

Stockholm/Helsinki 30th Aug 2021



Year End Report

of

Meltron AB

Period

1st July 2020 - 30th June 2021

Year End Report

July 2020 - Jun 2021

2nd half Jan-Jun

- Net sales increased to 3,0 MSEK (1,2)
- Gross margin improved significantly from -18% to 8 %
- Operating costs incl. D&A amounted to -14,2 MSEK (-9,8)
- Operating loss increased to -11,1 MSEK (-8,4)
- Net result was -11,3 MSEK (-9,0)
- Cash flow from operations was -6,1 MSEK (-1,3)

Significant events of second half

- Break through order to Big Pharma delivered on time in full
- First large StreeLight order received and delivered on time in full to Metsä Group
- Sales pipeline reached record high level 82 MSEK

Significant events after the period

Continued funding secured: the Board of Directors resolved to initiate and to make preparations to carry out a rights issue of MSEK 26 in October to secure going concern. G&W Fondkommission was tasked to manage the rights issue and syndicate a guarantee of approximately 90 percent, i.e. 23 MSEK. The guarantee syndication has been successfully completed whereby Meltron has certainty of successful issue. The rights issue will require changes of share capital to be resolved by the Annual General Meeting 1st Oct and will be carried out between 6th Oct and 20th Oct 2021. The issue will allow Meltron to invest in further business growth, production capacity and finances working capital, incl. repayment of short-term loans.

Full year

- Net sales increased to 5,7 MSEK (3,2)
- Gross margin improved significantly from -29% to 21%
- Operating costs incl. D&A amounted to -27,6 MSEK (-21,4)
- Operating loss increased slightly to -21,7 MSEK (-21,1)
- Net result was -25,3 MSEK (-23,2)
- Cash flow from operations was -14,4 MSEK (-28,6)

Significant events of the full year

- Break through customer won from Big Pharma
- Successful rights issue 32 MSEK carried out in Autumn 2020
- Re-orders from key industrial customers consolidated sales
- Sales strategy changed putting more focus on partnerships

Multi-year overview (Group)

	2020/2021	2019/2020	2020/2021	2019/2020
KSEK unless stated otherwise	Jan-Jun	Jan-Jun	Jul-Jun	Sep-Jun
Net sales	3 044	1 225	5 714	3 160
Operating profit	-11 067	-8 359	-21 721	-21 091
Profit after financial items	-11 252	-9 013	-25 297	-23 211
Balance sheet total	22 757	23 036	22 757	23 036
Equity	13 037	12 926	13 037	12 926
Result per share, SEK	-0,05	-0,08	-0,11	-0,28
Equity ratio %	57,3%	56,1%	57,3%	56,1%
Number of employees, annual average	12	11	12	11
Number of employees at the end of the period	12	11	12	11

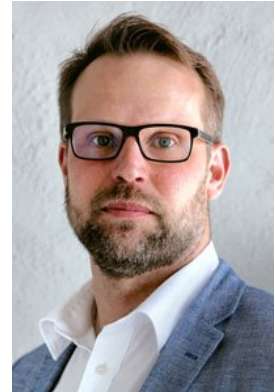
Multi-year overview (Parent Company)

	2020/2021	2019/2020	2020/2021	2019/2020
KSEK unless stated otherwise	Jan-Jun	Jan-Jun	Jul-Jun	Sep-Jun
Net sales	233	653	488	1 113
Operating profit	-3 922	-4 090	-8 735	-13 655
Profit after financial items	-49 941	-4 694	-55 055	-14 308
Balance sheet total	57 310	84 448	57 310	84 448
Equity	53 467	82 709	53 467	82 709
Earnings per share, SEK	-0,21	-0,04	-0,23	-0,17
Equity ratio %	93,3%	97,9%	93,3%	97,9%
Opening number of shares	160 111 553	132 587 175	160 111 553	13 071 455
Number of shares at the end of the period	288 219 331	160 111 553	288 219 331	160 111 553
Ongoing registration of shares	-	-	-	-
Average number of shares	240 851 749	114 086 932	240 851 749	83 993 399
Share price at balance sheet date, SEK	0,17	0,35	0,17	0,35
Number of employees, annual average	1	1	1	1
Number of employees at the end of the period	1	1	1	1

Meltron Oy was acquired on 2019-08-31. Consolidated accounts are thus presented for the period Sep 2019 to Jun 2020.

