

## VALOE INTERIM REPORT 1 JANUARY – 30 JUNE 2019

### SUMMARY

- During the reporting period Valoe continued its sales cooperation with ForUs Capital Oy ("ForUs Capital"). Right after the end of the reporting period, in early July, Valoe received two orders from ForUs Capital for delivering solar power plants to Finland; the first order totaled approximately EUR 1.2 million and the second one approximately EUR 0.4 million. ForUs Capital sells electricity generated by the solar power plants to its own partners. The solar power plants will be delivered during 2019 and 2020.
- Valoe continued investing in the cell technology during the reporting period and commenced modification of the Lithuanian cell manufacturing plant it acquired in February for IBC (Interdigitated Back Contact) cell production. Valoe agreed to acquire from Global BOD Group SIA the solar cell production business of JCS SoliTek R&D ("SoliTek") including the Lithuanian plant but the transaction was not yet completed during the reporting period. As announced by Valoe on 19 July 2019, Valoe and BOD have agreed on amendments of the terms regarding payment of the purchase price and completion as follows: the remaining purchase price in the amount of EUR 3.2 million shall be paid by the funds to be collected in the share issue contemplated to be arranged by Valoe during the second half of the year 2019 by the end of September 2019. On 19 July 2019, Valoe disclosed it started preparations for a share issue. The share issue is subject to the extraordinary general meeting, to be held on 5 September 2019, authorizing the Board of Directors to decide on a share issue as proposed in the Notice to the general meeting and Finnish Financial Supervisory Authority approving the prospectus Valoe has prepared and delivered to Finnish Financial Supervisory Authority for approval on 27 August 2019. The share issue is contemplated to be arranged in September 2019.
- After the end of the reporting period, in August 2019, Valoe signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. The parties have agreed not to disclose the name of the customer for the time being. Valoe intends to manufacture the IBC cells in the Lithuanian solar cell plant. Provided that Valoe's share issue is successful, the Cells Supply Agreement is expected to turn Valoe Group's cash flow positive already during the plant's first year of operation in 2020. Successful completion of the share issue is a prerequisite for commencing the deliveries under the Cells Supply Agreement and implementing Valoe's strategy.
- Pursuant to the estimates available to the company, the company's financial situation and working capital situation will remain very tight in 2019, until the planned share issue has been successfully completed.
- On 9 May 2019, Valoe announced it annulled the shares issued solely for the Financing Agreement signed on 19 April 2017 between Valoe and Bracknor Investment, totaling 314,367 shares. The Financing Agreement between the company and Bracknor Investment expired on 19 October 2018.
- In May 2019, Valoe has, on the basis of the financing arrangement between the Company and Winance approved on 19 December 2018, resolved on a share issuance of a total of 1,718,000 new shares to the Company itself without consideration and the Company has subscribed a total of 1,718,000 shares directed to it. After the end of the reporting period, in July 2019, Valoe has, on the basis of the financing arrangement between the Company and Winance Investment, resolved on another issuance

of a maximum of 10,000,000 new shares to the company itself without consideration. The subscription period for the new shares commenced on 15 July 2019 and shall end on 15 July 2020. The company has on 15 July 2019 subscribed in total 2,050,000 new shares and on 9 August 2019 in total 3,065,000 new shares in the share issue. The new shares may be used solely to the implementation of the financing arrangement and to the extent it is not necessary to issue new shares subscribed by the company to Winance Investment, the company shall annul the shares.

- On 18 July 2019 Valoe disclosed on the share subscription based on the conversion of the promissory notes issued under the Company's convertible bond 1/2019. The lenders of the convertible bond 1/2019 subscribed in total 11,565,864 new shares (the "New Shares") in the Company by converting the promissory notes into the New Shares. The subscription price of the shares was entered in entirety into the Company's invested non-restricted equity fund and thus the share capital of the company was not increased in connection with the share subscription. A total amount of EUR 1,700,000 of the loan capital of the convertible bond 1/2019 was converted to the new shares in the share subscription and thus the convertible bond 1/2019 decreased by EUR 1,700,000. In total 7,747,112 new shares can be subscribed by executing the conversion right under the convertible bond 1/2019.
- The company has on 19 July 2019 disclosed the prospectus pursuant to the Finnish Securities Markets Act regarding admission to trading, on Nasdaq Helsinki Ltd, of in total 2,050,000 new shares subscribed by the company in the directed share issue without consideration to the company itself on 15 July 2019 and of in total 11,565,864 new shares subscribed by the lenders of the company's convertible bond 1/2019 by converting the promissory notes on 18 July 2019.
- During the reporting period, the net sales of Valoe Group, under the IFRS standards, decreased by 77.1 percent. The net sales were EUR 0.1 million (in 2018 EUR 0.5 million). The EBIT was EUR -1.5 million (EUR -1.3 million), the profit for the period was EUR -2.6 million (EUR -2.1 million), undiluted earnings per share were EUR -0.15 (EUR -0.15) and the EBITDA EUR -0.7 million (EUR -0.7 million).
- Valoe will not disclose financial guidance for the financial year 2019.
- More information on principle activities and events during and after the reporting period can be found in the stock exchange releases published on Valoe's website at [www.valoe.com](http://www.valoe.com). The Interim Report has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Interim Report Valoe has applied the same accounting principles as in its Annual Report 2018. The Interim Report has not been audited.

## FINANCIAL DEVELOPMENT

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Investment, the company shall annul the shares. As per the date of this Interim Report, Valoe has drawn down a total of EUR 750,000 from the financing facility.

On 9 May 2019, Valoe announced it annulled the shares issued solely for the Financing Agreement signed on 19 April 2017 between Valoe and Bracknor Investment, totaling 314,367 shares. The Financing Agreement between the company and Bracknor Investment expired on 19 October 2018.

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Valoe continued investing in the cell technology during the reporting period and commenced modification of the Lithuanian cell manufacturing plant it acquired in February for IBC (Interdigitated Back Contact) cell production. Valoe agreed to acquire from Global BOD Group SIA the solar cell production business of JCS SoliTek R&D ("SoliTek") including the Lithuanian plant but the transaction was not yet completed during the reporting period. As announced by Valoe on 19 July 2019, Valoe and BOD have agreed on amendments of the terms regarding payment of the purchase price and completion as follows: the remaining purchase price in the amount of EUR 3.2 million shall be paid by the funds to be collected in the share issue contemplated to be arranged by Valoe during the second half of the year 2019 by the end of September 2019. On 19 July 2019, Valoe disclosed it started preparations for a share issue. The share issue is subject to the extraordinary general meeting, to be held on 5 September 2019, authorizing the Board of Directors to decide on a share issue as proposed in the Notice to the general meeting and Finnish Financial Supervisory Authority approving the prospectus Valoe has prepared and delivered to Finnish Financial Supervisory Authority for approval on 27 August 2019. The share issue is contemplated to be arranged in September 2019.

Valoe has a product development loan from Business Finland (prev. Tekes) in the amount of EUR 4.1 million out of which the company had withdrawn a total of EUR 3.3 million by the end of the reporting period. As per the date of this Interim Report there is still a total of EUR 0.8 million to be withdrawn.

On 27 March 2019 Valoe disclosed to have been informed that a research project, called HighLite, of a consortium which Valoe belongs to has been selected for the European Union's Horizon 2020 funding. Valoe's share in the project is approximately EUR two million for which the EU provides a grant of EUR 1.4 million. The Valoe estimates it will be able to withdraw approximately EUR 0.6 million in advance as the project commences in October 2019 and approximately EUR 0.3 million in March 2020.

During the reporting period Valoe continued its sales cooperation with ForUs Capital Oy ("ForUs Capital"). Right after the end of the reporting period, in early July, Valoe received two orders from ForUs Capital for delivering solar power plants to Finland; the first order totaled approximately EUR 1.2 million and the second one approximately EUR 0.4 million. ForUs Capital sells electricity generated by the solar power plants to its own partners. The solar power plants will be delivered during 2019 and 2020.

After the end of the reporting period, in August 2019, Valoe signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. The parties have agreed not to disclose the name of the customer for the time being. Valoe intends to manufacture the IBC

cells in the Lithuanian solar cell plant. Provided that Valoe's share issue is successful, the Cells Supply Agreement is expected to turn the Lithuanian plant's cash flow positive already during the plant's first year of operation in 2020. Successful completion of the share issue is a prerequisite for commencing the deliveries under the Cells Supply Agreement and implementing Valoe's strategy.

