

## VALOE CORPORATION'S FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2022

The first product development and industrialisation work with customers in the automotive industry is in its final stages. However, as the mass production contract with Sono Motors GmbH (Sono) and the related machinery and equipment orders were postponed beyond the year-end, the turnover for the financial year 2022 remained still modest. We increased our resources to meet future needs, which, together with significant product development investments, increased the loss for the financial year.

As of the date of this release, Sono has not yet confirmed the start of mass production of Sion, Sono's self-charging solar electric car. According to Valoe's assessment, there are no changes to the plans and Valoe has continued its investments in the Sion project as planned.

Our strategy to focus on Vehicle Integrated Photovoltaics (VIPV) started to materialize during the financial year 2022. Almost all our turnover, around 90%, came from orders from the automotive industry, primarily from Sono. In 2021, the corresponding share was around 87%. Almost all our new orders were for vehicle integrated solar applications. In 2023, we will continue to focus on this customer group and expect our growth to be related to vehicles.

During the financial year 2022, our net sales were about EUR 1.3 million and the profit for the financial year was EUR -7.7 million.

### THE FOURTH QUARTER OF 2022 IN BRIEF

In the last quarter of 2022, the net sales of Valoe Group, under the IFRS standards, were EUR 0.4 million (in 2021: EUR 0.5 million). The EBIT was EUR -1.7 million (EUR -0.6 million), the profit for the period was EUR -2.3 million (EUR -1.0 million), and the EBITDA EUR -1.2 million (EUR -0.2 million).

In the fourth quarter, we continued our preparations for the Sion project, Sono Motors' self-charging solar electric car. At the beginning of the reporting period, we expected to sign a mass production contract for the project and to receive related machinery and equipment orders before the end of the financial year 2022. However, the orders were delayed. After learning about the postponement of the orders, we lowered Valoe Group's market guidance and estimated the revenue to remain at EUR 1.2-1.4 million. After the end of the reporting period, the project and the mass production contract negotiations have continued, and we expect to reach an agreement during the first quarter of the current financial year.

At the time of writing this Financial Statement Release, Sono has not officially announced the continuation of its Sion project. According to Valoe's assessment, there will be no changes to the plans and Valoe has continued its investments in the Sion project as planned.

Our working capital situation remained tight. On 10 August 2022, we issued a convertible bond 2/2022, the subscription period for which expired at the end of the reporting period. The convertible bond 2/2022 was

subscribed for a total amount of EUR 1.7 million. EUR 0.8 million of the subscriptions were made in new cash investments and EUR 0.9 million was paid by setting the subscription price off against the subscribers' indisputable receivables from the company.

## THE YEAR 2022 IN BRIEF

In 2022, our focus was mainly on vehicle applications.

The project for Sion, Sono Motors' self-charging solar electric car, progressed, and in July 2022 we signed a contract for the final testing and approval of the solar cell assemblies for Sion's mass production. We assume Sono Motors' Sion project to continue and expect to reach an agreement with Sono for mass production and machinery and equipment deliveries in the first quarter of 2023.

Development collaboration, which started with Simoldes Plásticos S.A. at the end of 2021, for the design, development, prototyping and production of a photovoltaic car roof for a major European car manufacturer continued. After Valoe achieved the objectives set for the project, the parties started negotiations on the continuation of the project and establishing mass production capability to meet the end customer's needs. Valoe expects the negotiations to lead to a positive outcome during the first quarter of financial year 2023.

The development cooperation started with the Swedish electric vehicle manufacturer Clean Motion AB in 2021 continued. The customer launched its new EVIG vehicle including Valoe's solar system to its own customers in October 2022. Valoe expects the project to move towards mass production phase during the financial year 2023. The first orders for production series are expected in the first quarter of the financial year 2023.

In November 2021, we signed an agreement with a German company called Neuber GmbH for the development, prototyping, pre-production, and mass production of a vehicle integrated PV System. The project has not yet started as agreed. Valoe does not expect the project to generate significant cash flow in the near future.

We agreed on a product development project with Eker Design ("Eker"), a Norwegian company belonging to the Eker Group, in March 2022. The project's planned start has been delayed but the project is expected to go ahead in 2023.

In October 2021, we signed a contract with ICON Advanced Co. Ltd on delivering a solar module factory in Saudi Arabia. Preparations for the project have taken longer than expected but are still ongoing. Valoe estimates the project to progress to the delivery phase in 2023. It is difficult to estimate a more precise timetable at this stage.

The road freight sector is striving to reduce emissions from transport. In 2022, we continued our product development for integrating photovoltaics into refrigerated transport. After the end of the reporting period, we made a breakthrough and, as disclosed on 26 January 2023, we signed a contract with TIP Group for integrating Valoe solar systems onto refrigerated trailers managed by TIP. The intention of the contract is to equip hundreds of trailers by the end of 2025. The value of the agreement is approx. 20 M€ by the end of 2025 provided the mutually accepted KPIs are met. The project has had a good start and we aim to deliver the first solar-powered trailer to the customer at the end of the first quarter of the financial year 2023.

