

THE INTERIM REPORT OF VALOE CORPORATION FOR 1 JANUARY 2017 – 30 SEPTEMBER 2017

SUMMARY

- In February 2016, Valoe received from Ethiopia a ca. EUR 15.8 million order for a solar module manufacturing plant and back contact technology. On 21 April, Valoe announced that, according to the prudence principal, the company resolved to remove the recognized revenue and the costs related to the Ethiopian project from the Financial Statements for 2016. The profit and loss effects of the Ethiopian project has been removed from the income statement for the corresponding period i.e. 1 January – 30 September 2016 and 1 July – 30 September 2016 too, and thus, the figures are not equivalent to the figures disclosed last year. In terms of operations, the Ethiopian project is continued. In this Interim Report Valoe has included a separate paragraph, on the page 4, with the company's view on the project's current situation. From now on, the company will inform on the project only if there are major changes in the project status.
- In February 2017 the company issued a EUR 1.5 million convertible bond I/2017 that was fully subscribed. During the subscription period of the Convertible Bond new investments of EUR 1.05 million was paid in cash and a total of EUR 0.45 million was paid by setting the subscription price off against the subscribers' receivables from the company.
- In March 2017, Valoe settled the dispute relating to the security provided for the Chinese factory's lease liability. Pursuant to the settlement agreement Valoe has paid ca. EUR 0.15 million out of the security and the parties have terminated all legal proceedings relating to the matter. The decrease in the amount of the security will improve the result by ca. EUR 0.5 million.
- On the reporting period January – September 2017, the net sales of Valoe Group's continuing operations, under the IFRS standards, was EUR 0.5 million (in 2016 EUR 0.5 million). The EBIT from the continuing operations was EUR -1.9 million (EUR 4.8 million), the profit for the period was EUR -4.0 million (EUR 3.2 million), undiluted earnings per share were EUR -0.87 (EUR 0.75) and the EBITDA ca. EUR -0.9 million (EUR 5.6 million). The comparison figures for 2016 in the brackets include a one-off profit of ca. EUR 7.1 million generated by the sale of the Chinese companies.
- Valoe'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.
- In April 2017, Valoe agreed on a EUR 3,000,000 equity based financing arrangement with Bracknor Investment and resolved to start preparations for combination of the company's shares (reverse split). Valoe's General Meeting held on 14 June 2017 resolved to approve the reverse split. After the reverse split on 19 June 2017, the number of the company's shares was 4,744,436 as per 30 September 2017.
- On 7 August 2017 Valoe disclosed that it has signed a framework agreement with ForUs Capital Oy on delivering solar power plants worth a total of ca. EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The first orders of ca. EUR 450,000 will be delivered to nine sites owned by the City of Hanko during the autumn 2017 and the spring 2018 .
- Valoe will not disclose financial guidance for the financial year 2017.

- More information on principle activities and events during and after the reporting period can be found in the stock exchange releases published on Valoe's website at [www.valoe.com](http://www.valoe.com). The Interim Report has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Interim Report Valoe has applied the same accounting principles as in its Annual Report 2016. The Interim Report has not been audited.

## FINANCIAL RESULT IN JANUARY – SEPTEMBER 2017

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

Besides the above-mentioned actions affected the year-end equity situation the Board of Directors has already started implementing other corrective actions to strengthen the company's financial situation and to secure going concern. On 19 April 2017 Valoe signed an EUR 3 million equity-based financing facility agreement with Bracknor Investment. Further, Valoe has agreed on extending the loans, due during 2017, until 30 April 2018, excluding a EUR 0.7 million loan from Danske Bank out of which EUR 0.05 million has been repaid after the end of the reporting period; EUR 0.15 million is due on 31 December 2017; and the rest of the loan i.e. EUR 0.5 million is due on 30 April 2018.

In terms of operations, the Ethiopian project is continued and the company will resume recognizing revenue based on percentage of completion when the performance obligations have been satisfied. Valoe sees that one of the most important requirements is the opening of a EUR 9.5 million Irrevocable Letter of Credit in a bank approved by Valoe or a significant cash payment from the customer or some other financing arrangement acceptable to the company.

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

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

### July – September 2017 (continuing operations):

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

- Valoe Group's net sales increased 7.6 percent to EUR 0.2 million (In 2016: EUR 0.2 million).
- EBITDA was EUR -0.2 million (EUR -0.5 million).
- Operating profit was EUR -0.6 million (EUR -0.8 million).

- The profit before taxes was EUR -1.2 million (EUR -1.4 million).
- Profit for the period was EUR -1.2 million (EUR -1.4 million).
- Undiluted earnings per share were EUR -0.26 (EUR -0.32).

January – September 2017 (continuing operations):

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

- Valoe Group's net sales decreased 0.4 percent to EUR 0.5 million (In 2016: EUR 0.5 million).
- EBITDA was EUR -0.9 million (EUR 5.6 million).
- Operating profit was EUR -1.9 million (EUR 4.8 million).
- The profit before taxes was EUR -4.0 million (EUR 3.2 million).
- Profit for the period was EUR -4.0 million (EUR 3.2 million).
- Undiluted earnings per share were EUR -0.87 (EUR 0.75).

