

## **Savo-Solar's half-year report for January-June 2016: Revenue nearly doubled - EBIT margin clearly better than during the comparison period**

### **Key figures in January-June 2016**

- Revenue increased by 91.4% on the corresponding period last year, amounting to EUR 3,097 thousand (1-6/2015: EUR 1,618 thousand). Remarkable part of revenue derived from solar collector deliveries to district heating companies in Denmark.
- Operating result (EBIT) remained approximately at the same level amounting to EUR -1,827 thousand (EUR -1,792 thousand). The EBIT margin was clearly better than during the comparison period in 2015.
- Net profit/loss for the period amounted to EUR -2,189 thousand (EUR -1,871 thousand), partly due to increased financing costs.
- Savo-Solar estimates that the company's full-year revenue 2016 will be more than double the revenue in 2015, i.e. approximately EUR 4.5-5.5 million. The full-year EBIT is estimated to be at the same level as in 2015, and the EBIT margin clearly stronger.

### **The accounting principles for the half-year report**

This half-year report is unaudited. The report has been prepared in accordance with the Finnish Accounting Standards (FAS) using the same principles as in the 2015 financial statements. Unless otherwise stated, the comparison figures refer to the same period of previous year 2015.

### **CEO comments:**

"Savo-Solar keeps growing fast. Full-year revenue in 2015 was doubled from previous year and also the revenue for January-June this year is double to comparison period last year. We estimate that the full-year revenue for 2016 will grow to more than double on previous year 2015, mainly thanks to large-scale deliveries to district heating companies in Denmark and other European countries.

Costs for materials, services and personnel as well as other operational costs have grown when measured in Euros based on the rapid increase of production volumes. When measured in percentage, the costs increased less than the revenue. The operating result (EBIT) for the period was still showing a loss but the EBIT margin was clearly better than during the comparison period in 2015.

In the middle of strong growth we are investing in the development of production capacity and operations in line with our strategy. We have already improved the efficiency of production so that during the last 18 months the amount of working hours in the manufacture of collectors in factory has decreased by approximately 70%. Furthermore, we are going to modernize our coating machinery so that its capacity will

be doubled. For this we have already signed a contract with a well-known manufacturer of vacuum coating machines, Sidrabe Inc. The modernization is scheduled to be completed by the end of this year.

The growth has been faster than anticipated, increasing the working capital need. Therefore, we are planning a rights issue with the target to collect approximately EUR 3.9 million. The rights issue has been guaranteed to a maximum of 77.5% through subscription commitments from present shareholders and underwriting commitments from external investors. We have further arranged a bridge loan of approximately EUR 0.9 million to cover our working capital needs until we receive the subscription price of the rights issue.

Our growth outlook is good. Our order intake has increased remarkably during the first half of the year. At the end of the report period, our open orders amounted to approximately EUR 2.1 million, and they are scheduled to be delivered by the end of 2016.

Number of quotations to large projects has increased clearly, which according to our estimate is based on our successful deliveries and good operational experiences in Denmark. Our quotation base at the end of report period amounted to approximately EUR 7.6 million. If the quotations are realized to orders and the projects proceed in accordance to our customers' plans, part of them can still be recorded as income and delivered during 2016.

Our geographical focus has been strongly in Denmark, which is a pioneer in the introduction of district solar thermal energy. Our established position in the Danish market and our collector fields operating there serve as excellent references in tenders to other European markets, too. We have enhanced our sales and marketing, and we will as from next year focus our efforts more intensively to markets outside Europe. This expands remarkably our potential target markets and provides prerequisites for continuous growth of our business."

Jari Varjotie, Managing Director of Savo-Solar Plc.

## **Business development in January-June 2016**

### **Revenue**

Revenue for January-June amounted to EUR 3,097 thousand, up approximately 91.4% year-on-year (1-6/2015: EUR 1,618 thousand). The growth was mainly based on delivery projects of large solar collector fields to the district heating market in Denmark.

The extension of 5,600m<sup>2</sup> to Løgumkloster solar collector field was delivered to the customer according to schedule in February 2016. The energy station now has approximately 15,000m<sup>2</sup> of solar collector field delivered by Savo-Solar. Major part of the revenue has already been recorded in the income of the year 2015.

