

VALOE FINANCIAL STATEMENT RELEASE 2018

The Net Sales More Than Doubled. The Profit and the EBITDA Increased. The Financial Situation Continues to Be Tight.

SUMMARY

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 the reporting period in January 2018. Thus, the company collected in the offering in total approximately EUR 859,000 new capital before fees and costs and the indebtedness of the company decreased in total approximately by EUR 9,257,000.
- On 19 April 2017 Valoe entered into a convertible note facility agreement with Bracknor Investment concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. The agreement expired on 19 October 2018. Valoe withdrew a total of EUR 1.65 million from the financing facility and Bracknor converted all notes to Valoe's shares. After the expiry of the agreement Bracknor holds share subscription warrants. Bracknor has the right at its option to exercise all or any of the warrants prior to 19 October 2023. The options can be exercised at a price connected to the stock exchange rate at the time of the withdrawal of the said loan tranche. The terms and conditions of the warrants have been disclosed in the stock exchange release of 19 April 2017.
- During the reporting period, Valoe issued two convertible bonds. In April 2018 Valoe issued a convertible bond of MEUR 1.0 at the most in order to strengthen the company's capital structure and to purchase a cell production line from Megacell S.r.l., under liquidation. The subscription price was EUR 0.55 per share. The convertible bond was issued in deviation from the shareholders' pre-emptive subscription rights to the parties separately approved by the Board of Directors. The loan period shall expire on 31 May 2021 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. An annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The subscription period of the shares under the convertible bond begun from the subscription of the convertible bond and shall expire on 31 May 2021. The Convertible Bond was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 0.9 million was paid in cash. Out of the subscriptions, a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers' receivables from the company. In October Valoe issued the Convertible Bond 2/2018 of EUR 2,195,289.10 and directed it, in deviation from the shareholders' pre-emptive subscription rights, to Ilmarinen Mutual Pension Insurance Company. Ilmarinen Mutual Pension Insurance Company subscribed the Convertible Bond against the subscriber's

loan receivable from Valoe by converting the loan capital and the interests of the Convertible Bond 1/2015 into the Convertible Bond 2/2018 that is a capital loan. Despite the aforesaid financial arrangements, the company's financial situation and working capital situation continue to be tight.

- On 20 December 2018 Valoe disclosed that it has entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 2,000,000 in convertible loan notes that will be accompanied by share subscription warrants. Under the Arrangement, Valoe issues convertible notes to Winance. The convertible notes may be drawn down in maximum of 4 sequential tranches of EUR 500,000 each during a period of 24 months from the drawdown of the first tranche provided that the preconditions for each tranche are met. Winance has the right to convert each tranche into the company's newly issued or treasury shares. In addition, Winance will receive Warrants stripped from the convertible notes at the drawdown of each tranche. The warrants entitle Winance to subscribe to additional shares of the company. Valoe has an obligation to draw down a minimum of two tranches of the convertible notes, i.e. a total minimum of EUR 1,000,000. The remainder of the convertible notes, a total of 2 tranches i.e. EUR 1,000,000, may be drawn down by the company at its discretion.

Research and Development

- During the reporting period Valoe made significant investments in its research and development. In April 2018 Valoe introduced Chrome II, a new glass-glass solar module including Valoe's own MWT (Metal Wrap Through) cell, on the market. Further, in April 2018 Valoe announced that it has purchased a solar cell production line from Italian Megacell S.r.l.; under liquidation, and that the company has signed a cooperation agreement with Soli Tek Cells JSC, a solar cell manufacturer based in Lithuania. The cell production line Valoe purchased from Italy has been transferred to Soli Tek Cells JSC's premises in Lithuania. In May 2018 Valoe disclosed that it has signed a development and technology transfer agreement with German ISC Konstanz. The purchase of the cell production line from Italy and the cooperation agreements with both SoliTek and ISC Konstanz support Valoe's objective to develop, for Valoe's modules, an IBC (Interdigitated Back Contact) cell and a bifacial cell BiSoN also based on n-type silicon cell and IBC technology ZEBRA as well as to modify Valoe's current module structure in a way where the features of IBC and BiSoN can be utilized in the best possible way. Additionally, Valoe and ISC Konstanz have agreed on licensing the abovementioned cell types to Valoe and its future manufacturing partners. After the end of the reporting period, Valoe disclosed on 19 February 2019 that it has acquired the solar cell production business of SoliTek R&D JSC. Provided that the required financing is available, the acquisition will facilitate the development of an IBC cell and related production technology within a time frame where the IBC cell would be at Valoe's use during the second half of 2019.

The Major Orders

- In April 2018 Valoe and ForUs Capital Oy signed delivery contracts totalling about EUR 0.45 million. The contracts are part of the framework agreement between Valoe and ForUs Capital Oy, disclosed on 7 August 2017, on delivering solar power plants worth approximately a total of EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The total value of the binding delivery contracts with ForUs Capital Oy signed by the end of the reporting period totals approximately EUR 1.6 million.

- Valoe has been delivering the orders since the autumn 2017 and almost all the power plants ordered by the end of the reporting period were delivered by the end of 2018.

Financials

- In the financial year 2018, the net sales of Valoe Group, under the IFRS standards, increased by 140 percent. The net sales were EUR 1.3 million (in 2017 EUR 0.6 million). The EBITDA, the EBIT and the profit increased. The EBIT was EUR -2.5 million (EUR -3.1 million), the profit for the period was EUR -4.2 million (EUR -5.8 million), undiluted earnings per share were EUR -0.28 (EUR -1.23) and the EBITDA EUR -1.2 million (EUR -1.7 million).
- Valoe's Asian customer has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. Valoe will enter the order in its order book only after the customer has secured financing for the factory project.
- Valoe will not disclose financial guidance for the financial year 2019.
- More information on principle activities and events during and after the reporting period can be found in the stock exchange releases published on Valoe's website at www.valoe.com. 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 2017. The Financial Statement Release has not been audited.