## MANAGING DIRECTOR IIKKA SAVISALO'S REVIEW

Valoe trusts it has been able to improve its competitiveness despite the company's prolonged tight financial situation and deficit in the working capital. However, in the company's next development phase Valoe must secure stable financing and trade volume enabling the company to establish itself as financially solid company in the market. Valoe is preparing a share issue in order to strengthen the company's financial situation. The terms of the share issue will be disclosed separately. The share issue is expected to take place during the last quarter of 2017 and the first quarter of the following financial year.

Valoe has focused its major sales efforts on building manufacturing partnerships in the developing economies such as Africa, Asia and South America. The sales projects have made good progress but the company has also learned that the dynamics of business operations in these market areas differ from ours. One of Valoe's most important operative objectives is to get all partners committed to Valoe's technology.

### *Valoe Focuses on Product Development*

For a few years, Valoe has closely followed the development of silicon-based modules and has become more and more convinced of the long-term competitiveness of the back contact modules. However, in order to benefit from the competitive edge Valoe who is aiming at maximizing the performance of back contact modules has to develop its technology continuously. Valoe is aiming at developing a module with a lifespan of more than hundred years. Although such a module does not yet exist, Valoe chooses its components with a view to extending a module's operational lifetime. Valoe never purchases cheaper components at the cost of their lifecycle.

Valoe has to be able to develop cell technology too. According to Valoe's view, the ongoing project related to the development of the company's own silicon cell will take Valoe's technology to a new level, but it will also require significant amount of financial resources. During the reporting period, Valoe signed a technology development agreement with ECN, a Dutch company, to bring a polycrystalline cell, developed by Valoe, in the market. Further, Valoe has entered into a manufacturing agreement with a European manufacturer. The objective of the cooperation is to first verify the competitiveness of Valoe's cell in pilot

production and then to facilitate mass production of the cells for Valoe's Chrome II polycrystalline module to be launched in early 2018. The new cell is expected to improve the performance of Valoe's modules and decrease production costs of the modules.

During the reporting Valoe also entered into negotiations to acquire IBC (Interdigitated Back Contact) cell technology. Valoe's objective is to launch a module family with IBC cells during 2019. The performance of solar modules using IBC cells is significantly higher than the performance of ordinary polycrystalline modules. In order to make full use of the IBC technology a module should have a back contact. Thus, Valoe thinks it has excellent opportunities to be one of the pioneers as the new technologies start challenging polycrystalline cell technology that now has dominant position in the market.

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

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

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

After the reporting period, Valoe signed a remarkable agreement with ForUs Capital Oy on delivering several solar power plants in Finland. The first power plants will be delivered to the sites owned by the City of Hanko in the autumn 2017. If the follow-up projects and deliveries related to the agreement will realize, Valoe estimates it will require more capacity at the Mikkeli factory during the year 2018.

### *Update on the Ethiopian Project Situation*

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

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

During the financial year 2017, Valoe has supported its Ethiopian partner, LS Corp Ltd ("LS Corp") in implementing the financing agreement between The Development Bank of Ethiopia ("DBE") and LS Corp. The negotiations have been complicated and Valoe does not know all details related to the delayed negotiations. Valoe's management has actively participated in the negotiations with the DBE and is fully

aware of challenges in the local operating environment. According to the information available to Valoe, LS Corp has made an appeal to the ministry, controlling the banks, against the officers handling the issue at the DBE in relation to the execution of the financing agreement. The ministry has promised to investigate the case and to inform on the outcome as soon as the investigation has been conducted.

In terms of operations, the Ethiopian project is continued and the company will resume recognizing revenue based on percentage of completion when the performance obligations have been satisfied. Valoe sees that one of the most important requirements is the opening of a EUR 9.5 million Irrevocable Letter of Credit in a bank approved by Valoe or a significant cash payment from the customer or some other financing arrangement acceptable to the company.

## VALOE'S STRATEGY

Valoe operates in industries applying clean energy technology and provides products, applications and services worldwide.

Based on Valoe's strategy the company has the following four service and product concepts:

### 1. Sales and supply of photovoltaic modules and systems

Sales of modules and small photovoltaic systems are probably Valoe's most visible but in terms of revenue potential the smallest product group. All Valoe's PV modules are manufactured at the company's factory in Mikkeli for the time being. They are mainly delivered to the company's distributors and future manufacturing partners. Further, the company sells and provides solar power plants and systems to its customers in Finland and abroad. Valoe has enhanced the sale of its modules and solar systems in Finland by building sales channels for its products systematically.

Current capacity of the company's Mikkeli factory is designed to annually produce PV modules worth max EUR 6 – 8 million at the current market prices.

Valoe's modules have passed the demanding test programs of the German Fraunhofer ISE, which enables Valoe's modules to be certified in all market areas the company is targeting.

### 2. Development and sales of production lines and related components

Manufacturers operating in the developing markets like China are typical investors for new module manufacturing production lines. These Valoe's potential customers are now manufacturers of traditional H-patterns modules. According to the information available to Valoe many of the manufacturers are going to start manufacturing next generation back contact modules. In most cases these customers have use their own module manufacturing recipe and need only single equipment or production lines. Valoe estimates that typical price of single equipment or a production line for back contact modules is EUR 4 – 8 million. A single production equipment costs EUR 0.3 – 1.0 million. Valoe is not pursuing a role as a major equipment provider and the company's business plan for the next two years does not include any significant amount of equipment deliveries.

