

Vénissieux, 7 July 2020

BOOSTHEAT PUBLISHES FIRST HALF BUSINESS REVIEW AND OUTLINES THE GOALS OF ITS “EFFICIENCY 2022” PLAN

- **“Efficiency 2022”¹, a three-part action plan that involves adjusting its workforce and structures to reach positive EBITDA² by 2022**
- **First meeting of the Social and Economic Committee (CSE) to present this strategic plan**

BOOSTHEAT (FR0011814938 / BOOST), a French energy efficiency manufacturer that designs, develops, and markets a new generation of economical, eco-friendly boilers, has drawn lessons from the first half of 2020 and presents the measures taken to adapt its cost structure to the suspension of mass production and revised business strategy in France and Germany.

I FIRST HALF 2020 RICH IN LESSONS AND KEY DECISIONS

As expected, **the first half of 2020 was marked by the usual low-season effect characterized by sluggish sales.** This effect was amplified by the economic impact of the COVID-19 crisis, leading to the freezing of orders.

At the time of the last [press release dated 9 June 2020](#), BOOSTHEAT initiated a plan to optimize the performance and reliability of its boilers by focusing resources on an upgraded version – the BOOSTHEAT.20 Connect. In this press release, the Company stated that production of the BOOSTHEAT.20 Origin would be suspended and sales put on standby, keeping production limited to what is necessary for the purpose of validation.

Furthermore, after the feedback received from the first sales campaign initiated in 2019, **the Group decided to adapt its sales policy by focusing on an indirect B2B2C and B2B sales model** more effective for increasing volumes and more profitable for the Company.

¹The implementation of this project is subject to a prior information and consultation process with the Social and Economic Committee (CSE), the staff's representative body.

²EBITDA = Recurring operating income before net depreciation, amortization and provision.

| MOST ORDERS CONFIRMED

As of 30 June 2020, BOOSTHEAT had a total order backlog of 305 BOOSTHEAT.20 boilers. This includes orders placed in 2019 and during the first half of 2020, as well as cancellations following the postponement of installations; at this date, a total of 50 BOOSTHEAT.20 boilers had been installed, including 20 pilot projects.

All of BOOSTHEAT's partners continue to support the Company and remain committed to the success of the BOOSTHEAT.20 Connect. In Switzerland, NOVOGAZ, a subsidiary of the HOLDIGAZ group, confirmed its intention to order 250 BOOSTHEAT.20 boilers, as announced at the time of the initial public offering, and brought its order schedule into line with BOOSTHEAT's.

| BOOSTHEAT PRESENTS THE "EFFICIENCY 2022" PLAN

Enriched by these lessons, BOOSTHEAT decided to implement a strategic action plan named "Efficiency 2022". **A meeting was held with CSE representatives on 7 July 2020 to present the strategic plan designed to tackle the new challenges facing the Company.** This plan includes restructuring measures and the postponement of some operations that are not essential in the short term.

Part 1: consolidation of R&D and production facilities

The first part of the action plan involves **optimizing the performance and reliability of the BOOSTHEAT.20**, which are key priorities for BOOSTHEAT. In order to create stronger synergies and accelerate these processes, **BOOSTHEAT plans to consolidate all R&D, production, marketing and customer service operations at the Vénissieux facility**³. Accordingly, current and future projects using employees currently based at two distant facilities – 23 at Ramonville-Saint-Agne (Toulouse) and 46 at Vénissieux (Lyon) – will benefit from increased agility with regard to production facilities, allowing the engineering and development phases to be conducted almost simultaneously. The consolidation of these technical operations at a single facility will allow more responsive and efficient organization. The current site in Vénissieux has the facilities and space needed to meet the Company's requirements. BOOSTHEAT is already drawing on external expertise to accelerate its action plan.

At the current stage of progress, BOOSTHEAT aims to market the upgraded BOOSTHEAT.20 Connect as early as the second half of 2021. With the recent measures, BOOSTHEAT will aim to bring forward this deadline in order to resume sales operations during the first half of 2021.

