



SAVOSOLAR PLC's ANNUAL ACCOUNTS AND REPORT OF THE BOARD OF DIRECTORS FOR 2020

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CONTENTS

Report of the Board of Directors 2-12

Financial Statements:

Income statement	13
Balance sheet	14
Cash flow statement	16
Notes	17
Signatures	24
Auditor's report	25

This document is an unofficial translation
of the original Finnish document.



Review of the Board of Directors of Savosolar Plc for 2020

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 nano-coated direct flow absorbers. With this leading 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 to high performance solar installations on a global scale. The company has delivered its products to nearly 20 countries on four continents.

Savosolar's registered office and production plant is located in Mikkeli, Finland, in addition to which the company also has an office in Vantaa, Finland as well as fully-owned subsidiaries in Denmark and Germany, and sales cooperation partners for example in Germany, Poland, the Latin America and China.

OPERATING ENVIRONMENT

Solar heat is an emission-free and renewable source of energy that can be utilised in areas such as district heat generation, industrial processes and in smaller systems for 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, and only a few of them currently operate globally. Savosolar is the technology and quality leader in this segment. However, the number of local operators in different parts of the world is increasing. Furthermore, system integrators with experience in other heating systems also operate on the market in collaboration with one or more collector manufacturers.

In 2020 the Covid-19 pandemic postponed investment decisions and system implementations. Yet, according to the International Energy Agency (IEA), only the production of renewable energy continued to grow during 2020.

The demand for renewable energy, and especially for genuinely clean, emission-free energy, continues to grow when the actions to curb climate change increase. The EU Green Deal programme is expected to increase interest towards solar heat as part of district heating in particular.

DEVELOPMENT OF BUSINESS OPERATIONS IN 2020

The comparison figures refer to the corresponding period in 2019, unless otherwise indicated.

Revenue

Revenue for the full year 2020 amounted to EUR 5.1 million (2019: EUR 3.4 million).

Significant deliveries and new orders

Savosolar's first delivery to Germany, a solar thermal system and heat storage installation delivered to Fernwärme Ettenheim, was commissioned in July and handed over to the client in October. The value of the delivery for Savosolar was about EUR 0.8 million.

The commissioning of the largest solar thermal system in France to be delivered to Kyotherm Solar in Issoudun, France, was postponed to the beginning of 2021 due to the delays caused by the Covid-19 pandemic. The value of the delivery for Savosolar is approximately EUR 3.9 million, and it is the single-largest order placed with Savosolar to date. The delivery of the solar heating system worth around EUR 1.4 million to Creutzwald, France that was agreed upon with the subsidiary of the French company La Française de l'Énergie (LFDE) in early 2020 was commissioned successfully in December in spite of the Covid-related delays, but the handover was postponed to early 2021.

In the second half of the year, Savosolar signed contracts on the delivery of two solar heating systems to NewHeat SAS in France. The value of the solar heating plant of the city of Narbonne for Savosolar is about EUR 0.9 million, and that of Pons about EUR 0.7 million. The deliveries to Narbonne and Pons commenced in 2020. Both are due for completion during the first half of 2021. Savosolar has already delivered a solar heating system to NewHeat in Condat, France, for the process heat generation of a paper mill.

In April 2020, Savosolar Plc agreed on the delivery of a solar thermal system of over 900 square metres for AbSOLAR SAS's pilot project in the city of Cadaujac in France. The agreement was signed after the reporting period in January 2021. The value of the delivery for Savosolar's 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. If realised, the value of this delivery would be approximately EUR 2.5 million.

In Finland, Savosolar received in November 2020 an order from Etelä-Savon Energia Oy for a solar thermal plant, the value of which is approximately EUR 0.2 million. The delivery and commissioning of the system are expected to take place during 2021. The system is Savosolar's second delivery to Etelä-Savon Energia of a solar collector system connected to the district heating network.

In Asia, cooperation with the Chinese company Guangzhou Power Supply Co., Ltd. advanced to the tendering stage, but the decisions were postponed to 2021.

Savosolar's order backlog at the end of the financial year stood at about EUR 2.0 (3.2) million. In the comparison year, the order backlog was increased by the order from Kyotherm to Issoudun, France. The backlog was also affected by the Covid-19 pandemic delaying clients' investment decisions. In the company's sales management system, the total value of projects in the bidding and planning stage amounted to approximately EUR 117 (87) million.

Costs and earnings

Savosolar's operating result (EBIT) for 2020 amounted to EUR -3.9 (-5.0) million. The result was weakened by non-recurring items of EUR -0.2 (0.0) million, including provision for liquidated damages payable for Sunti SAS of approximately EUR 137.000, and a write-down on inventory of EUR -0.1 (0.0) million.

The costs related to materials and services in 2020 totalled EUR 4.2 (3.4) million. Personnel costs amounted to EUR 2.2 (2.4) million. Owing to the Covid-19 pandemic, the company laid off 22 people temporarily on a part-time or full-time basis in April-June following the completion of the statutory co-

operation negotiations. Additionally, in September, the company decided to lay off temporarily 21 people for a maximum of 90 days. At the same time, the company's management and Board of Directors agreed on the reduction of their remuneration. Through the lay-offs and reductions in the management's remuneration, the company achieved savings of about EUR 0.5 million in personnel costs. Other operating expenses totalled EUR 2.2 (2.1) million.

Net financial income and expenses amounted to EUR -1.1 (-1.8) million. The majority of the financing costs, EUR 1.0 million, were related to the arrangement of a rights issue, the implementation of the related warrant plan, and the arrangement of the supplementary directed share issue.

Net result for the financial year stood at EUR -5.0 (-6.8) million. Undiluted earnings per share were EUR -0.161 (-0.006) and comparable undiluted earnings per share EUR -0.161 (-0.584). Diluted earnings per share were EUR -0.054 (-0.003) and diluted comparable earnings per share -0.054 (-0.350).

