

VALOE CORPORATION INTERIM REPORT 1 January 2018 – 31 March 2018

SUMMARY

- In December 2017 the company resolved on a directed share issue in which the company offered up to 10,000,000 new shares in the company for subscription to all the creditors of the company who at the time of subscription hold indisputable receivable amounting to at least EUR 25,000 from the company. The subscription price for the new shares could be paid in cash or by set-off against indisputable receivables the subscriber had from the company. In total 8,721,077 new shares were acceptably subscribed in the offering ended in the reporting period in January 2018. Thus, the company collected in the offering in total approximately EUR 859,000 new capital before fees and costs and the indebtedness of the company decreased in total approximately by EUR 9,257,000.
- On 19 April 2017 Valoe entered into a convertible note facility agreement with Bracknor Investment concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. During the reporting period the company withdrew EUR 0.5 million from the Bracknor Investment's financing commitment. By the end of the reporting period the company has withdrawn a total of EUR 1.15 million from the financing facility.
- After the end of the reporting period Valoe issued a convertible bond of MEUR 1.0 at the most in order to strengthen the company's capital structure. The subscription price is EUR 0.55 per share. The convertible bond was issued in deviation from the shareholders' pre-emptive subscription rights to the parties separately approved by the Board of Directors. The loan period shall expire on 31 May 2021 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. An annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The subscription period of the shares under the convertible bond shall begin from the subscription of the convertible bond and expire on 31 May 2021. The subscription period of the convertible bond expired on 25 May 2018 and the Convertible Bond was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 0.9 million were paid in cash. Out of the subscriptions, a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers' receivables from the company.
- During the reporting period Valoe and ForUs Capital Oy signed delivery contracts totalling ca. EUR 0.45 million. The contracts are part of the framework agreement between Valoe and ForUs Capital Oy, disclosed on 7 August 2017, on delivering solar power plants worth a total of ca. EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The first orders of ca. EUR 450,000 are delivered to nine sites owned by the City of Hanko. Some of the power plants have been delivered during the autumn 2017 and the rest will be delivered during the spring 2018. Further, on 19 December 2017 Valoe signed a new delivery contract under the framework agreement worth a total of ca. EUR 0.7 million. Pursuant to the new contract Valoe will deliver the solar power plants by the end of August 2018. The value of all binding delivery contracts with ForUs Capital Oy signed by the end of the reporting period totals ca. EUR 1.6 million.
- After the end of the reporting period Valoe has made significant investments in its research and development. In April 2018 Valoe introduced Chrome II, a new glass-glass solar module including Valoe's own MWT (Metal Wrap Through) cell, on the market. Further, in April 2018 Valoe announced

that it has purchased a solar cell production line from Italian Megacell S.r.l.; under liquidation, and that it has signed a cooperation agreement with Soli Tek Cells JSC, a solar cell manufacturer based in Lithuania. The cell production line Valoe purchased from Italy will be transferred to Soli Tek Cells JSC's premises. In May 2018 Valoe disclosed that it has signed a development and technology transfer agreement with German ISC Konstanz. The purchase of the cell production line from Italy and the cooperation agreements with both SoliTek and ISC Konstanz support Valoe's objective to develop, for Valoe's modules, an IBC cell and a bifacial cell that is based on n-type silicon cell BiSoN and IBC technology ZEBRA as well as to modify Valoe's current module structure in a way where the features of IBC and BiSoN can be utilized in the best possible way. Additionally, Valoe and ISC Konstanz have agreed on licensing the abovementioned cell types to Valoe and its future manufacturing partners.

- On the reporting period January – March 2018, the net sales of Valoe Group, under the IFRS standards, was EUR 0.1 million (in 2017 EUR 0.1 million). The EBIT was EUR -0.7 million (EUR -0.8 million), the profit for the period was EUR -1.1 million (EUR -1.4 million), undiluted earnings per share were EUR -0.09 (EUR -0.33) and the EBITDA ca. EUR -0.4 million (EUR -0.5 million).
- 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.
- Valoe will not disclose financial guidance for the financial year 2018.
- 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. 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 2017. The Interim Report has not been audited.

FINANCIAL DEVELOPMENT JANUARY – MARCH 2018

In December 2017 the company resolved on a directed share issue in which the company offered up to 10,000,000 new shares in the company for subscription to all the creditors of the company who at the time of subscription hold indisputable receivable amounting to at least EUR 25,000 from the company. The subscription price for the new shares could be paid in cash or by set-off against indisputable receivables the subscriber had from the company. In total 8,721,077 new shares were acceptably subscribed in the offering ended in the reporting period in January 2018. Thus, the company collected in the offering in total approximately EUR 859,000 new capital before fees and costs and the indebtedness of the company decreased in total approximately by EUR 9,257,000.

After the end of the reporting period Valoe issued a convertible bond of MEUR 1.0 at the most in order to strengthen the company's capital structure. The subscription price is EUR 0.55 per share. The convertible bond was issued in deviation from the shareholders' pre-emptive subscription rights to the parties separately approved by the Board of Directors. The loan period shall expire on 31 May 2021 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. An annual interest of eight percent shall be paid to the capital of the Convertible Bond. The subscription period of the shares under the convertible bond shall begin from the subscription of the convertible bond and expire on 31 May 2021. The subscription period of the convertible bond expired on 25 May 2018 and the Convertible Bond was fully subscribed. During the subscription period of the Convertible Bond new

investments of EUR 0.9 million was paid in cash. Out of the subscriptions, a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers' receivables from the company.

During the reporting period Valoe and ForUs Capital Oy signed delivery contracts totalling ca. EUR 0.45 million. The contracts are part of the framework agreement between Valoe and ForUs Capital Oy, disclosed on 7 August 2017, on delivering solar power plants worth a total of ca. EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The first orders of ca. EUR 450,000 are delivered to nine sites owned by the City of Hanko. Some of the power plants have been delivered during the autumn 2017 and the rest will be delivered during the spring 2018. Further, on 19 December 2017 Valoe signed a new delivery contract under the framework agreement worth a total of ca. EUR 0.7 million. Pursuant to the new contract Valoe will deliver the solar power plants by the end of August 2018. The value of all binding delivery contracts with ForUs Capital Oy signed by the end of the reporting period totals ca. EUR 1.6 million.

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 0.8 million by the end of the financial year 2017 and a total of EUR 0.6 million in April after the end of the reporting period. As per the date of this Interim Report there is still a total of EUR 2.7 million to be withdrawn.

