

Savo Solar Plc.
2309682-6

SAVO-SOLAR PLC

FINANCIAL STATEMENTS
(restated)

1 January 2016 - 31 December 2016

Unofficial translation from the Finnish original

SAVO-SOLAR OYJ
2309682-6
Insinöörinkatu 7
50100 Mikkeli

Financial statements 1 January 2016-31 December 2016

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Unofficial translation from the Finnish original

SAVO-SOLAR OYJ
 2309682-6
 Insinöörinkatu 7
 50100 Mikkeli

INCOME STATEMENT

| | 1 Jan 2016-31 Dec 2016 | 1 Jan 2015-31 Dec 2015 |
|--|-------------------------------|-------------------------------|
| | (restated) | |
| NET TURNOVER | 5 404 814,14 | 2 045 520,02 |
| Other operating income | 850,62 | 19 053,94 |
| <i>Materials and supplies</i> | | |
| <i>Raw materials and consumables</i> | | |
| Purchases during the financial year | 3 975 746,85 | 1 600 646,87 |
| Increase (-) or decrease (+) in stocks | -98 763,70 | 163 987,85 |
| External services | 1 417 599,79 | 507 511,93 |
| Total materials and services | -5 294 582,94 | -2 272 146,65 |
| <i>Personnel expenses</i> | | |
| Wages and salaries | 1 712 028,60 | 1 316 711,06 |
| Social security expenses | | |
| Pension expenses | 321 315,30 | 226 171,34 |
| Other social security expenses | 103 662,92 | 57 892,86 |
| Total personnel expenses | -2 137 006,82 | -1 600 775,26 |
| Depreciation, amortisation and impairment | -617 446,65 | -524 025,64 |
| Other operating expenses | -1 878 763,24 | -1 342 163,24 |
| OPERATING PROFIT/LOSS | -4 522 134,89 | -3 674 536,83 |
| <i>Financial income and expenses</i> | | |
| Interest and other financial income | 337,50 | 247,86 |
| Interest and other financial expenses | -1 165 036,84 | -397 480,88 |
| Total financial income and expenses | -1 164 699,34 | -397 233,02 |
| PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS | -5 686 834,23 | -4 071 769,85 |
| PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES | -5 686 834,23 | -4 071 769,85 |
| Income taxes | 0,00 | 0,00 |
| PROFIT/LOSS FOR THE FINANCIAL YEAR | -5 686 834,23 | -4 071 769,85 |

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BALANCE SHEET

| ASSETS | 31 Dec 2016 | 31 Dec 2015 |
|--------------------------------------|----------------------------|----------------------------|
| | (restated) | |
| <i>NON-CURRENT ASSETS</i> | | |
| <i>Intangible assets</i> | | |
| Development costs | 1 288 197,47 | 1 416 239,53 |
| Intangible rights | 180 951,99 | 139 765,34 |
| Other long-term expenses | <u>519 985,90</u> | <u>571 054,88</u> |
| Total intangible assets | 1 989 135,36 | 2 127 059,75 |
| <i>Property, plant and equipment</i> | | |
| Machinery and equipment | <u>1 348 699,96</u> | <u>681 946,91</u> |
| Total tangible assets | 1 348 699,96 | 681 946,91 |
| <i>Investments</i> | | |
| Shares in group companies | 133 887,19 | 132 237,19 |
| TOTAL NON-CURRENT ASSETS | 3 471 722,51 | 2 941 243,85 |
| <i>CURRENT ASSETS</i> | | |
| <i>Inventories</i> | | |
| Materials and supplies | <u>490 623,16</u> | <u>391 859,46</u> |
| Total inventories | 490 623,16 | 391 859,46 |
| <i>Receivables</i> | | |
| <i>Long-term receivables</i> | | |
| Other receivables | <u>140 800,00</u> | <u>2 200,00</u> |
| Total long-term receivables | 140 800,00 | 2 200,00 |
| <i>Short-term receivables</i> | | |
| Accounts receivables | 260 839,52 | 32 079,03 |
| Other receivables | 143 928,34 | 110 532,56 |
| Accruals and deferred income | <u>3 597,35</u> | <u>426 589,23</u> |
| Total current receivables | <u>408 365,21</u> | <u>569 200,82</u> |
| Total receivables | 549 165,21 | 571 400,82 |
| Cash and cash equivalents | <u>2 440 460,51</u> | <u>3 107 766,03</u> |
| TOTAL CURRENT ASSETS | 3 480 248,88 | 4 071 026,31 |
| TOTAL ASSETS | <u>6 951 971,39</u> | <u>7 012 270,16</u> |

