

VALOE CORPORATION'S BUSINESS REVIEW JANUARY – MARCH 2024

THE FIRST QUARTER IN BRIEF

Financial Situation

In January - March 2024, the net sales of Valoe Group, under the IFRS standards, were EUR about 0.1 million (in 2023 EUR 0.4 million). The EBITDA was about EUR -0.5 million (EUR -0.9 million), the EBIT was ca. EUR -0.8 million (EUR -1.3 million), and the profit for the period was ca. EUR -1.1 million (EUR -1.9 million). At the end of the reporting period, Valoe Group's equity ratio including capital loans was -41.3 percent (-14.7 %).

	1-3/2024	1-3/2023	1-12/2023
Net sales	101	412	1 108
EBITDA	-457	-905	-3 218
Operating profit	-848	-1 320	-4 779
Profit for the period	-1 082	-1 871	-6 776

On 5 December 2023, Valoe filed an application for restructuring proceedings and amended its application on 10 January 2024. The District Court of Pohjois-Savo decided on the commencement of the restructuring proceedings of Valoe Corporation on 22 January 2024.

Mr Pekka Jaatinen, Attorney, ("Administrator") submitted his preliminary report in accordance with the Restructuring of Enterprises Act on 22 February 2024. The Administrator's preliminary report concludes that the Company's business has potential that can be rehabilitated through the restructuring proceedings. The Administrator is of the opinion that the continuation of the Company's restructuring proceedings will require finding a financing solution for the duration of the proceedings. In the Administrator's preliminary view, an enforceable restructuring programme can be prepared for the Company, provided that the Company finds a financing or ownership solution to secure its operating conditions for a longer period of time. On 19 April 2024, Valoe disclosed that it has secured funding for the duration of the restructuring proceedings, and the company is actively negotiating long-term financing and ownership arrangements with several parties.

The Administrator must submit a draft restructuring programme by 14 June 2024.

In a challenging financial situation, the company has continued temporary layoffs in accordance with the outcome of the change negotiations run in January 2024.

Despite Valoe's difficult situation, the company's customers have shown their support and the company's projects with key customers are continuing as normal.

Trading in the company's shares has been suspended since 5 December 2023, which continues as per the date of this Review.

MANAGING DIRECTOR IIKKA SAVISALO'S REPORT

Following a delay in the financing negotiations at the end of 2023, we commenced cutting operational costs sharply to reduce working capital needs. However, in December 2023, we had to file an application for restructuring. Our limited resources are now focused on serving the most promising client relationships. These include major accounts in the automotive industry and projects in the electronics and space industry. Despite the fact that our clients are aware of the restructuring proceedings and related challenges, we have not lost any major projects or accounts.

We are actively negotiating with a number of domestic and foreign investors on financing solutions to facilitate a restructuring programme that supports the future of the company. The aim is to finalise the programme during June. If a programme such as the one envisaged now is approved once completed, both our profit and loss account and, especially, our balance sheet will change significantly.

VALOE'S FUTURE OUTLOOK

In recent years, there have been significant development in the solar energy market. Mainly the Chinese solar panel manufacturers are well established and dominate the power plant market thanks to their price competition which seems almost unbeatable. We do not expect this situation to change substantially in the coming years. The simple geometry of solar panels used in power plants has made it possible to significantly increase the size of solar cells and hence the size of solar panels. In this market, the companies that seem to be the most successful are those who, with large capital investments, can continuously exploit the latest larger cell sizes the fastest. Successful companies also require larger and larger production runs to compete. This kind of operating environment is not favourable for Valoe. Since 2017, Valoe has mainly focused on projects where it can best utilize its strengths which are almost the opposite of mainstream manufacturers. Electricity conduction based on a circuit board and surface mounting technology (Conductive Back Sheet) enable efficient transition to smaller cell sizes, new material choices, and complex geometries. Valoe calls such solutions OddForm® panels.

Valoe's Competitive Advantage and Outlook for 2024

In 2024, we have reoriented our resources to give our most important customers more attention, while reducing our costs. During the first months of the year 2024, Valoe has been working with several well-known automotive suppliers on several projects aiming for mass production in the automotive industry. The company has also signed an agreement with an established electronics brand in its field to manufacture a very small solar energy component to be used as an additional power supply for consumer electronics products. Consumer electronics products are characterised by a very short time from prototype to mass production. Close collaboration has continued with a major space technology company who is aiming to produce an innovative solution for powering constellation satellites.

We believe Valoe's technology and development path choices have been the right ones. With the next-generation solar energy solutions, Valoe will have an opportunity to become a major operator in its chosen customer segments. The desirability of the technology is demonstrated in the commitment of Valoe's customers to continue and even accelerate their cooperation with Valoe despite Valoe's difficult financial situation. Valoe is now focusing on a small number of projects where the company sees significant market potential. The company's goal is to sign the first mass production agreements with its current customers

during the 2024 financial year. The first mass production projects are expected to begin at the beginning of 2025.

Market Guidance

Valoe will not disclose any market guidance for the financial year 2024 due to the restructuring proceedings.

RISKS AND UNCERTAINTIES

Valoe's most significant risk is securing the necessary financing and its sufficiency. Restructuring proceedings were commenced at Valoe on 22 January 2024. The Administrator's preliminary report concludes that the company's business has potential that can be rehabilitated through the restructuring proceedings, however, the company's restructuring proceedings will require finding a financing solution for the duration of the proceedings. In addition, the company should find a financing or ownership solution to secure its operating conditions for a longer period of time. The Board of Directors of Valoe Corporation has discovered that the company has negative equity and has filed a notice of the loss of share capital with the Finnish Trade Register on 27 May 2024. If the company fails to secure the necessary financing, the restructuring proceedings may have to be suspended and the company may be declared bankrupt.

The statements and projections in this Review and in Valoe's strategy are targeted to the future and based on the management's current estimates. Therefore, they involve risks and uncertainty by their nature and may be affected by changes in the general financial situation and in Valoe's and its customers' business environment.

The risks related to the company's financial position, financial needs and other risks are described in more detail in the Annual Review published on 28 April 2024, which is available on the company's website at www.valoe.com.

The company's annual general meeting will be held by the end of June 2024.

In Mikkeli, 29 May 2024

Valoe Corporation
Board of Directors

Further information:

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