In addition to road transport, developing photovoltaic applications for boats and ships is part of our strategy. We are also in discussions with several major customers to develop various next-generation solar

power applications for consumer markets, building materials, defence industry, and space applications, among others.

In line with our strategy, we invest heavily in product development. In May 2022, the EU granted funding for the project IBC4EU, in which Valoe Oyj and UAB Valoe Cells are partners. The new project is part of Horizon 2020 programme. Our task in the project is to develop sustainable production methods for efficient PV modules. The project lasts for 36 months and its budget totals approximately EUR 17 million. The EU will pay us our share of the project in the form of a grant, totalling around EUR 2.2 million. Valoe's share of the grant is about EUR 0.9 million and Valoe Cells' share is about EUR 1.3 million.

The working capital situation was tight throughout the reporting period. In addition to customer financing, we raised funding through two convertible bonds. The Convertible Bond 1/2022 issued in April 2022 was subscribed for a total of EUR 0.7 million. The subscriptions were made in new cash investments. In August 2022, we issued the Convertible Bond 2/2022 which was subscribed for a total of EUR 1.7 million. Out of the approved subscriptions, EUR 0.8 million are new cash investments and EUR 0.9 million was paid by setting the subscription price off against the subscribers' indisputable receivables from the company. The receivables included the EUR 0.7 million Convertible Bond 1/2022 issued by the company earlier this year, which was entirely converted to the new Convertible Bond 2/2022.

During the reporting period, we also raised funding from the financing agreement with RiverFort Global Opportunities Pcc Limited and the final tranche of the financing agreement signed with Winance in 2020.

More detailed information on financing arrangements can be found in the "Financing" section of this Financial Statement Release.

## MAJOR EVENTS AFTER THE REPORTING PERIOD

In January 2023, we and TIP Group signed a contract for integrating Valoe solar systems onto refrigerated trailers managed by TIP. The intention of the contract is to equip hundreds of trailers by the end of 2025. The value of the agreement is approx. 20 M€ by the end of 2025 provided the mutually accepted KPIs are met.

In January 2023, we, on the basis of the share issue without consideration to the company itself resolved by the company on 21 September 2022, subscribed a total of 30,000,000 new shares directed to it. The share subscription is conducted to implement a part of the company's financing arrangements. The new shares were registered in the trade register on 1 February 2023 and listed on the stock exchange list of Nasdaq Helsinki Ltd on 3 February 2023. After the registration of the new shares in the trade register, the total number of the shares in the company is 448,359,195 shares.

In February 2023, we signed a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 5,000,000 in convertible loan notes (the "Convertible Notes") that will be accompanied by share subscription warrants (the "Warrants") (the agreement, the Convertible Notes and the Warrants hereinafter referred to collectively as the "Arrangement"). We will use the funding as working capital and, in addition, to pay down the debt to Riverfort Global Opportunities Pcc Limited by approximately one million euro. Under the Arrangement, Valoe issues Convertible Notes to Winance. The Convertible Notes may be drawn down so that the first tranche amounts to EUR2,000,000, after which the Convertible Notes may be drawn down in maximum of 6 sequential tranches of EUR 500,000 each (the first tranche and the subsequent Tranches, each "Tranche") during a period of 24 months from the drawdown of the first Tranche provided that the preconditions for each Tranche are met. Winance has the right to

convert each Tranche into the Company's newly issued or treasury shares. In addition, Winance will receive Warrants stripped from the Convertible Notes at the drawdown of each Tranche. The Warrants entitle Winance to subscribe to additional shares of the Company with a subscription price described in the Characteristics of the Warrants. The Company has an obligation to draw down the first Tranche of EUR 2,000,000 and a minimum of two sequential Tranches of the Convertible Notes, i.e., a total minimum of EUR 3,000,000. The remainder of the Convertible Notes, a total of four Tranches of EUR500,000 totalling EUR 2,000,000, may be drawn down by the Company at its discretion.

## MARKET GUIDANCE

At the time of disclosure of this Financial Statement Release, Valoe is negotiating several supply agreements, the most significant of which is the mass production agreement being negotiated with Sono. Negotiations are still ongoing. For this reason, Valoe does not yet disclose market guidance for 2023.

Once the ongoing negotiations are resolved, Valoe will publish market guidance on the development of its turnover and results for 2023.

## MANAGING DIRECTOR'S REPORT

In the financial year 2022, Valoe continued to focus on supplying VIPV systems. During the financial year 2022, approximately 90% of Valoe's turnover was generated from the sale of products and services to the automotive industry (in 2021 about 87%).

### **We Are a Solar Integrator**

We are a solar power implementor and integrator for our customers in the automotive industry. We offer our customers a full service: pre-designing the application, developing the solar product, designing the manufacturing technology and the machinery and equipment needed to produce the modules. We build the machines and, if necessary, manufacture the solar products and integrate them into our customer's products. The business model we have chosen is always intended to lead to a permanent and long-term customer relationship. The long-term approach also fits in with the prevailing operational mode of our target customer group, the automotive industry.

