

Savo-Solar Plc's financial statement release for 2016: Revenue more than doubled, EBIT margin clearly better than during the comparison period

Key figures in January-December 2016

- Savo-Solar's revenue increased by 164% year-on-year, amounting to EUR 5,405 thousand (2015: EUR 2,046 thousand). Major part of revenue derived from deliveries of large solar collector fields to district heating companies in Denmark.
- Operating result (EBIT) amounted to EUR -4,311 thousand (EUR -3,675 thousand). EBIT margin was clearly better than in previous year. Profitability was weakened by warranty provision recorded into P/L statement and other non-recurring costs, which were connected with first delivery projects of double-glass collectors and with aggressive investments in sales.
- Savo-Solar's financing position improved after successful rights issue and directed share issue in autumn 2016, when the company collected approximately EUR 5.8 million net after transaction costs.

Key figures in July-December 2016

- Revenue was five-fold the revenue of previous year, amounting to EUR 2,308 thousand (7-12/2015: EUR 428 thousand).
- Operating result (EBIT) amounted to EUR -2,484 thousand (EUR -1,883 thousand).
- Savo-Solar won a tender concerning the collector field for Ystad Energi AB, which is the company's first complete delivery to Sweden.

The accounting principles for the financial statement release

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

CEO comments:

"Strong growth of Savo-Solar continued. Our revenue in 2016 was more than double that of previous year thanks to large-scale deliveries to district heating companies mainly in Denmark and in other European countries.

Along with the strong growth of business we invested in increased production capacity and in the development of operations in line with our strategy. We have improved the efficiency of production so that

during the last 18 months the amount of working hours in the manufacture of collectors in factory has been reduced by approximately 70%. Furthermore, the modernization of our coating lines has doubled the coating capacity. We also introduced a new ERP system and reorganized the administration, and with these measures we expect to get remarkable savings in overheads during 2017.

Costs for materials and services increased year-on-year more moderately than revenue, because with increased volumes we were able to utilise lower purchase prices. Also personnel costs and other operational costs increased proportionally less than revenue. The operating result (EBIT) for the full-year period was EUR -4.3 million. EBIT margin was clearly better than in 2015.

The company's fast growth increased the working capital need, and therefore we arranged successful share issues in autumn and we collected a total of EUR 5.8 million after transaction costs. Furthermore, we gained new prominent shareholders, who are acting in long-term and contribute ensuring the realization of our company's growth path.

Towards the end of the year the growth of our order backlog slowed down as a consequence of the postponement of customer projects in our main market area in Denmark. The Danish government's decision-making on the continuation of energy savings and emission reduction program took longer than expected, delaying the investment decisions of the energy companies. The decision on the continuation of the program was finally made in late December. Even though the market started to grow strongly after the decision, our company's order backlog already got a shortfall. For this reason we had to initiate cooperative negotiations concerning the adaptation of the Finnish operations.

The growth outlook in the large-scale solar thermal market is very strong, and especially the Danish market is currently recovering very fast after the temporary market disturbance during the second half of 2016. Therefore, we estimate that the company's full-year revenue in 2017 will be higher than in 2016 and that the revenue will grow faster towards the end of the year.

Capacity increase through investments in the coating line and the manufacture of collectors was necessary for our ability to meet with the market growth and to increase our production's flexibility in accordance with the customers' needs. Along with the increased manufacturing volumes the costs for material and work have declined, and we expect this trend to continue in 2017 and to reflect to profitability stronger during the latter half of the year.

At the end of the report period, our order backlog was low. Number of quotation requests to large projects has increased clearly both in Denmark and elsewhere in Europe. All over Europe the search for optimum solutions to carbon-free energy systems is on-going. Because cooling and heating are the largest energy consumers in Europe, more and more effort is put into their emissions-free production. For this reason, there are plans to build district heating systems in most countries, and for example in France the target is to increase the share of district heating from the present 6% to 30% by the year 2030. The production of district heating shall be made by biofuels, and to save them a part of the energy production is planned to be made using large solar thermal fields.

