



Savo-Solar Ltd.
Financial Statement Release 29 March 2016 at 8.30 am (CET)

Savo-Solar's Financial Statement Release for 2015: Revenue and order intake doubled, investments in future growth weakened profitability

Key figures in January-December 2015

- Revenue increased by 98% on previous year, amounting to EUR 2,046 thousand (2014: EUR 1,033 thousand). Growth was mainly based on the first large-scale solar field deliveries to Danish district heating companies.
- Operating result (EBIT) weakened and amounted to EUR -3,675 thousand (EUR -2,080 thousand). The first large-scale delivery caused extra costs in the delivery chain, which burdened the profitability but serve as a learning experience for further projects. Also the low workload during the second half of the year caused extra costs despite the actions for savings and weakened the profitability. Further costs occurred by notable investments in R&D and operations development, which are aimed at ensuring future growth and profitability.
- Savo-Solar estimates that the full-year revenue in 2016 will be at least doubled compared with the year 2015. The full-year operating result (EBIT) is estimated to be negative. The operating result is estimated to be positive during the first half of the year 2017 at the earliest.

Key figures in July-December 2015

- Revenue decreased slightly corresponding to the same period last year, amounting to EUR 428 thousand (7-12/2014: EUR 596 thousand).
- Operating result (EBIT) amounted to EUR -1,883 thousand (EUR -1,018 thousand).
- Rights issue in November-December was oversubscribed and the company recorded ca. EUR 4.2 million to the unrestricted equity reserve.

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 2014 financial statements. Unless otherwise stated, the comparison figures refer to the same period of previous year 2014.

CEO comments:

"Our revenue in 2015 developed favourably, doubling from the previous year. Our order intake is also at a record-high level of approximately EUR 2.6 million.

Postponement of customer projects from original expectations challenged our operations. This resulted in low workload, which together with delivery problems of some suppliers caused extraordinary costs during the latter half of the year, and in order to minimise costs we used temporary lay-offs and other restructuring of



production. Today, our production capacity is fully occupied until the middle of this year and in case the estimated revenue is realised, the workload will also be good during the latter part of the year.

The company's result in 2015 was negative as expected due to costs involved in building up the delivery ability and learning experience in the first large projects, as well as due to investments in R&D, production development and marketing. Due to the R&D investments we were able to increase the efficiency of our products further and to adjust the product structures so that the manufacturing and installation costs are lower than before. We also introduced a new, two-glass collector, which is targeted especially to higher temperatures. It is now, based on test results, the world's most efficient large collector. The notable investments in high quality and durability of our products will be reflected in the result of the company as soon as our customers recognise their long-term benefits.

The successful listing on First North Stockholm and Helsinki as well as the rights issue at the end of the year have increased the number of shareholders and strengthened our financing position. Innovative products, big potential of the sector and evidence on successful large-scale deliveries have gained interest among investors. We are especially pleased to see that the shareholder base is divided almost evenly between Sweden and Finland.

Projects in Denmark proceeded well. The extension of 5,600m² to the solar thermal collector field in Løgumkloster was handed over to the customer according to schedule in February 2016. Today the power plant has a total of approximately 15,000 m² of solar thermal field delivered by Savo-Solar. The customer has been very satisfied both with our operations and with the high quality of our product. The Løgumkloster power plant has gained plenty of positive attention, and many energy companies and potential new customers have visited the plant to get acquainted with the most modern solar thermal field in Denmark. Løgumkloster is still considering the possibility of expanding the collector field in 2017 so that the final size could be as much as 50,000 m².

Another important delivery project was Jelling Varmeværk, with a value of approximately EUR 2 million. The delivery of the solar thermal collector field is scheduled to take place by the end of May. The order was confirmed at the end of last year and the installation of the field is starting these days. Furthermore, we have received an order from S.O.L.I.D. (Austria) on a delivery of a test field to be connected to the solar district heating system of Graz in April 2016. The market of large fields is growing fast in Central Europe, and one example of this is that there is on-going planning to construct a solar collector field of 500,000m² in Graz.

