

Savo-Solar Oy

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Savo-Solar launches fully underwritten Initial Public Offering and will apply for listing on Nasdaq First North Sweden

Following the announcement of its intention of an IPO on Nasdaq First North Sweden on 19 November 2014, the Board of Directors of Savo-Solar Ltd ("Savo-Solar" or the "Company") has decided to arrange a directed share issue (the "Offering") and apply for listing of the class A shares in Savo-Solar on the Nasdaq First North Sweden -marketplace. The Offering will consist of a maximum of 2,036,850 new class A shares (the "Offer Shares"), representing approximately 38.46 per cent of the total number of the Company's shares outstanding after the Offering. If the Offering is oversubscribed, the Board of Directors of the Company may resolve to issue up to a maximum of 750,000 additional new Offer Shares (the "Additional Share Allotment").

- The Offering consists of a retail offering in Finland, a retail offering in Sweden and an institutional offering in Finland, Sweden and internationally.
- The subscription period for the Offer Shares ("Subscription Period") will commence on 24 February 2015 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 11 March 2015 at 16:30 Finnish time (15:30 Swedish time) with the possibility to amend the Subscription Period.
- The subscription price is EUR 2.00 per Offer Share corresponding to a fully diluted, pre-money equity value of EUR 7.0 million (based on 3,258,960 shares outstanding, and 250,000 stock options).
- EUR 4.1 million before transaction costs will be raised in the Offering. An additional EUR 1.5 million before transaction costs may be raised in the Additional Share Allotment.
- The Offering is fully underwritten by subscription undertakings from current shareholders and underwriting commitments from external investors.
- Expected first day of trading on Nasdaq First North Sweden is 2 April 2015, with the ticker SAVOS.
- The Company's existing shares are divided into 1,341,080 class A shares and 1,917,880 class B shares. In case the listing is executed, all the holders of class B shares have agreed to convert their class B shares into class A shares of the Company with the conversion ratio of 1:1. The Board of Directors of the Company will make the decision regarding conversion in connection with the approval of the share subscriptions received in the Offering or if the Company has not yet at this point received the decision from NASDAQ OMX Stockholm AB regarding the listing,

immediately after receiving the decision, if the decision allows for the implementation of the listing.

Jari Varjotie, Managing Director:

“By listing Savo-Solar we offer everyone the possibility to participate in the solar economy and help to solve the challenges of continuously rising and unpredictable energy costs, combined with the political dependency and CO₂ emissions of fossil fuels. With our solar thermal systems you get emission free energy at practically no additional cost to the investment costs for the following 25 years. We have developed innovative products, which have been proven to be the most efficient in the market and which customers want for the commercial benefits they offer.

Although Savo-Solar is very well known and respected in its field and many magazines and industrial specialists have named Savo-Solar the most innovative company in the industry, the listing gives us even more publicity and brand value. The funding we are seeking gives us the possibility to grow to be one of the major players in the world within a few years.

As a Nordic high technology company and Sweden as the financial hub for the area, the First North Sweden was a natural choice for us. We now offer investors the opportunity to join us in our journey for success and enjoy both the ride and the results of that journey. Welcome to subscribe for shares in Savo-Solar. “

Reasons for the Offering and use of proceeds

Savo-Solar produces the internationally award-winning solar thermal absorbers and collectors, of which the 2 m² collectors with MPE-absorbers are, according to the information available to the Company's management, the world's most efficient. The Company started deliveries of its products June 2011 and has since delivered approximately 10,000 square meters of absorbers and collectors to several resellers, agents or customers directly for system deliveries in 17 countries. In the summer and autumn 2014 Savo-Solar won its first large solar thermal district heating projects in Denmark, with a total value of approximately three times the revenue of the Company's 2013. The Company has since started discussion with tens of Danish utilities and other actors and has received new offer requests for similar projects.

The interest in Savo-Solar's technology and products is growing rapidly. In order for the Company to be able to take advantage of the growth potential, Savo-Solar needs capital to increase the production capacity and finance the growth. For the above reasons, as well as to raise the public's awareness of the Company and to expand the ownership base, the Company has decided on the Offering, as well as to apply for the listing of the Company's shares on First North Sweden.

The Company aims to raise EUR 4.1 million in the Offering. The Company expects to receive net proceeds from the issuance of the Offer Shares of approximately EUR 3.5 million, after deducting estimated offering expenses payable by the Company of approximately EUR 0.6 million, of which EUR 0.3 million is the cost for underwriting commitments. Subscriptions made by means of set off have not been deducted from such proceeds, which amount to a maximum of EUR 1.1 million. This means that if all the above loans are offset, the net proceeds from the Offering after set-offs are approximately EUR 2.4 million.

In addition to the Offering, the Board of Directors has decided on the Additional Share Allotment in case the Offering is oversubscribed. If the Additional Share Allotment is fully subscribed the Company will receive additionally approximately EUR 1.5 million in issue proceeds before transaction costs and net proceeds of approximately EUR 1.4 million.

The Company will use the net proceeds from the Offering for i) first priority investments in an increase in capacity, as described below, improving the efficiency of production and further product development ii) working capital and inventories and iii) to a small extent, to pay back loans. The net proceeds possibly received from the Additional Share Allotment will be used for second priority investments, as described below.

