

Savosolar Plc's half year report for January-June 2018: Positive development in sales growth and market situation; operating result still negative

Key figures in January-June 2018

- Savosolar's revenue increased by approximately 117 per cent from the corresponding period of previous year, amounting to EUR 1,329 thousand (1-6/2017: EUR 612 thousand). The revenue increase was mainly contributed by well-progressing deliveries of solar thermal systems, whereas the revenue in the corresponding period of 2017 was burdened by an exceptionally weak market situation.
- Operating result (EBIT) amounted to EUR -2,436 thousand (EUR -2,198 thousand). The operating result remained negative due to investments in sales and marketing, expenses related to the project deliveries in the reporting period, cost structure still remaining heavy in comparison to market price and production volume in spite of measures to streamline costs, and revenue still being lower than the target. The company continues its measures to lower costs. Net result for the period totaled EUR -2,645 thousand (EUR -2,545 thousand).
- Savosolar arranged rights issue and directed issue in order to strengthen the company's working capital in June-July 2018, and the company raised a total of EUR 3.7 million net proceeds after the transaction costs.
- At the end of the period, value of the projects in the company's sales pipeline was approximately EUR 145 million. Of this, the total value of offers outstanding amounted to approximately EUR 53 million. The sales pipeline includes all active projects of the company's sales management system.

SAVOSOLAR'S CEO JARI VARJOTIE:

"Our revenue significantly increased in the first half of 2018 thanks to commencement and partial deliveries of new projects for solar thermal systems. However, this was not enough to turn our performance profitable.

Revenue for January-June more than doubled to EUR 1.3 million from the corresponding period a year ago. The revenue increase was contributed by the well-progressing projects especially in France and Denmark, whereas the first-half and also full-year revenue of 2017 were lower than expected because of the temporary slow-down in market demand. In 2017 in Denmark, which is the European largest market for solar thermal solutions, the investment slow-down was due to postponement of decisions on state support. And now, many of those projects have progressed.

Reason for negative result was not only by the fact that our revenue still is lower than the target level but also our growth investments in sales and marketing as well as preparing production for the earlier agreed large orders. Despite our already implemented and ongoing measures to streamline costs, we see that our cost structure still is heavy considering our production volumes and price pressures.

All in all, new significant customer orders indicate that the investments made in production as well as our continued strong attention towards sales have taken us to the right direction. Thus, we have again taken a good leap towards our goal to be a global player in solar thermal solutions. Our investments in system design for customer projects also continued.

Among the most significant agreements during the first half of 2018 was the final contract with Grenaa Varmeværk A.m.b.a. in Denmark, signed in May. It will be Savosolar's largest solar thermal project so far. The value of the project totals approximately EUR 3.5 million and local partners will be co-operating with Savosolar in building and installing the system. The majority of the work will be completed during this year, and the hand-over is planned to take place at the end of February 2019.

Another highly significant agreement was signed with newHeat SAS on the delivery of the solar thermal system in Condat-sur-Vézère, France. The solar thermal collector field will be the largest in France. The value of the contract is approximately EUR 2.0 million, and additionally, Savosolar has been awarded the operation & maintenance contract of the field. The work commenced in the summer and has progressed as planned.

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

We also delivered a solar thermal system to Oulun Seudun Sähkö (energy company of Oulu Region) for the biggest solar collector field in Finland, and solar collectors to Energi-Center Nordic in Stockholm, Sweden.

On the other hand, the negotiations our co-operation partner Beijing Yuxin had with a local energy company to deliver a solar thermal field ended without agreement. However, Savosolar will continue building co-operation with Beijing Yuxin Solar Energy and also otherwise exploring the Chinese market.

We will continue our growth investments as we are confident that the demand for solar thermal solutions continues to strengthen. One indication is the fact that new and different types of customers are entering the market, and also the efficiency of the solutions is becoming more and more important. Our strong reference projects in Denmark, which is so far the world's most significant market for solar thermal solutions, as well as our own solar thermal technology, due to which our solar thermal systems are the most efficient in the world according to certification tests of research institutes, demonstrate our strengths. We have already gained a significant role on solar thermal markets also in Central Europe.