Successful installations in Denmark and the order for a test field in Graz have increased the interest in our company also in Germany, where we already are participating in several tenders. Our possibilities in the German market are good, because our two-glass collector is superior in terms of efficiency compared with the products of competitors. In Germany, the importance of efficiency to the customer is emphasised due to the fact that the land or roof area is expensive and limitedly available, meaning that the high energy density of our collectors offers an apparent added value to the customers.

During the last couple of months we have participated in several tenders and a part of them are still open. We were especially delighted to receive the first cooperation project with Dansk Energi Service. The collector field for the Søllested district heating company will be constructed during May-August, and the value of the project for Savo-Solar amounts to approximately EUR 0.7 million. We trust that in line with this project there are more similar ones to come in the future.



The value of our open quotations amounts today to approximately EUR 7 million and we expect decisions on several projects both in Denmark and in German-speaking areas in Europe.

We estimate that our revenue in 2016 will be at least double the revenue of the year 2015. The sales prospects are so good that the on-going capacity increase through investments in a coating line and the manufacture of absorbers are really needed. With the increased production volumes the costs have decreased both in material purchases and in labour, and we expect this development to continue and reflect to the result.

The Danish market for solar district heating has grown fast in 2015, and in 2016 there will be a total of approximately 500,000m² new solar collector fields installed for district heating companies. Last year the Central-European market was activated, and the results will be visible during this year. We have been informed that there are plans for several ten thousands, even hundred thousands of square metres of new solar collector fields in Germany, so the market is expected to grow remarkably during the next 12 months.”

Jari Varjotie, Managing Director of Savo-Solar Ltd.

Development in business during July-December 2015

The revenue during the latter half of the year amounted to EUR 428 thousand (7-12/2014: EUR 596 thousand) while the operating result was EUR -1,883 thousand (-1,018 thousand). The revenue was lower than during the first part of the year due to project scheduling and low workload in August-September. The result of the latter half of the year was weakened especially by the material and labour costs related with the R&D and production development.

In November-December the company arranged a rights issue in order to cover the working capital needs and to finance capacity-increasing investments. The rights issue was successful meeting the targets and the company gained with the rights issue approximately EUR 4.2 million to the unrestricted equity reserve.

Development in business during January-December 2015

Revenue

Full-year revenue amounted to EUR 2,046 thousand, i.e. double the figure in previous year (1-12/2014: EUR 1,033 thousand). The growth was mainly due to the projects delivered to Denmark.

The company signed contracts for several new projects in the Danish district heating market and the order intake showed a favourable trend.

In July Savo-Solar signed a contract of approximately EUR 1 million on a solar collector field to Løgumkloster Fjernvarme in Denmark. Large share of the order value is included in Savo-Solar's revenue figure for 2015. The installation and handover of the field took place after the end of reporting period in February 2016.

In August 2015 Savo-Solar signed a contract on the delivery of solar thermal field with Jelling Varmeværk, Denmark. The contract was confirmed after completion of the customer's approval process in the beginning of December 2015. The value of the contract is approximately EUR 2 million, and the delivery of the solar collector field will take place by in May 2016.



Savo-Solar supplied the first stage of the solar collector field of Løgumkloster during the first half of 2015. The collector field covering approximately 9,600m² is the first large-scale delivery of Savo-Solar. The production of the collector field started in the middle of June and it has operated according to the specifications. A further order to the same customer covering approximately 5,600m² was delivered during December 2015 and February 2016. The positive feedback given by the customer is a good reference for further tenders. Løgumkloster also has preliminary plans for notable expansion of the collector field during the next few years.

Savo-Solar and Dansk Energi Service (DES) signed an agreement concerning co-operation in the sales and development of full turnkey solar thermal installations in Denmark. Based on the agreement Dansk Energi Service will sell Savo-Solar's collectors as a part of their offering and accordingly, Savo-Solar complements its own offering with the competence of Dansk Energi Service. Partnership with a well-known company like Dansk Energi Service offers Savo-Solar better opportunities to participate in solar district heating projects in Denmark and elsewhere.

Based on the cooperation Savo-Solar signed, after the end of the financial period, a contract on the delivery of solar collector field to the district heating plant of Søllested in Denmark. The collector field will be constructed during May-August 2016. The value of the contract to Savo-Solar is approximately EUR 0.7 million.