Although the profit and loss effects of the Ethiopian project was removed from Valoe's books during the financial year 2016, the Ethiopian project is continued in terms of operations and the company will resume recognizing revenue based on percentage of completion when the performance obligations under the IAS have been satisfied. Valoe sees that one of the most important requirements is the opening of a EUR 9.5 million Irrevocable Letter of Credit in a bank approved by Valoe or a significant cash payment from the customer. The company may need to pledge a security for cash payment, as usual in export business.

Valoe's Asian customer has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. Valoe will enter the order in its order book only after the customer has secured financing for the factory project. However, the financing negotiations are ongoing, and the outcome is not yet known. Further, Valoe has ongoing sales negotiations for several other production plants.

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2018, unless stated otherwise. During the financial years 2017 and 2018, the company has not reported the discontinued operations in its profit and loss statement but there are liabilities related to the discontinued operations in the company's balance sheet.

#### April – June 2019:

- Valoe Group's net sales decreased by 82.2 percent to EUR 0.08 million (In 2018: EUR 0.5 million).
- EBITDA was EUR -0.3 million (EUR -0.3 million).
- Operating profit was EUR -0.7 million (EUR -0.6 million).
- The profit before taxes was EUR -1.6 million (EUR -1.0 million).
- Profit for the period was EUR -1.3 million (EUR -1.0 million).
- Undiluted earnings per share were EUR -0.07 (EUR -0.07).

#### January – June 2019:

- Valoe Group's net sales decreased by 77.1 percent to EUR 0.1 million (In 2018: EUR 0.5 million).
- EBITDA was EUR -0.7 million (EUR -0.7 million).
- Operating profit was EUR -1.5 million (EUR -1.3 million).
- The profit before taxes was EUR -2.6 million (EUR -2.1 million).
- Profit for the period was EUR -2.6 million (EUR -2.1 million).
- Undiluted earnings per share were EUR -0.15 (EUR -0.15).

## MANAGING DIRECTOR'S REPORT

During the second quarter of 2019, Valoe had only few deliveries, which was mainly due to the prolonged negotiations with ForUs Capital on solar power plant deals. However, the negotiations resulted in a good outcome and in July 2019 ForUs Capital ordered solar power plants worth a total of EUR 1.6 million from Valoe. Most of the ordered power plants will be built during the financial year 2020 using Valoe's Chrystal Twin bifacial modules with new n-type IBC cells. The company's research and development operated at full capacity throughout the quarter. The development of the IBC cell with ISC Konstanz has begun, and the modification of the equipment at the cell plant in Vilnius, Lithuania, for IBC cell production has during the reporting period proceeded well, but slightly behind the schedule. Valoe's objective is to produce the first IBC cell in the new Lithuanian plant already during 2019. The new Chrystal Twin IBC module family is scheduled to be introduced in the market at the same time as the IBC cell.

The presale of the Chrystal module has started well. Valoe's as well as ForUs Capital's customers have already placed orders for the new modules even before the modules have been introduced in the market and production commenced. In my opinion this indicates that customers continue to rely on Valoe's competitiveness and the performance of the company's bifacial modules including IBC cells.

Valoe's bifacial IBC technology is of interest to international customers too. After the end of the reporting period, the company disclosed on 15 August 2019 that it has signed a cells supply agreement with a major US customer. The value of the agreement for 2020 is approximately USD 12 million. The agreement is subject to certain technical and commercial terms agreed upon by the parties. Additionally, successful completion of Valoe's share issue is a prerequisite for commencing the deliveries under the Cells Supply Agreement.

According to the company the said supply agreement is expected to multiply Valoe Group's net sales and turn Valoe Group's operative cash flow into positive already during 2020.

Valoe also has ongoing negotiations with companies operating in the automotive and aerospace industry to reserve the capacity at the Lithuanian cell plant and to develop and deliver new applications based on the IBC cell.

Based on the ongoing negotiations, I am convinced that our strategic choices are proving to be the right ones and as soon as the new products are completed our technology platform is ready. This creates good conditions for the company's growth.

Valoe requires a significant amount of additional funding. The company's working capital situation is very tight. As previously disclosed, the company needs funding for its strategic investments: to pay the remaining part of the purchase price of the Lithuanian plant; to complete the plant's modification for IBC cell production; and later in 2019 to meet the company's other strategic goals. As Valoe announced on 15 August 2019, the company is preparing a share issue contemplated to be arranged already in September 2019 in which the company intends to collect a maximum of approximately EUR 10.0 million of new capital.

## VALOE'S STRATEGY

Valoe operates in industries applying clean energy technology and provides products, applications and services worldwide. Based on Valoe's strategy the company has the following four service and product concepts:

### 1. SALES AND SUPPLY OF PHOTOVOLTAIC MODULES AND SYSTEMS

Sales of modules and small photovoltaic systems are Valoe's most visible product group. All Valoe's PV modules are manufactured at the company's factory in Mikkeli for the time being. They are mainly delivered to the company's distributors and future manufacturing partners. Further, the company sells and provides solar power plants and systems directly to its customers in Finland and abroad. Valoe has enhanced the sale of its modules and solar systems in Finland by building sales channels for its products systematically. ForUs Capital Oy, which specializes in the sales of electricity produced from renewable sources, has been Valoe's most important customer during 2018 and Valoe has used a major part of its sales resources to support ForUs Capital's sales to Finnish property owners, production companies and communities.

Current capacity of the company's Mikkeli factory is designed to annually produce PV modules worth max EUR 6 – 8 million at the current market prices. Encouraged by good sales prospects, Valoe has taken action to increase its production capacity in Mikkeli, Finland.

During 2018, Valoe commenced to develop flexible and ultra-light odd form modules. According to Valoe's view there is significant market potential in such modules. This kind of modules can be used, for example, to vehicles, to anywhere energy needs of logistics chains, or to aviation and aerospace applications. In these environments, energy supply problems have generally been solved in very expensive and less environmentally friendly ways, and there is no normal competition in the market. A solar power system must have very high efficiency combined with efficient space usage in order to succeed in this market. Valoe believes that the company's back contact technology and IBC cells provide Valoe with good conditions for developing photovoltaic applications for these markets.

### 2. DEVELOPMENT AND SALES OF PRODUCTION LINES AND RELATED COMPONENTS

Manufacturers operating in the developing markets like China are typical investors for new module manufacturing production lines. These Valoe's potential customers are now manufacturers of traditional H-patterns modules. According to the information available to Valoe many of the manufacturers are going to start manufacturing next generation back contact modules. In most cases these customers have use their own module manufacturing recipe and need only single equipment or production lines. Valoe estimates that typical price of single equipment or a production line for back contact modules is EUR 4 – 8 million. A single production equipment costs EUR 0.3 – 1.0 million.

### 3. MANUFACTURING PARTNER NETWORK

The cornerstone of Valoe's strategy is to sign manufacturing partnership agreements or technology licensing agreements with solar module manufacturers who as newcomers on the market would commit themselves to Valoe's production technology and to using components designed for Valoe's back contact technology. Valoe provides a partner with a turnkey delivery project; secures availability of components for a partner either by manufacturing components by itself or by procuring required components from elsewhere; and as a technology partner commits itself to minority shareholding in a manufacturing

company. Manufacturing partners pursued by Valoe operate mainly on developing markets and produce solar energy modules for local and nearby markets. Value of a typical turnkey plant delivery is more than ten million euros. Valoe signed its first manufacturing partnership agreement with Ethiopian LS Corp in 2016. However, the technology delivery based on the agreement has not yet been executed as per the date of this Interim Report.

On the basis of the early stages of the Ethiopian project, Valoe has gained valuable information on costs and profitability for future solar plant deliveries and projects. Valoe's manufacturing plant concept, equipment, technology and deliveries are standardized and with the experience gained in the first project the profitability of the following project deliveries can be expected to be good. Further, each delivered manufacturing plant or production line generates to Valoe continuous profitable business through component sales. Valoe's objective is that only Valoe's components are used at the manufacturing plants and production lines Valoe has delivered. The product certificates Valoe has applied for on behalf of a customer are valid only if the customer uses components approved by Valoe. Based on Valoe's experience, the availability of the components is limited elsewhere for the moment.

Valoe's growth strategy is based on signing new manufacturing partnership agreements. Valoe is aiming to sign at least 10 manufacturing partnership contracts. After achieving this amount of partnerships, Valoe's partnership network is so wide that even the biggest solar module manufacturers will not remarkably benefit from the advantage of economies of scale e.g. in raw materials purchases compared to Valoe's network.

