

## VALOE INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2020

### THE THIRD QUARTER IN BRIEF

- In July - September 2020, the net sales of Valoe Group, under the IFRS standards, increased by 331 percent. The net sales were EUR 0.4 million (in 2019 EUR 0.09 million). The EBIT was EUR -0.9 million (EUR -0.7 million), the profit for the period was EUR -1.4 million (EUR -1.4 million), undiluted earnings per share were EUR -0.01 (EUR -0.06), diluted earnings per share were EUR -0.01 (EUR -0.06) and the EBITDA EUR -0.6 million (EUR -0.4 million).
- During the third quarter of 2020, the company carried out the listing of the shares subscribed in the offerings to investors and significant creditors of the company arranged in May and June 2020 after the Financial Supervisory Authority on 29 September 2020 approved the prospectus (the "Prospectus") of Valoe Corporation relating to admission to trading of in total 89,888,886 shares ("Shares") in the company. The new shares were listed on the main market of Nasdaq Helsinki Oy on 1 October 2020.
- In August 2020, the company resolved on the issuance of a maximum of 30,000,000 new shares to the company itself without consideration. The subscription period for the new shares commenced on 27 August 2020 and shall end on 27 August 2021. New shares can be subscribed in tranches at any time during the subscription period as resolved by the Board of Directors of the company. The share issue without consideration to the company itself was conducted to implement financing arrangements and to strengthen the capital structure of the company. The company subscribed on 27 August 2020 in total 3,740,000 new shares and on 16 September 2020 in total 23,500,000 new shares. The new shares were listed on the main market of Nasdaq Helsinki Oy on 1 October 2020 with the above-mentioned Prospectus.
- In June 2020, the company resolved to issue an EUR 0.4 million convertible bond ("Convertible Bond 1/2020") to Global BOD Group SIA (BOD), as agreed and disclosed in May 2020, in order to convert the principal of the Convertible Bond 3/2019 into the new Convertible Bond 1/2020.
- Solar module production continued at the Juva plant and solar power plants were installed for customers in Finland. The modernization of the module production was commenced. In Lithuania, Valoe continued operations related to the ramp-up of the module plant.
- Travel restrictions related to Covid-19 pandemic and difficulties in the delivery of materials and services due to the pandemic slowed down Valoe's module production and especially hindered the start of solar cell production and deliveries to customers. During the reporting period, in August 2020, the company lowered its financial guidance for 2020 and estimated that Valoe Group's net sales for 2020 will be about EUR 2.1 million. After the reporting period, the company lowered its financial guidance for 2020 again and estimated that the net sales for 2020 will be EUR 1.5 -1.8 million (in 2019: EUR 0.3 million). Additionally, the company estimated that the Valoe Group's operating cash flow will turn positive on a monthly basis during the second quarter of 2021, provided that Covid-19 does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries.
- 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 2019. The Interim Report has not been audited.

## MARKET GUIDANCE FOR 2020

Valoe estimates that Valoe Group's net sales for 2020 will be EUR 1.5 – 1.8 million (in 2019: EUR 0.3 million). The company estimates Valoe Group's operating cash flow to turn positive on a monthly basis during the second quarter of 2021, provided that Covid-19 does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries.

## THE FUTURE OUTLOOK

During the year 2020, Valoe aims to launch several new products whose success is crucial to the company's prospects. The sales of Chrystal and Chrystal Twin modules with IBC cells have already begun and the company has agreed to deliver them to ForUs Capital Oy ("ForUs Capital") projects in Finland.

Valoe estimates that both car manufacturers and business owners and operators in the logistics are working to start using solar energy in their vehicles on a large scale in the next few years. Valoe aims to be in a good position by the time growth in the VIPV (Vehicle Integrated Photovoltaics) applications begins. Valoe's solar energy system developed especially for vehicles and other mobile installations and the associated Odd Form module are now ready for delivery to customers for field testing. In addition to other benefits from using the system, according to Valoe's calculations the fuel consumption of a refrigerated trailer, for example, will decrease significantly in the Finnish conditions as well. Thus the amount of CO<sub>2</sub> produced by logistics will reduce accordingly. According to Valoe's calculations passenger car fuel consumption can drop by up to more than 0.6 liters per 100 kilometers by utilizing solar energy.

In April 2020, Valoe announced that the company modernizes and expands its solar module production and transfers its module production to Juva, Finland. Due to production stoppage caused by the move, the production in the second quarter fell to almost half of the expected volume.

The capacity of Valoe's module production will increase significantly as the new production lines ramp up. The production line, designed by the company itself, for bifacial IBC solar modules called Chrystal Twin will be completed by the end of 2020. Additionally, a production line for Odd Form modules is built at the Juva plant.

IBC solar cells to be manufactured at Valoe's Lithuanian solar cell plant have been sold as a component sale already before the plant was completed: In summer 2019, Valoe signed a supply agreement with a US customer. Valoe estimates that the annual value of the agreement is approximately USD 12 million per rolling 12 months from the start of deliveries. Deliveries to the customer have not yet begun. The company has previously disclosed that the start of production at the cell plant was postponed until the end of 2020 due to direct and indirect causes related to the Covid-19 virus. Despite the delay, Valoe estimates that global demand for IBC cells is good. Valoe's cell production capacity that is flexible in terms of production technology suits very well for delivering the expected special series.

## MANAGING DIRECTOR'S REPORT

At the end of the third quarter of the financial year 2020, Valoe Group's cumulative net sales was EUR 1.1 million. Compared to the previous year the net sales increased by 438 percent and the loss decreased from EUR 4.0 million to the level of EUR 3.7 million. The net sales for the reporting period of 1 July – 30 September 2020 was EUR 0.4 million, but it still was modest compared to the significant investments made by the company. During January – September, the company's net sales came mainly from power plant deliveries to domestic customers, development cooperation regarding self-charging electric vehicles with Sono Motors GmbH ("Sono Motors") and occasional component deliveries.

