

## SUMMARY

- The restructuring of Valoe Corporation (“Valoe”) from a company providing electronics automation solutions to a technology company focusing on clean energy solutions, particularly on photovoltaic solutions, is completed. Now Valoe is a technology startup which, however, already has new, competitive and tested technology in use; operating automated production plant; worldwide market; as well as experienced personnel with competence in international technology sales, production and projects.
- Since Valoe sold 70 percent of its electronics automation business to FTTK Company Limited (“FTTK”) Valoe reports of only one continuing business segment i.e. the Clean Energy Segment. The company aims to close the FTTK transaction in terms of the remaining 30 percent as soon as possible. However, the parties have not agreed on the closing of the transaction in terms of the remaining 30 percent of the ownership and the dispute regarding this issue has been referred to arbitration.
- The net sales of the continuing operations of Valoe for the reporting period January – June 2015 were EUR 0.4 million (EUR 0.7 million in 2014). The operating profit of continuing operations was EUR -0.7 million (EUR -5.7 million), profit for the period EUR -1.2 million (EUR -6.5 million), earnings per share were EUR -0.001 (-0.008) and EBITDA was EUR -0.3 million (EUR -1.7 million). At the beginning of the corresponding period in 2014 the Beijing factory had still operations but the figures of the reporting period in 2015 include only the net sales of Valoe.
- Based on tax indemnity in the share and asset sale agreement between Valoe and Savcor Group Ltd, an Australian based company, done in 2009 a claim of EUR 0.7 million against Savcor Group Ltd has been booked in the other operating income in relation to taxation of the Beijing factory in China in the first quarter of 2015. The outcome of the claim will have a major importance while evaluating the sufficiency of the parent company’s equity. The Beijing factory has been closed and Valoe has no longer any future expectations or assets relating to the factory in its balance sheet.
- The financing situation of Valoe continues to be very tight. If the company does not succeed in securing sufficient short-term and long-term financing, the continuity of the company’s operation may be jeopardized. The general meeting authorized the Board of Directors to issue 900,000,000 new company shares at the most. Since then the Board of Directors has issued a convertible bond and resolved to start preparing a share issue. The purpose of these actions is to acquire operating capital for the company and to secure sufficient equity until the company’s operations turn into profit. The total amount of the convertible bond is EUR 5,000,000. By the end of the reporting period subscriptions of ca. EUR 1,100,000 were made. A total of EUR 800,000 of the subscriptions has been paid by the end of the reporting period and booked in the company’s balance sheet as own equity loan. At the end of July the company extended the subscription period for a month until the end of August.

More information on principle activities and events during and after the reporting period can be found in the stock exchange releases published on Valoe’s website at [www.valoe.com](http://www.valoe.com). The Interim Report has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Interim Report Valoe has applied the same accounting principles as in its Annual Report 2014. The Interim Report has not been audited.

## FINANCIAL DEVELOPMENT

Since Valoe transferred its electronics automation business to Cencorp Automation Oy and sold at first 70 percent and in December 2014 the remaining 30 percent of this company to FTTK Valoe reports of only one business segments, the Clean Energy segment. In terms of the latter 30 percent the transaction has not yet been closed and the dispute has been referred to arbitration.

In Valoe's financial reports the profit of discontinued operations (the LAS and LCM Segments) is reported on a separate line, apart from continuing operations, thus, the income statement, excluding the discontinued operations item, concern the company's continuing operations only. The group's segment information is based on the management's internal reporting and on the organisation structure of the company.

Valoe's equity decreased below half of the share capital as on 31 December 2014. Thus, the Board of Directors convened a general meeting to consider measures to remedy the financial position of the company and to reduce the share capital among other things. The extraordinary general meeting authorized the Board of Directors to issue 900,000,000 new company shares at the most. Since then the Board of Directors has issued a convertible bond and resolved to start preparing a share issue. Further, the company's share capital has been decreased to EUR 80,000 pursuant to the resolution of the general meeting. The purpose of these actions is to secure operating capital for the company and sufficient equity until the company's operations turn into profit.

The figures in brackets are comparison figures for the corresponding period in 2014, unless stated otherwise. The figures for Beijing have been reported in the continuing operations.

