

Savo-Solar Plc  
Company Announcement      21 June 2016 at 11.15 a.m. (CET)

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## **Savo-Solar announces its plan to arrange a rights issue of approximately EUR 3.9 million and other not previously disclosed information**

*The Board of Directors of Savo-Solar Plc ("Savo-Solar" or the "Company") has decided to arrange a partially underwritten rights issue totalling approximately EUR 3.9 million (the "Offering"), under the condition that the Extraordinary General Meeting to be summoned today gives authorization to the Board of Directors to resolve on the Offering. The Offering is expected to consist of a maximum of 11,930,156 new shares (the "Offer Shares"). The Offer Shares would constitute up to 42.86 per cent of all shares in the Company should the Offering be fully subscribed. New information regarding financials of the Company as per 30 April 2016, order backlog for 2016 and quotation backlog has also been released.*

### **Summary of the Offering**

- Savo-Solar is currently growing its business and sales faster than expected. In combination with the fact that production and installation costs have been higher than expected, additional financing will be needed somewhat earlier than previously expected.
- Savo-Solar is planning to give all its shareholders registered in Savo-Solar's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") or Euroclear Sweden AB ("Euroclear Sweden") three (3) book-entry subscription rights (the "Subscription Rights") for every one (1) share held on the Offering record date. Each four (4) Subscription Rights entitle the holder to subscribe for one (1) Offer Share.
- The subscription price is expected to be EUR 0.33 per Offer Share. The subscription price includes a discount of approximately 34.22 per cent compared to the volume weighted average price (SEK 4.68) to the Company's share on First North Sweden during the last 30 trading days prior to 21 June 2016 and a discount of approximately 34.59 per cent compared to the volume weighted average price (EUR 0.51) to the Company's share on First North Finland during the last 30 trading days prior to 21 June 2016. Compared to the closing price of the Company's share on First North Sweden on 20 June 2016 (SEK 4.32) the subscription price includes a 28.78 per cent discount and compared to the closing price of the Company's share on First North Finland on 20 June 2016 (EUR 0.49) a 32.65 per cent discount.
- The record date for the Offering is planned to be 25 August 2016 with the last day of trading including the Subscription Rights on 23 August 2016 and the first day of trading excluding the Subscription Rights on 24 August 2016.

- The subscription period for the Offer Shares (the “Subscription Period”) is expected to commence on 30 August 2016 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 15 September 2016 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 13 September 2016 in Sweden at 16:30 Finnish time (15:30 Swedish time).
- Approximately EUR 3.9 million before the transaction costs is expected to be raised in the Offering if the Offering is fully subscribed.
- The Offering is underwritten to approximately 61.7 per cent by current shareholders and external guarantee providers. The external guarantee providers are entitled to receive their guarantee compensation either in cash or in new shares of the Company by setting off the guarantee compensation against subscription price of the new shares in a directed share issue to be conducted after the Offering, if necessary. The subscription price of the shares in the directed share issue will be defined based on the volume weighted average price of the Company’s shares on First North Sweden during the subscription period of the Offering.
- An additional bridge financing of EUR 0.9 million has been raised as working capital until the proceeds of the Offering are expected to be received in September. Interest of the bridge loan amounts to 7.5 per cent fixed.

#### **Reasons for the Offering and use of proceeds**

Savo-Solar produces the internationally award-winning solar thermal absorbers and collectors. The collectors which include MPE absorbers are, according to the information available to the Company’s management, the most efficient in the world. Savo-Solar focuses on large collectors and industrial sized heating systems. Savo-Solar started to deliver its products in June 2011 and has since delivered nearly 35,000 square metres of absorbers and collectors to several resellers, agents or end customers in 17 countries on four continents.

Savo-Solar has experienced a rapid growth which continued in 2015 when the revenue doubled compared to 2014. The Company expects the strong growth to continue in 2016 more than doubling the revenue compared to 2015, mainly due to large-scale deliveries to district heating companies in Denmark and other European countries. The order backlog has increased significantly during the last months and amounted to approximately EUR 3.4 million as per 30 April 2016, with approximately EUR 1.5 million in revenue for the first four months in 2016. In order to enable further strong growth, the investment in increased production capacity is a prerequisite. Also, higher costs in materials, services, personnel and other operating expenses resulting from a higher order intake than expected, the Company is in need of additional working capital.

