Valoe Corporation Interim Report 30 May 2017

THE INTERIM REPORT OF VALOE CORPORATION FOR 1 JANUARY 2017 – 31 MARCH 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. At the end of the reporting period, 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.

- 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 – March 2017, the net sales of Valoe Group's continuing operations, under the IFRS standards, was EUR 0.07 million (in 2016 EUR 1.6 million). The EBIT from the continuing operations was EUR -0.8 million (EUR -0.1 million), the profit for the period was EUR -1.4 million (EUR -0.6 million), earnings per share were EUR -0.0016 (EUR -0.0007) and the EBITDA ca. EUR -0.5 million (EUR 0.03 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.

- After the reporting period 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 that will be held on 14 June 2017 shall consider the motion of the Board of Directors regarding the combination of the company's shares.

- 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. 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 – MARCH 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 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 that is due in 30 September 2017.

In terms of operations, the Ethiopian project will be continued and the company will resume recognising revenue based on percentage of completion when the performance obligations have been satisfied. Until then, Valoe will include also pro-forma figures in its financial reporting. The additional reporting is provided to give the market an understanding of the Ethiopian project's overall percentage of completion and its effect on the company's financials at the point when the revenue recognition requirements under IFRS are fulfilled. 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.

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.

January – March 2017 (continuing operations)

- Valoe Group's net sales decreased to EUR 0.07 million (In 2016: EUR 1.6 million).
- EBITDA was EUR -0.5 million (EUR 0.03 million).
- Operating profit was EUR -0.8 million (EUR -0.1 million).
- The profit before taxes was EUR -1.4 million (EUR -0.6 million).
- Profit for the period was EUR -1.4 million (EUR -0.6 million).
- Earnings per share were EUR -0.0016 (EUR -0.0007).

During the reporting period, the volume of the business operations was low because the Ethiopian project was removed from Valoe's key figures and the amount of delivered modules was low, which is typical of the early part of a year.

When comparing the figures for the reporting period QI/2017 to the comparison figures for the previous year, it should be noted that during the fiscal year 2016, until November, Valoe recognized revenue from the Ethiopian project according to the project completion. Because the performance obligations, in accordance with the IFRS 2017, were not satisfied, Valoe resolved, according to the prudence principal in April 2017, to remove the revenue and the costs related to the Ethiopian project from the company's income statement (please see Valoe's Annual Report 2016). However, the comparision figures have not been changed.

MANAGING DIRECTOR IIKKA SAVISALO'S REVIEW

Valoe has closely followed the chosen strategy. The company has focused its major sales efforts on building partnerships in the developing economies: Africa, Asia and South America. The company has achieved positive results but also learned that the dynamics of business operations in these market areas differ significantly from its own.

Valoe's Ethiopian manufacturing partner agreed with the Development Bank of Ethiopia on financing facility for the delivery of a module manufacturing plant already in February 2016 and Valoe kicked off the project. Unfortunately, on the date of this Report, Valoe has not yet received any payment for this project due to heavy and slow local bureaucracy. However, the company is convinced the project fully financed by the state of Ethiopia will be completed. The company has learnt that the perception of time is very different in Africa compared to Europe.

Valoe is confident that the chosen strategy is still correct. During 2017 the company continues operating according to the principles and in the market areas defined in its strategy, even though the company's other sales projects targeted to other developing countries may also face bureaucratic inertia. Valoe's management trusts that as Valoe gives its manufacturing partners strong support right from the beginning the company secures continuous development of its own market and competitiveness.

During 2016, the world market prices of solar modules decreased and reduction seems to continue this year too. However, the Valoe Crome modules remained competitive in terms of overall economy. Decreased raw material costs benefited also Valoe. During 2016 no new technology threatening Valoe's competitiveness was introduced in the market, which also gives Valoe a technological edge in the future.

Solar energy will live up to expectations as it can be used day and night, summer and winter, no matter where you are. Valoe has an active role in projects aiming at the above-mentioned shared objective. Valoe has already introduced its 24-7-365 solar energy concept to some of its partners. The company will start to test the concept this year and is looking for a suitable pilot customer.

During the first quarter of 2017 Valoe has used a lot of resources to overcome the problems related to the financing agreement of the Ethiopian project. Valoe is confident that the situation will be resolved and the project, now being put on hold, will restart. Valoe has also aimed to assist its Asian partner to arrange financing enabling Valoe's second factory project to be launched as soon as possible.

The beginning of Valoe's financial year was difficult in terms of financing. The management resources were used to arrange financing securing continuity of the company's operations. With the Convertible Bond and by signing a financing agreement with Bracknor Investment after the reporting period, the company managed to improve its financing situation significantly for the remainder of the financial year. The company is also preparing share issues to ensure sufficient resources for operations in the long run.

The decrease of the world market prices of solar modules has further increased competition during the financial year. Several manufacturers have scaled production down or been forced to shut down. Valoe, however, competes in the market of so-called premium products where price reduction has been moderate. Other operators in this segment include e.g. Sunpower, Panasonic and LG.

Valoe's Conductive Back Sheet technology that differs from the technology used in the mainstream products allows the company to follow also technology roadmaps aiming at developing a module with remarkably higher capacity and operating reliability as well as longer lifespan compared to the best H type modules.

Since the new financing arrangement has been secured, the company has been focusing on developing next generation module and own cell solution. The company trusts its next generation product family will include a high capacity and very competitive module.

However, the company's most important short-term objective is to make the funds, pursuant to the Ethiopian financing agreement, available to the company and to facilitate new customer projects to be launched as soon as possible.

Africa as Valoe's Market Area

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

Other opportunities that interest Valoe and its manufacturing partners are typically related to the off-grid areas with diesel powered plants or with no power at all. In these kind of projects a customer needs solar power plants but also various energy storages and smart grid technology to create an optimal system for an end user.

There are several humanitarian projects in Ethiopia and other African countries for bringing power to rural areas and small communities. The number of this kind of projects is estimated to grow fast. Products that could fit this kind of market and Valoe's product range could be e.g. independent solar modules including batteries used for refrigerators, small household devices and lightning.

VALOE'S STRATEGY

Valoe's net sales will be generated by 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 provides solar power plants and systems to its customers in Finland and abroad. Valoe enhances 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. Thus, the module sales do not form a major part of the sales of the company.

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. Valoe knows that 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 a production line for back contact modules is EUR 4 – 8 million.

3. Manufacturing partner network

Cornerstones of Valoe’s strategy are manufacturing partnership agreements with manufacturing partners 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 is aiming to sign at least 10 manufacturing partnership contracts in the next five years.

4. Module components sales mainly to manufacturing partners

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

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.

OPERATING ENVIRONMENT

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

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

In the developed countries, solar electricity is mainly produced in large solar power plants located in open landscape feeding electricity to main grid. In this kind of power plants logistics costs, among others, can be optimized and such parameters as module’s capacity per square meter have not had major importance. In the developing countries logistics costs, in particular, are significant and demand is focused on so called mini grid systems where solar power plants have been decentralized and new local grid is built around them. Grids are connected to each other and to new small power plants as electricity consumption, distribution and production increases steadily. Electricity production is decentralized and electricity is distributed through a new type of grid infrastructure. Small power plants are often so-called hybrids where solar power plants are operated combining diesel, water and wind power plants in the same grid and where various energy storages can be integrated.

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

FINANCING

The financing arrangements during and after the reporting period have improved Valoe’s financing situation remarkably. The EUR 1.5 million convertible bond I/2017 issued in February 2017 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 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). Further, The company has paid the entire export credit limit at Danske Bank and the overdraft facility of EUR 0.7 million at Danske Bank has been extended until 30 September 2017. Valoe has also agreed on extending the payment schedules of all other debts that are due during 2017 until 30 April 2018.

Thanks to the above-mentioned financing arrangement, the financing available to Valoe is sufficient for at least the next 12 months according to the company’s current information.

