

Savo-Solar arranges a rights issue of EUR 4.3 million, publishes a prospectus and discloses new information

Savo-Solar Plc

Company Announcement

7 June 2017 at 3:30 p.m. (CEST)

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Savo-Solar arranges a rights issue of approximately EUR 4.3 million, publishes a prospectus and discloses information not previously published

Following the announcement of plans to launch a rights issue on 29 May 2017, the Board of Directors of Savo-Solar Plc ("Savo-Solar" or the "Company") has today decided to arrange a rights issue totalling approximately EUR 4.3 million (the "Offering") with additional warrants enabling the Company to raise up to a maximum of approximately 2.1 MEUR (the "Warrants"). New information regarding the capitalisation and indebtedness of the Company as per 30 April 2017 has also been released.

- The Offer Shares will consist of a maximum of 70,938,664 new shares in the Company (the "Offer Shares"), representing approximately 67 per cent of the total number of the Company's shares outstanding after the Offering.
- Savo-Solar gives all its shareholders registered in Savo-Solar's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") and Euroclear Sweden AB ("Euroclear Sweden") one (1) book-entry subscription right (the "Subscription Rights") per each share held on the Offering record date. Each one (1) Subscription Right entitle the holder to subscribe for two (2) Offer Shares.
- The record date for the Offering is 9 June 2017 with the last day of trading including the Subscription Rights on 7 June 2017 and the first day of trading excluding the Subscription Rights on 8 June 2017.

- The subscription period for the Offer Shares (the “Subscription Period”) commences on 14 June 2017 at 9:30 Finnish time (8:30 Swedish time), and ends on 30 June 2017 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 28 June 2017 at 16:30 Finnish time (15:30 Swedish time) in Sweden.
- The subscription price is EUR 0.06 or SEK 0.58 per Offer Share.
- Approximately EUR 4.3 million before the transaction costs will be raised in the Offering if the Offering is fully subscribed. The Board of Directors of the Company shall resolve on offering any unsubscribed Offer Shares secondarily to shareholders and other investors who have submitted a subscription application concerning the Offer Shares during the Subscription Period without Subscription Rights.
- In addition, Savo-Solar will issue a maximum of 23,646,221 Warrants free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 23,646,221 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant per each three (3) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved.
- The subscription period for shares subscribed for on the basis of the Warrants shall be 20 November – 1 December 2017. The share subscription price is determined by the volume weighted average price of the Company’s share on First North Finland between 2 November 2017 and 16 November 2017, with an applied discount of 25 per cent. The subscription price, however, is at least EUR 0.06 and at most EUR 0.09 per share.
- The Company has received subscription commitments from existing shareholders and underwriting commitments from external investors worth a minimum of approximately EUR 2.6 million. The parties who have made subscription undertakings and underwriting commitments have thereby committed to subscribe for 60.0 per cent of the Offering.

Information not previously published

On pages 63-64 in the prospectus, under “Capitalisation and indebtedness” the following can be read:

“The tables below present Savo-Solar’s capitalisation and indebtedness as of 30 April 2017. The figures have been prepared specifically for the Prospectus and are unaudited. The debts are interest-bearing if nothing else is mentioned.

Equity and liabilities, EUR thousand

30 April 2017

Current interest bearing debt

<i>Against guarantee or surety</i>	40.0
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<i>Against collateral</i>	59.0
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<i>Without guarantee/surety or collateral¹</i>	68.5
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<i>Total current interest bearing debt</i>	167.4
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Non-current interest bearing debt

<i>Against guarantee or surety</i>	208.0
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<i>Against collateral</i>	162.7
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<i>Without guarantee/surety or collateral</i>	1,522.6
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<i>Total non-current interest bearing debt</i>	1,893.2
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<i>Total current and non-current interest bearing debt</i>	2,060.6
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Equity

<i>Share capital</i>	470.2
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<i>Invested unrestricted equity fund</i>	19,149.1
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<i>Retained earnings</i>	-16,072.0
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<i>The period's result</i>	-1,579.8
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Total equity	1,967.5
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Net financial indebtedness, EUR thousand	30 April 2017
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A) Cash	415.5
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B) Other liquid funds	–
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C) Marketable securities	–
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D) Liquidity A+B+C	415.5
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E) Current financial receivables	–
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F) Current liabilities from financial institutions	–
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G) Current portion of non-current liabilities ¹	167.4
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H) Other current financial liabilities	–
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I) Current financial liabilities F+G+H	167.4
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J) Net current financial indebtedness I-E-D	-248.1
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K) Non-current liabilities from financial institutions	1,893.2
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L) Issued bonds	–
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M) Other non-current liabilities

–

N) Non-current financial liabilities K + L + M

1,893.2

O) Net financial indebtedness J+N

1,645.1

1 The liabilities from financial institutions includes the R&D loan granted by Tekes, amounting to EUR 159.7 thousand, which is non-interest bearing. The long-term portion of the loan is EUR 91.3 thousand and is shown in the balance sheet as non-current debt. The short-term portion of the loan is EUR 68.5 thousand and is shown in the balance sheet as current debt."

