THE FINANCIAL STATEMENT REPORT OF VALOE CORPORATION FOR 2017

SUMMARY

- In February 2016, Valoe received from Ethiopia a ca. EUR 15.8 million order for a solar module manufacturing plant and back contact technology. On 21 April, Valoe announced that, according to the prudence principal, the company resolved to remove the recognized revenue and the costs related to the Ethiopian project from the Financial Statements for 2016. The profit and loss effects of the Ethiopian project has been removed from the income statement for the financial year 1 January – 31 December 2017. In terms of operations, the Ethiopian project is continued. In this Financial Statement Report Valoe has included a separate paragraph, on the page 6, with the company's view on the project's current situation. The company will inform on the project only if there are major changes in the project status.

- In February 2017 the company issued a EUR 1.5 million convertible bond I/2017 that was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 1.05 million was paid in cash and a total of EUR 0.45 million was paid by setting the subscription price off against the subscribers' receivables from the company.

- In March 2017, Valoe settled the dispute relating to the security provided for the Chinese factory's lease liability. Pursuant to the settlement agreement Valoe has paid ca. EUR 0.15 million out of the security and the parties have terminated all legal proceedings relating to the matter. The decrease in the amount of the security will improve the result by ca. EUR 0.5 million.

- In April 2017, Valoe agreed on a EUR 3,000,000 equity-based financing arrangement with Bracknor Investment and resolved to start preparations for combination of the company's shares (reverse split). On 14 June 2017 Valoe's general meeting resolved to approve the reverse split. Further, in April 2017 the company resolved to issue 86,000,000 new shares to the company itself without consideration to implement part of the financing arrangement between the company and Bracknor Investment in accordance with the terms and conditions of such financing arrangement. On 16 October 2017, on the basis of the financing arrangement between the company and Bracknor Investment, the company resolved to issue a maximum of 2,570,825 new shares to the company itself without consideration and subscribed in total 525,000 new shares.

- On 7 August 2017 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. 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. Other potential deliveries, excluding the deliveries to City of Hanko, are subject to governmental investment aid and securing final financing.

- 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 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.

- 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.

- On the reporting period January – December 2017, the net sales of Valoe Group's continuing operations, under the IFRS standards, was EUR 0.6 million (in 2016 EUR 0.6 million). The EBIT from the continuing operations was EUR -3.1 million (EUR 3.7 million), the profit for the period was EUR -5.8 million (EUR 1.4 million), undiluted earnings per share were EUR -1.23 (EUR 0.32) and the EBITDA ca. EUR -1.7 million (EUR 4.8 million). The comparison figures for 2016 in the brackets include a one-off profit of ca. EUR 7.1 million generated by the sale of the Chinese companies.

- 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 Financial Statement Report has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Financial Statement Report Valoe has applied the same accounting principles as in its Annual Report 2016. The Financial Statement Report has not been audited.

FINANCIAL RESULT

Because the performance obligations, in accordance with the International Accounting Standard IAS 11, were not satisfied, Valoe resolved, in April 2017, to remove the revenue and the costs related to the Ethiopian project from the company's income statement. Thus, Valoe's equity turned negative as per 31 December 2016. The Board of Directors took immediate actions and agreed on converting loans from the company's related parties to capital loans. Valoe's equity turned back to positive after some of the loans from the related parties were converted to capital loans.

During the financial year Valoe implemented also other corrective actions to strengthen the company's financial situation and to secure going concern. Among other things, Valoe agreed on extending the loans, which were due during 2017, until 30 April 2018. Further, on 19 April 2017 Valoe signed an EUR 3 million equity-based financing facility agreement with Bracknor Investment. By 31 December 2017 the company has withdrawn in total EUR 0.65 million from the Bracknor Investment's financing commitment. In April 2017 the company resolved to issue 86,000,000 new shares to the company itself without consideration to implement part of the financing arrangement between the company and Bracknor Investment in accordance with the terms and conditions of such financing arrangement. In October, on the basis of the financing arrangement between the company and Bracknor Investment, the company resolved to issue a maximum of 2,570,825 new shares to the company itself without consideration and subscribed in total 525,000 new shares in the company.

In February 2017 the company issued a EUR 1.5 million convertible bond I/2017 that was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 1.05 million was paid in cash and a total of EUR 0.45 million was paid by setting the subscription price off against the subscribers' receivables from the company.