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BALANCE SHEET

| EQUITY AND LIABILITIES | <u>31 Dec 2016</u> (restated) | <u>31 Dec 2015</u> |
|-------------------------------------|----------------------------------|----------------------------|
| <i>EQUITY</i> | | |
| Share capital | 470 210,00 | 470 210,00 |
| Unrestricted equity fund | 19 149 114,31 | 12 713 782,39 |
| Retained earnings | -10 385 160,98 | -6 313 391,13 |
| Net profit (loss) | <u>-5 686 834,23</u> | <u>-4 071 769,85</u> |
| TOTAL SHAREHOLDER'S EQUITY | 3 547 329,10 | 2 798 831,41 |
| <i>OBLIGATORY RESERVES</i> | | |
| Other obligatory reserves | <u>135 659,71</u> | <u>0,00</u> |
| Obligatory reserves in total | 135 659,71 | 0,00 |
| <i>LIABILITIES</i> | | |
| <i>Long-term liabilities</i> | | |
| Capital loans | 1 431 275,17 | 1 431 275,17 |
| Loans from financial institutions | 242 650,19 | 363 181,64 |
| Other liabilities | <u>157 067,14</u> | <u>314 134,54</u> |
| Total Long-term liabilities | 1 830 992,50 | 2 108 591,35 |
| <i>Short-term liabilities</i> | | |
| Loans from financial institutions | 218 664,27 | 462 900,29 |
| Advance payments received | 0,00 | 630 357,34 |
| Trade payables | 766 746,59 | 611 915,36 |
| Other liabilities | 59 111,22 | 46 544,66 |
| Accruals and deferred income | <u>393 468,00</u> | <u>353 129,75</u> |
| Total short-term liabilities | <u>1 437 990,08</u> | <u>2 104 847,40</u> |
| TOTAL LIABILITIES | 3 268 982,58 | 4 213 438,75 |
| TOTAL EQUITY AND LIABILITIES | <u>6 951 971,39</u> | <u>7 012 270,16</u> |

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CASH FLOW STATEMENT

| | 2016 | 2015 |
|--|----------------------|----------------------|
| | (restated) | |
| Cash flow from operating activities | | |
| Profit (loss) before extraordinary items | -5 686 834,23 | -4 071 769,85 |
| Adjustments: | | |
| Depreciation according to plan | 617 446,65 | 524 025,64 |
| Financial income and expenses | 1 164 699,34 | 397 233,02 |
| Cash flow before change in working capital | -3 904 688,24 | -3 150 511,19 |
| Change in working capital: | | |
| Increase (-) or decrease (+) in current interest-free receivables | 22 235,61 | 156 385,04 |
| Increase (-) or decrease (+) in inventories | -98 763,70 | 163 987,85 |
| Increase (+) or decrease (-) in current interest-free payables | -295 566,49 | -148 721,45 |
| Cash flow from operations before financial items and taxes | -4 276 782,82 | -2 978 859,75 |
| Interest paid and other financial expenses | -1 156 431,94 | -421 506,58 |
| Interest received and other financial income | 337,50 | 247,86 |
| Cash flow before extraordinary items | -5 432 877,26 | -3 400 118,47 |
| Cash flow from operations (A) | -5 432 877,26 | -3 400 118,47 |
| Cash flow from investing activities | | |
| Purchase of intangible and tangible assets | -1 146 275,31 | -1 033 785,85 |
| Investments in subsidiaries | -1 650,00 | -22 100,00 |
| Cash flow from investment activities (B) | -1 147 925,31 | -1 055 885,85 |
| Cash flows from financing activities | | |
| Share issue | 6 435 331,92 | 6 572 771,55 |
| Proceeds from short-term borrowings | 1 195 000,00 | 1 128 300,00 |
| Repayment of short-term borrowings | -1 439 236,02 | -277 261,14 |
| Repayment of long-term borrowings | -277 598,85 | 0,00 |
| Cash flow from financing activities (C) | 5 913 497,05 | 7 423 810,41 |
| Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-) | -667 305,52 | 2 967 806,09 |
| Cash and cash equivalents at beginning of period | 3 107 766,03 | 139 959,94 |
| Cash and cash equivalents at end of period | 2 440 460,51 | 3 107 766,03 |
| | -667 305,52 | 2 967 806,09 |

