

Savosolar Plc's half-year report for January–June 2021

Key figures and significant events in January–June 2021

- Savosolar's revenue in January–June stood at EUR 1.6 million (January–June 2020: EUR 2.0 million).
- Operating result (EBIT) amounted to EUR -2.2 million (EUR -1.7 million).
- Net result for the period totalled EUR -2.3 million (EUR -2.6 million).
- Earnings per share were EUR -0.058 (EUR -0.128).
- Order backlog as at 30 June 2021 was EUR 1.1 million (EUR 2.9 million).
- Handover of the company's largest solar thermal system to date to Kyotherm Solar in France.

Savosolar's CEO Jari Varjotie:

“Our most significant event in the first half of the year was the handover of the largest solar thermal plant in France to date to Kyotherm Solar in June. It has been in operation since January, the 10 MW plant produces heat to the malt drying process at Malteries Franco Suisse's factory in Issoudun. The use of solar heat reduces the use of gas, saving approximately 2,100 tonnes in CO² emissions per year with no increase in energy costs.

Despite the hand over in France, our revenue and operating result for January–June fell short of the corresponding period of the previous year.

This was partly due to the postponement of investment decisions during the Covid pandemic in the autumn of 2020, in addition to which many European operators chose to wait for concrete actions under the EU Green Deal programme in their investment decisions. Clean energy programmes in accordance with the Green Deal have already been opened, and more can be expected in the third quarter. We believe that the Green Deal programmes, together with the growing demand to fight climate change, will speed up the investment decisions of both companies and public operators.

The first half of the year was also negatively affected by problems with the availability of certain materials and components, which delayed project deliveries.

The final handover of our projects in Creutzwald, Narbonne and Pons was postponed to the latter half of the year. However, the solar thermal plant in Creutzwald is technically ready and has produced clean heat for the customer during the whole spring.

During the reporting period, we signed a significant new delivery contract with Guangzhou Power Supply. This delivery will provide us with the opportunity to implement a competitive solution with our high-performance system on the world's largest renewable energy market in China. The value of the solar thermal system to be delivered to Guangzhou, China is about EUR 0.5 million, and it will be part of Guangzhou Power Supply's advanced multi-energy network. Guangzhou Power Supply is a subsidiary of China Southern Power Grid, a state-owned Fortune Global 500 company.



During the early part of the year, we also delivered many smaller solar thermal systems in Europe for customers who want to ensure the suitability of solar thermal energy with a pilot system before making a larger investment decision. We look confidently forward to satisfied customer experiences from these pilot system deliveries and the customers' transition to larger solar thermal systems.

According to the recently published IPCC report, the next ten years will be crucial in preventing global warming. This requires the introduction of emission-free energy sources at an accelerating pace. Savosolar helps companies and communities to reduce their CO² emissions with fully emission-free thermal energy. Our strengths include advanced collector technology, compatibility with other heat generation equipment, and ability to implement systems on a turnkey basis that exceed the customer's expectations. We have already delivered more than 100,000 square metres of large solar heat installations to date, and on the market, we are renowned as an innovative and reliable operator, who helps its customers to reach their environmental goals cost-effectively.

Our order backlog at the end of June stood at EUR 1.1 million, compared to EUR 2.9 million a year ago. The order backlog of the comparison period was increased by the large orders from Issoudun and Creutzwald. The need to switch to emission-free energy sources is well reflected in the number of projects launched worldwide. As a result, our tender backlog has clearly grown in the recent months, and we expect our order backlog to develop favourably during the latter half of the year. The market outlook for solar thermal energy is favourable especially in Europe, China and Latin America.

During the first quarter, we had the opportunity to celebrate the winning of the Helsinki Energy Challenge competition as part of the HIVE consortium. The competition sought proposals for carbon neutral heating. The HIVE consortium's proposal combines technologies such as sea water heat pumps, large-scale solar thermal systems, electrical boilers and heat storages. In addition to the HIVE consortium, Savosolar was involved in the Sustainable Heat Coalition consortium that was also chosen as one of the ten finalists from among more than 250 proposals.