The increase in production capacity and efficiency in 2015 demands as first priority the following investments, estimated to be approximately EUR 0.7 million:

- Increasing the capacity and efficiency of the collector assembly: Additional gluing machines, robots and assembly tables as well as a chamber for insulation assembly. These investments have been initiated within the restraints of the working capital.
- Coating line efficiency and capacity improvement: New loading chamber with fast pumping down, spare vacuum pumps and other spare parts.
- Investments in absorber manufacturing:
 - Brazing equipment for aluminium/stainless steel.
 - Chambers for absorber polishing and cleaning.
- Laser cutting machine, beam dividing prism and a robot for welding, in order to laser cut in-house tubes and plates now subcontracted, and at the same time fine tune the laser welding process for absorbers and start welding of absorbers.

The following second priority investments are planned to be made later, when the volume and cash situation makes them possible. If the Additional Share Allotment, described below, would be fully subscribed to, these investments could be done at least partially already in 2015 or early 2016. These investments are estimated to be approximately EUR 0.9 million:

- Second laser welding machine investment, which would be acquired and put in use after the above first equipment has been implemented and is fully in use.
- The possible start of collector assembly operations in Denmark, when Danish sales volumes increase. If the growth would be faster than anticipated, there could be a need for this already during 2015.

The material inventory, work in process and other working capital are estimated to bind approximately EUR 1.7 million by the start of April 2016. This includes approximately EUR 0.1 million, which will be used to pay back loans.

The Offering

In accordance with the terms and conditions of the Offering, Savo-Solar is offering up to 2,036,850 Offer Shares. The subscription price in the Offering is EUR 2.00 per share. With the Offering, Savo-Solar is seeking to raise EUR 4.1 million in proceeds, before costs associated with the Offering.

Assuming that 2,036,850 Offer Shares are issued in the Offering, the Offer Shares will upon consummation of the Offering constitute approximately 38.46 per cent of the outstanding Shares in the Company. Currently, 3,258,960 shares are issued and outstanding. In addition Savo-Solar has issued stock options entitling to subscribe for an aggregate of 250,000 class A shares in the Company.

In case the Offering is oversubscribed, the Offer Shares are allocated primarily to the existing shareholders of the Company, who have subscribed for the Offer Shares and pay their subscription in cash, in proportion to their shareholding. The allocation privilege does not apply to the Additional Share Allotment. For further details on the allocation principles, please see the terms and conditions of the Offering.

The Company has received subscription undertakings from current shareholders amounting to approximately EUR 1.6 million, or 38.40 per cent of the Offering, and underwriting commitments from external investors amounting to approximately EUR 2.6 million, or 62.80 per cent of the Offering, making the Offering fully underwritten.

If the Offering is oversubscribed, the Board of Directors of the Company may resolve on the Additional Share Allotment of a maximum of 750,000 additional new Offer Shares. Assuming that the Additional Share Allotment is exercised in full, in aggregate up to 2,786,850 Offer Shares may be issued in the Offering and in such case the Offer Shares will be 46.10 per cent of the outstanding shares in the Company.

Subscriptions for Offer Shares in the institutional offering must be made by advising either Mangold Fondkommission AB or FIM Sijoituspalvelut Oy. Subscriptions in the retail offering in Finland must be made either on the website of FIM Sijoituspalvelut Oy at www.fim.com or at the offices of FIM Sijoituspalvelut Oy at Pohjoisesplanadi 33 A, 00100 Helsinki, Finland. Subscriptions in the retail offering in Sweden must be made by submitting a completed subscription form to Mangold Fondkommission AB by post to Mangold Fondkommission AB Re: Savo-Solar, Box 55691, 102 51 Stockholm, Sweden or by email (emissioner@mangold.se). Subscription forms are also available on the Company's website (www.savosolar.fi/IPO) or on Mangold Fondkommission AB's website (www.mangold.se/savos).

The full terms and conditions of the Offering are included in the prospectus.

Prospectus

Savo-Solar has prepared a prospectus relating to the Offering and the contemplated listing of its class A shares on Nasdaq First North Sweden approved by the Finnish Financial Supervisory Authority and passported by way of notification to the Swedish Financial Supervisory Authority on 18 February 2015. The Prospectus in Finnish and English, including a Swedish summary, is available at Savo-Solar's website (www.savosolar.fi/IPO), Mangold Fondkommission AB's website (www.mangold.se/savos) and FIM Sijoituspalvelut Oy's website (www.fim.com) on 19 February 2015.

Preliminary timetable for the Offering

24 February – 11 March 2015	The subscription period for the Offering
13 March 2015	Announcement of preliminary outcome
18 March 2015	Due date of payment for Offer Shares in institutional and Swedish retail offerings
25 March 2015	Delivery of shares
2 April 2015	Expected first trading day on Nasdaq First North Sweden

Advisers

Mangold Fondkommission AB is acting as financial adviser and Smartius Oy is acting as legal adviser to the Company in the Offering. Advokatfirman Westermark Anjou AB is acting as legal adviser on aspects of the Offering related to Swedish law. Mangold Fondkommission AB will be the Company's Certified Adviser under the First North Nordic - Rulebook.

For more information:

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Savo-Solar in brief

Savo-Solar provides solar thermal systems based on the world's most efficient collectors in which there are 2 m² MPE-absorbers (several patents pending) for heating of buildings, industrial processes and domestic hot water. The absorbers are coated with a highly selective optical nano-coating. Savo-Solar is, according to the available information, the only company able to coat ready-made, complete absorbers. Focus is on large scale industrial applications such as district heating, industrial process heating and energy renovations of large buildings. Since 2011 the company has sold and delivered its products in over 17 countries on four continents. www.savosolar.fi

The Company's Certified Adviser will be Mangold Fondkommission AB, tel: +46 8 5030 1550.

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