Accounting policy

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

Notes regarding Group

The parent company of this Group is Savo-Solar Plc domiciled in Mikkeli, Finland. The company has two subsidiaries, Savo-Solar ApS, domiciled in Denmark, 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.

Restatement of the financial statements for the financial year 2016

The income statement for the financial year 2016 has been restated in June 2017 to reflect a project cost belonging to financial year 2016. The balance sheet, shareholder's equity and cashflow statement have been restated with corresponding adjustment. Due to the restatement the loss for the financial year 2016 and accounts payable as at 31 December 2016 increased by 211,498.64 euro compared to the financial statements for the financial year 2016 confirmed by the shareholders meeting in March 2017.

Measurement of non-current assets

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.

| Principles for depreciations according to plan are: | 2015 | 2014 |
|---|---------------------------------|---------------------------------|
| Development expenses | 10 y straight-line depreciation | 10 y straight-line depreciation |
| Intangible rights | 5 y straight-line depreciation | 5 y straight-line depreciation |
| Other long-term expenses | 5 y straight-line depreciation | 5 y straight-line depreciation |
| Machinery and equipment | 25% net expenditure | 25% net expenditure |

The depreciation period for activated development expenses is 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.

Measurement of current assets

The acquisition cost includes the variable costs.

Inventories are valued at acquisition cost or the lower probable selling price.

Measurement of receivables and liabilities

Trade and other receivables are valued at their nominal value or if lower, to the propable value.

Liabilites are valued at nominal value or if higher, based on the comparison value.

Comparability of the figures from previous financial years

Accounting periods are comparable.

Restructuring program

Liabilities related to the restructuring program have been classified in the balance sheet as non-current and current liabilities. Non-current restructuring liabilities in the financial statement amount to a total of EUR 157,067.14 and current restructuring liabilities to EUR 157,067.40. Their total amount is EUR 314,134.54. The repayment scheme of these liabilities will last until the end of the year 2018 and the debt is paid back in instalments every three months.

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 transferred to Euros according to the exchange rate of the Balance Sheet date.

Notes to the profit and loss account

Net turnover

Products requiring long-term production have been booked as income according to the grade of completeness.

Projects, where the starting date and the completion date take place in different financial years and where the income generated by the project has a substantial effect on the net turnover and the profit formation, are considered as long-term projects.

The grade of completeness has been defined based on the number of products that have been produced.

There is no income according to the grade of completeness during the financial year 2016 (2015: EUR 420,790 or 20.6%).

Other operating incomes

| | 2016 | 2015 |
|-------|---------------|------------------|
| Other | 850,62 | 19 053,94 |
| | <u>850,62</u> | <u>19 053,94</u> |

Obligatory reserves

During the financial period a warranty provision of EUR 135,659.71 has been made concerning eventual warranty obligations caused by different projects with partial income.

Notes concerning personnel organs and governing bodies

Personnel costs

| | 2016 | 2015 |
|--------------------------------|---------------------|---------------------|
| Wages and salaries | 1 836 087,67 | 1 418 850,23 |
| Pension expenses | 335 473,08 | 234 153,57 |
| Other social security expenses | 107 507,41 | 60 303,70 |
| Activated as investments | -56 270,48 | 0,00 |
| Activated as development costs | -85 790,86 | -112 532,24 |
| | <u>2 137 006,82</u> | <u>1 600 775,26</u> |

Average personnel

| | | |
|---|----|----|
| Average number of employees during the financial year | 42 | 36 |
|---|----|----|

Remuneration of the Board of Directors

| | | |
|---|------------------|-----------------|
| Remuneration to the members of the Board of Directors | 25 800,00 | 8 500,00 |
| | <u>25 800,00</u> | <u>8 500,00</u> |