Savo-Solar signed with Li-Mithra Engineering, France, a contract on the use of Savo-Solar's absorbers in Li-Mithra's PVT heating system. The patented heat pump system of Li-Mithra utilises solar panels, which produce both electricity and heat, and in future all absorbers for these are delivered by Savo-Solar. If the estimated delivery volumes of the contract are realised, the contract would mean revenue of approximately EUR 2.5 million during 2015-2017 for Savo-Solar. Furthermore, Savo-Solar has the right to sell Li-Mithra's large systems in Finland, Denmark and in Japan. The contract did not realise in revenue during the year 2015. However, Li-Mithra has made progress in the certification process of the PVT heating system in France after the end of the financial period and both companies trust in the potential of the PVT heating system.

In heat exchangers, Savo-Solar made a test delivery to Nihon Parkerizing, Japan. Even though the delivery at this stage was small, the revenue potential after eventual successful tests may be very notable.

Costs

The costs relating to materials and services totalled EUR 2,272 thousand (EUR 949 thousand) as a result of the increased manufacturing volumes and different development actions. Part of the costs is non-recurring items connected with the company's first large-scale project or with development efforts, which were considered to be necessary based on the experiences gained in the first project.

The company took extensive actions in R&D, product testing and production development, in which notable amounts of materials and outside services were used. Among others, several tests on collectors were ordered from certified testing institutes. With the help of test results the company is able to improve different characteristics of the product and the gained data on efficiency has an important role in the sales support. Considerable improvements were made also to the components and utilities connected with the transport and installation of collectors, when among others the time used for packing in the factory and unpacking before assembly could be reduced to 50% of previous.

Despite the strong growth of revenue the personnel costs increased only moderately to EUR 1,601 thousand (EUR 1,256 thousand). Other operating expenses amounted to EUR 1,342 thousand (EUR 696 thousand). Biggest increase was seen in costs for marketing, administration and R&D.

Earnings



The operating result (EBIT) for 2015 amounted to EUR -3,675 thousand (EUR -2,080 thousand). Weak profitability was mainly caused by increased costs in the large-scale project for Løgumkloster and the development made for the manufacturing process and supply chain.

Net financial income and expenses amounted to EUR 398 thousand (EUR 124 thousand). Financial expenses grew due to increase of delivery guarantee limit, granted delivery guarantees and the costs of rights issue.

The result for the reporting period stood at EUR -4,072 thousand (EUR -1,193 thousand). In the corresponding period in 2015 there were extraordinary items of EUR 1,011 thousand due to the restructuring accord.

Earnings per share were EUR -0.94 (EUR -0.48).

COMPARISON BY REPORT PERIOD

(EUR '000)	7-12/2015	1-6/2015	1-12/2015	1-12/2014
Revenue	428	1,618	2,046	1,033
Operating profit/loss (EBIT)	-1,883	-1,792	-3,675	-2,080
Profit/loss for the period	-2,201	-1,871	-4,072	-1,193
Earnings per share, EUR *)	-0.37	-0.57	-0.94	-0.48

*) The share split in January 2015 has been considered retrospectively in the number of shares in 2014.

Financing

Total assets on 31 December 2015 stood at EUR 7,012 thousand (EUR 3,833 thousand). The inventories decreased from EUR 556 thousand to EUR 392 thousand. Cash and cash equivalents increased by EUR 2,968 thousand due to share issues.

Shareholders' equity increased from EUR -1,424 thousand to EUR 2,799 thousand due to the Initial Public Offering in February-March and the rights issue in November-December. The company's equity ratio at the end of financial year was 39.9% (-37.2%).

Liabilities decreased to EUR 4,213 thousand (EUR 5,257 thousand), of which EUR 2,109 thousand (EUR 2,742 thousand) were long-term and EUR 2,105 thousand (EUR 2,515 thousand) short-term liabilities. Long-term liabilities include EUR 1,431 thousand of capital loans and EUR 363 thousand of bank loans, and a total of EUR 314 thousand of other payables to Tekes, material suppliers and tax authorities, in line with the restructuring program prepared for the company.

Cash flow from operations was EUR -3,400 thousand (EUR -1,817 thousand) and cash flow from investments EUR -1,056 thousand (EUR -536 thousand). Cash flow from financing was EUR 7,424 thousand (EUR 2,085 thousand), out of which the share issues accounted for EUR 6,573 thousand. On 31 December 2015, Savo-Solar's cash and cash equivalents totalled EUR 3,108 thousand (EUR 140 thousand).

