAY OF PERIOD</b>	<b>102 848</b>	<b>24 368</b>	<b>102 848</b>	<b>24 368</b>

## Statement of Changes in Equity

KSEK	Share Capital	Development Fund	Unrestricted equity	Total Equity
Equity 31-12-2018	592	5 358	-2 272	3 678
Adjustment as a consequence of the adjusted accounting assessment of financing from Energimyndigheten			-5 172	-5 172
Adjusted ingoing equity 2019-01-01	592	5 358	-7 444	-1 494
Net Income of the Period			-24 203	-24 203
New Share Issue	319		60 459	60 778
Costs of Issue			-4 680	-4 680
Provisions for funds		5 980	-5 980	0
Warranties			202	202
<b>Equity on December 31 2019</b>	<b>911</b>	<b>11 338</b>	<b>18 354</b>	<b>30 603</b>

KSEK	Share Capital	Development Fund	Unrestricted equity	Total Equity
Equity 31-12-2018	592	5 358	-2 272	3 678
Adjustment as a consequence of the adjusted accounting assessment of financing from Energimyndigheten			-5 172	-5 172
Adjusted ingoing equity 2019-01-01	592	5 358	-7 444	-1 494
Net Income of the Period			-17 655	-17 655
New Share Issue	319		60 459	60 778
Costs of Issue			-2 863	-2 863
Provisions for funds		3 669	-3 669	0
Warranties			202	202
<b>Equity on September 30 2019</b>	<b>911</b>	<b>9 027</b>	<b>29 030</b>	<b>38 968</b>

KSEK	Share Capital	Development Fund	Unrestricted equity	Total Equity
Equity 01-01-2020	911	11 338	18 354	30 603
Net Income of the Period			-24 015	-24 015
New Share Issue	315		125 005	125 320
Costs of Issue			-7 420	-7 420
Provisions for funds		4 309	-4 309	0
Warranties			0	0
<b>Equity September 30 2020</b>	<b>1 225</b>	<b>15 647</b>	<b>107 614</b>	<b>124 487</b>