Our company's successful field deliveries to Denmark have resulted in us getting contacts from different parts of Europe and at this very moment we have in our sales pipeline projects with a value of more than EUR 60 million. We have open quotations in 8 different European countries with a total value of approximately EUR 10 million. Many of these projects are planned to be realized still during this year and even to be installed so that they can start energy production already this summer.

Our established position in the Danish market and our collector fields operating there serve as excellent references in tenders also in other European markets. Our double-glass collector is superior in efficiency to

competing products as measured by independent institutes. At the end of last year we won a tender for a solar collector field to be installed on the roof of a sports hall for the district heating company Ystad Energi AB. Even though the deal value is relatively small, the delivery is our company's first complete delivery to Sweden and therefore a very important reference.

We have enhanced our sales and marketing among others by new recruitments, and now we are able to focus our marketing efforts more intensively also to markets outside Europe. The decision to establish a subsidiary in Germany, which was made after the end of the report period, is an important step, and we trust that it will strengthen our position in the German-speaking market area and bring more requests for quotations and delivery contracts. These actions are enhancing our possibilities remarkably and will provide strong prerequisites for future growth of business."

Jari Varjotie, Managing Director of Savo-Solar Plc

Business development in July-December 2016

Revenue for the latter half of the year amounted to EUR 2,308 thousand (7-12/2015: EUR 428 thousand) and the operating result to EUR -2,484 thousand (-1,883 thousand). Revenue derived mainly from deliveries to Denmark and Ukraine. The revenue of the latter half of the year was smaller than on the first half of the year mainly due to scheduling of production and recognition of project payments. Furthermore, the capacity increase of coating line and modifications in production were started at the end of November so that the manufacturing operations slowed down accordingly. The profitability for the latter half of the year was weakened especially by non-recurring costs connected with the first deliveries of double-glass collectors and by a warranty provision.

Savo-Solar won in November a tender concerning the delivery of a solar collector field onto the roof of the Ystad Arena. The customer is district heating company Ystad Energi AB. Negotiations on the contract are on-going and the final contents and terms of the order will be specified later on.

Business development in January-December 2016

Revenue

Full-year revenue for 2016 amounted to EUR 5,405 thousand, i.e. more than double year-on-year (1-12/2015: EUR 2,046 thousand). The growth was mainly based on delivery projects of large solar collector fields to the district heating market in Denmark.

The extension of 5,600m² to Løgumkloster solar collector field was delivered to the customer according to schedule in February 2016. The energy station now has approximately 15,000m² of solar collector field delivered by Savo-Solar. Major part of the revenue was already recorded in the income of the year 2015.

The company delivered and assembled a solar collector field to Søllested district heating station in August. The value of the delivery to Savo-Solar is approximately EUR 0.7 million. The delivery is based on the cooperation contract between Savo-Solar and Dansk Energi Service (DES), which covers the sales and delivery of turn-key solar thermal stations in Denmark.

One important delivery project was the solar collector field to Jelling Varmeværk in value of EUR 2 million. The solar collector field has in the measures and analysis of the customer proven to be very efficient. The first part of the field started producing energy in the beginning of June, and already during the first weekend the daily production amounted to 34 MWh. The first available part of the field has 461 collectors of a total of 1,031 collectors in the entire field, and their total area is 6,836.63m². The measured production

of this part was record-high at 5kW/m², which in accordance with the information available to the company is the highest in Denmark and exceeds the next best field by almost 6%. The production in the second part of the field started in August 2016, when all the water storages were finalized.

In autumn, Savo-Solar delivered a solar thermal collector field for the district heating plant of Fors A/S in Jyderup, Denmark. The value of the contract to Savo-Solar was approximately EUR 1.5 million. The official hand-over of the field took place in January 2017 but the field was taken into production already in December and also the revenue was recorded in the income for the year 2016.

