



**Rights issue**  
**Up to 28,999,557 shares**  
**Subscription price EUR 0.15 or SEK 1.58 per share**

Savosolar Plc ("Savosolar" or the "Company"), a public limited liability company registered in Finland, is offering up to 28,999,557 new shares (the "Offer Shares") in a rights issue, against consideration, based on the shareholders' preferential subscription right at the subscription price of EUR 0.15 or SEK 1.58 per Offer Share (the "Subscription Price") in accordance with the terms of the Offering (the "Offering") set out below. The Offer Shares will be payable in euro in Finland or Swedish krona in Sweden. The Offer Shares will constitute up to 60 per cent of all shares in the Company (the "Shares") should the Offering be subscribed for in its entirety.

Savosolar will give all shareholders registered in Savosolar's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") or Euroclear Sweden Ltd ("Euroclear Sweden") one (1) book-entry subscription right (the "Subscription Right") per each share held on the Offering record date of 27 May 2020 in Euroclear Finland and 27 May 2020 in Euroclear Sweden (the "Record Date"). Two (2) Subscription Rights entitles their holder to subscribe for three (3) Offer Shares. Fractions of Offer Shares are not assigned and a single Subscription Right may not be exercised only partially. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 28 May 2020 and in the book-entry system maintained by Euroclear Sweden approximately on 29 May 2020. The Subscription Rights can be freely assigned and they will be traded on the First North Growth Market Finland marketplace ("First North Finland") maintained by Nasdaq Helsinki Ltd ("Helsinki Stock Exchange") (trading symbol SAVOHU0120, ISIN: FI4000440045) and the First North Growth Market Sweden marketplace ("First North Sweden") maintained by Nasdaq Stockholm AB ("Stockholm Stock Exchange") (trading symbol SAVOS TR, ISIN: SE0014428405) between 1 June 2020 and 11 June 2020. The subscription period for the Offer Shares will commence on 1 June 2020 at 9:30 a.m. Finnish time (8:30 a.m. Swedish time) and will end on 17 June 2020 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 15 June 2020 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Sweden. Practical instructions on the exercising of the Subscription Rights and the subscription of the Offer Shares are contained "Instructions to investors". Unexercised Subscription Rights will expire and have no value on 17 June 2020 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 15 June 2020 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Sweden. Please see "Terms and conditions of the Offering – Exercising Subscription Rights".

The Offer Shares subscribed for in the Offering will be issued as book entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden. After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the "Temporary Shares") will be entered in the subscriber's book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading symbol SAVOHN0120, ISIN: FI4000440037) and on First North Sweden (trading symbol SAVOS BTA, ISIN: SE0014428413) as their own special share class on approximately 1 June 2020. The Temporary Shares will be combined with the Company's current shares after the Offer Shares have been registered in the Trade Register. The combining will occur in the book-entry system maintained by Euroclear Finland approximately on 2 July 2020 and in the book-entry system maintained by Euroclear Sweden approximately on 9 July 2020. The Offer Shares will be subject to trading together with the Company's existing Shares approximately on 2 July 2020 on First North Finland and approximately on 9 July 2020 on First North Sweden.

In addition, Savosolar will issue a maximum of 43,499,344 warrants (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering which entitle to subscribe for a total of up to 43,499,344 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO5, one (1) Warrant of series TO6 and one (1) Warrant of series TO7 per each two (2) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. Each Warrant will entitle its holder to subscribe for one (1) new share during the subscription period 9 – 20 November 2020 (for TO5), 8 – 19 March 2021 (for TO6) and 6 – 17 September 2021 (for TO7) respectively, with a subscription price that will be decided based on the volume weighted average price of the Company's Shares in First North Growth Market Finland for ten (10) trading days prior to the Warrant's subscription period with a 30 per cent discount, at a maximum subscription price of EUR 0.30 per share. The shares to be subscribed for based on the Warrants are delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EURSEK forward rate one business day before the start of the subscription period. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants commences. The subscription price of the shares to be subscribed for based on the Warrants may decrease in certain situations, see "Savosolar Plc Warrant Plan 1-2020, Savosolar Plc Warrant Plan 2-2020 and Savosolar Plc Warrant Plan 3-2020". The Warrants will be issued and registered in the book-entry system of Euroclear Finland. The Warrants will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the subscription period of the Offering, the Warrants will be delivered to subscribers approximately during week 27, 2020. The ISIN codes of the Warrants are FI4000440052 (TO5), FI4000440060 (TO6) and FI4000440078 (TO7). The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Warrants on First North Sweden and First North Finland. The trading symbols are expected to be SAVOS TO5, SAVOS TO6 and SAVOS TO7 on First North Sweden and SAVIHEW12020, SAVIHEW22020 ja SAVIHEW32020 on First North Finland. If the listing of the Warrants occurs, the Company expects trading to commence on First North Sweden and on First North Finland approximately during week 27, 2020.

In certain countries, legislation may restrict the distribution of this Prospectus and the offering of the Subscription Rights, Offer Shares and Warrants as well as the sales of the Subscription Rights, Offer Shares and Warrants. This Prospectus does not constitute an offer to issue Subscription Rights, Offer Shares or Warrants to anyone in a country where it would be prohibited by local laws or other regulations to offer shares to such a person. This Prospectus or any other material relating to the Offering shall not be delivered to or published in any country without complying with the laws and regulations of such country.

The Offering does not apply to persons resident in Australia, South-Africa, Hong Kong, Japan, Canada, New Zealand or the United States or in any other country where it would be prohibited by local laws or other regulations. The Subscription Rights, the Offer Shares or the Warrants have not been registered or will not be registered in accordance with the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless registered under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws of the United States.

*Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Helsinki approves the application for admission to trading.*

**Investment in the Offer Shares involves risks. The principal risk factors are discussed under "Risk factors" below.**

*Financial adviser*



## Information in the Prospectus

In this Prospectus, the "Company" or "Savosolar" refers to Savosolar Plc and its subsidiaries, except where the context may otherwise require. In connection with the Offering, the Company has prepared a Finnish-language prospectus (the "Finnish-language Prospectus") in accordance with the following regulations: Finnish Securities Markets Act (746/2012, as amended, the "Finnish Securities Markets Act"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"), Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (as amended, Annexes 1, 11, 17 and 18), Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "Finnish FSA").

The Prospectus contains also summary in accordance with Article 7 of the Prospectus Regulation in the required form. The Finnish-language Prospectus has been approved by the Finnish Financial Supervisory Authority (the "Finnish FSA"), as competent authority under Prospectus Regulation on 25 May 2020. The Finnish FSA only approves the Finnish-language Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of the Finnish-language Prospectus. The investors shall make their own evaluation on investment in the securities. The register number of the Finnish FSA's approval of the Finnish-language Prospectus is 29/02.05.04/2020. In accordance with the Prospectus Regulation, an English-language translation which includes a Swedish-language summary has been prepared. The Financial Supervisory Authority notifies the approved Prospectus to the Swedish Financial Supervisory Authority (Swedish: Finansinspektionen) (the "Swedish FSA") for use in Sweden. The Company is responsible for the translations of the Prospectus and the documents incorporated by reference thereto.

The Offering will be governed by the laws of Finland and any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland. This document is an unofficial English translation of the Finnish-language Prospectus and references to the "Prospectus" refer to the Finnish-language Prospectus. In the event of any discrepancies, the Finnish-language Prospectus shall prevail.

The Prospectus is available as of 25 May 2020 on the website of the Company (<http://www.savosolar.com/rights-issue-2020>), on the website of Augment Partners AB (<http://offers.augment.se/>) and on the website of Aqurat Fondkommission AB ([www.aqurat.se](http://www.aqurat.se)). The printed Prospectus is available at the head office of the Company at Insinöörinkatu 7, 50150 Mikkeli, Finland.

## Notice to investors

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Savosolar has not authorised anyone to provide any information or give any statements other than those provided in the Prospectus. Delivery of the Prospectus shall not, under any circumstances indicate that the information presented in the Prospectus is correct on any day other than the date of the Prospectus, or that there would not be any changes in the business of Savosolar after the date of the Prospectus. However, in case a significant new factor, material mistake or material inaccuracy in the Prospectus arises, after the Finnish FSA has approved the Prospectus but before the closing of the offer period which may effect on evaluation of the securities, the Prospectus will be supplemented in accordance with the Prospectus Regulation. This Prospectus is in force until the Offering ends in accordance with its terms and conditions. After the validity period of the Prospectus, there is no obligation to supplement the Prospectus even if significant new factors, material mistakes or material inaccuracies arise.

Information given in the Prospectus is not a guarantee for future events by Savosolar and shall not be considered as such. Unless otherwise stated, any estimates with respect to market development relating to Savosolar or its industry are based upon the reasonable estimates of the Company's management.

In certain countries legislation may restrict the distribution of this Prospectus and sale and offering of the the Subscription Rights, Offer Shares and Warrants. The Company and its advisers recommend the persons into whose possession this Prospectus comes to adequately familiarise themselves of and to observe all such restrictions.

Neither the Company nor its advisers accept any legal responsibility for any violation of these restrictions, whether or not a prospective subscriber or purchaser of the Offer Shares and Warrants is aware of such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the the Subscription Rights, Offer Shares or Warrants in any country where such an offer or invitation is against the law. No actions have been taken to register or to permit a public offering of the the Subscription Rights, Offer Shares or Warrants in any jurisdiction of outside Finland and Sweden.

The Company reserves the right based on its sole discretion to resolve on rejection of such subscription of the the Subscription Rights, Offer Shares or Warrants that, based on the Company's or its representative's opinion, may lead to breach of any law, rule or regulation.

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## Summary

*This summary contains all the sections that must be presented in accordance with the Prospectus Regulation for the security in question and its issuer. This summary should be read as an introduction to the Prospectus. The investor should base his decision to invest in the securities in the Prospectus as a whole.*

*An investor investing in securities may lose all or part of the invested capital. If an action is brought in court against the information contained in the Prospectus, the plaintiff investor may, under applicable law, be required to bear the costs of translating the Prospectus prior to the commencement of the proceedings. Savosolar will be civilly liable for this summary only if the summary, read in conjunction with other parts of the Prospectus, is misleading, inaccurate or inconsistent, or if the summary, read in conjunction with other parts of the Prospectus, does not provide key information to assist investors when considering investing in the securities issued by Savosolar.*

The contact details for the issuer are the following:

Name of the issuer:	Savosolar Oyj
Address:	Insinöörinkatu 7, 50150 Mikkeli
Telephone number:	+358 10 2710 810
The Company's website:	<a href="http://www.savosolar.com">www.savosolar.com</a>
Legal entity identifier (LEI):	743700J1YZ8IEJAPDL21
The name of the security:	"SAVOH" in Finland and "SAVOS" in Sweden
ISIN-code:	FI4000425848

The Prospectus has been approved by the Finnish Financial Supervisory Authority, as the competent authority in accordance with the Prospectus Regulation, on 25 May 2020. The Finnish Financial Supervisory Authority approves this Prospectus only to the extent that it meets the requirements for comprehensiveness, comprehensibility and consistency set out in the Prospectus Regulation. This approval by the Financial Supervisory Authority shall not be construed as evidence of the approval of the issuer to which this Prospectus applies. The number of the approval decision by Financial Supervisory Authority is 29/02.05.04/2020.

The contact details of the competent authority, the Finnish Financial Supervisory Authority, which approves this Prospectus are as follows:

Authority:	Finnish Financial Supervisory Authority
Address:	PL 103, 00101 Helsinki
Telephone number:	+358 9183 51
Email:	<a href="mailto:kirjaamo@finanssivalvonta.fi">kirjaamo@finanssivalvonta.fi</a>

### Key information about Savosolar

#### *Who is the issuer of the securities?*

The registered business name of the issuer is Savosolar Oyj, in Swedish Savosolar Abp and in English Savosolar. The Company is a public limited company incorporated in Finland and governed by Finnish law. The company's domicile is Mikkeli and its registered in the Trade Register maintained by the Finnish Patent and Registration Office under the business ID 2309682-6. The company's legal entity identifier ("LEI") is 743700J1YZ8IEJAPDL21.

#### *Overview*

Founded in 2010, Savosolar designs and delivers solar thermal energy production systems to industrial clients globally. The systems are built on internationally award-winning solar thermal absorbers and collectors, which Savosolar has developed and produces. The collectors with MPE absorbers are, according to the information available to the Company's management, the most efficient in the world. Savosolar focuses primarily on large solar thermal collectors and industrial-size heating systems.

The market for large solar heating systems is very active, both in terms of district heating and heat production for industrial processes. The most active markets in Europe are Germany and France, and in both the Company has achieved a strong market position and brand. The Company currently has nine projects in the final bidding phase, of which more than half are in these two countries. In France, Savosolar has strengthened its market position, and on the basis of information

available to the Company's management Savosolar has achieved market leader position as a result of both the Company's efficient and high-quality technology and its local and customer-oriented way to operate. In addition, there are projects elsewhere, which shows that the market continues to develop positively in various countries, such as China, where the first project is expected to take place this year.

#### *Shares and ownership*

On the date of this Prospectus, the fully-paid share capital amounts to EUR 470,210.00. A total of 19,333,038 of the Company's Shares are registered. All Shares are of the same class.

The Company had approximately 14.011 shareholders on 15 May 2020.

The following table sets forth the ten (10) largest shareholders of the Company on the date of this Prospectus.

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of all shares and votes</b>
GRIMALDI, SALVATORE	1,058,339	5.51
FÖRSÄKRINGSBOLAGET, AVANZA PENSION	678,639	3.53
JUKKA JOKINEN	300,000	1.56
NORDNET PENSIONS FÖRSÄKRING	248,868	1.30
GEUST, JOHAN	236,894	1.23
JOJIC, ZORAN	162,919	0.85
SAXO BANK A/S CLIENT ASSETS	121,563	0.63
LILJA, ANSA	114,798	0.60
DANSKE BANK A/S HELSINKI BRANCH	105,888	0.55
MORGAN STANLEY & CO INTL PLC	101,414	0.53
OTHER SHAREHOLDERS	16,203,716	83.81
<b>TOTAL</b>	<b>19,333,038</b>	<b>100.00</b>

The Company is not aware of any shareholder having a controlling interest in the Company. The Company is not aware of any arrangements that might result in a change in the control of the Company in the future.

#### *Key management personnel and auditor*

The Company's Board of Directors consists of Eero Auranne (Chairman) Feodor Aminoff, Mikael Lemström and Ari Virtanen. Savosolar's management team consists of Jari Varjotie (Managing Director), Heikki Timonen (CFO), Martti Jalava (COO), Torben Frederiksen (CTO), Raul Ikonen (Country Manager - China), Pekka Karjalainen (Head of Quality), Aku Järvisalo (Head of Production and Purchasing) and Kaj Pischow (Director, Senior Advisor). Savosolar's ordinary auditor is Inkeröinen & Himanen Oy, with Juho Himanen, Authorised Public Accountant, as the auditor with principal responsibility.

#### *What is the key financial information of the issuer?*

The selected historical key financial information presented below is derived from Savosolar's audited financial statements prepared in accordance with FAS for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017.

The following table shows the key figures of Savosolar for the reported periods:

<b>EUR thousand</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Key financials for the income statement</b>	Unaudited if not otherwise stated)		
Revenue	3,415.4 <sup>1</sup>	5,428.2 <sup>1</sup>	830.9 <sup>1</sup>
EBITDA <sup>2</sup>	-4,374.8	-4,867.6	-4,091.5
EBITDA-margin (%)	-128%	-90%	-492%
Operating profit / (loss) (EBIT)	-4,998.9	-5,586.3 <sup>1</sup>	-4,853.1 <sup>1</sup>
Operating profit margin (%)	-146%	-103%	-584%
Net profit / (loss)	-6,759.9 <sup>1</sup>	-6,635.4 <sup>1</sup>	-5,663.5 <sup>1</sup>
Net profit / (loss) -margin (%)	-198%	-122%	-682%
<b>Key financials for the capital structure</b>			
Equity capital, EUR thousand	3,591.5 <sup>1</sup>	1,372.5 <sup>1</sup>	3,653.8 <sup>1</sup>
Equity ratio (%)	61.8%	45.3%	56%
<b>Data per share</b>			
Amount of shares	1,723,265,358	352,538,414	130,749,062
Equity per share	0.002	0.004	0.03



Earnings per share	-0.006	-0.03	-0.04
<b>Employees</b>			
Average numbers of employees	31	37	42

<sup>1</sup> Audited

<sup>2</sup> EBITDA has been calculated by adding depreciation and amortisation of the period to the operating loss (EBIT) according to below:

EUR thousand	1 January 2019 - 31 December 2019	1 January 2018 - 31 December 2018	1 January 2017 - 31 December 2017
	(Unaudited if not otherwise stated)		
EBIT	-4,998.9 <sup>1</sup>	-5,586.3 <sup>1</sup>	-4,853.1 <sup>1</sup>
Depreciation, amortisation and write-downs	624.1 <sup>1</sup>	718.7 <sup>1</sup>	761.6 <sup>1</sup>
EBITDA	-4,374.8	-4,867.6	-4,091.5

<sup>1</sup> Audited

#### *Auditor's note*

Auditor's reports issued on the Company's financial statements for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 have drawn attention to the notes in financial statements, section "Common risks and uncertainties in business", according to which, based on the current level of costs and revenues the company does not expect the working capital to be enough within the next 12 months period. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern.

#### ***What are the key risks for the issuer?***

- The coronavirus pandemic is having a negative impact on the world economy and its impact on the operations of the Company and its suppliers and customers is so far very difficult to assess
- Uncertainty in the Company's key operating markets, financial markets and general economic situation may adversely affect the Company
- The Company may not succeed its growth and internationalisation strategy in accordance with its plans
- Changes may occur in the Company's competitive environment that may adversely affect market prices of the products and/or the Company's market position
- There may be changes in the amount of investment subsidies that adversely affect the demand for the Company's products and/or the price level
- The Company's working capital on the date of the Prospectus is insufficient to cover the Company's current working capital needs for the next 12 months from the date of the Prospectus and if the Offering is not fully subscribed and new shares worth at least EUR 1.0 million are subscribed for with the Warrants, the Company may need additional working capital financing
- The Company has a history of operating losses and the operations may stay unprofitable for an unforeseeable future
- In order to implement its strategy and grow its business, the Company may need additional external financing in addition to the Offering and the Warrants TO5, TO6 and TO7 and it is not certain that it will receive financing on favourable terms or at all
- Technical problems may cause interruptions in the manufacturing process of the Company
- The Company may be liable for compensation if it is unsuccessful in the proceedings pending in France

#### **Key information about the securities**

##### ***What are the key features of the securities?***

Savosolar has one series of Shares. Savosolar's Shares are registered in the book-entry system maintained by Euroclear Finland and Euroclear Sweden. The ISIN-code for the Shares is FI4000425848 and their trading code in Finland is "SAVOH" and in Sweden "SAVOS".

The Company will offer a maximum of 28,999,557 new shares in the Company for subscription (the “Offer Shares”). In the Offering, the Offer Shares will be offered for subscription to the general public in Finland and Sweden, as further defined in the section “Terms and Conditions of the Offering”. Savosolar will give all shareholders one (1) book-entry subscription right (“the Subscription Right”) per each share held on the Offering record date (trading symbol SAVOHU0120, ISIN: FI4000440045 on First North Finland and trading symbol SAVOS TR, ISIN: SE0014428405 on First North Sweden). Two (2) Subscription Right entitles the holder to subscribe for three (3) Offer Shares. After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the “Temporary Shares”) will be entered in the subscriber’s book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading symbol SAVOHN0120, ISIN: FI4000440037) and on First North Sweden (trading symbol SAVOS BTA, ISIN: SE0014428413) as their own special share class on approximately 1 June 2020. The Temporary Shares will be combined with the Company’s current Shares after the Offer Shares have been registered in the Trade Register.

In addition, Savosolar will issue a maximum of 43,499,334 warrants (the “Warrants”) free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 43,499,334 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO5, one (1) Warrant of series TO6 and one (1) Warrant of series TO7 per each two (2) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. The ISIN codes of the Warrants are FI4000440052 (TO5), FI4000440060 (TO6) and FI4000440078 (TO7). The trading symbols are expected to be SAVOS TO5, SAVOS TO6 and SAVOS TO7 on First North Sweden and SAVIHEW12020, SAVIHEW22020 ja SAVIHEW32020 on First North Finland.

Rights to the Offer Shares include, but are not limited to, the pre-emptive right to subscribe for new shares in the Company, the right to participate and exercise voting rights, the right to dividends and other unrestricted equity distributions and the right to demand redemption to a fair value from a shareholder that owns more than 90 per cent of all shares and votes in the Company, as well as other general rights according to the Finnish Companies Act. The Offer Shares are freely transferable. Each Offer Share entitles the holder to one vote at the Company’s General Meeting.

Based on Savosolar's current investments and growth prospects, as well as the Company's liquidity and general economic situation, it cannot be expected that the Company will pay dividends in the near future. Savosolar's current intention is to save any future profit to finance the Company's development and growth. The Company has not paid a dividend so far and there is no certainty that it will have distributable funds available in the future.

#### ***Where will the securities be traded?***

The Company's Shares are traded in First North Sweden and First North Finland. The Company intends to admit the Subscription Rights, Temporary Shares and Warrants for trading to First North Sweden and First North Finland.

Nasdaq First North Growth Market is a registered SME growth market. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated market, as defined in EU legislation. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies.

#### ***What are the key risks connected with the securities?***

- An active public market for the Company's Shares, Subscription Rights and/or Warrants may not develop
- The Subscription Rights will expire and have no value if they are not exercised during the subscription period
- The market price of the Shares, Subscription Rights and Warrants may fluctuate considerably and the price of the Shares could fall below the Subscription Price
- The amount of possible future dividends to be distributed to shareholders is not certain
- Dilution of the shareholding

#### **Key information about the offering of securities to the public**

##### ***What are the conditions and schedule for investing in the securities?***

##### ***The Offering, subscription right and the Warrants***

In accordance with the shareholders’ pre-emptive subscription right, the Company is offering up to 28,999,557 new shares in the Company for subscription by the Company’s shareholders (“Offer Shares”) (the “Offering”).

Savosolar will give all shareholders registered in Savosolar's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") or Euroclear Sweden Ltd ("Euroclear Sweden") one (1) book-entry subscription right ("the Subscription Right") per each share held on the Offering record date 27 May 2020 ("the Record Date"). Two (2) Subscription Rights entitles the holder to subscribe for three (3) Offer Shares. Fractions of Offer Shares will not be given and a single Subscription Right may not be exercised partially. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 28 May 2020 and in the book-entry system maintained by Euroclear Sweden approximately on 29 May 2020. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol SAVOHU0120, ISIN: FI4000440045) and on First North Sweden (trading symbol SAVOS TR, ISIN: SE0014428405) between 1 June 2020 and 11 June 2020. If a Company share entitling to a Subscription Right is subject to a pledge or another such restriction, the Subscription Right may not be exercisable without the consent of the pledgee or other rights holder.

In addition, Savosolar will issue a maximum of 43,499,334 warrants (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 43,499,334 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO5, one (1) Warrant of series TO6 and one (1) Warrant of series TO7 per each two (2) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. Warrants can be freely assigned.

#### *Subscription price and subscription period*

The Subscription Price of Offer Shares is EUR 0.15 or SEK 1.58 per Offer Share.

The subscription period for the Offer Shares (the "Subscription Period") will commence on 1 June 2020 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 17 June 2020 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 15 June 2020 at 16:30 Finnish time (15:30 Swedish time) in Sweden. Unexercised Subscription Rights will expire and have no value on 17 June 2020 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 15 June 2020 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Sweden.

Each Warrant entitles its holder to subscribe for one (1) new share from 9 November 2020 to 20 November 2020 (Warrant TO5), 8 March 2021 to 19 March 2021 (Warrant TO6) and 6 September 2021 to 17 September 2021 (Warrant TO7). The Subscription Price of the shares that can be subscribed for with the Warrants is determined by the volume-weighted average price of the Company's share reduced by 30 per cent in First North Finland ten (10) business days before the Warrant's Subscription Period. However, the Subscription Price cannot exceed EUR 0.30 per share. The shares subscribed for with the Warrants delivered through Euroclear Sweden will be paid in Swedish krona. The Swedish crown-denominated subscription price will be determined using the EURSEK forward rate one trading day before the Subscription Period of the Warrants.

#### *Cancellation of subscriptions*

Subscriptions placed in the Offering and are binding and irrevocable and may only be cancelled where the Prospectus Directive provides for a cancellation right.

If the Prospectus is supplemented or corrected in accordance with the Prospectus Directive due to a significant new fact, material error or material inaccuracy related to the information contained in the Prospectus, which becomes apparent after the Financial Supervisory Authority has approved the Prospectus but before the end of the subscription period, the investors who have subscribed for Offer Shares before the supplement or amendment of the Prospectus, have the right, according to the Prospectus Directive, to cancel their subscription within at least two (2) working days from the publication of the supplement or amendment. The condition of the right of cancellation is that a significant new fact, material error or material inaccuracy that led to the supplement or adjustment occurred or was noted before the end of the subscription period and the delivery of the Offer Shares. If the Prospectus is supplemented, this will be announced by way of company release. The company release will also inform investors of the right to withdraw their subscription in accordance with the Prospectus Directive.

#### *Fees and expenses*

In connection with the Offering, the Company is expected to pay a total of approximately EUR 0.8 million in fees and expenses.

No fees are charged by the Company, Nordea Bank Oyj or Aqurat Fondkommission to the investors subscribing for Offer Shares, a possible directed issue or Warrants. However, Aqurat Fondkommission AB has the right to charge interest and expenses from investors who have not paid for the Offer Shares they have subscribed by the maturity date. Moreover, brokers and other service providers engaged by the investor may charge the investor as agreed between the investor and the service provider.

#### *Dilution of ownership*

In case the Offering is fully subscribed, the Offer Shares will correspond to approximately 60 per cent of the Shares and votes in the Company after the Offering.

If the Offering, and the directed share issue to possibly be arranged in connection with the Offering is arranged and fully subscribed, and the subscription price in the directed share issue to the underwriters is the same as in the Offering, and the maximum amount of Warrants are issued and all Warrants are used to the subscription of shares, all the new shares to be issued correspond to approximately 79.66 per cent of all the Company's Shares after the share issues and the Shares subscribed with the Warrants.

#### ***Why has this prospectus been prepared?***

Savosolar has prepared and published this Prospectus in order to carry out the Offering the Warrant plan.

#### *Reasons for the Offering*

Savosolar has established a strong brand as a reliable supplier of large solar heating systems, and the Company's total number of systems already exceeds 100,000m<sup>2</sup>, which demonstrates Savosolar's ability to supply value-added energy plants to customers. The market is growing globally with the ever-accelerating demand for clean energy production, and recent changes in the competitive situation open up ever greater opportunities for the Company to increase market share by being the technology and quality leader in the industry and via the references in which the customers are highly satisfied. The Company wants and needs to meet the growing market demand and therefore the Company plans to arrange the above-mentioned capital raising.

The Company will use the net proceeds from the Offering and Warrants to maintain the Company's working capital adequacy and increase the Company's financial capacity in a growing market environment to enable the Company to deliver signed and future orders and meet rising market demand in both the industrial process and district heating segments.

#### *Proceeds from the Offering and the Warrants*

The Company aims to raise approximately EUR 4.3 million through the Offering. If the Offering is fully subscribed, the Company expects to receive approximately EUR 3.5 million in net proceeds after transaction costs amounting to approximately EUR 0.8 million. In connection with the Offering, the Company also issues Warrants free of charge to investors who have subscribed for Offer Shares in the Offering. The Company may therefore additionally raise up to a maximum of approximately EUR 12.5 million in net proceeds, after deducting the estimated expenses to the subscriptions with Warrants payable by the Company, totalling approximately EUR 0.5 million.

#### *Subscription commitments and underwriting commitments*

Through the subscription commitments, the Company's current shareholders and members of the Board of Directors have committed to subscribe for approximately 0.4 per cent of the Offer Shares offered in the Offering, i.e. they have committed to participate in the Offering for approximately EUR 16.3 thousand. In addition, the consortium of underwriters has undertaken to subscribe for the Offer Shares after the Offer Shares subscribed under the subscription commitments, so that the underwriting commitments cover approximately 79.6 per cent of the Offering after subscriptions by the underwriters, i.e. they have given underwriting commitments of approximately EUR 3.4 million. The subscription commitments and underwriting commitments therefore do not apply to approximately 20.0 per cent of the Offering, i.e. approximately EUR 0.9 million.

*Conflicts of interest connected to the Offering*

Augment Partners AB acts as financial advisor to the Company in accordance with the terms and conditions of the agreement made with them in connection with the Offering. The agreement defines the services provided by Augment Partners AB in connection with the Offering and the rights and obligations of the parties. Augment Partners AB receives a pre-determined fee for their services in connection with the Offering and a part of the fee depends on the amount of the proceeds of the Offering. Therefore, it is in the interest of Augment Partners AB that the Offering is successful. Augment Partners AB also acts as the Certified Adviser of the Company.

The members of the Board of Directors or the Managing Director of Savosolar have no conflicts of interest between their duties in the Company and their private interests and/or other duties.

*Governing law and dispute resolution*

The Prospectus is governed and construed in accordance with the laws of Finland, excluding the governing choice of law (relating to Finland or any other jurisdiction) which could result in the application of any law other than Finnish law.

## Sammanfattning

*Denna sammanfattning innehåller alla avsnitt som måste presenteras i enlighet med Prospektförordningen för värdepapperet i fråga och dess emittent. Denna sammanfattning bör läsas som en introduktion till Prospektet. Varje beslut om att investera i värdepapperet bör baseras på en bedömning av Prospektet i dess helhet från investerarens sida.*

*En investerare som investerar i värdepapper kan förlora hela eller delar av det investerade kapitalet. Om en talan väcks vid domstol mot informationen i Prospektet kan den klagande investeraren enligt tillämplig lag krävas att bära kostnaderna för översättning av Prospektet innan förfarandet inleds. Savosolar är civilrättsligt ansvarig för denna sammanfattning endast om sammanfattningen, läst i samband med andra delar av Prospektet, är vilseledande, felaktig eller inkonsekvent, eller om sammanfattningen, läst i samband med andra delar av Prospektet, inte innehåller nyckelinformation för att hjälpa investerare när de överväger att investera i de värdepapper som emitterats av Savosolar.*

Kontaktuppgifterna för emittenten är följande:

Emittentens namn: Savosolar Abp  
Adress: Insinöörinkatu 7, 50150 S:t Michel  
Telefonnummer: +358 10 2710 810  
Bolagets webbplats: [www.savosolar.com](http://www.savosolar.com)  
LEI-kod: 743700J1YZ8IEJAPDL21  
Värdepapperets namn: I Finland "SAVOH" och i Sverige "SAVOS"  
ISIN-kod: FI4000425848

Prospektet har godkänts av finska Finansinspektionen, som den behöriga myndigheten i enlighet med Prospektförordningen, den 25.5.2020. Finska Finansinspektion godkänner detta Prospekt endast i den utsträckning det uppfyller kraven för fullständighet, tydlighet och konsistens som anges i Prospektförordningen. Detta godkännande av Finansinspektionen ska inte tolkas som bevis på godkännandet av den emittent som detta Prospekt gäller. Numret för beslutet om godkännande från Finansinspektionen är FIVA 29/02.05.04/2020.

Kontaktinformationen för den behöriga myndigheten, Finansinspektionen, som godkänner detta Prospekt är följande:

Myndighet: Finansinspektionen  
Adress: PL 103, 00101 Helsingfors  
Telefonnummer: +358 9183 51  
E-post: [kirjaamo@finanssivalvonta.fi](mailto:kirjaamo@finanssivalvonta.fi)

### Nyckelinformation om Savosolar

#### *Vem är emittenten av värdepapperet?*

Emittentens registrerade företagsnamn är Savosolar Oyj, på svenska Savosolar Abp och på engelska Savosolar Plc ("Bolaget"). Bolaget är ett publikt aktiebolag som är etablerat i Finland och regleras av finsk lag. Bolagets hemvist är S:t Michel och Bolaget är registrerat i handelsregistret som upprätthålls av Patent- och Registerstyrelsen i Finland under företags-ID 2309682-6. Bolagets LEI-kod är 743700J1YZ8IEJAPDL21.

#### *Översikt*

Grundat år 2010, Savosolar designar och levererar produktionssystem för solvärmeenergi till industrikunder över hela världen. Systemen är byggda med internationellt prisbelönta solvärmeabsorberare och -fångare som utvecklats och tillverkats av Savosolar. Enligt den information som finns tillgänglig för Bolagets ledning är Savosolars solvärmefångare med MPE-absorberare de mest effektiva i världen. Savosolar fokuserar främst på stora solvärmefångare och industriella värmesystem.

Marknaden för stora solvärmesystem är mycket aktiv, både för fjärrvärme samt för värmeproduktion till industriella processer. De mest aktiva marknaderna i Europa är Tyskland och Frankrike, där Bolaget har uppnått en stark marknadsposition och varumärke. Bolaget är för tillfället i den så kallade sista erbjudandefasen i nio projekt, varav mer än hälften är i dessa två länder. I Frankrike har Savosolar stärkt sin marknadsposition och på basen av information tillgänglig för Bolagets ledning har Savosolar uppnått en position som marknadsledare tack vare Bolagets effektiva och

högkvalitativa teknologi samt Bolagets lokala och kundorienterade sätt att operera. Dessutom finns det projekt på andra håll, vilket visar att marknaden fortsätter att utvecklas positivt i olika länder, till exempel i Kina, där det första projektet förväntas äga rum i år.

#### Aktier och ägande

Vid dagen för detta Prospekt uppgår det fullt betalda aktiekapitalet till EUR 470 210,00. Totalt 19 333 038 av Bolagets aktier är registrerade. Alla aktier är av samma serie.

Bolaget hade 15.5.2020 totalt 14 011 aktieägare.

Följande tabell visar de tio (10) största aktieägarna i Bolaget per datumet för detta Prospekt:

Aktieägare	Antal aktier	% av alla aktier och röster
GRIMALDI, SALVATORE	1 058 339	5,51
FÖRSÄKRINGSBOLAGET, AVANZA PENSION	678 639	3,53
JUKKA JOKINEN	300 000	1,56
NORDNET PENSIONS FÖRSÄKRING	248 868	1,30
GEUST, JOHAN	236 894	1,23
JOJIC, ZORAN	162 919	0,85
SAXO BANK A/S CLIENT ASSETS	121 563	0,63
LILJA, ANSA	114 798	0,60
DANSKE BANK A/S HELSINKI BRANCH	105 888	0,55
MORGAN STANLEY & CO INTL PLC	101 414	0,53
ÖVRIGA AKTIEÄGARE	16 203 716	83,81
<b>TOTALT</b>	<b>19 333 038</b>	<b>100,00</b>

Bolaget känner inte till att någon aktieägare har ett bestämmande inflytande i Bolaget. Bolaget känner inte till några arrangemang som kan leda till en förändring av kontroll av Bolaget i framtiden.

#### Nyckelpersoner och revisor

Bolagets styrelse består av Eero Auranne (Ordförande), Feodor Aminoff, Mikael Lemström och Ari Virtanen. Savosolars ledning består av Jari Varjotie (VD), Heikki Timonen (CFO), Martti Jalava (COO), Torben Frederiksen (CTO), Raul Ikonen (Landschef - Kina), Pekka Karjalainen (Kvalitetschef), Aku Järvisalo (Produktionschef) och Kaj Pischow (Director, Senior Advisor). Savosolars lagstadsade revisor är revisionsföretaget Inkeröinen & Himanen Oy, med Juho Himanen, auktoriserad revisor, som huvudrevisor.

#### Vad är den utvalda finansiella informationen för emittenten?

Den utvalda historiska finansiella informationen som presenteras nedan härrör från Savosolars reviderade finansiella rapporter upprättade i enlighet med FAS för de räkenskapsår som slutade 31.12.2019, 31.12.2018 och 31.12.2017.

Belopp i EUR tusen	31.12.2019	31.12.2018	31.12.2017
<b>Utvald finansiell information för resultaträkningen</b>	(Oreviderat, om inte annat anges)		
Omsättning	3 415,4 <sup>1</sup>	5 428,2 <sup>1</sup>	830,9 <sup>1</sup>
EBITDA <sup>2</sup>	-4 374,8	- 867,6	-4 091,5
EBITDA-marginal (%)	-128%	-90%	-492%
Rörelseresultat (EBIT)	-4 998,9	-5 586,3 <sup>1</sup>	-4 853,1 <sup>1</sup>
Rörelsemarginal (%)	-146%	-103%	-584%
Årets resultat	-6 759,9 <sup>1</sup>	-6 635,4 <sup>1</sup>	-5 663,5 <sup>1</sup>
Vinstmarginal (%)	-198%	-122%	-682%
<b>Utvald finansiell information för kapitalstrukturen</b>			
Eget kapital, EUR tusen	3 591,5 <sup>1</sup>	1 372,5 <sup>1</sup>	3 653,8 <sup>1</sup>
Soliditet (%)	61,8%	45,3%	56%
<b>Data per aktie</b>			
Antal aktier	1 723 265 358	352 538 414	130 749 062
Eget kapital per aktie	0,002	0,004	0,03
Vinst per aktie	-0,006	-0,03	-0,04
<b>Anställda</b>			
Genomsnittligt antal anställda	31	37	42

<sup>1</sup> Reviderat

<sup>2</sup> EBITDA har beräknats genom att lägga till avskrivningar för perioden till rörelseresultatet (EBIT) enligt nedan:

EUR tusen	1.1.2019 – 31.12.2019	1.1.2018 – 31.12.2018	1.1.2017 – 31.12.2017
	(Oreviderat, om inte annat anges)		
Rörelseresultat (EBIT)	-4 998,9 <sup>1</sup>	-5 586,3 <sup>1</sup>	-4 853,1 <sup>1</sup>
Avskrivningar	624,1 <sup>1</sup>	718,7 <sup>1</sup>	761,6 <sup>1</sup>
EBITDA	-4 374,8	-4 867,6	-4 091,5

<sup>1</sup> Reviderat

Revisorns rapporter som lämnats ut för Bolagets bokslut för räkenskapsåren som slutade 31.12.2019, 31.12.2018 och 31.12.2017 har uppmärksammat noterna under "Allmänna risker och affärsmässiga osäkerheter", enligt vilka bolaget inte kan förvänta sig att rörelsekapitalet är tillräckligt under de kommande 12 månaderna enligt den nuvarande nivån av kostnader samt intäkter. Detta indikerar en väsentlig osäkerhet som kan kasta betydande tvivel om bolagets förmåga att fortsätta sin verksamhet.

#### **Vilka är de huvudsakliga riskerna för emittenten?**

- Coronaviruspandemin påverkar världsekonomin negativt och dess påverkan på Bolaget och dess leverantörer och kunder är hittills mycket svår att bedöma
- Osäkerhet på Bolagets viktigaste operativa marknader, finansmarknader och allmän ekonomisk situation kan påverka Bolaget negativt
- Bolaget kanske inte lyckas implementera sin tillväxt- och internationaliseringsstrategi
- Förändringar kan inträffa i Bolagets konkurrensmiljö som kan påverka marknadspriserna på produkter och/eller Bolagets marknadsposition negativt
- Förändringar kan ske i mängden investeringsstöd som påverkar negativt efterfrågan på Bolagets produkter och/eller prisnivån
- Bolagets rörelsekapital per datumet för Prospektet är otillräckligt för att täcka Bolagets nuvarande behov av rörelsekapital under de kommande 12 månaderna per datumet för Prospektet och om Erbjudandet inte blir fulltecknat och ifall det inte tecknas aktier för åtminstone EUR 1,0 miljon med teckningsoptionerna kan Bolaget behöva ytterligare rörelsekapitalfinansiering
- Bolaget har en historia av rörelseförluster och verksamheten kan förbli olönsam under en oförutsägbar framtid
- För att kunna genomföra sin strategi och växa sin verksamhet kan Bolaget behöva ytterligare extern finansiering utöver Erbjudandet och teckningsoptionerna TO5, TO6 och TO7 och det är inte säkert att det kommer att få finansiering till gynnsamma villkor eller överhuvudtaget
- Tekniska problem kan orsaka avbrott i Bolagets tillverkningsprocess
- Bolaget kan vara skadeståndsansvarigt ifall det förlorar den pågående rättegången i Frankrike

#### **Nyckelinformation om värdepappret**

##### ***Vilka är de huvudsakliga funktionerna i värdepapperet?***

Savosolar har en serie av aktier. Savosolars aktier är registrerade i det värdepapperssystem som upprätthålls av Euroclear Finland och Euroclear Sweden. ISIN-koden för aktierna är FI4000425848 och aktiens kortnamn i Finland är "SAVOH" och i Sverige "SAVOS".

Bolaget erbjuder högst 28 999 557 nya aktier för teckning i Bolaget ("Erbjudandeaktier"). I Erbjudandet erbjuds Erbjudandeaktier för teckning till allmänheten i Finland och Sverige, som ytterligare definierats i avsnittet "Erbjudandets villkor och anvisningar". Savosolar kommer att ge alla aktieägare en (1) teckningsrätt ("Teckningsrätten") per aktie som innehas på Erbjudandets avstämningsdag (kortnamn SAVOHU0120, ISIN: FI4000440045 på First North Finland och kortnamn SAVOS TR, ISIN: SE0014428405 på First North Sweden). Två (2) Teckningsrätter ger innehavaren rätt att teckna tre (3) Erbjudandeaktier. Efter teckningen kommer temporära aktier ("Temporära Aktier") som motsvarar de Erbjudandeaktierna som tecknas baserat på teckningsrätter att anges i tecknarens bokföringskonto. Handel med Temporära Aktier kommer att inledas på First North Finland (kortnamn SAVOHN0120, ISIN: FI4000440037) och på First North Sweden (kortnamn SAVOS BTA, ISIN: SE0014428413) som sin egen aktieklass cirka 1.6.2020. De Temporära Aktierna kommer att kombineras med Bolagets nuvarande aktier efter det att Erbjudandeaktierna har registrerats i handelsregistret.



Därtill emitterar Savosolar maximalt 43 499 334 teckningsoptioner ("Teckningsoptionerna") vederlagsfritt till personer som tecknade Erbjudandeaktier i Erbjudandet, vilket ger rätt att teckna totalt upp till 43 499 334 nya aktier av Bolaget. Teckningsoptionerna kommer att emitteras på följande sätt: tecknaren kommer att erhålla en (1) Teckningsoption av serie TO5, en (1) Teckningsoption av serie TO6 och en (1) Teckningsoption av serie TO7 per två (2) tecknade och betalda Erbjudandeaktier, vars teckning styrelsen har godkänt. ISIN-koderna för Teckningsoptionerna är FI4000440052 (TO5), FI4000440060 (TO6) och FI4000440078 (TO7). Kortnamnen förväntas vara SAVOS TO5, SAVOS TO6 och SAVOS TO7 på First North Sweden och SAVIHEW12020, SAVIHEW22020 och SAVIHEW32020 på First North Finland.

Rättigheterna till Erbjudandeaktier inkluderar, men är inte begränsade till, företrädesrätt att teckna nya aktier i Bolaget, rätten att delta och utöva rösträtt, rätten till utdelning och annan obegränsad aktieutdelning och rätten att kräva inlösen av aktierna till verkligt värde från en aktieägare som äger mer än 90 procent av alla aktier och röster i Bolaget samt andra allmänna rättigheter enligt den finska aktiebolagslagen. Erbjudandeaktierna är fritt överlåtbara. Varje Erbjudandeaktie berättigar till en röst vid bolagsstämman.

Baserat på Savosolars nuvarande investeringar och tillväxtutsikter, liksom Bolagets likviditet och allmänna ekonomiska situation, kan det inte förväntas att Bolaget kommer att betala utdelning inom en snar framtid. Savosolars nuvarande avsikt är att spara eventuella framtida vinster för att finansiera Bolagets utveckling och tillväxt. Bolaget har hittills inte betalat utdelning och det finns ingen säkerhet att det kommer att finnas tillgängliga utdelningsbara medel i framtiden.

### ***Var kommer värdepapperet att handlas?***

Bolagets aktier handlas på First North Sweden och First North Finland. Bolaget avser att ta del av Teckningsrätter, Temporära Aktier och Teckningsoptioner för handel till First North Sweden och First North Finland.

Nasdaq First North Growth Market är en registrerad tillväxtmarknad för små och medelstora företag. Emittenter på Nasdaq First North Growth Market omfattas inte av samma regler som emittenter på en reglerad marknad, enligt definitionen i EU-lagstiftningen. Istället är de föremål för mindre omfattande regler och förordningar som är anpassade till små tillväxtföretag.

