

Meriaura Group Plc's business review for January–September 2023

Key figures in July–September 2023

- Revenue in July–September amounted to EUR 15.7 million (July–September 2022: EUR 0.8 million).
- EBITDA was EUR 1.7 million (EUR -1.0 million), or 10.6% of revenue.
- The operating result (EBIT) amounted to EUR 0.3 million (EUR -1.1 million).
- The result was EUR 0.0 million (EUR -1.2 million).

Key figures and significant events in January–September 2023

- Revenue in January–September amounted to EUR 47.1 million (January–September 2022: EUR 2.9 million).
- EBITDA was EUR 4.3 million (EUR -3.3 million), or 9.0% of revenue.
- The operating result (EBIT) amounted to EUR 0.2 million (EUR -3.5 million).
- The result was EUR -0.6 million (EUR -3.7 million).
- Kirsi Suopelto started as the CEO of the Group on 12 May 2023.
- The Renewable Energy business was sold to Meriaura Energy Oy, a new wholly owned subsidiary of the parent company, on 31 May 2023.
- The change of name from Savosolar Plc to Meriaura Group Plc took place on 1 June 2023.
- In June, Meriaura Energy Oy entered into an agreement with Bauer Holzenergie GmbH on the delivery of a solar thermal system to Bad Rappenau in Germany. The value of the agreement is around EUR 9 million. On 13 October 2023, Meriaura Group announced that the parties had agreed to start the project despite a delay in the building permit process. The delivery of system started immediately, and its commissioning will take place in 2024.

The comparison figures from 2022 presented in the key figures and later in this business review are previously published financial figures for Savosolar Plc, unless otherwise stated.

Kirsi Suopelto, CEO of Meriaura Group Plc:

“The Meriaura Group’s performance in the third quarter met our expectations. Our revenue in the third quarter was EUR 15.7 million, and our revenue in January–September amounted to around EUR 47 million.

In maritime transport, the third quarter is typically the slowest quarter of the year, and this year was no exception. In 2022, however, the third quarter was the best of the year, which is exceptional. In 2023, as expected, demand was subdued during the summer holiday season in July and August but started to grow towards the end of the third quarter. In bulk transport, the volumes have remained relatively stable because of

long-term customer contracts. The general deterioration of the economic situation and increased uncertainty affected the demand for and cargo levels of spot shipments to some extent in the third quarter. The demand for project shipments decreased in the middle of the summer but returned to normal levels towards the end of the quarter. Fuel prices being higher than in the second quarter, which had a positive impact on revenue as it was reflected in the price of marine fuel charged to customers.

In January–September, the Meriaura Group’s EBITDA was EUR 4.3 million (EUR -3.3 million), or 9% of revenue.

Since the summer, the Renewable Energy business has been preparing for the implementation of the delivery contract with Bauer Holzenergie GmbH. As we announced after the review period, we have agreed with Bauer Holzenergie to start the project despite the delay in the building permit for the project. Bauer Holzenergie uses solar heat for both district heating and industrial process heat.

Increasing the use of renewable energy remains a priority for industry and district heating companies. According to market forecasts, the solar heat market is expected to grow significantly in the coming years, especially in industrial heat production. According to a market survey by Solrico, a German market research agency, there are around 40 large solar heat projects in Europe that are currently in the planning phase and will possibly be completed within the next three years. This would mean an increase of 50% in installed capacity between 2024 and 2026. Growth is boosted by support from society to reduce carbon dioxide emissions. In Germany, for example, the government approved a funding package of around EUR 13 billion for investments in renewable energy in August.

In Marine Logistics, we expect that demand will start to grow towards the end of the year thanks to our strong contract base and new project orders.

In the spring, we carried out a restructuring process in which the Renewable Energy business became a subsidiary in the same manner as the Marine Logistics business. This streamlining has progressed well. We are well positioned to respond to the growth in demand thanks to the Group’s structural changes, strong balance sheet and good tender backlog.”

COMPARISON BY REPORTING PERIOD

Table 1: Comparison by review period (FAS, unaudited)

(EUR 1,000)	Jul–Sep 2023	Jul–Sep 2022	Change (%)	Jan–Sep 2023	Jan–Sep 2022	Change (%)	Jan–Dec 2022
Revenue, Group	15,674	802	1,854	47,145	2,934	1,507	8,635
Marine Logistics	15,488			46,470			4,857
Renewable Energy	186	802	-77	675	2,934	-77	3,778
EBITDA, Group	1,661	-1,033	261	4,263	-3,305	229	-3,577
Marine Logistics	2,344			7,151			928
Renewable Energy	-683	-1,033	34	-2,888	-3,305	13	-4,505

Operating result (EBIT), Group	261	-1,096	124	197	-3,519	106	-3,763
Marine Logistics	1,002			3,279			511
Renewable Energy	-741	-1,096	32	-3,082	-3,519	12	-4,274
Result, Group	32	-1,157	103	-552	-3,706	85	-4,067
Marine Logistics	795			2,681			448
Renewable Energy	-763	-1,157	34	-3,233	-3,706	13	-4,515

