



Savosolar Plc

Financial statement release

21 February 2022 at 8.30 a.m. (CET)

## **Savosolar Plc's financial statement release 1 January - 31 December 2021**

### **Key figures in October–December 2021**

- Revenue amounted to EUR 0.3 million (October-December 2020: EUR 1.4 million).
- Operating result (EBIT) amounted to EUR -1.3 million (EUR -1.3 million).

### **Key figures and significant events in January-December 2021**

- Revenue amounted to EUR 2.5 million (2020: EUR 5.1 million).
- Operating result (EBIT) amounted to EUR -4.6 million (EUR -3.9 million).
- Net result for the period stood at EUR -5.8 (-5.0) million.
- Undiluted earnings per share were EUR -0.07 (-0.16). Diluted earnings per share were EUR -0.02 (-0.05).
- Cash and cash equivalents as at 31 December 2021 totalled EUR 4.1 (2.5) million.
- Equity ratio as at 31 December 2021 was 81.0% (70.7%).
- Order backlog as at 31 December 2021 was EUR 0.4 (2.0) million.
- With a rights issue, warrant plans and a directed share issue supplementing the warrant plan, the company raised net proceeds of about EUR 6.5 million in total to strengthen its working capital.
- System deliveries to Kyotherm Solar, newHeat and AbSOLAR in France.

### **CEO JARI VARJOTIE:**

“Our revenue and result for 2021 fell clearly short of our expectations and the previous year. Our full-year revenue was EUR 2.5 million, which is about half of the previous year’s revenue. The operating profit was EUR -4.6 million, down from the EUR -3.9 million in the previous year.

During the year, we delivered several systems to our customers, totalling more than 25,000 square meters, which is more than half of all the industrial-scale solar thermal systems delivered in Europe in 2021. At the same time, we negotiated several new projects on which customers have not yet made their decisions. This illustrates well the turbulence in the energy sector throughout 2021. Interest towards solar heat has grown and is expected to continue to grow, and there are more projects customers have at planning stage than ever before. In Europe, however, decision-making has been delayed by uncertainty about the country-specific schedules for EU Green Deal funding, in addition to which exceptionally high increases in material and transport costs have delayed customers’ investment decisions.

A good example of market activity is Austria, which has more than a dozen major solar thermal projects in the planning and preparation stages. The market continues to remain active in France as well where many regional energy development projects are on-going with solar thermal having an important role. In Germany, decision-making has been hindered by expectations on the new government’s energy policies, on which decisions are



expected early this year. In Poland, solar heat has been recognised as an important part of the country's large-scale transition from coal to lower-emission energy sources, and the first projects are expected to be launched next summer. Elsewhere in Europe, in Croatia, Serbia and Spain, for example, large-scale solar thermal projects have been announced both for district heat production and for the heating of industrial processes.

As already noted above, more than half of all the large-solar thermal systems commissioned in Europe last year were supplied by Savosolar. Our most significant delivery was France's largest solar thermal system in Issoudun to Kyotherm Solar, which sells heat to Malteries Franco-Suisse for the drying of malt. Another good example of our advanced collector technology is the solar heating system commissioned in 2021 in Creutzwald, France, whose annual production target for the first calendar year was already reached in October. In France, we also delivered solar thermal systems to AbsOLAR in Cadaujac and to newHeat SAS in Narbonne and Pons. In Pons, heat is collected from a small area very effectively, because the collectors have been installed on a single-axis tracker system following the sun. Also, in Guangzhou system Savosolar's collectors have been installed on similar trackers following the sun.

Our balance sheet and financial position at the end of the financial year were strong. And as we continued to develop our internal processes during the year, we are now fully prepared to meet the rapidly growing demand.

Looking back, I see that 2021 was a gap year in the solar thermal market due to uncertainty and delays in decision-making, and that in 2022 the market will return to a clear growth track again. We expect this to be positively reflected in Savosolar's operations.

I would like to extend my thanks to the investors who took part in the rights issue and our warrant plans, trusting in the growing significance of solar heat in the reduction of emissions and in the ongoing major transition in the energy sector.

The projects we have already implemented and the emission reductions they bring, along with their concrete economic benefits to our customers, are excellent references as we grow our business and profitability in the growing solar thermal market."

## **SAVOSOLAR AS A COMPANY**

Savosolar Plc is a Finnish public limited liability company listed in Nasdaq First North Growth Market Sweden and Nasdaq First North Growth Market Finland that designs and supplies large solar thermal systems for district heat producers and industry. The systems are based on Savosolar's highly efficient solar heat collectors, at the heart of which are Savosolar's proprietary optically coated direct flow absorbers. With this leading technology, Savosolar helps its customers to produce competitive clean energy on a global scale. According to the information available to the company's executive management, Savosolar's collectors are the most efficient large solar heat collectors in the world.