The company received in February 2016 an order for the delivery of solar collector field to Søllested district heating station in Denmark. The foundation of the collector field is ready and the installation is taking place in August 2016. The value of the delivery to Savo-Solar is approximately EUR 0.7 million. The delivery is based on the cooperation contract between Savo-Solar and Dansk Energi Service (DES), which covers the sales and development of turn-key solar thermal stations in Denmark.

The solar collector field, which Savo-Solar delivered to Jelling Varmeværk in spring 2016, has in the measures and analysis of the customer proven to be very efficient. The first part of the field started producing energy in the beginning of June, and already during the first weekend the daily production

amounted to 34 MWh. The first available part of the field has 461 collectors of a total of 1,031 collectors in the entire field, and their total area is 6,836.63m<sup>2</sup>. The measured production of this part was record-high at 4.97kW/m<sup>2</sup>, which in accordance with the information available to the company is the highest record in Denmark and exceeds the next best field by almost 6%.

The company delivered to the Austrian company S.O.L.I.D. a test field, which will be connected to the solar thermal district heating system of Graz. The field is provided with double-glass collectors, which have been developed by Savo-Solar and introduced to market during 2015. Market for large fields is growing fast in Central Europe and for example in Graz there are plans to build a collector field of 450,000m<sup>2</sup>.

Savo-Solar signed in March 2016 a contract on the delivery of a solar thermal collector field for the district heating plant of Fors A/S in Jyderup, Denmark. The value of the contract to Savo-Solar is approximately EUR 1.5 million and the delivery will take place in autumn 2016.

### **Order intake and quotation book**

The company had at the end of reporting period open orders of approximately EUR 2.1 million for deliveries during 2016 mainly in Denmark and Ukraine.

The company's quotation book has increased strongly and at the end of the reporting period there are open quotations amounting to approximately EUR 7.6 million.

### **Costs**

The costs relating to materials and services totaled EUR 2,549 thousand (EUR 1,705 thousand) as a result of the increased manufacturing volumes and various development actions.

Despite the strong growth of revenue the personnel costs increased moderately to EUR 1,151 thousand (EUR 886 thousand). Other operating expenses amounted to EUR 1,107 thousand (EUR 642 thousand). The biggest growth was seen in the costs of sales and marketing, administration as well as in research and development.

Thanks to the overall development in products and operations, the production costs per produced collector were remarkably decreased both as to working hours and the use of materials.

### **Earnings**

The operating loss (EBIT) for the first half of the year amounted to EUR -1,827 thousand (EUR -1,793 thousand). Weak profitability was affected by exceptionally high costs of some projects as well as by some deliveries with reference nature. Part of the cost increase was caused by the development made in the manufacturing process and supply chain.

Net financial income and expenses amounted to EUR -266 thousand (EUR -79 thousand). The financing costs were increased by interests paid for equity loans, by bank guarantee provisions for export guarantees as well as by costs for the rights issue.

Loss for the reporting period stood at EUR -2,189 thousand (EUR -1,871 thousand). Earnings per share were EUR -0.14 (EUR -0.57).

## COMPARISON BY REPORT PERIOD

(EUR '000)	1-6/2016	1-6/2015	1-12/2015
Revenue	3,097	1,618	2,046
Operating profit/loss (EBIT)	-1,827	-1,793	-3,675
Profit/loss for the period	-2,189	-1,871	-4,072
Earnings per share, EUR	-0.14	-0.57	-0.94

### Financing

Total assets of the company on 30 June 2016 stood at EUR 6,242 thousand (EUR 4,266 thousand). The inventories increased from EUR 334 thousand in the corresponding period to EUR 586 thousand in the report period. Current receivables increased from EUR 671 thousand to EUR 2,499 thousand mainly due to partial releases of projects to income.

Shareholders' equity decreased in the report period from EUR 741 thousand to EUR 610 thousand. The equity including capital loans amounted to EUR 2,041 thousand at the end of report period. Savo-Solar's equity ratio at the end of report period was 10.0% (17.4%).

Liabilities increased to EUR 5,632 thousand (EUR 3,525 thousand), of which EUR 2,109 thousand (EUR 2,383 thousand) were long-term and EUR 3,523 thousand (EUR 1,142 thousand) short-term liabilities. Out of long-term liabilities the amount of capital loans remained unchanged at EUR 1,431 thousand. Bank loans amounted to EUR 363 thousand (EUR 485 thousand). A total of EUR 314 thousand (EUR 467 thousand) of long-term liabilities were other payables to Tekes, material suppliers and tax authorities, in line with the restructuring program prepared for the company.