In March 2017, Valoe settled the dispute relating to the security provided for the Chinese factory's lease liability. Pursuant to the settlement agreement Valoe has paid ca. EUR 0.15 million out of the security and the parties have terminated all legal proceedings relating to the matter. The decrease in the amount of the security will improve the result by ca. EUR 0.5 million.

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 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.

Although the profit and loss effects of the Ethiopian project has been removed from Valoe's books, 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 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 needs 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 continuing operations. The figures in brackets are comparison figures for the corresponding period in 2016, unless stated otherwise. The profit and loss effects of the Ethiopian project have been removed from the figures for the corresponding period in 2016.

October – December 2017 (continuing operations):

The comparison figures for 2016 include a one-off profit of ca. EUR 7.1 million generated by the sale of the Chinese companies.

- Valoe Group's net sales increased 2.4 percent to EUR 0.1 million (In 2016: EUR 0.1 million).
- EBITDA was EUR -0.8 million (EUR -0.8 million).
- Operating profit was EUR -1.2 million (EUR -1.1 million).
- The profit before taxes was EUR -1.8 million (EUR -1.8 million).
- Profit for the period was EUR -1.8 million (EUR -1.8 million).
- Undiluted earnings per share were EUR -0.35 (EUR -0.42).

January – December 2017 (continuing operations):

The comparison figures for 2016 include a one-off profit of ca. EUR 7.1 million generated by the sale of the Chinese companies.

- Valoe Group's net sales increased 0.03 percent to EUR 0.6 million (In 2016: EUR 0.6 million).
- EBITDA was EUR -1.7 million (EUR 4.8 million).
- Operating profit was EUR -3.1 million (EUR 3.7 million).
- The profit before taxes was EUR -5.8 million (EUR 1.4 million).
- Profit for the period was EUR -5.8 million (EUR 1.4 million).
- Undiluted earnings per share were EUR -1.23 (EUR 0.32).

MANAGING DIRECTOR IIKKA SAVISALO'S REVIEW

About three years ago Valoe sold its electronics automation business and focused mainly on solar energy solutions. Since then, Valoe's strategy has been refined. However, the strategy is still mainly the same as it was three years ago when it was outlined. The strategy is based on controlled implementation of the latest technology, continuous development of technology, and manufacturing partners who commit themselves to Valoe's technology.

Valoe's objective is to provide solar energy solutions together with its partners at least in Europe, Asia, North America and Africa. Module production must be profitable business for Valoe as well as for its partners. Thus, the technology Valoe provides to its partners has to be competitive in the market mainly dominated by Chinese manufacturers. Valoe's products must be able to produce less expensive electricity compared to the current market leaders. To the understanding of the company, this can be done by developing a module with high efficiency and long economic lifespan at affordable price.

Valoe's business strategy is ambitious and challenging. Securing sufficient financing required for implementing the company's strategy has been one of Valoe's major challenges for a long time. In January 2018, Valoe's key investors converted their convertible bonds and other receivables including the interests into the company shares worth EUR 9.3 million. In the arrangement, the company collected also new capital securing short-term operating conditions for the company. However, Valoe needs a remarkable amount of new financing in order to achieve its strategic goals. According to the company, it will be able to collect the required financing in a share issue to be arranged during the financial year 2018.

Valoe Focuses on Product Development

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 benefit from the competitive edge Valoe who is aiming at maximizing the performance of back contact modules has to develop its technology continuously. 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.

If Valoe succeeds in collecting required funding, the company will, within the next two years, launch a significant number of new products utilizing the product development done during the last three years and knowledge gained from the market. The first new product Valoe brings to the market is an improved version of the original Chrome module. The module is still based on less expensive P type polycrystalline silicon but unlike the previous version the new module has cells fully designed by Valoe and finished with laser process developed with Valoe's innovations. The module will be remarkably better than the original Chrome module in terms of efficiency and materials. The product development is based on such raw materials that are known to reach a theoretical lifetime of 50 – 100 years.

From now on, the main focus of Valoe's research and development lies with design and manufacturing of the most important component of a module i.e. the cell. During 2019, the company is aiming for including at first an N type monocrystalline cell in the company's modules and later an IBC (Interdigitated Back Contact) cell using the most advanced silicon in the market. The objective is to create a module with the best price-quality ratio and that the price of energy produced by such a module shall be competitive compared to any other module in the market.