³At 30 June 2020, BOOSTHEAT SA had 69 permanent employees out of a total Group headcount of 89.

Part 2: sales restructuring

The second part of the action plan involves refocusing the Company's business model on indirect B2B2C and B2B sales.

In France, this decision led to the **restructuring of the sales subsidiary BOOSTHEAT France** leading to 9 lay-offs, mostly employees responsible for B2C sales. The workforce has been redeployed in the Customer Relations Center (support for current and future customers), Business Development (growing the B2B2C model) and partner relations (installers and customer service). This strengthened team of 6 people adapted to the Company's new needs is already operational.

In Germany, the current organizational structure with 5 employees has not been changed. This team will be a key driver of BOOSTHEAT's development in a market that is receptive to the properties of the BOOSTHEAT.20.

Part 3: lower the breakeven point

In this part, BOOSTHEAT is reviewing all the possibilities that would allow it to lower its breakeven point and extend its financial horizon. As mentioned in the [9 June 2020 press release](#), the Group has adopted cost-cutting measures including a plan rolled out towards the end of 2019 and an accelerated Design2cost plan to decrease the BOM⁴. As a reminder, BOOSTHEAT has received €7.3 million in new funding (€6 million state-guaranteed loan, €1 million innovation loan, €0.3 million balance of Auvergne-Rhône-Alpes region grant). **The cash balance as of 30 June 2020 is estimated at €17.1 million⁵. The timing of expenditure under the "Efficiency 2022" plan should allow the Company to fund its operations until September 2021.** BOOSTHEAT is continuing its efforts and implementing further measures in order to adjust its cost structure to the Company's current circumstances.

As part of the measures envisaged in the "Efficiency 2022" plan, the Group's workforce will be adapted to business volumes. As of 30 June 2020 BOOSTHEAT employed 89 people⁶. This means that, across the Group, the plan could lead to around 40 lay-offs, mostly in industrial operations and R&D, including the recent restructuring of BOOSTHEAT France. In addition, the Group will offer individual support to each employee affected by the project.

This project, which was unanimously adopted by the Board of Directors on 30 June 2020, falls within an Employment Safeguard Plan (PSE) and will be subject to a mandatory consultation process involving the CSE and all staff representatives, which is expected to last until the end of 2020. Documents concerning the restructuring plan were presented to staff representatives at today's CSE meeting. Future meetings will involve discussions on the organization of the Employment Safeguard Plan with the goal of reaching an agreement. Given regulatory requirements, no

⁴Bill Of Materials.

⁵Cash as of 1 January 2020 stood at €18.2 million.

⁶As of 30 June 2020: BOOSTHEAT Group employed 69 people at BOOSTHEAT SA, 15 at BOOSTHEAT France and 5 at BOOSTHEAT Germany (excluding apprenticeship and work-study contracts).

information revealing the CSE's prerogatives can be published, as management seeks to foster dialog with its social partners.

BOOSTHEAT CEO and co-founder Luc Jacquet said:

“Under these circumstances which I know are difficult for everyone, I wish to thank all of our employees, customers and partners for their continued confidence, primarily HOLDIGAZ, which has confirmed its wish to support us and maintain its order intentions. This sign of confidence shows that our product is the first choice in a market seeking efficient and sustainable solutions. We are now more determined than ever before to go the extra mile to make BOOSTHEAT.20 Connect available as soon as possible.”

| POSITIVE EBITDA⁷ BY 2022

Between 2020 and 2022, the Company aims to generate total savings of over €5 million in operating costs and over €5 million in staff costs.

Through all of the measures implemented under the “Efficiency 2022” plan, BOOSTHEAT aims to **generate positive EBITDA by 2022 by selling at least 2,000 boilers⁸**.

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

⁷EBITDA = Recurring operating income before net depreciation, amortization and provision.

⁸As a reminder, revenues are recognized after the boilers are installed.

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