Valoe’s other, Asian customer has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. However, the financing negotiations are ongoing and the outcome is not yet known.

Valoe takes project related actions only when sufficient and contact-based financing, to be allocated to the project, is available to the company.

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 Convertible Notes may be drawn down in maximum of 12 sequential tranches of EUR 250,000 each (the "Tranche") during a period of 18 months as of the date hereof provided that the preconditions for each Tranche are met. Bracknor has the right to convert each Tranche into the Company’s newly issued or treasury shares. In addition, Bracknor will receive Warrants stripped from the Convertible Notes at the drawdown of each Tranche, in place of interest rate. The Warrants entitle Bracknor to subscribe to additional shares of the Company with a subscription price described in the agreement. The Company has an obligation to draw down a minimum of two Tranches of the Convertible Notes, i.e. a total minimum of EUR 500,000. The remainder of the Convertible Notes, a total of 10 Tranches i.e. EUR 2,500,000, may be drawn down by the Company at its discretion. The terms of the Agreement have been disclosed in the stock exchange release on 19 April 2017.

Despite Valoe’s financing facility agreement with Bracknor Investment, Valoe continues its other negotiations for arranging long- term financing and pursues its own development processes further to improve the company’s balance sheet.

Cash flow from business operations before investments in January – March was EUR -1.1 million (EUR -0.6 million). Trade receivables at the end of the reporting period were EUR 0.06 million (EUR 9.6 million). Net financial items amounted to EUR 0.6 million (EUR 0.5 million).

At the end of March, the equity ratio of Valoe Group was -103.3 percent (-88.4 %) and equity per share was EUR -0.012 (EUR - 0.015). The equity ratio including capital loans was -8.0 percent (-48.6 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.003 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 will boost its research and development during 2017. In 2017, Valoe's main 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. Valoes views that in field of green energy production extending products' economic life cycle should be one of the most important objectives of development.

The 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 supporting the Ethiopian project delivery. Equipment and machinery needed in automated module manufacturing process will increasingly be based on Valoe's own innovations and be designed by Valoe. Valoe is aiming at protecting its innovations in all important geographical areas.

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

The Group's research and development costs during the January – March period amounted to EUR 0.5 million (EUR 0.2 million) or 656.6 (14.2) percent of net sales.

INVESTMENTS

Gross investments in the continuing operations during January – March period amounted to EUR 0.03 million (EUR 0.1 million). The investments on the reporting period as well as on the corresponding period were mainly in development costs.

PERSONNEL

At the end of March the Group employed 18 (21) people, out of which 17 persons worked in Finland and one person in the USA. During the reporting period the Group's salaries and fees totaled EUR 0.3 million (EUR 0.3 million).

SHARES AND SHAREHOLDERS

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

The company had a total of 7,296 shareholders at the end of March 2017, and 18.5 percent of the shares were owned by foreigners. The ten largest shareholders held 69.9 percent of the company's shares and voting rights on 31 March 2017.

The largest shareholders on 31 March 2017

		shares	percentage
1	SAVCOR GROUP OY	270 255 619	31,3
2	SAVCOR COMMUNICATIONS LTD PTY	133 333 333	15,5
3	GASELLI CAPITAL OY	86 300 000	10,0
4	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	63 673 860	7,4
5	SAVCOR INVEST B.V.	21 874 995	2,5
6	NORDEA PANKKI SUOMI OYJ	8 125 344	0,9
7	SCI INVEST OY	6 870 645	0,8
8	SALMELA VEIJO ENSIO	4 240 000	0,5
9	FRATELLI OY	4 177 867	0,5
10	VUORENMAA ANTERO	3 894 360	0,5
	OTHER	259 726 113	30,1
	TOTAL	862 472 136	100,00

The list of the largest shareholders does not include e.g. the changes in ownership that would realize if subscriptions of the Convertible 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 142,702,737 shares in the company on 31 March 2017, representing about 16.55 percent of the company's shares and voting rights. Additionally, the members of the Board of Directors and the President and CEO held a total of 75,500,000 options connected to the stock option scheme 2015. At the end of the period Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 140,203,978 shares in the company and 26.500.000 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.011 and 0.014 during the January – March period. The average price was EUR 0.012 and the closing price at the end of March EUR 0.013. A total of 54.2 million Valoe shares were traded at a value of EUR 0.7 million during the January – March period. The company's market capitalization at the end of March stood at EUR 11.2 million.

During 2015 the Board of Directors of Valoe resolved the terms and conditions of a stock option scheme. The maximum total number of stock options issued is 130,000,000 and they entitle their owners to subscribe for a maximum total of 130,000,000 new shares in the company. The stock options will be issued for free. Of the stock options, 50,000,000 are marked with the symbol 2015A, 40,000,000 are marked with the symbol 2015B and 40,000,000 are marked with the symbol 2015C. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group.

SHARE ISSUE AUTHORIZATIONS IN FORCE

The Annual General Meeting 2016 resolved to authorize the Board of Directors to decide on a share issue with and/or without payment, either in one or in several occasions, so that the number of new shares issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total maximum amount of 1,000,000,000 shares. The authorization is in force until 30 June 2017.

THE MAJOR EVENTS DURING THE REPORTING PERIOD

7 February 2017: VALOE ISSUES A CONVERTIBLE BOND AND RELATED WARRANTIES

In order to strengthen Valoe Corporation's capital structure the company issues a convertible bond of MEUR 1.5 at the most. The convertible bond can be converted to max. 150,000,000 new shares of the company. The subscription price is EUR 0.01 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 convertible bond can also be subscribed against a loan receivable of min. EUR 50,000.00 from Valoe, undisputed during the subscription period, by converting the loan's capital and/or interest into convertible bond pursuant to the terms of the convertible bond.

The minimum amount of subscription of the convertible note shall be EUR 50,000.00 entitling the convertible note holder to subscribe for 5,000,000 new shares of the company.

The loan period shall commence on the payment date and expire on 1 February 2019 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 notes shall begin from the subscription of the convertible notes and expire on 1 February 2019.

A lender shall be entitled to participate in potential future share issues arranged by the company in which the subscription period shall terminate at the latest on 1 February 2019 by subscribing the shares at the subscription price that is 20 per cent lower compared to the subscription price offered in the respective share issues.

The subscription period of the convertible bond shall expire on 10 March 2017 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.

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

The shareholders' pre-emptive subscription rights are deviated from in connection with the issue of convertible bond and warrants to secure financing required to strengthen the capital structure of the company cost effectively and considering the size of the financing. 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 release.

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

Valoe postpones the release of its Financial Statement Release and Financial Statements as well as the date of an annual general meeting.

The company’s financing situation continues to be very tight and the actions taken to arrange additional financing are ongoing. The subscription period of the convertible bond released on 7 February 2017 shall continue until 10 March 2017 and the other financing negotiations are at their final stage. The impact of new potential financing on the Financial Statements cannot yet be assessed.

The Financial Statement Release for 2016 will be disclosed on 31 March 2017. The Annual Report for 2016 including the Financial Statements and the Report of the Board of Directors will be released on 30 April 2017 at the latest.

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

On 23 December 2016 Valoe announced on its release regarding the financial information in 2017 that it will release a Financial Statement Release for 2016 on 22 February 2017 and an Annual Report including the Financial Statements and the Report of the Board of Directors on the week 13. Initially an annual general meeting was planned to be held on 25 April 2017.

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

On 10 May 2016 Valoe disclosed that it has contested the security provided for the Chinese factory’s lease liability which could have amounted to EUR 0.65 million at the most if realized. A provision equivalent to the security has been booked in Valoe’s Financial Statements for 2014 where it has been recognized as the mother company’s liability. Valoe has now settled the dispute out of court. Valoe has paid ca. EUR 0.15 million out of the security and the parties have terminated all legal proceedings relating to the matter.

