

VALOE CORPORATION, FINANCIAL STATEMENT RELEASE 2016

SUMMARY

- Valoe Corporation (“Valoe”) is a technology startup, specializing in the clean energy, that, however, already has a new, competitive and tested technology in use; operating automated production plant; worldwide market and the first export order for a solar module factory to Ethiopia; as well as experienced personnel with competence in international technology sales, production and projects.
- In February 2016 Valoe received an approximately EUR 15.8 million order for a solar module manufacturing plant and back contact technology. About EUR 9.5 million of the sales price will be paid in cash to Valoe and the rest of the sales price in shares of the customer company resulting in Valoe having a 30 percent shareholding in its Ethiopian manufacturing partner. The Development Bank of Ethiopia has granted Valoe’s customer full financing for the order.
- Valoe’s financing situation continues to be very tight although the company’s Convertible Bond I/2017 of EUR 1.5 million issued in February 2017 was fully subscribed. Valoe’s planned financing for the building period of the Ethiopian project was mainly based on an advance payment of EUR 2.8 million for which Valoe shall arrange a bank guarantee. There has been a delay in securing an advance payment guarantee. Valoe has had frequent negotiations regarding the guarantee and the negotiations made significant progress in March. Valoe trusts it will close the negotiations by mid-April. The delivery has been postponed due to insufficient financing. Valoe and its manufacturing partner have revised the schedule for completing the Ethiopian project. According to the re-evaluation, the machinery and equipment for the plant will be delivered in Ethiopia by the end of 2017. According to the previous estimation, the delivery was expected to take place during the first half of the year 2017.
- Valoe sold its shares in the company’s subsidiaries in Hong Kong and China to Savcor Tempo Oy, a related company belonging to Savisalo family. The transaction included all related debts and liabilities, however, excluding the guarantee on lease liability of max. EUR 0.65 million. The arrangement increased Valoe Group’s consolidated result approximately by EUR 7.1 million and on the reporting period decreased Valoe Group’s net debts approximately by EUR 3.9 million. In March 2017, after the end of the financial year Valoe settled the dispute relating to the security provided for the Chinese factory’s lease liability, which improved the consolidated result for 2016 by ca. EUR 0.5 million.
- The option scheme 2015 generated a calculated salary cost of EUR 0.9 million, pursuant to IFRS 2, booked for 2016, which decreases Valoe’s result for 2016. The additional entry is made in the salary costs but it does not affect the company’s cash situation. The entry affects neither the company’s equity nor the balance sheet. The cost was not acknowledged in the profit warning the company disclosed on 24 March 2017.
- On the reporting period Valoe Group’s net sales increased to EUR 3.8 million as the Ethiopian project started generating revenue. The EBITDA of the continuing operations was EUR 6.0 million after the company’s liabilities in China were discharged. The EBITDA of the continuing operations excluding the one-off profit originating from the sale of the shares in the Chinese subsidiaries amounted to EUR -1.1 million.

- Valoe has started selling the company's solar power plants and modules in Finland after having built and trained a network of sales representatives and having established cooperation with companies interested in Valoe's technology. The Finnish solar power market has only recently started to develop.

- 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. If the orders materialize, they will include a delivery of a solar module factory to Valoe's manufacturing partner and solar modules with capacity of more than four megawatts, worth EUR ca. 2.5 million, to the same customer. However, the financing negotiations are ongoing and the outcome is not yet known.

- Valoe is also having negotiations for arranging long-term financing and the negotiations have proceeded well. Until the aforesaid long-term negotiations or the financing negotiations for the Asian project have been successfully concluded or an advance payment guarantee for the Ethiopian project has been secured, Valoe's financing situation continues to be very tight and until then the sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. If the above-mentioned guarantee for the order from Ethiopia was not arranged or the long-term financing negotiations or the negotiations for the Asian project did not have a positive outcome, the company's financing situation would further tighten and the continuity of the company's operation might be jeopardized.

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 Release has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Financial Statement Release Valoe has applied the same accounting principles as in its Annual Report 2015. The Financial Statement Release has not been audited.

FINANCIAL DEVELOPMENT

During the reporting period Valoe's result started to improve as the product sales in Finland took off and the Ethiopian project started to generate revenue. The revenue recognition of the Ethiopian project has been described in detail in the item "Risk management, Risks and Uncertainties" of this Interim Report. However, the result was exceptional due to one-off item where Valoe's debts and liabilities related to the Beijing factory were discharged.

The sale of the shares of the Chinese subsidiaries increased Valoe Group's profit by ca. EUR 7.1 million and on the reporting period decreased the Group's net debts by ca. EUR 3.9 million. The transaction generates profit as the Chinese subsidiary's losses accumulated during Valoe's ownership and impairment associated with the subsidiary's assets are removed from Valoe Group's balance sheet. The transaction increased the value of the Group's capitalized development costs. The mother company acquired the outcome of the development and research mainly related to the conductive back sheet from China and capitalized the development costs in its balance sheet. After the sale of the Chinese subsidiaries the development costs are now included also in the Group balance sheet.

After the end of the financial year the security, Valoe gave against the Chinese factory's lease liability, was removed, which improved the consolidated result by ca. EUR 0.5 million.

- The option scheme 2015 generated a calculated salary cost of EUR 0.9 million, pursuant to IFRS 2, booked for 2016, which decreases Valoe's result for 2016. The additional entry is made in the salary costs but it

does not affect the company's cash situation. The entry affects neither the company's equity nor the balance sheet. The cost was not acknowledged in the profit warning the company disclosed on 24 March 2017.

The following financials include Valoe Group's continuing operations. The figures in brackets are comparison figures for the corresponding period in 2015, unless stated otherwise.

October – December 2016 (continuing operations)

- Valoe Group's net sales decreased by 82.4 percent to EUR 0.03 million (In 2015: EUR 0.2 million).
- EBITDA was EUR -0.8 million (EUR -2.1 million).
- Operating profit was EUR -1.2 million (EUR -2.1 million).
- The profit before taxes was EUR -1.8 million (EUR -2.7 million).
- Profit for the period was EUR -1.8 million (EUR -2.7 million).

