

SAVO-SOLAR PLC's ANNUAL ACCOUNTS AND REPORT OF THE BOARD OF DIRECTORS FOR 2016

CONTENTS

Report of the Board of Directors	1
Income statement	10
Balance sheet	11
Cash flow statement	13
Notes	14
Signatures	19
Auditor's report	20

This document is an unofficial translation
of the original Finnish document.

Savo-Solar Plc: Report of the Board of Directors for 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).

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 report.

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 report 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 on-going 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 report, 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.

In Helsinki, 3 March 2017

SAVO-SOLAR PLC
Board of Directors

INCOME STATEMENT

	<u>1 Jan 2016-31 Dec 2016</u>	<u>1 Jan 2015-31 Dec 2015</u>
NET TURNOVER	5 404 814,14	2 045 520,02
Other operating income	850,62	19 053,94
<i>Materials and supplies</i>		
<i>Raw materials and consumables</i>		
Purchases during the financial year	3 764 248,21	1 600 646,87
Increase (–) or decrease (+) in stocks	-98 763,70	163 987,85
External services	1 417 599,79	507 511,93
Total materials and services	-5 083 084,30	-2 272 146,65
<i>Personnel expenses</i>		
Wages and salaries	1 712 028,60	1 316 711,06
Social security expenses		
Pension expenses	321 315,30	226 171,34
Other social security expenses	103 662,92	57 892,86
Total personnel expenses	-2 137 006,82	-1 600 775,26
Depreciation, amortisation and impairment	-617 446,65	-524 025,64
Other operating expenses	-1 878 763,24	-1 342 163,24
OPERATING PROFIT/LOSS	-4 310 636,25	-3 674 536,83
<i>Financial income and expenses</i>		
Interest and other financial income	337,50	247,86
Interest and other financial expenses	-1 165 036,84	-397 480,88
Total financial income and expenses	-1 164 699,34	-397 233,02
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-5 475 335,59	-4 071 769,85
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-5 475 335,59	-4 071 769,85
PROFIT/LOSS FOR THE FINANCIAL YEAR	<u>-5 475 335,59</u>	<u>-4 071 769,85</u>

ASSETS	31 Dec 2016	31 Dec 2015
<i>NON-CURRENT ASSETS</i>		
<i>Intangible assets</i>		
Development costs	1 288 197,47	1 416 239,53
Intangible rights	180 951,99	139 765,34
Other long-term expenses	<u>519 985,90</u>	<u>571 054,88</u>
Total intangible assets	1 989 135,36	2 127 059,75
<i>Property, plant and equipment</i>		
Machinery and equipment	<u>1 348 699,96</u>	<u>681 946,91</u>
Total tangible assets	1 348 699,96	681 946,91
<i>Investments</i>		
Shares in group companies	133 887,19	132 237,19
TOTAL NON-CURRENT ASSETS	3 471 722,51	2 941 243,85
<i>CURRENT ASSETS</i>		
<i>Inventories</i>		
Materials and supplies	<u>490 623,16</u>	<u>391 859,46</u>
Total inventories	490 623,16	391 859,46
<i>Receivables</i>		
<i>Long-term receivables</i>		
Other receivables	<u>140 800,00</u>	<u>2 200,00</u>
Total long-term receivables	140 800,00	2 200,00
<i>Short-term receivables</i>		
Accounts receivables	260 839,52	32 079,03
Other receivables	143 928,34	110 532,56
Accruals and deferred income	<u>3 597,35</u>	<u>426 589,23</u>
Total current receivables	<u>408 365,21</u>	<u>569 200,82</u>
Total receivables	549 165,21	571 400,82
Cash and cash equivalents	<u>2 440 460,51</u>	<u>3 107 766,03</u>
TOTAL CURRENT ASSETS	3 480 248,88	4 071 026,31
TOTAL ASSETS	<u>6 951 971,39</u>	<u>7 012 270,16</u>