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

Investments



Investments were EUR 1,056 thousand, of which EUR 670 thousand were the IPO realisation costs. Investments in machinery and equipment amounted to EUR 200 thousand and most of it was related to increasing the capacity and efficiency in the collector assembly. During the financial year the company raised EUR 116.7 thousand as an R&D grant from Tekes for the SOLHC (Solar Thermal Heating and Cooling) project, which is a joint EU-project of German and Finnish research institutes. After the end of the financial period, this project has proceeded to the phase of system tests, and the new-generation solar thermal cooling devices have been installed in Savo-Solar's premises and the trial use is starting in the beginning of April. The company aims at integrating the solar thermal cooling system into product offering during the year 2017.

As a result of product development the company introduced a large collector with two glass layers, a new upgraded aluminium profile to absorber as well as several product improvements, which enhance the manufacturing and especially the installation of the collectors.

Initial Public Offering

During February and March 2015 Savo-Solar arranged an Initial Public Offering, in which a total of 2,036,850 new class A shares were subscribed and the company received 737 new shareholders

After the offering the total number of shares in the company amounted to 5,295,810. The subscription price per share subscribed for in the Initial Public Offering was EUR 2.00 (SEK 18.28). Savo-Solar recorded issue proceeds of approximately EUR 4.0 million (before transaction costs) to the unrestricted equity fund. Of the total issue proceeds approximately EUR 1.2 million were paid by means of set-off.

The new class A shares subscribed for in the offering were registered with the Trade Register on 25 March 2015 and trading with the shares commenced on Nasdaq First North Sweden on 2 April 2015 with the ticker SAVOS. Savo-Solar also applied for secondary listing of class A shares on Nasdaq First North Finland and the trading was started in Helsinki on 24 April 2015 with the ticker SAVOH.

Rights issue

In November-December 2015 the company arranged a rights issue with related warrants in Sweden and Finland.

A total of 10,591,620 new class A shares were offered for subscription in the rights issue. The subscription price of new shares was EUR 0.40 or SEK 3.73 per share. The rights issue was oversubscribed and the company recorded approximately EUR 4.2 million to the unrestricted equity reserve. Approximately EUR 0.525 million of the issue was paid by means of set-off.

In addition, each subscriber of the shares was offered free warrants, which entitled to subscribe for a total of 2,647,905 new class A shares in the way that for each four shares subscribed and paid for in the offering the subscriber received one warrant. Each warrant entitles its holder to subscribe for one new class A share in the company for a subscription price of EUR 1.00 per share during the subscription period of 5 October 2016 – 21 October 2016.

Following the share issue the company's number of shares increased by 10,591,620 shares to a total of 15,887,430 shares. The number of warrants allocated in the rights issue is 2,647,703.

New shares subscribed in the rights issue were recorded in the Trade Register on 29 December 2015 and the trading with the new shares started on 30 December 2015 on First North Finland and on 8 January 2016 on First North Sweden.



Personnel, Board of Directors and Auditor

The average personnel number in 2015 was 36 (24). Due to postponements of some projects, the operations in production were adjusted after cooperative negotiations by temporary lay-offs of 26 persons for an average of three weeks between August and October. The targeted savings of the lay-offs, i.e. approximately EUR 0.1 million in personnel costs were achieved.

The Annual General Meeting held on 5 February 2015 re-elected Feodor Aminoff, Sami Tuhkanen and Teuvo Rintamäki as members of the Board of Directors. From among its members, the Board elected Feodor Aminoff as the Chairman of the Board.

In the Annual General Meeting, the firm of Authorized Public Accountants PricewaterhouseCoopers Oy was elected as the company's auditor, with Mr. Pekka Loikkanen, Authorised Public Accountant, acting as the auditor in charge. Jukka Lievonen, Authorised Public Accountant, acted as deputy auditor of the company.