The company signed on 20 June 2016 a bridge loan contract with external financiers. With the contract, the financiers have granted EUR 900 thousand to the company. With the bridge loan the company has ensured that it can cover the working capital need until the realization of the planned rights issue. The bridge loan has a fixed interest rate of 7.5% and the loan and the interests are due to be paid back on 7 October 2016.

Cash flow from operations was EUR -3,157 thousand (EUR 2,198 thousand) and cash flow from investments EUR -183 thousand (EUR -898 thousand). Cash flow from financing was EUR 544 thousand (EUR 3,247 thousand). Cash flow of the corresponding period last year included income from share issue amounting to EUR 3,292 thousand. On 30 June 2016, Savo-Solar's cash and cash equivalents totaled to EUR 312 thousand (EUR 290 thousand).

Aspects related to the Savo-Solar's financing and liquidity are also described in the section "Short-term risks and factors of uncertainty concerning operations".

### Investments

Investments were EUR 183 thousand (EUR 898 thousand), and most of them were connected with enhancing the installation capacity of collectors and increasing the efficiency. Investments in machinery and equipment amounted to EUR 168 thousand (EUR 200 thousand). Out of the investments in the corresponding period last year a total of EUR 670 thousand were the IPO realization costs.

The company raised EUR 62.8 thousand as an R&D grant from Tekes during the reporting period (EUR 49.5 thousand). The grant is connected with the SOLHC project (Solar Thermal Heating and Cooling), which is a joint EU-project of German and Finnish research institutes. Savo-Solar's premises in Mikkeli are provided with new-generation solar thermal cooling equipment, which was taken to trial use in April. The company is aiming at getting the solar thermal cooling system to complement its offering during 2017.

As a result of its product development, Savo-Solar has in 2015 introduced a large double-glass collector, a new improved aluminium profile to absorber as well as several smaller improved product features, which have increased the efficiency in the manufacture of collectors and especially in the installation. First double-glass collectors were installed during the report period in Graz, and next they will be installed in Søllested.

The company's realised and on-going investments in production capacity and increased efficiency in production during 2015-2016 amount to approximately EUR 985 thousand.

#### **Personnel, Board of Directors and Auditor**

At the end of the reporting period, Savo-Solar had a payroll of 46 employees (32). The increase of personnel was due to the increased production volumes.

The Annual General Meeting held on 19 April 2016 re-elected Feodor Aminoff and Sami Tuhkanen to the Board and elected Kenth Granljang, Christof Gey and Michael Mattsson as new members to the Board. From among its members, the Board elected Feodor Aminoff to continue as the Chairman of the Board.

The Annual General Meeting elected the auditing firm PricewaterhouseCoopers Oy as the company's auditor, with Mr. Pekka Loikkanen, Authorised Public Accountant, as the auditor in charge.

#### **Stock option program of the management**

The company launched in February 2015 a stock option program for a maximum of 250,000 stock options. Of the stock options, 77,500 are marked with the symbol 2015A, 57,500 with the symbol 2015B, 57,500 with the symbol 2015C and 57,500 with the symbol 2015D. A total of 130,000 stock options have been allocated to seven persons employed by the company. The share subscription period is for stock option 2015A from 1 April 2016 to 31 March 2018, for stock option 2015B from 1 October 2016 to 31 March 2018, for stock option 2015C from 1 April 2017 to 31 March 2018 and for stock option 2015D from 1 October 2017 to 31 March 2018.

In connection with the rights issue in November-December 2015, the terms of the stock option program were adjusted in the name of the equality between the holders of stock options and shares. The original subscription price of EUR 1.50 was lowered by the decision of the Board of Directors to EUR 0.93 per share. Furthermore, the subscription right was changed in the way that each stock option entitles to subscribe for two new shares, instead of one new share. Therefore, 250,000 option rights of the program entitle to subscribe for a total of 500,000 new shares.

During the report period, no new option rights have been allocated and no new shares have been subscribed for with the option rights.