In the second quarter of the financial year 2020, Valoe managed to secure financing facilities to complete the company's product development phase. According to the current assessment, the company has sufficient funding available to it until the cash flow from operating activities turns positive. As per the date of this Interim Report, the company estimates that the Valoe Group's operating cash flow turns positive on a monthly basis during the second quarter of 2021. There is currently a great deal of uncertainty about the future due to the second wave of Covid-19 pandemic and unpredictability of pandemic related government regulations. Although the company has a better financial position it cannot afford to delay estimated cash flows. If the risks related to the operating cash flow were to materialize in full, the company's current working capital would be sufficient until May 2021. Valoe's cash flow situation continues to be very tight until its cash flow from operating activities turns positive.

## FINANCIAL DEVELOPMENT

During the second quarter Valoe agreed on a significant financing arrangement aimed at securing financing for investments in the company's cell plant in Lithuania and new solar module plant in Juva, Finland. The company estimates it has sufficient financing facilities to finish the plant investments both in Lithuania and Juva. However, especially the Lithuanian plant investment and its timing are affected by the Covid-19 pandemic, the risks of which are described in sections FINANCING and RISK MANAGEMENT, RISKS AND UNCERTAINTIES.

Valoe's financial situation is described in more detail below under FINANCING.

The module production at the new plant in Juva, Finland, was commenced at the beginning of June 2020. During the reporting period, the company has continued its investments in Juva. The new production line for the Chrystal module family is estimated to be ready by the end of the financial year. Pilot production for Odd Form modules is estimated to begin at the Juva plant earlier than previously announced in 2020, by which time the production of IBC solar cells for Odd Form modules will start in Lithuania.

Valoe's order book includes an EUR 15.8 million order for a module factory to Ethiopia. So far, no revenue has been recognized for the order. The company has a receivable of EUR 0.7 million in its balance sheet which the company plans to invest in a minority shareholding in a local affiliate as the project progresses. Valoe estimates that the completion of the project will require a significant amount of human resources and time. As the Lithuanian cell plant project is in progress, the project delivery to Ethiopia unlikely begins during the current financial year. The company will no longer separately report events in the Ethiopian project until the company achieves a significant breakthrough to restart the project.

## Financial Result

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2019, unless stated otherwise.

July – September 2020:

- Valoe Group's net sales increased by 331 percent to EUR 0.4 million (In 2019: EUR 0.09 million).
- EBITDA was EUR -0.6 million (EUR -0.4 million).
- Operating profit was EUR -0.9 million (EUR -0.7 million).
- The profit before taxes was EUR -1.4 million (EUR -1.4 million).
- Profit for the period was EUR -1.4 million (EUR -1.4 million).
- Undiluted earnings per share were EUR -0.01 (EUR -0.06).
- Diluted earnings per share were EUR -0.01 (EUR -0.06).

January – September 2020:

- Valoe Group's net sales increased by 438 percent to EUR 1.1 million (In 2019: EUR 0.2 million).
- EBITDA was EUR -1.5 million (EUR -1.1 million).
- Operating profit was EUR -2.4 million (EUR -2.2 million).
- The profit before taxes was EUR -3.7 million (EUR -4.0 million).
- Profit for the period was EUR -3.7 million (EUR -4.0 million).
- Undiluted earnings per share were EUR -0.02 (EUR -0.19).
- Diluted earnings per share were EUR -0.02 (EUR -0.19).

## VALOE'S STRATEGY

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.

Valoe's strategy is based on the fact that the limitations of solar energy utilization will be resolved in the future. Successful business requires capability to compete in the international markets. Valoe follows closely research and development related to its business and adapts applicable technologies to its own product concepts. Valoe's solutions are mainly based on Valoe's own technologies which the company has developed together with the world's leading experts and research institutes. The company strives for rapid and profitable growth in the future.

Valoe has defined that its strategy is based on the vision according to which solar energy will be the best solution to meet the world's energy needs in the future. Two minutes of the sun provide the world with one year's energy needs of entire humanity. Solar energy is silent, odorless and the cleanest form of energy. The total volume of the solar energy business, excluding the price of electricity generated worldwide, is approximately EUR 100 billion per year and the business is growing at an annual rate of about 20% (Source: ITRPV 2019). Solar energy contributes to halting climate change and minimizing the carbon footprint of energy production.

Valoe, as a promoter of solar power, is actively involved in the global development of solar applications and later also in storage applications. Valoe's technology partners have a key role in development worldwide.

Valoe's operations in technology development and manufacturing are based on in-depth knowledge of materials technology, knowledge and versatile use of laser technology, and experience as a supplier of automation and robotization applications worldwide.

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

#### 1. SALES AND SUPPLY OF PHOTOVOLTAIC MODULES AND SYSTEMS (MODULES)

Sales of modules and small photovoltaic systems are Valoe's most visible product group. All Valoe's PV modules are manufactured at the company's module factory in Juva from June 2020. The modules are delivered to Valoe's distributors and retailers. Further, the company sells and provides solar power plants and systems directly to its customers in Finland and abroad.

##### Current Status of the MODULES Concept:

ForUs Capital Oy, which specializes in the sales of electricity produced from renewable sources, has been Valoe's most important customer during 2019. ForUs Capital sell solar energy produced with power plants supplied by Valoe to Finnish property owners, production companies and communities.

The cornerstone of Valoe's strategy is the IBC back contact technology and solar cells and modules based on it. The company intends to replace the current Chrome II glass-glass module with Chrystal IBC module family including a Chrystal Twin module, a bifacial module with a nominal efficiency of more than 400 kW. Provided that the required funding is secured, the machinery and equipment at Valoe's module factory are to be modernized in 2020 for the production of the Chrystal module family and Valoe Odd Form modules. After the investment, the module factory that was transferred from Mikkeli to Juva will use only IBC cells manufactured at Valoe's plant in Lithuania for its modules.

##### Outlook for the MODULES Concept:

The company's goal is to introduce lightweight, flexible and efficient odd-form modules with polymer and composite structures into the new solar module market. The company started developing Odd Form modules together with its customers in 2018. Such modules can be used, for example, in vehicles, for off-site energy needs for logistics chains, or in aviation and aerospace applications. In these environments, energy supply problems have generally been solved in very expensive and less environmentally friendly ways, and there is no normal competition in the market. A solar power system must have very high efficiency combined with efficient space usage in order to succeed in this market. Valoe believes that the company's back contact technology and IBC cells together provide Valoe with good conditions for developing photovoltaic applications for these markets.