During 2017, Valoe signed a technology development agreement with Energy research Centre of the Netherlands (ECN). The objective of the cooperation is to develop and manufacture an advanced polycrystalline cell. During the reporting period, the cooperation has progressed according to the plans and Valoe trusts the cell will be ready in good time for the Chrome II module to be introduced in the spring 2018. The cell fully designed by Valoe improves significantly the performance of the company's module. Further, about 90 percent of the value of the components used in Chrome II module originates from Europe. If the project realizes according to the company's plans Valoe brings its own module, which is different from competitors' products, in the market.

Valoe's objective is to launch a module family with IBC cells during 2019. The performance of solar modules using IBC cells is significantly higher than the performance of ordinary polycrystalline modules. In order to make full use of the IBC technology a module should have a back contact. Thus, having its own back contact technology, Valoe estimates it will be one of the pioneers to replace polycrystalline cell technology that now has dominant position in the market.

The Finnish Market Is Growing - Valoe Plans to Increase the Volume of Its Production

Although the developing markets in Asia, South America and 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.

The cooperation based on the framework agreement between Valoe and ForUs Capital Oy ("ForUs") has had a very promising start. During the reporting period, Valoe has received new orders for solar power plants from ForUs and the deliveries in Hanko, Finland, have progressed without problems. The company views that the coming spring will be busy in terms of business operations. In order to be prepared for increasing business volume in Finland the company has started recruiting new employees.

The Ethiopian Project Situation

In February 2016, Valoe received from Ethiopia a ca. EUR 15.8 million order for a solar module manufacturing plant and back contact technology.

Until the date of this Financial Statement Report, the solar module manufacturing plant has not yet been delivered to Ethiopia. On 31 March 2017, the company disclosed the Financial Statement Release where ca. 20 percent of the Ethiopian project was recognized as per 31 December 2016. On 21 April, Valoe announced that it has changed the recording of the Ethiopian project. According to the prudence principal, the company resolved to remove the revenue and the costs related to the Ethiopian project from the Financial Statements for 2016.

During the financial year 2017, Valoe has supported its Ethiopian partner, LS Corp Ltd ("LS Corp") in implementing the financing agreement between The Development Bank of Ethiopia ("DBE") and LS Corp. The negotiations have been complicated and Valoe does not know all details related to the delayed negotiations. Valoe's management has actively participated in the negotiations with the DBE and is fully aware of challenges in the local operating environment. According to the information available to Valoe, LS Corp has made an appeal to the ministry, controlling the banks, against the officers handling the issue at the DBE in relation to the execution of the financing agreement. The ministry has promised to investigate the case and to inform on the outcome as soon as the investigation has been conducted. Valoe has no further information on the schedule of the investigation.

In terms of operations, the Ethiopian project is continued and the company will resume recognizing revenue based on percentage of completion when the performance obligations 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 needs to pledge a security for cash payment, as usual in export business.

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. Valoe is not pursuing a role as a major equipment provider and the company's business plan for the next two years does not include any significant amount of equipment deliveries.

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 Financial Statement 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. The technology used in the plants and production lines delivered by Valoe is based on Valoe's technology to which a manufacturing partner commits itself when placing an order with Valoe. It is natural that manufacturing partners use only Valoe's components. 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 remark- able 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.

The company’s current net sales mainly consists of the sales of solar modules and systems. The generated sales is not remarkable in volume but the deliveries are important in terms of reference cases and experience.

In the future, Valoe plans to provide its manufacturing partners also with other special components. These components are back contact based cells that Valoe plans to manufacture or having 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.

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 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 ’s 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 the company 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. 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 already 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 Finnish Funding Agency for Technology and Innovation (Tekes), to actively take part in this development and expand the company's special component expertise in IBC cells.

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 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. The detailed information and the terms of the Agreement can be found in the company's previous stock exchange releases.

Despite the successful financing arrangements in early 2017 and the share issue at the end of 2017 in which the company 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, pursuant to the estimate of the company, the company's financing situation and working capital situation continue to be very 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 to withdraw in total EUR 1.0 million from Bracknor Investment in 2018. Further, the company contemplates to arrange a new share issue during the second quarter of 2018.