Stock option program of the management

Based on the authorisation granted by the Extraordinary General Meeting on 19 December 2014, the Board of Directors launched on 18 February 2015 a stock option program for a maximum of 250,000 stock options of the company, which entitled to subscribe for a total of up to 250,000 class A shares in the company. Of the stock options, 77,500 are marked with the symbol 2015A, 57,500 with the symbol 2015B, 57,500 with the symbol 2015C and 57,500 with the symbol 2015D. A total of 130,000 stock options have been allocated to nine key members of the company's personnel. 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. The original subscription price for the shares was EUR 1.50 per share. The share subscription price shall be entered into the invested unrestricted equity fund of the company.

In connection with the rights issue in November-December 2015, the terms of the stock option program were adjusted, in the name of equality between the holders of stock options and shares. The subscription price per share was decreased by the Board's decision from EUR 1.50 to EUR 0.93 per share. Furthermore, the subscription ratio in the stock option program was changed in the way that the holder of each stock option is entitled to subscribe for two new class A shares instead of one new class A share.

Annual General Meeting 2015

The Annual General Meeting of Savo-Solar was held in Mikkeli on 5 February 2015. The Annual General Meeting adopted the financial statements for the financial period ended on 31 December 2014 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 1,192,640) be recognised in equity. The Annual General Meeting discharged the members of the Board of Directors and the Managing Director from liability.

Authorisation of the Board of Directors to decide on issuance of shares, options and other special rights entitling to shares pursuant to Chapter 10 Section 1 of the Companies Act

The Extraordinary General Meeting held on 19 December 2014 resolved to authorize the Board of Directors to decide, in one or more transactions, against or without consideration, on the issuance of shares and the issuance of options and other special rights entitling to shares pursuant to Chapter 10 Section 1 of the Finnish Companies Act.



The number of shares to be issued based on the authorization may amount to a maximum of 20,000,000 class A shares and 20,000,000 class B shares. The authorization may be used for example to a split of the company's shares, to a share issue in connection with the Initial Public Offering, to an issuance of convertible loans, to an increase of the commitment of the company's key persons and to other purposes resolved by the Board of Directors.

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 authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed share issue).

The Board of Directors has used the authorization in the share issue without consideration (split) in January 2015 (1,307,553 class A shares and 1,869,933 class B shares), in the stock option program in February 2015 (250,000 class A shares), in the Initial Public Offering in March 2015 (2,036,850 class A shares) and in the rights issue in November-December 2015 (10,591,620 A-shares and 2,647,905 stock options). The rest of the authorization is valid until 30 June 2016.

Shares and shareholders

On 25 March 2015 all the company's class B shares were converted into class A shares at the ratio of 1:1, and after that the company has only class A shares. After the rights issue in November-December, the total number of shares is 15,887,430 shares. Each share entitles its holder to one vote at the General Meeting. A total of 3,258,960 of the company's shares are subject to lock-up agreements until 2 April 2016.

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.

After the registration of the new shares in rights issue in December 2015, Savo-Solar had 1,924 shareholders. The company does not hold any of its own shares.

BIGGEST SHAREHOLDERS in January 2016

Shareholder	Holding, number of shares	Percentage of all shares and votes
The Finnish Innovation Fund (Sitra)	2,502,032	15.75
Cleantech Invest Oyj	1,097,045	6.91
Försäkringsaktieföretaget Avanza Pension	1,016,468	6.40
Suur-Savon Osuuspankki	1,004,230	6.32
Nordnet Pensionsförsäkring AB	594,773	3.74
Oy Ingman Finance Ab	474,960	2.99



Bernhard von der Osten-Sacken	427,711	2.69
Turret Oy Ab	275,000	1.73
Clean Future Fund Ky	242,000	1.52
Niklas Geust	200,040	1.26
Others	8,053,171	50.69
Total	15,887,430	100

Short-term risks and factors of uncertainty concerning operations

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

Based on the cash flow calculations during the preparation of this financial statement release the company estimates that it has sufficient working capital to meet its current needs for a period of at least 12 months as of 31 December 2015.

Like most early stage technology start-ups, Savo-Solar has invested in development of its products, offering and production 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. The company has implemented the restructuring program and paid back the related debt according to agreement.

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 renovations for energy efficiency. Geographical focus of operations is today in Northern countries but the company has initiated active marketing in Europe and is aiming at expanding to areas outside Europe during the next few years.