### 3. Manufacturing partner network

The cornerstone of Valoe's strategy is to sign manufacturing partnership agreements or technology licensing agreements with solar module manufacturers who as newcomers on the market would commit themselves to both Valoe's production technology and module manufacturing recipe. Valoe provides a partner with a turnkey delivery project and commits to minority shareholding in a manufacturing company. 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. 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.

Valoe's manufacturing plant concept, equipment, technology and deliveries are standardized due to which 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 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.

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

Valoe plans it will in the future provide its manufacturing partners also with other special components such as smart components, components for storing energy and special cell technologies based on conductive back sheet.

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

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



## *Market Conditions*

The prices of solar modules collapsed and decreased by ca. 70 percent during 2010 – 2012. The prices of low- and middle-priced modules decreased by ca. 30 percent again in 2016 and 2017. Intense price competition followed by decrease in production costs of solar energy has led to rapid increase in solar electricity production around the world generating strong growth in the solar business.

The competitiveness of the solar electricity, compared to the fossil fuels and other renewable energy sources, will continue increasing faster and faster. Valoe is prepared for its competitors introducing their own back contact modules and other innovations in the near future. The companies that will succeed in price competition will continue decreasing the prices of their standard products based on sales volumes and increasing production capacity and will continue worldwide price war. Valoe believes that innovative companies capable of continuously developing next generation technologies will succeed in the future business environment. Valoe trusts it will be one of these companies.

According to Valoe's view, the prices of low-end modules will unlikely rise. Thus, Valoe is focusing on developing production technology for next generation modules. In the high-end price categories' price reduction has not been remarkable. Valoe views that the most favourable markets for the company are the markets with incomplete or malfunctioning electricity grid, e.g. in Africa but also in Asia and South America. Valoe trusts that it has better possibilities to succeed if it is a part of the solar electricity value chain including solar electricity storages and smart grids.

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

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

## *Competition and Valoe's Roadmap*

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

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

generation IBC (*Interdigitated Back Contact*) cells can be utilized with Valoe's technology. The company's goal is, with the funding from Finnish Funding Agency for Technology and Innovation (Tekes), to actively take part in this development and expand the company's special component expertise in IBC cells.

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

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

## FINANCING

During the reporting period, Valoe has increased its product development activities. Despite the successful financing arrangement made at the beginning of this year, the increased amount of development is putting pressure on Valoe to find significant amount of new financing. The company will require more financing during the current financial year in order to carry out its development projects as planned. Valoe is making preparations for a share issue to meet the financing needs. The terms of a share issue will be disclosed separately.

Valoe has also agreed with its major creditors on extending the payment schedules of the debts that are due during 2017, at least until 30 April 2018. However, the company has agreed with Danske Bank on repaying an installment of EUR 0.15 million at the end of the fiscal year.

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"). Under the Arrangement, Valoe issues Convertible Notes to Bracknor. The detailed information and the terms of the Agreement can be found in the company's previous stock exchange releases.

Cash flow from business operations before investments in January – September was EUR -2.5 million (EUR -1.0 million). Trade receivables at the end of the reporting period were EUR 0.1 million (EUR 0.03 million). Net financial items amounted to EUR 2.1 million (EUR 1.6 million). At the end of September, the equity ratio of Valoe Group was -132.5 percent (-82.8 %) and equity per share was EUR -2.75 (EUR -2.03). The equity ratio including capital loans was -20.8 percent (-18.3 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.02 million.

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

## RESEARCH AND DEVELOPMENT

Valoe has boosted its research and development significantly. In 2017, Valoe's focus will be on the development project relating to cell development and optimization, funded by the Finnish Funding Agency



for Technology and Innovation (“Tekes”). The project was partially put on hold last year but has now been continued with promising results already during the reporting period. Valoe develops other special components for solar modules, too, and monitors closely the projects of its technology partners aiming at developing technologies increasing utilization of solar energy.

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

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

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

The Group’s research and development costs during the January – September period amounted to EUR 1.2 million (EUR 1.0 million) or 250.9 (215.2) percent of net sales.

## INVESTMENTS

Gross investments in the continuing operations during January – September period amounted to EUR 0.2 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 September the Group employed 17 (21) people, who all worked in Finland. During the reporting period the Group’s salaries and fees totaled EUR 0.7 million (EUR 0.9 million).

## SHARES AND SHAREHOLDERS

Valoe’s share capital amounted to EUR 80,000.00 at the end of the reporting period. After the reverse split, the number of shares was 4,744,436. The company has one series of shares, which confer equal rights in the company. On 30 September 2017 Valoe had in total 825 treasury shares.

The company had a total of 7,343 shareholders at the end of September 2017, and 16.82 percent of the shares were owned by foreigners. The ten largest shareholders held 63.95 percent of the company’s shares and voting rights on 30 September 2017.