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.

Valoe has also agreed with its major creditors on extending the payment schedules of the debts that are due during 2017, at least until 30 April 2018.

Cash flow from business operations before investments in January – December was EUR -3.2 million (EUR -1.5 million). Trade receivables at the end of the reporting period were EUR 0.02 million (EUR 0.03 million). Net financial items amounted to EUR 2.7 million (EUR 2.3 million). At the end of December, the equity ratio of Valoe Group was -47.3 percent (-91.8 %) and equity per share was EUR -0.96 (EUR - 2.23). The equity ratio including capital loans was 0.4 percent (-20.8 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.35 million.

Valoe's financial and other risks have been handled in the item "Risk management, Risks and Uncertainties" of this Financial Statement 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 the Finnish Funding Agency for Technology and Innovation ("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.

The Group's research and development costs during the January – December period amounted to EUR 1.5 million (EUR 1.6 million) or 277.5 (289.2) percent of net sales.

INVESTMENTS

Gross investments in the continuing operations during January – December period amounted to EUR 0.3 million (EUR 0.5 million). The investments on the reporting period as well as on the corresponding period were mainly in development costs.

PERSONNEL

At the end of December the Group employed 18 (18) people, who all worked in Finland. During the reporting period the Group's salaries and fees totaled EUR 1.1 million (EUR 1.2 million) and additionally, the salary costs from the stock option scheme 2015, under the IFRS 2, totaled EUR 0.1 (0.9) 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 5,269,436. As a result of the share issue in late 2017 and early 2018, the number of the shares increased to 13,990,513 as per 19 January 2018. The company has one series of shares, which confer equal rights in the company. On 31 December 2017 Valoe had in total 486,991 treasury shares.

The company had a total of 7,061 shareholders at the end of December 2017, and 15.09 percent of the shares were owned by foreigners. The ten largest shareholders held 66.39 percent of the company's shares on 31 December 2017.

The largest shareholders on 31 December 2017

		Shares	Percentage
1	SAVCOR GROUP OY	1 351 282	25,6
2	SAVCOR COMMUNICATIONS LTD PTY	666 667	12,7
3	VALOE OYJ	486 991	9,2
4	GASELLI CAPITAL OY	425 000	8,1
5	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	318 370	6,0
6	SAVCOR INVEST B.V.	109 375	2,1
7	NORDEA PANKKI SUOMI OYJ	38 954	0,7
8	SVENSKA HANDELSBANKEN AB (PUBL)	35 551	0,7
9	SCI INVEST OY	34 354	0,7
10	SALMELA VEIJO ENSIO	32 000	0,6
	OTHERS	1 770 892	33,6
	TOTAL	5 269 436	100,00

As a result of the share issue the number of Valoe's shares and the list of the largest shareholders have changed remarkably. An updated list of the largest shareholders is on the company's web pages.

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 822,890 shares in the company on 31 December 2017, representing about 15.62 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 810,396 shares in the company and 132,500 options connected to the stock option scheme 2015.

The price of Valoe's share, calculated using the amount of the company's shares after the reduction of the quantity of the company's shares, varied between EUR 0.66 and 2.6 during the January – December period. The average price was EUR 1.85 and the closing price at the end of December EUR 0.70. A total of 2.1 million Valoe shares were traded at a value of EUR 3.9 million during the January – December period. The company's market capitalization at the end of September stood at EUR 3.7 million.

During 2015 the Board of Directors of Valoe resolved the terms and conditions of a stock option scheme. The maximum total number of stock options issued is 650,000 and they entitle their owners to subscribe for a maximum total of 650,000 new shares in the company. The stock options will be issued for free. Of the stock options, 250,000 are marked with the symbol 2015A, 200,000 are marked with the symbol 2015B and 200,000 are marked with the symbol 2015C. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group.

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 10,000,000 shares based on the authorization.

THE MAJOR EVENTS AFTER 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 and 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 (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.

Further, the company disclosed on 20 February 2018 that 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.

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 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 at the end of the financial year on 31 December 2017 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.

On 31 December 2017 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.

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. 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 company is partly operating in high-risk environment and consider carefully the effects of the risks on the investor’s own investment strategy.

