

Vénissieux, 23 September 2021

## **H1 2021 EARNINGS:**

### **END OF THE FIRST HALF MARKED BY A RETURN TO BASICS AHEAD OF A STRATEGIC PIVOT**

### **NEW FINANCING OBTAINED FROM CORE SHAREHOLDERS TO DRIVE CORPORATE STRATEGY**

**BOOSTHEAT (FR0011814938/ALBOO)**, a French energy efficiency manufacturer, publishes its earnings for the **half-year ended 30 June 2021**. The Audit Committee met on 13 September 2021. The BOOSTHEAT Board of Directors approved the financial statements on 21 September 2021. The statutory auditors have completed their limited review of the consolidated half-year financial statements and are currently preparing their report for certification purposes. The interim financial report will be published no later than 30 September 2021.

BOOSTHEAT CEO **Éric Lambert** made the following statement to coincide with the publication of 2021 half-year earnings: *“Since joining the company in May I have set about assessing its potential after eighteen months of restructuring. Firstly, I am convinced that our proprietary thermal compressor technology is a genuine innovation, the beneficial application of which will make a concrete contribution to addressing the climate emergency. Regrettably, the EFFICIENCY 2022 plan has not delivered on time the gains targeted in terms of BOOSTHEAT.20 product optimization, structural realignment or financial adjustment, and our return to the market and profitability has therefore been set back for the time being. Since July, I have asked the teams to focus on our compressor and its integration within dedicated Thermally Driven Heat Pumps (TDHP) for each application. Beyond residential heating, we are already well aware that our technology would be much more efficient and certainly simpler to incorporate within other applications, such as heating systems in collective housing or industry at medium or high temperatures. Finally, as I said in July, BOOSTHEAT will not succeed alone. Now focused on our core business, we must initiate a ‘flexible and wide-ranging’ corporate strategy and work within our ecosystem with specialist partners throughout the value chain (laboratories, research centers, manufacturers, distributors, etc.). Gas continues to be an energy source of the future and we have the capacity to offer industry players a core technology with useful applications to meet the challenges of energy performance, renewable energy deployment and energy efficiency. BOOSTHEAT has never been better placed to become a leading player in the energy transition.”*

## **| HIGHLIGHTS OF THE PERIOD: FAILURE OF THE EFFICIENCY 2022 PLAN**

The Efficiency 2022 plan launched in July 2020 has not delivered the expected results within the allotted time.

The multi-faceted plan should firstly have optimized the performance and reliability of the BOOSTHEAT.20 boiler. Despite the unflagging commitment of our teams, the BOOSTHEAT.20 boiler does not currently match the commitments we made in terms of performance or reliability, which are essential in view of customer expectations and the streamlining of our service structure. Consequently, it would not be right to put BOOSTHEAT.20 back on the market this winter.

The company is currently reviewing the support measures in place for customers using the product on a case-by-case basis and will maintain boilers in operation throughout the 2021-2022 heating season in order to collect usage data produced under real-life conditions, which can then be used as a basis for future development.

From a financial standpoint, the Efficiency 2022 plan also targeted a significant reduction in structural costs to allow the company to realign based on healthy financial fundamentals. A reduction in operating expenses is not evident in the 2021 half-year results, in view of the inertia related to the departure of certain employees and the need to outsource a larger volume of services.

The EBITDA loss for first half 2021 was €4.1 million versus €5.0 million a year earlier. Operating expenses remained stable at €3.9 million, the same as in first half 2020. Personnel costs fell €0.5 million to €1.8 million, following the reduction in the company's headcount and the implementation of the redundancy plan, whereas external expenses rose by €0.5 million due to the use of external service providers to make up for the smaller R&D workforce (following the closure of the Toulouse site). The company had 45 employees at 30 June 2021 compared with 84 a year earlier. The company currently has 33 employees and around 20 external service providers, including an entirely new R&D team.

The company wrote off its parts inventory (€2.2 million) insofar as these parts could not be used in future development projects. Impairment testing also led to additional impairment of intangible assets in the amount of €1.5 million. After depreciation and amortization charges totaling €4.5 million, the EBIT loss before recurring items came to €8.7 million. The company posted a net loss of €8.7 million for first half 2021.