Our rights issue, which we arranged in June-July to finance growth, succeeded very well. This gives us confidence that we are doing right things. I would like to thank all our shareholders that participated in the issue for trust and I also wish our new shareholders welcome to join the journey of Savosolar."

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 2017 financial statements. Unless otherwise stated, the



comparison figures refer to the same period of previous year 2017.

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.

BUSINESS DEVELOPMENT IN JANUARY-JUNE 2018

Revenue

Revenue for January-June 2018 increased by approximately 117 percent from the corresponding period in 2017 and amounted to EUR 1,329 thousand (1-6/2017: EUR 612 thousand).

The increase in revenue was mainly contributed by project deliveries progressing as planned in Europe together with new projects gained in the first half of the year. Also, in the corresponding period in 2017 the market situation was exceptionally weak with lower-than-expected revenue because of the temporary slow-down on the largest European market in Denmark.

The most significant projects during the first half of the year were the delivery a solar thermal system to Veolia ECHM in the city of Voreppe in France as well as the projects started with newHeat SAS and Grenaa Varmeværk.

Significant orders and order backlog

Savosolar Plc and newHeat SAS signed in March 2018 a final contract on delivery of a solar thermal system to Condat-sur-Vézère France. The solar thermal plant will be the largest in France and it will also be the first flat plate collector field in the world installed on a one-axis tracking system. The value of the contract is over EUR 2.0 million. The delivery covering the civil works, the collector field installed on a tracking system, piping, solar station including the heat exchanger, the control system and the heat delivery to the industrial process has been started. Additionally, Savosolar has been awarded the operation & maintenance contract. The customer, newHeat SAS, will use the solar thermal plant to supply and sell heat to an industrial site.

Savosolar signed at the beginning of the year a final contract with the company Véolia ECHM on a delivery of a solar thermal system in the city of Voreppe, France. Even though the value of the contract is not big the delivery is hoped to open the door for further co-operation with the Veolia Group and to serve as a good reference to other energy players in France. 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.

New agreements during the period was also an order from Oulun Seudun Sähkö (energy company of Oulu Region) for a solar thermal system. The system with a collector area of more than 350 square metres in Ankkurilahti, Liminka is the biggest solar collector field in Finland. The delivery is a turn-key installation, which in addition to the actual collector field also consists of water storages, automation system and other technical component, as well as of the integration to existing district heating network. Savosolar further delivered to Energi-Center Nordic in Stockholm solar collectors of a total of 134 square metres for a solar thermal field which will be constructed on the rooftop. The total value of the Oulu and Stockholm deliveries is approximately EUR 200,000.

Negotiations by Beijing Yuxin Solar Energy to deliver a solar thermal field to a local energy company ended without agreement as a Chinese competitor was chosen as a supplier of the project. Savosolar and Beijing Yuxin Solar Energy continue building their cooperation concerning sales and manufacture of collectors for the Chinese market in form of eventual licensing or joint venture arrangement. Savosolar will continue its sales activities in China.

In May Savosolar and Danish Grenaa Varmeværk A.m.b.a. signed final contract 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 including a solar field of nearly 21,000 m². Local partners will be co-operating with Savosolar in building and installing the system. Majority of the works will be done during this year, and hand-over is planned to take place at the end of February 2019.

At the end of the period, value of the projects in the company's sales pipeline was approximately EUR 145 million. Of this, the total value of offers outstanding amounted to approximately EUR 53 million. The sales pipeline includes all active projects of the company's sales management system.

Costs and earnings

The costs relating to materials and services totaled EUR 1,265 thousand (EUR 324 thousand). The significant increase in costs was mainly caused by expenses related to project deliveries as well as preparing production for the significant orders received.

Personnel costs decreased slightly amounting to EUR 972 thousand (EUR 1,071 thousand). Other operating expenses amounted to EUR 1,202 thousand (EUR 1,125 thousand). The biggest cost increase was seen in external services expenses mainly related to installation work of new deliveries and in sales and marketing costs. Also the transaction costs related to the share issues arranged in June-July 2018 burdened profits.