FINANCIAL DEVELOPMENT

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.

During the reporting period, Valoe issued two convertible bonds. In April 2018 Valoe issued a convertible bond of MEUR 1.0 at the most in order to strengthen the company's capital structure and to purchase a cell production line from Megacell S.r.l., under liquidation. The subscription price was EUR 0.55 per share. The convertible bond was issued in deviation from the shareholders' pre-emptive subscription rights to the parties separately approved by the Board of Directors. The loan period shall expire on 31 May 2021 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. An annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The subscription period of the shares under the convertible bond begun from the subscription of the convertible bond and shall expire on 31 May 2021. The Convertible Bond was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 0.9 million was paid in cash. Out of the subscriptions, a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers' receivables from the company. In October Valoe issued the Convertible Bond 2/2018 of EUR 2,195,289.10 and directed it, in deviation from the shareholders' pre-emptive subscription rights, to

Ilmarinen Mutual Pension Insurance Company. Ilmarinen Mutual Pension Insurance Company subscribed the Convertible Bond against the subscriber's loan receivable from Valoe by converting the loan capital and the interests of the Convertible Bond 1/2015 into the Convertible Bond 2/2018 that is a capital loan. Despite the aforesaid financial arrangements, the company's financial situation and working capital situation continue to be tight.

In April Valoe and ForUs Capital Oy signed delivery contracts totalling approximately EUR 0.45 million. The contracts are part of the framework agreement between Valoe and ForUs Capital Oy, disclosed on 7 August 2017, on delivering solar power plants worth a total of approximately EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The total value of the binding delivery contracts with ForUs Capital Oy signed by the end of the reporting period totals approximately EUR 1.6 million. Valoe has been delivering the orders since the autumn 2017 and most of the power plants ordered by the end of the reporting period will be delivered by the end of 2018.

In December 2018 Valoe disclosed that it has entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 2,000,000 in convertible loan notes that will be accompanied by share subscription warrants. Under the Arrangement, Valoe issues convertible notes to Winance. The convertible notes may be drawn down in maximum of 4 sequential tranches of EUR 500,000 each during a period of 24 months from the drawdown of the first tranche provided that the preconditions for each tranche are met. Winance has the right to convert each tranche into the company's newly issued or treasury shares. In addition, Winance will receive Warrants stripped from the convertible notes at the drawdown of each tranche. The warrants entitle Winance to subscribe to additional shares of the company. Valoe has an obligation to draw down a minimum of two tranches of the convertible notes, i.e. a total minimum of EUR 1,000,000. The remainder of the convertible notes, a total of 2 tranches i.e. EUR 1,000,000, may be drawn down by the company at its discretion.

Valoe has a product development loan from Business Finland (prev. Tekes) in the amount of EUR 4.1 million out of which the company had withdrawn a total of EUR 2.9 million by the end of the reporting period. As per the date of this Financial Statement Release there is still a total of EUR 1.2 million to be withdrawn.

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

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

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2017, unless stated otherwise. The profit and loss effects of the Ethiopian project have been removed from the figures for the corresponding period in 2017. During the financial year 2017, the company reported the continuing operations and the discontinued operations separately. Since the beginning of the reporting period, the company does not report them in its profit and loss statement as there have been no discontinued operations neither during the reporting period nor during the

corresponding period. However, there are liabilities related to the discontinued operations in the balance sheet.

October – December 2018:

During the fourth quarter of 2018, Valoe's net sales increased by 285 percent compared to the corresponding period in 2017. The EBITDA, the EBIT, the profit before taxes and the undiluted earnings per share improved.

- Valoe Group's net sales increased to EUR 0.3 million (In 2017: EUR 0.1 million).
- EBITDA was EUR -0.1 million (EUR -0.8 million).
- Operating profit was EUR -0.4 million (EUR -1.2 million).
- The profit before taxes was EUR -0.9 million (EUR -1.8 million).
- Profit for the period was EUR -0.9 million (EUR -1.8 million).
- Undiluted earnings per share were EUR -0.06 (EUR -0.35).

The operating profit excluding one-off other operating income was EUR -1.0 million (EUR -1.2 million).

January – December 2018:

- Valoe Group's net sales increased by approximately 140 percent to EUR 1.3 million (In 2017: EUR 0.6 million).
- EBITDA was EUR -1.2 million (EUR -1.7 million).
- Operating profit was EUR -2.5 million (EUR -3.1 million).
- The profit before taxes was EUR -4.2 million (EUR -5.8 million).
- Profit for the period was EUR -4.2 million (EUR -5.8 million).
- Undiluted earnings per share were EUR -0.28 (EUR -1.23).

The operating profit excluding one-off other operating income was EUR -3.0 million (EUR -3.5 million).

MANAGING DIRECTOR'S REPORT

Financials

During the reporting period, Valoe's net sales continued growing and increased by approximately 140 percent compared to the net sales in 2017.

Unfortunately, the profitability of Valoe's operations is still poor. As Valoe was preparing for the growth the company's fixed production costs had to be increased, due to which the profitability naturally decreased during the reporting period.

The gross profit of the projects delivered during the reporting period was positive. This gives the company's management a good reason to believe that the profitability will improve as the volume increases. The company trusts it can improve the profitability thanks to growing turnover, increasing sales of Valoe's new products based especially on the company's technological specialisation and production technology development. In the long run, the profitability is expected to further improve as the proportion of the technology sales is growing.

