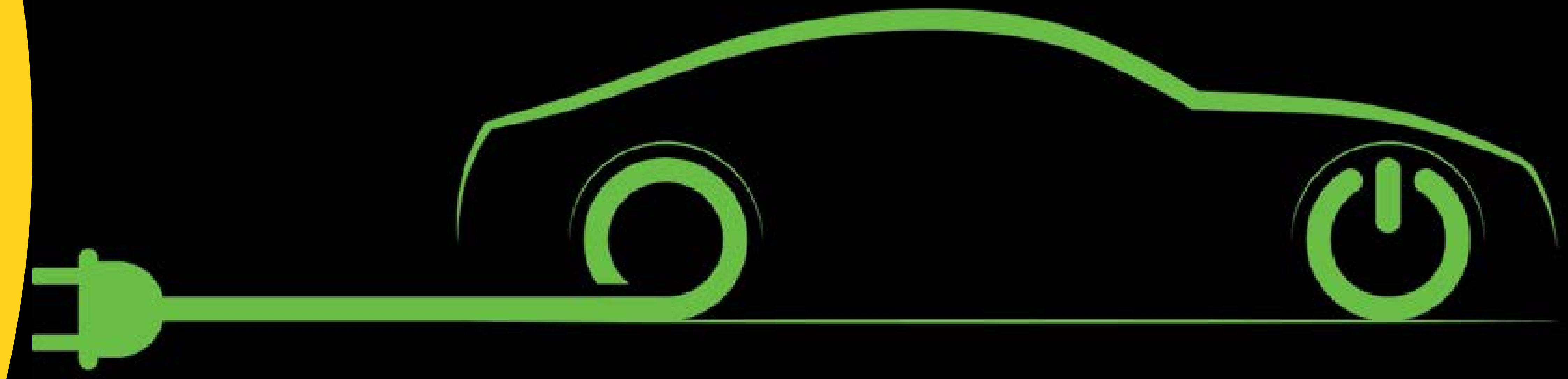
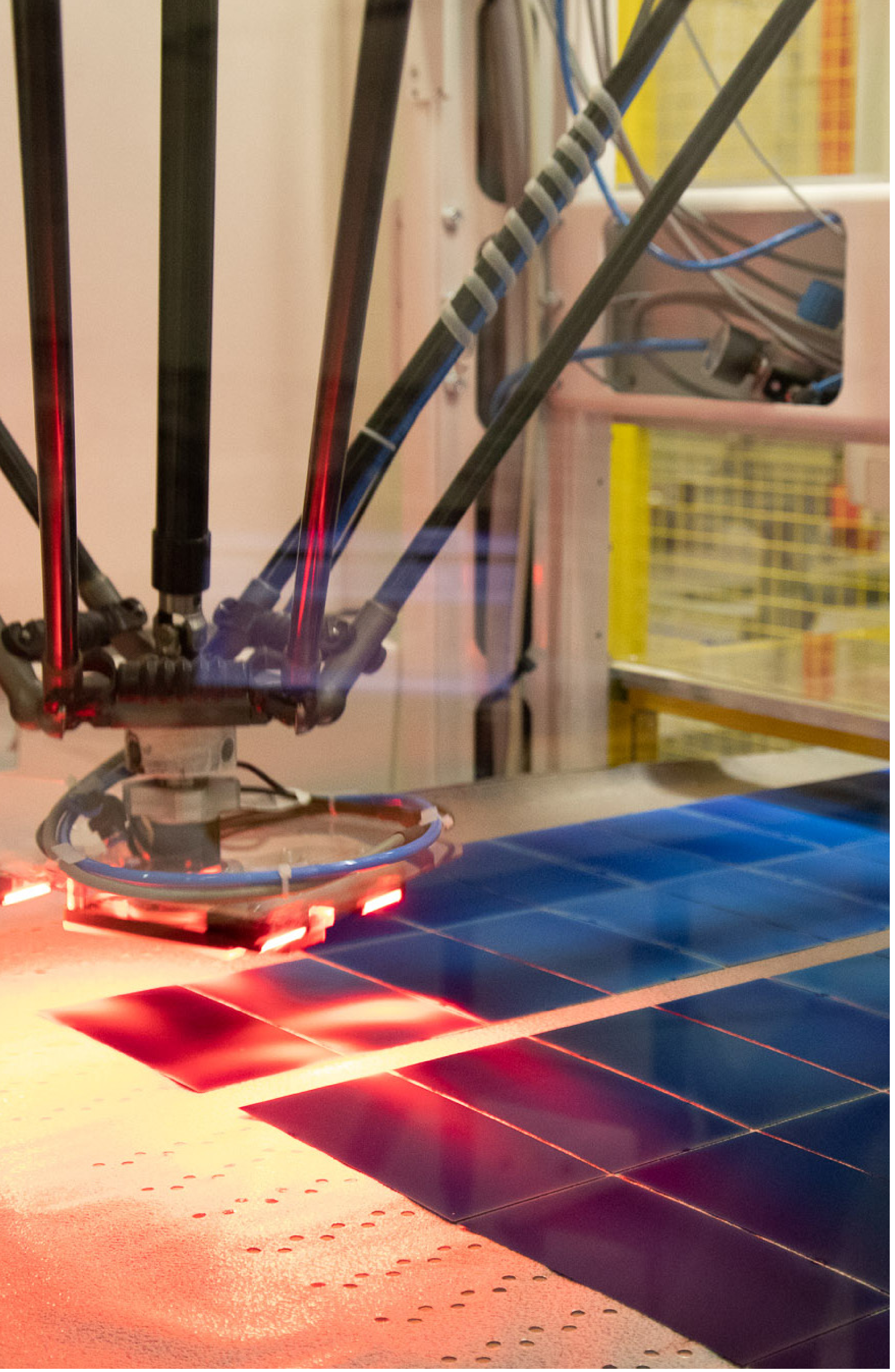
VALOe