Operating result (EBIT) for January-June 2018 amounted to EUR -2,436 thousand (EUR -2,198 thousand). Operating loss was affected by costs for sales and marketing as well as system design and expenses related to the project deliveries in the reporting period. Also, despite implemented and ongoing measures to streamline costs, the cost structure is still heavy considering the market prices and production volumes. Further, even though sales increased revenue still is lower than the target.

Net financial income and expenses amounted to EUR -209 thousand (EUR -347 thousand). Most of the financing costs were related to the share issues. The financial expenses decreased from the comparison period because in 2018 the expenses occurred mainly in June, whereas in 2017 mostly in July.

The result for the reporting period totaled EUR -2,645 thousand (EUR -2,545 thousand). Earnings per share were EUR -0.02 (EUR -0.07).

COMPARISON BY REPORT PERIOD

(EUR 1000)	1-6/2018	1-6/2017	1-12/2017
Revenue	1 329	612	831
Operating profit/loss (EBIT)	-2 463	-2 198	-4 853
Profit/loss for the period	-2 645	-2 545	-5 664
Earnings per share, EUR	-0.02	-0.07	-0.08

Financing

Total assets of the company on 30 June 2018 stood at EUR 5,963 thousand (30 June 2017: EUR 4,831 thousand). The inventories increased from EUR 875 thousand to EUR 1,176 thousand. Cash and cash equivalents increased by EUR 508 thousand. Current receivables decreased from EUR 318 thousand to EUR 179 thousand.

Shareholders' equity increased from EUR 1,002 thousand to EUR 1,222 thousand. The equity including capital loans amounted to EUR 2,653 thousand at the end of report period. Savosolar's equity ratio at the end of report period was 23.3% (20.7%). Equity ratio after the share issues on July 31, 2018 was 54.0%.

Liabilities amounted to EUR 3,821 thousand (EUR 3,693 thousand), of which EUR 1,790 thousand (EUR 1,979 thousand) were long-term and EUR 2,030 thousand (EUR 1,714 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 359 thousand (EUR 391 thousand).

Restructuring liabilities amounted to EUR 100 thousand (30 Jun 2018: EUR 156 thousand).

On May 21, 2018 Savosolar made an agreement on 12-mth extension for maturity date of capital loans with Bank Suur-Savon Osuuspankki and Finnvera Oyj. After the agreed extension, the capital loans in the total amount of EUR 1,431 million will mature on 31 December 2019 instead of 31 December 2018 which was the original maturity date of the loans.

Savosolar also has a EUR 2 million bank guarantee limit from Bank Suur-Savon Osuuspankki. The limit is used 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 issues arranged after the reporting period in the summer 2018. The company raised net proceeds of EUR 3.7 million after the transaction costs. More information on the share issues is provided in this report in section "Rights issue and related directed share issue".

Cash flow from operations was EUR -2,450 thousand (EUR -2,799 thousand) and cash flow from investments EUR 0 thousand (EUR -202 thousand). Cash flow from financing was EUR 867 thousand (EUR 682 thousand), out of which the share issues amounted to EUR 213 thousand (EUR 0). On 30 June 2018, Savosolar's cash and cash equivalents totalled to EUR 629 thousand (EUR 121 thousand).

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

Investments and R&D

Investments were EUR 15 thousand (EUR 202 thousand), and most of them were related to ordinary production maintenance. Investments in machinery and equipment amounted to EUR 15 thousand (EUR 154 thousand).

The company has no need for significant investments in production during the next few years because the production capacity has been increased to a level allowing the revenue of EUR 20-30 million.

The SOLHC project (Solar Thermal Heating and Cooling) was a joint EU-project of German and Finnish research institutes. The German parties in the project still need to accomplish the industrialization of the chiller before the system can eventually be offered commercially to the markets. The company has raised an R&D grant from Tekes for the project in 2017.

Savosolar'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 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 2018 and its total budget amounts to EUR 706 thousand.

Personnel and management

At the end of the report period, Savosolar had 35 (39) employees. The average number of personnel during the report period was 36 (39).