Cash and cash equivalents at 30 June 2021 amounted to €3.3 million versus €10.8 million at 31 December 2021. This amount does not include the additional financing of €5 million obtained in July 2021 from core shareholders in the form of bonds redeemable in cash or shares. This new financial support is an expression of the confidence placed by the Board of Directors and the core shareholders in the new strategy implemented by the new CEO. The company also has an equity financing line with IRIS Capital for a total amount of €10 million (drawn down in the amount of €1 million to date). With this financial backing, BOOSTHEAT believes it has the resources required to ensure business continuity until September 2022.

Borrowings and financial liabilities (excluding lease liabilities of €5.5 million) came to €12.5 million versus €12.8 million at 31 December 2020 and include €7.5 million in bank loans (including €5 million in state-guaranteed loans repayable over 5 years, 4 of which have been extended by 1 year) and €3.9 million in conditional advances.

## **I FOCUS ON THE THERMAL COMPRESSOR TO PREPARE FOR REDEPLOYMENT ON A BROADER RANGE OF APPLICATIONS**

The first half was also marked by the arrival in May of a new CEO bringing extensive industrial experience. Éric Lambert's remit has been to mobilize and focus the entire company on the proprietary thermal compressor technology and its integration within a gas heat pump unit. This new scope should open the technology up to a wide range of hitherto untapped applications. Presented as a renewable energy and energy efficiency booster, this unit can be integrated into existing heating and domestic hot water systems without the need to uninstall the boilers currently in place.

BOOSTHEAT already has all the technical means assembled and installed on site (environmental chamber, testing facilities, laboratory, metrology unit, production line, etc.) to carry out in-house performance testing. At the same time, the company will consolidate its internal expertise and further strengthen its collaboration with independent specialist laboratories, businesses and universities in order to measure its performance against objective and shared criteria.

Furthermore, among the diverse array of applications that could be targeted with the thermal compressor, the company intends to focus on applications that provide opportunities for optimizing economic and energy performance. For example, the company is currently testing a more efficient solution for producing high-temperature hot water (for use in heating and domestic hot water systems).

Similarly, by leveraging its thermal compression process, which is compatible with a wide range of fuel sources, the company hopes to adapt its compressor to show how its technology can be integrated into a hydrogen heat pump. The aim of this project is to offer new insights into more efficient use (in both economic and environmental terms) of this new energy carrier for heat generation.

This testing/demonstration campaign will run throughout the entire 2021/2022 winter heating period.

As a reminder, BOOSTHEAT is already working on SUNHORIZON, a project supported by the European Commission bringing together 21 partners (including BOOSTHEAT) to test the combination of innovative solar technologies and heat pumps. BOOSTHEAT is also working on other collaborations with its longstanding partners.

The company intends to remain agile and technology-focused. At the same time, the company will also engage in technical, industrial and commercial discussions with industry players in order to explore all means of collaboration with the potential to take its innovation to market in a robust and rapid manner.

## **I GAS, THE ENERGY SOURCE OF THE FUTURE**

Against the backdrop of the climate emergency and within the framework of the Paris Agreements, Europe has committed to achieving carbon neutrality by 2050, with an interim target of a 55% reduction in greenhouse gas emissions by 2030 compared to 1990.

Only a balanced energy mix will enable the objectives of lower consumption, renewable energy integration and carbon neutrality improvements to be achieved with the capacity and flexibility that are essential to energy supply.

Alongside a significant contribution from renewable energy, the most recent analyses (European Union, AIE, Eurogas, etc.) estimate that gas will account for over 20% of the building energy mix by 2030.

Solutions such as BOOSTHEAT's, which support this transition by improving performance and integrating renewable energy, are needed more than ever. These solutions also offer the potential to speed up the transition further still as they represent an alternative for buildings connected to the gas network that are seeking both efficiency gains and a lower carbon footprint without completely overhauling their heating and distribution systems.

The company is today fully mobilized around its new strategy and will communicate regularly on progress regarding applications, partnerships and performance.

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For more information on BOOSTHEAT visit

[www.boostheat-group.com](http://www.boostheat-group.com)

## **ABOUT BOOSTHEAT**

Founded in 2011, BOOSTHEAT operates in the energy efficiency sector. The company's mission is to accelerate energy transition by integrating its technology into energy-intensive applications. BOOSTHEAT has designed and developed a thermal compressor protected by 7 patent families that significantly improves energy consumption in order to promote the reasonable and appropriate use of resources.

BOOSTHEAT has its head office, research center and manufacturing plant in Vénissieux, near Lyon (historically an HVAC\* industrial zone). The company holds the Entreprise Innovante (Bpifrance) and French Fab labels. The BOOSTHEAT share is listed on Euronext Growth Paris (ISIN: FR0011814938).