### ***Vilka är de huvudsakliga riskerna kopplade till värdepapperet?***

- En aktiv publik marknad för Bolagets aktier, Teckningsrätter och/eller Teckningsoptioner kanske inte utvecklas
- Teckningsrätterna löper ut och har inget värde om de inte utnyttjas under teckningsperioden
- Marknadspriset på aktierna, teckningsrätterna och Teckningsoptionerna kan fluktuera betydligt och priset på aktierna kan falla under teckningskursen
- Mängden möjliga framtida utdelningar som ska delas ut till aktieägare är inte säker
- Utspädning av aktieinnehavet

### **Nyckelinformation om erbjudandet av värdepapperen till allmänheten**

#### ***Vilka är villkoren och schemat för investeringar i värdepapperet?***

##### *Erbjudandet, teckningsrätt och Teckningsoptionerna*

I enlighet med aktieägarnas företrädesrätt erbjuder Bolaget upp till 28 999 557 nya aktier i Bolaget för teckning av Bolagets aktieägare.

Savosolar kommer att ge alla aktieägare som är registrerade i Savosolars aktieägarregister som upprätthålls av Euroclear Finland Ab ("Euroclear Finland") eller Euroclear Sweden Ab ("Euroclear Sweden") en (1) teckningsrätt ("Teckningsrätten") per respektive aktie som innehas på Erbjudandets avstämningsdag 27.5.2020 ("Avstämningsdag"). Två (2) Teckningsrätter ger innehavaren rätt att teckna tre (3) Erbjudandeaktier. Fraktioner av Erbjudandeaktier kommer inte att ges och en enda Teckningsrätt får inte utfärdas delvis. Teckningsrätter kommer att registreras på aktieägarnas bokföringskonton i det bokföringssystem som upprätthålls av Euroclear Finland ungefär den 28.5.2020 och i det bokföringssystem som upprätthålls av Euroclear Sweden ungefär den 29.5.2020. Teckningsrätter är fritt tilldelbara och de kommer att handlas på First North Finland (kortnamn SAVOHU0120, ISIN: FI4000440045) och på First North Sweden (kortnamn SAVOS TR, ISIN: SE0014428405) mellan 1.6.2020 och 11.6.2020. Om en aktie som berättigar till Teckningsrätt är föremål för pantsättning eller någon annan sådan begränsning, kan Teckningsrätten inte utfärdas utan pantsättarens eller andra rättighetshavares samtycke.

Därtill emitterar Savosolar maximalt 43 499 334 teckningsoptioner ("Teckningsoptionerna") vederlagsfritt till personer som tecknade Erbjudandeaktier i Erbjudandet, vilket ger rätt att teckna totalt upp till 43 499 334 nya aktier av Bolaget. Teckningsoptionerna kommer att emitteras på följande sätt: tecknaren kommer att erhålla en (1) Teckningsoption av serie TO5, en (1) Teckningsoption av serie TO6 och en (1) Teckningsoption av serie TO7 per två (2) tecknade och betalda Erbjudandeaktier, vars teckning styrelsen har godkänt. Fraktioner av Teckningsoptionerna kommer inte att emitteras. Teckningsoptioner kan tilldelas fritt.

#### *Teckningskurs och teckningsperiod*

Erbjudandeaktierna emitteras till en teckningskurs om EUR 0,15 eller 1.58 SEK per Erbjudandeaktie.

Teckningsperioden i Erbjudandet ("Teckningsperioden") inleds den 1.6.2020 kl. 09:30 finsk tid (08:30 svensk tid), och förväntas avslutas den 17.6.2020 kl. 16.30 finsk tid (15.30 svensk tid) i Finland och den 15.6.2020 kl. 16.30 finsk tid (15.30 svensk tid) i Sverige. Ej utfärdade teckningsrätter upphör att gälla och har inget värde den 17.6.2020, klockan 16.30 finsk tid (15.30 svensk tid) i Finland och den 15.6.2020 klockan 16.30 finsk tid (15.30 svensk tid) i Sverige.

Varje Teckningsoption ger innehavaren rätt att teckna en (1) ny aktie under perioden 9-20.11.2020 (Teckningsoption TO5), 8-19.3.2021 (Teckningsoption TO6) och 6-17.9.2021 (Teckningsoption TO7). Teckningskursen för de aktier som kan tecknas med Teckningsoptionerna bestäms av det volymvägda genomsnittspriset för Bolagets aktie reducerat med 30 procent i First North Finland tio (10) handelsdagar före Teckningsperioden. Teckningskursen kan dock inte överstiga EUR 0,30 per aktie. De aktier som tecknas med de Teckningsoptioner som levereras genom Euroclear Sweden kommer att betalas i svenska kronor. Teckningskursen i svenska kronor fastställs till EURSEK terminskursen en (1) handelsdag före Teckningsperioden för Teckningsoptionerna.

#### *Återkallelse av teckningsanmälan*

Teckningar som har gjorts inom ramen för Erbjudandet är bindande och kan inte återkallas förutom i de situationer som beskrivs i Prospektförordningen.

Om Prospektet kompletteras eller korrigeras i enlighet med Prospektförordningen på grund av ett väsentligt nytt aspekt, väsentliga misstag eller grundläggande felaktigheter relaterade till informationen i Prospektet, vilket blir uppenbart efter att Finansinspektionen har godkänt Prospektet men före utgången av teckningsperioden, har de investerare som har bundit sig att teckna för Erbjudandeaktier innan komplettering eller korrigering av Prospektet, rätt enligt Prospektförordningen att annullera sin teckning inom minst två (2) bankdagar efter publiceringen av kompletteringen eller korrigeringen av Prospektet. En förutsättning för återkallelserätt är att aspekten, misstaget eller den grundläggande felaktigheten inträffade eller upptäcktes innan slutet av teckningsperioden och leveransen av Erbjudandeaktierna. Om Prospektet kompletteras kommer detta att meddelas genom ett pressmeddelande. Bolagets pressmeddelande kommer också att informera investerare om rätten att återkalla sin teckningsanmälan i enlighet med Prospektförordningen.

#### *Avgifter och kostnader*

I samband med Erbjudandet förväntas Bolaget betala totalt EUR 0,8 miljoner i emissionsavgifter och -kostnader.

Bolaget, Nordea Bank Abp eller Aqurat Fondkommision AB debiterar inte några avgifter eller kostnader för investerare som tecknar Erbjudandeaktier, aktier i en möjlig riktad emission eller Teckningsoptioner. Aqurat Fondkommision AB har dock rätt att debitera ränta och kostnader från investerare som inte har betalat för de Erbjudandeaktier de tecknat vid förfallodagen. Vidare kan värdepappersmäklare och andra tjänsteleverantörer som används av investerare dock debitera investeraravgifter baserat på avtal mellan investeraren och tjänsteleverantören.

#### *Utspädning*

Om Erbjudandet är fulltecknat kommer Erbjudandeaktierna att motsvara cirka 60 procent av aktierna och rösterna i Bolaget efter Erbjudandet.

Om Erbjudandet, och den riktade emissionen som eventuellt arrangeras i samband med Erbjudandet arrangeras och fulltecknas, och Teckningskursen i den riktade emissionen till garanterna är detsamma som i Erbjudandet, och det maximala beloppet av Teckningsoptioner emitteras och alla Teckningsoptioner används för teckning av aktier, då

motsvarar alla de nya aktierna som ska emitteras cirka 79,66 procent av Bolagets aktier efter emissionen och de aktier som tecknats med Teckningsoptionerna.

### ***Varför har detta Prospekt utarbetats?***

Savosolar har förberett och publicerat detta Prospekt för att genomföra Erbjudandet och Teckningsoptionerna.

### ***Syftet med Erbjudandet***

Savosolar har etablerat ett starkt varumärke som en pålitlig leverantör av stora solvärmesystem, och Bolagets totala antal system överstiger redan 100 000 m<sup>2</sup>, vilket visar Savosolars förmåga att leverera energianläggningar som tillbringar mervärde till kunder. Marknaden växer globalt med den ständigt ökande efterfrågan för miljövänlig energiproduktion, och de senaste förändringarna i konkurrenssituationen öppnar upp allt större möjligheter för Bolaget att öka marknadsandelen som teknologi- och kvalitetsledare i branschen och med referenser som kunderna är nöjda med. Bolaget vill och behöver möta den växande efterfrågan på marknaden och därför planerar Bolaget att arrangera Erbjudandet.

Bolaget kommer att använda nettolikviden från Erbjudandet och Teckningsoptionerna för att upprätthålla Bolagets rörelsekapital och öka Bolagets finansiella kapacitet i en växande marknadsmiljö för att göra det möjligt för Bolaget att leverera undertecknade och framtida orders och möta den ökande efterfrågan på marknaden, i både industriella process- samt fjärrvärmesegmentet.

### ***Likvid från Erbjudandet och Teckningsoptionerna***

Bolaget avser anskaffa cirka EUR 4,3 miljoner genom Erbjudandet. Om Erbjudandet fulltecknas, räknar Bolaget med att få cirka EUR 3,5 miljoner i nettolikvid efter transaktionskostnader om cirka EUR 0,8 miljoner. I samband med Erbjudandet emitterar Bolaget också Teckningsoptioner vederlagsfritt till investerare som tecknat Erbjudandeaktier i Erbjudandet. Bolaget kan därpå tillföras maximalt cirka EUR 12,5 miljoner i nettolikvid, efter avdrag för de uppskattade transaktionskostnaderna i samband med Teckningsoptioner som ska betalas av Bolaget, totalt cirka EUR 0,5 miljoner.

### ***Teckningsförbindelser och garantiåtaganden***

Genom teckningsförbindelser har Bolagets nuvarande aktieägare och styrelseledamöter åtagit sig att teckna cirka 0,4 procent av de Erbjudandeaktierna som erbjuds i Erbjudandet, dvs. de har åtagit sig att delta i Erbjudandet för cirka EUR 16,3 tusen. Dessutom har ett garantikonsortium åtagit sig att teckna de Erbjudandeaktierna efter Erbjudandeaktierna tecknade under teckningsförbindelserna, så att garantiåtaganden täcker cirka 79,6 procent av emissionen efter teckningar av garanterna, dvs. att de har utfärdat en teckningsförbindelser totalt på cirka EUR 3,4 miljoner. Teckningsförbindelser och garantiåtaganden gäller därför inte cirka 20,0 procent av emissionen, dvs. cirka EUR 0,9 miljoner.

### ***Intressekonflikter kopplade till Erbjudandet***

Augment Partners AB tillhandahåller finansiell rådgivning till Bolaget i enlighet med det avtal som upprättats i samband med Erbjudandet. Avtalet definierar de tjänster som Augment Partners AB tillhandahåller i samband med Erbjudandet samt parternas åtaganden och rättigheter. Augment Partners AB erhåller en i förväg överenskommen avgift för dessa tjänster, och en del av denna avgift är knuten till likviden från Erbjudandet. Således ligger det i Augment Partners AB:s intresse att Erbjudandet blir framgångsrikt. Augment Partners AB agerar också som Bolagets Certified Adviser.

Styrelseledamöterna eller verkställande direktören för Savosolar har inga intressekonflikter mellan deras uppgifter i Bolaget och deras privata intressen och/eller andra uppgifter.

### ***Tillämplig lag och tvistlösning***

Prospektet styrs och tolkas i enlighet med Finlands lagar, med undantag för det reglerande valet av lag (som rör Finland eller annan jurisdiktion) som kan leda till tillämpning av annan lag än finsk lag.

## Risk factors

*Investors considering investing in the Offer Shares are advised to carefully review all the information in this Prospectus, especially the risk factors presented later in this Prospectus. Issues that may possibly affect the investment decision are also dealt with elsewhere in the Prospectus. If one or more of the risk factors described is realised, it may have a negative effect on the Company's business, financial condition and results of operation and/or the value of the Shares. The following description of risk factors is based on information known and projected when preparing the Prospectus, and therefore the description of risk factors is not necessarily exhaustive. Additional risks and uncertainties that the Company is not currently aware of or which it currently considers to be immaterial may have a material adverse effect on the Company's business, results of operation and financial position. The Company's Shares may decline in value due to the realisation of these risks, which could lead to investors losing parts or all of their invested capital.*

*The risks presented here are divided into the following categories according to their nature:*

- 1. Risks related to the coronavirus and macroeconomic conditions*
- 2. Risks related to Savosolar's operating environment and strategy implementation*
- 3. Risks related to Savosolar's financial position and financing*
- 4. Risks related to Savosolar's business operations*
- 5. Legal proceedings and taxation risks*
- 6. Risks related to the Offering, the Shares and the Warrants*

*Each category presents first the risk that is estimated to be the most significant based on the overall assessment of the criteria set out in the Prospectus Regulation. However, the order of presentation after the first risk factor in each category does not describe the likelihood of the risk factors occurring or the potential impact of their realisation. The order in which the risk categories are presented does not reflect an assessment of the significance of the risks included in each risk category in relation to the risks included in the other risk categories.*

### **Risks related to the coronavirus and macroeconomic conditions**

#### **The coronavirus pandemic is having a negative impact on the world economy and its impact on the operations of the Company and its suppliers and customers is so far very difficult to assess**

The Company's operations may be affected if a large portion of the Company's employees become exposed to the coronavirus or if quarantine is in place to prevent Company employees, suppliers' employees or customers' employees from going to work, or if large-scale international travel restrictions remain in place. Similarly, any financial difficulties that the Company's customers may experience as a result of a coronavirus pandemic may affect their investment decisions. The launch of projects with new potential customers may also be delayed due to restrictions due to the coronavirus. The potential negative effects of corona may also affect the Company's liquidity and working capital adequacy, despite the austerity measures implemented, such as staff layoffs, in such a situation. If any of the negative effects of the coronavirus described above on the Company's operations materialise, they may have a material adverse effect on the Company's business, results of operations, financial condition and/or value of securities.

#### **Uncertainty in the Company's key operating markets, financial markets and general economic situation may adversely affect the Company**

The Company's current view is that its main markets are or will be France, Germany, China and possibly Latin America, Australia and Denmark, as well as several countries in Southeast Europe. Economic developments and uncertainty in the financial markets, especially in these markets, may adversely affect the Company's business and growth opportunities. Even before the coronavirus epidemic, the general world political situation has brought uncertainty to the world economy. Strong fluctuations in oil prices, import tariffs imposed by the United States and China, discussions between several countries and the EU on possible trade restrictions, and the United Kingdom's withdrawal from the EU are likely to have a detrimental effect on the international economy and create a climate of uncertainty.

General economic developments also affect the Company's customers, and a slowdown in economic growth or negative economic growth may indirectly adversely affect the demand for the Company's products and the number of orders received by the Company as companies may reduce their investments. If potential customers in the Company's main market areas delay their decisions on clean heating system investments due to the general economic situation, Savosolar's order backlog may decline and growth may come to a halt, which would have a negative impact on the Company's ability to improve profitability as planned. Economic uncertainty, structural and regional changes and changes in the operations

of the Company's customers may, among other things, lead to the postponement or suspension of investments that have already been decided.

If the political environment, the global economy and the uncertainty in the financial markets materialise, it is possible that the Company's financing opportunities will also decline. Weaker economic conditions may adversely affect the Company's business and result of operations. The factors described above, alone or combined, may have a material adverse effect on the Company's customers and on the Company's business, results of operations, financial condition, prospects and/or value of the securities.

## **Risks related to Savosolar's operating environment and strategy implementation**

### **The Company may not succeed in its growth and implementing its internationalisation strategy in accordance with its plans**

The Company is expanding its business to new countries both in Europe and outside Europe. It is possible that the Company will not be able to anticipate all new challenges related to establishing itself on new markets or be able to acquire the resources needed in the new market areas. It is also possible that the projects planned in the new markets will move forward or that competing energy sources will have a greater foothold in one of these countries. If such risks are realised, the Company may fail to expand to some market areas, whereby the growth of the Company can slow down, or the cost of some delivery in a new market may be higher than anticipated, which means that the Company's profitability will suffer. The factors described above, alone or combined, may have a material adverse effect on the Company's customers and on the Company's business, results of operations, financial condition, prospects and/or value of the securities.

### **Changes may occur in the Company's competitive environment that may adversely affect market prices of the products and/or the Company's market position**

The Company's business environment is facing high growth expectations globally, which may further increase the competition. Maintaining and the further improving the Company's competitiveness to meet the current and likely future growing demand in the market requires continuous development of the product range and reduction of unit costs without compromising on quality. If the Company is unable to maintain and improve its competitiveness and lower unit costs due to volume growth, the Company's competitiveness may weaken in relation to competitors.

Although its main competitor, Arcon-Sunmark, was closed down by its owner, there is a risk that Greenonetec, which has acquired Arcon's production line, will be able to substantially improve its performance to date in the competition for large systems and take over aggressively growing markets. In addition, the exit of the largest player, and often also the most aggressive price setter, in a growing market may attract new companies to enter the market, and their first references may seek to buy projects for themselves.

Intensified competition or other changes in the Company's main market areas, such as a long-term decline in fossil fuel prices, could have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

### **There may be changes in the amount of investment subsidies that adversely affect the demand for the Company's products and/or the price level**

In Germany and France, for example, there are various state and regional (state, provincial) subsidies, which are usually 10-60 per cent investment subsidies, as well as regulations favouring large installations, which benefit e.g. Savosolari (fuel taxes, EU emission reduction targets, emissions trading). If subsidies and favourable regulations decrease in the future, the growth of Savosolar's target market may slow down, demand for the Company's products may weaken and/or downward pressure on the Company's product prices may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

## **Risks related to Savosolar's financial position and financing**

**The Company's working capital on the date of the Prospectus is insufficient to cover the Company's current needs and working capital needs for the next 12 months from the date of the Prospectus and if the Offering is not fully subscribed and new shares worth at least EUR 1.0 million are subscribed for with the Warrants, the Company may need additional working capital financing**

The Company estimates that it does not have sufficient working capital at the date of this Prospectus to cover its current needs and working capital needs for the next 12 months from the date of this Prospectus (see "*Operating and financial review and prospects - Working Capital Statement*" of the Prospectus).

Savosolar expects to receive net proceeds of approximately EUR 3.5 million from the Offering if fully subscribed. In addition, depending on the new orders received by the Company, payment schedules for orders and their required purchases, order profitability and possible project financing, the Company's working capital adequacy for the next 12 months requires that shares subscribed for with Warrants TO5 and TO6 to be EUR 1.0 million. The share subscription price with Warrant TO5 is determined on the basis of the volume-weighted average price of the Company's share in First North Finland reduced by 30 per cent between 9 November 2020 and 20 November 2020 and with Warrant TO6 is determined on the basis of the volume-weighted average price of the Company's share in First North Finland 8 March 2021 and 19 March 2021 reduced by 30 per cent. However, the share subscription price is a maximum of EUR 0.30 (see the sections "*Savosolar Oyj's stock option program 1-2020 and Savosolar Oyj's stock option program 2-2020*" in the Prospectus). If the market price of the Company's Shares is lower than the share subscription price under the terms of the TO5 and TO6 Warrants during the share subscription period, therefore, shares would probably not be subscribed for with the Warrants TO5 and TO6 and the Company would not receive the EUR 1.0 million of the funds it needs in order to secure its working capital.

In the negative scenario, where the Offering would be subscribed for only 80 per cent and the subscription of the Warrant TO5 would not take place and at the same time the profitability of projects would not improve and the Company's business would not otherwise develop as planned, the Company's working capital is estimated to be sufficient until the end of December 2020.

If the amount of net proceeds from the Offering and the subscription of Shares that can be subscribed for on the basis of Warrants TO5 and TO6 is less than EUR 4.5 million, the Company may need additional working capital financing, which it plans to obtain to the extent necessary with debt and equity financing. There can be no assurance that the Company will be able to obtain the necessary additional equity or debt financing in this situation. If no additional funding is available, the Company is likely to experience payment difficulties. If no additional funding is available, the Company may also be required to delay, reduce or terminate its operations. This could have a material adverse effect on the Company's business, results of operations, financial condition, prospects and/or value of securities.

**The Company has a history of operating losses and the operations may stay unprofitable for an unforeseeable future**

Like most early stage technology start-ups, Savosolar has invested in development of its products, offering and production as well as the expansion of its operations into new markets during the first operational years and has not yet reached a sales volume and margin that would cover the operational costs. The loss for the accounting period ended 31 December 2019 was EUR 6,759.9 thousand. As of 31 December 2019, the Company has accumulated losses of EUR 35,130.8 thousand. 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.

There can be no assurance that the Company's operating profit will ever turn positive, which could impair the Company's ability to sustain its operations or obtain any required additional financing. Even if the Company's operating profit would turn positive in the future, the Company may not necessarily be able to sustain a positive operating profit in subsequent periods. It is likely that the Company will experience fluctuating revenues, operating results and cash flows. As a result, results of operations in prior accounting periods should not be relied upon as an indication of future performance.

**In order to implement its strategy and grow its business, the Company may need additional external financing in addition to the Offering and the Warrants TO5, TO6 and TO7 and it is not certain that it will receive financing on favourable terms or at all**

Savosolar needs, as of the date of the Prospectus and possibly needs in the future, external financing to implement its growth strategy in addition to the Offering and the Warrants TO5, TO6 and TO7. A significant part of the Company's turnover is generated from project deliveries of large solar heating systems lasting 6-12 months.

Multiple simultaneous large projects can increase the need for working capital, which in similar project deliveries is usually covered by project funding. In project deliveries, customers also typically require bank guarantees for both the construction period and the warranty period. As of the date of the Prospectus, the Company does not have a valid project financing or bank guarantee limit at its disposal. Negative changes, such as the general weakening of financial markets or the tightening of regulation in the banking sector, may weaken the ability of banks and other financial institutions to provide financing options and lead to stricter financing conditions. Such negative changes may have a negative impact on Savosolar's ability to obtain project funding. There is also no guarantee that Savosolar will be able to obtain the funding possibly needed in a timely manner and on favourable terms.

Failure to obtain financing, increase financing costs, or unfavourable conditions may have a material adverse effect on the Company's results of operations, financial condition, prospects and/or value of securities.

**The expected income from capitalised development costs may prove to be smaller than expected**

The Company capitalises the expenditures, including both personnel expenditures and procurements, for product and technology development, to the extent that they are expected to generate economic benefits in the future. Total development costs capitalised in the balance sheet were EUR 801.2 thousand as of 31 December 2019. Capitalised development costs are amortised on a straight-line basis over ten (10) years. Possible adverse changes in expected revenue expectations for capitalised development costs may lead to changes in amortisation period or recognition of impairment losses. If the Company is required to change amortisation period or recognise impairment losses, it could have an adverse effect on the Company's financial condition and results of operations.

**Risks related to Savosolar's business operations**

**Technical problems may cause interruptions in the manufacturing process of the Company**

In all manufacturing processes there is a risk of technical problems. As the Company is currently using just one coating line, the technical problems of the coating line may cause delays in deliveries. This has happened in the past, and despite the Company's preventive measures, it is possible that the Company's manufacturing processes will continue to be disrupted in the future.

Interruptions in the manufacturing process can cause delays in the delivery of the Company's products to customers, and this can result in additional costs or contractual penalties or in an extreme case even termination of contracts for the Company. All of the Company's current customer agreements have clauses for delays in deliveries. Interruptions in the manufacturing process may therefore have a material adverse effect on the Company's business, results of operations, financial condition, prospects and/or the value of securities.

**Hazardous substances are used and generated in the Company's manufacturing process and the Company may need an environmental permit in the future**

There are some elements in the Company's manufacturing process which can create risks to the health of the Company's employees if not properly protected. These are aluminium dust resulting from grinding, brazing fumes, dust from insulation materials and fumes from chemicals used for cleaning of the absorbers (industrial alcohol, acetone). Although the Company has internal safety procedures and guidelines in place in order to prevent exposure of its employees to hazardous substances, it cannot be guaranteed that Savosolar is at all times able to ensure that its employees follow such procedures and adhere to guidelines. Accordingly, it cannot be ruled out that the Company would not be exposed to claims based on breach of the Employment Safety Act (738/2002, as amended) which may have a material adverse effect on the Company's business, financial condition, results of operations, prospects and/or the value of securities.

### **The Company may be liable to pay compensation based on efficiency warranties given to the customers**

The customers of Savosolar generally require efficiency warranties. If the efficiency promises are not reached Savosolar has to deliver additional capacity for the project or compensate loss of energy to the customer. These agreements are project specific and in the ordered projects the tolerance of the efficiency comparison is relatively large, so the risk that the efficiency warranties are not met in the Company's current agreements is according to the Company's management minimal. However, it is possible that in some of the future projects the Company needs to invest in 5–10 per cent of additional capacity in a field or pay for the annual missing capacity of EUR 100–2,000 per 1,000 m<sup>2</sup> of a collector field. As with all producers' collectors, the efficiency of Savosolar's solar thermal collectors in customer installations might prove to be lower than laboratory test results (Solar Keymark and similar simulation tests) due to the system design, the size of the thermal storage and the system controlling procedures, which are all usually elements the Company cannot fully control. Additionally, there is normal statistical variation of the products, which may increase or decrease the efficiency of an individual collector.

If there would be many projects where the Company is liable to pay compensation due to breach of the efficiency warranties, this could have a material adverse effect on the Company's business, financial condition, results of operations, prospects and/or the value of securities.

### **The Company may incur compensation liabilities related to warranties**

The Company provides a warranty for the solar heating system projects it supplies for the solar thermal collectors it manufactures itself. The Company has made some warranty repairs on old collector models manufactured in previous years. The Company is still preparing for warranty repairs and has made an annual provision for them in the income statement, as well as recording a deferred warranty provision for new collectors based on historical rolling actual warranty costs. The amount of guarantee provisions on 31 March 2020 was EUR 387.3 thousand.

It is possible that solar heat collectors already installed or to be installed by the Company will have to be repaired under warranty in the future, which will cause the Company costs and possible damage to its reputation. Warranty repair costs and potential reputational damage may have a material adverse effect on the Company's business, results of operations, financial condition, prospects and/or value of securities.

### **The Company may not be able to sufficiently protect its intellectual property rights**

Savosolar takes active measures to obtain protection of its intellectual property by obtaining patents and undertaking monitoring activities in its major markets. The current patents and patent applications of Savosolar are further described in the Prospectus under "*Description of Business – Patents and patent applications*".

In addition to its patents and patent applications, Savosolar relies on trade secrets and know-how in combination with non-disclosure agreements and certain other agreements to protect intellectual property rights. The patent application provides protection for an invention for the processing period of the application. However, there can be no assurance that the patent applications filed now or in the future will be granted or that future patent protection obtained will give sufficient protection against competitors. There can also be no assurance that the measures Savosolar takes will effectively deter competitors from improper use of its intellectual property. Savosolar may also be required to take active safeguards through legal means to prevent infringement of the Company's intellectual property rights, which may result in significant costs, and it is not certain that the use of legal remedies will result in decisions favourable to the Company.

Negative decisions regarding the Company's patent applications or other failure to protect Savosolar's intellectual property may have a material adverse effect on the Company's business, financial condition, results of operations, prospects and/or the value of securities.

### **The Company may infringe intellectual property rights or claims may be made against the Company on such infringements**

Certain technologies and processes used by Savosolar may be protected by intellectual property rights in certain countries, and non-infringement intellectual property rights by Savosolar cannot always be necessarily completely ruled out with certainty. Such parties may take legal action against the infringement of these intellectual property rights, Savosolar may be forced to cease to use such technology in its products, and/or any such claims could delay or prevent the development and delivery of its products by Savosolar.



Further, Savosolar may have to replace its technology with another technology, or acquire a license for the use of such technology, in which case the Company may have to pay license fees or royalties for its use. There are no guarantees that Savosolar is able to obtain such licenses at commercially acceptable terms, if at all. Potential patent infringements may cause significant costs for Savosolar and there are no guarantees that Savosolar can successfully refuse such claims. Any infringements of third party immaterial property rights or any potential claims by third parties may have a material adverse effect on the Company's business, financial condition, results of operations, prospects and/or the value of securities.

### **The Company is reliant on its ability to recruit and retain relevant key personnel**

Savosolar has a relatively small organisation, resulting in a dependence on individual employees. The Company's future development depends largely on the knowledge, experience and commitment of management and other key personnel. The Company could be adversely affected in the short term if any of these people would leave. Even though the Company has a good reputation as an innovative high-tech company in the popular renewable energy sector and so far has been able to recruit competent employees, it is not either certain that the Company in the future will be able to recruit new qualified employees to the extent that the Company wishes. Failure in recruiting and retaining relevant key personnel may have a material adverse effect on the Company's business, financial condition, results of operations, prospects and/or the value of securities.

### **Legal proceedings and taxation risks**

#### **The Company may be liable for compensation if it is unsuccessful in the proceedings pending in France**

Sunti SAS has summoned Savosolar to attend the commercial court of justice in Montpellier following Savosolar's alleged breach of contract. In the summons, Sunti SAS claims that Savosolar has violated the exclusivity clause in the contract between the companies relating to the open tender for a solar collector field project in France. Sunti SAS claims in the summons for a total amount of approximately EUR 2.0 million in compensation for the alleged breach of contract from Savosolar. Savosolar considers Sunti SAS's claims for damages to be without just cause. So far, Sunti and Savosolar have submitted written statements to the Commercial Court. The Commercial Court has given extra time to the processing, so that the first possible oral hearing will be no earlier than late spring 2020.

If Savosolar loses the lawsuit, its damages and costs may have a material adverse effect on the Company's business, results of operations, financial condition, prospects and/or value of securities.

#### **The Company may not be able to utilise all tax losses incurred**

On 31 December 2019, Savosolar had a total of EUR 29,064.8 thousand of confirmed tax losses for the years 2010-2018 and EUR 6,005.8 thousand of an unconfirmed tax loss for the tax year 2019. It is possible to deduct tax losses from the resulting profits during the ten (10) tax years following the occurrence of the loss. Deferred tax assets due to tax losses have not been booked in the balance sheet. Due to the share issues made in 2019 and the transactions made in the Company's Shares in multilateral trading, there have been changes in the Company's ownership that limit the use of accumulated tax losses in the future. The Company is applying to the tax authorities for an exemption to use tax losses despite the changes in ownership in 2019. Therefore, it is possible that the Company cannot use the mentioned tax losses. The Company has previously received from the tax authorities on 24 February 2015, 10 September 2016, 12 June 2017, 20 June 2018 and 11 March 2019 an exemption for the use of tax losses in 2010-2018, 2016, 2017 and 2018 for the incurred changes in ownership. The amounts of losses confirmed in the Company's taxation for the tax years 2010-2018 are as follows (EUR thousand): 2010: 22.2, 2011: 1,116.2, 2012: 1,979.3, 2013: 1,836.9, 2014: 2,204.8, 2015: 4,071.7, 2016: 5,686.3, 2017: 5,621.8 and 2018: 6,525.6.

The utilisation of tax losses require future taxable profits that are offset against the losses. There is no certainty that the Company will generate sufficient profit in the future to be able to utilise the tax losses partly or in full. This could have a material adverse effect on the Company's business, financial condition, results of operations, prospects and/or value of securities.

## **Risks relating to the Offering, the Shares and the Warrants**

### **The Company may not receive the required capital in full from the Offering**

There can be no assurance that the Offering is fully subscribed. The Company has received subscription commitments from existing shareholders and underwriting commitments from external investors worth approximately EUR 3.5 million, before transaction costs of approximately EUR 0.8 million (see the section “*Arrangements relating to the Offering – Subscription commitments and Underwriting commitments*” in the Prospectus). Thus, the total number of subscription commitments are approximately 0.4 per cent of the Offering. A consortium of underwriters have undertaken to subscribe for Offer Shares after subscription of Offer Shares through the subscription commitments, so that the guarantee from the underwriters applies to approximately 79.6 per cent of the Offering following the subscriptions made by subscription undertakers, that is, the underwriters have issued a subscription guarantee of approximately EUR 3.5 million in the Offering. The underwriting commitments are so-called base underwriting commitments. If the Offering is not subscribed to 80.00 per cent by other subscribers than the underwriters, the Board of Directors of the Company is entitled, but not obliged, to allocate Shares to the underwriters in accordance to the terms and conditions of the underwriting agreements to the amount of Shares remaining of the underwritten number of Shares in the Offering, however, no more than the maximum underwritten amount of Shares.

The proceeds of the share issue are likely to be paid in part in Swedish krona, so Savosolar is exposed to EUR/SEK exchange rate risk until the date on which the assets are converted into euros. The Company expects to convert Swedish crowns into euros approximately 30 June 2020.

If the Offering is not subscribed in full or the aforementioned exchange rate risk is realised, in this case the Company does not receive net proceeds of approximately EUR 3.5 million which is expected from the Offering, and if the net proceeds of the issue of shares through the Warrants TO5 and TO6 are not at least EUR 1.0 million, it may influence the Company’s financial position. Should the capital received from the Offering and the Warrants be significantly lower than expected, this would influence the Company’s ability to use the proceeds as planned to secure its working capital, which could lead to the Company ending up in payment difficulties. Consequently, the market price of the Shares could fall below the Subscription Price of the Offering. In these circumstances, investors who have participated in the Offering by subscribing for Offer Shares may suffer a direct, unrealised loss pursuant to their investment.

### **An active public market for the Company’s Shares, Subscription Rights and/or Warrants may not develop**

The Company intends to apply for the listing of the Offer Shares, Subscription Rights and Warrants on First North Finland and First North Sweden. The trading with subscription rights starts on 1 June 2020 and ends on 11 June 2020 on First North Finland and First North Sweden. There can be no assurance as to the liquidity of the Company’s Shares, Subscription Rights and/or Warrants.

As of the date of this Prospectus, there can be no assurance that the Company’s Warrants will be admitted to trading on First North Finland and First North Sweden as scheduled, or at all. This could happen if the Company does not receive enough warrant holders to ensure liquidity on First North Finland or First North Sweden. If the listing of Warrants fails to materialise, there will be no active market for the Warrants.

### **The Subscription Rights will expire and have no value if they are not exercised during the Subscription Period**

The Subscription Period will commence on 1 June 2020 and end in Sweden on 15 June 2020 and in Finland on 17 June 2020. The Subscription Period’s end date is also the deadline for exercising the Subscription Rights. When choosing to exercise the Subscription Rights, the Subscription Right holder shall give his/her account operator or subscription venue the instructions concerning the Offering within the Subscription Period and observe any special deadlines set by account operators. At the end of the Subscription Period, all unexercised Subscription Rights will expire and have no value.

### **The market price of the Shares, Subscription Rights and Warrants could fluctuate considerably and the price of the Shares could fall below the Subscription Price**

The market price of the Company’s Shares, Subscription Rights and Warrants could be subject to fluctuations in response to factors such as actual or anticipated variations in the Company’s operating results, announcements of innovations, introductions of new products or services by the Company or its competitors, changes in estimates by financial analysts, conditions and trends in the renewable energy markets, currency exchange rates, regulatory developments, general market

conditions or other factors. In addition, international financial markets have from time to time experienced price and volume fluctuations that were unrelated to the operating performance or prospects of individual companies. The above-mentioned changes and market fluctuations may result in increased volatility in the market price of the Shares, and the price of the Shares may fall below the Subscription Price.

If the market price of the Company's Shares is lower than the subscription price of the Shares under the terms of the Warrants during the subscription period of the Shares, the Warrants will probably not be used to subscribe for Shares and the Company will not receive the required funds to secure working capital.

### **The amount of possible future dividends to be distributed to shareholders is not certain**

Under the provisions of the Finnish Companies Act, the amount of any dividend that the Company will be permitted to distribute is limited to the amount of distributable funds shown on its latest audited financial statements adopted by the general meeting of shareholders.

Dividend payments to shareholders are dependent on Savosolar's financial results and capital requirements. Considering Savosolar's current investments and growth prospects, in addition to the Company's liquidity and financial position in general, dividends are not expected to be paid in the near future. Savosolar currently intends to use future earnings to fund the development and growth of the Company.

No dividends have been paid so far and there can be no assurance that distributable funds will be available in the future. If no dividends are paid, any returns for an investor will depend entirely on the future price development of the Share and the Warrants.

### **Dilution of the shareholding**

Shareholders that choose not to subscribe for Shares in the Offering will have a lower portion of Savosolar's share capital and votes after the Offering.

As a result of the Offering, the number of the Company's Shares may rise from 19.333.038 to a maximum of 48.332.595 Shares. The Offer Shares correspond to approximately 150.00 per cent of all the Company's Shares immediately before the Offering and about 60.00 per cent of the Company's Shares after the Offering, assuming that the Offering is fully subscribed.

In case also all the Warrants offered to the subscribers of Offer Shares would be used for subscription of Shares, the number of Company's Shares may rise to a maximum of 91.831.929 Shares as a result of the Offering and the Shares subscribed based on the Warrants. In case also all the Warrants offered to the subscribers of Offer Shares would be used for subscription of Shares, the Offer Shares and the Shares subscribed based on the Warrants correspond to 375.00 per cent of all the Company's Shares immediately before the Offering and about 78.95 per cent of the Company Shares after the Offering and subscription of the Shares based on the Warrants offered to the subscribers of Offer Shares, assuming that the Offering is fully subscribed and all the Warrants are used for subscription of Shares.

The underwriters are entitled to use their underwriting fee for setting off the subscription price of the Company's new shares in a directed issue, to be arranged for the underwriters, if necessary, after the Offering. In such case, the underwriting fee is fourteen (14) per cent of the given underwriting guarantee, meaning a maximum of approximately EUR 484.3 thousand. See also the section "*Arrangements related to the Offering – Directed share issue that is potentially arranged in connection with the Offering*" in the Prospectus. If the Offering and the directed share issue to the underwriters would be fully subscribed, the subscription price would be the same in the directed issue to be arranged for the underwriters as in the Offering, and all the underwriters would use their underwriting fee to set off subscription price of the new shares in the directed issue, the number of the Company's Shares may rise with another 3.228.370 Shares. These Shares offered in the directed issue to be arranged for the underwriters would correspond to approximately 16.70 per cent of all the Company's Shares before the Offering and approximately 6.26 per cent of the Company's Shares after the Offering and the directed share issue mentioned above, assuming that both share issues are fully subscribed.

If the Offering, and the directed share issue to possibly be arranged in connection with the Offering is arranged and fully subscribed, and the subscription price in the directed share issue to the underwriters is the same as in the Offering, and the maximum amount of Warrants are issued and all Warrants are used to the subscription of Shares, all the new shares to be issued correspond to approximately 79.66 per cent of all the Company's Shares after the share issues and the Shares subscribed with the Warrants.

## **Subscriptions are irrevocable, except under certain limited circumstances**

Subscriptions for Offer Shares will be irrevocable upon exercise, and except in certain limited circumstances as set forth in “*Terms and conditions of the Offering – Supplements to the Prospectus and cancellation of subscriptions*”, may not be withdrawn, cancelled or modified after such time.

## **Not all foreign shareholders may be able to exercise their Subscription Rights**

Certain shareholders, who live or have their registered address in certain countries outside Finland and Sweden, may not be able to exercise their preferential Subscription Rights, because the Shares have not been registered as stipulated in the securities-related legislation of the country in question or in another corresponding manner, unless an exception from the registration and other such requirements set in the applicable laws can be applied. See also “*Terms and conditions of the Offering – Shareholder rights*” in the Prospectus.

## **Holders of Shares in the Company registered in custodial nominee accounts may not be able to exercise their voting rights**

Beneficial owners of Shares in the Company whose Shares are registered in a custodial nominee account will not be able to exercise their voting right unless their ownership is re-registered in their names with Euroclear Finland prior to the general meeting of shareholders of the Company. The same applies to those shareholders whose Shares are registered with Euroclear Sweden. There can be no assurance that beneficial owners of Shares in the Company will receive the notice for a general meeting of shareholders in time to instruct their nominees to either effect a re-registration of their Shares or otherwise exercise their voting right in the manner desired by such beneficial owners. There can further be no assurance that the nominees in fact do carry out all necessary measures to enable such investors to attend a general meeting of shareholders, even where properly instructed by such investors.

## **Future issues or sales of a substantial number of Shares or rights entitling to Shares could have a negative effect on the market price of the Shares and cause dilution; the Company may arrange a directed share issue to the underwriters in connection with the Offering**

Future issues or sales of a substantial number of Shares or rights entitling to Shares, or the perception that such issues or sales may occur in the future, can have a material adverse effect on the market price of the Shares as well as on the Company’s ability to acquire equity financing. Additionally, any future rights issues or targeted issuances of Shares or rights entitling to Shares will dilute a shareholder’s proportion of the Shares and votes to the extent that the shareholder decides not to, or is not entitled to, subscribe to those Shares or rights entitling to Shares. It is also possible that the Company will use its Shares as a means of payment in future acquisitions, which could have a material adverse effect on the market price of the Company’s share.

A consortium of underwriters have committed to subscribe for Offer Shares, so that the underwriting commitments of the underwriters applies to about 79.6 per cent of the Offering, after the subscriptions by subscription commitments, meaning they have underwritten the Offering to a total of approximately EUR 3.5 million. The providers of the underwriting commitment are entitled to use their underwriting fee to subscribe for new shares in a directed issue, which can be arranged to the providers of underwriting commitments after the Offering. In this case, the underwriting fee is fourteen (14) per cent of the amount of the underwriting commitment, meaning a maximum of approximately EUR 484.3 thousand. The subscription price in the directed issue is defined as the volume weighted average price on First North Sweden during the Subscription Period. The Board of Directors shall decide on a possible directed issue approximately on 23 June 2020, while resolving on approval of the subscriptions received in the Offering.

## **Investors in Sweden participating the Offering may be adversely affected by fluctuations in foreign exchange rates**

Savosolar’s reporting currency is euro. However, the Shares admitted to trading on First North Sweden, including the Offer Shares, will be traded and settled in Swedish crowns. Further, any potential future dividends will be denominated and distributed by the Company in euro. However, as regards to Shares held on book-entry accounts in the system of Euroclear Sweden, investors would receive the dividends in Swedish crowns after currency conversion from euro. Consequently, the market price of the Shares and the dividends received in Swedish crowns are affected by the changes in the exchange rate of the Swedish crown and euro. Therefore, as the Swedish crown is not fixed against the euro, any change in the exchange rate between the Swedish crown and euro may affect the shareholder’s return on investment in Shares in the Company. The value of dividends and other distributions received in Swedish crowns and the value of Shares in the Company quoted on First North Sweden in Swedish crowns could increase or decline as a result. This may

have a material adverse effect on the market price of the Company's Shares traded on First North Sweden and the future cash flows from dividends of the investors with Shares registered with Euroclear Sweden.

**There is no certainty that all underwriters and shareholders who have given subscription commitments fulfil their obligations towards the Company**

The Company has received subscription commitments from current shareholders and underwriting commitments from external investors worth approximately EUR 3.5 million (see the section "*Arrangements relating to the Offering – Subscription commitments and – Underwriting commitments*" of the Prospectus). The parties that have given subscription commitments and underwriting commitments have thus undertaken to subscribe for up to approximately 80.0 per cent of the Offering. The underwriting commitments received are referred to as "base underwriting commitments". If the Offering is not subscribed to 80.0 per cent by other subscribers, The Board of Directors of the Company have the right, but not the obligation, to allocate an amount of Offer Shares, to the providers of underwriting commitments in accordance with the terms of the underwriting agreements, that is equal to the amount that the total amount of subscriptions of other subscribers than the providers of underwriting commitments has come short from the above mentioned amount, however up to the maximum amount of the underwriting. The Company has not received nor requested securities from the parties that have undertaken to subscribe Offer Shares in the Offering on the basis of subscription commitments and underwriting commitments. Although the Company trusts the parties from which it has received the subscription commitments and underwriting commitments, there is still no certainty that all of the parties that have given a subscription commitment or underwriting commitment will fulfil their obligations towards the Company.

If all parties who have given subscription commitments and all underwriters fail to meet their obligations to the Company, the Company may be required to collect payments through legal proceedings, which will result in costs and delays for the Company to receive payments. In this case, the Company may also receive less funds from the Offering than in a situation where the subscribers and underwriters would fulfill their obligations in accordance with their agreements.

**The underwriters may become the largest shareholders of the Company, and their interests may deviate from the Company's minority shareholders interests**

The Company has received underwriting commitments from external investors worth approximately EUR 3.5 million (see the section "*Arrangements relating to the Offering - Underwriting commitments*" of the Prospectus). If the Offering would be subscribed to only 80.0 per cent, the ownership of the underwriters could rise to a maximum of 54.3 per cent of the Company. If this was to happen, the underwriters may therefore have influence on the outcome of matters dealt with at general meetings. Such matters include election of board members, share issues and deciding on the use of distributable funds and payment of dividends. The major shareholders' interests may sometimes differ from the other shareholders' interests. This may have a material adverse effect on the position of the Company's other shareholders. Further, the concentration of ownership could delay or deter a change of control of the Company, deprive the Company's shareholders the opportunity to receive a premium for their Shares as part of a sale of the Company and adversely affect the market price and liquidity of the Shares.