Valoe's IBC Cell Project and Related Opportunities

On 19 February 2019 Valoe disclosed that the company acquired the solar cell production business of Lithuanian JCS SoliTek R&D. During the financial year 2018, Valoe and SoliTek started cooperating in order to develop an IBC cell, which was now followed by the acquisition. The acquisition and the cooperation agreement with ISC Konstanz signed in 2018 enable the IBC cells and modules to be introduced in the market during 2019. Valoe's IBC cell is one of the most efficient solar cells in the market. When Valoe's bifacial IBC cell module with glass-glass structure is ready it will certainly be one of the most competitive modules in the world. This is an achievement that we couldn't even dream about couple of years ago. The 72 cell bifacial module, called Chrystal Twin, generates more than 500 kWp. The module generates solar power also on the backside of the module. A bifacial module suits very well the northern conditions and provides additional benefit in the summer mornings and evenings as well as in the early winter when there is snow; in other words, always when the sun shines low. As temperature rises, the IBC modules have smaller power loss than the standard modules, which is beneficial especially in hot areas.

Valoe's customers have welcomed the news about the company's new technology. Valoe has ongoing negotiations on solar power plant deliveries both to Finland and elsewhere.

Valoe has commenced the IBC technology sales in the international markets too. The exceptional efficiency of the IBC cells and the Chrystal Twin modules have caught special attention. New negotiations for cooperation have been started and the previously commenced negotiations have accelerated. Some customers are interested in Valoe's cell technology, while some customers are interested in the whole technology package.

Examples of New Special IBC Products

In the automotive industry and mobile logistics there are many new applications where power transmission from the backside of a module enabled by Valoe's back contact technology provides new opportunities for Valoe. One example of the new opportunities Valoe looked into is refrigerated transportation where diesel-fuelled air conditioning could be partly replaced by zero-emission and silent solar energy that also has lower operating costs.

Valoe's technology suits very well environment where high efficiency per square meter and light and flexible module structure are required and where power must be transmitted from the backside of a module and cells. Car manufacturers want to charge batteries with solar energy too. A solar power system on top of a car could be used for cooling a car or a public transportation vehicle when its engine is not running.

"Financing Has to Be Secured"

Valoe must continuously invest in development, sales and marketing as well as production capacity in order to exploit new opportunities that probably would provide much better profits than standard modules. As a rather unknown company in the field of technology development Valoe may face challenges in terms of financial stability required by the customers. Car industry is a typical example of well-established industry where suppliers are always required to have solid financial situation. Valoe has competent personnel, long

tradition of industrial activities and wide experience in international business which help the company to enter into negotiations. All growth-oriented industrial operators are interested in and even inspired by Valoe's innovativeness. Besides the current anchor investors, Valoe needs also new investors to support Valoe in leveraging new productive opportunities. The Board of Directors of Valoe and the company's management continuously look for new options to secure sufficient financial resources.

Valoe requires about seven million Euros in order to materialize its current investment plan. Some industrial companies operating already within the industry as well as some capital investors have shown interest in Valoe's technology and customer projects with high profit potential. Further, Valoe is preparing a public offering to raise funds for its investments.

Until sufficient financial arrangement has been secured Valoe's operations will be affected by financial risks and the company cannot be sure it will meet its goals.

Operations

The company's current growth is based on increased sales volume in the very competitive power plant market in Finland. Based on the ongoing negotiations, Valoe's management expects that the strong growth continues in Finland. However, the major growth potential lies abroad and in the technology sales especially.

During the reporting period, Valoe delivered several medium-sized solar power plants to its customers and improved its delivery capabilities significantly in order to better meet growing demand. Valoe developed its installation systems and trained the installation personnel to apply the results of the development. Training was also given to the module factory personnel. The process parameters and the reliability of the process equipment were improved in order to increase the quality and for the anticipated production growth.

In Ethiopia, the company has continued supporting its manufacturing partner to withdraw the financing granted for Valoe's delivery. The prerequisites for the Ethiopian project have not changed and the operating environment for solar energy production continues to be favourable. Valoe's local partner has shown exceptional persistence and is still fully committed to the project. Both the local government and its energy company have promised their support for Valoe as well as for the project. Valoe still trusts that the project will be completed. In order to advance the project Valoe and its partner, supported by the local authorities, have entered into negotiations with IFC, a part of World Bank Group, on arranging foreign currency financing and starting the project's equipment and technology delivery. These kinds of negotiations take time but according to Valoe's view the negotiations have made good progress, project evaluation has been addressed to IFC's specialists in Washington and the communication between the parties has been very positive.

Valoe is planning to pilot a concept for a solar power plant generating electricity on a 24-hour basis. An ability to provide an overall and economical solution with electricity storing features for implementing solar electricity will be one of Valoe's most important assets as the company's customers and manufacturing partners choose the best suppliers and technologies for them.

Successful Product Development Lays Down Conditions for Success

It is Valoe's objective that the energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy in the market. Valoe is aiming at developing a module with a lifespan of more than hundred years. Although such a module does not yet exist, Valoe chooses its components with a view to extending a module's operational lifetime. Valoe never purchases cheaper components at the cost of their lifecycle.

With regard to the cell technology, Valoe was, during 2018, able to lay down conditions for development that enabled Valoe to introduce a glass-glass polycrystalline module, Chrome II in the market. The polycrystalline cells were produced by SoliTek Cell's equipment in Lithuania and then modified into back contact cells with Valoe's own laser technology. On 18 February 2019 Valoe acquired SoliTek's cell production lines and will modify them for IBC production during 2019.

Valoe's strategy does still not include mass production of modules. All of Valoe's operations including the production that is essential for the development but low in volume is aimed at creating and improving competitive edge for the technology sales. Based on the company's history, the well-established key technologies and highly competent personnel, Valoe has always trusted it has capabilities that enable the company to remain at the forefront of development of competitive technologies. Valoe believes that if it utilizes the partnerships it has formed with the world's leading research and development institutes the company can sell competitive technology at sufficiently high price level.