January – December 2016 (continuing operations)

- Valoe Group's net sales increased by 445 percent to EUR 3.8 million (In 2015: EUR 0.7 million).
- EBITDA was EUR 6.0 million (EUR -2.8 million).
- Operating profit was EUR 4.9 million (EUR -3.5 million).
- The profit before taxes was EUR 2.6 million (EUR -4.7 million).
- Profit for the period was EUR 2.6 million (EUR -4.7 million).
- Earnings per share were EUR 0.003 (EUR -0.005) and diluted earnings per share EUR 0.002 (EUR -0.005).

MANAGING DIRECTOR IIKKA SAVISALO'S REVIEW

The last quarter of 2016 was challenging for Valoe. The company and the Ethiopian Development Bank (the EDB) who provides financing for Valoe's Ethiopian customer were not able to find an adequate security arrangement enabling a Letter of Credit (LC) to be opened for the deal. The bank required a security of EUR ca. 2.8 million to be pledged against the LC, which caused the major delay in the process. The company was not able to provide such security in the last quarter. The company is negotiating with potential partners for the required security.

However, Valoe has continued negotiating with the customer and the EDB in a good atmosphere in Ethiopia. All Ethiopian parties are committed to finding a solution that would accelerate the establishment of the LC.

Because it has now taken more than a year since the financing decision for the factory delivery to Ethiopia was made and about six months since all formalities required for the financing were completed, the company acknowledges the risks related to the realization of the project. In order to minimize the risks Valoe has frequently been in contact with the related parties in Ethiopia: the customer, the direct investors, and the state-owned banks who are related to the financing arrangement. The company has also met the ministers responsible for the project. This is being done frequently by phone and during long visits by Valoe's key employees.

The company's management follows the financing project on daily basis. Valoe has not changed its view on the realization of the project. According to the company's view the project will start receiving financing and the company's management estimates that the project will be completed during the year 2017.

The revenue recognition of the Ethiopian project and the principles have been described in detail in the section regarding risks in this Financial Statement Release.

The slow opening process of a Letter of Credit affected the company's operations significantly during the reporting period. Valoe was forced to delay the project and there was no major progress in the project during the reporting period. However, Valoe's negotiations on bridging financing went according to the plans and in March 2017 Valoe disclosed that its Convertible Bond of EUR 1.5 million was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 1.05 million was paid in cash. Out of the subscriptions, a total of EUR 0.45 million was paid by setting the subscription price off against the subscribers' receivables from the company.

Although the Convertible Bond improved Valoe's financing situation, it continues to be very tight.

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. If the order materializes, it will include a delivery of a solar module factory to Valoe's manufacturing partner and solar modules with capacity of more than four megawatts, worth EUR ca. 2.5 million, to the same customer. However, the financing negotiations are ongoing and the outcome is not yet known. The solar modules for the project will be manufactured in Mikkeli, Finland, from where the modules will be delivered to the customer's projects in Asia.

Valoe's strategy is to find 6 – 8 manufacturing partners whose total annual capacity exceeds 1.5 GWp. Valoe has estimated that establishing of this kind of partner network may take five years.

Valoe is continuously in contact with several solar module manufacturers in China and elsewhere and negotiates various opportunities of cooperation with them.

Despite the challenges relating to the financing of the Ethiopian project Valoe's research and development projects for improving the company's competitiveness have proceeded well and have not essentially fallen behind the planned schedule.

The volume of Valoe's own module production was low during the reporting period. It is typical of the Finnish market where the highest demand is during the summer. The company has run production in one shift at full capacity since the mid-February 2017 and is ready to meet the demand as it starts increasing in the spring.

Africa as Valoe's Market Area

Typical solar power market in Africa, as elsewhere, is divided into two segments. Large power plants with the capacity of more than 100 MW and an investment of EUR 130 – 200 million, depending on the circumstances and technical specifications, are typically connected to the grid. There are several these kind of huge projects ongoing just in Ethiopia.

Other opportunities that interest Valoe and its manufacturing partners are typically related to the off-grid areas with diesel powered plants or with no power at all. In these kind of projects a customer needs solar power plants but also various energy storages and smart grid technology to create an optimal system for an end user. There are several humanitarian projects in Ethiopia and other African countries for bringing power to rural areas and small communities. Products that could fit this kind of market and Valoe's product

range could be e.g. independent solar modules including batteries used for refrigerators, small household devices and lightning.

Research and Development

On the reporting period Valoe's research and development has mainly been concentrated on supporting the Ethiopian project delivery. 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 December 2015, with a development loan of ca. EUR 4 million granted by Tekes, the Finnish Funding Agency for Innovation, Valoe commenced a project aiming to optimize cells for back contact modules. The objective of the project is to develop features of cells used in back contact modules to produce best possible capacity compared to H type modules made of similar materials. The project schedule has been extended due to deficit in financing. However, based on the development done so far Valoe seems to have future opportunities in cell development, too.

Short-term and Long-term Financing

For the moment, Valoe's main operational challenge relates to the company's financing. The company's financing situation is very tight. The company can have growing and profitable business only if it can run its development and projects rationally without continuous delays and extra costs generated by financing difficulties.

At the end of 2016, the company negotiated with the company's major owners and investors for the company's financing needs. According to the company's management, both the main owners and the investors of the company were committed to finance the company also in the future. Additionally, Valoe begin negotiations for a capital based funding of three million euros with a new investor at the end of 2016 and the negotiations are continuing.

During the next six months the company's most important task is to arrange financing sufficient enough to enable the company to face challenges posed by growth and opportunities.

If the company succeeds in securing the above-mentioned capital based funding of EUR 3 million, the company views the continuity of its operations is secured for the next 12 months at least.

If the company does not succeed in securing a financing facility of EUR 3 million, at the minimum, in its ongoing negotiations, and if the Ethiopian project financing is not available to the company, and if Valoe's Asian customer is not able to arrange required funding for the project, the company's operation may be jeopardized.

The company plans to increase its equity through share issues in order to enable the growth of the company. Share issues are planned to be directed to investors in Finland and abroad with simultaneous so-called reverse stock split. The timing of possible share issues and the reverse stock split is not yet decided.