Savosolar's vision is to be the first-choice supplier to high performance solar installations on a global scale. Savosolar's registered office and production plant is located in Mikkeli, Finland, in addition to which the company also has an office in Vantaa, Finland, fully owned subsidiaries in Denmark and Germany, as well as offices in France and China. In its sales activities, Savosolar also utilises partners who are familiar with the local markets. The company has such partners in Europe, China, Latin America and Australia.



### **Accounting principles for the financial statement release**

This financial statement release is unaudited. The release has been prepared in accordance with the Finnish Accounting Standards (FAS) using the same principles as in the 2020 financial statements.

The comparison figures refer to the corresponding period in 2020, unless otherwise indicated.

### **DEVELOPMENT OF BUSINESS OPERATIONS IN 2021**

#### **Revenue**

Revenue for the full year 2021 amounted to EUR 2.5 (5.1) million. Revenue for the last quarter amounted to EUR 0.3 (1.4) million. It is typical of project-based operations that the revenue of individual quarters and years may vary depending on the degree of completion of the project deliveries.

#### **Significant deliveries and new orders**

The largest solar thermal system in Savosolar's financial year, and also in the company's history to date, was handed over to Kyotherm Solar in Issoudun, France, in June. The total value of the project for Savosolar was about EUR 4.0 million. The project and its handover were delayed by about one year because of the Covid-19-pandemic.

In December, Savosolar handed over a 900 m<sup>2</sup> solar district heating system in Cadaujac, France, to AbSOLAR SAS. The value of the delivery was about EUR 0.3 million.

In France, a solar district heating system was also handed over in Creutzwald to LFDE, and to newHeat SAS in Narbonne in November and in Pons in October. The value of the Narbonne delivery was about EUR 1.0 million and the size of the collector field 3,200 m<sup>2</sup>. The value of the solar thermal field installed in Pons was about EUR 0.7 million and the size of the collector field about 1,700 m<sup>2</sup>.

In May, Savosolar signed a delivery contract with Guangzhou Power Supply Bureau, Guangdong Power Grid Co., Ltd for a solar thermal heating system delivery in Guangzhou, China. The value of the delivered pilot system is approximately EUR 0.5 million. The system was delivered in December 2021 and its installation and commissioning are expected to be completed during the first quarter of 2022.

Savosolar's order backlog at the end of the financial year stood at about EUR 0.4 (2.0) million. At the end of financial year, the value of the identified active sales targets for the upcoming few years amounted to about EUR 138 (117) million, of which projects in the planning and tendering stage accounted for about EUR 15 million.

#### **Costs and earnings**

Savosolar's operating result (EBIT) for 2021 amounted to EUR -4.6 (-3.9) million. The operating result (EBIT) for the last quarter amounted to EUR -1,3 (-1,3) million.

The costs related to materials and services in 2021 totalled EUR 2.4 (4.2) million. The costs related to materials and services were increased by the at times exceptionally high prices of certain materials and components during the financial year.

Personnel costs amounted to EUR 2.3 (2.2) million. Based on the co-operation negotiations conducted, Savosolar laid off 17 people on a part-time or full-time basis for a maximum of 90 days starting from the beginning of August. The company's management also reduced their remuneration for three months. The company achieved approximately EUR 0.2 million in savings through personnel arrangements and other savings measures.

Other operating expenses totalled EUR 2.1 (2.2) million.

Net financial income and expenses amounted to EUR -1.2 (-1.1) million. The majority of the financing costs, EUR 1.1 million, were related to the arrangement of a rights issue, the implementation of warrant plans, and the arrangement of a directed share issue supplementing the warrant plan.

Net result for the financial year stood at EUR -5.8 (-5.0) million. Undiluted earnings per share were EUR -0.066 (-0.161) and diluted EUR -0.021 (-0.054).

#### Key figures by reporting period

(EUR 1,000)	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Change (%)
Revenue	329	1,415	2,497	5,117	-51.2
Operating profit/loss (EBIT)	-1,336	-1,333	-4,554	-3,897	-16.8
Profit/loss for the period	-2,235	-1,444	-5,772	-4,977	-16.0
Earnings per share, EUR, undiluted	-0.017	-0.041	-0.066	-0.161	59.0
Earnings per share, EUR, diluted	-0.008	-0.016	-0.021	-0.054	61.1

#### Financing

Total assets of the company as at 31 December 2021 totalled EUR 8.2 (7.0) million. Inventories stood at EUR 1.9 (1.2) million. During the year inventories of certain critical raw materials and components were deliberately increased. Cash and cash equivalents at the end of the financial year totalled EUR 4.1 (2.5) million. Current receivables totalled EUR 0.8 (1.3) million, of which trade receivables accounted for EUR 0.5 (0.7) million.