A major part of the turnover for the financial year 2022 came from the early stages of our service concept, i.e., product development projects. Almost all our product development contracts include a plan for our customers to move from a successful product development phase to industrial production of the PV system and to integrate the solar system into the customer's product. Typically, during the industrialisation phase, we design a production engineering solution for our client, including the equipment needed to manufacture the product. With our know-how and knowledge in robotics and automation, we also build, test, and supply the required special equipment. Production starts at our or at a customer's designated production facility.

We are determinedly moving forward with our concept and believe it will work. Throughout the financial year, we have been conducting product development for several of our customers, with whom we are now negotiating to supply production technology. We believe some of these negotiations will lead to a positive outcome during the financial year 2023. The value of such contracts varies between five and fifteen million euros. After the industrialisation phase, we aim to conclude a contract with the customer for mass production or, if the production volume exceeds our resources, for licensing the technology. Typically, for

example, in the automotive industry, the annual production volume of a single mass-produced car model is about 30,000 to 200,000 units.

## **We Aim for High Value Added and Good Profitability**

If our products and services meet the quality requirements and other needs of the highly competitive automotive industry, and our total service package adds value to our customers in terms of product integration, we believe we can sell VIPV solutions with a significantly higher value added than conventional applications. In addition to photovoltaics, we have expertise in materials technology, electronics and programming creating synergy with which our VIPV business will be significantly more profitable than our conventional module business.

## **Traditional Modules and Cell Sales in Our Strategy**

We have reassessed our strategy for conventional solar modules. We will focus more on offering OEM products and supplying products that differ from the mass market to new types of customers. In such segments, we aim to increase the replicability of our products and reduce the number of project deliveries. During the financial year, we supplied hardly any Chrystal or Chrystal Twin panels for roof and ground installations in larger power plants.

We no longer offer IBC cells to the mass market, where the price is usually the main criterion for choosing the product. We create added value by selling our cells integrated in assemblies reducing the number of in-house processes of our customers. This allows us to differentiate ourselves from our competitors and create real added value for our customers without compromising the profitability of our deliveries. According to our current view, we will soon need to increase the capacity in our cell factory. The timing of the investment will depend not only on the progress of the Sono Motors' Sion project, but also on the progress of our other customers' plans.

## **OPERATING ENVIRONMENT AND MARKET SITUATION**

In recent years, rising raw material and international transport prices as well as a global shortage of components, have reshaped the solar energy market worldwide. This creates significant risks to delivery times increasing prices for all products and extending delivery times.

We still believe the volume of locally produced solar modules will increase remarkably in the coming years. The world's shift from globalisation back towards trade protectionism will provide us significantly better playing field. The EU's and the US' efforts to reduce China-dependence in a strategically important industry such as solar are already clearly reflected in our operating environment. Despite its small size, Valoe is one of Europe's leading developers of photovoltaic applications. Valoe is still the only European company that has expertise not only in module design and manufacturing but also in cell and production technology.

During the current financial year 2023, we aim to increase our activities in the US. We have received an increasing amount of promising enquiries, particularly from the US. We believe some of them will lead to orders in the near future. The US has been behind Europe in applying solar energy to non-consumer applications. The desire to catch up, coupled with restrictions on Chinese imports, is creating an attractive market for, e.g., Valoe's technology.

Our activities in both technology development and manufacturing are based on our expertise in materials technology, our knowledge of laser technology and its versatile use, and our experience as a global supplier of industrial automation and robotisation applications.

Valoe is still one of the few experts in the back contact technology. Our adaptable conductive back sheet based manufacturing technology and our own cell and module factories give us the capability to act as a technology partner for the industrialisation of new products, and possibly later as a manufacturing partner.

## VALOE'S STRATEGY

We have defined that our 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 the entire humanity. Solar energy is silent, odorless, and the cleanest form of energy. We think that solar electricity should be generated as close as possible to where it is used. Furthermore, solar energy contributes to halting climate change and minimizing the carbon footprint of energy production.

Our strategy is based on the fact that the limitations of solar energy utilization will be resolved in the future, and we will play our part in solving this. We compete in global markets. We follow closely research and development related to our business and adapt applicable technologies to our product concepts. Our solutions are mainly based on our expertise and technologies, which we have developed with leading experts and research institutes. One example of the practical implementation of our strategy is our key role in the HighLite and later in the IBC4EU project in the European Union's Horizon program. We cooperate with leading research institutes and companies to improve Europe's competitiveness by developing photovoltaic applications.

Valoe is an active solar power promoter. In the future, we will contribute to the global development of batteries and hydrogen-based storage applications. Valoe's technology partners play key roles in the development worldwide.

Our focus for 2022 was on VIPV applications. The experience further confirmed our view that our choice was right. Transport is changing and electrifying. We want to bring solar electricity as close as possible to the point where it is used. In vehicles, this often means integrating solar modules into the car bodies.

## FINANCIAL RESULT

Valoe Group's cumulative net sales for the financial year 2022 were about EUR 1.3 million. The net sales for 2022 originated mainly from cooperation with electric vehicle manufacturers for developing self-charging vehicles.