A word from the CEO

Meltron strengthened its customer and partner relationships in the second half of our financial year despite a very challenging operating environment. Our sales grew by 51% year on year and we would have grown further without the corona restrictions and the supply constraints of key electronic components which started towards the end of the period. The re-start of the global economy has indeed created a new problem of greatly lengthened supply chain in everything ranging from special plastics to key electronic components. Early in 2021 we decided to make some strategic purchases to mitigate part of the problems. We consider the supply constraints a medium-term issue. Moreover, due to the re-start of the economy we have now re-engaged several large projects, especially in the Middle-East, where our pipeline is at a record high level. An important element in revenue generation was the repeat orders from several large industrial customers indicating the lengthy testing period of our solutions has turned into recognition of our superior quality. We expect steady growth from these relationships during the next financial year.



Furthermore, Meltron has undergone a thorough strategy review and fine-tuning process wherein every employee of the company took part. The major changes are twofold. Firstly, we concluded that the focus of our product development strategy now shifts from creating entirely new solutions to improving our existing solutions for key applications. This will reduce the one-off costs somewhat while the focus of our entire organization is sales generation and servicing our customers with even better lighting solutions.

The second major change is the overhaul of our sales strategy resulting in adding great focus on selling through partnerships. While we intend to maintain and strengthen our direct sales which are important for end customer closeness, we expect the partnerships to generate meaningful sales growth going forward. At the heart of our partnership strategy are three core multi-national partnerships under development. We are in advanced negotiations with a partner for our Explosive Proof or ATEX product family; secondly, for our Road & Street product family we are negotiating with a partner that intends to integrate our lighting solution with their Smart City concept; and thirdly, we are negotiating with a leading global brand for a partnership in industrial lighting solutions. In addition to established customer networks, the partners are all providers of lighting control systems, which strengthen Meltron's offering and enable Meltron to provide "more than just light".

The partnerships have been the missing piece of our puzzle. We have technologically superior and proven lighting solutions but we have been lacking sufficient channels to scale up our sales. Direct contact to customers will remain a central enabler for maintaining product superiority while achieving sufficient volume and therethrough profitability will be achieved by working closely together with our new partners. Thereby, we look to the future with great confidence and we expect a commercial break-through during next financial year.

Stockholm/Helsinki, August 2021

Ville Sistonen, CEO

Meltron AB

Information about operations

Meltron develops, manufactures and sells LED light sources that are based on a number of patents within electronics, optics and linear drivers for applications in critical infrastructure and tough industrial environments.

Revenue

Meltron Group's sales increased by 51% year on year to 5,7 MSEK. The positive development that started at the end of H1 continued during the second half. Revenue generation was characterized by increased amount of reorders from earlier customers vis a vis one off capex project wins. Significant orders during the year has been a break-through order EX explosion proof lights from a global big pharma customer, which has been delivered on schedule, and an important order from an industrial customer for our innovative RS streetlight. We now have a fairly broad sales pipeline and we expect orders from old and new customers but also recognize that customer's lead times for orders remain very long.

Operating loss and net loss

Group's operating loss amounted to -21,7 MSEK. The result was burdened by costs related to the rights issue in October 2020 -3,7 MSEK and to front-loaded investments into the organization -2 MSEK. The financial net was -3.6 MSEK, burdened by -2.3 MSEK costs related to an old financing arrangement of Meltron Oy, which is now largely settled. The net loss amounted to -25.3 MSEK.

Balance sheet

Meltron Group's balance sheet turnover was 22,8 MSEK which is virtually unchanged vis a vis previous financial year. During H1 Meltron successfully executed a rights issue amounting to 32 MSEK and during H2 inventories grew by 54% due to increased business volume and lengthening of the electronic component supply chain. Group Equity Ratio stood at 57% at the end of the period.

Note on parent company Profit and Loss

The majority of Group operations are conducted through the Finnish fully owned subsidiary Meltron Oy and as a consequence majority of the losses are generated in the subsidiary. The losses have been financed by the parent company and consolidated in increased equity and a corresponding increase of the value in the balance sheet of the parent company. In view of the current situation, the valuation of Meltron and following the precautionary principle, Meltron AB's Board of Directors has now decided to write off 50% or some 46 MSEK of the book value of the Meltron Oy shares in Meltron AB's balance sheet. The write off amounting to some -46 MSEK increased the parent company loss which then amounted to -55.1 MSEK.

Note on parent company balance sheet

The forementioned write-off of Meltron Oy shares in the parent company Meltron AB's balance sheet amounting to some -46 MSEK has reduced the unrestricted equity by 22,2 MSEK and the remaining 23,9 MSEK was financed from share capital. The Board of Directors will propose to the Annual General Meeting on 1st Oct 2021 to reduce the share capital and to restore the unrestricted equity.

Key risks and uncertainty factors

The shock start to the global economy towards the end of our financial year has caused significant extensions of the delivery times of key electronic components. Inability to source components timely will impact Meltron's revenue generation negatively and will in all likelihood cause price increases impacting gross margin negatively. We have made strategic purchases and planned for alternative solutions to mitigate delays. We expect the global supply chain to stabilize during the next financial year.