Savo-Solar delivered to the Austrian company S.O.L.I.D. a test field, which will be connected to the solar thermal district heating system of Graz. The field was provided with double-glass collectors, which have been developed by Savo-Solar and introduced to market during 2015. Market for large fields is growing fast in Central Europe and for example in Graz there are plans to build a collector field covering 450,000m².

The order intake of the company showed a favourable trend until the latter part of the year but was weakened towards year end. While delivering big orders, the company has not gained new orders in the main market area in Denmark with the same speed. The demand was decreased at year-end when the decision of the Danish state on the continuation of the energy savings and emission reduction program was delayed, postponing the energy companies' decisions to invest. The resolution on the continuation of the program was made at the end of December, and after that the market has started growing fast.

Costs and earnings

The costs relating to materials and services totalled EUR 5,083 thousand (EUR 2,272 thousand) and their growth was more moderate than the growth of revenue based on lower purchase prices with bigger volumes.

The company took extensive measures to improve the production process. Thanks to the development made the production costs were clearly reduced both as to working hours and material use. Actions for enhanced efficiency are expected to reflect to profitability more clearly in 2017.

Despite the strong growth of revenue the personnel costs increased moderately to EUR 2,137 thousand (EUR 1,601 thousand), or to approximately 39.5% of revenue (78.3%). Other operating expenses amounted to EUR 1,879 thousand (EUR 1,342 thousand), or to approximately 34.8% of revenue (65.6%). The biggest cost increase was seen in project costs of the subsidiary in Denmark, recognised in marketing expenses.

The operating result (EBIT) for 2016 amounted to EUR -4,311 thousand (EUR -3,675 thousand). The profitability was affected especially by the warranty provision recognised in the P/L statement as well as other non-recurring costs connected with the first deliveries of double-glass collectors and with the sales investments needed for the strong growth. The production volumes of the company are still not big enough to enable the utilization of all potential for cost savings. Furthermore, several new product solutions and delivery projects were realized in 2016, involving operational learning costs.

Net financial income and expenses amounted to EUR -1,165 thousand (EUR -398 thousand). The financing costs were increased mainly by costs for the share issues.

Loss for the reporting period stood at EUR -5,475 thousand (EUR -4,072 thousand). Earnings per share were EUR -0.28 (EUR -0.94).

COMPARISON BY REPORT PERIOD

(EUR '000)	7-12/2015	7-12/2016	1-6/2016	1-12/2016	1-12/2015
Revenue	428	2,308	3,097	5,405	2,046
Operating profit/loss (EBIT)	-1,883	-2,484	-1,827	-4,311	-3,675
Profit/loss for the period	-2,201	-3,286	-2,189	-5,475	-4,072
Earnings per share, EUR	-0.37	-0.13	-0.14	-0.28	-0.94

Financing

Total assets of the company on 31 December 2016 stood at EUR 6,952 thousand (EUR 7,012 thousand). The inventories increased from EUR 392 thousand to EUR 491 thousand. Cash and cash equivalents decreased by EUR 668 thousand. Current receivables decreased from EUR 572 thousand to EUR 409.

Shareholders' equity increased from EUR 2,799 thousand to EUR 3,759 thousand following the rights issue and directed share issue. The equity including capital loans amounted to EUR 5,190 thousand at the end of report period. Savo-Solar's equity ratio at the end of report period was 54.1% (39.9%).

Liabilities amounted to EUR 3,057 thousand (EUR 4,213 thousand), of which EUR 1,831 thousand (EUR 2,109 thousand) were long-term and EUR 1,226 thousand (EUR 2,105 thousand) short-term liabilities. Out of long-term liabilities the amount of capital loans was at EUR 1,431 thousand (EUR 1,431 thousand). Bank loans amounted to EUR 243 thousand (EUR 363 thousand). A total of EUR 157 thousand (EUR 314 thousand) of long-term liabilities were other payables to Tekes, material suppliers and tax authorities, in line with the restructuring program prepared for the company.

