This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Valoe Oyj

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Valoe Oyj (business identity code 0749606-1) for the year ended 31 December, 2018. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Emphasis of Matter – Measurement of Development Costs

We would like to draw attention to the development costs totaling EUR 10,022,050.39 that have been capitalized in the non-current assets. The company's management has, pursuant to the IAS 36, run impairment testing where the recoverable amounts have been determined on the basis of the value in use. Those calculations use discounted future cash flow forecasts in which management make judgments over certain key inputs, for example net sales growth rate, discount rate and rate of borrowed capital.

The measurement of development costs may include uncertainty, which will have a significant impact on the company's financial position. Our opinion has not been adapted due to this fact.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have not performed any other services than auditing to the parent company or to any Group companies.

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Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Net Sales – revenue recognition criteria	
The company has solar module manufacturing plant and back contact technology projects.	Our audit procedures comprised an evaluation of revenue recognition criteria. We have noted that the company will not start recognizing revenue from the delivery projects before special financing for the projects has been secured pursuant to the delivery contracts. The company has not recognized revenue based on completion percentage from projects under IAS 11 Construction Contracts.
Going Concern	
During the financial year 2018 and at the year- end the company's financial situation was very tight and its liquidity was low. the Group's overdue debts totaled EUR 2.2 million at balance sheet date. The consolidated cash flow from operating activities was negative in the financial years 2017 and 2018. Based on the assessment presented in the Directors' Report, management of the company and the Board of Directors believe that the going concern basis is appropriate in preparing the financial statements. The assessment is based on the following: the company has been able to improve its financing situation by drawing new borrowings in 2018, by converting convertible bonds to shares in a share issue and rearranging its current debts. Furthermore, the company has resolved it will not launch delivery projects in full until project funding pursuant to a delivery agreement is available to the company. Additionally, investments will not be made unless required financing and going concern is secured	Our audit procedures comprised evaluation of the company's cash flow forecast, order book and sufficiency of the financing. In addition, we discussed with company representatives about the future development and outlook of the company's operations. The company's ability to continue as a going concern is dependent on the development of its operations and cash flows, as well as on the company's efforts to settle the borrowings and other liabilities fallen due with its creditors.

Capitalised development costs, EUR 8.9 million
(refer to Accounting Principles for consolidated financial statements and notes 6 and 13)
(refer to Accounting, measurement and accrual principles for the parent company financial statements and note 15)

At the balance sheet date 31 December 2018 the capitalised development costs were carried at EUR 8.9 million, which accounted for 78 per cent of the consolidated total assets. The capitalized development costs of the parent company totaled EUR 10.0 million, representing 83 per cent of the parent company's total assets.

Accounting for development costs requires management use judgement and make assumptions that affect carrying values and amortisation methods. The consolidated financial statements include development costs amounting to EUR 4.8 million for which the amortisation has not begun.

Development costs have been tested for impairment. Valoe determines recoverable amounts based on value in use. Those calculations use discounted future cash flow forecasts in which management make judgments over certain key inputs, for example net sales growth rate, discount rate and rate of borrowed capital.

Given the high level of management judgement related to the forecasts used, estimation uncertainty and the significant carrying amounts involved, capitalized development costs is considered a key audit matter.

We assessed the composition of development costs and the capitalization criteria applied, original project plans and discussed the changes in plans with the company representatives.

Our audit procedures also included agreeing the non- current asset register to the general ledger, assessing the appropriateness of the amortisation methods and testing amortisation accounting.

In addition, we discussed with company representatives how development costs are monitored and accounted for, assessed amortization and how stages in a project when amortization is begun is defined.

We analysed management estimates and assumptions, upon which future cash flow forecasts are based. We involved our own valuation specialists when assessing the appropriateness of the assumptions used, such as discount rates. We performed audit procedures to examine the technical accuracy of the calculations.

Furthermore, we considered the appropriateness of the disclosures provided in respect of developments costs and impairment testing.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors and in the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Requirements

We have been the company's auditor elected by the general meeting as from 14 June 2017.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have received the report of the Board of Directors before the date of this Auditor's Report and we expect to receive the Annual Report after this date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information received prior the date of the Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In Tampere, 25 April 2019

AUDITUS TILINTARKASTUS OY

Heidi Pirttijoki
Authorised Public Accountant, KHT