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

Although the developing markets are the most important ones for Valoe's future, the Finnish solar electricity market is becoming more and more important for Valoe. In Finland, the solar electricity business has just started to grow. There are several very active solar energy companies and prices of solar power investments have dropped significantly. Low prices have attracted new customers who have made their decision based on the price of a solar system. However, well-informed customers rely their purchase decision on the price of produced electricity per kilowatt-hour. Estimated lifespan of a solar power plant should also be taken into account besides investment cost.

During the autumn 2017 Valoe signed a remarkable agreement with ForUs Capital Oy on delivering several solar power plants in Finland. Most of the power plants ordered by ForUs Capital have been delivered by the date of this Financial Statement Release. Since Valoe introduced the new Chrystal IBC module family, the cooperation with ForUs has further deepened. Valoe believes that the amount of solar power plants to be delivered to ForUs in Finland will increase remarkably during the current financial year.

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 SYSTEMS

Sales of photovoltaic systems are probably Valoe's most visible but in terms of revenue potential a small product group at least for now. 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. Valoe's most important customer in Finland was ForUs Capital Oy.

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. Based on the positive market outlook, Valoe has taken actions to increase its production capacity at its factory in Mikkeli, Finland.

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

3. MANUFACTURING PARTNER NETWORK

The cornerstone of Valoe's strategy is to sign manufacturing partnership agreements or technology licensing agreements with solar module manufacturers who as newcomers in 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 in the developing markets and produce solar energy modules for local and nearby markets. Value of a typical turnkey plant delivery is more than ten million euros. Valoe signed its first manufacturing partnership agreement with Ethiopian LS Corp in 2016. However, the technology delivery based on the agreement has not yet been executed as per the date of this Interim Report.

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

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

4. MODULE COMPONENTS SALES MAINLY TO MANUFACTURING PARTNERS

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

Valoe provides its manufacturing partners also with IBC cells manufactured by Valoe and other special components. According to the company's estimation, the annual volume of cells that a full-size module factory might purchase from Valoe could be approx. EUR 25 – 30 million. Other components may include other manufacturers' smart components, components for storing energy and software for power management and electricity invoicing.

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

MARKET CONDITIONS

The prices of solar modules decreased by about 70 percent during 2010 – 2012. The prices of low- and middle-priced modules decreased by about 30 percent again in 2016 and 2017. Intense price competition followed by decrease in production costs of solar energy and decrease in domestic sales in China in 2018 cut prices outside China, which has led to rapid increase in solar electricity production around the world generating even stronger 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. Already during 2019, the solar electricity is estimated to be the cheapest form of electricity.

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.

Valoe's success in the technology sales will be based on the competitiveness of the technology concerned. Even the best product cannot increase investment costs. So far, Valoe's product has been more like a

curiosity and the markets have had reservations about Valoe's promises of the long-term competitiveness of the company's technology and have not been willing to pay price high enough for the benefits.

Now, Valoe is about to bring a module in the market which has remarkably higher efficiency compared to mainstream modules and lower installation costs as well as smaller space requirements than we are accustomed to. Regarding the technology sales the competitive pricing of a technology investment provides Valoe with another improved selling arguments without a need to emphasize the long-term benefits generated by the efficiency of a module. Thus, the opportunities to export the technology have improved significantly. One of the cornerstones in Valoe's strategy is the ability to provide automation systems beside the production recipe. Although there are several equipment providers at least in Europe and Asia, Valoe views the company has a very solid position as a designer and provider of automation systems for back contact technology. In this sense, the competition has not increased in the market during the last years.

Further, 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 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 a financier. 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.

Continuously decreasing prices have brought many of the H-type module manufacturers into problems or even bankruptcy. The financial results of several 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 the research and development the company has made in back contact technology for many 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").

The facility agreement with Bracknor expired on 19 October 2018. Valoe withdrawn a total of EUR 1.65 million from the financing facility and Bracknor converted all of the notes to Valoe's shares. After the expiry of the agreement Bracknor holds share subscription warrants. Bracknor has the right at its option to exercise all or any of the warrants prior to 19 October 2023. The options can be exercised at a price connected to the stock exchange rate at the time of the withdrawal of the said loan tranche. The terms and conditions of the warrants have been disclosed in the stock exchange release of 19 April 2017.

At the share issue ended in January 2018 Valoe collected in total approximately EUR 0.86 million new capital and the indebtedness of the company decreased in total approximately by EUR 9.3 million. Additionally, with the Convertible Bond I/2018 with subscription period ended on 25 May 2018 the

company received new cash investments of EUR 0.9 million and a total of EUR 0.1 million was paid by setting the subscription price off against the subscribers' receivables from the company.

During the reporting period, Valoe increased the amount of its product development activities significantly. In order to proceed with the development projects Valoe will require new funding. Valoe's current investment plan needs new funding of at least seven million Euros to be materialized, for which Valoe has opened discussions with its major shareholders. Valoe has also entered into funding negotiations with capital investors and industrial companies. One option is to arrange public offering either together with or separately from a directed share issue. Additionally, the company has a product development loan from Business Finland (prev. Tekes) in the amount of EUR 4.1 million out of which there is as per the date of this Financial Statement Release a total of EUR 1.5 million still to be withdrawn. In case the Company manages to collect the intended amount of new capital in the arrangements described above, the company is able to perform its investment plan.

Considering the available financing commitments as well as the cashflow based on increased demand, the Board of Directors of Valoe views that the company has sufficient working capital at least for the next 12 months. However, without additional funding of about seven million Euros the company will not be able to proceed with the investments according to the company's strategy.

