



MotoCut Oy – Communication Letter 1-2021

MotoCut mechanizes pile cutting on construction sites around the world. Just like modern forest machines have replaced chainsaws in forestry, MotoCut pile cutters will replace manual labor in physically demanding pile cutting work.

2020 in Brief

Year 2020 was to be the breakthrough year for MotoCut.

We started the year with very high hopes and positive outlook; we had just delivered the first two units to UK as first part of our new contract to deliver 12 units annually to the same customer. In January we had a very important opening in the US delivering our first MotoTilt-rotator to a big construction company in Alabama.

In January we also received very positive feedback from AED conference in Chicago and in March we initiated our co-operation discussions with Bauer Equipment of America in ConExpo, Las Vegas.

The flights from Europe to US got cancelled the very same week we were in Vegas. More or less, everything got cancelled during the first weeks of March. Nobody seemed to be willing to discuss about our new innovations. Everybody was uncertain on their own future and was struggling to keep the business going and pay the bills.

Anyhow, during the spring and the following summer people started to realize that this pandemic will not be the end of the world after all; building of infrastructures will continue sooner or later. We started to hear positive signals from all over the world from our customers and dealers.



Sales Development

Our target for the year 2020 was to more than double our sales from the previous year. Unfortunately, we could not quite reach that target. Our sales ended at 670 645€ (381 501€).

In addition to delivering six pile cutters and tilt rotators for Bauer we also delivered machines to Condon and Johnson (US), Morris Shea (US), HSK (Germany) and to Nevo Maskin (Sweden).

Our go-to-market strategy is to work through local dealers. In addition to the co-operation with Bauer, and despite the pandemic, we were able to start new partnerships also with:

- MG Mining and Construction, Colombia
- Gandara Bienes De Capital, Mexico
- Raico, Chile
- Baumaskinen, Germany
- Suretech, India
- Tokumitsu Machinery, Japan

We are looking forward for making results with these great new partners and our old partners as we move forward.

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Looking Forward

Last year we did major improvements to the quality and performance of our products. There is always room for improvement, but overall, the current portfolio is now in good shape.

The next major improvement to the portfolio will be to bring pile crushing functionality and quick connectivity to the product family. This will significantly widen our sales potential and open new markets also for the existing products.

In the beginning of year 2021, we have made investments to our team and recruited electrical and mechanical engineers. Let's welcome Tomi Aronen and Ville Lindsten to the team!

MotoCut strategy remains unchanged. We will make pile cutting safer and faster globally. We will continue to work through our local sales and service partners and keep on expanding our business as we move forward.

On behalf of the Board of Directors,

Samuli Salmela, CEO

Financials

The final results for 2020 will be communicated in the next communications letter after the financial statements for 2020 will be finalized and audited. In the below table you can find the preliminary results for the year.

Income Statement	1.1.-31.12.2020	1.1.-31.12.2019
SALES	670 645 €	381 501 €
Inventory change	67 632 €	-96 545 €
Other income	50 000 €	0 €
Materials and services	-805 163 €	-523 883 €
Personnel cost	-203 552 €	-232 002 €
Other expenses	-315 728 €	-339 780 €
EBITDA	-536 166 €	-810 709 €
Depreciations	-267 074 €	-213 980 €
EBIT	-803 240 €	-1 024 689 €
Financial costs	-31 542 €	-33 902 €
LOSS	-834 784 €	-1 058 591 €

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