Shareholders' equity increased from EUR 4.7 to EUR 6.5 million. Subordinated loans, totalling EUR 231,000 were repaid in accordance with the repayment programme. The equity ratio was 81.0 (70.7) per cent.



Liabilities amounted to EUR 1.5 (2.1) million, of which EUR 0.1 (0.2) were non-current and EUR 1.4 (1.9) million current liabilities. Of the non-current liabilities, a business development loan from Business Finland accounted for EUR 0.1 (0.2) million. Of the current liabilities, subordinated loans accounted for EUR 0.0 (0.2) million and a business development loan from Business Finland EUR 0.1 (0.1) million. Trade payables accounted for EUR 0.6 (0.5) million of the current liabilities. Accruals and deferred income included undelivered solar heat collectors worth EUR 0.0 (0.3) million.

In September, the Savosolar agreed with Nordea Bank Plc's Finland's Startup & Growth unit on the extension of the EUR 0.9 million bank guarantee limit for another 12-month period. The company uses the limit for guarantees required during project deliveries and warranty periods. Finnvera Plc provides the bank with a counter-guarantee of 50 per cent of the limit.

The financing position improved following the rights issue and warrant subscriptions carried out in the autumn. With the rights issue, the company raised EUR 4.5 million in new share capital after the transaction costs. The rights issue is described in section "Rights issue".

Cash flow from operations was EUR -5.7 (-4.9) million and cash flow from investments EUR -0.0 (-0.1) million. Cash flow from financing was EUR 7.3 (5.4) million, of which the share issues accounted for EUR 7.6 (6.0) million. Savosolar's cash and cash equivalents as at 31 December 2021 totalled EUR 4.1 (2.5) million.

### **Investments and product development**

Investments during the financial year totalled EUR financial 0.0 (0.1) million. The company has not recently had any need for significant production-related investments, because the plant's current production capacity is at a level that allows a revenue of EUR 25–30 million with the current business model.

### **Management and personnel**

At the end of the financial year, Savosolar had 34 (36) employees. The average number of personnel was 34 (32).

Savosolar's management team as at 31 December 2021 consisted of the following individuals: Jari Varjotie, CEO; Torben Frederiksen, CTO; Raul Ikonen, Country Manager, China; Martti Jalava, Director, Supply Chain Development, Production and Quality; Pekka Karjalainen, Production Manager; Antti Lilleberg, Vice President, Sales and Marketing, Project Execution; Kaj Pischow, Senior Advisor; and Heikki Timonen, CFO.

Quality Manager Pekka Karjalainen was appointed Production Manager in February 2021.

### **Business development**

Savosolar continued the improvement of the efficiency of its internal operations and the development of its management and quality system. The principal objective is to have the entire organisation work efficiently and seamlessly together in a multi-project environment. At the same time, system planning and cooperation models for customer projects in the sales stage will be improved in cooperation with both sales and supply partners. In addition, the management system will be developed to better meet the environmental, social and governance (ESG) requirements.

Savosolar continued building its international cooperation partner network in line with its strategy by setting up a branch office in France, where it already is the market leader in its field. The company has supplied high-



performance solar thermal systems in France both for district heating and for industrial process heating solutions. Sales and delivery resources were also increased elsewhere in Central Europe.

## **RESOLUTIONS OF SAVOSOLAR PLC'S GENERAL MEETINGS**

### **Annual General Meeting of 27 April 2021**

The Annual General Meeting of Savosolar Plc was held on 27 April 2021. The Annual General Meeting adopted the financial statements for 2020 and resolved that the loss for the financial year of EUR -4,977,020.37 be carried over to the retained earnings/losses account and that no dividend be paid. The Annual General Meeting resolved to grant discharge from liability for the members of the Board of Directors and the CEO for the period of 1 January 2020 to 31 December 2020 and concerning the preparation of financial statements.

The Annual General Meeting resolved that the members of the Board of Directors be paid the following remuneration for the term that begins at the close of the Annual General Meeting and ends at the close of the next Annual General Meeting following election: EUR 21,600 for the Chairman of the Board and EUR 10,800 for each of the other members of the Board.

Approximately 40% of the remuneration will be paid to the members of the Board of Directors by giving to the Board members new shares in the company based on the authorisation granted to the Board of Directors, and approximately 60% in cash.

The Annual General Meeting re-elected Feodor Aminoff, Eero Auranne, Mikael Lemström and Ari Virtanen as members of the Board of Directors. Auditing firm Tilintarkastus Inkeröinen & Himanen Oy was elected as the company's auditor. Tilintarkastus Inkeröinen & Himanen Oy has informed that the auditor-in-charge will be Juho Himanen, Authorised Public Accountant.

