

## VALOE FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2019

### THE FOURTH QUARTER OF 2019 IN BRIEF

- Valoe Corporation's ("Valoe") directed share issue ended in the final quarter of 2019, on 18 October 2019. The object of the share issue was to cover the working capital needs of the company, to finance the strategic investments of the company and to improve the financial performance of the company. The company collected in the offering in total approximately EUR 3.45 million new capital before fees and costs and the indebtedness of the company decreased approximately by EUR 3.70 million.
- The cash share target was not, however, achieved and Valoe issued a convertible bond of EUR 3.5 million, at the most, to execute the company's business plan and to finish the IBC technology investment. The convertible bond is a capital loan. The convertible bond can be converted to max. 38,888,888 new shares of the company. The subscription period of the convertible bond has been extended until 5 May 2020.
- During the final quarter of 2019, the net sales of Valoe Group, under the IFRS standards, decreased by 63.9 percent. The net sales were EUR 0.1 million (in 2018 EUR 0.3 million). The EBIT was EUR -1.4 million (EUR -0.4 million), the profit for the period was EUR -1.7 million (EUR -0.9 million), diluted earnings per share were EUR -0.02 (EUR -0.06) and the EBITDA EUR -0.9 million (EUR -0.1 million).

### THE YEAR 2019 IN BRIEF

- In February 2019, Valoe agreed to acquire the solar cell production business of JCS SoliTek R&D ("Solitek") and the solar cell plant located in Lithuania from Lithuanian Global BOD Group SIA ("BOD"). The acquisition was completed, and the title and the ownership of the Lithuanian solar cell factory was transferred to Valoe in October 2019. Valoe paid BOD EUR 0.5 million of the purchasing price with a convertible bond. As per the date of this Financial Statement Release, EUR 1.1 million of the purchase price is still outstanding in accordance with the stock exchange release disclosed on 2 December 2019.
- During the third quarter of 2019, Valoe accelerated the modification work started at the Lithuanian cell plant earlier in 2019. Valoe is building a new IBC cell production factory in Vilnius by combining the cell production line Valoe acquired from BOD with the cell production line Valoe purchased from Italy in 2018. The IBC cell production is expected to start in the summer 2020.
- In August 2019, Valoe signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. Valoe intends to manufacture the IBC cells in the Lithuanian cell plant.
- In Finland, sales cooperation with ForUs Capital Oy ("ForUs Capital") continued to be close. In July, Valoe received two orders from ForUs Capital for delivering solar power plants to Finland; the first order totaled approximately EUR 1.2 million and the second one approximately EUR 0.4 million. ForUs Capital sells electricity generated by the solar power plants to its own partners. A significant part of the supply contracts concerned Valoe's new Chrystal module with IBC cells. The deliveries of the Chrystal modules begin during the financial year 2020, when the Lithuanian plant has commenced its commercial operations.

- At the beginning of November 2019, the company disclosed an order for a solar power plant to be delivered on the walls of a new parking house with about 2,000 parking spots at the Helsinki Airport. Valoe will supply the solar power plant as a turnkey project and install the modules manufactured in Mikkeli, Finland on the walls of the parking house during the first half of 2020. The order is a very important reference for the company as a building-integrated installation. As a solution for parking places and electric vehicle charging, the delivery will become even more interesting and attractive.
- During the financial year, the net sales of Valoe Group, under the IFRS standards, decreased by 75.3 percent. The net sales were EUR 0.3 million (in 2018 EUR 1.3 million). The EBIT was EUR -3.7 million (EUR -2.5 million), the profit for the period was EUR -5.8 million (EUR -4.2 million), undiluted earnings per share were EUR -0.14 (EUR -0.28) and the EBITDA EUR -2.0 million (EUR -1.2 million).
- Valoe's financial situation and working capital situation were very tight at the end of 2019. Pursuant to the estimates available to the company, the situation will remain very tight until April 2020, until important financing negotiations on the remaining financing of the Lithuanian cell plant and the modernization of the Mikkeli plant are completed.
- As disclosed on 31 March 2020, Valoe recategorizes equipment that was previously incorrectly categorized in the balance sheet as part of its product development costs. In the Financial Statements 2019, the company's equipment is included in non-current assets under Machinery and equipment. The adjustment will have no impact on profitability or equity.
- 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 Financial Statement Release has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Financial Statement Release Valoe has applied the same accounting principles as in its Annual Report 2018. In addition, Valoe has applied a simplified approach to the adoption of IFRS 16 as of 1 January 2019. The Financial Statement Release has not been audited.

## MARKET GUIDANCE FOR 2020

Valoe estimates that Valoe Group's cash flow will turn positive already during the Lithuanian factory's first year of operation in 2020 provided that the company is able to collect sufficient funding to finish the solar cell production plant investment in Lithuania and the company's delivery agreements for IBC technology materialize as planned and achieve the estimated profitability. Further, the company estimates its net sales for 2020 to be several times higher than the net sales for the financial year 2018 (EUR 1.3 million).

The company cannot yet assess whether the COVID-19 pandemic, with its regulations and guidance, will directly or indirectly change the company's current estimates, for example, of the completion time of the Lithuanian cell plant. Significant postponement of completion would affect both the timing of the first cell deliveries and the delivery schedule for the power plants based on the IBC cells. The company will announce any possible changes to its guidance once the situation becomes clearer.