VALOE'S STRATEGY

Valoe's net sales will be generated by the following four service and product concepts:

1. Photovoltaic modules and systems

Solar modules and small photovoltaic systems are probably Valoe's most visible in Finland but in terms of revenue potential the smallest product group. All PV modules Valoe delivers 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 both in Finland and abroad. Further, the company 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 and training its own sales channel.

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. Thus, the module sales do not form a major part of the sales of the company.

The first module manufacturing recipes fully developed by Valoe has passed the demanding test programs of the German Fraunhofer ISE, which enables Valoe's modules to be certified in all the company's market areas.

2. Production lines and related components

Typically, manufacturers already operating within the business, e.g. in China, could be interested in investing in new production lines. These Valoe's potential customers are producing traditional stringed H-pattern modules. According to the information available to Valoe many manufacturers are going to start to manufacture next generation modules using the CBS technology. These kinds of customers usually have their own factories and module manufacturing recipe and require only production equipment or lines. According to Valoe's estimation typical price of production equipment or a production line for solar modules is EUR 4 – 8 million.

The company negotiates with several potential customers interested in Valoe's production technology for delivering solar module plants, production lines or equipment worldwide.

3. Manufacturing partners

After having received the first manufacturing partnership agreement and the first order for a manufacturing plant in February 2016, Valoe continues negotiating for cooperation agreements with several potential manufacturing partners who as newcomers on the market would commit themselves to both Valoe's production technology and module manufacturing recipe like the Ethiopian customer has done. Valoe provides a partner with a turnkey delivery project and commits to minority shareholding in a manufacturing company as was the case with the order from Ethiopia. Valoe's shareholding is agreed to be 30 percent in Ethiopia.

According to Valoe's strategy buyers of module manufacturing plants, who are Valoe's manufacturing partners, start using Valoe's components forming an ecosystem whose development and competitiveness Valoe looks after. Additionally Valoe will take care of an ecosystem's technological and economic competitiveness by updating plants based on the latest research and experience.

Valoe provides its manufacturing partners with technical support and is neither aiming to have a major shareholding in its partnership companies nor Valoe pursues to take responsibility for the sales of its partners' products or for other local business operations.

Manufacturing partners 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. The value of the order from Ethiopia totaled EUR 15.8 million. Valoe is aiming to sign at least 10 manufacturing partnership contracts in the next five years.

4. Special components and technologies and services increasing utilization of solar energy

Special components 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.

In the future Valoe is planning to offer its partners other components too. These components might include e.g. various intelligent module components, and special back contact based cell technologies.

In the long run Valoe will include technologies relating to energy storages and fuel cells as well as other technologies increasing utilization of solar energy in the company's offering. As to the key competences in these technologies Valoe will be supported by its technology partners.

OPERATING ENVIRONMENT

Valoe operates in industries applying clean energy technology and its operating environment is global. The company's customers are companies that provide products and services locally or worldwide. Valoe's key products and services have been designed for the photovoltaic market.

The global growth of solar energy investments has been faster than expected. Many solar module manufacturers with solid market position have broken losing streak and started to plan investing in capacity, partly to increase the amount of their production capacity and partly to replace production capacity for old H-pattern solar modules.

Valoe has previously announced that according to the company's view the focus of its future business will be in the developing countries. The order received from Ethiopia in February 2016 further strengthens this view. Many of the mega trends, national climate protection objectives, increasing industrialisation in the developing countries and increasing energy self-sufficiency, favour local manufacturing of solar modules. For the moment major part of the world's solar module manufacturing is concentrated in China. Modules are manufactured in large labour-intensive units and are delivered from there to the world market to be installed.

In the developed countries solar electricity is mainly produced in large solar power plants located in open landscape feeding electricity to main grid. In this kind of power plants logistics costs, among others, can be optimized and such parameters as module's capacity per square meter have not had major importance. In the developing countries logistics costs, in particular, are significant and demand is focused on so called

mini grid systems where solar power plants have been decentralized and new local grid is built around them. Grids are connected to each other and to new small power plants as electricity consumption, distribution and production increases steadily. Electricity production is decentralized and electricity is distributed through a new type of grid infrastructure. Small power plants are often so called hybrids where solar power plants are operated together with diesel, water and wind power plants in same grid and where various energy storages can be integrated.

In an environment described above a local producer has much better possibilities to control logistics costs. Many of the partners Valoe is negotiating with have noticed that local production costs are clearly lower than prices of modules imported from China. When modules are produced locally possibilities to control the quality increase, too. In Valoe's view CBS based modules have typically solid quality which improves average module capacity in most of the cases.

FINANCING

Cash flow from business operations before investments in January – December 2016 was EUR -1.2 million (EUR -3.1 million). Trade receivables at the end of the reporting period were EUR 0.03 million (EUR 0.1 million). Net financial items amounted to EUR 2.3 million (EUR 1.2 million).

At the end of December the equity ratio of Valoe Group was -68.9 percent (-235.7 %) and equity per share was EUR -0.01 (EUR -0.015). The equity ratio including capital loans was -4.9 percent (-128.9 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.003 million.

The sale of Valoe's Chinese subsidiaries increased Valoe Group's result by EUR 7.1 million. The equity ratio including capital loans increased to -4.9 percent.

Valoe owes overdue debts to Finnvera and Danske Bank. The company negotiates on extending the payment schedule of the overdue export credit limit of EUR 0.35 million, excluding interests, and on extending overdraft facility of EUR 0.7 million at Danske Bank.

Valoe's financing situation continues to be very tight although the company's Convertible Bond I/2017 of EUR 1.5 million issued in February 2017 was fully subscribed. Valoe's planned financing for the building period of the Ethiopian project was mainly based on an advance payment of EUR 2.8 million for which Valoe shall arrange a bank guarantee. There has been a delay in securing an advance payment guarantee. Valoe has had frequent negotiations regarding the guarantee and the negotiations made significant progress in March. Valoe trusts it will close the negotiations by mid-April.

Valoe has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. If the orders materialize, they will include a delivery of a solar module factory to Valoe's manufacturing partner in Asia and solar modules with capacity of more than four megawatts, worth EUR ca. 2.5 million, to the same customer. However, the negotiations are ongoing and the outcome is not yet known.