The certain statements in this Financial Statement 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.

CORPORATE GOVERNANCE STATEMENT

Valoe applies the Finnish Corporate Governance Code approved by the Securities Market Association effective as of 1 October 2010. Valoe’s Corporate Governance Statement drawn in accordance with Recommendation 51 will be released on the week commencing on 19 March 20187 as a separate report.

THE BOARD OF DIRECTORS' PROPOSAL CONCERNING THE DISTRIBUTION OF PROFIT

The Board of Directors proposes to the Annual General Meeting that no dividend from the financial year 2017 will be paid.

GENERAL MEETING

As disclosed previously, Valoe's annual general meeting will be held on 24 April 2018. Valoe's Board of Directors will give a separate notice to a general meeting later on.

In Mikkeli, 21 February 2018

Valoe Corporation

Board of Directors

For more information:
CEO Iikka Savisalo, Valoe Corporation
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email: iikka.savisalo@valoe.com

Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Continuing operations				
Net sales	85	83	554	553
Cost of sales	-523	-275	-1 204	-994
Gross profit	**-438**	**-193**	**-650**	**-441**
Other operating income	17	509	398	7 682
Product development expenses	-361	-587	-1 536	-1 601
Sales and marketing expenses	-149	-215	-498	-758
Administrative expenses	-246	-633	-786	-1 143
Other operating expenses	-2	-2	-5	-79
Operating profit	**-1 178**	**-1 121**	**-3 078**	**3 661**
Financial income	0	1	0	8
Financial expenses	-652	-697	-2 716	-2 285
Profit before taxes from continuing operations	**-1 831**	**-1 817**	**-5 794**	**1 384**
Income taxes	0	0	0	18
Profit/loss for the period from continuing operations	**-1 831**	**-1 817**	**-5 794**	**1 402**
Discontinued operations				
Profit/loss after tax for the period from discontinued operations	0	66	0	-92
Profit/loss for the period	**-1 831**	**-1 750**	**-5 794**	**1 310**
Profit/loss attributable to:				
Shareholders of the parent company	**-1 831**	**-1 750**	**-5 794**	**1 310**
Earnings/share (basic), eur	-0,35	-0,41	-1,23	0,30
Earnings/share (diluted), eur	-0,35	-0,41	-1,23	0,22
Continuing operations:				
Earnings/share (basic), eur	-0,35	-0,42	-1,23	0,32
Earnings/share (diluted), eur	-0,35	-0,42	-1,23	0,24
Profit/loss for the period	**-1 831**	**-1 750**	**-5 794**	**1 310**
Other comprehensive income				
Translation difference	0	0	0	750
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**0**	**0**	**0**	**0**
Total comprehensive income for the period	**-1 831**	**-1 750**	**-5 794**	**2 059**
Total comprehensive income attributable to:				
Shareholders of the parent company	**-1 831**	**-1 750**	**-5 794**	**2 059**

The figures for the corresponding periods 10-12/2016 and 1-12/2016 differ from the figures reported in Financial Statements Release 2016 as the profit and loss effects of the Ethiopian project have been removed from the income statement. The earnings per share for the corresponding periods in 2016 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	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Property, plant and equipment	8	13
Consolidated goodwill	441	441
Other intangible assets	6 982	8 039
Holdings in associated companies	0	0
Available-for-sale investment	9	9
Total non-current assets	**7 441**	**8 502**
Current assets		
Inventories	582	1 122
Trade and other non-interest-bearing receivables	1 256	860
Cash and cash equivalents	350	3
Total current assets	**2 188**	**1 985**
Assets classified as held for sale	0	0
Total assets	**9 629**	**10 487**
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Share capital	80	80
Translation difference	0	0
	10 542	0
Retained earnings	-15 166	-9 708
Total equity	**-4 544**	**-9 628**
Non-current liabilities		
Non-current loans	7 874	12 423
Total non-current liabilities	**7 874**	**12 423**
Current liabilities		
Current interest-bearing liabilities	2 004	1 931
Trande and other payables	3 773	5 228
Current provisions	215	40
Total current liabilities	**5 992**	**7 199**
Liabilities directly associated with assets classified as held for sale	306	493
Total liabilities	**14 172**	**20 115**
Equity and liabilities total	**9 629**	**10 487**

The figures for the corresponding period 31.12.2016 differ from the figures reported in Financial Statements Release 2016 as the profit and loss effects of the Ethiopian project have been removed from the income statement.

Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-12/2017	1-12/2016
Cash flow from operating activities			
Income statement profit/loss from continuing operations before taxes		-5 794	1 384
Income statement profit/loss from discontinued operations before taxes		0	-92
Income statement profit/loss before taxes		**-5 794**	**1 291**
Non-monetary items adjusted on income statement			
Depreciation and impairment	+	1 333	1 111
Gains/losses on disposals of non-current assets	+/-	0	-7 082
Unrealized exchange rate gains (-) and losses (+)	+/-	-11	4
Other non-cash transactions	+/-	-129	398
Change in provisions	+/-	175	-13
Financial income and expense	+	2 728	2 274
Total cash flow before change in working capital		**-1 698**	**-2 018**
Change in working capital			
Increase (-) / decrease (+) in inventories		-162	-868
Increase (-) / decrease (+) in trade and other receivables		-412	17
Increase (+) / decrease (-) in trade and other payables		-611	1 484
Change in working capital		**-1 184**	**634**
Adjustment of financial items and taxes to cash-based accounting			
Interest paid	-	273	92
Other financial items	-	5	25
Taxes paid	-	0	-18
Financial items and taxes		-278	-99
NET CASH FLOW FROM BUSINESS OPERATIONS		**-3 160**	**-1 484**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-	357	418
Proceeds on disposal of tangible and intangible assets	+	0	8
Loans granted	-	0	672
Disposal of subsidiaries and other business units	+	0	-23
NET CASH FLOW FROM INVESTMENTS		**-357**	**-1 105**
CASH FLOW FROM FINANCING ACTIVITIES			
Share issue	+	800	0
Financing Arrangement with Bracknor Investment	+	650	0
Proceeds from non-current borrowings	+	1 803	807
Repayment of non-current borrowings	-	23	0
Proceeds from current borrowings	+	1 380	2 049
Repayment of current borrowings	-	741	286
NET CASH FLOW FROM FINANCING ACTIVITIES		**3 869**	**2 569**
INCREASE (+) OR DECREASE (-) IN CASH FLOW		**352**	**-19**

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Transla-tion difference	Distributable non-restricted equity fund	Retained earnings	Total	Non-controlling interests	Total equity
31.12.2016	**80**	**0**	**0**	**-9 708**	**-9 628**	**0**	**-9 628**
Profit/loss for the period	-	-	-	-5 794	**-5 794**	0	**-5 794**
Translation difference	-	-	-	1	**1**	0	**1**
Transactions with owners:							
Own equity component of the convertible bond	0	0	0	300	**300**	-	**300**
Sale of own shares - Bracknor	0	0	722	0	**722**	-	**722**
Share issue	0	-	9 820	0	**9 820**	-	**9 820**
Share issue expenses	0	-	0	-98	**-98**	-	**-98**
Stock option scheme 2015	0	0	0	133	**133**	-	**133**
31.12.2017	**80**	**0**	**10 542**	**-15 166**	**-4 544**	**0**	**-4 544**

1 000 EUR	Share capital	Transla-tion difference	Distributable non-restricted equity fund	Retained earnings	Total	Non-controlling interests	Total equity
31.12.2015	**80**	**-750**	**0**	**-11 910**	**-12 579**	**9**	**-12 570**
Profit/loss for the period	-	-	-	1 310	**1 310**	0	**1 310**
Translation difference, comprehensive income	-	750	-	0	**750**	-9	**741**
Transactions with owners:							
Stock option scheme 2015				892	**892**	0	**892**
31.12.2016	**80**	**0**	**0**	**-9 708**	**-9 628**	**0**	**-9 628**

Segment information

(unaudited)

Valoe sold the electronics automation business to FTTK Company during the secong half of the year 2014. In consequence of the sale of the shares Valoe reports the financial figures relating to the electronics automation business, i.e. LAS and LCM segments, as discontinued operations from Q3/2014 and segment information is divided into continuing and discontinued operations. Segment information is not available after operating profit in profit and loss statement. Financial income and expenses or balance sheet items are not booked to segments. Valoe's new segment information is based on the management's internal reporting and on the organisation structure. During the year 2015 the discontinued operations include the finishing up of few remaining projects of the electronics automation business sold to FTTK and finalising the sale of the shares. During the year 2016 most of the expenses in the discontinued operations associated with the attorneys expenses in the litigation process between Valoe and FTTK.