Meltron has previously entered into partnerships in Oman and a joint-venture in the US. The success of such partnerships is not in our direct control and there is a risk that our commonly agreed targets are not met.

Corona

The Corona pandemic continues to impact our operating environment negatively. The biggest impact currently is the forementioned global supply chain imbalance in electronic components, which lengthens the supply process of key components therethrough lengthening the cash conversion cycle and possibly reducing sales. Secondly, our customers are continuing to restrict access to their operating sites and face to face meetings impacting sales. The situation varies from market to market and the most challenging situation is in the Middle East where the pandemic may cause further delays to large projects.

Appropriation of profit, disclosure etc.

The Board of Directors proposes that the unrestricted equity of Meltron AB, SEK -23,913,041, is carried forward.

The Annual Report will be published on 7th Sep 2021 together with the auditor's report. It will be made available on the Company's website, www.meltron.com and <https://investor.meltron.com/>.

The Annual General Meeting will be held on 1st Oct 2021 in Stockholm, Sweden.

Meltron will report the half year 1st Jul 2021 – 31st Dec 2021 on the 18th Feb 2022 (preliminary).

The report will be published in www.meltron.com

Accounting principles

This report has been prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3) are applied in the preparation of the financial reports.

This report has not been subject to audit.

Definitions of indicators:

Earnings per share

Profit/loss for the period in relation to average number of shares during the p

Result per share:

Profit for the period in relation to the average number of shares during the period

Equity ratio

Equity at the end of the period as percentage of total assets

Average number of shares

Average of number of shares at the end of the period

Stockholm 30th August 2021

Göran Lundgren
Chairman of the Board

Ville Sistonen
Chief Executive Officer

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Read more at www.meltron.com

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Consolidated Income Statement

KSEK	2020/2021 Jan-Jun	2019/2020 Jan-Jun	2020/2021 Jul-Jun	2019/2020 Sept-Jun
Operating income				
Net sales	3 044	1 225	5 714	3 160
Other operating income	95	213	170	660
Total income	3 139	1 438	5 884	3 820
Operating costs				
Cost of goods sold	-2 806	-1 449	-4 528	-4 081
Other external charges	-7 231	-4 459	-11 202	-13 171
Personnel costs	-2 337	-1 750	-8 296	-4 137
Depreciation and amortization of tangible and intangible assets	-1 832	-2 139	-3 579	-3 522
Total operating costs	-14 206	-9 797	-27 605	-24 911
Operating profit/loss	-11 067	-8 359	-21 721	-21 091
Net financial items	-185	-654	-3 576	-2 120
Profit/loss after financial items	-11 252	-9 013	-25 297	-23 211
Profit/loss before tax	-11 252	-9 013	-25 297	-23 211
Taxes	-	-	-	-
Net profit/loss	-11 252	-9 013	-25 297	-23 211

Consolidated Balance Sheet

KSEK	2021 30 Jun	2020 30 Jun	2020 31 Dec	2019 31 Dec
ASSETS				
Long term assets				
Capitalized research and development costs	3 342	3 482	2 977	2 520
Patents and immaterial rights	11 113	12 826	11 919	13 555
Property, plant and equipment	1 364	1 652	1 570	1 848
Other long term assets	49	51	51	51
Long-term receivables	238	225	221	224
Total long term assets	16 106	18 236	16 738	18 198
Current assets				
Inventory	4 040	2 218	2 906	2 613
Accounts receivable	310	305	1 191	264
Other short term receivables	1 672	2 044	2 447	2 946
Cash and equivalents	629	233	6 728	1 509
Total current assets	6 651	4 800	13 272	7 332
Total assets	22 757	23 036	30 010	25 530
LIABILITIES				
Equity				
Share capital	72 055	40 027	72 055	33 146
Retained earnings including net profit for the period	-59 018	-27 101	-47 825	-18 432
Total equity	13 037	12 926	24 230	14 714
Provisions				
Other provisions	170	319	327	300
Total provisions	170	319	327	300
Long term liabilities				
Interest bearing debt	794	3 293	783	3 954
Total long term liabilities	794	3 293	783	3 954
Current liabilities				
Interest bearing debt	886	917	884	266
Accounts payable	1 191	2 526	775	4 036
Other current liabilities	6 679	3 055	3 011	2 260
Total current liabilities	8 756	6 498	4 670	6 562
Total liabilities	22 757	23 036	30 010	25 530