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2021 unless stated otherwise.

October - December 2022:

- Valoe Group's net sales were EUR 0.4 million (In 2021: EUR 0.5 million).
- EBITDA was EUR -1.2 million (EUR -0.2 million).
- Operating profit was EUR -1.7 million (EUR -0.6 million).
- Profit for the period was EUR -2.3 million (EUR -1.0 million).



January – December 2022:

- Valoe Group's net sales decreased by about 39 per cent to EUR 1.3 million (In 2021: EUR 2.1 million).
- EBITDA was EUR -3.9 million (EUR -1.6 million).
- Operating profit was EUR -5.6 million (EUR -3.2 million).
- The profit before taxes was EUR -7.7 million (EUR -4.8 million).
- Profit for the period was EUR -7.7 million (EUR -4.8 million).
- Undiluted earnings per share were EUR -0.02 (EUR -0.02).
- Diluted earnings per share were EUR -0.02 (EUR -0.02).

Cash flow from business operations before investments in January – December was EUR -1.6 million (EUR -4.4 million). Trade receivables at the end of the reporting period were EUR 0.2 million (EUR 0.8 million). Net financial items amounted to EUR 2.1 million (EUR 1.6 million). At the end of December, the equity ratio of Valoe Group was -42.0 per cent (-6.0 %) and equity per share was EUR -0.016 (EUR -0.003). The equity ratio including capital loans was -8.6 per cent (12.0 %). At the end of the reporting period, the Group's liquid assets totalled EUR 0.2 million.

## FINANCING AND SHARE ISSUES

In April 2022, we issued a subordinated convertible bond 1/2022 of EUR 3.0 million at the most. The subscription period of the convertible bond was discontinued on 10 August 2022. The convertible bond 1/2022 was subscribed for a total of EUR 0.7 million. The subscriptions were made in new cash investments. The convertible bond 1/2022 was entirely converted into the convertible bond 2/2022 Valoe issued on 10 August 2022.

On 10 August 2022, we issued a new, subordinated convertible bond 2/2022 of EUR 3.0 million at the most to strengthen Valoe's working capital situation and capital structure and to prepare for the orders it expects from the automotive industry. The convertible bond 2/2022 was subscribed for a total of EUR 1.7 million. Out of the approved subscriptions, EUR 0.8 million are new cash investments and EUR 0.9 million was paid by setting the subscription price off against the subscribers' indisputable receivables from the company. The receivables included the convertible bond 1/2022, totaling EUR 0.7 million, which was entirely converted to the new convertible bond 2/2022.

In September 2022, we, on the basis of the share issue without consideration to the company itself resolved by the company on 2 December 2021 ("Share Issue I"), subscribed a total of 5,000,000 new shares directed to it ("Subscribed Shares I"). On the basis of the Share Issue I, resolved by the company on 2 December 2021, the company had previously subscribed a total of 25,000,000 shares. Further, we resolved on the issuance of a maximum of 50,000,000 new shares ("New Shares") to the company itself without consideration ("Share Issue II") thus that the subscription period for the New Shares commenced immediately and shall end on 15 September 2023. The Share Issue II is conducted to implement company's financing arrangements. We subscribed a total of 20,000,000 New Shares directed to it in the Share Issue II ("Subscribed Shares II"). The Subscribed Shares I and II were registered in the trade register on 29 September 2022 and listed on the stock exchange list of Nasdaq Helsinki Ltd on 30 September 2022. After the registration of the Subscribed Shares I and II, totalling 25,000,000 shares, in the trade register, the total number of the shares in the Company is 418,359,195 shares. The new shares are of the same class as the Company's other shares and entitle to the same shareholder rights as the Company's old shares after their registration.

Valoe Corporation has been cooperating with ISC Bioheat Oy with Matts Kempe as the company's CEO in sales and marketing since 2019. We paid ISC Bioheat Oy a total fee of EUR 58,664.93 for 2021 in Valoe

shares and transferred a total of 642,436 treasury shares to ISC Bioheat as disclosed on 31 March 2022 and 6 July 2022. In addition, we paid ISC Bioheat a total fee of EUR 8,621.25 for the first half of 2022 in Valoe shares in October 2022 and transferred a total of 142,024 treasury shares to ISC Bioheat.

During the reporting period, we drew a total of EUR 0.3 million from the financing agreement signed with RiverFort Global Opportunities Pcc Limited in July 2021. We have drawn a total of EUR 4.05 million from the financing agreement by the end of the financial year 2022, of which we have repaid a total of EUR 2.33 million by the date of this Financial Statement Release.

Under the financing arrangement between Valoe and Winance announced in April 2020, we disbursed the last loan tranche of EUR 750,000 in March 2022. The loan disbursed under this financing arrangement has been fully converted into shares in the company.

After the reporting period, in February 2023, we signed a new convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 5,000,000 in convertible loan notes and drew down the first tranche of EUR 2 million. Our current estimate is that we have sufficient financial commitments available to finance our operations and to make the necessary investments for the next 12 months.