## THE OUTLOOK FOR 2020

- During the year 2020, Valoe aims to launch several new products whose success is crucial to the company's future prospects. The sales of Chrystal and Chrystal Twin modules with IBC cells have already begun and the company has agreed to deliver them to a number of Forus Capital sites in Finland. These deliveries will begin to generate cash flow towards the end of the second quarter of 2020.
- For more than a year, Valoe has been developing back contact modules which are suitable for applications where conventional solar modules cannot be used. These freely formable composite modules and their applications may be related, for example, to transport or building integration. Valoe refers to these unusual modules as the Valoe Odd Form module.
- Valoe develops the applications together with its customers. If this development is successful, Valoe can provide its customers with both Valoe Odd Form modules and the equipment or manufacturing services needed to produce Odd Form modules. An example of such cooperation could be Valoe's cooperation, announced on 25 February 2020, with Sono Motors GmbH, a Munich electric car manufacturer. Many other customer groups are also interested in Valoe's Odd Form module technology.
- The sales of Odd Form modules are expected to accelerate in the second half of the financial year 2020. Valoe estimates that it will need major changes and expansions at its module factory in Mikkeli and has started the technical planning of its future investments in early 2020 and negotiates on funding for the investments.
- 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 the summer 2019, Valoe signed a supply agreement with an US customer. Valoe estimates that the annual value of the agreement is approximately USD 12 million. In addition to about four million euros commitment, based on the price level in September 2019, from Global BOD Group, the seller of the Lithuanian plant, several other major companies have expressed their interest in purchasing Valoe's IBC cells and conventional or Odd Form modules with IBC cells.

## MANAGING DIRECTOR'S REPORT

Valoe is finally starting to be ready for the growth path. After the completion of the Vilnius plant project, the company's start-up phase is over.

The year 2019 was a modest financial year. Valoe delivered only a few power plants to Finland and the company's net sales remained very low. This was due to the postponement of orders in early 2019. The other orders for 2019 are for Chrystal and Chrystal Twin IBC modules which will not be brought to the market until the second half of the year 2020.

Valoe's research and development was operating at full capacity throughout the financial year and achieved results based on which the company believes in strong growth from the year 2020 onwards. During the reporting period, Valoe introduced several prototypes and began commercializing them product by product during the financial year 2019. Such products include, in addition to the pre-sold Chrystal and Chrystal Twin IBC modules, Valoe's Odd Form modules initially developed for the automotive industry, logistics, and building integration.

During the financial year 2019 and also in early 2020, Valoe has hired more designers and the premises, machinery and equipment plans for the modernization and expansion of the Mikkeli module factory are almost ready. Once the funding is secured and there is a positive feedback from the market, the project can be started at a short notice.

Though the approximately EUR 3.45 million cash share collected in the offering arranged between September – October 2019 was sufficient to transfer the ownership of the cell plant to Valoe, the financing required for the cell plant investment was approximately EUR 3.5 million less than planned. This slowed down the progress of the cell plant modification and has, according to current estimates, delayed the start-up of the plant by about three months. Continuous and close contact with the customers has shown that the delay does not affect the realization of the IBC cell supply contracts.

Despite the delay in financing, the modification investment at the cell plant has progressed well and at a lower cost than planned. The company has been able to utilize its own experience and expertise and has developed new ways to solve the challenges that arise as the project and processes progress.

At the date of this report, Valoe owns the equipment and infrastructure required to carry out its future business plans.

#### The Effects of the COVID-19 Pandemic on Valoe's Operations

After the end of the reporting period, the COVID-19 virus has caused uncertainty, which, together with pandemic control measures and regulations, is shaking the global economy. Financial markets are also expected to develop negatively. However, at the date of this Financial Statement Release, the company expects to obtain the funding still required for the Lithuanian cell plant investment.

Otherwise, COVID-19 will affect Valoe's business and expected cash flows, mainly through slowing down sales projects. In addition, travel and meeting restrictions imposed by different countries may impair Valoe's ability to solve unexpected technology problems as Valoe relies on international networks of experts and technology. This may increase the risk related to the schedule in which Valoe can introduce new products on the market.

Valoe aims to use the possible business slowdowns caused by the COVID-19 pandemic to complete its development plans and related technology. If, for example, the modernization and expansion of the Mikkeli module factory is successfully funded, as the company currently believes, Valoe will advance the start of the plant expansion.

#### FINANCIAL DEVELOPMENT

During the final quarter of 2019, Valoe carried out a directed share issue. The object of the share issue was to cover the working capital needs of the company, to finance the strategic investments of the company and to improve the financial performance of the company. The company collected in the offering in total approximately EUR 3.45 million new capital before fees and costs and the indebtedness of the company decreased approximately by EUR 3.70 million.

The cash share target was not achieved and Valoe issued a convertible bond of EUR 3.5 million, at the most, to execute the company's business plan and to finish the IBC technology investment. The Convertible Bond is a capital loan. The subscription price is EUR 0.09 per one new share. The convertible bond can be

converted to max. 38,888,888 new shares of the company. The subscription period of the convertible bond has been extended until 5 May 2020.