- Valoe is also having negotiations for arranging long-term financing and the negotiations have proceeded well. Until the aforesaid long-term negotiations or the financing negotiations for the Asian project have been successfully concluded or an advance payment guarantee for the Ethiopian project has been secured, Valoe's financing situation continues to be very tight and until then the sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. If the above-mentioned guarantee for the order from Ethiopia was not arranged or the long-term financing negotiations

or the negotiations for the Asian project did not have a positive outcome, the company's financing situation would further tighten and the continuity of the company's operation might be jeopardized.

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

RESEARCH AND DEVELOPMENT

The knowledge and competence Valoe has gained so far and technological success of the company's products have based on significant investments in the research and development. The module developed by Valoe and its production technology have already proven to be well functional. Also in the future, commercial success will highly depend on how well the research and development succeeds. The ca. EUR 4 million loan granted by Tekes in December 2015 enables Valoe to continue systematic research and development and to invest in development areas that fastest improve the company's market position.

Valoe's strategically important products have already been tested and are functional. The objective of Valoe's research and development is to develop cell and module technology that further improves the competitiveness of Valoe's products and services. The company continues to make significant investments in research and development and will utilize both national and European research funding to finance that also in the future.

The Group's research and development costs during the January – December period amounted to EUR 1.7 million (EUR 1.1 million) or 43.3 (154.2) percent of net sales. The research and development costs of the Group's continuing operations during the January – December period totaled EUR 1.7 million (EUR 1.1 million) or 43.3 (154.2) percent of net sales.

INVESTMENTS

Gross investments in the continuing operations during January – December period amounted to EUR 0.5 million (EUR 0.4 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 (20) people, out of which 17 persons worked in Finland and one person in the USA. During the reporting period the Group's salaries and fees totaled EUR 1.2 million (EUR 1.6 million). Additionally, the option scheme 2015 generated a calculated salary cost of EUR 0.9 million, pursuant to IFRS 2.

Mr Henrikki Pantsar, Valoe Corporation's CTO and a member of the management group, has resigned and will join Trumpf Inc., an U.S.-based subsidiary of Trumpf Group, as of 17 April 2017. Trumpf is one of the world's leading developers and manufacturers of industrial lasers and laser systems. Henrikki Pantsar has worked for Valoe about six years and has lived in the USA since 2013. Valoe and Mr Pantsar have signed a consultancy agreement to ensure cooperation also in the future.

SHARES AND SHAREHOLDERS

Valoe's share capital amounted to EUR 80,000.00 at the end of the reporting period. The number of shares was 862,472,136. The company has one series of shares, which confer equal rights in the company. Valoe did not own any of its own shares at the end of the reporting period.

The company had a total of 7,248 shareholders at the end of December 2016, and 18.5 percent of the shares were owned by foreigners. The ten largest shareholders held 69.8 percent of the company's shares and voting rights on 31 December 2016.

The largest shareholders on 31 December 2016

	shares	percent
1 SAVCOR GROUP OY	270 255 619	31,33
2 SAVCOR COMMUNICATIONS LTD PTY	133 333 333	15,46
3 GASELLI CAPITAL OY	86 300 000	10,00
4 KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	63 673 860	7,38
5 SAVCOR INVEST B.V.	21 874 995	2,54
6 SCI INVEST OY	6 870 645	0,8
7 FRATELLI OY	6 622 650	0,77
8 NORDEA PANKKI SUOMI OYJ	5 125 344	0,6
9 SALMELA VEIJO	4 020 042	0,47
10 VUORENMAA ANTERO	3 894 360	0,45
OTHERS	260 501 288	30,2
TOTAL	862 472 136	100,00

The list of the largest shareholders does not include e.g. the changes in ownership that would realize if subscriptions of the Convertible Bond I/2015 approved on 9 October 2015 were converted to shares at a price of EUR 0.01 in the future. Subscriptions for a total of EUR 7,700,000 were made which equals to max. 770,000,000 new shares in Valoe.

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 142,702,737 shares in the company on 31 December 2016, representing about 16.5 percent of the company's shares and voting rights. Additionally, the members of the Board of Directors and the President and CEO held a total of 75,500,000 options connected to the stock option scheme 2015. At the end of the period Ilkka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 140,203,978 shares in the company and 26.500.000 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.009 and 0.049 during the January – December period. The average price was EUR 0.020 and the closing price at the end of December EUR 0.013. A total of 320.5 million Valoe shares were traded at a value of EUR 6.3 million during the January – December period. The company's market capitalization at the end of December stood at EUR 11.2 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 130,000,000 and they entitle their owners to subscribe for a maximum total of 130,000,000 new shares in the company. The stock options will be issued

for free. Of the stock options, 50,000,000 are marked with the symbol 2015A, 40,000,000 are marked with the symbol 2015B and 40,000,000 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 2016 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 1,000,000,000 shares. The authorization is in force until 30 June 2017.

THE MAJOR EVENTS SINCE THE END OF THE FINANCIAL YEAR

14 February 2017: VALOE CORPORATION POSTPONES THE RELEASE OF ITS FINANCIAL STATEMENT RELEASE AND FINANCIAL STATEMENTS FOR 2016 AND ITS GENERAL MEETING

Valoe postponed the release of its Financial Statement Release and Financial Statements as well as the date of an annual general meeting. The Financial Statement Release for 2016 will be disclosed on 31 March 2017. The Annual Report for 2016 including the Financial Statements and the Report of the Board of Directors will be released on 30 April 2017 at the latest. Valoe's annual general meeting will be postponed until later date, instead of the date that was earlier announced. Valoe's Board of Directors will give a separate notice to a general meeting later on.

9 March 2017: VALOE CORPORATION HAS SETTLED THE DISPUTE RELATING TO THE SECURITY PROVIDED FOR CHINESE FACTORY'S LEASE LIABILITY

On 10 May 2016 Valoe disclosed that it has contested the security provided for the Chinese factory's lease liability which could have amounted to EUR 0.65 million at the most if realized. A provision equivalent to the security has been booked in Valoe's Financial Statements for 2014 where it has been recognized as the mother company's liability. Valoe has now settled the dispute out of court. 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.