The subscription period of Warrant Plan 2-2020 also took place during the reporting period, and nearly 90 percent of the warrants were exercised to subscribe for shares. With the subscriptions made with warrants and the directed share issue with regard to warrants that remained unexercised, we raised about EUR 1.4 million in new share capital before transaction costs. We are very happy with the fact that investors, too, believe in the extensive growth potential of solar heat in the transition towards genuinely clean heat production. The projects we have already executed with satisfied customers serve as excellent references when we increase the average size of projects and the company's revenue towards profitable sustainable business."

SAVOSOLAR AS A COMPANY

Savosolar Plc is a Finnish public limited liability company listed in Nasdaq First North Growth Market Sweden and Nasdaq First North Growth Market Finland that designs and supplies large solar thermal systems for district heat producers and industry. The systems are based on Savosolar's highly efficient solar heat collectors, at the heart of which are Savosolar's proprietary optically coated direct flow absorbers. With this leading and patented technology, Savosolar helps its customers to produce competitive clean energy on a global scale. According to the information available to the company's executive management, Savosolar's collectors are the most efficient large solar heat collectors in the world.

Savosolar's vision is to be the first-choice supplier of high performance large solar energy installations on a global scale.

Savosolar's registered office and production plant are located in Mikkeli, Finland, in addition to which the company also has an office in Vantaa, Finland, and subsidiaries in Denmark and Germany, as well as offices in France and China. In its sales activities, Savosolar also utilises partners who are familiar with the local markets.

The company has such partners in Europe, China, Latin America and Australia.

ACCOUNTING PRINCIPLES FOR THE HALF YEAR REPORT

This half year report is unaudited. The release has been prepared in accordance with the Finnish Accounting Standards (FAS) using the same principles as in the 2020 financial statements. The comparison figures refer to the corresponding period in 2020, unless otherwise indicated.

DEVELOPMENT OF BUSINESS IN JANUARY–JUNE 2021

Revenue

Savosolar's revenue for January–June decreased by 20.3 per cent and amounted to EUR 1.6 (2.0) million.

The revenue growth fell short of expectations. This was partly due to the postponement of investment decisions during the Covid pandemic in the autumn of 2020, in addition to which many European operators chose to wait for clean energy programmes under the EU Green Deal in their investment decisions.

It is typical of project-based operations that the revenue of individual quarters and half years may vary depending on the degree of completion of the project deliveries.

Significant orders and new contracts for the reporting period

In June, Savosolar handed over the largest solar thermal plant in France to date to Kyotherm Solar. Located in Issoudun, the plant is owned by Kyotherm Solar that sells heat to Malteries Franco-Suisse for the drying of malt. The project and its handover were delayed by about one year because of the Covid-19 pandemic. The total value of the project for Savosolar, complete with additional orders, was EUR 4.0 million being the largest delivery of Savosolar so far.

The completion and handover of solar thermal systems to Creutzwald, France as well as to Narbonne and Pons were postponed to the third quarter. In addition to the Covid-19 pandemic, deliveries have been slowed down by the prolonged delivery times of certain components during the second quarter.

In January, Savosolar signed a contract on the delivery of a solar thermal system of about 900 square metres for AbSOLAR SAS's pilot project in the city of Cadaujac in France. The value of the contract is approximately EUR 0.3 million. Savosolar also has an exclusivity agreement for designing and delivering AbSOLAR's second solar thermal plant for a greenhouse. The implementation of this project, worth around EUR 2.5 million, is pending the customer's investment decision.

In May, Savosolar signed a delivery contract with Guangzhou Power Supply Bureau, Guangdong Power Grid Co., Ltd for a solar thermal heating system delivery in Guangzhou, China. The value of the delivered pilot system is approximately EUR 0.5 million. The system is expected to be delivered in the autumn 2021 and be operational by the end of this year.

In March, Savosolar announced that the winning of the competitive tendering regarding the delivery of a solar thermal heating system to Stadtwerke Lemgo GmbH in Germany did not result in an order.

Savosolar's order backlog at the end of the period year stood at around EUR 1.1 (2.9) million. The projects in the bidding and planning stage accounted for approximately EUR 145 (94) million. The figures of the end of the

reporting period show the fast-growing interest in the use of clean solar energy for district and industrial process heating, and the budget offers made for these projects.