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 2017, unless stated otherwise. The profit and loss effects of the Ethiopian project have been removed from the figures for the corresponding period in 2017. During the financial year 2017, the company reported the continuing operations and the discontinued operations separately. Since the beginning of the reporting period, the company does not report them in its profit and loss statement as there have been no discontinued operations neither during the reporting period nor during the corresponding period. However, there are liabilities related to the discontinued operations in the balance sheet.

January – March 2018:

- Valoe Group's net sales increased 20.8 percent to EUR 0.1 million (In 2017: EUR 0.1 million).
- EBITDA was EUR -0.4 million (EUR -0.5 million).
- Operating profit was EUR -0.7 million (EUR -0.8 million).
- The profit before taxes was EUR -1.1 million (EUR -1.4 million).

- Profit for the period was EUR -1.1 million (EUR -1.4 million).
- Undiluted earnings per share were EUR -0.09 (EUR -0.33).

MANAGING DIRECTOR'S REPORT

Due to longlasting and very snowy winter, the number of solar power plant installations was close to zero, due to which the company's net sales was very low in the first quarter of 2018. However, the advance sales of Valoe's new solar module, Chrome II, and power plants including Chrome II modules was successful. During the first quarter Valoe focused on finishing the development of Chrome II and the module was introduced on the market on schedule in April. Valoe believes that the company will finally start growing as the deliveries in the company's order book start generating turnover mainly during the third quarter of 2018.

The share issue during the reporting period and the Convertible Bond with subscription period ended on 25 May improved the company's financial situation and enabled, together with funding from Business Finland (prev. Tekes), the below described purchase of the cell production line from Megacell S.r.l., under liquidation. As Valoe continues materialising its strategy, the company's financial situation continues to be tight. Valoe plans to arrange a share issue, at the end of 2018, in order to strengthen the company's financial situation.

Valoe has continued negotiations for new manufacturing partnerships and established new contacts in Africa as well as in Europe. The company will disclose more information as soon as it is convinced that the projects can materialize.

In Ethiopia, the company has continued supporting its manufacturing partner to withdraw the financing granted for Valoe's delivery. The prerequisites for the Ethiopian project have not changed and the operating environment for solar energy production continues to be favourable. Valoe's partner has shown exceptional persistence and is still fully committed to the project. Both the local government and a local energy company have promised their support for Valoe as well as for the project. We at Valoe still believe that the project will be completed after long-term work.

During and after the reporting period, there has been progress in the Ethiopian project. The Development Bank of Ethiopia has approved drawdowns, to be made in local currency, from the loan given to Valoe's customer, LS Corp, in February 2016 for the purchase of the solar module plant. LS Corp has started building the plant and has drawn down some loan to pay construction costs. The payment, to be made in Euros, for Valoe's production line delivery is still under negotiation. Valoe's production line delivery can be started only when LS Corp or its bank has placed a sufficient security for the delivery payment or the companies have agreed on some other reliable payment arrangement.

Valoe Focuses on Product Development

It is Valoe's objective that the energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy on the market. With regard to cell technology, Valoe was, during 2017, able to lay foundations for development that enabled Valoe to introduce a glass-glass polycrystalline module, Chrome II, with solar cells developed by the company on the market.

Valoe is aiming at developing a module with a lifespan of more than hundred years. Although such a module does not yet exist, Valoe chooses its components with a view to extending a module's operational lifetime. Valoe never purchases cheaper components at the cost of their lifecycle.

For a few years, Valoe has closely followed the development of silicon-based modules and has become more and more convinced of the long-term competitiveness of the back contact modules. However, in order to take full advantage of the competitive edge of the back contact modules Valoe who is aiming at maximizing the performance of back contact modules has to keep on developing its technology continuously.

In order to achieve its objectives Valoe has to be able to develop cell technology too. According to Valoe's view, the ongoing project related to the development of the company's own silicon cell is taking Valoe's technology to a new level. During the reporting period the company has taken giant leaps forward for its objectives. During the reporting period Valoe has continued developing cell technology together with the Dutch ECN in order to bring MWT polycrystalline cell on the market. The cooperation has been smooth. Chrome II, the module Valoe introduced on the market in April, is powered by a polycrystalline cell designed by Valoe. Valoe's manufacturing partner is Lithuanian Soli Tek Cells. Valoe continues optimizing the cell to secure the best possible efficiency. For the moment, Valoe is reaching for efficiency target of 17.5 % in a polycrystalline cell.

In May 2018 Valoe signed a cooperation agreement with one of the leading solar energy institutes in Europe, German ISC Konstanz, on developing and licensing n-type IBC (Interdigitated Back Contact) cells. Valoe was able to start the development cooperation with ISC Konstanz after Valoe purchased the required equipment and machinery from Megacell S.r.l., under liquidation, from Italy in April.

The actions are part of Valoe's plan to develop, for Valoe's modules, an n type IBC cell representing the next generation after the p type and also an n type bifacial cell BiSoN as well as a solar module structure where the features of the aforementioned cells can be utilized in the best possible way. Thanks to Valoe's long-term back contact development, the company is one of the best positioned companies to enhance the advantages of IBC cells.

Valoe's objective is to reach efficiency level of 23 % in its IBC based modules. Should Valoe meet its goals, the company's module will be one of the most efficient modules in the world. According to the studies (ITRPV), demand for this kind of modules continues growing and the market share of modules including IBC cells is rising at least until 2027. Valoe is aiming at launching a module family with IBC cells during 2019.

With respect to the development of solar power plants, Valoe is planning to pilot a concept for a solar power plant operating on a 24-hour basis. An ability to provide an overall solution for implementing solar electricity will be one of Valoe's most important assets as the company's customers and manufacturing partners evaluate who would be the best suppliers and technology partners in the future.

The Finnish Market Is Growing - Valoe Increases the Volume of Its Production

Although the developing markets, especially in Africa, are the most important ones for Valoe's future, the Finnish solar electricity market is becoming more and more important for Valoe. In Finland, the solar electricity business has just started to grow. There are several very active solar energy companies and prices of solar power investments have dropped significantly. Low prices have attracted new customers who have made their decision based on the price of a solar system. However, well-informed customers rely

their purchase decision on the price of produced electricity per kilowatt-hour. Estimated lifespan of a solar power plant should also be taken into account besides investment cost.