The decrease in the amount of the security will improve the result by ca. EUR 0.5 million. Valoe's Financial Statement Release for 2016 will be disclosed on 31 March 2017. The Annual Report for 2016 including the Financial Statements and the Report of the Board of Directors will be released on 30 April 2017 at the latest.

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

Valoe Corporation has received subscriptions of EUR 1.50 million for the Convertible Bond I/2017. During the subscription period of the Convertible Bond new investments of EUR 1.05 million was paid in cash. Out of the subscriptions, a total of EUR 0.45 million was paid by setting the subscription price off against the subscribers' receivables from the company.

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

One loan share of EUR 0.01 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for one new share. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 150,000,000 new Valoe shares. The loan period and the conversion period expire on 1 February 2019.

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

The terms of the convertible bond, without technical attachments, are attached to release as Attachment 1.

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

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

Henrikki Pantsar has worked for Valoe about six years and has lived in the USA since 2013. Valoe and Mr Pantsar have signed a consultancy agreement to ensure cooperation also in the future.

Iikka Savisalo, CEO; Sami Lindfors, Senior Vice President, and Seija Kurki, CFO, continue in the management group.

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

In February 2016 Valoe received a ca. EUR 15.8 million order for a solar module manufacturing plant and back contact technology. About EUR 9.5 million of the sales price will be paid in cash to Valoe and the rest of the sales price in shares of the customer company resulting in Valoe having a 30 percent shareholding in its

Ethiopian manufacturing partner. Valoe's customer will receive financing for the deal from The Development Bank of Ethiopia (DBE).

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

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

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

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

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

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

THE MAJOR EVENTS SINCE THE END OF THE REPORTING PERIOD

19 April 2017: VALOE HAS AGREED ON AN EUR 3.000.000 EQUITY BASED FINANCIAL ARRANGEMENT WITH BRACKNOR INVESTMENT AND DECIDED TO START PREPARATIONS FOR COMBINATION OF COMPANY'S SHARES (REVERSE SPLIT)

Background of Financial Arrangement

Valoe Oyj ("Valoe" or the "Company") has today 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 agreement, the Convertible Notes and the Warrants hereinafter referred to collectively as the "Arrangement").

Under the Arrangement, Valoe issues Convertible Notes to Bracknor. The Convertible Notes may be drawn down in maximum of 12 sequential tranches of EUR 250,000 each (the "Tranche") during a period of 18 months as of the date hereof provided that the preconditions for each Tranche are met. Bracknor has the right to convert each Tranche into the Company's newly issued or treasury shares. In addition, Bracknor will receive Warrants stripped from the Convertible Notes at the drawdown of each Tranche, in place of interest rate. The Warrants entitle Bracknor to subscribe to additional shares of the Company with a subscription price described below in this release.

The Company has an obligation to draw down a minimum of two (2) Tranches of the Convertible Notes, i.e. a total minimum of EUR 500,000. The remainder of the Convertible Notes, a total of 10 Tranches i.e. EUR 2,500,000, may be drawn down by the Company at its discretion.

Purpose of Arrangement

The purpose of the Arrangement is to strengthen the Company's working capital situation during the term of the Arrangement assuming that the Arrangement will be implemented as planned.

Iikka Savisalo, CEO of Valoe, commented: "We in Valoe are pleased to start working with a global investor like Bracknor. Bracknor has identified Valoe as a growth company with its competitive edge in one of the quickest growing businesses in the world: electricity generation with solar power. This is another high level acceptance for the Valoe PV-module manufacturing technology."

Pierre Vannineuse, CEO & Founder of Bracknor, declared: "Bracknor is very enthusiastic to announce this long term cooperation agreement with Valoe. We are fully confident in the Company's strategy and the management's ability to generate growth drivers for the longterm while increasingly participating in the Finnish Renewable Portfolio Standard requirements. Finally, we consider the Company to be extremely undervalued while being at an inflexion point given current valuation of energy production assets across the globe."

Commercial Terms of Arrangement

Pursuant to the Arrangement Bracknor may be given in the maximum of 3,000 convertible loan notes against subscription price of EUR 1,000 per each convertible loan note. The Convertible Notes entitle their holder to subscribe to maximum of 300,000,000 shares of the Company in the aggregate.

A Tranche may be drawn down by the Company provided that all previously issued Convertible Notes within the Arrangement have been converted into the shares of the Company or that a cool-down period the length of which is calculated as per the terms and conditions of the Convertible Notes has lapsed. Bracknor has agreed to subscribe for the Convertible Notes issued by the Company with a conversion ratio calculated at the time the respective conversion is requested so that the conversion ratio is equal to 90 % of the lowest closing bid price observed over a period of fifteen (15) consecutive trading days prior to such conversion request.

The Convertible Notes bear a zero interest rate and have a maturity of 12 months from the issuance of each Tranche. Each Tranche must be converted into the Company's shares upon maturity at the latest.

In connection with the drawdown of each Tranche, Bracknor will receive Warrants free of charge. Bracknor has the right, but no obligation, to subscribe for the Company's shares based on the Warrants. In connection with the Arrangement, Bracknor may be given maximum of 300,000,000 Warrants in the aggregate which entitle their holder to subscribe to maximum of 300,000,000 shares of the Company in the aggregate. The number of Warrants that shall be attached to the Convertible Notes of a Tranche shall be determined as follows: the nominal value of the Convertible Notes of a Tranche divided by the Exercise Price of Warrants, the resulting number of Warrants being rounded down to the nearest whole number. For the purposes of the aforesaid, the "Exercise Price of Warrants" shall be 115% of the lowest closing volume weighted average price in the 5 trading days immediately preceding the request to issue a new Tranche, except for the Warrants issued in connection with the first Tranche in respect of which the Exercise Price of the Warrants shall be 115% of the lowest of (i) the lowest closing volume weighted average price in the 5 trading days immediately preceding the date of signing the agreement on the Arrangement and (ii) the lowest closing volume weighted average price in the 5 trading days immediately preceding the request to issue the first Tranche.

The subscription period of the Company's shares pursuant to the Warrants is five (5) years from the issuance of each Warrant.

The exact number of the Company's shares to be issued based on the conversion of the Convertible Notes and the exercise of the Warrants depends, in the manner described above, on the conversion ratio applied to the Convertible Notes and Warrants and is thus not yet known. Depending on the exact number of the Company's shares to be issued based on the conversion of the Convertible Notes and the exercise of the Warrants, it may be necessary for the Board of Directors of the Company to apply for additional authorisations from the general meeting of shareholders in order to implement the entire Arrangement.

There is a weighty financial reason for the Company to issue the Convertible Notes and Warrants to Bracknor as the purpose of the Arrangement is to strengthen the tight working capital situation of the Company. The subscription price of the Convertible Notes and Warrants as well as the shares of the Company to be subscribed based on the Convertible Notes and Warrants is based on the agreement between the Company and Bracknor.

The drawdown of each Tranche requires that certain representations and warranties given by the Company and other customary conditions relating to financing arrangements of this nature are met.

Bracknor has the right to terminate the Arrangement if the Company's operations become subject to a material adverse effect, there has been a change of control in the Company or in the event of default which, if curable, is not cured within 30 business days.

Valoe will pay Bracknor on the Arrangement a commitment fee equal to EUR 120,000 in Convertible Notes.

For the purpose of implementing the Arrangement in accordance with its terms and conditions, the Company will arrange separately a share issue to the Company itself as well as apply for the listing of shares directed to itself in the share issue.

The terms and conditions of the Convertible Notes and of the Warrants (without schedules) are included in full in the Appendices 1 and 2 of this release.

Combination of the Company's Shares

In connection with entering into the Arrangement, the Company has decided to start the preparations for the combination of the Company's shares (reverse split) with at least 1:100 adjustment in 2017. The Board of

Directors of the Company shall make a separate proposal to the Company's annual general meeting or the extraordinary general meeting on the combination of the shares.

