

Savo-Solar's half-year report for January-June 2017: Revenue decreased due to temporary slowdown of demand in the main market - rights issue oversubscribed

Key figures in January-June 2017

- Revenue amounted to EUR 612 thousand (1-6/2016: EUR 3,089 thousand). Decrease was due to delayed investment decisions in the company's main market in Denmark and to slower-than-expected progress of projects in other market areas.
- Operating result (EBIT) was EUR -2,198 thousand (EUR -1,923 thousand). Weakening was due to the decreased revenue.
- Net profit/loss for the period amounted to EUR -2,545 thousand (EUR -2,189 thousand).
- The company's rights issue was oversubscribed and the company gained in the issue approx. EUR 4.3 million before costs.
- Company's sales pipeline at the end of period was record high at more than EUR 125 million and quotations stood almost at EUR 29 million.

CEO comments:

"Our revenue decreased during the first half of the year following the fact that we had no big delivery projects like in the corresponding period last year. There was a temporary disturbance in the Danish market at the end of 2016, when the investments of energy companies stopped after the delayed decision of the state concerning the support for renewable energy. Postponed decision-making on investments has resulted in intense competition, which we have seen especially after the two successful tenders in France in June. Even though the company's sales pipeline and quotation base are record high, delays in gaining new orders has affected the outlook for full year. Based on all indications in the market, we continue to trust in strong growth and keep our revenue target at EUR 20 million in 2019.

We adjusted the variable costs during the first half of the year to meet with the decreased revenue. Other operating expenses stayed at the same level than on comparison period based on investments in sales and marketing, among others. In order to improve the profitability we will continue the enhancement of our operations especially in materials sourcing. Actions that have already been implemented in the production - modernization of coating line and introduction of new manufacturing methods - enable better cost efficiency and profitability in future big projects.

Solar collector fields delivered to Løgumkloster, Jelling, Söllested and Jyderup are operating with great efficiency and serve as successful references as to both technology and quality. Our strong market position in Denmark is an advantage, and we aim at expanding our operations also to other countries in Europe. The Danish track record helps also when looking for partners on other continents. As informed recently, we have created an alliance with a Mexican company Jorgensen. This opening of a new market is looking very

promising for us and may bring really big deliveries in future. At the moment, already more than a half of our quotation base is in areas outside Denmark. Savosolar GmbH, our subsidiary that was established in Germany during spring, is playing a significant role as the subsidiary is serving the market in Germany and neighboring countries with big potential. Our investments in sales and marketing and in project management are already bringing fruit as seen in France this summer.

The outlook for the beginning of the next year is good, because our quotation base continues to be on record high at approximately EUR 25 million. The number of on-going projects in Europe is bigger than ever, and despite of the increased competition in the market we have good possibilities to win a good share of the total market.

In connection with the rights issue arranged in the summer I had a chance to meet a whole series of investors. The number of participants in the events and the positive response to the rights issue showed that the utilization of clean solar energy continues to attract more and more people in the world. I want to thank - on behalf of the entire Savo-Solar team - our previous and new shareholders. We in the company are convinced on the competitive edge of our solutions and will continue our determined work to reach our targets for growth and profitability.”

Jari Varjotie, Managing Director of Savo-Solar Plc.

The accounting principles for the half-year report

This half-year report is unaudited. The report has been prepared in accordance with the Finnish Accounting Standards (FAS) using the same principles as in the 2016 financial statements. Unless otherwise stated, the comparison figures refer to the same period of previous year 2016.

Business development in January-June 2017

Revenue

Revenue for January-June amounted to EUR 612 thousand, down approximately 80% year-on-year (1-6/2016: EUR 3,089 thousand). The decrease in revenue was mainly based on the fact that the company had no big delivery projects of solar collector fields to district heating market. Delayed decision-making of the Danish government on the conditions of the program to save energy and reduce emissions resulted in the district heating companies postponing their projects, following with a temporary standstill of the market. The delayed decision-making hit hard Savo-Solar's operations, because Denmark has been the main market of the company. Gradually during spring the project tenders in Denmark were initiated and the market is recovering. No compensating orders were received from other markets and the investments in sales and marketing did not yet bring any concrete results.

To expand its market area Savo-Solar strengthened its organization for sales and projects and established a subsidiary, Savosolar GmbH. Local presence in Central Europe brings a remarkable advantage in acquisition of new customers and in negotiations for future projects.