The acquisition of the solar cell production business of JCS SoliTek R&D ("Solitek") and the solar cell plant located in Lithuania between Valoe and Lithuanian Global BOD Group SIA ("BOD") was completed, and the title and the ownership of the solar cell factory was transferred to Valoe in October 2019. As disclosed, before the completion of the deal, SoliTek's solar cell production business was demerged into a new Lithuanian company which Valoe acquired at the completion of the deal and which SoliTek transferred all the assets and knowhow related to its solar cell production business to. The name of the new company is UAB Saules Elementu Gamyba. Valoe paid BOD EUR 0.5 million of the purchasing price with a convertible bond in November 2019. As per the date of this Financial Statement Release, EUR 1.1 million of the purchase price is still outstanding in accordance with the stock exchange release disclosed on 2 December 2019.

The company's financial situation and working capital situation were very tight in 2019. Pursuant to the estimates available to the company, the situation will remain very tight until April 2020 until the financing negotiations that are important for Valoe have been completed.

More information on Valoe's financial situation can be found in the item "Financing".

As disclosed on 31 March 2020, Valoe recategorizes equipment that was previously incorrectly categorized in the balance sheet as part of its product development costs. In the Financial Statements 2019, the company's equipment is included in non-current assets under Machinery and equipment. The adjustment will have no impact on profitability or equity.

#### Financial Development in 2019

Valoe continued its close sales cooperation with ForUs Capital and in July 2019 Valoe received two orders from ForUs Capital for delivering solar power plants to Finland; the first order totaled approximately EUR 1.2 million and the second one approximately EUR 0.4 million. ForUs Capital sells electricity generated by the solar power plants to its own partners. The solar power plants will be delivered during 2019 and 2020.

In August 2019, Valoe signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. Valoe intends to manufacture the IBC cells in the Lithuanian solar cell plant.

The acquisition of the solar cell production business of JCS SoliTek R&D ("Solitek") and the solar cell plant located in Lithuania between Valoe and Lithuanian Global BOD Group SIA ("BOD") was completed, and the title and the ownership of the solar cell factory was transferred to Valoe in October 2019. As disclosed, before the completion of the deal, SoliTek's solar cell production business was demerged into a new Lithuanian company which Valoe acquired at the completion of the deal and which SoliTek transferred all the assets and knowhow related to its solar cell production business to. The name of the new company is UAB Saules Elementu Gamyba. Valoe paid BOD EUR 0.5 million of the purchasing price with a convertible bond in November 2019. As per the date of this Financial Statement Release, EUR 1.1 million of the purchase price is still outstanding in accordance with the stock exchange release disclosed on 2 December 2019.

Although the profit and loss effects of the Ethiopian project was removed from Valoe's books during the financial year 2016, the Ethiopian project is continued in terms of operations and the company will resume recognizing revenue based on percentage of completion when the performance obligations under the IAS have been satisfied. Valoe sees that one of the most important requirements is the opening of a EUR 9.5

million Irrevocable Letter of Credit in a bank approved by Valoe or a significant cash payment from the customer. The company may need to pledge a security for cash payment, as usual in export business.

All Valoe's financial events in 2019 have been described in the item "Financing".

### Financial Result

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2018, unless stated otherwise.

October – December 2019:

- Valoe Group's net sales decreased by 63.9 percent to EUR 0.1 million (In 2018: EUR 0.3 million).
- EBITDA was EUR -0.9 million (EUR -0.1 million).
- Operating profit was EUR -1.4 million (EUR -0.4 million).
- The profit before taxes was EUR -1.7 million (EUR -0.9 million).
- Profit for the period was EUR -1.7 million (EUR -0.9 million).
- Undiluted earnings per share were EUR -0.02 (EUR -0.06).

January – December 2019:

- Valoe Group's net sales decreased by 75.3 percent to EUR 0.3 million (In 2018: EUR 1.3 million).
- EBITDA was EUR -2.0 million (EUR -1.2 million).
- Operating profit was EUR -3.7 million (EUR -2.5 million).
- The profit before taxes was EUR -5.8 million (EUR -4.2 million).
- Profit for the period was EUR -5.8 million (EUR -4.2 million).
- Undiluted earnings per share were EUR -0.14 (EUR -0.28).

### VALOE'S STRATEGY

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 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 global experience as a supplier of automation and robotization applications.

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 Mikkeli for the time being. They are delivered to the company's distributors and manufacturing partners. 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:

Valoe has enhanced the sale of its modules and solar systems in Finland by building sales channels for its products systematically. ForUs Capital Oy, which specializes in the sales of electricity produced from renewable sources, has been Valoe's most important customer during 2019 and Valoe has used a major part of its sales resources to support ForUs Capital's sales to Finnish property owners, production companies and communities.

The cornerstone of Valoe's strategy is the IBC technology and solar cells and modules based on it. The company intends to replace the currently sold and well-functioning 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 the Mikkeli factory are to be modernized in 2020 for the production of the Chrystal module family. After the investment, the Mikkeli factory 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 the information available to Valoe 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 promising contacts with potential customers have been established. 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. However, the technology delivery based on the agreement has not yet been executed as per the date of this Financial Statement Release.

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 applied for 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 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.

There is wide interest in Valoe's partner concept. Partnership agreements are constantly being negotiated. Based on its experience, Valoe assesses how the terms of partnership agreements should be modified and sales targeted to reach agreements with parties having real commercial potential.



#### 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 about EUR 18 - 25 million annually.

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

As previously disclosed, Valoe has signed its first cell supply agreement worth about USD 12 million annually for IBC cells manufactured in Vilnius. The agreement supports Valoe's understanding of the price level of the IBC cells.