Table 2: Pro forma comparison by review period (FAS, unaudited)

(EUR 1,000)	Jul-Sep 2023	Jul-Sep 2022	Change (%)	Jan-Sep 2023	Jan-Sep 2022	Change (%)	Jan-Dec 2022
Revenue, Group	15,674	21,200	-26	47,145	56,379	-16	73,209
Marine Logistics	15,488	20,398	-24	46,470	53,445	-13	69,431
Renewable Energy	186	802	-77	675	2,934	-77	3,778
EBITDA, Group	1,661	4,074	-59	4,263	7,797	-45	9,991
Marine Logistics	2,344	5,107	-54	7,151	11,108	-36	14,496
Renewable Energy	-683	-1,033	34	-2,888	-3,311	13	-4,505
Operating result (EBIT), Group	261	2,688	-90	197	3,942	-95	5,198
Marine Logistics	1,002	3,784	-74	3,279	7,469	-56	9,472
Renewable Energy	-741	-1,096	32	-3,082	-3,527	13	-4,274
Result, Group	32	2,403	-99	-552	3,082	-118	4,033
Marine Logistics	795	3,560	-78	2,681	6,796	-61	8,548
Renewable Energy	-763	-1,157	34	-3,233	-3,714	13	-4,515

The pro forma comparison is based on the assumption that Meriaura's marine logistics business has been part of the Meriaura Group (formerly Savosolar Group) since 1 January 2022. In reality, it has been part of the Meriaura Group since 1 December 2022.

BASIC INFORMATION AND CHANGES IN THE GROUP STRUCTURE

Meriaura Group Plc has two business areas: Marine Logistics and Renewable Energy. The company operated under the name Savosolar Plc until 31 May 2023. On 12 May 2023, the Annual General Meeting decided to change the name of the company to Meriaura Group Plc. Based on an authorisation granted by the Annual General Meeting, Savosolar Plc's Renewable Energy business was sold to Meriaura Energy Oy, a new subsidiary wholly owned by the Group's parent company, on 31 May 2023.

Meriaura Ltd, which is part of the Marine Logistics business, is a major provider of transport for bulk cargo and demanding project deliveries in Northern Europe, especially in the Baltic Sea and North Sea regions. The company focuses on environmentally sustainable marine transport services that reduce carbon emissions from marine transport. The Marine Logistics business also includes VG-EcoFuel Oy, which produces recycled biofuels from bio-oils and recycled oils generated as industrial by-products.

The Renewable Energy business is carried out by Meriaura Energy Ltd, which designs and delivers clean energy production systems as comprehensive deliveries. The systems are built around large-scale solar thermal systems implemented using high-performance solar thermal collectors manufactured by the company.

Meriaura Group reports separately the revenue, EBITDA, operating profit and profit for the period of the Marine Logistics and Renewable Energy businesses.

Meriaura Group Plc was formed in the autumn of 2022, when Savosolar Plc and Meriaura Ltd merged through a business arrangement in which Savosolar Plc acquired the share capital of Meriaura Ltd and the business operations of VG-EcoFuel Ltd from VG-Shipping Ltd (Meriaura Invest Ltd since 1 March 2023) under a share exchange agreement. The transaction was completed on 30 November 2022.

The comparison figures in this business review refer to reported figures of the corresponding period in 2022, unless otherwise indicated. Before the business arrangement, which was completed on 30 November 2022, the business operations consisted entirely of the Renewable Energy business, which had previously been carried out by Savosolar Plc. To improve the comparability of the Group's business performance, Table 2 in the text section of this review presents the key pro forma figures for the third quarter of 2022, January–September 2022 and the 2022 financial year. The pro forma figures describe what the situation would have been if the Marine Logistics business had been part of the Savosolar Group since 1 January 2022.

The seasonality of business operations

The business operations of Marine Logistics are seasonal in the sense that the demand for dry cargo shipments is usually lower in the third quarter than in the other quarters. For this reason, the docking and maintenance of ships are scheduled for the third quarter as far as possible. Most of Meriaura's full-year fairway dues are collected in the first quarter, which burdens the first-quarter result. The Renewable Energy business consists of project business operations, in which revenue may differ significantly between quarters and years in accordance with project delivery phases.

This business review is unaudited.

BUSINESS PERFORMANCE

Revenue and result in July–September

The Meriaura Group's revenue in July–September was EUR 15.7 (0.8) million. Of its revenue, EUR 15.5 million came from Marine Logistics and EUR 0.2 million from Renewable Energy. In the third quarter of 2022, Marine Logistics' pro forma revenue was EUR 20.4 million, and Renewable Energy's pro forma revenue was EUR 0.8 million.