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

#### 2. DEVELOPMENT AND SALES OF PRODUCTION LINES AND RELATED COMPONENTS (PRODUCTION LINES)

Manufacturers operating in the developing markets like China are typical investors for new module manufacturing production lines. These Valoe's potential customers are now manufacturers of traditional H-patterns modules. According to Valoe's knowledge, many of the manufacturers are going to start manufacturing next generation back contact modules. In most cases these customers have use their own module manufacturing recipe and need only single equipment or production lines. Valoe estimates that

typical price of single equipment or a production line for back contact modules is EUR 4 – 8 million. A single production equipment costs EUR 0.3 – 1.0 million.

#### Outlook for the PRODUCTION LINES Concept:

Valoe continues its development work in order to increase the efficiency of the production technology for back contact modules. Valoe has enhanced its module production technology sales and established promising contacts with potential customers in connection with the production of Odd Form modules for logistics and building integrated solutions especially. Valoe believes that in the future it will also be able to supply production lines to the customers starting to use Valoe's odd-form modules.

### 3. MANUFACTURING PARTNER NETWORK (PARTNERS)

Valoe's strategic goal is to sign manufacturing partnership agreements or technology licensing agreements with solar module manufacturers who as newcomers on the market would commit themselves to Valoe's production technology and to using components designed for Valoe's back contact technology. Valoe provides a partner with a turnkey delivery project; secures availability of components for a partner either by manufacturing components by itself or by procuring required components from elsewhere; and as a technology partner commits itself to minority shareholding in a manufacturing company. Manufacturing partners pursued by Valoe may operate e.g. 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.

#### Current Status of the PARTNERS Concept:

Valoe signed its first manufacturing partnership agreement with Ethiopian LS Corp in 2016. The technology delivery based on the agreement has not yet been executed as per the date of this Annual Report.

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

On 25 February 2020 Valoe disclosed it has signed a cooperation agreement regarding self-charging electric vehicles with Sono Motors GmbH. This is the second significant cooperation agreement signed by Valoe. If Sono Motors succeeds, Valoe expects the cooperation to start generating significant cash flows. The cash flow for the financial year 2020 is still low and is related to joint product development and verification of technology concepts.

#### Outlook for the PARTNERS Concept:

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

#### 4. MODULE COMPONENTS SALES MAINLY TO MANUFACTURING PARTNERS (COMPONENTS)

Special components are the most important part in Valoe's strategy in terms of net sales potential. Valoe's first component is Conductive Back Sheet (CBS) that has been developed by the company. 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 plans to provide its manufacturing partners and other customers also with the company's solar cells based on the IBC technology and possibly also other special components. According to the company's estimates, a full-sized module factory could buy Valoe cells for EUR 18 - 25 million annually.

##### Current Status of the COMPONENTS Concept:

As previously disclosed, Valoe has signed its first cell supply agreement for IBC cells to be manufactured in Vilnius with an estimated value of about USD 12 million annually per rolling 12 months from the start of deliveries. According to the current knowledge, deliveries to the USA begin in March 2021.

##### Outlook for the COMPONENTS Concept:

Given the company's need for cells for its own standard modules and Odd Form modules, and customers' orders for cells, Valoe estimates that demand for IBC cells manufactured in its Lithuanian factory may in the future exceed Valoe's production capacity, provided production starts as expected. Valoe should consider and decide which business model would be best for it if demand exceeds the company's production capacity.

#### MARKET CONDITIONS

The competitiveness of the solar electricity, compared to the fossil fuels and other renewable energy sources, will continue increasing faster and faster. Already in 2018, the production cost of solar electricity was below the cost of all other electricity production in many geographical areas. According to the ITRPV 2019 report, the annual market now worth around EUR 100 billion, excluding electricity sales, is projected to grow annually by about 20 percent over the next 30 years. By 2029, the market share of the back contact modules is estimated to grow from a few percent to about one-third of the total market, i.e. to about EUR 150 billion annually.

The objectives of Valoe's strategy are based on having the cell that is one of the most efficient cells in the growing market and combining it with the back contact technology used by Valoe and gaining more market share.

According to forecasts, the share of solar energy in transport energy consumption will increase significantly. Solar modules will be integrated for example in cars and other vehicles. Valoe develops odd-form modules with IBC cells just for this type of application.

Valoe is prepared for its competitors introducing their own back contact modules and other innovations in the near future. The companies that will succeed in price competition will continue decreasing the prices of their standard products based on sales volumes and increasing production capacity and will continue worldwide price war.

The Covid-19 pandemic has already changed the market traditionally dominated by large Chinese manufacturers. Disruptions to Chinese companies' deliveries caused by the virus may have changed the supply chain permanently. Valoe, as a fully European manufacturer and a company using European core components, expects its potential to develop positively in such market changes.

Valoe is focusing on developing production technology for next generation cells and modules. In the high-end price categories' price reduction has not been as remarkable. Valoe views that the most favorable markets for the company are those where the turnover generated is not of interest to major manufacturers and where technological innovations are more important than price. Generally, Valoe's business models are always based on locally generated solar power, whether it concerns a geographical area or electrical equipment. Thus, the natural geographical markets for Valoe are countries and regions with incomplete or malfunctioning grid. Such areas exist primarily in Africa, but also in Asia and South America. On the other hand, Valoe is aiming to apply its technology by integrating a module into an electrical appliance or even clothing.

Valoe provides production technology to all companies interested in back contact modules, e.g. large and often national solar energy projects; module subcontractors; and/or original equipment manufacturers. However, the tough price competition may hinder a Valoe-sized company to succeed, regardless of quality or technical advantages.

Valoe views that diversified local production will increase significantly in the near future. However, Valoe is not aiming at becoming a local manufacturer but when the company decides to enter into new geographical area it always seeks for a local partner and an investor for a solar module factory project. Valoe is responsible for production technology, product quality and development. Local investors and partners are responsible for project funding as well as marketing and product sales.