The company signed in March a contract with Ystad Energi AB on a turnkey delivery of a first solar collector field in Sweden. The value of the contract amounts to approximately EUR 250 thousand and the delivery

took place in summer 2017. The delivery serves as a good reference for future project negotiations in Sweden.

During the report period the company has had several mid-size deliveries in Finland, and the biggest ones went to Elenia Lämpö Oy, Consti Talotekniikka Oy and Etelä-Savon Energia Oy. The value of these deliveries was approximately EUR 300 thousand.

Order intake and quotation book

The order intake of the company is small at the moment. The number of quotation requests for big projects has however increased clearly during the past few months both in Denmark and elsewhere in Europe. The value of projects in the company's sales pipe at the end of report period exceeded EUR 125 million. The sales pipe covers active projects, which involve sales actions and are recorded in the company's sales planning system in different stages.

The company had at the end of the report period open quotations amounting to approximately EUR 29 million to be delivered to 12 countries in Europe. Many of these projects have been planned to be realized in the way timewise that the energy production would start as early as possible during spring 2018. Therefore, a part of the manufacturing and installations could take place still during 2017.

Savo-Solar has been selected as the preferred bidder in a tender for the delivery of a solar thermal plant to newHeat SAS in France. Savo-Solar and newHeat are currently negotiating on the actual contract. Mutual target is to finalize the contract in September so that the delivery and the installation of the field could take place in spring 2018 at the latest. If realized, the value of the project for Savo-Solar would be approximately EUR 1.4-1.7 million depending on the final size of the field. The turnkey delivery will cover the collector field installed on a tracking system, the piping, the solar heat transfer unit, the control system and the operation & maintenance contract. The solar thermal plant will be the largest one in France. The customer newHeat SAS will use this solar thermal plant to supply and sell heat to an industrial site in France.

Savo-Solar has signed a Letter of Intent with the company Véolia ECHM on a delivery of a solar thermal system in the city of Voreppe, France. Véolia ECHM is a part of the Veolia Group, which is a global leader in heating and cooling networks. Even though the financial value of the contract is small (approx. EUR 90 thousand), the contract is important for Savo-Solar because it is the company's first district heating system delivery to France and opening the door for further co-operation with the Veolia Group.

Costs

The costs relating to materials and services totaled EUR 324 thousand (EUR 2,550 thousand) as a result of decreased deliveries.

The personnel costs amounted to EUR 1,071 thousand (EUR 1,150 thousand). Other operating expenses amounted to EUR 1,125 thousand (EUR 1,107 thousand). Biggest growth was seen in the costs for sales and marketing as well as in administration, with the major item being the arrangement of a rights issue.

Earnings

The operating result (EBIT) for the first half of the year amounted to EUR -2,198 thousand (EUR -1,923 thousand). Profitability was affected mainly by the fact that the company had no new orders for big projects.

Net financial income and expenses amounted to EUR -347 thousand (EUR -266 thousand).

Loss for the report stood at EUR -2,545 thousand (EUR -2,189 thousand). Earnings per share were EUR -0.07 (EUR -0.14).

COMPARISON BY REPORT PERIOD

(EUR '000)	1-6/2017	1-6/2016	1-12/2016
Revenue	612	3,089	5,405
Operating profit/loss (EBIT)	-2,198	-1,923	-4,522
Profit/loss for the period	-2,545	-2,189	-5,687
Earnings per share, EUR	-0.07	-0.14	-0.29

Financing

Total assets of the company on 30 June 2017 stood at EUR 4,831 thousand (EUR 6,242 thousand). The inventories increased from EUR 586 thousand in the corresponding period to EUR 875 thousand in the report period. Current receivables decreased from EUR 2,499 thousand to EUR 318 thousand.

Shareholders' equity increased from EUR 610 thousand in corresponding period to EUR 1,002 thousand. The equity including capital loans amounted to EUR 2,433 thousand at the end of report period. Equity ratio improved and was 20.7% (10.0%). The equity improved further to 51.0% after the end of the report period, when the proceeds of the rights issue were recorded in the company's account.