##### 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 traditional 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 entire 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. Valoe develops odd-form modules with IBC cells just for this type of applications.

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 change the supply chain more permanently. Valoe, as a fully European manufacturer and a company using European core components, expects its potential to develop positively in such market changes.

According to Valoe's view, the prices of low-end modules will unlikely rise. Thus, 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

In December 2018 Valoe signed a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 2,000,000 in convertible loan notes that will be accompanied by share subscription warrants. By the end of 2019 Valoe has withdrawn a total of EUR 1,500,000 out of the financing facility. In May 2019, Valoe resolved, on the basis of the financing arrangement between the company and Winance, on a share issuance of a total of 1,718,000 new shares to the company itself without consideration and the company subscribed all shares directed to it. Further, in July 2019, Valoe resolved, on the basis of the financing arrangement, on the issuance of a maximum of 10,000,000 new shares to the company itself without consideration. The subscription period for the new shares commenced on 15 July 2019 and shall end on 15 July 2020. The company has on 15 July 2019 subscribed in total 2,050,000 new shares and on 9 August 2019 in total 3,065,000 new shares in the share issue. The new shares may be used solely to the implementation of the financing arrangement and to the extent it is not necessary to issue new shares subscribed by the company to Winance Investment, the company shall annul the shares.

In order to strengthen Valoe's capital structure the company issued in January 2019 a convertible bond of EUR 3.8 million at the most. The convertible bond is a capital loan. During the subscription period Valoe received subscriptions of approx. EUR 2.8 million in total for the convertible bond. During the subscription period of the convertible bond new investments of EUR 0.7 million was paid in cash. Out of the subscriptions, a total of approx. EUR 2.1 million was paid by setting the subscription price off against the subscribers' receivables from the company.

In July 2019, Valoe disclosed on the share subscription based on the conversion of the promissory notes issued under the Company's convertible bond 1/2019. The lenders of the convertible bond 1/2019 subscribed in total 11,565,864 new shares (the "New Shares") in the Company by converting the promissory notes into the New Shares. The subscription price of the shares was entered in entirety into the Company's invested non-restricted equity fund and thus the share capital of the company was not increased in connection with the share subscription. A total amount of EUR 1,700,000 of the loan capital of the convertible bond 1/2019 was converted to the new shares in the share subscription and thus the convertible bond 1/2019 decreased by EUR 1,700,000. In total 7,747,112 new shares can be subscribed by executing the conversion right under the convertible bond 1/2019.

In summer 2019, the company commenced preparing a directed share issue in order to cover the working capital needs of the company, to finance the strategic investments of the company and to strengthen the financial situation of the Company. On 24 September 2019, the company published the prospectus of Valoe pursuant to the Securities Market Act regarding the offering of 111,111,111 new shares and admission to trading of in total 3,700,000 new shares in the company at Nasdaq Helsinki Oy. Further, the company resolved on the basis of the authorization granted to it by the company's general meeting held on 5 September 2019 on a directed share issue in which a total of 79,403,553 new shares were acceptably subscribed. The subscription price for in total 38,337,744 of the new shares subscribed was paid in cash and the subscription price for in total 41,065,809 of the new shares subscribed was paid by way of set-off. Thus, the company collected in the Offering in total approximately EUR 3.45 million new capital before fees and costs and the indebtedness of the company decreased in total approximately by EUR 3.70 million.

The cash share target was not, however, achieved and Valoe issued a convertible bond of EUR 3.5 million, at the most, to execute the company's business plan and to finish the IBC technology investment. The convertible bond is a capital loan. The subscription price is EUR 0.09 per one new share. The convertible bond can be converted to max. 38,888,888 new shares of the company. The subscription period of the convertible bond has been extended until 5 May 2020.

Valoe has a product development loan from Business Finland (prev. Tekes) in the amount of EUR 4.1 million out of which the company had withdrawn a total of EUR 3.3 million by the end of 2019. As per the date of this Financial Statement Release there is still a total of EUR 0.8 million to be withdrawn.

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 EUR two million for which the EU provides a grant of EUR 1.4 million. Valoe received the first payment of approximately EUR 0.5 million at the end of March 2020. The HighLite project includes also 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 0.6 million for the development work to be executed in Lithuania.

Valoe's financial situation and working capital situation were very tight at the end of 2019. Pursuant to the estimates available to the company, the situation will remain very tight until April 2020 until Valoe's important financing negotiations on both the capital still needed for the Lithuanian cell plant and on the modernization of the Mikkeli plant will be completed.

The financial situation was in February 2020 improved by short-term bridge financing totaling EUR 0.6 million from Winance and by the first payment of about EUR 0.5 million for the EU Horizon 2020 HighLite project in the end of March 2020. The HighLite funding granted to Valoe totals EUR 1.4 million and to

Valoe's Lithuanian subsidiary EUR 0.6 million. The payments of the remaining part of the funding is tied to the progress of the international project.

During the second half of 2020, Valoe will receive around EUR 0.8 million, the last payment of the EUR 4.1 million product development loan, from Business Finland against the closing report and final settlement. Business Finland granted the funding to Valoe for a cell development project that ended on 31 December 2019.

At the date of this report, the company expects to arrange the financing still required for the Lithuanian cell plant investment. The financing facility under negotiation also includes the funding for the remaining purchase price of the Lithuanian cell plant. If the negotiations were successful, the funding required to complete the IBC cell technology investment would be available and the plant would be ready for production in time for the summer of 2020.