Patrick Jansson, Vice President of Sales and a member of the management team of Savosolar, left the company by the end of April, and the sales organization reports directly to managing director Jari Varjotie. At the end of the period the company's management team was as follows: Jari Varjotie, CEO; Nalle Stenman, CFO; Morten Hofmeister, Head of Projects and System Design; Aku Järvisalo, Production Manager; Kaj Pischow, CTO and Pekka Karjalainen, Quality Manager.

Business development

During the report period 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 well as in other markets.

As part of sales and marketing development also system design for customer projects has been further improved.

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. Cash portion of the remuneration will be paid in 12 monthly instalments to the extent it exceeds the amount of tax withholding from the remuneration. The portion of the remuneration to be paid in shares will be paid to the members of the Board of Directors in two instalments, the first instalment within two weeks of the publication of the half-year report for the period 1 January – 30 June 2018 and the second instalment between the period 1 – 30 November 2018. The Annual General Meeting further resolved that the members of the Board of Directors are reimbursed for reasonable travel and lodging costs.

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, 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 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 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 is valid until 26 March 2023.

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 will thus be amended to read as follows: "1 § Trade name and domicile: The trade name of the company is Savosolar Oyj, in Swedish Savosolar Abp and in English Savosolar Plc. The domicile of the company is Mikkeli."

The Extraordinary General Meeting 12 June 2018

The Extraordinary General Meeting of Savosolar Plc was held on 12 June 2018 in Helsinki.

The General Meeting 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 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 Annual General Meeting on 27 March 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 11 June 2023.

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 the first half of 2018 approximately EUR 324 thousand (279 thousand).

Similar service contract has been signed with Savosolar GmbH. Based on the contract the company has paid to Savosolar GmbH approximately EUR 112 thousand during the first half of 2018 (52 thousand).

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, as well as the allocation of offered shares and warrants. 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 will be 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.

SHARES AND SHAREHOLDERS

Savosolar has one series of shares and their total number on 30 June 2018 was 130,749,064. Each share entitles its holder to one vote at the General Meeting. After the end of the reporting period, the number of shares increased to 348,664,162 as a result of the registration of new shares subscribed for in the Offering and in the directed share issue. The number of shares remains the same on the date of publication of this report, 27 August 2018.

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.

During the report period, the share price in First North Sweden varied between SEK 0.261 and 1.200 (SEK 0.61 and 3.03). The closing price was SEK 0.309 (SEK 0.90). In First North Finland, the share price varied between EUR 0.027 and 0.113 (EUR 0.07 and 0.32). The closing price was EUR 0.031 (EUR 0.10).

The combined trading volume in January-June 2018 was 170,021,673 shares. On August 9, 2018 Savosolar had 7,038 shareholders (30 June 2018: 4,358). The company did not hold any of its own shares at the end of reporting period.

BIGGEST SHAREHOLDERS on 9 August 2018

Shareholder	Holding, number of shares	Percentage of all shares
Försäkringsaktiebolaget Avanza pension	44,351,260	12.72
Nordnet Pensionsförsäkring AB	6,377,460	1.83
Geust Johan Niklas Erik	4,204,537	1.21
Virtway Invest AB (PUBL)	4,000,000	1.15
JPMEL – Stockholm branch	3,453,557	0.99
Croner, Eric	3,422,500	0.98
Jortikka, Pekka Tapani	3,167,693	0.91
Hämäläinen Sami Petteri	2,571,514	0.74
Netfonds ASA, NQ	2,191,956	0.63
Muhonen, Antti	2,107,522	0.60

Others	272,880,867	78.26
In total	348,664,162	100

STOCK OPTION PROGRAMS

On 30 June 2018, Savosolar had two stock option programs "2-2017" for personnel and "1-2018" as investor warrants. The subscription period for an option program "1-2015" for personnel ended on 31 March 2018, and no new shares has been subscribed in the program.

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.

The share subscription price was originally determined by the volume weighted average price of the company's share on First North Finland 1 June 2017 – 31 August 2017, which was EUR 0.12 per share. On 30 June 2018, a total of 1,790,000 stock options from the stock option program were distributed to the management and other personnel of the company.