Reasons for the Offering and use of proceeds

Savo-Solar manufactures internationally award-winning solar thermal absorbers and collectors, as well as energy production systems built on these. The collectors with MPE absorbers are, according to the information available to the Company's management, the most efficient in the world. Savo-Solar focuses primarily on large solar thermal collectors and industrial-size heating systems. The Company started product deliveries in June 2011 and has since delivered over 50,000 square metres of collectors to its customers.

The Company's rapid growth continued in 2016 when its revenue was EUR 5,404.8 thousand, meaning a growth of 164 per cent compared to 2015. At the end of 2016 the Company's order backlog weakened mainly due to the fact that while the Company was delivering large orders, new orders were not received in the Company's main market in Denmark. The reason for the declining demand at the end of last year was the delay in the decision to extend the energy saving and emission reduction programme of the Danish state, which delayed the investment decisions of energy companies. The decision of the continuation of the programme was finally made at the end of December 2016, and after that the market activity has increased rapidly.

Fast growth, investments in cost-effective production, a lowered order backlog since the end of 2016 and preparation for the execution of coming orders have resulted in the Company needing more working capital. The Company aims to raise approximately EUR 4.3 million with the Offering. Should the Offering be subscribed in full, the Company expects to receive net proceeds of approximately EUR 3.8 million from the Offering, after deducting the estimated Offering expenses payable by the Company, totaling approximately EUR 0.5 million.

The Company will use the net proceeds from the Offering to fill its EUR [4.8] million working capital need for the coming 12 months so that i) the Company can deliver

signed and upcoming orders in 2017-2018 and expand its operations to new markets (approximately EUR 3.2 million), and ii) for the repayment of the capital and interest of the bridge loan financing (approximately EUR 0.6 million). The Company will use the proceeds potentially received from subscriptions with the Warrants primarily to secure the working capital needed (at least EUR [1.0] million) for expanding to new markets, and secondarily for investments in production needed for growth.

The Offering

The Company is offering up to of 70,938,664 new shares in the Company for subscription primarily in accordance with the shareholders' preferential subscription right. The key terms of the Offering were published by the Company on 29 May 2017 in the company announcement regarding its plans to launch the Offering.

Subscription locations of the Offering

The following act as subscription locations:

1. S-Pankki Oy, premises at Fleminginkatu 34, 00510 Helsinki, Finland (asiakaspalvelu@fim.com, tel. +358 9 6134 6250) and
2. Mangold Fondkommission AB's website at www.mangold.se and Mangold Fondkommission AB's premises at Engelbrektsplan 2, 114 34 Stockholm, Sweden (emissioner@mangold.se, tel. +46 8-503 01 580).

Subscriptions are also received by custodians and account operators who have an agreement with S-Pankki Oy or Mangold Fondkommission AB regarding the reception of subscriptions.

Prospectus

Savo-Solar has prepared a prospectus relating to the Offering approved by the Finnish Financial Supervisory Authority on 7 June 2017. The official Finnish language version of the prospectus as well as its unofficial English language translation, including a Swedish summary, is available at Savo-Solar's website (<http://www.savosolar.com>), Mangold Fondkommission AB's website (www.mangold.se/emission/Savosolar2017) and FIM Sijoituspalvelut Oy's website (www.fim.com) approximately as per 7 June 2017.

Planned timetable for the Offering

8 June 2017	First day of trading excluding the Subscription Rights
9 June 2017	Record date for the Offering

14 June – 26 June 2017	Trading period for the Subscription Rights
14 June 2017	Trading starts in Intermediary Shares (BTA)
14 June – 28 June 2017	The Subscription Period for the Offering in Sweden
14 June – 30 June 2017	The Subscription Period for the Offering in Finland
4 July 2017	Announcement of the outcome of the Offering
Week 29, 2017	Last day of trading in the Temporary Shares on First North Finland
Week 29, 2017	Last day of trading in the Temporary Shares on First North Sweden

Advisers

Mangold Fondkommission AB and Augment Partners AB 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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This company announcement contains information that Savo-Solar Plc is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by aforementioned contact person on 7 June 2017 at 3:30 p.m. (CEST).

Savo-Solar in brief

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

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

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

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