



## VERGNET prepares for the future

Ormes, January 4, 2022

Despite the difficulties that have marked the Group's last few financial years: the absence of a bank guarantee pool, the COVID-19 epidemic, the heavy consequences in terms of prices and supply chain disruption, VERGNET has prepared for the future through an active Research and Development policy and by implementing the strategy defined in 2018. This implementation will bear its first fruits in 2022.

### Research and Development policy

This takes various forms, the most important of which are the launch of studies for a new wind turbine (GEV-NG) and the development of a new portable water treatment unit (ECHLO.2). A description of each of these two important projects is attached to this press release.

#### The new VERGNET "GEV-NG" wind generator

With this new generator, VERGNET remains true to its roots: it is a folding, anti-cyclonic machine, with a rated power of 550 kW, double that of the current wind turbine, designed for weak networks with a very high proportion of renewable energies, which can seamlessly integrate into a hybrid management system.

The target markets are the historical markets of VERGNET:

- - Island areas and areas potentially subject to cyclones,
- - Isolated areas that are difficult to access and where the infrastructure does not allow for the installation of very large capacity turbines.

In addition to having twice the power, the new machine under development will produce and be maintained at a competitive cost. The densification of the habitat requires, moreover, a turbine with a low level of acoustic emissions.

The development schedule for this new machine calls for a prototype to be installed in late 2022, with first installations in 2024. For the first years of the launch, an installation volume of 40 to 60 machines per year seems possible, based on VERGNET's knowledge of its markets.

#### The new portable potabilization unit ECHLO.2

Usable in a wide range of temperatures, from -20°C to +50°C, the ECHLO.2, entirely developed by VERGNET's teams, is an easy to use, robust, small, light product, capable of operating in extreme environments. It can be used with a number of different energy sources, including a car battery. Other options have been developed in the recent period.

All tests conducted in 2021, including field tests, were successful in all conditions.

In 2022, multi-channel marketing will start with a network of privileged partners, the VERGNET Group's subsidiaries, direct approach of NGOs and public customers, as well as online sales by PHOTALIA, the Group's subsidiary that developed ECHLO.2.

The sales target for 2022 is around 100 devices. The commercial objectives are to gradually increase the number of ECHLO.2 units to several hundred per year.

## Fiscal year 2022

Fiscal year 2022 is based, in particular, on two essential pillars: the Agadez contract (Niger) and the VERGNET Pacific subsidiary. In total, consolidated revenues should exceed €30 million based on contracts currently covered by guarantees. New guarantees would make it possible to exceed this figure. On this basis, the consolidated net result should return to around break-even after several difficult years.

### The Agadez contract

The Group's cost price increases on the one hand, and certain changes in the Group and our client on the other, led us to renegotiate various elements of the initial contract. This renegotiation has just been completed. It leads to a turnover for VERGNET of more than 24M€, the largest part of which will be in 2022.

The contract is expected to come into effect on January 31, 2022, for a period of 16 months. VERGNET has obtained the support of the BGF bank for the guarantee of this contract, and of the BPI, counter-guarantor for 80%.

### VERGNET Pacific

A perfect example of the Group's decentralization strategy, VERGNET Pacific has been a great success both in terms of turnover (nearly €7 million in 2021) and margin. The subsidiary covers the entire Pacific zone (Wallis and Futuna, Fiji, etc.). Its business is growing rapidly and is well balanced between major projects, local contracts (contracting) and maintenance.

In Ouvéa, it has won its first photovoltaic energy production plant as an operator (Independent Power Producer). It has just been awarded a second photovoltaic power plant with a total capacity of 3.9 MWp in the Northern Province of New Caledonia, which is located on customary land (Oundjo tribe) where the subsidiary has been operating an 11.55 MW wind power plant on behalf of its client since 2005. It will be the first Caledonian tribe to be supplied with 100% mixed renewable energy (wind and photovoltaic).

VERGNET Pacific has the confirmed support of the BCI, New Caledonia's leading bank, for its guarantee and financing needs.

The Group's strategic evolution towards a larger geographical footprint and greater decentralization will lead to an adaptation of the organization of the Headquarters, with a better distinction between operational activities, support functions and holding functions, with a view to reducing costs, which have already been lowered in 2021.