## Certain important dates related to the Offering

### Finland

Record Date in Euroclear Finland	27 May 2020
Subscription Period commences	1 June 2020
Trading in Subscription Rights commences on First North Finland	1 June 2020
Trading in Temporary Shares commences on First North Finland	1 June 2020
Last day of trading in Subscription Rights on First North Finland	11 June 2020
Subscription period ends in Finland	17 June 2020
Results of the Offering are announced (estimated)	23 June 2020
Offer Shares registered with the Finnish Trade Register (estimated)	1 July 2020
Last day of trading in the Temporary Shares on First North Finland (estimated)	1 July 2020
Offer Shares delivered to the book-entry accounts of subscribers in Euroclear Finland (estimated)	2 July 2020
Warrants delivered to the book-entry accounts of subscribers in Euroclear Finland (estimated)	week 27, 2020
Trading in the Warrants commences on First North Finland (estimated)	week 27, 2020

### Sweden

Record Date in Euroclear Sweden	27 May 2020
Subscription Period commences	1 June 2020
Trading in Subscription Rights commences on First North Sweden	1 June 2020
Trading in Temporary Shares commences on First North Sweden	1 June 2020
Last day of trading in Subscription Rights on First North Sweden	11 June 2020
Subscription period ends in Sweden	15 June 2020
Results of the Offering are announced (estimated)	23 June 2020
Offer Shares registered with the Finnish Trade Register (estimated)	1 July 2020
Last day of trading in the Temporary Shares on First North Sweden (estimated)	3 July 2020
Offer Shares delivered to the book-entry accounts of subscribers in Euroclear Sweden (estimated)	9 July 2020
Warrants delivered to the book-entry accounts of subscribers in Euroclear Sweden (estimated)	week 27, 2020
Trading in the Warrants commences on First North Sweden (estimated)	week 27, 2020

## Responsibility statement

The Company accepts responsibility for the information contained in this Prospectus. To the best knowledge of the Company, having ensured that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

## Forward-looking statements

This Prospectus contains forward-looking statements. These statements may not be based on historical facts, but are statements about future expectations. When used in this Prospectus, the words “aims”, “anticipates”, “assumes”, “believes”, “expects”, “intends”, “may”, “plans”, “should” and similar expressions as they relate to the Company or the Offering identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus, including in “*Risk factors*”, “*Operating and financial review and prospects*” and wherever this Prospectus include information on the future plans and expectations with regard to the Company's business, including its strategic plans and plans on growth and profitability, and the general economic conditions.

These forward-looking statements are based on present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Investors should not rely on these forward-looking statements.

Development that differs from the Company's future plans, estimates, forecasts and expectations may cause the Company's actual results of operation and financial condition to differ significantly from the results stated or described, expressly or implicitly, in the sections containing such forward-looking statements. In light of the risks, uncertainties, assumptions and other factors referred to in this Prospectus, events described in the forward-looking statements may not occur or may fail to materialise. Consequently, there can be no guarantee regarding the accuracy and completeness of any of the forward-looking statements contained in this Prospectus or the actual materialisation of predicted developments.

## Financial information

The Company's financial statements for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 have been prepared in accordance with the Finnish Accounting Act (31.12.1997/1336, as amended), Finnish Accounting Ordinance (31.12.1997/1337, as amended), and instructions and statements of the Accounting Board operating under the Ministry of Employment and the Economy (the “Finnish Accounting Standards”, “FAS”).

The official financial statements and the official auditor's reports of the Company are in Finnish. The financial statements of the Company presented in other languages are unaudited translations of the official financial statements. Auditor's reports of the Company presented in other languages are translations of the official Finnish language auditor's reports.

## Alternative Performance Measures

Savosolar presents in this Offering Circular certain performance measures of historical financial performance and financial position, which in accordance with the “Alternative Performance Measures” guidance issued by the European Securities and Markets Authority (ESMA) are considered alternative performance measures.

Savosolar presents alternative performance measures as additional information to financial measures presented in the income statement and balance sheet prepared in accordance with the Finnish Accounting Standards. In the Company's view, alternative performance measures provide the management, investors, securities market analysts and other parties with significant additional information related to the Company's results of operations and financial position and are widely used by analysts, investors and other parties.

Alternative performance measures should not be viewed in isolation or as a substitute to the financial measures according to the Finnish Accounting Standards. All companies do not calculate alternative performance measures in a uniform way, and therefore the alternative performance measures presented in this Prospectus may not be comparable with similarly named measures presented by other companies. The alternative performance measures presented in this Prospectus are unaudited.

Savosolar believes the following alternative performance measures are helpful in analysing the business:

- EBITDA
- EBITDA margin
- EBIT margin
- Profit / (loss) margin
- Equity ratio

The definitions of the alternative performance measures have been presented under the section “*Selected Financial Information – Key financials – Definitions of key financials*”.

## **Certain other information**

The figures presented in this Prospectus, including the financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

All amounts presented in this Prospectus are in euro, unless otherwise indicated.

Unless otherwise presented herein, the figures of the Prospectus on the Company’s share capital, share number and voting rights pertaining to the Shares have been calculated based on the information registered with the Finnish Trade Register held by the National Board of Patents and Registration of Finland up to the date of this Prospectus.

## **Abbreviations and key concepts**

As used throughout this Prospectus, references to:

- “First North Finland” are to the multilateral trading facility First North Growth Market Finland operated by the Helsinki Stock Exchange;
- “First North Sweden” are to the multilateral trading facility First North Growth Market Sweden operated by the Stockholm Stock Exchange;
- “Helsinki Stock Exchange” are to Nasdaq Helsinki Oy;
- “Stockholm Stock Exchange” are to Nasdaq Stockholm AB;
- “Business Finland” are to the Business Finland Plc.

## **General market, economy and industry data**

This Prospectus contains information about the markets and industries in which Savosolar operates, the size of the market and Savosolar's competitive position in the market. Where such information contained in this Prospectus has been derived from third party sources, the name of the source is given therein.

While Company has accurately reproduced such third-party information, Company has not verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as the Company is aware and is able to ascertain from information published by these third parties, the information has been reproduced appropriately and to the extent that the Company knows and has been able to ensure that the information disclosed by that third party has not been omitted which would render the reproduced information misleading or inaccurate. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

This Prospectus also contains estimates regarding the market position of the Company that cannot be gathered from publications by market research institutions or any other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organisations and institutions. The Company believes that its internal estimates of market data and information derived therefrom and included in this Prospectus are helpful in order to give investors a better understanding of the industry in which the Company operates as well as its position within this industry. Although the Company believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and the Company cannot guarantee that a third-party expert using different methods would obtain or generate the same results.



## **Information on the website**

The Finnish-language Prospectus will be published on Company's website at [www.savosolar.com/rights-issue-2020](http://www.savosolar.com/rights-issue-2020) on or about 25 May 2020. However, the contents of the Company's website or any other information or documents other than this Prospectus, potential supplements to the Prospectus and the documents incorporated by reference on any other website do not form a part of this Prospectus and prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

## Reasons for the Offering and use of proceeds

Savosolar designs and delivers solar thermal energy production systems to industrial clients globally. The systems are built on internationally award-winning solar thermal absorbers and collectors, which Savosolar has developed and produces. The collectors with MPE absorbers are, according to the information available to the Company's management, the most efficient in the world.<sup>1</sup> Savosolar focuses primarily on large solar thermal collectors and industrial-size heating systems.

The market for large solar heating systems is very active, both in terms of district heating and heat production for industrial processes. The most active markets in Europe are Germany and France, and in France the Company has strengthened its market position, and based on the information available to the Company's management, achieved market leadership as a result of the Company's efficient and high-quality technology and the Company's customer-oriented approach, which emphasises the locality. In Germany, the Company's reputation has grown significantly with several years of marketing work and due to the Ettenheim project under delivery in 2019-2020, and the Company has already received several new offer requests in Germany. The Company currently has all in all nine projects in the final bidding phase, of which more than half are in these two countries. In addition, there are projects in the final bidding phase elsewhere as well, which shows that the market continues to develop positively due to growing environmental awareness in various countries, such as China, where the first project is expected to take place this year.

The well-respected German BDI (Bundesverband der Deutschen Industrie) has made a study for the Government of Berlin, according to which, in 2030 the solar district heating production should be 8 TWh annually in order to meet targets set for clean heating. This translates into one million square meters of new capacity of solar thermal collectors for district heating in Germany each year for the next ten years. Even if not reaching this level immediately, the German cities and district heating companies have reacted to these targets – and the market situation in Germany alone is better than ever before in the view of the Company's management. At the same time, thanks to systematic efforts by the government and project developers, France is currently the most active market for large solar thermal systems in Europe, which is also reflected in orders received by Savosolar.

Savosolar has established a strong brand as a reliable supplier of large solar heating systems, and the Company's total number of systems already exceeds 100,000 m<sup>2</sup>, which demonstrates Savosolar's ability to supply value-added energy plants to customers. The market is growing globally with the ever-accelerating demand for clean energy production, and recent changes in the competitive situation open up ever greater opportunities for the Company to increase market share by being the technology and quality leader in the industry and via the references in which the customers are highly satisfied. The Company wants and needs to meet the growing market demand and therefore the Company plans to arrange the Offering.

In order to carry out the ongoing and future projects in 2020 and to be able to effectively manage the future workload variations in projects, the Company needs additional working capital. The Company aims to raise approximately EUR 4.3 million through the Offering. If the Offering is fully subscribed, the Company expects to receive approximately EUR 3.5 million in net proceeds after transaction costs amounting to approximately EUR 0.8 million. In connection with the Offering, the Company also issues Warrants free of charge to investors who have subscribed for Offer Shares in the Offering. The Company may therefore additionally raise up to a maximum of approximately EUR 12.5 million in net proceeds in future subscription periods (9-20 November 2020, 8-19 March 2021 ja 6-17 September 2021), after deducting the estimated expenses to the subscriptions with Warrants payable by the Company, totalling approximately EUR 0.5 million. The subscription price per share based on the terms and conditions of the Warrants is a maximum of EUR 0.30 per share.

The Company will use the net proceeds from the Offering and Warrants to ensure the Company's working capital adequacy and increase the Company's financial capacity in a growing market environment to enable the Company to deliver signed and future orders and meet rising market demand in both the industrial process- and district heating segments. In addition, the Company will repay the remaining capital loans as of the date of the Prospectus in the amount of EUR 711.9 thousand in accordance with the plan for 2020 and 2021.

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<sup>1</sup> The efficiency of Savosolar's standard collectors (15 m<sup>2</sup>) with MPE-absorbers has been proved by uniform certification tests done by independent research institutes, on the basis which solar energy products in EU are given the Solar Keymark -certificate. The tests define the technical values which affect the collector's efficiency, and according to these estimates Savosolar's standard collectors with MPE-absorbers are the most efficient in the world, i.e. produce more energy per square metre a year than the competitors' products in a similar system and conditions. The Solar Keymark -database, which includes information of all collectors sold in Europe, is public and can be found at [www.estif.org/solarkeymarknew/index.php](http://www.estif.org/solarkeymarknew/index.php). Similar technical information is also found for collectors manufactured elsewhere in the world, and on the basis of the information available to the Company's management, Savosolar's standard collectors (Savo 15 SG, Savo 15 DG) with MPE-absorbers produce the most energy per square metre.

## **Terms and conditions of the Offering**

### **Authorisation for the Offering and Board resolution on the Offering**

On 27 April 2020, the Annual General Meeting resolved that the Board of Directors is authorised to decide, in one or more installments, on share issues and the issuance of share options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act accordingly:

The maximum number of new shares that can be issued on the basis of the authorisation is 100,000,000.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The issuance of shares and of options and other special rights entitling to may be carried out in deviation from the shareholders' pre-emptive rights (directed issue), if there is a weighty financial reason.

A directed issue can be without consideration only if there is a particularly weighty financial reason for the Company and the interests of all its shareholders. The Company's shares may be issued against or without consideration.

The authorisation is valid until 27 April 2025 and it replaces the authorisation granted by the Extraordinary General Meeting on 22 January 2019.

On 25 May 2020, the Company's Board of Directors resolved on issuing the Offer Shares by adopting the terms and conditions of the Offering set out below.

### **The Offering, subscription rights and Warrants**

In accordance with the shareholders' pre-emptive subscription right, the Company is offering up to 28,999,557 new shares in the Company for subscription by the Company's shareholders ("Offer Shares") (the "Offering").

Savosolar will give all shareholders registered in Savosolar's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") or Euroclear Sweden Ltd ("Euroclear Sweden") one (1) book-entry subscription right (the "Subscription Right") per each share held on the Offering record date of 27 May 2020 in Euroclear Finland and 27 May 2020 in Euroclear Sweden (the "Record Date"). Two (2) Subscription Rights entitles their holder to subscribe for three (3) Offer Shares. Fractions of Offer Shares are not assigned and a single Subscription Right may not be exercised only partially. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 28 May 2020 and in the book-entry system maintained by Euroclear Sweden approximately on 29 May 2020. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol SAVOHU0120, ISIN: FI4000440045) and First North Sweden (trading symbol SAVOS TR, ISIN: SE0014428405) between 1 June 2020 and 11 June 2020. If a Company share entitling to a Subscription Right is subject to a pledge or another such restriction, the Subscription Right may not be exercisable without the consent of the pledgee or other rights holder.

In addition, Savosolar will issue a maximum of 43,499,334 warrants (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 43,499,334 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO5, one (1) Warrant of series TO6 and one (1) Warrant of series TO7 per each two (2) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. Warrants can be freely assigned. The terms and conditions of the Warrants are outlined in the section "*Savosolar Plc Warrant Plan 1-2020, Savosolar Plc Warrant Plan 2-2020 and Savosolar Plc Warrant Plan 3-2020*" of this Prospectus.

### **The right to subscribe for unsubscribed Offer Shares without Subscription Rights**

The Board of Directors of the Company shall resolve on offering any unsubscribed Offer Shares secondarily to shareholders and other investors who have submitted a subscription application concerning the Offer Shares during the Subscription Period without Subscription Rights. See subsequently "*Subscription for Offer Shares without Subscription Rights and allocation*".

## Subscription Price

The Subscription Price of Offer Shares is EUR 0.15 or SEK 1.58 per Offer Share (“Subscription Price”). The Subscription Price for the Offer Shares will be recorded in the reserve for invested unrestricted equity. The Subscription Price includes a normal pre-emptive rights issue discount. The Subscription Price is approximately 64.1 per cent lower compared with the closing price of the Company’s share on First North Sweden on 16 April 2020 (SEK 4.4) and 62.5 per cent lower compared with the closing price of the Company’s share on First North Finland on 16 April 2020 (EUR 0.4) (taking into account the reverse share split 1:100, see subsequently in this Prospectus in the section “*Company, shares and share capital – Share capital development*”).

## Subscription Period

The subscription period for the Offer Shares (the “Subscription Period”) will commence on 1 June 2020 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 17 June 2020 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 15 June 2020 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 1 July 2020. Any extensions of the Subscription Period will be announced by way of a company release before the end of the Subscription Period.

If the Subscription Period is extended, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly.

Subscription locations, account operators, custodians and nominees may require their customers to submit subscription orders on a certain day prior to the start of trading on the Subscription Rights or before the Subscription Period ends.

## Subscription locations

The following function as subscription locations:

- a) In Finland, custodians and account operators and
- b) In Sweden, Aqurat Fondkommission AB’s website at [www.aqurat.se](http://www.aqurat.se) and Aqurat Fondkommission AB’s premises at Kungsgatan 58, 111 22 Stockholm, Sweden (info@aqurat.se, tel. +46 8-684 05 800).

Subscriptions in Sweden are also received by custodians and account operators who have an agreement with Aqurat Fondkommission AB regarding the reception of subscriptions.

Investors shall comply with the instructions issued by account operators and Aqurat Fondkommission AB. Instructions for investors are described in the section “*Instructions to investors*” of this Prospectus.

## Exercising Subscription Rights

A shareholder may participate in the Offering by subscribing for the Offer Shares through the Subscription Rights in his/her/its book-entry account and by paying the Subscription Price. In order to participate in the Offering, a shareholder shall make a subscription according to the instructions given by his/her/its custodian or account operator.

The holders of purchased Subscription Rights shall submit their subscription order according to the instructions issued by their custodian or account operator.

Such shareholders and other investors participating in the Offering whose Company shares or the Subscription Rights are registered in the name of a nominee shall submit their subscription order according to the instructions given by their nominee.

The subscription orders must be submitted separately for each book-entry account.

Deficient or erroneous subscription orders may be rejected. If the Subscription Price is not paid according to these terms and conditions or the payment is insufficient, the subscription order may be rejected. In such a situation, the Subscription Price paid will be refunded to the subscriber approximately three (3) local banking days from the date when the subscriptions have been accepted. No interest will be paid for such payment.

Any subscriptions made are binding, and they cannot be changed or cancelled except in accordance with the subsequent section "*Supplements to Prospectus and cancellations of subscriptions*".

Unexercised Subscription Rights will expire and have no value when the Subscription Period ends on 17 June 2020 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 15 June 2020 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

## **Dilution of the shareholding**

As a result of the Offering, the number of the Company's Shares may rise from 19.333.038 to a maximum of 48.332.595 shares. The Offer Shares correspond to approximately 150.00 per cent of all the Company's Shares immediately before the Offering and about 60.00 per cent of the Company Shares after the Offering, assuming that the Offering is fully subscribed.

In case also all the Warrants offered to the subscribers of Offer Shares would be used for subscription of Shares, the number of Company's Shares may rise to a maximum of 91.831.929 Shares as a result of the Offering and the Shares subscribed based on the Warrants. In case also all the Warrants offered to the subscribers of Offer Shares would be used for subscription of Shares, the Offer Shares and the Shares subscribed based on the Warrants correspond to 375.00 per cent of all the Company's Shares immediately before the Offering and about 78.95 per cent of the Company Shares after the Offering and subscription of the Shares based on the Warrants offered to the subscribers of Offer Shares, assuming that the Offering is fully subscribed and all the Warrants are used for subscription of Shares.

The underwriters are entitled to use their underwriting fee for setting off the subscription price of the Company's new shares in a directed issue, to be arranged for the underwriters, if necessary, after the Offering. In such case, the underwriting fee is fourteen (14) per cent of the given underwriting guarantee, meaning a maximum of approximately EUR 484.3 thousand. See also the section "*Arrangements related to the Offering – Directed share issue that is potentially arranged in connection with the Offering*" in the Prospectus. If the Offering and the directed share issue to the underwriters would be fully subscribed, the subscription price would be the same in the directed issue to be arranged for the underwriters as in the Offering, and all the underwriters would use their underwriting fee to set off subscription price of the new shares in the directed issue, the number of the Company's Shares may rise with another 3.228.370 Shares. These shares offered in the directed issue to be arranged for the underwriters would correspond to approximately 16.70 per cent of all the Company's Shares before the Offering and approximately 6.26 per cent of the Company's Shares after the Offering and the directed share issue mentioned above, assuming that both share issues are fully subscribed.

If the Offering, and the directed share issue to possibly be arranged in connection with the Offering is arranged and fully subscribed, and the subscription price in the directed share issue to the underwriters is the same as in the Offering, and the maximum amount of Warrants are issued and all Warrants are used to the subscription of Shares, all the new shares to be issued correspond to approximately 79.66 per cent of all the Company's Shares after the share issues and the Shares subscribed with the Warrants.

Of the 100,000,000 Shares that the Board of Directors of the Company has received an authorisation to issue, a maximum of 75.727.261 Shares will be issued in the Offering, the directed share issue possibly to be arranged and the Warrants, which means at least 24.727.739 Shares will be left of the authorisation.

The Company's net asset value per share on 31 December 2019 was EUR 0.19 (taking into account the effect of the share split decided by the Company's Annual General Meeting on April 27, 2020). The subscription price of the share issue is EUR 0.15 per Offer Share.

## **Subscription for Offer Shares without Subscription Rights and allocation**

The subscription of the Offer Shares without the Subscription Rights by a shareholder and/or another investor is performed by submitting a subscription order and by simultaneously paying the Subscription Price in accordance with the instructions provided by the subscriber's account operator, custodian or, in the case of investors entered into the nominee register, the nominee. A subscription order in Sweden which is sent by mail has to be submitted in good time before the last day for subscription. Only one (1) subscription order without subscription rights can be done. If multiple subscription orders are given, only the last one is taken into account. An incomplete or incorrect subscription order may be ignored. The subscription order is binding.

The custodian, account operator or nominee of the shareholder and/or investor, whose subscribed Offer Shares are delivered through the book-entry system maintained by Euroclear Finland, shall receive the subscription order and the

payment no later than on 17 June 2020 or at an earlier time according to the instructions given by the custodian, account operator or nominee.

The custodian, account operator or nominee of the shareholder and/or investor, whose subscribed Offer Shares are delivered through the book-entry system maintained by Euroclear Sweden shall receive the subscription order and the payment no later than on 15 June 2020 or at an earlier time according to the instructions given by the custodian, account operator or nominee.

If all the Offer Shares have not been subscribed on the basis of the Subscription Rights, Savosolar's Board of Directors will decide on the allocation of the Offer Shares subscribed for without the Subscription Rights as follows:

- a) First to those who also have subscribed for the Offer Shares on the basis of the Subscription Rights. If the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Subscription Rights used to the subscription for the Offer Shares and, if this is not possible, by drawing lots; and
- b) Secondly to those who have subscribed for the Offer Shares only without the Subscription Rights, and if the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Offer Shares which the subscribers have subscribed for and, if this is not possible, by drawing lots.

Savosolar will confirm the approval of the subscription of the Offer Shares subscribed for without the Subscription Rights, if approved, for all investors who have submitted a subscription order to subscribe for the Offer Shares without the Subscription Rights. Investors who subscribe for Offer Shares without Subscription Rights through their account operators in Sweden receive information regarding their subscription according to the routines of the account operator.

If the Offer Shares subscribed for without the Subscription Rights are not allocated in the number referred to in the subscription order, the paid Subscription Price corresponding to the Offer Shares not obtained will be refunded to the subscriber approximately on 24 June 2020. No interest will be paid on such a payment.

## **Approval and payment of subscriptions**

The Company's Board of Directors will approve all the subscriptions made on the basis of the Subscription Rights and in accordance with the terms and conditions of this Offering and the applicable laws and regulations approximately on 23 June 2020. In addition, the Company's Board of Directors will approve the subscriptions made without the Subscription Rights and in accordance with the terms and conditions of the Offering applicable laws and regulations pursuant to the allocation principles presented above in the section "*Subscription for Offer Shares without Subscription Rights and allocation*".

The Subscription Price of the Offer Shares subscribed for in the Offering must be paid in full in euro in Finland or Swedish krona in Sweden in connection with the submission of the subscription order according to the instructions given by the subscription location, the custodian or the account operator.

A subscription is considered made when the subscription order has arrived at the subscription location, the account operator or custodian in question and the Subscription Price has been paid in full. By subscribing, the subscriber authorises his / her account operator to disclose the necessary personal data, the number of his / her book-entry account and the details of the subscription to the parties involved in the order or the execution of the order to allocate and settle the Shares and Warrants.

## **Announcement of outcome of the Offering**

Provided that no changes are made to the Subscription Period, the Company will announce the outcome of the Offering approximately on 23 June 2020 by way of a company release.

## **Registration and delivery of the Offer Shares**

The Offer Shares subscribed for in the Offering will be issued as book entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the “Temporary Shares”) will be entered in the subscriber’s book-entry account. In Finland, this is estimated to be the next day, in accordance with Euroclear Finland’s clearing time table. Trading in the Temporary Shares will commence on First North Finland (trading symbol SAVOHN0120, ISIN: FI4000440037) and on First North Sweden (trading symbol SAVOS BTA, ISIN: SE0014428413) as their own special share class approximately on 1 June 2020. The Temporary Shares will be combined with current Shares after the Offer Shares have been registered in the Trade Register. The delivery and combination will take place approximately on 2 July 2020, in the book-entry system maintained by Euroclear Finland, and the Offer Shares will be subject to trading together with the Company’s existing Shares approximately on 2 July 2020 on First North Finland. The delivery and combination will take place approximately on 9 July 2020, in the book-entry system maintained by Euroclear Sweden, and the Offer Shares will be subject to trading together with the Company’s existing Shares approximately on 9 July 2020 on First North Sweden.

The Offer Shares subscribed for without the Subscription Rights will be delivered at the same time as the ones that have been subscribed for with the Subscription Rights, and no Temporary Shares will be delivered in respect to these.

## **Shareholder rights**

The Offer Shares will confer all shareholder rights from their registration with the Trade Register and delivery to the investors. Each Share in the Company confers one vote at the Company’s general meetings.

## **Supplements to Prospectus and cancellations of subscriptions**

Subscriptions placed in the Offering are binding and irrevocable and may only be cancelled in situations required by the Prospectus Regulation.

If the Prospectus is supplemented or corrected in accordance with the Prospectus Regulation due to a significant new fact, material error or material inaccuracy in the information contained in the Prospectus that becomes apparent after the Financial Supervision Authority has approved the Prospectus but before the Subscription Period, investors that have agreed to subscribe for Offer Shares before the publication of the supplement or amendment, have the right to cancel the subscription in accordance with the Prospectus Regulation within at least two (2) working days of the publication of the supplement or amendment to the Prospectus. The right of cancellation is conditional on the occurrence of a significant new fact, material error or material inaccuracy that led to the supplement or adjustment occurred or was noted prior to the commencement of trading in the Temporary Shares or, in the case of those investors who are not delivered Temporary Shares, delivery of the Offer Shares. If the Prospectus is supplemented, it will be announced in a company release. This company release also informs investors of the right to withdraw their subscription in accordance with the Prospectus Regulation. Cancellations must be filed to the subscription location where the original subscription was placed. However, subscriptions placed on the website of Aqurat Fondkommission AB cannot be cancelled on the website but should be cancelled by contacting Aqurat Fondkommission AB at [info@aqurat.se](mailto:info@aqurat.se) or by telephone +46 (0)8-684 05 800.

If an investor has cancelled its subscription, any Subscription Price already paid by that investor will be returned to the bank account of the investor given by the investor in connection with the subscription. The funds will be repaid within three (3) local banking days of the cancellation of the subscription. No interest will be paid on the funds returned.

If the shareholder has sold or otherwise reassigned his/her Subscription Rights, the sale or transfer cannot be cancelled.

## **Governing law**

The Offering and the Offer Shares shall be governed by Finnish law. The courts of Finland have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering.

## **Other matters**

The Company’s Board of Directors may make decisions on other matters related to the Offering.

## **Savosolar Plc Warrant Plan 1-2020**

Based on the authorisation granted by the annual general meeting of shareholders on 27 April 2020, the Company's Board of Directors has on 25 May 2020 resolved to issue warrants (the "Warrants TO5") to the persons who have subscribed for the Offer Shares in the Offering of the Company resolved on 25 May 2020, on the following terms and conditions.

### **I Warrant TO5 terms and conditions**

#### **1. Number of Warrants TO5**

The maximum number of Warrants TO5 to be issued is 14,499,778, and they entitle their holders to subscribe for a maximum of 14,499,778 new shares in the Company.

#### **2. Right to Warrants TO5**

The Warrants TO5 shall be issued free of charge to the persons who subscribed for the Offer Shares in the Offering, so that for each two (2) Offer Shares subscribed and paid for, the subscription of which the Board of Directors has approved, the subscriber receives one (1) Warrant of series TO5. Fractions of the Warrants will not be issued. The Company has a weighty financial reason for the issuance of Warrants, since the Company estimates that it will need more working capital to be able to continue its systematic streamlining, to achieve profitability targets and to meet growing demand. Issuance of the Warrants TO5 is seen as a cost-efficient alternative to obtain additional capital for the Company in the future.

#### **3. Subscription of Warrants TO5**

The Warrants TO5 are subscribed in connection with subscription of the Offer Shares in the Offering by using the same subscription form.

The Board of Directors of the Company approves the subscriptions of the Warrants TO5 at the same time that it approves the subscriptions in the Offering, i.e. approximately on 23 June 2020.

#### **4. Incorporation of Warrants TO5 into the book-entry system and potential listing**

The Warrants TO5 will be issued and registered in the book-entry system of Euroclear Finland. The Warrants will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the Subscription Period of the Offering, the Warrants TO5 will be delivered to subscribers through the book-entry system maintained by Euroclear Finland approximately during week 27, 2020 and through the book-entry system maintained by Euroclear Sweden approximately during week 27, 2020. The ISIN code of the Warrants TO5 is FI4000440052.

The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Warrants TO5 on First North Sweden and First North Finland. The trading symbol is expected to be SAVOS TO5 on First North Sweden and SAVIHEW12020 on First North Finland. If the listing of the Warrants TO5 occurs, the Company expects trading to commence on First North Finland approximately during week 27, 2020 and on First North Sweden approximately during week 27, 2020.

### **II Share subscription terms and conditions**

#### **1. Right to subscribe for shares**

Each Warrant TO5 entitles its holder to subscribe for one (1) new share in the Company. The share subscription price shall be recorded in the Company's reserve for invested unrestricted equity.

#### **2. Share subscription and payment**

The subscription period for shares subscribed for on the basis of the Warrants TO5 shall be 9 November – 20 November 2020.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.



Share subscriptions shall take place at the head office of the Company, at the same subscription locations as in the Offering (see the section “*Terms and conditions of the Offering – Subscription locations*” in the Prospectus) or possibly in another location and manner to be determined later. Upon subscription, payment for the shares subscribed for shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

### **3. Share subscription price**

The share subscription price is determined by the volume weighted average price of the Company’s share on First North Finland between 26 October 2020 and 6 November 2020, with an applied discount of 30 per cent. The subscription price, however, cannot exceed EUR 0.30 per share.

The shares to be subscribed for based on the Warrants TO5 and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EURSEK forward rate on 6 November 2020. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants TO5 commences.

The share subscription price of the Warrants TO5 may be decreased in certain cases mentioned above in Section 7 below.

### **4. Registration of shares**

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber. The Company intends to file an application to First North Finland and First North Sweden for the listing of the shares subscribed for with the Warrants TO5.

### **5. Shareholder rights**

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered into the Trade Register and delivered to the subscribers.

### **6. Share issues, stock options and other special rights entitling to shares before share subscription**

Should the Company, before the share subscription, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares so that the shareholders have preferential subscription rights, the owner of a Warrant TO5 shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

### **7. Rights in certain cases**

Should the Company distribute dividends or assets from reserves of unrestricted equity, the share subscription price of the Warrants TO5 shall be decreased by the amount of the dividend per share or the amount of the distributable unrestricted equity decided before the share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, the share subscription price of the Warrants TO5 shall be decreased by the amount of the distributable share capital per share decided before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the Warrant TO5 owners shall be given an opportunity to exercise their share subscription rights, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the Warrant TO5 owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the Warrant TO5 owners shall, prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their Warrants, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a Warrant TO5 owner the right to convert the Warrants TO5 into warrants issued by the other company, in the manner

determined in the merger or demerger plan, or in a manner otherwise determined by the Board of Directors. After such period, no share subscription right or conversion right shall exist. The same process shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as a European Company (Societas Europae), or otherwise, register a transfer of its domicile from Finland into another Member State of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the Warrants TO5. In the above situations, the Warrant TO5 owners shall have no right to require that the Company redeems the Warrants TO5 from them at fair value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the Warrant TO5 owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the Warrant TO5 owners shall be made an equivalent offer.

Should a reverse split, as referred to in Chapter 15 Section 9 of the Finnish Companies Act, be executed in the Company before the share subscription, the Warrant TO5 owner has obligation to return Warrants TO5 to the Company without consideration in the same proportion as the shares are being redeemed from the shareholders of the Company in connection with the reverse split. The excess Warrants TO5 that are potentially being redeemed as a result of rounding are then sold by the Company on behalf of the Warrant TO5 owner in a similar way as the shares. As a result of the reverse split, also minimum and maximum subscription prices of the shares referred to in Section II. 3 are increased in the same proportion as the number of shares in the Company decreases in the reverse split.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company, the Warrant TO5 owners shall be given a possibility to use their right of share subscription by virtue of the Warrants, within a period of time determined by the Board of Directors, or the Warrant TO5 owners shall have an equal obligation to that of shareholders to transfer their Warrants TO5 to the redeemer.

### **III Other matters**

The Company may maintain a register of the Warrant TO5 owners to which the Warrant TO5 owners' personal data is recorded. The Company may send all announcements regarding the Warrants TO5 to the Warrant TO5 owners by mail to the latest address available to the Company and/or as a company release.

Unless so authorised or required by applicable law, neither the Company, account-operating institute nor Euroclear Finland or Euroclear Sweden may provide information on Warrant TO5 owners to third parties.

The Company is entitled to receive the following details from Euroclear Finland and Euroclear Sweden regarding the Warrant TO5 owners:

- 1) the Warrant TO5 owners name, personal identification number, or other identification number, and postal address; and
- 2) the number of Warrants TO5.

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to these Warrants TO5 shall be settled by a competent court in Finland.

The Board of Directors may decide on the technical amendments to these terms and conditions resulting from incorporation of Warrants TO5 into the book-entry system, listing of the Warrants TO5 as well as on other amendments and specifications to these terms and conditions which are not considered as essential.

These Warrant TO5 terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish version shall prevail.

## **Savosolar Plc Warrant Plan 2-2020**

Based on the authorisation granted by the annual general meeting of shareholders on 27 April 2020, the Company's Board of Directors has on 25 May 2020 resolved to issue warrants (the "Warrants TO6") to the persons who have subscribed for the Offer Shares in the Offering of the Company resolved on 25 May 2020, on the following terms and conditions.

### **I Warrant TO6 terms and conditions**

#### **1. Number of Warrants TO6**

The maximum number of Warrants TO6 to be issued is 14,499,778, and they entitle their holders to subscribe for a maximum of 14,499,778 new shares in the Company.

#### **2. Right to Warrants TO6**

The Warrants TO6 shall be issued free of charge to the persons who subscribed for the Offer Shares in the Offering, so that for each two (2) Offer Shares subscribed and paid for, the subscription of which the Board of Directors has approved, the subscriber receives one (1) Warrant of series TO6. Fractions of the Warrants TO6 will not be issued. The Company has a weighty financial reason for the issuance of Warrants TO6, since the Company estimates that it will need more working capital to be able to continue its systematic streamlining, to achieve profitability targets and to meet growing demand. Issuance of the Warrants TO6 is seen as a cost-efficient alternative to obtain additional capital for the Company in the future.

#### **3. Subscription of Warrants TO6**

The Warrants TO6 are subscribed in connection with subscription of the Offer Shares in the Offering by using the same subscription form.

The Board of Directors of the Company approves the subscriptions of the Warrants TO6 at the same time that it approves the subscriptions in the Offering, i.e. approximately on 23 June 2020.

#### **4. Incorporation of Warrants TO6 into the book-entry system and potential listing**

The Warrants will be issued and registered in the book-entry system of Euroclear Finland. The Warrants TO6 will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the Subscription Period of the Offering, the Warrants TO6 will be delivered to subscribers through the book-entry system maintained by Euroclear Finland approximately during week 27, 2020 and through the book-entry system maintained by Euroclear Sweden approximately during week 27, 2020. The ISIN code of the Warrants TO6 is FI4000440060.

The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Warrants TO6 on First North Sweden and First North Finland. The trading symbol is expected to be SAVOS TO6 on First North Sweden and SAVIHEW22020 on First North Finland. If the listing of the Warrants TO6 occurs, the Company expects trading to commence on First North Finland approximately during week 27, 2020 and on First North Sweden approximately during week 27, 2020.

### **II Share subscription terms and conditions**

#### **1. Right to subscribe for shares**

Each Warrant TO6 entitles its holder to subscribe for one (1) new share in the Company. The share subscription price shall be recorded in the Company's reserve for invested unrestricted equity.

#### **2. Share subscription and payment**

The subscription period for shares subscribed for on the basis of the Warrants TO6 shall be 8 March – 19 March 2021.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.

Share subscriptions shall take place at the head office of the Company, at the same subscription locations as in the Offering (see the section “*Terms and conditions of the Offering – Subscription locations*” in the Prospectus) or possibly in another location and manner to be determined later. Upon subscription, payment for the shares subscribed for shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

### **3. Share subscription price**

The share subscription price is determined by the volume weighted average price of the Company’s share on First North Finland between 22 February 2021 and 5 March 2021, with an applied discount of 30 per cent. The subscription price, however, cannot exceed EUR 0.30 per share.

The shares to be subscribed for based on the Warrants TO6 and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EURSEK forward rate on 5 March 2021. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants TO6 commences.

The share subscription price of the Warrants TO6 may be decreased in certain cases mentioned above in Section 7 below.

### **4. Registration of shares**

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber. The Company intends to file an application to First North Finland and First North Sweden for the listing of the shares subscribed for with the Warrants TO6.

### **5. Shareholder rights**

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered into the Trade Register and delivered to the subscribers.

### **6. Share issues, stock options and other special rights entitling to shares before share subscription**

Should the Company, before the share subscription, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares so that the shareholders have preferential subscription rights, the owner of a Warrant TO6 shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

### **7. Rights in certain cases**

Should the Company distribute dividends or assets from reserves of unrestricted equity, the share subscription price of the Warrants TO6 shall be decreased by the amount of the dividend per share or the amount of the distributable unrestricted equity decided before the share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, the share subscription price of the Warrants TO6 shall be decreased by the amount of the distributable share capital per share decided before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the Warrant TO6 owners shall be given an opportunity to exercise their share subscription rights, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the Warrant TO6 owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the Warrant TO6 owners shall, prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their Warrants, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a Warrant TO6 owner the right to convert the Warrants TO6 into warrants issued by the other company, in the manner

determined in the merger or demerger plan, or in a manner otherwise determined by the Board of Directors. After such period, no share subscription right or conversion right shall exist. The same process shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as a European Company (*Societas Europae*), or otherwise, register a transfer of its domicile from Finland into another Member State of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the Warrants TO6. In the above situations, the Warrant TO6 owners shall have no right to require that the Company redeems the Warrants TO6 from them at fair value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the Warrant TO6 owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the Warrant TO6 owners shall be made an equivalent offer.

Should a reverse split, as referred to in Chapter 15 Section 9 of the Finnish Companies Act, be executed in the Company before the share subscription, the Warrant TO6 owner has obligation to return Warrants TO6 to the Company without consideration in the same proportion as the shares are being redeemed from the shareholders of the Company in connection with the reverse split. The excess Warrants TO6 that are potentially being redeemed as a result of rounding are then sold by the Company on behalf of the Warrant TO6 owner in a similar way as the shares. As a result of the reverse split, also minimum and maximum subscription prices of the shares referred to in Section II. 3 are increased in the same proportion as the number of shares in the Company decreases in the reverse split.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company, the Warrant TO6 owners shall be given a possibility to use their right of share subscription by virtue of the Warrants, within a period of time determined by the Board of Directors, or the Warrant TO6 owners shall have an equal obligation to that of shareholders to transfer their Warrants TO6 to the redeemer.

### **III Other matters**

The Company may maintain a register of the Warrant TO6 owners to which the Warrant TO6 owners' personal data is recorded. The Company may send all announcements regarding the Warrants TO6 to the Warrant TO6 owners by mail to the latest address available to the Company and/or as a company release.

Unless so authorised or required by applicable law, neither the Company, account-operating institute nor Euroclear Finland or Euroclear Sweden may provide information on Warrant TO6 owners to third parties.

The Company is entitled to receive the following details from Euroclear Finland and Euroclear Sweden regarding the Warrant TO6 owners:

- 1) the Warrant TO6 owners name, personal identification number, or other identification number, and postal address; and
- 2) the number of Warrants TO6.

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to these Warrants TO6 shall be settled by a competent court in Finland.

The Board of Directors may decide on the technical amendments to these terms and conditions resulting from incorporation of Warrants TO6 into the book-entry system, listing of the Warrants TO6 as well as on other amendments and specifications to these terms and conditions which are not considered as essential.

These Warrant TO6 terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish version shall prevail.

## **Savosolar Plc Warrant Plan 3-2020**

Based on the authorisation granted by the annual general meeting of shareholders on 27 April 2020, the Company's Board of Directors has on 25 May 2020 resolved to issue warrants (the "Warrants TO7") to the persons who have subscribed for the Offer Shares in the Offering of the Company resolved on 25 May 2020, on the following terms and conditions.

### **I Warrant TO7 terms and conditions**

#### **1. Number of Warrants TO7**

The maximum number of Warrants TO7 to be issued is 14,499,778, and they entitle their holders to subscribe for a maximum of 14,499,778 new shares in the Company.

#### **2. Right to Warrants TO7**

The Warrants TO7 shall be issued free of charge to the persons who subscribed for the Offer Shares in the Offering, so that for each two (2) Offer Shares subscribed and paid for, the subscription of which the Board of Directors has approved, the subscriber receives one (1) Warrant of series TO7. Fractions of the Warrants TO7 will not be issued. The Company has a weighty financial reason for the issuance of Warrants TO7, since the Company estimates that it will need more working capital to be able to continue its systematic streamlining, to achieve profitability targets and to meet growing demand. Issuance of the Warrants TO7 is seen as a cost-efficient alternative to obtain additional capital for the Company in the future.

#### **3. Subscription of Warrants TO7**

The Warrants TO7 are subscribed in connection with subscription of the Offer Shares in the Offering by using the same subscription form.

The Board of Directors of the Company approves the subscriptions of the Warrants TO7 at the same time that it approves the subscriptions in the Offering, i.e. approximately on 23 June 2020.

#### **4. Incorporation of Warrants TO7 into the book-entry system and potential listing**

The Warrants TO7 will be issued and registered in the book-entry system of Euroclear Finland. The Warrants TO7 will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the Subscription Period of the Offering, the Warrants TO7 will be delivered to subscribers through the book-entry system maintained by Euroclear Finland approximately during week 27, 2020 and through the book-entry system maintained by Euroclear Sweden approximately during week 27, 2020. The ISIN code of the Warrants TO7 is FI4000440078.

The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Warrants TO7 on First North Sweden and First North Finland. The trading symbol is expected to be SAVOS TO7 on First North Sweden and SAVIHEW32020 on First North Finland. If the listing of the Warrants TO7 occurs, the Company expects trading to commence on First North Finland approximately during week 27, 2020 and on First North Sweden approximately during week 27, 2020.

### **II Share subscription terms and conditions**

#### **1. Right to subscribe for shares**

Each Warrant entitles its holder to subscribe for one (1) new share in the Company. The share subscription price shall be recorded in the Company's reserve for invested unrestricted equity.

#### **2. Share subscription and payment**

The subscription period for shares subscribed for on the basis of the Warrants TO7 shall be 6 September – 17 September 2021.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.

Share subscriptions shall take place at the head office of the Company, at the same subscription locations as in the Offering (see the section “*Terms and conditions of the Offering – Subscription locations*” in the Prospectus) or possibly in another location and manner to be determined later. Upon subscription, payment for the shares subscribed for shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

### **3. Share subscription price**

The share subscription price is determined by the volume weighted average price of the Company’s share on First North Finland between 23 August 2021 and 3 September 2021, with an applied discount of 30 per cent. The subscription price, however, cannot exceed EUR 0.30 per share.

The shares to be subscribed for based on the Warrants TO7 and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EURSEK forward rate on 3 September 2021. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants TO7 commences.

The share subscription price of the Warrants TO7 may be decreased in certain cases mentioned above in Section 7 below.

### **4. Registration of shares**

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber. The Company intends to file an application to First North Finland and First North Sweden for the listing of the shares subscribed for with the Warrants TO7.

### **5. Shareholder rights**

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered into the Trade Register and delivered to the subscribers.

### **6. Share issues, stock options and other special rights entitling to shares before share subscription**

Should the Company, before the share subscription, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares so that the shareholders have preferential subscription rights, the owner of a Warrant TO7 shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

### **7. Rights in certain cases**

Should the Company distribute dividends or assets from reserves of unrestricted equity, the share subscription price of the Warrants TO7 shall be decreased by the amount of the dividend per share or the amount of the distributable unrestricted equity decided before the share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, the share subscription price of the Warrants TO7 shall be decreased by the amount of the distributable share capital per share decided before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the Warrant TO7 owners shall be given an opportunity to exercise their share subscription rights, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the Warrant TO7 owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the Warrant TO7 owners shall,

prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their Warrants, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a Warrant TO7 owner the right to convert the Warrants TO7 into warrants issued by the other company, in the manner determined in the merger or demerger plan, or in a manner otherwise determined by the Board of Directors. After such period, no share subscription right or conversion right shall exist. The same process shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as a European Company (Societas Europae), or otherwise, register a transfer of its domicile from Finland into another Member State of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the Warrants TO7. In the above situations, the Warrant TO7 owners shall have no right to require that the Company redeems the Warrants TO7 from them at fair value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the Warrant TO7 owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the Warrant TO7 owners shall be made an equivalent offer.