#### 4. MODULE COMPONENTS SALES MAINLY TO MANUFACTURING PARTNERS

Special components, mainly for Valoe's manufacturing partners, are the most important part in Valoe's strategy and most remarkable in terms of net sales potential. Valoe's first component is Conductive Back Sheet (CBS) that has been developed by Valoe and is one of the most important components in a module. One normal size module production plant using back contact technology needs approximately 300,000 – 500,000 conductive back sheets in a year when operating at full capacity. Based on current estimation, considering price level in the near future, each production line will annually require back sheets worth approximately 5 – 11 million Euros. Typically, component deliveries to manufacturing partners can commence, at the earliest, about 12 months from the signing of the manufacturing partnership agreement.

In the future, Valoe plans to provide its manufacturing partners also with the company's solar cells based on the IBC technology as well as other special components. According to the company's estimates, a full-sized module factory could buy Valoe cells for about EUR 18 - 25 million annually. Other components may include for example other manufacturers' smart components, components for energy storage and software for power management and electricity invoicing.

In the long run, Valoe will include technologies related to energy storages and fuel cells as well as technologies increasing general usage of solar electricity in the company's offering. With regard to the expertise in these technologies Valoe will cooperate with its technology partners.

## MARKET CONDITIONS

The competitiveness of the solar electricity, compared to the fossil fuels and other renewable energy sources, will continue increasing faster and faster. Already in 2018, the production cost of solar electricity was below the cost of traditional electricity production in some geographical areas. The market share of the back contact module technology is now small but is estimated to grow strongly in the next few years. Valoe is prepared for its competitors introducing their own back contact modules and other innovations in the near future. The companies that will succeed in price competition will continue decreasing the prices of their standard products based on sales volumes and increasing production capacity and will continue worldwide price war.

According to Valoe's view, the prices of low-end modules will unlikely rise. Thus, Valoe is focusing on developing production technology for next generation cells and modules. In the high-end price categories' price reduction has not been remarkable. Valoe views that the most favourable markets for the company are the markets with incomplete or malfunctioning electricity grid, e.g. in Africa but also in Asia and South America.

Valoe provides production technology to all companies interested in back contact modules, e.g. large and often national solar energy projects; module subcontractors; and/or original equipment manufacturers. Valoe views that local production will increase significantly in the near future. However, Valoe is not aiming at becoming a local manufacturer but always seeks for a local partner and an investor for a solar module factory project. Valoe is responsible for production technology, product quality and development. Local investors and partners are responsible for project funding as well as marketing and product sales.

## FINANCING

Valoe continued to invest in the research and development during the reporting period too. In order to proceed with the development projects Valoe will require new funding. Valoe needs at least seven million Euros funding to implement its investment plan and has commenced preparations for a share issue that is contemplated to be arranged in September 2019.

In March 2019 Valoe disclosed to have been informed that a research project of a consortium which Valoe belongs to has been selected for the European Union's Horizon 2020 funding. The objective of the research project is to substantially improve the competitiveness of the EU PV manufacturing industry by developing manufacturing solutions for high-performance and low-cost modules with excellent environmental profiles. The project duration is 36 months and the project's budget totals approximately EUR 15 million. The partners in the consortium include Europe's leading research institutes specialising in solar energy and related solutions as well as the leading materials technology companies. Valoe is the only solar cell manufacturer in the project. Valoe's share in the project is approximately EUR two million for which the EU provides a grant of EUR 1.4 million. The project will commence in October 2019.

Valoe has a product development loan from Business Finland in the amount of EUR 4.1 million out of which the company has withdrawn a total of EUR 2.9 million at the end of the reporting period. As per the date of this Interim Report there is a total of EUR 0.8 million to be withdrawn which the company expects to withdraw at the end of 2019.

As per the date of this Interim Report, the company has a financing facility of max. EUR 1.25 million from Winance Investment which the company estimates to withdraw within the next 12 months.



According to Valoe's Board of Directors, considering the available financing commitments and assuming a minimum of ca. EUR 7 million shall be raised from the planned share issue, the company has sufficient working capital for its business operations and investments according to the company's strategy at least for the next 12 months.

Cash flow from business operations before investments in January – June was EUR -1.3 million (EUR -1.3 million). Trade receivables at the end of the reporting period were EUR 0.03 million (EUR 0.2 million). Net financial items amounted to EUR 1.1 million (EUR 0.8 million). At the end of June, the equity ratio of Valoe Group was -71.2 percent (-55.0 %) and equity per share was EUR -0.40 (EUR -0.43). The equity ratio including capital loans was -16.1 percent (-3.2 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.002 million.

Valoe's financial and other risks have been handled in the item "Risk management, Risks and Uncertainties" of this Interim Report.

## RESEARCH AND DEVELOPMENT

Valoe invests heavily in its product development. The objective of Valoe's product development is that the energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy on the market. In addition, Valoe's goal is to produce a solar module with a life span of over 100 years.

The recent focus of Valoe's research and development has been on a project relating to cell development and efficiency improvement as well as on development of IBC cells.

In February 2019, Valoe agreed to acquire the business of the Lithuanian solar cell manufacturer JCS SoliTek R&D, including Solitek's cell plant. Valoe's objective is to start manufacturing n-type IBC cells in Vilna after the cell plant has been modified for IBC cell production.

In March 2019, a research project called HighLite was selected for the European Union's Horizon 2020 funding. The project aims to bring Europe back to forefront of photovoltaic technology. This project is an excellent complement to Valoe's IBC cell plant project. Valoe's task in the project is to improve the performance of solar cells. Valoe's share in the project is approximately EUR two million for which the EU provides a grant of EUR 1.4 million.

Valoe's product development and sales are increasingly focused on new solar power applications. Valoe develops flexible and light composite modules for new applications to be used in the automotive, aviation and aerospace industries among others. Whenever such a new application is introduced, Valoe will have a chance to cooperate closely with its customer in product development and industrialization. Valoe views that in these situations, the company may have an opportunity to offer its own automation lines and possibly composite modules assembly as a manufacturing partner.

In addition to solar cell development, the structure of Valoe's standard modules needs to be redesigned to utilize the features of a bifacial IBC cell in the best possible way. Developing new modules and their manufacturing processes as well as designing and testing production equipment keep Valoe's research and development team busy.

Valoe is investing in research and development in collaboration with the global leaders in the field of photovoltaic technology. Over the past three years, Valoe has created a partner network with which the company develops its products and technology to implement the next phase of the company's growth strategy. During the previous financial year, Valoe signed a development and technology transfer agreement with ISC Konstanz.

Valoe's other main technology partners include Energy Research Centre of the Netherlands (ECN) that now belongs to TNO, and Fraunhofer Institute for Solar Energy Systems (Fraunhofer ISE). In the Horizon HighLite project Valoe will be able to utilize the knowledge and experience of IMEC in Belgium, CEA and Ines in France, CSEM in Switzerland and leading universities in a number of countries. Further, Valoe will be able to work with some of the world's most renowned materials technology companies.

Additionally, Valoe focuses on developing the production line concept. Equipment and machinery needed in automated module manufacturing process are based on Valoe's own innovations and designed by Valoe. Valoe is aiming at protecting its innovations in all important geographical areas.

Valoe's module factory in Mikkeli also has a key role in the company's research and development. Valoe's goal is to increase the capacity of the Mikkeli factory and to modify the factory for the production of the Chrystal IBC module family in a way that the factory produces enough modules for the market enabling Valoe's development to utilize field experiences to develop technology and ensure competitiveness.

The Group's research and development costs during the reporting period amounted to EUR 0.8 million (EUR 0.6 million).

Valoe has received significant funding for its product development from Business Finland and for the HighLite project that is about to commence.

## INVESTMENTS

Gross investments in the continuing operations during January – June period amounted to EUR 0.4 million (EUR 2.0 million). The investments on the reporting period as well as on the corresponding period were mainly in development costs.

## PERSONNEL

At the end of June 2019, the Group employed 24 (21) people, who all worked in Finland. During the reporting period the Group's salaries and fees totaled EUR 0.7 million (EUR 0.6 million).

## SHARES AND SHAREHOLDERS

At the end of the reporting period Valoe's share capital amounted to EUR 80,000.00 and the number of shares was 18,539,971. The company has one series of shares, which confer equal rights in the company. On 30 June 2019 Valoe had in total 738,885 treasury shares.

The company had a total of 7,663 shareholders at the end of June 2019, and 7.7 percent of the shares were owned by foreigners. The ten largest shareholders held 55.4 percent of the company's shares on 30 June 2019.