21 April 2017: Valoe Revises Its Financial Statements 31.12.2016 due to a Delay in Fulfilling the Revenue Recognition Requirements under IFRS for the Ethiopian Project

Valoe revises the accounting policies in its financial statements 31.12.2016. Valoe removes the revenue from the Ethiopian project from the company's financial statements as the development of the project has been slower than estimated and there has been a delay in fulfilling the revenue recognition requirements under IFRS. Thus, the financial statements to be disclosed by 30 April 2017 will differ significantly from the financial information in the Financial Statement Release disclosed on 31 March 2017. As the accounting policies were revised the figures in the Financial Statement Release disclosed on 31 March 2017 do not comply with IFRS.

The company views performance obligations, under IFRS, of Valoe's Ethiopian project have not yet been satisfied. According to the prudence principles the company has decided to remove the revenue from the Ethiopian project from the company's financial statements.

Valoe's pro-forma financial statements as per 31 December 2016, not under IFRS, comply with the Financial Statement Release disclosed 31 March 2017. The key figures in the pro-forma financial statement are as follows: revenue EUR 3.8 million, EBITDA EUR 6.0 million, operating profit EUR 4.7 million and profit for the period EUR 2.7 million. In its pro-forma financial statement as per 31 December 2016 Valoe has recognized about 20 percent of the revenue from the Ethiopian project based on the completion percentage of the project. The aforesaid revenue recognition takes into account a case Valoe finds very unlikely, where the customer cancels the order or refuses to accept the delivery. In such case Valoe would be able, in some other customer project, to utilize at least the part of the project that has already been recognized and secure at least part of the project's income. In the company's official financial statements in compliance with the IFRS, to be disclosed by 30 April 2017, the revenue decreases by EUR 3.3 million, the EBITDA by EUR 1.2 million, the operating profit by EUR 1.0 million and the profit for the period by EUR 1.0 million compared to the pro-forma financial statements disclosed on 31 March 2017.

The company will resume recognizing revenue according to the same principles as in the Financial Statement Release disclosed on 31 March 2017 as soon as the requirements under IFRS have been fulfilled. 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.

Valoe will disclose a separate release when the IFRS requirements for revenue recognition are satisfied. Until then Valoe will include also pro-forma figures in its financial reporting. The additional reporting is provided to give the market an understanding of the Ethiopian project's overall percentage of completion and its effect on the company's financials at the point when the revenue recognition requirements under IFRS are fulfilled.

CEO Iikka Savisalo's Status Report on the Ethiopian Project, 21 April 2017

During the summer 2015 Valoe signed with an Ethiopian manufacturing partner a ca. EUR 15.8 million manufacturing partnership agreement including e.g. a delivery of a manufacturing plant utilizing Valoe's own technology and related technology rights to Ethiopia. On 9 February 2016 the manufacturing partner signed a EUR 9.5 million financing agreement with the Development Bank of Ethiopia for the cash payment of the purchase price. In accordance with Valoe's partnership concept the rest of the sale price is paid in shares of the Ethiopian customer company resulting in Valoe having a 30 percent shareholding in its manufacturing partner when its operation starts. Further, in pursuant to the agreement, Valoe's partner has to inject capital to the Ethiopian company. The Development Bank of Ethiopia has agreed to provide Valoe's partner with financing required for the capitalization.

In accordance with the agreement, Valoe's partner shall open an Irrevocable Letter of Credit for a sum equivalent to the cash payment in a reputable bank approved by Valoe. Valoe shall arrange a bank guarantee for any funds released against the Letter of Credit before delivery. The funds against the Letter of Credit will be released to Valoe when the delivery of the production line is accepted in Mikkeli and the equipment is ready for shipping to Ethiopia. The agreement also includes checkpoints and reporting typical of this kind of agreements.

Despite the close cooperation between the parties an Irrevocable Letter of Credit required by Valoe has not yet been opened on 21 April 2017. Valoe views that this is due to massive bureaucracy in the local administration. The parties continue striving to overcome the administrative challenges.

Ethiopia is one the world's fastest growing economies and a country with one of the world's biggest potential to utilize solar energy. However, Ethiopia is not very experienced in running high technology projects. Although Valoe has more than 20 years' experience in conducting business operations in demanding environment the company and its local partner have faced many new and local challenges typical of this geographical area. Already before the actual project started, the new Ethiopian company managed to tackle issues related to various licenses and permits. Valoe's partner obtained all licenses and permits required to establish the business and open the factory and acquired land for it.

Valoe's management has spent several months in Ethiopia participating financing negotiations, planning the execution of the project and commencing sales of the new company. Based on Valoe's experience and lessons learned Valoe is even more convinced that production of solar energy suits very well to the Ethiopian climatel and that the local political leaders strongly support the increasing utilization of solar energy in general in Ethiopia and Valoe's project in particular. In addition, based on the close cooperation with Ethiopian stakeholders Valoe is convinced that there are several opportunities for the company also after the current project is completed.

25 April 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 authorization granted by the Annual General Meeting of Shareholders on 24 May 2016, resolved on the issuance of 86,000,000 new shares to the Company itself without consideration in accordance with Chapter 9, Section 20 of the Companies Act. The 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.

After the registration of the new shares in the trade register, the total number of the shares in the Company is 948,472,136 of which 86,000,000 shares are held by the Company.

The new shares are estimated to be registered in the trade register on 27 April 2017, after which the Company will without delay apply for the admission of the shares to public trading on the stock exchange list of Nasdaq Helsinki Ltd.

The purpose of the issue of shares to the Company itself is to implement part of the financing arrangement between the Company and Bracknor Investment approved on 19 April 2017 in accordance with the terms and conditions of such financing arrangement.

30 April 2017: DUE TO THE CHANGES IN VALOE'S FINANCIAL STATEMENT IN APRIL 2017 THE COMPANY'S EQYITY WAS NEGATIVE AS PER 31 DECEMBER 2016. THE MEASURES TAKEN BY THE BOARD OF DIRECTORS TURNED THE EQUITY POSITIVE. THE BOARD OF DIRECTORS CONTINUE THE MEASURES TO STRENGHTEN THE COMPANY'S EQUITY AND TO REMEDY ITS FINANCIAL POSITION.

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. In terms of operations, the project will be continued and the company will resume recognising revenue based on percentage of completion when the performance obligations have been satisfied.

The Board of Directors took immediate actions and agreed on converting loans from the related parties to capital loans. Valoe's equity turned again positive after some of the loans from the related parties were converted to capital loans.

Valoe will convene a General Meeting to consider the measures to strengthen the company's equity and to remedy the financial position of the company.

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's cash situation improves in 2017 as Valoe has agreed on extending the loans due during 2017 until 30 April 2018, excluding an EUR 0.7 million loan from Danske Bank due in 30 September 2017.

Further, the company's related parties have committed to convert their loan receivables from Valoe to capital loans, if required.

30 April 2017: VALOE DISCLOSES UNAUDITED FINANCIAL STATEMENTS FOR 2016

Valoe's Financial Statements for 2016 to be disclosed on 30 April 2017 have not been audited. The auditing has not yet been completed but will be finished without delays. Valoe will disclose a separate release on the Auditors Report as soon as the Report is available. The auditing has not been completed because of the recent changes the company made in the Financial Statements.

In April 2017, based on the International Accounting Standard IAS 11, Valoe disclosed that the performance obligations for recognising revenue from the Ethiopian project have not been satisfied and the company resolved to revise its financial statements per 31 December 2016 retrospectively.

Due to the revisions, the company's equity turned negative as per 31 December 2016 which the company had to remedy as well.

In terms of operations, the project will be continued and the company will resume recognising revenue based on percentage of completion when the performance obligations have been satisfied.