1 000 EUR	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Net sales				
Valoe Clean Energy - continuing operations	85	83	554	553
Discontinued operations	0	0	0	0
Total	**85**	**83**	**554**	**553**
Operating profit				
Valoe Clean Energy - continuing operations	-1 178	-1 121	-3 078	3 661
Discontinued operations	0	66	0	-92
Total	**-1 178**	**-1 055**	**-3 078**	**3 569**
EBITDA				
Valoe Clean Energy - continuing operations	-844	-788	-1 745	4 772
Discontinued operations	0	66	0	-92
Total	**-844**	**-722**	**-1 745**	**4 680**
Depreciation				
Valoe Clean Energy - continuing operations	334	333	1 333	1 111
Discontinued operations	0	0	0	0
Total	**334**	**333**	**1 333**	**1 111**

Discontinued operations
(unaudited)

17 September Valoe announced that it has transfered 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 year 2015 the discontinued operations include the finishing up of few remaining projects of the electronics automation business sold to FTTK and finalising the sale of the shares. During the year 2016 most of the expenses in the discontinued operations associated with the attorneys expenses in the litigation process between Valoe and FTTK.

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

1 000 EUR	**1-12/2017**	**1-12/2016**
Revenue	0	0
Expenses	0	-92
Operating profit/loss from discontinued operation	0	-92
Assets		
Assets classified as held for sale	0	0
Liabilities		
Trande and other payables	301	487
Provisions	5	5
Liabilities directly associated with assets classified as held for sale	306	493
Net assets directly associated with disposal group	**-306**	**-493**
Cumulative translation difference		

Net cash flow of Cencorp's electronics automation business:

1 000 EUR	**1-12/2017**	**1-12/2016**
Operating	-186	-122
Investing	0	0
Earnings/share (basic), from discontinued operations	0,00	-0,0000001
Earnings/share (diluted) from discontinued operations	0,00	-0,0000001

Key figures
(unaudited)

1 000 EUR	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Net sales	85	83	554	553
Operating profit	-1 178	-1 121	-3 078	3 661
% of net sales	-1384,4 %	-1356,8 %	-556,0 %	661,5 %
EBITDA	-844	-788	-1 745	4 772
% of net sales	-992,1 %	-953,9 %	-315,1 %	862,2 %
Profit before taxes	-1 831	-1 817	-5 794	1 384
% of net sales	-2150,6 %	-2198,4 %	-1046,6 %	250,0 %
Balance Sheet value	9 629	10 487	9 629	10 487
Equity ratio, %	-47,3 %	-91,8 %	-47,3 %	-91,8 %
Net gearing, %	neg.	neg.	neg.	neg.
Gross investments (continuing operations)	29	71	272	481
% of net sales	34,2 %	85,3 %	49,1 %	86,9 %
Research and development costs (continuing oper.)	361	587	1 536	1 601
% of net sales	423,9 %	710,5 %	277,5 %	289,2 %
Order book	16 935	15 927	16 935	15 927
Personnel on average	18	19	17	21
Personnel at the end of the period	18	18	18	18
Non-interest-bearing liabilities	4 074	5 716	4 074	5 716
Interest-bearing liabilities	9 878	14 354	9 878	14 354
Share key indicators				
Earnings/share (basic)	-0,35	-0,41	-1,23	0,30
Earnings/share (diluted)	-0,35	-0,41	-1,23	0,22
Earnings/share (basic), from continuing operations	-0,35	-0,42	-1,23	0,32
Earnings/share (diluted) from continuing operations	-0,35	-0,42	-1,23	0,24
Equity/share	-0,96	-2,23	-0,96	-2,23
P/E ratio	-1,98	-6,41	-0,57	8,67
Highest price	1,33	3,00	2,60	9,80
Lowest price	0,66	2,00	0,66	1,80
Average price	0,91	2,40	1,85	4,00
Closing price	0,70	2,60	0,70	2,60
Market capitalisation, at the end of the period, MEUR	3,7	11,2	3,7	11,2