## The largest shareholders on 30 June 2019

	shares	percentage
1 OY HERTTAÄSSÄ AB	1 659 870	8,9
2 SAVCOR COMMUNICATIONS LTD PTY	1 459 235	7,9
3 GASELLI CAPITAL OY	1 356 463	7,3
4 SAVCOR INVEST B.V.	1 323 752	7,1
5 SAVCOR TECHNOLOGIES OY	1 284 701	6,9
6 SAVCOR GROUP OY	1 071 511	5,8
7 OLLILA JORMA JAAKKO	919 528	5,0
8 VALOE OYJ	738 885	4,0
9 SALMELA VEIJO ENSIO	260 715	1,4
10 KOPONEN HARRI EERIK	200 585	1,1
OTHERS	8 264 726	44,6
TOTAL	18 539 971	100,00

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 4,103,700 shares in the company on 30 June 2019, representing about 22.1 percent of the company's shares. Additionally, the members of the Board of Directors and the President and CEO held a total of 232,540 options connected to the stock option scheme 2015. At the end of the period Ilkka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 4,067,688 shares in the company and 81,620 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.13 and 0.80 during the January – June period. The average price was EUR 0.29 and the closing price at the end of June EUR 0.18. A total of 9.7 million Valoe shares were traded at a value of EUR 2.8 million during the January – June period. The company's market capitalization at the end of June stood at EUR 3.2 million.

## SHARE ISSUE AUTHORIZATIONS IN FORCE

The company has a share issue authorization in force granted by the Annual General Meeting held on 24 May 2019 according to which the Board of Directors is entitled to resolve on a share issue with and/or without payment, either in one or in several occasions, including right to resolve on option rights and other rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act so that the number of new shares issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total maximum amount of 50,000,000 shares. The Board of Directors is authorized to decide on all terms of a share issue and option rights and other rights entitling to shares. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. The authorization is in force until 30 June 2020.

## THE MAJOR EVENTS DURING THE REPORTING PERIOD

### 26 April 2019: THE AUDITOR'S REPORT OF VALOE

Valoe Corporation's auditor has given her report for the company's Financial Statements for 2018 on 25 April 2019. The Auditor's report includes so called emphasis of matter relating to the measurement of development costs.

The Auditor's Report has been published on a stock exchange release of 25 April 2019.

### 9 May 2019: CANCELLATION OF VALOE'S SHARES AND ISSUE OF NEW SHARES IN VALOE WITHOUT CONSIDERATION TO THE COMPANY ITSELF

#### *Cancellation of Valoe's Shares*

In connection with the Financing Agreement signed on 19 April 2017 between Valoe Corporation (the "Company") and Bracknor Investment, Valoe has previously resolved on issuances of the Company's shares to the Company itself without consideration. In accordance with the resolutions, the new shares may be used solely to the implementation of the financing arrangement. To the extent it is not necessary to issue new shares subscribed by the Company to Bracknor Investment, the Company shall annul the shares. The Financing Agreement between the Company and Bracknor Investment has expired on 19 October 2018. The Company still holds 314,367 shares issued for the Financing Agreement and subscribed by the Company. The Board of Directors of the Company has resolved to annul the shares issued for the Financing Agreement and still held by the Company, totaling 314,367 shares. It is estimated that the cancellation of the shares will be registered in the trade register on 15 May 2019. After the cancellation of the shares, the total number of shares in the Company is 16,821,971.

#### *Issue of New Shares in Valoe Corporation without Consideration to the Company Itself*

The Board of Directors of Valoe has, on the basis of the financing arrangement between the Company and Winance approved on 19 December 2018, resolved on a share issuance of a total of 1,718,000 new shares to the Company itself without consideration and the Company has subscribed a total of 1,718,000 shares directed to it.

The share issue without consideration to the Company itself is conducted in order to implement part of the financing arrangement referred to above. The new shares may be used solely to the implementation of the financing arrangement so that the Company may issue the new shares held by it to Winance when Winance subscribes shares on the basis of the convertible loans and warranties granted to it under the said financing arrangement. To the extent it is not necessary to issue new shares subscribed by the Company to Winance, the Company shall annul the shares.

The new shares are of the same class as the Company's other shares and entitle to the same shareholder rights as the Company's old shares after their registration.

After the registration of the subscribed shares in the trade register (taking into account the cancellation of the shares referred to above), the total number of the shares in the Company is 18,539,971 shares of which 1,718,000 shares are held by the Company.

The subscribed shares are estimated to be registered in the trade register approximately on 15 May 2019 and the Company shall apply for the admission of the subscribed shares to public trading on the stock exchange list of Nasdaq Helsinki Ltd approximately on 16 May 2019.

## THE MAJOR EVENTS AFTER THE REPORTING PERIOD

### 1 July 2019: VALOE CORPORATION RECEIVED AN CA. EUR 1.2 MILLION ORDER FOR SOLAR POWER PLANT DELIVERIES

Valoe Corporation ("Valoe") has received an order from ForUs Capital Oy ("ForUs Capital") for delivering solar power plants worth a total of ca. EUR 1.2 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The solar power plants will be delivered mainly during 2020. The modules supplied for the power plants are Valoe Chrystal Twin modules which are bifacial glass-glass modules with IBC cells.

ForUs Capital sells electricity generated by the solar power plants delivered by Valoe to a large international property owner and SE Mäkinen Logistics Oy. All sites locate in Finland.

Iiro Mäkinen, Managing Director of SE Mäkinen Logistics Oy: "SE Mäkinen is known as a pioneer within its field of business and also wants to be one of the first companies to adopt future solar technology designed and manufactured in Finland."

Eero Oksanen, Managing Director of ForUs Capital Oy: "We look forward to seeing how much bifacial modules and IBC cells will increase the capacity of the power plants compared to traditional polycrystalline modules!"

### 8 July 2019: VALOE CORPORATION RECEIVED A CA. EUR 0.4 MILLION ORDER FOR SOLAR POWER PLANT DELIVERIES

Valoe Corporation ("Valoe") has received an order from ForUs Capital Oy ("ForUs Capital") for delivering solar power plants worth a total of ca. EUR 0.4 million to the properties owned by Osuuskauppa Suur-Savo in Eastern Finland. ForUs Capital sells electricity generated by the solar power plants to Osuuskauppa Suur-Savo. The solar power plants will be delivered mainly during 2019.

### 15 July 2019: ISSUE OF NEW SHARES IN VALOE CORPORATION WITHOUT CONSIDERATION TO THE COMPANY ITSELF

The Board of Directors of Valoe Corporation (the "Company") has, on the basis of the financing arrangement between the Company and Winance Investment approved on 19 December 2018 resolved on the issuance of a maximum of 10,000,000 new shares to the Company itself without consideration. The subscription period for the new shares commenced on 15 July 2019 and shall end on 15 July 2020. New shares can be subscribed in tranches at any time during the subscription period as resolved by the Board of Directors of the Company, however, subject to total amount of treasury shares held by or pledged by the Company not exceeding 1/10 of all the shares in the Company at any time, as required under Chapter 15, Section 11 of the Companies Act.

The share issue without consideration to the Company itself is conducted in order to implement part of the financing arrangement referred to above. The new shares may be used solely to the implementation of the financing arrangement so that the Company may issue the new shares held by it to Winance Investment

when Winance investment subscribes shares on the basis of the convertible loans and warranties granted to it under the said financing arrangement. To the extent it is not necessary to issue new shares subscribed by the Company to Winance Investment, the Company shall annul the shares.

The new shares are of the same class as the Company's other shares and entitle to the same shareholder rights as the Company's old shares after their registration.

The Company has on 15 July 2019 subscribed in total 2,050,000 new shares in the share issue ("Subscribed Shares").

After the registration of the Subscribed Shares in the trade register, the total number of the shares in the Company is 20,589,971 shares of which 2,055,553 shares are held by the Company.

The Subscribed Shares are estimated to be registered in the trade register approximately on 22 July 2019 and the Company shall apply for the admission of the Subscribed Shares to public trading on the stock exchange list of Nasdaq Helsinki Ltd approximately by the end of July 2019.

#### 18 July 2019: VALOE CORPORATION'S SHARE SUBSCRIPTION BASED ON CONVERTIBLE BOND 1/2019

The Board of Directors of Valoe Corporation (the "Company") has resolved on the share subscription based on the conversion of the promissory notes issued under the Company's convertible bond 1/2019. In the said share subscription, the lenders of the convertible bond 1/2019 subscribed in total 11,565,864 new shares (the "New Shares") in the Company by converting the promissory notes into the New Shares pursuant to the conversion requests delivered to the Company (the "Share Subscription").