8 May 2017: ISSUE OF CONVERTIBLE NOTES AND WARRANTS; CONVERSION OF CONVERTIBLE NOTES PURSUANT TO FINANCING ARRANGEMENT BETWEEN VALOE CORPORATION AND BRACKNOR INVESTMENT

The Board of Directors of Valoe Corporation (the "Company") has, pursuant to the terms and conditions of the financing arrangement between Valoe Corporation and Bracknor Investment announced on 19 April 2017, resolved to (i) withdraw the first convertible notes tranche of EUR 250,000 and to issue to Bracknor Investment in total 250 convertible notes and in total 12,500,000 warrants related thereto, and (ii) pay the commitment fee equal to EUR 120,000 agreed on in the terms and conditions of the financing arrangement by issuing a total of 120 convertible notes to Bracknor Investment. Additionally, the Board of Directors has resolved to approve the request of Bracknor Investment to convert a proportion of EUR 100,000 of the convertible notes to the shares in the Company at conversion price of EUR 0.011 per share. The conversion shall be executed by transferring a total of 9,090,909 treasury shares to Bracknor Investment. After the transfer the Company will have in total 76,909,091 treasury shares.

15 May 2017: THE AUDITORS'S REPORT OF VALOE

Valoe's auditor has today given the following report for the company's Financial Statements for 2016.

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, 2016. 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.

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.

Material uncertainty related to going concern basis

We would like to draw attention to the section *Application of the going concern assumption* in the Accounting Principles for consolidated financial statements and to chapters in Note 29 *Financial risk management*. As described in the above-mentioned sources, during the financial year 2016 and at the year- end the company's financial situation was very tight and its liquidity was low. Notes 23 and 24 state that the Group's overdue debts totaled EUR 5.0 million at balance sheet date. The consolidated cash flow from operating activities was negative in the financial years 2015 and 2016.

Based on the assessment made presented in the Directors' Report and the section *Application of the going concern assumption* in the notes, 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 2017 and by agreeing the deferral of existing borrowings to fall due in 2018. If the EUR 0.7 million overdraft facility at the Danske Bank due on 30 September 2017 cannot be repaid with the company's cash flow from operations or with other funding, the company trusts it can reduce the amount of the debt enabling the extension of the debt. 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.

The financial statements have been prepared under the going concern assumption. 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. In our opinion, the above-mentioned conditions indicate the existence of a material uncertainty which may cast significant doubt upon Valoe Corporation's ability to continue as a going concern.

In addition, we would like to draw attention to the fact that the capitalized product development costs in the consolidated balance sheet total EUR 7.9 million. As described in the previous chapter, there could be material uncertainty related to the company's ability to continue as a going concern and thus the carrying value of the development costs may not be supported.

Our opinion has not been qualified by the matters described above.

Other matters

We were unable to express an opinion on the consolidated financial statements and on the information on the consolidated financial statements presented in the Directors' Report for the financial year ended 31 December 2015. No accounting records had been kept for the Beijing subsidiary for the financial year 2015 for reasons described in the 2015 Director's Report. As a result, we were not able to verify the correctness of receivables, bank account or debt of the Chinese subsidiary. We were not able to obtain sufficient appropriate audit evidence on which to base our audit opinion, and consequently we will not comment on the comparative information for the financial year 2015 in respect of the consolidated financial statements and the information on the consolidated financial statements presented in the Directors' Report.

The pro-forma financial statements referred to in the Directors' Report and note 30. *Events after the end of the reporting period* have not been subject to audit. Our opinion on the financial statements does not cover the pro-forma financial statements.

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 in the Ethiopian project
(refer to Accounting Principles for consolidated financial statements)

The company has an order for a solar module manufacturing plant and back contact technology with a total sales price of EUR 15.8 million. The purpose is that EUR 9.5 million of the sales price will be paid in cash to Valoe and the rest in shares in the manufacturing partner company, resulting in the Group having a 30 percent shareholding in the said company.

During the financial year 2016 the delivery was accounted for as a long-term project, and the revenues were recognized based on completion of a physical proportion of the contract work. In the financial statements the accounting treatment was changed by reversing the project revenue recognized, as the sufficiently certain evidence required under IAS 11 *Construction Contracts* to support the expectation that future project revenues will flow to the company was absent. This uncertainty relates to ensuring the project funding, where the key items include opening of irrevocable letter of credit and arranging necessary counterguarantees.

In the consolidated financial statements the project costs incurred up to the balance sheet date, amounting to EUR 1.0 million, are included in the item Work in progress under Inventories.

Our audit procedures comprised a critical evaluation of both the report on revenue recognition criteria prepared by the company and the portion to be received in shares. We assessed the report by reference to the criteria set under IAS 11 Construction Contracts.

In order to consider the company's financial capability to deliver the project, we evaluated the sources of finance available to the company, level of certainty and sufficiency of project funding to deliver the project and obtained an understanding of the financing contract entered into by the manufacturing partner.

We assessed the budget for the project and the related margin analysis, as well as considered the principles followed in project cost accounting and when applying the percentage-of-completion method, and related accounting methods. Furthermore, we met with management and the project leader to discuss the project development, obtained an understanding of the project management tool used by the company and assessed the documentation prepared to evidence the physical proportion of the contract work.

Capitalised development costs, EUR 7.9 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 2016 the capitalised development costs were carried at EUR 7.9 million, which accounted for 75 per cent of the consolidated total assets. The capitalized development costs of the parent company totaled EUR 8.9 million, representing 80 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 1.7 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, dis-count rate, long-term growth rate and inflation rates.

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 stages in a project and which criteria are used to consider project stages as being in progress or completed. These matters are critical for commencing amortisation.

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.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

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.

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 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.

Interim report for the period 1 January – 30 June 2016

We refer to the Securities Market Act, Chapter 7, section 8, subsection 2 and state that in preparing the 2016 financial statements the company decided to reverse the revenues recognised from the Ethiopian project, affecting net sales and related expenses respectively both in the consolidated and parent company's financial statements. This matter is to be considered when assessing the compliance of the consolidated interim report for the period 1 January - 30 June 2016 with the related rules and regulations.

Remark

The company's equity is negative in the financial statements. In our opinion, the Board of Directors of the company has not at once made a register notification on the loss of share capital to the Trade Register as required under the Limited Liability Companies Act (Chapter 20, section 23). Our opinion has not been qualified by this matter.

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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 approve the request of Bracknor Investment to convert a proportion of EUR 100,000 of the convertible notes to the shares in the Company at conversion price of EUR 0.01 per share. The conversion shall be executed by transferring a total of 10,000,000 treasury shares to Bracknor Investment. After the transfer the Company will have in total 66,909,091 treasury shares.

22 May 2017: CONVERSION OF CONVERTIBLE NOTES 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 approve the request of Bracknor Investment to convert a proportion of EUR 40,000 of the convertible notes to the shares in the Company at conversion price of EUR 0.01 per share. The conversion shall be executed by transferring a total of 4,000,000 treasury shares to Bracknor Investment. After the transfer the Company will have in total 62,909,091 treasury shares.

24 May 2017: NOTICE TO THE GENERAL MEETING OF VALOE CORPORATION

Notice is given to the shareholders of Valoe Corporation to the Annual General Meeting to be held on 14 June 2017 at 11:30 (Finnish time) at the company’s headquarters at Insinöörinkatu 5, 50100 Mikkeli, Finland. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 11:00 (Finnish time).

A. Matters on the agenda of the General Meeting

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. Presentation of financial statements, group financial statements, the report of the Board of Directors and the auditor’s report for the year 2016 and the review by the CEO

7. Adoption of the financial statements and group financial statements

8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend

The Board of Directors proposes to the General Meeting that the loss for the financial year ended on 31 December 2016 is entered in retained earnings and that no dividend will be distributed.