Key figures by reporting period

(EUR 1,000)	Jan-Dec 2020	Jan-Dec 2019	Change (%)
Revenue	5,117	3,415	49.8
Operating profit/loss (EBIT)	-3,897	-4,999	22.0
Profit/loss for the period	-4,977	-6,760	26.4
Earnings per share*, EUR, undiluted	-0.161	-0.006 (-0.584)	72.4
Earnings per share*, EUR, diluted	-0.054	-0.003 (-0.350)	84.6

*The number of shares decreased during the reporting period in the ratio of 100: 1 as a result of the combination of shares. The earnings per share and the number of shares have been calculated assuming as if the combination of shares registered on 29 April 2020 had taken place on 31 December 2019. The comparison data adjusted based on the same assumption are given in brackets.

Financing

Total assets of the company as at 31 December 2020 totalled EUR 7.0 (7.3) million. Inventories stood at EUR 1.2 (1.8) million. Cash and cash equivalents at the end of the financial year totalled EUR 2.5 (2.1) million. Current receivables totalled EUR 1.3 (0.7) million, of which trade receivables accounted for EUR 0.7 (0.2) million.

Shareholders' equity increased from EUR 3.6 to EUR 4.7 million. Equity including subordinated loans amounted to EUR 4.9 (4.5) at the end of the financial year. With the subordinated loans taken into account, the equity ratio was 70.7 (61.8) per cent.

Liabilities amounted to EUR 2.1 (3.3) million, of which EUR 0.2 (0.5) were non-current and EUR 1.9 (2.8) million current liabilities. Of the non-current liabilities, loans from credit institutions accounted for EUR 0.2 (0.3) million. Of the current liabilities, subordinated loans accounted for EUR 0.2 (0.7) and loans from credit institutions EUR 0.1 (0.0) million. Subordinated loans were repaid during the financial year in the total amount of EUR 0.7 million in accordance with the repayment programme. Trade payables accounted for EUR 0.5 (0.8) million of the current liabilities. Accruals and deferred income included undelivered solar thermal collectors worth EUR 0.3 (0.9) million.

In September, Savosolar agreed with Nordea Bank Plc's Finland's Startup & Growth unit on a bank guarantee limit of EUR 0.9 million, which is in force for 12 months. The company uses the limit for

guarantees required during project deliveries and warranty periods. Finnvera Plc provides the bank with a counter-guarantee of 50 per cent of the limit.

Savosolar's financing position improved substantially following the rights issue arranged in the summer and the related warrant plan implemented in November and the supplementary directed share issue. The company raised EUR 5.0 million in new share capital after the transaction costs. The rights issue is described in section "Rights issue".

During the financial year, Business Finland granted Savosolar funding for business development in disruptive circumstances in the amount of EUR 100,000. The financing was used for developing component manufacture and coating methods so as to make production and assembly more resistant to disruptions such as the Covid-19 pandemic.

Cash flow from operations was EUR -4.9 (-6.1) million and cash flow from investments EUR -0.1 (-0.1) million. Cash flow from financing was EUR 5.4 (7.6) million, of which the share issues accounted for

EUR 6.0 (9.0) million. Savosolar's cash and cash equivalents as at 31 December 2020 totalled EUR 2.5 (2.1) million.

Investments and product development

Investments totalled EUR 0.1 (0.1) million.

Business Finland has granted a loan of approximately EUR 0.5 million for the development of a new kind of solar collector, the interest rate of which is currently 1%. At the end of the financial year, the company has drawn down EUR 0.3 million of the loan. 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 project ended at the end of 2020, and an extension has been applied for.

The company has also developed its production and the installation of deliveries in such a way as to make them less vulnerable in disruptive circumstances such as the Covid-19 pandemic.

Management and personnel

At the end of the financial year, Savosolar had 36 (34) employees. The average number of personnel was 35 (34).

Savosolar's management team as at 31 December 2020 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; Aku Järvisalo, Production Manager; Pekka Karjalainen, Quality Manager; Antti Lilleberg, Vice President, Sales and Marketing, Project Execution; Kaj Pischow, Senior Advisor; and Heikki Timonen, CFO.

Martti Jalava, who served as fixed term director responsible for supply chain development, was appointed Chief Operating Officer (COO) and a member of the Executive Management Team starting from 5 February 2020. Antti Lilleberg was appointed Vice President of Sales and Marketing and a member of the Executive Management Team starting from 1 June 2020.

In February 2021, Quality Manager Pekka Karjalainen was appointed Production Manager following Aku Järvisalo's transfer to another company.

Development of partner network

Savosolar continues to build its international cooperation partner network in line with its strategy. In October 2020, the company signed an agreement with a German company named Citrinsolar GmbH on cooperation in the sale and delivery of large solar thermal systems in Germany. A cooperation agreement on the representation of our products with a Polish company named Eko Ekon was also signed in October 2020. The objective is to conclude the first solar thermal system delivery contract to Poland during 2021.

In Asia, cooperation with the Chinese company Guangzhou Power Supply Co., Ltd. advanced after the Covid delay in the spring. The objective is to build a renewable thermal energy system in Nansha, Guangzhou as part of the China-Finland Energy Programme. The project advanced to the tendering stage during the reporting period, but the decisions were postponed to 2021.

RESOLUTIONS OF SAVOSOLAR PLC'S GENERAL MEETING

Savosolar Plc's Annual General Meeting of 27 April 2020 adopted the financial statements for 2019 and resolved that the loss for the financial year be carried over to the retained earnings/losses account and that no dividend be paid. The Board of Directors granted discharge from liability for the members of the Board of Directors and the CEO for the period of 1 January to 31 December 2019.