The terms of the convertible bond 1/2019 were disclosed as stock exchange release on 18 January 2019. One loan share of EUR 50,000 pursuant to the promissory note entitled the lender to subscribe for 333,333 New Shares of the Company. The subscription price of one New Share in the Company was EUR 0.15 per share. The subscription price was set on a level corresponding to the closing price of the Company's shares on a stock exchange on 16 January 2019 less 15 percent. The subscription price of a share was paid by way of set off against the unpaid capital of the convertible bond 1/2019.

The subscription price of the shares was entered in entirety into the Company's invested non-restricted equity fund and thus the share capital of the Company was not increased in connection with the Share Subscription. The New Shares shall have the similar rights with the Company's shares issued previously.

The Company shall apply for the registration of the New Shares with the Trade Register without delay. The Company expects the New Shares subscribed in the Share Subscription to be registered with the Trade Register approximately on 29 July 2019.

The New Shares shall be issued and recorded to the book-entry system maintained by Euroclear Finland Ltd first as interim shares representing the New Shares (the "Interim Shares"). The Interim Shares will not be applied to be admitted to trading on Nasdaq Helsinki Ltd. The Interim Shares will be combined with the Company's present class of shares (the ISIN code FI0009006951, trading symbol VALOE) when the New Shares have been admitted to trading. The New Shares are applied to be admitted to trading on the stock exchange list of Nasdaq Helsinki Ltd together with the other shares of the Company approximately by the end of July 2019 and the combination of the Interim Shares with the present share class of the Company is expected to occur by the end of July 2019, respectively.

The Company shall publish separately around 19 July 2019 a prospectus pursuant to the Finnish Securities Markets Act for the application of the New Shares and in total 2,050,000 new shares subscribed in the

directed share issue without consideration to the Company itself disclosed on 15 July 2019 to trading on Nasdaq Helsinki Ltd.

After the registration of the New Shares in the Trade Register, the total number of the shares in the Company is 30,105,835 shares of which 5,553 shares are held by the Company, and taken into account the new shares subscribed in the share issue to the Company itself on 15 July 2019 not yet registered with the Trade Register, the total number of the shares in the Company is 32,155,835 shares.

A total amount of EUR 1,700,000 of the loan capital of the convertible bond 1/2019 was converted to the New Shares in the share subscription and thus the convertible bond 1/2019 decreased by EUR 1,700,000. In total 7,747,112 new shares can be subscribed by executing the conversion right under the convertible bond 1/2019.

19 July 2019: VALOE CORPORATION AND GLOBAL BOD GROUP HAVE AGREED ON AMENDMENTS TO THE TERMS OF THE ACQUISITION OF SOLAR CELL FACTORY IN LITHUANIA AND STARTS PREPARATIONS FOR A SHARE ISSUE

Valoe Corporation (the "Company") announced on 19 February 2019 that it has agreed to acquire the solar cell production business of JCS SoliTek R&D ("Solitek") from Lithuanian Global BOD Group SIA ("BOD").

The Company estimated the completion of the transaction to take place in connection with the payment of the remaining purchase price approximately in May 2019. To date, the Company has paid solely the initial purchase price of EUR 0.3 million and the completion has not yet occurred. As a part of the completion preparations, the solar cell business of SoliTek has been remerged into a new Lithuanian company, as previously disclosed.

The Company and BOD have now agreed on amendments of the terms regarding payment of the purchase price and completion as follows: the remaining purchase price in the amount of EUR 3.2 million shall be paid by the funds to be collected in the share issue contemplated to be arranged by the Company during the second half of the year 2019 by the end of September 2019. The completion of the acquisition would take place in connection with the payment of the remaining purchase price.

In case the Company has not paid the remaining purchase price in full but has paid at least EUR 2.8 million of the remaining purchase price by the end of September 2019, the full and unrestricted ownership of and title to the shares in the new Lithuanian company, to which the SoliTek has transferred assets, know-how and key personnel related to its solar cell business, shall transfer to the Company in proportion to the paid purchase price in a way that in case EUR 2.8 million has been paid, the Company receives 70 % of the shares in the Lithuanian company. In such case the Company has 12 months' time to acquire the remaining shares in the Lithuanian company by paying the remaining purchase price plus interest of 10 % p.a. In case the Company would not have paid at least EUR 2.8 million of the remaining purchase price by the end of September 2019, the acquisition shall be cancelled and the assets related to the solar cell factory sold.

In addition to the financing of the remaining purchase price for the said acquisition, the Company needs additional financing i.a. for the finalization of the construction of the new solar cell factory. The Company has since February 2019 constructed new solar cell factory by combining the cell factory previously acquired from Italy with SoliTek's factory to one modern production plant which will start product double-sided and high capacity IBC solar cells.

In order to finance the remaining purchase price, its other strategic investments and working capital needs the Company has resolved to start preparations for a share issue contemplated to be arranged during the second half of the year 2019 in which the Company intends to collect in total EUR 7.0 million of new capital.

#### 19 July 2019: VALOE CORPORATION: PROSPECTUS REGARDING ADMISSION TO TRADING OF IN TOTAL 13,615,864 NEW SHARES IN THE COMPANY APPROVED

The Financial Supervisory Authority has today approved the prospectus (the "Prospectus") of Valoe Corporation (the "Company") pursuant to the Finnish Securities Markets Act (746/2012, as amended) regarding admission to trading of in total 13,615,864 new shares in the Company. As set out in the stock exchange release published by the Company on 18 July 2019, the Prospectus covers admission to trading of in total 2,050,000 new shares subscribed by the Company in the directed share issue without consideration to the Company itself on 15 July 2019 and of in total 11,565,864 new shares subscribed by the lenders of the Company's convertible bond 1/2019 by converting the promissory notes on 18 July 2019.

In this release, the Company discloses certain information related to the financial situation and financing needs of the Company, as described in the Prospectus.

As described in the Prospectus, to the understanding of the Company, the amount of Company's working capital is not sufficient for the conduct of its business in accordance with its expansion driven strategy (including strategic investments) for the period of next 12 months. The strategy of the Company covers expansion to the IBC solar cell technology, further development of such technology, starting of IBC solar cell production and carrying out other investments related thereto.

The cumulative cash flow of the Company is estimated to be approximately EUR 1.5 million negative. The trade payables due on the date of the Prospectus amount to approximately EUR 1.6 million. Other debts than equity instruments to other parties than to the related parties of the Company amount to approximately EUR 1.0 million and other short-term debts amount to approximately EUR 0.9 million. The product development investments to i.a. solar cell technology pursuant to the Company's investment plan amount to EUR 6.0 million for the period of next 12 months.

To the understanding of the Company, in addition to the utilization of the existing financial commitments amounting to EUR 3.0 million in full, additional financing in the minimum amount of EUR 8.0 million is needed for the conduct of the business pursuant to its strategy.

The Company has existing financing commitments from Winance Investment in the amount of EUR 1.5 million for the purposes of enhancing its cash position of which the Company estimates to withdraw approximately EUR 1.5 million during the period of next 12 months.

Additionally, the Company has a product development loan related to the ongoing solar cell product development from Business Finland (former Tekes) of which the Company believes to be able to withdraw the remaining EUR 0.8 million in late 2019. Further, the Company is involved, as a participant to the European level consortium, in the research project belonging to the European Union's Horizon 2020 program of which the Company believes it can withdraw approximately EUR 0.7 million financing in or around in October 2019.

Additionally, the Company has negotiated on additional financing with its key shareholders and expects that in total EUR 0.5 million additional financing can be withdrawn from such key shareholders by the end of August 2019. Further, the Company believes that it is able to agree on the extension of the payment terms with respect to its existing short-term debts and liabilities amounting to EUR 0.5 million



(existing short-term debts and liabilities amounting in total to EUR 5.0 million) so that such liabilities would not need to be settled during the period of next 12 months.

In order to cover its strategic investments and working capital deficit the Company contemplates to arrange a new share issue or to collect new capital by way of some other financing arrangement during the second half of 2019 in which the Company intends to collect in total EUR 7.0 million of new capital.

Should the Company not be able to collect sufficient funds to carry out its investments, the Company would be obliged to abandon its expansion driven strategy.

However, the Company could continue its basic operations as a company selling and developing new generation solar panel and cell technology provided that it would be able to finance the negative cumulative cash flow for such basic operations. Provided that the Company abandons all its investments and is able to utilize existing financing commitments in full, the Company assumes to be able to finance the negative cumulative cash flow for the period of next 12 months.