## FINANCING

During the second quarter of 2020, the company's financial situation improved significantly after the company agreed on new financing facilities totaling approximately EUR 6.35 million. In April 2020, Valoe entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. In an offering arranged in May 2020, NEFCO invested EUR 1.25 million in Valoe's equity and granted an EUR 1.25 million loan to Valoe. In June 2020, the company arranged another directed share issue with which the company collected in total EUR 0.85 million new capital. During the third quarter, as disclosed on 28 August 2020, the company resolved on the issuance of a maximum of 30,000,000 new shares to the company itself without consideration in order to implement financing arrangements and to strengthen the capital structure of the company in a way that the subscription period for the new shares commenced on 27 August 2020 and shall end on 27 August 2021. The company subscribed in total 3,740,000 new shares on 27 August 2020 and in total 23,500,000 new shares on 16 September 2020 in the share issue.

At the end of the reporting period, the company carried out the listing of the shares subscribed in the above-mentioned offerings after the Financial Supervisory Authority on 29 September 2020 approved the prospectus (the "Prospectus") of Valoe Corporation relating to admission to trading of in total 89,888,886 shares ("Shares") in the company. The new shares were listed on the main market of Nasdaq Helsinki Oy on 1 October 2020. As per the date of this Interim Report, Valoe has in total 236,859,195 shares.

In July 2020, the company resolved on an EUR 0.4 million subordinated convertible bond ("Convertible Bond 1/2020") that was issued to Global BOD Group SIA ("BOD") as agreed upon and disclosed also in May



2020 in order to convert the loan principal receivable of Convertible Bond 3/2019 BOD had from the company into a new Convertible Bond 1/2020. The Convertible Bond 1/2020 can be converted into a maximum amount of 5,479,452 new company shares. The subscription price of one (1) new share of the company shall be EUR 0.073 per share. The loan period shall commence on 22 July 2020 and expire on 30 June 2021 on which date the Convertible Bond 1/2020 shall expire to be repayable in its entirety. The conversion period shall begin on 1 September 2020 and expires on 30 June 2021. The Convertible Bond is issued in deviation from the shareholders' pre-emptive subscription rights. The loan shares are issued as special rights to rearrange the Company's existing loan in an economical way. Therefore, there is from the Company's point of view a weighty financial reason to issue the special rights.

As per the date of this Interim Report, the company has withdrawn a total of EUR 1 million out of the financing arrangement of up to EUR 3,000,000 between Valoe Corporation and Winance announced on 22 April 2020 and thus Valoe has met the minimum withdrawal requirement.

Valoe is one of the partners of an about 15-million-euro research project, called HighLite. The project is part of the European Union's Horizon 2020 programme. Valoe is the only party in the project who develops solar cell technology. Valoe's share in the project is approximately two million euros for which the EU provides a grant of EUR 1.4 million. The HighLite project also includes a section that will be carried out in Lithuania and was transferred to Valoe in connection with the acquisition of Solitek's solar cell production business. EU shall provide an estimated grant of about EUR 0.5 million for the development work to be executed in Lithuania. Out of the grant a total of about EUR 0.7 million has been received by the end of the reporting period and about EUR 0.7 million after the reporting period. Thus, there is still project related funding totalling about EUR 0.5 million to be collected.

According to current estimates, the company has sufficient financing until the operating cash flow turns positive. As per the date of this Interim Report, the company estimates Valoe Group's operating cash flow to turn positive on a monthly basis during the second quarter of 2021. However, there is currently a great deal of uncertainty about the future due to the unpredictability of the second wave of the COVID-19 pandemic and related restrictions. Although the company's financial position has improved, it cannot afford to delay the estimated cash flows. If the risks related to the operating cash flow were to materialize in full, the company's current working capital would be sufficient until May 2021. Valoe's cash flow situation continues to be very tight until its cash flow from operating activities turns positive.

Cash flow from business operations before investments in January – September was EUR -3.3 million (EUR -2.2 million). Trade receivables at the end of the reporting period were EUR 0.01 million (EUR 0.01 million). Net financial items amounted to EUR 1.3 million (EUR 1.8 million). At the end of September, the equity ratio of Valoe Group was -13.6 percent (-64.7 %) and equity per share was EUR -0.01 (EUR -0.37). The equity ratio including capital loans was 8.4 percent (-10.6 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.2 million.

### Financial Uncertainties

General uncertainty caused by the Covid-19 virus and possible worldwide deep recession increase business related risks remarkably. Valoe estimates that Valoe Group's operating cash flow to turn positive on a monthly basis during the second quarter of 2021, provided that Covid-19 does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries. If the risks related to the operating cash flow were to materialize in full, the company's current working capital would be sufficient until May 2021.

In exceptional circumstances, banks or public or private funding organizations may face unpredictable pressures that could slow the payment of already agreed funding to Valoe.

The company has budgeted a significant part of the funding granted to it for the investment in the Lithuanian cell factory. Should unpredictable events cause a significant budget overrun, the current funding could prove too low.

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

## RESEARCH AND DEVELOPMENT

The objective of Valoe's product development is that the energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy on the market. In addition, Valoe's goal is to produce solar modules whose materials are selected to extend the module's economic life by more than 100 years.

The importance of the research and development for Valoe is well illustrated by the human resources allocated to research and development. Valoe Group employs 40 people, out of whom 19 people work on the company's product development projects in Finland and Lithuania.

During the recent years, the focus of Valoe's research and development has been on a project relating to cell development and efficiency improvement as well as on development of IBC cells. In 2019, product development resources were further increased to rapidly introduce Valoe Odd Form modules in the market. Valoe develops flexible and lightweight composite modules for new applications to be used in the automotive, aviation, and aerospace industries. With the introduction of such a new application, Valoe will have an opportunity to cooperate closely with its customer on product development and industrialization. The customer commits and Valoe gets a long-term customer, for example, for its robotic assembly lines. Valoe is also prepared to offer its customers contract manufacturing of the products or components it develops.

The cooperation for self-charging electric vehicles with Sono Motors GmbH has raised and determined the level of Valoe's product development in terms of developing solar power applications for cars and other vehicles.

