

Savosolar Plc's financial statement release for 2018: Revenue increased significantly, operating result still negative

Key figures in January-December 2018

- Savosolar's revenue increased year-on-year, amounting to EUR 5.6 million (2017: EUR 0.8 million).
- Operating result (EBIT) amounted to EUR -5.4 million (EUR -4.9 million).
- Net result for the year amounted to EUR -6.4 million (EUR -5.7 million).
- Earnings per share were EUR -0.02 (EUR -0.07)
- The value of the projects in the sales pipeline was EUR 125 million at the end of the reporting period, of which the value of the projects in the bidding and planning phase totalled approximately EUR 54 million.

Key figures in July-December 2018

- Revenue for the second half of the year amounted to EUR 4.3 million (7-12/2017: EUR 0.2 million).
- Operating result (EBIT) amounted to EUR -2.9 million (EUR -2.6 million).

CEO JARI VARJOTIE:

"In 2018, Savosolar's revenue increased significantly compared to the previous year particularly thanks to the large project deliveries in Denmark and France. When comparing to 2017 there were only a few small project deliveries, while the large projects in Denmark were waiting for the government decisions for the subsidies, and the other markets were still waiting to take off. The contract signed with the Danish Grenaa Varmevark A.m.b.a in May 2018 is Savosolar's largest delivery for a solar thermal system so far. The majority of work related to this project was accomplished during the review period, and the hand-over is scheduled to take place in March 2019. Further, the solar thermal system delivered for newHeat SAS in Condat-sur-Vézère, France in January 2019, is the largest solar thermal collector field in France, and at the same time, it is the world's largest solar thermal field installed on a one-axis tracking system.

Operating result did not meet the expectations and remained negative. The main reasons behind the operating loss were the liabilities paid in 2018 relating to certain quality issues in solar collectors manufactured in the early stage of the company, and the higher than estimated project costs in our Danish projects. The quality issues with the early-stage collectors were due to some faults in manufacturing processes, and these have been fixed in the current processes.

Operating result was also affected by the fact that deliveries and project work were not split evenly during the year. The large projects in the second part of the year were not enough to compensate for the quiet first year-half. The investments made in sales and system design of customer projects can also be seen in the figures.

However, the significant customer contracts signed during 2018 show that the earlier production equipment investments and the strong focus on sales have taken us to the right direction.

The rights issue arranged in June-July 2018 to finance our growth succeeded well. However, the

subscription of shares based on warrant program, which was planned to take place in December, did not unfortunately materialize. In order to deliver the on-going as well as possible new projects, to continue on the growth track and to execute the savings program in production costs, we decided to initiate a new rights issue after the end of financial year 2018.

Interest in and demand for the large solar thermal systems is growing in many places around the world. The number of our projects in the quotation and design phase has remained at a high level, and there are projects pending in many countries. One indication of the development of the whole industry is that project developers, who are ready to invest in clean heating, are entering the market.

Savosolar's strengths are our advanced technology, strong references and competent partners. Together with our partners our goal is to find the best possible solutions for the customers. Our satisfied customers are one of the most important success criteria for us. An excellent example of this is the extension ordered by Jelling Vaermemark in its existing solar thermal field we delivered few years ago. This field also holds the Danish record of the highest daily solar thermal energy production. We also thrive to develop new kinds of solutions when we see they add value to customers. A great example of this is the solar thermal system delivered in France, in which the sun-tracking system helps collectors produce more energy from a limited land area. I believe there is demand for these kinds of solutions also elsewhere. Savosolar is known as an innovative player in the industry, and we plan to remain as such also in the future."

SAVOSOLAR AS A COMPANY

Savosolar Plc is a Finnish public limited liability company that manufactures internationally award-winning solar thermal absorbers, collectors as well as energy production systems built on these. According to the knowledge of the company's management the solar thermal collectors with MPE absorbers manufactured by Savosolar are the most efficient in the world.

Savosolar focuses primarily on large solar thermal collectors and industrial-size heating systems. The company's vision is to be the global first-choice supplier of high-performance solar installations. Savosolar has delivered its products to almost 20 countries on four continents.

