

## Savosolar Plc's business review for January–March 2021

### Key figures in January–March 2021

- Savosolar's revenue in January–March amounted to EUR 0.7 million (January–March 2020: EUR 1.3 million).
- Operating result (EBIT) in January–March amounted to EUR -1.1 million (EUR -1.0 million).
- Net result for January–March totalled EUR -1.2 million (EUR -1.1 million).

### Savosolar's CEO Jari Varjotie:

“Our Narbonne, Pons and Cadaujac projects currently in the delivery stage progressed as planned during the first quarter. The systems in Issoudun and Creutzwald have been in use for most of the early part of the year, producing clean energy to our customers, but their final handovers were postponed to the second quarter.

Revenue for January–March remained below that of the last year's first quarter. Our revenue mainly comes from projects, i.e. from their percentage-of-completion revenue recognition according to cumulative costs. It is typical of project-based operations that the revenue of individual quarters may vary significantly depending on the degree of completion of the project deliveries.

In the development of our operations, we have put special effort in increasing the efficiency of the execution of multiple concurrent projects and in the development of project procurements. Indeed, this development work has already yielded good results. As the volume of our deliveries will continue to grow, the ability to efficiently deliver multiple projects at the same time will be of pronounced significance. We have continued our determined efforts to develop our operations towards profitable business.

Our operating result for January–March was EUR -1.1 million. Net result for the period stood at EUR -1.2 million.

Our order backlog at the end of March stood at EUR 1.3 million, compared to EUR 3.2 million a year ago. The order backlog of the comparison period was increased by the large orders, Issoudun and Creutzwald. In the company's sales management system, the total value of projects in the tendering and planning stage amounted to approximately EUR 138 million (EUR 117 million at the end of 2020). In the figure at the end of March can be seen the growing interest of industries in the use of clean solar energy for their process heating, and the budgetary offers made for such projects.

In Germany, we won a competitive tendering in March concerning the delivery of a solar thermal system to Stadtwerke Lemgo GmbH, but the contract negotiations did not lead to an agreement. The fact that Savosolar won the competitive tendering serves as ample proof that our determined work on the solar thermal systems market has strengthened our foothold in Central Europe.

The market outlook for solar thermal energy remains very favourable especially in Europe, as both companies and cities seek genuinely clean solutions for heat generation. Interest towards clean heat generation is

increasing not only in France, but also in Germany and Poland in particular. The Green Deal programme of the European Union supports this development elsewhere in Europe as well. On the other hand, delays could be noticed in our clients' investment decisions as they wait for the national Green Deal support programmes to be specified in more detail.

Outside Europe, international mining companies, for example, are actively seeking new forms of energy instead of fossil energy sources.

In Asia, our negotiations with the Chinese company Guangzhou Power Supply Co., Ltd. have advanced favourably.

In March, the City of Helsinki announced the winners of its Helsinki Energy Challenge competition. The HIVE consortium, in which Savosolar Plc participated, was selected as one of the winners. The competition sought solutions for carbon neutral heating. The HIVE consortium's proposal consists of proven technologies. It combines technologies such as sea water heat pumps, large-scale solar thermal systems, electrical boilers and heat storages. The win demonstrates that solar heat can be a competitive form of heat generation for northern cities as well and that it can also be easily combined with other sources of energy. In addition to the HIVE consortium, Savosolar was involved in the Sustainable Heat Coalition consortium that was also chosen to the finals. Both consortia have already started to utilise the solutions in international marketing and sales.

The subscription period of the Warrant Plan 2-2020 also took place during the reporting period. Of the warrants, nearly 90 percent were exercised to subscribe for shares. With the subscriptions made with warrants and the directed share issue with regard to warrants that remained unexercised, we raised about EUR 1.4 million in new share capital before transaction costs.

Savosolar's solar thermal systems generate emission-free thermal energy. We help organisations and companies to reduce their CO<sub>2</sub> emissions with clean renewable thermal energy. Our strengths include advanced collector technology, compatibility with other heat generation equipment, and ability to implement systems on a turnkey basis that exceed the client's expectations. On the market, we are renowned as an innovative and dependable operator, who helps its clients to attain their environmental goals cost-effectively."

## **BUSINESS PERFORMANCE IN JANUARY–MARCH 2021**

*The comparison figures of this business review refer to the corresponding period in 2020, unless otherwise indicated. The business review has not been audited.*

Savosolar's revenue in January–March amounted to EUR 0.7 (1.3) million.