The Bank Suur-Savon Osuuspankki extended the validity of the bank guarantee limit of EUR 2 million by 12 months until 30 November 2017. The company is using the limit in large projects for guarantees during deliveries and warranty period, among others. The continuation of the limit was conditional to the guarantee given by Finnvera Oyj. Furthermore, the company granted to the bank an additional guarantee of EUR 141 thousand.

Most important covenants of the bank guarantee limit are the equity ratio of at least 30% including capital loans (31 December 2016: 74.7%) and a positive EBITDA during the last quarter of the year 2017. Should the covenants not be met the bank has the right to adjust the terms and conditions of the bank guarantee limit and to cancel the bank guarantees.

The financing position of Savo-Solar improved substantially after the rights issue and directed share issues arranged in September 2016, in which the company gained net proceeds of approximately EUR 5.8 million.

Cash flow from operations was EUR -5,433 thousand (EUR -3,400 thousand) and cash flow from investments EUR -1,148 thousand (EUR -1,056 thousand). Cash flow from financing was EUR 5,913 thousand (EUR 7,424 thousand). EUR 6,435 thousand of the cash flow came from the share issues (EUR 6,573). On 31 December 2016, Savo-Solar's cash and cash equivalents totalled to EUR 2,440 thousand (EUR 3,108 thousand).

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

Investments

Investments were EUR 1,148 thousand (EUR 1,056 thousand), and most of them were related to enhancing the production capacity and efficiency of the collector production and to increasing the coating capacity. Investments in machinery and equipment amounted to EUR 882 thousand (EUR 200 thousand).

The company raised EUR 62.8 thousand as an R&D grant from Tekes during the reporting period (EUR 116.7 thousand). The grant is connected with the SOLHC project (Solar Thermal Heating and Cooling), which is a joint EU-project of German and Finnish research institutes. Savo-Solar's premises in Mikkeli are provided with the next-generation solar-thermal cooling equipment, which was taken to trial use in April 2016. The company is aiming at getting the solar-thermal cooling system to complement its offering during 2017.

Large double-glass collectors developed by the company were installed in Graz, Austria and in Søllested, Denmark.

The company's realised and on-going investments in production capacity and increased efficiency in production during 2015-2016 amount to approximately EUR 1 million.

Personnel, Board of Directors and Auditor

The average number of personnel in 2016 was 42 (32). The increase of personnel was due to increased production volumes.

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

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

Remuneration of the Board of Directors

The Annual General Meeting resolved that for the period starting at the end of the Annual General Meeting and ending at the end of the next Annual General Meeting EUR 21,600 will be paid to the Chairman of the Board and EUR 10,800 to each of the other members of the Board. Approximately 40% of the remuneration of the Board of Directors was paid by giving to the Board members the company's new shares, while 60% of the remuneration was paid in cash in 12 instalments monthly. The portion involving shares as remuneration was paid in two instalments in the way that the first instalment was paid in May 2016 and the second instalment after the rights issue in September 2016.

The Board of Directors of Savo-Solar resolved on 3 May 2016 on a directed share issue to be used as the first part of the Board members' remuneration. The company issued a total of 19,445 new shares of the company, which were offered for subscription to the members of the Board of Directors without consideration. The Chairman of the Board was offered a total of 7,778 new shares and other Board members were offered 3,889 new shares each. New shares were taken to trading as equal with the other shares of the company on First North Finland and Sweden on 16 May 2016.

The Board of Directors of Savo-Solar resolved on 23 September 2016 on a directed share issue to be used as the second part of the Board members' remuneration. The company issued a total of 23,786 new shares, which were offered to the Board members without consideration. The Chairman of the Board was offered a total of 9,515 new shares and other Board members 4,757 new shares each. New shares were taken to

trading as equal with the other shares of the company on First North Finland and Sweden on 4 October 2016.

One member of the Board did not accept any remuneration. The Board members are not allowed to transfer the shares received as Board remuneration before their membership in the Board has ended.