Savosolar's domicile and production plant is located in Mikkeli, Finland. Savosolar also has office premises in Vantaa, Finland as well as fully-owned subsidiaries in Denmark and Germany, and sales cooperation partners in Australia and Mexico.

The accounting principles for the financial statement release

This financial statement release is unaudited. The report has been prepared in accordance with the Finnish Accounting Standards (FAS) using the same principles as in the 2017 financial statements. Savosolar applies the Percentage for Completion method in its projects. The percentage of completion method is an accounting method in which the revenues and expenses of long-term contracts are recognized as a percentage of the work completed during the period. The PoC -method is applied when the project's contract price exceeds EUR 200,000. The PoC method requires that the final outcome of a project, project margin, can be estimated reliably throughout the project's life cycle.

Unless otherwise stated, the comparison figures refer to the same period of previous year 2017.

BUSINESS DEVELOPMENT IN 2018

Revenue

Revenue for the full-year 2018 amounted to EUR 5.6 million (1-12/2017: EUR 0.8 million). The main reasons for the increase in revenue are the company's large delivery projects to Denmark and France during the second half of 2018. In 2017 the company had only a few small delivery projects due to the postponement of decisions on state support, which caused a stand-still of the market in Denmark, the Europe's biggest market.

Revenue for the latter half of the year amounted to EUR 4.3 million (7-12/2017: EUR 0.2 million). Revenue came mainly from delivery projects to Denmark and France.

Significant orders

Savosolar and Danish Grenaa Varmevaerk A.m.b.a. signed a contract in May on delivery of the largest solar thermal system in Savosolar's history so far. The value of the contract is approximately EUR 3.5 million. The project has proceeded in schedule, and hand-over will take place in March 2019.

Another significant contract was signed in March with newHeat SAS to deliver a solar thermal system to Condat-sur-Vézère France. The solar thermal plant is the largest in France and the value of the contract was over EUR 2.0 million. Additionally, Savosolar has been awarded the operation & maintenance contract. The delivery was started during the first half of the year and completed in January 2019.

In July Savosolar agreed with Jelling Varmevaerk in Denmark for an extension of the existing solar thermal collector field, delivered in 2016. The value of the agreement is approximately EUR 0.7 million.

In France Savosolar also delivered solar thermal system to Véolia ECHM, in the city of Voreppe. Market for solar thermal solutions in France is growing fast and the region Rhône-Alpes, where Voreppe is located, is actively promoting the development of solar thermal heating.

Other smaller deliveries were a solar thermal system to Oulun Seudun Sähkö and to Energi-Center Nordic in Stockholm. The system in Oulu is the biggest solar collector field in Finland.

Savosolar announced in November that it has signed a Memorandum of Understanding (MOU) with Guangzhou Power Supply Co., Ltd. which is a wholly-owned subsidiary of China Southern Power Grid Co., Ltd. China Southern Power Grid latest fiscal year revenue was approximately USD 73 billion. The MOU concerns co-operation in building a demonstration project of micro-energy network complementary with renewable energy in Nansha, Guangzhou.

At the end of the period, value of the projects in the company's sales pipeline was approximately EUR 125 million. Of this, the total value of projects in bidding and planning phase amounted to approximately EUR 54 million and order backlog approximately 1,2 million euro. The sales pipeline includes all active projects of the company's sales management system.

Costs and earnings

The costs relating to materials and services in 2018 totalled EUR 5.8 (0.8) million. The increase in costs was a consequence of the increased number of projects in the delivery phase. Thanks to the development projects it was possible to reduce the production costs both in terms of working hours and material use.

Personnel costs amounted to EUR 1.9 (1.8) million. Other operating expenses amounted to EUR 2.6 (2.3) million. Out of total costs, the biggest items were the expenses of the rights issue.

The operating result (EBIT) for 2018 amounted to EUR -5.4 (-4.9) million. The main reasons for increase in operating loss were the liabilities incurred during 2018 relating to quality problems of the collector models manufactured by the company between 2013 and 2015 which have been fixed since, and higher than expected project execution costs in the projects in Denmark.

Net financial income and expenses amounted to EUR -1.0 (0.8) million. The majority the financing costs were related to share issues.