SAVO-SOLAR OYJ

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BALANCE SHEET

EQUITY AND LIABILITIES	31 Dec 2016	31 Dec 2015
<i>EQUITY</i>		
Share capital	470 210,00	470 210,00
Unrestricted equity fund	19 149 114,31	12 713 782,39
Retained earnings	-10 385 160,98	-6 313 391,13
Net profit (loss)	-5 475 335,59	-4 071 769,85
TOTAL SHAREHOLDER'S EQUITY	3 758 827,74	2 798 831,41
<i>OBLIGATORY RESERVES</i>		
Other obligatory reserves	135 659,71	0,00
Obligatory reserves in total	135 659,71	0,00
<i>LIABILITIES</i>		
<i>Long-term liabilities</i>		
Capital loans	1 431 275,17	1 431 275,17
Loans from financial institutions	242 650,19	363 181,64
Other liabilities	157 067,14	314 134,54
Total Long-term liabilities	1 830 992,50	2 108 591,35
<i>Short-term liabilities</i>		
Loans from financial institutions	218 664,27	462 900,29
Advance payments received	0,00	630 357,34
Trade payables	555 247,95	611 915,36
Other liabilities	59 111,22	46 544,66
Accruals and deferred income	393 468,00	353 129,75
Total short-term liabilities	1 226 491,44	2 104 847,40
TOTAL LIABILITIES	3 057 483,94	4 213 438,75
TOTAL EQUITY AND LIABILITIES	6 951 971,39	7 012 270,16

CASH FLOW STATEMENT

	2016	2015
Cash flow from operating activities		
Profit (loss) before extraordinary items	-5 475 335,59	-4 071 769,85
Adjustments:		
Depreciation according to plan	617 446,65	524 025,64
Financial income and expenses	1 164 699,34	397 233,02
Cash flow before change in working capital	-3 693 189,60	-3 150 511,19
Change in working capital:		
Increase (-) or decrease (+) in current interest-free receivables	22 235,61	156 385,04
Increase (-) or decrease (+) in inventories	-98 763,70	163 987,85
Increase (+) or decrease (-) in current interest-free payables	-507 065,13	-148 721,45
Cash flow from operations before financial items and taxes	-4 276 782,82	-2 978 859,75
Interest paid and other financial expenses	-1 156 431,94	-421 506,58
Interest received and other financial income	337,50	247,86
Cash flow before extraordinary items	-5 432 877,26	-3 400 118,47
Cash flow from operations (A)	-5 432 877,26	-3 400 118,47
Cash flow from investing activities		
Purchase of intangible and tangible assets	-1 146 275,31	-1 033 785,85
Investments in subsidiaries	-1 650,00	-22 100,00
	-1 147 925,31	-1 055 885,85
Cash flow from investment activities (B)	-1 147 925,31	-1 055 885,85
Cash flows from financing activities		
Share issue	6 435 331,92	6 572 771,55
Proceeds from short-term borrowings	1 195 000,00	1 128 300,00
Repayment of short-term borrowings	-1 439 236,02	-277 261,14
Repayment of long-term borrowings	-277 598,85	0,00
Cash flow from financing activities (C)	5 913 497,05	7 423 810,41
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	-667 305,52	2 967 806,09
Cash and cash equivalents at beginning of period	3 107 766,03	139 959,94
Cash and cash equivalents at end of period	2 440 460,51	3 107 766,03
	-667 305,52	2 967 806,09

Accounting policy

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

Notes regarding Group

The parent company of this Group is Savo-Solar Plc domiciled in Mikkeli, Finland. The company has two subsidiaries, Savo-Solar ApS, domiciled in Denmark, 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.

Measurement of non-current assets

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 straight-line 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.

Principles for depreciations according to plan are:

	2015	2014
Development expenses	10 y straight-line depreciation	10 y straight-line depreciation
Intangible rights	5 y straight-line depreciation	5 y straight-line depreciation
Other long-term expenses	5 y straight-line depreciation	5 y straight-line depreciation
Machinery and equipment	25% net expenditure	25% net expenditure

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.

Measurement of current assets

The acquisition cost includes the variable costs.

Inventories are valued at acquisition cost or the lower probable selling price.