9. Resolution on the discharge of the members of the Board of Directors and the CEO from liability

10. Resolution on the number of members of the Board of Directors

11. Resolution on the remuneration and principles for travelling cost payments of the members of the Board of Directors

12. Election of members of the Board of Directors

13. Resolution on the remuneration of the auditor

14. Election of auditor

15. Reducing the quantity of company's shares by way of issuing new company shares and by the redemption of company's own shares

The Board of Directors proposes to the General Meeting that the General Meeting resolves on the reduction of the quantity of company's shares without reducing share capital by way of issuing new shares and by redemption of company's own shares, in such a way that each current 200 shares of the company shall correspond to one share of the company after the arrangements related to the reduction of the quantity of company's shares are completed. Prior to the reduction of the quantity of company's shares, the total number of shares in the company is 948,472,136.

The purpose of the reduction of the quantity of company's shares is to increase the value of a single share and thus to improve the trade conditions of the shares and the reliability of the price formation of the shares. Thus, the Board of Directors considers that there is a particularly weighty financial reason for the company to reduce the quantity of company's shares. This arrangement shall not affect the equity of the company.

It is proposed that the reduction of the quantity of company's shares shall be carried out so that the company shall, on 16 June 2017 (hereinafter the "Transaction Day"), issue new company shares to each shareholder of the company free of charge so that the number of all shares per book-entry accounts owned by the shareholders of the company are divisible by the number 200. The maximum quantity of company's own shares transferred by the company shall be 199 shares multiplied by the number of such book-entry accounts on the Transaction Day, on which the company's shares are held, and which are owned by the shareholders of the company.

The number of company's shareholders as per 30 April 2017 was 7,369. Therefore, it is proposed that the maximum amount of new shares issued by the company in the share issue is 1,600,000 new shares of the company. The Board of Directors of the company is entitled to resolve on all other matters related to the issuance of shares free of charge.

On the Transaction Day, at the same time with the aforementioned issue of company's new shares, the company shall redeem free of charge a number of shares from each shareholder of the company. The number of shares to be redeemed by the company will be determined according to the redemption ratio of 200/1. In other words, for every 200 shares of the company 199 company shares shall be redeemed. The Board of Directors of the company shall be entitled to resolve on all other matters related to the redemptions of shares.

The company's shares, which are redeemed in connection with the reduction of the quantity of company's shares, shall be annulled immediately following the redemption by a resolution of the Board of Directors of the company. The reduction of the quantity of company's shares shall be carried out in the book- entry system after the end of trading day on Nasdaq Helsinki on 16 June 2017 i.e. on the Transaction Day. The annulment of the shares and the company's new total number of shares are entered in the trade register approximately on 19 June 2017. Trading with the company's new total number of shares on Nasdaq Helsinki will begin approximately on 19 June 2017. If necessary, the trading with the company's share on Nasdaq Helsinki shall be temporarily interrupted in order to perform necessary technical measures in the trading facility after the Transaction Day.

The arrangement, if it is realized, will not require the shareholders to take any action. No part of the arrangement shall be carried out unless all the other parts of the arrangement are carried out as well.

16. Authorization of the Board of Directors to decide on a share issue as well as other 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 10,000,000 shares (after reduction of quantity of shares as described in item 15 of the agenda for General Meeting). 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 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. It is proposed that the authorization is in force until 30 June 2018.

17. Closing of the meeting

B. Documents of the General Meeting

The above mentioned proposals for the decisions on the matters on the agenda of the General Meeting as well as this Notice to the General Meeting are available on Valoe Corporation's website at www.valoe.com.

The latest financial statements, the latest group financial statements, the latest report of the Board of Directors and the auditor's report of Valoe Corporation are available on the above-mentioned website. The proposals for decisions and the other above-mentioned documents are also available at the General

Meeting. Copies of these documents and of this Notice to the General Meeting will be sent to shareholders upon request.

The minutes of the meeting will be available on the above-mentioned website as from 28 June 2017.

C. Instructions for the participants in the General Meeting

1. Shareholder registered in the shareholders' register

Each shareholder, who is registered on 2 June 2017 in the shareholders' register of the company held by Euroclear Finland Ltd., has the right to participate in the General Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the company.

A shareholder, who is registered in the shareholders' register of the company and who wants to participate in the General Meeting, shall register for the meeting no later than 9 June 2017 by 4:00 p.m. (Finnish time) by giving a prior notice of participation which shall be received by the company no later than on the above-mentioned date. Such notice can be given:

(a) by e-mail to the email address minna.wilkman@valoe.com

(b) by telephone to the number +358 (0) 20 7747 701 (Minna Wilkman) from Monday to Friday between 9:00 a.m. and 4:00 p.m. (Finnish time);

(c) by telefax to the number + 358 (0)20 7747 770; or

(d) by regular mail to the addr2ess Valoe Corporation, Minna Wilkman, Insinöörinkatu 8, 50100 Mikkeli, Finland.

In connection with the registration, a shareholder shall notify his/her name, personal identification number, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of a proxy representative. The personal data given to Valoe Corporation is used only in connection with the general meeting and with the processing of related registrations.

The shareholder, his/her authorized representative or proxy representative shall, where necessary, be able to prove her/her identity and/or right of representation.

2. Holder of a nominee registered share

A holder of nominee registered shares has the right to participate in the General Meeting by virtue of such shares, based on which he/she would be entitled to be registered in the shareholders' register of the company held by Euroclear Finland Ltd on 2 June 2017. The right to participate in the general meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd. at the latest by 9 June 2017 by 10:00 a.m. As regards nominee registered shares this constitutes due registration for the General Meeting.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the temporary shareholder's register of the company, the issuing of proxy documents and registration for the General Meeting from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the General Meeting, into the temporary shareholders' register of the company at the latest by the time stated above.

3. Proxy representative and powers of attorney

A shareholder may participate in the General Meeting and exercise his/her rights at the meeting by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the General Meeting. When a shareholder participates in the General Meeting by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the General Meeting.

Possible proxy documents should be delivered to the address Valoe Corporation, Minna Wilkman, Insinöörinkatu 8, 50100 Mikkeli, Finland or by email minna.wilkman@valoe.com, before the last date and time for registration.

4. Other instructions/information

Pursuant to Chapter 5, Section 25 of the Finnish Companies Act, a shareholder who is present at the General Meeting has the right to request information with respect to the matters to be considered at the meeting.

On the date of this Notice to the General Meeting, 24 May 2017, the total number of shares in Valoe Corporation is 948,472,136 shares.

RISK MANAGEMENT, RISKS AND UNCERTAINTIES

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

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

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

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

Valoe's 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 the outcome is not yet known.

The financial negotiations with Danske Bank involve risks. If Valoe were not able to extend the overdraft facility due on 30 September 2017 at Danske Bank, or to repay the overdraft facility with some other funding, the company's financing situation would further tighten.

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 revenue recognition and the recognition principles of the Ethiopian project are described below.

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

The company views that performance obligations of Valoe's Ethiopian project, under the IAS Standard 11, have not yet been satisfied. According to the prudence principles, the company decided the Ethiopian project is not considered in the company's income statement for 2016. On 31 March 2017 Valoe's disclosed the pro-forma financial statements as per 31 December 2016, not been drawn up according to the IFRS, where the project's percentage of completion was ca. 20 percent and the recognised revenue amounted to ca. EUR 3.3 million.

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

The certain statements in this 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, 30 May 2017

Valoe Corporation

Board of Directors

For more information:
CEO Iikka Savisalo, Valoe Corporation
p. 0405216082
email: iikka.savisalo@valoe.com

Accounting principles

(unaudited)

Revenue recognition principles

The revenue generated by the Ethiopian project is recorded as sales under the percentage of completion method in the comparison period Q1/2016. The Ethiopian project has been subdivided into smaller projects whose physical percentage of completion is reviewed monthly. The percentage of completion is determined based on pre-planned milestones/actions and objectives.

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

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. Further, the revenue or costs related to the Ethiopian project are not recorded in profit and loss in the reporting period Q1/2017.