\* Heating, ventilation and air-conditioning

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## APPENDICES

### Income statement for the six months ended 30 June 2021

In € thousands	30/06/20 (6 months)	30/06/21 (6 months)
Revenue	40	38
Purchases consumed	-1,364	-577
Other purchases and external expenses	-1,674	-2,132
Personnel costs	-2,243	-1,755
Taxes and duties	-59	-111
Net depreciation, amortisation and provisions	-1,382	-4,518
Other operating income and expense	301	405
Recurring operating income	-6,381	-8,650
Other non-recurring operating income and expense	0	0
Operating income	-6,381	-8,706
Net cost of debt	-216	-56
Change in the fair value of derivative-related liabilities	1,118	-
Income before tax	-5,479	-8,706
Income tax		
Net income	-5,479	-8,706

### Balance sheet at 30 June 2021

In € thousands	31/12/2020	30/06/21
Development costs	-	-
Concessions, patents, trademarks, software and similar rights	119	120
Intangible assets in progress	1,503	0
Intangible assets	1,622	120
Right-of-use assets relating to leased buildings	4,696	4,377
Technical installations, industrial plant and machinery	1,440	1,278
Right-of-use assets relating to leased plant and machinery	1,300	1,229
Other property, plant and equipment	223	198
Right-of-use assets relating to other leased assets	337	332
Property, plant and equipment	7,996	7,414
Associates	24	24
Other financial assets	205	205
Financial assets	226	229
Total non-current assets	9,847	7,763
Inventories	2,089	186
Trade receivables	22	0
Tax receivables	588	588
Other receivables	1,020	1,886
Cash and cash equivalents	10,759	3,332
Prepaid expenses	121	108
Total current assets	14,599	6,100
Total assets	24,446	13,863

In € thousands	31/12/2020	30/06/21
Share capital	2,215	2,215
Share premiums	50,120	50,120
Consolidated reserves	-33,545	-52,397
Net income for the period	-18,831	-8,706
Equity attributable to equity holders of the parent	-41	-8,768
Non-controlling interests		
Total equity	-41	-8,768
Borrowings and financial liabilities	11,062	10,768
Lease liabilities (part at more than one year)	4,838	4,370
Contingency and loss provisions	163	158
Deferred tax liabilities		
Prepaid income (part at more than one year)	647	363
Total non-current liabilities	16,710	15,659
Borrowings and debt (part at less than one year)	1,764	1,736
Lease liabilities (part at less than one year)	1,214	1,168
Contingency and loss provisions (part at less than one year)	1,085	1,048
Trade payables	1,266	831
Other current liabilities	1,901	1,548
Prepaid income (part at less than one year)	547	641
Total current liabilities	7,777	6,972
Total liabilities	24,446	13,863

### Cash flow statement for the first half of 2021

In € thousands	june-20	june-21
Total consolidated net income	-5,479	-8,706
Net depreciation, amortisation and provisions	1,278	2,095
Tax expense/(income)		
Other calculated income and expense	-1,118	-8
<b>Funds from operations</b>	<b>-5,319</b>	<b>- 6,619</b>
Change in inventories	-19	1,903
Change in trade receivables	128	25
Change in trade payables	-1,092	-435
Change in other receivables and payables	-104	-1,203
Net cost of debt	221	56
<b>Cash flow from operating activities</b>	<b>-6,185</b>	<b>- 6,273</b>
Purchases of property, plant and equipment and intangible assets	-1,195	-122
Change in loans and advances granted	-2	-
Investment subsidies received	268	-
Disposals of non-current assets	-	13
<b>Cash flow from investing activities</b>	<b>-929</b>	<b>-109</b>
Capital increases	118	-
Change in shares held in treasury	-85	-32
New borrowings and conditional advances	6,996	1,000
Repayments of borrowings and conditional advances	-687	-1,957
Interest paid	-211	-56
Change in shareholder loans	-107	-
<b>Cash flow from financing activities</b>	<b>6,024</b>	<b>(1,045)</b>
Impact of changes in exchange rates	0	0
<b>Change in cash position</b>	<b>-1,090</b>	<b>-7,427</b>
Net cash and cash equivalents at start of period	18,275	10,759
Net cash and cash equivalents at end of period	17,185	3,332
<b>Change in cash position</b>	<b>-1,090</b>	<b>-7,427</b>

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