Measurement of receivables and liabilities

Trade and other receivables are valued at their nominal value or if lower, to the probable value.

Liabilities are valued at nominal value or if higher, based on the comparison value.

Comparability of the figures from previous financial years

Accounting periods are comparable.

Restructuring program

Liabilities related to the restructuring program have been classified in the balance sheet as non-current and current liabilities. Non-current restructuring liabilities in the financial statement amount to a total of EUR 157,067.14 and current restructuring liabilities to EUR 157,067.40. Their total amount is EUR 314,134.54. The repayment scheme of these liabilities will last until the end of the year 2018 and the debt is paid back in instalments every three months.

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 transferred to Euros according to the exchange rate of the Balance Sheet date.

Notes to the profit and loss account

Net turnover

Products requiring long-term production have been booked as income according to the grade of completeness.

Projects, where the starting date and the completion date take place in different financial years and where the income generated by the project has a substantial effect on the net turnover and the profit formation, are considered as long-term projects.

The grade of completeness has been defined based on the number of products that have been produced.

There is no income according to the grade of completeness during the financial year 2016 (2015: EUR 420,790 or 20.6%).

Other operating incomes

	2016	2015
Other	850,62	19 053,94
	850,62	19 053,94

Obligatory reserves

During the financial period a warranty provision of EUR 135,659.71 has been made concerning eventual warranty obligations caused by different projects with partial income.

Notes concerning personnel organs and governing bodies**Personnel costs**

	2016	2015
Wages and salaries	1 836 087,67	1 418 850,23
Pension expenses	335 473,08	234 153,57
Other social security expenses	107 507,41	60 303,70
Activated as investments	-56 270,48	0,00
Activated as development costs	-85 790,86	-112 532,24
	2 137 006,82	1 600 775,26

Average personnel

Average number of employees during the financial year	42	36
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Remuneration of the Board of Directors

Remuneration to the members of the Board of Directors	25 800,00	8 500,00
	25 800,00	8 500,00

Other operating expenses

	2016	2015
Administration expenses	455 067,58	328 983,27
Premises expenses	512 731,76	443 639,12
Telephone-, IT- ja office expenses	63 145,35	52 835,99
Travelling expenses	92 650,80	71 626,45
Marketing expenses	578 719,48	269 568,61
Development expenses	104 773,74	96 720,29
Other operating expenses	71 675,13	78 789,51
	1 878 763,84	1 342 163,24

Remuneration to accountant

Figures are included in the Administration expenses presented above.

Statutory audit	17 774,90	12 444,08
Assignments	3 247,50	7 110,00
Other services	9 707,50	8 754,09
	30 729,90	28 308,17

Finance expenses

Expenses of rights issue	700 305,96	208 410,33
Other financing and interest expenses	464 730,88	189 070,55
	1 165 036,84	397 480,88

Balance sheet notes**Changes in current assets**

	2016	2015
INTANGIBLE ASSETS		
DEVELOPMENT EXPENSES (TEM 1066/2008)		
Acquisition cost 1 Jan	2 115 099,28	2 078 529,86
Increase 1 Jan - 31 Dec	84 458,67	36 569,42
Acquisition cost 31 Dec	2 199 557,95	2 115 099,28
Accumulated depreciation	-698 859,75	-490 056,39
Depreciation in year 2016	-212 500,72	-208 803,36
Bookkeeping value 31 Dec	1 288 197,47	1 416 239,53
INTANGIBLE RIGHTS		
Acquisition cost 1 Jan	150 959,88	82 579,53
Increase 1 Jan - 31 Dec	58 972,02	68 380,35
Acquisition cost 31 Dec	209 931,90	150 959,88
Accumulated depreciation	-11 194,53	0,00