The investors are requested to read entire contents of the Prospectus and particularly sections concerning description of the risks.

The Prospectus is available in Finnish language at the registered office of the Company at Insinöörinkatu 5, 50150 Mikkeli, during the customary office hours and in the electronic form on the website of the Company at [www.valoe.com/sijoittajat](http://www.valoe.com/sijoittajat).

#### 9 August 2019: SUBSCRIPTION OF NEW SHARES IN VALOE CORPORATION

The Board of Directors of Valoe Corporation (the "Company") has resolved to subscribe in total 3,065,000 new shares ("Subscribed Shares") in the share issue without consideration resolved by the Company on 15 July 2019.

The share subscription is conducted in order to implement a part of the financing arrangement between the Company and Winance approved on 19 December 2018. The new shares may be used solely for the implementation of the financing arrangement so that the Company may issue the new shares held by it to Winance when Winance subscribes shares on the basis of the convertible loans and warrants granted to it under the said financing arrangement. To the extent it is not necessary to issue new shares subscribed by the Company to Winance, the Company shall annul the shares.

The new shares are of the same class as the Company's other shares and entitle to the same shareholder rights as the Company's old shares after their registration.

After the registration of the Subscribed Shares in the trade register, the total number of the shares in the Company is 35,220,835 shares of which 3,443,815 shares are held by the Company.

The Subscribed Shares are estimated to be registered in the trade register approximately on 14 August 2019 and the Company shall apply for the admission of the Subscribed Shares to public trading on the stock exchange list of Nasdaq Helsinki Ltd approximately on 15 August 2019.

#### 15 August 2019: VALOE SIGNED A USD 12 MILLION IBC CELLS SUPPLY AGREEMENT

Valoe Corporation ("Company") has signed an IBC (Interdigitated Back Contact) Cells Supply Agreement

with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. The parties have agreed not to disclose the name of the customer for the time being.

Valoe intends to manufacture the bifacial and high-efficient IBC cells in the Lithuanian solar cell plant that is being modified for IBC cells production. On 19 February 2019 Valoe announced that it has agreed to acquire the solar cell production business of JCS SoliTek R&D ("Solitek") from Lithuanian Global BOD Group SIA ("BOD"). A part of the purchase price amounting to EUR 3.2 million has not yet been paid. Valoe intends to finance the payment of the remaining purchase price and the modernization of the plant with a share issue planned for September 2019. Valoe disclosed on 19 July 2019 that it has started the preparations of the share issue.

Provided that the share issue disclosed by Valoe will be successful the Cells Supply Agreement is estimated to turn the cashflow of the Lithuanian IBC Cell plant positive already during the plant's first year of operation, in 2020.

In addition to customary terms of such contracts, either party may terminate the Agreement if the parties fail to agree on revised prices during two consecutive quarterly price negotiations, or if Valoe is not able to meet mutually agreed quality or delivery targets.

Under the Agreement, Valoe will provide the customer with IBC Cells manufactured in its plant in Lithuania from the beginning of 2020. The initial term of the Agreement lasts until the end of 2020 after which the parties will negotiate the terms of an extension period. Pursuant to the Agreement, the cell prices are based on the market prices and the parties have agreed on an initial price. Further, the parties have agreed on revising the prices quarterly and the prices will be raised or reduced depending on the development of the world market prices of the IBC cells.

Valoe estimates that the Agreement could lead to long-term and expanding cooperation as the customer relationship deepens.

Ilkka Savisalo, CEO of Valoe Corporation: "This first IBC cells supply contract is significant for Valoe. The well-known and established customer chose Valoe as its partner before the Company's Lithuanian cell plant has been completed or even been transferred to Valoe's ownership. This is a clear evidence of the customer's trust in Valoe's competence. It also shows that there is demand for IBC cells in the market. It is now particularly important to complete the modification of the Lithuanian plant as planned and get ready to convince our new partners of Valoe's expertise and ability to collaborate."

#### 15 August 2019: VALOE IS PREPARING A SHARE ISSUE: THE BOARD OF DIRECTORS SEEKS AUTHORIZATION FOR A SHARE ISSUE, AMONG OTHER THINGS, FROM THE EXTRAORDINARY GENERAL MEETING

The Board of Directors of Valoe Corporation ("Valoe") has decided to propose to the company's extraordinary general meeting to authorize the Board of Directors to decide on a share issue among other things. On 19 July 2019 Valoe disclosed that it starts the preparations for a share issue in which the company intends to collect in total approximately EUR 7.0 million of new capital in order to finance the expanding operations according to the company's strategy. Further, the company plans to offer its current creditors an opportunity to convert receivables totally amounting to approximately EUR 3.0 million.

The share issue is subject to the extraordinary general meeting of 5 September 2019 authorizing the Board of Directors to decide on a share issue as proposed in the notice; Valoe preparing a Securities Note and the

Financial Supervisory Authority approving it. The share issue is intended to be arranged in September 2019.

The proceeds from the planned share issue would be used for the payment of the remaining part of the purchase price of the Lithuanian cell plant and for the cell plant's modifications. Thus, the production in the Lithuanian cell plant could be started in early 2020. In addition, the funds raised through the share issue are intended to be used to modernize the company's plant in Mikkeli and increase the plant's capacity as well as to improve Valoe's working capital situation and strengthen the company's financial situation.

Valoe has earlier today, 15 August 2019, disclosed that it has signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. The Board of Directors of Valoe emphasizes that the successful completion of the share issue is a prerequisite for commencing the deliveries under the aforementioned Agreement and implementing Valoe's strategy.

#### 15 August 2019: NOTICE TO AN EXTRAORDINARY GENERAL MEETING OF VALOE CORPORATION

Notice is given to the shareholders of Valoe Corporation to an Extraordinary General Meeting to be held on 5 September 2019 at 11:30 (Finnish time) at the company's headquarters at Insinöörinkatu 5, 50150 Mikkeli, Finland. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 11:00 (Finnish time).

#### A. Matters on the agenda of the General Meeting

At the General Meeting, the following matters will be considered:

1. Opening of the meeting
2. Calling the meeting to order
3. Election of persons to scrutinize the minutes and to supervise the counting of votes
4. Recording the legality of the meeting
5. Recording the attendance at the meeting and adoption of the list of votes
6. Authorization of the Board of Directors to decide on a share issue as well as other option rights and other special rights entitling to shares in the company

The Board of Directors proposes to the General Meeting, that the General Meeting authorizes the Board of Directors to decide on a share issue with and/or without payment, either in one or in several occasions, including right to resolve on option rights and other rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act so that the number of new shares issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total maximum amount of 150,000,000 shares. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. It is proposed that the authorization may be used for important arrangements from the company's point of view e.g. to strengthen the capital structure, to finance investments, for acquisitions and business

transactions or other business arrangements, or to expand ownership structure, or for incentive plans, or for other purposes resolved by the Board involving a weighty financial reason for issuing shares or option rights or special rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. The share issue may be executed by deviating from the shareholders' pre-emptive subscription right provided the company has a weighty financial reason for that. It is proposed that the authorization shall not revoke any previous authorizations. It is proposed that the authorization is in force until 30 June 2020.

## 7. Closing of the meeting

### RISK MANAGEMENT, RISKS AND UNCERTAINTIES

Valoe's Board of Directors is responsible for the control of the company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control. Business management and control are taken care of using a Group-wide reporting and forecasting system.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary.

Due to the small size of the company and its business operations, Valoe does not have an internal auditing organization or an audit committee.

Pursuant to the estimates available to the company, the company's financial situation and working capital situation continue to be tight in 2019.

In order to implement its investment plan Valoe has started preparations for a share issue contemplated to be arranged in September 2019. The share issue is subject to the extraordinary general meeting to be held on 5 September 2019 authorizing the Board of Directors to resolve on a share issue as proposed in the Notice to the meeting and Finnish Financial Supervisory Authority approving the prospectus Valoe has prepared and delivered to Finnish Financial Supervisory Authority for approval on 27 August 2019..

According to Valoe's Board of Directors, considering the available financing commitments and assuming a minimum of ca. EUR 7 million shall be raised from the planned share issue, the company has sufficient working capital for its business operations and investments according to the company's strategy at least for the next 12 months. There is no certainty about the success of the share issue.

Pursuant to Valoe's strategy, the acquisition of a solar cell factory in Lithuania requires that the plant will be modified for IBC cell production. Addition, Valoe needs funding to finance its strategic investments in product development, especially to secure and improve the competitiveness of the IBC product, to develop IBC applications for new back contact modules, and as working capital for expanded operations.