Costs and earnings

Savosolar's costs related to materials and services during January–June 2021 totalled EUR 1.4 (1.6) million. The proportion of material costs was increased by the general availability problems of certain materials and components and the resulting price increase.

Personnel costs amounted to EUR 1.2 (1.1) million. During the comparison period, personnel costs were reduced by the cost savings obtained from the temporary lay-offs caused by the Covid pandemic. Other operating expenses remained unchanged, totalling EUR 1.0 (1.0) million.

The figure of the comparison period included coronavirus disruption grant from Business Finland in the amount of EUR 0.1 million.

The operating result (EBIT) for January–June 2021 declined and amounted to EUR -2.2 (-1.7) million.

Net financial income and expenses amounted to EUR 0.1 (0.8) million. The financing costs of the comparison period were burdened by the share issue arrangement costs in particular.

Net result for the period stood at EUR -2.3 (-2.6) million. Earnings per share were EUR -0.058 (-0.128).

COMPARISON BY REPORTING PERIOD

(EUR 1,000)	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	1,627	2,043	5,117
Operating profit/loss (EBIT)	-2,201	-1,717	-3,897
Profit/loss for the period	-2,333	-2,564	-4,977
Earnings per share, EUR			
Undiluted	-0.058	-0.128	-0.161
Diluted	-0.025	-0.028	-0.054

Financing

Total assets of the company as at 30 June 2021 totalled EUR 5.3 (8.9) million. Inventories stood at EUR 1.5 (1.5) million. Cash and cash equivalents totalled EUR 1.0 (4.3) million. The cash and cash equivalents of the comparison period were increased by the share issue carried out in June 2020. Current receivables totalled EUR 1.1 (0.8) million.

Equity as at 30 June 2021 stood at EUR 3.7 (5.4) million. Equity including subordinate loans amounted to EUR 3.8 (6.0) million. The company's equity ratio at the end of the reporting period was 71.1 (60.8) per cent. With the subordinated loans taken into account, the equity ratio at the end of the reporting period was 72.6 (67.6) per cent.

Subordinated loans were repaid during the reporting period in the total amount of EUR 151 thousand in accordance with the repayment programme. The remaining subordinated loan, around EUR 80 thousand, was repaid in accordance with the repayment programme in August 2021. In addition, the company has received business development loan from Business Finland in the amount of EUR 243 thousand.

Liabilities amounted to EUR 1.3 (3.1) million, of which EUR 0.2 (0.5) were non-current and EUR 1.1 (2.6) million current liabilities. Of the non-current liabilities, subordinated loans accounted for EUR 0.0 (0.2) million and loans from credit institutions EUR 0.2 (0.3) million. Of the current liabilities, subordinated loans accounted for EUR 0.1 (0.4) million, trade payables EUR 0.5 (1.2) million, and accruals and deferred income EUR 0.5 (1.0) million.

Cash flow from operations during the first half of the year was EUR -2.5 (-1.9) million and cash flow from investments EUR 0.0 (0.0) million. The availability of many materials and components has weakened globally, and Savosolar has carried out the procurement of materials and components proactively to ensure their availability for ongoing and future projects. The effect of these procurements on the cash flow from operations during the reporting period was EUR -0.7 million.

Cash flow from financing during the first half of the year was EUR 1.1 (4.1) million. Of the cash flow, the subscription of new shares based on series 2-2020 (TO6) warrants accounted for EUR 1.4 million before transaction costs. The subscription period for series 3-2020 (TO7) warrants is 6 to 17 September 2021. The cash flow during the comparison period was increased by the share issue arranged during the period, with which the company raised about EUR 3.5 million in new share capital after the transaction costs.

Savosolar's cash and cash equivalents as at 30 June 2021 totalled EUR 1.0 (4.3) million.

Investments and product development

Investments during the reporting period totalled EUR 0.0 (0.0) million. The company has no need for significant investments in its plant during the next few years, because the plant's production capacity has been increased to a level that allows a revenue of EUR 20–30 million.