Other operating expenses

| | 2016 | 2015 |
|------------------------------------|---------------------|---------------------|
| Administration expenses | 455 067,58 | 328 983,27 |
| Premises expenses | 512 731,76 | 443 639,12 |
| Telephone-, IT- ja office expenses | 63 145,35 | 52 835,99 |
| Travelling expenses | 92 650,80 | 71 626,45 |
| Marketing expenses | 578 719,48 | 269 568,61 |
| Development expenses | 104 773,74 | 96 720,29 |
| Other operating expenses | 71 675,13 | 78 789,51 |
| | <u>1 878 763,84</u> | <u>1 342 163,24</u> |

Remuneration to accountant

Figures are included in the Administration expenses presented above.

| | | |
|-----------------|------------------|------------------|
| Statutory audit | 17 774,90 | 12 444,08 |
| Assignments | 3 247,50 | 7 110,00 |
| Other services | 9 707,50 | 8 754,09 |
| | <u>30 729,90</u> | <u>28 308,17</u> |

Finance expenses

| | | |
|---------------------------------------|---------------------|-------------------|
| Expenses of rights issue | 700 305,96 | 208 410,33 |
| Other financing and interest expenses | 464 730,88 | 189 070,55 |
| | <u>1 165 036,84</u> | <u>397 480,88</u> |

Balance sheet notes

| Changes in current assets | 2016 | 2015 |
|---|---------------------|---------------------|
| INTANGIBLE ASSETS | | |
| DEVELOPMENT EXPENSES (TEM 1066/2008) | | |
| Acquisition cost 1 Jan | 2 115 099,28 | 2 078 529,86 |
| Increase 1 Jan - 31 Dec | 84 458,67 | 36 569,42 |
| Acquisition cost 31 Dec | 2 199 557,95 | 2 115 099,28 |
| Accumulated depreciation | -698 859,75 | -490 056,39 |
| Depreciation in year 2016 | -212 500,72 | -208 803,36 |
| Bookkeeping value 31 Dec | <u>1 288 197,47</u> | <u>1 416 239,53</u> |
| INTANGIBLE RIGHTS | | |
| Acquisition cost 1 Jan | 150 959,88 | 82 579,53 |
| Increase 1 Jan - 31 Dec | 58 972,02 | 68 380,35 |
| Acquisition cost 31 Dec | 209 931,90 | 150 959,88 |
| Accumulated depreciation | -11 194,53 | 0,00 |
| Depreciation in year 2016 | -17 785,37 | -11 194,53 |
| Bookkeeping value 31 Dec | <u>180 951,99</u> | <u>139 765,35</u> |
| OTHER LONG-TERM EXPENSES | | |
| Acquisition cost 1 Jan | 676 830,47 | 0,00 |
| Increase 1 Jan - 31 Dec | 84 297,11 | 676 830,47 |
| Acquisition cost 31 Dec | 761 127,58 | 676 830,47 |
| Accumulated depreciation | -105 775,59 | 0,00 |
| Depreciation in year 2016 | -135 366,08 | -105 775,59 |
| Bookkeeping value 31 Dec | <u>519 985,90</u> | <u>571 054,88</u> |
| TANGIBLE ASSETS | | |
| MACHINERY AND EQUIPMENT | | |
| Acquisition cost 1 Jan | 1 450 904,30 | 1 172 816,35 |
| Increase 1 Jan - 31 Dec | 917 256,09 | 278 087,95 |
| Acquisition cost 31 Dec | 2 368 160,39 | 1 450 904,30 |
| Accumulated depreciation | -768 957,39 | -570 162,75 |
| Depreciation in year 2015 | -250 503,03 | -198 794,64 |
| Bookkeeping value 31 Dec | <u>1 348 699,96</u> | <u>681 946,91</u> |
| ADVANCE PAYMENTS | | |
| Bookkeeping value 1 Jan | 0,00 | 25 539,85 |
| Increase 1 Jan - 31 Dec | 0,00 | 0,00 |
| Decrease 1 Jan - 31 Dec | 0,00 | -25 539,85 |
| Bookkeeping value 31 Dec | <u>0,00</u> | <u>0,00</u> |
| INVESTMENTS | | |
| Bookkeeping value 1 Jan | 132 237,19 | 1 650,00 |
| Increase 1 Jan - 31 Dec | 1 650,00 | 130 587,19 |
| Bookkeeping value 31 Dec | <u>133 887,19</u> | <u>132 237,19</u> |