13 March 2017: THE RESULT OF THE CONVERTIBLE BOND I /2017 OF VALOE CORPORATION

Valoe Corporation has received subscriptions of EUR 1.50 million for the Convertible Bond I/2017. During the subscription period of the Convertible Bond new investments of EUR 1.05 million was paid in cash. Out of the subscriptions, a total of EUR 0.45 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 0.01 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for one new share. Based on the subscriptions made pursuant to the

loan shares Valoe shall issue a maximum amount of 150,000,000 new Valoe shares. The loan period and the conversion period expire on 1 February 2019.

When subscribing the convertible bond, the lender of the convertible bond was entitled to subscribe also warranties according to which the lender shall have later a right to subscribe new shares in the company with the amount equal to the capital of the convertible bond. Each convertible bond loan amount valued at EUR 0.01 shall entitle the lender to subscribe one (1) warrant. Each warrant entitles the lender to subscribe one (1) new share of the company. The maximum amount of share subscriptions that are based on the warrants shall be in total 150,000,000 new shares of the company. The subscription period for the shares subscribed based on the warrants shall begin on 1 July 2017 and expire on 1 February 2019.

14 March 2017: VALOE CORPORATION'S CTO AND A MEMBER OF THE MANAGEMENT TEAM, HENRIKKI PANTSAR, MOVES ON TO A NEW JOB. HE CONTINUES AS A TECHNICAL ADVISOR FOR VALOE IN ADDITION TO HIS OTHER DUTIES.

Mr Henrikki Pantsar, Valoe Corporation's CTO and a member of the management group, has resigned and will join Trumpf Inc., an U.S.-based subsidiary of Trumpf Group, as of 17 April 2017. Trumpf is one of the world's leading developers and manufacturers of industrial lasers and laser systems.

Henrikki Pantsar has worked for Valoe about six years and has lived in the USA since 2013. Valoe and Mr Pantsar have signed a consultancy agreement to ensure cooperation also in the future. Iikka Savisalo, CEO; Sami Lindfors, Senior Vice President, and Seija Kurki, CFO, continue in the management group.

24 March 2017: VALOE ESTIMATES ITS NET SALES AND PROFITABILITY FOR 2016 TO BE LOWER THAN PREVIOUSLY DISCLOSED. THE COMPANY'S FINANCING SITUATION CONTINUES TO BE VERY TIGHT.

In February 2016 Valoe received a ca. EUR 15.8 million order for a solar module manufacturing plant and back contact technology. About EUR 9.5 million of the sales price will be paid in cash to Valoe and the rest of the sales price in shares of the customer company resulting in Valoe having a 30 percent shareholding in its Ethiopian manufacturing partner. Valoe's customer will receive financing for the deal from The Development Bank of Ethiopia (DBE).

Valoe's financing situation continues to be very tight even though the convertible bond I/2017 of EUR 1.5 million issued in February 2017 was fully subscribed. Valoe's planned financing for the building period of the Ethiopian project was mainly based on an advance payment of EUR 2.8 million for which Valoe shall arrange a bank guarantee. Securing an advance payment guarantee has been delayed. Valoe has had frequent negotiations for a guarantee and they made significant progress in March. Valoe trusts it will close the negotiations by mid-April.

The delivery of the Ethiopian project has been postponed due to insufficient financing. Valoe and its manufacturing partner have revised the schedule for completing the Ethiopian project. According to the re-evaluation the machinery and equipment for the plant will be delivered in Ethiopia by the end of 2017. According to the previous estimation, the delivery was expected to take place during the first half of the year 2017.

Valoe has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. If realized, the orders would include a delivery of a solar module factory to Valoe's manufacturing partner

in Asia and solar modules with capacity of more than four megawatts, worth EUR ca. 2.5 million, to the same customer. However, the negotiations are ongoing and the outcome is not yet known.

Valoe estimates that the net sales of Valoe Group will be ca. EUR 3.8 million in 2016 (in 2015: EUR 0.7 million) and the EBITDA ca. EUR 6.9 million (in 2015: EUR -2.8 million). The financial year 2016 is estimated to be profitable with profit for the financial year 2016 of ca. EUR 3.5 million (in 2015: EUR -4.7 million). All figures concern the continuing operations. The audit has not yet been finished.

Previously Valoe has estimated that the net sales of Valoe Group will be ca. EUR 5.5 – 6.0 million in 2016 and the EBITDA ca. EUR 6.5 – 7.0 million. The financial year 2016 was estimated to be profitable with profit for the financial year 2016 of ca. EUR 3.2 – 3.7 million.

Valoe is also having negotiations for arranging long-term financing and the negotiations have proceeded well. Until the aforesaid long-term negotiations or the financing negotiations for the Asian project have been successfully concluded or an advance payment guarantee for the Ethiopian project has been secured, Valoe's financing situation continues to be very tight and until then the sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. If the above-mentioned guarantee for the order from Ethiopia was not arranged or the long-term financing negotiations or the negotiations for the Asian project did not have a positive outcome, the company's financing situation would further tighten and the continuity of the company's operation might be jeopardized.

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.

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 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. If the orders materialize, they will include a delivery of a solar module factory to Valoe's manufacturing partner and solar modules with capacity of more than four megawatts, worth EUR ca. 2.5 million, to the same customer. However, the realization of the project involves risks. Further, the financing negotiations are ongoing and the outcome is not yet known.

Valoe is also having negotiations for arranging long-term financing and the negotiations have proceeded well. Until the aforesaid long-term negotiations or the financing negotiations for the Asian project have been successfully concluded or an advance payment guarantee for the Ethiopian project has been secured, Valoe's financing situation continues to be very tight and until then the sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. If the above-mentioned guarantee for the order from Ethiopia was not arranged or the long-term financing negotiations or the negotiations for the Asian project did not have a positive outcome, the company's financing situation would further tighten and the continuity of the company's operation might be jeopardized.

The financial negotiations with Finnvera and Danske Bank involve risks. If the overdue limits are not rescheduled the company's financing situation will tighten remarkably.