## The largest shareholders on 30 September 2017

	Shares	Percentage
1 SAVCOR GROUP OY	1 351 282	28,5
2 SAVCOR COMMUNICATIONS LTD PTY	666 667	14,0
3 GASELLI CAPITAL OY	425 000	9,0
4 KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	318 370	6,7
5 SAVCOR INVEST B.V.	109 375	2,3
6 NORDEA PANKKI SUOMI OYJ	39 049	0,8
7 SCI INVEST OY	34 354	0,7
8 SALMELA VEIJO ENSIO	32 000	0,7
9 KANNISTO PERTTI	30 069	0,6
10 SAARELAINEN MIKA	28 000	0,6
Others	1 710 270	36,1
Total	4 744 436	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 Bonds and option schemes were converted to shares.

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 713,515 shares in the company on 30 September 2017, representing about 15.04 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 377,500 options connected to the stock option scheme 2015. At the end of the period Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 701,021 shares in the company and 132,500 options connected to the stock option scheme 2015.

The price of Valoe's share, calculated using the amount of the company's shares after the reduction of the quantity of the company's shares, varied between EUR 1.0 and 2.6 during the January – September period. The average price was EUR 2.03 and the closing price at the end of September EUR 1.27. A total of 41.8 million Valoe shares were traded at a value of EUR 3.6 million during the January – September period. The company's market capitalization at the end of September stood at EUR 6.0 million.

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

## SHARE ISSUE AUTHORIZATIONS IN FORCE

The Annual General Meeting 2017 resolved to authorize the Board of Directors to decide on a share issue with and/or without payment, either in one or in several occasions, so that the number of new shares

issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total maximum amount of 10,000,000 shares. The authorization is in force until 30 June 2018.

## THE MAJOR EVENTS DURING THE REPORTING PERIOD

7 August 2017: VALOE CORPORATION HAS AGREED ON DELIVERING SOLAR POWER PLANTS WORTH A TOTAL OF CA. EUR 4 MILLION TO FINLAND. THE FIRST ORDERS OF CA. EUR 450,000 WILL BE DELIVERED TO NINE SITES OWNED BY THE CITY OF HANKO DURING THE AUTUMN 2017.

Valoe Corporation has signed a framework agreement with ForUs Capital Oy on delivering solar power plants worth a total of ca. EUR 4 million to Finland. ForUs Capital sells electricity generated by the solar power plants to its own partners. The first orders of ca. EUR 450,000 will be delivered to nine sites owned by the City of Hanko during the autumn 2017.

Valoe and solar energy buyers will sign a separate service agreement on the maintenance of each solar power plant. Valoe is responsible for power production and gives the solar power plants performance guarantee.

The other deliveries are subject to governmental investment aid and securing final financing. If the conditions are fulfilled, the solar power plants will be delivered during the summer 2018 at the latest.

"The lifetime cost per kilo-watt hour of Valoe's next generation solar systems is significantly lower compared to traditional modules. It is great that after long cooperation ForUs Capital is convinced of competitiveness of Valoe's solar systems. We trust that our cooperation with ForUs will expand significantly in the future", says Iikka Savisalo, Valoe's CEO.

"We chose Valoe as our partner because they provided us with the latest Finnish technology, local Finnish production and the best guarantee terms. Despite the highest price within the industry, we estimated Valoe to be the most secured option in the market for our investors" says Eero Oksanen, Managing Director of ForUs Capital Oy. "We have followed Valoe's operation very closely. We are hopefully looking forward to seeing Valoe developing technically superior solar power plants", Eero Oksanen states.

## 5 SEPTEMBER 2017 ISSUE OF CONVERTIBLE NOTES AND WARRANTS PURSUANT TO FINANCING ARRANGEMENT BETWEEN VALOE CORPORATION AND BRACKNOR INVESTMENT

The Board of Directors of Valoe Corporation (the "Company") has, pursuant to the terms and conditions of the financing arrangement between Valoe Corporation and Bracknor Investment announced on 19 April 2017, resolved to withdraw the third convertible notes tranche of EUR 150,000 and to issue to Bracknor Investment in total 150 convertible notes and in total 90,624 warrants related thereto.

During the reporting period, Valoe has disclosed several releases on conversion of convertible notes held by Bracknor Investment. Detailed information can be found in the company's stock exchange releases that are not listed separately in this Interim Report.

## THE MAJOR EVENTS AFTER THE REPORTING PERIOD

### 16 October 2017 ISSUE OF NEW SHARES IN VALOE CORPORATION WITHOUT CONSIDERATION TO THE COMPANY ITSELF

The Board of Directors of Valoe Corporation (the "Company") has, on the basis of the financing arrangement between the Company and Bracknor Investment approved on 19 April 2017 resolved on the issuance of a maximum of 2,570,825 new shares to the Company itself without consideration. The subscription period for the new shares commenced on 16 October 2017 and shall end on 16 October 2018. New shares can be subscribed in tranches at any time during the subscription period as resolved by the Board of Directors of the Company, however, subject to total amount of treasury shares held by or pledged by the Company not exceeding 1/10 of all the shares in the Company at any time, as required under Chapter 15, Section 11 of the Companies Act.

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

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

The Company has on 16 October 2017 subscribed in total 525,000 new shares in the share issue ("Subscribed Shares").

After the registration of the Subscribed Shares in the trade register, the total number of the shares in the Company is 5,269,436 shares of which 525,824 shares are held by the Company.

