

## VALOE CORPORATION'S FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2021

The net sales increased by 33 percent. The profit for the period improved but was still strongly negative.

Our strategy to direct Valoe's operations on enhancing Vehicle-Integrated Photovoltaics (VIPV) began to materialize. Nearly all our net sales, about 92%, came from orders in the automotive industry. In 2020, the corresponding share was about 16%. Almost all new orders also related to VIPV applications. In 2022, we continue to focus on this customer group and expect the growth to be related to vehicles.

During the financial year 2021, our net sales increased by approximately 33 percent compared to the previous year and were about EUR 2.1 million. Our profit for the period improved compared to the previous year. However, it was still strongly negative. The profit for the financial year was EUR -4.8 million.

### THE FOURTH QUARTER OF 2021 IN BRIEF

In October-December 2021, the net sales of Valoe Group, under the IFRS standards, was at the level of the corresponding period, i.e., EUR 0.5 million (in 2020: EUR 0.5 million). The EBIT was EUR -0.6 million (EUR -0.9 million), the profit for the period was EUR -1.0 million (EUR -1.2 million), and the EBITDA EUR -0.2 million (EUR -0.4 million).

At the end of 2021, Valoe signed two new agreements for VIPV systems. In November, we entered into a cooperation agreement with German Neuber GmbH for the development, prototyping, pre-production, and mass production of a vehicle-integrated PV system. In December, we signed a joint development agreement with Simoldes Plásticos S.A. ("Simoldes"), a Portuguese company, to design, develop, prototype, and produce a photovoltaic car roof for a car model of a major European car manufacturer with an estimated annual volume of approx. 175,000 vehicles.

During the reporting period, our plan to establish a joint venture with a Saudi company ICON Advanced Co Ltd ("ICON") was confirmed when we signed an agreement for establishing the joint venture. Valoe shall own 40 percent and ICON 60 percent of the joint venture company. The joint venture company is planning to build in Saudi Arabia a Back Contact Solar Module manufacturing plant that we engineer and whose equipment we build and deliver. According to current plans, the construction of the solar panel plant is scheduled to begin in 2022. In addition, we signed an agency agreement with ICON. It was agreed that ICON would immediately begin marketing and selling our products in Saudi Arabia, Dubai, Abu Dhabi, and Oman.

The funding required in the last quarter of 2021 was mainly covered by raising EUR 750,000 in the fourth quarter of 2021 and EUR 300,000 in February 2022 from the financing facility with RiverFort Global Opportunities Pcc Limited ("RiverFort") announced on 30 July 2021. By the date of this Financial Statements Release, we have withdrawn a total of EUR 4.05 million under the RiverFort financial agreement. During the financial year 2021, we made a loan repayment of EUR 0.5 million.

In October 2021, we agreed to rearrange the Convertible Bond 2/2018 held by Ilmarinen Mutual Pension Insurance Company and convert it into a new subordinated Convertible Bond 2/2021 totaling EUR

2,885,993.25. The terms and conditions of the new Convertible Bond have been disclosed on 18 October 2021.

In December 2021, we resolved on the issuance of a maximum of 30,000,000 new shares to the Company itself without consideration and subscribed in total 25,000,000 new shares that were registered in the trade register on 9 December 2021 and listed on the stock exchange list of Nasdaq Helsinki Ltd on 10 December 2021. We conducted the share issue without consideration to the company itself to implement the RiverFort financing facility and other future financing arrangements.

## THE YEAR 2021 IN BRIEF

Since establishing our photovoltaic business, we have intended to avoid Chinese competition through our technology choices. This was implemented in a way that first we chose the back contact technology for our modules and then IBC cells. We combined the technologies and applied them for special applications with the best possible competitiveness, e.g., three-dimensional products. The automotive industry first rewarded our technology choices and development work. We received several orders for the lightweight and flexible, unconventional Valoe OddForm® modules we developed for vehicles. We announced the most significant orders in terms of future potential with stock exchange releases during 2021.