After the report period the Board of Directors of the company decided to amend the terms of the stock option plan 2-2017 as a result of the Offering. 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.

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. The subscription period for shares based on the warrants is 26 November-10 December 2018. The share subscription price is 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 subscription price, however, is at least EUR 0.02 and at most EUR 0.03 per share. The shares to be subscribed for based on the warrants and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EURSEK forward rate on 23 November 2018.

The company has a weighty financial reason for the issuance of warrants, since the company estimates that it will need more working capital to be able to deliver the projects already signed as well as the new orders in 2018-2019. Working capital is also needed to further streamline Savosolar's operations.



AUTHORIZATIONS OF THE BOARD

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 offering of warrants as well as amendment of the subscription ration of stock option program 2-2017, carried out in summer 2018. Of the authorization 71,127,361 shares were left unused, provided that all the warrants and the stock options granted based on the authorization will be fully exercised.

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 Board is constantly addressing the financing of the operations as a major part of the company's growth strategy. As per the date of this release, Savosolar cannot anticipate that the cash position will be sufficient for the next 12 months without additional financing with anticipated burn rate and revenue streams. The company has previously succeeded in collecting the needed financing and the Board of Directors of Savosolar is confident that the eventually needed additional financing can be obtained also this time. However, it cannot be guaranteed that the company can gain supplementary finance just on time and on 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 is planned to last until 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.

The company's risks are described in more detail in the prospectus released on June 14, 2018 as well as in

the company's internet pages <http://savosolar.com/investor-relations/governance/>

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.

In June 2018 the court defined schedule for the legal proceedings. According to the schedule, there will be written preparation until October 2018 when the court decides the timing for the first verbal hearing. Savosolar expects to receive the court's verdict before the end of this year. 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 Northern countries, but the company has started active marketing in Europe and intends to expand strongly also outside Europe during the next few years.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the company has 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.

The Extraordinary General Meeting of Savosolar Plc was held on 21 August 2018. According to the proposal of the Board the meeting decided 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. Feodor Aminoff was selected as Chairman of

the Board.

OUTLOOK

Savosolar estimates that the company's full-year revenue 2018 will be higher than in 2017, when it was EUR 831 thousand. The company estimates that the full-year operating result (EBIT) will be better than in 2017, when the operating result amounted to EUR -4.8 million.

MARKET

In the markets for solar thermal systems, Savosolar specifically focuses on large installations which are offering a strong growth potential. Those are the district heating markets in Europe, particularly in Denmark, Germany, France, Finland, Sweden and countries in Eastern Europe as well as eg. China, and industrial process heating with the most potential markets from Savosolar's point of view in Latin America, Australia and Africa, in addition to Europe.

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. Now Denmark, after a year's downturn, is very active and the significance of other markets is still expected to grow.

It has been estimated that solar district heating will generate over 1 TWh (= 1 billion kilowatt-hours) of district heating in Europe for the first time this year. 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.)

FINANCIAL REPORTING OF THE COMPANY IN 2019

Savosolar's financial accounts for 2018 will be published on 4 March 2019.

SAVOSOLAR PLC
Board of Directors

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Savosolar Plc. discloses the information provided herein pursuant to EU Market Abuse Regulation. The information was submitted for publication on 27 August 2018 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

Savosolar in brief

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 almost 20 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.fi.

The Company's Certified Adviser is Augment Partners AB, tel.: +46 8 505 65172.

ANNEX 1
INCOME STATEMENT (FAS, unaudited)

(1 000 euroa)	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Revenue	1,329	612	831
Other operating income	9	90	24
Materials and services	-1,265	-324	-752
Personnel costs	-972	-1,071	-1,829
Depreciations and write-downs	-336	-381	-762
Other operating expenses	-1,202	-1,125	-2,365
Operating profit/loss	-2,436	-2,198	-4,853
Financial income	0	0	14
Financial expenses	-209	-347	-824
Extraordinary items	0	0	0
Profit/loss before appropriations and taxes	-2,645	-2,545	-5,664
Net profit/loss for the reporting period/financial year	-2,645	-2,545	-5,664