Application of the going concern assumption

The financial statements of the company are prepared on a going concern assumption. The beginning of Valoe's financial year was difficult in terms of financing. The management resources were used to arrange financing securing continuity of the company's operations. With the Convertible Bond and by signing a financing agreement with Bracknor Investment after the reporting period, the company managed to improve its financing situation significantly for the remainder of the financial year. The company is also preparing share issues to ensure sufficient resources for operations in the long run.

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

Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	1-3/2017	1-3/2016	1-12/2016
Continuing operations			
Net sales	72	1 645	553
Cost of sales	-112	-796	-994
Gross profit	**-40**	**848**	**-441**
Other operating income	2	0	7 682
Product development expenses	-473	-233	-1 601
Sales and marketing expenses	-132	-199	-758
Administrative expenses	-156	-207	-1 143
Other operating expenses	0	-349	-79
Operating profit	**-799**	**-141**	**3 661**
Financial income	0	5	8
Financial expenses	-607	-507	-2 285
Profit before taxes from continuing operations	**-1 406**	**-643**	**1 384**
Income taxes	0	0	18
Profit/loss for the period from continuing operations	**-1 406**	**-643**	**1 402**
Discontinued operations			
Profit/loss after tax for the period from discontinued operations	0	-29	-92
Profit/loss for the period	**-1 406**	**-672**	**1 310**
Profit/loss attributable to:			
Shareholders of the parent company	**-1 406**	**-672**	**1 310**
Earnings/share (basic), eur	-0,0016	-0,0008	0,0015
Earnings/share (diluted), eur	-0,0016	-0,0008	0,0011
Continuing operations:			
Earnings/share (basic), eur	-0,0016	-0,0007	0,0016
Earnings/share (diluted), eur	-0,0016	-0,0007	0,0012
Profit/loss for the period	**-1 406**	**-672**	**1 310**
Other comprehensive income			
Translation difference	0	166	750
Net other comprehensive income to be reclas-sified to profit or loss in subsequent periods	**0**	**166**	**0**
Total comprehensive income for the period	**-1 406**	**-505**	**2 059**
Total comprehensive income attributable to:			
Shareholders of the parent company	**-1 406**	**-505**	**2 059**

Consolidated statement of financial position
(unaudited)

1 000 EUR	31.3.2017	31.3.2016	31.12.2016
ASSETS			
Non-current assets			
Property, plant and equipment	12	12	13
Consolidated goodwill	441	441	441
Other intangible assets	7 739	3 696	8 039
Holdings in associated companies	0	0	0
Available-for-sale investment	9	9	9
Total non-current assets	**8 201**	**4 159**	**8 502**
Current assets			
Inventories	1 172	276	1 122
Trade and other non-interest-bearing receivables	1 084	10 342	860
Cash and cash equivalents	3	22	3
Total current assets	**2 259**	**10 639**	**1 985**
Assets classified as held for sale	0	0	0
Total assets	**10 461**	**14 798**	**10 487**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	80	80	80
Other reserves	0	0	0
Translation difference	0	-583	0
Retained earnings	-10 788	-12 581	-9 708
Total equity	**-10 708**	**-13 084**	**-9 628**
Non-current liabilities			
Non-current loans	13 906	8 278	12 423
Other non-current liabilities	0	335	0
Deferred tax liabilities	0	0	0
Total non-current liabilities	**13 906**	**8 613**	**12 423**
Current liabilities			
Current interest-bearing liabilities	1 786	3 116	1 931
Trande and other payables	4 994	15 602	5 228
Current provisions	13	0	40
Total current liabilities	**6 793**	**18 718**	**7 199**
Liabilities directly associated with assets classified as held for sale	470	551	493
Total liabilities	**21 168**	**27 882**	**20 115**
Equity and liabilities total	**10 461**	**14 798**	**10 487**

Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-3/2017	1-3/2016	1-12/2016
Cash flow from operating activities				
Income statement profit/loss from continuing operations before taxes		-1 406	-643	1 384
Income statement profit/loss from discontinued operations before taxes		0	-29	-92
Income statement profit/loss before taxes		**-1 406**	**-672**	**1 291**
Non-monetary items adjusted on income statement				
Depreciation and impairment	+	333	175	1 111
Gains/losses on disposals of non-current assets	+/-	0	63	-7 082
Unrealized exchange rate gains (-) and losses (+)	+/-	-6	8	4
Other non-cash transactions	+/-	25	282	398
Change in provisions	+/-	-27	-9	-13
Financial income and expense	+	614	494	2 274
Total cash flow before change in working capital		**-467**	**342**	**-2 018**
Change in working capital				
Increase (-) / decrease (+) in inventories		-50	-22	-868
Increase (-) / decrease (+) in trade and other receivables		-224	-9 566	17
Increase (+) / decrease (-) in trade and other payables		-256	8 642	1 484
Change in working capital		**-530**	**-945**	**634**
Adjustment of financial items and taxes to cash-based accounting				
Interest paid	-	52	41	92
Interest received	+	0	0	0
Other financial items	-	3	-1	25
Taxes paid	-	0	0	-18
Financial items and taxes		-55	-41	-99
NET CASH FLOW FROM BUSINESS OPERATIONS		**-1 053**	**-644**	**-1 484**
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	-	44	150	418
Proceeds on disposal of tangible and intangible assets	+	0	0	8
Loans granted	-	0	0	672
Disposal of subsidiaries and other business units	+	0	-23	-23
NET CASH FLOW FROM INVESTMENTS		**-44**	**-173**	**-1 105**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	+	1 050	820	807
Proceeds from current borrowings	+	57	110	2 049
Repayment of current borrowings	-	11	126	286
NET CASH FLOW FROM FINANCING ACTIVITIES		**1 096**	**804**	**2 569**
INCREASE (+) OR DECREASE (-) IN CASH FLOW		**-1**	**-13**	**-19**

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests	Total equity
31.12.2016	**80**	**0**	**0**	**-9 708**	**-9 628**	**0**	**-9 628**
Profit/loss for the period	-	-	-	-1 406	**-1 406**	0	**-1 406**
Translation difference, comprehensive income	-	-	-	-	**0**	0	**0**
Transactions with owners:							
own equity component of the convertible bond	0	0	0	300	**300**	-	**300**
Stock option scheme 2015	0	0	0	25	**25**	-	**25**
31.3.2017	**80**	**0**	**0**	**-10 788**	**-10 708**	**0**	**-10 708**

1 000 EUR	Share capital	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests	Total equity
31.12.2015	**80**	**0**	**-750**	**-11 910**	**-12 579**	**9**	**-12 570**
Profit/loss for the period	-	-	-	-672	**§**	0	**-672**
Translation difference, comprehensive income	-	-	166	0	**166**	-9	**157**
31.3.2016	**80**	**0**	**-583**	**-12 581**	**-13 084**	**0**	**-13 084**

Segment information

(unaudited)

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

1 000 EUR	**1-3/2017**	**1-3/2016**	**1-12/2016**
Net sales			
Valoe Clean Energy - continuing operations	72	1 645	553
Discontinued operations	0	0	0
Total	**72**	**1 645**	**553**
Operating profit			
Valoe Clean Energy - continuing operations	-799	-141	3 661
Discontinued operations	0	-29	-92
Total	**-799**	**-170**	**3 569**
EBITDA			
Valoe Clean Energy - continuing operations	-466	34	4 772
Discontinued operations	0	-29	-92
Total	**-466**	**5**	**4 680**
Depreciation			
Valoe Clean Energy - continuing operations	333	175	1 111
Discontinued operations	0	0	0
Total	**333**	**175**	**1 111**
Impairment			
Valoe Clean Energy - continuing operations	0	0	0
Discontinued operations	0	0	0
Total	**0**	**0**	**0**

Discontinued operations
(unaudited)