In April 2021, we signed about EUR 2.2 million co-operation agreement with Sono Motors ("Sono"). Last year the cooperation deepened and is still going on. In May 2021, we entered into an Agreement for Development, Prototyping, and Mass Production of a vehicle integrated PV System for a light last-mile delivery electric vehicle with Sin Cars Industry JSC (Sin Cars), and in September 2021, a cooperation agreement with Clean Motion AB, a Swedish electric vehicle manufacturer. We also signed an agreement to develop, prototype, pre-produce, and mass-produce a vehicle-integrated PV System with a German company called Neuber GmbH in November 2021. In addition to these co-operation agreements, we are negotiating with several operators to use our OddForm® modules in passenger cars, light vehicles, and watercraft.

We continued our negotiations with the U.S. customer regarding the supply agreement signed in the summer of 2019. In addition to the supply of IBC cells, the negotiations also cover opportunities for cooperation in the back contact technology.

The first solar cells were manufactured at the Lithuanian IBC solar cell plant in late 2020. In 2021, we shifted to using Lithuanian-made IBC cells and their variations in our products. In the summer of 2021, the IBC cells produced at the Lithuanian plant exceeded the Asian PERC cells we used previously in terms of efficiency.

We continued to develop the solar cell throughout the year based on our knowledge and experience. At the end of the financial year 2021, the back contact module built from our own IBC cells achieved efficiency that only a few manufacturers' modules can achieve in the world.

During the financial year 2021, we raised funding for working capital and to continue our investments. In January 2021, we issued a convertible bond of EUR 3.4 million, which was oversubscribed and converted fully in June 2021. The company raised new funding of a total of EUR 2.4 million through the convertible bond, and the company's indebtedness decreased in total by EUR 1.0 million. In July 2021, we entered into a financing facility with RiverFort Global Opportunities Pcc Limited ("RiverFort"). Under the RiverFort financing agreement, we withdrew a total of EUR 3.75 million by the end of the financial year 2021 and EUR 0.3 million after the reporting period. During the financial year 2021, we made a loan repayment of EUR 0.5 million.

During the financial year 2021, we withdrew a total of EUR 0.75 million out of the financing arrangement with Winance disclosed on 22 April 2020.

## MARKET GUIDANCE

Valoe Group's net sales for the financial year 2022 will clearly increase and loss at the EBITDA level will decrease compared to the previous year.

## MANAGING DIRECTOR'S REPORT

Our business environment changed significantly during the 2021 financial year. The decision to focus our operations on the vehicle-integrated PV systems began to pay off. Approximately 92% of Valoe's net sales came from sales to the automotive industry in 2021 (approximately 16% in 2020).

A large part of the turnover was generated from development projects. Almost all our product development agreements contain customers' objectives for moving to product industrialization after a successful product development phase. Typically, we design a production technology solution for our customers in the industrialization phase, including the production equipment and machines. We have wide knowledge and experience in mechanical engineering, robotics, and automation, and we also build and test the required special equipment. Production commences at Valoe's plant or the customer's designated production facility. We believe that the first such turnkey delivery agreements will be signed during the financial year 2022. Such contracts vary between EUR 5 million and EUR 15 million. After the industrialization phase, we aim to enter into a mass production agreement with the customer. Typically, in the automotive industry, for example, one mass production model is produced in 30,000 to 200,000 units per year.

The vehicle integrated PV solutions have significantly higher value added than conventional modules. In addition to photovoltaics technology, they combine complex materials technology, complicated electronics, and software programming. Our vehicle-related business is significantly more profitable than the conventional solar module business. In the last financial year, our gross margin after fixed production costs increased from approximately -62% in 2020 to approximately +9%. We achieved the first positive quarterly result at the EBITDA level in the second quarter of 2021 due to a particularly active phase in one of our product development projects. Based on the experience of 2021, we estimate that profitability will improve as net sales increase.

Chrystal and Crystal Twin modules' production focused on delivering power plant orders. However, the total number of modules delivered was small. We will continue to manufacture Chrystal Twin modules for selected sites. Chrystal Twin is still an important product for us. It will be manufactured in the factories of our manufacturing partners, varying according to local conditions. The first such manufacturing partner plant is scheduled to open in Saudi Arabia in 2023.

In the summer of 2019, we signed a supply agreement with a U.S. customer to deliver IBC cells to North America. Now, we have ongoing negotiations on broader cooperation relating to IBC back contact modules instead of cell deliveries. We currently estimate that we will need the full capacity of our Lithuanian cell plant for our products from the beginning of 2023. Thus, we are not actively looking for outside buyers for our IBC cells.