### April - June 2015 (continuing operations i.e. the Clean Energy segment)

- Valoe Group's net sales increased by 178.6 percent to EUR 0.2 million (In 2014: EUR 0.1 million).
- EBITDA was EUR -0.5 million (EUR -0.9 million).
- Operating profit was EUR -0.7 million (EUR -4.5 million).
- The profit before taxes was EUR -1.0 million (EUR -4.8 million).
- Profit for the period was EUR -1.0 million (EUR -4.8 million).

The profit for the corresponding year 2014 was decreased by write-downs of EUR 3.2 million done in the Beijing factory and its production equipment.

### January - June 2015 (continuing operations i.e. the Clean Energy segment ("CCE"))

- Valoe Group's net sales decreased by 44.6 percent to EUR 0.4 million (In 2014: EUR 0.7 million including the component production of the Beijing factory during the first quarter).
- EBITDA was EUR -0.3 million (EUR -1.7 million).
- Operating profit was EUR -0.7 million (EUR -5.7 million).
- The profit before taxes was EUR -1.2 million (EUR -6.5 million).
- Profit for the period was EUR -1.2 million (EUR -6.5 million).
- Earnings per share were EUR -0.001 (EUR -0.008) and diluted earnings per share EUR -0.001 (EUR -0.008).

On the reporting period the operating profit increased due to a claim of EUR 0.7 million against Savcor Group Ltd, an Australia based company, relating to the taxation of the Beijing factory in China that was booked in the other operating income. The claim is based on the tax indemnity in the share and asset sale agreement between Valoe and Savcor Group Ltd done in 2009. The outcome of the claim will have a major importance when evaluating the sufficiency of the parent company's equity.

## MANAGING DIRECTOR IIKKA SAVISALO'S REVIEW

In 2015 Valoe's most important objective is to conclude the ongoing business negotiations for module production line sales successfully; to secure short- and long-term financing facility; and to sign the first manufacturing partnership agreements.

In the second quarter of 2015 the company's net sales increased compared to the previous quarter but were still very low. The net sales consisted of deliveries of PV modules and solar power plants to customers who are important particularly in terms of the company's future. From time to time the production at the factory in Mikkeli, Finland, operated almost at full capacity. The productivity of the module production plant was in line with the company's expectations and the processes developed by Valoe functioned as planned. Domestic demand for solar energy systems has grown clearly compared to the previous year. In projects Valoe has gained valuable knowledge and experience of the module manufacturing recipe, system design and building equipment for module production processes. Valoe believes the reference cases are important while Valoe is endeavouring to sign agreements on module plant deliveries and manufacturing partnerships with foreign partners.

In the reporting period the company signed its first manufacturing partnership agreement. However, the partner has not yet got a binding financing decision for its plant investment from a local financier. It will be seen whether the manufacturing partnership agreement leads to a commercial plant delivery. The partner's investment application is being processed by the financier and so far there have been no objects to it. According to Valoe it is still possible that the company will sell at least one production line and one PV module plant during this year. During the reporting period Valoe has improved its sales to close the ongoing plant projects successfully. Further, during the reporting period Valoe has reviewed opportunities in the North American market. In North America solar energy is not yet as well established as in Europe. There is barely any local production for PV modules. However, in the US the economy is growing fast and there are signs of growing interest in reducing emission, which creates fruitful base for new solar energy projects. Additionally the market is expected to grow faster in the US than anywhere else in the world. Valoe has started looking for a suitable manufacturing partner in the North American market too. Negotiations with potential partners were commenced during the second quarter and the negotiation partners seem to be very interested in Valoe's technology and plans.

Valoe develops Conductive Back Sheet ("CBS") technology for solar modules and related production continuously. The ongoing development will further improve the competitiveness of Valoe's technology and solutions.

As a material technology specialist Valoe participates in the development of silicon based solar cells. Cells are the most crucial component in a module. Together with the German Fraunhofer ISE Valoe has developed and manufactured the first prototypes of its own back contact solar cell. The company aims to develop a cost-efficient cell optimized for CBS technology and to build a CBS based module of 60 cells with efficiency of more than 290 Wp (nominal power) using the new solar cell.