The Annual General Meeting resolved that the members of the Board of Directors be paid the following remuneration: 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 by giving to the Board members new shares in the company, and approximately 60% will be paid in cash.

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.

The General Meeting resolved on the reduction of the quantity of the company's shares without reducing share capital by way of issuing new shares and by redemption of the company's own shares in such a way that each 100 shares in the company shall correspond to one new share.

The General Meeting 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 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 to do so. 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 with regard to the interests of all shareholders in the company. The authorisation is valid until 24 April 2025, and it repealed the previous authorisations granted by the General Meeting. The use of the authorisation during financial year 2020 is described in greater detail below in section "Existing authorisation of the Board of Directors".

BOARD OF DIRECTORS AND AUDITOR

At the end of the period, Savosolar Plc's Board of Directors consisted of the following individuals: Eero Auranne (Chairman), Feodor Aminoff, Mikael Lemström and Ari Virtanen. All the members of the Board are independent from the company and its major shareholders.

The company's auditor during the period was Inkeröinen & Himanen Oy, with Juho Himanen, APA, serving as the auditor-in-charge.

For the financial year 2020 a total of EUR 46.4 (54.0) thousand was paid to the members of the Board of Directors, including a total of 110,766 (765,506) new shares transferred as part of the Board of Directors' remuneration. In 2020, audit costs amounted to EUR 14.4 (27.5) thousand.

On 31 December 2020, the members of the Board of Directors and the CEO held, either directly or through companies under their control, a total of 306,085 shares in Savosolar Plc, which represented 0.49% (0.36%) of the aggregate of company's shares and votes.

RELATED-PARTY TRANSACTIONS

The company had no significant related-party transactions during the financial year.

SHARE

Number of shares

Savosolar has one class of shares. The number of shares as at 31 December 2020 following the combination of shares and share issues and the subscriptions of shares with warrants carried out during the financial year totalled 62,941,992 (31 December 2019: 1,723,265,358, comparable number of shares 17,232,653). Each share carries one vote at the general meeting of shareholders. The company does not hold any treasury shares. The average number of shares during the financial year was 30,890,608. (The number of shares has been calculated assuming as if the combination of shares registered on 29 April 2020 had taken place on 31 December 2019. Comparable number of shares 2019: 11,567,012).

In accordance with the decision of Savosolar Plc's Annual General Meeting, the quantity of Savosolar's shares was reduced without reducing the share capital by way of issuing new shares and by redeeming the company's own shares in such a way that each current 100 shares in the company correspond to one share. The number of shares after all the arrangements related to the reduction of the quantity of shares was 19,333,038, which was registered with the Trade Register on 22 May 2020.

Trading with the share

During the financial year, the price of Savosolar's share in First North Growth Market Sweden fluctuated between SEK 0.032 and 4.13 (SEK 0.043 and 0.197). The closing price was SEK 1.47 (0.095). In First North Growth Market Finland, the share price fluctuated between EUR 0.003 and 0.392 (0.004 and 0.019). The closing price was EUR 0.151 (0.009). Savosolar's combined trading volume in 2020 was 1,520,918,794 (7,297,742,521) shares in First North Growth Market Sweden and 421,167,424 (736,597,388) shares in First North Growth Market Finland. The number of shares decreased during the reporting period in the ratio of 100: 1 as a result of the combination of shares. On 31 December 2020, Savosolar had 14,909 (13,580) shareholders.

Savosolar's combined trading volume in 2020 was 1,520,918,794 shares (110,497,469 shares assuming that the reduction of the quantity of shares carried out in 2020 would have occurred on 31 December 2019) in First North Growth Market Sweden and 421,167,424 shares (38,221,873 shares assuming that the reduction of the quantity of shares would have occurred on 31 December 2019) in First North Growth Market Finland.

Rights issue, subscription of shares with warrants and directed share issues

On 9 March 2020, Savosolar's Board of Directors resolved on a directed share issue used as a part of the Board members' remuneration in accordance with the resolution passed by the Annual General Meeting in 2019. The Annual General Meeting of 2019 resolved that the portion of the Board of Directors' remuneration involving shares was to be paid out in two instalments. The resolution passed on 9 March 2020 concerned the second instalment of the share-based remuneration that, owing to insider rules, has not yet been paid out. The company issued a total of 1,065,875 new shares that were offered for subscription to the members of the Board of Directors without consideration. When the number of shares was calculated, the volume-weighted average price of the company's share on Nasdaq First North Growth Market Sweden during the period of 1 November 2019 to 30 November 2019, i.e. SEK 0.1078, was used as the value per share.

On 25 May 2020, Savosolar Plc's Board of Directors resolved to carry out a rights issue of approximately EUR 4.3 million and a related offering of warrants that enables the company to raise up to a maximum of approximately EUR 13.0 million. The rights issue was subscribed for to 264 per cent, providing the company with new capital of about EUR 3.5 million after the transaction costs. A total of 28,999,557 new Savosolar shares were offered to the shareholders for subscription subject to the shareholders' pre-emptive subscription right. The subscription price was EUR 0.15 or SEK 1.58 per share. In the offering, Savosolar's shareholders received one book-entry subscription right for each share they held on the offering record date. Two subscription rights entitled the holder to subscribe for three offer shares. The offering was secured to 80 per cent.

Additionally, Savosolar gave, without consideration, each subscriber of the offer shares one newly issued 1-2020 (TO5) warrant, one newly issued 1-2021 (TO6) warrant, and one newly issued 2-2021 (TO7) warrant for each two shares subscribed and paid for in the offering. Warrant plans are described in greater detail in section "Stock option programmes".

The shares subscribed for in the offering were registered with the Finnish Trade Register on 26 June 2020, and trading in the new shares commenced on 29 June 2020 on First North Growth Market Finland and on 6 July 2020 on First North Growth Market Sweden.