Savo-Solar's goal is to double its revenue annually in the way that in 2019 at the latest, the company's revenue exceeds EUR 20 million. Furthermore, the company is aiming at expanding the annual production notably from the present. The company further aims at positioning itself more strongly to the role of a system supplier.

Savo-Solar's goal is to keep its position as the innovative technology leader in the field and for that the company plans to invest annually 3-5% of the revenue for product development. During the years 2015-2016 the investments in product development are however estimated to be more moderate, at approximately EUR 0.2 million annually. In 2015, investments in actual R&D amounted to EUR 153 thousand. During the year 2015 the company has innovated a two-glass collector, which according to the test results of certified testing institutes has been recognised to be the most efficient in the world. Also the extraordinary product quality for the customer was a target in the innovation. The product has been designed especially for the process heat and for district heating companies using higher temperatures, which are common among others in the heating systems in Germany.

Significant events after the end of the period

Savo-Solar announced on 1 March 2016 that it will supply solar collector field to Søllested district heating plant in Denmark. The collector field will be constructed during May-August 2016. The value of the contract to Savo-Solar is approximately EUR 0.7 million. Søllested district heating plant is owned by the Danish energy company Lolland Varme A/S, which is part of Lolland Forsyning A/S. The delivery is part of the co-operation between Savo-Solar and Dansk Energi Service (DES) covering the sales and development of full turn-key solar thermal installations in Denmark. Dansk Energi Service offers energy solutions and maintenance services, primarily for district heating, and is one of the major players in this field in Denmark.

Savo-Solar has carried out the tests with laser welding successfully in February 2016 and the project is proceeding as quickly as possible to the next phase, which includes more detailed discussions with device suppliers.

Outlook

Savo-Solar estimates that the company's revenue in 2016 will be at least double the revenue in 2015, when the revenue amounted to EUR 2.0 million. According to the company's estimate the full-year operating result (EBIT) will be negative but better than in 2015, when the operating result was EUR -3.7 million. The company's operating result is estimated to be positive during the first half of the year 2017 at the earliest. The company estimated previously that the result would turn to positive during the latter half of 2016.

The market in Denmark is estimated to grow strongly during this year and according to the preliminary information gathered by the company, the number of installations will remain high also in 2017. Furthermore, there are on-going plans in Germany and Austria on several very large solar thermal fields as well as on smaller fields closely connected with buildings. Therefore, the market in German-speaking areas can also be expected to grow in a short time span and even exceed the size of the market in Denmark. Also elsewhere, for example in Chile and China, the large collector fields are getting more popular. Savo-Solar is searching for cooperating partners in different parts of world in order to be able to offer its technology globally.

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 Ltd. will be held on 19 April 2016 at the premises of Sitra in Helsinki. The notice to convene the Annual General Meeting will be published on 29 March 2016.



The Board of Directors proposes to the Annual General Meeting that the loss for the financial year (EUR - 4,071,769.85) be transferred to the profit/loss account of previous periods and no dividend be distributed.

Financial reporting of the company in 2016

Savo-Solar's financial accounts for 2015 will be published on the company's website on Wednesday, 6 April 2016. The company's half-year report for January-June 2016 will be published on Monday, 29 August 2016. The financial reports will be published in Finnish and in English.

SAVO-SOLAR LTD.
Board of Directors

For more information:

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

Ingrid Östhols, communication
Phone: +46 721 810 867
E-mail: ingrid.osthols@savosolar.se

Certified Adviser

Mangold Fondkommission AB
Phone: +46 (0) 8 5030 1550
E-mail: info@mangold.se

ANNEXES

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- 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



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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 17 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.



ANNEX 1
INCOME STATEMENT (FAS, unaudited)

(EUR '000)	Jul-Dec/ 2015	Jul-Dec/ 2014	Jan-Dec/ 2015	Jan-Dec/ 2014
Revenue	428	596	2,046	1,033
Other operating income	-36	126	19	130
Materials and services	-567	-602	-2,272	-949
Personnel costs	-715	-603	-1,601	-1,256
Depreciations and write-downs	-291	-296	-524	-343
Other operating expenses	-701	-355	-1,342	-696
Operating profit/loss	-1,883	-1,018	-3,675	-2,080
Financial income	0	0	0	1
Financial expenses	-319	-49	-398	-125
Extraordinary items	0	0	0	1,011
Profit/loss before appropriations and taxes	-2,201	-49	-4,072	-1,193
Net profit/loss for the reporting period/financial year	-2,201	-1,067	-4,072	-1,193
Earnings per share, undiluted, EUR *)			-0.94	-0.48
Earnings per share, diluted, EUR			-0.53	-0.48
Number of outstanding shares at the close of period			15,887,430	81,474
Average number of outstanding shares by month, adjusted by share issue *)			4,343,792	2,465,079
Number of outstanding shares, adjusted by dilutive effect			7,741,697	