Of the EUR 0.5 million product development loan granted by Business Finland, a total of EUR 0.4 million has been drawn down at the end of the reporting period. The project is focusing on the development of energy-efficient collectors that are suitable for large solar thermal fields and can be manufactured as mass production. A 12-month extension up until the end of 2021 was granted for the project and for the loan. Prior to the granting of the extension, the first instalment of the product development loan, EUR 124 thousand, was repaid in March 2021.

Personnel and management

At the end of the reporting period, Savosolar had 36 (36) employees. The average number of personnel was 36 (38).

On 29 June 2021, Savosolar announced that it will start co-operation negotiations to lay off temporarily a maximum of 25 people. Based on the negotiations, the company decided to lay off 17 people on a part-time or full-time basis for a maximum of 90 days over a period of three months, starting from the beginning of August. If the situation changes substantially during the three-month period, the plan may be changed. The company

management will also reduce their remuneration within the next three months. Overall, the company expects to achieve approximately EUR 0.2 million in savings over the next three months through personnel arrangements and other ongoing savings measures.

Savosolar's management team as at 30 June 2021 consisted of the following individuals: Jari Varjotie, CEO; Torben Frederiksen, CTO; Raul Ikonen, Country Manager, China; Martti Jalava, Director, Supply Chain Development, Production and Quality; Pekka Karjalainen, Production Manager; Antti Lilleberg, Vice President, Sales and Marketing and Project Execution; Kaj Pischow, Senior Advisor; and Heikki Timonen, CFO.

Business development

In June, Savosolar established a Branch Office in France to strengthen its presence there. Savosolar has supplied its high-performance solar thermal systems in France both for district heating and for industrial process heating solutions and is the market leader in its field in France.

The company continued the improvement of the efficiency of its internal operations and started updating the management and quality system in the second quarter in line with the principles of continuous improvement. The principal objective is to update the company's processes based on the experiences gained from project deliveries thus far so as to have the entire organisation work even more efficiently and seamlessly together in a multi-project environment. At the same time, system design at the sales stage and collaboration models for customer projects will be further improved with both sales and supply partners. In addition, the management system will be developed to better meet the environmental, sustainability and corporate social responsibility (CSR) requirements.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING OF 27 APRIL 2021 AND THE INAUGURAL MEETING OF THE BOARD OF DIRECTORS

The Annual General Meeting of Savosolar Plc was held on 27 April 2021. The Annual General Meeting adopted the financial statements for 2020 and resolved that the loss for the financial year of EUR -4,977,020.37 be carried over to the retained earnings/losses account and that no dividend be paid. The Annual General Meeting resolved to grant discharge from liability for the members of the Board of Directors and the CEO for the period of 1 January 2020 to 31 December 2020 and concerning the preparation of financial statements.

The Annual General Meeting resolved that the members of the Board of Directors be paid the following remuneration for the term that begins at the close of the Annual General Meeting and ends at the close of the next Annual General Meeting following election: EUR 21,600 for the Chairman of the Board and EUR 10,800 for each of the other members of the Board.

Approximately 40% of the remuneration will be paid to the members of the Board of Directors by giving to the Board members new shares in the company based on the authorisation granted to the Board of Directors, and approximately 60% in cash. The volume-weighted average price of the Savosolar Plc's share in First North Growth Market Finland within two weeks following the publication of the company's half-year report for the period of 1 January – 30 June 2021 will be used as the value of share.

The Annual General Meeting re-elected Feodor Aminoff, Eero Auranne, Mikael Lemström and Ari Virtanen as members of the Board of Directors. Auditing firm Tilintarkastus Inkeröinen & Himanen Oy was elected as the company's auditor. Tilintarkastus Inkeröinen & Himanen Oy has informed that the auditor-in-charge will be Juho Himanen, Authorised Public Accountant.

The Board of Directors appointed at the Annual General Meeting held its inaugural meeting after the Annual General Meeting and elected Eero Auranne as the Chairman.

RELATED-PARTY TRANSACTIONS

The company had no significant related-party transactions during the reporting period.

