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**THE AUDITOR'S REPORT OF VALOE**

Valoe Corporation's Auditor has given the following Report for the company's Financial Statements for 2022 on 27 April 2020. The Auditor's report includes so called emphasis of matter relating to the material uncertainty related to going concern basis.

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

# Auditor's Report

To the Annual General Meeting of Valoe Oyj

***Report on the Audit of the Financial Statements***

**Opinion**

We have audited the financial statements of Valoe Oyj (business identity code 0749606-1) for the financial year 1 January – 31 December 2022. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Our opinion is consistent with the additional report submitted to the Board of Directors.

**Basis for Opinion**

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. We have not performed any other services than auditing to the parent company or to any Group companies.

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

**Material uncertainty related to going concern basis**

We would like to draw attention to the section *Accounting Principles for consolidated financial statements - The going concern assumption* where the company's management has presented the main issues to assess the risks related to the going concern assumption. The Group's profit for the period was EUR -7.7 million and the company's liquidity was weak. The above-mentioned events and conditions together with other matters disclosed in the notes, indicate a degree of material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion has not been qualified by the matters described above.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

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

| THE KEY AUDIT MATTER | HOW THE MATTER WAS ADDRESSED IN THE AUDIT |
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| **Going Concern**<br>During the financial year 2022, the parent company's and the Group's operating income has not developed as expected and the liquidity was still low at the end of the financial year. | Our audit procedures comprised evaluation of the company's cash flow forecast, order book and sufficiency of the financing. In addition, we evaluated with company representatives about the future development and outlook of the company's operations.<br><br>The company's ability to continue as a going concern is dependent on the development of its operations |

The consolidated cash flow from operating activities was negative in the financial years 2021 and 2022.

Based on the assessment presented in the Financial Statements and Directors' Report, management of the company and the Board of Directors believe that the going concern basis is appropriate in preparing the financial statements.

In the notes to the financial statements and in the Report of the Board of Directors, the management and the Board of Directors have highlighted facts and circumstances to assess the going concern risk.

and cash flows and on the company's ability to secure new funding.

At the beginning of 2023, the company secured a financing facility that provides additional funding also for 2023. The company has also been negotiating new financing arrangements and commercial agreements during the spring of 2023. In the opinion of the company's management, these ensure the continuity of operations.

Going concern is a risk of material misstatement under Article 10(2)(c) of EU Regulation 537/2014.

**Capitalised development costs, EUR 1.8 million (refer to Accounting Principles for consolidated financial statements and notes 6 and 12) (refer to Accounting, measurement and accrual principles for the parent company financial statements and note 12)**

At the balance sheet date of 31 December 2022, the capitalised development costs were carried at EUR 1.8 million, which accounted for 12 per cent of the consolidated total assets. The capitalized development costs of the parent company totaled EUR 2.1 million, representing 12 per cent of the parent company's total assets.

As part of the accounting for development costs, management is required to exercise judgment and make assumptions that affect carrying values and amortisation methods.

Development costs have been tested for possible impairment. Valoe determines the recoverable amounts in impairment testing based on value in use. Value in use is calculated on discounted cash flow forecasts. Determination of key assumptions underlying the forecasts requires management's judgement. The consideration is related to, e.g., income expectations, the market interest rate used for discounting and the interest rate on borrowings. Due to management's judgment related to the used forecasts, uncertainty estimation, and the significance of balance sheet values, capitalized development

We assessed the composition of development costs and the capitalization criteria applied, original project plans and discussed the changes in plans with the company's management. Our audit procedures also included agreeing the non- current asset register to the general ledger, assessing the appropriateness of the amortisation methods and testing amortisation accounting.

In addition, we discussed with company representatives how development costs are monitored and accounted for, assessed amortization and its timing.

We analysed management estimates and assumptions, upon which future cash flow forecasts are based. The valuation of development costs is significantly affected by the discount rate used by management in its calculations and the future development of

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| costs are a key consideration in the audit. | the business.<br><br>We performed audit procedures to examine the technical accuracy of the calculations.<br><br>Furthermore, we considered the appropriateness of the disclosures provided in respect of developments costs and impairment testing.<br><br>Valuation of development expenditure is a risk of material misstatement under Article 10(2)(c) of EU Regulation 537/2014. |

**The measurement of the assets relating to the Lithuanian factory, EUR 7.0 million (refer to the Notes 14 and 15 to the Parent Company Income Statement)**

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| At the balance sheet date of 31 December 2022, the the parent company's balance sheet included EUR 5.1 investment in the shares of UAB Valoe Cells, the parent company's subsidiary. In addition, the parent company's balance sheet included a total of EUR 1.9 million receivables in the non-current and current receivables. Together, these assets represent 40% of the parent company's balance sheet.<br><br>The company has made financially and commercially significant investments to establish cell production at the Lithuanian plant. As the company's Board of Directors has pointed out in the item "Risks related to financial position and financing " of the Directors' report, general global economic uncertainty and international shortages of materials and components have delayed the start-up of the Lithuanian plant.<br><br>These risks related to the business environment and the general development of the global economy may continue to affect the production and profitability of the Lithuanian plant in the future. | We assessed the management's plans and forecasts relating to the Lithuanian plant. In addition, we have reviewed the processes, financial situation and controls related to the operations of the Lithuanian plant and subsidiary.<br><br>According to management's assessment, demand for solar cell production capacity is expected to remain high in the future, which will reduce the impairment risk on these balance sheet items.<br><br>The valuation of balance sheet items related to the Lithuanian factory is a risk of material misstatement under Article 10(2)(c) of EU Regulation 537/2014. |

### Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

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

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

**Auditor's Responsibilities for the Audit of Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

## OTHER REPORTING REQUIREMENTS

### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 17 February 2020, and our appointment represents a total period of uninterrupted engagement of three years.

### Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

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

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

In Hämeenlinna 27 April 2023

AUDITUS TILINTARKASTUS OY

Public Accountants

*Mikko Riihenmäki*

*Authorised Public Accountant, KHT*

In Mikkeli 27 April 2023

Valoe Corporation

Board of Directors

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Valoe Corporation specializes in the clean energy, especially in photovoltaic solutions. Valoe provides automated production technology for solar modules based on the company's own technology; production lines for modules; solar modules and special components for solar modules. Valoe's head office is located in Mikkeli, Finland.