

Savosolar Plc's business review for January–March 2023

The Group's key figures for January–March 2023

- Revenue in January–March EUR 16.2 million (January–March 2022: EUR 1.4 million)
- Operating result (EBIT) in January–March EUR 0.2 million (EUR -1.2 million)
- Net result for January–March EUR -0.1 million (EUR -1.2 million).

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

JARI VARJOTIE, CEO, SAVOSOLAR:

“The demand for Marine Logistics and the utilisation rates of our ships remained at a good level during the first quarter of the year. The revenue of the Marine Logistics business in January–March was EUR 16.0 million, and its operating result was EUR 1.2 million. Two-thirds of the revenue consisted of bulk cargo, and one-third consisted of project shipments. The ratio between contract shipments and spot shipments also remained unchanged. We took a significant step forward in sustainable maritime transport in the review period, when we started the auditing of our EcoVoy concept with KPMG for ISAE3000 certification.

In Renewable Energy, we continued preliminary negotiations with several parties interested in solar heat, but no new orders were received during the period. Renewable Energy's revenue was EUR 0.2 (1.4) million, and its operating result was negative. During the period, we handed over to NewHeat SAS in Verdun, France, the country's largest solar thermal field producing industrial process heat. The implementation of the project was the most efficient and smoothest of our deliveries so far, showing that our development work to streamline our delivery process has produced results.

Increasing the use of renewable energy remains one of the priorities on the European Union's agenda. A recent example of this is the decision taken in March to reform energy efficiency regulations. Stricter regulations will be imposed on, for example, the energy efficiency of buildings, where solar district heating is one solution. The expected increases in investment subsidies for renewable energy, alongside higher inflation and the price of financing, have slowed down customers' investment decisions in many EU countries. Positive market news has come, for example, from Poland, where the National Fund for Environmental Protection and Water Management will implement a subsidy package of around EUR 435 million (PLN 2 billion) for renewable sources of district heating. The application period for the subsidies will begin in June. We expect investment decisions to be made during 2023. In some EU countries, subsidies to cover financial losses caused by the pandemic still remain to be distributed and must be used before the end of 2023.

In the Marine Logistics business, we expect demand and supply in the second quarter to remain at the same level as in the first quarter.

As we announced in April, significant changes are taking place in terms of the management and business name of our Group. Kirsi Suopelto will start as the CEO of the Group on 11 May 2023. She currently serves as Vice President, Strategy, and Chair of the Board. The merger with Meriaura Oy is the right time to make this change and to pass on the responsibilities of the CEO. Having served as the CEO of Savosolar for 12 years, I am now becoming a member of the Board of Directors if the Annual General Meeting approves the proposal. The agenda of the Annual General Meeting also includes changing the name of the company to Meriaura Group Plc.

I would like to thank our partners, customers and employees for great moments and interesting years, and I wish Kirsi every success in her role as the CEO.”

SAVOSOLAR GROUP

Basic business information

Since 1 December 2022, Savosolar has had two business areas: Marine Logistics and Renewable Energy. Savosolar reports each business area’s revenue, operating result and profit for the period separately.

The Marine Logistics business consists of the business operations of Meriaura Oy and VG-EcoFuel Oy. Meriaura 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. VG-EcoFuel Oy produces recycled biofuels from bio-oils and recycled oils generated as industrial by-products.

The Renewable Energy business consists of the business operations of Savosolar Plc. Renewable Energy 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.

The comparison figures in this business review refer to reported figures of the corresponding period in 2022, unless otherwise indicated. Before the business arrangement that entered into force on 1 December 2022, through which Savosolar Plc acquired from VG-Shipping Oy the shares of Meriaura Oy and the business operations of VG-EcoFuel Oy in an exchange of shares, Savosolar Plc’s business operations consisted entirely of Renewable Energy. To improve the comparability of the Group’s business development, Table 2 in this business review presents the key pro forma figures for January–March 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 business review has not been audited.

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. No docking of the company’s own ships is scheduled for 2023. Most of Meriaura’s full-year fairway dues are collected in the first quarter, which has a negative impact on 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.

BUSINESS OPERATIONS IN JANUARY–MARCH 2023

The Savosolar Group’s revenue in January–March amounted to EUR 16.2 (1.4) million. Of its revenue, EUR 16.0 million came from Marine Logistics and EUR 0.2 million from Renewable Energy. Pro forma revenue in the comparison period (Q1/2022) was EUR 14.6 million in Marine Logistics and EUR 1.4 million in Renewable Energy.

In Marine Logistics, the demand for transport and the utilisation rates of ships remained at a good level, although the 15-day strike by the Finnish stevedores made bulk transport slightly more complicated. The strike had no impact on the utilisation rates of deck cargo ships (project logistics). Around two-thirds of revenue came from bulk transport, of which around two-thirds consisted of contract transport and one-third consisted of spot shipments to meet customers’ acute needs. The proportion of project transport on deck cargo ships remained unchanged, representing around one-third of revenue in Marine Logistics.

During the review period, the Marine Logistics business divested its smallest and oldest ship, *Ramona*, which had been acquired to transport gypsum through the Saimaa Canal. Following the closure of the Saimaa Canal, the transport of gypsum has naturally ended. The divestment of *Ramona* has no significant impact on our Group’s revenue or result.