Liabilities decreased to EUR 3,693 thousand (EUR 5,632 thousand), of which EUR 1,714 thousand (EUR 2,931 thousand) were short-term and EUR 1,979 thousand (EUR 2,701 thousand) long-term liabilities. Out of long-term liabilities the amount of capital loans remained unchanged at EUR 1,431 thousand. Bank loans amounted to EUR 391 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 company signed on 30 May 2017 a bridge loan contract with Scandinavian Credit Fund I AB on a loan of EUR 600 thousand to the company. With the bridge loan the company ensured the coverage of the working capital need until the realization of the rights issue. The bridge loan had a fixed interest rate of 7.5% and the loan was due to be paid back on 31 August 2017. The loan including interest was paid back after the end of the report period on 31 July 2017.

Cash flow from operations was EUR -2,799 thousand (EUR -3,157 thousand) and cash flow from investments EUR -202 thousand (EUR -183 thousand). Cash flow from financing was EUR 682 thousand (EUR 544 thousand) including the bridge loan of EUR 600 thousand. On 30 June 2017, Savo-Solar's cash and cash equivalents totaled to EUR 121 thousand (EUR 312 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 and research & development

Investments amounted to EUR 202 thousand (EUR 183 thousand), and most of them were connected with enhancing the assembly capacity of collectors and increasing the efficiency. Investments in machinery and

equipment amounted to EUR 154 thousand (EUR 168 thousand). There is no need for extensive investments during forthcoming years, as the production capacity has been increased to a level that enables the revenue of EUR 20-30 million.

The company raised EUR 81.6 thousand as an R&D grant from Tekes during the report period (EUR 62.8 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. The target of the project is to develop an inexpensive heating and cooling system that is utilizing solar thermal energy. The company is aiming at getting the solar thermal cooling system to complement its offering during 2017.

Savo-Solar's project on the development of a new type of solar thermal collector has been approved as a part of the Government's spearhead projects in cleantech industry. Tekes, the Finnish Funding Agency for Innovation has granted support for the project by a loan amounting to a maximum of EUR 494 thousand, with the interest today being 1%. The project is focusing on the development of energy-efficient collectors, which are suited for large solar thermal fields and can be manufactured in mass production. The target is to lower the costs for logistics and installation as well as to improve the flexibility of installation. The project will last until the end of 2018 and its total budget amounts to EUR 706 thousand.

Personnel, Board of Directors and Auditor

At the end of the report period, Savo-Solar had a payroll of 39 employees (46). The company's management team was renewed in spring 2017 when Nalle Stenman (M.Sc., Econ) was appointed as CFO and Morten Hofmeister (M.Sc., Eng.) as Head of Projects and System Design. Aku Järvisalo (M.Sc., Eng.), former Chief designer of the company, was appointed as Production Manager. In addition to CEO, the other members of the Management team are CTO Kaj Pischow, Vice President of Sales Patrick Jansson and Quality Manager Pekka Karjalainen. The company further strengthened the sales organization with new recruitments in Denmark and in Germany.

The Annual General Meeting held on 28 March 2017 re-elected Feodor Aminoff, Christof Gey and Sami Tuhkanen to the Board and elected Håkan Knutsson as a new member 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. Petter Lindeman, Authorised Public Accountant, as the auditor in charge.

Stock option programs of the management

At the end of the report period the company had one valid stock option program. The stock option program launched in 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. By the end of report period a total of 92,600 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. The option rights entitle to subscribe for a total of 500,000 new shares.

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

The subscription price was further lowered in the rights issue resolved in August 2016 so that the subscription price per share is EUR 0.82. In connection with the rights issue in 2017 the subscription price was further lowered to EUR 0.53. During the report period, no new option rights have been allocated and no new shares have been subscribed for with the option rights.

After the end of the report period on 5 July 2017, the Board of the Directors of the company resolved in connection with the rights issue on a new stock option program for management. Based on the program a total of a maximum of 2,000,000 option rights can be distributed, entitling to subscribe for a maximum of 2,000,000 shares of the company. The option rights are distributed to classes as follows: 500,000 options to 2-2017A, 500,000 to 2-2017B, 500,000 to 2-2017C and 500,000 to 2-2017D. No options have been distributed yet.

The subscription period for the shares to be subscribed against the options is staggered being with option rights 2-2017A from 1 January 2018 to 31 December 2019, with 2-2017B from 1 July 2018 to 31 December 2019, with 2-2017C from 1 January 2019 to 31 December 2019 and with 2-2017D from 1 July 2019 to 31 December 2019. The subscription price is the volume weighted average share price in First North Finland during the time from 1 June 2017 to 31 August 2017.