During the autumn 2017 Valoe signed a remarkable agreement with ForUs Capital Oy on delivering several solar power plants in Finland. The first power plants were delivered to the sites during the autumn 2017 and in April – May 2018. As the deliveries pursuant to the contracts between ForUs Capital and Valoe are now starting to materialize Valoe has during the reporting period taken action to increase its capacity at the company's factory in Mikkeli.

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 probably Valoe's most visible but in terms of revenue potential the smallest 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 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.

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.

Valoe's modules have passed all the tests commonly used for solar modules and included in the test programme Valoe ordered from the German testing and research institute, Fraunhofer ISE. Having these test results, Valoe can more easily get specific local certifications, if required in Valoe's target market areas.

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 in the next five years. 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 other special components. These components are back contact based cells that Valoe manufactures or has manufactured for the companies using Valoe's technology. Other components may include other manufacturers' smart components, components for storing energy 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 prices of solar modules collapsed and decreased by ca. 70 percent during 2010 – 2012. The prices of low- and middle-priced modules decreased by ca. 30 percent again in 2016 and 2017. Intense price

competition followed by decrease in production costs of solar energy has led to rapid increase in solar electricity production around the world generating strong growth in the solar business.

The competitiveness of the solar electricity, compared to the fossil fuels and other renewable energy sources, will continue increasing faster and faster. 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. Valoe believes that innovative companies capable of continuously developing next generation technologies will succeed in the future business environment. Valoe trusts it will be one of these companies.

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 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 trusts that it has better possibilities to succeed if it is a part of the solar electricity value chain including solar electricity storages and smart grids.

According to the information available to Valoe there is only one major automation manufacturer, besides Valoe, in the market who provides its customers with turnkey production capacity for back contact modules. Valoe is aware that besides this automation manufacturer, there are companies developing production capacity for a similar application. However, according to Valoe's knowledge, it is the only back contact manufacturer with major existing mass production capacity for the moment.

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. 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.

COMPETITION AND VALOE'S ROADMAP

Continuously decreasing prices have brought many of the H type module manufacturers into problems or even bankruptcy. Even the results of the world's biggest Chinese manufacturers have turned negative. Based on the market activities it seems that the current path is coming to an end in terms of price as well as technology. Valoe does not believe in increase in prices but estimates that there will be several new and better technologies in the near future. In the technological competition, Valoe finds itself to be well positioned thanks to its back contact development done for many years.

Valoe is planning to introduce completely new and in terms of performance more competitive products in the market enabling production of solar electricity at market price. The objective can be achieved by extending the lifetime of a module and increasing a module's efficiency.

The better efficiency of next generation IBC (*Interdigitated Back Contact*) cells can be utilized with Valoe's technology. The company's goal is, with the funding from Business Finland (prev. Tekes), to actively take part in this development and expand the company's special component expertise in IBC cells. In April 2018

Valoe took a major step to develop its own IBC cell as the company purchased a production line designed for cell development from Italian Megacell S.r.l.; under liquidation.

The current price leaders in the market provide modules with a lifetime of ca. 20 years. Valoe believes that in the near future it can manufacture modules with economic lifetime of more than 100 years.

During the recent years, smart modules and smart applications as well as monitoring systems have been included in small solar power plants especially. However, the smart components have not been very popular over the world mainly due to high price of the smart electronics, customers' concern about durability of the electronics and likely increasing service need. Valoe follows closely the development of the electronics but in terms of the development of the company's next module generations Valoe focuses on using mainly smart analog features. The advantage of smart analog features compared to digital ones is lower price and higher reliability in the field use over dozens of years.

FINANCING

On 19 April 2017, Valoe entered into a convertible note facility agreement with Bracknor Investment ("Bracknor") concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes (the "Convertible Notes") that will be accompanied by share subscription warrants (the "Warrants"). By 31 December 2017 Valoe has withdrawn in total EUR 0.65 million from the Bracknor Investment's financing commitment. Since the end of the financial year the company has withdrawn EUR 0.5 million from the Bracknor Investment's financing commitment. By the date of this Interim Report a total of EUR 1.15 million has been withdrawn from the financing facility. The detailed information and the terms of the Agreement can be found in the company's stock exchange releases.

At the share issue ended in January 2018 Valoe collected in total approximately EUR 0.86 million new capital and the indebtedness of the company decreased in total approximately by EUR 9.3 million. Additionally, with the Convertible Bond I/2018 with subscription period ended on 25 May 2018 the company received new cash investments of EUR 0.9 million and a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers' receivables from the company. As Valoe is making its strategic investments the company's financing situation and working capital situation continue to be tight in 2018.

During the reporting period, Valoe has increased its product development activities, which puts pressure on Valoe to find significant amount of new financing. Thus, the company will require significant amount of new financing in order to carry out its development projects as planned. In order to meet the financing needs, the company estimates it needs new capital from Bracknor Investment in 2018 out of which the company has withdrawn EUR 0.5 million during the first months of 2018. Further, the company contemplates to arrange a new share issue during 2018.

Additionally, the company 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 0.8 million by the end of the financial year. In April 2018 the company withdraw another EUR 0.6 million. As per the date of this Interim Report there is still a total of EUR 2.7 million to be withdrawn. In case the Company manages to collect the intended amount of new capital in the arrangements described above, the company is able to perform its investment plan.

Considering the company's minimum investment needs, available financing commitments as well as cashflow based on increased demand, the Board of Directors of Valoe views that the company has sufficient working capital at least for the next 12 months.

Cash flow from business operations before investments in January – March was EUR -0.7 million (EUR -1.1 million). Trade receivables at the end of the reporting period were EUR 0.02 million (EUR 0.06 million). Net financial items amounted to EUR 0.4 million (EUR 0.6 million). At the end of March, the equity ratio of Valoe Group was -57.3 percent (-103.3 %) and equity per share was EUR -0.42 (EUR -2.48). The equity ratio including capital loans was -2.0 percent (-8.0 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.02 million.

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

RESEARCH AND DEVELOPMENT

Valoe has boosted its research and development significantly. In 2017, Valoe's focus was on the development project relating to cell development and optimization, funded by Business Finland (prev. Tekes). The project made good progress during the reporting period. Valoe develops other special components for solar modules, too, and monitors closely the projects of its technology partners aiming at developing technologies increasing utilization of solar energy.