As a result of the offering, the number of shares in Savosolar increased by 28,999,557 shares. After the offering, the total number of shares in the company amounted to 48,332,595. The number of warrants allocated in connection with the offering amounts to 43,495,893.

On 11 September 2020, Savosolar's Board of Directors resolved on a directed share issue to be arranged in accordance with the resolution passed by the Annual General Meeting in 2020. The company issued 110,766 new shares that were offered for subscription to the members of the Board of Directors without consideration. The shares were registered with the Finnish Trade Register on 30 September 2020 and admitted to public trading on 1 October 2020.

The share subscription period for 1-2020 (TO5) warrants was 9–20 November 2020. Based on the warrants, 13,222,734 new shares were subscribed for, and the company raised about EUR 1.5 million in new share capital before transaction costs. Of the warrants, approximately 91 per cent were exercised.

On 9 November 2020, Savosolar entered into an agreement with investor Fredrik Lundgren on a top guarantee in the maximum amount of approximately EUR 0.5 million to be used in a situation where the warrants in the Warrant Plan 1-2020 (TO5) are not fully used for subscription of shares. Based on this, the company's Board of Directors passed a resolution on 25 November 2020 on a directed issue where a maximum of 1,275,897 new shares were offered for subscription to Lundgren and in which the company raised about EUR 5.0 million in new share capital before transaction costs. The subscription price was the same as when subscribed for on the basis of warrants.

The new shares subscribed for based on the Warrant Plan 1-2020 (TO5) and the related directed share issue were registered with the Finnish Trade Register on 1 December 2020 and admitted to public trading on 2 December 2020.

Stock option programmes

In the rights issue carried out in June 2020, Savosolar gave, without consideration, each subscriber of the shares one newly issued 1-2020 (TO5) warrant, one newly issued 1-2021 (TO6) warrant and one newly issued 2-2021 (TO7) warrant for each two shares subscribed and paid for in the offering. Each of the aforementioned stock option programmes comprises 14,498,631 warrants. Each warrant entitles its holder to subscribe for one new share during the subscription period of 9–20 November 2020 (for 1-2020 (TO5) warrants), 8–19 March 2021 (for 1-2021 (TO6) warrants), and 6–17 September 2021 (for 2-2021 (TO7) warrants). The subscription price for the shares that can be subscribed for based on the warrants is determined based on the volume weighted average price of the company's share on First North Growth Market Finland less 30 per cent during the ten trading days prior to the commencement of the subscription period of the shares. However, the subscription price may not exceed EUR 0.30 per share.

Existing authorisation of the Board of Directors

On 27 April 2020, the Annual General Meeting 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 authorisation was used as follows: in the rights issue arranged in June and in the issuance of option rights (including the directed share issue related to the 1-2020 (TO5) warrants), a total of 72,495,450 shares, and for the payment of the share-based remuneration of the Board of Directors, 110,766 shares.

The authorisation is valid until 27 April 2025. Of the authorisation, 27,393,784 shares were remaining on 31 December 2020.

BIGGEST SHAREHOLDERS ON 31 DECEMBER 2020

Shareholder	Number of shares held	Percentage of all shares
GRIMALDI, SALVATORE	3,109,821	4.94
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,364,508	3.76
GEUST, JOHAN NIKLAS ERIK	1,069,905	1.70
VON DER OSTEN-SACKEN, BERNHARD	800,000	1.27
JOKINEN, JUKKA	800,000	1.27
HELLÉN, STEFAN ANDREAS	735,000	1.17
NORDNET PENSIONS FÖRSÄKRING AB	711,480	1.13
SPP SVERIGE PLUS	483,171	0.77
SAXO BANK A/S CLIENT ASSETS	461,675	0.73
CHOUHA, TONY	400,000	0.64
OTHERS	52,006,432	82.63
TOTAL ALL	62,941,992	100

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 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 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 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 26 March 2018, Savosolar Plc announced that it had received a summons from the French company Sunti SAS to the Commercial Court of Montpellier due to Savosolar's alleged breach of contract regarding the exclusivity clause in a competitive tendering for a solar thermal project. The Montpellier Commercial Court made a resolution in the matter on 23 December 2020, in which Savosolar is ordered to pay Sunti SAS a total of EUR 137,000 in damages. After end of the financial year, on 15 February 2021, Savosolar announced it has entered into a settlement agreement with Sunti SAS where the parties have agreed that neither party will make an appeal against the resolution made by the court.

STRATEGY AND LONG-TERM GOALS

Savosolar's mission is to fight climate change through the leading technology for competitive energy. Savosolar helps its clients to attain their goals related to climate change with the help of renewable, 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 strategy is to maintain its position as the supplier of the world's most efficient solar thermal collectors and systems equipped with MPE absorbers to applications where efficiency matters the most. These are large-scale industrial or real estate installations like solar district heating, industrial process heating and large real estate heating renovations.

Savosolar's strategic goal is to strengthen its position as the supplier of large solar thermal systems. 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.

MARKET OUTLOOK

Solar heat is an emission-free and renewable source of energy that is utilised in areas such as district heat generation, industrial processes and in smaller systems for heating of domestic water, for example.

Heat production accounts for more than 50% of the global energy production. According to the IEA, only 11% of this is produced with renewable energy. In the European Union, the proportion is about 20%. In Savosolar's estimate, less than three per cent of the global thermal energy was produced with genuinely clean modes of energy production in 2020.

The IEA estimates that the proportion of various forms of renewable energy in heat generation will grow by 85% by 2040. The proportion of solar heat is estimated to grow significantly faster than that of other renewable energy. The growth of large solar thermal systems is estimated to be the fastest in China and in the European Union. In autumn 2020, China announced that it strives for carbon neutrality before 2060. In Europe, the production capacity of solar district heating is expected to increase to about 15% of Europe's demand for district heating by 2050.