Other stock option programs

The Board of Directors resolved on 7 June 2017 on distributing warrants to persons, who subscribed for shares in the company's rights issue. A total of 23,646,221 warrants were allocated on 5 July 2017 and they entitle to subscribe for a total of 23,646,221 new shares. The warrants were given free of charge in the way that the subscribers received one warrant per each three subscribed and paid shares.

The subscription period for shares that can be subscribed for on the basis of the warrants is from 20 November to 1 December 2017. The share subscription price is determined by the volume weighted average price of the company's share on First North Finland between 2 and 16 November 2017, with an applied discount of 25 per cent. The subscription price, however, is at least EUR 0.06 and at most EUR 0.09 per share.

The maximum quantity of new shares from all option programs is 26,146,221.

Annual General Meeting 2017

The Annual General Meeting of Savo-Solar was held in Helsinki on 28 March 2017. A total of 18 shareholders participated, representing a total of 4,902,610 shares or approximately 13.8% of all shares and votes in the company. The Annual General Meeting adopted the financial statements for the financial period ended on 31 December 2016 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 5,475,335.59) be recognized in equity. The Annual General Meeting discharged the members of the Board of Directors and the Managing Director from liability.

Remuneration of the Board of Directors

The Annual General Meeting resolved on 28 March 2017 that the Board members will be paid for the period starting at the end of the Annual General Meeting and ending at the end of the next Annual General Meeting as follows: EUR 21,600 to the Chairman of the Board and EUR 10,800 for each of the other members of the Board. Approximately 40% of the remuneration of the Board of Directors will be paid by giving to the Board members the company's new shares based on the authorization given to the Board, while 60% of the remuneration will be paid in cash. The cash portion of the remuneration will be paid in 12 instalments monthly. The portion involving shares as remuneration will be paid in two instalments in the

way that the first instalment is paid on 1-31 May 2017 and the second instalment within two weeks following the publication of the half-year report for the period 1 January-30 June 2017. If the shares cannot be given due to insider regulations during the before mentioned time periods, the shares shall be given outright once it is possible in accordance with the insider regulations in force at that time. The Board members are not allowed to transfer the shares received as Board remuneration before their membership in the Board has ended.

Because of the on-going preparations for the rights issue in May 2017, the Board of Directors of Savo-Solar resolved on 5 July 2017, after the end of the report period, on a directed share issue to be used as the first part of the Board members' remuneration with shares. The company issued a total of 118,645 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 59,323 new shares and other Board members were offered 29,661 new shares each. One member of the Board did not accept any remuneration. When calculating the value per share, the volume weighted mean price in First North Sweden has been used, during the three days' period after the publication of the plan for arranging a rights issue (29-31 May 2017), i.e. SEK 0.71.

The total number of new shares offered in the share issue was 118,645. Trading on new shares began after the end of the report period in First North Sweden and in First North Finland as equal with the other shares of the company.

Related-party transactions

The company has with its subsidiary Savosolar ApS a contract on services in sales, marketing, purchases and product development, among others. Based on the contract the company has paid to Savosolar ApS in the report period approximately EUR 279 thousand (EUR 242 thousand). The company has in 2017 signed with Savosolar GmbH a similar service contract, based on which the company has paid to Savosolar GmbH approximately EUR 52 thousand.

Rights issue and related directed share issue

The company arranged in June-July 2017 a rights issue of approximately EUR 4.3 million and a related offering of warrants. If the warrants are used for subscription of new shares in full, the company will collect a maximum of approximately EUR 2.1 million. Moreover, the company arranged a directed share issue to the underwriters of the rights issue.

In the rights issue the company offered a maximum of 70,938,664 new shares, representing approximately 67% of all shares of the company after the issue. All shareholders included in shareholder register were given subscription rights for every one share held in the company on the offering record date. Each subscription right entitled their holder to subscribe for two offer shares.

The subscription period for offer shares was from 14 to 30 June 2017 in Finland and from 14 to 28 June 2017 in Sweden. Subscription price was EUR 0.06 or SEK 0.58 per share.

Furthermore, each investor who subscribed for shares in the rights issue was given free of charge one warrant for each three subscribed and paid shares. The share subscription period based on the warrants is 20 November - 1 December 2017. The subscription price is determined based on the volume weighted average price at First North Finland between 2 and 16 November 2017 less 25 per cent. The subscription price is however a minimum of EUR 0.06 and a maximum of EUR 0.09.