The company's another ambitious R&D objective is to develop a module with a lifespan of more than 100 years. Today the company expects its modules to operate ca. 40 years that is significantly longer than the lifespan of the modules of most of Valoe's competitors. Valoes views that in field of green energy production extending products' economic life cycle should be one of the most important objectives of development. The lifetime of a power plant has a direct effect on the price of produced electricity. The current market prices cannot be achieved by reducing only module prices, at least in the near future. However, it is possible to meet the objective by extending lifetime of a power plant, increasing efficiency and simultaneously keeping capital investments at a reasonable level.

The energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy in the market.

Valoe's other research and development has mainly been concentrated on developing the production line concept. Equipment and machinery needed in automated module manufacturing process will increasingly be based on Valoe's own innovations and be designed by Valoe. Valoe is aiming at protecting its innovations in all important geographical areas.

In terms of research and development, the major events during the reporting period and other major events have been described in more detail in the Managing Director's Report in this Interim Report.

The Group's research and development costs during the reporting period amounted to EUR 0.3 million (EUR 0.5 million) or 315.6 (656.6) percent of net sales.

INVESTMENTS

Gross investments in the continuing operations during January – March period amounted to EUR 0.1 million (EUR 0.03million). The investments on the reporting period as well as on the corresponding period were mainly in development costs.

PERSONNEL

At the end of March 2018 the Group employed 18 (18) people, who all worked in Finland. During the reporting period the Group's salaries and fees totaled EUR 0.3 million (EUR 0.3 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 13,990,513. The company has one series of shares, which confer equal rights in the company. On 31 March 2018 Valoe had in total 213,880 treasury shares.

The company had a total of 7,194 shareholders at the end of March 2018, and 14.36 percent of the shares were owned by foreigners. The ten largest shareholders held 78.67 percent of the company's shares on 31 March 2018.

The largest shareholders on 31 March 2018

	Shares	Percentage
1 OY HERTTAÄSSÄ AB	1 762 723	12,6
2 SAVCOR COMMUNICATIONS LTD PTY	1 459 235	10,4
3 GASELLI CAPITAL OY	1 356 463	9,7
4 SAVCOR INVEST B.V.	1 323 752	9,5
5 SAVCOR TECHNOLOGIES OY	1 284 701	9,2
6 SAVCOR GROUP OY	1 276 755	9,1
7 OY INGMAN FINANCE AB	1 091 414	7,8
8 OLLILA JORMA JAAKKO	919 528	6,6
9 KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	318 370	2,3
10 VALOE OYJ	213 880	1,5
OTHERS	2 983 692	21,3
TOTAL	13 990 513	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 4,080,182 shares in the company on 31 March 2018, representing about 29.2 percent of the company's shares. Additionally, the members of the Board of Directors and the President and CEO held a total of 377,500 options connected to the stock option scheme 2015. At the end of the period Iikka 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 132,500 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.63 and 1.35 during the January – March period. The average price was EUR 1.01 and the closing price at the end of March EUR 0.65. A total of 1.4 million Valoe shares were traded at a value of EUR 1.4 million during the January – March period. The company's market capitalization at the end of September stood at EUR 9.1 million.

SHARE ISSUE AUTHORIZATIONS IN FORCE

The Annual General Meeting 2017 resolved to authorize the Board of Directors to decide on a share issue with and/or without payment, either in one or in several occasions, 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 10,000,000 shares. The authorization is in force until 30 June 2018.

On 28 November 2017 the General Meeting authorized the Board of Directors to decide on a share issue, 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 the terms and conditions of an issue of shares or option rights and other special rights. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights. The authorization shall not revoke any previous authorizations. The authorization is in force until 30 June 2018. As per the date of this Financial Statement Release the Board of Directors has resolved on an issue of a total of 11,818,180 shares based on the authorization.

THE MAJOR EVENTS DURING THE REPORTING PERIOD

16 January 2018: VALOE CORPORATION: RESULT OF THE OFFERING

The Board of Directors of Valoe Corporation (the "Company") resolved on 20 December 2018 on a directed share issue (the "Offering") in which the Company offered up to 10,000,000 new shares in the Company (the "New Shares") for subscription to all the creditors of the Company (including holders of the convertible loans I/2015 and I/2017) who at the time of subscription held indisputable receivable amounting to at least EUR 25,000 from the Company (each "Subscriber").

The Board of Directors of the Company has today resolved to approve the subscriptions made in the Offering. In total 8,721,077 New Shares were acceptably subscribed in the Offering.

According to the terms and conditions of the Offering, the subscription price for the New Shares was payable in cash or by set-off against, in the view of the Board of Directors of the Company, indisputable receivables the Subscriber had from the Company at the time of subscription. The subscription price for in total 876,326 of the New Shares subscribed was paid in cash and the subscription price for in total 7,844,751 of the New Shares subscribed was paid by way of set-off.

Thus, the Company collected in the Offering in total approximately EUR 859,000 new capital before fees and costs and the indebtedness of the Company decreased in total approximately by EUR 9,257,000. The

subscription price for the New Shares shall be fully credited to the reserve for invested equity of the Company.

The Company expects the New Shares subscribed acceptably in the Offering to be registered with the Trade Register approximately on 19 January 2018. 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 ISIN code of the Interim Shares is FI4000301056. 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 registered to the Trade Register. Such combination is expected to occur approximately on 19 January 2018. The New Shares are applied to be admitted to trading on the stock exchange list of Nasdaq Helsinki Ltd approximately on 22 January 2018 together with the other shares of the Company.

After the registration of the New Shares subscribed in the Share Issue in the Trade Register, the total number of the shares in the Company is 13,990,513 shares of which 445,325 shares are held by the Company.

The Company shall publish separately around 18 January 2018 a prospectus pursuant to the Finnish Securities Markets Act for the application of in total 8,721,077 New Shares subscribed in the Share Issue and in total 117,586 shares not yet listed and subscribed by the Company in the share issue without consideration to the Company itself on 16 October 2017, to trading on Nasdaq Helsinki Ltd.

18 January 2018: VALOE CORPORATION: PROSPECTUS REGARDING ADMISSION TO TRADING OF IN TOTAL 8,838,663 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 8,838,663 new shares in the Company. As set out in the stock exchange release published by the Company on 16 January 2018, the Prospectus covers admission to trading of in total 8,721,077 New Shares subscribed in the share Issue and in total 117,586 shares not yet listed and subscribed by the Company in the share issue without consideration to the Company itself on 16 October 2017.

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, pursuant to the estimate of the Company, the amount of Company's working capital does not correspond to the need of the working capital of the Company (including the minimum investments described below) for the period of next 12 months. To the understanding of the Company, the current working capital of the Company will last until the end of March 2018.