The result for the report period stood at EUR -6.4 (-5.7) million. Earnings per share were EUR -0.02 (EUR -0.07).

COMPARISON BY REPORT PERIOD

(EUR '000)	1-12/2018	1-12/2017	7-12/2018	7-12/2017	1-6/2018	1-6/2017
Revenue	5 633	831	4 304	219	1 329	612
Operating profit/loss (EBIT)	-5 374	-4 817	-2 938	-2 655	-2 436	-2 198
Profit/loss for the period	-6 423	-5 664	-3 778	-3 118	-2 645	-2 545
Earnings per share, EUR	-0.02	-0.07	-0.01	-0.03	-0.02	-0.07

Financing

Total assets of the company on 31 December 2018 stood at EUR 6.4 (6.5) million. The inventories remained at the level of EUR 1.0 million (EUR 1.0 million). Cash and cash equivalents decreased by EUR 1.5 million. Current receivables increased from EUR 0.1 million to EUR 1.8 million.

Shareholders' equity decreased from EUR 3.6 million to EUR 1.6 million. The equity including capital loans amounted to EUR 3.0 million at the end of report period. Savosolar's equity ratio at the end of report period was 24.7 (56.4)%.

Liabilities amounted to EUR 4.4 (2.7) million, of which EUR 0.3 (0.3) million were long-term and EUR 4.2 (2.3) million short-term liabilities. Out of long-term liabilities the amount of loans from financing companies was at EUR 0.3 million. Out of short-term liabilities EUR 1.4 million were capital loans and EUR 0.8 million (EUR 0.2 million) were loans from financing companies, of which the proportion of Finnvera was 40 thousand and the proportion of Formue Nord Markedsneutral A/S was EUR 778.7 thousand. Out of short-term liabilities EUR 1.5 million (0.3) were account payables.

On May 21, 2018 Savosolar made an agreement on 12-month extension for maturity date of capital loans with Bank Suur-Savon Osuuspankki and Finnvera Oyj, according to which a total of EUR 1.4 million loans will mature on December 31, 2019. The maturity of the afore-mentioned capital loans with Suur-Savon

Osuuspankki, EUR 1.2 million, has been renegotiated on February 20, 2019 so that the loans will be paid back in monthly instalments during 24 months beginning on April 2019.

In November 2019, Suur-Savon Osuuspankki also extended the validity period of its bank guarantee limit granted to Savosolar Plc by 12 months, up and until 30.11.2019. The limit amounts to EUR 2 million and the Company uses it in large projects for guarantees needed during deliveries and the warrant period, among others.

The financing position of Savosolar improved substantially after the rights issue and directed share issue arranged in the summer 2018. The company raised net proceeds of EUR 3.7 million after the transaction costs. However, the subscription of shares based on related warrants in December did not realize and the company decided in December to arrange a rights issue, totalling approximately EUR 5.3 million, after the reporting period.

Cash flow from operations was EUR -6.1 (-5.8) million and cash flow from investments EUR -0.2 (-0.2) million. Cash flow from financing was EUR 4.8 (5.7) million, out of which the share issues amounted to EUR 4.4 (5.8) million. On 31 December 2018, Savosolar's cash and cash equivalents totalled to EUR 0.7 (2.2) million.

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

Investments and product development

Investments were EUR 0.2 (0.2) million and most of them were related to ordinary production maintenance. The company has no need for significant investments during the next few years because the production capacity has been increased to a level allowing the revenue of EUR 20-30 million.

Savosolar's project on the development of a new type of solar thermal collector is part of the Government's spearhead projects in cleantech industry. Business Finland (formerly 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 rate 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 2019 and its total budget amounts to EUR 0.7 million.

Personnel and management

At the end of the report period, Savosolar had 37 (36) employees. The average number of personnel was 35 (37).

On 31 December 2019 the company's management team consisted of the following persons: Jari Varjotie, CEO; Raul Ikonen, CFO; Torben Frederiksen, Chief Technology Officer; Morten Hofmeister, Head of Projects and System Design; Aku Järvisalo, Production Manager; Pekka Karjalainen, Quality Manager; Kaj Pischow, Senior Advisor, and as a temporary member Martti Jalava, Director, Supply Chain.