	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Earnings per share, undiluted, EUR	-0.02	-0.07	-0.04
Earnings per share, diluted, EUR	-0.01	-0.07	-0.04
Number of outstanding shares at the close of period	130 749 062	35 469 332	130 749 062
Average number of outstanding shares by month, adjusted by share issue	130 749 062	35 469 332	130 749 062
Number of outstanding shares, adjusted by dilutive effect	242 206 601	35 654 532	130 934 262

ANNEX 2
BALANCE SHEET (FAS, unaudited)

(EUR '000)	30 June 2018	30 June 2017	31 December 2017
Assets			
Fixed assets			
Intangible assets	1,433	1,813	1,628

Tangible assets	989	1,318	1,130
Shares in group companies	162	162	162
Fixed assets in total	2,584	3,293	2,920
Current assets			
Inventories	1,176	875	996
Long-term receivables	1,395	224	222
Accounts receivable	81	239	49
Other receivables	78	28	43
Prepayments and accrued income	20	51	35
Cash and cash equivalents	629	121	2,212
Current assets in total	3,379	1,538	3,557
Assets in total	5,963	4,831	6,478

	30 June 2018	30 June 2017	31 December 2017
Equity and liabilities			
Equity			
Share capital	470	470	470
Unrestricted equity fund	25,133	19,149	24,919
Retained earnings	-21,736	-16,072	-16,072
Net profit/loss for reporting period/financial year	-2,645	-2,545	-5,664
Shareholder's equity in total	1,222	1,002	3,653
Appropriations			
Other untaxed reserves	748	0	0
Obligatory provisions			
Other obligatory provisions	172	136	172
Long-term liabilities			
Capital loans	1,431	1,431	0
Loans from financial institutions	359	391	312
Other liabilities	0	157	0
Long-term liabilities in total	1,790	1,979	312
Short-term liabilities			
Capital loans	0	0	1,431
Loans from financial institutions	201	703	224
Advances received	709	0	0
Trade payables	421	517	316
Amounts owed to group undertakings	63	53	57
Other liabilities	339	46	37
Accrued liabilities	297	395	277
Short-term liabilities in total	2,030	1,714	909

Liabilities in total	3,820	3,693	2,652
Total equity and liabilities	5,963	4,831	6,478

ANNEX 3
CASH FLOW STATEMENT (FAS, unaudited)

(EUR '000)	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Cash flow from operating activities			
Profit/loss for the financial period	-2,645	-2,545	-5,664
Adjustments	1,294	444	1,608
Increase/decrease in current receivables	-1,224	7	199
Increase/decrease in inventories	-180	385	-505
Increase/decrease in current interest-free payables	514	-257	-534
Interests from operating activities	-209	-63	-810
Cash flow from operations	-2,450	-2,799	-5,706
Cash flow from investing activities			
Investments	0	-174	-181
Loans granted	0	0	0
Investments in subsidiaries	0	-28	-28
Cash flow from investment activities	0	-202	-209
Cash flow from financing activities			
Share issue	213	0	5,770
Repayment of long-term loans	47	-148	-127
Proceeds from short-term loans	0	600	201
Repayment of short-term loans	-102	-66	-157
Advances received	709	0	0
Cash flow from financing activities	45	682	5,687
Change in cash and cash equivalents	-1,583	-2,319	-228
Cash and cash equivalents at beginning of period	2,212	2,440	2,440
Cash and cash equivalents at end of period	629	121	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	24,949	-21,736	0	3,653
Share issue	0	214	0	0	214
Result for financial year	0	0	0	-2,645	-2,645
Equity 30 Jun 2018	470	25,133	-21,736	-2,645	1,222
Equity 1 Jan 2017	470	19,149	-16,072	0	3,547
Share issue	0	0	0	0	0
Result for financial year	0	0	0	-2,545	-2,545
Equity 30 Jun 2017	470	19,149	-16,072	-2,545	1,002

ANNEX 5

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

(EUR '000)	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Revenue	1,329	612	831
Result for reporting period/financial year	-2,645	-2,545	-5,664
Cash and cash equivalents	629	121	2,212
Equity	1,222	1,002	3,653
Equity Ratio, %	20.5	20.7	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