Should a reverse split, as referred to in Chapter 15 Section 9 of the Finnish Companies Act, be executed in the Company before the share subscription, the Warrant TO7 owner has obligation to return Warrants TO7 to the Company without consideration in the same proportion as the shares are being redeemed from the shareholders of the Company in connection with the reverse split. The excess Warrants TO7 that are potentially being redeemed as a result of rounding are then sold by the Company on behalf of the Warrant TO7 owner in a similar way as the shares. As a result of the reverse split, also minimum and maximum subscription prices of the shares referred to in Section II. 3 are increased in the same proportion as the number of shares in the Company decreases in the reverse split.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company, the Warrant TO7 owners shall be given a possibility to use their right of share subscription by virtue of the Warrants, within a period of time determined by the Board of Directors, or the Warrant TO7 owners shall have an equal obligation to that of shareholders to transfer their Warrants TO7 to the redeemer.

### **III Other matters**

The Company may maintain a register of the Warrant TO7 owners to which the Warrant TO7 owners' personal data is recorded. The Company may send all announcements regarding the Warrants TO7 to the Warrant TO7 owners by mail to the latest address available to the Company and/or as a company release.

Unless so authorised or required by applicable law, neither the Company, account-operating institute nor Euroclear Finland or Euroclear Sweden may provide information on Warrant TO7 owners to third parties.

The Company is entitled to receive the following details from Euroclear Finland and Euroclear Sweden regarding the Warrant TO7 owners:

- 1) the Warrant TO7 owners name, personal identification number, or other identification number, and postal address; and
- 2) the number of Warrants TO7.

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to these Warrants TO7 shall be settled by a competent court in Finland.

The Board of Directors may decide on the technical amendments to these terms and conditions resulting from incorporation of Warrants TO7 into the book-entry system, listing of the Warrants TO7 as well as on other amendments and specifications to these terms and conditions which are not considered as essential.

These Warrant TO7 terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish version shall prevail.



## **Instructions to investors**

### **Entry of the Offer Shares and Warrants in the book-entry system**

The Offer Shares and Warrants will be registered and issued in the book-entry system of Euroclear Finland, and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

Investors, whose Offer Shares and Warrants are delivered through Euroclear Finland, have to have a book-entry account with a Finnish account operator and investors, whose Offer Shares and Warrants are delivered through Euroclear Sweden, have to have a book-entry account number with an account operator of the book-entry system of Euroclear Sweden. The book-entry account number should be given to the subscription office when placing the subscription. The account must be in the name of the investor.

### **Subscriptions by legal entities**

A legal entity subscribing for Offer Shares and Warrants may be requested by the Company or Nordea Bank Oyj or Aqurat Fondkommission AB, in their sole discretion, to provide evidence on the entity's authorisation to subscribe for Offer Shares and Warrants and on the authorisation of the representative of the entity to represent the entity.

### **Subscription through an agent**

Investors subscribing for Offer Shares and Warrants may do so through an agent. In such case, the agent shall provide evidence of its authorisation to represent the investor by producing a power of attorney in form and substance satisfactory to the Company and Nordea Bank Oyj or Aqurat Fondkommission AB.

### **No fees are charged to investors**

No fees are charged by the Company, Nordea Bank Oyj or Aqurat Fondkommission AB to the investors subscribing for Offer Shares, shares subscribed for in the possibly arranged directed issue and Warrants. However, Aqurat Fondkommission AB may charge the interest, costs, charges and expenses accrued from investors who have not paid the subscribed Offer Shares by the due date.

However, brokers and other service providers engaged by an investor may charge the investor as agreed between the investor and that service provider.

### **Taxation**

For an explanation of certain matters relating to the taxation of investments in Offer Shares and Warrants, see "*Taxation Considerations*".

## Arrangements relating to the Offering

### Financial adviser and Certified Adviser

Augment Partners AB is acting as financial adviser to the Company in accordance with the terms and conditions of the agreement made with it in connection with the Offering. The agreement define the services provided by Augment Partners AB in connection with the Offering and the rights and obligations. In the agreement, the Company has undertaken to exempt Augment Partners AB from certain liabilities and to bear the costs of the Offering.

Augment Partners AB receives a pre-determined fee for its services in connection with the Offering and a part of the fee depends to the amount of the proceeds of the Offering. Therefore, it is in the interest of Augment Partners AB that the Offering is successful.

Augment Partners AB acts as the Certified Adviser of the Company.

### Issuer agents

Nordea Bank Oyj acts as the Company's issuer agent in relation to Euroclear Finland and Aqurat Fondkommission AB in relation to Euroclear Sweden.

### Liquidity provider

On the date of this Prospectus, the Company has not concluded an agreement on the provision of a liquidity provider service for the Company.

### Subscription commitments

Current shareholders and the Board of Directors of the Company have through subscription commitments committed to subscribe for approximately 0.4 per cent of the Offer Shares offered in the Offering, which means they have committed to subscribe in the Offering with approximately EUR 16.3 thousand. The Company has received the following binding commitments to subscribe for Offer Shares in the Offering:

<b>Shareholder subscribing for Offer Shares</b>	<b>Subscription undertaking (shares)</b>	<b>Subscription undertaking (EUR)</b>
Jari Varjotie	13,829	2,074.35
Heikki Timonen	13,829	2,074.35
Mikael Lemström	20,190	3,028.50
Eero Auranne	20,190	3,028.50
Ari Virtanen	20,190	3,028.50
Feodor Aminoff	20,190	3,028.50
<b>Total</b>	<b>108,418</b>	<b>16,262.70</b>

The Company has not received, nor requested, any collateral from the parties that have committed to subscribe for Offer Shares in the Offering through subscription commitments. All subscription commitments were made on 17 April 2020. Subscribers can be contacted through Augment Partners AB, address Birger Jarlsgatan 2, 114 34 Stockholm.

## Underwriting commitments

A consortium of underwriters has committed to subscribe for Offer Shares, so that the underwriting commitments of the underwriters applies to about 79.6 per cent of the Offering, after the subscriptions by subscription commitments, meaning they have underwritten the Offering to a total of approximately EUR 3.5 million. The Company has received the following binding underwriting commitments to subscribe for Offer Shares in the Offering:

Underwriter subscribing for Offer Shares	Underwriting commitment (shares)	Underwriting commitment (EUR)
Formue Nord Marknadsneutral A/S <sup>2</sup>	6,513,227	976,984.05
Fredrik Lundgren	3,256,614	488,492.10
Lusam Invest AB <sup>3</sup>	3,256,613	488,491.05
Mangold Fondkommission AB <sup>4</sup>	5,333,333	799,999.95
Wilhelm Risberg	1,500,000	225,000.00
Bernhard von der Osten-Sacken	1,000,000	150,000.00
Biljon AB <sup>5</sup>	500,000	75,000.00
Gryningskust Förvaltning AB <sup>6</sup>	500,000	75,000.00
Kivsvalk AB <sup>7</sup>	500,000	75,000.00
Consentia Group AB <sup>8</sup>	500,000	75,000.00
Sydsken AB <sup>9</sup>	200,000	30,000.00
<b>Total</b>	<b>23,059,787</b>	<b>3,458,968.05</b>

The underwriting commitments received are referred to as “base underwriting commitments”. If the Offering is not subscribed to 80.00 per cent by other subscribers, The Board of Directors of the Company has the right, but not the obligation, to allocate an amount of Offer Shares, to the providers of underwriting commitments in accordance with the terms of the underwriting agreements, that is equal to the amount that the total amount of subscriptions of other subscribers than the providers of underwriting commitments has come short from the above mentioned amount, however up to the maximum amount of the underwriting. The allocation between the underwriters is made in proportion to the underwriting commitments given. A fee, the size of which is twelve (12) per cent of the amount of the given underwriting guarantee, is paid for the underwriting commitments to their providers. The payment of the fee to an underwriter is always conditional on the underwriter subscribing and paying the amount of any Offer Shares possibly allocated to it in the Offering. The underwriters are entitled to use their underwriting fee for setting off the subscription price of the Company’s new shares in a directed issue to be arranged for the underwriters, if necessary, after the Offering. In such cases, the underwriting fee is fourteen (14) per cent of the given underwriting commitment, meaning for all underwriting commitments a maximum underwriting fee of approximately EUR 484.3 thousand. See also the section “*Arrangements related to the Offering – Directed share issue that is potentially arranged in connection with the Offering*” in the Prospectus. All underwriting commitments have been signed on 17 April 2020. Underwriters (private individuals) can be contacted through Augment Partners AB, address Birger Jarlsgatan 2, 114 34 Stockholm

### Directed share issue that is potentially arranged in connection with the Offering

The providers of the underwriting commitment are entitled to use their underwriting fee to subscribe for new shares in a directed issue, which can be arranged to the providers of underwriting commitments after the Offering. See also the section “*Arrangements related to the Offering – Underwriting commitments*” in the Prospectus. In this case, the underwriting fee is fourteen (14) per cent of the amount of the underwriting commitment, meaning a maximum of approximately EUR 484.3 thousand. The subscription price in the directed issue is defined as the volume weighted average price on First North Sweden during the Subscription Period.

The Company has chosen to ensure that at least EUR 3.5 million is raised before the reduction of the estimated expenses of the Offering, totalling approximately EUR 0.8 million, by obtaining underwriting commitments. A condition for obtaining underwriting commitments was that the providers of underwriting commitments are entitled to receive an underwriting fee as shares in the Company. The Company’s Board of Directors considers this to constitute weighty financial grounds according to 9:4 § of the Finnish Companies Act to arrange a directed issue to the providers of underwriting commitments. The Board of Directors shall decide on a possible directed issue approximately on 23 June 2020, while resolving on approval of the subscriptions received in the Offering.

<sup>2</sup> Address: Østre Alle 102, 4. sal 9000 Aalborg

<sup>3</sup> Address: Erik Dahlbergsallén 15, 115 20 Stockholm

<sup>4</sup> Address: Engelbrektsplan 2, 114 34 Stockholm

<sup>5</sup> Address: Toppstigen 4, 181 64 Lidingö

<sup>6</sup> Address: Baldersuddevägen 26, 134 38 Gustavsberg

<sup>7</sup> Address: Grev Magnigatan 9, 114 55 Stockholm

<sup>8</sup> Address: Upplandsgatan 45, 113 28 Stockholm

<sup>9</sup> Address: Hedevägen 4, 132 37 Saltsjö-Boo

## Market overview

*The Prospectus contains certain market and industry data from third parties. Although the information has been accurately reproduced and the Company considers the sources reliable, the Company has not independently verified the information why its accuracy and completeness cannot be guaranteed. As far as the Company is aware of and can confirm through comparison with other information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Savosolar produces solar thermal solutions for a range of different customers and its main product is large scale solar thermal systems, where world's most efficient large solar thermal collectors produced by the Company are used. Additionally, the Company produces and sells solar thermal absorbers and protective coating that prevents electromagnetic radiation for some customers' special solutions. The Company specifically focuses on segments with huge and fast growth potential. The segments include i) solar district heating market (SDH) in Europe specifically in Germany, France, Finland, Sweden, Denmark and countries in Eastern Europe as well as e.g. China and ii) systems for generating heat from industrial processes (SHIP) in markets with demonstrated potential. From the Company's point of view, such markets include Latin America, Australia and Africa in addition to Europe. Consequently, the Company is specifically interested in large installations (over 500 m<sup>2</sup>), where the efficiency of the systems is the most important factor for the user. The market for large installations (over 500 m<sup>2</sup>; over 350 kWh<sub>th</sub> installations) is also attractive because the segment's growth outlook is large and the interest in implementation of larger projects has, instead of fossil heat sources, increased widely in different parts of the world.<sup>10</sup> Moreover, delivery of complete systems is increasing the value added and the turnover of the delivery.

## Renewable energy district heating and cooling market trends until 2030

Globally, heating and cooling have clearly received a greater focus over the last three years. Renewable electricity is already being produced in many places more than it is possible to profitably take into use due to the limited nature and variable use of transmission networks. The challenges and high cost of electricity storage also guide the direction of heating, as it is possible to store thermal energy very easily and cost-effectively, for example in water storages. Additionally, it has been widely understood that heating and cooling will be where the largest demand of energy lies in a large part of the world. This means that the focus can not only be dedicated to electricity production using renewable energy. One of the key examples of the abovementioned is the first strategy for heating and cooling adopted by the European Union in 2016, "An EU Strategy on Heating and Cooling". This clearly states that still in the year 2050, heating and cooling will be where the largest energy demand lies in the EU. In developing the strategy, it has been found that a large part of heating is still made with fossil fuels and obsolete boilers, which means that they generate huge amounts of greenhouse gases. This has also been found to be unsustainable in terms of EU's emission reduction targets and the fight against climate change. That is why the EU wants the focus also of this sector to be to move towards renewable energy sources (RES), and the EU has set a target for member countries to increase the amount of heating from renewable energy sources by 1.3 percentage points each year between 2021 and 2030. As a result, several European countries have embarked on ambitious programs to achieve their goals. An example of this is Germany, where it is estimated that in 2030 the amount of solar district heating should be at least 8 TWh. This would mean well over one million square metres of new large systems annually. According to estimates by International Energy Agency (IEA) and International Renewable Energy Agency (IRENA), the amount of renewable energy in district heating will increase significantly in different countries (see figure 1). According to this study, as one of the examples in the study, in Germany by year 2030, the amount of renewable energy in district heating is estimated to be tenfold, compared to 2014.

The IEA and IRENA study analyses the current district heating and cooling systems and its possible development until 2030 in nine countries, as illustrated in Figure 1. For each country, the study first considers the normal outlook until 2030 (Reference Case 2030), which is based on the nations' energy plans of the existing and envisaged policies. Next, the potential for new technology and applications (REMap 2030) is evaluated based on the outlook for the development. Therefore, REMap does not assume any further expansion of district heating and cooling infrastructure capacity; instead, traditional production is avoided through a more ambitious expansion of renewable energy sources. Finally, a restructuring scenario is based on REMap, which will allow the expansion of existing district heating and cooling networks or new networks based on heating and/or cooling of renewable energy.<sup>11</sup>

<sup>10</sup> Solar Heat Worldwide 2019 - Global Market Development and Trends in 2018, Detailed Market Figures 2017; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2019

<sup>11</sup> IRENA (2017), Renewable Energy in District Heating and Cooling, a sector roadmap for REMap 2030, International Renewable Energy Agency (IRENA). [https://www.solarthermalworld.org/sites/default/files/news/file/2017-04-27/remap-district\\_heating-cooling-fullreport-01.pdf](https://www.solarthermalworld.org/sites/default/files/news/file/2017-04-27/remap-district_heating-cooling-fullreport-01.pdf).

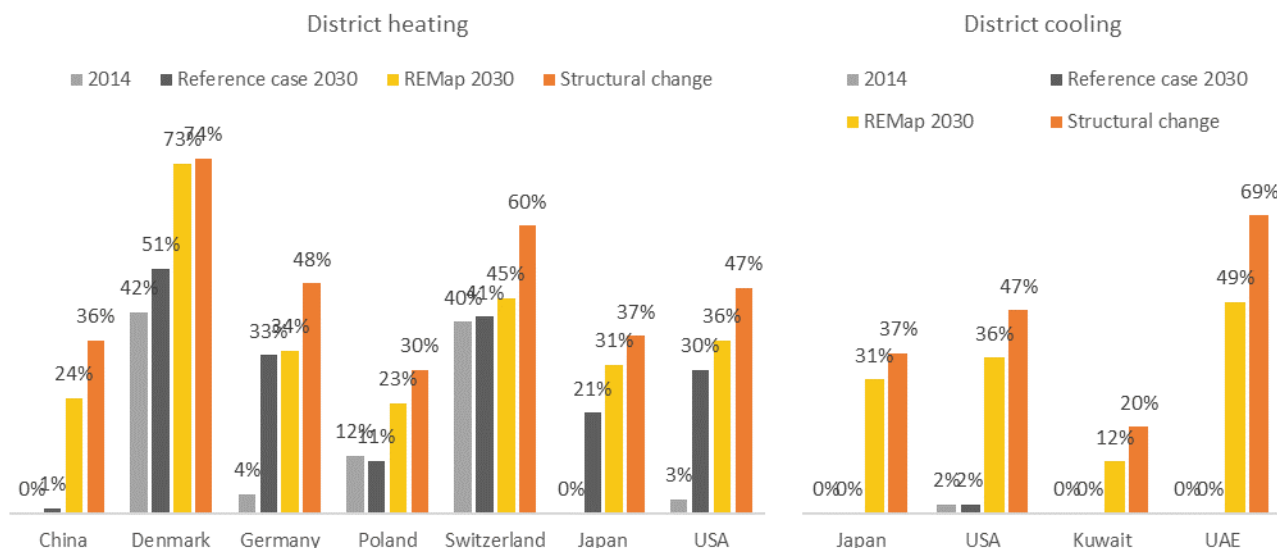


Figure 1: Share of district heating and cooling produced with renewable heat<sup>12</sup>

Based on the above and other reports made, district heating has a significant role to play in the future of clean energy production in the area of heating and cooling, even so that in 2050 it would be possible to produce 50 per cent of the heating in Europe with district heating<sup>13</sup>, as district heating is the easiest and most cost-effective way for the production and distribution of clean energy. For example, in France it has been decided to increase the share of district heating from 6 per cent to 30 per cent by 2030. At the same time in many countries, the profitability of traditionally implemented heat and power cogeneration (CHP) has fallen due to the abovementioned reasons; a lot of subsidised renewable electricity is available and CHP plants operate largely with fossil fuels. Furthermore, large quantities of CHP plants operating on fossil fuels are being shut down in many countries. For example, in Germany and Finland there has been plans of shutting down capacity of approximately 9,400 GW and 3,000 GW, respectively. The latest information is that Germany, in January 2019, announced its intention to stop using coal for electricity and heat production by 2038. Instead of coal, local smaller district heating plants are coming, and these are to operate on renewable energy sources, mainly biofuels and waste incineration. As biofuels and waste are not enough to produce all the needed energy<sup>14</sup>, alternative renewable forms of production will be built into these facilities, or rather into more integrated energy systems in the future. In these systems, solar heat provide completely clean and free energy source, post-investment.

Several studies and forecasts have been conducted, explaining the movement towards district heating, mainly by renewable energy sources in different parts of Europe and the rest of the world. For example, IRENA: Renewable District Heating and Cooling Roadmap to 2030 suggests that, not only in Europe but also China and the USA, will it be possible to achieve significant development in the use of renewable energy sources as part of district heating and cooling.

All in all, this is also reflected in the fact that large-scale solar thermal projects are emerging weekly from all over the world, both in the preliminary design phase and already in the form of offer inquiries and projects coming into planning.

## Global solar thermal markets

The cumulative installed solar thermal capacity at the end of 2018 was 480 GWth (about 686 million square meters). Compared to 2000, the capacity is about 7.7 times higher. In 2018, 396 TWh of solar thermal energy was produced with the aforementioned capacity, which means a saving of 42.6 million tonnes of oil and 137.5 million tonnes of CO<sup>2</sup> emissions.<sup>15</sup> In 2016, the size of the solar thermal market was estimated at about EUR 16 billion and employed 708,000 people worldwide.<sup>16</sup>

<sup>12</sup> IRENA (2017), Renewable Energy in District Heating and Cooling, a sector roadmap for REmap 2030, International Renewable Energy Agency (IRENA). [https://www.solarthermalworld.org/sites/default/files/news/file/2017-04-27/remap-district\\_heating-cooling-fullreport-01.pdf](https://www.solarthermalworld.org/sites/default/files/news/file/2017-04-27/remap-district_heating-cooling-fullreport-01.pdf).

<sup>13</sup> EU Heat Roadmap 2050.

<sup>14</sup> Ericsson K, Nilsson LJ. Assessment of the potential biomass supply in Europe using a resource-focused approach. Biomass Bioenergy 2006;30(1):1e15.

<sup>15</sup> Solar Heat Worldwide 2019 - Global Market Development and Trends in 2018, Detailed Market Figures 2017; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2019.

<sup>16</sup> Solar Heat Worldwide 2018 - Global Market Development and Trends in 2017, Detailed Market Figures 2016; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2018.

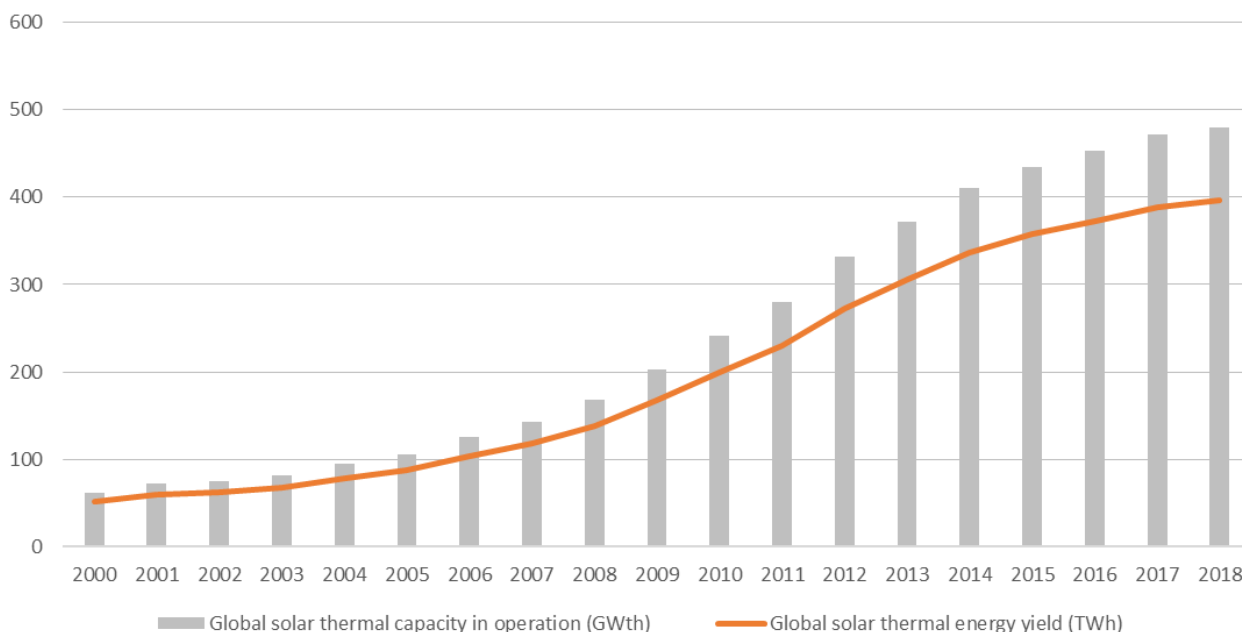


Figure 2: Worldwide solar thermal capacity in operation and annual solar output<sup>17</sup>

After a strong growth up until 2008 the solar thermal market in Europe were for a long time in a decline in newly installed capacity, due to the decrease in sales of primarily small systems intended for heating water. However, 2018 saw a growth of as much as eight per cent in the European solar thermal market compared to the previous year, which contributes to the progress of the above-mentioned energy transition across Europe. The market for larger systems is growing, but it is not yet large enough to increase the growth of the market as a whole, but it will be a much more significant factor in the size of the overall market in the coming years.

## Solar thermal district heating

Solar thermal district heating systems are a large scale application for solar thermal technology and currently the Company's most attractive market segment. These systems are integrated into local district heating networks, both for residential and industrial use. During warm seasons, they can completely replace other sources, usually fossil fuels used for heat production, or save biofuels, which currently are being used increasingly in district heating production. Several studies have shown that after tank storage of fossil fuels, i.e. oil and gas, it is most advantageous to store energy as thermal energy in a large water reservoir.<sup>18</sup> Thanks to the development of large heat storage, it is also possible to store heat during summertime for winter use. Therefore, solar heat can partly provide heating demanded in wintertime.

The economic and environmental benefits associated with the known reliability of this solar thermal application coupled with the expertise gained over decades, have increased interest in its commercial activities, especially in Europe where Denmark has been a forerunner. Consequently, the solar thermal district heating market is also in a completely different position now in comparison with five years ago when the Company received the first large-scale deal in Denmark. Between 2013 and 2016, the only significant market was Denmark, where there was strong local competition. Due to a change in the priorities of the state aid policy, the Danish market has had a downturn and only biomass-fueled plants are planning new solar systems for the next two years. That is, the Danish market has clearly slowed down, but alongside it, the Company has been able to sell projects to other countries, such as France. In August 2019, the Company signed an agreement for its largest order to date in France, and has since received two new orders from France. The Company has already several new potential projects in terms of both amount and monetary value in France and Germany and the Company expects that the significance of these and other markets will continue to grow in the future.

According to market analyses, the solar district heating capacity is expected to increase to 240 terawatt-hours by 2050. This would mean 15 per cent of Europe's district heating needs. Despite the downturn in 2017, the solar district heating market has grown by an average of 35 per cent per year over the past five years and the growth is estimated to continue.<sup>19</sup>

<sup>17</sup> Solar Heat Worldwide 2019 - Global Market Development and Trends in 2018, Detailed Market Figures 2017; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2019.

<sup>18</sup> Henrik Lund: Renewable Energy Systems; The Choice and Modelling 100% Renewable Solutions, 2014 edition.

<sup>19</sup> Euroheat & Power News and SDH conference presentations. <https://www.euroheat.org/news/>.

This is supported by country specific development programs and targets, which can be found in Germany, France, Croatia, Austria and Poland, among others.

As described in Figure 3, Denmark has come much further compared to the other markets in terms of capacity of solar district heating and number of installed systems. According to the Company, this reflects the opportunities available on other markets as well.

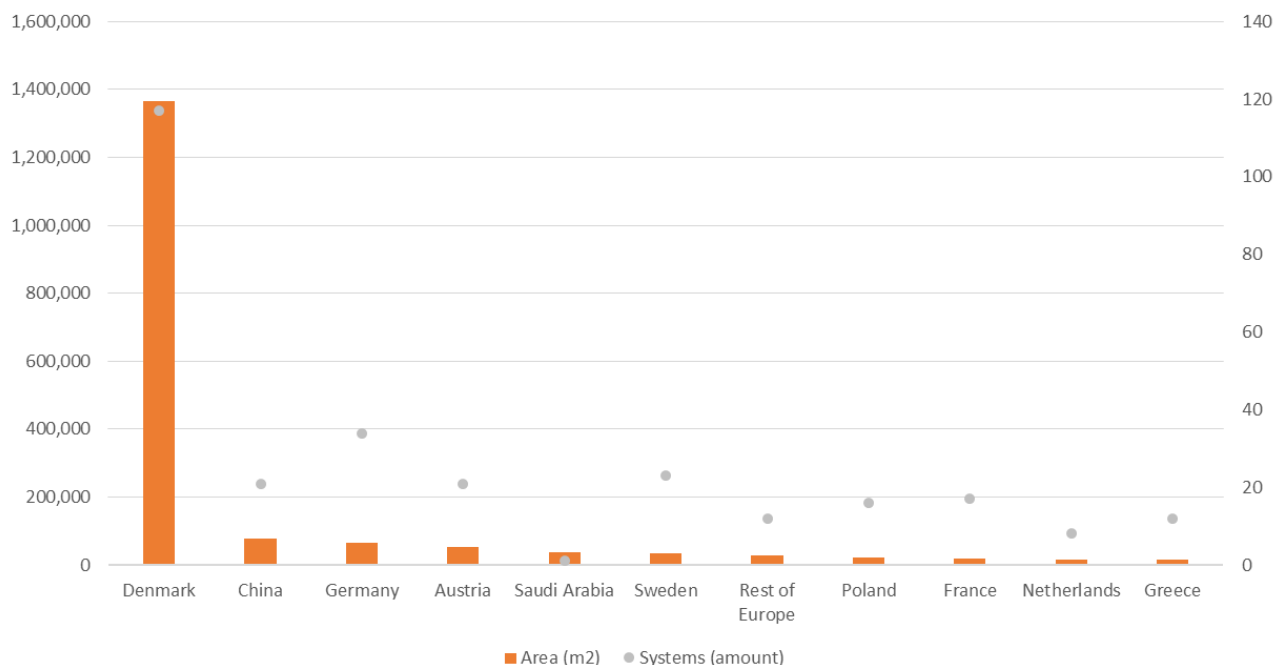


Figure 3: Solar district heating and cooling - Collector area and number of systems installed 2018<sup>20</sup>

The global market potential for district heating is over one billion square metres, which means a market potential of several hundred billion euros. Even if only 10 per cent would be realised by 2050, it would mean an annual market of over EUR 1 billion, especially for large collector fields, as part of district heating.<sup>21</sup>

## Analysis of the most important markets of the Company

The market analysis has been done during the spring of 2020. It takes into account the effects of the currently low oil price, from where the market-specific comments derive below. According to current experience and information, the impact of the COVID-19 pandemic has been mainly due to the slowdown in the execution of existing orders due to restrictions, and at least until now has not had a significant impact on the preparation of new projects. However, the Company expects that projects planned for industrial companies may move forward, especially if the factories have had to close during the spring and summer of 2020 due to the pandemic. So far, there has been one such case.

### Denmark's solar district heating systems

After the recession of 2017, 2018-2019 was again a time of great activity in the Danish market. This means that the new installed capacity increased by 180,226 m<sup>2</sup> during the first six months of 2019.<sup>22</sup> During that time, ten new systems were built and four were expanded. At the end of 2019, a total of 120 large scale solar district heating systems were in operation in Denmark, with a total capacity exceeding 1.1 GW<sub>th</sub> and a total area of almost 1.6 million square meters. The priorities of the Danish subsidies changed to 2020 and the solar heat market has slowed down as a result, but now, according to the Company's management, it is visible that new systems will be built again in the near future. This is especially true for district heating plants that use biomass as fuel, as in these systems solar heat can be used to reduce both the need for limited biomass and the costs. Denmark's potential remains high, despite temporary market fluctuations. According to previously set targets, in 2030, there will be 8 million square metres of large solar thermal systems, indicating a market

<sup>20</sup> Solar Heat Worldwide 2019 - Global Market Development and Trends in 2018, Detailed Market Figures 2017; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2019.

<sup>21</sup> Global Energy Transformation, A Roadmap to 2050, International Renewable Energy Agency 2018 [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA\\_Report\\_GET\\_2018.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf)

<sup>22</sup> <http://planenergi.eu/activities/district-heating/solar-district-heating/1-gw-sdh-in-dk/>

potential of almost EUR 3 billion. However, market fluctuations can emerge, and significantly alter prevailing conditions depending on the government incentives such as subsidies.

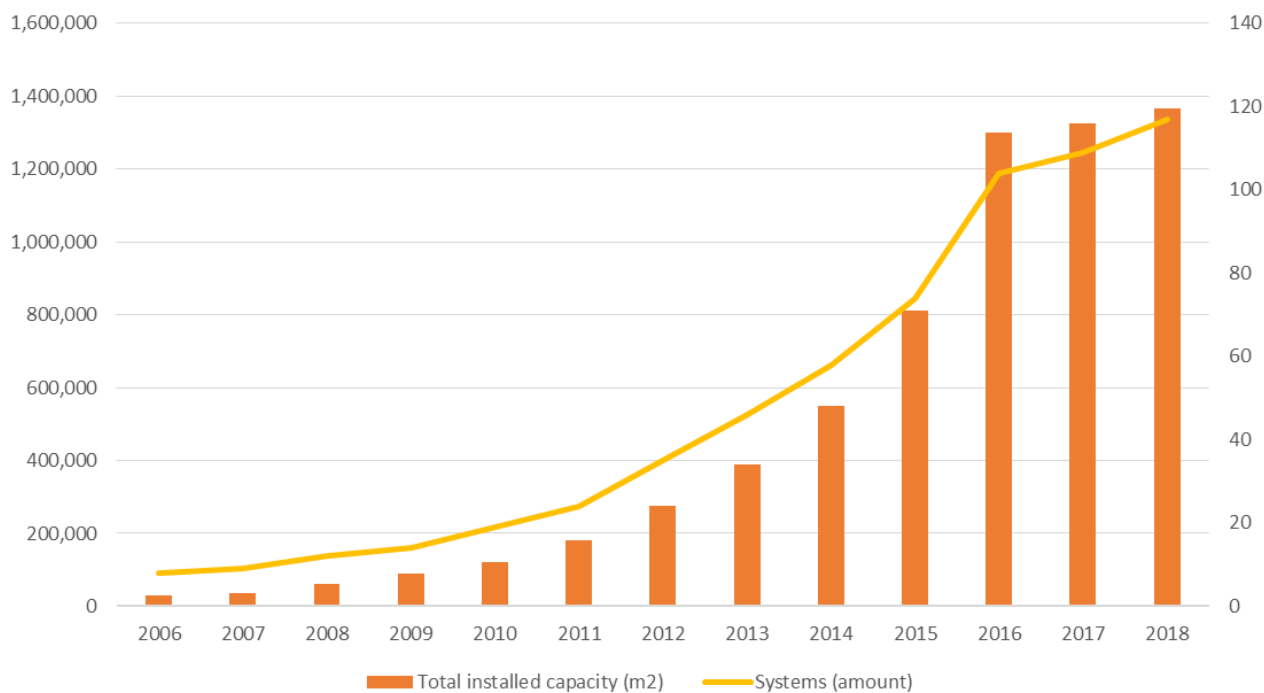


Figure 4: Installed solar thermal capacity in district heating systems in Denmark and amount of systems<sup>23,24</sup>

## Germany

The well-respected German BDI (Bundesverband der Deutschen Industrie) has made a study for the Government of Berlin, according to which, in 2030 the solar district heating production should be 8 TWh annually in order to meet targets set for clean heating.<sup>25</sup> This translates into over one million square meters of new capacity of solar thermal collectors for district heating in Germany each year for the next ten years. Even if not reaching this level immediately, the German cities and district heating companies have reacted to these targets – and the market situation is better than ever before. There are currently a number of concrete bidding projects, initially with district heating systems implemented mainly by municipal district heating companies in smaller cities and agglomerations (such as Ettenheim supplied by Savosolar), and larger cities are slightly behind with their large scale systems that require more planning.

On a general level, Germany is the largest and the most established solar thermal market in Europe for small systems. Solar thermal is widely accepted, there are competent installers and, as the BDI study shows, there are interesting and growing market segments where efficiency matters and future growth can be expected. It has been forecasted that the German solar district heating market for larger systems will grow as large, or exceed the Danish market in next few years.<sup>26</sup> And this has now also happened, partly due to the slowdown in the Danish market, but above all due to the activation of the German market. As demonstrated by more than 100 large-scale systems in Denmark, producing more than 20 per cent of the annual district heating is possible and profitable without a large water reservoir that can increase the share of solar thermal by more than 50 per cent. However, this seasonal reservoir is often such a large investment that a large part are seeking to reach a 20 per cent share. The magnitude of the German market potential can therefore be calculated as follows: If 20 per cent of the district heating production of the 70 largest German cities were made up of solar thermal, it would mean approximately 40 million square metres of solar collectors, meaning about EUR 14 billion in market potential.

<sup>23</sup> Solar District Heating Trends and Possibilities, Characteristics of Ground-Mounted Systems for Screening of Land Use Requirements and Feasibility. Technical Report of IEA SHC Task 52, Subtask B. <http://iea-shc.org/Data/Sites/1/publications/SDH-Trends-and-Possibilities-IEA-SHC-Task52-PlanEnergi-20180619.pdf>.

<sup>24</sup> Solar Heat Worldwide 2019 - Global Market Development and Trends in 2018, Detailed Market Figures 2017; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2019.

<sup>25</sup> Bundesverband der Deutschen Industrie (BDI) 2018

<sup>26</sup> <https://www.solar-district-heating.eu/solar-thermal-is-on-the-rise-in-german-district-heating-networks/>



Energiewende, which has received a lot of fame and has helped with changes in Germany, was changed to Wärmewende during 2015, which means the focus has been directed to implementing renewable heating energy and to saving energy. Germany is also moving from tariffs towards an auction system for the sale of renewable energy, leading to higher efficiency which will increase growth of larger systems. In different states of Germany there are different subsidies available, and in 2019-2020, the Government has also introduced new forms of subsidies for the production of clean thermal energy in line with the EU's Green Deal objectives. Thus, in most states, investment subsidies for solar thermal systems connected to district or process heating can range from 40 to 65 per cent, promoting the expansion of solar heat. In 2018 a new subsidy program called "Innovative CHP" was launched with a main objective to accelerate the transition to renewable energies within heating. As a result, several applications were submitted for this program during 2018 and 2019 and these projects are now underway. This is also evidenced by a report by the German research institute Solites (Research Institute for Solar and Sustainable Thermal Energy Systems), according to whom in February 2020 there were six large solar thermal systems in operation in Germany and as many as 37 systems in active preparation, totaling almost 180,000 m<sup>2</sup>.<sup>27</sup> In addition to these, there are several projects in large cities in the works in the size range of 20,000 - 70,000 m<sup>2</sup>. It is also noteworthy that the very low price of oil at the moment does not seem to be affecting Germany's energy and emission targets, nor, therefore, projects for large scale solar heating systems.

## France

In accordance with the EU strategy, France is focusing on the promotion of clean energy in the production of heating energy, including state support measures. For 2019, it was decided to double the sum of subsidies for renewable energy heating from the previous year, and the subsidies for 2020 increased further by EUR 50 million from last year. In the case of large solar thermal systems, the market has grown even faster than expected and the construction and operation of solar thermal systems are clearly profitable in France. Therefore, there are already several players in the market, the so-called project developers, that invest in solar thermal energy production and sell heating such as industrial process plants. These actors are able to take the necessary administrative measures for an efficient investment and get the systems up and running faster than potential municipal operators. Taking into account information received by the Company management from the French State Agency for Environmental and Energy Development (ADEME) (Agence de l'Environnement-de-et de la Maîtrise de l'Energie), from active customers in France and several active bidding projects on thousands of square meters of projects, some of which the Company is currently planning with customers, the Company estimates that the market will continue to grow rapidly in the near future.

In 2019, due to the systematic investments of the government and project developers, France developed into the the most active market for large solar thermal systems in Europe, which is also reflected in the orders received by Savosolar, when the Company has become a market leader in France according to the information available for the Company's management. It is also noteworthy that the very low price of oil at the moment does not seem to be affecting France's energy and emission targets, nor, therefore, projects for large scale solar heating systems.

## Other European countries

Increasing the share of district heating and copying the Danish solar thermal model is taking place in other European countries, however taking into consideration local conditions and special features. Currently, active markets include several Eastern European countries, which still receive special support from the European Development Fund and other EU sources. For example, in 2019, Poland launched a program to subsidise the transfer of district heating from coal. This program also subsidises solar thermal systems larger than 1,400 m<sup>2</sup>. In addition, there are projects in the markets of Netherlands, Belgium, Austria, Croatia and Serbia in different stages of development. The emergence of new markets has the potential to be negatively affected by the current low price of fossil fuels, at least in countries where governments have not yet agreed on their own emission reduction targets and measures.

## Other markets

At the moment, China is moving from traditional small-scale water heating systems to larger systems and collectors and is interested in the European model and European technology and know-how. This is also stated by the IEA in its latest report, Solar Heat Worldwide 2019. This will make China a very interesting market for the foreseeable future also for European players. In China, the coronavirus epidemic at the beginning of the year and the restrictions because of it caused slowed down economic activity throughout the country, as did the development of large scale solar heating systems. Now that the restrictions have been largely lifted, and the country wants to get the economy back up quickly, it can be seen that one of the investment targets of the government is to grow clean energy investments even faster than before, whose

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<sup>27</sup> <https://www.solar-district-heating.eu/significant-growth-in-the-german-solar-district-heating-market-in-2019/>

second motive is to correct the emissions problem as quickly as possible. Thus, projects for large scale solar heating systems have also started again.

In China, 14.7 million square meters of solar collectors were installed in January-June 2019, according to statistics from the Chinese Solar Thermal Utilization Specialization Committee (CSTIF). Out of this, 2.7 per cent (approximately 400,000 m<sup>2</sup>) was for space heating (district heating), industrial processes and agriculture, i.e. sites using large solar heating systems. The Chinese government aims to significantly increase clean heating annually to reduce emissions. 5-20 per cent of this clean heating will be solar district heating (SDH) according to a study conducted by the Asian Development Bank in 2019. This would mean 3-5 GW of new solar thermal capacity per year. When the average size of one solar district heating plant is calculated to be about 10 MW (about 15,000 m<sup>2</sup>), more than 250 such new plants would be needed each year to reach the target.

There is also a lot of interest outside of Europe, especially in areas where the price of fossil fuel is high. Such areas include Latin America, Africa and Australia. In some regions, access to energy is also challenging in these areas. Also, especially in process industries where heat is constantly needed and where energy prices can be a major contributor to production cost, pure and unlimited solar thermal energy is a very interesting alternative. When the price of energy is between EUR 60-100 per megawatt-hour and solar radiation is up to two times more than in Northern Europe, solar district heating can also be a very profitable investment. Although low oil and gas prices in these countries have a relatively large impact on investment decisions in clean energy production, according to the Company, all of these markets are expected to move ahead and grow in the upcoming years.

## Process heating

In addition to certain geographical markets there are technical solutions where solar thermal is expected to play a really large role in the future and where energy efficiency is of great importance. One of them is the process heating industry. IAE has conducted several studies to assess the potential of solar thermal in this segment. IAE's Task 49 / IV, Solar Heat Integration in Industrial Processes<sup>28</sup>, which results were published, announced in the end of 2016, is one of these. According to this study, it is possible to produce approximately 4 per cent of the process heat of the world (in total 98 EJ), i.e. 3.9 EJ, with solar thermal. The amount of solar collectors needed would be about 2.3 billion square metres, i.e. EUR 550-600 billion in market potential. According to the researchers, the figure is conservative, as in many industrial plants the conditions for the use of solar thermal is preferable to what can be estimated on average. This is the case in the mining industry, where part of the processes of the mines require lower than 100 celsius degree water or heat all day. Due to the terrain, it commonly difficult to access these mines, and currently they usually make their energy by diesel oil. Although the low price of oil has delayed the growth of this sector, the Company expects there to be several very large installations of large solar thermal process heating (15,000–50,000 m<sup>2</sup> each) annually in the coming years. Several companies in the industrial sector have expressed an interest in what are referred to as energy sales contracts. In such contracts, an industrial enterprise buys renewable thermal energy for a period of 12–15 years without investing in heat production equipment itself. Fund providers/project developers which provide companies and associations in need of energy with such opportunities have already entered some markets. Savosolar, together with these fund providers, has already implemented one process heating system in France (Newheat/Condat, paper mill) and another, the Company's largest order ever, is also under construction in France (Kyotherm/Issoudun, malt drying plant). In addition, several other process heating projects are underway in the planning and bidding phase with both the Company's current customers and new project developers.

In recent years, several promising projects have been implemented from small scale demonstration systems to large systems with a capacity of 100 MW. At the end of 2019, there were at least 817 systems with a total size of more than one million square meters. In 2019, 86 larger systems started to operate and the capacity increased to new record levels.<sup>29,30</sup>

## Competition

The size of the solar thermal market in Europe in 2018, based on data from ESTIF (European Solar Thermal Industry Federation) and the Company's management, was approximately EUR 1.85 billion.<sup>31</sup> According to statistics from ESTIF the total market was declining for several years, but in 2018 the market grew as a whole by more than 8 per cent. In addition, the sectors that Savosolar focuses on; heating for industrial processes, large-scale systems for district heating

<sup>28</sup> SHC IEA (Solar Heating & Cooling Programme, International Energy Agency), <http://task49.iea-shc.org/>.

<sup>29</sup> Solar Heat Worldwide 2019 - Global Market Development and Trends in 2018, Detailed Market Figures 2017; Werner Weiss, Monika Spörk-Dür, AEE - Institute for Sustainable Technologies and IEA Solar Heating & Cooling Programme (SHC), May 2019.

<sup>30</sup> <https://www.solarthermalworld.org/news/industrial-sector-sees-record-breaking-capacity-additions-2019>

<sup>31</sup> [http://solarheateurope.eu/wp-content/uploads/2019/12/Solar\\_Heat\\_Market\\_2019\\_final.pdf](http://solarheateurope.eu/wp-content/uploads/2019/12/Solar_Heat_Market_2019_final.pdf)

and energy renovations of old multi-store buildings, have been and are growing at a significant pace. Additionally, in the market for these large installations (over 500 m<sup>2</sup>) there are less than ten competitors globally. Savosolar's main competitors constitute of companies delivering large systems and have their own large area collector. GREENoneTEC is a competitor, which has so far sold large collectors to integrators in an attempt to enter the market. In April 2020, they announced that they had acquired Arcon-Sunmark's large collector production line and will relocate the line in its plant in Austria and invest more in the sale and delivery of systems directly to customers. At the same time, VKR Holding, the owner of Arcon-Sunmark, announced that it would stop supplying Arcon's new systems. The German KBB, which only produces and sells collectors, as their customers produce the systems, is still visible in some projects, and a few companies that have previously made only small collectors have entered the market as new entrants. These are Ensol, which operates mainly in Poland, Winkler in Austria and G2Energy in the Netherlands, all of which are active in their own countries. Solar heating systems are also delivered by Solid and Millenium Energy Industries, which do not produce collectors and are therefore potential customers to Savosolar. There are other system integrators which, although experienced in heating systems, are not directly experienced in the solar thermal sector and have entered the markets, seeking a solar thermal partner. Viessmann and Ritter Solar deliver industrial process heating systems with vacuum tube collectors mainly in Germany, however the vacuum tube collectors should primarily be used when the temperature is required to be above 100 degrees Celsius. Viessmann is also present in the market with a large flat plate collector, which they have according to the information available to the Company bought from GreenOneTec.