Valoe negotiates with one of the world's leading solar energy companies about manufacturing a solar cell optimized for the CBS technology for Valoe's as well as for Valoe's manufacturing partners' needs. First test parts are already in use and cell efficiency has measured up to the expectations. Using these test parts Valoe has produced modules with efficiency of almost 270 Wp. Based on the results the company believes that by optimizing the processes it can manufacture mass produced modules of 275 Wp using low-priced polycrystalline silicon as raw material in the near future. Valoe trusts that by using more expensive PERC or N type silicon it can produce high-end modules with efficiency of 300 Wp. Worldwide there are only very few advanced manufacturers of high efficiency modules with the power exceeding 300 Wp for the moment. Typically these high efficiency cells are heterojunction (HJ) or interdigitated back contact (IBC) cells that are produced using complex and expensive methods. The price level of modules with HJ or IBC cells is significantly higher than the price level of traditional polycrystalline silicon modules of 250 – 260 Wp. Valoe's objective is to achieve efficiency of HJ and IBC modules, i.e. more than 300 Wp, using clearly lower-cost structure than competitors.

Valoe strives to develop new pioneering CBS based modules as well as components and production solutions for modules. If Valoe succeeds in its goal, future users, component suppliers, manufacturers and developers of CBS based modules will form their own ecosystem. If the ecosystem is strong enough it is expected to draw in new manufacturing and other partners who operate in their own local geographical areas. Thus the partners can speed up commercialization of Valoe's technology remarkably and enhance establishment of the technology in larger geographical area compared to Valoe using only its own resources.

## VALOE'S STRATEGY

The net sales of Valoe's Clean Energy segment will be generated by the following four product concepts:

### 1. 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.

Current capacity of the company's Mikkeli factory is designed to annually produce PV modules worth max EUR 6 – 8 million at the current market prices. Thus, the module sales do not form a major part of the sales of the company.

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

### 2. Production lines and related components

Typically, manufacturers operating in the developing markets, e.g. in China, could be interested in investing in new production lines. These Valoe's potential customers are producing traditional stringed H-pattern modules. According to the information available to Valoe many manufacturers are going to start to

manufacture next generation modules using the CBS technology. At least one of the world's biggest manufacturers has already announced in public that it will start using CBS technology in 2015. These kinds of customers usually have their own module manufacturing recipe and require only production equipment or lines. According to Valoe's estimation typical price of production equipment or a production line for solar modules is EUR 4 – 8 million.

The company is having negotiations on delivering solar module plants or production lines with several potential customers interested in Valoe's production technology worldwide. The value of the contracts Valoe is negotiating for varies from approximately 2 million Euros to approximately 60 million Euros.

If Valoe is able to achieve market position it is targeting as a supplier of CBS production lines expected development in the market facilitates orders for tens of production lines in the next five years. The company estimates it will get the first order for this kind of production line in 2015.

### 3. Manufacturing partners

For the moment Valoe is negotiating for cooperation agreements with several potential manufacturing partners who as newcomers in the market would commit themselves to both Valoe's production technology and module manufacturing recipe. In these cases Valoe would provide a partner with a turnkey delivery project and commit to minority shareholding in a manufacturing company if required. Manufacturing partners operate mainly in 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 partner contracts in the next five years.

### 4. Special components

Special components are the most important part in Valoe's strategy and most remarkable in terms of net sales potential. Valoe's first component is Conductive Back Sheet (CBS) developed by the company. All back contact modules require conductive back sheet in order to function. One normal size production line using back contact technology needs approximately 300,000 – 500,000 conductive back sheets in a year when operating at full capacity. Based on current estimation, considering price level in the near future, each production line will annually require back sheets worth approximately 5 – 11 million Euros.

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

The non-binding objectives of Valoe for both market share and the number of partners are ambitious and attainment of the objectives involves significant risks. However, Valoe views it has a technological concept that provides the company a good position to achieve the objectives. Attainment of the objectives is subject to sufficient financing.

## OPERATING ENVIRONMENT

Valoe operates in industries applying clean energy technology. Valoe's operating environment is global. The company's customers operating in the clean energy business are companies that provide products and services locally and/or worldwide.

Valoe's key products and services have been designed for the photovoltaic market. Modern next generation conductive back sheet based solar modules can be manufactured with Valoe's own module manufacturing recipe and automated production.

In the market, general attitude to the solar energy investments improved clearly already at the end of 2013. The same trend continued the whole year 2014 and in the first half of the year 2015. Many solar module manufacturers with solid market position have started to plan investing in capacity, partly to increase the amount of their production capacity and partly to replace production capacity for old H-pattern solar modules.

Valoe has previously informed that it views the focus of its future business will be in the developing countries. This view has further strengthened in 2015. 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 together with diesel, water and wind power plants in same grid and where various energy storages can be integrated.