In the Auditor's Report in the Annual Report 2015 the company's auditor drew attention to the financial risk management, among others, with a so called Emphasis of Matter as follows: "We draw attention both to the report of the Board of Directors section "Risk management, Risks and Uncertainties" and to the Note 29 "Financial risk management". As described in these paragraphs, the financial situation of the company is severe and the financing arrangements of the company are unfinished. As a result, there are significant risks in the adequacy of 12 months financing and in the ability of the company to continue its operations on a going concern basis. The financial statements of the company are prepared based on a going concern assumption. If the conditions for going concern cannot be secured, the values of assets in the financial statements of the company may need to be changed."

The Ethiopian Project

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. Because the financing for the project has not yet been launched, the company follows very closely how the situation develops in Ethiopia.

The revenue recognized based on the current percentage of completion of the Ethiopian project comprises the major part of Valoe's current revenue and operational profit. The revenue recognition and the recognition principles of the Ethiopian project are described below.

The Ethiopian project of 15.8 million euros awarded to Valoe in February 2016 and its outcome are significant when evaluating the company's performance in the near future. The customer will pay 9.5 million euros in cash and 6.3 million euros in shares of the customer company resulting in Valoe having a 30 percent shareholding. Valoe assesses its shareholding annually.

At the end of the financial year, on 31 December 2017 the project's percentage of completion was 20.6 %. The company's revenue for 2016 totaled EUR 3.8 million out of which EUR 3.3 million was generated from the Ethiopian project based on the percentage of completion. The company has not yet got any revenue from actual project work. If the project were cancelled, which is unlikely, the company would utilize the work already done in some other customer project. Should Valoe fail to utilize the finished goods produced for the Ethiopian project, the company might have to write off EUR 2.7 million, at the most.

Valoe's Board of Directors trusts that the project delivery will be fully executed and views that the market-based valuation of the shares reflects the profit potential of the affiliate company in a best way. This view is supported by the financial decisions of the Ethiopian state-owned bank based on which the valuation of

Valoe's affiliated company will be more than 20 million euros after the manufacturing plant is ready; its unique technology is competitive; the plant is running at 60 percent's capacity, at the minimum, with Valoe's technological support; and the amount of the required modules estimated by Valoe's customer will materialize.

However, 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 release 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.

Other risks connected to Valoe have been presented in more detail in the Annual Report for 2015.

MARKET OUTLOOK

Valoe will not disclose financial guidance for the financial year 2017.

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 30 April 2017 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 2016 will be paid.

GENERAL MEETING

As disclosed on 14 February 2017 Valoe's annual general meeting will be postponed until later date, instead of the date that was earlier announced. Valoe's Board of Directors will give a separate notice to a general meeting later on.

In Mikkeli, 31 March 2017

Valoe Corporation
BOARD OF DIRECTORS

For more information please contact:

Valoe: Iikka Savisalo, President and CEO, tel. +358 40 521 6082, iikka.savisalo@valoe.com

Accounting principles

(unaudited)

Revenue recognition principles

The revenue generated by the Ethiopian project is recorded as sales under the percentage of completion method. The Ethiopian project has been subdivided into smaller projects whose physical percentage of completion is reviewed monthly. The percentage of completion is determined based on pre-planned milestones/actions and objectives.

Revenue is recognized based on determined percentage of completion and, if necessary, a provision is recognized to avoid exceeding the estimated margin of the project.

The presentation of the Ethiopia project in the balance sheet is defined during Q2 2016, the receivables and liabilities related to the revenue recognition of the project are offset.

Application of the going concern assumption

The financial statements of the company are prepared on a going concern assumption. Valoe's financing situation continues to be very tight although the company's Convertible Bond I/2017 of EUR 1.5 million issued in February 2017 was fully subscribed. Valoe's planned financing for the building period of the Ethiopian project was mainly based on an advance payment of EUR 2.8 million for which Valoe shall arrange a bank guarantee. There has been a delay in securing an advance payment guarantee. Valoe has had frequent negotiations regarding the guarantee and the negotiations made significant progress in March.

If the conditions for going concern cannot be secured, the values of assets in the financial statements of the company, including the revenue recognition of the Ethiopian project, may need to be changed.

Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Continuing operations				
Net sales	31	176	3 811	699
Cost of sales	-146	-262	-2 265	-937
Gross profit	-115	-86	1 545	-237
Other operating income	509	-722	7 682	150
Product development expenses	-616	-132	-1 651	-1 078
Sales and marketing expenses	-215	-202	-780	-686
Administrative expenses	-720	-257	-1 312	-982
Other operating expenses	6	-693	-601	-705
Operating profit	-1 152	-2 092	4 884	-3 540
Financial income	1	90	8	306
Financial expenses	-683	-694	-2 287	-1 497
Profit before taxes from continuing operations	-1 834	-2 696	2 604	-4 731
Income taxes	0	-1	18	0
Profit/loss for the period from continuing operations	-1 834	-2 697	2 623	-4 731
Discontinued operations				
Profit/loss after tax for the period from discontinued operations	66	20	-92	-91
Profit/loss for the period	-1 768	-2 677	2 530	-4 822
Profit/loss attributable to:				
Shareholders of the parent company	-1 768	-2 677	2 530	-4 822
Earnings/share (basic), eur	-0,002	-0,003	0,003	-0,006
Earnings/share (diluted), eur	-0,002	-0,003	0,002	-0,006
Continuing operations:				
Earnings/share (basic), eur	-0,002	-0,003	0,003	-0,005
Earnings/share (diluted), eur	-0,002	-0,003	0,002	-0,005
Profit/loss for the period	-1 768	-2 677	2 530	-4 822
Other comprehensive income				
Translation difference	0	-106	750	-468
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	0	-106	0	-468
Total comprehensive income for the period	-1 768	-2 783	3 280	-5 290
Total comprehensive income attributable to:				
Shareholders of the parent company	-1 768	-2 783	3 280	-5 290

Consolidated statement of financial position

(unaudited)