Valoe's ongoing financial negotiations to secure the modernization investments at the Mikkeli module plant are well advanced.

Cash flow from business operations before investments in January – December was EUR -2.1 million (EUR -2.1 million). Trade receivables at the end of the reporting period were EUR 0.04 million (EUR 0.03 million). Net financial items amounted to EUR 2.1 million (EUR 1.7 million). At the end of December, the equity ratio of Valoe Group was -21.1 percent (-61.5 %) and equity per share was EUR -0.08 (EUR -0.47). The equity ratio including capital loans was 4.7 percent (-7.9 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.007 million.

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

## RESEARCH AND DEVELOPMENT

Valoe invests heavily in its product 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.

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

In 2019, 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 business of the Lithuanian solar cell manufacturer JCS SoliTek R&D, including Solitek's cell plant. Valoe has been building a new IBC solar cell factory in Vilnius, Lithuania, by combining

the cell production line producing standard cells with the cell production line Valoe purchased from Italy in 2018. The installation work is almost complete. Valoe expects the process to work and production of IBC cells to start about three months late, in summer 2020.

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 2019, Valoe signed a development and technology transfer agreement with ISC Konstanz.

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 1.9 million (EUR 1.3 million).

## INVESTMENTS

Gross investments in the continuing operations during January – December period amounted to EUR 4.8 million (EUR 3.3 million). The investments on the reporting period as well as on the corresponding period were mainly in development costs.

## PERSONNEL

At the end of December 2019, the Group employed 32 (25) people, out of which 8 employees worked in Lithuania and the rest in Finland. During the reporting period the Group's salaries and fees totaled EUR 1.4 million (EUR 1.3 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 118,324,388. The company has one series of shares, which confer equal rights in the company. On 31 December 2019 Valoe had in total 6,803 treasury shares.

The company had a total of 9,256 shareholders at the end of December 2019, and 1.6 percent of the shares were owned by foreigners. The ten largest shareholders held 52.9 percent of the company's shares on 31 December 2019.

#### The largest shareholders on 31 December 2019

	Shares	Percentage
1 SAVCOR TECHNOLOGIES OY	13 822 766	11,7
2 GASELLI CAPITAL OY	13 098 979	11,1
3 SAVISALO IIKKA	6 216 709	5,2
4 APTEEKKIEN ELÄKEKASSA	5 550 000	4,7
5 SCI-FINANCE OY	5 406 722	4,6
6 OLLILA JORMA	4 525 640	3,8
7 SAVCOR OY	4 384 449	3,7
8 HISINGER-JÄGERSKIÖLD EVA CONSTANCE	3 750 000	3,2
9 PUURTINEN JUKKA	3 019 411	2,5
10 SAVISALO ULLA	2 828 661	2,4
OTHERS	55 721 051	47,1
TOTAL	118 324 388	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 32,881,311 shares in the company on 31 December 2019, representing about 27.8 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 32,613,633 shares in the company and 40,810 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.07 and 0.80 during the January – December period. The average price was EUR 0.15 and the closing price at the end of December EUR 0.10. A total of 43.8 million Valoe shares were traded at a value of EUR 6.5 million during the January – December period. The company's market capitalization at the end of December stood at EUR 11.4 million.

#### SHARE ISSUE AUTHORIZATIONS IN FORCE

The company has a share issue authorization in force granted by the Annual General Meeting held on 24 May 2019 according to which the Board of Directors is entitled to resolve 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 50,000,000 shares. The Board of Directors is authorized to decide on all terms of a share issue and option rights and other rights entitling to 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 is in force until 30 June 2020.

By the date of this Financial Statement Release the Board of Directors has resolved on issues of a total of 25,000,000 shares based on the authorization.

The company has a share issue authorization in force granted by the Annual General Meeting held on 5 September 2019 according to which the Board of Directors is entitled 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, equals 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. 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 shall not revoke any previous authorizations. The authorization is in force until 30 June 2020.

By the date of this Financial Statement Report the Board of Directors has resolved on issues of a total of 123,847,997 shares based on the authorization.

#### THE MAJOR EVENTS AFTER THE REPORTING PERIOD

On 8 January 2020 Valoe disclosed that the company has subscribed its own shares in order to implement a part of the financing arrangement between the Company and Winance approved on 19 December 2018.

On 23 January 2020 Valoe disclosed a notice to an extraordinary general meeting to elect a new responsible auditor following the previous responsible auditor taking up a new position.

On 6 February 2020 Valoe disclosed that the company and Winance signed a short-term Bridge Loan Agreement of EUR 500,000.

on 13 February 2020 Valoe disclosed that it has been informed about the decision of the Audit Oversight Unit in the Finnish Patent and Registration Office regarding the KHT auditor who acted e.g. as Valoe's responsible auditor. Simultaneously, the company announced that it will postpone the disclosure of its financial statement release for 2019.

On 17 February 2020 Valoe disclosed that Valoe's extraordinary general meeting held on 17 February 2020 elected Auditus Tilintarkastus Oy, business identification No. 0727888-1, as the company's auditor and KHT auditor Mikko Riihenmäki as the responsible auditor.

On 25 February 2020 Valoe announced that the company has signed a cooperation Agreement with the Munich based Sono Motors GmbH to become a Technology Partner for the integrated solar components of the Sion, a Self-Charging electric car with solar integration.