SHARE

Savosolar has one class of shares. The number of shares on 30 June 2021 was 77,440,623 (48,332,595 on 30 June 2020). The company does not hold any treasury shares. Each share carries one vote at the general meeting of shareholders. The average number of outstanding shares by month during the reporting period, adjusted by share issue, was 40,187,277 (20,068,741). The number of shares increased during the reporting period by 12,977,135 new shares as a result of the share subscriptions carried out on the basis of series 2-2020 warrants. Approximately 89.5 per cent of the warrants were exercised to subscribe for shares. Additionally, with regard to warrants that remained unexercised, the company decided on a directed share issue of 1,521,496 shares. A total of 14,498,631 new shares were subscribed for in the warrant plan and directed share issue. The new shares were registered with the Finnish Trade Register on 29 March 2021.

During the period, the share price in First North Growth Market Sweden fluctuated between SEK 1.00 and 1.590 (SEK 0.02 and 3.555). The closing price was SEK 1.070 (SEK 1.824). In First North Growth Market Finland, the share price fluctuated between EUR 0.10 and 0.158 (EUR 0.002 and 0.36). The closing price was EUR 0.106 (0.157).

Savosolar's combined trading volume in January–June 2021 was 39,777,438 (20,884,952) shares in First North Growth Market Sweden and 38,167,153 (7,474,167) shares in First North Growth Market Finland.

Savosolar's shares are listed on the First North Growth Market Sweden marketplace maintained by Nasdaq Stockholm AB as of 2 April 2015 with the ticker SAVOS. Secondary listing of the shares on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy started on 24 April 2015 with the ticker SAVOH.

Biggest shareholders on 30 June 2021

Shareholder	Holding, number of shares	Percentage of all shares and votes
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,526,678	3.26
JOKINEN, JUKKA	1,400,000	1.81
GEUST, NIKLAS	1,347,575	1.74
NORDNET PENSIONS FÖRSÄKRING AB	911,225	1.18
HELLÉN, STEFAN ANDREAS	735,000	0.95

HEPOLA, JARI ANTERO	700,000	0.90
SPP SVERIGE PLUS	675,835	0.87
PYYKÖNEN, RIKU TAPANI	640,722	0.83
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINKI BRANCH	565,634	0.73
LILJA, ANSA ANITTA	538,829	0.70
OTHERS	67,399,125	87.03
TOTAL	77,400,623	100

Stock option programmes

At the beginning of the reporting period, Savosolar had two series of year 2020 warrants in effect. Both warrant series comprised 14,498,631 warrants. Each warrant entitles its holder to subscribe for one new share. The subscription period for TO6 warrants was 8 to 13 March 2021, and based on the warrants, 12,977,135 new shares were subscribed for. The subscription price was EUR 0.0960 or SEK 0.977 per share.

The subscription period for TO7 warrants is 6 to 17 September 2021.

Existing authorisations of the Board of Directors

The Annual General Meeting of 27 April 2020 resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act to the effect that the number of shares to be issued based on the authorisation may in total amount to a maximum of 100,000,000 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.

Of the authorisation, a total of 72,495,450 shares were used in the rights issue arranged in June 2020 and in the issuance of option rights, and 110,766 shares in the payment of the share-based remuneration of the Board of Directors. Of the authorisation, 27,393,784 shares were remaining at the end of the reporting period. The authorisation is valid until 27 April 2025.

GENERAL RISKS AND UNCERTAINTY FACTORS CONCERNING OPERATIONS

The most significant risks involved in Savosolar's operations are the sufficiency of working capital necessary for achieving the growth in line with the strategy, the ability to win new projects, and the ability to increase the efficiency of operations so as to turn the operations profitable.

The continuation of the Covid-19 pandemic and the restrictive measures caused by it may further delay and postpone competitive tendering processes and contract negotiations or the implementation of projects that have already been agreed upon. The Covid-19 pandemic may directly affect the operations of Savosolar and its supply chain, or indirectly as a result of the weakening of the client's operating preconditions. The company

seeks to secure, through special arrangements, the delivery of goods to the already agreed-upon worksites and to prepare for different scenarios together with its partners.