1 000 EUR	31.12.2016	31.12.2015
ASSETS		
Non-current assets		
Property, plant and equipment	13	64
Consolidated goodwill	441	441
Other intangible assets	8 039	3 737
Holdings in associated companies	150	0
Available-for-sale investment	9	9
Total non-current assets	8 652	4 251
Current assets		
Inventories	101	254
Trade and other non-interest-bearing receivables	3 445	799
Cash and cash equivalents	3	31
Total current assets	3 549	1 084
Assets classified as held for sale	0	0
Total assets	12 201	5 336
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Share capital	80	80
Other reserves	0	0
Translation difference	0	-750
Retained earnings	-8 487	-11 910
	-8 407	-12 579
Non-controlling interests	0	9
Total equity	-8 407	-12 570
Non-current liabilities		
Non-current loans	9 554	7 222
Other non-current liabilities	260	0
Deferred tax liabilities	0	0
Total non-current liabilities	9 814	7 222
Current liabilities		
Current interest-bearing liabilities	5 158	3 131
Trade and other payables	5 104	7 030
Current provisions	40	0
Total current liabilities	10 302	10 162
Liabilities directly associated with assets classified as held for sale	493	522
Total liabilities	20 608	17 906
Equity and liabilities total	12 201	5 336

Consolidated statement of cash flows

(unaudited)

1 000 EUR	1-12/2016	1-12/2015
Cash flow from operating activities		
Income statement profit/loss from continuing operations before taxes	2 604	-4 731
Income statement profit/loss from discontinued operations before taxes	-92	-91
Income statement profit/loss before taxes	2 512	-4 822
Non-monetary items adjusted on income statement		
Depreciation and impairment	+ 1 111	696
Gains/losses on disposals of non-current assets	+/- -7 082	0
Unrealized exchange rate gains (-) and losses (+)	+/- 4	-311
Other non-cash transactions	+/- 920	684
Change in provisions	+/- -13	-86
Financial income and expense	+ 2 276	1 502
Total cash flow before change in working capital	-274	-2 337
Change in working capital		
Increase (-) / decrease (+) in inventories	153	-159
Increase (-) / decrease (+) in trade and other receivables	-3 240	1 076
Increase (+) / decrease (-) in trade and other payables	2 228	-1 358
Change in working capital	-859	-441
Adjustment of financial items and taxes to cash-based accounting		
Interest paid	- 94	294
Interest received	+ 0	1
Other financial items	- 25	68
Taxes paid	- -18	3
Financial items and taxes	-101	-364
NET CASH FLOW FROM BUSINESS OPERATIONS	-1 234	-3 142
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	- 418	396
Proceeds on disposal of tangible and intangible assets	+ 8	34
Loans granted	- 0	260
Repayment of loan receivables	+ 0	363
Acquisition of subsidiaries and other business units	- 672	0
Disposal of subsidiaries and other business units	+ -23	640
NET CASH FLOW FROM INVESTMENTS	-1 105	381
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	+ 807	3 381
Repayment of non-current borrowings	- 0	8
Proceeds from current borrowings	+ 2 049	265
Repayment of current borrowings	- 536	1 004
NET CASH FLOW FROM FINANCING ACTIVITIES	2 319	2 634
INCREASE (+) OR DECREASE (-) IN CASH FLOW	-19	-127

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Other reserves	Translation difference	Distributable non-		Total	Non-controlling interests	Total equity
				restricted equity fund	Retained earnings			
31.12.2015	80	0	-750	0	-11 910	-12 579	9	-12 570
Profit/loss for the period	-	-	-	-	2 530	2 530	0	2 530
Stock option scheme 2015	-	-	-	-	892	892	0	892
Translation difference, comprehensive income	-	-	750	-	-	750	-9	741
31.12.2016	80	0	0	0	-8 487	-8 407	0	-8 407

1 000 EUR	Share capital	Other reserves	Translation difference	Distributable non-		Total	Non-controlling interests	Total equity
				restricted equity fund	Retained earnings			
31.12.2014	3 425	4 908	-281	44 552	-62 500	-9 897	8	-9 889
Profit/loss for the period	-	-	-	-	-4 822	-4 822	0	-4 822
Translation difference, comprehensive income	-	-	-468	-	0	-468	0	-468
Transactions with owners:								
Own equity component of the convertible bond					0	2 608	0	2 608
Transfer between items	0	0	0	-520	520	0		0
Reduction of share capital	-3 345	-4 908	0	-44 032	52 285	0	-	0
31.12.2015	80	0	-750	0	-11 910	-12 579	9	-12 570

The presentation of the own equity component of the convertible bond is defined during Q3 2015, they are transferred from distributable non-restricted equity fund to retained earnings. After the transfer the value of the distributable non-restricted equity fund is zero also in consolidated accounts.

Segment information

(unaudited)

Valoe sold the electronics automation business to FTTK Company during the second 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	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Net sales				
Valoe Clean Energy - continuing operations	31	176	3 811	699
Discontinued operations	0	37	0	113
Total	31	213	3 811	812
Operating profit				
Valoe Clean Energy - continuing operations	-1 152	-2 092	4 884	-3 540
Discontinued operations	66	20	-92	-91
Total	-1 086	-2 072	4 791	-3 631
EBITDA				
Valoe Clean Energy - continuing operations	-819	-2 059	5 994	-2 844
Discontinued operations	66	20	-92	-91
Total	-753	-2 039	5 902	-2 935
Depreciation				
Valoe Clean Energy - continuing operations	333	34	1 111	696
Discontinued operations	0	0	0	0
Total	333	34	1 111	696
Impairment				
Valoe Clean Energy - continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Total	0	0	0	0

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 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	1-12/2016	1-12/2015
Revenue	0	113
Expenses	-92	-204
Operating profit/loss from discontinued operation	-92	-91
Assets		
Property, plant and equipment	0	0
Other intangible assets	0	0
Inventories	0	0
Trade and other non-interest-bearing receivables	0	0
Cash and cash equivalents	0	0
Assets classified as held for sale	0	0
Liabilities		
Trade and other payables	487	463
Provisions	5	59
Liabilities directly associated with assets classified as held for sale	493	522
Net assets directly associated with disposal group	-493	-522

Cumulative translation difference

Net cash flow of Cencorp's electronics automation business:

1 000 EUR	1-12/2016	1-12/2015
Operating	-122	-536
Investing	0	96
Earnings/share (basic), from discontinued operations	-0,0000001	-0,0001
Earnings/share (diluted) from discontinued operations	-0,0000001	-0,0001