*) The split of shares implemented in January 2015 has been applied retrospectively in the number of shares in 2014.



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ANNEX 2
BALANCE SHEET (FAS, unaudited)

(EUR '000)	31 Dec 2015	31 Dec 2014
Assets		
Fixed assets		
Intangible assets	2,127	1,671
Tangible assets	682	628
Shares in group companies	132	8
Fixed assets in total	2,941	2,308
Current assets		
Inventories	392	556
Accounts receivable	32	350
Receivables from group companies	0	102
Other receivables	113	83
Prepayments and accrued income	427	296
Cash and cash equivalents	3,108	140
Current assets in total	4,071	1,525
Assets in total	7,012	3,833



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	31 Dec 2015	31 Dec 2014
Equity and liabilities		
Equity		
Share capital	470	473
Unrestricted equity fund	12,714	4,417
Retained earnings	-6,313	-5,121
Net profit/loss for reporting period/financial year	-4,072	-1,193
Shareholder's equity in total	2,799	-1,424
Long-term liabilities		
Capital loans	1,431	1,431
Loans from financial institutions	363	845
Other liabilities	314	467
Long-term liabilities in total	2,109	2,742
Short-term liabilities		
Loans from financial institutions	463	728
Advances received	630	914
Trade payables	612	500
Other liabilities	47	36
Accrued liabilities	353	338
Short-term liabilities in total	2,105	2,515
Liabilities in total	4,213	5,257
Total equity and liabilities	7,012	3,833



ANNEX 3
CASH FLOW STATEMENT (FAS, unaudited)

(EUR '000)	Jan-Dec 2015	Jan-Dec 2014
Cash flow from operating activities		
Profit/loss for the financial period	-4,072	-2,204
Adjustments	921	467
Increase/decrease in current receivables	156	-601
Increase/decrease in inventories	164	-400
Increase/decrease in current interest-free payables	-149	1,011
Interests from operating activities	-421	-91
Cash flow from operations	-3,400	-1,817
Cash flow from investing activities		
Investments	-1,034	-427
Investments in subsidiaries	-22	-7
Loans granted	0	-102
Cash flow from investment activities	-1,056	-536
Cash flow from financing activities		
Share issue	6,573	1,446
New long-term loans	0	750
Repayment of long-term loans	0	-111
New short-term loans	1,128	0
Repayment of short-term loans	-277	0
Cash flow from financing activities	7,424	2,085
Change in cash and cash equivalents	2,968	-268
Cash and cash equivalents at beginning of period	140	408
Cash and cash equivalents at end of period	3,108	140



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

(EUR '000)	Share capital	Unrestricted equity fund	Retained earnings	Result for financial year	Total
Equity 1 Jan 2015	472	4,416	-6,313	0	-1,425
Share issue	-2	8,298	0	0	8,296
Result for reporting period	0	0	0	-4,072	-4,072
Equity 31 Dec 2015	470	12,714	-6,313	-4,072	2,799
Equity 1 Jan 2014	189	3,221	-5,121	0	-1,711
Share issue	283	1,195	0	0	1,478
Result for reporting period	0	0	0	-1,193	-1,193
Equity 31 Dec 2014	473	4,416	-5,121	-1,193	-1,424



ANNEX 5
FINANCIAL RATIOS AND CALCULATION OF KEY FIGURES (FAS, unaudited)

EUR '000	Jan-Dec 2015	Jan-Dec 2014
Revenue	2,046	1,033
Result for reporting period/financial year	-4,072	-1,193
Cash and cash equivalents	3,108	140
Equity	2,799	-1,424
Equity Ratio, %	39.9	-37.2

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	Amount of shares at the end of the period
Amount of shares on average	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