On 25 February 2020 Valoe disclosed that it has, on the basis of the share issue without consideration to the company itself resolved by the company on 24 September 2019, resolved to subscribe a total of 11,000,000 shares directed to it. The subscription is conducted in order to implement a financing arrangement in order to finance the Company's investments.

On 12 March 2020 Valoe announced that it has resolved to extend the subscription period of the Convertible Bond 4/2019 until 5 May 2020 at 6.00 pm. The other terms of the Convertible Bond 4/2019 remain unchanged.

On 31 March 2020 Valoe disclosed an announcement regarding a correction to categorization of non-current assets, and that the company has in its balance sheet transferred equipment from the development costs to Machinery and equipment, and that the adjustment will have no impact on profitability or equity.

## 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.

Pursuant to the estimates available to the company, the company's financial situation and working capital situation continue to be tight in 2020. Valoe will require new funding to pay the rest of the purchase price of SoliTek's solar cell production business, to finish the IBC technology investment, and to modernize the Mikkeli plant. Valoe has ongoing financial negotiations on significant financial facilities with several parties. However, even though the company trusts the negotiations will have a positive outcome, it is not certain that the funding will be secured.

If Valoe does not get its Lithuanian cell plant or its processes up and running and the quality and quantity requirements for IBC cells are not met, it could affect the deliveries of the IBC cell technology. These include e.g. deliveries of Chrystal and Chrystal Twin modules as well as Valoe Odd Form Modules including the planned cell deliveries to a US customer mentioned below. However, with the well-advanced modifications at the cell plant, the company estimates the risk to be low. On 15 August 2019 Valoe that it has signed an IBC Cells Supply Agreement with a major US customer. The value of the Agreement for 2020 is approximately USD 12 million. The implementation of the Agreement involves risks. In addition to the aforementioned risk in obtaining finance, the delivery involves risks in terms of both schedule and quality. If Valoe is not able to get the solar cell plant or its processes up and running, the quality of the cells may be inadequate and the customer may not accept deliveries at prices that guarantee profitability. Valoe has been in constant contact with the customer and visited the customer's factory in the US. Valoe's



management is convinced that the customer is ready to support Valoe in every way to achieve the common goal.

The company cannot yet assess whether the COVID-19 pandemic, with its regulations and guidance, will directly or indirectly change the company's current estimates, for example, of the completion time of the Lithuanian cell plant. Significant postponement of completion would affect both the timing of the first cell deliveries and the delivery schedule for the power plants based on the IBC cells. The company will announce any possible changes to its guidance once the situation becomes clearer.

Valoe's objective is to achieve a strong market position as a provider of, in various geographical areas, locally produced high-quality photovoltaic modules. Achievement of the objectives involves risks. Even though Valoe's strategy and objectives are based on market knowledge and technical surveys, the risks are significant and it is not certain if the company reaches all or part of the targets set for it. Valoe's future outlook will be highly dependent on the company's ability to reach the targeted market position in the global photovoltaic module market as well as on the company's financing.

Valoe disclosed on 24 March 2017 that the company's Asian customer has ongoing negotiations on arranging financing for a factory delivery in Asia worth EUR 26.5 million. While local financing negotiations are still ongoing, Valoe estimates that the risk that the customer will not be able to secure required funding is significant as negotiations are prolonged. Valoe will inform separately if the deal is completed.

The module manufacturing plant order from Ethiopia involves business, financial, schedule and country risks that are typical of international equipment sales. The country risks include also slow decision process for financing arrangements. The payments relating to the project have not yet begun despite the binding financing agreements. However, Valoe's customer, LS Corp, has commenced to withdraw some loan in local currency based on the abovementioned financial agreements and is building premises for the module manufacturing plant. The company follows very closely how the situation develops in Ethiopia and tries to support the customer in its negotiations by being present as often as possible.

The Agreement signed with ForUs Capital involves risks out of which the most remarkable risk is whether ForUs Capital is able to secure financing for all projects under the frame agreement.

The certain statements in this Financial Statement Release, the guidance for market outlook 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.

#### 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 2019 will be paid. The company's annual general meeting will be held on 7 May 2020.

In Mikkeli, 31 March 2020

Valoe Corporation

Board of Directors

# Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Net sales</b>	118	327	328	1 328
Cost of sales	-535	-546	-1 147	-1 657
<b>Gross profit</b>	<b>-417</b>	<b>-219</b>	<b>-818</b>	<b>-329</b>
Other operating income	37	543	177	562
Product development expenses	-695	-388	-1 873	-1 322
Sales and marketing expenses	-137	-177	-467	-697
Administrative expenses	-168	-180	-649	-682
Other operating expenses	-45	0	-45	0
<b>Operating profit</b>	<b>-1 425</b>	<b>-420</b>	<b>-3 674</b>	<b>-2 468</b>
Financial income	0	0	0	0
Financial expenses	-300	-484	-2 097	-1 743
<b>Profit before taxes</b>	<b>-1 725</b>	<b>-904</b>	<b>-5 771</b>	<b>-4 210</b>
Income taxes	0	0	0	0
<b>Profit/loss for the period</b>	<b>-1 725</b>	<b>-904</b>	<b>-5 771</b>	<b>-4 210</b>
<b>Profit/loss attributable to:</b>				
Shareholders of the parent company	<b>-1 725</b>	<b>-904</b>	<b>-5 771</b>	<b>-4 210</b>
Earnings/share (basic), eur	-0,02	-0,06	-0,14	-0,28
Earnings/share (diluted), eur	-0,02	-0,06	-0,14	-0,28
<b>Total comprehensive income for the period</b>	<b>-1 725</b>	<b>-904</b>	<b>-5 771</b>	<b>-4 210</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent company	<b>-1 725</b>	<b>-904</b>	<b>-5 771</b>	<b>-4 210</b>

Valoe has applied a simplified method for the adoption of IFRS 16 as of 1st January 2019 and therefore does not adjust its comparative figures. The assets and liabilities of the contracts have been recognized in IFRS 16 leases and properties at the date of transition.