China is by far the largest solar thermal market in the world, but, opposite to photovoltaic markets, Chinese collectors have not yet affected the solar thermal markets in Europe significantly. Chinese companies generally produce for domestic use and the Asian markets. Collectors which are exported tend not to be as appreciated in Europe, and the price of the high quality collectors from Chinese producers are on the same level as the European competition. During the last few years, the Chinese have invested in larger collectors and systems in their own markets by building up cooperation with European manufacturers.

Sunrain, the world's largest manufacturer of solar collectors, has partnered with Arcon-Sunmark to supply a few Danish-style large scale solar district heating systems to China, mainly Tibet. The largest system implemented with their flat plate collector is about 35,000 m<sup>2</sup> in Zhongba. In addition, Sunrain, like some other Chinese manufacturers, has supplied large scale solar heating systems using their own collector technology, mainly vacuum tube collectors. After Arcon-Sunmark ceases operations, Sunrain has acquired half of Arcon-Sunmark from their joint venture in China, and will continue to sell systems under the Arcon-Sunmark brand in China for some years.

## Description of business

### Savosolar in brief

Savosolar is a Finnish public limited liability company that manufactures internationally award-winning solar thermal absorbers and collectors as well as energy production systems built on these. According to the knowledge of the Company's management, the large solar thermal collectors with MPE absorbers manufactured by Savosolar are the most efficient in the world.<sup>32</sup> Savosolar focuses primarily on large solar thermal collectors and industrial-size heating systems. The Company started product deliveries in June 2011 and currently the total amount of the Company's systems exceeds 100,000 m<sup>2</sup>. The uniqueness of the Company's products is based on a vacuum coating process where the complete absorber structure is coated at once.<sup>33</sup> This means that thin-walled aluminium profiles, which are very effective heat exchangers and with which therefore an effective direct flow of heat transfer can be achieved, can be used. The Savosolar team has extensive know-how and experience in vacuum coating techniques as well as in international sales and business management. In its manufacturing processes the Company uses the developed technologies and the quality system meets the ISO 9000 requirements. The Company aims to expand its business rapidly and supports its customers in reaching their environmental and business targets by significantly reducing their energy costs. Savosolar constantly invests in product development to maintain the best solutions for the needs of the growing renewable energy market.

### Strategy

The Company's mission is to fight climate change with the leading solar thermal technology to provide competitive and stable energy.

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

Savosolar has partners in different markets, with whom complete energy systems are supplied. The partners can be either vendors of global components or solutions (such as isoplus Fjernvarmeteknik A/S, a global pipeline supplier) or local integrators or installation companies. With the help of these local partners, Savosolar contributes to the local economy by using local subcontractors and in supplying and installing clean energy systems. The revitalisation of the local economy is often a major factor when municipalities and cities make decisions about, for example, investments in their own district heating plant. Local partners are already present in several countries, and examples of cooperation agreements are Flemming Jorgensen S.A. de C.V. in Latin America, Geoflow Australia in Australia and Jiangsu Holly in China. The partners also act as a sales channel for the Company in addition to its own sales staff. This approach has also proven to be the best one, when looking for both optimal customer functionality and the most competitive cost for the system, as local partners can efficiently utilise local workforce and know-how.

### The Company's long-term goals

Savosolar's goal is to be an innovative technology leader in the industry. Therefore, the Company plans to invest 2–4 per cent of its revenue every year in product development. Technology leadership is first and foremost reflected in the efficiency of Savosolar collectors, as a result of the use of a unique aluminum direct-flow absorber as described in the section "*Products and offering*". The latest example in achieving this goal has been France's largest solar heating system (Condat, 4.000 m<sup>2</sup>) that was up and running in January 2019, which has the world's first mounted rotating one-axle rail system in January 2019.

In 2020–2022, the investments in product development are estimated to be somewhat more moderate, amounting to approximately EUR 0.2 million a year. While the geographical focal point of operations is currently in Europe, the

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<sup>32</sup> The efficiency of Savosolar's 15m<sup>2</sup> standard collectors equipped with MPE absorbers have been determined in harmonised certification tests carried out by independent research institutions. These tests are the basis for the Solar Keymark certification to be issued in the EU. The tests determine the technical values which influence absorber efficiency. Based on these values, Savosolar's large collectors equipped with MPE absorbers are the most efficient flat plate collectors in the world. In other words, the amount of energy produced by them per square metre in a similar system and under similar conditions annually is higher than that produced by competitors' products. The Solar Keymark database containing the information of all collectors being sold in Europe is public and can be accessed at [www.estif.org/solarkeymarknew/index.php](http://www.estif.org/solarkeymarknew/index.php). Equivalent technical information can also be found on collectors manufactured elsewhere in the world, and according to the information available to the Company's management, Savosolar's solar thermal collectors with MPE absorbers (Savo 15 SG, Savo 15 DG) produce the highest amount of energy per square metre compared to similar competitors.

<sup>33</sup> On the basis of the information the Company has collected from certification databases, customers, research institutes, suppliers and competitors, there is no other collector on the market with an aluminium coated direct flow absorber which has an efficient optical coating.

Company has started active marketing through partners in other geographical regions and also seeks to expand beyond European borders during the next few years.

Savosolar's target is to grow as a system supplier of large solar heating systems in industrial process heating and district heating in more and more markets, significantly increase the Company's net sales, achieve a gross margin of more than 30 per cent and an EBITDA margin of more than 15 per cent in the long-term. These new targets were set in December 2019, and before that the target was a 17-18 per cent EBITDA margin.

## History

The Company was founded in December 2009 and its operations began in April 2010.

Savosolar received the Intersolar Award for the MPE (Multi-Port Extrusion) profile, along with Danish Hydro Aluminum Precision Tubing in 2011. This innovation underpins the efficiency of Savosolar's products and has enabled the Company to create a strong brand and satisfied customers. In April 2011 Savosolar's first collector was certified<sup>34</sup> with the Solar Keymark, which meant that the Company's product could be sold all over Europe. In May 2011 the first sales were made in Finland. The first larger export delivery was made in November 2011 to South-Africa.

In May 2012 Savosolar's second collector was certified with the Solar Keymark and in September 2012 the Company was certified by the Bureau Veritas for its quality system according to the ISO 9001:2008.

On 28 August 2013 the Company filed a restructuring application in accordance with the Restructuring Act (47/1993, as amended) (the "Debt Restructuring Act") and the District Court of Pohjois-Savo ordered restructuring proceedings to commence in the Company on 2 September 2013. The District Court of Pohjois-Savo approved the Company's restructuring programme on 13 February 2014. The Company implemented the restructuring program in accordance with its terms and the program ended at the end of 2018. For more information about the restructuring programme, see "*Description of business – Legal and arbitration proceedings – Restructuring 2014-2018*".

On 10 July 2014 and 20 November 2014 the Company entered into two (2) agreements with a Danish company Løgumkloster Fjernvarme (District Heating Plant). The total value of the delivery is approximately EUR 1.6 million. For more information about the agreements, see "*Description of business – Material agreements – Delivery agreements with Løgumkloster Fjernvarme*".

In January 2015 the Company received the Solar Keymark certificate for the TPS collector (SF 100-04-TPS). Savosolar arranged an IPO in February–March 2015, with which the Company collected approximately EUR 4.1 million before expenses related to the IPO. Approximately EUR 2.9 million of the proceeds in the IPO was paid in cash and approximately EUR 1.2 million by setting off loans granted to the Company. Savosolar's Shares were admitted to trading on First North Sweden on 2 April 2015. Savosolar dual-listed the shares in First North Finland on 24 April 2015.

In March 2018, the Company signed the final contract for the supply of a solar thermal system to newHeat SAS (the value of the contract was more than EUR 2 million) in France. The solar thermal plant delivered to Condat-sur-Vézère's newHeat SAS was the largest in France at the time with a 4,000 m<sup>2</sup> collector area. This was also the first flat plate collector field in the world installed on a one-axis tracking system. The system was commissioned in early January 2019 and the final handover was during the first quarter of 2019.

In May 2018, Savosolar signed an agreement concerning a turnkey delivery of a solar thermal system to the Danish Grenaa Varmeværk A.m.b.a. The size of the solar thermal field of the system amounts to approximately 21,000 m<sup>2</sup> and the total value of the deal is approximately EUR 3.5 million. The system was delivered to the customer in March 2019.

The contract signed in August 2019 with Kyotherm Solar on the delivery of the France's largest solar thermal system to Issoudun, France, is the largest order placed with Savosolar to date. The size of the system is more than 14,000 m<sup>2</sup>, and it will also be the largest solar thermal system used for industrial process heating in Europe. The value of the delivery for Savosolar is EUR 3.9 million. Savosolar will deliver the largest part of the whole solar thermal system. Altogether, the total number of the Company's systems exceeds 100,000 m<sup>2</sup>. Construction and delivery of the system began in late 2019 and delivery is scheduled for September 2020.

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<sup>34</sup> The certification is not mandatory, but a large part of the customers require the certification for collectors purchased.

## Products and offering

The Company's main products are solar thermal systems, which have Savosolar's own large thermal collectors. According to information available to the Company's management, the large collectors with MPE-absorbers manufactured by Savosolar are the world's most efficient.<sup>35</sup>

### Savosolar collectors

Savosolar manufactures and sells mainly large area collectors (10–15 m<sup>2</sup>) for large installations.

Savosolar's main product is a 15 square metre large area collector for district heating and process heating systems. The product has an innovative design, offers the customer new features which improve the endurance (and therefore lifetime durability) and efficiency of the collector field. The collector is the only large collector on the market where the frame and glass are glued together, which improves the strength of the collector and prevents rainwater from entering the collector. In addition, the collector has a patented connection and fastening system, which allows the used land area to be used better than what competitors can do, i.e. the so-called energy density of the field increases.

#### *TPS-glass-absorber-glass mass production collector*

Savosolar has a development project, with the aim to develop a full glass TPS-glass-absorber-glass large collector and simultaneously explore possibilities to develop new business models for the production of the collector and for providing heating systems with it. The planned large collector is composed of elements in which the absorber is between two pieces of TPS-insulated glass and in which both of the spaces are filled with argon gas. In addition, this two-glass TPS collector module would enable the volumes and benefits of mass production in collector manufacturing, given that the collector in question can be manufactured on the production lines of existing insulating glass manufacturers. Indicatively, the prototype series of the TPS collector module will be produced on the production lines of two different insulating glass manufacturing companies. According to the knowledge of the Company's management, the mass production of this new kind of collector could provide a new business model in which production could be moved closer to the customer by making use of subcontracting and licensing. Business Finland awarded Savosolar with a product development loan for this project (70 per cent) in February 2017. Additionally, this project has two parallel projects, one lead by a Finnish window manufacturer and the other together with a consortium of German partners. If the project will succeed according to plan, technically and economically, The Company's management and the partners in the development project believe this product and concept can have a revolutionary impact on the global business of global large collector fields.

### Savosolar absorbers

The absorber is the core of the collector. A heat transfer liquid flows inside, where the sun's energy is transferred as heat with the absorber's optical coating and structure. Even though Savosolar absorbers are usually sold integrated in the collectors, they may also be sold separately.

Savosolar has filed three (3) different patent applications in relation to absorbers and the coating and production of them (method for providing a thermal absorber, method for manufacturing thermal absorber for solar thermal collector and method for producing a direct flow aluminium absorber for a solar thermal collector), for which patents have been granted in different countries. According to the Company's management's knowledge, Savosolar is the only company in the world able to coat complete ready-made absorbers (up to 18 m<sup>2</sup>) with highly selective nano-optical vacuum coating, at industrial scale. The coatings are based on very hard tool coatings and are consequently able to work at high temperatures for decades without significant degradation of optical attributes.<sup>36</sup> Furthermore, the coating has top class optical properties: the absorbance is 96 per cent, the emissivity only five (5) per cent and together with the superior glass an extraordinary amount of solar radiation at exceptionally high angles can be recovered with the collector.<sup>37</sup>

Savosolar has two (2) different types of direct flow full aluminium absorbers with highly selective in-house optical MEMO-coating (i.e. the one that maximises the solar radiation energy absorption throughout the visible light wave length range and minimises reflection). They are the following.

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<sup>35</sup> For more information about the efficiency of the absorbers and collectors, see the section "Description of business – Savosolar in brief", in particular the footnote number 12.

<sup>36</sup> Minna Kotilainen's dissertation Temperature-Induced Ageing Mechanisms and Long-Term Stability of Solar Thermal Coatings, Tampere 2014. Publication 1222, Tampere University of Technology.

<sup>37</sup> The data is based on the results of Minna Kotilainen's dissertation, Solar Keymark certification test results, as well as the measurement results of the glass and coating made by the Swiss leading research institute within solar energy, SPF.

### *MPE (Multi-Port Extrusion) profile absorbers*

The certified brazing process enables the Company to produce direct flow absorbers from MPE (Multi-Port Extrusion) profiles, i.e. thin-walled aluminum profiles, which have been found both theoretically and in practice to be the best heat exchangers in many different industries. Similar profiles are used primarily in the automotive industry, and also in heat pumps and ventilation equipment, and Savosolar is, according to the Company's management, the only company in the world to use such efficient profiles in solar heat absorbers.

### *Roll-bond absorbers*

In the roll-bond process, the liquid channel structure is printed with a special ink on an aluminium sheet and with different patterns an optimised flow of the heat transfer liquid through solar absorbers can be achieved. A second sheet is then rolled over the first sheet and they are cladded together except for the areas printed with the special ink. After this, the flow channels are opened with pressurised air. Savosolar then coats these absorbers with its optical coating.

### *PVT-absorbers*

Savosolar also delivers MPE-profile absorbers without coating for PVT-panels. PVT stands for photovoltaic-thermal and is a combination of an electricity producing solar panel and a solar thermal absorber, where the heat absorber absorbs and collects the heat from (and thus cools) the PV-panel which improves the efficiency of the PV-panel. This means that you get both electricity and heat energy from the same panel.

## **Production**

At the moment Savosolar produces all of its collectors and MPE-absorbers in its own plant which is located in Mikkeli, Finland. The Company acquires the roll bond absorbers from CGA Technologies S.p.A. Essentially, the process involves three steps: 1) the absorber manufacturing, for which the Company has two flame brazing stations and certified flame brazers, 2) the absorber coating, for which the Company has one large coating line for optical coating, and 3) the composition of collectors on the assembly line, where the main equipment is gluing stations (2) equipped with a robot as well as lifting and processing equipment for glass.

The current yearly production capacity is approximately 110,000-140,000 square metres. Such a production volume is possible with the Company's current large collectors and by changing the production into three shifts, which has already been done several times in periods of a few months during 2016–2019, meaning the Company knows how to successfully do it again. In addition, weekends serve as a flexible element when needed.

## **Customers and partners**

The Company focuses on the market for large systems and project deliveries and has delivered collectors and systems to 18 different countries. The Company's customers are energy companies such as district heating companies (up to this date in Denmark, Finland, Sweden and France) or major national or international energy companies (such as Veolia) and industrial companies in process heating solutions. In addition, customers can be large integrators supplying heating and cooling systems to the above-mentioned customer groups or investment companies that invest in energy systems and sell heating or cooling to those who need it - that is, large industrial or commercial companies or energy companies.

One of the Company's strategies is to seek local partners in different markets who already know the customers in their area and may already have worked with the customers' energy systems. The partners are familiar with the local market, the customers' needs and expectations and local laws and regulations. The partners also have expertise in the integration of energy systems, which together with them enables the Company to make turnkey deliveries using local resources without much own staffing in the implementation stage. These companies will act as one, and in the future, perhaps as the most important sales channel in addition to the Company's own sales staff. There are already local partners in more than ten countries, with close cooperation agreements signed in Latin America, Australia and China. In addition, the Company can have and have large (European, global) partner suppliers of components or solutions, such as isoplus Fjernvarmeteknik A/S as a global pipeline supplier. Through these partners, opportunities are also available for new projects around the world.

## **Projects**

The Company's project deliveries are sold directly to customers as one offs. Projects are delivered in co-operation with other actors, either in such a way that Savosolar is responsible for the turnkey solution, or so that a local partner is

responsible for the turnkey solution. The Company's largest projects so far are the deliveries of more than 70,000 m<sup>2</sup> large-area collector fields to district heating companies in Denmark; Grenaa, Løgumkloster, Jelling, Lolland Varne and Fors A/S/ Jyderup, a 4,000 m<sup>2</sup> collection field delivery to newHeat SAS in France and and the currently ongoing 14,000 m<sup>2</sup> delivery to Kyotherm Solar, also in France.

The payment terms for projects vary, and in a typical project, the Company receives about 20-30 per cent of the project value as an advance and approximately 10 per cent of the project value as the last payment when the project is handed over to the customer. Intermediate payments vary and are negotiable. As an example, the Company may receive a payment at the following milestones: i) when the collector installation begins, ii) when a potential building is built and ready for the installation of pumps and other equipment, iii) when 90 per cent of the collectors have been installed; and iv) when the installation in technical building has been finalised.

The table below provides a summary of the Company's most important project deliveries so far. For more information on these, see "*Description of business - Material agreements*" in the Prospectus.

<b>Project</b>	<b>Project size</b>	<b>Year of delivery</b>	<b>Delivery to country / Other information</b>
Løgumkloster	EUR 2.6 million	2014-2016	Denmark. Delivered and handed over to customer.
Jelling Varnevaerk	EUR 2.0 million	2016	Denmark. According to the information available to the Company, it has the Danish daily energy production record and has almost six (6) per cent better efficiency compared to the next best field. Delivered and handed over to customer. The customer ordered an extension in the summer of 2018 that was delivered in the first half of 2019.
	EUR 0.7 million	2019	
Fors A/S / Jyderup district heating plant	EUR 1.5 million	2016	Denmark. Delivered and handed over to customer.
Lolland Varne A/S / Søllestedin district heating plant	EUR 0.7 million	2016	Denmark. Was made based on a cooperation agreement with Danske Energi Service (DES). Delivered and handed over to customer.
Véolia ECHM / Voreppe	EUR 0.1 million	2018	France. The project and system delivered and handed over.
newHeat SAS / Condat-sur-Vézère solar thermal plant	EUR 2.0 million	2018	France. The largest solar thermal plant in France. This was also the first flat plate collector field in the world installed on a one-axis tracking system. The deployment of the solar collector system took place at the beginning of January 2019 and the final delivery took place during the first quarter of 2019.
Oulun Seudun Sähkö / Ankkurilahti	EUR 0.2 million	2018	Finland. The largest solar field in Finland in 2008. 200 kilometres from the Arctic Circle. Delivery took place in summer 2018.
Grenaa Varnevaerk A.m.b.a	EUR 3.5 million	2018	Denmark. The Company's largest delivery agreement at the time. The delivery of the system progressed on schedule, and the delivery to the customer took place in March 2019.
Kyotherm Solar	EUR 3.9 million	2019-2020	France. Savosolar's largest order to date. Savosolar supplies most of the entire solar heating system. Construction and delivery of the system began in the autumn of 2019 and delivery is scheduled for September 2020.
Fernwärme Ettenheim	EUR 0.8 million	2019-2020	Germany. The Company's first delivery to Germany. The solar thermal system is expected to be operational in June 2020.
Suur-Savon Sähkö Oy	EUR 0.17 million	2019	Finland. The collection area of the system is the largest in Finland so far.
La Francaise de l'Energie (LFDE)	EUR 1.3 million	2020	France. Agreement with a subsidiary of LFDE for the supply of a solar thermal system to



AbSOLAR

EUR 0.3 million

Creutzwald, France. Delivery and construction of the system began during spring 2020, and delivery is scheduled for autumn 2020.

France. Agreement with AbSOLAR SAS for the supply of a solar heating system to Cadaujac, France. Delivery is scheduled for autumn 2020.

## Research and development

Savosolar has since inception invested significantly on research and development with universities (including the University of Minho in Portugal, the Fraunhofer Institute, Ingoldstadt Universität and ZAE Bayern in Germany, CAPS, University of South Korea, VTT Institute, University of Jyväskylä, University of Lappeenranta and Aalto University) and research partners, as well as its own R&D team. The Company's research and planning team has consisted of 1–7 people, depending on the stage of development. Currently, it consists of three (3) people who mainly focus on improving the competitiveness of the current product and on developing new solutions.

The main objectives of the Company's product development are to achieve high quality, efficiency and durability of the structures at a competitive cost – solutions which bring the customers of Savosolar the best possible return on investment. The Company does both customer-specific development and own product development: the main focus is to produce own products that are developed due to identified customer or market needs.

One of the Company's largest development projects has been the development of the efficient large absorbers and solar thermal collectors used in district heating and process heating systems. This has been and is connected to building expertise in whole systems; the ability to design the entire solar collector field into a hybrid heating system and installing even larger collector fields either fixed on the ground or on rotating trackers.

In addition to further developing the large area system concept the Company also explores solar thermal cooling. Savosolar participated in a project named SOLHC - Solar Heating and Cooling in Northern and Central Europe. The SOLHC project belonged to the Finland – Germany framework program and the Finnish part was financed by Business Finland. The partners in Finland were Savosolar and VTT, and in Germany ZAE Bayern. The target of the project is to develop economically affordable heating and cooling system utilising the solar thermal energy. The project was finished in the spring of 2017.

Below a summary of the Company's capitalised development costs for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 (amounts expressed in EUR thousand).

Development costs, total	Capitalised development costs during the financial period		Amortisations and depreciations from capitalised development costs during the financial period		Capitalised development costs at the end of the financial period		
	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2019	1 January - 31 December 2018	
127.0	111.8	35.7	155.5	214.2	257.4 <sup>2</sup>	801.2	979.7

Development costs, total	Capitalised development costs during the financial period		Amortisations and depreciations from capitalised development costs during the financial period		Capitalised development costs at the end of the financial period	
	31 December 2017	31 December 2017	31 December 2017	31 December 2017	31 December 2017	31 December 2017
73.7	7.5 <sup>1</sup>		214.1			1,081.6

<sup>1</sup> Capitalised development costs are reduced by the EUR 81.6 thousand development grant from Business Finland which was paid during 2017. Without the grant the capitalised development costs amounted to EUR 89.1 thousand.

<sup>2</sup> Depreciation and write-downs include an impairment of EUR 45.6 thousand recognised from capitalised development costs in 2018.

## Patents and patent applications

The Company has five (5) patents granted and has submitted two (2) applications for patents for which the stage in the process is described below:

Application number	Date of application	Description	Current status
PCT/FI2010/050342 BP202330	28 April 2010	Method for providing a thermal absorber (coating patent)	Patent granted: in Europe, Japan, Hong Kong and the United States.
PCT/FI2011/050160 BP203446	22 February 2011	Method for manufacturing thermal absorber for solar thermal collector (process patent)	Patents granted: in Europe, Japan and the United States.
PCT/FI2011/050877 BP205047	15 October 2014	Method for producing a direct flow aluminium absorber for a solar thermal collector (laser welding patent)	Patents granted: in Europe, Japan and the United States.
FI 20145153 BP208432	17 February 2014	Solar thermal absorber element (TPS module patent)	Patent granted: in Europe. Patent application filed: in Japan, China and the United States.
FI 20145907 BP209085	16 October 2014	Integrated flexible hose	Patent application filed: in Europe, Finland, Japan, China and the United States.
FI 20145908 BP209112	16 October 2014	Slide mounting of solar thermal collectors	Patent granted: in the United States. Patent application filed: in Europe, Finland, Japan and China.
FI 20155432 BP209799	8 June 2015	Solar thermal absorber element	Application submitted: in Europe, Finland, Japan, China and the United States.

Savosolar's competitiveness in solar heating systems is based on e.g. the Company's solar thermal collector. According to the information available to management, the Company's large collector is the most efficient large solar thermal flat plate collector in the world. One of the Company's strengths throughout its history has been a strong approach based on product development and research in the competitive utilisation of solar heat in a way that adds value to customers. Unlike many competitors, the Company has gone its own way in collector technology and its manufacturability, which has provided the Company with sustainable competitiveness. In order to maintain its competitive advantage, based in part on research and development, the Company actively seeks to protect its unique product technology and its critical manufacturing methods by patenting its inventions in a commercially reasonable manner. Infringement of Savosolar's patents would not be likely to directly benefit a competitor in the short- to medium-term due to its expertise in collector manufacturability.

## Trademarks

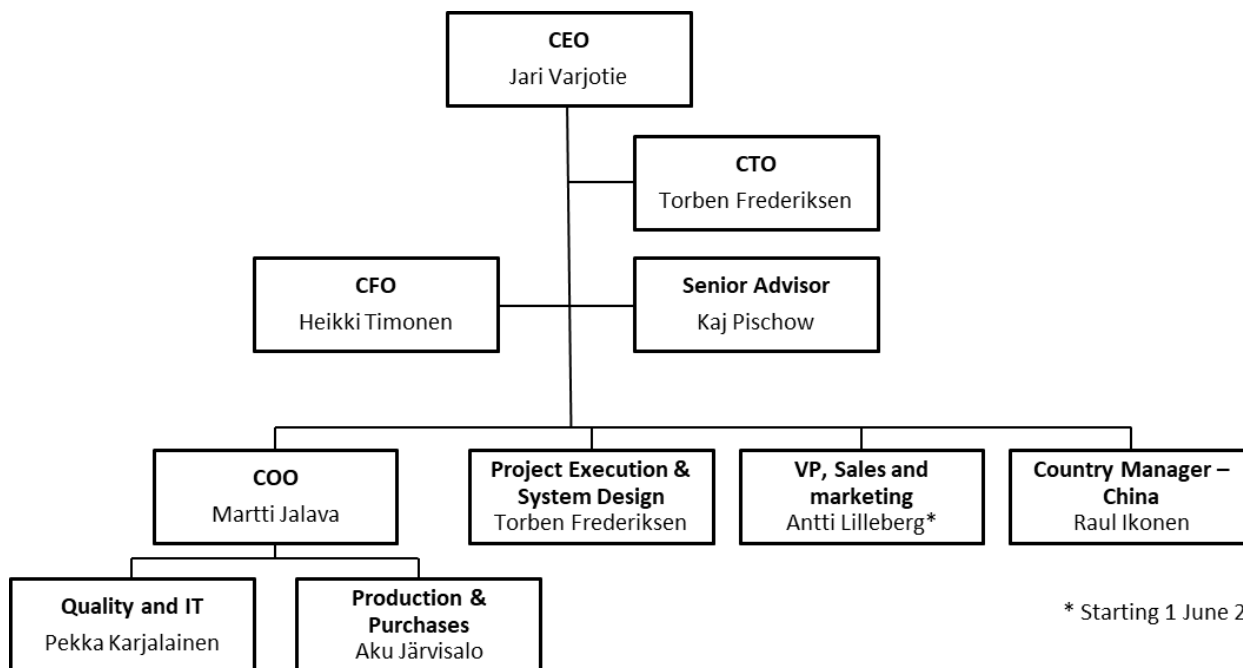
The Finnish Patent and Registration Office has on 14 August 2015 granted Savosolar with the Finnish trademarks for the word mark Savosolar and the combination of word and figure including in the Savosolar logo. The trademarks have been granted in the classes 9 (solar panels), 11 (solar-heating equipment), 37 (solar heating system installation services) and 42 (solar heating systems planning services). The trademarks are valid for ten years from the registration date. The opposition period relating to the trademarks ended on 14 October 2015.

## Corporate structure and organisation

Savosolar has two wholly-owned subsidiaries in Denmark (Savosolar ApS) and Germany (Savosolar GmbH). In addition, Savosolar owns 55.0 per cent of the shares in Savolaser Oy, which is currently a dormant company. The rest of Savolaser's shares are owned by Veslatec Oy.

Savosolar has 35 employees as per the date of the Prospectus. In 2019, the Company had an average of 36 employees, 31 of whom were in Finland, 4 in Denmark and 1 in Germany. In 2018, the Company had an average of 37 employees, 33 of whom were in Finland, 3 in Denmark and 1 in Germany. The Company had an average of 42 employees in 2017, of whom 37 were in Finland, 4 in Denmark and 1 in Germany.

The organisational structure is illustrated below. The research and development department mainly focuses on customer oriented product development and enhancement as well as customer specific adaptations. As mentioned above, there is however a longer-term development project ongoing where a mass producible TPS-glass large system collector is being developed.



## Material agreements

### Delivery agreement with newHeat SAS

On 3 March 2018, Savosolar and newHeat SAS signed a contract on the delivery of the largest solar thermal system in France. The contract value is over EUR 2.0 million and the deployment of the solar collector system began at the beginning of January 2019 and final delivery happened in the first quarter of 2019.

The turnkey delivery covered the civil works, the collector field installed on a tracking system, piping, solar station including the heat exchanger, the control system and the heat delivery to the industrial process. Additionally, Savosolar obtained the operation and maintenance contract. The solar thermal plant to be installed in Condat-sur-Vézère is the largest completed solar thermal plant to date in France, with a collector area of over 4,000 m<sup>2</sup>. This is also the first flat plate collector field in the world installed on a one-axis tracking system. The customer, newHeat SAS, will use the solar thermal plant to supply and sell heat to an industrial site.

Savosolar was selected as the preferred bidder in a tender in June 2017, when the negotiations on the final contract started.

### Cooperation agreement with Geoflow Australia Pty Ltd

On 18 March 2018, Savosolar signed a cooperation agreement with Geoflow Australia Pty Ltd concerning the sales and marketing of solar thermal fields and turnkey solutions for utilising solar thermal energy in the region Australia and New Zealand. According to the cooperation agreement, the companies are focusing on large-scale solar thermal installations and their marketing is done under the brand Savosolar Australia. Geoflow acts as the local partner for Savosolar and is in charge of turnkey system deliveries to customers in the region. Savosolar supplies the equipment and also participates in projects when necessary.

Geoflow is a design and installation company offering renewable large-scale heating and cooling solutions in Australia. Geoflow has the highest skills in design and combining different sources of renewable energy including geothermal heating and cooling. Geoflow is the only company in Australia that is a certified geothermal designer and with the design of a 10,000 m<sup>2</sup> solar thermal collector system, among others, combined with geothermal heating in Australia, Geoflow is the leading company in large scale solar thermal solutions in the region.

## **Delivery agreement with Grenaa Varmevaerk A.m.b.a**

On 28 May 2018, Savosolar and Grenaa Varmevaerk A.m.b.a. signed a contract regarding the delivery of a large solar thermal system. The final value of the contract is approximately EUR 3.6 million including a solar field of nearly 21,000 m<sup>2</sup>. In the construction and installation of the system, Savosolar collaborated with local companies.

## **Delivery agreement with Kyotherm Solar**

The contract signed in August 2019 with Kyotherm Solar on the delivery of the France's largest solar thermal system to Issoudun, France, is the largest order placed with Savosolar to date. The size of the system is more than 14,000 m<sup>2</sup>, and it will also be the largest solar thermal system used for industrial process heating in Europe when completed. The value of the delivery for Savosolar is EUR 3.9 million.

Kyotherm and its affiliate Kyotherm Solar are investment companies that specialise in the third-party financing of renewable heat and energy efficiency projects. Kyotherm Solar will be selling heat from this system built in Issoudun to a malt drying factory. Construction and delivery of the system began in autumn 2019 and delivery is scheduled for September 2020, slightly later than planned due to delays caused by the coronavirus pandemic.

## **Delivery agreement with La Francaise de l'Energie**

In February 2020, Savosolar signed a contract worth nearly EUR 1.4 million with the subsidiary of the French company La Francaise de l'Energie (LFDE) to deliver a solar heating system in Creutzwald France. The system delivery and construction will start during the spring 2020, and the hand-over is planned for autumn 2020.

LFDE subsidiary will own and operate the solar heating system and sell heat to ENES Creutzwald, the energy service company of Creutzwald's municipality, owner of the district heating network. The size of the solar heating system is over 5,900 m<sup>2</sup>, will generate over 2 600 MWh of clean energy annually, and will be the fourth project of Savosolar for the French market. Savosolar will deliver the largest part of the whole solar thermal plant including the solar collector field, piping, heat exchange station and automation.

La Française de l'Énergie (LFDE) is listed on Euronext and leader in low carbon footprint energy production. LFDE produces gas, green electricity and heat in Northern France, Eastern France and in Benelux. Since 2019, LFDE develops photovoltaic and solar thermal projects on the areas where they operate, to reduce the carbon footprint of the final consumers. Through this first solar thermal project, LFDE reaffirms its commitment to the environment by developing renewable energy projects, prioritising environmental benefits and reducing energy costs.

## **The Company's financial agreements**

The Company's financial agreements are described in the section *“Operating and financial review and prospects – Financial resources”*.

## **Premises**

The Company does not own real property or real estates. The head office, manufacturing premises and warehouses of the Company are located at Insinöörinkatu 7, 50150 Mikkeli (approximately 4,500 square metres). The lease agreement has three (3) months' notice period. The production facilities suffice for the Company roughly for the next 3–6 years, if the growth strategy progresses as planned. The Company may however require more storage space prior to this, which the Company's management sees no challenges in leasing. In Denmark the Company's subsidiary Savosolar ApS operates in leased premises at the address Jerbanegade 18, 6330 Padborg. In addition, the Company has a leased office in Aarhus at INCUBA A/S, CVR 10 04 93 85, Inge Lehmanns Gade 10, 8000 Aarhus C, Denmark. Both leases have a three (3) months' notice period. The Aarhus premises have been terminated and the remaining lease liability for May 2020 is EUR 0.5 thousand. In addition, the Company leases an office room at the address Technopolis Aviapolis, Teknobulevardi 3-4, Vantaa. The lease agreement has a three (3) months' notice period. In Germany Savosolar GmbH operates in leased premises of MKH Greenenergy Cert GmbH in an office space at the address Kühnehöfe 3, 22761, Hamburg. The lease agreement has a notice period of three (3) months.

## **Insurance**

The Company's insurance portfolio is based on compulsory insurance, regular risk assessments of the risks to be taken into account and delivery agreements on risk sharing between the Company and the customer. Primarily, the Company

seeks to remove or decrease the significance of the risks and/or the probability. For the remaining risks, insurance is hedged when insuring makes sense from a business perspective.

Savosolar has liability insurances, property insurance, product liability insurance, business interruption insurance, transport insurance, travel insurance and employee group life insurance. In addition, the Company's subsidiaries Savosolar ApS and Savosolar GmbH have conventional insurances in place in Denmark, and including insurances related to the personnel. Typically, the Company also insures project sites based on local legislation and the risk sharing agreed with the customer at any given time.

Savosolar's management believes that Savosolar and its subsidiaries maintain insurance coverage that is comparable with the companies of the same size and business area.

## **Legal and arbitration proceedings**

Sunti SAS has issued a summons to Savosolar to attend the court of justice in Montpellier following Savosolar's alleged breach of contract. In the summons, Sunti SAS claims that Savosolar has violated the exclusivity rights clause in the contract between the companies relating to the open tender for a solar collector field project in France. Sunti SAS claims in the summons for a total amount of approximately EUR 2.0 million in damages for the alleged breach of contract from Savosolar. Savosolar considers Sunti SAS's claims for compensation to be without just cause. So far, Sunti and Savosolar have submitted written statements to the Commercial Court. The Commercial Court has given extra time for the processing, so that the first possible oral hearing will be no earlier than late spring 2020.

In addition to the aforementioned, Savosolar has not during the past 12 months been a party to a governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Savosolar is aware), which may have, or have had in the past 12 months, a significant effect on the financial position or profitability of Company.

## **Restructuring 2014-2018**

Between 2014-2018, Savosolar was subject to a restructuring programme in accordance with the Restructuring Act". The restructuring program ended at the end of 2018. The material content of the of the Company's ended restructuring programme is described below. For more information on the debts remaining from the restructuring programme, see "*Operating and financial review and prospects – Capital Loans*" in the Prospectus.

### *Restructuring programme of Savosolar*

The Company filed a restructuring application in accordance with the Restructuring Act to the District Court of Pohjois-Savo on 28 August 2013. The District Court of Pohjois-Savo ordered restructuring proceedings to commence on 2 September 2013 and approved the Company's restructuring programme on 13 February 2014.

The Company's heavy investments in product development and slower than expected proceeding of the development process and commercialisation were the reasons for applying to the restructuring proceedings. Due to the slower than expected commercialisation the Company's balance sheet had weakened to the extent that its own equity had turned negative. The Company had also ended up in cash crisis just before filing of the application for restructuring.

In the restructuring programme, the creditors of the Company were divided in to four (4) groups:

- A) Creditors who had floating charges as security for their restructuring debts;
- B) Creditors with so called ordinary restructuring debts;
- C) Creditors whose debts that can be reclaimed without a judgment or court order, as provided in the Act on the Collection of Taxes and Public Charges by Enforcement (367/1961);
- D) Creditors whose debts are paid in full.

Restructuring debts to creditors belonging to group A (total of approximately EUR 480.4 thousand) were converted into capital loans, which were paid back after the end of the restructuring programme and when the Company's financial standing and equity enable the payment. The annual interest on the loans was 3 per cent and was payable at the end of each year if the Company had enough equity at the time. In May 2018, The Company agreed to postpone the maturity date of the capital loans to 31 December 2019. After the postponement of the maturity dates, the capital loans were not included in the restructuring programme.

Restructuring debts to creditors belonging to group B (total of approximately EUR 2,521.6 thousand) and group C (total of approximately EUR 119.4 thousand) were cut by 65 per cent, save for the loans of approximately EUR 950.9 thousand granted by Suur-Savon Osuuspankki, which were converted into capital loans. No interest was paid on the debtors' loans. The annual interest on the loan from Suur-Savon Osuuspankki was 3 per cent and was payable at the end of each year if the Company had enough equity at the time. The capital loans are paid back at the end of the restructuring programme on 31 December 2018, if the Company has enough equity. In May 2018, The Company agreed to postpone the maturity date of the capital loans to 31 December 2019. After the postponement of the maturity dates, the capital loans were not included in the restructuring programme.

In addition, the Company agreed 20 February 2019 with Suur-Savon Osuuspankki on amendments to the terms and conditions of capital loans of approximately EUR 1.2 million included in the above-mentioned debts. Repayment schedule of the capital loans was amended so that the loans will be paid back in monthly instalments during 24 months beginning in April 2019. Before the amendment, maturity date of the capital loans was 31 December 2019. As a result of the amendment to repayment schedule, fixed annual interest of the capital loans increased from three (3) per cent to four (4) per cent.

Restructuring debts to creditors belonging to group D (total approximately EUR 150.6 thousand) and salary debts (total approximately EUR 117.6 thousand) have been paid back in full.

## Related party transactions

Savosolar's related parties include Savosolar's subsidiaries, the members of Savosolar's Board of Directors, the Managing Director, the members of Savosolar's management group and shareholders that have significant influence over the Company. The Company's related parties further include close family members of such persons and entities in which such persons have a controlling interest.

## Employee benefits of related parties

In the table below the employee benefits for the management and Board of Directors for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 (the amounts are expressed in EUR thousand).

	2019	2018	2017
		(unaudited)	
Salaries and benefits	721.7	550.4	503.2
<b>Employee benefits of related parties, total</b>	<b>721.7</b>	<b>550.4</b>	<b>503.2</b>

The General Meeting on 27 April 2020 resolved that the members of the Board of Directors to be paid the following remuneration for the term that begins at the end of the Annual General Meeting and ends at the end of the next Annual General Meeting: EUR 21,600 for the Chairman of the Board and EUR 10,800 for each of the other members of the Board. Approximately 40 per cent of the remuneration to be paid to the members of the Board of Directors will be paid by giving to the Board members company's new shares based on the authorisation granted to the Board of Directors and approximately 60 per cent in cash. Cash portion of the remuneration will be paid in 12 monthly instalments to the extent it exceeds the amount of tax withholding from the remuneration. The number of remuneration shares will be determined on the basis of the value of the company's share in First North Growth Market Finland as follows: the volume weighted average price of the Savosolar Plc's share within two (2) weeks following the publication of the half-year report for the period 1 January – 30 June 2020 will be used as the value of share. Alternatively, if so resolved by the Board of Directors, the remuneration shares can be purchased in the name of and on behalf of the Board members. In such case the company will pay any costs and transfer tax related to the purchase of the company shares.

Board members may not give away shares received as remuneration before their term of office on the Board has ended. In addition, Board members are compensated for reasonable travel and accommodation expenses related to Board meetings. Travel and accommodation expenses are nevertheless not compensated for with regard to Board members who live in the greater Helsinki region when the meetings are held in the greater Helsinki region.

The remuneration of the management team as a whole has increased in the financial year 2019 compared to the previous financial year, mainly due to additional recruitments made in accordance with the growth strategy in the financial years 2018 and 2019. Further information on the remuneration and benefits of the members of the Board of Directors and the management group is presented in section "*The Board of Directors, management and auditors – Remuneration and benefits of Board members and management*".

## **Other related party transactions**

The Company has entered into a service agreement with Savosolar ApS on 29 August 2014 regarding the services offered by Savosolar ApS to the Company, including sales, marketing, purchasing and product development services. Under the agreement the compensation paid to Savosolar ApS is tied to the costs incurred by providing the services by the addition of four (4) per cent. The agreement is valid until further notices with a 30 days' notice. Under the agreement, EUR 485 thousand has been paid to Savosolar ApS in 2017, EUR 588 thousand in 2018 and EUR 506 thousand in 2019.

The Company has signed a service contract with Savosolar GmbH on 3 March 2017, regarding the services of for example sales, customer relationship management and project management for the Company. Under the terms of the agreement, the compensation paid to Savosolar GmbH is tied to the cost of providing services, plus four (4) per cent. The agreement is valid for an indefinite period with a termination period of 30 days. On the basis of the agreement, Savosolar GmbH has been paid EUR 124 thousand in 2017, EUR 195 thousand in 2018 and EUR 168 thousand in 2019.

## Selected financial information

The following tables present selected financial statement information and other information of the Company for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017. The summary presented below is based on the audited financial statements for the financial year ended 31 December 2019, 31 December 2018 and 31 December 2017.

This section should be read in conjunction with Savosolar's financial statements for the financial years ended on 31 December 2019, 31 December 2018 and 31 December 2017 as well as the section "Operating and financial review and prospects" in the Prospectus. Savosolar's financial statements for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 have been prepared in accordance with FAS. The summary below does not include all information of the financial statements.

Savosolar Plc is a small accounting firm according to 1:4a § of the Finnish Accounting Act and including subsidiaries a small accounting entity according to 1:6a § of the Finnish Accounting Act. The Company has not had the obligation to prepare consolidated financial statements for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017.