In 2019 and 2020, the main challenge for Valoe's research and development was, as the first and according to Valoe's knowledge the only company in Europe so far, to design and build a new type of solar cell plant in Vilnius. In 2019, Valoe acquired the cell plant of the Lithuanian solar cell manufacturer Solitek. For about a year, Valoe has been building a new IBC solar cell factory in Vilnius, Lithuania, utilizing Solitek's cell plant. At the Lithuanian plant, the production line assembly is ready and the line has been tested. The start of cell production still requires the completion of certain production processes, test production, and ramp-up of mass production. The Company estimates that production tests will begin in November-December, the line will be ready for mass production by the end of 2020, and cell deliveries to customers will begin during the first quarter of 2021.

In March 2019, a research project called HighLite was selected for the European Union's Horizon 2020 funding. Valoe play a key role in the project. The project aims to bring Europe back to forefront of photovoltaic technology. This project is an excellent complement to Valoe's IBC cell plant project. Valoe's task in the project is to improve the performance of solar cells. The project commenced at the beginning of October 2019.

Over the past three years, Valoe has created a global partner network to support the company's own research and development. With the partners Valoe develops its products and technology to implement the next phase of the company's growth strategy. During the financial year 2018, Valoe signed a development and technology transfer agreement with ISC Konstanz that is one of the leading solar energy research institute in Europe.

Valoe's other main technology partners include Energy Research Centre of the Netherlands (ECN) that now belongs to TNO, and Fraunhofer Institute for Solar Energy Systems (Fraunhofer ISE). In the Horizon HighLite project Valoe will be able to utilize the knowledge and experience of IMEC in Belgium, CEA and Ines in France, CSEM in Switzerland and leading universities in a number of countries. Further, Valoe will be able to work with some of the world's most renowned materials technology companies.

Additionally, Valoe's research and development focuses on developing the production line concept. Equipment and machinery needed in automated module manufacturing process are based on Valoe's own innovations and designed by Valoe.

Valoe is aiming at protecting its innovations in all important geographical areas.

The Group's research and development costs during the reporting period amounted to EUR 0.8 million (EUR 1.2 million).

## INVESTMENTS

Gross investments in the continuing operations during January – September period amounted to EUR 1.5 million (EUR 0.6 million). The investments on the reporting period were mainly in equipment.

## PERSONNEL

At the end of September 2020, the Group employed 40 (24) people, out of which 9 employees worked in Lithuania and the rest in Finland. During the reporting period the Group's salaries and fees totaled EUR 1.3 million (EUR 1.0 million).

## SHARES AND SHAREHOLDERS

At the end of the reporting period Valoe's share capital amounted to EUR 80,000.00 and the number of shares was 236.859.195. The company has one series of shares, which confer equal rights in the company. On 30 September 2020 Valoe had in total 23.540.616 treasury shares.

The company had a total of 10,135 shareholders at the end of September 2020, and 1.1 percent of the shares were owned by foreigners. The ten largest shareholders held 56.0 percent of the company's shares on 30 September 2020.

## The largest shareholders on 30 September 2020

	Shares	Percentage
1 SAVCOR TECHNOLOGIES OY	36 470 914	16,7
2 VALOE OYJ	23 540 616	9,9
3 NEFCO	23 148 148	9,8
4 GASELLI CAPITAL OY	13 098 979	5,5
5 OLLILA JORMA	7 303 417	3,1
6 SAVISALO IIKKA	6 216 709	2,6
7 APTEEKKIEN ELÄKEKASSA	5 550 000	2,3
8 SCI-FINANCE OY	5 406 722	2,3
9 RELANDER PÄR-GUSTAF	4 477 778	1,9
10 K22 FINANCE OY	4 447 777	1,9
OTHERS	104 198 135	43,99
TOTAL	236 859 195	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 58.529.459 shares in the company on 30 September 2020, representing about 24.7 percent of the company's shares. Additionally, the members of the Board of Directors and the President and CEO held a total of 116,270 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 58.261.781 shares in the company and 40,810 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.041 and 0.103 during the January – September period. The average price was EUR 0.065 and the closing price at the end of September EUR 0.054. A total of 86.9 million Valoe shares were traded at a value of EUR 5.7 million during the January – June period. The company's market capitalization at the end of September stood at EUR 12.8 million.

## SHARE ISSUE AUTHORIZATIONS IN FORCE

The company has a share issue authorization in force granted by the Annual General Meeting 2020 according to which the Board of Directors is authorized 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 150,000,000 shares. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. It was resolved 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 2021. By the date of this Interim Report the Board of Directors has resolved on issues of a total of 53.765.000 shares based on the authorization.

#### THE MAJOR EVENTS DURING THE REPORTING PERIOD

On 23 July 2020 Valoe informed that it has rearranged the Convertible Bond 3/2019 held by Global BOD Group SIA by converting it into a new Convertible Bond 1/2020.

On 13 August 2020 Valoe disclosed a profit warning and lowered its financial guidance for 2020.

On 28 August 2020 Valoe announced the issuance of a maximum of 30,000,000 new shares to the company itself without consideration.

On 16 September 2020 Valoe disclosed that the company has subscribed in total 23,500,000 new shares in the share issue to the company itself without consideration resolved by the company on 27 August 2020.

On 29 September 2020 Valoe announced that the Prospectus of Valoe Corporation regarding admission to trading of 89,888,886 shares in the company has been approved.

#### THE MAJOR EVENTS AFTER THE REPORTING PERIOD

On 10 November 2020 Valoe disclosed a profit warning and lowered its financial guidance for 2020 and announced that the Covid-19 situation postpones the start of cell production at the Vilnius factory until December 2020.

#### 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.

##### Risks Related to Financial Situation and Financing

There are significant risks related to Valoe's financing. These risks have also been described in the section Financing, risk related paragraph.

The company's most significant risk is that the operating cash flow does not materialize as planned. Although the company estimates that the Valoe Group's operating cash flow will turn positive on a monthly basis during the second quarter of 2021, travel restrictions related to Covid-19 pandemic and difficulties in the delivery of materials and services due to the pandemic may slow down the start of cell production and the start of deliveries to customers and thus hinder the expected positive turn in the operating cash flow.

If the cash flow from operations does not materialize as planned, this may have a significant negative effect on the company's operating result and/or financial position. If the risks related to the operating cash flow were to materialize in full, the company's current working capital would be sufficient until May 2021.