Financing can limit our growth. If any major car manufacturer were to order a photovoltaic application for any of its cars, it would mean significant investments already this year at both our module and cell factories. We have already discussed with several parties how to arrange funding in such a situation. Valoe's financial and other risks have been handled in this Report's item "Risks and Uncertainties".

## 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. The importance of research and development for Valoe is well illustrated by the human resources allocated to research and development. Valoe Group employs 58 people, out of whom 30 work on the company's product development projects in Finland and Lithuania.

During recent years, the focus of our research and development has been on the IBC cell technology. In May 2022, the EU commission chose us as one of the leading European companies to develop new technology to reduce European CO2 footprint more effectively. The EU granted funding for the three-year project IBC4EU, in which Valoe Oyj and UAB Valoe Cells are partners. The project is the logical continuation of the Horizon 2020 project Highlite Valoe is partnering in 2019 -2023. The new project commenced in the autumn 2022 and lasts for three years. The project budget is approximately EUR 17 million, Valoe's part of the grant is approximately EUR 0.9 million and Valoe Cells's approximately EUR 1.3 million. The target of the project is to develop and demonstrate at a pilot line level cost-competitive and sustainable industrial production of IBC based PV products along the value chain from ingots and wafers to solar cells and modules in Europe. In the IBC4EU project, Valoe's task is to implement the innovations in the development of cells and modules and their production methods.

Many technologies we have been developing for a long time are nearing the commercialisation stage. A good example is the previously announced project with the TIP Group to integrate solar electricity onto refrigerated trailers. We believe that in 2023 we will bring to market several innovations to harness solar power in new environments.

Over the past years, we have created a global partner network to support our research and development.



With the partners, we develop products and technology to implement the next phase of our growth strategy. The development and technology transfer collaboration with ISC Konstanz has been steadily deepening. ISC Konstanz is one of the leading solar energy research institutes in Europe.

We protect our innovations in every critical geographical area. In addition to our previous patents, we prepared several inventions based on our research for patenting during the financial year.

The Group's research and development costs amounted to EUR 2.9 million (EUR 2.0 million) during the reporting period.

## INVESTMENTS

Gross investments in the continuing operations during January – December period amounted to EUR 1.3 million (EUR 1.7 million). The investments on the reporting period were mainly in equipment. As our business grows, we expect our investments to increase sharply already during the current financial year, depending on the availability of required funding.

## PERSONNEL

At the end of December 2022, the Group employed 58 (52) people, out of which 19 (19) employees worked in Lithuania and the rest in Finland. During the reporting period, the Group's salaries and fees totalled EUR 2.4 million (EUR 2.1 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 418.359.195. The company has one series of shares, which confer equal rights in the company. On 31 December 2022 Valoe had 24,758,606 treasury shares.

The company had a total of 16,442 shareholders at the end of December 2022, and 3.6 per cent of the shares were owned by foreigners. The ten largest shareholders held 37.4 per cent of the company's shares on 31 December 2022.

## The largest shareholders on 31 December 2022

1	SAVCOR TECHNOLOGIES OY	29.298.067	7,0
2	VALOE OYJ	24.758.606	5,9
3	NEFCO	23.148.148	5,5
4	SAVISALO IIKKA	17.811.158	4,3
5	SAVISALO HANNU	12.021.735	2,9
6	OLLILA JORMA	11.053.417	2,6
7	APTEEKKIEN ELÄKEKASSA	10.550.000	2,5
8	JOENSUUN KAUPPA JA KONE OY	9.622.527	2,3
9	KAKKONEN KARI	9.447.777	2,3
10	JOCER OY AB	8.750.000	2,1
	OTHERS	261.897.760	62,6
	TOTAL	418.359.195	100,0

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 67.305.360 shares in the company on 31 December 2022, representing about 16.1 per cent of the company's shares. At the end of the period Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 55.015.947 shares in the company.

The price of Valoe's share varied between EUR 0.03 and 0.13 during the January – December period. The average price was EUR 0.07 and the closing price at the end of December EUR 0.03. A total of 235.7 million Valoe shares were traded at a value of EUR 15.7 million during the January – December period. The company's market capitalization at the end of December stood at EUR 12.6 million.

## SHARE ISSUE AUTHORIZATIONS IN FORCE

The company has a share issue authorization in force granted by the Annual General Meeting 2022 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, could increase by a 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. 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, 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 2023.

By the date of this Report the Board of Directors has resolved on issues of a total of 149,707,839 shares based on the authorization.