The Subscribed Shares are estimated to be registered in the trade register approximately on 23 October 2017 and the Company shall apply for the admission of the Subscribed Shares to public trading on the stock exchange list of Nasdaq Helsinki Ltd approximately by the end of October 2017.

### 1 November 2017 VALOE CORPORATION: ADMISSION TO TRADING OF SHARES SUBSCRIBED IN THE DIRECTED SHARE ISSUE WITHOUT CONSIDERATION TO THE COMPANY ITSELF

Valoe Corporation (the "Company") subscribed on 16 October 2017 in total 525,000 shares in the directed share issue without consideration to the Company itself.

The Company announced on 16 October 2017 that it shall apply for the admission of the new shares subscribed on 16 October 2017 to public trading on the stock exchange list of Nasdaq Helsinki Ltd approximately by the end of October 2017.

In total 44,000 of the new shares have been admitted to public trading on the stock exchange list of Nasdaq Helsinki Ltd on 31 October 2017. The Company shall apply for the admission of 481,000 shares subscribed on 16 October 2017 to public trading on the stock exchange list of Nasdaq Helsinki Ltd approximately by the end of November 2017.

## 3 NOVEMBER 2017 NOTICE TO THE EXTRAORDINARY GENERAL MEETING OF VALOE CORPORATION

Notice is given to the shareholders of Valoe Corporation to the Extraordinary General Meeting to be held on 28 November 2017 at 12:00 (Finnish time) at the company's headquarters at Insinöörinkatu 5, 50150 Mikkeli, Finland. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 11:30 (Finnish time).

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

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

The Board of Directors proposes to the General Meeting, that the General Meeting authorizes the Board of Directors to decide on a share issue with and/or without payment, either in one or in several occasions, including right to resolve on option rights and other rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act so that the number of new shares issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total maximum amount of 50,000,000 shares. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. It is proposed that the authorization shall not revoke any previous authorizations. It is proposed that the authorization is in force until 30 June 2018.

7. Closing of the meeting

### RISK MANAGEMENT, RISKS AND UNCERTAINTIES

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

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

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

The company's main risk is the sufficiency of working capital. Based on the current estimations, the company's financing situation and working capital will be very tight at the end of 2017 and the company does not have sufficient cash funds, as per the date of this Interim Report, for the next 12 months to run the business operations based on the company's strategy. The company uses its existing financing agreements to cover the deficit. Additionally, Valoe's management has started to take actions to improve the company's financing situation, however, it is not certain if the actions will be successful or not.

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 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 financial negotiations with Danske Bank involve risks. If a repayment of EUR 0.15 million to the bank could not be paid by the end of 2017 the agreement on loan extension until 30 April 2018 could become void unless otherwise agreed.

The module manufacturing plant order from Ethiopia involves business, financial, schedule and country risks that are typical of international equipment sales. The country risks include also slow decision process for financing arrangements. The payments relating to the project have not yet begun despite the binding financing agreements. The company follows very closely how the situation develops in Ethiopia and tries to support the customer in its negotiations by being present as often as possible.

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

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

## MARKET OUTLOOK

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

In Mikkeli, 8 November 2017

Valoe Corporation

Board of Directors

For more information:

CEO Iikka Savisalo, Valoe Corporation

p. 0405216082, email: [iikka.savisalo@valoe.com](mailto:iikka.savisalo@valoe.com)



# Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
<b>Continuing operations</b>					
<b>Net sales</b>	240	223	469	471	553
Cost of sales	-284	-295	-681	-719	-994
Gross profit	<b>-45</b>	<b>-72</b>	<b>-213</b>	<b>-248</b>	<b>-441</b>
Other operating income	94	3	380	7 173	7 682
Product development expenses	-333	-415	-1 176	-1 013	-1 601
Sales and marketing expenses	-100	-145	-349	-542	-758
Administrative expenses	-189	-191	-540	-510	-1 143
Other operating expenses	-2	-2	-2	-76	-79
<b>Operating profit</b>	<b>-574</b>	<b>-823</b>	<b>-1 900</b>	<b>4 783</b>	<b>3 661</b>
Financial income	0	1	0	7	8
Financial expenses	-640	-547	-2 064	-1 589	-2 285
<b>Profit before taxes from continuing operations</b>	<b>-1 214</b>	<b>-1 369</b>	<b>-3 964</b>	<b>3 201</b>	<b>1 384</b>
Income taxes	0	0	0	18	18
<b>Profit/loss for the period from continuing operations</b>	<b>-1 214</b>	<b>-1 369</b>	<b>-3 964</b>	<b>3 219</b>	<b>1 402</b>
<b>Discontinued operations</b>					
Profit/loss after tax for the period from discontinued operations	0	16	0	-159	-92
<b>Profit/loss for the period</b>	<b>-1 214</b>	<b>-1 352</b>	<b>-3 964</b>	<b>3 060</b>	<b>1 310</b>
<b>Profit/loss attributable to:</b>					
Shareholders of the parent company	<b>-1 214</b>	<b>-1 352</b>	<b>-3 964</b>	<b>3 060</b>	<b>1 310</b>
Earnings/share (basic), eur	-0,26	-0,31	-0,87	0,71	0,30
Earnings/share (diluted), eur	-0,26	-0,31	-0,87	0,40	0,22
<b>Continuing operations:</b>					
Earnings/share (basic), eur	-0,26	-0,32	-0,87	0,75	0,32
Earnings/share (diluted), eur	-0,26	-0,32	-0,87	0,42	0,24
<b>Profit/loss for the period</b>	<b>-1 214</b>	<b>-1 352</b>	<b>-3 964</b>	<b>3 060</b>	<b>1 310</b>
<b>Other comprehensive income</b>					
Translation difference	0	0	0	750	750
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>-1 214</b>	<b>-1 352</b>	<b>-3 964</b>	<b>3 810</b>	<b>2 059</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent company	<b>-1 214</b>	<b>-1 352</b>	<b>-3 964</b>	<b>3 810</b>	<b>2 059</b>