### **Extraordinary General Meeting of 1 October 2021**

The Extraordinary General Meeting of Shareholders of 1 October 2021 resolved, as proposed by the Board of Directors, to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies to the effect that the number of shares to be issued based on the authorisation may in total amount to a maximum of 275,000,000 shares. The issuances of shares and of options and other special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue) if there is a weighty financial reason for the company to do so. The authorisation is valid until 30 September 2026 and repeals the authorisation granted by the Extraordinary General Meeting on 27 April 2020.

## **BOARD OF DIRECTORS AND AUDITOR**

At the end of the period, Savosolar Plc's Board of Directors consisted of the following individuals: Eero Auranne (Chairman), Feodor Aminoff, Mikael Lemström and Ari Virtanen. All the members of the Board are independent from the company and its major shareholders.



The company's auditor during the period was Inkeröinen & Himanen Oy with Juho Himanen, APA, serving as the auditor-in-charge.

On 31 December 2021, the members of the Board of Directors and the CEO held, either directly or through companies under their control, a total of 673,353 shares in Savosolar Plc, which represented 0.41 per cent of the aggregate of the company's shares and votes.

## **RELATED-PARTY TRANSACTIONS**

The company had no significant related-party transactions during the financial year.

## **SHARE**

### **Number of shares**

Savosolar has one class of shares. The total number of shares as at 31 December 2021 was 165,187,636 (31 December 2020: 62,941,992). Each share carries one vote at the general meeting of shareholders. The company does not hold any treasury shares. The average number of shares during the financial year was 88,002,694 (30,890,608).

As a result of the share issues carried out, the number of Savosolar's shares increased during the financial year by 77,657,624 new shares, in addition to which a total of 24,588,020 new shares were subscribed for with warrants and a directed share issue related to the warrant plan.

Based on Savosolar Plc's 2-2020 warrants, 12,977,135 new shares were subscribed for. Additionally, with regard to warrants that remained unexercised, the company decided on a directed share issue of 1,521,496 shares. The new shares were registered with the Finnish Trade Register on 29 March 2021. Based on the 3-2020 warrants, 10,089,389 new shares were subscribed for and registered with the Finnish Trade Register on 23 September 2021.

As a result of the rights issue carried out in the last quarter, the number of Savosolar's shares increased by 77,440,623 new shares that were registered with the Finnish Trade Register on 9 November 2021. In addition, the company issued a total of 217,001 new shares as a part of the Board members' remuneration system, and these shares subscribed for by the Board were registered with the Finnish Trade Register on 17 December 2021.

### **Rights issue and a directed share issue related to the remuneration of the Board of Directors**

On 4 October 2021, Savosolar announced that the company's Board of Directors had decided to arrange a rights issue of a maximum of approximately EUR 6.1 million and a related offering of warrants that enables the company to raise up to a maximum of approximately EUR 14.4 million. The offering consisted of a maximum of 87,530,012 new shares. In the offering, Savosolar gave all its shareholders registered in Savosolar's shareholder register maintained by Euroclear Finland Ltd or Euroclear Sweden Ltd one book-entry subscription right per each share held on the record date of the offering. One subscription right entitled to subscribe for one offer





share. The subscription price used in the offering was EUR 0.07 or SEK 0.71 per offer share. The offering was secured to 88.5 per cent, or approximately EUR 5.4 million, by external underwriters.

Additionally, Savosolar gave, without consideration, each subscriber of the offer shares one newly issued series 1-2021 (TO8) warrant, one newly issued series 1-2021 (TO9) warrant, and one newly issued series 3-2021 (TO10) warrant for each two shares subscribed for in the offering.

The offering was subscribed for to 88.5 per cent. Of the share issue, 38.6 per cent was allocated to those who subscribed for shares with subscription rights, 8.3 per cent to those who subscribed for shares without subscription rights, and 41.6 per cent to underwriters. As a result of the offering, the number of shares in Savosolar increased by 77,440,623 shares. In connection with the offering, 38,719,767 additional warrants from each of the three aforementioned warrant series were allocated.

Savosolar received a total of approximately EUR 4.5 million in issue proceeds after the costs incurred by the company.

Additionally, the Board of Directors resolved on a directed share issue to be used as a part of the Board members' remuneration in accordance with the resolution by the Annual General Meeting of 27 April 2021. The company issued a total of 217,001 new shares that were offered for subscription to the members of the Board of Directors without consideration.