We agreed to establish a joint venture with the Saudi Arabian ICON Advanced Co. Ltd (ICON) during the financial year. ICON is part of the Salem Balhamer Holding Group. Valoe's share of the company will be 40%. Our goal is to supply the joint venture with a solar module plant including the machines and equipment in Dammam, Saudi Arabia. The plant's competitiveness is based on a version of bifacial Chrystal and Chrystal Twin modules specifically designed for sand-desert use. Our partner, ICON, responsible for local sales and marketing, aims to sell the modules manufactured by the joint venture utilizing the competitiveness provided by such special features. We expect to receive an order for the plant and

commence equipment deliveries during the current financial year. If the project is implemented as planned, it will have great value for our business in the coming years.

As with ICON, we offer our production technology to other operators interested in back contact modules and have ongoing negotiations for delivering module factories using the back contact technology elsewhere as well. Potential customers include large, often government-owned solar projects, module subcontractors, or OEMs who, in addition to price competition, are interested in utilizing the potential of applied products in their market.

## OPERATING ENVIRONMENT AND MARKET SITUATION

Rising raw material international freight prices and a global shortage of components are reshaping the solar energy market worldwide, creating significant delivery time risks, raising prices for all products, and extending delivery times.

As the manufacturer of special products, we have a significantly better ability to pass on raw material price increases to customers than large manufacturers, whose supply contracts can be long-term and margins very low. Component shortages and rising prices have disrupted old supply chains, and as transportation costs rise, many end customers are looking for new suppliers closer to them. Asian suppliers no longer have the same price advantage as before. We believe that distributed local solar module manufacturing will increase significantly in the coming years.

We are not aiming at becoming a local manufacturer in Saudi Arabia or elsewhere. When we decide to enter into a particular geographical area, we always seek a local partner and an investor for a solar module factory project. We are responsible for production technology, product quality, and development. Local investors and partners are responsible for project funding as well as marketing and product sales.

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

Our adaptable manufacturing technology based on the Conductive Back Sheet and our cell and module manufacturing plants enable us to act as a technology partner to industrialize new products and possibly later also 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 contribute to the solution. 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 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 promoter of solar power. In the future, we will also be involved in the global development of storage applications based on batteries and hydrogen. Valoe's technology partners play a key role in the development worldwide.

In 2022, we focused on transport applications. Transport is changing and electrifying. We want to generate solar electricity as close as possible to where it is used. In vehicles, it often means integrating solar modules onto vehicle bodies.

## FINANCIAL RESULT

Valoe Group's cumulative net sales for the financial year 2021 were about EUR 2.1 million. The net sales for 2021 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 2020 unless stated otherwise.

### October - December 2021:

- Valoe Group's net sales was to EUR 0.5 million (In 2020: EUR 0.5 million).
- EBITDA was EUR 0.2 million (EUR -0.4 million).
- Operating profit was EUR -0.6 million (EUR -0.9 million).
- Profit for the period was EUR -1.0 million (EUR -1.2 million).

### January – December 2021:

- Valoe Group's net sales increased by 33 per cent to EUR 2.1 million (In 2020: EUR 1.6 million).
- EBITDA was EUR -1.6 million (EUR -1.9 million).
- Operating profit was EUR -3.2 million (EUR -3.3 million).
- The profit before taxes was EUR -4.8 million (EUR -4.9 million).
- Profit for the period was EUR -4.8 million (EUR -4.9 million).
- Undiluted earnings per share were EUR -0.02 (EUR -0.03).
- Diluted earnings per share were EUR -0.02 (EUR -0.03).

Cash flow from business operations before investments in January – December was EUR -4.4 million (EUR -3.4 million). Trade receivables at the end of the reporting period were EUR 0.8 million (EUR 0.06 million). Net financial items amounted to EUR 1.6 million (EUR 1.6 million). At the end of December, the equity ratio of Valoe Group was -6.0 per cent (-15.6 %) and equity per share was EUR -0.003 (EUR -0.01). The equity ratio including capital loans was 12.0 per cent (8.0 %). At the end of the reporting period, the Group's liquid assets totalled EUR 0.015 million.

The operating profit and the profit for the period include a one-off write-down of approximately EUR 0.2 million in inventories related to the Chrome module family.