The Company aims to raise approximately EUR 3.9 million through the Offering. If the Offering is fully subscribed, the Company expects to receive net proceeds of approximately EUR 3.3 million from the Offering, after deducting the estimated expenses related to the Offering payable by the Company of approximately 0.6 million.

The Company will use the net proceeds from the Offering i) to secure its working capital needs in order to deliver the signed and upcoming orders in 2016–2017 and to enter new market areas (approximately EUR 1.7

million), ii) to secure capacity-increasing investments in the production line to be able to deliver on coming orders (approximately EUR 0.7 million) and iii) to repayment of bridge loan and interest payment, approximately EUR 0.97 million.

**Financial information that has not been published before (unaudited)**

INCOME STATEMENT

<b>EUR (thousand)</b>	<b>1 January- 30 April 2016</b>
<b>Revenue</b>	<b>1,545</b>
Other operating income	63
Materials and services	-1,447
<b>Gross margin, %</b>	<b>6.3%</b>
Personnel costs	-741
Depreciation, amortisation and write-downs	-175
Other operating expenses	-636
<b>EBIT</b>	<b>-1,392</b>
<b>EBIT margin, %</b>	<b>-90.1%</b>
Total financial income and expense	-92
Extraordinary items	0
<b>Net profit (loss)</b>	<b>-1,484</b>
<b>Net profit margin, %</b>	<b>-96.1%</b>

BALANCE SHEET

ASSETS	
<b>EUR (thousand)</b>	<b>Per 30 April 2016</b>
<b>Fixed Assets</b>	<b>2,852</b>
Intangible assets	2,023
Tangible assets	697
Shares in companies	132
<b>Current assets</b>	<b>2,297</b>
Inventories	579
Accounts receivable	140
Receivables from group companies	15
Other receivables	2
Prepayments and accrued income	825
Cash and cash equivalents	734
<b>Assets in total</b>	<b>5,149</b>

EQUITY AND LIABILITIES

EUR (thousand)	Per 30 April 2016
<b>Equity</b>	<b>1,315</b>
Share capital	470
Unrestricted equity fund	12,714
Retained earnings	10,385
Net/Profit loss for reporting period	-1,484
<b>Long- term liabilities</b>	<b>2,109</b>
Capital loans	1,431
Loans from financial institutions	363
Other liabilities	314
<b>Short-term liabilities</b>	<b>1,725</b>
Loans from financial institutions	150
Advanced received	594
Trade payables	670
Other liabilities	-80
Accrued liabilities	392
<b>Total equity and liabilities</b>	<b>5,149</b>

**Order backlog for 2016**

The order backlog with delivery in 2016, as shown below, amounted to approximately EUR 3.4 million as per 30 April 2016. The revenue for the period 1 January- 30 April 2016 was EUR 1.5 million.

Project	Country	Status
Logumkloster 2	DK	Delivered 02/2016
Jelling Varmevaerke	DK	Won, delivery 06/2016
Elemenco	UKR	Won, delivery 07/2016
DES/Lolland Forsyning	DK	Won, delivery 09/2016
Fors A/S/Jyderup	DK	Won, delivery 11/2016
Small orders		
<b>Total value (EUR)</b>		<b>4,949,695</b>

**Quotation backlog**

Enquiries for tenders for large projects have increased significantly, mainly as a result of successful deliveries in Denmark. The current quotation backlog comprises projects to a value of approximately EUR 7 million, as shown below, and quotations are still open for deliveries in 2016. From 2017 and onwards the Company aims at targeting markets outside Europe, thereby considerably increasing the size of the potential markets.