The company's Board of Directors monitors the development of the company's profitability and cash flow actively and, together with the company's management, seeks the best solutions to develop them towards profitable long-term business. 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, Savosolar cannot be certain that it will have sufficient working capital for the next 12 months. The company has previously succeeded in collecting the financing it needs, and considering the company's positive financial development and the highly favourable outlook of the industry, the company's Board of Directors is confident that the company will, where necessary, be able to obtain additional financing for achieving the growth and profitability in line with its strategy.

However, it cannot be guaranteed that the company's profitability and the volume of its business will grow sufficiently and that the company can gain enough supplementary finance just on time and with terms and conditions that are favourable for the present shareholders. In case the company does not succeed in improving its profitability and raising additional financing to meet the needs of business, the company may be forced to postpone, cut back or terminate operations.

DISPUTES

On 15 February 2021, Savosolar announced that it had entered into a settlement agreement with Sunti SAS where the parties agreed that neither party will file an appeal against the resolution passed by the Commercial Court of Montpellier on 23 December 2020, in which Savosolar was ordered to pay Sunti SAS a total of EUR 137,000 in damages for a breach of contract regarding the exclusivity clause in a competitive tendering for a solar thermal project. The damages were paid in February 2021.

STRATEGY AND LONG-TERM GOALS

Savosolar's mission is to accelerate the solar economy through the leading technology for competitive energy. Savosolar helps its customers to reach their goals related to climate change with the help of fully emission-free energy.

The company's vision is to be the first-choice supplier of high-performance solar installations on a global scale.

The company's strategic objective is to grow and be the leading supplier of large solar thermal installations where quality and efficiency matter the most. This means large-scale systems such as solar district heating (SDH) and solar heat for industrial processes (SHIP). In industry, the principal segments are the mining industry, food and beverage processing, the paper industry and greenhouses.

In implementing its strategy, the key factors for the company are its proprietary solar collector technology and knowledge of system design as well as its strong local and global partners.

The geographical focus of operations continues to remain in Europe, but the company is actively seeking partners and marketing its products and services outside Europe as well. Savosolar delivers energy systems on a turnkey basis in line with its strategy in collaboration with its partners. The partners in different countries also serve as a sales channel for Savosolar's products.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 16 July 2021, Savosolar announced that, based on the co-operation negotiations, it had decided to lay off temporarily 17 people on a part-time or full-time basis for a maximum of 90 days over a period of three

months, starting from the beginning of August. If the situation changes substantially during the three-month period, or if the company receives new orders during the lay-off period, the plan may be changed. The company has several projects in the delivery and active bidding phase, and the adjustment measures do not thus apply to sales and project execution personnel.

The company management will also reduce their remuneration within the next three months. Overall, the company expects to achieve approximately EUR 0.2 million in savings over the next three months through personnel arrangements and other ongoing savings measures.

MARKET ENVIRONMENT

The demand for renewable energy, and especially for genuinely clean, emission-free energy, continues its strong growth when the actions to curb climate change increase. According to the International Energy Agency (IEA), only the production of renewable energy continued to grow during 2020 despite the Covid-19 pandemic, even though the pandemic slowed down the commissioning of new solar thermal systems. The importance of clean energy is also emphasised in the recent report of the Intergovernmental Panel on Climate Change (IPCC) published in August. According to the report, the atmospheric concentrations of all greenhouse gases are historically high, and only a rapid change towards emission-free energy production can keep global warming below 1.5 degrees to avoid the worst global disasters.

Solar heat is a fully emission-free source of energy that is utilised to an increasing extent in areas such as district heat generation, industrial processes and, in smaller systems in the heating of domestic water, for example. The market for large solar thermal systems with a temperature of less than one hundred degrees has a limited number of skilled turnkey suppliers that operate globally, and Savosolar is a technology and quality leader in this segment. The number of system integrators is increasing along with the growth of the market. Integrators often also have experience in other heating systems and hybrid systems.