Depreciation in year 2016	-17 785,37	-11 194,53
Bookkeeping value 31 Dec	180 951,99	139 765,35
OTHER LONG-TERM EXPENSES		
Acquisition cost 1 Jan	676 830,47	0,00
Acquisition cost 1 Jan	84 297,11	676 830,47
Increase 1 Jan - 31 Dec	761 127,58	676 830,47
Accumulated depreciation	-105 775,59	0,00
Depreciation in year 2016	-135 366,08	-105 775,59
Bookkeeping value 31 Dec	519 985,90	571 054,88
TANGIBLE ASSETS		
MACHINERY AND EQUIPMENT		
Acquisition cost 1 Jan	1 450 904,30	1 172 816,35
Increase 1 Jan - 31 Dec	917 256,09	278 087,95
Acquisition cost 31 Dec	2 368 160,39	1 450 904,30
Accumulated depreciation	-768 957,39	-570 162,75
Depreciation in year 2015	-250 503,03	-198 794,64
Bookkeeping value 31 Dec	1 348 699,96	681 946,91
ADVANCE PAYMENTS		
Bookkeeping value 1 Jan	0,00	25 539,85
Increase 1 Jan - 31 Dec	0,00	0,00
Decrease 1 Jan - 31 Dec	0,00	-25 539,85
Bookkeeping value 31 Dec	0,00	0,00
INVESTMENTS		
Bookkeeping value 1 Jan	132 237,19	1 650,00
Increase 1 Jan - 31 Dec	1 650,00	130 587,19
Bookkeeping value 31 Dec	133 887,19	132 237,19

Amounts owed by group undertakings

	2016	2015
AMOUNTS OWED BY GROUP UNDERTAKINGS		
Bookkeeping value 1 Jan	0,00	101 784,78
Increase 1 Jan - 31 Dec	16 000,00	0,00
Decrease 1 Jan - 31 Dec	-16 000,00	-101 784,78
Bookkeeping value 31 Dec	0,00	0,00

Amounts owed to group companies

	2016	2015
Trade payables to Group companies		
Bookkeeping value 1 Jan	28 281,47	0,00
Increase 1 Jan - 31 Dec	43 756,05	28 281,47
Decrease 1 Jan - 31 Dec	-28 281,47	0,00
Bookkeeping value 31 Dec	43 756,05	28 281,47

Prepayments and accrued income

Accruals		
Grade of completeness receivables	0,00	420 790,00
Other prepayments	3 597,35	5 799,23
	3 597,35	426 589,23

Capital and reserves

	2016	2015
Restricted equity		
Subscribed capital 1 Jan	470 210,00	470 210,00
Increase in subscribed capital	0,00	2 400,00
Transfer to invested unrestricted equity fund	0,00	-2 400,00
	470 210,00	470 210,00
Restricted equity in total	470 210,00	470 210,00
Other reserves		
Invested unrestricted equity fund 1 Jan	12 713 782,39	4 416 506,84
Transfer to IUEF from restricted equity	0,00	2 400,00
Transfer to IUEF from capital loans	0,00	603 300,00
Share issue 12 Oct 2016 / 20 Feb 2015	3 727 783,37	3 432 514,58
Share issue 28 Sep 2016	2 707 548,55	4 259 060,97
Invested unrestricted equity fund 31 Dec	19 149 114,31	12 713 782,39
Retained profit / loss 1 Jan	-10 385 160,98	-6 313 391,13

Retained profit / loss 31 Dec	-10 385 160,98	-6 313 391,13
Profit / loss for the financial year	-5 475 335,59	-4 071 769,85
Unrestricted equity in total	3 288 617,74	2 328 621,41
Capital and reserves in total 31 Dec	3 758 827,74	2 798 831,41

Distributable funds

Invested unrestricted equity fund	19 149 114,31	12 713 782,39
Retained profit / loss	-10 385 160,98	-6 313 391,13
Loss for financial year	-5 475 335,59	-4 071 769,85
Activated development costs	-1 288 197,47	0,00
Distributable funds 31 Dec	2 000 420,27	2 328 621,41

The distributable funds of the company are EUR 2,000,420.27.

Proposal by the Board of Directors on procedures concerning the company's result

Loss for the financial year 2016 is EUR -5,475,335.59.

The Board of Directors proposes to the Annual General Meeting that the loss for the period EUR -5,475,335.59 be transferred to the retained profit / loss account and that no dividend be paid.