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

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

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

1 000 EUR	**1-3/2017**	**1-3/2016**	**1-12/2016**
Revenue	0	0	0
Expenses	0	-29	-92
Operating profit/loss from discontinued operation	0	-29	-92
Assets			
Property, plant and equipment	0	0	0
Other intangible assets	0	0	0
Inventories	0	0	0
Trade and other non-interest-bearing receivables	0	0	0
Cash and cash equivalents	0	0	0
Assets classified as held for sale	0	0	0
Liabilities			
Trande and other payables	464	502	487
Provisions	5	50	5
Liabilities directly associated with assets classified as held for sale	470	551	493
Net assets directly associated with disposal group	**-470**	**-551**	**-493**
Cumulative translation difference			

Net cash flow of Cencorp's electronics automation business:

1 000 EUR	**1-3/2017**	**1-3/2016**	**1-12/2016**
Operating	-23	1	-122
Investing	0	0	0
Earnings/share (basic), from discontinued operations	0,00	-0,00003	-0,0000001
Earnings/share (diluted) from discontinued operations	0,00	-0,00003	-0,0000001

Key figures

(unaudited)

1 000 EUR	1-3/2017	1-3/2016	1-12/2016
Net sales	72	1 645	553
Operating profit	-799	-141	3 661
% of net sales	-1108,3 %	-8,6 %	661,5 %
EBITDA	-466	34	4 772
% of net sales	-646,2 %	2,1 %	862,2 %
Profit before taxes	-1 406	-643	1 384
% of net sales	-1951,1 %	-39,1 %	250,0 %
Balance Sheet value	10 461	14 798	10 487
Equity ratio, %	-103,3 %	-88,4 %	-91,8 %
Net gearing, %	neg.	neg.	neg.
Gross investments (continuing operations)	32	133	481
% of net sales	44,4 %	8,1 %	86,9 %
Research and development costs (continuing oper.)	473	233	1 601
% of net sales	656,6 %	14,2 %	289,2 %
Order book	15 937	7 995	15 927
Personnel on average	18	21	21
Personnel at the end of the period	18	21	18
Non-interest-bearing liabilities	5 458	16 438	5 716
Interest-bearing liabilities	15 692	11 394	14 354
Share key indicators			
Earnings/share (basic)	-0,0016	-0,0008	0,0015
Earnings/share (diluted)	-0,0016	-0,0008	0,0011
Earnings/share (basic), from continuing operations	-0,0016	-0,0007	0,0016
Earnings/share (diluted) from continuing operations	-0,0016	-0,0007	0,0012
Equity/share	-0,012	-0,015	-0,011
P/E ratio	-7,98	-37,25	8,67
Highest price	0,014	0,049	0,049
Lowest price	0,011	0,019	0,009
Average price	0,012	0,034	0,020
Closing price	0,013	0,029	0,013
Market capitalisation, at the end of the period, MEUR	11,2	25,0	11,2

Calculation of Key Figures

EBITDA, %:	Operating profit + depreciation + impairment	Net sales
Equity ratio, %:	Total equity x 100	Total assets - advances received
Net gearing, %:	Interest-bearing liabilities - cash and cash equivalents and marketable securities x 100	Shareholders' equity + non-controlling interests
Earnings/share (EPS):	Profit/loss for the period to the owner of the parent compan	Average number of shares adjusted for share issue at the end of the financial year
Equity/share:	Equity attributable to shareholders of the parent company	Undiluted number of shares on the balance sheet date
P/E ratio:	Price on the balance sheet date	Earnings per share

Related party transactions

(unaudited)

The Group has sold and purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices.

The Group entered into the following transactions with related parties:

1 000 EUR	1-3/2017	1-3/2016	1-12/2016
Continuing operations			
Sales of goods and services			
Savcor Group Oy and subsidiaries - financial management and production services	2	3	19
Savcor Oy and it's subsidiaries - financial management and production services	35	11	28
Savcor Face Ltd - solar modules / production services	0	0	-2
Others	0	0	1
Total	**37**	**14**	**46**
Purchases of goods and services			
Savcor Group Oy and subsidiaries - finan. management, legal and rent	3	18	34
Savcor Oy - financial management and IT services	-1	23	71
Savcor Face Ltd - marketing services	3	8	34
SCI-Finance Oy - marketing and administration services	2	24	59
Savcor Technologies Oy - marketing and administration services	1	0	39
Oy Marville Ab - legal services	19	19	72
Total	**27**	**92**	**308**
Gain on disposal			
Savcor Tempo Oy	0	0	300
Interest expenses and other financial expenses			
Savcor Group Oy and subsidiaries	40	38	155
Savcor Oy	0	0	1
SCI Invest Oy	0	17	68
SCI-Finance Oy - funding	8	18	67
Savcor Technologies Oy	55	4	87
Savcor Communications Pty Ltd	24	0	65
Savcor Tempo Oy	9	0	23
Others	17	17	71
Total	**153**	**94**	**537**
Discontinued operations			
Purchases of goods and services			
SCI-Finance Oy - administration services	0	3	3
Oy Marville Ab - legal services	0	0	2
Total	**0**	**3**	**5**

1 000 EUR	1-3/2017	1-3/2016	1-12/2016
Non-current convertible subordinated loan from related parties	6 190	1 951	3 894
Other non-current liabilities to related parties	567	0	2 113
Non-current interest payable to related parties	0	119	0
Current convertible subordinated loan from related parties	0	364	0
Other current liabilities to related parties	18	685	79
Current interest payable to related parties	411	111	444
Trade payables and other non-interest-bearing liabilities to related parties	715	255	881
Trade and other current receivables from related parties	20	30	31

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

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

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

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

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

1 000 EUR	1-3/2017	1-3/2016	1-12/2016
Wages and remuneration			
Salaries of the management and Board	184	182	752
Stock option scheme 2015 / IFRS 2 booking	21	0	701

Fair values
(unaudited)

1 000 EUR	Carrying amount 31.3.2017	Fair value 31.3.2017
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	1 084	1 084
Cash and cash equivalents	3	3
Financial liabilities		
R&D loan, non-current	2 907	2 907
Non-current convertible subordinated loan	9 882	9 882
Non-current convertible bond	800	800
Other liabilities, non-current	317	317
Loans from financial institutions, current	1 373	1 373
Other liabilities, current	413	413
Trade payables and other non-interest-bearing liabilities	2 866	2 866

The fair value of non-current liabilities is expected to correspond to the carrying amount and recognized to their fair value when recorded. There has been no significant change in common interest rate after the withdrawal of the loans.

EUR 3.3 million out of trade payables, other current liabilites and accruals was overdue at the end of the reporting period. In addition, an export credit limit of EUR 0,35 million to Finnvera/Danske Bank and overdraft limit of EUR 0,7 million to Danske Bank were overdue. After the reporting period the company has paid Danske Bank's share of the export credit limit and agreed on extending the overdraft limit till 30 September 2017.

Change in intangible and tangible assets

(unaudited)

1 000 EUR	31.3.2017	31.3.2016	31.12.2016
Includes tangible assets, consolidated goodwill and other intangible assets			
Carrying amount, beginning of period	8 493	4 242	4 242
Depreciation and impairment	-333	-175	-1 111
Additions	32	133	481
Realization of an internal margin	0	0	4 931
Disposals	0	-47	-47
Exchange rate difference	0	-4	-4
Carrying amount, end of period	**8 192**	**4 149**	**8 493**

Commitments and contingent liabilities

(unaudited)

1 000 EUR	31.3.2017	31.3.2016	31.12.2016
Loans from financial institutions	0	954	721
Promissory notes secured by pledge	12 691	12 691	12 691
Factoring loan and export credit limit	352	448	352
Trade receivables	0	0	0
Deposits	0	0	0
Promissory notes secured by pledge	12 691	12 691	12 691
Collaterals given from other short-term loans			
Deposits	0	489	0
Commitments - continuing operations			
Payable within one year	61	61	61