Related-party transactions

The company has a contract with its subsidiary Savosolar ApS on services in sales, marketing, purchases and product development. Based on the contract the company has paid to Savosolar ApS in 2016 approximately EUR 499 thousand. The costs have been recognized in other operational expenses.

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

Savo-Solar has purchased consulting services from Solarstation SVS GmbH, which is owned by Christof Gey, a Board member of the company. Savo-Solar has in the review period paid for the services a total of approximately EUR 14 thousand.

Stock option program of the management

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

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

After the rights issue arranged in September 2016 the subscription price of the shares based on the stock option program was further lowered to EUR 0.82 per share.

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

Other stock option programs

In connection with the rights issue, which was resolved in November 2015, the subscribers of the shares were given a total of 2,647,905 warrants, which entitled to subscribe for a total of 2,647,905 new shares of the company. The subscription price was EUR 1.00 per share and the subscription period from 5 to 21 October 2016. No shares were subscribed for based on the warrants. The warrants have expired and they have been removed from trading and from the book-entry systems maintained by Euroclear.

Annual General Meeting 2016

The Annual General Meeting of Savo-Solar was held in Helsinki on 19 April 2016. The Annual General Meeting adopted the financial statements for the financial period ended on 31 December 2015 and resolved, in accordance with the proposal of the Board of Directors, that no dividend be distributed and

that the loss for the financial period (EUR 4,071,769.85) be recognized in equity. The Annual General Meeting discharged the members of the Board of Directors and the Managing Director from liability.

Other resolutions made by the Annual General Meeting on 19 April 2016 are included in other parts of this release.

Authorisation of the Board of Directors to decide on issuance of shares and the issuance of options and other special rights

The Annual General Meeting authorized on 19 April 2016 the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act in the way that the number of shares to be issued based on the authorization may in total amount to a maximum of 10,000,000 class A shares, representing approximately 62.9% of the company's shares at the date of notice to Annual General Meeting.

According to the authorization 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 shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue), if there is a weighty financial reason for the company, such as using the shares as consideration in eventual acquisitions or other business arrangements, to finance investments or to use shares, options or other special rights entitling to shares as part of the company's incentive scheme.

In the company's share issues shares may be conveyed either against payment or free of charge. A directed share issue may be a share issue without payment only if there is an especially weighty reason for the same both for the company and in regard to the interests of all shareholders in the company.

The authorization cancelled the authorization granted by the Extraordinary General Meeting on 19 December 2014 to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization is valid until 30 June 2018.

Out of the authorization, 19,445 shares have been used in directed share issue without consideration to the Board members as resolved on 3 May 2016. A total of 7,369,395 shares have been used to the first directed share issue as resolved on 23 September 2016, while a total of 239,120 shares have been used to the second directed share issue as resolved on 23 September and 23,786 shares to a directed share issue without consideration to the Board members as resolved on 23 September 2016. On the date of this release a total of 2,348,254 shares of the authorization remain.

Extraordinary General Meeting and authorization for rights issue

The Extraordinary General Meeting of the company held on 12 July 2016 resolved to authorize the Board of Directors to decide on issuance of new shares through a rights issue whereby the shareholders have the right to subscribe for the new shares in proportion to their current shareholdings in the company.

The aggregate number of new shares issued on the basis of the authorization was a maximum of 12,000,000 shares, corresponding to approximately 75.4 % of all the existing shares in the company. The authorization did not replace the authorization given in the Annual General Meeting on 19 April 2016 to the Board of Directors.

The Board of Directors used 11,930,156 shares of the authorization in the rights issue arranged in September 2016. The rest of the authorization remained unused and the authorization became void on 31 December 2016.

Rights issue and directed share issues

Savo-Solar arranged in September 2016 a rights issue where a maximum of 11,930,156 new shares were offered for subscription to the present shareholders of the company. The net proceeds collected in the rights issue were used to secure the working capital need so that the company was able to deliver the signed and upcoming orders in 2016-2017 and to enter new market areas. Furthermore, the proceeds were used for capacity-increasing investments in the production line to enable the delivery of future orders. Part of the net proceeds was used also for the repayment of bridge loan and interest.