Key figures

(unaudited)

1 000 EUR	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Net sales	31	176	3 811	699
Operating profit	-1 152	-2 092	4 884	-3 540
% of net sales	-3751,3 %	-1187,9 %	128,2 %	-506,4 %
EBITDA	-819	-2 059	5 994	-2 844
% of net sales	-2667,4 %	-1168,8 %	157,3 %	-406,8 %
Profit before taxes	-1 834	-2 696	2 604	-4 731
% of net sales	-5972,8 %	-1530,8 %	68,3 %	-676,8 %
Balance Sheet value	12 201	5 336	12 201	5 336
Equity ratio, %	-68,9 %	-235,7 %	-68,9 %	-235,7 %
Net gearing, %	neg.	neg.	neg.	neg.
Gross investments (continuing operations)	71	99	481	395
% of net sales	229,5 %	56,3 %	12,6 %	56,5 %
Research and development costs (continuing oper.)	616	132	1 651	1 078
% of net sales	2006,7 %	74,7 %	43,3 %	154,2 %
Order book	12 670	46	12 670	45,58
Personnel on average	19	20	21	22
Personnel at the end of the period	18	20	18	20
Non-interest-bearing liabilities	6 390	7 493	6 390	7 493
Interest-bearing liabilities	14 172	10 354	14 172	10 354
Share key indicators				
Earnings/share (basic)	-0,002	-0,003	0,003	-0,006
Earnings/share (diluted)	-0,002	-0,003	0,002	-0,006
Earnings/share (basic), from continuing operations	-0,002	-0,003	0,003	-0,005
Earnings/share (diluted) from continuing operations	-0,002	-0,003	0,002	-0,005
Equity/share	-0,010	-0,015	-0,010	-0,015
P/E ratio	-6,19	-6,12	4,48	-3,40
Highest price	0,015	0,020	0,049	0,020
Lowest price	0,010	0,012	0,009	0,007
Average price	0,012	0,016	0,020	0,013
Closing price	0,013	0,019	0,013	0,019
Market capitalisation, at the end of the period, MEUR	11,2	16,4	11,2	16,4

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	1-12/2016	1-12/2015
Continuing operations		
Sales of goods and services		
Savcor Group Oy and subsidiaries - financial management and production servi	19	40
Savcor Oy and it's subsidiaries - financial management and production services	28	49
Savcor Face Ltd - solar modules / production services	-2	36
Others	1	3
Total	46	128
Purchases of goods and services		
Savcor Group Oy and subsidiaries - financial management, legal and rent	34	138
Savcor Oy - financial management and IT services	71	89
Savcor Face Ltd - marketing services	34	51
SCI-Finance Oy - marketing and administration services	59	98
Savcor Technologies Oy - marketing and administration services	39	0
Oy Marville Ab - legal services	72	30
Total	308	405
Gain on disposal		
Savcor Tempo Oy	-300	0
Interest income		
Savcor Oy	0	1
Interest expenses and other financial expenses		
Savcor Group Oy and subsidiaries	155	161
Savcor Oy	1	1
SCI Invest Oy	68	57
SCI-Finance Oy - funding	67	4
Savcor Technologies Oy	87	5
Savcor Communications Pty Ltd	65	0
Savcor Tempo Oy	23	0
Others	71	49
Total	537	277
Discontinued operations		
Purchases of goods and services		
Savcor Group Oy - legal services	0	7
SCI-Finance Oy - administration services	3	9
Oy Marville Ab - legal services	2	1
Total	5	18

1 000 EUR	1-12/2016	1-12/2015
Non-current convertible subordinated loan from related parties	2 361	1 882
Non-current interest payable to related parties	92	0
Current convertible subordinated loan from related parties	1 114	364
Other current liabilities to related parties	2 192	705
Current interest payable to related parties	318	156
Trade payables and other non-interest-bearing liabilities to related parties	881	197
Trade and other current receivables from related parties	31	25

From the beginning of 2015 Savcor Group Limited in Australia is no longer part of Savcor Group, and liabilities to the company are not included in related party transactions.

Since August 2016 Savcor Group Oy and its subsidiary Savcor Invest B.V. are no longer companies under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

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

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

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

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

1 000 EUR	1-12/2016	1-12/2015
Wages and remuneration		
Salaries of the management and Board	752	856
Stock option scheme 2015 / IFRS 2 booking	725	0

Fair values

(unaudited)

1 000 EUR	Carrying amount 31.12.2016	Fair value 31.12.2016
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	3 445	3 445
Cash and cash equivalents	3	3
The presentation of the Ethiopia project in the balance sheet is defined during Q2 2016, the receivables and liabilities related to the revenue recognition of the project are offset.		
Financial liabilities		
R&D loan, non-current	2 861	2 861
Non-current convertible subordinated loan	6 693	6 693
Loans from financial institutions, current	1 370	1 370
Current convertible subordinated loan	1 114	1 114
Other liabilities, current	2 671	2 671
Trade payables and other non-interest-bearing liabilities	3 054	3 054

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 3.6 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, an export credit limit of EUR 0,35 million to Finnvera/Danske Bank and overdraft limit of EUR 0,7 million to Danske Bank were overdue.

Change in intangible and tangible assets

(unaudited)

1 000 EUR

31.12.2016

31.12.2015

Includes tangible assets, consolidated goodwill and other intangible assets

Carrying amount, beginning of period	4 242	4 577
Depreciation and impairment	-1 111	-696
Additions	481	395
Realization of an internal margin	4 931	0
Disposals	-47	-34
Exchange rate difference	-4	0
Carrying amount, end of period	8 493	4 242

Commitments and contingent liabilities

(unaudited)

1 000 EUR	31.12.2016	31.12.2015
Loans from financial institutions	721	950
Promissory notes secured by pledge	12 691	12 691
Factoring loan and export credit limit	352	448
Trade receivables	0	0
Deposits	0	0
Promissory notes secured by pledge	12 691	12 691
Collaterals given from other short-term loans		
Deposits	0	509
Commitments - continuing operations		
Payable within one year	61	61