Changes in Group Equity

	2020/2021	2019/2020
KSEK	Jul-Jun	Sep-Jun
Opening balance equity	12 926	-5 021
Changes in equity reserves	-	8 929
Rights issue	25 814	32 462
Translation differences	-406	-233
Net profit/loss	-25 297	-23 211
Closing balance	13 037	12 926

Consolidated Cash Flow Statement

	2020/2021	2019/2020	2020/2021	2019/2020
KSEK	Jan-Jun	Jan-Jun	Jul-Jun	Sep-Jun
Profit after financial items	-11 252	-9 013	-25 297	-23 211
Depreciation/amortization	1 675	2 158	3 470	3 623
Other non-cash adjustments	-	-	-127	-
Cash flow from operating activities before changes in working capital	-9 577	-6 855	-21 954	-19 588
Change in working capital	4 651	406	7 521	-9 025
Cash flow from operations	-4 926	-6 449	-14 433	-28 613
Cash flow from investment activities	-1 185	-2 175	-1 752	-2 362
Cash flow from financing activities	12	7 348	16 581	31 207
Cash flow from the period	-6 099	-1 276	396	232
Cash at the beginning of the period	6 728	1 509	233	1
Cash at the end of the period	629	233	629	233

Parent Company Income Statement

KSEK	2020/2021 Jan-Jun	2019/2020 Jan-Jun	2020/2021 Jul-Jun	2019/2020 May-Jun
Operating income				
Net sales	233	653	488	1 113
Other operating income	39	63	52	66
Total income	272	716	540	1 179
Operating cost				
Cost of goods sold	-688	139	-1 120	-1 237
Other external charges	-1 751	-3 338	-4 635	-9 751
Personnel costs	-822	-656	-1 635	-1 563
Depreciation and amortization of tangible and intangible assets	-933	-951	-1 885	-2 283
Total operating costs	-4 194	-4 806	-9 275	-14 834
Operating profit/loss	-3 922	-4 090	-8 735	-13 655
Net financial items	-46 019	-604	-46 320	-653
Profit/loss after financial items	-49 941	-4 694	-55 055	-14 308
Profit/loss before tax	-49 941	-4 694	-55 055	-14 308
Taxes	-	-	-	-
Net income/loss	-49 941	-4 694	-55 055	-14 308

Parent Company Balance Sheet

KSEK	2021 30 Jun	2020 30 Jun	2020 31 Dec	2019 31 Dec
ASSETS				
Long term assets				
Capitalized research and development costs	323	674	488	858
Patents and immaterial rights	6 601	8 120	7 361	8 881
Equipment	16	12	23	17
Subsidiary shares	46 063	71 532	82 004	54 198
Total long term assets	53 003	80 338	89 876	63 954
Current assets				
Inventory	1 700	758	868	1 017
Accounts receivable	205	102	257	264
Other short term receivables	1 921	3 018	8 165	14 787
Cash and equivalents	481	232	5 553	1 508
Total current assets	4 307	4 110	14 843	17 576
Total assets	57 310	84 448	104 719	81 530
LIABILITIES				
Equity				
Share capital	72 055	40 028	72 055	33 147
Reserve fund	5 021	6 185	5 603	6 768
Development fund	304	674	489	859
Retained earnings including net profit for the period	-23 913	35 822	25 261	39 281
Total equity	53 467	82 709	103 408	80 055
Provisions				
Other provisions	170	319	327	300
Total provisions	170	319	327	300
Current liabilities				
Accounts payable	248	313	383	737
Other current liabilities	3 425	1 107	601	438
Total current liabilities	3 673	1 420	984	1 175
Total liabilities	57 310	84 448	104 719	81 530

Changes in Parent Company Equity

	2020/2021	2019/2020
KSEK	Jul-Jun	May-Jun
Opening balance equity	82 708	10 357
Net profit/loss	-55 055	-14 308
Rights issue	25 814	86 659
Closing balance	53 467	82 708

Parent Company Cash Flow Statement

	2020/2021	2019/2020	2020/2021	2019/2020
KSEK	Jan-Jun	Jan-Jun	Jul-Jun	May-Jun
Profit after financial items	-49 941	-4 694	-55 055	-14 308
Depreciation/amortization	46 839	969	47 840	2 319
Other non-cash adjustments	-	-	107	-
Cash flow from operating activities before changes in working capital	-3 102	-3 725	-7 108	-11 989
Change in working capital	8 154	12 435	9 002	-3 198
Cash flow from operations	5 052	8 710	1 894	-15 187
Cash flow from investment activities	-10 124	-17 334	-20 614	-17 334
Cash flow from financing activities	-	7 348	18 969	32 462
Cash flow from the period	-5 072	-1 276	249	-59
Cash at the beginning of the period	5 553	1 508	232	291
Cash at the end of the period	481	232	481	232