#### **Other stock option programs**

In the rights issue, which was resolved in November 2015, the subscribers of the shares were given a total of 2,647,905 warrants, which entitle to subscribe for a total of 2,647,905 new shares of the company. The subscription price is EUR 1.00 per share and the subscription period is from 5 to 21 October 2016.

The maximum quantity of new shares from all option programs is 3,147,905.

### **Annual General Meeting 2016**

The Annual General Meeting of Savo-Solar was held in Helsinki on 19 April 2016. The Annual General Meeting adopted the financial statements for the financial period ended on 31 December 2015 and resolved, in accordance with the proposal of the Board of Directors, that no dividend be distributed and that the loss for the financial period (EUR 4,071,769.85) be recognised in equity. The Annual General Meeting discharged the members of the Board of Directors and the Managing Director from liability.

### **Remuneration of the Board of Directors**

The Annual General Meeting resolved that the Board members will be paid for the period starting at the end of the Annual General Meeting and ending at the end of the next Annual General Meeting as follows: EUR 21,600 to the Chairman of the Board and EUR 10,800 for each of the other members of the Board. Approximately 40% of the remuneration of the Board of Directors will be paid by giving to the Board members the company's new shares based on the authorization given to the Board, while 60% of the remuneration will be paid in cash. The cash portion of the remuneration will be paid in 12 instalments monthly. The portion involving shares as remuneration will be paid in two instalments in the way that the first instalment is paid on 1-31 May 2016 and the second instalment within two weeks following the publication of the half-year report for the period 1 January-30 June 2016. After the end of the reporting period the Board of Directors has resolved to postpone the second instalment of the portion involving shares to take place after the rights issue.

The Board members are not allowed to transfer the shares received as Board remuneration before their membership in the Board has ended.

The Board of Directors of Savo-Solar resolved on 3 May 2016 on a directed share issue to be used as a part of the Board members' remuneration. The company issued a total of 19,445 new shares of the company, which were offered for subscription to the members of the Board of Directors without consideration. The Chairman of the Board was offered a total of 7,778 new shares and other Board members were offered 3,889 new shares each. As one member of the Board does not accept any remuneration, the total number of new shares offered in the share issue is 19,445 shares. After the share issue, the total number of the company's shares is 15,906,875. New shares were taken to trading as equal with the other shares of the company on First North Helsinki and Stockholm on 16 May 2016.

### **Related-party transactions**

The company has in 2014 signed a contract with Savosolar ApS on services provided by Savosolar ApS in sales, marketing, purchases and product development, among others. Based on the contract the company has paid to Savosolar ApS in January-June 2016 approximately EUR 242 thousand.

Savo-Solar has granted to Savosolar ApS a loan of EUR 15 thousand on 7 March 2016 to be used for an acquisition of a vehicle needed in the installation of solar thermal collectors. Annual interest of the loan is 3% and it shall be paid back with interest on 7 December 2016.

Savo-Solar has purchased consulting services from Solarstation SVS GmbH, which is owned by Christof Gey, a Board member of the company. Savo-Solar has in the review period paid for the services a total of approximately EUR 3,500.



### **Plan to arrange a rights issue**

Savo-Solar published on 21 June 2016 the plan of the Board of Directors to arrange a rights issue of approximately EUR 3.9 million. The rights issue is expected to consist of a maximum of 11,930,156 new shares. The subscription price is expected to be EUR 0.33 per share. The rights issue is guaranteed to a maximum of approximately 77.5% by subscription commitments from present shareholders and underwriting commitments from external investors. The external guarantee providers are entitled to receive their guarantee compensation either in cash or in new shares in Savo-Solar in a directed share issue to be conducted after the offering, if necessary.

In the rights issue the company's Board of Directors is planning to offer 11,930,156 new shares of the company to be subscribed in accordance with the shareholders' preferential subscription right. All shareholders registered in Savo-Solar's shareholder register maintained by Euroclear Finland or Euroclear Sweden are planned to be given three (3) book-entry subscription rights for every one (1) share held in the company on the offering record date, 25 August 2016. Each four (4) subscription rights would entitle their holder to subscribe for one (1) offer share. The subscription rights are planned to be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 25 August 2016 and in the book-entry system maintained by Euroclear Sweden approximately on 29 August 2016. The subscription rights are planned to be freely assigned and they are expected to be traded on First North Finland and First North Sweden between 30 August 2016 and 9 September 2016.

