

Savosolar Plc's business review for January–March 2022

Key figures and significant events in January–March 2022

- Savosolar's revenue in January–March amounted to EUR 1.4 million (1-3/2021: EUR 0.7 million).
- Operating result (EBIT) in January–March amounted to EUR -1,2 million (EUR -1.1 million).
- Net result for January–March totalled EUR -1.2 million (EUR -1.2 million).
- Contract with Newheat SAS on the delivery of a solar thermal field to Verdun, France, worth about EUR 3.0 million.

Savosolar's CEO Jari Varjotie:

“The first quarter of 2022 was predominated by Russia's shocking invasion of Ukraine. Savosolar has no sales or purchases in Russia, Belarus or Ukraine, but Russia's invasion of Ukraine has increased turbulence in the energy market and added to the uncertainty concerning the availability and prices of materials and components caused by the Covid-19 pandemic.

Despite the uncertainty in the energy market, Savosolar's year has started from sales perspective in line with our expectations. Our revenue in January–March was EUR 1.4 million, a clear improvement on the beginning of last year. However, the operating result for the reporting period fell short of our expectations and was EUR -1.2 million, the same as the year before. Our order backlog at the end of March stood at EUR 1.9 million, compared to EUR 1.3 million a year ago.

By far the most positive event in the first quarter was the contract we signed with Newheat SAS on the delivery of a solar thermal field worth around EUR 3 million to Verdun, France. Once completed, the system will produce heat for Lactalis Group's whey powder factory, being the largest solar heating system in France for industrial process heat. This is already our fourth system delivery to Newheat who, as the owner and operator of the solar heating system, sells the heat it produces to its customers under long-term contracts. Emission-free solar heat has proven to be an excellent substitute for fossil energy sources not only in district heating but also in industry. The construction of the Verdun solar thermal field began at the end of March and the system is due for commissioning towards the end of 2022. The handover of the field is planned to take place in the spring of 2023.

The market outlook for solar heat is favourable especially in Central Europe, as both companies and cities seek genuinely clean solutions for heat generation. In addition, the rising energy prices and the desire of European countries to significantly reduce their dependence on fossil energy imports from Russia are estimated to further speed up the green transition. At the same time, there is an increasing focus on lifecycle emissions of products and services. Solar heat is also highly competitive when life cycle emissions are compared, as its life cycle emissions are lower than those of any other form of energy. The demand is growing outside the European

Union as well, and many international mining companies, for example, are actively seeking new forms of energy to replace fossil fuels.

The growing demand and market activity are also reflected in our operations. During the first quarter of 2022, we have made about twice as many budget offers volume-wise, and about four times as many budget offers money-wise, than in the first quarter of last year. We have strengthened our sales in Central Europe as planned through recruitments both to the German-speaking Central Europe and to the growing clean energy market in Poland.

It seems that the market will return to a growth track in 2022, although the war in Ukraine has increased uncertainty about the development of the energy market, especially in the short term, and some of the fossil energy imports from Russia will likely have to be replaced in the short term by other rapidly deployable fossil energy sources.

The projects we have already implemented, the emission reductions they bring and their concrete economic benefits to our customers are excellent references when reliable and clean heat is sought for within and outside of Europe.”

BUSINESS PERFORMANCE IN JANUARY–MARCH 2022

The comparison figures of this business review refer to the corresponding period in 2021, unless otherwise indicated. The business review has not been audited.

Savosolar’s revenue in January–March amounted to EUR 1.4 (0.7) million. In particular, the revenue was increased on the comparison period by the prefabricated collectors allocated to the Verdun project, which we were able to produce in stock because, already in 2021, we anticipated a price increase and reduced availability of materials and components by increasing inventory buffers. We have continued to prepare for the turbulence in the materials market also in the beginning of 2022, both in our material purchases and in pricing of our sales offers.

Savosolar’s operating result (EBIT) for January–March amounted to EUR -1.2 (-1.1) million. Net result for January–March totalled EUR -1.2 (-1.2) million. The result was burdened by the increased prices of certain materials and additional investments in sales in growing markets. Cash and cash equivalents as at 31 March 2022 totalled EUR 2.7 (2.5) million.

Equity at the end of the reporting period amounted to EUR 4.8 (4.4) million, with the equity ratio being 65.1 (64.0) per cent. At the end of the reporting period, the balance sheet total was increased by EUR 1.3 (0.2) million in collectors that were allocated to projects but not yet delivered.

Comparison by reporting period (FAS, unaudited)

(EUR 1,000)	Jan-Mar 2022	Jan-Mar 2021	Change (%)	Jan-Dec 2021
Revenue	1,447	742	94.9%	2,497
Operating profit/loss (EBIT)	-1,176	-1,090	-7.8%	-4,554
Profit/loss for the period	-1,198	-1,230	2.6%	-5,772

EVENTS DURING THE REPORTING PERIOD

On 23 March 2022, Savosolar announced that it had signed a contract with Newheat SAS on a delivery of a solar thermal field to Verdun, France. The solar field to be delivered is more than 15,000 m² in size, and the value of the delivery is about EUR 3.0 million. Once completed, the system will produce heat for Lactalis Group's whey powder factory, being the largest solar heating system in France for industrial process heat. The commissioning of the system is planned to take place in late 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The share subscription period with Savosolar Plc's 1-2021 warrants started on 21 March and ended after the reporting period on 1 April 2022. Based on the warrants, 33,991,820 new shares were subscribed for, and the company raised about EUR 1.02 million in new share capital before transaction costs. Of the warrants, about 87.8 percent were exercised to subscribe for shares. The new shares were registered with the Finnish Trade Register on 8 April 2022. The total number of shares in the company after the share subscriptions carried out with the warrants is 199,179,456 shares.

SAVOSOLAR'S ANNUAL GENERAL MEETING AND FINANCIAL COMMUNICATIONS IN 2022

The Annual General Meeting of Savosolar Plc will be held on Tuesday, 26 April 2022 starting from 16:00 (EET) in the Technopolis Ruoholahti seminar room "Mill" at Hiilikatu 3, 00180 Helsinki, Finland.

Savosolar will publish its half-year report for January–June on 18 August 2022.
Business review for January–September will be published on 26 October 2022.

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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.

The Company's Certified Adviser is Augment Partners AB, info@augment.se, tel. +46 8 604 22 55.