The company’s share prices for 2017 and the comparison year 2016 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, %:	Operating profit + depreciation + impairment / Net sales
Equity ratio, %:	Total equity x 100 / Total assets - advances received
Net gearing, %:	Interest-bearing liabilities - cash and cash equivalents and marketable securities x 100 / Shareholders' equity + non-controlling interests
Earnings/share (EPS):	Profit/loss for the period to the owner of the parent company / Average number of shares adjusted for share issue at the end of the financial year
Equity/share:	Equity attributable to shareholders of the parent company / Undiluted number of shares on the balance sheet date
P/E ratio:	Price on the balance sheet date / 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	**1-12/2017**	**1-12/2016**
Continuing operations		
Sales of goods and services		
Dunsit Oy - financial management	0	8
Savcor Oy - financial management and production services	38	28
Savcor Face Ltd - solar modules / production services	25	-2
Others	0	1
Total	**62**	**34**
Purchases of goods and services		
Dunsit Oy - rent	14	19
Savcor Oy - financial management and IT services	-2	71
Savcor Face Ltd - marketing services	3	34
SCI-Finance Oy - marketing and administration services	43	59
Savcor Technologies Oy - marketing and administration services	52	39
Savcor Tempo Oy	5	0
Oy Marville Ab - legal services	43	72
Total	**157**	**293**
Gain on disposal		
Savcor Tempo Oy	0	300
Interest expenses and other financial expenses		
Savcor Invest B.V.	105	103
Savcor Oy	0	1
SCI Invest Oy	0	68
SCI-Finance Oy - funding	24	67
Savcor Technologies Oy	268	87
Savcor Communications Pty Ltd	93	65
Savcor Tempo Oy	30	23
Others	93	71
Total	**613**	**485**
Discontinued operations		
Purchases of goods and services		
SCI-Finance Oy - administration services	0	3
Oy Marville Ab - legal services	0	2
Total	**0**	**5**

1 000 EUR	1-12/2017	1-12/2016
Non-current convertible subordinated loan from related parties	1 282	3 531
Non-current other subordinated loan from related parties	1 511	0
Non-current convertible bond liabilities to related parties	114	0
Other non-current liabilities to related parties	0	1 820
Other current liabilities to related parties	659	79
Current interest payable to related parties	331	310
Trade payables and other non-interest-bearing liabilities to related parties	687	845
Trade and other current receivables from related parties	18	31

Since August 2016 Savcor Group Oy is no longer a company under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board and is no longer reported in related party transactions. Savcor Invest B.V. and Dunsit Oy (Subsidiaries of Savcor Group Oy) are regarded as under control of Iikka Savisalo, Valoe's CEO and/or Hannu Savisalo, Valoe's Chairman of the Board, as they are members 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	1-12/2017	1-12/2016
Wages and remuneration		
Salaries of the management and Board	537	752
Stock option scheme 2015 / IFRS 2 booking	101	701

Fair values

(unaudited)

1 000 EUR	Carrying amount 31.12.2017	Fair value 31.12.2017
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	1 256	1 256
Cash and cash equivalents	350	350
Financial liabilities		
R&D loan, non-current	3 160	3 160
Non-current convertible subordinated loan	4 581	4 581
Non-current convertible bond	132	132
Current loans from financial institutions	648	648
Current other loans	929	929
Current other liabilities	427	427
Trade payables and other non-interest-bearing liabilities	1 667	1 667

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 liabilites and accruals was overdue at the end of the reporting period.

Change in intangible and tangible assets

(unaudited)

1 000 EUR	31.12.2017	31.12.2016
Includes tangible assets, consolidated goodwill and other intangible assets		
Carrying amount, beginning of period	8 493	4 242
Depreciation and impairment	-1 333	-1 111
Additions	272	481
Realization of an internal margin	0	4 931
Disposals	0	-47
Exchange rate difference	0	-4
Carrying amount, end of period	**7 431**	**8 493**

Commitments and contingent liabilities

(unaudited)

1 000 EUR	31.12.2017	31.12.2016
Loans from financial institutions	600	721
Promissory notes secured by pledge	12 691	12 691
Factoring loan and export credit limit	0	352
Promissory notes secured by pledge	0	12 691
Commitments - continuing operations		
Payable within one year	62	61