### **Stock option programmes**

In the rights issue carried out in June 2020, Savosolar gave, without consideration, each subscriber of the shares one newly issued 1-2020 (TO5) warrant, one newly issued 2-2020 (TO6) warrant and one newly issued 2-2021 (TO7) warrant for each two shares subscribed and paid for in the offering. Each of the aforementioned stock option programmes comprised 14,498,631 warrants. Each warrant entitled its holder to subscribe for one new share. The share subscription period for 1-2020 (TO5) warrants was 9–20 November 2020, for 2-2020 (TO6) warrants 8–19 March 2021, and for 3-2020 (TO7) warrants 6–17 September 2021. The subscription price for the shares that can be subscribed for based on the warrants is determined based on the volume weighted average price of the company's share on First North Growth Market Finland less 30 per cent during the ten trading days prior to the commencement of the subscription period of the shares and was for 1-2020 (TO5) warrants EUR 0.1148 or SEK 1.183 per share, for 2-2020 (TO6) warrants EUR 0.096 or SEK 0.977 per share, and for 3-2020 (TO7) warrants EUR 0.07 or SEK 0.71 per share. During financial year 2021, a total of 12,977,135 new shares were subscribed for with the 2-2020 (TO6) warrants included in the warrant plan. Additionally, with regard to warrants that remained unexercised, the company decided on a directed share issue of 1,521,496 shares. Additionally, during financial year 2021, a total of 10,089,389 new shares were subscribed for with the 3-2020 (TO7) warrants included in the warrant plan.

In the rights issue carried out in autumn 2021, Savosolar gave, without consideration, each subscriber of the offer shares one newly issued series 1-2021 (TO8) warrant, one newly issued series 1-2021 (TO9) warrant, and one newly issued series 3-2021 (TO10) warrant for each two shares subscribed for in the offering. Each of the aforementioned stock option programmes comprised 38,719,767 warrants. Each warrant entitles its holder to subscribe for one new share. The share subscription period for 1-2021 (TO8) warrants was 21 March – 1 April 2022, for 2-2021 (TO9) warrants 12–23 September 2022, and for 3-2021 (TO10) warrants 20–31 March 2023. The subscription price for the shares that can be subscribed for based on the warrants is determined based on the volume weighted average price of the company's share on First North Growth Market Finland less 25 per cent during the determination period. The determination period for 1-2021 (TO8) warrants is 7–17 March





2022, for 2-2021 (TO9) warrants 29 August – 8 September 2022, and for 3-2021 (TO10) warrants 6–16 March 2023. However, the subscription price may not exceed EUR 0.09 per share for 1-2021 (TO8) warrants, EUR 0.11 per share for 2-2021 (TO9) warrants, and EUR 0.13 for 3-2021 warrants. The Swedish krona-denominated subscription price will be determined using the Swedish Riksbank's EURSEK rate one business day prior to the start date of the subscription period.

### **Existing authorisation of the Board of Directors**

The Extraordinary General Meeting of Shareholders of 1 October 2021 resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies to the effect that the number of shares to be issued based on the authorisation may in total amount to a maximum of 275,000,000 shares. The authorisation is valid until 30 September 2026 and repeals the authorisation granted by the Extraordinary General Meeting on 27 April 2020. Of the authorisation, 81,183,075 shares were remaining at the end of the financial year.

### **Trading with the share**

During the financial year, the price of Savosolar's share in First North Growth Market Sweden fluctuated between SEK 0.42 and 1.59 (SEK 0.032 and 4.13). The closing price was SEK 0.48 (SEK 1.47). In First North Growth Market Finland, the share price fluctuated between EUR 0.044 and 0.158 (0.003 and 0.392). The closing price was EUR 0.048 (0.151). Savosolar's combined trading volume in 2021 was 84,412,388 (1,520,918,794) shares in First North Growth Market Sweden and 115,147,890 (421,167,424) shares in First North Growth Market Finland. On 31 December 2021, Savosolar had 14,931 (14,909) shareholders.

### **GENERAL RISKS AND UNCERTAINTY FACTORS CONCERNING OPERATIONS**

The most significant risks involved in Savosolar's business are the ability to win new projects to achieve growth in line with the strategy, the sufficiency of the necessary working capital, and the ability to increase the efficiency of operations so as to turn the operations profitable.

The prolonged delivery times and higher prices of a number of materials and components following the Covid-19 pandemic may, if continued for a long time, slow down the growth of business and improvement of profitability.

The company's Board of Directors monitors the development of the company's profitability and cash flow actively and, together with the company's management, seeks the best solutions to develop the company towards profitable long-term business. The Board of Directors continuously considers the sufficiency of financing as an important part of the company's growth strategy. Considering the outlook for the industry, the Board is confident that the company will be able to raise the necessary equity and debt capital to achieve the growth and profitability in line with its strategy

However, it cannot be guaranteed that the volume and profitability of the company's business will grow sufficiently and that the company can gain enough supplementary finance just on time and with terms and conditions that are favourable enough for the present shareholders. In case the company does not succeed in generating growth and improving its profitability and/or raising additional financing to meet the needs of business, the company may be forced to postpone, cut back or terminate operations.