The figures for the corresponding periods 7-9/2016 and 1-9/2016 differ from the figures reported in 2016 as the profit and loss effects of the Ethiopian project have been removed from the income statement. The earnings per share for the corresponding periods in 2016 have been calculated using the amount of the company's shares after the reduction of the quantity of the company's shares (the pre-split price has been multiplied with 200).

# Consolidated statement of financial position

(unaudited)

1 000 EUR	30.9.2017	30.9.2016	31.12.2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	15	13
Consolidated goodwill	441	441	441
Other intangible assets	7 285	8 299	8 039
Holdings in associated companies	0	672	0
Available-for-sale investment	9	9	9
<b>Total non-current assets</b>	<b>7 746</b>	<b>9 437</b>	<b>8 502</b>
<b>Current assets</b>			
Inventories	652	1 049	1 122
Trade and other non-interest-bearing receivables	1 066	114	860
Cash and cash equivalents	21	4	3
<b>Total current assets</b>	<b>1 738</b>	<b>1 167</b>	<b>1 985</b>
Assets classified as held for sale	0	0	0
<b>Total assets</b>	<b>9 484</b>	<b>10 604</b>	<b>10 487</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the parent company</b>			
Share capital	80	80	80
Translation difference	0	0	0
	682	0	0
Retained earnings	-13 294	-8 849	-9 708
<b>Total equity</b>	<b>-12 532</b>	<b>-8 769</b>	<b>-9 628</b>
<b>Non-current liabilities</b>			
Non-current loans	4 252	9 288	12 423
Other non-current liabilities	0	105	0
<b>Total non-current liabilities</b>	<b>4 252</b>	<b>9 392</b>	<b>12 423</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	12 732	4 652	1 931
Trade and other payables	4 699	4 742	5 228
Current provisions	0	0	40
<b>Total current liabilities</b>	<b>17 431</b>	<b>9 395</b>	<b>7 199</b>
Liabilities directly associated with assets classified as held for sale	332	586	493
<b>Total liabilities</b>	<b>22 015</b>	<b>19 373</b>	<b>20 115</b>
<b>Equity and liabilities total</b>	<b>9 484</b>	<b>10 604</b>	<b>10 487</b>

The figures for the corresponding period 30.9.2016 differ from the figures reported in 2016 as the profit and loss effects of the Ethiopian project have been removed from the income statement.

# Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-9/2017	1-9/2016	1-12/2016
<b>Cash flow from operating activities</b>				
Income statement profit/loss from continuing operations before taxes		-3 964	3 201	1 384
Income statement profit/loss from discontinued operations before taxes		0	-159	-92
Income statement profit/loss before taxes		<b>-3 964</b>	<b>3 042</b>	<b>1 291</b>
<b>Non-monetary items adjusted on income statement</b>				
Depreciation and impairment	+	999	778	1 111
Gains/losses on disposals of non-current assets	+/-	0	-7 074	-7 082
Unrealized exchange rate gains (-) and losses (+)	+/-	-12	-11	4
Other non-cash transactions	+/-	-169	0	398
Change in provisions	+/-	-40	-31	-13
Financial income and expense	+	2 076	1 593	2 274
<b>Total cash flow before change in working capital</b>		<b>-1 109</b>	<b>-1 704</b>	<b>-2 018</b>
<b>Change in working capital</b>				
Increase (-) / decrease (+) in inventories		-232	-795	-868
Increase (-) / decrease (+) in trade and other receivables		-222	90	17
Increase (+) / decrease (-) in trade and other payables		-655	1 486	1 484
<b>Change in working capital</b>		<b>-1 108</b>	<b>782</b>	<b>634</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>				
Interest paid	-	257	85	92
Other financial items	-	0	17	25
Taxes paid	-	0	-18	-18
Financial items and taxes		-257	-84	-99
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>		<b>-2 474</b>	<b>-1 005</b>	<b>-1 484</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in tangible and intangible assets	-	231	368	418
Proceeds on disposal of tangible and intangible assets	+	0	0	8
Loans granted	-	0	672	672
Disposal of subsidiaries and other business units	+	0	-23	-23
<b>NET CASH FLOW FROM INVESTMENTS</b>		<b>-231</b>	<b>-1 063</b>	<b>-1 105</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Sale of own shares	+	562	0	0
Proceeds from non-current borrowings	+	1 656	808	807
Proceeds from current borrowings	+	1 010	1 748	2 049
Repayment of current borrowings	-	502	527	286
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>2 726</b>	<b>2 029</b>	<b>2 569</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>		<b>21</b>	<b>-39</b>	<b>-19</b>

## Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Transla- tion difference	Distributable		Total	Non- controlling interests	Total equity
			non- restricted equity fund	Retained earnings			
<b>31.12.2016</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>-9 708</b>	<b>-9 628</b>	<b>0</b>	<b>-9 628</b>
Profit/loss for the period	-	-	-	-3 964	-3 964	0	-3 964
Translation difference	-	-	-	2	2	0	2
<b>Transactions with owners:</b>							
Own equity component of the convertible bond	0	0	0	300	<b>300</b>	-	<b>300</b>
Sale of own shares	0	0	682	0	<b>682</b>	-	<b>682</b>
Stock option scheme 2015	0	0	0	75	<b>75</b>	-	<b>75</b>
<b>30.9.2017</b>	<b>80</b>	<b>0</b>	<b>682</b>	<b>-13 294</b>	<b>-12 532</b>	<b>0</b>	<b>-12 532</b>

1 000 EUR	Share capital	Transla- tion difference	Distributable		Total	Non- controlling interests	Total equity
			non- restricted equity fund	Retained earnings			
<b>31.12.2015</b>	<b>80</b>	<b>-750</b>	<b>0</b>	<b>-11 910</b>	<b>-12 579</b>	<b>9</b>	<b>-12 570</b>
Profit/loss for the period	-	-	-	3 060	<b>3 060</b>	0	<b>3 060</b>
Translation difference, comprehensive income	-	750	-	0	<b>750</b>	-9	<b>741</b>
<b>30.9.2016</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>-8 849</b>	<b>-8 769</b>	<b>0</b>	<b>-8 769</b>

## 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	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
<b>Net sales</b>					
Valoe Clean Energy - continuing operations	240	223	469	471	553
Discontinued operations	0	0	0	0	0
<b>Total</b>	<b>240</b>	<b>223</b>	<b>469</b>	<b>471</b>	<b>553</b>
<b>Operating profit</b>					
Valoe Clean Energy - continuing operations	-574	-823	-1 900	4 783	3 661
Discontinued operations	0	16	0	-159	-92
<b>Total</b>	<b>-574</b>	<b>-806</b>	<b>-1 900</b>	<b>4 624</b>	<b>3 569</b>
<b>EBITDA</b>					
Valoe Clean Energy - continuing operations	-241	-487	-900	5 560	4 772
Discontinued operations	0	16	0	-159	-92
<b>Total</b>	<b>-241</b>	<b>-471</b>	<b>-900</b>	<b>5 402</b>	<b>4 680</b>
<b>Depreciation</b>					
Valoe Clean Energy - continuing operations	333	335	999	778	1 111
Discontinued operations	0	0	0	0	0
<b>Total</b>	<b>333</b>	<b>335</b>	<b>999</b>	<b>778</b>	<b>1 111</b>



## Discontinued operations

(unaudited)

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

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:**

<b>1 000 EUR</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Revenue	0	0	0
Expenses	0	-159	-92
<b>Operating profit/loss from discontinued operation</b>	<b>0</b>	<b>-159</b>	<b>-92</b>
<b>Assets</b>			
Assets classified as held for sale	0	0	0
<b>Liabilities</b>			
Trade and other payables	326	558	487
Provisions	5	28	5
Liabilities directly associated with assets classified as held for sale	332	586	493
Net assets directly associated with disposal group	<b>-332</b>	<b>-586</b>	<b>-493</b>

Cumulative translation difference

**Net cash flow of Cencorp's electronics automation business:**

<b>1 000 EUR</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Operating	-161	-120	-122
Investing	0	0	0
Earnings/share (basic), from discontinued operations	0,00	-0,0002	-0,0000001
Earnings/share (diluted) from discontinued operations	0,00	-0,0001	-0,0000001

## Key figures

(unaudited)

1 000 EUR	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
Net sales	240	223	469	471	553
Operating profit	-574	-823	-1 900	4 783	3 661
% of net sales	-239,6 %	-368,8 %	-405,4 %	1015,7 %	661,5 %
EBITDA	-241	-487	-900	5 560	4 772
% of net sales	-100,6 %	-218,4 %	-192,1 %	1180,9 %	862,2 %
Profit before taxes	-1 214	-1 369	-3 964	3 201	1 384
% of net sales	-506,6 %	-613,6 %	-846,0 %	679,8 %	250,0 %
Balance Sheet value	9 484	10 604	9 484	10 604	10 487
Equity ratio, %	-132,5 %	-82,8 %	-132,5 %	-82,8 %	-91,8 %
Net gearing, %	neg.	neg.	neg.	neg.	neg.
Gross investments (continuing operations)	116	127	243	411	481
% of net sales	48,5 %	57,0 %	51,8 %	87,2 %	86,9 %
Research and development costs (continuing oper.)	333	415	1 176	1 013	1 601
% of net sales	138,8 %	186,2 %	250,9 %	215,2 %	289,2 %
Order book	16 324	15 918	16 324	15 918	15 927
Personnel on average	17	21	17	21	21
Personnel at the end of the period	17	20	17	20	18
Non-interest-bearing liabilities	5 026	5 944	5 026	5 944	5 716
Interest-bearing liabilities	16 984	13 401	16 984	13 401	14 354
Share key indicators					
Earnings/share (basic)	-0,26	-0,31	-0,87	0,71	0,30
Earnings/share (diluted)	-0,26	-0,31	-0,87	0,40	0,22
Earnings/share (basic), from continuing operations	-0,26	-0,32	-0,87	0,75	0,32
Earnings/share (diluted) from continuing operations	-0,26	-0,32	-0,87	0,42	0,24
Equity/share	-2,75	-2,03	-2,75	-2,03	-2,23
P/E ratio	-4,96	-8,93	-1,46	3,94	8,67
Highest price	1,99	3,40	2,60	9,80	9,80
Lowest price	1,00	2,00	1,00	1,80	1,80
Average price	1,50	3,00	2,03	4,20	4,00
Closing price	1,27	2,80	1,27	2,80	2,60
Market capitalisation, at the end of the period, MEU	6,0	12,1	6,0	12,1	11,2