## FINANCING AND SHARE ISSUES

At the beginning of the financial year, in January 2021, we issued a Convertible Bond 1/2021 of EUR 3.4 million, which was oversubscribed. During the reporting period, the lenders of the Convertible Bond 1/2021 subscribed in total 85,000,000 new shares in the company by converting the promissory notes into new shares. The entire loan capital of the Convertible Bond 1/2021 was converted to new shares in the share subscription. The subscription price of the new shares was entered in entirety into the company's invested non-restricted equity fund. Thus, the company's share capital was not increased in connection with the

share subscription. The shares were registered with the Trade Register on 23 June 2021 and listed on the stock exchange list of Nasdaq Helsinki Ltd on 29 June 2021.

In June 2021, we resolved on a share issuance of a total of 28,000,000 new shares to the company itself without consideration to implement financing arrangements and subscribed all 28,000,000 new shares. The shares were registered with the Trade Register on 23 June 2021 and listed on the stock exchange list of Nasdaq Helsinki Ltd on 29 June 2021.

In July 2021, we signed a framework agreement on a three-year financing facility of up to EUR 30 million with RiverFort Global Opportunities PCC Limited ("RiverFort"). Under this financing agreement, we withdrew a total of EUR 3.75 million by the end of the financial year 2021 and EUR 0.3 million after the end of the reporting period. We made a loan repayment of EUR 0.5 million during the financial year 2021.

In August 2021, we resolved to partially convert the loan shares of the company's Convertible Bond 1/2020 into the company's shares and partially pay the loan shares in cash. Based on the conversion request submitted to the company by the promissory note holder, BOD Global Group SIA ("BOD"), EUR 300,000 of the Convertible Bond 1/2020 capital and interest on the entire loan capital was converted into company shares, and the company transferred a total of 4,521,524 treasury shares to BOD. EUR 100,000 of the Convertible Bond 1/2020 capital was paid to BOD in cash.

On 26 February 2021, we agreed with ISC Bioheat Oy on a separate fee of EUR 50,000 as compensation for the services provided by ISC Bioheat to Valoe under the consulting agreement between the parties. We issued a promissory note ("Promissory Note") to ISC Bioheat to pay the separate fee. In August 2021, we agreed with ISC Bioheat Oy on converting the Promissory Note into Valoe shares. We transferred a total of 555,556 treasury shares to ISC Bioheat. The subscription price for one (1) share was EUR 0.09. ISC Bioheat Oy with Matts Kempe as the company's CEO has been cooperating with Valoe in sales and marketing since 2019.

We agreed in October 2021 with Ilmarinen Mutual Pension Insurance Company on rearranging the Convertible Bond 2/2018 and converting it to a new subordinated Convertible Bond 2/2021 totaling EUR 2,885,993.25 that includes the loan capital, interest receivable, and a 120,000 euro fee. The loan period commenced on the payment date and shall expire on 15 October 2023, on which date the Convertible Bond 2/2021 shall expire to be repayable in its entirety in accordance with these terms of the loan. An annual interest of eight percent shall be accrued to the capital of the Convertible Bond 2/2021. The Promissory Note Holder of the Convertible Bond 2/2021 is entitled to convert the Promissory Note into the shares of the Company in accordance with the terms of the Convertible Bond 2/2021. When the conversion right is being used, the subscription price of one (1) new share of the Company shall be the six-month volume-weighted average stock trading price on the period ending on the conversion date less 20 percent. The conversion period of the Convertible Bond commences on 15 October 2022 and terminates on 31 December 2023. After 15 October 2022, the Promissory Note Holder can transfer the Promissory Note freely to a third party. We may repay the loan prematurely at any time.

On 2 December 2021, we resolved the issuance of a maximum of 30,000,000 new shares to the Company itself without consideration. The subscription period for the new shares commenced immediately and shall end on 30 November 2022. We conducted the share issue without consideration to the company itself to implement financing arrangements. On 2 December 2021, we subscribed in total 25,000,000 new shares registered in the trade register on 9 December 2021 and listed on the stock exchange list of Nasdaq Helsinki Ltd on 10 December 2021. After the registration of the Subscribed Shares in the trade register, the total number of shares in the Company is 393,359,195 shares.