In an environment described above a local producer has much better possibilities to control logistics costs and adopt legislation favouring local production. 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 module capacity in most of the cases.

## MARKET OUTLOOK

Demand for high capacity modules has increased in the EU, US and Japanese markets as well in the last six months. Valoe is having negotiations on delivering solar modules developed by the company to these markets. According to Valoe's plans major part of Valoe's modules to be sold by module distributors will be manufactured by Valoe's manufacturing partners in the future.

As announced on 21 August 2012 Valoe has decided not to give any financial guidance for the time being. Though the company's transition to a company providing solely clean energy solutions, especially PV

solutions, is completed, the company cannot yet give any financial guidance for 2015 as the guidance would be fully depended on execution of the first manufacturing partnership agreements that are not yet secured.

## LONG-TERM OBJECTIVES FOR MANAGING DIRECTOR

Based on Valoe's experience in the clean energy business so far and knowledge of technological development in the industry as well as the company's evaluation of market development the Board of Directors of the company has set the long-term financial objectives for Managing on 12 November 2014. The objectives have been disclosed in the Interim Report for the third quarter of 2014. The long-term objectives set for Managing Director and realization of the company's business model involve significant risks and the objectives set for Managing Director should not be considered as the company's financial guidance. The long-term objectives set for Managing Director and their attainment fully depend on sufficiency of the company's short-term financing and success in securing the long-term financing. Negotiations on both short-term and long-term financing are going on.

## FINANCING

Cash flow from business operations before investments in January – June was EUR -0.4 million (EUR -2.0 million). Trade receivables at the end of the reporting period were EUR 0.4 million (EUR 1.1 million). Net financial items amounted to EUR 0.4 million (EUR 0.7 million).

At the end of March the equity ratio was -174.6 percent (-26.0 %) and equity per share was EUR -0.013 (EUR -0.005). The equity ratio including capital loans was -116.6 percent (-3.9 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.2 million (EUR 0.2 million) and unused export credit limits and bank guarantee limits amounted to EUR 0.0 million (EUR 0.8 million).

The financing situation of Valoe continues to be very tight. The company has taken actions for its short-term and long-term financing and to ensure the company's strategy to be materialized as planned. Valoe has begun negotiations with domestic and international investors to find an arrangement for its financing. The negotiations are going on. The company's purpose is to secure short-term bridging financing with the convertible bond issued on 29 May 2015 and to arrange long-term financing with a share issue to investors in Finland and abroad.

In terms of the short-term financing of the company, Valoe's preliminary object is to turn the cash flow before investments with the company's current cost structure into profit as soon as possible.

Should there be delays in getting new orders or should the market conditions weaken compared to the company's current view, changing orders into sales may slow down and have a major impact in the schedule in which the cash flow of the business operations turns positive. In such case the financing situation of the company would further tighten if all or part of the other on-going financing negotiations would not have been materialized by then.

Negotiations on both financing and deliveries of production technology have improved. However, Valoe's financing situation continues to be very tight. The sufficiency of the company's financing for the next twelve months involves very significant risks. According to the current view of Valoe's management the company needs to obtain bridging financing until a long-term financing arrangement has been secured by

the planned share issue and the cash flow from the business operations of the company has turned positive. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed in securing sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized.

Valoe has agreed with Danske Bank Plc on extending the overdraft facility of EUR 0.95 million available to the company until 30 September 2015. The export credit limit and the bank guarantee limit have expired. For the moment Valoe does not have significant number of projects which would require export credit limits and bank guarantee limits. In the future Valoe is aiming to have necessary export credit limits and bank guarantee limits available when the company has signed new export contracts. Valoe has agreed with Savcor Group Oy on extending the loan period of a convertible bond of ca. EUR 0.364 million, with SCI Invest Oy on extending the loan period of a convertible bond of ca. EUR 0.746 million, and with Savcor Invest B.V. on extending the loan period of a loan of EUR 1.0 million until 30 September 2015. Negotiations with the holders of the convertible bond I/2013 on converting their loans to convertible bond I/2015 loans are going on.