Nalle Stenman, Chief Financial Officer left Savosolar by the end of October, and Raul Ikonen was appointed CFO as of 1 November. Torben Frederiksen was appointed as CTO in August. Patrick Jansson, Vice President of Sales left the company in April, and the sales organization has since reported directly to managing

director Jari Varjotie.

Business development

Savosolar has continued building its international cooperation partner network. In addition to the already announced agreements in Australia and Latin America there were three new cooperation agreements signed in the review period. Also, the organization has been strengthened so that partners can be supported more thoroughly in the technology know-how during the sales process.

Savosolar signed a cooperation agreement with Geoflow Australia Pty Ltd concerning the sales and marketing of solar thermal fields and turn-key solutions for utilizing solar thermal energy in the region Australia and New Zealand. According to the cooperation agreement, the companies are focusing on large-scale solar thermal installations and their marketing is done under the brand Savosolar Australia. Geoflow acts as the local partner for Savosolar and is in charge of turn-key system deliveries to customers in the region. Savosolar is supplying the equipment and participates also in projects when necessary. Business development continues also in Latin America with the local partner Flemming Jorgensen.

As part of sales and marketing development also system design for customer projects has been further improved. In addition to this, there has been an increased focus on supply chain development including both the materials used in the factory as well as project related purchasing.

RESOLUTIONS OF SAVOSOLAR PLC'S GENERAL MEETINGS

The Annual General Meeting 27 March 2018

The Annual General Meeting of Savosolar Plc was held on 27 March 2018 in Helsinki. The Annual General Meeting approved the Annual accounts for 2017 and resolved that the net loss of EUR -5,663,528.48 was transferred to retained earnings / loss account and that no dividend was paid.

The Annual General Meeting resolved that the members of the Board of Directors are paid the following remuneration for the term that begins at the end of the Annual General Meeting and ends at the end of the next Annual General Meeting: EUR 21,600 for the Chairman of the Board and EUR 10,800 for each of the other members of the Board. Approximately 40 per cent of the remuneration will be paid to the members of the Board of Directors by giving to the Board members company's new shares based on the authorization granted to the Board of Directors and approximately 60 per cent in cash.

The Annual General Meeting re-elected Feodor Aminoff, Christof Gey, Håkan Knutsson and Sami Tuhkanen as members of the Board. All elected members of the Board are independent from the company while the Board members Aminoff, Gey and Knutsson are independent from the company's major shareholders.

The Annual General Meeting resolved that the auditor's fees are paid according to the auditor's reasonable invoice approved by the company. PricewaterhouseCoopers Oy, Authorised Public Accountants was re-elected as the company's auditor. PricewaterhouseCoopers Oy has informed that the principal auditor will be Petter Lindeman, Authorised Public Accountant.

The Annual General Meeting authorised the Board of Directors to decide 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 as follows: The number of shares to be issued based on the authorisation may in total amount to a maximum of 200,000,000 shares, representing approximately 152.96 per cent of the company's shares on the date of this notice. 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. Shares may be conveyed either against payment or free of charge in the company's share issues. 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 Annual General Meeting resolved that the company's trade name is changed to Savosolar Oyj and that paragraph 1 of the Articles of Association was amended accordingly.

The Extraordinary General Meetings 12 June 2018 and 21 August 2018

The Extraordinary General Meeting of Savosolar Plc held on 12 June 2018 resolved in accordance with the proposal of the Board of Directors to authorize 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 as follows: The number of shares to be issued based on the authorization may in total amount to a maximum of 400,000,000 shares, representing approximately 305.93 per cent of the company's shares on the date of the notice and on the date of the meeting. 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. Shares may be conveyed either against payment or free of charge in the company's share issues. 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 replaces the authorization granted by the Annual General Meeting on 27 March 2018 and shall be valid until 11 June 2023.

The Extraordinary General Meeting of Savosolar Plc held on 21 August 2018 decided according to the proposal of the Board that Feodor Aminoff continues as existing member of the Board and Eero Auranne, Mikael Lemström and Ari Virtanen were elected as new members of the Board for the term of office expiring at the end of the next Annual General Meeting. The Board elected Feodor Aminoff as Chairman of the Board.