The use of solar heat will increase both in district heat generation and in industrial process heating. In 2020, the largest number of industrial solar thermal systems were commissioned in China, Mexico and Germany (Source: SolarThermalWorld, June 2021). So far, the systems are relatively small and involve process heat above a hundred degrees, but the trend is towards a larger scale in temperatures both above and below a hundred degrees. An excellent example of this is the 14.000 m² system supplied by Savosolar to Issoudun, France, where it produces heat for the drying of malt. With this reference, similar systems have already been launched for the same industrial segment. It is essential for industry to obtain energy at a competitive price. Alongside costs, the importance of emission reductions is clearly growing, which is also supported by an increase in emission allowance prices.

Heat production accounts for more than 50% of the global energy production, but according to the IEA, only around 11% of this is produced with renewable energy. In the European Union, the proportion of renewables is about 20%. In Savosolar's estimate, less than four per cent of the global thermal energy is still produced with genuinely clean modes of energy production. The European Commission's proposal for a directive on renewable energy sources of July (Fit for 55) imposes a stricter target for the reduction of emissions. According to the proposal, greenhouse gas emissions should be reduced by at least 55% from the 1990 level by 2030.

The IEA estimates that the proportion of various forms of renewable energy in heat generation will grow by 85% by 2040. The growth of large solar thermal systems is estimated to be the fastest in the European Union and in China. In many countries, the growth in the use of clean renewable energy is driven by taxation and the sanctions imposed on emissions.

The EU Green Deal programme is expected to increase interest towards solar heat as part of district heating in particular. In the future, hybrid solutions will also be seen increasingly often in heating, in which heat and cooling are produced by means of combined systems consisting of solar collectors and heat pumps running with renewable electricity.



The market for large solar thermal systems that is important to Savosolar is increasing in Europe in particular. The company estimates that in 2022, the market for large solar thermal systems will increase two or three-fold as compared to 2021. Savosolar estimates that growth will be most evident in France, Austria, Poland and Germany, where actions have already been initiated under the EU Green Deal programme. Interest towards solar heat is becoming more tangible in China and Latin America as well, both in terms of the number and size of projects.

The IEA estimates that investments in the utilisation of renewable energy production will continue to grow in the near future as part of the economic recovery following the Covid-19 pandemic. The European Union has decided that 30% of its multi-annual budget and support instrument for recovery from the corona crisis for 2021-2023, totalling approximately EUR 1.800 billion, must be used for climate actions, i.e. for strengthening the EU Green Deal programme.

Savosolar Plc's financial reporting in 2021:

Savosolar's business review for January–September will be published on 27 October 2021.

The financial reports will be published in Finnish and English.

SAVOSOLAR PLC

Board of Directors

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ANNEXES

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3 Cash flow statement

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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. Savosolar's shares are listed on Nasdaq First North Growth Market Sweden with the ticker SAVOS and on Nasdaq First North Growth Market Finland with the ticker SAVOH. www.savosolar.com

The company's Certified Adviser is Augment Partners AB, info@augment.se, tel. +46 8-604 22 55.

ANNEX 1
INCOME STATEMENT (FAS, unaudited)

(EUR 1,000)	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	1627	2,043	5,117
Other operating income	26	70	111
Materials and services	-1,386	-1,551	-4,173
Personnel costs	-1,235	-1,078	-2,238
Depreciations and write-downs	-200	-251	-488
Other operating expenses	-1,034	-950	-2,226
Operating profit/loss	-2,201	-1,717	-3,897
Financial income	35	67	160
Financial expenses	-167	-914	-1,240
Profit/loss before appropriations and taxes	-2,333	-2,564	-4,977
Net profit/loss for the reporting period/financial year	-2,333	-2,564	-4,977
	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Earnings per share, undiluted, EUR	-0.058	-0.128	-0.161
Earnings per share, diluted, EUR	-0.025	-0.028	-0.054
Number of outstanding shares at the close of period	77,440,623	48,332,595	62,941,992
Average number of outstanding shares by month, adjusted by share issue	40,187,277	20,068,741	30,890,608
Number of outstanding shares, adjusted by dilutive effect	91,940,401	91,831,929	91,941,548

ANNEX 2
BALANCE SHEET (FAS, unaudited)