## **DISPUTE**

On 15 February 2021, Savosolar announced that it had entered into a settlement agreement with Sunti SAS where the parties agreed that neither party will file an appeal against the resolution passed by the Commercial Court of Montpellier on 23 December 2020, in which Savosolar was ordered to pay Sunti SAS a total of EUR 137,000 in damages for a breach of contract regarding the exclusivity clause in a competitive tendering for a solar thermal project. The damages were paid in February 2021.

## **STRATEGY AND LONG-TERM GOALS**

Savosolar's mission is to accelerate the solar economy through the leading technology for competitive energy. Savosolar helps its customers to attain their goals related to climate change with the help of fully emission-free energy.

The company's vision is to be the first-choice supplier of large solar installations on a global scale.

The company's strategic objective is to grow substantially and be the leading supplier of large solar thermal installations where quality and efficiency matter the most. This means large-scale systems such as solar district heating (SDH) and solar heat for industrial processes (SHIP). In industry, the principal segments are the mining industry, food and beverage processing, the paper industry and greenhouses.

In implementing its strategy, the key factors for the company are its proprietary solar collector technology and knowledge of system design as well as its strong local and global partners. The geographical focus of operations continues to remain in Europe, but the company is actively seeking partners and marketing its products and services outside Europe as well. Savosolar delivers energy systems on a turnkey basis in line with its strategy in collaboration with its partners. The partners in different countries also serve as a sales channel for Savosolar's products.

## **MARKET ENVIRONMENT**

The demand for renewable energy, and for genuinely clean, emission-free energy, continues its strong growth when the actions to curb climate change increase. The European Commission's proposal for a directive on renewable energy sources of July 2021 (Fit for 55) imposes a stricter target for the reduction of emissions: greenhouse gas emissions should be reduced by at least 55% from the 1990 level by 2030. The EU's carbon neutrality target had been set for 2050. The attainment of the targets is supported by, e.g., the EU Taxonomy Regulation that links financing with companies' actions to achieve the environmental targets. Emission reduction and carbon neutrality targets have been widely set in other parts of the world as well.

Achieving emission reductions will require a rapid transition to clean energy and related innovations, more efficient energy use, and electrification of many fossil energy-based activities. According to the IEA, oil accounted for more than 90% of the investments in oil and clean energy in 2020, and the investments in clean energy are already expected to increase to a level where the proportions are equal by 2030.

Alongside emission reductions, the intensification of consumption peaks and extreme weather phenomena pose additional challenges to energy production. The flexibility of energy systems, the optimisation of the use of different energy sources and the possibilities for energy storage will grow in significance. Solar heat is well suited for such hybrid energy systems, being a fully emission-free source of energy that is utilised in district



heating, industrial processes and, to a lesser extent, the heating of domestic water. Heat can also be stored cost-effectively.

The market for large solar thermal systems with a temperature of less than one hundred degrees has a limited number of skilled turnkey suppliers that operate globally. Savosolar is the technology and quality leader in this segment. As hybrid systems increase, the need for more extensive system integration expertise in deliveries will continue to grow.

The use of large-scale solar thermal systems is increasing globally both in district heating and cooling and in industrial process heat generation. In many countries, the utilisation of clean renewable energy is driven by taxation and the sanctions imposed on emissions, but solar heat is often already competitive without any subsidies.

The EU Green Deal programme is expected to increase interest towards solar heat as part of district heating in particular. Heat production accounts for more than 50% of the global energy production, but according to the IEA, only around 11% of this is produced with renewable energy. In Savosolar's estimate, around five per cent of the global thermal energy is produced with genuinely clean modes of energy production.

In Europe, the use of solar district heating is currently increasing in new residential areas in France and Germany in particular, and interest in clean district heating has started to rise in Spain as well. IEA estimates that the production capacity of solar district heating in Europe will increase to about 15% of Europe's demand for district heat by 2050.

According to [Solarthermalworld.org](http://Solarthermalworld.org), the most promising markets for industrial use are currently Germany, Spain, France and Chile. Many industrial solar heating systems have been relatively small, but the number of large-scale systems is increasing in the temperature ranges of both above and below one hundred degrees. Good examples of large-scale industrial heating systems are those supplied by Savosolar to France, one of which produces heat for the Lecta Group's paper mill and the other for the Boortmalt mill for the drying of malt. The IEA estimates that solar heat will account for 3% of the industrial heat production below 200°C in 2030 and 11% in 2050.

The market for large solar thermal systems that is important to Savosolar is increasing in Europe in particular. Savosolar estimates that growth will be most evident in France, Austria, Poland and Germany, where actions have already been initiated under the EU Green Deal programme. The European Union has decided that 30 % of its multi-annual budget and support instrument for recovery from the corona crisis for 2021-2023, totalling approximately EUR 1,800 billion, must be used for climate actions, i.e. for strengthening the EU Green Deal programme. Interest towards solar heat is becoming more tangible in China and Latin America as well, both in terms of the number and size of projects.