Board of Directors and auditor

At the end of the period the Board of Directors was as follows: Feodor Aminoff (Chairman), Eero Auranne, Mikael Lemström and Ari Virtanen. All members are independent from the company and major shareholders.

PricewaterhouseCoopers Oy, Authorised Public Accountants was the company's auditor, and principal auditor Petter Lindeman, Authorised Public Accountant.

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 2018 approximately EUR 589.5 thousand (521 thousand).

Similar service contract has been signed with Savosolar GmbH. Based on the contract the company has paid to Savosolar GmbH approximately EUR 179.2 thousand (143 thousand) during the financial period.

RIGHTS ISSUE AND RELATED DIRECTED SHARE ISSUE

Savosolar Plc announced on 14 June 2018 that it will carry out a rights issue of approximately EUR 3.5 million (the "Offering"), with additional warrants enabling the company to raise up to a maximum of approximately EUR 3.3 million. The company also announced it might carry out a directed share issue of approximately EUR 0.9 million. The subscription period of the Offering was 21 June-10 July 2018 and it was subscribed to 126%.

In the Offering Savosolar's shareholders were given one subscription right per each share held on the Offering record date (18 June 2018). Three subscription rights entitled the holder to subscribe for four offer shares. The subscription price was EUR 0.02 or SEK 0.20 per offer share. The offer shares represented approximately 57.1 per cent of the total number of the company's shares outstanding after the Offering. Persons who subscribed for the offer shares were given free of charge one warrant per each two subscribed offer shares.

The Board of Directors of Savosolar resolved on 13 July 2018 to approve the subscriptions received in the Offering. Investors with the subscription rights were allocated 77 % and investors without the subscription rights 23 % of the offered shares. The number of shares in Savosolar increased by 174,332,080 shares.

In connection to the resolving on approval of the subscriptions received in the Offering, the Board of Directors decided on a directed share issue. The directed share increased the number of shares in Savosolar by 43,583,020 shares. After the Offering and the directed share issue the total number of shares amounts to 348,664,162. The number of warrants subscribed for in the Offering and the directed issue amounts to 108,957,539.

Savosolar received approximately EUR 3.7 million in issue proceeds (after transaction costs associated with the Offering and the directed issue) which was used to secure company's working capital.

The shares subscribed for in the Offering and the directed issue were registered with the Finnish Trade Register on 23 July 2018. Trading was commenced on 24 July 2018 on First North Finland and on 27 July 2018 on First North Sweden.

Due to the Offering the Board of Directors also decided to amend the terms of the company's stock option plan 2-2017. The new subscription price per share for stock option plan 2-2017 is EUR 0.03, and each stock option gives the right to subscribe for two shares.

SHARE

Savosolar has one series of shares and their total number on 31 December 2018 was 352.538.414 (31.12.2017: 130.749.064). Each share entitles its holder to one vote at the General Meeting. The number of shares increased due the Offering, the directed share issue and the warrants used by altogether 221.789.350 shares in total. The company does not hold any of its own shares. The average number of outstanding shares during the financial year was 260.016.950 (74.061.376).

The shares of Savosolar 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.

Stock option programs

Stock option program for personnel (2-2017)

In the stock option program 2-2017, a maximum of 2,000,000 option rights can be distributed, entitling to subscribe a maximum of 2,000,000 new shares of the company. Of the stock options, 500,000 are marked with the symbol 2/2017A, 500,000 with the symbol 2/2017B, 500,000 with the symbol 2/2017C and 500,000 with the symbol 2/2017D.

The share subscription periods are as follows: for stock option 2/2017A 1 January 2018 -31 December 2019, for stock option 2/2017B 1 July 2018 -31 December 2019, for stock option 2/2017C 1 January 2019 -31 December 2019, for stock option 2/2017D 1 July 2019 -31 December 2019. On 31 December 2018, a total of 1,670,000 stock options from the stock option program were in possession of the management and other personnel of the company.

As a result of the Offering in summer 2018, the Board of Directors of the company decided to amend the terms of the stock option plan 2-2017. The new subscription price per share for stock option plan 2-2017 is EUR 0.03, and each stock option gives the right to subscribe for two shares.