Savosolar's operating result (EBIT) for January–March amounted to EUR -1.1 (-1.0) million. Net result for January–March totalled EUR -1.2 (-1.1) million. The result was weakened by the lower revenue year-on-year in the first quarter recognised from projects using the percentage of completion method, and the EUR 0.1 million finance costs of the Warrant Plan 2-2020 and the related directed share issue carried out in March.

Cash and cash equivalents at the end of the reporting period on 31 March 2021 totalled EUR 2.5 (0.1) million. Equity at the end of the reporting period amounted to EUR 4,4 (2,0) million, with the equity ratio being 64,0 (44,9) per cent.

**Comparison by reporting period (FAS, unaudited)**

(EUR 1,000)	Jan-Mar 2021	Jan-Mar 2020	Change (%)	Jan-Dec 2020
Revenue	742	1,270	-41.5	5,117
Operating profit/loss (EBIT)	-1,090	-1,045	-4.4	-3,897
Profit/loss for the period	-1,230	-1,079	-14.0	-4,977

**EVENTS DURING THE REPORTING PERIOD**

On 26 March 2021, Savosolar announced that it was selected as the primary bidder to negotiate the delivery of a solar heating system worth about EUR 2.1 million to Stadtwerke Lemgo GmbH in Germany. The contract negotiations ended without results, which was announced by Savosolar after the reporting period on 14 April 2021.

On 15 February 2021, Savosolar announced that it had entered into a settlement agreement with Sunti SAS where the parties agreed that neither party will file an appeal against the resolution passed by the Commercial Court of Montpellier on 23 December 2020, in which Savosolar was ordered to pay Sunti SAS a total of EUR 137,000 in damages for a breach of contract regarding the exclusivity clause in a competitive tendering for a solar thermal project.

On 8 January 2021, Savosolar announced having signed a contract worth approximately EUR 300,000 on a pilot delivery of a solar thermal system to AbSolar in Cadaujac, France.

The share subscription period for Savosolar Plc's 2-2020 warrants ended on 19 March 2021. Based on the warrants, 12,977,135 new shares were subscribed for and the company raised approximately EUR 1,3 million in new share capital before transaction costs. Approximately 89.5 per cent of the warrants were exercised to subscribe for shares. Additionally, with regard to warrants that remained unexercised, the company's Board of Directors decided on a directed share issue in which the company raised approximately EUR 0.1 million in proceeds before transaction costs. A total of 14,498,631 new shares were subscribed for in the warrant plan and directed share issue. The new shares were registered with the Finnish Trade Register on 29 March 2021. The total number of shares in the company as at 31 March 2021 was 77,440,623.

**SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

On 14 April 2021, Savosolar announced that the negotiations between Savosolar and Stadtwerke Lemgo GmbH in Germany regarding the delivery of a solar heating system ended without results.



## **SAVOSOLAR'S ANNUAL GENERAL MEETING AND FINANCIAL COMMUNICATIONS IN 2021**

Savosolar's Annual General Meeting will be held on 27 April 2021 at 16.00. Due to the Covid-19 pandemic, the Annual General Meeting will be held without shareholders' or their proxy representatives' presence at the meeting venue. The arrangement is based on the temporary act that entered into force on 3 October 2020.

Savosolar will publish its half-year report for January–June on 19 August 2021.  
Business review for January–September will be published on 27 October 2021.

SAVOSOLAR PLC  
Board of Directors

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### **Savosolar in brief**

Savosolar with its highly efficient collectors and large-scale solar thermal systems has taken solar thermal technology to the next level. The company's collectors are equipped with the patented nano-coated direct flow absorbers, and with this leading technology, Savosolar helps its customers to produce competitive clean energy. Savosolar's vision is to be the first-choice supplier to high performance solar installations on a global scale. Focus is on large-scale applications like district heating, industrial process heating and real estate systems – market segments with a big potential for rapid growth. The company primarily delivers complete systems from design to installation, using the best local partners. Savosolar is known as the most innovative company in the business and aims to stay as such. Savosolar's shares are listed on Nasdaq First North Growth Market Sweden with the ticker SAVOS and on Nasdaq First North Growth Market Finland with the ticker SAVOH. [www.savosolar.com](http://www.savosolar.com)

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