In the rights issue, each shareholder was given three subscription rights for each share held in the company on the record date of the rights issue. Each four subscription rights entitled their holder to subscribe for one new share. The subscription price of the shares was EUR 0.33 or SEK 3.14 per share.

In addition to the rights issue the company also arranged three directed share issues in September 2016.

The company arranged a directed share issue of approximately SEK 23.1 million to professional investors, as a result of which the number of shares in Savo-Solar was increased by 7,369,395 shares. The subscription price per share was the same as in the rights issue, i.e. SEK 3.14 per share.

Further, the company arranged a directed share issue of approximately SEK 0.9 million to the underwriters of the rights issue, as a result of which the number of shares in Savo-Solar was increased by additional 239,120 shares. Subscription price per share was SEK 3.82 per share, which equals to the volume weighted average price of the company's share on First North Sweden during the time period from 5 to 19 September 2016.

Finally, as a part of the remuneration for the members of the Board of Directors the company arranged a directed share issue in accordance with the resolution of the Annual General Meeting held on 19 April 2016. The company issued a total of 23,786 new shares, which were offered to the Board members without consideration.

Change of the company's name and company form

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

Shares and shareholders

Savo-Solar has one series of shares and their total number on 31 December 2016 was 35,469,332. Each share entitles its holder to one vote at the General Meeting.

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

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

During the report period, the share price in First North Sweden varied between SEK 2.24 and 5.53 (SEK 3.20 and 7.90). The closing price was SEK 2.80 (SEK 3.75). In First North Finland, the share price varied between EUR 0.25 and 0.56 (EUR 0.36 and 0.80). The closing price was EUR 0.29 (EUR 0.42).

The combined trading volume in 2016 was 33,392,937 shares. At the end of the report period, Savo-Solar had 3,899 shareholders (2,498). The company does not hold any of its own shares.

BIGGEST SHAREHOLDERS on 30 December 2016

Shareholder	Holding, number of shares	Percentage of all shares
The Finnish Innovation Fund Sitra	4,378,556	12.34
Försäkringsaktiebolaget Avanza Pension	1,350,931	3.81
Nordnet Pensionsförsäkring AB	1,154,597	3.26
Suur-Savon Osuuspankki	1,004,230	2.83
Cleantech Invest Oyj	863,633	2.44
Oy Ingman Finance Ab	831,180	2.34
Wiman Kristian	637,000	1.80
Wiman Susanna	637,000	1.80
Wiman Henric	627,725	1.77
Geust Johan Niklas Erik	365,015	1.03
Others	23,619,463	66.58
All total	35,469,332	100

Changes in legislation

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

General risks and factors of uncertainty concerning operations

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

It cannot be guaranteed that the company will generate sufficient cash flow in order to finance the ongoing operation. Further, it cannot be guaranteed that the company will receive additional financing at

terms, which are beneficial for current shareholders and at all times. A failure in receiving additional financing at the right moment could result in that the company has to postpone, cut down or close down activities.

As per the date of this release, Savo-Solar, given normal burn rate and revenue streams, cannot anticipate that the cash position will be sufficient for the next 12 months. The Board is constantly addressing the financing of the operations as a major part of the company's growth strategy.

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

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

Strategy and long-term goals

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

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

Savo-Solar's goal is to expand the annual production to about 200,000m² and to increase the revenue to EUR 20 million by the end of 2019, as well as to move more and more to the role of a system supplier. The company's goal is to continue to be the innovative technology leader in the field and for that the plan is to invest 3-5% of the revenue for product development.

Significant events after the end of the financial period

After the end of the financial period on 10 February 2017, Savo-Solar published preliminary information on its performance in 2016 announcing that based on preliminary calculations the company's full-year revenue in 2016 is approximately EUR 5.4 million and the operating result (EBIT) approximately EUR -4.3 million. At the same time the company informed that it will adapt the operations in Finland to meet with the demand situation and start cooperative negotiations with the personnel due to production and financial reasons. The negotiations involve approximately 35 persons and they concern eventual temporary or permanent lay-offs.