Cash flow from business operations before investments in January – December was EUR -2.1 million (EUR -3.2 million). Trade receivables at the end of the reporting period were EUR 0.03 million (EUR 0.02 million). Net financial items amounted to EUR 1.7 million (EUR 2.7 million). At the end of December, the equity ratio of Valoe Group was -61.5 percent (-47.3 %) and equity per share was EUR -0.47 (EUR -0.96). The equity ratio including capital loans was -0.7 percent (0.4 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.06 million.

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

RESEARCH AND DEVELOPMENT

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

The company's another ambitious R&D objective is to develop a module with a lifespan of more than 100 years. Today the company expects its modules to operate about 40 years that is significantly longer than the lifespan of the modules of most of Valoe's competitors. Valoe 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 in Finland cannot be achieved by reducing only module prices, at least in the near future. However, it is possible to meet the objective by extending lifetime of a power plant, increasing efficiency and simultaneously keeping capital investments at a reasonable level.

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

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

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

The Group's research and development costs during the reporting period amounted to EUR 1.3 million (EUR 1.5 million) or 99.5 (277.5) percent of net sales.

INVESTMENTS

Gross investments in the continuing operations during January –December period amounted to EUR 3.3 million (EUR 0.3 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 2018 the Group employed 25 (18) people, who all worked in Finland. During the reporting period the Group's salaries and fees totaled EUR 1.3 million (EUR 1.2 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 17,136,338. The company has one series of shares, which confer equal rights in the company. On 31 December 2018 Valoe had in total 1,150,727 treasury shares.

The company had a total of 7,359 shareholders at the end of December 2018, and 12.15 percent of the shares were owned by foreigners. The ten largest shareholders held 66.6 percent of the company's shares on 31 December 2018.

The largest shareholders on 31 December 2018

	Shares	percent
1 OY HERTTAÄSSÄ AB	1 762 723	10,3
2 SAVCOR COMMUNICATIONS LTD PTY	1 459 235	8,5
3 GASELLI CAPITAL OY	1 356 463	7,9
4 SAVCOR INVEST B.V.	1 323 752	7,7
5 SAVCOR TECHNOLOGIES OY	1 284 701	7,5
6 VALOE OYJ	1 150 727	6,7
7 SAVCOR GROUP OY	1 071 511	6,3
8 OLLILA JORMA JAAKKO	919 528	5,4
9 OY INGMAN FINANCE AB	872 199	5,1
10 SAVISALO TUUKKA	205 932	1,2
OTHER	5 729 567	33,4
TOTAL	17 136 338	100,00

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 4,103,700 shares in the company on 31 December 2018, representing about 23.9 percent of the company's shares. Additionally, the members of the Board of Directors and the President and CEO held a total of 232,540 options connected to the stock option scheme 2015. At the end of the period Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 4,067,688 shares in the company and 81,620 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.10 and 1.35 during the January – December period. The average price was EUR 0.53 and the closing price at the end of December EUR 0.14. A total of 7.6 million Valoe shares were traded at a value of EUR 4.1 million during the January – December period. The company's market capitalization at the end of December stood at EUR 2.3 million.

SHARE ISSUE AUTHORIZATIONS IN FORCE

The Annual General Meeting 2018 resolved to authorize the Board of Directors of Valoe to decide on a share issue with and/or without payment, either in one or in several occasions, including right to resolve on option rights and other rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act so that the number of new shares issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total maximum amount of 49,000,000 shares. The authorization may be used for important arrangements from the company's point of view e.g. to strengthen the capital structure, to finance investments, for acquisitions and business transactions or other business arrangements, or to expand ownership structure, or for incentive plans, or for other purposes resolved by the Board involving a weighty financial reason for issuing shares or option rights or special rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. The share issue may be executed by deviating from the shareholders' pre-emptive subscription right provided the company has a weighty financial reason for that. The authorization is in force until 30 June 2019.

By the date of this Financial Statement Release the Board of Directors has resolved on issues of a total of 48,094,615 shares based on the authorization.

THE MAJOR EVENTS AFTER THE REPORTING PERIOD

18 January 2019: VALOE ISSUES A CONVERTIBLE BOND

In order to strengthen Valoe Corporation's capital structure the company issues a convertible bond of EUR 3.8 million at the most. The Convertible Bond is a capital loan. The convertible bond can be converted to max. 25,333,333 new shares of the company. The subscription price is EUR 0.15 per share.

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

The minimum amount of subscription of the convertible bond shall be EUR 50,000.00 entitling the convertible bond holder to subscribe for 333,333 new shares of the company. The Convertible Bond can also be subscribed against indisputable loan receivable the Subscriber has from the Company at the time of subscription by converting the loan capital and/or interest receivable into the Convertible Bond in accordance with the terms of this Convertible Bond if the Subscriber simultaneously subscribes the Convertible Bond with a cash payment of minimum EUR 50,000.00 too.

The loan period shall commence on the payment date and expire on 31 May 2022 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. The subscription period of the shares under the convertible bond shall begin on 15 March 2019 and expire on 31 May 2022.

The subscription period of the convertible bond shall expire on 15 February 2019 at 6:00 p.m. The board of directors of the company has the right to approve the subscriptions at any time during the subscription period. In the event the convertible bond shall be oversubscribed, the board of directors of the company shall resolve on the allocation between the subscribers. The board of directors of the company has the right to discontinue the subscription period of the convertible bond at any time. The board of directors shall also have the right to decide on extending the subscription period.

For the moment, the company has received subscription commitments of approx. EUR 2.2 million for the Convertible Bond. Out of the subscription commitments a total of EUR 0.6 million shall be paid in cash and approx. EUR 1.6 million shall be subscribed by setting off loans.