Guarantees and contingent liabilities

	2016	2015
Loans with business mortgage as collateral and value of collateral		
Loans from credit institutions	370 035,30	734 802,77
Bank loan with business mortgage as collateral	1 600 000,00	1 600 000,00
Bank accounts pledged as collaterals	140 000,00	0,00
Collaterals given for warranty period and for deliveries	1 233 512,77	1 655 404,87
Collaterals for rent	800,00	2 200,00
Other given collaterals	2 410,76	2 410,76
Rent liabilities	92 643,00	92 643,00

Structural and financing arrangements

Subsidiaries

During the financial year 2014 the company established a new subsidiary in Denmark, Savo-Solar Aps. The company also has a subsidiary Savolaser Oy, which was established in 2013.

Company restructuring

District Court of Pohjois-Savo has approved the restructuring program for the company on 13 February 2014. In line with the restructuring program, receivables of debtors have been transferred to capital loans, amounting to EUR 1,431,275.17. The capital reduction of ordinary restructuring liabilities amounted to EUR 1,011,025.11.

Shares of the company	2016	2015
Shares, A-series (1 vote/share), pcs	35 469 332	15 887 430
Capital loans	2016	2015
Capital loans 1 Jan	1 431 275,17	1 431 275,17
Increase 1 Jan - 31 Dec	0,00	603 300,00
Decrease 1 Jan - 31 Dec	0,00	-603 300,00
Capital loans 31 Dec	1 431 275,17	1 431 275,17

The company has a capital loan of EUR 1,190,216.21 from the Bank Suur-Savon Osuuspankki.

The main terms of the loan are:

1) 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. According to the 12 chapter 2§ in the Finnish Companies Act this loan is anyhow having the same order of preference with the other capital

loans the debtor may have issued or with other comparable financing instruments, if nothing else has been agreed in the funding contract.

2) 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 exceeds the accumulated losses in the debtor's balance sheet in the latest audited financial report.

3)) If annual interests remain unpaid because of the regulations in the Finnish Companies Act, the unpaid interest will be accumulated to the following periods until it can be paid in full taken into consideration the said limitations in item 2).

The annual interest is 3% and it is calculated from the date when the restructuring program was approved by the court on 13 February 2014. The first due date for the payment of the interest is 15 May 2015. The annual interest on delayed payments, whether the loan itself, interest or other payments, is 18%.

The interest on the capital loan (2016: EUR 35.706,49, 2015: EUR 35,706.49) is reported as interest expenses on the income statement.

The company has a capital loan of EUR 241,058.96 from Finnvera Oyj.

The main terms of the loan are :

1) 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.

2) 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.

3) 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 annual interest is 3% and it is calculated from the date when the restructuring program was approved by the court on 13 February 2014. The interest is paid on the due date ex post.

The annual interest on delayed payments, whether the loan itself, interest or other payments, is 18%.

The interest on the capital loan (2016: EUR 7.251,58, 2015: EUR 7,231.77) is reported as interest expenses on the income statement.

Holdings in other companies

Name and domicile	Holding	Equity	Profit/loss for the year
Savosolar Aps, Denmark	100 %	38,457.44	18,410.63
Savolaser Oy, Mikkeli Finland	55 %	2,357.97	-2,135.12

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 on-going 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 report, 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.

SAVO-SOLAR OYJ

2309682-6

Insinöörinkatu 7

50100 Mikkeli

Signatures to the financial statements

In Mikkeli, 3 March 2017

Aminoff Johan Feodor
Chairman of the Board

Varjotie Jari
Managing director

Gey Christof
Member of the Board

Granjung Kenth
Member of the Board

Mattson Michael
Member of the Board

Tuhkanen Sami
Member of the Board

Auditor's note

An auditor's report based on the audit performed has been issued today.

In Mikkeli, 14 March 2017

PricewaterhouseCoopers Oy
Audit corporation

Pekka Loikkanen
KHT-auditor



Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Savo-Solar Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Savo-Solar Oyj (business identity code 2309682-6) for the year ended 31 December 2016. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw 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. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the information included in the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Mikkeli 14 March 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant (KHT)