### Income statement

EUR thousand	1 January 2019 - 31 December 2019	1 January 2018 - 31 December 2018	1 January 2017 - 31 December 2017
	FAS (audited)	FAS (audited)	FAS (audited)
<b>NET TURNOVER</b>	3,415.4	5,428.2	830.9
Other operating income	0.0	9.0	24.4
<i>Materials and services</i>			
Raw materials and consumables			
Purchases during the financial year	-2,998.1	-3,142.1	-841.7
Increase (-) or decrease (+) in stocks	804.2	-50.0	505.2
External services	-1,160.7	-2,726.9	-415.1
<b>Total materials and services</b>	<b>-3,354.6</b>	<b>-5,919.1</b>	<b>-751.6</b>
<i>Personnel expenses</i>			
Wages and salaries	-1,571.1	-1,608.8	-1,550.6
Pension expenses	-251.7	-268.1	-242.7
Other social security expenses	-58.7	-54.8	-37.0
<b>Total personnel expenses</b>	<b>-1,881.5</b>	<b>-1,931.8</b>	<b>-1,830.3</b>
Depreciation, amortisation and impairment	-624.1	-718.7	-761.6
Other operating expenses	-2,554.1	-2,453.9	-2,364.8
<b>OPERATING PROFIT (LOSS)</b>	<b>-4,998.9</b>	<b>-5,586.3</b>	<b>-4,853.1</b>
<i>Financial income and expenses</i>			
Interest and other financial income	20.0	23.3	13.8
Interest and other financial expenses	-1,781.1	-1,072.4	-824.2
<b>Total financial income and expense</b>	<b>-1,761.1</b>	<b>-1,049.1</b>	<b>-810.4</b>
<b>PROFIT (LOSS)</b>	<b>-6,759.9</b>	<b>-6,635.4</b>	<b>-5,663.5</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-6,759.9</b>	<b>-6,635.4</b>	<b>-5,663.5</b>
<b>NET PROFIT (LOSS)</b>	<b>-6,759.9</b>	<b>-6,635.4</b>	<b>-5,663.5</b>



## Balance sheet

EUR thousand	31 December 2019	31 December 2018	31 December 2017
	FAS (audited)	FAS (audited)	FAS (audited)
<b>ASSETS</b>			
<i>NON-CURRENT ASSETS</i>			
<i>Intangible assets</i>			
Development costs	801.2	979.7	1,081.6
Intangible rights	117.5	138.7	159.8
Other long-term expenses	72.8	229.6	386.4
<b>Total intangible assets</b>	<b>991.5</b>	<b>1,347.9</b>	<b>1,627.8</b>
<i>Property, plant and equipment</i>			
Machinery and equipment	708.0	854.0	1,130.3
<b>Total tangible assets</b>	<b>708.0</b>	<b>854.0</b>	<b>1,130.3</b>
<i>Investments</i>			
Shares in group companies	161.9	161.9	161.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,861.5</b>	<b>2,363.8</b>	<b>2,920.0</b>
<i>CURRENT ASSETS</i>			
<i>Inventories</i>			
Materials and supplies	659.9	731.5	419.5
Work in progress	36.4	19.3	5.7
Finished goods	1,053.8	194.9	570.6
Advance payments	39.0	35.8	
<b>Total inventories</b>	<b>1,789.1</b>	<b>981.6</b>	<b>995.8</b>
<i>Long-term receivables</i>			
Other receivables	802.7	504.2	221.9
<b>Total long-term receivables</b>	<b>802.7</b>	<b>504.2</b>	<b>221.9</b>
<i>Short-term receivables</i>			
Accounts receivable	175.6	62.9	49.3
Receivables from participating interest undertakings	1.8	0.8	0.0
Other receivables	75.5	460.3	43.2
Prepaid expenses and accrued income	453.0	1,069.4	35.2
<b>Total current receivables</b>	<b>705.9</b>	<b>1,593.4</b>	<b>127.8</b>
<b>Total receivables</b>	<b>1,508.6</b>	<b>2,097.6</b>	<b>349.7</b>
Cash and cash equivalents	2,133.1	747.4	2,212.4
<b>TOTAL CURRENT ASSETS</b>	<b>5,430.7</b>	<b>3,826.5</b>	<b>3,557.9</b>
<b>TOTAL ASSETS</b>	<b>7,292.2</b>	<b>6,190.4</b>	<b>6,477.9</b>

EUR thousand	31 December 2019	31 December 2018	31 December 2017
	FAS (audited)	FAS (audited)	FAS (audited)
<b>EQUITY AND LIABILITIES</b>			
<i>EQUITY</i>			
Share capital	470.2	470.2	470.2
Share issue	1,536.7	0.0	0.0
Unrestricted equity fund	36,715.4	29,273.1	24,919.1
Retained earnings	-28,370.9	-21,735.5	-16,072.0
Net profit (loss)	-6,759.9	-6,635.4	-5,663.5
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>3,591.5</b>	<b>1,372.5</b>	<b>3,653.8</b>
<i>OBLIGATORY RESERVES</i>			
Other obligatory reserves	393.4	326.0	171.9
<b>Other obligatory reserves in total</b>	<b>393.4</b>	<b>326.0</b>	<b>171.9</b>
<i>LIABILITIES</i>			
<i>Long-term liabilities</i>			
Capital loans	230.7	0.0	0.0
Loans from financial institutions	314.0	314.0	311.9
<b>Total long-term liabilities</b>	<b>544.7</b>	<b>314.0</b>	<b>311.9</b>
<i>Short-term liabilities</i>			
Capital loans	681.6	1,431.3	1,431.3
Loans from financial institutions	0.0	818.7	223.7
Accounts payable	706.5	1,501.4	315.6
Trade payables	62.4	57.6	55.7
Other liabilities	40.5	34.6	36.9
Accruals and deferred income	1,271.5	334.2	277.1
<b>Total short-term liabilities</b>	<b>2,762.5</b>	<b>4,177.8</b>	<b>2,340.3</b>
<b>TOTAL LIABILITIES</b>	<b>3,307.2</b>	<b>4,491.9</b>	<b>2,652.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,292.2</b>	<b>6,190.4</b>	<b>6,477.9</b>

## Cash flow statement

EUR thousand	1 January 2019 - 31 December 2019	1 January 2018 - 31 December 2018	1 January 2017 - 31 December 2017
	FAS (audited)	FAS (audited)	FAS (audited)
<i>Cash flow from operating activities</i>			
Profit (loss) before appropriations and taxes	-6,759.9	-6,635.4	-5,663.5
<i>Adjustments</i>			
Depreciation and amortisation according to plan	624.1	718.7	761.6
Other non-cash income and expenses	67.4	154.1	36.3
Financial income and expenses	1,761.1	1,049.1	810.4
<b>Cash flow before change in working capital</b>	<b>-4,307.4</b>	<b>-4,713.5</b>	<b>-4,055.3</b>
<i>Change in working capital</i>			
Increase (-) or decrease (+) in current interest-free receivables	589.0	-1,747.9	199.5
Increase (-) or decrease (+) in inventories	-807.5	14.2	-505.2
Increase (+) or decrease (-) in current interest-free payables	153.1	1,369.4	-534.0
Cash flow from operations before financial items and taxes	-4,372.8	-5,077.7	-4,895.0
Interest and other financial expenses paid	-1,781.1	-1,072.4	-824.2
Interest received and other financial income	20.0	23.3	13.8
Cash flow before extraordinary items	-6,133.9	-6,126.8	-5,705.4
<b>Cash flow from operations (A)</b>	<b>-6,133.9</b>	<b>-6,126.8</b>	<b>-5,705.4</b>
<i>Cash flow from investing activities</i>			
Purchase of intangible and tangible assets	-121.7	-162.5	-181.9
Investment in subsidiaries	0.0	0.0	-28.0
<b>Cash flow from investment activities (B)</b>	<b>-121.7</b>	<b>-162.5</b>	<b>-209.9</b>
<i>Cash flow from financing activities</i>			
Share issue	8,979.0	4,354.0	5,770.0
Proceeds from short-term borrowings	1,031.1	1,069.3	0.0
Repayment of short-term borrowings	-1,809.8	-508.7	-284.0
Proceeds from long-term borrowings	0.0	112.8	201.2
Repayment of long-term borrowings	-559.0	-203.1	0.0
<b>Cash flow from financing activities (C)</b>	<b>7,641.3</b>	<b>4,824.3</b>	<b>5,687.2</b>
<b>Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)</b>	<b>1,385.7</b>	<b>-1,465.0</b>	<b>-228.1</b>
Cash and cash equivalents at beginning of period	747.4	2,212.4	2,440.5
Cash and cash equivalents at end of period	2,133.1	747.4	2,212.4

## Key financials

EUR thousand	31 December 2019	31 December 2018	31 December 2017
<b>Key financials for the income statement</b>			
	Unaudited if not otherwise stated		
Revenue	3,415.4 <sup>1</sup>	5,428.2 <sup>1</sup>	830.9 <sup>1</sup>
EBITDA <sup>2</sup>	-4,374.8	-4,867.6	-4,091.5
EBITDA-margin (%)	-128%	-90%	-492%
Operating profit / (loss) (EBIT)	-4,998.9	-5,586.3 <sup>1</sup>	-4,853.1 <sup>1</sup>
Operating profit margin (%)	-146%	-103%	-584%
Net profit / (loss)	-6,759.9 <sup>1</sup>	-6,635.4 <sup>1</sup>	-5,663.5 <sup>1</sup>
Net profit / (loss) -margin (%)	-198%	-122%	-682%
<b>Key financials for the capital structure</b>			
Equity capital, EUR thousand	3,591.5 <sup>1</sup>	1,372.5 <sup>1</sup>	3,653.8 <sup>1</sup>
Equity ratio (%)	61,8%	45,3%	56%
<b>Data per share</b>			
Amount of shares	1,723,265,358	352,538,414	130,749,062
Equity per share	0.002	0.004	0.03
Earnings per share	-0.006	-0.03	-0.04

<b>Employees</b>			
Average numbers of employees		31	37
			42

<sup>1</sup> Audited

<sup>2</sup> EBITDA has been calculated by adding depreciation and amortisation of the period to the operating loss (EBIT) according to below:

<b>EUR thousand</b>	<b>1 January 2019 - 31 December 2019</b>	<b>1 January 2018 - 31 December 2018</b>	<b>1 January 2017 - 31 December 2017</b>
	(Unaudited if not otherwise stated)		
EBIT	-4,998.9 <sup>1</sup>	-5,586.3 <sup>1</sup>	-4,853.1 <sup>1</sup>
Depreciation, amortisation and write-downs	624.1 <sup>1</sup>	718.7 <sup>1</sup>	761.6 <sup>1</sup>
EBITDA	-4,374.8	-4,867.6	-4,091.5

<sup>1</sup> Audited

## Definitions of key financials

### *EBITDA*

Operating profit (loss) (EBIT) before depreciation and amortisation.

### *EBITDA margin, %*

EBITDA in relation to revenue.

### *EBIT margin, %*

Operating profit (loss) (EBIT) in relation to revenue.

### *Profit / (loss) margin, %*

Net profit (loss) in relation to revenue.

### *Equity ratio, %*

Equity in relation to total assets.

### *Number of shares*

Number of shares outstanding at the end of the period.

### *Equity per share, EUR*

Equity capital in relation to monthly weighted average number of shares outstanding during the period, adjusted by share issues.

### *Earnings per share, EUR*

Net income of the period in relation to number of shares outstanding at the end of the period.

### *Average number of employees*

Average number of employees in the Company.

## Operating and financial review and prospects

*The following review of Savosolar's results and financial position should be read in conjunction with Savosolar's audited financial statements for the financial years ended on 31 December 2019, 31 December 2018 and 31 December 2017 as well as the section "Selected financial information" in the Prospectus.*

*This review contains forward-looking statements, which are subject to risks and uncertainties. Important factors, which may cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied in the forward-looking statements, are described in sections "Risk factors" and "Forward-looking statements" of this Prospectus.*

### Material accounting principles

The financial accounts have been prepared following the principle of continuity of operations.

The parent company of the Group is Savosolar Oyj, domiciled in Mikkeli, Finland. The company has three subsidiaries, Savosolar ApS, domiciled in Denmark, Savosolar GmbH, domiciled in Germany and Savolaser Ltd, domiciled in Mikkeli.

Since this is a small Group, no consolidation of Financial Statements has been made in accordance with Bookkeeping Act § 6:1. If the Consolidated Financial Statements had been made, it would not have had a substantial effect to get the true and fair view of the Group's result of operations and financial position.

### Valuation and sequencing principles and methods

Inventories are valued at the acquisition cost, or if the value of replacement cost or realisable sales value is lower, at lowest cost. The acquisition cost of inventories includes the variable production costs and related fixed production cost overhead.

Non-current assets have been valued to their acquisition costs. Depreciations according to plan regarding development expenses, intangible rights and other long-term expenses have been calculated as a straightline depreciation from the original acquisition cost. Expenditure depreciation from the residue has been used for other non-current assets, starting from the period when the non-current asset was taken into use.

The planned depreciation principles are:	2019	2018
Development expenses	10 yrs straight-line depreciation	10 yrs straight-line depreciation
Intangible rights	5/10 yrs straight-line depreciation	5/10 yrs straight-line depreciation
Other long-term expenses	5 yrs straight-line depreciation	5 yrs straight-line depreciation
Machinery and equipment	25 % of residual value	25 % of residual value

The depreciation period for activated development expenses is longer than 5 years because the product being developed is unique and the development expenses are believed to generate income for 10 years. Grants received for development costs have been recorded as decrease in acquisition cost. IPO costs recorded as long-term expenses in non-current assets are depreciated in straight-line method in 5 years.

### Revenue recognition

Long duration projects are recognised as revenue based on the stage of completion. The degree of completion of long duration projects has been determined by comparing the actual costs of the project with the estimated total project costs that can be reliably determined. Projects of minor importance in accordance with the principle of materiality have been recognised on the basis of the delivery of the project. An unrealised loss on a project that becomes unprofitable has been recognised in full as provision in the profit and loss account as soon as it is deemed certain or probable. Ready, not delivered collectors has been booked as an other provision to projects for revenue recognition.

## Comparability of the figures from previous financial years

Accounting periods are comparable. Change in warranty provision has been changed in the income statement in 2019 from other operating expenses to purchases during the financial year. Year 2018 information has been converted to this new habit.

## Foreign currency items

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. Currency differences have been recognised in profit and loss. Foreign currency receivables and liabilities have been converted to Euros according to the exchange rate of the Balance Sheet date.

## Factors affecting the results of the business

The Company's operating results are affected by several factors, that are either outside the Company's control, i.e. external, or within the Company's control, i.e. internal, by nature. External factors include market development and competition. Market development depends in particular on the general economic development and energy policy. Competition depends on the ability of competitors to introduce new, more efficient solutions to the market and price competition, which in turn is dependent on the growth of the market. Internal factors are the maintenance of the offering's technical competitiveness, the success of sales according to plans, the ability to maintain deliveries and cost effectiveness.

The following list shows the key factors that the Company believes affect the results of operation for at least the next 12 months. It is advised that attention is paid to the section "*Risk Factors*" in this Prospectus when reading this section.

The Company's operating results are affected by at least the following:

- The production output of the introduced collector fields needs to remain on a high level so that the Company can use them as successful long-term technical and qualitative references.
- As the volumes increase and the focus moves towards full-scale deliveries, the Company will need to scale its know-how in system planning, project management and project procurement by educating and recruiting new people and building a partner network in different markets. Moreover, the Company will need to control its cost structure and find savings through organisational structures and improvements in efficiency.
- The Company's revenue has to increase significantly during the upcoming years. The Company has to that end succeed in increasing its volumes in existing and new market areas in and outside of Europe.
- The Company must be able to increase volumes and find more alternative suppliers in order to be able to increase its bargaining power to achieve better delivery terms.
- The Company needs to continuously develop its product offering in the long-term to maintain and improve its competitiveness as the competition is likely to intensify as the market grows.
- The EU has set ambitious targets for the transition to zero-emission/carbon-free energy production. This is reflected in strong demand, especially in the most active countries. It is important for the Company that this investment in, and support for, clean energy production remains a high level priority for the EU and various countries, so that the market can continue to grow at least at the current rate.
- Developments in the price of fossil fuels has an impact on investment decisions in clean energy production in the short-term. Thus, a long-term decline in their prices may mean a slowdown in some new markets until prices rise again. However, the development of the market is also influenced by the energy policy of the countries concerned, i.e. despite the low price of oil, significant investment decisions can be made to reduce emissions.
- In many markets, the Company has partners through which the Company sells and delivers its systems. For the Company's growth and profitability, it is important that these partners work efficiently in their own market and that the Company is able to manage and support these partners successfully. In addition, the Company must be able to quickly find good and reliable partners in new markets in order to be able to enter these markets at the right time as they open up.

Factors that could affect the results of operations are described in more detail in the Prospectus under the sections "*Market overview*" and "*Description of business*".

## Significant trends

The energy market focuses increasingly on renewable heat, partly as a consequence of the rapid growth of the renewable electricity production market. Heating and cooling stands for approximately 50 per cent of the total energy market, and the way it is produced is a major contributor to pollution of air, water and earth. The aim is to increase the share of district heating everywhere because it's the most economical and ecological way to generate and distribute thermal energy.

Heat is conventionally produced in cogeneration or combined heat and power (CHP) plants, typically using coal, petroleum or natural gas, reaching at best 80 per cent efficiency of which approximately half is heat and half is electricity. In some plants biomass or municipal waste is used as fuel. When photovoltaic and wind production of electricity has increased the CHP station capacity has partly become superfluous and the demand fluctuates according to sunshine and wind conditions. This has diminished the heat supply and partly made CHP unprofitable, and solutions are sought among other sources by building heating plants using biofuels and waste, which are connected to various other renewable energy sources depending on the location and need. Solar thermal, as a completely clean and post-investment almost free energy source is in many cases the most economical alternative, when the required land or roof area is available.

Impacts of climate change are evident throughout. As a result, work is being done all over the world to reduce emissions, both by states and by the rest of society. In January 2018, The European weather forecasting ECMWF-center presented the global temperature changes for 136 years. According to them, year 2016 was the warmest year in the history of measuring it, and ten (10) of the warmest years in the history of measuring have been after the year 2000.<sup>38</sup> The year 2015 was already the warmest as long as measurements have been made and the overall rise in 2016 was 0.2 degrees. Ambitious targets for emission reductions have been set around the globe and the objectives of the 2017 Paris climate agreement emphasise the importance of limiting the rise in temperature for the planet and living beings.

The use of solar thermal energy is still growing rapidly in hot water heating in areas where there is a lot of sun, such as in India, Africa and China. In many African countries there are laws in force that all hot water in real estate is to be made by renewable energies, such as solar thermal heat. In small water heating systems, photovoltaic power will gain ground in the future due to its simplicity and reduced panel prices. As a whole, the fastest growing segments of solar thermal are large scale solar thermal applications like solar thermal district heating, industrial process solar thermal heat and energy renovations of large multi-story buildings. The reason for this is that large-scale solar thermal applications are, in comparison to smaller solar thermal applications, more cost effective and also provide reduced emissions faster. Examples of this development are seen in China, Africa and India in addition to Europe.

## Recent development and material changes in financial position

The Company's order backlog on 30 April 2020 was EUR 3.3 million.

During spring 2020, the Company signed a contract worth nearly EUR 1.4 million with the subsidiary of the French company La Francaise de l'Energie (LFDE), to supply a solar heating system in Creutzwald, France, and an approximately EUR 300 thousand contract to supply a solar heating system of more than 900 m<sup>2</sup> to AbSOLAR SAS's pilot project in the city of Cadaujac in France. The Company currently has nine projects in the final bidding phase, of which more than half are in France and Germany. In addition, there are projects elsewhere as well, which shows that the market still continues to develop positively, such as in China, where the first project is expected to take place this year.

Due to the possible negative effects of the coronavirus pandemic, in early April Savosolar entered into employee co-operation negotiations for productional and economic reasons. On the basis of the co-operation negotiations, the Company laid off 22 people part-time or full-time, for a maximum of 90 days in April-June. Because of the personnel arrangements and other ongoing cost-cutting measures, the Company expects to achieve savings of approximately EUR 0.5 million by the end of June.

## Future prospects

The Company has achieved a strong position in the market for large solar thermal systems all over the world. Especially in France, Savosolar is, based on the information available to the Company's management, a market leader and, as the German market now accelerates, existing references in both district heating and industrial process heating have helped to enter the tenders there. The Company has been able to improve its efficiency and has learned to successfully deliver large systems in various markets, including the implementation of large project purchases. The Company's gross margin level in projects has been rising and will continue on an upward trajectory according to the actual and cost forecasts of ongoing

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<sup>38</sup> Global Analysis – Annual 2013. National Climatic Data Center, National Oceanic and Atmospheric Administration

deliveries. The Company has developed a tender phase project calculation and cost monitoring of the actual results. The Company has been able to increase its expertise so that Savosolar is recognised as a technology and quality leader in the industry. Based on satisfied customer references, the Company's innovativeness, high-quality and productive technology, and customer-oriented operating model enable the Company to grow its business in line with its strategy.

Cost management in projects and improving of the Company's profitability remain as areas to develop. To further improve the situation in these areas, the Company has increased its investment in procurement, both project-specific and future plant purchases. New sources of supply have been sought and found, and project-specific procurement has been systematised, and the development of both will continue. In collector production, an improvement has been achieved both in the utilisation rate of production machines and in the production of quality. The high volatility of volumes during the year continues to pose additional challenges for both cost-effective sourcing and production.

Despite the challenges, the Company is in the best position in its history at the moment, measured by many indicators, not only due to the growth of the market, but also in terms of the level of its own operations. At the same time, there is still potential to continue to increase efficiency, improve supply and through these improve profitability.

The coronavirus pandemic has had some impact on the Company's operations at the date of the Prospectus. Restrictions in use in different countries have slowed down the execution of project deliveries at the customer's site, which means that payments have not been reached as planned. This has led to saving measures and the need to adapt operations to the extent that delays have caused a load deficit in various operations, such as in the manufacturing of solar thermal collectors. However, no project orders have been canceled, and all projects have been taken forward as smoothly as possible with customers and other partners within the limits allowed by the situation. The Company's customers have also not had any payment difficulties, at least so far. It cannot be ruled out that there may be delays in signing new project contracts due to coronavirus restrictions in different countries and/or financial uncertainty caused by the coronavirus situation and/or customers' willingness to make economic investment decisions based on the future. No one of the Company's personnel has contracted the coronavirus and no large-scale quarantines have had to be carried out in the Company. Thanks to the Company's skilled personnel, non-manufacturing operations have also been successfully implemented remotely. So far, the coronavirus pandemic has not had a negative impact on the planning and bidding of new customer projects in the Company's most active market areas. With the restrictions in place, it seems that customers have had even more time to take their projects and tenders forward than they normally would.

## **Operating results**

### **Year ended 31 December 2019 compared to year ended 31 December 2018**

#### *Revenue*

The revenue for the financial year ended 31 December 2019 was EUR 3,415.4 thousand, and it decreased by EUR 2,012.8 thousand, or 37.1 per cent, compared to EUR 5,428.2 thousand for the financial year ended 31 December 2018. Revenue fell short of expectations, because the progress of the deliveries to Issoudun and Ettenheim was slower than planned, and the decisions on other projects were postponed from the end of the year.

#### *Other operating income*

The other operating income for the financial year ended 31 December 2019 was EUR 0.0 thousand, a decrease by EUR 9.0 thousand, or 100 per cent, compared to EUR 9.0 thousand for the financial year ended 31 December 2018.

#### *Costs for materials and services*

The costs for materials and services for the financial year ended 31 December 2019 were EUR 3,345,6 thousand, a decrease by EUR 2,564.5 thousand, or 43.5 per cent, compared to EUR 5,919.1 thousand for the financial year ended 31 December 2018. The decrease in costs related to materials and services was due to the decrease in net sales.

#### *Personnel expenses*

The personnel expenses for the financial year ended 31 December 2019 were EUR 1,881.5 thousand, a decrease by EUR 50.3 thousand, or 2.6 per cent, compared to EUR 1,931.8 thousand for the financial year ended 31 December 2018.



#### *Depreciation and amortisation*

Depreciation and amortisation for the financial year ended 31 December 2019 was EUR 624.1 thousand, a decrease by EUR 94.6 thousand, or 13.2 per cent, compared to EUR 718.7 thousand for the financial year ended 31 December 2018.

#### *Other operating expenses*

Other operating expenses for the financial year ended 31 December 2019 were EUR 2,554.1 thousand, and they grew by EUR 100.2 thousand, or 4.1 per cent, compared to EUR 2,453.9 thousand for the financial year ended 31 December 2018.

#### *Operating loss (EBIT)*

The operating loss for the financial year ended 31 December 2019 was EUR 4,998.9 thousand, and it decreased by EUR 587.4 thousand, or 10.5 per cent, compared to EUR 5,586.3 thousand for the financial year ended 31 December 2018.

#### *Financial items*

The net financial items for the financial year ended 31 December 2019 were EUR -1,761.1 thousand, an increase by EUR 712.0 thousand, or 67.9 per cent, compared to EUR -1,049.1 thousand for the financial year ended 31 December 2018. The majority of the financing costs were related to the arrangement of the rights issue in 2019, the underwriting of the related warrant plan, and the arrangement of a directed share issue in December.

#### *Net loss*

For above reasons, the net loss the financial year ended 31 December 2019 was EUR 6,759.9 thousand and it increased by EUR 124.5 thousand, or 1.9 per cent compared to EUR 6,635.4 thousand net loss for the financial year ended 31 December 2018.

### **Year ended 31 December 2018 compared to year ended 31 December 2017**

#### *Revenue*

The revenue for the financial year ended 31 December 2018 was EUR 5,428.2 thousand, and it increased by EUR 4,597.3 thousand, or 553 per cent, compared to EUR 830.9 thousand for the financial year ended 31 December 2017. The increase in revenue was due to the Company entering into large delivery agreements in Denmark and France.

#### *Other operating income*

The other operating income for the financial year ended 31 December 2018 was EUR 9.0 thousand, a decrease by EUR 15.3 thousand, or 63 per cent, compared to EUR 24.4 thousand for the financial year ended 31 December 2017.

#### *Costs for materials and services*

The costs for materials and services for the financial year ended 31 December 2018 were EUR 5,919.1 thousand, an increase by EUR 5,167.5 thousand, or 688 per cent, compared to EUR 751.6 thousand for the financial year ended 31 December 2017. The increase in costs for materials and services was due to the Company's deliveries to Denmark and France.

#### *Personnel expenses*

The personnel expenses for the financial year ended 31 December 2018 were EUR 1,931.8 thousand, an increase by EUR 101.5 thousand, or 5.5 per cent, compared to EUR 1,830.3 thousand for the financial year ended 31 December 2017.

#### *Depreciation and amortisation*

Depreciation and amortisation for the financial year ended 31 December 2018 was EUR 718.7 thousand, a decrease by EUR 42.9 thousand, or 5.6 per cent, compared to EUR 761.6 thousand for the financial year ended 31 December 2017.

### *Other operating expenses*

Other operating expenses for the financial year ended 31 December 2018 were EUR 2,453.9 thousand, and they grew by EUR 89.1 thousand, or 3.8 per cent, compared to EUR 2,364,8 thousand for the financial year ended 31 December 2017.

### *Operating loss (EBIT)*

The operating loss for the financial year ended 31 December 2018 was EUR 5,586.3 thousand, and it grew by EUR 733.2 thousand, or 15.1 per cent, compared to EUR 4,853.1 thousand for the financial year ended 31 December 2017. The increase in operating loss was mainly due to low margins in delivered projects.

### *Financial items*

The net financial items for the financial year ended 31 December 2018 were EUR -1,049.1 thousand, an increase by EUR 238.7 thousand, or 29.5 per cent, compared to EUR -810.4 thousand for the financial year ended 31 December 2017. Financial expenses increased e.g. by the rights issue and directed share issue in 2018 and exchange rate transactions.

### *Net loss*

For above reasons, the net loss the financial year ended 31 December 2018 was EUR 6,635.4 thousand and it increased by EUR 971.9 thousand, or 17.2 per cent compared to EUR 5,663.5 thousand net loss for the financial year ended 31 December 2017.

## **Financial position**

### *Fixed Assets*

The Company's fixed assets were EUR 1,861.5 thousand on 31 December 2019, EUR 2,363.8 thousand on 31 December 2018 and EUR 2,920.0 thousand on 31 December 2017. Intangible assets, with a value of EUR 991.5 thousand on 31 December 2019, EUR 1,347.9 thousand on 31 December 2018 and EUR 1,627.8 thousand on 31 December 2017, consisted mainly of capitalised development costs. Tangible assets with a value of EUR 708.0 thousand on 31 December 2019, EUR 854.0 thousand on 31 December 2018 and EUR 1,130.3 thousand on 31 December 2017, consisted mainly of machinery and equipment.

### *Current assets*

The Company's current assets amounted to EUR 5,430.7 thousand on 31 December 2019, which was EUR 1,604.2 thousand more than on 31 December 2018, when they were EUR 3,826.5 thousand.

The Company's current assets amounted to EUR 3,826.5 thousand on 31 December 2018, which was EUR 268.6 thousand more than on 31 December 2017, when they were EUR 3,557.9 thousand. The changes in current assets were related to the fact that the Company had more finished products in stock and more cash and cash equivalents. The number of finished products at the end of the financial year 2019 was exceptionally large due to the limited storage space of the ongoing Issoudu project at the project site, which is why the finished products for the Issoudu project were exceptionally stored at the Company's plant in Mikkeli as planned in early 2020.

### *Equity capital*

The Company's equity was EUR 3,591.5 thousand on 31 December 2019, which is EUR 2,219.0 thousand more than on 31 December 2018, when it was EUR 1,372.5 thousand. Changes in equity are related to share issues in 2019 and losses that were incurred during the reporting period.

The Company's equity was EUR 1,372.5 thousand on 31 December 2018, which is EUR 2,281.3 thousand less than on 31 December 2017, when it was EUR 3,653.8 thousand. Changes in equity are related to share issues in 2018 and losses that were incurred during the reporting period.

### *Obligatory reserves*

The Company's mandatory provisions amounted to EUR 393.4 thousand on 31 December 2019 and consisted of project warranties.

The Company's mandatory provisions amounted to EUR 326.0 thousand on 31 December 2018 and consisted of project warranties.

The Company's mandatory provisions amounted to EUR 171.9 thousand on 31 December 2017 and consisted of project warranties.

#### *Long-term liabilities*

The Company's long-term liabilities consist of capital loans and loans from financial institutions.

The Company's long-term liabilities were EUR 544.7 thousand on 31 December 2019, 314.0 on 31 December 2018 and EUR 311.9 thousand on 31 December 2017.

#### *Short-term liabilities*

Short-term liabilities consist mainly of capital loans, loans from financial institutions, trade payables and accrued liabilities.

The Company's current liabilities were EUR 2,762.5 thousand on 31 December 2019, EUR 4,177.8 thousand on 31 December 2018 and EUR 2,340.3 thousand on 31 December 2017. Excessively undrawn collectors were accrued on accrued liabilities on 31 December 2019 due to the partial recognition of projects for EUR 927.0 thousand (2018: 0.0).

### **Cash flow**

#### *Cash flow from operating activities*

The Company's cash flow from operating activities for the financial year ended 31 December 2019 was EUR -6,133.9 thousand and it changed EUR 7.1 thousand compared to EUR -6,126.8 thousand for the year ended 31 December 2018.

The Company's operating cash flow for the financial year ended 31 December 2018 was EUR -6,126.8 thousand and it changed by EUR 421.4 thousand compared to EUR -5,705.4 thousand for the financial year ended 31 December 2017.

#### *Cash flow from investing activities*

Cash flow from investing activities was EUR -121.7 thousand in the financial year ended 31 December 2019, it changed by EUR 40.8 thousand compared to EUR -162.5 thousand in the financial year ended 31 December 2018.

Cash flow from investing activities was EUR -162.5 thousand in the financial year ended 31 December 2018, which decreased by EUR 47.3 thousand compared to EUR -209.9 thousand in the financial year ended 31 December 2017.

#### *Cash flow from financing activities*

Cash flow from financing activities amounted to EUR 7,641.3 thousand in the financial year ended 31 December 2019, and included proceeds from the rights issue and directed share issue realised in March 2019 and shares subscribed for under warrants realised in November 2019. Cash flow from repayment of long-term loans was EUR -559.0 thousand, and net cash flow from short-term loans was EUR -778.7 thousand.

Cash flow from financing activities amounted to EUR 4,824.3 thousand in the financial year ended 31 December 2018, and included proceeds from the rights issue and directed share issue realised in the summer of 2018 and shares subscribed for under warrants realised in November-December 2018. Net cash flow from long-term loans was EUR -90.3 thousand, and net cash flow from short-term loans was EUR 560.6 thousand.

Cash flow from financing activities amounted to EUR 5,687.2 thousand in the financial year ended 31 December 2017, and included proceeds from the rights issue and directed share issue realised in the summer of 2017 and shares subscribed for under warrants realised in November-December 2017. Cash flow from long-term loans was EUR 201.2 thousand, and net cash flow from short-term loans was EUR -284.0 thousand.

The increase in cash and cash equivalents for the year ended 31 December 2019 was EUR 1,385.7 thousand. On 31 December 2019, Savosolar's cash and cash equivalents totaled EUR 2,133.1 thousand.

The decrease in cash and cash equivalents for the year ended 31 December 2018 was EUR 1,465.0 thousand. On 31 December 2018, Savosolar's cash and cash equivalents totaled EUR 747.4 thousand.

The decrease in cash and cash equivalents for the year ended 31 December 2017 was EUR 228.1 thousand. Cash from financing activities during the financial year ended 31 December 2016 was EUR 5,913.5 thousand.

## Investments

Investments until 31 March 2020 have been approximately EUR 7.8 thousand.

Investments in the financial year ended 31 December 2019 amounted to EUR 121.7 thousand, most of which were related to production maintenance.

Investments in the financial year ended 31 December 2018 amounted to EUR 162.5 thousand and were related to product development.

Investments in the financial year ended on 31 December 2017 amounted to EUR 209.9 thousand and most of the investments were related to an increase in efficiency production capacity of collector production. Investments in machinery and equipment totaled to EUR 151.0 thousand.

## Planned investments

The Company has not decided on any new significant investments. The Company estimates that investments in the financial year 2020 will be significantly lower than in the previous financial year due to the fact that the Company will not need large scale production investments in the next few years, because the capacity of the current factory enables a revenue of EUR 20-30 million, depending on the division of the projects to be delivered into solar thermal collectors and other project deliveries. The planned investments in 2020 are small bottleneck and production efficiency investments, estimated at a total of approximately EUR 25.0 thousand.

## Capitalisation and indebtedness

The tables below present Savosolar's capitalisation and indebtedness as of 31 March 2020. The tables should be read in conjunction with Savosolar's financial statements for the financial years ended on 31 December 2019, 31 December 2018 and 31 December 2017, incorporated by reference in the Prospectus, as well as the sections "*Selected financial information*" and "*Operating and financial review and prospects*" in the Prospectus.

The figures have been prepared specifically for the Prospectus and are unaudited. The debts are interest-bearing if nothing else is mentioned.

<b>Equity and liabilities, EUR thousand</b>	<b>31 March 2020</b>
<b>Current interest bearing debt</b>	
Against guarantee or surety	0.0
Against collateral	0.0
Without guarantee/surety or collateral <sup>1</sup>	581.4
<b>Total current interest bearing debt</b>	<b>581.4</b>
<b>Non-current interest bearing debt</b>	
Against guarantee or surety	0.0
Against collateral	0.0
Without guarantee/surety or collateral <sup>2</sup>	544.7
<b>Total non-current interest bearing debt</b>	<b>544.7</b>
<b>Total current and non-current interest bearing debt</b>	<b>1,126.1</b>
<b>Equity</b>	
Share capital	470.2
Reserve for invested unrestricted equity	38,252.1
Retained earnings	-35,130.8
The period's result	<b>-1,078.8</b>
<b>Total equity</b>	<b>2,512.7</b>
<b>Net financial indebtedness, EUR thousand</b>	<b>31 March 2020</b>
A) Cash	141.6
B) Other liquid funds	0.0

C) Marketable securities	0.0
<b>D) Liquidity A+B+C</b>	<b>141.6</b>
<b>E) Current financial receivables</b>	<b>534.6</b>
F) Current liabilities from financial institutions	0.0
G) Current portion of non-current liabilities	581.4
H) Other current financial liabilities	0.0
<b>I) Current financial liabilities F+G+H</b>	<b>581.4</b>
<b>J) Net current financial indebtedness I-E-D</b>	<b>-94.8</b>
K) Non-current liabilities from financial institutions	0.0
L) Issued bonds	0.0
M) Other non-current liabilities	544.7
<b>N) Non-current financial liabilities K+L+M</b>	<b>544.7</b>
<b>O) Net financial indebtedness J+N</b>	<b>449.9</b>

<sup>1</sup> Remaining repayments of capital loans for the financial year 2020.

<sup>2</sup> In 2021, repayments of capital loans maturing in the amount of EUR 230.7 thousand and a product development loan granted by Business Finland in the amount of EUR 314.0 thousand maturing during 2021-2024.

Since 31 March 2020, the Company has repaid capital loans in the amount of EUR 100.2 thousand.

The share issues arranged by the Company are described under the section “*Company, shares and share capital – Share capital development*” in the Prospectus.

Further information regarding off-balance sheet liabilities can be found in the sections “*Financial resources – Bank guarantees and counter guarantees*”, “*Financial resources – Other commitments*” and “*Financial resources – Pledged assets*”.

## Deviations in the auditor’s report

The following audit reports regarding the Company’s financial statements for the financial years ended on 31 December 2019, 31 December 2018 and 31 December 2017 deviate from the standard design:

### Financial Statements 2019: Material Uncertainty Related to Going Concern

We draw attention to the notes in financial statement and the annual report, section "Common risks and uncertainties in business", according to which, based on the current level of costs, maturity of the company's loans and revenues, the company does not expect the working capital to be enough within the next 12 months period. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Financial Statements 2018: Material Uncertainty Related to Going Concern

We draw attention to the notes in financial statement, section "Common risks and uncertainties in business", according to which, based on the current level of costs and revenues the company does not expect the working capital to be enough within the next 12 months period. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Financial Statements 2017: Material Uncertainty Related to Going Concern

We draw attention to the notes in financial statement, section "Common risks and uncertainties in business", according to which, based on the current level of costs and revenues the company does not expect the working capital to be enough within the next 12 months period. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Financial resources

Savosolar has secured long-term external financing through equity financing (share issues), debt financing (capital loans) and product development grants and loans. The Company’s goal to obtain a positive operative cash flow from business operations through growth in business volumes and an improved profitability.

Savosolar’s cash and cash equivalents 31 March 2019 were EUR 141.6 thousand. The Company’s interest-bearing liabilities 31 March 2019 were EUR 1,126.1 thousand.

## Summary of the Company's loans and changes in them

In the spring of 2019, Savosolar entered into an agreement on the repayment of the capital loans extended by Finnvera Plc and Suur-Savon Osuuspankki totalling EUR 1.4 million. The capital loans extended by Suur-Savon Osuuspankki in the total amount of EUR 1.2 million will be paid back in monthly instalments for 24 months starting from April 2019. The capital loan extended by Finnvera in the amount of approximately EUR 0.2 million will be paid back in annual instalments over a period of three years, the last instalment being paid in August 2021. Due to the changes in the repayment schedule, the annual interest of the capital loans increased from three (3) to four (4) per cent.

The Company has amortised EUR 100.2 thousand of the capital loan from Suur-Savon Osuuspankki during the period 1 January – 31 March 2020. Additionally, the Company has after this on 15 May 2020 amortised EUR 100.2 thousand of the capital loan from Suur-Savon Osuuspankki. Totally, the Company has on 15 May 2020 amortised capital loans from Suur-Savon Osuuspankki in accordance with the repayment schedule.

In the tables below changes in the Company's loans for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 are described (the amounts are expressed in EUR thousand).

	1 January – 31 December 2019				31 December 2019			
	Raised ordinary loans	Raised capital loans	Repayments of loans	Repayments of interest / set-offs	Ordinary loans	Capital loans	Bank guarantees in use	Interest liabilities
Suur-Savon Osuuspankki	-	-	438.6	62.5	-	751.6	1,600.4	-
Finnvera Plc	-	-	120.4	8.0	-	160.7	-	8.0
Business Finland	-	-	-	3.1	314.0	-	-	2.5
Modelio Equity AB	515.5*	-	515.5*	25.8	-	-	-	-
Formue Nord	-	-	778.7*	66.8	-	-	-	-
Markedsneutral A/S	-	-	-	-	-	-	-	-
Munkekullen 5 Förvaltning AB	515.5*	-	515.5*	25.8	-	-	-	-
<b>Yhteensä</b>	<b>1,031.0</b>	<b>-</b>	<b>2,368.7</b>	<b>192.0</b>	<b>314.0</b>	<b>912.3</b>	<b>1,600.4</b>	<b>10.5</b>

\* includes translation differences

	1 January – 31 December 2018				31 December 2018			
	Raised ordinary loans	Raised capital loans	Repayments of loans	Repayments of interest / set-offs	Ordinary loans	Capital loans	Bank guarantees in use	Interest liabilities
Suur-Savon Osuuspankki	-	-	163.1	42.4	-	1,190.2	1,001.9	22.5
Finnvera Plc	-	-	40.0	11.7	40.0	241.1	-	7.3
Business Finland	112.8	-	91.3	1.7	314.0	-	-	2.6
Modelio Equity AB	290.6	-	290.6	7.3	-	-	-	-
Formue Nord	-	-	-	-	-	-	-	-
Marknadsneutral A/S	778.7	-	-	-	778.7	-	-	0.8
<b>Total</b>	<b>1,182.1</b>	<b>-</b>	<b>585.0</b>	<b>63.1</b>	<b>1,132.7</b>	<b>1,431.3</b>	<b>1,001.9</b>	<b>33.2</b>

	1 January – 31 December 2017				31 December 2017			
	Raised ordinary loans	Raised capital loans	Repayments of loans	Repayments of interest / set-offs	Ordinary loans	Capital loans	Bank guarantees in use	Interest liabilities
Suur-Savon Osuuspankki	-	-	87.0	48.4	163.1	1,190.2	390.8	23.2
Finnvera Plc	-	-	40.0	14.4	80.0	241.1	-	8.7
Business Finland	201.2	-	91.3	-	292.5	-	-	1.2
Scandinavian Credit Fund I AB	600.0	-	600.0	45.0	-	-	-	-
<b>Total</b>	<b>801.2</b>	<b>-</b>	<b>818.3</b>	<b>107.8</b>	<b>535.6</b>	<b>1,431.3</b>	<b>390.8</b>	<b>33.1</b>

## Maturity of interest bearing liabilities

The table below presents the maturity of the Company's interest-bearing liabilities (amounts express in EUR thousand). When reading the table, the restrictions relating to the repayment of the capital and interests on the capital loans should be taken into account. The principal of the capital loans may be otherwise repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the Company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements. If interest due on a capital loan cannot be paid, the interest shall be deferred to be paid on the basis of the first such financial statements that allow for payment.

As of the date of the Prospectus, the Company has interest-bearing liabilities of EUR 1,025.9 thousand. Of the interest-bearing liabilities, EUR 481.2 thousand will mature in 2020, EUR 309.1 thousand in 2021 and EUR 78.5 thousand annually 2022-2024.

EUR thousand	31 December 2019	31 December 2018	31 December 2017
Total interest bearing liabilities	1,226.3	2,564.0	1,875.6
Amounts due in more than five years	0.0	0.0	0.0

## Capital loans

### *Capital loans related to the restructuring*

The Company has entered into three (3) capital loan agreements in the total amount of EUR 1,190.2 thousand ("SSOP Capital Loans") with SSOP all dated 10 October 2014 ("SSOP Capital Loan Agreements"). SSOP Capital Loan Agreements were entered into based on the Company's restructuring programme and in order to convert the loans previously granted by SSOP to the Company into capital loans in accordance with Chapter 12 of the Companies Act. SSOP Capital Loan Agreements have replaced the previous loan agreements between the Company and SSOP belonging to the scope of the restructuring programme.

Based on Chapter 12 of the Companies Act, the principal and interest of the capital loans are always subordinate to all other debts in the liquidation and bankruptcy of the Company. The principal of the capital loans may be otherwise repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the Company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements. If interest due on a capital loan cannot be paid, the interest shall be deferred to be paid on the basis of the first such financial statements that allow for payment. The Company or a subsidiary shall not post security for the payment of the principal and interest of capital loans. On the consent of the creditor of the capital loan, the capital loan may be used for the payment of a share capital increase, converted into invested unrestricted equity or used to cover the loss of the Company.

SSOP capital loans accrue a fixed annual interest of four (4) per cent as of 20 February 2019. Prior to this, a fixed interest rate of three (3) per cent was charged on the loans. The accrued interests shall be paid annually on 15 May. In case the interests cannot be paid due to the restrictions included in the Companies Act, the unpaid interests are cumulated to the following interest periods until they can be paid. The due date for SSOP Capital Loans is 31 March 2021. SSOP Capital Loans accrue a fixed annual penal interest of 18 per cent, in case they are not paid on a due date due to any other reason than the restrictions included in the Companies Act.

On 31 March 2020, the Company had remaining capital loans of EUR 651.4 thousand from the bank Suur-Savon Osuuspankki.

The Company has entered into a capital loan agreement relating to a loan of EUR 241.1 thousand ("Finnvera Capital Loan") with Finnvera Plc on 10 September 2014 ("Finnvera Capital Loan Agreement"). Finnvera Capital Loan Agreement was entered into in based on the Company's restructuring programme and in order to convert the collateral receivable of Finnvera from the Company into a capital loan in accordance with Chapter 12 of the Companies Act.

Finnvera capital loan accrue a fixed annual interest of four (4) per cent as of 1 March 2019. Prior to this, a fixed interest rate of three (3) per cent was charged on the loan.

On 21 February 2019 Savosolar Plc and Finnvera Plc made changes to the repayment clause of the capital loan. The loan has been repaid once a year starting on 15 August 2019. The last maturity date of the loan is 15 August 2021. The loan and interest can be paid back in a debtor's liquidation and bankruptcy situation only with the lowest order of preference

compared to all other creditors, but anyhow with higher order of preference than the distribution quota to the shareholders. The loan and its interest are allowed to be paid only as much as the amount of the debtor's free own equity including all capital loans at the time of payment exceed the accumulated losses in the debtor's balance sheet in the latest audited financial report. There will be no guarantee given for the payment of the loan or interest. If the interest cannot be paid, the payment will be transferred to a time when an audited financial report shows that it can be paid. The loan accrues a fixed annual penal interest of 18 per cent.