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 be seen increasingly often in heating in which heat and cooling are produced by means of combined systems consisting of solar thermal collectors and heat pumps running with renewable electricity. In the short term, however, the corona situation and potential new restrictions imposed in different countries may continue to postpone the clients' investment decisions and deliveries.

Despite the delays caused by the Covid-19 pandemic, the market for large solar thermal systems is expected to remain active. For example, the IEA estimates that investment 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.

At the same time, many industrial companies are pursuing their own ambitious emission reduction targets. Savosolar sees that the fact that many financiers and investors are increasingly shifting the focus of their investments to companies that provide environmentally responsible products and services will also have a significant impact.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

On 8 January 2021, Savosolar announced having signed a contract worth approximately EUR 300,000 on a pilot delivery of a solar thermal system to AbSolar in Cadaujac, France.

On 8 January 2021, the company announced that it had received advance information concerning the contract dispute with the French company Sunti SAS. According to the advance information, the

Montpellier Commercial Court has found that Savosolar has breached the agreement between Sunti SAS and Savosolar and ordered Savosolar to pay Sunti SAS a total of approximately EUR 137,000 in damages. On 15 February 2021, Savosolar announced it has entered into a settlement agreement with Sunti SAS where the parties have agreed that neither party will make an appeal against the resolution made by the court.

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

The Annual General Meeting of Savosolar Plc is planned to be held on 27 April 2021. The notice to convene the Annual General Meeting was published on 22 February 2021.

The Board of Directors proposes to the Annual General Meeting that the loss for the financial year of EUR 4.977.020,37 be carried over to retained earnings and losses account and that no dividend be paid.

Mikkeli 26 March 2021
SAVOSOLAR PLC
Board of Directors

Financial Statements

INCOME STATEMENT €	1 Jan - 31 Dec 2020	1 Jan -31 Dec 2019
TURNOVER	5 116 789,43	3 415 400,13
Other operating income	110 755,64	0,00
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-1 687 260,76	-2 998 124,74
Increase (-) or decrease (+) in stocks	-430 468,84	804 212,69
External services	-2 055 708,61	-1 160 683,11
Total materials and services	<u>-4 173 438,21</u>	<u>-3 354 595,16</u>
Personnel expenses		
Wages and salaries	-1 929 341,09	-2 056 533,88
Pension expenses	-215 278,14	-251 724,43
Other social security expenses	-92 932,83	-58 670,52
Total personnel expenses	<u>-2 237 552,06</u>	<u>-2 366 928,83</u>
Depreciation, amortisation and impairment	-487 592,19	-624 098,46
Other operating expenses	<u>-2 226 423,48</u>	<u>-2 068 636,44</u>
OPERATING PROFIT/LOSS	-3 897 460,87	-4 998 858,76
Financial income and expenses		
Interest and other financial income	160 436,62	20 026,15
Interest and other financial expenses	<u>-1 239 996,12</u>	<u>-1 781 095,55</u>
Total financial income and expenses	-1 079 559,50	-1 761 069,40
PROFIT/LOSS	-4 977 020,37	-6 759 928,16
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-4 977 020,37	-6 759 928,16
PROFIT/LOSS FOR THE FINANCIAL YEAR	<u><u>-4 977 020,37</u></u>	<u><u>-6 759 928,16</u></u>

BALANCE SHEET

€

ASSETS	31 December 2020	31 December 2019
NON-CURRENT ASSETS		
Intangible assets		
Development costs	611 150,07	801 213,78
Intangible rights	96 493,10	117 535,47
Other long-term expenses	25 539,40	72 787,86
Total intangible assets	733 182,57	991 537,11
Property, plant and equipment		
Machinery and equipment	590 312,24	708 046,26
Fixed assets under construction	11 734,62	0,00
Total tangible assets	602 046,86	708 046,26
Investments		
Shares in group companies	161 887,19	161 887,19
Total Investments	161 887,19	161 887,19
TOTAL NON-CURRENT ASSETS	1 497 116,62	1 861 470,56
CURRENT ASSETS		
Inventories		
Materials and supplies	672 017,28	659 881,23
Work in progress	16 988,29	36 359,67
Finished products	470 992,97	1 053 775,03
Other stocks	14 048,55	0,00
Advance payments	0,00	39 044,00
Total inventories	1 174 047,09	1 789 059,93
Receivables		
Long-term receivables		
Other receivables	528 859,61	802 659,61
Total long-term receivables	528 859,61	802 659,61
Short-term receivables		
Accounts receivables	735 237,45	175 601,38
Receivables from participating interest undertakings	3 016,95	1 827,08
Other receivables	65 855,78	75 476,02
Accruals and deferred income	539 736,14	453 007,37
Total current receivables	1 343 846,32	705 911,85
Total receivables	1 872 705,93	1 508 571,46
Cash and cash equivalents	2 498 428,53	2 133 065,36
TOTAL CURRENT ASSETS	5 545 181,55	5 430 696,75
TOTAL ASSETS	7 042 298,17	7 292 167,31