The cumulative cash flow of the Company is estimated to be approximately EUR 1.0 million negative. The trade payables due on the date of the Prospectus amount to EUR 1.3 million. Other debts than equity instruments to other parties than to the related parties of the Company amount to approximately EUR 0.6 million and other short-term debts amount to approximately EUR 0.7 million. The minimum investments to the product development pursuant to the investment plan of the Company amount to approximately EUR 3.6 million of which EUR 1.0 million is intended to be financed from existing financing commitments.

The Company has financing commitment in the amount of EUR 2.35 million from Bracknor Investment for the purposes of enhancing its cash position. The Company cannot withdraw new capital from the commitment at once but only during longer time period. The Company estimates to withdraw in total EUR 1.0 million from the commitment during the period of next 12 months.

To the understanding of the Company, the minimum financing needed to cover the working capital deficit and investments pursuant to the investment plan for the period of 12 months as of the date of the Prospectus amount to EUR 6.2 million.

As reported on 16 January 2018, the Company has, in the directed share issue to its significant creditors, collected in total EUR 0.86 million as new money and in total approximately EUR 9.3 million of debts of the Company were set-off, the total amount of the share issue thus being approximately EUR 10.1 million.

In order to cover its strategic investments and working capital deficit the Company contemplates to arrange a new share issue during the second quarter of 2018 in which the Company intends to collect in total EUR 6.2 million of new capital.

Additionally, the Company has a product development loan from Tekes in the amount of EUR 4.1 million of which EUR 3.3 million is not yet withdrawn. In case the Company manages to collect the intended amount of new capital in the arrangements described above, the Company is able to perform its investment plan and thus believes that it can withdraw approximately EUR 2.5 million of Tekes product development loan in late 2018.

The Company estimates its available cash funds to exceed EUR 3 million by the end of 2018, presuming that the above described arrangements are carried out as planned i.e. the Company is able to withdraw in total EUR 1.0 million of new financing from the arrangement agreed on with Bracknor Investment, all the shares offered for subscription in the share issues to be arranged during the second quarter of 2018 will be subscribed and the Company is able to withdraw approximately EUR 2.5 million of Tekes product development loan in late 2018.

Should the funds to be collected in the share issue contemplated to be arranged during the second quarter of 2018 be less than EUR 6.2 million, the Company needs additional financing for performing its strategic investments. The Company contemplates to acquire necessary additional financing, to the extent necessary, by means of equity or other debt financing.

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

The Finnish version of the Prospectus is available 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 <http://fi.valoe.com/sijoittajat/>.

14 February 2018: ISSUE OF CONVERTIBLE NOTES AND WARRANTS PURSUANT TO FINANCING ARRANGEMENT BETWEEN VALOE CORPORATION AND BRACKNOR INVESTMENT

The Board of Directors of Valoe Corporation (the "Company") has, pursuant to the terms and conditions of the financing arrangement between Valoe Corporation and Bracknor Investment announced on 19 April 2017, resolved to (i) withdraw the fourth convertible notes tranche of EUR 250,000 and to issue to Bracknor Investment in total 250 convertible notes and in total 231,481 warrants related thereto.

20 February 2018: ISSUE OF CONVERTIBLE NOTES AND WARRANTS PURSUANT TO FINANCING ARRANGEMENT BETWEEN VALOE CORPORATION AND BRACKNOR INVESTMENT

The Board of Directors of Valoe Corporation (the "Company") has, pursuant to the terms and conditions of the financing arrangement between Valoe Corporation and Bracknor Investment announced on 19 April 2017, resolved to withdraw the fifth convertible notes tranche of EUR 250,000 and to issue to Bracknor Investment in total 250 convertible notes and in total 231,481 warrants related thereto.

THE MAJOR EVENTS AFTER THE REPORTING PERIOD

12 April 2018: VALOE CORPORATION RECEIVED A CA. EUR 0.45 MILLION ORDER FOR SOLAR POWER PLANTS. THE DELIVERY IS PART OF THE FRAMEWORK AGREEMENT WITH FORUS CAPITAL OY PUBLISHED ON 7 AUGUST 2017

On 7 August 2017 Valoe Corporation ("Valoe") disclosed that it has signed a framework agreement with ForUs Capital Oy on delivering solar power plants worth a total of ca. EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. Under the framework agreement Valoe has previously received orders for solar power plants totaling ca. EUR 1.15 million. The company has published releases on the orders in August and December 2017. Part of the solar power plants have already been delivered and the rest of the deliveries will be made by the end of August 2018.

Valoe has signed a new delivery contract under the framework agreement worth a total of ca. EUR 0.45 million. Pursuant to the new contract Valoe will deliver the solar power plants to the sites owned by the City of Hanko and a property investment company called VVT Kiinteistösijoitus Oy by the end of November 2018. In the property owned by VVT Kiinteistösijoitus Oy one of the electricity consumers is XXL Sports Oy.

Other deliveries under the framework agreement are subject to governmental investment aid and securing final financing.

19 April 2018: VALOE ISSUES A CONVERTIBLE BOND

In order to strengthen Valoe Corporation's capital structure the company issues a convertible bond of MEUR 1.0 at the most. The convertible bond can be converted to max. 1,818,180 new shares of the company. The subscription price is EUR 0.55 per share.

The convertible bond is issued in deviation from the shareholders' pre-emptive subscription rights to the parties separately approved by the Board of Directors.

The minimum amount of subscription of the convertible bond shall be EUR 100,000.00 entitling the convertible bond holder to subscribe for 181,818 new shares of the company.

The loan period shall commence on the payment date and expire on 31 May 2021 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. The subscription period of the shares under the convertible bond shall begin from the subscription of the convertible bond and expire on 31 May 2021.

The subscription period of the convertible bond shall expire on 11 May 2018 at 6:00 p.m. The board of directors of the company has the right to approve the subscriptions at any time during the subscription period. In the event the convertible bond shall be oversubscribed, the board of directors of the company shall resolve on the allocation between the subscribers. The board of directors of the company has the right to discontinue the subscription period of the convertible bond at any time. The board of directors shall also have the right to decide on extending the subscription period.

The shareholders' pre-emptive subscription rights are deviated from in connection with the issue of convertible bond to secure financing required to strengthen the capital structure of the company cost effectively and considering the size of the financing. Thus, there is from the company's point of view a weighty financial reason to issue the special rights.

The company has one (1) class of shares.