On 31 March 2020, the Company had a remaining capital loan of EUR 160.7 thousand from Finnvera Plc.

## Development loans

Business Finland has granted the Company a product development loan for the development of a new type of solar thermal collector. The loan covers a contract-based share of the project's product development expenses. The loan can be drawn down against reported actual costs. The maximum amount of the loan is EUR 494.0 thousand. The loan has been granted in 2017 and as of the date of this Prospectus, EUR 314.0 thousand has been drawn down. The interest rate for the loan is currently 1 per cent. The loan shall be repaid in four (4) equal size instalments due on 8 February 2021, 8 February 2022, 8 February 2023 and 8 February 2024.

## Bank guarantees and counter guarantees

On 31 March 2020, the Company had a total of EUR 1,531.3 thousand in bank guarantees for prepayments, delivery time and warranty period, which were issued to project customers. The Company had EUR 765.6 thousand in pledged deposits, EUR 2.4 thousand in rental collateral deposits and EUR 2.4 thousand in other collateral provided.

On 31 December 2019, the Company had a total of EUR 1,600.4 thousand in bank guarantees for prepayments, delivery time and warranty period, which were issued to project customers. The Company had EUR 800.3 thousand in pledged deposits, EUR 2.4 thousand in rental collateral deposits and EUR 2.4 thousand in other collateral provided.

On 31 December 2018, the Company had a total of EUR 1,001.9 thousand in bank guarantees for prepayments, delivery time and warranty period, which were issued to project customers. The Company had EUR 501.0 thousand in pledged deposits, EUR 3.2 thousand in rental collateral deposits and EUR 2.4 thousand in other collateral provided.

## Other commitments and contingencies

Rent liabilities according to lease contracts are presented in the table below for those falling separately due the following year and over a year (amounts expressed in EUR thousand).

Leasing liabilities	31 December 2019	31 December 2018 (unaudited)	30 June 2017
Due no later than 1 year	94.4	93.8	100.5
Due later than 1 year	0.0	0.0	0.0
<b>Total</b>	<b>94.4</b>	<b>93.8</b>	<b>100.5</b>

Company has rented premises in Mikkeli with a three (3) month notice period. The Company has rented an office space at Technopolis Aviapolis, Vantaa with a three (3) month notice period. In addition, Savosolar ApS has rented premises in Denmark with a three (3) month notice period, which has now been terminated and the remaining lease liability for May 2020 is EUR 0.5 thousand. Savosolar GmbH has leased an office space with a one (1) month notice period.

The Company is currently negotiating the lease of larger office space in Aviapolis, Vantaa, due to business growth and additional recruitments. The new lease may have a somewhat increasing effect on the amount of rent liabilities on 30 June 2020 compared to 31 December 2019.

## Pledged assets

The Company has three (3) floating charges with the total amount of EUR 1,600 thousand, which are pledged to Suur-Savon Osuuspankki, Sitra and Finnvera Plc as a security for payment of SSOP Loans, Sitra Loans, SSOP Guarantees and Finnvera Counter Guarantees.

The main assets of the Company are the IPR i.e. the patents and patent applications as well as technical know-how obtained through product and technology development and the 30-metre-long unique selective optical coating line worth



about EUR 4.0 million. This is based on the budgetary quotation from a coating line producer of a new line with a price of EUR 7.0 million and Company's own evaluation and comparison to the line offered.

## **Subsidies**

In 2014, The Company received a decision from Business Finland for a grant of EUR 338.3 thousand from Tekes for the SOLHC project. The Company withdrew the last instalment of the product development grant in the financial year ended 31 December 2017 (EUR 81.6 thousand).

In April 2020, Business Finland granted the Company EUR 100.0 thousand in operational development financing. In April 2020, Business Finland paid EUR 70.0 thousand of the support granted. The rest of the support will be paid after the completion of the business development project, after the final reporting, approximately in October 2020.

## **Working capital statement**

The Company estimates that it as of the date of the Prospectus does not have sufficient working capital to meet its current needs for a period of 12 months as of the date of this Prospectus. The reason for this is the projected difference in income and expenses due to the Company's operations. The Company believes that an amount of EUR 4.5 million is sufficient to cover the working capital need (including the repayment of EUR 0.7 million in capital loans) for at least the aforementioned 12-month period as of the date of this Prospectus. The Company's current working capital is estimated to be sufficient until July 2020.

The Company is carrying out the Offering and the Warrants, for the purposes of ensuring sufficient working capital. If the Offering and the shares subscribed for with the Warrants TO5 and TO6 (in the future subscription periods 9-20 November 2020 and 8-19 March 2021) are fully realised, the net proceeds from them will be approximately EUR 11.8 million. The Company is of the opinion that if the Offering is completed in the intended time schedule, and the proceeds of the Offering paid in cash are at least EUR 3.5 million, and shares are subscribed for with the Warrants TO5 and TO6, and the net proceeds from them are at least EUR 1.0 million, the proceeds from the aforementioned, together with the Company's existing funds provide the Company with sufficient working capital to meet its current requirements and to cover the working capital needs of the Company for a period of at least 12 months as of the date of this Prospectus.

In the negative scenario, where the Offering would be subscribed for only 80 per cent and the subscription of the Warrant TO5 would not take place and at the same time the profitability of projects would not improve and the Company's business would not otherwise develop as planned, the Company's working capital is estimated to be sufficient until the end of December 2020. In the negative scenario, the Company may have to limit the number of new project bids to be submitted in order to limit the total number of ongoing and potential new projects to be signed to the limit allowed by working capital. Typically, projects tie up cash flow until the project is handed over, at which point the project's cash flow turns positive. To further reduce the likelihood of a negative scenario, the Company is currently seeking to negotiate a cost-effective project financing limit that can be used to smooth out fluctuations in working capital requirements during the project. It is in the Company's overall interest to increase the total volume of project deliveries in order to achieve profitability and a positive cash flow.

## Board of Directors, management and auditors

### General information on the Company's administration

The Company adheres to the Finnish Companies Act and the Rules of First North in the organisation of its administration. The Company does not adhere to the Finnish Corporate Governance Code 2020 recommendation, as it is not justified with respect to the size and the extent of the business of the Company.

The administration of the Company is, in accordance with the Finnish Companies Act, divided between the general meeting of shareholders, the Board of Directors and the Managing Director. The shareholders exercise rights belonging to them mainly in the general meeting of shareholders, which normally is convened by the Board of Directors of the Company. The general meeting of shareholders shall, in addition, be held if the auditor or shareholders of the Company, whose shares represent at least one tenth of all issued shares, which are not in the possession of the Company, demand in writing the holding of the general meeting of shareholders.

The business address of the members of the Board of Directors and the Managing Director is Insinöörinkatu 7, 50150 Mikkeli.

### Board of Directors

#### General information on the Board of Directors of the Company

The Board of Directors shall see to the administration of the Company and the appropriate organisation of its operations. The Board of Directors shall be responsible for the appropriate arrangement of the control of the Company accounts and finances. The Board of Directors or a member of the Board of Directors shall not comply with a decision of the general meeting of shareholders or the Board of Directors where it is invalid owing to being contrary to the Finnish Companies Act or the Articles of Association. The general meeting of shareholders elects the members of the Board of Directors.

According to the Company's Articles of Association, the Board of Directors shall consist of three (3) to seven (7) members elected by the shareholders at a general meeting. The term of office of each member of the Board of Directors ends at the adjournment of the first annual general meeting of shareholders following the election.

The opinion of the majority of the members in attendance in the meeting shall constitute the decision of the Board of Directors. In the event of a tie the chairman shall have the casting vote. The chairman of the Board shall be elected by the Board of Directors. The Board of Directors has convened 20 times in 2019, 19 times in 2018 and 18 times in 2017. The Board of Directors has not established any committees among the Board members.

As of the date of this Prospectus, the Board of Directors comprises the persons set out in the below table:

Name	Position	Born	Elected
Eero Auranne	Chairman of the Board	1959	2018
Feodor Aminoff	Board member	1969	2013
Mikael Lemström	Board member	1967	2018
Ari Virtanen	Board member	1958	2018

#### Presentation of the members of the Board of Directors

**Eero Auranne**, born 13 March 1959, M.Sc. (Eng.).

Member of the Board since August 2018 and Chairman of the Board since 2020.

Since 2019, Eero Auranne has managed Enordic Oy, which develops and manages infrastructure investments. Prior to this, Auranne has worked as the CEO of Empower Oyj during 2012-2017, as the President of Energy Division and member of the group's management team in Swedish ÅF AB during 2006-2012 and as the CEO of Enprima Oy during 2003-2005. Previously Eero Auranne has worked approximately 20 years for Fortum group and its predecessor Imatran Voima Oy in various positions.

In addition to his assignment in Savosolar, Eero Auranne has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment ongoing / ended</b>
Dekati Oy	Chairman of the Board	Assignment ongoing
Enordic Oy	Chairman of the Board	Assignment ongoing
Tuulipuisto Lakiakangas 1 Oy	Chairman of the Board	Assignment ongoing
Skip Wind 4 Oy	Chairman of the Board	Assignment ongoing
Åndberg Vind Ab	Chairman of the Board	Assignment ongoing
Sendiprima Oy	Owner	Assignment ongoing
Empower IM Oy	Chairman of the Board	Assignment ended
Empower TN Oy	Chairman of the Board	Assignment ended
Empower PN Oy	Chairman of the Board	Assignment ended
Empower IN Oy	Chairman of the Board	Assignment ended
Empower AB	Chairman of the Board	Assignment ended
Empower Industri AB	Chairman of the Board	Assignment ended
Empower AS	Board member	Assignment ended
Empower AB (Lit)	Board member	Assignment ended
Empower Fidelitas UAB	Board member	Assignment ended
Empower UAB	Board member	Assignment ended

**Feodor Aminoff**, born 2 January 1969, M.Sc. in Industrial Economics.

Member of the Board since May 2013.

Feodor Aminoff works as a manager of various investment companies (Suomen Vaikuttavuussijoitus Oy, Oy Provator Ab, Sinord Capital Oy and Flaxi Ky Kb), as an advisor and as a board professional. He served as Oceanvolt Oy's acting CEO from 30 September 2016 to 28 February 2017. He worked for Cleantech Invest Oyj (now Loudspring Oyj) with the responsibility for increasing the value of associated companies, exits and listings in 2012-2015. He acted as CEO of Cleantech Invest Oyj during 2013–2015, CEO of Please User Experience Design Oy during 2005–2009, in Sanitec Oy's IDO-group management group with responsibility for development of information management and business processes during 2000–2009 and as project manager at KCI Konecranes Oyj during 1994–1999. In addition, Feodor Aminoff has worked among other things as deputy member and member of the Board in Veho Group Oy since 1996 and as founding member on the Board of Finnish Business Angels Network (FIBAN) during 2010–2012.

In addition to his assignment in Savosolar, Feodor Aminoff has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment on going / ended</b>
Ab Propago Oy	Chairman of the Board	Assignment ongoing
Flaxi Ky Kb	Partner	Assignment ongoing
JamGuard Ab	Board member and Managing Director	Assignment ongoing
JobGo International Oy	Board member	Assignment ongoing
Kiinteistö Oy Munkkiniemenranta 31	Deputy Board member	Assignment ongoing
Leanpark Oy	Chairman of the Board	Assignment ongoing
Oy Nylund Capital AB	Board member	Assignment ongoing
Oy Nylund Group AB	Board member	Assignment ongoing
Oy Provator Ab	Chairman of the Board	Assignment ongoing
Sinord Capital Oy	Chairman of the Board	Assignment ongoing
Suomen Vaikuttavuussijoitus Oy	Board member	Assignment ongoing
Veho Oy Ab	Board member	Assignment ongoing
Byte Invest Ky Kb	Partner	Assignment ended
Cleantech Invest Oyj	Managing Director	Assignment ended
Metirato Oy	Chairman of the Board	Assignment ended
Oceanvolt Oy	Board member and Managing Director	Assignment ended
Lumeron Oy	Chairman of the Board	Assignment ended

**Mikael Lemström**, born 26 June 1967, M.Sc. (Eng.).

Member of the Board since August 2018.

Mikael Lemström has made a long career in Fortum group in various positions, in addition to Finland also in Thailand and Poland. Lemström is currently responsible for Fortum's district heating and cooling business in Finland, the Baltic countries and Poland in the City Solutions division, VP, Heating and Cooling.

In addition to his assignment in Savosolar, Mikeal Lemström has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment ongoing / ended</b>
Fortum Power and Heat Oy	Board member	Assignment ongoing
Fortum Tartu AS	Chairman of the Board	Assignment ongoing
Fortum Power and Heat Polska Sp. z.o.o.	Chairman of the Board	Assignment ongoing
Fortum Participation Ltd.	Board member	Assignment ongoing
Fortum Oslo Värme AS	Board member	Assignment ongoing
Etelä-Suomen Asunto Oy	Chairman of the Board	Assignment ongoing
Fortum Zabrze SA	Chairman of the Board	Assignment ended
Fortum Bytom SA	Chairman of the Board	Assignment ended

**Ari Virtanen**, born 17 April 1958, Electrical Engineer and MBA.

Member of the Board since August 2018.

Ari Virtanen works at the moment as the CEO of Advion Solutions Oy and Artudor Finland Oy. Virtanen has previously worked, inter alia, as temporary COO of Proxion Solutions Oy during 2017-2018, the CEO of Takoma Oyj during 2012-2014, the CEO of Högfors Oy during 2007-2009, the CEO and Chairman of the Board of Estonian AS Finmecin during 2004-2007, the sales manager of Kalmar Industries Oy Ab during 1999-2004 and in various positions in Tamrock group during 1986-1997. At the moment Ari Virtanen is also a member of the Board of Directors in Kesla Oyj and Tamlans Oy.

In addition to his assignment in Savosolar, Ari Virtanen has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment ongoing / ended</b>
Kesla Oyj	Board member	Assignment ongoing
Tamlans Oy	Board member	Assignment ongoing
Proxion Oy	Board member	Assignment ongoing
Advion Solutions Oy	Chairman of the Board	Assignment ongoing
Innokas Medical Oy	Chairman of the Board	Assignment ended
Takoma Systems Oy	Chairman of the Board	Assignment ended
Hervannan Koneistus Oy	Chairman of the Board	Assignment ended
Tampereen Laatumoneistus Oy	Chairman of the Board	Assignment ended
MGF Components Oy	Chairman of the Board	Assignment ended

## **Managing Director and management board**

### **General information on the Managing Director and the management board of the Company**

The Board of Directors appoints the Managing Director. The Managing Director shall see to the executive management of the Company in accordance with the instructions and orders given by the Board of Directors. The Managing Director shall see to it that the accounts of the Company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The Managing Director shall supply the Board of Directors and the members of the Board of Directors with the information necessary for the performance of the duties of the Board of Directors.

The Managing Director may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the Company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the Company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible.

The management board members of the Company are all under the direct supervision of the Managing Director and the Managing Director acts as the chairman of the management board. All of the management board members are employed by Savosolar. The management board convenes for management review meetings two (2) times a year.

The following table sets forth the members of the management board of the Company as of the date of this Prospectus:

<b>Name</b>	<b>Position</b>	<b>Born</b>	<b>Nominated</b>
Jari Varjotie	Managing Director	1960	2010
Heikki Timonen	CFO	1967	2019
Martti Jalava	COO	1966	2020
Raul Ikonen	Country Manager - China	1969	2019
Torben Frederiksen	CTO	1972	2018
Kaj Pischow	Director, Senior Advisor	1947	2010
Aku Järvisalo	Head of Production and Purchasing	1953	2016

## Presentation of the members of the management board

The founders of Savosolar are internationally renowned for their knowledge and experience in nano-optical coatings and the executive management team also includes persons with wide experience from international companies in top management positions, expert knowledge in the fields of solar heating systems, the Danish district heating and international industrial project business and renewable energy markets.

Savosolar has an international team with a strong background in R&D and vacuum coating expertise. Savosolar's Managing Director is Jari Varjotie, who has over 25 years of experience in management positions in industrial companies (in the past he has worked as Managing Director for Winwind Ltd, Chief Operating Officer of Perlos Corporation and held various management positions at Metso Group). The Senior Advisor Kaj Pischow has more than 35 years of experience in development of processes for new technologies (has in the past worked as Savcor Oy's technical director).

Savosolar has the skills, knowledge and experience to design, deliver and install whole solar thermal systems for large scale projects.

**Managing Director Jari Varjotie**, born 16 November 1960, M.Sc. in Production Technology.

Jari Varjotie is the Managing Director of Savosolar since 20 November 2010 and has 25 years of experience as an industrialist. Before working at Savosolar, Jari Varjotie worked at Winwind Oy during 2007–2010, until the company was sold. During his time there he worked as the COO and the Managing Director for Europe. He also worked in various top management positions at Perlos Corporation during 2000–2007, lastly as the COO. During 1993–2000 Jari Varjotie also worked as Manufacturing Manager, Materials Manager, Factory Manager and Vice President at Valmet Corporation.

In addition to his assignment in Savosolar, Jari Varjotie has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

Company	Position	Assignment ongoing / ended
Asunto Oy Pekkolaankulma	Chairman of the Board	Assignment ongoing
Savolaser Oy	Chairman of the Board	Assignment ongoing

**CFO Heikki Timonen**, born 4 November 1967, M.Sc. in Economics & Business.

Heikki Timonen has been the CFO of Savosolar since 12 April 2019. He has more than 20 years of experience in diverse financial management leadership roles. Prior to Savosolar, Timonen worked at Serres Group Oy as the Group's CFO from 2012 to 2019, responsible for the Group's finances, administration and ICT. Timonen served as Serres Oy's CFO from 2009 to 2011 and is serving as secretary to the Board of Directors of Serres companies since 2011. Previously, Timonen has worked for Exel Composites Oyj, Oy Rettig Ab, Danisco A/S and Cultor Oyj.

In addition to his assignment in Savosolar, Heikki Timonen has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

Company	Position	Assignment ongoing / ended
Asunto Oy Tunturilaakso	Chairman of the Board	Assignment ended
Vieser Oy	Board member	Assignment ended

**COO Martti Jalava**, born 13 September 1966, M.Sc. (Eng.).

Martti Jalava has been Savosolar's Chief Operating Officer since 1 January 2020. Prior to that, he has served as Director of Operations Development for approximately 1.5 years. He has more than 25 years of experience in diverse management positions in the international manufacturing industry. Prior to Savosolar, Jalava has worked in management positions at numerous different companies, such as Imatra Steel Oy, Fiskars Oyj, Fibox Oy, and has worked as a rental manager in companies such as Konecranes Oyj and AP&T Ab. Jalava has also advised companies such as Outokumpu Oyj, Stora Enso Oyj and Perlos Oyj on operational matters.

In addition to his assignment in Savosolar, Martti Jalava has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment ongoing / ended</b>
Avexor Oy Ab	Owner	Assignment ongoing

**China Country Manager Raul Ikonen**, born 16 June 1969, M.Sc. in Economics & Business.

Raul Ikonen is an experienced financial management professional, who has worked e.g. in KPMG and in several country units of UPM. Raul Ikonen was 12 years at UPM (China) Ltd. in Shanghai, where his latest position was Vice President of Finance. Ikonen took over as Savosolar's country manager in China on 1 May 2019. Prior to that, Ikonen served as Savosolar's CFO from November 2018 to April 2019.

In addition to his assignment in Savosolar, Raul Ikonen has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment ongoing / ended</b>
Park Hill trading Ltd	Board member and owner	Assignment ongoing
UPM-Kymmene Oyj:n tytäryhtiötä	Board member	Assignment ended

**Director, Senior Advisor Kaj Pischow**, born 26 January 1947, studies in Mathematics, Physics & Physical Metallurgy

Founder and Senior Advisor since August 2018 of Savosolar. Kaj is also actively involved in the development of the Company's business.

Kaj Pischow has 35 years of experience in development of new technologies and is a coating technologies expert. Before founding Savosolar, Kaj Pischow was a major shareholder and technical director during 1998–2010 at Savcor Face Group Oy, Surfcoat Oy and Savcor Coatings Oy which all produced vacuum coatings for Nokia mobile phones. During 1971–1995 Kaj Pischow worked as a researcher at the State Research Center VTT, Riihimäen Lasi Oy, the Technical University of Helsinki and as a private entrepreneur. Among other things, he was the first one to bring research in nanotechnology to Finland.

In addition to his assignment in Savosolar, Kaj Pischow has or has had during the last five (5) years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

<b>Company</b>	<b>Position</b>	<b>Assignment ongoing / ended</b>
Luossajohka Oy	Chairman of the Board and Managing Director	Assignment ended
Lohimatkat Avoin yhtiö	Partner	Assignment ended
Savolaser Oy	Board member	Assignment ongoing
Savosolar Oy	Board member	Assignment ended

**CTO Torben Frederiksen**, born 28 March 1972, M.Sc. (Eng.).

Torben Frederiksen re-joined Savosolar in 2018 after being from autumn 2016 the CTO at Falck Schmidt Defence Systems A/S. Between 2014 and 2016 Torben Frederiksen was working for Savosolar developing the large area collector and managing our three first large solar thermal system delivery projects in Denmark as project manager. Before that Torben Frederiksen worked as Head of R&D at Sunmark A/S, an international Danish large scale solar thermal system supplier and before that several years for Danfoss A/S in various product development and leadership positions.

Torben Frederiksen does not have and has not had during the last five (5) years before the date of this Prospectus memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partner in partnerships.

**Head of Production and Purchasing Aku Järvisalo**, born 14 December 1987, M.Sc. (Mechanical Engineering)

Aku Järvisalo joined Savosolar in April 2010 as one of its first employees. He has had several different jobs in the Company as an engineer, coordinator of flame brazing, project manager and as chief engineer. He has been involved in the development of the Company's current products and their production processes. Aku Järvisalo became a member of

the Company's management group in January 2016 and has worked in his current position, as responsible for the Company's production and procurement since April 2017.

Aku Järvisalo does not have nor has he had during the previous five (5) years before the date of this Prospectus memberships in administrative, governing or supervisory bodies unrelated to the Company nor has he been a partner in partnerships.

**Head of Quality Pekka Karjalainen**, born 30 September 1983, M.Sc. (Mechanical Engineering)

Pekka Karjalainen joined Savosolar in January 2016 as a quality engineer. Previously he has worked as a designer at ABB Oy. He has been a member of the Company's management group since December 2016 and has been working as Head of Quality since then.

Pekka Karjalainen does not have nor has he had during the previous five (5) years before the date of this Prospectus memberships in administrative, governing or supervisory bodies unrelated to the Company nor has he been a partner in partnerships.

**VP, Sales and Marketing Antti Lilleberg (beginning 1 June 2020)**, born 19 July 1978, B.Eng. and MBA.

Savosolar has appointed Antti Lilleberg as the Company's new Vice President, sales and marketing, and as a member of the management team as of 1 June 2020.

Antti Lilleberg has extensive experience in international sales and marketing management and development positions, as well as in consulting. Lilleberg will join Savosolar from Ariterm Service Oy, where he was the director responsible for sales and marketing. Lilleberg has previously worked for Biohit Oyj, Sartorius AG and the Rejlers Group.

Antti Lilleberg does not have nor has he had during the previous five (5) years before the date of this Prospectus memberships in administrative, governing or supervisory bodies unrelated to the Company nor has he been a partner in partnerships.

**Auditor**

Based on the Articles of Association, the Company shall have one ordinary auditor and one deputy auditor. In case an auditing firm certified by the Finland Chamber of Commerce or chamber of commerce is elected as auditor, deputy auditor does not need to be elected. The term of office of the auditors ends at the adjournment of the annual general meeting of shareholders first following the election.

The Company's ordinary auditor for the financial years 2017 and 2018 was PricewaterhouseCoopers Oy with Pekka Loikkanen, Authorised Public Accountant, as the auditor with principal responsibility. For the financial year 2019, the Company's ordinary auditor has been the auditing firm Inkeröinen & Himanen Oy (Business ID 2843608-4, address Linnankatu 5, 2<sup>nd</sup> floor, 50100 Mikkeli), with Juho Himanen, Authorised Public Accountant, as the auditor with principal responsibility. The Company's annual general meeting held on 27 April 2020 elected the auditing firm Inkeröinen & Himanen Oy with Juho Himanen, Authorised Public Accountant, as the auditor with principal responsibility. The Company's current auditors and the principal auditors who operated during the years 2017-2019 have been entered in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, as amended).

**Information regarding members of the Board of Directors and management board**

Provisions regarding the conflict of interests of the management of Finnish companies are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Sections 4 and 19 a member of the Board of Directors or the Managing Director shall be disqualified from the consideration of a matter pertaining to a contract between himself and the company. He or she shall also be disqualified from the consideration of a matter pertaining to a contract between the company and a third party if he/she may thereby receive a material benefit which may be in contradiction with the interests of the company. The above provision on a contract shall correspondingly apply to other legal act and to legal proceeding and other similar matter. Members of the Board of Directors, the Managing Director and the other members of the management board do not have any conflicts of interests between their duties relating to the Company and their private interests and/or their other duties. There are no family ties between members of the Board of Directors or the management board.

The Company filed a restructuring application in accordance with the Restructuring Act to the District Court of Pohjois-Savo on 28 August 2013. The District Court of Pohjois-Savo ordered restructuring proceedings to commence on 2

September 2013 and approved the Company's restructuring programme on 13 February 2014. The restructuring programme ended on 31 December 2018. For more information about the restructuring programme, see *Description of business – Legal and arbitration proceedings – Restructuring 2014-2018*.

Eero Auranne served as Chairman of the Board at Empower AB, which was declared bankrupt on 2 May 2017 and as a Board member at Empower Industry AB, which was declared bankrupt on 2 May 2017. Feodor Aminoff served as a Board member of Leanpark Oy, when the Company applied for debt restructuring on 12 November 2019.

Notwithstanding the exceptions mentioned above, as of the date of this Prospectus, none of the members of the Board of Directors or management board has during the previous five years:

- had any convictions in relation to fraudulent offences;
- been in a managerial position, such as a member of the administrative, management or supervisory body or belonged to the senior management of any company at the time of its bankruptcy, liquidation or reorganisation; or
- been subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from managing the affairs of any company.

## Holdings of the Company's Board of Directors and management board

The table below includes the holdings of Shares in the Company as well as holdings of rights entitling to Shares by the members of the Board of Directors and the management board of the Company on the date of this Prospectus.

<b>Board of Directors</b>	<b>Shares</b>
Eero Auranne	13,460
Feodor Aminoff	23,212
Mikael Lemström	13,460
Ari Virtanen	13,460
<b>Management Group</b>	
Jari Varjotie	9,219
Raul Ikonen	-
Kaj Pischow	1,920
Torben Frederiksen	-
Aku Järvisalo	102
Pekka Karjalainen	29
Heikki Timonen	-
Martti Jalava	-
<b>Board &amp; Management in total</b>	<b>74,862</b>

## Remuneration and benefits of Board members and management

The Company's shareholders resolve upon the remuneration and benefits for the Board members at the general meeting in accordance with the Finnish Companies Act.

For the financial year 2019 (i) a total of EUR 54.0 thousand was paid to the members of the Board of Directors, including a total of 765,506 new shares transferred as part of the Board of Directors' remuneration; (ii) EUR 140.9 thousand was paid to CEO Jari Varjotie, including benefits in kind; (iii) a total of EUR 526.8 thousand was paid to the other members of the management board.

For the financial year 2018 (i) a total of EUR 48.7 thousand was paid to the members of the Board of Directors, including a total of 570,302 new shares transferred as part of the Board of Directors' remuneration; (ii) EUR 140.6 thousand was paid to CEO Jari Varjotie, including benefits in kind; (iii) a total of EUR 361.2 thousand was paid to the other members of the management board.

For the financial year 2017 a total of (i) EUR 41.6 thousand, including the 235,886 new shares transferred as part of the Board's remuneration (financial year 2016 EUR 25.8 thousand, including the 43,231 new shares transferred as part of the Board's remuneration) was paid to the members of the Board of Directors as remuneration for attending meetings; (ii) EUR 138.4 thousand including fringe benefits (financial year 2016 EUR 127.0 thousand) was paid to Managing Director Jari Varjotie and (iii) EUR 323.2 thousand (financial year 2016 EUR 505.2 thousand) to the other members of the management.



The General Meeting on 27 April 2020 resolved that the members of the Board of Directors to be paid the following remuneration for the term that begins at the end of the Annual General Meeting and ends at the end of the next Annual General Meeting: EUR 21,600 for the Chairman of the Board and EUR 10,800 for each of the other members of the Board. Approximately 40 per cent of the remuneration to be paid to the members of the Board of Directors will be paid by giving to the Board members company's new shares based on the authorisation granted to the Board of Directors and approximately 60 per cent in cash. Cash portion of the remuneration will be paid in 12 monthly instalments to the extent it exceeds the amount of tax withholding from the remuneration. The number of remuneration shares will be determined on the basis of the value of the company's share in First North Growth Market Finland as follows: the volume weighted average price of the Savosolar Plc's share within two (2) weeks following the publication of the half-year report for the period 1 January – 30 June 2020 will be used as the value of share. Alternatively, if so resolved by the Board of Directors, the remuneration shares can be purchased in the name of and on behalf of the Board members. In such case the company will pay any costs and transfer tax related to the purchase of the company shares. Board members may not give away shares received as remuneration before their term of office on the Board has ended. In addition, Board members are compensated for reasonable travel and accommodation expenses related to Board meetings. Travel and accommodation expenses are nevertheless not compensated for with regard to Board members who live in the Helsinki area, when the meetings are held in the greater Helsinki area.

No service agreements or pension arrangements have been entered into between the Company and the members of the Board of Directors.

Under his service contract Managing Director Jari Varjotie is entitled to a monthly salary of EUR 11.2 thousand since 1 January 2019. Varjotie is not entitled to any voluntarily pension schemes paid by the Company. In case the Company terminates Varjotie's service contract, the Company shall pay to Varjotie i) normal monthly salary during the termination period of four (4) months, and ii) a severance payment corresponding to five (5) months' salary. However, no severance payment is payable to Varjotie in case of gross negligence (as set out in Chapter 8 Section 1 of the Employment Contracts Act (55/2001, as amended)).

The general salary and remuneration of the other management board was increased by 0.9 per cent on 1 January 2020.

## Ownership structure

On the date of this Prospectus, the fully paid-up share capital of Savosolar amounts to EUR 470,210.00. A total of 19,333,038 of the Company's Shares are registered. All Shares are of the same class.

The Company had approximately 14,011 shareholders as of 15 May 2020. The following table sets forth the ten (10) largest shareholders of the Company and their ownership as of 15 May 2020. According to the information available to the Company, no significant changes have happened in the ownership structure until the date of the Prospectus.

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of all the shares and votes</b>
GRIMALDI, SALVATORE	1,058,339	5.51
FÖRSÄKRINGSBOLAGET, AVANZA PENSION	678,639	3.53
JUKKA JOKINEN	300,000	1.56
NORDNET PENSIONS FÖRSÄKRING	248,868	1.30
GEUST, JOHAN	236,894	1.23
JOJIC, ZORAN	162,919	0.85
SAXO BANK A/S CLIENT ASSETS	121,563	0.63
LILJA, ANSA	114,798	0.60
DANSKE BANK A/S HELSINKI BRANCH	105,888	0.55
MORGAN STANLEY & CO INTL PLC	101,414	0.53
OTHER SHAREHOLDERS	16,203,716	83.81
<b>TOTAL</b>	<b>19,333,038</b>	<b>100.00</b>

The Company is not aware of any shareholder having a controlling interest in the Company. The Company is not aware of any arrangements that might result in a change in the control of the Company in the future.

The Certified Adviser does not own any Shares of the Company.

## **Company, Shares and share capital**

### **General information on the Company**

The business name of the Company is Savosolar Plc (Savlo-Solar Plc until 29 March 2018). The Company is a public limited liability company incorporated on 19 January 2010 in Finland, and it is organised under the laws of Finland. The Company is registered in the Finnish Trade Register under the business identity number 2309682-6. The registered address of the Company is Insinöörintie 7, 50150 Mikkeli, Finland and its telephone number is +358 (0)10 2710 810. The Company is headquartered in Mikkeli, Finland. The Company's Legal Entity Identifier ("LEI") is 743700J1YZ8IEJAPDL21.

According to the Articles of Association of the Company the line of business of Savosolar is design, manufacturing and sale of energy systems that exploit solar energy as well as research, development and consultation relating to its field of business. In addition, the Company may own real estates, shares in housing companies, investment shares as well as other securities, make share investments in companies and lease the real estates and apartments that it owns. The Company may practice its business directly or through its subsidiaries or associated companies.

Savosolar has fully-owned subsidiaries in Denmark (Savosolar ApS) and Germany (Savosolar GmbH). In addition, Savosolar owns 55.0 per cent of the shares in Savolaser Oy, which is currently a dormant company. The rest of the Savolaser's shares are owned by Veslatec Oy.

### **Shares and share capital**

As of the date of this Prospectus, the fully paid-up share capital of Savosolar amounts to EUR 470,210.00. A total of 19,333,038 of the Company's Shares are registered. All of the Shares are of the same class and all are fully paid. Each share entitles its holder to one (1) vote at the general meetings of shareholders of Savosolar.

At the end of the financial year 2017 there were 130,749,064 class A shares. At the end of the financial year 2018, the Company had 352,538,414 shares and at the end of the financial year 2019 it had 1,723,265,358 shares. As of the date of this Prospectus, the Company had 19,333,038 shares.

The Shares have no nominal value. Shares have an ISIN code of FI4000425848. As of the date of this Prospectus, Savosolar does not hold any treasury shares. The Shares have been entered into the book-entry securities system of Euroclear Finland on 16 January 2015. The Shares that are traded on First North Sweden are also registered in the Swedish book-entry securities system of Euroclear Sweden from 18 March 2015. The Shares are issued under Finnish law. The Company's Shares are denominated in euro.

### **Authorisation**

On 27 April 2020, the extraordinary general meeting of shareholders resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of stock options and other special rights to shares referred to in Chapter 10(1) of the Finnish Companies Act.

The maximum number of shares that can be issued on the basis of the authorisation is 100,000,000 shares, which is equal to approximately 517.6 per cent of the Company's current shares.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of stock options and other special rights entitling to shares. The issuance of shares and stock options and other special rights entitling to shares can take place in derogation of shareholders' pre-emptive subscription rights (directed issue), provided that there is, from the perspective of the Company, weighty financial grounds for this.

In the Company's share issues, shares can be assigned either against payment or for free. A directed issue may only be free if there are particularly weighty financial grounds for it both from the perspective of the Company and in consideration of the interests of all of its shareholders.

The authorisation is valid until 27 April 2025 and it replaces the authorisation granted by the extraordinary general meeting on 22 January 2019.

A total of 75,727,261 shares will be used of the authorisation in connection with the Offering, the directed share issue that might be arranged in connection therewith, and the Warrants and 24,272,739 shares will remain unused after this.

## Share capital development

The following table presents the development of the Company's share capital and changes in the number of Shares as of 31 December 2016. On 31 December 2016, there were 35.469.332 class A shares in the Company and the Company's share capital was EUR 470,210.00.

Event	Change in share capital (€)	Change in number of shares	New number of shares	New share capital (€)	Registered
Rights issue 5 July 2017	-	70,938,664 shares	106,407,996 shares	-	21 July 2017
Directed share issue 5 July 2017	-	3,164,224 shares	109,572,220 shares	-	21 July 2017
Directed share issue without consideration 5 July 2017	-	118,645 shares	109,690,865 shares	-	21 July 2017
Directed share issue without consideration 8 November 2017	-	117,241 shares	109,808,106 shares	-	22 November 2017
Subscription of shares with warrants 1-2017 5 December 2017	-	20,940,956 shares	130,749,062 shares	-	13 December 2017
Rights issue 14 June 2018	-	174,332,080 shares	305,081,142 shares	-	23 July 2018
Directed issue 13 July 2018	-	43,583,020 shares	348,664,162 shares	-	23 July 2018
Directed share issue without consideration 7 September 2018	-	570,302 shares	349,234,464 shares	-	10 October 2018
Subscription of shares with warrants 1-2018 12 December 2018	-	3,303,950 shares	352,538,414 shares	-	21 December 2018
Rights issue 22 March 2019	-	1,057,615,242 shares	1,410,153,656 shares	-	2 April 2019
Directed share issue without consideration 22 March 2019	-	765,506 shares	1,410,919,162 shares	-	2 April 2019
Directed share issue without consideration 13 September 2019	-	787,346 shares	1,411,706,508 shares	-	4 October 2019
Subscription of shares with warrants 1-2019 12 December 2019	-	311,558,850 shares	1,723,265,358 shares	-	18 December 2019
Directed issue 12 December 2019	-	171,370,364 shares	1,894,635,722 shares	-	2 January 2020

Directed share issue without consideration 27 December 2019	-	37,267,057 shares	1,931,902,779 shares	-	2 January 2020
Directed share issue without consideration 9 March 2020	-	1,065,875 shares	1,932,968,654 shares	-	31 March 2020
Reduction in the number of shares: issue of new shares free of charge	-	107,246 shares	1,933,075,900 shares		29 April 2020
Reduction of the number of shares: redemption and cancellation	-	-1,913,745,141 shares	19,330,759 shares		29 April 2020
Issue of shares to the Company itself (for equalisation of amounts)	-	15,000 shares	19,345,759 shares		29 April 2020
Cancellation of the remaining treasury shares (after the steps related to the reduction in the number of shares)	-	12,721 shares	19,333,038 shares		22 May 2020

Rights issue 5 July 2017. Based on the authorisation given to it by the annual general meeting on 28 March 2017, the Company's Board of Directors decided on, 5 July 2017, on an issuance of shares, in which a maximum of 70,938,664 new shares were offered for subscription in accordance with the shareholders' pre-emptive subscription rights. A total of 70,938,664 shares were subscribed. The subscription price was 0.06 euro/0.58 Swedish krona per share and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue 5 July 2017. Based on the authorisation given to it by the annual general meeting on 28 March 2017, the Company's Board of Directors decided on, 5 July 2017, on an issuance of shares, in which a maximum of 3,164,224 new shares were offered for subscription in deviation from the shareholders' pre-emptive rights to certain underwriters in the rights issue decided on 5 July 2017. A total of 3,164,224 shares were subscribed. The subscription price was 0.76 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue without consideration 5 July 2017. The Company's annual general meeting held on 28 March 2017 resolved that approximately 40 per cent of the remuneration of Board members will be paid by giving the Board members new shares in the Company in two instalments. Based on the authorisation given by the annual general meeting of 28 March 2017, the Company's Board of Directors decided, on 5 July 2017, on a directed issue to be used for the payment of the first instalment of the Board remuneration. In the share issue, the Board members, excluding Sami Tuhkanen, subscribed a total of 118,645 of the Company's new shares free of charge.

Directed share issue without consideration 8 November 2017. The Company's annual general meeting held on 28 March 2017 resolved that approximately 40 per cent of the remuneration of Board members will be paid by giving the Board members new shares in the Company in two instalments. Based on the authorisation given by the annual general meeting of 28 March 2017, the Company's Board of Directors decided, on 8 November 2017, on a directed issue to be used for the payment of the second instalment of the Board remuneration. In the share issue, the Board members, excluding Sami Tuhkanen, subscribed a total of 117,241 of the Company's new shares free of charge.

Subscription of shares with warrants 1-2017 5 December 2017. The Company carried of a rights issue from 14 June 2017 to 28 June 2017, during which the warrants 1-2017 were issued free of charge to the subscribers of the shares. A total of 20,940,956 new shares were subscribed for under the warrants 1-2017. The subscription price was 0.06 euro/0.59 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Rights issue 14 June 2018. Based on the authorisation given to it by the extraordinary general meeting on 12 June 2018, the Company's Board of Directors decided on, 14 June 2018, on an issuance of shares, in which a maximum of 174,332,080 new shares were offered for subscription in accordance with the shareholders' pre-emptive subscription rights. A total of 174,332,080 shares were subscribed. The subscription price was 0.02 euro / 0.20 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue 13 July 2018. Based on the authorisation given to it by the extraordinary general meeting on 12 June 2018, the Company's Board of Directors decided on, 13 July 2018, on an issuance of shares, in which a maximum of 43,583,020 new shares were offered for subscription in deviation from the shareholders' pre-emptive rights to certain Swedish professional investors. A total of 43,583,020 shares were subscribed. The subscription price was 0.20 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue without consideration 7 September 2018. The Company's annual general meeting held on 27 March 2018 resolved that approximately 40 per cent of the remuneration of Board members will be paid by giving the Board members new shares in the Company in two instalments. Based on the authorisation given by the annual general meeting of 27 March 2018, the Company's Board of Directors decided, on 7 September 2018, on a directed issue to be used for the payment of the first instalment of the Board remuneration. In the share issue, former and exiting Board members subscribed a total of 570,302 of the Company's new shares free of charge.

Subscription of shares with warrants 1-2018 12 December 2018. The Company carried of a rights issue from 21 June 2018 to 10 July 2018, during which the warrants 1-2018 were issued free of charge to the subscribers of the shares. A total of 3,303,950 new shares were subscribed for under the warrants 1-2018. The subscription price was 0.02 euro/0.21 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Rights issue 22 March 2019. Based on the authorisation given to it by the extraordinary general meeting on 22 January 2019, the Company's Board of Directors decided on 22 March 2019 to issue a maximum of 1,057,615,242 new shares in accordance with the shareholders' pre-emptive subscription right. A total of 1,057,615,242 shares were subscribed. The subscription price was EUR 0.005/SEK 0.05 per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue without consideration 22 March 2019. The Company's annual general meeting held on 27 March 2018 resolved that approximately 40 per cent of the remuneration of Board members will be paid by giving the Board members new shares in the Company in two instalments. Based on the authorisation given by the annual general meeting of 27 March 2018, the Company's Board of Directors decided, on 7 September 2018, on a directed issue to be used for the payment of the first instalment of the Board remuneration. In the share issue, former and exiting Board members subscribed a total of 765,506 of the Company's new shares free of charge.

Directed share issue without consideration 13 September 2019. The Company's annual general meeting held on 28 March 2019 resolved that approximately 40 per cent of the remuneration of Board members will be paid by giving the Board members new shares in the Company in two instalments. Based on the authorisation given by the annual general meeting of 28 March 2019, the Company's Board of Directors decided, on 13 September 2019, on a directed issue to be used for the payment of the first instalment of the Board remuneration. In the share issue, former and exiting Board members subscribed a total of 787,346 of the Company's new shares free of charge.

Subscription of shares with warrants 1-2019 12 December 2019. The Company carried of a rights issue from 1 March 2019 to 19 March 2019, during which the warrants 1-2019 were issued free of charge to the subscribers of the shares. A total of 311,558,850 new shares were subscribed for under the warrants 1-2019. The subscription price was 0.0073 euro/0.077 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue 12 December 2019. Based on the authorisation given to it by the extraordinary general meeting on 22 January 2019, the Company's Board of Directors decided on 12 December 2019 on an issuance of shares, in which a maximum of 171,370,364 new shares were offered for subscription in deviation from the shareholders' pre-emptive rights to certain Swedish professional investors. A total of 171,370,364 shares were subscribed. The subscription price was 0.077 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue 27 December 2019. Based on the authorisation given to it by the extraordinary general meeting on 22 January 2019, the Company's Board of Directors decided on 27 December 2019 on an issuance of shares, in which a maximum of 37,267,057 new shares were offered to certain investors who had issued subscription commitments to the Company for the stock options 1-2019. A total of 37,267,057 shares were subscribed. The subscription price was 0.077 Swedish krona per share, and it was recorded in full in the Company's reserve for invested unrestricted equity.

Directed share issue without consideration 9 March 2020. The Company's annual general meeting held on 28 March 2019 resolved that approximately 40 per cent of the remuneration of Board members will be paid by giving the Board members new shares in the Company in two instalments. Based on the authorisation given by the annual general meeting of 28 March 2019, the Company's Board of Directors decided, on 17 September 2019, on a directed issue to be used for the payment of the first instalment of the Board remuneration. In the share issue, former and exiting Board members subscribed a total of 1,065,875 of the Company's new shares free of charge.

Reducing the quantity of the Company's shares: issuance of new shares without consideration 29 April 2020. The Company's annual general meeting held on 27 April 2020 resolved on the reduction of the quantity of Company's shares without reducing share capital by way of issuing new shares and by redemption of the Company's own shares, in such a way that each current 100 shares of the Company shall correspond to one share of the Company after the arrangements related to the reduction of the quantity of Company's shares are completed. 107,246 shares were issued without consideration so that the number of shares should be divided by 100.