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

The company has one (1) class of shares.

The terms of the convertible bond are attached to the stock exchange release.

18 February 2019: THE RESULT OF THE CONVERTIBLE BOND I /2019 OF VALOE CORPORATION

Valoe Corporation has during the subscription period received subscriptions of approx. EUR 2.8 million in total for the Convertible Bond I/2019 disclosed on 18 January 2019. During the subscription period of the Convertible Bond new investments of EUR 0.7 million was paid in cash. Out of the subscriptions, a total of approx. EUR 2.1 million was paid by setting the subscription price off against the subscribers' receivables from the company.

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

One loan share of EUR 50.000 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for 333.333 new shares. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 18,894,615 new Valoe shares. The loan period and the conversion period expire on 31 May 2022.

The terms of the convertible bond are attached to stock exchange release Valoe disclosed on 18 January 2019.

19 February 2019: VALOE STARTS ITS OWN IBC SOLAR CELL PRODUCTION IN LITHUANIA. THE COMPANY ACQUIRED SOLITEK'S SOLAR CELL PRODUCTION BUSINESS FROM GLOBAL BOD GROUP

Valoe Corporation ("Valoe") has agreed to acquire from Lithuanian Global BOD Group SIA ("BOD") the solar cell production business of JCS SoliTek R&D ("SoliTek"), a fully owned subsidiary of BOD. Valoe's objective is to modify a plant, located in Vilnius, Lithuania, for production of Interdigitated Back Contact ("IBC") cells. The first production cells are estimated to be manufactured in the second half of 2019 provided Valoe will be able to arrange financing of approx. EUR 5 million required to finish the project. The sum includes the remaining part of the purchase price of the business acquired from SoliTek i.e. approx. EUR 3.2 million.

According to Valoe's view, the company's solar cell plant will be one of the few production plants in the world where IBC or similar cells can be manufactured. Valoe estimates that the annual capacity at the company's new solar cell plant will be approx. 60 MW at the first stage and the capacity can be doubled to approx. 120 MW with minor investments.

Already approx. 20 MW of the new plant's annual production capacity has been sold for the next two years from the start of the production. Considering the current world market price, the value of the order with defined quality requirements is EUR 8 – 12 million depending on the cell type concerned and development of the world market prices. Valoe commences modification of the solar cell plant together with International Solar Energy Research Center Konstanz e.V. ("ISC Konstanz") immediately. In the technology transfer agreement signed in May 2018 ISC Konstanz commits to certain quality requirements for the IBC cells which e.g. the above-mentioned order is subject to.

Part of the plant's capacity will be used to produce cells for Valoe's own Chrystal modules. Valoe estimates that the capacity of the company's 60 IBC cell module will be approx. 320-340 Wpe and of a bifacial IBC module over 400 Wpe. The efficiency of Valoe's current modules with monocrystalline cells is approx. 300 Wpe and the efficiency of the most common polycrystalline modules available in the Finnish market is approx. 260 – 280 Wpe.

Considering the above-mentioned order, the ongoing negotiations with other potential IBC cell buyers and Valoe's own need for the cells as well as the estimated market price level of the IBC cells, Valoe trusts that the cell production plant will be profitable right from the start and the operative cashflow is positive.

likka Savisalo, Valoe's CEO:" Our own solar cell production and especially production of the IBC cells is an achievement that we could only dream about couple of years ago. So far, this deal is the most important step for Valoe to meet its strategic goals. Now, Valoe has a chance to get to the same technology level with LG, Sunpower and Panasonic. We trust that we are able to compete in terms of both quality and price. Valoe's back contact module, having a glass-glass structure and IBC cells that have longer economic lifetime, is expected to last more than 40 years. We are now one step closer to our goal to provide technology for generating solar energy with the lowest cost over its lifetime, Levelized Cost of Energy (LCOE)."

Before the completion of the deal, SoliTek's solar cell production business will be demerged into a new Lithuanian company that Valoe's new subsidiary to be established in Lithuania will acquire at the completion of the deal. SoliTek will transfer all the assets, knowhow and the key personnel related to its current solar cell production business to the new company to be established through the demerger.

The purchase price shall be EUR 3.5 million provided that the net debt and the net working capital of the new company to be established through the demerger are EUR 0 at the completion of the demerger.

Valoe has paid an initial purchase price of EUR 0.3 million. Further, Valoe has agreed to pay another tranche of the purchase price of EUR 0.5 million after SoliTek's solar cell production business has been transferred into the new company to be established through the demerger, which is estimated to take place in April 2019. The remaining part of the purchase price shall be paid at the completion of the deal which is estimated to take place in May 2019. The deal is subject to normal conditions of a business acquisition.

Should Valoe fail to pay the remaining part of the purchase price or should the deal be cancelled for any other reason, Valoe and BOD are together committed to sell the modified cell production plant for which the assets concerned in the aforesaid transaction as well as the solar cell production line Valoe bought from Italian Megacell S.r.l.; under liquidation, in May 2018, and was then transferred to SoliTek's premises in Lithuania are used. Out of the sale price, Valoe shall first receive such amount which corresponds to the amount of the initial payments Valoe has actually paid prior to the cancellation, added by the amount of new investments Valoe may have made for the new cell production line. The remaining part of the sale price shall be distributed among BOD and Valoe with shares of 3.5 (BOD)/2.5 (Valoe).

For about one year, Valoe has cooperated closely with SoliTek in relation to the development of own polycrystalline MWT cell.

In May 2018 Valoe disclosed that it has signed a development and technology transfer agreement with German ISC Konstanz. The objective of the cooperation is to develop, for Valoe's modules, an IBC cell as well as to modify Valoe's current module structure in a way where the features of an n-type IBC cell with better energy generating capabilities compared to a conventional p-type solar cell can be utilized in the best possible way.