The company also announced that it is strengthening the sales organisation in Denmark by new recruitments. Lars Rossen was appointed sales manager in Denmark and Morten Hofmeister was appointed director for projects and system design as well as member of the management team.

On 20 February 2017 Savo-Solar announced that the company's project for development of a new type of solar thermal collector has been approved to gain financing support from Tekes, the Finnish Funding Agency for Innovation. The project will last until the end of 2018 and its total budget amounts to EUR 706 thousand. Tekes will support the project by a loan amounting to a maximum of EUR 494 thousand. The loan period is 7 years and the payback starts after 3 years.

The company announced on 28 February 2017 having established a subsidiary Savosolar GmbH in Hamburg, Germany in order to gain a more solid foothold in the German market. At the same time, Torsten Lütten was appointed Sales Director for Savo-Solar in Germany. Local presence in Central Europe shall provide essential advantages when acquiring new customers and negotiating on further projects.

Outlook

Savo-Solar estimates that the company's full-year revenue 2017 will be higher than in 2016, when it was EUR 5.4 million. The company estimates that the full-year operating result (EBIT) will be better than in 2016, when the operating result amounted to EUR -4.3 million. The company estimates that the operating result will turn positive at the end of 2017 at the earliest.

The market in Denmark is estimated to grow strongly and according to the preliminary information gained by the company the number of installations will remain high also in 2017. Furthermore, in the rest of Europe there are currently being planned several very large solar thermal fields and several smaller fields close to buildings. Based on this the company is expecting the German-speaking market area to exceed in short term the size of the Danish market. There is increasing interest in large collector fields also elsewhere in Europe, like in France and in South-East Europe. Savo-Solar is searching for cooperation partners in different parts of Europe and the world in order to be able to offer its technology everywhere.

Board of Directors' proposal to the Annual General Meeting on the use of loss and the distribution of dividends

The Annual General Meeting of Savo-Solar Plc will be held on 28 March 2017 at the premises of Sitra in Helsinki. The notice to convene the Annual General Meeting will be published on 6 March 2017. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year (EUR – 5,475,335.59) be transferred to the profit/loss account of previous periods and no dividend be distributed.

Financial reporting of the company in 2017

Savo-Solar's financial accounts for 2016 will be published on the company's website by Monday, 20 March 2017.

The company's half-year report for January-June 2017 will be published on Monday, 28 August 2017. The financial reports will be published in Finnish and in English.

SAVO-SOLAR PLC
Board of Directors

For more information:

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Savo-Solar Plc. discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 6 March 2017 at 8.30 a.m. (CET).

ANNEXES

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

Savo-Solar in brief

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

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

ANNEX 1
INCOME STATEMENT (FAS, unaudited)

(1 000 euroa)	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Revenue	2 308	428	5 405	2 046
Other operating income	-54	-36	1	19
Materials and services	-2 534	-567	-5 083	-2 272
Personnel costs	-986	-715	-2 137	-1 601
Depreciations and write-downs	-350	-291	-617	-524
Other operating expenses	-772	-701	-1 879	-1 342
Operating profit/loss	-2 484	-1 883	-4 311	-3 675
Financial income	0	0	0	0
Financial expenses	-899	-319	-1 165	-398
Extraordinary items	0	0	0	0
Profit/loss before appropriations and taxes	-3 286	-2 201	-5 475	-4 072
Net profit/loss for the reporting period/financial year	-3 286	-2 201	-5 475	-4 072

	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Earnings per share, undiluted, EUR	-0.13	-0.41	-0.28	-0.94
Earnings per share, diluted, EUR	-	-	-0.24	-0.53
Number of outstanding shares at the close of period			35 469 332	15 887 430
Average number of outstanding shares by month, adjusted by share issue	25 989 763	5 410 936	19 320 969	4 343 792
Number of outstanding shares, adjusted by dilutive effect			22 718 874	7 741 697