In order to strengthen Valoe's capital structure the company issues Convertible Bond of EUR 5,000,000 at the most at the end of May. Loan shares of the Convertible Bond can be converted to 500,000,000 new company shares at the most. Subscription price is EUR 0.01 per share. The convertible bond is issued in deviation from the shareholders' pre-emptive subscription rights to the shareholders approved by the Board of Directors. Convertible bond can also be subscribed against a loan receivable of min. EUR 100,000 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 and one loan share shall be EUR 100,000. The loan period shall commence on the payment date and expire on 1 August 2018 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan. As of the date of withdrawal an annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The interest shall be added to the loan capital annually on 30 July. The interest shall be paid in shares at the end of the loan period. A promissory note holder 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 August 2018 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.

By the end of the reporting period subscriptions of ca. EUR 1,100,000 were made. A total of EUR 800,000 of the subscriptions has been paid by the end of the reporting period and booked in the company's balance sheet as own equity loan. At the end of July the company extended the subscription period for a month until the end of August.

## RESEARCH AND DEVELOPMENT

The Group's research and development costs during the January – June period amounted to EUR 0.6 million (EUR 0.8 million) or 153.1 (18.1) percent of net sales. The research and development costs of the Group's continuing operations during the January – June period totaled EUR 0.6 million (EUR 0.5 million) or 177.8 (70.5) percent of net sales.



## INVESTMENTS

Gross investments in the continuing operations during January - June period amounted to EUR 0.2 million (EUR 0.2 million). The most part of the investments on the reporting period and almost all of the investments on the corresponding period were in development costs.

## PERSONNEL

At the end of June the Group employed 22 (71) people, out of which 21 persons worked in Finland and 1 person in the USA. During the reporting period the Group's salaries and fees totaled EUR 0.8 million (EUR 2.2 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 6,144 shareholders at the end of June 2015, and 20.4 percent of the shares were owned by foreigners. The ten largest shareholders held 79.9 percent of the company's shares and voting rights on 30 June 2015.

The largest shareholders on 30 June 2015

	shares	percent
1 SAVCOR GROUP OY	328 451 387	38.08
2 SAVCOR GROUP LIMITED	133 333 333	15.46
3 GASELLI CAPITAL OY	95 000 000	11.01
4 KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	63 673 860	7.38
5 SAVCOR INVEST B.V.	39 374 994	4.57
6 FRATELLI OY	9 223 250	1.07
7 SCI INVEST OY	6 870 645	0.80
8 HUHTALA KAI	4 704 756	0.55
9 NORDEA PANKKI SUOMI OYJ	4 479 655	0.52
10 VUORENMAA TIMO ANTERO	3 959 860	0.46
OTHERS	173 400 396	20.10
TOTAL	862 472 136	100.00

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 377,195,785 shares in the company on 30 June 2015, representing about 43.7 percent of the company's shares and voting rights. Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 374,697,026 shares in the company and 15,852,856 options connected to bond I/2012.

In order to strengthen Valoe's capital structure the company issued Convertible Bond of EUR 5,000,000 at the most at the end of May. Loan shares of the Convertible Bond can be converted to 500,000,000 new company shares at the most. Subscription price is EUR 0.01 per share.

The price of Valoe's share varied between EUR 0.007 and 0.02 during the January – June period. The average price was EUR 0.011 and the closing price at the end of June EUR 0.015. A total of 61.5 million Valoe shares were traded at a value of EUR 0.7 million during the January – June period. The company's market capitalization at the end of June stood at EUR 12.9 million.

No share options were granted to the company's management during the reporting period. On 30 June 2015, the company hold 15,852,856 options connected to bond I/2012 with subscription period ended on 7 December 2014. Options connected to bond I/2012 are held by SCI Invest Oy and Savcor Group Oy. On 30 June 2015 the company had 30,000,000 options connected to bond I/2013 with a subscription period ended on 2 June 2015. The options connected to bond I/2013 are held by Keskinäinen Vakuutusyhtiö Etera and Oy Ingman Finance Ab.

## SHARE ISSUE AUTHORIZATIONS IN FORCE

At the extraordinary general meeting held on 29 April 2015 the Board of Directors was authorized to decide on a share issue of max. 900,000,000 shares to enable the company to realize its financial arrangements fast after financial negotiations have been finished. Simultaneously the general meeting revoked all previous authorizations. 500,000,000 shares out of the authorization were allocated to the issued convertible bond with a subscription period ending at the end of August 2015.

## THE RESOLUTIONS OF CENCORP'S EXTRAORDINARY GENERAL MEETING

The following resolutions were made at Cencorp's an extraordinary general meeting held on 29 April 2015.