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Over the past few years, the VERGNET Group has shown exceptional resilience in successive very difficult contexts. It has also been able to prepare for the future. The year 2022 and beyond, provided that no new exogenous difficulties arise, should demonstrate that this Group has its rightful place in the industrial policy of energy transition, which is so important to everyone.

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## About Vergnet SA

Vergnet group is a global renewable energy solutions company with a track record in delivering high performing reliable and affordable clean energy turnkey projects around the world.

With its advanced technology and expertise in providing tailored solutions for its customers, Vergnet creates sustainable and profitable energy and water development infrastructures.

The Group has implemented more than 900 wind turbines and 365 MW, covering all energies. It is present in more than 40 countries and is comprised of 200 employees over 11 locations.

Vergnet is listed on the Euronext Growth Stock Exchange since the 12th of June 2007.

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## Contact

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# Development of a new Vergnet wind turbine « GEV NG »

## Context:

Target market is the historical market of Vergnet wind turbines:

- Islands and hurricane prone areas
- Isolated and hard to access zones where installation of large wind turbines is too complex

Even in these areas and including less windy areas, new wind plants need turbines able to produce power at a competitive price versus solar plants and, due to habitat densification, with a low noise level.

## Technical targets:

57m rotor diameter (550kW) turbine certified by tier 1 international certification body following IEC-61400 standards.

The turbine is designed to be installed on weak grids with a high ratio of renewable energy, able to withstand class IV cyclones by tilting to ground in less than 40mn and shipped in standard containers (except blades). Based on micro pile anchorages, foundation uses a minimal quantity of concrete.



## Achieved milestones:

- Product functional analysis
- Feasibility study
- Dynamic numerical model
- Numerical simulation and performance calculation

Validation of the following points:

- Sourcing of wind turbine specific components
- Sourcing of main components (not specific to wind turbines)
- Compliance to technical specifications
- Achievable objective production cost
- Market study justifying the new development

The design is conducted by Vergnet team with more than 20 years' experience in cyclonic wind turbines with the help of leading wind turbine engineering consultants working with the world's top manufacturers. Construction of first wind farm in 2024.

# Development of a new portable water treatment unit "Echlo.2 »

## Context :

The first version of the ECHLO was created in 2012 to respond to the problem of water sanitation in isolated sites. Using the concept of chlorine production through the electrolysis of salt water, the solution of active chlorine (5g/l) produced can be used directly for surface or medical equipment disinfection but also for water sanitation with a dilution to make a water supply drinkable (4l for 10 m<sup>3</sup> of water).

During the electrolysis of salt water above 40°C, toxic chemical species (chlorates, perchlorates, phthalates) appear. The first ECHLO took this temperature constraint into account by stopping the process when the temperature exceeded 40°C. However, this level was sometimes quickly reached in hot or desert areas, the main places where the ECHLO was used, requiring an improvement of the product.

## ECHLO.2 :

The new version of the ECHLO incorporates active temperature control, a patented feature that is unique on the market today, making the product suitable for use in a wide range of external temperatures: from -20°C to 50°C. The product is easy to use, robust, handy and light, allowing it to be easily transported and operated in extreme environments: salty, wet, sandy and dusty.

The Echlo.2 is a turnkey kit designed to be used with many different power sources : 12V car batteries, PV, 110-220V 50-60hz mains, generator, including real solar power (directly on PV) which allows for autonomy in isolated sites and extreme conditions such as health or humanitarian emergencies.

Several options are also offered via an electronic box allowing the recharging of small portable devices such as mobile phones via USB port and vehicle batteries.

The user interface is multilingual and very intuitive to make the product easy to learn and use, and safe to use with automatic error and fault detection.

We also added a function to assist in the ideal orientation of the photovoltaic panels, allowing maximum energy capture in any location and therefore good functionality even in cloudy sunlight.

## Steps taken :

- Technical studies
- Prototyping
- Validation of the prototype and pre-series launch
- Pre-series testing in our Chad and New Caledonia subsidiaries

The numerous tests carried out at headquarters and in the field in our subsidiaries, in cold and hot, humid and saline conditions, were all conclusive! The ECHLO.2 has shown remarkable reliability in use and exceptional consistency in the quality and dosage of the chlorine produced (5g/l).

## Economic outlook :

The objective is to sell, through a network of privileged partners, subsidiaries of the VERGNET Group, direct approach of State Clients and NGOs, as well as direct online sales by PHOTALIA, about a hundred devices in 2022.

Annual sales are estimated at several hundred per year.