Sources: IEA: Net Zero by 2050, May 2021 and World Energy Outlook 2020 and 2021; [Solarthermalworld.org](http://Solarthermalworld.org): June 2021, October 2021, January 2022.



## **BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING ON THE USE OF LOSS AND THE DISTRIBUTION OF DIVIDENDS**

The Annual General Meeting of Savosolar Plc is planned to be held on 26 April 2022. The notice of the meeting will be published on a later date as a separate stock exchange release. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year of EUR -5,772,019.07 be carried over to retained earnings and losses account and that no dividend be paid.

## **FINANCIAL REPORTING OF THE COMPANY IN 2022**

Savosolar's financial accounts and the report of the Board of Directors for 2021 will be published on the company's website on 1 April 2022 at the latest.

Business review for January-March will be published on 25 April 2022.

Half-year report for January-June will be published on 18 August 2022.

Business review for July-September will be published on 26 October 2022.

The financial reports will be published in Finnish and English.

SAVOSOLAR PLC  
Board of Directors

### **More information:**

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## ANNEXES

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**ANNEX 1**

**COMPARISON BY REPORTING PERIOD (FAS, unaudited)**

(EUR 1,000)	Jan-Dec 2021	Jan-Dec 2020	Jul-Dec 2021	Jul-Dec 2020	Jan-Jun 2021	Jan-Jun 2020
Revenue	2,497	5,117	869	3,074	1,627	2,043
Operating profit/loss (EBIT)	-4,554	-3,897	-2,353	-2,181	-2,201	-1,717
Result for the financial year	-5,772	-4,977	-3,439	-2,413	-2,333	-2,564
Earnings per share, EUR						
undiluted	-0.066	-0.161	-0.033	-0.058	-0.033	-0.128
diluted	-0.021	-0.054	-0.012	-0.026	-0.025	-0.028

**ANNEX 2**  
**INCOME STATEMENT (FAS, unaudited)**

(EUR 1,000)	Jul-Dec 2021	Jul-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue	869	3,074	2,497	5,117
Other operating income	8	41	34	111
Materials and services	-982	-2,622	-2,368	-4,173
Personnel costs	-1,039	-1,160	-2,274	-2,238
Depreciation and write-downs	-180	-237	380	488
Other operating expenses	-1,028	-1,277	-2,062	-2,226
Operating profit/loss	-2,353	-2,181	-4,554	-3,897
Financial income	3	94	37	160
Financial expenses	-1,089	-326	-1,255	-1,240
Profit/loss before appropriations and taxes	-3,439	-2,413	-5,772	-4,977
Result for the financial year	-3,439	-2,413	-5,772	-4,977

	Jul-Dec 2021	Jul-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Earnings per share, undiluted, EUR	-0.033	-0.058	-0.066	-0.161
Earnings per share, diluted, EUR	-0.012	-0.026	-0.021	-0.054
Number of outstanding shares at the close of period	165,187,636	62,941,992	165,187,636	62,941,992
Average number of outstanding shares by month, adjusted by share issue	105,247,888	41,767,309	88,002,694	30,890,608
Number of outstanding shares, adjusted by dilutive effect	281,346,846	91,941,548	281,346,846	91,941,548

**ANNEX 3**

**BALANCE SHEET (FAS, unaudited)**

(EUR 1,000)	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	537	733
Tangible assets	480	602
Shares in group companies	162	162
<b>Total non-current assets</b>	<b>1,178</b>	<b>1,497</b>
<b>Current assets</b>		
Inventories	1,873	1,174
Non-current receivables	247	529
Trade receivables	453	735
Receivables from participating interest undertakings	4	3
Other receivables	63	66
Prepayments and accrued income	291	540
Cash and cash equivalents	4,070	2,498
<b>Total current assets</b>	<b>7,001</b>	<b>5,545</b>
<b>Total assets</b>	<b>8,179</b>	<b>7,042</b>



(EUR 1,000)	31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>		
Equity		
Share capital	470	470
Paid-up unrestricted equity reserve	51,913	44,296
Retained losses	-40,107	-35,131
Result for the financial year	-5,772	- 4,977
<b>Total equity</b>	<b>6,503</b>	<b>4,659</b>
<b>Mandatory provisions</b>		
Other mandatory provisions	210	282
<b>Total non-current liabilities</b>		
Loans from financial institutions	119	191
<b>Total non-current liabilities</b>	<b>119</b>	<b>191</b>
<b>Total current liabilities</b>		
Subordinated loans	-	231
Loans from financial institutions	124	124
Advances received	155	128
Trade payables	563	479
Amounts owed to group undertakings	72	69
Other liabilities	43	41
Accruals and deferred income	391	840
<b>Total current liabilities</b>	<b>1,347</b>	<b>1,911</b>
<b>Total liabilities</b>	<b>1,466</b>	<b>2,101</b>
<b>Total equity and liabilities</b>	<b>8,179</b>	<b>7,042</b>