On 15 August 2019 Valoe that it has signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. The implementation of the Agreement involves risks. The Board of Directors of Valoe emphasizes that the successful completion of the share issue is a prerequisite for commencing the deliveries under the aforementioned Agreement and implementing Valoe's strategy.

Valoe's objective is to achieve a strong market position as a provider of, in various geographical areas, locally produced high-quality photovoltaic modules. Achievement of the objectives involves risks. Even though Valoe's strategy and objectives are based on market knowledge and technical surveys, the risks are significant and it is not certain if the company reaches all or part of the targets set for it. Valoe's future outlook will be highly dependent on the company's ability to reach the targeted market position in the global photovoltaic module market as well as on the company's financing.

Valoe's customer has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. The realization of the project involves significant risks. The financing negotiations are ongoing and it is not yet certain if the project or even a part of it will be realized.

The module manufacturing plant order from Ethiopia involves business, financial, schedule and country risks that are typical of international equipment sales. The country risks include also slow decision process for financing arrangements. The payments relating to the project have not yet begun despite the binding financing agreements. However, Valoe's customer, LS Corp, has commenced to withdraw some loan in local currency based on the abovementioned financial agreements and is building premises for the module manufacturing plant. The company follows very closely how the situation develops in Ethiopia and tries to support the customer in its negotiations by being present as often as possible.

The Agreement signed with ForUs Capital involves risks out of which the most remarkable risk is whether ForUs Capital is able to secure financing for all projects under the frame agreement.

The developing markets can be unpredictable and operation in the markets involves many risks. When assessing the company, one shall be aware of the fact that the major part of the company's operations take place in high-risk environment and consider carefully the effects of the risks on the investor's own investment strategy.

The certain statements in this Interim Report and especially the non-binding estimations in Valoe's strategy are targeted to the future and based on the management's current estimations. They involve risks and uncertainty by their nature and may be affected by changes in general financial situation or business environment.

## MARKET OUTLOOK

Valoe will not disclose financial guidance for the financial year 2019.

In Mikkeli, 28 August 2019

Valoe Corporation

Board of Directors

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# Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
<b>Net sales</b>	81	455	124	542	1 328
Cost of sales	-221	-379	-421	-586	-1 657
<b>Gross profit</b>	<b>-140</b>	<b>76</b>	<b>-297</b>	<b>-44</b>	<b>-329</b>
Other operating income	133	18	133	18	562
Product development expenses	-440	-290	-822	-566	-1 322
Sales and marketing expenses	-112	-188	-234	-353	-697
Administrative expenses	-150	-175	-328	-354	-682
Other operating expenses	0	0	0	0	0
<b>Operating profit</b>	<b>-709</b>	<b>-560</b>	<b>-1 548</b>	<b>-1 298</b>	<b>-2 468</b>
Financial income	0	-1	0	0	0
Financial expenses	-561	-459	-1 060	-820	-1 743
<b>Profit before taxes</b>	<b>-1 270</b>	<b>-1 020</b>	<b>-2 608</b>	<b>-2 117</b>	<b>-4 210</b>
Income taxes	0	0	0	0	0
<b>Profit/loss for the period</b>	<b>-1 270</b>	<b>-1 020</b>	<b>-2 608</b>	<b>-2 117</b>	<b>-4 210</b>
<b>Profit/loss attributable to:</b>					
Shareholders of the parent company	<b>-1 270</b>	<b>-1 020</b>	<b>-2 608</b>	<b>-2 117</b>	<b>-4 210</b>
Earnings/share (basic), eur	-0,07	-0,07	-0,15	-0,15	-0,28
Earnings/share (diluted), eur	-0,07	-0,07	-0,15	-0,15	-0,28
<b>Total comprehensive income for the period</b>	<b>-1 270</b>	<b>-1 020</b>	<b>-2 608</b>	<b>-2 117</b>	<b>-4 210</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent company	<b>-1 270</b>	<b>-1 020</b>	<b>-2 608</b>	<b>-2 117</b>	<b>-4 210</b>

# Consolidated statement of financial position

(unaudited)

1 000 EUR	30.6.2019	30.6.2018	31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	754	11	29
Consolidated goodwill	441	441	441
Other intangible assets	8 742	8 349	9 016
Available-for-sale investment	9	9	9
<b>Total non-current assets</b>	<b>9 946</b>	<b>8 810</b>	<b>9 495</b>
<b>Current assets</b>			
Inventories	739	615	659
Trade and other non-interest-bearing receivables	1 340	1 526	1 234
Cash and cash equivalents	2	9	22
Other financial resources	0	0	41
<b>Total current assets</b>	<b>2 081</b>	<b>2 150</b>	<b>1 955</b>
<b>Total assets</b>	<b>12 027</b>	<b>10 960</b>	<b>11 451</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the parent company</b>			
Share capital	80	80	80
Other reserves	12 081	11 386	11 804
Retained earnings	-20 726	-17 484	-18 927
<b>Total equity</b>	<b>-8 566</b>	<b>-6 018</b>	<b>-7 044</b>
<b>Non-current liabilities</b>			
Non-current loans	12 322	10 709	10 995
<b>Total non-current liabilities</b>	<b>12 322</b>	<b>10 709</b>	<b>10 995</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	3 285	1 495	2 779
Trade and other payables	4 787	4 329	4 339
Current provisions	123	158	307
<b>Total current liabilities</b>	<b>8 195</b>	<b>5 981</b>	<b>7 425</b>
Liabilities directly associated with assets classified as held for sale	75	288	75
<b>Total liabilities</b>	<b>20 593</b>	<b>16 978</b>	<b>18 495</b>
<b>Equity and liabilities total</b>	<b>12 027</b>	<b>10 960</b>	<b>11 451</b>

# Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-6/2019	1-6/2018	1-12/2018
<b>Cash flow from operating activities</b>				
Income statement profit/loss before taxes		-2 608	-2 117	-4 210
<b>Non-monetary items adjusted on income statement</b>				
Depreciation and impairment	+	831	616	1 232
Unrealized exchange rate gains (-) and losses (+)	+/-	0	1	5
Other non-cash transactions	+/-	-333	-2	-526
Change in provisions	+/-	-184	-63	87
Financial income and expense	+	1 060	818	1 737
<b>Total cash flow before change in working capital</b>		<b>-1 235</b>	<b>-746</b>	<b>-1 676</b>
<b>Change in working capital</b>				
Increase (-) / decrease (+) in inventories		-80	-33	-78
Increase (-) / decrease (+) in trade and other receivables		-106	-270	-12
Increase (+) / decrease (-) in trade and other payables		270	-12	59
<b>Change in working capital</b>		<b>85</b>	<b>-315</b>	<b>-31</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>				
Interest paid	-	115	127	195
Other financial items	-	8	85	247
Financial items and taxes		-123	-212	-442
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>		<b>-1 273</b>	<b>-1 274</b>	<b>-2 149</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in tangible and intangible assets	-	306	1 655	2 613
<b>NET CASH FLOW FROM INVESTMENTS</b>		<b>-306</b>	<b>-1 655</b>	<b>-2 613</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from share issue	+	0	59	59
Financing arrangement with Bracknor Investment	+	0	500	918
Proceeds from non-current borrowings	+	960	1 990	2 421
Proceeds from current borrowings	+	940	776	2 829
Repayment of current borrowings	-	381	737	1 751
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>1 519</b>	<b>2 588</b>	<b>4 476</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>		<b>-60</b>	<b>-341</b>	<b>-287</b>



## Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2018</b>	<b>80</b>	<b>11 804</b>	<b>-18 927</b>	<b>-7 044</b>
Profit/loss for the period	-	-	-2 608	-2 608
Translation difference, comprehensive income	-	-	0	0
<b>Transactions with owners:</b>				
Sale of own shares				
Bracknor Investment	0	277	0	277
Share issue	0	0		0
Stock option scheme 2015	0	0	0	0
Own equity component of the convertible bond	0	0	810	810
<b>30.6.2019</b>	<b>80</b>	<b>12 081</b>	<b>-20 726</b>	<b>-8 566</b>

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2017</b>	<b>80</b>	<b>10 542</b>	<b>-15 166</b>	<b>-4 544</b>
Profit/loss for the period	-	-	-2 117	-2 117
<b>Transactions with owners:</b>				
Sale of own shares				
Bracknor Investment	0	548	0	548
Share issue	0	295	0	295
Stock option scheme 2015	0	0	16	16
Own equity component of the convertible bond	0	0	-217	-217
<b>30.6.2018</b>	<b>80</b>	<b>11 386</b>	<b>-17 484</b>	<b>-6 018</b>

## Discontinued operations

(unaudited)

17 September Valoe announced that it has transferred the company's electronics automation business into Cencorp Automation Oy, a fully-owned subsidiary of Valoe. Further, in accordance to the agreement signed earlier, FTTK Company Limited has purchased 70 percent of the shares in Cencorp Automation Oy. Further FTTK has used its option to purchase the remaining 30 percent of the shares in Cencorp Automation Oy and the parties have signed an agreement on exercising the option in December 2014. In consequence of the sale of the shares Valoe reports the financial figures relating to the electronics automation business as discontinued operations from Q3/2014.