## RISK MANAGEMENT, RISKS AND UNCERTAINTIES

Valoe's Board of Directors is responsible for controlling the company's accounts and finances. The Board is responsible for internal control, while the President and CEO handle the practical arrangement and monitor internal control efficiency. 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 the financial situation of Sono Motors GmbH

Sono Motors N.V. (SEV, Sono), listed on Nasdaq New York, has disclosed a release stating that Sono will not have sufficient funds to begin mass production of its self-charging Sion solar electric vehicle unless financing is secured by 28 February 2023. If Sono decided to stop or cancel its Sion project, and no one else wanted to proceed, the cash flows Valoe had estimated to receive from Sono would be delayed or, in the worst case, cancelled. According to our estimates, this would postpone the turnaround of Valoe's business to profitability by about a year and significantly increase Valoe's financing needs. Although we have signed a new EUR 5 million financing agreement with Winances after the end of this reporting period, and although the agreed financing is sufficient to guarantee Valoe's continued operations at the current scale for the next 12 months, the additional financing required for the expected growth in operations should be secured well before the end of the financial year 2023.

### Risks Related to Financial Situation and Financing

The cash flow from our operations is still low and is not sufficient to cover our investments. Production volumes at the Lithuanian solar cell plant are still low, but the quality is already meeting our targets. The number of our customer deliveries are increasing all the time. Difficulties in raw material supply and the low level of our working capital funding may further hamper the increase in solar cell production volumes, which could have a material adverse effect on the company's results and/or financial situation.

The Covid-19 pandemic continued to hamper operations in 2022. In particular, Covid-19 lockdowns in China hampered the supply of raw materials, especially for the cell factory, and increased the prices of many non-Chinese raw materials. We use components sourced from international material suppliers and subcontractors in our production. The main raw materials include silicon wafers, silver, other metals, plastics, and glass. All these materials now have longer delivery times and higher prices. It is difficult to assess the ultimate impact of the pandemic on our operations. However, we expect prices to fall and availability to improve in 2023. 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, 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 in the Annual Report 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. Such a situation could, in some circumstances, cause the company's working capital situation to tighten again.

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

The development and commercialization of new technologies always involve uncertainties and significant risks. If our product development projects were unsuccessful, or the business environment or market situation changed, our ability to provide its customers with competitive products or services could be threatened. In such a situation, the profitability could be lower than expected, which could significantly affect our profitability and financial situation.

In the uncertain global environment created by Russia's war of aggression, supply chains involve specific risks. Their impact on the availability and pricing of materials and services, and thus on the company's financial situation and operations, cannot be assessed. Such critical raw materials include, e.g., special plastics, metals, glass and silicon wafers, spare parts and components for machines and equipment, and professional services related to operations. Our supply chains mainly include European and some individual Asian suppliers. The components and raw materials we purchase from these suppliers are critical to our business. The delivery times for components, silicon wafers, silver, other metals, plastics, and glass used in our production have been extended, and also their prices have risen. Should the availability of critical components and raw materials continue to decline, or the prices continue to rise, this could further slow down the production of our products, delay our deliveries to customers and reduce our profitability. This could have an adverse effect on our business, profit, financial situation, and the value of the company's securities.

#### Risks Related to the Operations in Emerging Markets

We are using part of our resources to market and sell Valoe and its technology in emerging markets. Risks associated with operating in emerging markets may arise from, for example, political and social changes, customer liquidity, uncertainties related to production factors, initiation or implementation of foreign exchange control, or other changes in legislation that could effectively prevent the company from repatriating potential profits, selling assets and exiting from the market.

#### Administrative and Legal Risks

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

Certain statements in this Financial Statement Release, market guidance and in particular the non-binding estimates mentioned in Valoe's strategy are prospective and based on management's current views. Therefore, they involve risks and uncertainty by their nature and may be affected by changes in the general financial situation and business environment.

## THE PROPOSAL FOR DIVIDEND AND ANNUAL GENERAL MEETING

The Board of Directors proposes to the Annual General Meeting that no dividend from the financial year 2022 will be paid. The company's annual general meeting will be held on 26 May 2023.

In Mikkeli, 23 February 2023

Valoe Corporation  
Board of Directors

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# Consolidated statement of comprehensive income

(unaudited)

<b>1 000 EUR</b>	<b>7-12/2022</b>	<b>7-12/2021</b>	<b>1-12/2022</b>	<b>1-12/2021</b>
<b>Net sales</b>	811	921	1 305	2 148
Cost of sales	-1 246	-1 129	-2 332	-1 964
<b>Gross profit</b>	<b>-435</b>	<b>-208</b>	<b>-1 027</b>	<b>185</b>
Other operating income	13	533	94	538
Product development expenses	-1 455	-970	-2 854	-2 028
Sales and marketing expenses	-219	-309	-549	-601
Administrative expenses	-465	-438	-889	-831
Other operating expenses	-362	-45	-362	-435
<b>Operating profit</b>	<b>-2 922</b>	<b>-1 437</b>	<b>-5 587</b>	<b>-3 173</b>
Financial income	2	1	2	2
Financial expenses	-1 097	-857	-2 083	-1 605
<b>Profit before taxes</b>	<b>-4 017</b>	<b>-2 294</b>	<b>-7 668</b>	<b>-4 776</b>
Income taxes	0	0	0	0
<b>Profit/loss for the period</b>	<b>-4 017</b>	<b>-2 294</b>	<b>-7 668</b>	<b>-4 776</b>
<b>Profit/loss attributable to:</b>				
Shareholders of the parent company	<b>-4 017</b>	<b>-2 294</b>	<b>-7 668</b>	<b>-4 776</b>
Earnings/share (basic), eur	-0,01	-0,01	-0,02	-0,02
Earnings/share (diluted), eur	-0,01	-0,01	-0,02	-0,02
<b>Total comprehensive income for the period</b>	<b>-4 017</b>	<b>-2 294</b>	<b>-7 668</b>	<b>-4 776</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent company	<b>-4 017</b>	<b>-2 294</b>	<b>-7 668</b>	<b>-4 776</b>