# Consolidated statement of financial position

(unaudited)

1 000 EUR	31.12.2019	Adjusted 31.12.2018	Adjusted 31.12.2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8 996	3 755	1 336
Consolidated goodwill	441	441	441
Other intangible assets	4 325	5 290	5 654
Available-for-sale investment	9	9	9
<b>Total non-current assets</b>	<b>13 771</b>	<b>9 495</b>	<b>7 441</b>
<b>Current assets</b>			
Inventories	833	659	582
Trade and other non-interest-bearing receivables	1 101	1 274	1 256
Cash and cash equivalents	7	22	350
<b>Total current assets</b>	<b>1 941</b>	<b>1 955</b>	<b>2 188</b>
<b>Total assets</b>	<b>15 712</b>	<b>11 451</b>	<b>9 629</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the parent company</b>			
Share capital	80	80	80
Other reserves	21 243	11 804	10 542
Retained earnings	-24 607	-18 927	-15 166
<b>Total equity</b>	<b>-3 284</b>	<b>-7 044</b>	<b>-4 544</b>
<b>Non-current liabilities</b>			
Non-current loans	4 934	4 860	3 293
Other non-current liabilities	4 013	6 135	4 581
Other non-current liabilities	686	0	0
<b>Total non-current liabilities</b>	<b>9 632</b>	<b>10 995</b>	<b>7 874</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	3 723	2 779	2 004
Trade and other payables	5 391	4 339	3 773
Current provisions	249	307	215
<b>Total current liabilities</b>	<b>9 363</b>	<b>7 425</b>	<b>5 992</b>
Liabilities directly associated with assets classified as held for sale	0	75	306
<b>Total liabilities</b>	<b>18 995</b>	<b>18 495</b>	<b>14 172</b>
<b>Equity and liabilities total</b>	<b>15 712</b>	<b>11 451</b>	<b>9 629</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 for 2018 and reduces product development costs by EUR 3.7 million and increases the value of machinery and equipment by EUR 3.7 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		1-12/2019	1-12/2018
<b>Cash flow from operating activities</b>			
Income statement profit/loss before taxes		-5 771	-4 210
<b>Non-monetary items adjusted on income statement</b>			
Depreciation and impairment	+	1 699	1 232
Unrealized exchange rate gains (-) and losses (+)	+/-	2	5
Other non-cash transactions	+/-	-130	-526
Change in provisions	+/-	-58	87
Financial income and expense	+	2 095	1 737
<b>Total cash flow before change in working capital</b>		<b>-2 163</b>	<b>-1 676</b>
<b>Change in working capital</b>			
Increase (-) / decrease (+) in inventories		-56	-78
Increase (-) / decrease (+) in trade and other receivables		17	-53
Increase (+) / decrease (-) in trade and other payables		-136	59
<b>Change in working capital</b>		<b>-174</b>	<b>-72</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>			
Interest paid	-	-223	195
Other financial items	-	30	247
Financial items and taxes		193	-442
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>		<b>-2 144</b>	<b>-2 190</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-	3 090	2 613
<b>NET CASH FLOW FROM INVESTMENTS</b>		<b>-3 090</b>	<b>-2 613</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue	+	3 159	59
Financing arrangement with Bracknor Investment	+	1 000	918
Proceeds from non-current borrowings	+	1 010	2 421
Proceeds from current borrowings	+	2 112	2 829
Repayment of current borrowings	-	2 062	1 751
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>5 219</b>	<b>4 476</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>		<b>-15</b>	<b>-327</b>

## Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2018</b>	<b>80</b>	<b>11 804</b>	<b>-18 927</b>	<b>-7 044</b>
Profit/loss for the period	-	-	-5 771	-5 771
Translation difference, comprehensive income	-	-	0	0
<b>Transactions with owners:</b>				
Sale of own shares				
Bracknor Investment and Winance	0	1 186	0	1 186
Share issue	0	8 254		8 254
Own equity component of the convertible bond	0 -		91	91
<b>31.12.2019</b>	<b>80</b>	<b>21 243</b>	<b>-24 607</b>	<b>-3 284</b>

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2017</b>	<b>80</b>	<b>10 542</b>	<b>-15 166</b>	<b>-4 544</b>
Profit/loss for the period	-	-	-4 210	-4 210
<b>Transactions with owners:</b>				
Sale of own shares				
Bracknor Investment	0	966	0	966
Share issue	0	295	0	295
Stock option scheme 2015	0	0	32	32
Own equity component of the convertible bond	0	0	416	416
<b>31.12.2018</b>	<b>80</b>	<b>11 804</b>	<b>-18 927</b>	<b>-7 044</b>

# Key figures

(unaudited)