20 April 2018: Valoe Corporation Launched a New Solar Module on the Market; Increases Its Production Capacity and Recruits New Personnel at Its Factory in Mikkeli

Valoe Corporation introduced a new solar module, Chrome II, on the market. Valoe's objective to develop a module with a lifespan of more than 100 years has been one of the cornerstones of designing the new module. Chrome II is a glass-glass module with Valoe's own MWT (Metal Wrap Through) cell.

During the last few months Valoe's development has been focused on developing the company's own polycrystalline cell and glass-glass module structure. The new MWT cell has higher efficiency compared to the cells Valoe previously used. In the current market environment the availability of back contact cells has been limited and there has been a lot of variation in the quality and prices of the cells. Having own cells Valoe can keep better control of their quality, availability and pricing. The new cell technology is implemented in the Chrome II modules. Further, the new cell technology improves the economic efficiency of module production. Valoe's objective is to provide its customers with even more efficient and more economic solar systems.

Valoe views that the solar energy market is growing fast in Finland too. The advance sales of the new Chrome II module has been good. In order to meet the growing demand Valoe is going to recruit 14 persons to Mikkeli.

20 April 2018: SUBSCRIPTION OF NEW SHARES IN VALOE CORPORATION

The Board of Directors of Valoe Corporation (the "Company") has resolved on 20 April 2018 to subscribe in total 1,500,000 new shares ("Subscribed Shares") in the share issue without consideration resolved by the Company on 16 October 2017.

The share subscription is conducted in order to implement a part of the financing arrangement between the Company and Bracknor Investment approved on 19 April 2017. 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 Bracknor Investment when Bracknor investment 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 Bracknor 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.

After the registration of the Subscribed Shares in the trade register, the total number of the shares in the Company is 15,490,513 shares of which 1,544,413 shares are held by the Company.

The Subscribed Shares are estimated to be registered in the trade register approximately on 25 April 2018 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 26 April 2018.

23 April 2018: Valoe Corporation Purchases a Solar Cell Production Line. Valoe Signed a Cooperation Agreement with a Lithuanian Company, Soli Tek Cells

Valoe purchases a solar cell production line from Italian Megacell S.r.l.; under liquidation.

Valoe's objective is to use the cell production line for developing a solar cell that would leverage the benefits and qualities of Valoe's own back contact module in the best possible way. The production line is designed for developing high-efficient N type silicon cells. Valoe is aiming at utilizing the production line for developing a next generation IBC (Interdigitated Back Contact) cell. An IBC cell's efficiency and other features related to electricity generation are remarkably better compared to polycrystalline and monocrystalline cells commonly available on the market at the moment. The acquisition of the cell production line complements and accelerates Valoe's solar cell development project funded by Business Finland (prev. Tekes).

Valoe has signed a cooperation agreement with Soli Tek Cells JSC ("SoliTek"). SoliTek is a solar cell manufacturer based in Lithuania. It belongs to the BOD Group which has both a solar cell plant and a module plant in Vilnius, Lithuania.

The cell production line Valoe purchased from Italy will be transferred to SoliTek's premises, next to SoliTek's cell production line. The development work can be started much sooner as the required infrastructure is ready. Part of Megacell's research and development equipment will be transferred to Valoe's factory in Mikkeli where the company runs its solar module production.

3 May 2018: Valoe Has Signed a Development and Technology Transfer Agreement with ISC Konstanz

Valoe Corporation has signed a development and technology transfer agreement with International Solar Energy Research Center Konstanz e.V. based in Germany (ISC Konstanz).

The objective of the cooperation and technology transfer is to develop, for Valoe's modules, an IBC cell that is based on n-type silicon cell BiSoN and IBC technology ZEBRA developed by ISC Konstanz, and a bifacial cell also based on the same technology as well as a solar module structure where the features of these cells can be utilized in the best possible way.

Additionally, Valoe and ISC Konstanz have agreed on licensing the aforementioned cell types to Valoe and its future manufacturing partners.

Having an n-type silicon cell and especially an IBC cell enables us to manufacture a solar module with significantly better qualities in terms of electricity generation compared to polycrystalline and monocrystalline cells, commonly available on the market at the moment. For example, ZEBRA based IBC

cells can reach efficiency of more than 23 % which can in cell module produce more electricity than conventional 400 kWp standard module.

The features of a next generation IBC cell can be best utilized in back contact modules Valoe has been developing for several years unlike other module manufacturers.

Dr. Radovan Kopecek, CTO at ISC Konstanz and Managing Director of Advanced Cell Concepts: “We are very pleased to continue assisting you in developing ZEBRA further. Together with Valoe’s back contact module technology such a module using ZEBRA is very powerful at low costs. Valoe has, as one of the first companies in the world, developed a mass scale module manufacturing technology which makes the implementation of back contact solar cells into the module extremely simple, cost effective and with high yield. Further, Valoe’s technology makes it possible to use thinner solar cells. The PV market is now ready for such modules build on IBC cell technology for many new applications.”

On 23 April 2018 Valoe disclosed that it purchased a cell production line from Megacell S.r.l., under liquidation, and is going to transfer part of the line to Soli Tek Cells’ premises in Lithuania. The cell production line design was modified by ISC Konstanz to produce n-PERT cells. The production line has been previously used for commercialising the very BiSoN and ZEBRA technologies. Together with Soli Tek Cells’ existing production equipment and infrastructure one of the world’s most advanced cell production plant is available for Valoe’s use. Valoe believes it can provide the company’s partners with one of the world’s best module production recipe in terms of power and cost efficiency as the well acknowledged know-how and immaterial rights of ISC Konstanz are now available for Valoe.

Valoe’s objective is to have new IBC cells based modules ready for production during 2019. According to Valoe’s initial strategy the company’s modules will be manufactured by its manufacturing partners as Valoe continues its research and development as well as its own production at the company’s factory in Mikkeli at the capacity required to meet the demand in Finland.

28 April 2018: THE RESULT OF THE CONVERTIBLE BOND I /2018 OF VALOE CORPORATION

Valoe Corporation’s Convertible Bond I/2018 was fully subscribed and the company received subscriptions of EUR 1.00 million for the Convertible Bond I/2018. During the subscription period of the Convertible Bond new investments of EUR 0.9 million was paid in cash. Out of the subscriptions, a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers’ receivables from the company.

The Board of Directors of Valoe has approved all subscriptions for the Convertible Bond.