The rights issue was oversubscribed and the company's Board of the Directors resolved after the end of the report period on 5 July 2017 on approval of the subscriptions of the rights issue as well as on the allocation

of offered shares and warrants. 66 % of the offering was allocated to subscribers who had subscribed for shares with the subscription rights and 34 % to those who had subscribed for the shares without the subscription rights. In the rights issue the number of Savo-Solar's shares increased by 70,938,664 shares, and after the rights issue the total number of shares is 106,407,996. The number of warrants that were allocated in the rights issue is 23,645,786.

Combination of the temporary shares with Savo-Solar's existing shares took place in the book-entry system by Euroclear Finland on 21 July 2017 and trading in the new shares subscribed for in the rights issue and two directed share issues commenced in First North Finland on 24 July 2017 and in First North Sweden on 3 August 2017.

A directed share issue was arranged to underwriters of the rights issue, and after that the number of Savo-Solar's shares was increase by 3,164,224 shares. The subscription price in the directed share issue was SEK 0.76, representing the volume weighted mean price of the company's share at First North Sweden during the period from 14 to 28 June 2017.

In the rights issue, the directed share issue to underwriters and in the directed share issue without consideration to the Board of Directors as described above, the number of Savo-Solar's shares increased by 74,221,533 shares and the number of the shares on the date of this financial report is a total of 109,690,865.

Present authorization of the Board of Directors at the publication date of this release

The Annual General Meeting held on 28 March 2017 resolved to authorize the Board of Directors to decide, in one or more transactions, on the issuance of shares, options and other special rights entitling to shares according to the Companies Act chapter 10, section 1. The number of shares to be issued based on the authorization may amount to a maximum of 100,000,000 shares, representing approximately 281.9% of all shares of the company on the date of authorization. The authorization is valid until 31 December 2021.

In the rights issue and two directed share issues resolved by the Board of Directors in June-July 2017 a total of 74,221,533 shares of the authorization were used. Furthermore, based on the authorization a total of 23,646,221 warrants were issued to the subscribers of rights issue and a total of 2,000,000 stock options were reserved for the management's stock option plan.

On the date of this half-year report the Board of Directors have a remaining authorization for a total of 132,246 shares.

Shares and shareholders

Savo-Solar has one series of shares and their total number on 30 June 2017 was 35,469,331. Each share entitles its holder to one vote at the General Meeting.

The shares that were subscribed for in the share issues described above were recorded in the Trade Register after the end of report period, and on the date of this financial report the total number of the company's shares is 109,690,865.

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

During the report period, the share price in First North Sweden varied between SEK 0.61 and 3.03 (SEK 3.20 and 7.90). The closing price was SEK 0.90 (SEK 3.75). In First North Finland, the share price varied between EUR 0.07 and 0.32 (EUR 0.36 and 0.80). The closing price was EUR 0.10 (EUR 0.42).

The combined trading volume in January-June 2017 was 34,178,264 shares (21,555,225 shares). At the end of the report period, Savo-Solar had 4,358 shareholders (2,498). The company does not hold any of its own shares.

BIGGEST SHAREHOLDERS ON 30 JUNE 2017

Shareholder	Holding, number of shares	Percentage of all shares
The Finnish Innovation Fund Sitra	4,378,556	12.3
Suur-Savon Osuuspankki	1,004,230	2.8
Försäkringsbolaget Avanza Pension	980,451	2.8
Nordnet Pensionsförsäkring AB	528,012	1.5
Cleantech Invest Oyj	502,915	1.4
JPMEL – Stockholm Branch	403,663	1.1
Geust Johan Niklas Erik	365,015	1.0
Elander Invest AB	319,000	0.9
Ishtar Holding AB	300,000	0.9
Wiman Susanna	275,511	0.8
Total	9,057,353	25.5
Others	26,411,979	74.5
All total	35,469,332	100 %

Certified Adviser

Savo-Solar selected Augment Partners AB as its new Certified Adviser stipulated by the rules of First North as from 27 April 2017.

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.

Like most early stage technology start-ups, 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. From its founding in 2010 until 2014 the company was mostly in R&D stage. Only after that the company has been able to build its sales and effective production. Thus, the company has incurred significant operating losses during these years. 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 fight climate change with leading solar thermal technology to competitive and stable energy costs. The company's vision is to be the global first-choice supplier to high performance solar installations by 2020.