Valoe has agreed on a financing facility with Winance Investment. The company has been granted funding relating to EU's HighLite project. If, for example, due to the Covid-19 pandemic or other unforeseeable reasons, the company fails to utilize its existing financing facilities or replace them with at least equivalent new financing agreements, this could have a significant negative effect on the company's operating result and/or financial position.

Failure to realize the assumptions related to the company's cash flow forecasts could lead to a situation where the company's impairment tests would indicate the need to write down the company's intangible and tangible assets or goodwill. In such a situation, an impairment of intangible and tangible assets could have a material adverse effect on the company's financial position. A detailed description of the company's impairment testing can be found in Note 12 to the consolidated financial statements.

The Covid-19 virus has caused general uncertainty and exceptional circumstances in the world, which significantly increase business risks. The Company estimates Valoe Group's operating cash flow to turn positive on a monthly basis during the second quarter of 2021, provided that Covid-19 pandemic does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries. Should the turn in cash flow be postponed, for example, due to contraction in the market of Valoe's U.S. customer the new financing facilities may prove insufficient.

In exceptional circumstances, banks or public or private funding organizations may face unpredictable pressures that could slow the payment of already agreed funding to Valoe. Such a situation could, in some circumstances, cause the company's working capital situation to tighten again.

The company has budgeted a significant part of the funding granted to it for the investment in the Lithuanian cell factory. Should unpredictable events cause a significant budget overrun, the current funding could prove too low.

#### Risks Related to the Strategy, Business Operations, New Technologies, and Manufacturing

Valoe develops solar module and solar cell technology. Development and commercialization of new technologies always involves uncertainties and significant risks. If the company's product development projects were not successful, or business environment or market situation changed, the company's ability to provide its customers with competitive products or services could be threatened. In such a situation, the company's the profitability could be lower than expected which could have a significant effect in company's profitability and financial situation.

If Valoe was not able to meet the quality or quantity requirements for IBC cells after the ramp up of the Lithuanian cell plant, it could affect the IBC cell deliveries to a US customer. On 15 August 2019, Valoe announced that it has signed a supply agreement with an US customer. The company has estimated the agreement's annual value is approximately USD 12 million per rolling 12 months from the start of deliveries. If the agreed delivery times, quality or quantity requirements were not met, the customer might not accept the deliveries on a price level that guarantee profitability. The number of cells needed by the customer could also be negatively affected by the Covid-19 pandemic in the ways mentioned in the section on Covid-19 risks below.

The company uses components from international suppliers and subcontractors to produce its products. The main raw materials and factors of production used in the components are plastics and metals, the market prices of which vary according to market conditions. The main raw materials in solar power

modules are silicon and silver. The most important component in the cell production is wafer. Should the market prices of these main materials rise, it could affect negatively the company's profitability and financial situation, if the company fails to pass on any rising procurement costs of the components and raw materials to its customer prices.

The Covid-19 pandemic can be assumed to influence the world market prices and availability of the components. Further, travel restrictions related to Covid-19 pandemic and difficulties in the delivery of materials and services due to the pandemic have slowed down Valoe's module production and have hindered and continue to hinder the start of production of solar cells and the start of deliveries to Valoe's US and other customers. At the moment, it is impossible to estimate the final effect pandemic has on Valoe.

#### Risks Related to the Ethiopian Order and Operations in Emerging Markets

The company is using part of its resources to market and sell its technology in emerging markets. So far, there has been no significant orders from emerging markets except for the Ethiopian order for a solar plant worth EUR 15.8 million. As the customer has not been able to arrange local, foreign currency funding despite the existing financing agreements, the order has not been delivered as per the date of this Interim Report. This order has not been recognized in revenue and the company has EUR 0.7 million receivable in its balance sheet that the company plans to invest in minority shareholding in the local associated company as the project progresses. If the project did not proceed at any stage, and the company would not otherwise be able to collect its receivable, the receivable would be exposed to a corresponding credit risk.

#### Administrative and Legal Risks

Public funding and investment subsidies have a significant incentive effect in the solar energy business. In Finland in particular, changes in public funding or investment subsidies for solar power projects that are unfavorable from the manufacturers' point of view could significantly reduce the domestic market. The possible negative effects of such factors on the company's business, results and/or financial position cannot be foreseen or excluded with certainty.

#### Risks Due to the Covid-19 Pandemic

The company cannot assess whether the Covid-19 pandemic, with its official regulations and guidelines, will directly or indirectly further change the company's current estimates of, for example, the completion time of the Lithuanian cell plant. Significant postponement of completion would affect both the timing of the start of cell deliveries and the delivery schedule for the power plants based on the IBC cells. Delays can occur for example due to travel restrictions, difficulties in deliveries of materials and services or a sudden drop in end-customer demand.

Should the Covid-19 pandemic cause a substantial delay in the ramp-up of the cell plant in Lithuania from the current assessment and thus a postponement of positive cash flow, it could, if continued, jeopardize the adequacy of the company's liquid assets. The company estimates that liquid assets will be sufficient in such a case until May 2021.

The certain statements in this Interim 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.

In Mikkeli, 11 November 2020

Valoe Corporation  
Board of Directors



# Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Net sales</b>	371	86	1 130	210	328
Cost of sales	-559	-191	-1 714	-611	-1 147
<b>Gross profit</b>	<b>-188</b>	<b>-104</b>	<b>-584</b>	<b>-402</b>	<b>-818</b>
Other operating income	1	8	13	140	177
Product development expenses	-361	-356	-829	-1 177	-1 873
Sales and marketing expenses	-167	-96	-400	-330	-467
Administrative expenses	-199	-153	-571	-481	-649
Other operating expenses	0	0	0	0	-45
<b>Operating profit</b>	<b>-914</b>	<b>-701</b>	<b>-2 371</b>	<b>-2 249</b>	<b>-3 674</b>
Financial income	0	0	0	0	0
Financial expenses	-456	-736	-1 332	-1 796	-2 097
<b>Profit before taxes</b>	<b>-1 370</b>	<b>-1 437</b>	<b>-3 703</b>	<b>-4 046</b>	<b>-5 771</b>
Income taxes	0	0	0	0	0
<b>Profit/loss for the period</b>	<b>-1 370</b>	<b>-1 437</b>	<b>-3 703</b>	<b>-4 046</b>	<b>-5 771</b>
<b>Profit/loss attributable to:</b>					
Shareholders of the parent company	<b>-1 370</b>	<b>-1 437</b>	<b>-3 703</b>	<b>-4 046</b>	<b>-5 771</b>
Earnings/share (basic), eur	-0,01	-0,06	-0,02	-0,19	-0,14
Earnings/share (diluted), eur	-0,01	-0,06	-0,02	-0,19	-0,14
<b>Total comprehensive income for the period</b>	<b>-1 370</b>	<b>-1 437</b>	<b>-3 703</b>	<b>-4 046</b>	<b>-5 771</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent company	<b>-1 370</b>	<b>-1 437</b>	<b>-3 703</b>	<b>-4 046</b>	<b>-5 771</b>