The company's share prices for 2017 and the comparison year 2016 have been calculated using the share price after the reduction of the quantity of the company's shares (the pre-split price has been multiplied with 200) .

## Calculation of Key Figures

EBITDA, %:	$\frac{\text{Operating profit + depreciation + impairment}}{\text{Net sales}}$
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:

<b>1 000 EUR</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
<b>Continuing operations</b>			
<b>Sales of goods and services</b>			
Savcor Group Oy and subsidiaries - financial management and production services	2	13	19
Savcor Oy - financial management and production services	38	16	28
Savcor Face Ltd - solar modules / production services	18	-2	-2
Others	0	1	1
<b>Total</b>	<b>58</b>	<b>27</b>	<b>46</b>
<b>Purchases of goods and services</b>			
Savcor Group Oy and subsidiaries - finan. management, legal and rent	10	30	34
Savcor Oy - financial management and IT services	-1	57	71
Savcor Face Ltd - marketing services	3	25	34
SCI-Finance Oy - marketing and administration services	34	70	59
Savcor Technologies Oy - marketing and administration services	24	31	39
Savcor Tempo Oy	2	0	0
Oy Marville Ab - legal services	43	53	72
<b>Total</b>	<b>114</b>	<b>265</b>	<b>308</b>
<b>Gain on disposal</b>			
Savcor Tempo Oy	0	300	300
<b>Interest expenses and other financial expenses</b>			
Savcor Group Oy and subsidiaries	120	115	155
Savcor Oy	0	0	1
SCI Invest Oy	0	51	68
SCI-Finance Oy - funding	24	50	67
Savcor Technologies Oy	186	52	87
Savcor Communications Pty Ltd	72	41	65
Savcor Tempo Oy	24	14	23
Others	64	53	71
<b>Total</b>	<b>490</b>	<b>376</b>	<b>537</b>
<b>Discontinued operations</b>			
<b>Purchases of goods and services</b>			
SCI-Finance Oy - administration services	0	3	3
Oy Marville Ab - legal services	0	2	2
<b>Total</b>	<b>0</b>	<b>6</b>	<b>5</b>

<b>1 000 EUR</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Non-current convertible subordinated loan from related parties	500	2 282	3 894
Other non-current liabilities to related parties	114	0	2 113
Non-current interest payable to related parties	0	37	0
Current convertible subordinated loan from related parties	6 030	364	0
Other current liabilities to related parties	777	2 373	79
Current interest payable to related parties	726	510	444
Trade payables and other non-interest-bearing liabilities to related parties	697	475	881
Trade and other current receivables from related parties	41	17	31

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

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 likka 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 likka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

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

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

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

<b>1 000 EUR</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
<b>Wages and remuneration</b>			
Salaries of the management and Board	428	548	752
Stock option scheme 2015 / IFRS 2 booking	64	0	701

## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 30.9.2017</b>	<b>Fair value 30.9.2017</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	1 066	1 066
Cash and cash equivalents	21	21
<b>Financial liabilities</b>		
R&D loan, non-current	2 966	2 966
Non-current convertible subordinated loan	429	429
Non-current convertible bond	858	858
Current loans from financial institutions	1 110	1 110
Current convertible subordinated loan	10 563	10 563
Current other loans	777	777
Current other liabilities	281	281
Trade payables and other non-interest-bearing liabilities	2 098	2 098

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)

<b>1 000 EUR</b>	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>31.12.2016</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>			
Carrying amount, beginning of period	8 493	4 242	4 242
Depreciation and impairment	-999	-778	-1 111
Additions	243	411	481
Realization of an internal margin	0	4 931	4 931
Disposals	0	-47	-47
Exchange rate difference	0	-4	-4
Carrying amount, end of period	<b>7 736</b>	<b>8 755</b>	<b>8 493</b>

# Commitments and contingent liabilities

(unaudited)

<b>1 000 EUR</b>	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>31.12.2016</b>
<b>Loans from financial institutions</b>	709	721	721
Promissory notes secured by pledge	12 691	12 691	12 691
<b>Factoring loan and export credit limit</b>	0	349	352
Promissory notes secured by pledge	0	12 691	12 691
<b>Collaterals given from other short-term loans</b>			
Deposits	0	0	0
<b>Commitments - continuing operations</b>			
Payable within one year	62	61	61