Investor warrants (1-2018)

Based on the authorization granted by the Extraordinary General Meeting on 12 June 2018, the company's Board of Directors resolved to issue warrants to the investors who subscribed for the offer shares in the Offering resolved on 14 June 2018 and/or in the directed share issue.

The number of warrants issued was 108,957,539 and they entitle their holders to subscribe for a maximum of 108,957,539 new shares in the company during 26 November - 10 December 2018. The share subscription price was determined by the volume weighted average price of the company's share on First North Finland between 12 November 2018 and 23 November 2018, with an applied discount of 25 per cent. The Swedish krona-denominated subscription price was determined using the EUR/SEK forward rate on 23 November 2018. Based on the warrants, 3,303,950 new shares were subscribed.

Existing authorizations of the Board of Directors at the end of the financial period

The Extraordinary General Meeting 12 June 2018 resolved 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. The number of shares to be issued based on the authorization may in total amount to a maximum of 400,000,000 shares, representing approximately 305.93 per cent of the company's shares on the date of the meeting.

Shares may be conveyed either against payment or free of charge in the company's share issues. 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 shall be valid until 11 June 2023.

Of the authorization 328,872,639 shares were used as a result of the Offering, the related directed share issue and subscription of shares based on the warrants 1-2018, remuneration share issue of the Board of Directors as well as amendment of the subscription ration of stock option program 2-2017. In addition to that, 221,789,350 shares were used as a result of the warrants. Of the authorization 178,210,650 shares were left unused at the end of the financial period.

GENERAL RISKS AND FACTORS OF UNCERTAINTY CONCERNING OPERATIONS

The most significant risks of Savosolar 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.

The company's Board of Directors actively monitors the company's finances, and together with the company's management, seeks alternative funding solutions and additional means to reduce the costs associated with the company's operations. The Board of Directors continuously considers the sufficiency of financing as an important part of the company's growth strategy. At the date of this release, because of the current estimated running costs of the company, the company's maturing loans and the revenue estimation, Savosolar cannot anticipate to have sufficient working capital for the next 12 months. The company has previously succeeded in collecting the needed financing and the Board of Directors of Savosolar is confident that the sufficient financing will be obtained also this time. On December 19, 2018 the company has announced its plan to arrange a rights issue of approximately EUR 5.3 million, which is secured to 80 per cent by subscription commitments and external underwriters, with additional warrants enabling the company to raise up to a maximum of approximately EUR 3.5 million. However, it cannot be guaranteed that the company can gain enough supplementary finance just on time and to terms and conditions, which are favourable for the present shareholders. In case the company does not succeed in collecting additional financing in accordance with its needs, the company may be forced to postpone, cut back or terminate operations.

Like most early stage technology companies, Savosolar 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. The product development phase of the company has taken place from the year of establishment in 2010 until 2014, and only after that the company has been able to build up its sales and efficient production. Thus, the company has incurred significant operating losses. 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 ended in schedule at the end of 2018.

Savosolar 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.

DISPUTES

Sunti SAS, France has issued a summons to Savosolar Plc to attend the commercial court of justice in Montpellier due to an alleged breach of contract by Savosolar Plc. In the summons Sunti claims that Savosolar has acted against the exclusive rights clause in the contract between the two companies, which is related to an open tender for a solar collector field project in France. In its summons Sunti is claiming for a total compensation of approximately EUR 2.0 million based on the alleged breach of contract.

So far, Sunti and Savosolar have delivered their written statements to the commercial court of justice, which has postponed the timing for the first hearing to take place earliest at the end of spring 2019. The parties may appeal on the verdict to the higher court. Savosolar considers Sunti's claim for compensation

to be without just cause.

STRATEGY AND LONG-TERM GOALS

Savosolar'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.

Savosolar has in different market areas partners, who sell the company's products and with whom the company delivers energy systems as turnkey deliveries. The partners can be either global suppliers of components or solutions, or local integrators or assembly companies. Savosolar is changing its focus to be a supplier of system deliveries even more strongly than it is today.