EQUITY AND LIABILITIES	31 Dec 2020	31 Dec 2019
€		
EQUITY		
Share capital	470 210,00	470 210,00
Share Issue	0,00	1 536 714,85
Unrestricted equity fund	44 296 176,72	36 715 418,15
Retained earnings	-35 130 821,83	-28 370 893,67
Net profit (loss)	-4 977 020,37	-6 759 928,16
TOTAL SHAREHOLDER'S EQUITY	4 658 544,52	3 591 521,17
OBLIGATORY RESERVES		
Other obligatory reserves	282 443,66	393 413,61
Obligatory reserves in total	282 443,66	393 413,61
LIABILITIES		
Long-term liabilities		
Capital loans	0,00	230 661,65
Loans from financial institutions	190 542,00	314 042,00
Total Long-term liabilities	190 542,00	544 703,65
<i>Short-term liabilities</i>		
Capital loans	230 661,65	681 636,99
Loans from financial institutions	123 500,00	0,00
Advances received	128 006,61	0,00
Accounts payable	478 654,19	706 457,72
Trade payables	68 992,02	62 406,11
Other liabilities	40 905,48	40 506,94
Accruals and deferred income	840 048,04	1 271 521,12
Total short-term liabilities	1 910 767,99	2 762 528,88
TOTAL LIABILITIES	2 101 309,99	3 307 232,53
TOTAL EQUITY AND LIABILITIES	7 042 298,17	7 292 167,31

CASH FLOW STATEMENT	2020	2019
€		
Cash flow from operating activities		
Profit (loss) before extraordinary items	-4 977 020,37	-6 759 928,16
Adjustments:		
Depreciation according to plan	487 592,19	624 098,46
Other income and expenses from non-cash items	-110 969,95	67 364,61
Financial income and expenses	1 079 559,50	1 761 069,40
Cash flow before change in working capital	<u>-3 520 838,63</u>	<u>-4 307 395,69</u>
Change in working capital:		
Increase (-) or decrease (+) in current interest-free receivables	-364 134,47	589 014,86
Increase (-) or decrease (+) in inventories	615 012,84	-807 473,69
Increase (+) or decrease (-) in current interest-free payables	<u>-524 285,55</u>	<u>153 052,86</u>
Cash flow from operations before financial items and taxes	-3 794 245,81	-4 372 801,66
Interest paid and other financial expenses	-1 239 996,12	-1 781 095,55
Interest received and other financial income	106 673,18	20 026,15
Cash flow before extraordinary items	<u>-4 927 568,75</u>	<u>-6 133 871,06</u>
Cash flow from investing activities		
Purchase of intangible and tangible assets	-123 238,25	-121 728,54
Dividends received from investments	53 763,44	0,00
	<u>-69 474,81</u>	<u>-121 728,54</u>
Cash flows from financing activities		
Share issue	6 044 043,72	8 978 998,41
Proceeds from short-term borrowings	0,00	1 031 056,02
Repayment of short-term borrowings	-681 636,99	-1 809 773,67
Repayment of long-term borrowings	0,00	-558 976,53
	<u>5 362 406,73</u>	<u>7 641 304,23</u>
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	365 363,17	1 385 704,63
Cash and cash equivalents at beginning of period	2 133 065,36	747 360,73
Cash and cash equivalents at end of period	<u>2 498 428,53</u>	<u>2 133 065,36</u>
	365 363,17	1 385 704,63

NOTES**ACCOUNTING POLICY**

The financial accounts have been prepared following the principle of continuity of operations.

NOTES REGARDING GROUP

The parent company of the Group is Savosolar Oyj, domiciled in Mikkeli, Finland. The company has three subsidiaries, Savosolar ApS, domiciled in Denmark, Savosolar GmbH, domiciled in Germany and Savolaser Ltd, domiciled in Mikkeli.

Since this is a small Group, no consolidation of Financial Statements has been made in accordance with Bookkeeping Act § 6:1. If the Consolidated Financial Statements had been made, it would not have had a substantial effect to get the true and fair view of the Group's result of operations and financial position.

Valuation and sequencing principles and methods

Inventories are valued at the acquisition cost, or if the value of replacement cost or realisable sales value is lower, at lowest cost. The acquisition cost of inventories includes the variable production costs.

Non-current assets have been valued to their acquisition costs. Depreciations according to plan regarding development expenses, intangible rights and other long-term expenses have been calculated as a straight-line depreciation from the original acquisition cost. Expenditure depreciation from the residue has been used for other non-current assets, starting from the period when the non-current asset was taken into use.

	2020	2019
Development expenses	5/10 yrs straight-line depreciation	10 yrs straight-line depreciation
Intangible rights	5/10 yrs straight-line depreciation	5/10 yrs straight-line depreciation
Other long-term expenses	5 yrs straight-line depreciation	5 yrs straight-line depreciation
Machinery and equipment	25% of residual value	25% of residual value

The depreciation period for activated development expenses is also longer than 5 years because the product being developed is unique and the development expenses are believed to generate income for 10 years. Grants received for development costs have been recorded as decrease in acquisition cost. IPO costs recorded as long-term expenses in non-current assets are depreciated in straight-line method in 5 years.

Revenue recognition

Long duration projects are recognised as revenue based on the stage of completion. The degree of completion of long duration projects has been determined by comparing the actual costs of the project with the estimated total project costs that can be reliably determined. Projects of minor importance in accordance with the principle of materiality have been recognized on the basis of the delivery of the project. An unrealized loss on a project that becomes unprofitable has been recognized in full as provision in the profit and loss account as soon as it is deemed certain or probable. Ready, not delivered collectors has been booked as another provision to projects for revenue recognition.

Comparability of the figures from previous financial years

Accounting periods are comparable. Group companies' personnel costs has been changed in profit and loss statement in 2020 from Other operating expenses to Personnel expenses. 2019 expenses have been adjusted accordingly.

Foreign currency items

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. Currency differences have been recognised in profit and loss. Foreign currency receivables and liabilities have been converted to Euros according to the exchange rate of the Balance Sheet date.