**ANNEX 4**
**CASH FLOW STATEMENT (FAS, unaudited)**

(EUR 1,000)	Jul-Dec 2021	Jul-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<b>Business operations</b>				
Result for the financial year	-3,439	-2,413	-5,772	-4,977
Adjustments	1,253	392	1,525	1,456
Increase/decrease in current receivables	353	-462	815	-364
Increase/decrease in inventories	-406	355	-699	615
Increase/decrease in current non-interest-bearing debts	102	-773	-360	-652
Interests from operating activities	-1,086	-232	-1,238	-1,133
<b>Cash flow from operations</b>	<b>-3,223</b>	<b>-3,133</b>	<b>-5,729</b>	<b>-5,056</b>
<b>Investments</b>				
Investments	-24	-111	-61	-123
Dividends received on investments	-	-	20	54
<b>Cash flow from investment activities</b>	<b>-24</b>	<b>-111</b>	<b>-41</b>	<b>-69</b>
<b>Financing</b>				
Paid share issue	6,225	1,675	7,617	6,044
Advances received	130	128	27	128
Withdrawals of non-current loans	-	-	52	-
Repayments of non-current loans	-80	-	-354	-
Withdrawals of current loans	-	-	-	-
Repayments of current loans	-	-382	-	-682
<b>Cash flow from financing activities</b>	<b>6,275</b>	<b>1,421</b>	<b>7,342</b>	<b>5,490</b>
Change in cash and cash equivalents	3,028	-1,822	1,571	365
Cash and cash equivalents at the beginning of period	1,042	4,321	2,498	2,133
Cash and cash equivalents at the end of period	4,070	2,498	4,070	2,498

**ANNEX 5**
**CALCULATION OF CHANGES IN EQUITY (FAS, unaudited)**

(EUR 1,000)	Share capital	Paid-up unrestricted equity reserve	Retained earnings	Result for the financial year	Total
Equity at 1 Jan 2021	470	44,296	-40,107	-	4,659
Share issue	-	7,617	-	-	7,617
Result for the financial year	-	-	-	-5,772	-5,772
Equity at 31 Dec 2021	470	51,913	-40,107	-5,772	6,503
Equity at 1 Jan 2020	2,007	36,715	-35,131	-	3,592
Share issue	-1,537	7,581	-	-	6,044
Result for the financial year	-	-	-	-4,977	-4,977
Equity at 31 Dec 2020	470	44,296	-35,131	-4,977	4,659

**ANNEX 6**
**FINANCIAL RATIOS AND CALCULATION OF KEY FIGURES (FAS, unaudited)**

<b>(EUR 1,000)</b>	<b>Jan-Dec 2021</b>	<b>Jan-Dec 2020</b>
Revenue	2,497	5,117
Result for the financial year	-5,772	-4,977
Cash and cash equivalents	4,070	2,498
Equity	6,503	4,659
Equity ratio, %	81.0	70.7

**Calculation of key figures**

Equity ratio, %	Equity in balance sheet at the end of the period + subordinated loans x 100 / Total assets- advances received
Number of outstanding shares, pcs	Number of outstanding shares at the close of period
Number of outstanding shares on average	Average number of outstanding shares by month, adjusted by share issue
Earnings per share, EUR	Result for the financial year / Average number of outstanding shares by month, adjusted by share issue



**ANNEX 7**  
**BIGGEST SHAREHOLDERS ON 31 DECEMBER 2021**

Shareholder	Number of shares held	Percentage of all shares
FORMUE NORD MARKEDSNEUTRAL A/S	7,955,141	4.82
MANGOLD FONDKOMMISSION AB	6,723,500	4.07
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	4,368,419	2.64
MODELIO EQUITY AB (PUBL)	4,232,446	2.56
GEUST JOHAN NIKLAS ERIK	3,250,490	1.97
JOKINEN, JUKKA	3,000,000	1.87
NORDNET PENSIONS FÖRSÄKRING AB	2,462,611	1.49
LILJA ANSA ANITTA	2,126,058	1.29
PYYKÖNEN RIKU TAPANI	1,725,000	1.04
HELLÉN, STEFAN ANDREAS	1,470,000	0.89
OTHERS	127,873,971	77.41
<b>TOTAL ALL</b>	<b>165,187,636</b>	<b>100</b>

**Savosolar in brief**

Savosolar 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, Savosolar helps its customers to produce competitive clean energy. Savosolar'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. Savosolar is known as the most innovative company in the business and aims to stay as such. Savosolar's shares are listed on Nasdaq First North Growth Market Sweden with the ticker SAVOS and on Nasdaq First North Growth Market Finland with the ticker SAVOH. [www.savosolar.com](http://www.savosolar.com).

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