### **Present authorization of the Board of Directors at the publication date of this release**

The Annual General Meeting resolved to authorize the Board of Directors to decide, in one or more transactions, on the issuance of shares, options and other special rights entitling to shares in the way that the number of shares to be issued based on the authorization may amount to a maximum of 10,000,000 shares. The authorization is valid until 30 June 2018 and it replaced the authorization given by the General Meeting on 19 December 2014.

After the report period, the Extraordinary General Meeting held on 12 July 2016 resolved to authorize the Board of Directors to issue a maximum of 12,000,000 shares in a rights issue. The authorization is valid until 31 December 2016. The authorization is not replacing the authorization given to the Board of Directors in the Annual General Meeting on 19 April 2016 to decide on the issuance of shares, options and other special rights entitling to shares. The company has on 21 June 2016 published its plan to arrange a rights issue.

### **Change of the company's name and company form**

The Annual General Meeting of Savo-Solar held on 19 April 2016 resolved that the company form is changed to public company and the new name of the company is Savo-Solar Oyj, in Swedish Savo-Solar Abp and in English Savo-Solar Plc. The changes in the name and company form were entered to the Trade Register on 11 May 2016.

### **Shares and shareholders**

Savo-Solar has one series of shares and their total number on 30 June 2016 was 15,906,875. Each share entitles its holder to one vote at the General Meeting. A total of 3,258,960 of the company's shares were subject to lock-up agreements until 2 April 2016.

Savo-Solar's Annual General Meeting held on 19 April 2016 resolved to remove the sections regarding different classes of shares from the company's Articles of Association.

The shares of Savo-Solar are traded on First North Sweden marketplace maintained by Nasdaq Stockholm as from 2 April 2015 with a short code SAVOS. Secondary listing of the shares on First North Finland marketplace maintained by Nasdaq Helsinki started on 24 April 2015 with a short code SAVOH.

During the reporting period, the share price in First North Sweden varied between SEK 3.20 and 7.90 (SEK 12.00 and 14.20). The closing price was SEK 3.75 (SEK 13.50). In First North Finland, the share price varied between EUR 0.36 and 0.80 (EUR 1.49 and 1.80). The closing price was EUR 0.42 (EUR 1.52).

The combined trading volume in January-June 2016 was 21,555,225 shares, i.e. 135.5% of all outstanding shares (659,066 shares, i.e. 12.5%).

At the end of the reporting period, Savo-Solar had 2,498 shareholders (917). The company does not hold any of its own shares.

### **BIGGEST SHAREHOLDERS ON 30 JUNE 2016**

<b>Shareholder</b>	<b>Holding, number of shares</b>	<b>Percentage of all shares</b>
The Finnish Innovation Fund Sitra	2,502,032	15.73
Nordnet Bank AB	1,108,794	6.97
Cleantech Invest Oyj	1,097,045	6.90
Suur-Savon Osuuspankki	1,004,230	6.31
Swedbank AB	466,700	2.93
Oy Ingman Finance Ab	449,960	2.83
Avanza Bank AB	429,409	2.70
SEB	391,899	2.46
Turret Oy Ab	275,000	1.73
Svenska Handelsbanken AB	216,136	1.36
<b>Total</b>	<b>7,941,205</b>	<b>49.92</b>
Others	7,965,670	50.08
<b>All total</b>	<b>15 906 875</b>	<b>100 %</b>

### **Changes in legislation**

Savo-Solar has updated its instructions for insiders and its disclosure policy to meet with the Market Abuse Regulation (MAR) effective as from 3 July 2016. The company follows the insider guidelines of Nasdaq Helsinki Oy, which became effective on 3 July 2016. The company keeps a non-public register of the company's insiders and discloses the transactions of the management and the associated persons in line with the Market Abuse Regulation in a company announcement. The table including the holding of insiders will no longer be updated on the company's website.



### **Short-term risks and factors of uncertainty concerning operations**

The most significant risks of Savo-Solar are the sufficiency of working capital and the ability to gain new projects and to increase the efficiency of operations, thereby turning the operations profitable.