In April 2020, we entered into a new convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan. Out of this financial facility, we have

raised a total of EUR 2.25 million by the date of this Financial Statements Release. An amount of EUR 0.75 million was withdrawn in 2021.

According to current estimates, we have sufficient financing for our operations and necessary investments during the next 12 months.

Financing can, however, 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 "Risk management, 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 52 people, out of whom 31 work on the company's product development projects in Finland and Lithuania.

During recent years, the focus of Valoe's research and development has been on projects relating to cell development and efficiency improvement as well as on the development of IBC cells. Over the past two years, our main challenge has been to ramp up production at our IBC solar cell plant in Vilnius with quality and quantity challenges. To our knowledge, our plant in Vilnius is still the only commercially operating cell plant in Europe. The first cells were produced in December 2020.

Last year, we focused on improving the quality of cells and increasing production volumes. We exceeded last year the efficiency and other performance parameters of the Asian PERC cells we previously used. Our cell development continues with our objective to develop a perovskite surface on the IBC cell with our European partners. After two or three years of research and development, we could have the next version of the IBC cell available: a perovskite-based tandem cell with an efficiency target of more than 27% based on our current estimates. Exploiting the current technology, we aim to increase the efficiency of our cell from current about 23% to 25%. The efficiency of competing, high-quality PERC cells is typically about 22%.

In 2020, we increased product development resources to develop the Valoe OddForm® module further. Valoe's OddForm® module, a registered trademark, is a flexible and lightweight composite module for new applications in the automotive, aviation, and aerospace industries.

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, now in its third year. ISC Konstanz is one of the leading solar energy research institutes in Europe.

Valoe's other primary 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, we have been able to utilize also the knowledge and experience of IMEC in Belgium, CEA and Ines in France, CSEM in Switzerland, and leading universities in several countries. Further, Valoe will be able to work with some of the world's most renowned materials technology companies.

Valoe is aiming at protecting its innovations in every critical geographical area. In addition to our previous patents, we initiated proceedings to apply patents for several new inventions during the financial year.

The Group's research and development costs amounted to EUR 2.0 million (EUR 1.1 million) during the reporting period.

## INVESTMENTS

Gross investments in the continuing operations during January – December period amounted to EUR 1.7 million (EUR 2.1 million). The investments on the reporting period were mainly in equipment. As our operations grow, we estimate that our investments will increase sharply during the current financial year, depending naturally on our financing opportunities.

## PERSONNEL

At the end of December 2020, the Group employed 52 (42) people, out of which 19 (11) employees worked in Lithuania and the rest in Finland. During the reporting period, the Group's salaries and fees totalled EUR 2.1 million (EUR 1.9 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 393.359.195. The company has one series of shares,, which confer equal rights in the company. On 31 December 2021 Valoe had 35.778.086 treasury shares.

The company had a total of 15,155 shareholders at the end of December 2021, and 3.2 per cent of the shares were owned by foreigners. The ten largest shareholders held 44.6 per cent of the company's shares on 31 December 2021.

The largest shareholders on 31 December 2021

1 SAVCOR TECHNOLOGIES OY	44.448.414	11,3
2 VALOE OYJ	35.778.086	9,1
3 NEFCO	23.148.148	5,9
4 SAVISALO IIKKA	13.426.709	3,4
5 OLLILA JORMA	11.053.417	2,8
6 SAVISALO HANNU	10.562.500	2,7
7 APTEEKKIEN ELÄKEKASSA	10.550.000	2,7
8 KAKKONEN KARI	9.447.777	2,4
9 JOCER OY AB	8.750.000	2,2
10 JOENSUUN KAUPPA JA KONE OY	8.255.127	2,1
OTHERS	217.939.017	55,4
TOTAL	393.359.195	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 82.455.707 shares in the company on 31 December 2021, representing about 20.1 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 71.625.529 shares in the company.

The price of Valoe's share varied between EUR 0.06 and 0.16 during the January – December period. The average price was EUR 0.11 and the closing price at the end of December EUR 0.08. A total of 364.9 million Valoe shares were traded at a value of EUR 38.4 million during the January – December period. The company's market capitalization at the end of September stood at EUR 32.6 million.

## SHARE ISSUE AUTHORIZATIONS IN FORCE

The company has a share issue authorization in force granted by the Annual General Meeting 2021 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, 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 2022.