One loan share of EUR 50.000 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for 90.909 new shares. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 1,818,180 new Valoe shares. The loan period and the conversion period expire on 31 May 2021.

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 financing situation and working capital situation continue to be tight in 2018. Considering the company's minimum investment needs, available financing commitments as well as cashflow based on increased demand, the Board of Directors of Valoe views that the company has sufficient working capital at least for the next 12 months.

On 31 December 2017 the company had financing commitment in the amount of EUR 2.35 million from Bracknor Investment for the purposes of enhancing its cash position. Valoe cannot withdraw new capital from the commitment at once but only during longer time period. In order to meet the company's financing needs Valoe estimates to withdraw in total EUR 2.0 million from the Bracknor Investment's financing facility during 2018 out of which the company has withdrawn EUR 0.5 million during the first months of 2018.

In order to cover its strategic investments, the company contemplates to arrange a new share issue during 2018.

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 0.8 million by the end of the financial year. In April 2018 the company withdraw another EUR 0.6 million. As per the date of this Interim Report there is still a total of EUR 2.7 million to be withdrawn. In case the Company manages to collect the intended amount of new capital in the arrangements described above, the company is able to perform its investment plan.

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 relates to securing financing for the projects involved.

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 2018.

ANNUAL GENERAL MEETING

Valoe's annual general meeting will be held on 8 June 2018.

In Mikkeli, 29 May 2018

Valoe Corporation

Board of Directors

For more information:

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Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	1-3/2018	1-3/2017	1-12/2017
Net sales	87	72	554
Cost of sales	-207	-112	-1 204
Gross profit	-119	-40	-650
Other operating income	0	2	398
Product development expenses	-276	-473	-1 536
Sales and marketing expenses	-165	-132	-498
Administrative expenses	-178	-156	-786
Other operating expenses	0	0	-5
Operating profit	-738	-799	-3 078
Financial income	2	0	0
Financial expenses	-361	-607	-2 716
Profit before taxes	-1 097	-1 406	-5 794
Income taxes	0	0	0
Profit/loss for the period	-1 097	-1 406	-5 794
Profit/loss attributable to:			
Shareholders of the parent company	-1 097	-1 406	-5 794
Earnings/share (basic), eur	-0,09	-0,33	-1,23
Earnings/share (diluted), eur	-0,09	-0,33	-1,23
Profit/loss for the period	-1 097	-1 406	-5 794
Total comprehensive income for the period	-1 097	-1 406	-5 794
Total comprehensive income attributable to:			
Shareholders of the parent company	-1 097	-1 406	-5 794

The earnings per share for the corresponding period in 1-3/201 have been calculated using the amount of the company's shares after the reduction of the quantity of the company's shares (the pre-split price has been multiplied with 200).

Consolidated statement of financial position

(unaudited)

1 000 EUR	31.3.2018	31.3.2017	31.12.2017
ASSETS			
Non-current assets			
Property, plant and equipment	12	12	8
Consolidated goodwill	441	441	441
Other intangible assets	6 840	7 739	6 982
Holdings in associated companies	0	0	0
Available-for-sale investment	9	9	9
Total non-current assets	7 303	8 201	7 441
Current assets			
Inventories	583	1 172	582
Trade and other non-interest-bearing receivables	1 389	1 084	1 256
Cash and cash equivalents	21	3	350
Total current assets	1 993	2 259	2 188
Assets classified as held for sale	0	0	0
Total assets	9 296	10 461	9 629
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	80	80	80
Other reserves	11 031	0	10 542
Retained earnings	-16 425	-10 788	-15 166
Total equity	-5 314	-10 708	-4 544
Non-current liabilities			
Non-current loans	8 358	13 906	7 874
Other non-current liabilities	0	0	0
Deferred tax liabilities	0	0	0
Total non-current liabilities	8 358	13 906	7 874
Current liabilities			
Current interest-bearing liabilities	1 955	1 786	2 004
Trade and other payables	3 779	4 994	3 773
Current provisions	215	13	215
Total current liabilities	5 949	6 793	5 992
Liabilities directly associated with assets classified as held for sale	303	470	306
Total liabilities	14 610	21 168	14 172
Equity and liabilities total	9 296	10 461	9 629

Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-3/2018	1-3/2017	1-12/2017
Cash flow from operating activities				
Income statement profit/loss before taxes		-1 097	-1 406	-5 794
Non-monetary items adjusted on income statement				
Depreciation and impairment	+	308	333	1 333
Gains/losses on disposals of non-current assets	+/-	0	0	0
Unrealized exchange rate gains (-) and losses (+)	+/-	-2	-6	-11
Other non-cash transactions	+/-	8	25	-129
Change in provisions	+/-	0	-27	175
Financial income and expense	+	361	614	2 728
Total cash flow before change in working capital		-422	-467	-1 698
Change in working capital				
Increase (-) / decrease (+) in inventories		-1	-50	-162
Increase (-) / decrease (+) in trade and other receivables		-133	-224	-412
Increase (+) / decrease (-) in trade and other payables		-76	-256	-611
Change in working capital		-211	-530	-1 184
Adjustment of financial items and taxes to cash-based accounting				
Interest paid	-	71	52	273
Interest received	+	0	0	0
Other financial items	-	19	3	5
Taxes paid	-	0	0	0
Financial items and taxes		-90	-55	-278
NET CASH FLOW FROM BUSINESS OPERATIONS		-723	-1 053	-3 160
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	-	172	44	357
Proceeds on disposal of tangible and intangible assets	+	0	0	0
Loans granted	-	0	0	0
Disposal of subsidiaries and other business units	+	0	0	0
NET CASH FLOW FROM INVESTMENTS		-172	-44	-357
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from share issue	+	59	0	800
Financing arrangement with Bracknor Investment	+	500	0	650
Proceeds from non-current borrowings	+	113	1 050	1 803
Repayment of non-current borrowings	-	0	0	23
Proceeds from current borrowings	+	170	57	1 380
Repayment of current borrowings	-	276	11	741
NET CASH FLOW FROM FINANCING ACTIVITIES		566	1 096	3 869
INCREASE (+) OR DECREASE (-) IN CASH FLOW		-329	-1	352

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
31.12.2017	80	10 542	-15 166	-4 544
Profit/loss for the period	-	-	-1 097	-1 097
Transactions with owners:				
Sale of own shares				
Bracknor Investment	0	193	0	193
Share issue	0	295		295
Stock option scheme 2015	0	0	8	8
Own equity component of the convertible bond	0	0	-170	-170
31.3.2018	80	11 031	-16 425	-5 314

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
31.12.2016	80	0	-9 708	-9 628
Profit/loss for the period	-	-	-1 406	-1 406
Transactions with owners:				
Own equity component of the convertible bond	0	0	300	300
Stock option scheme 2015	0	0	25	25
31.3.2017	80	0	-10 788	-10 708

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.