# Consolidated statement of financial position

(unaudited)

1 000 EUR	30.9.2020	Adjusted 30.9.2019	31.12.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9 465	4 702	8 996
Consolidated goodwill	441	441	441
Other intangible assets	3 891	4 656	4 325
Available-for-sale investment	9	9	9
Non-current receivables	672	672	672
<b>Total non-current assets</b>	<b>14 479</b>	<b>10 480</b>	<b>14 443</b>
<b>Current assets</b>			
Inventories	831	739	833
Trade and other non-interest-bearing receivables	699	978	429
Cash and cash equivalents	221	2	7
<b>Total current assets</b>	<b>1 751</b>	<b>1 718</b>	<b>1 268</b>
<b>Total assets</b>	<b>16 230</b>	<b>12 199</b>	<b>15 712</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the parent company</b>			
Share capital	80	80	80
Other reserves	26 046	14 664	21 243
Retained earnings	-28 316	-22 632	-24 607
<b>Total equity</b>	<b>-2 190</b>	<b>-7 888</b>	<b>-3 284</b>
<b>Non-current liabilities</b>			
Non-current loans	7 247	5 349	4 934
Non-current subordinated loans	3 162	5 510	4 013
Other non-current liabilities	487	312	686
<b>Total non-current liabilities</b>	<b>10 896</b>	<b>11 172</b>	<b>9 632</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	3 267	2 493	3 723
Current subordinated loans	386	1 087	0
Trade and other payables	3 681	5 171	5 391
Current provisions	190	101	249
<b>Total current liabilities</b>	<b>7 524</b>	<b>8 853</b>	<b>9 363</b>
Liabilities directly associated with assets classified as held for sale	0	63	0
<b>Total liabilities</b>	<b>18 420</b>	<b>20 087</b>	<b>18 995</b>
<b>Equity and liabilities total</b>	<b>16 230</b>	<b>12 199</b>	<b>15 712</b>

Valoe recategorizes equipment that was previously incorrectly categorized in the balance sheet as part of its product development costs. The error has been corrected to the comparison figures 31 September 2019 reducing product development costs by EUR 4.0 million and increases the value of machinery and equipment by EUR 4.0 million, respectively. The cumulative effect of the adjustment for the financial year 2019 is EUR 4.1 million.

# Consolidated statement of cash flows

(unaudited)

1 000 EUR	1-9/2020	1-9/2019	1-12/2019
<b>Cash flow from operating activities</b>			
Income statement profit/loss before taxes	-3 703	-4 046	-5 771
Non-monetary items adjusted on income statement			
Depreciation and impairment	+ 871	1 134	1 699
Unrealized exchange rate gains (-) and losses (+)	+/- -1	2	2
Other non-cash transactions	+/- -451	-434	-130
Change in provisions	+/- -59	-206	-58
Financial income and expense	+ 1 333	1 794	2 095
<b>Total cash flow before change in working capital</b>	<b>-2 010</b>	<b>-1 755</b>	<b>-2 163</b>
<b>Change in working capital</b>			
Increase (-) / decrease (+) in inventories	1	-79	-56
Increase (-) / decrease (+) in trade and other receivables	-355	-375	17
Increase (+) / decrease (-) in trade and other payables	-309	260	-136
<b>Change in working capital</b>	<b>-663</b>	<b>-194</b>	<b>-174</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>			
Interest paid	-	209	168
Other financial items	-	439	53
Financial items and taxes	-648	-221	193
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>	<b>-3 321</b>	<b>-2 171</b>	<b>-2 144</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-	1 100	349
Acquisition of subsidiaries and other business units	-	1 062	0
Grants received	+	656	0
<b>NET CASH FLOW FROM INVESTMENTS</b>	<b>-1 506</b>	<b>-349</b>	<b>-3 090</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue	+	1 911	0
Financing arrangement with Bracknor Investment	+	1 271	500
Proceeds from non-current borrowings	+	2 022	960
Proceeds from current borrowings	+	539	1 943
Repayment of current borrowings	-	702	903
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5 041</b>	<b>2 500</b>	<b>5 219</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>	<b>214</b>	<b>-20</b>	<b>-15</b>

## Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2019</b>	<b>80</b>	<b>21 243</b>	<b>-24 607</b>	<b>-3 284</b>
Profit/loss for the period	-	-	-3 703	-3 703
Translation difference, comprehensive income	-	-	0	0
<b>Transactions with owners:</b>				
Sale of own shares - Winance	0	1 302	0	1 302
Share issues	0	3 689		3 689
Share issue expenses		-189	-	-189
Own equity component of the convertible bond	0	0	-6	-6
<b>30.9.2020</b>	<b>80</b>	<b>26 046</b>	<b>-28 316</b>	<b>-2 190</b>

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2018</b>	<b>80</b>	<b>11 804</b>	<b>-18 927</b>	<b>-7 044</b>
Profit/loss for the period	-	-	-4 046	-4 046
Translation difference, comprehensive income	-	-	0	0
<b>Transactions with owners:</b>				
Sale of own shares				
Bracknor Investment and Winance	0	886	0	886
Share issue	0	1 974		1 974
Own equity component of the convertible bond	0	0	341	341
<b>30.9.2019</b>	<b>80</b>	<b>14 664</b>	<b>-22 632</b>	<b>-7 888</b>