By the date of this Report the Board of Directors has resolved on issues of a total of 116,692,568 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 Financial Situation and Financing

The cash flow from our operations is still low. It is not sufficient to cover at least our investments. Production volumes at the Lithuanian solar cell plant are still low. However, quality requirements have been met, and production volumes are increasing. More and more difficulties in raw material supply 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 slowed down the start of our panel production throughout the year and hampered customer deliveries and the materialization of cash flow. 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 impossible to assess the ultimate impact of the pandemic on our operations. If we cannot pass on higher purchasing costs to our customer prices, the increase in prices may have a significant negative effect on the company's profitability and financial situation.

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 2020.

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 Covid-19, 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. Due to the uncertainty caused by Covid-19, raw material prices have already risen. In addition, the delivery times for components, silicon wafers, silver, other metals, plastics, and glass used in our production have been extended. 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 its resources to market and sell Valoe's 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. In particular, 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 Report, especially the non-binding estimations in Valoe's strategy, are targeted to the future and based on the management's current estimates. Therefore, they involve risks and uncertainty by their nature and may be affected by changes in the general financial situation 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 2021 will be paid. The company's annual general meeting will be held on 25 May 2022.

In Mikkeli, 23 February 2022

Valoe Corporation  
Board of Directors

# Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	7-12/2021	7-12/2020	1-12/2021	1-12/2020
<b>Net sales</b>	921	862	2 148	1 621
Cost of sales	-1 129	-1 466	-1 964	-2 621
<b>Gross profit</b>	<b>-208</b>	<b>-604</b>	<b>185</b>	<b>-1 000</b>
Other operating income	513	56	518	68
Product development expenses	-970	-587	-2 028	-1 055
Sales and marketing expenses	-309	-309	-601	-542
Administrative expenses	-438	-375	-831	-747
Other operating expenses	-25	0	-416	0
<b>Operating profit</b>	<b>-1 437</b>	<b>-1 819</b>	<b>-3 173</b>	<b>-3 277</b>
Financial income	1	0	2	0
Financial expenses	-857	-770	-1 605	-1 646
<b>Profit before taxes</b>	<b>-2 294</b>	<b>-2 589</b>	<b>-4 776</b>	<b>-4 922</b>
Income taxes	0	0	0	0
<b>Profit/loss for the period</b>	<b>-2 294</b>	<b>-2 589</b>	<b>-4 776</b>	<b>-4 922</b>
<b>Profit/loss attributable to:</b>				
Shareholders of the parent company	<b>-2 294</b>	<b>-2 589</b>	<b>-4 776</b>	<b>-4 922</b>
Earnings/share (basic), eur	-0,01	-0,01	-0,02	-0,03
Earnings/share (diluted), eur	-0,01	-0,01	-0,02	-0,03
<b>Total comprehensive income for the period</b>	<b>-2 294</b>	<b>-2 589</b>	<b>-4 776</b>	<b>-4 922</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent company	<b>-2 294</b>	<b>-2 589</b>	<b>-4 776</b>	<b>-4 922</b>

The cost of sales include a one-off write-down of approximately EUR 0.2 million in inventories mainly related to the Chrome module family during the year 2021.

## THE FOURTH QUARTER OF 2021

1 000 EUR	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Net sales	454	491	2 148	1 621
Operating profit	-571	-906	-3 173	-3 277
EBIDTA	-154	-363	-1 580	-1 863
Profit/loss for the period	-1 006	-1 219	-4 776	-4 922

# Consolidated statement of financial position

(unaudited)

1 000 EUR	31.12.2021	31.12.2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10 447	9 858
Consolidated goodwill	441	441
Other intangible assets	2 798	3 544
Available-for-sale investment	9	9
Non-current receivables	672	672
<b>Total non-current assets</b>	<b>14 368</b>	<b>14 524</b>
<b>Current assets</b>		
Inventories	465	444
Trade and other non-interest-bearing receivables	2 334	905
Cash and cash equivalents	15	435
<b>Total current assets</b>	<b>2 814</b>	<b>1 784</b>
<b>Total assets</b>	<b>17 182</b>	<b>16 308</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the parent company</b>		
Share capital	80	80
Other reserves	32 771	26 930
Retained earnings	-33 887	-29 535
<b>Total equity</b>	<b>-1 036</b>	<b>-2 525</b>
<b>Non-current liabilities</b>		
Non-current loans	8 914	7 944
Non-current subordinated loans	2 567	3 821
Other non-current liabilities	62	283
<b>Total non-current liabilities</b>	<b>11 543</b>	<b>12 049</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	3 903	2 431
Current subordinated loans	528	0
Trade and other payables	2 154	4 128
Current provisions	89	226
<b>Total current liabilities</b>	<b>6 675</b>	<b>6 785</b>
<b>Total liabilities</b>	<b>18 218</b>	<b>18 833</b>
<b>Equity and liabilities total</b>	<b>17 182</b>	<b>16 308</b>