## THE FOURTH QUARTER OF 2022

<b>1 000 EUR</b>	<b>10-12/2022</b>	<b>10-12/2021</b>	<b>1-12/2022</b>	<b>1-12/2021</b>
Net sales	388	454	1 305	2 148
Operating profit	-1 667	-571	-5 587	-3 173
EBIDTA	-1 226	-154	-3 877	-1 580
Profit/loss for the period	-2 337	-1 006	-7 668	-4 776



# Consolidated statement of financial position

(unaudited)

1 000 EUR	31.12.2022	31.12.2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10 598	10 447
Consolidated goodwill	441	441
Other intangible assets	2 022	2 798
Available-for-sale investment	9	9
Non-current receivables	336	672
<b>Total non-current assets</b>	<b>13 407</b>	<b>14 368</b>
<b>Current assets</b>		
Inventories	361	465
Trade and other non-interest-bearing receivables	1 445	2 334
Cash and cash equivalents	236	15
<b>Total current assets</b>	<b>2 042</b>	<b>2 814</b>
<b>Total assets</b>	<b>15 449</b>	<b>17 182</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the parent company</b>		
Share capital	80	80
Other reserves	34 694	32 771
Retained earnings	-41 051	-33 887
<b>Total equity</b>	<b>-6 277</b>	<b>-1 036</b>
<b>Non-current liabilities</b>		
Non-current loans	6 576	7 080
Non-current subordinated loans	1 516	2 567
Other non-current liabilities	25	62
<b>Total non-current liabilities</b>	<b>8 116</b>	<b>9 710</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	5 174	5 737
Current subordinated loans	3 477	528
Trade and other payables	4 854	2 154
Current provisions	104	89
<b>Total current liabilities</b>	<b>13 609</b>	<b>8 508</b>
<b>Total liabilities</b>	<b>21 725</b>	<b>18 218</b>
<b>Equity and liabilities total</b>	<b>15 449</b>	<b>17 182</b>

# Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-12/2022	1-12/2021
<b>Cash flow from operating activities</b>			
Income statement profit/loss before taxes		-7 668	-4 776
<b>Non-monetary items adjusted on income statement</b>			
Depreciation and impairment	+	1 710	1 593
Unrealized exchange rate gains (-) and losses (+)	+/-	-2	-1
Other non-cash transactions	+/-	361	-503
Other adjustments	+/-	0	-177
Change in provisions	+/-	15	-137
Financial income and expense	+	2 083	1 604
<b>Total cash flow before change in working capital</b>		<b>-3 500</b>	<b>-2 397</b>
<b>Change in working capital</b>			
Increase (-) / decrease (+) in inventories		87	-191
Increase (-) / decrease (+) in trade and other receivables		430	-868
Increase (+) / decrease (-) in trade and other payables		1 731	-145
<b>Change in working capital</b>		<b>2 247</b>	<b>-1 203</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>			
Interest paid	-	281	373
Interest received	+	0	1
Other financial items	-	82	411
Financial items and taxes		-362	-784
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>		<b>-1 615</b>	<b>-4 384</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-	1 319	1 989
Grants received	+	1 262	0
<b>NET CASH FLOW FROM INVESTMENTS</b>		<b>-57</b>	<b>-1 989</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Financing arrangement with Winance and Riverfort	+	1 050	4 500
Proceeds from non-current borrowings	+	1 500	2 360
Repayment of non-current borrowings	-	0	100
Proceeds from current borrowings	+	155	188
Repayment of current borrowings	-	812	995
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>1 892</b>	<b>5 952</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>		<b>220</b>	<b>-420</b>

## Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2021</b>	<b>80</b>	<b>32 771</b>	<b>-33 887</b>	<b>-1 036</b>
Profit/loss for the period	-	-	-7 668	-7 668
Translation difference, comprehensive income	-	-	0	0
<b>Transactions with owners:</b>				
Sale of own shares - Winance	0	750	0	750
Riverfort and other arrangements	0	1 173	0	1 173
Own equity component of the convertible bond	0	0	504	504
<b>31.12.2022</b>	<b>80</b>	<b>34 694</b>	<b>-41 051</b>	<b>-6 277</b>