From the financial year 2018 onwards the company does not report the continuing operations and the discontinued operations separately in its profit and loss statement as there have been no discontinued operations. However, there are liabilities related to the discontinued operations in the balance sheet.

The major classes of assets and liabilities of Cencorp's electronics automation business are as follows:

<b>1 000 EUR</b>	<b>1-6/2019</b>	<b>1-6/2018</b>	<b>1-12/2018</b>
<b>Liabilities</b>			
Trade and other payables	75	288	75
Provisions	0	0	0
Liabilities directly associated with assets classified as held for sale	75	288	75
Net assets directly associated with disposal group	<b>-75</b>	<b>-288</b>	<b>-75</b>

Net cash flow of Cencorp's electronics automation business:

<b>1 000 EUR</b>	<b>1-6/2019</b>	<b>1-6/2018</b>	<b>1-12/2018</b>
Operating	0	-5	-12
Investing	0	0	0

# Key figures

(unaudited)

1 000 EUR	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
Net sales	81	455	124	542	1 328
Operating profit	-709	-560	-1 548	-1 298	-2 468
% of net sales	-876,8 %	-123,1 %	-1252,3 %	-239,4 %	-185,8 %
EBITDA	-307	-252	-717	-682	-1 637
% of net sales	-379,4 %	-55,4 %	-580,1 %	-125,8 %	-123,2 %
Profit before taxes	-1 270	-1 020	-2 608	-2 117	-4 210
% of net sales	-1569,6 %	-224,3 %	-2109,7 %	-390,6 %	-316,9 %
Balance Sheet value	12 027	10 960	12 027	10 960	11 451
Equity ratio, %	-71,2 %	-55,0 %	-71,2 %	-55,0 %	-61,5 %
Net gearing, %	neg.	neg.	neg.	neg.	neg.
Gross investments	252	1 836	386	1 985	3 286
% of net sales	311,7 %	403,6 %	312,5 %	366,1 %	247,4 %
Research and development costs	440	290	822	566	1 322
% of net sales	544,3 %	63,8 %	664,7 %	104,3 %	99,5 %
Order book	17 064	17 002	17 064	17 002	15 940
includes Ethiopia	15 834	15 834	15 834	15 834	15 834
Personnel on average	24	20	25	19	21
Personnel at the end of the period	24	21	24	21	25
Non-interest-bearing liabilities	4 862	4 617	4 862	4 617	4 414
Interest-bearing liabilities	15 608	12 204	15 608	12 204	13 774
Share key indicators					
Earnings/share (basic)	-0,07	-0,07	-0,15	-0,15	-0,28
Earnings/share (diluted)	-0,07	-0,07	-0,15	-0,15	-0,28
Equity/share	-0,48	-0,40	-0,40	-0,43	-0,47
P/E ratio	-2,48	-8,92	-1,18	-3,93	-0,48
Highest price	0,43	1,05	0,80	1,35	1,35
Lowest price	0,17	0,51	0,13	0,51	0,10
Average price	0,27	0,65	0,29	0,78	0,53
Closing price	0,18	0,60	0,18	0,60	0,14
Market capitalisation, at the end of the period, MEUR	3,2	9,3	3,2	9,3	2,3

## Calculation of Key Figures

EBITDA, %:	$\frac{\text{Operating profit + depreciation + impairment}}{\text{Net sales}}$
Equity ratio, %:	$\frac{\text{Total equity} \times 100}{\text{Total assets - advances received}}$
Net gearing, %:	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents} \\ \text{and marketable securities} \times 100}{\text{Shareholders' equity + non-controlling interests}}$
Earnings/share (EPS):	$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue} \\ \text{at the end of the financial year}}$
Equity/share:	$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Undiluted number of shares on the balance sheet date}}$
P/E ratio:	$\frac{\text{Price on the balance sheet date}}{\text{Earnings per share}}$

## Related party transactions

(unaudited)

The Group has sold and purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices.

The Group entered into the following transactions with related parties:

1 000 EUR	1-6/2019	1-6/2018	1-12/2018
<b>Sales of goods and services</b>			
Savcor Face Ltd - solar modules / production services	0	6	22
Savcor Oy - production services	3	12	12
<b>Total</b>	<b>3</b>	<b>18</b>	<b>35</b>
<b>Purchases of goods and services</b>			
SCI Invest Oy - rent	24	0	24
Savcor Face Ltd - marketing services	0	0	8
SCI-Finance Oy - marketing and administration services	28	22	66
Savcor Technologies Oy - marketing and administration services	39	46	88
Savcor Oy - financial management services	4	5	10
Oy Marville Ab - legal services	6	0	4
<b>Total</b>	<b>101</b>	<b>73</b>	<b>199</b>
<b>Interest expenses and other financial expenses</b>			
SCI-Finance Oy	35	12	55
Savcor Technologies Oy	166	129	283
Savcor Oy	16	12	24
Others	85	58	119
<b>Total</b>	<b>302</b>	<b>210</b>	<b>481</b>

1 000 EUR	1-6/2019	1-6/2018	1-12/2018
Non-current convertible subordinated loan from related parties	2 461	1 282	1 882
Non-current other subordinated loan from related parties	2 011	2 261	2 011
Non-current convertible loan from related parties	0	464	114
Other current liabilities to related parties	1 032	265	630
Current interest payable to related parties	764	587	820
Trade payables and other non-interest-bearing liabilities to related parties	642	644	547
Trade and other current receivables from related parties	22	39	22

Savcor Face Ltd, Savcor Technologies Oy, Savcor Communications Pty Ltd and Savcor Oy are companies under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

SCI Invest Oy is a company under control of Iikka Savisalo, Cencorp's CEO.

SCI-Finance Oy is a company under control of Hannu Savisalo, Valoe's Chairman of the Board.

Oy Marville Ab is a company under control of Ville Parpola, Valoe's Vice chairman of the Board.

<b>1 000 EUR</b>	<b>1-6/2019</b>	<b>1-6/2018</b>	<b>1-12/2018</b>
<b>Wages and remuneration</b>			
Salaries of the management and Board	240	241	490
Stock option scheme 2015 / IFRS 2 booking	0	12	25

## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 30.6.2019</b>	<b>Fair value 30.6.2019</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	1 340	1 340
Cash and cash equivalents	2	2
<b>Financial liabilities</b>		
R&D loan, non-current	5 299	5 299
Non-current subordinated loan	6 628	6 628
Other non-current loans	396	396
Convertible bond, current	136	136
Loans from financial institutions, current	780	780
Other loans, current	1 609	1 609
Other liabilities, current	760	760
Trade payables and other non-interest-bearing liabilities	2 003	2 003

The fair value of non-current liabilities is expected to correspond to the carrying amount and recognized to their fair value when recorded. There has been no significant change in common interest rate after the withdrawal of the loans.

Other non-current and other current liabilities include EUR 0,7 million of liabilities arising from the IFRS16.

EUR 2.5 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, a convertible bond of EUR 0,1 million was overdue.

# Change in intangible and tangible assets

(unaudited)

<b>1 000 EUR</b>	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>31.12.2018</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>			
Carrying amount, beginning of period	9 486	7 431	7 431
Depreciation and impairment	-831	-616	-1 232
Additions	1 282	1 985	3 286
Carrying amount, end of period	<b>9 936</b>	<b>8 800</b>	<b>9 486</b>



# Commitments and contingent liabilities

(unaudited)

<b>1 000 EUR</b>	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>31.12.2018</b>
<b>Assets pledged for the company</b>			
Loans from financial institutions	475	525	525
Other liabilities	281	281	281
Promissory notes secured by pledge	4 700	3 355	3 355
<b>Operating lease liabilities</b>			
Payable within one year	299	62	216
Payable over one year	438	0	514