Amounts owed by group undertakings

| | 2016 | 2015 |
|------------------------------------|------------|-------------|
| AMOUNTS OWED BY GROUP UNDERTAKINGS | | |
| Bookkeeping value 1 Jan | 0,00 | 101 784,78 |
| Increase 1 Jan - 31 Dec | 16 000,00 | 0,00 |
| Decrease 1 Jan - 31 Dec | -16 000,00 | -101 784,78 |
| Bookkeeping value 31 Dec | 0,00 | 0,00 |

Amounts owed to group companies

| | 2016 | 2015 |
|----------------------------------|------------|-----------|
| Trade payables to Group compnies | | |
| Bookkeeping value 1 Jan | 28 281,47 | 0,00 |
| Increase 1 Jan - 31 Dec | 43 756,05 | 28 281,47 |
| Decrease 1 Jan - 31 Dec | -28 281,47 | 0,00 |
| Bookkeeping value 31 Dec | 43 756,05 | 28 281,47 |

Prepayments and accrued income

| | | |
|-----------------------------------|----------|------------|
| Accruals | | |
| Grade of completeness receivables | 0,00 | 420 790,00 |
| Other prepayments | 3 597,35 | 5 799,23 |
| | 3 597,35 | 426 589,23 |

Capital and reserves

| | 2016 (restated) | 2015 |
|---|--------------------|---------------|
| Restricted equity | | |
| Subscribed capital 1 Jan | 470 210,00 | 470 210,00 |
| Increase in subscribed capital | 0,00 | 2 400,00 |
| Transfer to invested unrestricted equity fund | 0,00 | -2 400,00 |
| | 470 210,00 | 470 210,00 |
| Restricted equity in total | 470 210,00 | 470 210,00 |
| Other reserves | | |
| Invested unrestricted equity fund 1 Jan | 12 713 782,39 | 4 416 506,84 |
| Transfer to IUEF from restricted equity | 0,00 | 2 400,00 |
| Transfer to IUEF from capital loans | 0,00 | 603 300,00 |
| Share issue 12 Oct 2016 / 20 Feb 2015 | 3 727 783,37 | 3 432 514,58 |
| Share issue 28 Sep 2016 | 2 707 548,55 | 4 259 060,97 |
| Invested unrestricted equity fund 31 Dec | 19 149 114,31 | 12 713 782,39 |
| Retained profit / loss 1 Jan | -10 385 160,98 | -6 313 391,13 |
| Retained profit / loss 31 Dec | -10 385 160,98 | -6 313 391,13 |
| Profit / loss for the financial year | -5 686 834,23 | -4 071 769,85 |
| Unrestricted equity in total | 3 077 119,10 | 2 328 621,41 |
| Capital and reserves in total 31 Dec | 3 547 329,10 | 2 798 831,41 |

Distributable funds

| | | |
|-----------------------------------|----------------|---------------|
| Invested unrestricted equity fund | 19 149 114,31 | 12 713 782,39 |
| Retained profit / loss | -10 385 160,98 | -6 313 391,13 |
| Loss for financial year | -5 686 834,23 | -4 071 769,85 |
| Activated development costs | -1 288 197,47 | 0,00 |
| Distributable funds 31 Dec | 1 788 921,63 | 2 328 621,41 |

The distributable funds of the company are EUR 1,788,921.63.

Guarantees and contingent liabilities

| | 2016 | 2015 |
|---|--------------|--------------|
| Loans with business mortgage as collateral and value of collateral | | |
| Loans from credit institutions | 370 035,30 | 734 802,77 |
| Bank loan with business mortgage as collateral | 1 600 000,00 | 1 600 000,00 |
| Bank accounts pledged as collaterals | 140 000,00 | 0,00 |
| Collaterals given for warranty period and for deliveries | 1 233 512,77 | 1 655 404,87 |
| Collaterals for rent | 800,00 | 2 200,00 |
| Other given collaterals | 2 410,76 | 2 410,76 |
| Rent liabilities | 92 643,00 | 92 643,00 |

Structural and financing arrangements

Subsidiaries

During the financial year 2014 the company established a new subsidiary in Denmark, Savo-Solar Aps. The company also has a subsidiary Savolaser Oy, which was established in 2013.