The article 1 in the company's Articles of Association was amended as follows:

"1§ The trading name and domicile of the company: The trading name of the company is Valoe Oyj, Valoe Abp in Swedish and Valoe Corporation in English. The company's domicile is Mikkeli."

The company's new trading name was registered in the Finnish Trade Register on 13 May 2015.

The article 2 in the company's Articles of Association was amended as follows: "2§ The company's line of business: The company's line of business is to develop, sell and manufacture industrial applications and solutions for clean energy production. The company may also own and be in possession of real estate property and securities."

The article 4 in the company's Articles of Association was amended as follows: "4§ Board of Directors: The company's administration and appropriate activity shall be attended to by a Board of Directors with at least three and no more than seven members. The term of notice of the members of the Board of Directors shall end with the ending of the next annual general meeting of the company following their election. The Board of Directors shall elect a chairman and a vice chairman among the board members. The Board of Directors has a quorum when more than half of the members of the Board are present at a meeting. Issues are decided by majority rule. In case of equality of votes the chairman has a casting vote."

It was resolved that the article regarding the company's financial year, currently number 13, will be changed to an article number 12 and the current article 12 saying "Removed" will be totally removed from the Articles of Association. Thus, there is only 12 articles in the company's Articles of Association.

It was resolved that that by revoking the previous authorizations the general meeting authorized 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 amount of max. 900,000,000 shares which equals to ca. 51.1 percent, at the most, of all shares in the company including shares issued based on the authorization and/or shares to be issued based on option rights and other special rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. 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. The authorization is in force until 30 June 2017.

## THE RESOLUTIONS OF VALOE'S ANNUAL GENERAL MEETING AND ORGANISING OF THE BOARD OF DIRECTORS

Valoe Corporation's Annual General Meeting was held on 28 May 2015 in Mikkeli, Finland. The AGM approved the 2014 financial statements and discharged the members of the Board and the President and CEO from liability for the financial year 2014. According to the Board' proposal, it was decided that no dividend for the financial year 2014 will be distributed. It was also decided that the loss for the financial period that ended on 31 December 2014 will be entered in retained earnings.

It was decided that the Board of Directors will have three members. Ville Parpola (b. 1972) who was elected as a new member in the Board of Directors has a degree of Master of Laws and worked as Vice President, Legal Affairs, in the Savcor Group until 31 July 2015. Parpola has a long experience in Valoe Corporation. He has worked as Vice President, Legal Affairs, also in Valoe's predecessors in PMJ Automec Oy and Cencorp Corporation in 1999 – 2010. Parpola is the Chairman of Board of Directors of Tonfisk Design Oy, Oy Marville Ab, Idem Finland Oy and Lumonator Oy. Parpola owns 2,498,759 shares in Valoe Corporation. Industrial counsellor Hannu Savisalo and likka Savisalo continue as old Board members in the Board of Directors.

At its organizing meeting following the AGM, Valoe's Board of Directors elected Hannu Savisalo as the Chairman and Ville Parpola as the Vice Chairman of the Board. The Board of Directors decided, due to the scope of the company's business, that it is not necessary to establish any separate Board committees.

The AGM decided that an annual remuneration of EUR 40,000 will be paid to the Chairman and to the Vice Chairman of the Board, and EUR 30,000 to the members of the Board of Directors. Travel costs will be paid to the Board members pursuant to the company's travel policy.

KPMG Oy Ab, Authorized Public Accounting Firm, was elected as the company's auditor and Petri Kettunen, APA, as the responsible auditor.

The general meeting resolved to reduce the company's share capital of EUR 3,425,059.10 by EUR 3,345,059.10 to cover losses. The accrued losses from the financial year ended on 31 December 2014 and the previous financial years will be partly covered by reducing the company's share capital by EUR 3,345,059.10 and the distributable non-restricted equity fund by EUR 44,031,988.69, the reserve fund by EUR 211,384.16 and the premium fund by EUR 4,695,570.81. Since the reductions the company's new share capital is EUR 80,000.00. The reductions are allocated to the losses in chronological sequence starting from the oldest one.

The reduction of the share capital was registered in the Finnish Trade Register on 18 June 2015.

At the end of the meeting the Board of Directors informed the general meeting on the company's financing situation pursuant to the item 17 on the Notice to the annual general meeting. The general meeting discussed actions to remedy the company's financing position pursuant to the resolutions done at the annual general meeting and the extraordinary general meeting held 29 April 2015.

## 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 as well as realization of the transformation 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 short and long-term financing.