<b>Class of Quotation</b>	<b>Region</b>	<b>Main product quoted</b>	<b>Estimated Value (EUR)</b>
Collector packages	Middle-East	Large Collector	194,100
Turn-Key Solutions	Nordic	Large Collector	127,200
Other	Asia	Heat exchangers	4,020,000
Collectors	Central Europe	Large Collector	354,507
Collector packages	Middle East	Large Collector	1,380,000
Collector packages	Middle East	Large Collector	44,200
Turn-Key Solutions	Nordic	Large Collector	152,000
Collector sets (w/o pumps)	Middle East	Large Collector	514,000
Turn-Key Solutions	Nordic	Large Collector	275,000
Other	Nordic	EMI-Coating	124,480
Collectors	Nordic	Large Collector	303,000
Collectors (small offers)	Nordic, Central Europe	Large Collector	120,000
<b>Total</b>			<b>7,608,487</b>

## **The Offering**

Size of the contemplated Offering will be approximately EUR 3.9 million. The Offering has been underwritten to 61.7 per cent by current shareholders and external guarantee providers.

The Board of Directors of the Company is planning to offer up to 11,930,156 new shares in the Company for subscription in accordance with the shareholders' preferential subscription right. All shareholders registered in Savo-Solar's shareholder register maintained by Euroclear Finland or Euroclear Sweden are planned to be given three (3) book-entry Subscription Rights for every one (1) share held in the Company on the Offering record date, which is approximately 25 August 2016. Each four (4) Subscription Rights would entitle their holder to subscribe for one (1) Offer Share. The Subscription Rights are planned to be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 25 August 2016 and in the book-entry system maintained by Euroclear Sweden approximately on 29 August 2016. The Subscription Rights are planned to be freely assigned and they are expected to be traded on First North Finland and First North Sweden between 30 August 2016 and 9 September 2016.

After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the "Temporary Shares") will be entered into the subscriber's book-entry account. The Offer Shares will be entered in the subscriber's book-entry account once they have been entered into the trade register, approximately during week 38, 2016. Trading in the Temporary Shares is planned to commence on First North Finland and on First North Sweden as their own special share class approximately on 30 August 2016. The Temporary Shares will be combined with the Company's current shares after the Offer Shares have been registered into the trade register. The combination is planned to take place approximately during week 38, 2016, and the Offer Shares are planned to be subject to trading together with the Company's existing shares approximately during week 38, 2016 on First North Finland and during week 39, 2016 on First North Sweden.

**Planned timetable for the Offering**

12 July 2016	Extraordinary General Meeting
23 August 2016	Resolution regarding the Offering by the Board of Directors
23 August 2016	The prospectus is published
23 August 2016	Last day of trading including the Subscription Rights
24 August 2016	First day of trading excluding the Subscription Rights
25 August 2016	Record date for the Offering
30 August – 9 September 2016	Trading period for the Subscription Rights
30 August 2016	Trading starts in Intermediary Shares (BTA)
30 August – 13 September 2016	The Subscription Period for the Offering in Sweden
30 August – 15 September 2016	The Subscription Period for the Offering in Finland
19 September 2016	Announcement of outcome of the Offering
Week 38, 2015	Last day of trading in the Temporary Shares on First North Finland
Week 39, 2015	Last day of trading in the Temporary Shares on First North Sweden

**Advisers**

Mangold Fondkommission AB and G&W Fondkommission are acting as financial advisors to the Company in the Offering. Smartius Oy is acting as the legal adviser to the Company on aspects of the Offering related to the Finnish law.

**For more information:**

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**Savo-Solar in brief**

*Savo-Solar with its highly efficient collectors and large-scale solar thermal systems has taken solar thermal technology to the next level. The company's collectors are equipped with the patented nano-coated direct flow absorbers, and with this leading technology, Savo-Solar helps its customers to produce competitive clean energy. Savo-Solar's vision is to be the first-choice supplier to high performance solar installations on a global*



*scale. Focus is on large-scale applications like district heating, industrial process heating and real estate systems - market segments with a big potential for rapid growth. The company primarily delivers complete systems from design to installation, using the best local partners. Savo-Solar is known as the most innovative company in the business, and aims to stay as such. The company has sold and delivered its products to 17 countries on four continents. Savo-Solar's shares are listed on Nasdaq First North Sweden with the ticker SAVOS and on Nasdaq First North Finland with the ticker SAVOH. [www.savosolar.fi](http://www.savosolar.fi).*

*The company's Certified Adviser is Mangold Fondkommission AB, phone: +46 8 5030 1550.*

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