Based on the cash flow calculations during the preparation of this half-year report the company estimates that it does not have sufficient working capital to meet its current needs for a period of at least 12 months as of the date of this half-year report. This is due to the estimated costs of running the company during the following 12 months, before the company is estimated to have a positive operating profit (EBIT) by the end of the year 2017 at the earliest. In order for the operating result to turn positive, the company's revenue should increase and the profitability should improve according to plans.

The company needs additional financing and plans to collect the needed amount in a rights issue amounting approximately EUR 3.9 million. If the rights issue is fully subscribed, the company expects to raise approximately EUR 3.3 million net after the expected transaction costs for the rights issue of approximately EUR 0.6 million.

Of the net proceeds from the rights issue the company will use approximately EUR 1.7 million to secure its working capital needs so that it can deliver the signed and upcoming orders in 2016–2017 and to enter new market areas, approximately EUR 0.7 million to secure capacity-increasing investments in the production line to be able to deliver on coming orders and approximately EUR 0.97 million to repayment of bridge loan and interest payment.

If the company is not able to collect additional financing, it will most probably face financial difficulties.

Like most early stage technology start-ups, Savo-Solar has invested in development of its products, offering and production as well as expansion of its operations into new markets during the first operational years and has not yet reached sales volumes and margins that would cover the operational costs. Thus, the company has incurred significant operating losses since it was founded in 2010. These losses have resulted principally from costs incurred in research and development of products and production processes as well as from general and administrative costs associated with the company's operations. The unprofitability of operations and challenges of supplementary financing led to the fact that the company has applied for restructuring proceedings in accordance with the Restructuring of Enterprises Act in 2013, and the restructuring program is planned to last until the end of 2018.

Savo-Solar takes active measures to protect its intellectual property by obtaining patents and undertaking monitoring activities in its major markets. The company uses for this a well-known IPR service provider Berggren Oy.

### **Strategy and long-term goals**

Savo-Solar's mission is to accelerate the solar economy through the leading technology for competitive energy and the company's vision is to be the first-choice supplier to high performance solar installations on a global scale.

The company's strategy is to maintain the position as the supplier of the world's most efficient solar thermal collectors with MPE-absorbers for customers and applications where efficiency matters the most. These are large-scale industrial or real estate installations like solar thermal district heating, industrial process heat and large real estate heating renovations.

Savo-Solar's goal is to expand the annual production to about 200,000m<sup>2</sup> and to increase the revenue to EUR 20 million by the end of 2019, as well as to move more and more to the role of a system supplier. The company's goal is to continue to be the innovative technology leader in the field and for that the plan is to

invest 3-5% of the revenue for product development. During the years 2015-2016 the investments in product development are however estimated to be approximately EUR 0.2 million a year.

### **Significant events after the end of the period**

Savo-Solar Plc held an Extraordinary General Meeting on 12 July 2016. The General Meeting authorized the Board of Directors to decide on giving new shares in a rights issue in the way that the shareholders are offered to subscribe new shares in the proportion of their present holding. The number of new shares to be offered based on the authorization can be a maximum of 12,000,000 shares, representing approximately 75.4% of the company's present number of shares. The Board decides on all other terms of the rights issue. The authorization is valid until 31 December 2016 and does not replace the authorization given to the Board of Directors in the Annual General Meeting on 19 April 2016 to decide on issuance of shares, options and other special rights.

Savo-Solar disclosed on 7 July 2016 that its solar collectors have reached a record-breaking efficiency of 5kWh/m<sup>2</sup> at the Jelling Varmeværk. Savo-Solar had delivered the solar collector field in spring 2016 and the first portion of the field started its energy production in early June. Already during its first weekend of production the field produced 34 MWh in one day. This initially started portion of the field contains 461 of the total of 1,031 collectors and offers a total area of 6,836.63m<sup>2</sup>. Accordingly, the measured efficiency is a record breaking 4.97 kWh/m<sup>2</sup>, which is, according to the information available to the company a new Danish record, passing the next best field with almost 6%. The field is now completely installed and 2/3 of it has been taken into use. The rest of the field will be taken into use when the all of the accumulator capacity is available towards the end of the summer.

According to the decision by the Annual General Meeting, approximately 40% of the remuneration of the Board of Directors will be paid by giving to the Board members the company's new shares. The second instalment of the portion involving shares was due to be paid within two weeks following the publication of the half-year report for the period 1 January-30 June 2016. After the end of the reporting period the Board of Directors has resolved to postpone the second instalment of the portion involving shares to take place after the rights issue.