# Consolidated statement of cash flows

(unaudited)

1 000 EUR	1-12/2021	1-12/2020
<b>Cash flow from operating activities</b>		
Income statement profit/loss before taxes	-4 776	-4 922
<b>Non-monetary items adjusted on income statement</b>		
Depreciation and impairment	+ 1 593	1 413
Unrealized exchange rate gains (-) and losses (+)	+/- -1	-2
Other non-cash transactions	+/- -503	-52
Other adjustments	+/- -177	-269
Change in provisions	+/- -137	-23
Financial income and expense	+ 1 604	1 648
<b>Total cash flow before change in working capital</b>	<b>-2 397</b>	<b>-2 207</b>
<b>Change in working capital</b>		
Increase (-) / decrease (+) in inventories	-191	3
Increase (-) / decrease (+) in trade and other receivables	-868	-440
Increase (+) / decrease (-) in trade and other payables	-145	-46
<b>Change in working capital</b>	<b>-1 203</b>	<b>-482</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>		
Interest paid	- 373	325
Interest received	+ 1	0
Other financial items	- 411	401
Financial items and taxes	-784	-726
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>	<b>-4 384</b>	<b>-3 415</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in tangible and intangible assets	- 1 989	1 847
Acquisition of subsidiaries and other business units	- 0	1 062
Grants received	+ 0	1 382
<b>NET CASH FLOW FROM INVESTMENTS</b>	<b>-1 989</b>	<b>-1 527</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	+ 0	1 854
Financing arrangement with Bracknor Investment	+ 750	1 957
Proceeds from non-current borrowings	+ 6 110	2 330
Repayment of non-current borrowings	- 100	0
Proceeds from current borrowings	+ 188	554
Repayment of current borrowings	- 995	1 325
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5 952</b>	<b>5 370</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>	<b>-420</b>	<b>428</b>

## Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2020</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	-	-	<b>0</b>	<b>0</b>
<b>Transactions with owners:</b>				
Sale of own shares - Winance, Riverfort etc.	0	2 442	0	<b>2 442</b>
Share issues	0	3 400		<b>3 400</b>
Own equity component of the convertible bond	0	0	423	<b>423</b>
<b>31.12.2021</b>	<b>80</b>	<b>32 771</b>	<b>-33 887</b>	<b>-1 036</b>

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
<b>31.12.2019</b>	<b>80</b>	<b>21 243</b>	<b>-24 607</b>	<b>-3 284</b>
Profit/loss for the period	-	-	-4 922	-4 922
Translation difference, comprehensive income	-	-	0	<b>0</b>
<b>Transactions with owners:</b>				
Sale of own shares - Winance	0	2 243	0	<b>2 243</b>
Share issue	0	3 689		<b>3 689</b>
Share issue expenses	0	-246	-	<b>-246</b>
Own equity component of the convertible bond	0	0	-6	<b>-6</b>
<b>31.12.2020</b>	<b>80</b>	<b>26 930</b>	<b>-29 535</b>	<b>-2 525</b>

## Key figures

(unaudited)