The Renewable Energy business received no new orders during the review period, and its operations were adjusted accordingly to reduce costs. The commissioning of a solar thermal system producing process heat for industry took place in Verdun, France, in the review period. It is currently the largest solar thermal system in Europe.

The Savosolar Group’s operating result (EBIT) in January–March amounted to EUR 0.2 (-1.2) million. Of its operating result, EUR 1.2 million came from Marine Logistics and EUR -1.1 million from Renewable Energy. The result for January–March was EUR -0.1 (-1.2) million, of which EUR 1.0 came from Marine Logistics and EUR -1.1 million from Renewable Energy. Around 90% of Meriaura’s annual fairway dues were paid in the first quarter.

Cash and cash equivalents totalled EUR 3.6 (2.7) million on 31 March 2023.

Equity at the end of the review period amounted to EUR 35.6 (4.8) million, and the equity ratio was 56.6% (65.1).

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

(EUR 1,000)	Jan–Mar 2023	Jan–Mar 2022	Change (%)	Jan–Dec 2022
Revenue, Group	16,188	1,447	1,018	8,635
Marine Logistics	16,031	-	-	4,857
Renewable Energy	157	1,447	-89	3,778
Operating profit/loss (EBIT), Group	157	-1,176	113	-3,763
Marine Logistics	1,240	-	-	511
Renewable Energy	-1,083	-1,176	8	-4,274
Profit/loss for the period, Group	-80	-1,198	93	4,067
Marine Logistics	1,029	-	-	448
Renewable Energy	-1,109	-1,198	7	-4,515

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

(EUR 1,000)	Jan-Mar 2023	Jan-Mar 2022	Change (%)	Jan-Dec 2022
Revenue, Group	16,188	16,055	1	73,209
Marine Logistics	16,031	14,608	10	69,431
Renewable Energy	157	1,447	-89	3,778
Operating profit/loss (EBIT), Group	157	12	1,208	5,198
Marine Logistics	1,240	1,188	4	9,472
Renewable Energy	-1,083	-1,176	8	-4,274
Profit/loss for the period, Group	-80	-251	68	4,033
Marine Logistics	1,029	947	9	8,548
Renewable Energy	-1,109	-1,198	7	-4,515

The pro forma comparison is based on the assumption that Meriaura's marine logistics business and EcoFuel's biofuel business have been part of the Savosolar Group since 1 January 2022. In reality, they have been part of the Savosolar Group since 1 December 2022.

SIGNIFICANT EVENTS DURING THE REVIEW PERIOD

The subscription period for Savosolar Plc's 3-2021 warrants ran from 20 March to 31 March 2023. Around 43.8% of the warrants were exercised to subscribe for shares. A total of 16,966,266 new shares were subscribed for based on the warrants. Following the share subscriptions based on the warrants, the total number of shares in the company is 800,102,141 shares. The dilution effect for the existing shareholders was around 2.12%. Through the subscriptions based on the warrants, Savosolar raised around EUR 0.92 million in new equity before costs. Savosolar does not have any stock option programmes remaining.

The shares subscribed for based on the 3-2021 warrants were entered into the Trade Register on 11 April 2023, and trading in the new shares began on 12 April 2023 on First North Growth Market Finland and on 14 April 2023 on First North Growth Market Sweden.

The development of the EcoVoy concept continued in the Marine Logistics business. The EcoVoy agreement offers customers the opportunity to purchase almost completely carbon-free maritime transport based on the use of biofuels. The EcoVoy concept is currently being audited by KPMG Oy Ab, and the goal is to secure certification in accordance with the ISAE3000 standard.

SIGNIFICANT EVENTS AFTER THE REVIEW PERIOD

On 18 April 2023, Savosolar announced that the company's Board of Directors and CEO Jari Varjotie had agreed that Varjotie would leave his position as the company's CEO on 11 May 2023. The Board has appointed Kirsi Suopelto as the new CEO from 11 May 2023 onwards. Suopelto currently serves as Vice President, Strategy, and Chairman of the Board.



After the review period on 20 April 2023, Savosolar Plc published the notice of the Annual General Meeting, which will be held in Helsinki on 12 May 2023. The notice of the Annual General Meeting has been published as a stock exchange release and is available on the Savosolar website at www.savosolar.com (Investors > Governance > General Meeting).

SAVOSOLAR'S ANNUAL GENERAL MEETING AND FINANCIAL REPORTING IN 2023

Savosolar Plc's Annual General Meeting will be held in Rake Hall at Erottajankatu 4C in Helsinki at 10 am (EEST) on 12 May 2023.

Savosolar will publish its half-year report for January–June on 28 August 2023. The business review for January–September will be published on 6 November 2023.

SAVOSOLAR PLC
Board of Directors

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Savosolar Plc discloses the information provided herein pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 8 May 2023 at 8.30 a.m. (CEST) by the aforementioned person.

Savosolar in brief

Savosolar 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. As part of Marine Logistics, VG-EcoFuel Oy produces recycled biofuels from bio-oils and recycled oils generated as industrial by-products.

The Renewable Energy business (Savosolar Plc) 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, Savosolar enables its customers to produce clean and competitive energy.

Savosolar's shares are listed on Nasdaq First North Growth Market Sweden under the ticker symbol SAVOS and on Nasdaq First North Growth Market Finland under the ticker symbol SAVOH. www.savosolar.com

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