The company's strategy is to maintain the position as the supplier of the world's most efficient solar thermal collectors and systems with MPE-absorbers for customers and applications where efficiency matters the most. 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 has in different market areas partners, with whom the company delivers energy systems as complete deliveries. The partners can be either global suppliers of components or solutions, or local integrators or assembly companies.

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. During the years 2017-2018 the investments in product development are estimated to be approximately EUR 0.2 million annually, i.e. 2-5% of the revenue.

The geographical focus of operations is today in Northern countries but the company has started active marketing in Europe and intends to expand also outside Europe during the next few years.

The company's target is to increase the annual production significantly from about 40,000m² in 2016 and to increase the revenue to more than EUR 20 million by the end of 2019. The company aims at moving in the supply chain more strong than today to the role of a system supplier. The company's long-term target for sales marginal is 30%, operating profit margin 17-18% and net result 11%.

Significant events after the end of the period

The company announced on 6 July 2017 the results of the rights issue. The company's rights issue of approximately EUR 4.3 million was oversubscribed by 113%. The company's Board of Directors allocated 66% of rights issue to the subscribers with subscription rights and 24% to the subscribers without subscription rights. The Board of Directors further resolved on a share issue of approximately SEK 1.8 million to the underwriters of the rights issue. At the same time the Board of Directors resolved as a part of the remuneration of the Board of Directors on a directed share issue of 118,645 new shares, which were offered to the members of the Board free of charge. Furthermore, the Board of Directors resolved on a new stock option program for management, based on which a total of 2,000,000 option rights can be distributed, entitling to subscribe a total of a maximum of 2,000,000 shares of the company.

Share issues and stock option program have been described more in detail under "Remuneration of the Board of Directors", "Rights issue and related directed share issue", "Stock option programs of the management" and "Other stock option programs".

The company announced on 16 August 2017 that its order intake has not developed as expected. Because of the delays in getting new orders the company updated its previous guidance for revenue and result for full-year 2017.

Savo-Solar announced on 24 August that it has signed an agreement with the Mexican company Jorgensen to gain foothold in the huge potential for solar thermal energy plants in the mining industry in Latin America. The agreement gives Jorgensen the exclusive dealership right to sell and deliver Savo-Solar's products and solutions in Mexico, Peru and Chile.

Outlook

Savo-Solar estimates that the company's revenue for the full year 2017 is lower than in 2016 when it was EUR 5.4 million. The company's operating result (EBIT) is estimated to be at the same level than in 2016, when it was EUR -4.5 million.

Savo-Solar will publish its financial statement release for 2017 on 5 March 2018.

SAVO-SOLAR PLC
Board of Directors

For more information:

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

This company announcement contains information that Savo-Solar Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by aforementioned contact person on 28 August 2017 at 8.30 a.m. (CEST).

ANNEXES

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

Savo-Solar in brief

Savo-Solar with its highly efficient collectors and large-scale solar thermal systems has taken solar thermal technology to the next level. The company's collectors are equipped with the patented nano-coated direct flow absorbers, and with this leading technology, Savo-Solar helps its customers to produce competitive clean energy. Savo-Solar's vision is to be the first-choice supplier to high performance solar installations on a global scale. Focus is on large-scale applications like district heating, industrial process heating and real estate systems - market segments with a big potential for rapid growth. The company primarily delivers complete systems from design to installation, using the best local partners. Savo-Solar is known as the



most innovative company in the business, and aims to stay as such. The company has sold and delivered its products to 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.com.

The company's Certified Adviser is Augment Partners AB, phone: +46 8-505 65 172.

ANNEX 1
INCOME STATEMENT (FAS, unaudited)

(EUR '000)	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	612	3,089	5,405
Other operating income	90	63	1
Materials and services	-324	-2,550	-5,295
Personnel costs	-1,071	-1,150	-2,137
Depreciations and write-downs	-381	-267	-617
Other operating expenses	-1,125	-1,107	-1,879
Operating profit/loss	-2,198	-1,923	-4,522
Financial income	0	0	0
Financial expenses	-347	-266	-1,165
Extraordinary items	0	0	0
Profit/loss before appropriations and taxes	-2,545	-2,189	-5,687
Net profit/loss for the report period/financial year	-2,545	-2,189	-5,687
Earnings per share, undiluted, EUR	-0.07	-0.14	-0.28
Earnings per share, diluted, EUR	-0.07	-0.11	-0.24
Number of outstanding shares at the close of period	35,469,332	15,906,875	35,469,332
Average number of outstanding shares by month, adjusted by share issue	35,469,332	15,906,875	19,320,969
Number of outstanding shares, adjusted by dilutive effect	35,654,532	19,304,780	22,718,874