ANNEX 2
BALANCE SHEET (FAS, unaudited)

(EUR '000)	31 December 2016	31 December 2015
Assets		
Fixed assets		
Intangible assets	1,989	2,127
Tangible assets	1,349	682
Shares in group companies	134	132
Fixed assets in total	3,472	2,941
Current assets		
Inventories	491	392
Long-term receivables	141	0
Accounts receivable	261	32
Other receivables	144	113
Prepayments and accrued income	4	427
Cash and cash equivalents	2,440	3,108
Current assets in total	3,480	4,071
Assets in total	6,952	7,012

	31 December 2016	31 December 2015
Equity and liabilities		
Equity		
Share capital	470	470
Unrestricted equity fund	19,149	12,714
Retained earnings	-10,385	-6,313
Net profit/loss for reporting period/financial year	-5,475	-4,072
Shareholder's equity in total	3,759	2,799
Obligatory provisions		
Other obligatory provisions	136	0
Long-term liabilities		
Capital loans	1,431	1,431
Loans from financial institutions	243	363
Other liabilities	157	314
Long-term liabilities in total	1,831	2,109
Short-term liabilities		
Loans from financial institutions	219	463
Advances received	0	630
Trade payables	555	612
Other liabilities	59	47
Accrued liabilities	393	353
Short-term liabilities in total	1,226	2,105
Liabilities in total	3,057	4,213
Total equity and liabilities	6,952	7,012

ANNEX 3
CASH FLOW STATEMENT (FAS, unaudited)

(EUR '000)	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Cash flow from operating activities				
Profit/loss for the financial period	-3,287	-2,201	-5,475	-4,072
Adjustments	1,249	610	1,782	921
Increase/decrease in current receivables	1,937	-4	22	156
Increase/decrease in inventories	96	-58	-99	164
Increase/decrease in current interest-free payables	-1,413	788	-507	-149
Interests from operating activities	-859	-336	-1,156	-421
Cash flow from operations	-2,276	-1,202	-5,433	-3,400
Cash flow from investing activities				
Investments	-978	-140	-1,146	-1,034
Loans granted	15	5	0	0
Investments in subsidiaries	-2	-22	-2	-22
Cash flow from investment activities	-964	-158	-1,148	-1,056
Cash flow from financing activities				
Share issue	6,435	3,281	6,435	6,573
Repayment of long-term loans	-278	0	-278	0
Proceeds from short-term loans	295	1,128	1,195	1,128
Repayment of short-term loans	-1,083	-232	1,439	-277
Cash flow from financing activities	5,369	4,177	5,913	7,424
Change in cash and cash equivalents	2,129	2,817	-667	2,968
Cash and cash equivalents at beginning of period	312	290	3,108	140
Cash and cash equivalents at end of period	2,440	3,108	2,440	3,108

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

(EUR '000)	Share capital	Unrestricted equity fund	Retained earnings	Result for reporting period/ financial year	Total
Equity 1 Jan 2016	470	12,714	-10,385	0	2,799
Share issue	0	6,435	0	0	6,435
Result for financial year	0	0	0	-5,475	-5,604
Equity 31 Dec 2016	470	19,149	-10,385	-5,475	3,759
Equity 1 Jan 2015	472	4,416	-6,313	0	-1,426
Share issue	-2	8,298	0	0	8,296
Result for financial year	0	0	0	-4,072	-4,072
Equity 31 Dec 2015	470	12,714	-6,313	-4,072	2,799

ANNEX 5

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

(EUR '000)	Jan-Dec 2016	Jan-Dec 2015
Revenue	5,405	2,046
Result for reporting period/financial year	-5,475	-4,072
Cash and cash equivalents	2,440	3,108
Equity	3,759	2,799
Equity Ratio, %	54.1	39.9

Calculation of key figures

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