Company restructuring

District Court of Pohjois-Savo has approved the restructuring program for the company on 13 February 2014. In line with the restructuring program, receivables of debtors have been transferred to capital loans, amounting to EUR 1,431,275.17. The capital reduction of ordinary restructuring liabilities amounted to EUR 1,011,025.11.

| Shares of the company | 2016 | 2015 |
|--------------------------------------|------------|------------|
| Shares, A-series (1 vote/share), pcs | 35 469 332 | 15 887 430 |

| Capital loans | 2016 | 2015 |
|-------------------------|--------------|--------------|
| Capital loans 1 Jan | 1 431 275,17 | 1 431 275,17 |
| Increase 1 Jan - 31 Dec | 0,00 | 603 300,00 |
| Decrease 1 Jan - 31 Dec | 0,00 | -603 300,00 |
| Capital loans 31 Dec | 1 431 275,17 | 1 431 275,17 |

The company has a capital loan of EUR 1,190,216.21 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.

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

The interest on the capital loan (2016: EUR 35.706,49, 2015: EUR 35,706.49) is reported as interest expenses on the income statement.

The company has a capital loan of EUR 241,058.96 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.
- 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 3% and it is calculated from the date when the restructuring program was approved by the court on 13 February 2014. 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 (2016: EUR 7,251.58, 2015: EUR 7,231.77) 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 % | 38,457.44 | 18,410.63 |
| Savolaser Oy, Mikkeli Finland | 55 % | 2,357.97 | -2,135.12 |

General risks and factors of uncertainty concerning operations

The most significant risks of Savo-Solar are the sufficiency of working capital and the ability to gain new projects and to increase the efficiency of operations, thereby turning the operations profitable.

It cannot be guaranteed that the company will generate sufficient cash flow in order to finance the on-going operation. Further, it cannot be guaranteed that the company will receive additional financing at terms, which are beneficial for current shareholders and at all times. A failure in receiving additional financing at the right moment could result in that the company has to postpone, cut down or close down activities.

As per the date of this report, Savo-Solar, given normal burn rate and revenue streams, cannot anticipate that the cash position will be sufficient for the next 12 months. The Board is constantly addressing the financing of the operations as a major part of the company's growth strategy.

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Signatures to the financial statements

In Mikkeli, 7 June 2017

Aminoff Johan Feodor
Chairman of the Board

Varjotie Jari
Managing director

Gey Christof
Member of the Board

Tuhkanen Sami
Member of the Board

Knutsson Håkan
Member of the Board

Auditor's note

An auditor's report based on the audit performed has been issued today.

In Mikkeli, 7 June 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant (KHT)



Auditor's Report (Translation of the Finnish Original)

To the Board of Directors of Savo-Solar Oyj

Report on the Audit of the Financial Statements

Opinion

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.

What we have audited

We have audited the restated financial statements of Savo-Solar Oyj (business identity code 2309682-6) for the year ended 31 December 2016. The financial statements comprise the balance sheet, income statement, cash flow statement and notes. This auditor's report has been prepared only for the purpose of including it in the prospectus prepared in accordance with the Commission Regulation (EC) No 809/2004.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Material Uncertainty Related to Going Concern

We draw attention to the notes in financial statements, section "Common risks and uncertainties in business", according to which, based on the current level of costs and revenues the company does not expect the working capital to be sufficient within the next 12 months period. 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.

Emphasis of a matter

We draw attention to the note on page 5 "Restatement of the financial statement for the financial year 2016" which includes a description of the correction made to the financial statement signed by the Board of Directors on 3 March 2017 and confirmed by the Annual General Meeting on 28 March 2017 on which we have issued an auditor's report on 14 March 2017. 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. 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 a 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 to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the 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 judgment 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.

Mikkeli 7 June 2017

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant (KHT)