### **Outlook**

Savo-Solar estimates that the company's full-year revenue 2016 will be more than double on the year 2015, i.e. approximately EUR 4.5-5.5 million. The revenue in 2015 amounted to EUR 2.0 million. The company estimates that the full-year operating result (EBIT) in 2016 will be at the same level as in 2015, when it amounted to EUR -3.7 million, and that the EBIT margin will be clearly better.

The company estimates that the operating result will turn positive by the end of 2017 at the earliest. Previously the company estimated that the operating result will turn positive during the first half of 2017.

Savo-Solar will publish its financial statement release on 6 March 2017.

SAVO-SOLAR PLC  
Board of Directors

**For more information:**

Managing Director Jari Varjotie  
Phone: +358 400 419 734  
E-mail: [jari.varjotie@savosolar.fi](mailto:jari.varjotie@savosolar.fi)

## ANNEXES

- 1 Income Statement
- 2 Balance Sheet
- 3 Cash Flow Statement
- 4 Calculation of Changes in Equity
- 5 Financial Ratios and Calculation of Key Figures

### ***Savo-Solar in brief***

*Savo-Solar with its highly efficient collectors and large-scale solar thermal systems has taken solar thermal technology to the next level. The company's collectors are equipped with the patented nano-coated direct flow absorbers, and with this leading technology, Savo-Solar helps its customers to produce competitive clean energy. Savo-Solar's vision is to be the first-choice supplier to high performance solar installations on a global scale. Focus is on large-scale applications like district heating, industrial process heating and real estate systems - market segments with a big potential for rapid growth. The company primarily delivers complete systems from design to installation, using the best local partners. Savo-Solar is known as the most innovative company in the business, and aims to stay as such. The company has sold and delivered its products to 18 countries on four continents. Savo-Solar's shares are listed on Nasdaq First North Sweden with the ticker SAVOS and on Nasdaq First North Finland with the ticker SAVOH. [www.savosolar.fi](http://www.savosolar.fi).*

*The Company's Certified Adviser is Mangold Fondkommission AB, tel.: +46 8 5030 1550.*

**ANNEX 1**  
**INCOME STATEMENT (FAS, unaudited)**

(EUR '000)	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Revenue	3,097	1,618	2,046
Other operating income	55	55	19
Materials and services	-2,549	-1,705	-2,272
Personnel costs	-1,151	-886	-1,601
Depreciations and write-downs	-267	-233	-524
Other operating expenses	-1,107	-641	-1,342
Operating profit/loss	-1,827	-1,792	-3,675
Financial income	0	0	0
Financial expenses	-266	-79	-398
Extraordinary items	0	0	0
Profit/loss before appropriations and taxes	-2,189	-1,871	-4,072
Net profit/loss for the reporting period/financial year	-2,189	-1,871	-4,072
Earnings per share, undiluted, EUR	-0.14	-0.57	-0.94
Earnings per share, diluted, EUR	-0.11	-0.53	-0.53
Number of outstanding shares at the close of period	15,906,875	5,295,810	15,887,430
Average number of outstanding shares by month, adjusted by share issue	15,906,875	3,258,960	4,343,792
Number of outstanding shares, adjusted by dilutive effect	19,304,780	3,508,960	7,741,697

**ANNEX 2**

**BALANCE SHEET (FAS, unaudited)**

(EUR '000)	30 June 2016	30 June 2015	31 December 2015
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	1,976	2,229	2,127
Tangible assets	735	731	682
Shares in group companies	132	8	132
<b>Fixed assets in total</b>	<b>2,843</b>	<b>2,968</b>	<b>2,941</b>
<b>Current assets</b>			
Inventories	586	334	392
Accounts receivable	119	319	32
Receivables from group companies	15	107	0
Other receivables	143	75	113
Prepayments and accrued income	2,223	173	427
Cash and cash equivalents	312	290	3,108
<b>Current assets in total</b>	<b>3,399</b>	<b>1,298</b>	<b>4,071</b>
<b>Assets in total</b>	<b>6,242</b>	<b>4,266</b>	<b>7,012</b>