Notes to the profit and loss account	2020	2019
€		
Turnover		
Specification of Revenue		
Revenue recognized according to degree of completion	4 729 769,06	3 007 540,19
Other Revenue	387 020,37	407 859,94
Total Revenue	<u>5 116 789,43</u>	<u>3 415 400,13</u>

The Cumulative Revenue from current and previous financial year of non-delivered projects, where income is recognized according to degree of completion	5 394 253,04	1 461 316,56
Unrecognized revenue according to degree of completion	1 954 924,42	3 250 858,44

Obligatory reserves

Warranty provision is EUR 282.443,66 at 31 December 2020. The change in warranty reserve was an increase of EUR 67.087,81 and decreased EUR -130.057,76. The Warranty provision is done for possible warranty work.

Notes concerning personnel and governing bodies	2020	2019
€		
Personnel costs		
Wages and salaries	1 929 341,09	2 056 533,88
Pension expenses	215 278,14	251 724,43
Other social security expenses	92 932,83	58 670,52
	<u>2 237 552,06</u>	<u>2 366,928,41</u>
Wages and salaries		
Board members and CEO	175 286,18	194 876,41

Average number of personnel

Average number of employees during the financial year	35	34
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Other operating expenses	2020	2019
Administration expenses	864 400,18	910 388,61
Premises expenses	440 128,37	471 872,89
Telephone-, IT- and office expenses	26 419,35	34 639,97
Travelling expenses	118 806,67	207 997,97
Sales and marketing expenses	156 946,94	45 621,12
Development expenses	86 590,34	121 343,03
Quality	17 871,18	9 111,60
Other operating expenses	515 260,45	267 661,25
	<u>2 226 423,48</u>	<u>2 068 636,44</u>

Remuneration to accountant

(included in Administration expenses
in Other operating expenses)

	2020	2019
Statutory audit	13 175,00	27 500,00
Other services	1 200,00	0,00
	<u>14 375,00</u>	<u>27 500,00</u>

Financial expenses	2020	2019
Expenses of rights issue	1 084 318,77	1 167 146,35
Other financing and interest expenses	155 677,35	613 949,20
	<hr/>	<hr/>
	1 239 996,12	1 781 095,55

Balance sheet notes	2020	2019
€		
Change in Non-Current assets:		
INTANGIBLE ASSETS		
DEVELOPMENT EXPENSES		
Acquisition cost 1 Jan	2 398 302,30	2 362 625,80
Increase 1 Jan - 31 Dec	32 030,00	35 676,50
Acquisition cost 31 Dec	2 430 332,30	2 398 302,30
Accumulated depreciation	-1 597 088,52	-1 382 925,26
Depreciation in year 2018	-222 093,71	-208 203,26
Impairment	0,00	-5 960,00
Bookkeeping value 31 Dec	611 150,07	801 213,78
INTANGIBLE RIGHTS		
Acquisition cost 1 Jan	209 931,90	209 931,90
Increase 1 Jan - 31 Dec	0,00	0,00
Acquisition cost 31 Dec	209 931,90	209 931,90
Accumulated depreciation	-92 396,42	-71 257,58
Depreciation in year 2018	-21 042,37	-21 138,84
Bookkeeping value 31 Dec	96 493,10	117 535,47
OTHER LONG-TERM EXPENSES		
Acquisition cost 1 Jan	783 935,18	783 935,18
Acquisition cost 1 Jan	4 181,00	0,00
Increase 1 Jan - 31 Dec	788 116,18	783 935,18
Accumulated depreciation	-711 147,31	-554 360,23
Depreciation in year 2018	-51 429,46	-156 787,08
Bookkeeping value 31 Dec	25 539,40	72 787,86
TANGIBLE ASSETS		
MACHINERY AND EQUIPMENT		
Acquisition cost 1 Jan	2 612 749,37	2 526 697,33
Increase 1 Jan - 31 Dec	75 292,65	86 052,04
Acquisition cost 31 Dec	2 688 042,02	2 612 749,37
Accumulated depreciation	-1 904 703,10	-1 672 693,79
Depreciation in year 2018	-193 026,65	-232 009,31
Bookkeeping value 31 Dec	590 312,24	708 046,26
FIXED ASSETS UNDER CONSTRUCTION		
Bookkeeping value 1 Jan	0,00	0,00
Increase 1 Jan - 31 Dec	11 734,62	0,00
Bookkeeping value 31 Dec	11 734,62	0,00
INVESTMENTS		
Bookkeeping value 1 Jan	161 887,19	161 887,19
Increase 1 Jan - 31 Dec	0,00	0,00
Bookkeeping value 31 Dec	161 887,19	161 887,19

Receivables from group companies	2020	2019
Receivable from group companies	3 016,95	1 827,08
Debts to group companies	2020	2019
Trade payables to Group companies	68 992,02	62 406,11
Prepayments and accrued income	2020	2019
Accruals		
Degree of completeness receivables	424 410,81	380 790,06
Other prepayments	115 325,33	72 217,31
	<u>539 736,14</u>	<u>453 007,37</u>
Capital and reserves	2020	2019
Restricted equity		
Subscribed capital 1 Jan	470 210,00	470 210,00
Increase in subscribed capital	0,00	0,00
Subscribed capital 31 Dec	<u>470 210,00</u>	<u>470 210,00</u>
Share issue 1 Jan	1 536 714,85	0,00
Increase in share issue	-1 536 714,85	1 536 714,85
Share issue 31 Dec	<u>0,00</u>	<u>1 536 714,85</u>
Restricted equity in total	470 210,00	2 006 924,85
Other reserves		
Invested unrestricted equity fund 1 Jan	36 715 418,15	29 273 134,59
Increase in Invested unrestricted equity fund	7 580 758,57	7 442 283,56
Invested unrestricted equity fund 31 Dec	<u>44 296 176,72</u>	<u>36 715 418,15</u>
Retained profit / loss 1 Jan	-35 130 821,83	-28 370 893,67
Retained profit / loss 31 Dec	<u>-35 130 821,83</u>	<u>-28 370 893,67</u>
Profit / loss for the financial year	-4 977 020,37	-6 759 928,16
Unrestricted equity in total	4 188 334,52	1 584 596,32
Capital and reserves in total 31 Dec	4 658 544,52	3 591 521,17
Distributable funds	2020	2019
Invested unrestricted equity fund	44 296 176,72	36 715 418,15
Retained profit / loss	-35 130 821,83	-28 370 893,67
Loss for financial year	-4 977 020,37	-6 759 928,16
Activated development costs	-611 150,07	-801 213,78
Distributable funds 31 Dec	<u>3 577 184,45</u>	<u>783 382,54</u>

The distributable funds of the company are EUR 3 577 184,45.