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

RISK MANAGEMENT, RISKS AND UNCERTAINTIES

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

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

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

Pursuant to the estimates available to the company, the company's financial situation and working capital situation continue to be tight in 2019. Considering the company's working capital need, available financing commitments as well as cashflow based on increased demand, the Board of Directors of Valoe views that

the company has sufficient working capital at least for the next 12 months. However, without additional funding of about seven million Euros the company will not be able to proceed with the investments according to the company's strategy.

In order to materialize its investment plan Valoe has opened financing discussions with its major shareholders, capital investors and industrial companies. One option is to arrange public offering either together with or separately from a directed share issue. The outcome of the negotiations is not known. Further, it is not yet certain if a share issue will be arranged or not and what the outcome would be.

Valoe has a product development loan from Business Finland (prev. Tekes) in the amount of EUR 4.1 million out of which there is as per the date of this Financial Statement Release a total of EUR 1.2 million to be withdrawn. In case the Company manages to collect the intended amount of new capital in the arrangements described above, the company is able to perform its investment plan.

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

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

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

The Agreement signed with ForUs Capital involves risks out of which the most remarkable risk relates to securing financing for the projects involved.

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

The certain statements in this Financial Statement 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.

MARKET OUTLOOK

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

In Mikkeli, 21 February 2019

Valoe Corporation

Board of Directors

For more information:

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Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Net sales	327	85	1 328	554
Cost of sales	-546	-523	-1 657	-1 204
Gross profit	-219	-438	-329	-650
Other operating income	543	17	562	398
Product development expenses	-388	-361	-1 322	-1 536
Sales and marketing expenses	-177	-149	-697	-498
Administrative expenses	-180	-246	-682	-786
Other operating expenses	0	-2	0	-5
Operating profit	-420	-1 178	-2 468	-3 078
Financial income	0	0	0	0
Financial expenses	-484	-652	-1 743	-2 716
Profit before taxes	-904	-1 831	-4 210	-5 794
Income taxes	0	0	0	0
Profit/loss for the period	-904	-1 831	-4 210	-5 794
Profit/loss attributable to:				
Shareholders of the parent company	-904	-1 831	-4 210	-5 794
Earnings/share (basic), eur	-0,06	-0,35	-0,28	-1,23
Earnings/share (diluted), eur	-0,06	-0,35	-0,28	-1,23
Profit/loss for the period	-904	-1 831	-4 210	-5 794
Total comprehensive income for the period	-904	-1 831	-4 210	-5 794
Total comprehensive income attributable to:				
Shareholders of the parent company	-904	-1 831	-4 210	-5 794

Consolidated statement of financial position

(unaudited)

1 000 EUR	31.12.2018	31.12.2017
ASSETS		
Non-current assets		
Property, plant and equipment	29	8
Consolidated goodwill	441	441
Other intangible assets	9 016	6 982
Available-for-sale investment	9	9
Total non-current assets	9 495	7 441
Current assets		
Inventories	659	582
Trade and other non-interest-bearing receivables	1 234	1 256
Cash and cash equivalents	22	350
Other financial resources	41	0
Total current assets	1 955	2 188
Assets classified as held for sale	0	0
Total assets	11 451	9 629
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company		
Share capital	80	80
Other reserves	11 804	10 542
Retained earnings	-18 927	-15 166
Total equity	-7 044	-4 544
Non-current liabilities		
Non-current loans	11 240	7 874
Total non-current liabilities	11 240	7 874
Current liabilities		
Current interest-bearing liabilities	2 534	2 004
Trade and other payables	4 339	3 773
Current provisions	307	215
Total current liabilities	7 180	5 992
Liabilities directly associated with assets classified as held for sale	75	306
Total liabilities	18 495	14 172
Equity and liabilities total	11 451	9 629

Consolidated statement of cash flows

(unaudited)

1 000 EUR	1-12/2018	1-12/2017
Cash flow from operating activities		
Income statement profit/loss before taxes	-4 210	-5 794
Non-monetary items adjusted on income statement		
Depreciation and impairment	+ 1 232	1 333
Unrealized exchange rate gains (-) and losses (+)	+/- 5	-11
Other non-cash transactions	+/- -526	-129
Change in provisions	+/- 87	175
Financial income and expense	+ 1 737	2 728
Total cash flow before change in working capital	-1 676	-1 698
Change in working capital		
Increase (-) / decrease (+) in inventories	-78	-162
Increase (-) / decrease (+) in trade and other receivables	-12	-412
Increase (+) / decrease (-) in trade and other payables	59	-611
Change in working capital	-31	-1 184
Adjustment of financial items and taxes to cash-based accounting		
Interest paid	- 195	273
Other financial items	- 247	5
Financial items and taxes	-442	-278
NET CASH FLOW FROM BUSINESS OPERATIONS	-2 149	-3 160
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	- 2 613	357
NET CASH FLOW FROM INVESTMENTS	-2 613	-357
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	+ 59	800
Financing arrangement with Bracknor Investment	+ 918	650
Proceeds from non-current borrowings	+ 2 421	1 803
Repayment of non-current borrowings	- 0	23
Proceeds from current borrowings	+ 2 829	1 380
Repayment of current borrowings	- 1 751	741
NET CASH FLOW FROM FINANCING ACTIVITIES	4 476	3 869
INCREASE (+) OR DECREASE (-) IN CASH FLOW	-287	352

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
31.12.2017	80	10 542	-15 166	-4 544
Profit/loss for the period	-	-	-4 210	-4 210
Translation difference, comprehensive income	-	-	0	0
Transactions with owners:				
Sale of own shares				
Bracknor Investment	0	966	0	966
Share issue	0	295		295
Stock option scheme 2015	0	0	32	32
Own equity component of the convertible bond	0	0	416	416
31.12.2018	80	11 804	-18 927	-7 044

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

Discontinued operations

(unaudited)

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

During the financial year 2018, the company does not report the continuing operations and the discontinued operations separately in its profit and loss statement as there have been no discontinued operations neither during the reporting period nor during the corresponding period. However, there are liabilities related to the discontinued operations in the balance sheet.