	30 June 2016	30 June 2015	31 December 2015
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	470	473	470
Unrestricted equity fund	12,714	8,452	12,714
Retained earnings	-10,385	-6,313	-6,313
Net profit/loss for reporting period/financial year	-2,189	-1,871	-4,072
<b>Shareholder's equity in total</b>	<b>610</b>	<b>741</b>	<b>2,799</b>
<b>Long-term liabilities</b>			
Capital loans	1,431	1,431	1,431
Loans from financial institutions	363	485	363
Other liabilities	314	467	314
<b>Long-term liabilities in total</b>	<b>2,109</b>	<b>2,383</b>	<b>2,109</b>
<b>Short-term liabilities</b>			
Loans from financial institutions	1,007	354	463
Advances received	1,187	0	630
Trade payables	947	511	612
Other liabilities	54	49	47
Accrued liabilities	329	228	353
<b>Short-term liabilities in total</b>	<b>3,523</b>	<b>1,142</b>	<b>2,105</b>
<b>Liabilities in total</b>	<b>5,632</b>	<b>3,525</b>	<b>4,213</b>
<b>Total equity and liabilities</b>	<b>6,242</b>	<b>4,266</b>	<b>7,012</b>



**ANNEX 3**

**CASH FLOW STATEMENT (FAS, unaudited)**

(EUR '000)	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Cash flow from operating activities</b>			
Profit/loss for the financial period	-2,188	-1,871	-4,072
Adjustments	533	311	921
Increase/decrease in current receivables	-1,915	160	156
Increase/decrease in inventories	-194	222	164
Increase/decrease in current interest-free payables	906	-936	-149
Interests from operating activities	-298	-85	-421
<b>Cash flow from operations</b>	<b>-3,157</b>	<b>-2,198</b>	<b>-3,400</b>
<b>Cash flow from investing activities</b>			
Investments	-168	-893	-1,034
Investments in subsidiaries	0	0	-22
Loans granted	-15	-5	0
<b>Cash flow from investment activities</b>	<b>-183</b>	<b>-898</b>	<b>-1,056</b>
<b>Cash flow from financing activities</b>			
Share issue	0	3,292	6,573
New long-term loans	900	0	1,128
Repayment of long-term loans	-356	-45	-277
<b>Cash flow from financing activities</b>	<b>544</b>	<b>3,247</b>	<b>7,424</b>
Change in cash and cash equivalents	-2,796	150	2,968
Cash and cash equivalents at beginning of period	3,108	140	140
Cash and cash equivalents at end of period	312	290	3,108

**ANNEX 4**  
**CALCULATION OF CHANGES IN EQUITY (FAS, unaudited)**

(EUR '000)	Share capital	Unrestricted equity fund	Retained earnings	Result for reporting period/ financial year	Total
Equity 1 Jan 2016	470	12,714	-10,385	0	2,799
Share issue	0	0	0	0	0
Result for reporting period	0	0	0	-2,189	-2,189
Equity 30 Jun 2016	470	12,714	-10,385	-2,189	610
Equity 1 Jan 2015	472	4,416	-6,313	0	-1,425
Share issue	0	4,036	0	0	4,036
Result for reporting period	0	0	0	-1,871	-1,871
Equity 30 Jun 2015	472	8,452	-6,313	-1,871	741
Equity 1 Jan 2015	472	4,416	-6,313	0	-1,425
Share issue	-2	8,298	0	0	8,296
Result for reporting period	0	0	0	-4,072	-4,072
Equity 31 Dec 2015	470	12,714	-6,313	-4,072	2,799

**ANNEX 5**

**FINANCIAL RATIOS AND CALCULATION OF KEY FIGURES (FAS, unaudited)**

(EUR '000)	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Revenue	3,097	1,618	2,046
Result for reporting period/financial year	-2,189	-1,871	-4,072
Cash and cash equivalents	312	290	3,108
Equity	610	741	2,799
Equity Ratio, %	10.0	17.4	39.9

**Calculation of key figures**

Equity ratio, %	Shareholders' equity in Balance Sheet at the end of the period x 100 / Assets in total
Amount of shares, pcs	Amount of shares at the end of the period
Amount of shares on average, pcs	Weighted average number of shares during the period, adjusted by share issue
Earning per share, EUR	Result for reporting period or financial year / Adjusted weighted average number of shares during the period