Reducing the quantity of the Company's shares: redemption and cancellation 29 April 2020. The Company's annual general meeting held on 27 April 2020 resolved on the reduction of the quantity of Company's shares without reducing share capital by way of issuing new shares and by redemption of Company's own shares, in such a way that each current 100 shares of the Company shall correspond to one share of the Company after the arrangements related to the reduction of the quantity of Company's shares are completed. The shares were reduced by 1,913,745,141 by redemption and cancellation.

Directed share issue to the Company itself on 29 April 2020. The annual general meeting resolved on 27 April 2020 to pass a resolution on issuance of 15,000 new shares to the Company itself without consideration, for the purposes of execution of the reduction of the number of shares. These new shares could be reissued, i.e. transferred free of charge from the Company to shareholders whose number was not divisible by one hundred, to the extent that the shareholders in question required a shareholding in the Company to be divided by one hundred. In addition, it was decided that the remaining part of the Company's shares held by them will be canceled.

Cancellation of the remaining treasury shares (after the measures related to the reduction of the number of shares) 13 May 2020. 12,721 shares were canceled.

## **Dividend Policy**

The Company has not paid dividend to date, and there can be no guarantee that it will have distributable funds in the future. In the future, the Company's target is to distribute a maximum of 30 per cent of the profit for the year, but not more than 30 per cent of the distributable funds, and invest the rest of the funds for developing products and processes, as well as for expanding the business.

## **Shareholder rights**

### **General meetings of shareholders**

#### **General**

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the annual general meeting of shareholders of the company must be held annually no later than six months from the end of the company's financial year. At the annual general meeting of shareholders, the financial statements, including the income statement and the balance sheet with notes thereto and if required the cash flow statement and the consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting, shareholders also make decisions regarding, among others, use of profits shown in the balance sheet, the discharge from liability of the members of the Board of Directors and the managing director, the number of members to be elected to the Board of Directors as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration.

An extraordinary general meeting of shareholders in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company.

Pursuant to the articles of association of the Company, the Board of Directors must publish a notice to a general meeting of shareholders on the Company's website or otherwise in a verifiable manner no earlier than three (3) months and no later than three (3) weeks prior to the general meeting, however, in any case, at least nine (9) days before the record date of the general meeting of shareholders. Under the rules of First North, the Company shall publish the notice to a general meeting of shareholders as a company release as well as on the Company's website.

In order to attend and vote at the general meeting of shareholders, a shareholder must, pursuant to the articles of association of the Company, register with the Company at the latest on the date referred to in the notice convening the meeting, which may be at the earliest ten (10) days before the general meeting of shareholders. Shareholders must comply with the requirements in respect of shares registered in Euroclear Finland or Euroclear Sweden, as the case may be, and any instructions provided in the relevant notice of the general meeting of shareholders.

The Finnish Companies Act or the Company's Articles of Association do not contain requirements concerning the decision-making of the General Meeting.

#### **Shareholders with shares registered in Euroclear Finland**

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered at least eight (8) Finnish business days prior to the relevant general meeting of shareholders in the shareholder register maintained by Euroclear Finland in accordance with Finnish law. An owner of nominee-registered shares contemplating attending and voting at the general meeting of shareholders should seek a temporary registration in the shareholder register maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of an owner of nominee-registered shares into the shareholder register of the Company is considered notice of attendance at the general meeting of shareholders.

#### **Shareholders with shares registered in Euroclear Sweden**

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder with Shares registered in Euroclear Sweden's book-entry securities system must (i) be registered in the shareholder register maintained by Euroclear Sweden on the record date of the general meeting of shareholders, i.e. eight (8) Finnish business days prior to the general meeting of shareholders, and (ii) request temporary registration of ownership in the shareholder register maintained by Euroclear Finland by the date announced in the notice to convene the general meeting.

Furthermore, shareholders with shares registered in Euroclear Sweden in the name of a nominee, through a bank or a securities institution, must, in order to have the right to attend the general meeting of shareholders, (i) temporarily re-register their shares in their own name in the register maintained by Euroclear Sweden by instructing their nominee to send to Euroclear Sweden the request for temporary registration into the shareholder register maintained by Euroclear Sweden, and (ii) procure that the nominee sends the abovementioned request for temporary registration in the shareholder register maintained by Euroclear Finland on their behalf.



A request for temporary registration of ownership in the shareholder register maintained by Euroclear Finland is considered notice of attendance at the general meeting of shareholders.

## **Voting rights**

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorised representative. Pursuant to the Finnish Companies Act and the articles of association of the Company, each share entitles the holder to one vote at the general meeting of shareholders. At a general meeting of shareholders, resolutions are generally passed with the majority of the votes cast.

However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers, demergers or dissolution of a company, require at least two-thirds of the votes cast and the shares represented at the general meeting of shareholders.

In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

## **Dividends and other distributions of funds**

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to September 1, 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorise the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Pursuant to the Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered with the Finnish Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the balance and the amounts that the articles of association of the company require to be left undistributed as well as the amount that is recognized as a development cost on the balance statement in accordance with the accounting act. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend

or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalised incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the articles of association of the company require to be left undistributed (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 % of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends declared during the financial period before the annual general meeting of shareholders.

After they are registered in the Finnish Trade Register, the Shares in the Company will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. The right to dividends expires in three years from the dividend payment date.

All the shares of the Company belong to the same series of shares as of the date of the Prospectus.

## **Own shares**

Pursuant to the Finnish Companies Act, a company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the general meeting of shareholders, unless the general meeting of shareholders has authorised the Board of Directors to resolve upon share repurchases using unrestricted equity. In a public limited liability company, the resolution must be approved by at least two-thirds of all votes cast and shares represented at a general meeting of shareholders. In a public limited liability company, a resolution concerning the repurchase, redemption or pledging of own shares may not be made in such a way that the combined number of shares in the possession of or pledged to the company and its subsidiaries would exceed a tenth of all shares.

## **Pre-emptive rights**

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company unless the resolution of the general meeting of shareholders approving such issue, or authorising the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a general meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in, certain jurisdictions other than Finland or Sweden may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

## **Squeeze-out rights**

Under the Finnish Companies Act, a shareholder with shares representing more than 90 % of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares that can be redeemed may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

## **Restrictions on foreign ownership**

General restrictions on foreign ownership of Finnish companies were abolished as of 1 January 1993. However, the Act on the Control of Foreigners' Acquisition of Finnish Companies (172/2012, as amended, the "Control Act") grants Finnish authorities some control over the ownership of Finnish companies operating in areas sensitive from a national emergency

supply or national security perspective. Pursuant to the Control Act, advance clearance by the Finnish Ministry of Employment and the Economy is required if a foreign person or entity, other than a person or entity from another member state of the EU or the European Free Trade Association (EFTA), were to acquire a holding of at least one-tenth, one-third or half of the voting rights, or equivalent control by other means, over a Finnish company involved in the defence industry or producing dual-use goods. Furthermore, there are no minimum thresholds for the number of employees or the amount of turnover or total assets of the acquired company before a clearance procedure is triggered. Pursuant to the Control Act, foreign persons or entities are not required to seek clearance by the Finnish Ministry of Employment and the Economy for acquisitions of Finnish companies operating in other industries than the defence industry.

## **First North and securities markets**

### **About the First North markets**

First North is a Nasdaq's registered SME growth market under the Markets in Financial Instruments Directive (EU 2014/65). As opposed to companies listed on a regulated market such as the official list of the Helsinki Stock Exchange or the Stockholm Stock Exchange, companies listed on First North are subject to less extensive rules. This is intended to allow smaller companies to enjoy the benefits of being a publically traded company without excess administrative burden. Unlike on regulated markets, companies listed on First North must engage a "Certified Adviser" whose role is to ensure that companies comply with applicable requirements and rules. See below "*Regulation of the securities markets – Finland*" and "*Regulation of the securities markets – Sweden*".

First North Finland and First North Sweden use the same INET Nordic trading system as the Nasdaq Nordic main markets for trading in shares. The trading periods comprise a pre-trading session, a continuous trading session and a post-trading session. The trading periods and the respective trading hours are set out in a time table in force from time to time, as made available by the Nasdaq Nordic stock exchanges at [www.nasdaqomxnordic.com/tradinghours](http://www.nasdaqomxnordic.com/tradinghours).

The companies listed on First North are classified according to the international Industry Classification Benchmark (ICB). The industry classification facilitates international benchmarking of the companies by providing clearly defined and larger peer groups.

### **Trading and settlement on First North Finland**

First North Finland is maintained by the Helsinki Stock Exchange. On First North Finland, the currency of trading and settlement of transactions is euro. The Shares in the Company are issued and registered in the book-entry securities system maintained by Euroclear Finland. Transactions in shares are usually settled in Euroclear Finland's automatic settlement system (Infinity 2) on the second banking day after the trade date (T+2), unless the parties have agreed otherwise.

### **Trading and settlement on First North Sweden**

First North Sweden is a marketplace maintained by the Stockholm Stock Exchange. On First North Sweden, the currency of trading and settlement of transactions is Swedish crown. Shares traded on First North Sweden are issued and registered in the book-entry securities system maintained by Euroclear Finland. Such Shares are additionally registered in the Swedish book-entry securities system maintained by Euroclear Sweden, and trades in Shares listed on First North Sweden are settled in Euroclear Sweden's settlement system. The Shares registered with Euroclear Sweden will be entered into the shareholder register of the Company maintained by Euroclear Finland as held by Euroclear Sweden in its capacity of nominee of the Shares traded on First North Sweden, and Euroclear Sweden will "mirror" these Shares to the book-entry securities system of Euroclear Sweden. Shares registered in the system of Euroclear Sweden have the same ISIN as the Shares registered in Euroclear Finland.

## **Registration of the Shares**

### **General**

The Company is a Finnish limited company whose Shares are listed for trading on First North Sweden and First North Finland. The Shares of the Company are registered in the electronic book-entry securities system maintained by Euroclear Finland. The Company and its Shares will have their primary registration in the book-entry register of Euroclear Finland. Further, the Shares are registered in the corresponding Swedish book-entry securities system maintained by Euroclear Sweden.

The account operator engaged by Euroclear Sweden is recorded in Euroclear Finland's securities system as the nominee of the Shares in the Company. Shares registered in Euroclear Sweden's securities system have the same ISIN as shares registered in Finland (see below "*Registration in Finland*" and "*Registration in Sweden*").

Investors who have received Shares through Euroclear Finland to a book-entry account in Finland have had their Shares entered into the shareholder register maintained by Euroclear Finland. To be able to trade Shares on First North Sweden, such investors will need to transfer their Shares to the book-entry securities system of Euroclear Sweden. If a Finnish investor acquires Shares through trading on the secondary market through First North Sweden, such investor will need to transfer its Shares to the system of Euroclear Finland to be able to be registered as the owner in the shareholder register

maintained by Euroclear Finland. Such cross-border settlement may be associated with additional costs (see “*Cross-border settlement*” below).

Investors who have received Shares through Euroclear Sweden to a book-entry account in Sweden have their Shares entered into the shareholders register maintained by Euroclear Sweden. In order to be able to trade with Shares on First North Finland, these investors have to transfer their Shares to the book-entry system Euroclear Finland. This kind of cross-border transfers may involve additional costs (see “*Cross-border settlement*” below).

## **Registration in Finland**

The book-entry securities system refers to a system in which physical share certificates have been changed to book entries registered in book-entry accounts. The Finnish book-entry securities system is centralised at Euroclear Finland, which offers national clearing, settlement and registration services for securities. Euroclear Finland maintains a central book-entry register for both equity and debt securities. The business address of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100 Helsinki, Finland.

Euroclear Finland maintains a shareholder register for each listed company. The expenses incurred by Euroclear Finland in connection with maintaining the book-entry securities system are borne mainly by the issuers participating in the book-entry securities system and the account operators. The account operators, which consist of credit institutions, investment firms and other institutions licensed to act as account operators by Euroclear Finland, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Dividends and other distributions of funds are paid to shareholders or their nominees entered in the shareholder register on the relevant record date. Under Euroclear Finland's book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register.

In order to hold entries in the book-entry securities system, a security holder must open a book-entry account with an account operator. A foreign private person, foreign entity or trust may hold book-entries. Such persons may also deposit book-entries in a custodial nominee account, where the shares are registered in the name of a custodial account holder in the company's shareholder register. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities owned by one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreign private person, foreign entity or trust may be deposited in a book-entry account opened in the name of such foreign private person, foreign entity or trust, but the holding may be registered in the name of a nominee in the company's shareholder register.

All transfers of securities registered with the book-entry securities system are executed as computerised book-entry transfers to the extent they are executed in the book-entry securities system. The account operator confirms the book-entry by sending a statement of book-entries made to the holder of the respective book-entry account at least four times a year. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year. Each book-entry account is required to contain specific information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information also includes the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. A custodial nominee account is identified as such on the entry.

Euroclear Finland and the account operators are required to observe strict confidentiality. Certain information (e.g., the name and address of each account holder) contained in the register of shareholders maintained by Euroclear Finland must be made available to the public by Euroclear Finland and the company, except in the case of custodial nominee registration. The Finnish FSA is also entitled to certain information on the holdings of shares registered in a custodial nominee account upon request. The company has the same rights in respect of shares and instruments that entitle the holder to shares issued by the company.

Each account operator is strictly liable for errors and omissions in its registration activity, and for any unauthorised disclosure of information. If an account holder has suffered a loss as a result of a faulty registration or other mistake or defect relating to the entries and the account operator has not compensated such loss due to insolvency that is not temporary, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland. The capital of the registration fund shall be no less than 0.0048% of the average of the total market value of the book-entries kept in the book-entry securities system during the last five years and it must not be less than EUR 20 million. The compensation to be paid to an injured party is equal to the amount of damages suffered subject to a limit of EUR

25,000 per account operator. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

### **Custody of the shares by nominees**

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organisations approved by Euroclear Finland) to act on its behalf. A custodial nominee account holder is entitled to receive dividends on behalf of the shareholder. A beneficial owner wishing to attend and vote at general meetings of shareholders must seek a temporary registration to the shareholders' register and the shares must be registered in the share register no later than eight business days prior to the relevant general meeting of shareholders. Upon request by the Finnish FSA or the relevant company, a custodial nominee account holder is required to disclose the name of the beneficial owner of any shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose corresponding information on the representative acting on behalf of the beneficial owner and to submit a written declaration of the representative to the effect that the beneficial owner of the shares is not a Finnish natural person or legal entity. A shareholder wishing to hold his/her shares in the book-entry securities system in his/her own name but who does not maintain a book-entry account in Finland is required to open a book-entry account at an account operator and a convertible euro account at a bank.

### **Registration in Sweden**

The Swedish Central Securities Depository register (Sw. *avstämningsregistret*) is maintained by Euroclear Sweden, a Central Securities Depository and Clearing Organisation under the Swedish Financial Instruments Accounts Act (SFS 1998:1479) and the Swedish Securities Market Act (SFS 2007:528). Euroclear Sweden maintains share registers of the Swedish companies listed on First North Sweden, in which the shares are registered in dematerialised form in book-entry accounts and no share certificates are issued. Title to the shares is secured by registration with Euroclear Sweden through banks or other securities institutes, which have been approved as account operators by Euroclear Sweden. The Swedish Central Securities Depository register also contains certain additional information, for example as regards security rights. The business address of Euroclear Sweden is Klarabergsviadukten 63, Box 191, 101 23, Stockholm, Sweden.

Shares may be registered on securities accounts and accordingly be entered in the share register maintained by Euroclear Sweden, either in the owner's name (directly registered shares) or in the name of a nominee approved by Euroclear Sweden (nominee-registered shares). If the shares are nominee-registered, this is noted in the book-entry securities system. The relationship between the nominee and the beneficial owner is governed by agreement. The beneficial owner must, if he or she desires to exercise certain rights such as for example attend a general meeting of shareholders, temporarily reregister the shares in his or her own name. The nominees also regularly report the holdings of the beneficial owners to Euroclear Sweden.

Rights pertaining to shares, and entitling to for example dividends or participation in a rights issue, are issued to those holders of the shares whose names are entered into the Swedish Central Securities Depository register as at a certain record date, and dividends are normally distributed to bank accounts designated by the holders registered with Euroclear Sweden. The record date in question must be indicated in the resolutions determining the dividend or share issue or other relevant resolution.

If the registered holder is a nominee, the nominee receives the dividend and other economic rights pertaining to the shares on behalf of the beneficial owner. The same applies to subscription rights in connection with rights issues and such new shares which have been subscribed for by using subscription rights. The nominee is responsible for the distribution of the dividend to the beneficial owners, and a similar procedure is followed for subscription rights and newly issued shares.

### **Cross-border settlement**

There are specific requirements for cross-border settlement (i.e. transfer of shares from Euroclear Finland to Euroclear Sweden or vice versa). Such transfers may be subject to fees pursuant to the settlement parties' respective fee schedules.

### **Compensation fund for investors and the deposit guarantee fund**

In a compensation fund for investors, investors are divided into professional and non-professional investors. The fund does not compensate any losses by professional investors. The definition of professional investor includes business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities

markets, he/she is a professional investor; however, natural persons are generally presumed to be non-professional investors. Investment firms and credit institutions must belong to the compensation fund. The compensation fund safeguards payment of clear and undisputable claims when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined period of time. For valid claims, the compensation fund will pay 90 % of the investor's claim against each investment company or credit institution, up to a maximum of EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions. Depository banks must belong to a deposit guarantee fund, which is intended to safeguard payments of receivables in the depository bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depository bank becomes insolvent and the insolvency is not temporary. The customers of a depository bank can be compensated by the deposit insurance fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit insurance fund or the compensation fund. However, an investor's funds cannot be safeguarded by both funds at the same time.

## **Regulation of the securities markets**

### **Finland**

The securities market in Finland is supervised by the Finnish FSA. The principal statute governing the Finnish securities market is the Finnish Securities Markets Act, which contains regulations with respect to company and shareholder disclosure obligations, prospectuses, public tender offers and the Market Abuse Regulation ((EU) No 596/2014), which regulates, inter alia, the disclosure of insider information and the trade reporting of issuers' executives, among other things. The regulations on the admission of securities and other financial instruments to public trading and the trading of listed financial instruments have been compiled into the Act on Trading in Financial Instruments (1071/2017, as amended). The Finnish FSA monitors compliance with these regulations and may issue more detailed regulations under the Finnish Securities Markets Act and other laws.

As First North is classified as a multilateral trading facility and not a regulated market, only a subset of the rules contained in the Finnish Securities Market Act apply to the Company and investors in its securities. Thus, for example, the notification obligation provisions do not apply to First North multilateral trading securities. However, certain provisions of the Finnish Securities Markets Act also apply to securities listed on a multilateral trading facility, such as the Market Abuse Regulations and certain rules on takeover bids. In addition, First North's rules impose obligations on companies traded on First North.

The Finnish Securities Markets Act and the Market Abuse Regulation set out minimum disclosure requirements for companies applying for listing on Nasdaq Helsinki or First North, or whose securities are publicly traded or which offer securities to the public. Disclosure obligations must be disclosed in such a way that the public has rapid access to that information and that the information can be thoroughly, appropriately and timely assessed by the public. A Finnish listed company, that is, a company whose shares are traded on a regulated market, is required to regularly disclose financial information about the company as well as all matters concerning the company which, if disclosed, would be likely to have a significant effect on the price of the issuer's financial instrument. First North's rules also include an obligation to regularly disclose financial information about the company and other provisions regarding ongoing disclosure. Published information must also be kept available to the public.

Under the Finnish Securities Market Act, there is no obligation based on holdings of shares or voting rights to make a public tender offer to purchase the remaining shares and other securities if such shares or securities are not traded on a regulated market. However, the Finnish Securities Markets Act contains certain provisions that also apply to public takeover bids for securities listed on First North. A party making a voluntary takeover bid shall comply with certain obligations under the Finnish Securities Markets Act, which include, among other things, equal treatment of shareholders, disclosure, and securing financing for the tender offer. A party making a voluntary takeover bid is also subject to the obligations under the Finnish Securities Markets Act regarding the increase and credit of the offer.

The Market Abuse Regulation obligates the persons discharging managerial duties for the issuers of shares listed on a multilateral trading facility and the persons closely associated with them to immediately notify the Financial Supervisory Authority and the company of any transactions they have conducted on the company's shares and other financial instruments. The notifications must be made promptly, and no later than within three (3) business days of the transaction date. The obligation to make notifications of all transactions applies to all transactions after reaching a total of EUR 5,000 during a calendar year. The company must furthermore disclose the information concerning the transactions concluded by the persons discharging managerial duties and the persons closely associated with them with a company release

promptly, and no later than within three (3) business days of the transaction date. In multilateral trading facilities, the issuers of the traded shares must furthermore maintain a list of insiders which is composed of project-specific sections and, should the issuer so decide, complementary sections, which list permanent insiders.

The Finnish Penal Code (39/1889, as amended) criminalises, inter alia, the misuse of inside information and market manipulation. The Finnish FSA has the right to impose violations of the provisions on disclosure, misuse of inside information, market manipulation and trade reporting of executives, except for administrative sanctions, with the exception of situations in which the entity is suspected of the same offense pre-trial investigation, consideration of charges or a court in criminal proceedings or the entity has been given a final judgment for the same offense. For example, the Finnish FSA may issue a public warning, prohibit a person from trading in financial instruments or impose a penalty or penalty payment.

## Sweden

The securities market in Sweden is supervised by the Swedish FSA (Sw: *Finansinspektionen*). The Swedish FSA monitors compliance with the applicable regulations.

Laws governing the Swedish securities market include inter alia: (i) the Swedish Financial Instruments Trading Act (SFS 1991:980), which sets out regulations with respect to disclosures of major holdings, prospectuses and takeover bids, among other things, (ii) the Swedish Securities Markets Act (SFS 2007:528), which sets out regulations with respect to periodic and ongoing disclosure obligations, the operations of regulated marketplaces and Multilateral Trading Facilities, among other things, (iii) the Swedish Stock Market (Takeover Bids) Act (SFS 2006:451), which sets out regulations with respect to mandatory bids (Sw: *budpliktsbud*), and (iv) the Swedish Financial Instruments Trading (Market Abuse Penalties) Act (SFS 2005:377), which sets out regulations and penalties with respect to misuse of insider information and market manipulation. Additionally, the Swedish securities market are regulated by the Market Abuse Regulation mentioned in the previous paragraph.

The Swedish FSA has issued more detailed regulations pursuant to the relevant legislation governing the securities market. As First North Sweden is classified as a Multilateral Trading Facility (Sw: *handelsplattform*) and not a regulated marketplace (Sw: *reglerad marknad*), certain provisions provided in these laws and regulations are not applied in relation to securities traded thereon.

The Swedish Financial Instruments Trading Act specifies certain disclosure requirements for companies listed on a regulated marketplace. The same Act does, however, not contain any disclosure requirements for companies listed on a Multilateral Trading Facility, such as First North Sweden.

The Swedish Securities Market Act does not impose any obligation on companies listed on a Multilateral Trading Facility such as First North Sweden to publish periodic financial information on the company.

There is no obligation under the Swedish Stock Market (Takeover Bids) Act based on holdings of voting rights to launch a takeover bid to purchase the remaining shares and other securities if such shares or securities are not traded on a regulated marketplace. The Swedish Corporate Governance Board (Sw: *Kollegiet för Svensk Bolagsstyrning*) has, however, published Takeover Rules for takeover bids that apply for companies that are listed on certain Swedish Multilateral Trading Facilities.

The Swedish Financial Instruments Trading (Market Abuse Penalties) Act contains criminal sanctions for the misuse of insider information and market manipulation.



## Tax Considerations

### Taxation Finland

*The tax legislation of the investor's country of residence and the tax legislation of Finland may affect the income received from the securities. The following summary is based on the tax laws of Finland as in effect as at the date of this Prospectus. Changes in the tax laws could have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or discuss the tax laws of any state other than Finland. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on shares and capital gains arising from the sale of shares. Prospective investors are advised to consult professional tax advisors as to the tax consequences of the purchase, ownership and disposition of Shares in Company. The following description does not address tax considerations applicable to such holders of Company's shares that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax-exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.*

#### General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish-source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person continuously remains in Finland for a period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year. Earned income, including salary, is taxed at progressive rates.

Currently, the capital income tax rate is 30 per cent. In addition, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent on the amount that exceeds EUR 30,000.

Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. Currently, the corporate income tax rate is 20 per cent.

#### Dividend taxation

##### *General*

The tax treatment of dividend income is dictated by whether the company distributing the dividend is publicly listed or not. By a publicly listed company is meant a company ("Listed Company") whose shares are admitted to trading:

- in a regulated market as set forth in the Finnish Act on Trading in Financial Instruments (748/2012, as amended);
- in another regulated market supervised by authorities outside the EEA-area; or
- in a multilateral trading facility as set forth in the Finnish Act on Trading in Financial Instruments, provided that the share has been admitted to trading by application of the company or with its consent.

First North is a multilateral trading facility as referred to above; hence the provisions regarding distribution of dividend of a publicly traded company are applied to the taxation of the dividend income from the Company.

Funds distributed from the so-called reserve for invested unrestricted equity (SVOP-reserve) of a Finnish publicly listed company are considered as dividend income for taxation purposes.

##### *Resident natural persons*

85 per cent of dividends paid by a Listed Company to a shareholder, who is a resident natural person, is considered capital income of the recipient, while the remaining 15 per cent is tax exempt.

85 per cent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is taxable partly as earned income, which is taxed at a progressive rate, and as capital income, and the remaining 15 per cent is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

#### *Finnish limited liability companies*

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not. Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company that is not a Listed Company (i.e. a privately held company) from a Listed Company are fully taxable income. However, in cases where the privately held company directly owns 10 per cent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder.

#### *Non-residents*

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 per cent for non-resident corporate entities as income receivers and 30 per cent for all other non-residents as income receivers. The withholding tax rate may be reduced or removed in full on the basis of an applicable tax treaty.

The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

If shares are held through a nominee account and the person entitled to receive dividends on such shares is a resident in a tax treaty country, the withholding tax rate on the dividend is the tax rate set forth in the relevant tax treaty; however, the tax rate must be at least 15 per cent (if the tax rate set forth in the tax treaty is less than 15 per cent, an application including the necessary details of the nationality and identity of the beneficial owner may be submitted for the refund of the excess withholding tax). This means that with respect to dividends on shares held through a nominee account, tax is withheld at the rate set in the applicable tax treaty or 15 per cent absent thorough clarification of the identity of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authorities' register and that it is resident in a country with which Finland has a double taxation treaty. Also, the foreign custodian intermediary must have an agreement with the Finnish account operator regarding the custody of the shares. In such agreement, the foreign custodian intermediary must, among other things, commit to report the dividend receiver's residential country to the account operator and to provide additional information to the tax authorities, if needed. If these provisions are not fulfilled, the 20 per cent withholding tax is withheld on the nominee account's dividends for non-resident corporate entities and 30 per cent for all other non-residents unless otherwise set forth in an applicable tax treaty. Alternatively, provisions of the Finnish Act on Assessment Procedure (1558/1995, as amended) may be applied to the taxation of non-residents located in a state in the EEC.

In accordance with Finnish tax legislation, withholding tax is not withheld from dividends, which are paid to foreign companies, as set forth in Article 2 of the parent-subsidiary directive (2011/96/EU), located in an EU member state and subject to income tax of their home state, which directly have a minimum holding of 10 per cent of the capital of the dividend-distributing Finnish company.

Dividends paid to certain foreign companies located in the EEA-area are also either fully tax exempt or subject to a reduced withholding tax rate depending on how the dividend would be taxed, if it were paid to an equivalent Finnish company. The applicable double taxation treaty may, however, require that an even lower withholding tax rate shall be applied. Full withholding tax is withheld from other dividends paid to non-resident companies, unless the applicable double taxation treaty dictates otherwise

## Capital gains

### *Resident natural persons*

A capital gain or loss arising from the sale of shares that do not belong to the business activity of the shareholder is generally taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. With regard to warrants, the tax treatment varies depending on whether or not the warrants are traded on a regulated market. Gains on the sale of all warrants not belonging to the owner's business activities are generally taxed in Finland as capital income of a taxable natural person. On the other hand, the expiry of a warrant right or the resulting capital loss is deductible from the capital gains only in respect of warrant rights that are traded on a regulated market. As First North is not a regulated market, the expiration of the warrant rights or the capital loss are not deductible from capital gains.

Capital gains are currently taxed as capital income. A capital loss arising in 2016 and after that from the sale of shares that do not belong to the business activity of the shareholder is primarily deductible from the resident natural person's capital gains and secondarily from other capital gains arising in the same year and during the following five tax years. Capital losses are excluded from the calculation of capital income deficit for the concerned tax year and can, therefore, not be deducted from the amount of the deficit-credit that is deductible under the deficit-crediting system. If the shares belong to the business activity (business income source) of the seller, any gain arising from the sale thereof is deemed to be business income of the seller, which will be divided according to the Finnish Income Tax Act to be taxed at a progressive tax rate and as capital income. The deductibility of losses related to shares included in the seller's business activity is determined as described under "Finnish Limited Companies" below.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to business activity are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws).

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares that are not included in the person's business activity may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which equals 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

When a shareholder sells the Offer Shares subscribed for in the Offering, the acquisition date of the Offer Shares is considered to be the acquisition date of the shares that entitle the shareholder to receive the Subscription Rights. The acquisition price of the previously acquired Shares and the acquisition price of the Offer Shares subscribed for in the Offering are added together and divided equally between the previously acquired Shares and the subscribed Offer Shares. When a shareholder sells the Subscription Rights received in connection with the Offering without using them to subscribe for the Offer Shares in the Offering, the actual acquisition price of the Subscription Rights is considered to be zero and the shareholder's tax acquisition date is in this case, the acquisition cost assumption of 20 per cent or, if the Offer Shares on the basis of which the Subscription Rights were acquired has been owned for ten years or more, 40 per cent is used to calculate the amount of the capital gain from the sale of the Subscription Rights. However, if the Subscriber has purchased the Subscription Rights, the seller of the Subscription Rights may choose whether to use the acquisition cost assumption or the actual acquisition price (i.e. the acquisition price of the Subscription Rights plus the costs of sale).

If the Offer Shares are subscribed for on the basis of the purchased Subscription Rights, the Offer Shares will be deemed acquired at the time of acquisition of the Subscription Rights. The same date also determines the amount of the acquisition cost assumption. If the seller wishes to use the actual acquisition cost, the capital gain or -loss on disposal will be calculated by deducting from the sale price both the acquisition price of the Subscription Rights and the Offer Shares (and the costs incurred from the sale).

### *Finnish limited liability companies*

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company, which is taxed with a rate of 20 per cent.

Shares may be fixed assets, current assets, investment assets or financial assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify. Shares may also qualify as non-business income source assets of a limited liability company. The Finnish Income Tax Act's provisions are applied to capital gains that have arisen from the sale of assets from non-business income sources.

The sales price of any sale of shares is generally included in the business income of a Finnish liability company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. The main criteria for the application of the so-called participation exemption is that the company selling the shares has directly and continuously for at least one year, and such ownership of the sold shares has ended at the most one year before the sale, owned at least 10 per cent of the share capital in the company whose shares are sold, and the sold shares belong to the shares owned in accordance with the above.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of fixed assets shares in the same financial year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same financial year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

#### *Non-residents*

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Income Tax Act and an applicable tax treaty and the shares are considered to be assets of that permanent establishment.

#### *Finnish transfer tax*

Transfer tax is not payable in connection with the issuance of new shares or other securities.

There is no transfer tax payable in Finland on transfers or sales of shares admitted to trading on First North if the transfer is made against a fixed pecuniary consideration. The transfer tax exemption requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012, as amended), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Assessment Procedure (1558/1995, as amended).

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act. See "Shareholder rights – Squeeze-out rights". If the transfer or sale of shares does not fulfil the above criteria for a tax-exempt transfer, transfer tax at the rate of 1.6 per cent of the sales price is payable by the purchaser. However, if the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm or fund management company, the seller must collect the tax from the purchaser. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution or foreign investment firm, the transfer of shares will be exempt from Finnish transfer tax. No transfer tax is collected if the amount of the tax is less than EUR 10.

## **Taxation Sweden**

*The following summary outlines certain Swedish tax issues related to the Offering for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended only to provide general information regarding the Offering. The summary does not cover situations where shares are held as current assets in business operations or where shares are held by partnerships. Moreover, the summary does not cover the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends in the corporate sector which may be applicable when the investor holds shares in the*

*Company which are deemed to be held for business purposes (for tax purposes, Sw. näringsbetingade andelar). The special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares is not covered and nor the special taxation rules regarding assets held through investments saving accounts (Sw. investeringssparkonto).*

*Furthermore, special tax rules apply to certain categories of companies who are shareholders. The treatment for tax purposes of each individual shareholder depend in part on such shareholder's particular circumstances. Those considering in investing should consult an independent tax advisor as to the tax consequences relating to their particular circumstances that could arise from the Offering, including the applicability and effect of foreign regulations and double tax treaties.*

## **Private individuals**

### *Capital gains taxation*

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains on listed shares is taxed in the capital income category. The tax rate in the capital income category is 30 per cent.

Capital gains and capital losses are calculated to equal the difference between the proceeds received when the shares are sold or redeemed, after deduction for potential sale expenses and the acquisition cost for tax purposes. The acquisition cost for listed shares is normally determined according to the "average method". This means that the cost of acquiring all shares of the same type and class as the divested share are added together and calculated collectively, with respect to changes to the holding. Alternatively, the "standard method", according to which the acquisition cost is deemed to be equal to 20 per cent of the net proceeds received when the shares are sold or redeemed, may be applied.

Capital losses on listed shares may be fully deductible against taxable capital gains on shares the same fiscal year. The loss is also deductible against gains on other listed securities that are taxed in the same manner as shares (however, not against gains on participations in investment funds containing Swedish receivables only, Sw. räntefonder). Capital losses not absorbed by these set-off rules are deductible at 70 per cent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax and municipal property fees. The tax reduction is granted at 30 per cent of such net loss which does not exceed SEK 100,000 and at 21 per cent of any remaining net loss. An excess net loss cannot be carried forward to future tax years.

### *Dividend taxation*

For private individuals resident in Sweden for tax purposes, a preliminary tax is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden, or in respect of nominee-registered shares, by the nominee. The Swedish preliminary tax withheld may be reduced under applicable double tax treaties.

Additionally, dividends from a foreign company are generally subject to foreign withholding tax. However, the tax rate is normally reduced under applicable tax treaties for dividends beneficially owned by a person resident in Sweden for the purpose of the treaty. Foreign tax can generally be credited from the Swedish tax on the same income.

### *Allocation, exercise and disposal of subscription rights*

Neither allocation nor exercise of subscription rights triggers taxation. For shareholders who do not wish to exercise their subscription rights and instead sell their subscription rights, there may be a taxable capital gain. Subscription rights based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will be subject to taxation. The standard method is not applicable in this case. The acquisition cost for the original shares is not affected. For subscription rights purchased or otherwise acquired (i.e. that are not received based on a shareholding of existing shares), the price paid for the rights constitutes the acquisition cost. The acquisition cost of such subscription rights shall be taken into account when calculating the tax basis for the shares. The "standard method" may be used on disposal of listed subscription rights. A subscription right that is not exercised or sold, and thus expires, is deemed disposed of at SEK 0.

### *Allocation, exercise and disposal of warrants*

Allocation of warrants in connection with the subscription of new shares is not taxed at the recipient when the recipient is a shareholder in the company that the warrants relate to. Nor when the warrants are exercised for subscription of shares will they be subject to taxation. For shareholders who sell their warrants, there may be a taxable capital gain. Warrants based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will thus be subject to taxation. For warrants purchased or otherwise acquired (i.e. that are not received based on a shareholding of existing shares), the price paid for the warrants constitutes the acquisition cost.

## **Limited liability companies**

### *Capital gains and dividends taxation*

For Swedish limited liability companies (Sw. aktiebolag) all income, including taxable capital gains and dividends, is taxed as income from business operations at a rate of 21,4 per cent (the corporate tax rate will be reduced to 20.6 per cent in January 2021). Taxable capital gains and capital losses are calculated in the same way as described above regarding private individuals.

Capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed in the same manner as shares. If a capital loss cannot be deducted by the company which has made the loss, it may be deducted the same year from a group company's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through group contributions, Sw. koncernbidrag) and that both companies so request in the tax return of the same year. A net capital loss on shares, which cannot be utilised a certain year, may be carried forward (by the limited liability company having made the loss) and offset in future tax years against taxable capital gains on shares and other securities taxed as shares, without any limitation in time. Special tax rules may apply to certain categories of companies or certain legal persons, for example mutual funds and investments companies.

Additionally, dividends from a foreign company are generally subject to foreign withholding tax. However, the tax rate is normally reduced under applicable tax treaties for dividends beneficially owned by a person resident in Sweden for the purpose of the treaty. Foreign tax can generally be credited from the Swedish tax on the same income

### *Allocation, exercise and disposal of subscription rights*

Neither allocation nor exercise of subscription rights trigger taxation. For shareholders who do not wish to exercise their subscription rights and instead sell their subscription rights, there may be a taxable capital gain. Subscription rights based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will be subject to taxation. The standard method is not applicable in this case. The acquisition cost for the original shares is not affected. For subscription rights purchased or otherwise acquired (i.e. that are not received based on a shareholding of existing shares), the price paid for the rights constitutes the acquisition cost. The acquisition cost of such subscription rights shall be taken into account when calculating the tax basis for the shares. The "standard method" may be used on disposal of listed subscription rights. A subscription right that is not exercised or sold, and thus expires, is deemed disposed of at SEK 0.

### *Allocation, exercise and disposal of warrants*

Allocation of warrants in connection with the subscription of new shares is not taxed at the recipient when the recipient is a shareholder in the company that the warrants relate to. Nor when the warrants are exercised for subscription of shares will they be subject to taxation. For shareholders who sell their warrants, there may be a taxable capital gain. Warrants based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will thus be subject to taxation. For warrants purchased or otherwise acquired (i.e. that are not received based on a shareholding of existing shares), the price paid for the warrants constitutes the acquisition cost.

## **Non-resident shareholders in Sweden**

### *Capital gains taxation*

Shareholders who are not resident in Sweden for tax purposes and not conducting business from a permanent establishment in Sweden are generally not liable for capital gains taxation in Sweden upon the disposal of shares. However, shareholders may be subject to taxation in their state of residence. According to a domestic Swedish provision, non-Swedish tax resident individuals may be subject to Swedish capital gains taxation upon disposal of securities, if they

have been residents of Sweden or have had a habitual abode in Sweden at any point during the calendar year of disposal or the ten preceding calendar years. In a number of cases, though, the applicability of this rule is limited by double tax treaties.

## **Third party information, expert statements**

### **Expert statements related to this Prospectus**

With the exception of the auditor's reports referred to in section "*Information incorporated by reference*" (auditor's reports regarding financial periods 2019, 2018 and 2017 have been incorporated by reference), this Prospectus does not include any other expert statements.

### **Information from third parties**

This Prospectus does not include information developed by third parties for the purposes of preparing this Prospectus.

### **Documents available for inspection**

Copies of the following documents are available for inspection during the validity of this Prospectus on the Company's website at <http://www.savosolar.com/rights-issue-2020>.

- Savosolar's Articles of Association, as registered at the date of this Prospectus;
- Savosolar's annual report and audited financial statements for the financial period ended 31 December 2019;
- Savosolar's annual report and audited financial statements for the financial period ended 31 December 2018
- Savosolar's annual report and audited financial statements for the financial period ended 31 December 2017;
- Auditor's report on Savosolar's financial statements for the financial year ended 31 December 2019;
- Auditor's report on Savosolar's financial statements for the financial year ended 31 December 2018; and
- Auditor's report on Savosolar's financial statements for the financial year ended 31 December 2017.

### **Information incorporated by reference**

The Company's financial statements, annual reports and auditor's report for the financial periods ended 31 December 2019, 31 December 2018 and 31 December 2017 have been incorporated to this Prospectus by reference. The Finnish language documents incorporated by reference are available at the Company's website at [www.savosolar.com/rights-issue-2020](http://www.savosolar.com/rights-issue-2020).



## Glossary

### *Absorber*

Solar thermal absorber is a device that binds solar radiation. Inside the absorber flows a heat transferring fluid, through which solar energy is transferred out of the absorber as heat.

### *Argon*

Argon is a chemical element with symbol Ar and atomic number 18 and is a noble gas.

### *PVT / Photovoltaic thermal*

A device which converts solar radiation into electrical energy by means of a photoelectric effect.

### *Solar thermal cooling*

A technical solution that can harness solar energy for cooling. Cooling material is regenerated with heat through an absorption reaction or then a phase change is used, as in heat pipes.

### *ESTIF*

European Solar Thermal Industry Federation.

### *ISO 9000 –standard*

ISO 9000 is an international standard series for the management of organisations in terms of quality management systems.

### *Collector*

A solar thermal collector is a device that converts solar radiation into usable heat.

### *Solar Keymark*

Solar Keymark is a voluntary third party certification for solar thermal products. Solar Keymark developed by ESTIF and CEN (European Committee for Standardisation).

### *Direct flow absorber*

Direct flow absorber is an absorber, made by MPE (Multi-Port Extrusion) -profiles, where the heat flows directly to the collector's heat exchange fluid. This means that the distance the heat must travel is much shorter, which improves the mechanism of heat transfer and increases the efficiency of the collector.

### *Thermoplastic*

Thermoplastic means an adhesive, which can be moulded into a new form with the help of heat and pressure.

### *Vacuum coating*

A 3-layer coating which is placed on top of the absorbers.

### *Roll-bond absorber*

When manufacturing roll-bond absorbers a process, where the fluid channel pattern is printed with special ink on an aluminium plate, and with different patterns an optimised flow of the heat exchange fluid through the solar thermal absorbers can be achieved. This technology has been developed by CGA Technologies S.p.A.

## Articles of Association

### Articles of Association of Savosolar Plc

#### 1 § Registered name and domicile

The registered name of the company is Savosolar Oyj, in Swedish Savosolar Abp and in English Savosolar Plc. The domicile of the company is Mikkeli.

#### 2 § Line of business

The line of business of the company is design, manufacturing and sale of energy systems that exploit solar energy as well as research, development and consultation relating to its line of business. In addition, the company may own real estates, shares in housing companies, investment shares as well as other securities, make share investments in companies and lease the real estates and apartments that it owns.

The company may conduct its business directly on its own or through subsidiaries or associated companies.

#### 3 § Shares

The company's shares belong to the book-entry securities system.

#### 4 § Board of Directors and the Managing Director

The company shall have the Board of Directors, which comprises no fewer than three (3) and no more than seven (7) members. The term of office of each member of the Board of Directors ends at the adjournment of the first annual general meeting of shareholders following the election.

The company shall have a Managing Director. The Managing Director is nominated by the Board of Directors.

#### 5 § Representation of the company

The company shall be represented by the Board of Directors but also the chairman of the Board of Directors and the Managing Director alone and two members of the Board of Directors acting jointly. The Board of Directors may grant procuration or representation right to a nominated person.

#### 6 § Auditors

The company shall have one ordinary auditor and one deputy auditor. In case an auditing firm certified by the Finland Chamber of Commerce or chamber of commerce is elected as auditor, deputy auditor does not need to be elected. The term of office of the auditors ends at the adjournment of the annual general meeting of shareholders first following the election.

#### 7 § Summons, registration period and venue of general meeting of shareholders

The notice to convene a general meeting of shareholders must be delivered to the shareholders by publishing the notice on the website of the company or otherwise in a verifiable manner no earlier than three (3) months and no later than three (3) weeks prior to the general meeting of shareholders, however, in any case, at least nine (9) days prior to the record date of the general meeting of shareholders pursuant to the Finnish Companies Act.

Where the Board of Directors so decides, a shareholder must register with the company in order to participate in the general meeting of shareholders. In such case, shareholders must register no later than on the date referred to in the notice convening the meeting, which date may be at the earliest ten (10) days prior to the general meeting of shareholders.

Besides the company's domicile, general meetings may be held in the City of Helsinki, Finland or the City of Stockholm, Sweden.

#### 8 § Annual general meeting of shareholders

The annual general meeting of shareholders shall be held each year within six (6) months from the end of the financial period of the company on a date resolved by the Board of Directors.

The meeting shall:

be presented with:

1. the financial statements and, when needed the report of the Board of Directors;
2. the auditor's report;

resolve upon:

3. the adoption of the financial statements;
4. the use of profits shown on the balance sheet;
5. the discharge of members of the Board of Directors and the Managing Director from liability;
6. the remuneration of the members of the Board of Directors and the auditor;
7. the number of the members of Board of Directors;

elect:

8. the members of the Board of Directors, and
9. the ordinary auditor and deputy auditor.

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