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 Europe, but the company has started active recruitment of partners and marketing in outside Europe and intends to expand strongly also outside Europe during the next few years.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Extraordinary General Meeting of Savosolar held on 22 January 2019 authorized 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 as follows: The number of shares to be issued based on the authorization may in total amount to a maximum of 2,000,000,000 shares, representing approximately 572.68 per cent of the company's shares. 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. Shares may be conveyed either against payment or free of charge in the company's share issues. 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 replaces the authorization granted by the Extraordinary General Meeting on 12 June 2018 to the Board of Directors to resolve 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. The authorization shall be valid until 22 January 2024.

On 20 February 2019 Savosolar agreed new repayment schedule for its capital loans of EUR 1.2 million with Suur-Savon Osuuspankki. The capital loans which had maturity date of 31 December 2019 before the amendment, will be paid back in monthly instalments during 24 months beginning on April 2019.

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING ON THE USE OF LOSS AND THE DISTRIBUTION OF DIVIDENDS

The Annual General Meeting of Savosolar Plc is planned to be held on 28 March 2019. The notice to convene the Annual General Meeting will be published on 4 March 2019. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year (EUR -6,423,274.98 million) be transferred to the profit/loss account of previous periods and no dividend be distributed.

MARKETS

The economic and environmental benefits associated with the solar thermal have increased interest especially in Europe. Between 2013 and 2016, the only significant market was in practice Denmark, where there is strong local competition. In 2018 and 2019 the Danish market, after a year's downturn in 2017, has been very active. This market is expected to slow down for a couple of years, however, the significance of the other markets in Europe and elsewhere are expected to grow relatively fast.

It has been estimated that solar district heating generated over 1 TWh (= 1 billion kilowatt-hours) of district heating in Europe for the first time in 2017. Solar district heating capacity is expected to increase to 240 terawatt hours by 2050 and this would mean 15 per cent of Europe's district heating needs. The solar district heating market has grown by an average of 35 per cent per year over the past five years and the growth seems to continue. The global market potential for district heating is over one billion square metres, which means a market potential of several hundred billion euros. (Sources: Werner Lutsch, Solar District Heating –conference, April 2018, and presentations in Euroheat & Power and SDH conferences 2017 and 2018.

In the markets for large installation solar thermal systems, Savosolar sees most growth potential particularly in Denmark, Germany, France, Finland, Sweden and countries in Eastern Europe as well as eg. China. The most promising market in industrial process heating from Savosolar's point of view are in Latin America, Australia and Africa, in addition to Europe.

FINANCIAL REPORTING OF THE COMPANY IN 2019

Savosolar's financial accounts for 2018 will be published on the company's website on 14 March 2019.

The company's half-year report for January-June 2019 will be published on 30 August 2019. The financial reports will be published in Finnish and in English.

SAVOSOLAR PLC
Board of Directors

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Savosolar Plc discloses the information provided herein pursuant to the Market Abuse Regulation ((EU) No 596/2014, "MAR"). The information was submitted for publication by the aforementioned person on 20 February 2019 at 3:00 p.m. (CET).

ANNEXES



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

About Savosolar

Savosolar 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, Savosolar helps its customers to produce competitive clean energy. Savosolar'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. Savosolar 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. Savosolar'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, info@augment.se, phone: +46 8-505 65 172.

ANNEX 1
INCOME STATEMENT (FAS, unaudited)

(1 000 euroa)	Jul-Dec 2018	Jul-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenue	4 304	219	5 633	831
Other operating income	0	-66	9	24
Materials and services	-4 523	-428	-5 788	-752
Personnel costs	-960	-760	-1 932	-1 829
Depreciations and write-downs	-383	-380	-719	-762
Other operating expenses	-1 376	-1 240	-2 578	-2 329
Operating profit/loss	-2 938	-2 655	-5 374	-4 817
Financial income	23	14	23	14
Financial expenses	-863	-477	-1 072	-824
Extraordinary items	0	0	0	0
Profit/loss before appropriations and taxes	-3 778	-3 118	-6 423	-5 664
Net profit/loss for the reporting period/financial year	-3 778	-3 118	-6 423	-5 664
	Jul-Dec 2018	Jul-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Earnings per share, undiluted, EUR	-0.01	-0.02	-0.02	-0.07
Earnings per share, diluted, EUR	-0.01	-0.02	-0.02	-0.07
Number of outstanding shares at the close of period	352 538 414	130 749 062	352 538 414	130 749 062
Average number of outstanding shares by month, adjusted by share issue	154 972 475	112 653 420	260 016 950	74 061 376
Number of outstanding shares, adjusted by dilutive effect	356 538 414	130 934 262	356 538 414	130 934 062