Guarantees and contingent liabilities

	2020	2019
Loans and bank guarantees with business mortgage as collateral and value of collateral		
Loans from credit institutions	0,00	0,00
Bank guarantees with business mortgage as collateral	1 600 000,00	1 600 000,00
Bank accounts pledged as collaterals	526 466,63	800 266,63
Collaterals given for warranty period and for deliveries	926 560,98	1 600 397,57
Collaterals for rent	2 392,98	2 392,98
Other given collaterals	2 410,76	2 410,76
Rent liabilities	77 926,71	94 448,34

Structural and Financial arrangements

The company has had share issues during the financial period: rights issue and directed share issue in June 2020 and subscription of shares against warrants in November 2020. Further information on share issues is given in the report of the Board of Directors.

	2020	2019
Shares of the company		
Shares, A-series (1 vote/share), pcs	62 941 992	1 723 265 358
Capital loans	2020	2019
Capital loans 1 Jan	912 298,64	1 431 275,17
Decrease 1 Jan - 31 Dec	-681 636,99	-518 976,53
Capital loans 31 Dec	230 661,65	912 298,64

The company has a capital loan of EUR 150 308.67 from the Bank Suur-Savon Osuuspankki. The main terms of the loan are:

- 1) The loan and interest can be paid back in a debtor's liquidation and bankruptcy situation only with the lowest order of preference compared to all other creditors. According to the 12 chapter 2§ in the Finnish Companies Act this loan is anyhow having the same order of preference with the other capital loans the debtor may have issued or with other comparable financing instruments, if nothing else has been agreed in the funding contract.
- 2) The loan and its interest are allowed to be paid only as much as the amount of the debtor's free own equity including all capital loans at the time of payment exceeds the accumulated losses in the debtor's balance sheet in the latest audited financial report. The loan expires on 31 March 2021.
- 3) If annual interests remain unpaid because of the regulations in the Finnish Companies Act, the unpaid interest will be accumulated to the following periods until it can be paid in full taken into consideration the said limitations in item 2).

The annual interest is 3% and it is calculated from the date when the restructuring program was approved by the court on 13 February 2014. The first due date for the payment of the interest is 15 May 2015. The annual interest has been changed on February 20, 2019 from 3% to 4%. The annual interest on delayed payments, whether the loan itself, interest or other payments, is 18%.

The interest on the capital loan (EUR 2020: 19 066.34, 2019: EUR 62 486.22, 2018: EUR 35 706.48, 2017: EUR 35 706.48, 2016: EUR 35 706.49) is reported as interest expenses on the income statement.

The company has a capital loan of EUR 80 352.98 from Finnvera Oyj.

The main terms of the loan are:

1) The loan and interest can be paid back in a debtor's liquidation and bankruptcy situation only with the lowest order of preference compared to all other creditors, but anyhow with higher order of preference than the distribution quota to the shareholders.

2) The loan and its interest are allowed to be paid only as much as the amount of the debtor's free own equity including all capital loans at the time of payment exceed the accumulated losses in the debtor's balance sheet in the latest audited financial report. The loan will expire on 15th August 2021.

3) There will be no guarantee given for the payment of the loan or interest. If the interest cannot be paid, the payment will be transferred to a time when an audited financial report shows that it can be paid. The annual interest is 4% starting from 1st of March 2019. The interest is paid on the due date ex post.

The annual interest on delayed payments, whether the loan itself, interest or other payments, is 18%.

The interest on the capital loan (2020: EUR 5 248.26, 2019: EUR 8 037.50, 2018: EUR 7 231.77, 2017: EUR 7 231.77, 2016: EUR 7 251.77) is reported as interest expenses on the income statement.

Holdings in other companies

Name and domicile	Holding	Equity	Profit/loss for the year
Savosolar ApS, Denmark	100.00%	60 446.31	16 124.75
Savosolar GmbH, Germany	100.00%	42 540.45	4 447.30
Savolaser Oy, Mikkeli Finland	55.00%	-2 046.35	-1 073.22

General risks and factors of uncertainty 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 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 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.

Board of Directors' proposal to the Annual General Meeting on the use of loss and the distribution of dividends

The loss for the financial year 2020 is EUR -4 977 020.37. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year be carried over to retained earnings and losses account and that no dividend be paid.

SIGNATURES TO THE FINANCIAL STATEMENTS

Mikkeli 26 March 2021

Auranne Eero
Chairman of the Board

Varjotie Jari
Managing director

Aminoff Feodor
Member of the Board

Virtanen Ari
Member of the Board

Lemström Mikael
Member of the Board

AUDITOR'S REPORT (Translation of the Finnish Original)

To the Annual General Meeting of Savosolar Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Savosolar Oyj (business identity code 2309682-6) for the year ended 31 December 2020. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the notes in the financial statements and the report of the board of directors, section "General risks and uncertainty factors concerning operations", according to which, the company cannot be certain that it will have sufficient working capital for the next 12 months. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no other realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Mikkeli 26 March 2021

Tilintarkastus Inkeröinen & Himanen Oy
Authorized Public Accountants

Juho Himanen
APA