1 000 EUR	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Net sales	921	862	2 148	1 621
Operating profit	-1 437	-1 819	-3 173	-3 277
% of net sales	-156,0 %	-211,1 %	-147,7 %	-202,2 %
EBITDA	-639	-1 000	-1 580	-1 863
% of net sales	-69,4 %	-116,1 %	-73,6 %	-115,0 %
Profit before taxes	-2 294	-2 589	-4 776	-4 922
% of net sales	-248,9 %	-300,4 %	-222,3 %	-303,7 %
Balance Sheet value	17 182	16 308	17 182	16 308
Equity ratio, %	-6,0 %	-15,6 %	-6,0 %	-15,6 %
Net gearing, %	neg.	neg.	neg.	neg.
Gross investments	1 021	770	1 701	2 050
% of net sales	110,8 %	89,4 %	79,2 %	126,5 %
Research and development costs	970	587	2 028	1 055
% of net sales	105,3 %	68,1 %	94,4 %	65,1 %
Order book	820	757	820	352
Personnel on average	43	33	47	38
Personnel at the end of the period	52	42	52	42
Non-interest-bearing liabilities	2 154	4 128	2 154	4 128
Interest-bearing liabilities	15 975	14 480	15 975	14 480
Share key indicators				
Earnings/share (basic)	-0,01	-0,01	-0,02	-0,03
Earnings/share (diluted)	-0,01	-0,01	-0,02	-0,03
Equity/share	-0,003	-0,01	-0,003	-0,01
P/E ratio	-13,44	-5,53	-5,48	-2,38
Highest price	0,13	0,08	0,16	0,10
Lowest price	0,08	0,05	0,06	0,04
Average price	0,10	0,06	0,11	0,06
Closing price	0,08	0,06	0,08	0,06
Market capitalisation, at the end of the period, MEUR	32,6	16,3	32,6	16,3

The operating profit and the profit for the period include a one-off write-down of approximately EUR 0.2 million in inventories mainly related to the Chrome module family during the year 2021.



## 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>1-12/2021</b>	<b>1-12/2020</b>
<b>Sales of goods and services</b>		
Savcor Oy - production services	22	9
SCI Invest Oy - production services	7	0
<b>Total</b>	<b>30</b>	<b>9</b>
<b>Purchases of goods and services</b>		
SCI Invest Oy - rent	48	48
Basso J., business management services in Lithuania	119	141
SCI-Finance Oy - marketing and administration services	104	82
Savcor Technologies Oy - marketing and admin services	106	106
Savcor Oy - financial management services	10	10
Other	52	51
<b>Total</b>	<b>440</b>	<b>440</b>
<b>Interest income</b>		
Savcor Oy	1	0
<b>Interest expenses and other financial expenses</b>		
SCI-Finance Oy	92	108
Savcor Technologies Oy	3	72
Savcor Oy	0	12
SCI Invest Oy	0	1
Others	10	76
<b>Total</b>	<b>105</b>	<b>270</b>
Non-current convertible subordinated loan from related parties	63	461
Non-current other subordinated loan from related parties	0	141
Other current liabilities to related parties	0	399
Current interest payable to related parties	3	184
Trade payables and other non-interest-bearing liabilities to related parties	43	458
Trade and other current receivables from related parties	47	19

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>1-12/2021</b>	<b>1-12/2020</b>
<b>Wages and remuneration</b>		
Salaries of the management and Board	515	509



## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 31.12.2021</b>	<b>Fair value 31.12.2021</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	2 334	2 334
Cash and cash equivalents	15	15
<b>Financial liabilities</b>		
R&D loans, non-current	6 380	6 380
Non-current subordinated loans	2 567	2 567
Other non-current loans	2 533	2 533
Other non-current liabilities	62	62
Current subordinated loan	528	528
Loans from financial institutions, current	2 474	2 474
Other loans, current	270	270
Other liabilities, current	735	735
Trade payables and other non-interest-bearing liabilities	799	799

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 0.6 million of liabilities arising from the IFRS 16 standard.

EUR 0.7 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, EUR 0.2 million of loan repayments were overdue.

## Change in intangible and tangible assets

(unaudited)

<b>1 000 EUR</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>		
Carrying amount, beginning of period	13 842	13 762
Depreciation and impairment	-1 422	-1 148
Additions	1 266	1 498
Disposals	0	-269
Carrying amount, end of period	<b>13 686</b>	<b>13 842</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>31.12.2021</b>	<b>31.12.2020</b>
<b>Assets pledged for the company</b>		
Loans from financial institutions	5 007	1 952
Other liabilities	209	618
Promissory notes secured by pledge	2 060	5 396
Other securities provided	3 019	2 076
<b>Operating lease liabilities</b>		
Payable within one year	93	161
Payable over one year	108	201