In Marine Logistics, the demand for transport and the utilisation rates of ships were slightly lower than in the previous year. In the comparison period, the Russian attack on Ukraine caused a spike in transport demand and freight prices. The deterioration of the general economic situation was reflected in the demand and prices for bulk cargo spot shipments and project shipments. The demand for contract shipments of bulk cargo remained stable, and several long-term contracts were extended. The business operations of VG EcoFuel Oy, which

produces recycled biofuels from bio-oils and recycled oils generated as industrial by-products, developed favourably, and the use of the company's biofuels increased, both generally and in the Group's own ships.

Towards the end of the period, the Renewable Energy business prepared for the implementation of the delivery contract with Bauer Holzenergie GmbH. The EUR 9 million contract will cover nearly 29,000 gross square metres.

The Meriaura Group's EBITDA in July–September was EUR 1.7 (-1.0) million, and its operating profit was EUR 0.3 (-1.1) million. The result for July–September totalled EUR 0.0 (-1.2) million.

Of the EBITDA, EUR 2.3 million came from the Marine Logistics business and EUR -0.7 million from Renewable Energy. Of the operating result, EUR 1.0 million came from the Marine Logistics business and EUR -0.7 million from Renewable Energy. Of the profit for the period, EUR 0.8 million came from the Marine Logistics business and EUR -0.8 million from Renewable Energy.

Revenue and result in January–September

The Meriaura Group's revenue in January–September was EUR 47.1 (2.9) million. Of its revenue, EUR 46.5 million came from Marine Logistics and EUR 0.7 million from Renewable Energy. In January–September 2022, Marine Logistics' pro forma revenue was EUR 53.4 million, and Renewable Energy's pro forma revenue was EUR 2.9 million.

Marine Logistics' revenue decreased year-on-year. Project shipments suffered from changes in customer schedules and the repairs to the damage incurred by a vessel *Meri* in an accident in the Kiel Canal in November 2022. In addition, revenue in the comparison period increased as a result of the Russian attack on Ukraine, which caused a spike in transport demand and freight prices. In the review period, the proportion of bulk transport of revenue was over 70%, which is slightly higher than usual. Of the bulk transport, around two-thirds consisted of contract transport and around one-third consisted of spot sales. Correspondingly, the proportion of project shipments of revenue was slightly under 30%.

In Renewable Energy, a new significant order was received only at the end of the June. Before that, operations were adjusted to reduce costs. Preparations for the solar thermal system to be delivered to Bauer Holzenergie GmbH began towards the end of the review period.

The Meriaura Group's EBITDA in January–September was EUR 4.3 (-3.3) million. Of its EBITDA, EUR 7.2 million came from the Marine Logistics business and EUR -2.9 million from Renewable Energy. The result for January–September was EUR -0.6 (-3.7) million, of which EUR 2.7 came from the Marine Logistics business and EUR -3.2 million from Renewable Energy.

Equity at the end of the period amounted to EUR 35.8 (4.8) million, with the equity ratio being 57.5 (72.2) per cent.

SIGNIFICANT EVENTS AFTER THE REVIEW PERIOD

On 13 October 2023, Meriaura Group announced that the construction of the solar thermal system under the agreement with Bauer Holzenergie GmbH would begin immediately in Bad Rappenau in Germany, despite the delay in the project's building permit process. The solar thermal system will be commissioned in 2024.

External verification in accordance with the ISAE 3000 standard for the EcoVoy concept developed by the Meriaura Group was obtained in October. The EcoVoy agreement offers customers the opportunity to purchase almost completely carbon-free maritime transport based on the use of biofuels.

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Savosolar Plc discloses the information provided herein pursuant to the EU Market Abuse Regulation. The information was submitted for release on 6 November 2023 at 9.30 am (EET) by the aforementioned person.

Meriaura Group in brief

Meriaura Group has two business areas: Marine Logistics and Renewable Energy.

Marine Logistics (Meriaura Oy) is a major provider of transport for bulk cargo and demanding project deliveries in Northern Europe, especially in the Baltic Sea and North Sea regions. The company provides its customers with competitive and environmentally sustainable marine transport services, which also reduce carbon emissions from marine transport. Its long-term affreightment agreements, modern fleet and strong market position in renewable energy construction projects enable freight that supports environmentally friendly solutions. The Marine Logistics business also includes VG-EcoFuel Oy, which produces recycled biofuels from bio-oils and recycled oils generated as industrial by-products.

The Renewable Energy business (Meriaura Energy Oy) designs and delivers clean energy production systems as comprehensive deliveries. The systems are built around large-scale solar thermal systems implemented using high-performance solar heat collectors manufactured by the company. Other energy production and storage technologies can also be combined with the systems. The company has taken solar thermal technology to a new level, and its collectors have patented nano-coated direct flow absorbers. With this leading technology, Meriaura Energy enables its customers to produce clean and competitive energy.

Meriaura Group Plc's shares are listed on Nasdaq First North Growth Market Sweden under the symbol MERIS and on Nasdaq First North Growth Market Finland under the symbol MERIH. www.meriauragroup.com

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