# Key figures

(unaudited)

1 000 EUR	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	371	86	1 130	210	328
Operating profit	-914	-701	-2 371	-2 249	-3 674
% of net sales	-246,4 %	-812,0 %	-209,8 %	-1071,3 %	-1118,9 %
EBITDA	-637	-398	-1 500	-1 115	-1 975
% of net sales	-171,8 %	-460,7 %	-132,8 %	-531,1 %	-601,4 %
Profit before taxes	-1 370	-1 437	-3 703	-4 046	-5 771
% of net sales	-369,4 %	-1665,0 %	-327,8 %	-1927,0 %	-1757,4 %
Balance Sheet value	16 230	12 199	16 230	12 199	15 712
Equity ratio, %	-13,6 %	-64,7 %	-13,6 %	-64,7 %	-21,1 %
Net gearing, %	neg.	neg.	neg.	neg.	neg.
Gross investments	171	165	1 452	552	4 767
% of net sales	46,2 %	191,6 %	128,5 %	262,8 %	1451,8 %
Research and development costs	361	356	829	1 177	1 873
% of net sales	97,3 %	412,0 %	73,3 %	560,8 %	570,3 %
Order book	16 591	17 351	16 591	17 351	17 187
includes Ethiopia	15 834	15 834	15 834	15 834	15 834
Personnel on average	40	24	35	24	26
Personnel at the end of the period	40	24	40	24	32
Non-interest-bearing liabilities	3 681	5 234	3 681	5 234	5 391
Interest-bearing liabilities	14 549	14 752	14 549	14 752	13 355
Share key indicators					
Earnings/share (basic)	-0,01	-0,06	-0,02	-0,19	-0,14
Earnings/share (diluted)	-0,01	-0,06	-0,02	-0,19	-0,14
Equity/share	-0,01	-0,34	-0,01	-0,37	-0,08
P/E ratio	-8,22	-1,80	-2,39	-0,59	-0,69
Highest price	0,08	0,25	0,10	0,80	0,80
Lowest price	0,05	0,09	0,04	0,09	0,07
Average price	0,06	0,12	0,07	0,19	0,15
Closing price	0,05	0,11	0,05	0,11	0,10
Market capitalisation, at the end of the period, MEUR	12,8	3,9	12,8	3,9	11,4

## Calculation of Key Figures

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

## Related party transactions

(unaudited)

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

The Group entered into the following transactions with related parties:

<b>1 000 EUR</b>	<b>1-9/2020</b>	<b>1-9/2019</b>	<b>1-12/2019</b>
<b>Sales of goods and services</b>			
Savcor Oy - production services	0	3	3
<b>Total</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Purchases of goods and services</b>			
SCI Invest Oy - rent	36	36	48
Basso J., business management services in Lithuania	110	0	0
SCI-Finance Oy - marketing and administration services	46	52	59
Savcor Technologies Oy - marketing and admin services	77	50	61
Savcor Oy - financial management services	7	5	8
Oy Marville Ab - legal services	0	8	8
Aurinkolahden Tilintarkastus Oy	4	0	0
Other	33	0	0
<b>Total</b>	<b>312</b>	<b>151</b>	<b>183</b>
<b>Interest expenses and other financial expenses</b>			
SCI-Finance Oy	87	77	112
Savcor Technologies Oy	67	249	292
Savcor Oy	10	30	28
SCI Invest Oy	1	0	0
Others	52	116	137
<b>Total</b>	<b>218</b>	<b>473</b>	<b>569</b>
Non-current convertible subordinated loan from related parties	461	1 662	415
Non-current other subordinated loan from related parties	141	2 011	1 160
Current convertible subordinated loan from related parties	0	698	0
Other current liabilities to related parties	455	657	565
Current interest payable to related parties	159	824	429
Trade payables and other non-interest-bearing liabilities to related parties	436	602	468
Trade and other current receivables from related parties	8	14	14

Savcor Face Ltd, Savcor Technologies Oy, Savcor Oy and SCI-Finance 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, Valoe's CEO.

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

Aurinkolahden Tilintarkastus Oy is a company under control of Tuomas Honkamäki, Valoe's Member of the Board.



**1 000 EUR** **1-9/2020** **1-9/2019** **1-12/2019**

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**Wages and remuneration**

Salaries of the management and Board

379

368

491

## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 30.9.2020</b>	<b>Fair value 30.9.2020</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	699	699
Cash and cash equivalents	221	221
<b>Financial liabilities</b>		
R&D loan, non-current	5 997	5 997
Non-current subordinated loan	3 162	3 162
Other non-current liabilities	1 737	1 737
Current subordinated loan	386	0
Convertible bond, current	20	20
Loans from financial institutions, current	1 140	1 140
R&D loan, current	495	495
Other loans, current	725	725
Other liabilities, current	886	886
Trade payables and other non-interest-bearing liabilities	1 490	1 490

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.

Other non-current and other current liabilities include EUR 1.0 million of liabilities arising from the IFRS 16 standard.

EUR 1.9 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, convertible bonds of EUR 0.02 million were overdue.

## Change in intangible and tangible assets

(unaudited)

<b>1 000 EUR</b>	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>31.12.2019</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>			
Carrying amount, beginning of period	13 762	10 381	10 381
Depreciation and impairment	-886	-1 134	-1 699
Acquisition of a subsidiary	0	0	3 433
Additions	1 452	552	998
Adoption of a new Standard (IFRS 16)	0	0	649
Disposals	-530	0	0
Carrying amount, end of period	<b>13 797</b>	<b>9 799</b>	<b>13 762</b>

The assets and liabilities of the contracts have been recognized in IFRS 16 leases and properties at the date of transition 1 Jan 2019.

# Commitments and contingent liabilities

(unaudited)

<b>1 000 EUR</b>	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>31.12.2019</b>
<b>Assets pledged for the company</b>			
Loans from financial institutions	425	475	450
Other liabilities	274	281	281
Promissory notes secured by pledge	3 405	4 700	4 700
<b>Operating lease liabilities</b>			
Payable within one year	667	299	500
Payable over one year	1 043	400	1 000