(EUR 1,000)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Liabilities			
Non-current assets			
Intangible assets	631	830	733
Tangible assets	542	631	602
Shares in group companies	162	162	162
Total non-current assets	1,335	1,623	1,497
Current assets			
Inventories	1,468	1,530	1,174
Non-current receivables	284	630	529
Trade receivables	387	102	735
Receivables from participating interest undertakings	4	3	3
Other receivables	69	67	66
Prepayments and accrued income	666	608	540
Cash and cash equivalents	1,042	4,321	2,498
Total current assets	3,920	7,261	5,545
Total assets	5,255	8,884	7,042

(EUR 1,000)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity and liabilities			
Equity			
Share capital	470	470	470
Paid-up unrestricted equity reserve	45,688	42,621	44,296

Retained losses	-40,108	-35,131	-35,131
Net profit/loss for the reporting period/financial year	-2,333	-2,564	-4,977
Total equity	3,717	5,396	4,659
Appropriations			
Voluntary provisions	0	0	0
Mandatory provisions			
Other mandatory provisions	223	359	282
Total non-current liabilities			
Subordinated loans	0	231	0
Loans from financial institutions	243	314	191
Other liabilities	0	0	0
Total non-current liabilities	243	545	191
Total current liabilities			
Subordinated loans	80	382	231
Loans from financial institutions	0	0	124
Advances received	24	0	128
Trade payables	462	1,098	479
Amounts owed to group undertakings	38	100	69
Other liabilities	55	23	41
Accruals and deferred income	412	981	840
Total current liabilities	1,072	2,584	1,911
Total liabilities	1,315	3,129	2,101
Total equity and liabilities	5,255	8,884	7,042

ANNEX 3
CASH FLOW STATEMENT (FAS, unaudited)

(EUR 1,000)	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Business operations			
Net profit/loss for the reporting period/financial year	-2,333	-2,564	-4,977
Adjustments	272	1,064	1,456
Increase/decrease in current receivables	463	98	-364
Increase/decrease in inventories	-294	260	615
Increase/decrease in current non-interest-bearing debts	-462	120	-652
Interests from operating activities	-152	-901	-1,133
Cash flow from operations	-2,506	-1,923	-5,056
Investments			
Investments	-37	-13	-123
Dividends received on investments	20	54	54
Cash flow from investment activities	-17	41	-69
Financing			
Paid share issue	1,392	4,369	6,044
Advances received	-104	0	128
Withdrawals of non-current loans	52	0	0
Repayments of non-current loans	0	-300	0
Withdrawals of current loans	0	0	0
Repayments of current loans	-274	0	-682
Cash flow from financing activities	1,067	4,069	5,490
Change in cash and cash equivalents	-1,456	2,188	365
Cash and cash equivalents at the beginning of period	2,498	2,133	2,133
Cash and cash equivalents at the end of period	1,042	4,321	2,498

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

(EUR 1,000)	Share capital	Paid-up unrestricted equity fund	Retained earnings	Result for financial year	Total
Equity at 1 Jan 2021	470	44,296	-40,108	0	4,659
Share issue	0	1,392	0	0	1,392
Net profit/loss for the reporting period	0	0	0	-2,333	-2,333
Equity at 30 Jun 2021	470	45,688	-40,108	-2,333	3,717
Equity at 1 Jan 2020	2,007	36,715	-35,131	0	3,592
Share issue	-1,537	5,906	0	0	4,369
Net profit/loss for the reporting period	0	0	0	-2,564	-2,564
Equity at 30 Jun 2018	470	42,621	-35,131	-2,564	5,396

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

(EUR 1,000)	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	1,627	2,043	5,117
Net profit/loss for the reporting period/financial year	-2,333	-2,564	-4,977
Cash and cash equivalents	1,042	4,321	2,498
Equity	3,717	5,396	4,659
Equity ratio, %	71.1	60.8	67.4

Calculation of key figures

Equity ratio, %	Equity in balance sheet at the end of the period x 100 / Total assets
Number of outstanding shares, pcs	Number of outstanding shares at the close of period
Number of outstanding shares on average	Average number of outstanding shares by month, adjusted by share issue
Earnings per share, EUR	Net profit for the financial year / Average number of outstanding shares, adjusted by share issue