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2020</b>	<b>80</b>	<b>26 930</b>	<b>-29 535</b>	<b>-2 525</b>
Profit/loss for the period	-	-	-4 776	-4 776
Translation difference, comprehensive income	-	-	0	0
<b>Transactions with owners:</b>				
Sale of own shares - Winance	0	1 224	0	1 224
Riverfort and other arrangements	0	1 218	0	1 218
Share issue	0	3 400	0	3 400
Own equity component of the convertible bond	0	0	423	423
<b>31.12.2021</b>	<b>80</b>	<b>32 771</b>	<b>-33 887</b>	<b>-1 036</b>

# Key figures

(unaudited)

1 000 EUR	7-12/2022	7-12/2021	1-12/2022	1-12/2021
Net sales	811	921	1 305	2 148
Operating profit	-2 922	-1 437	-5 587	-3 173
% of net sales	-360,3 %	-156,0 %	-428,2 %	-147,7 %
EBITDA	-2 058	-639	-3 877	-1 580
% of net sales	-253,8 %	-69,4 %	-297,1 %	-73,6 %
Profit before taxes	-4 017	-2 294	-7 668	-4 776
% of net sales	-495,3 %	-248,9 %	-587,7 %	-222,3 %
Balance Sheet value	15 449	17 182	15 449	17 182
Equity ratio, %	-42,0 %	-6,0 %	-42,0 %	-6,0 %
Net gearing, %	neg.	neg.	neg.	neg.
Gross investments	751	1 021	1 320	1 701
% of net sales	92,6 %	110,8 %	101,1 %	79,2 %
Research and development costs	1 455	970	2 854	2 028
% of net sales	179,4 %	105,3 %	218,7 %	94,4 %
Order book	450	820	450	820
Personnel on average	58	51	56	47
Personnel at the end of the period	58	52	58	52
Non-interest-bearing liabilities	4 854	2 154	4 854	2 154
Interest-bearing liabilities	16 767	15 975	16 767	15 975
Share key indicators				
Earnings/share (basic)	-0,01	-0,01	-0,02	-0,02
Earnings/share (diluted)	-0,01	-0,01	-0,02	-0,02
Equity/share	-0,015	-0,003	-0,016	-0,003
P/E ratio	-3,03	-13,44	-1,56	-5,48
Highest price	0,08	0,13	0,13	0,16
Lowest price	0,03	0,08	0,03	0,06
Average price	0,05	0,10	0,07	0,11
Closing price	0,03	0,08	0,03	0,08
Market capitalisation, at the end of the period, MEUR	12,6	32,6	12,6	32,6

## 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>1-12/2022</b>	<b>1-12/2021</b>
<b>Sales of goods and services</b>		
Savcor Oy - production services	3	22
SCI Invest Oy - production services	1	7
<b>Total</b>	<b>4</b>	<b>30</b>
<b>Purchases of goods and services</b>		
SCI Invest Oy - rent	48	48
Basso J., business management services in Lithuania	119	119
SCI-Finance Oy - marketing and administration services	79	104
Savcor Technologies Oy - marketing and admin services	101	106
Savcor Oy - financial management services	26	10
Others	52	52
<b>Total</b>	<b>426</b>	<b>440</b>
<b>Interest income</b>		
Savcor Oy	0	1
<b>Interest expenses and other financial expenses</b>		
SCI-Finance Oy	131	92
Savcor Technologies Oy	0	3
Savcor Oy	6	0
Others	5	10
<b>Total</b>	<b>142</b>	<b>105</b>
Non-current convertible subordinated loan from related parties	200	63
Other current liabilities to related parties	37	0
Current interest payable to related parties	8	3
Trade payables and other non-interest-bearing liabilities to related parties	239	43
Trade and other current receivables from related parties	25	47

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.

<b>1 000 EUR</b>	<b>1-12/2022</b>	<b>1-12/2021</b>
<b>Wages and remuneration</b>		
Salaries of the management and Board	500	515



## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 31.12.2022</b>	<b>Fair value 31.12.2022</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	1 445	1 445
Cash and cash equivalents	236	236
<b>Financial liabilities</b>		
R&D loans, non-current	6 576	6 576
Non-current subordinated loans	1 516	1 516
Other non-current liabilities	25	25
Current subordinated loan	3 477	3 477
Loans from financial institutions, current	4 176	4 176
R&D loan, current	371	371
Other loans, current	307	307
Other liabilities, current	320	320
Trade payables and other non-interest-bearing liabilities	2 198	2 198

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 0.2 million of liabilities arising from the IFRS 16 standard.

EUR 1.7 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, EUR 0.3 million of loan repayments were overdue.

## Change in intangible and tangible assets

(unaudited)

<b>1 000 EUR</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>		
Carrying amount, beginning of period	13 686	13 842
Depreciation and impairment	-1 692	-1 422
Additions	1 068	1 266
Carrying amount, end of period	<b>13 062</b>	<b>13 686</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>31.12.2022</b>	<b>31.12.2021</b>
<b>Assets pledged for the company</b>		
Loans from financial institutions	4 176	5 007
Other liabilities	148	209
Promissory notes secured by pledge	2 060	2 060
Other securities provided	2 416	3 019
<b>Operating lease liabilities</b>		
Payable within one year	65	93
Payable over one year	0	108