

Vénissieux, 9 June 2020

BOOSTHEAT TAKES STOCK AFTER ITS FIRST HEATING SEASON AND IMPLEMENTS AN ACTION PLAN

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BOOSTHEAT (FR0011814938 / BOOST), a French energy efficiency manufacturer that designs, develops, and markets a new generation of economical, eco-friendly boilers has taken stock following its first heating season. The Company has made a number of observations, and has identified the main priorities guiding its industrial and commercial actions over the next few months.

I IMPROVING THE RELIABILITY AND PERFORMANCE OF BOOSTHEAT.20: COMPANY PRIORITIES

In September 2018, BOOSTHEAT.20 obtained CE marking and passed all validation tests and certification stages required for its commercialization. After its first heating season (end of 2019 - start of 2020), feedback on the first BOOSTHEAT.20 boilers installed (including pilot projects) at the end of 2019 has taken after-sales service levels below the quality standards the company has set for itself. As announced in its [press release published on 5 March](#), production and installation of the first boilers will enable BOOSTHEAT to optimize its product and production processes. This is the focus of a priority action plan being rolled out by the company.

For many years, BOOSTHEAT has relied on the performance of BOOSTHEAT.20, based on conclusive findings from various lab tests carried out by independent technical institutes, including CETIAT in France and Gas.be in Belgium. These results were correlated with those obtained by BOOSTHEAT on several boilers used on its test benches to measure their performance and longevity. An analysis of initial feedback from customers revealed that, in certain cases, the performance levels of boilers installed would vary depending on sites and configurations.

BOOSTHEAT is maintaining its focus on quality. The Company has decided to undertake an in-depth optimization of the boiler's reliability and performance, and to limit the production and installation of first generation BOOSTHEAT.20 boilers (BOOSTHEAT.20 Origin) to those strictly required by the new action plan. The goal is to offer an upgraded version of its product (BOOSTHEAT.20 Connect). This process is the Company's top priority, and is expected to take several months.

| OPTIMIZED BUSINESS STRATEGY

At the same time, based on feedback from the first sales campaign launched in 2019, the Group is adapting its business strategy in order to align its ongoing efforts with the economic environment and the maturity of its product and processes.

After a successful start-up phase in direct B2C sales, sales initiatives showed that the indirect B2B2C sales model was a faster and more profitable way to increase volumes for BOOSTHEAT. Based on this initial approach, discussions with professionals in the sector gave rise to installation and commercial partnerships (e.g.: [partnership with UNERGIES signed in December 2019](#) including three main priorities: training, marketing and operation). Furthermore, in its [press release published on 5 March](#), BOOSTHEAT observed that B2B2C had generated genuine market demand, representing close to 40% of 2019 orders, a business model that was only activated at the very end of the year. This “bulk” sales lever is necessary in order to achieve large volumes, while limiting internal structural costs (installation, maintenance, Customer Relations Center, project manager).

As such, BOOSTHEAT has decided to adapt its sales policy and reposition itself in France based on an indirect B2B2C and B2B sales model, rather than B2C. To do so, the Company will call on its existing network of partners, which is currently being expanded.

The B2B2C model is already the standard in Switzerland, as HOLDIGAZ, the 5th largest supplier of natural gas and major shareholder of BOOSTHEAT, has assumed, via its subsidiary NOVOGAZ, the exclusive marketing of BOOSTHEAT’s existing and future products in the region.

It also presents major potential in Germany where the first partners have joined the network. This region is expected to be a major driver of growth over the coming years.

BOOSTHEAT has also noted that the current economic situation has generally deteriorated. The potential impacts of COVID-19 on purchasing power and investment capacity have given rise to a decline in BOOSTHEAT.20 orders, as anticipated by the Company in its [press release published on 30 April](#). This trend is even greater sector-wide in France, due to the reduction in support schemes for energy-efficient heating solutions. In Germany, however, such schemes are being strengthened.

| BOOSTHEAT CONTINUES TO SIGNIFICANTLY REDUCE COSTS

In the current environment, BOOSTHEAT has prepared an action plan for the coming months to make its boiler more reliable, in preparation for an upgraded version and to relaunch marketing as soon as possible. True to its core values, BOOSTHEAT is a responsible company that offers the market a product that meets its ambitions and focuses on customer satisfaction.

In addition to the efforts presented in its [press release published on 5 March](#), the Group is looking at how it can **adapt its cost structure to an environment without mass production, and redefine its business strategy in France. The goal is to step up its cost reduction measures to reduce its breakeven point and broaden financial visibility.** Cash at 1 January 2020 amounted to €18.2 million. Taking €7.3 million in new funds into account (€6m PGE state-guaranteed loan, €1m innovation loan, €300,000 AURA region subsidy balance), estimated cash at 31 May 2020 came to €18.0 million.

The COVID-19 pandemic has given rise to an unprecedented situation, and the Company is ready to take the necessary measures to rapidly revitalize its operations. The Company's goals and mission remain intact: accelerate the ecological transition by offering affordable, energy-efficient solutions.

Read more about BOOSTHEAT at

www.boostheat-group.com

ABOUT BOOSTHEAT

Founded in 2011, BOOSTHEAT designs, develops, produces and markets heating solutions that are technologically advanced, energy-efficient and sustainable. BOOSTHEAT's new-generation boilers feature a patented thermal compressor, enabling them to achieve efficiency of up to 200% and reducing energy consumption by up to half. They are more environmentally friendly and economical, giving all users the opportunity to achieve an immediate and significant reduction in their environmental impact.

The Company's mission is to accelerate energy transition through its products by making them affordable to the widest possible spectrum of the population. BOOSTHEAT has its head office and manufacturing plant in Vénissieux, near Lyon (historically an HVAC* industrial zone). The Company holds the Innovative Company (BpiFrance) and French Fab labels. BOOSTHEAT is listed on Euronext Paris, Compartment C (ISIN: FR0011814938).

*Heating, ventilation and air conditioning

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EURONEXT

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