1 000 EUR	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net sales	118	327	328	1 328
Operating profit	-1 425	-420	-3 674	-2 468
% of net sales	-1203,1 %	-128,3 %	-1118,9 %	-185,8 %
EBITDA	-860	-113	-1 975	-1 236
% of net sales	-725,9 %	-34,5 %	-601,4 %	-93,1 %
Profit before taxes	-1 725	-904	-5 771	-4 210
% of net sales	-1456,8 %	-276,1 %	-1757,4 %	-316,9 %
Balance Sheet value	15 712	11 451	15 712	11 451
Equity ratio, %	-21,1 %	-61,5 %	-21,1 %	-61,5 %
Net gearing, %	neg.	neg.	neg.	neg.
Gross investments	4 215	47	4 767	3 286
% of net sales	3559,9 %	14,2 %	1451,8 %	247,4 %
Research and development costs	695	388	1 873	1 322
% of net sales	587,2 %	118,3 %	570,3 %	99,5 %
Order book	17 187	15 940	17 187	15 940
includes Ethiopia	15 834	15 834	15 834	15 834
Personnel on average	29	25	26	21
Personnel at the end of the period	32	25	32	25
Non-interest-bearing liabilities	5 391	4 414	5 391	4 414
Interest-bearing liabilities	13 355	13 774	13 355	13 774
Share key indicators				
Earnings/share (basic)	-0,02	-0,06	-0,14	-0,28
Earnings/share (diluted)	-0,02	-0,06	-0,14	-0,28
Equity/share	-0,08	-0,47	-0,08	-0,47
P/E ratio	-5,43	-2,42	-0,69	-0,48
Highest price	0,16	0,38	0,80	1,35
Lowest price	0,07	0,10	0,07	0,10
Average price	0,10	0,19	0,15	0,53
Closing price	0,10	0,14	0,10	0,14
Market capitalisation, at the end of the period, MEUR	11,4	2,3	11,4	2,3

## 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, %:	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents} \\ \text{and marketable securities} \times 100}{\text{Shareholders' equity + non-controlling interests}}$
Earnings/share (EPS):	$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue} \\ \text{at the end of the financial year}}$
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>1-12/2019</b>	<b>1-12/2018</b>
<b>Sales of goods and services</b>		
Savcor Face Ltd - solar modules / production services	0	22
Savcor Oy - production services	3	12
<b>Total</b>	<b>3</b>	<b>35</b>
<b>Purchases of goods and services</b>		
SCI Invest Oy - rent	48	24
Savcor Face Ltd - marketing services	0	8
SCI-Finance Oy - marketing and administration services	59	66
Savcor Technologies Oy - marketing and administration services	61	88
Savcor Oy - financial management services	8	10
Oy Marville Ab - legal services	8	4
<b>Total</b>	<b>183</b>	<b>199</b>
<b>Interest expenses and other financial expenses</b>		
SCI-Finance Oy	112	55
Savcor Technologies Oy	292	283
Savcor Oy	28	24
Others	137	119
<b>Total</b>	<b>569</b>	<b>481</b>

<b>1 000 EUR</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Non-current convertible subordinated loan from related parties	415	1 882
Non-current other subordinated loan from related parties	1 160	2 011
Non-current convertible loan from related parties	0	114
Other current liabilities to related parties	565	630
Current interest payable to related parties	429	820
Trade payables and other non-interest-bearing liabilities to related parties	468	547
Trade and other current receivables from related parties	14	22

Savcor Face Ltd, Savcor Technologies Oy and Savcor 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.

SCI-Finance Oy is a company under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.



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

<b>1 000 EUR</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
<b>Wages and remuneration</b>		
Salaries of the management and Board	491	490
Stock option scheme 2015 / IFRS 2 booking	0	25

## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 31.12.2019</b>	<b>Fair value 31.12.2019</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	1 101	1 101
Cash and cash equivalents	7	7
<b>Financial liabilities</b>		
R&D loan, non-current	4 934	4 934
Non-current subordinated loan	4 013	4 013
Other non-current liabilities	686	686
Convertible bond, current	540	540
Loans from financial institutions, current	900	900
R&D loan, current	495	495
Other loans, current	835	835
Other liabilities, current	953	953
Trade payables and other non-interest-bearing liabilities	3 229	3 229

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 1,2 million of liabilities arising from the IFRS 16 standard.

EUR 3.6 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, a convertible bond of EUR 0,04 million was overdue.

## Change in intangible and tangible assets

(unaudited)

<b>1 000 EUR</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>		
Carrying amount, beginning of period	10 381	7 431
Depreciation and impairment	-1 699	-1 232
Acquisition of a subsidiary	3 433	0
Additions	998	3 286
Adoption of a new Standard (IFRS 16)	649	0
Carrying amount, end of period	<b>13 762</b>	<b>9 486</b>

Valoe has applied a simplified method for the adoption of IFRS 16 as of 1st January 2019 and therefore does not adjust its comparative figures. The assets and liabilities of the contracts have been recognized in IFRS 16 leases and properties at the date of transition.

# Commitments and contingent liabilities

(unaudited)

<b>1 000 EUR</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Assets pledged for the company</b>		
Loans from financial institutions	450	525
Other liabilities	281	281
Promissory notes secured by pledge	4 700	3 355
<b>Operating lease liabilities</b>		
Payable within one year	500	216
Payable over one year	1 000	514