ANNEX 2
BALANCE SHEET (FAS, unaudited)

(EUR '000)	31 December 2018	31 December 2017
Assets		
Fixed assets		
Intangible assets	1 348	1 628
Tangible assets	854	1 130
Shares in group companies	162	162
Fixed assets in total	2 364	2 920
Current assets		
Accounts payable	982	996
Inventories	504	222
Long-term receivables	63	49
Accounts receivable	1	0
Other receivables	460	43
Prepayments and accrued income	1 274	35
Cash and cash equivalents	747	2 212
Current assets in total	4 031	3 557
Assets in total	6 395	6 478

	31 December 2018	31 December 2017
Equity and liabilities		
Equity		
Share capital	470	470
Unrestricted equity fund	29 273	24 919
Retained earnings	-21 736	-16 072
Net profit/loss for reporting period/financial year	-6 423	-5 664
Shareholder's equity in total	1 585	3 653
Obligatory provisions		
Other obligatory provisions	319	172
Long-term liabilities		
Capital loans	0	0
Loans from financial institutions	314	312
Other liabilities	0	0
Long-term liabilities in total	314	312
Short-term liabilities		
Capital loans	1 431	1 431
Loans from financial institutions	819	224
Advances received	1 501	315
Trade payables	58	56
Other liabilities	35	37
Accrued liabilities	334	277
Short-term liabilities in total	4 178	2 340
Liabilities in total	4 492	2 652
Total equity and liabilities	6 395	6 478

ANNEX 3
CASH FLOW STATEMENT (FAS, unaudited)

(EUR '000)	Jul-Dec 2018	Jul-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flow from operating activities				
Profit/loss for the financial period	-3 778	-3 118	-6 423	-5 664
Adjustments	621	880	1 915	1 608
Increase/decrease in current receivables	-728	192	-1 953	199
Increase/decrease in inventories	194	-121	14	-505
Increase/decrease in current interest-free payables	808	-325	1 369	-534
Interests from operating activities	-840	-463	-1 049	-810
Cash flow from operations	-3 723	-2 955	-6 127	-5 706
Cash flow from investing activities				
Investments	-163	-8	-162	-181
Loans granted	0	0	0	0
Investments in subsidiaries	0	0	0	-28
Cash flow from investment activities	-163	-8	-162	-209
Cash flow from financing activities				
Share issue	4 140	5 770	4 354	5 770
Advance payments	-709	0	0	0
Proceeds from short-term loans	0	0	112	201
Repayment of long-term loans	-137	-380	-203	0
Proceeds from short-term loans	778	366	779	0
Repayment of short-term loans	-68	-702	-218	-284
Cash flow from financing activities	4 004	5 054	4 824	5 687
Change in cash and cash equivalents	118	2 091	-1 465	-228
Cash and cash equivalents at beginning of period	629	121	2 212	2 440
Cash and cash equivalents at end of period	747	2 212	747	2 212

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

(EUR '000)	Share capital	Unrestricted equity fund	Retained earnings	Result for financial year	Total
Equity 1 Jan 2018	470	24 919	-21 736	0	3 653
Share issue	0	4 354	0	0	4 354
Result for financial year	0	0	0	-6 423	-6 423
Equity 31 Dec 2018	470	29 273	-21 736	-6 423	1 584
Equity 1 Jan 2017	470	19 149	-16 072	0	3 547
Share issue	0	5 770	0	0	5 770
Result for financial year	0	0	0	-5 664	-5 664
Equity 31 Dec 2017	470	24 919	-16 072	-5 664	3 653

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

(EUR '000)	Jan-Dec 2018	Jan-Dec 2017
Revenue	5 633	831
Result for reporting period/financial year	-6 423	-5 664
Cash and cash equivalents	747	2 212
Equity	1 585	3 653
Equity Ratio, %	24.7	56.4

Calculation of key figures

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