Negotiations on both financing and deliveries of production technology have improved. However, the financing situation of Valoe continues to be very tight. The sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. According to the current view of Valoe's management the company continues to need a bridging loan until a long-term financing arrangement has been secured with the planned share issue and the cash flow from the business operations of the company has turned positive. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed to secure sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized. If the company does not receive new orders as

fast as it expects or if the market situation gets worse it may take longer time to turn orders into revenue. This would affect significantly the schedule in which cash flow before investments would turn positive. In such a case the company's financing situation would further tighten provided all or part of the other ongoing financing negotiations would not have been completed successfully by then.

In the Auditor's Report in the Annual Report 2014 the company's auditor drew attention to the financial risk management with a so called Emphasis of Matter as follows: "Without qualifying our opinion, we draw attention to the basis of preparation of the financial statements and to the note 29. Financial risk management. The financial statements have been prepared under the going concern assumption. The continuity of operations requires the company to be able to obtain supplementary funding and to negotiate changes to the terms of payment during 2015. The company continues negotiating with its major financiers and shareholders on measures to strengthen the financing situation until the company's cash flow is expected to turn positive. The sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. According to the current view of Valoe's management the company needs to obtain a bridging loan until long-term financing arrangement has been secured and the cash flow of the business operations of the company has turned positive. Negotiations on bridging financing are going on. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed in securing sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized. The valuation of the assets is based on the going concern assumption. If the estimates are not achieved the assets may become impaired."

Attainment of project financing for the first manufacturing partnership agreement as well as result of the convertible bond and a share issue involve risks. It is not certain whether the company is able to collect five million Euros with the convertible bond to strengthen its capital structure or capital with a share issue to execute its Clean Energy business plan and to secure a long-term financing arrangement. Further, it is not certain that a local project financing facility for building a module plant pursuant to the first manufacturing partnership agreement will be secured. If local project financing is not available the manufacturing partnership agreement in question and a relating potential order will not materialize.

The equity of Valoe decreased below half of the company's share capital as per 31 December 2014. The parent company's equity will not be sufficient for long without equity financing or significant profitable sales. The company has already taken actions to get more equity financing by issuing the convertible bond and by starting preparing a share issue. Result of the convertible bond and a share issue involve risks.

In terms of profitability, the most essential risks are related to the achievement of a sufficient invoicing volume in the Clean Energy business segment.

The execution of the non-binding cooperation agreement signed between Valoe and Vikram Solar involves typical business risks. Arrangements pursuant to the non-binding cooperation agreement are subject to several terms and conditions, especially to Valoe's short-term and long-term financing.

The execution of the non-binding Memorandum of Understanding signed with a Chinese photovoltaic module manufacturer involves risks. The final terms of an agreement are still under negotiations, thus execution of the agreement is not yet guaranteed. Additionally, the agreement is subject to Valoe's short-term and long-term financing.

The long-term objectives set for the Managing Director involves also significant risks and the long-term objective should not be considered as the company's financial guidance. Even though the objectives are

based on market knowledge and technical surveys, the risks are significant and it is not certain if the Managing Director reaches all or part of the targets set for him within estimated new timetable. If Valoe's financing arrangements are delayed, the risk of the Managing Director reaching the objectives set for him in the stated timetable will increase.

The non-binding objectives of Valoe for both market share and the number of partners are ambitious and attainment of the objectives involves significant risks. However, Valoe views it has a technological concept that provides the company a good position to achieve the objectives. Attainment of the objectives is subject to sufficient financing.

The sufficiency of the company's own equity involves risks. Relating to taxation of the Beijing factory in China a claim of EUR 0.7 million against Savcor Group Ltd was booked in the other operating income of the company's continuing operations in the first quarter of 2015. The outcome of the claim will have a major importance when evaluating the sufficiency of the parent company's equity.

The closing of the latter part (30 %) of the transaction between Valoe and FTTK Company Limited involves risks. In terms of the latter part of the transaction the deal was supposed to be closed by 1 March 2015, however, the closing of the transaction has been postponed. The postponement relates to division of costs of an unfinished customer project in electronics automation business between Valoe and FTTK. The dispute has been referred to arbitration on 24 June 2015.

Other risks connected to Valoe have been presented in more detail in the Annual Report for 2014.

In Mikkeli, 5 August 2015

Valoe Corporation

BOARD OF DIRECTORS

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