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

1 000 EUR	1-12/2018	1-12/2017
Liabilities		
Trade and other payables	75	301
Provisions	0	5
Liabilities directly associated with assets classified as held for sale	75	306
Net assets directly associated with disposal group	-75	-306

Net cash flow of Cencorp's electronics automation business:

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

Key figures

(unaudited)

1 000 EUR	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Net sales	327	85	1 328	554
Operating profit	-420	-1 178	-2 468	-3 078
% of net sales	-128,3 %	-1384,4 %	-185,8 %	-556,0 %
EBITDA	-113	-844	-1 236	-1 745
% of net sales	-34,5 %	-992,1 %	-93,1 %	-315,1 %
Profit before taxes	-904	-1 831	-4 210	-5 794
% of net sales	-276,1 %	-2150,6 %	-316,9 %	-1046,6 %
Balance Sheet value	11 451	9 629	11 451	9 629
Equity ratio, %	-61,5 %	-47,3 %	-61,5 %	-47,3 %
Net gearing, %	neg.	neg.	neg.	neg.
Gross investments (continuing operations)	47	29	3 286	272
% of net sales	14,2 %	34,2 %	247,4 %	49,1 %
Research and development costs (continuing oper	388	361	1 322	1 536
% of net sales	118,3 %	423,9 %	99,5 %	277,5 %
Order book	15 940	16 935	15 940	16 935
includes Ethiopia	15 834	15 834	15 834	15 834
Personnel on average	25	18	21	17
Personnel at the end of the period	25	18	25	18
Non-interest-bearing liabilities	4 414	4 074	4 414	4 074
Interest-bearing liabilities	13 774	9 878	13 774	9 878
Share key indicators				
Earnings/share (basic)	-0,06	-0,35	-0,28	-1,23
Earnings/share (diluted)	-0,06	-0,35	-0,28	-1,23
Equity/share	-0,47	-0,96	-0,47	-0,96
P/E ratio	-2,42	-1,98	-0,48	-0,57
Highest price	0,38	1,33	1,35	2,60
Lowest price	0,10	0,66	0,10	0,66
Average price	0,19	0,91	0,53	1,85
Closing price	0,14	0,70	0,14	0,70
Market capitalisation, at the end of the period, MEUR	2,3	3,7	2,3	3,7

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	1-12/2018	1-12/2017
Continuing operations		
Sales of goods and services		
Savcor Oy - financial management and production services	0	38
Savcor Face Ltd - solar modules / production services	22	25
Savcor Tempo Oy - production services	12	0
Total	35	62
Purchases of goods and services		
Dunsit Oy - rent	12	14
SCI Invest Oy - rent	24	0
Savcor Oy - financial management and IT services	0	-2
Savcor Face Ltd - marketing services	8	3
SCI-Finance Oy - marketing and administration services	66	43
Savcor Technologies Oy - marketing and administration services	88	52
Savcor Tempo Oy - financial management services	10	5
Oy Marville Ab - legal services	4	43
Total	211	157
Interest expenses and other financial expenses		
Savcor Invest B.V.	0	105
SCI-Finance Oy	55	24
Savcor Technologies Oy	283	268
Savcor Communications Pty Ltd	0	93
Savcor Tempo Oy	24	30
Others	119	93
Total	481	613
1 000 EUR		
	1-12/2018	1-12/2017
Non-current convertible subordinated loan from related parties	1 882	1 282
Non-current other subordinated loan from related parties	2 011	1 511
Non-current convertible loan from related parties	114	114
Current convertible subordinated loan from related parties	0	0
Other current liabilities to related parties	630	659
Current interest payable to related parties	820	331
Trade payables and other non-interest-bearing liabilities to related parties	547	687
Trade and other current receivables from related parties	22	18

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

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

Since March 2017 Savcor Oy is no longer a company under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

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

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

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

1 000 EUR	1-12/2018	1-12/2017
Wages and remuneration		
Salaries of the management and Board	490	537
Stock option scheme 2015 / IFRS 2 booking	25	101

Fair values

(unaudited)

1 000 EUR	Carrying amount 31.12.2018	Fair value 31.12.2018
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	1 234	1 234
Cash and cash equivalents	62	62
Financial liabilities		
R&D loan, non-current	4 860	4 860
Non-current subordinated loan	6 135	6 135
Non-current convertible bond	246	246
Loans from financial institutions, current	1 107	1 107
Other loans, current	1 000	1 000
Other liabilities, current	427	427
Trade payables and other non-interest-bearing liabilities	1 755	1 755

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

Change in intangible and tangible assets

(unaudited)

1 000 EUR	31.12.2018	31.12.2017
Includes tangible assets, consolidated goodwill and other intangible assets		
Carrying amount, beginning of period	7 431	8 493
Depreciation and impairment	-1 232	-1 333
Additions	3 286	272
Disposals	0	0
Carrying amount, end of period	9 486	7 431

Commitments and contingent liabilities

(unaudited)

1 000 EUR	31.12.2018	31.12.2017
Assets pledged for the company		
Loans from financial institutions	525	600
Export credit limit	0	0
Other liabilities	281	281
Promissory notes secured by pledge	3 355	12 691
Operating lease liabilities		
Payable within one year	64	62