ANNEX 2
BALANCE SHEET (FAS, unaudited)

(EUR '000)	30 Jun 2017	30 Jun 2016	31 Dec 2016
Assets			
Fixed assets			
Intangible assets	1,813	1,976	1,989
Tangible assets	1,318	735	1,349
Holdings in group undertakings	162	132	134
Fixed assets in total	3,293	2,843	3,472
Current assets			
Inventories	875	586	491
Accounts receivable	239	119	261
Group receivables	0	15	141
Other receivables	252	143	144
Prepayments and accrued income	51	2,223	4
Cash in hand and at banks	120	312	2,440
Current assets in total	1,538	3,399	3,480
Assets in total	4,831	6,242	6,952
Liabilities			
Equity			
Subscribed capital	470	470	470
Invested non-restricted equity	19,149	12,714	19,149
Retained earnings/loss	-16,072	-10,385	-10,385
Profit/loss for the financial year	-2,545	-2,189	-5,687
Equity in total	1,002	610	3,547
Provisions			
Other provisions	136	0	137
Long-term liabilities			

Capital loans	1,431	1,431	1,431
Loans from credit institutions	391	363	243
Advances received	0	593	0
Other creditors	157	314	157
Long-term liabilities in total	1,979	2,701	1,831
Short-term liabilities			
Loans from credit institutions	703	1,007	219
Advances received	0	594	0
Trade payables	517	947	767
Group payables	53	0	0
Other creditors	46	54	59
Accruals and deferred income	395	329	393
Short-term liabilities in total	1,714	2,931	1,438
Liabilities in total	3,911	5,632	3,269
Total equity and liabilities	4,831	6,242	6,952

ANNEX 3

CASH FLOW STATEMENT (FAS, unaudited)

(EUR '000)	Jan-Jun/ 2017	Jan-Jun/ 2016	Jan-Dec/ 2016
Cash flow from operating activities			
Profit/loss for the financial period	- 2,545	-2,188	-5,687
Adjustments	444	533	1,782
Increase/decrease in current receivables	7	-1,915	22
Increase/decrease in inventories	-385	-194	-99
Increase/decrease in current interest-free payables	-257	906	-296
Interests from operating activities	-63	-298	-1,156
Cash flow from operating activities	-2,799	-3,157	-5,433
Cash flow from investing activities			
Investments	-174	-168	-1,146
Investments in subsidiaries	-28	-15	-2
Cash from from investing activities	-202	-183	-1,148
Cash flow from financing activities			
Share issue	0	0	6,435
Proceeds/repayment of long-term loans	148	0	-278
Proceeds from short-term loans	600	900	1,195
Repayment of short-term loans	-66	-356	-1,439
Cash flow from financing activities	682	544	5,913
Change in cash and cash equivalents	-2,319	-2,796	-667
Cash and cash equivalents at beginning of period	2,440	3,108	3,108
Cash and cash equivalents at end of period	121	312	2,440

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

(EUR '000)	Share capital	Non-restricted equity fund	Retained earnings	Profit/loss for report period/ financial year	Total
Equity 1 Jan 2017	470	19,149	-16,072	0	3,547
Share issue	0	0	0	0	0
Result for report period	0	0	0	-2,627	-2,627
Equity 30 June 2017	470	19,149	-16,072	-2,627	920
Equity 1 Jan 2016	470	12,714	-10,385	0	2,799
Share issue	0	0	0	0	0
Result for report period	0	0	0	-2,189	-2,189
Equity 30 June 2016	470	12,714	-10,385	-2,189	610
Equity 1 Jan 2016	470	12,714	-10,385	0	2,799
Share issue	0	6,435	0	0	6,435
Result for financial year	0	0	0	-5,687	-5,687
Equity 31 Dec 2016	470	19 149	-10 385	-5,687	3,547

ANNEX 5

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

(EUR '000)	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	612	3,089	5,405
Result for report period/financial year	-2,545	-2,189	-5,687
Cash and cash equivalents	121	312	2,440
Equity	1,002	610	3,547
Equity Ratio, %	20.7	10.0	54.1

Calculation of key figures

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