During the financial year 2018, 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 neither during the reporting period nor during the corresponding period. 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:

1 000 EUR	1-3/2018	1-3/2017	1-12/2017
Liabilities			
Trade and other payables	298	464	301
Provisions	5	5	5
Liabilities directly associated with assets classified as held for sale	303	470	306
Net assets directly associated with disposal group	-303	-470	-306

Net cash flow of Cencorp's electronics automation business:

1 000 EUR	1-3/2018	1-3/2017	1-12/2017
Operating	-3	-23	-186
Investing	0	0	0
Earnings/share (basic), from discontinued operations	0,00	0,00	0,00
Earnings/share (diluted) from discontinued operations	0,00	0,00	0,00

Key figures

(unaudited)

1 000 EUR	1-3/2018	1-3/2017	1-12/2017
Net sales	87	72	554
Operating profit	-738	-799	-3 078
% of net sales	-845,5 %	-1108,3 %	-556,0 %
EBITDA	-430	-466	-1 745
% of net sales	-492,7 %	-646,2 %	-315,1 %
Profit before taxes	-1 097	-1 406	-5 794
% of net sales	-1256,8 %	-1951,1 %	-1046,6 %
Balance Sheet value	9 296	10 461	9 629
Equity ratio, %	-57,3 %	-103,3 %	-47,3 %
Net gearing, %	neg.	neg.	neg.
Gross investments (continuing operations)	149	32	272
% of net sales	171,1 %	44,4 %	49,1 %
Research and development costs (continuing oper.)	276	473	1 536
% of net sales	315,6 %	656,6 %	277,5 %
Order book	16 844	15 937	16 935
includes Ethiopia	15 834	15 834	15 834
Personnel on average	18	18	17
Personnel at the end of the period	18	18	18
Non-interest-bearing liabilities	4 077	5 458	4 074
Interest-bearing liabilities	10 313	15 692	9 878
Share key indicators			
Earnings/share (basic)	-0,09	-0,33	-1,23
Earnings/share (diluted)	-0,09	-0,33	-1,23
Equity/share	-0,42	-2,48	-0,96
P/E ratio	-7,43	-7,98	-0,57
Highest price	1,35	2,80	2,60
Lowest price	0,63	2,20	0,66
Average price	1,01	2,40	1,85
Closing price	0,65	2,60	0,70
Market capitalisation, at the end of the period, MEUR	9,1	11,2	3,7

The company's share prices for the comparison year 1-3/2017 have been calculated using the share price after the reduction of the quantity of the company's shares (the pre-split price has been multiplied with 200) .

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, %:	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents and marketable securities} \times 100}{\text{Shareholders' equity + non-controlling interests}}$
Earnings/share (EPS):	$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue at the end of the financial year}}$
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	1-3/2018	1-3/2017	1-12/2017
Continuing operations			
Sales of goods and services			
Dunsit Oy - financial management services	0	0	0
Savcor Oy - financial management and production services	0	35	38
Savcor Face Ltd - solar modules / production services	0	0	25
Others	0	0	0
Total	0	35	62
Purchases of goods and services			
Dunsit Oy - rent	3	3	14
Savcor Oy - financial management and IT services	0	-1	-2
Savcor Face Ltd - marketing services	0	3	3
SCI-Finance Oy - marketing and administration services	13	2	43
Savcor Technologies Oy - marketing and administration services	22	1	52
Savcor Tempo Oy - financial management services	2	0	5
Oy Marville Ab - legal services	0	19	43
Total	41	27	157
Interest expenses and other financial expenses			
Savcor Invest B.V.	0	27	105
SCI Invest Oy	0	0	0
SCI-Finance Oy - funding	10	8	24
Savcor Technologies Oy	56	55	268
Savcor Communications Pty Ltd	0	24	93
Savcor Tempo Oy	6	9	30
Others	29	17	93
Total	101	140	613

1 000 EUR	1-3/2018	1-3/2017	1-12/2017
Non-current convertible subordinated loan from related parties	1 282	5 826	1 282
Non-current other subordinated loan from related parties	2 011	0	1 511
Non-current convertible loan from related parties	114	0	114
Other non-current liabilities to related parties	0	274	0
Other current liabilities to related parties	303	18	659
Current interest payable to related parties	541	300	331
Trade payables and other non-interest-bearing liabilities to related parties	748	680	687
Trade and other current receivables from related parties	18	18	18

Savcor Invest B.V and Dunsit Oy are companies under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

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

Since March 2017 Savcor Oy is no longer a company 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.

1 000 EUR	1-3/2018	1-3/2017	1-12/2017
Wages and remuneration			
Salaries of the management and Board	119	184	537
Stock option scheme 2015 / IFRS 2 booking	6	21	101

Fair values

(unaudited)

1 000 EUR	Carrying amount 31.3.2018	Fair value 31.3.2018
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	1 389	1 389
Cash and cash equivalents	21	21
Financial liabilities		
R&D loan, non-current	3 079	3 079
Non-current convertible subordinated loan	5 131	5 131
Non-current convertible bond	148	148
Other liabilities, non-current	0	0
Loans from financial institutions, current	955	955
Other loans, current	573	573
Other liabilities, current	427	0
Trade payables and other non-interest-bearing liabilities	1 631	1 631

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.

EUR 2.3 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period

Change in intangible and tangible assets

(unaudited)

1 000 EUR	31.3.2018	31.3.2017	31.12.2017
Includes tangible assets, consolidated goodwill and other intangible assets			
Carrying amount, beginning of period	7 431	8 493	8 493
Depreciation and impairment	-308	-333	-1 333
Additions	170	32	272
Disposals	0	0	0
Carrying amount, end of period	7 293	8 192	7 431

Commitments and contingent liabilities

(unaudited)

1 000 EUR	31.3.2018	31.3.2017	31.12.2017
Assets pledged for the company			
Loans from financial institutions	600	700	600
Export credit limit	0	352	0
Other liabilities	281	0	281
Promissory notes secured by pledge	3 355	12 691	12 691
Operating lease liabilities			
Payable within one year	62	61	62