Annual Report
2021





Contents

This Is Valoe

Valoe is a Finnish technology company specializing in solar energy. Our headquarters is located in Mikkeli, Finland. We have a solar cell factory in Vilnius, Lithuania. We manufacture solar modules at our plant in Juva, Finland. In Juva, we also have research and development as well as a test laboratory. Valoe shares are listed on Nasdaq Helsinki.

- Valoe has developed back contact technology for generating solar electricity based on a module-sized conductive circuit board, i.e., Conductive Back Sheet. The solar electricity is derived from the backside of the cells, and there are no soldered wires on the front side of the module as in traditionally manufactured panels. The back contact technology allows us to customize the panels in shape, size, and properties to suit various applications.
- The efficiency of the Conductive Back Sheet is maximized by a technically compatible Interdigitated Back Contact (IBC) cell, which is the most efficient, long-lasting, and visually attractive commercially available cell. IBC is an n-type monocrystalline cell with an unlimited lifetime. In addition, the IBC cell can convert more than 23 percent of the sunlight into electricity.
- Valoe has developed cell manufacturing technology in cooperation with ISC Konstanz, a German solar energy research institute. Valoe as a manufacturer of cells, modules, and production equipment, is one of the partners in the EU's Horizon H2020 Highlight development project that aims to establish new high-quality solar energy technology in Europe.
- During the past few years, Valoe has focused on developing new types of solar modules. Valoe's mono facial and bifacial IBC Back Contact modules, Valoe Chrystal IBC, and Valoe Chrystal Twin can be applied for rooftop and wall installations.
- Valoe has put special effort into the development of vehicle-integrated OddForm® modules. OddForm® modules can be manufactured from different materials such as glass, polymer, and composites. Valoe has ongoing development projects with several vehicle manufacturers to develop customized modules for vehicle surfaces.
- On 31 December 2021, Valoe employed 33 people in Finland and 19 in Lithuania. A total of 31 people work in the research and development.

Our Values

We Are Equal

We promote equality and cultivate an open atmosphere. Our goal is to work as a team with respect for each individual member.

We Listen and Learn

To be innovative, we must always be eager to learn more. We combine our knowledge and experience with the know-how of the experts in the field and our customers. We understand the value of listening and learning.

We Are Valuable Parners

We aim to deliver genuine value to our customers. It is only through a true partnership with our customers that we can develop our services most efficiently.

We Acknowledge Our Responsibility

We carry our responsibility for all our actions. We understand our responsibility towards our customers, the environment, society and our fellow workers.

Love of Life

Without a love of life and care for the quality of life, work and its result would be meaningless.

Our Vision

is to have clean solar electricity available for everyone everywhere.

Solar electricity is the best form of energy. It is available all over the world, even in places with no grid. Distributed, local electricity production replaces fossil fuels. Further, solar energy contributes to solving economic, social and health problems in developing countries

We want to develop sustainable and efficient photovoltaic modules for various applications. We want also to develop photovoltaic technology to promote clean mobility.

Our Mission

to promote diversified production and use of clean solar energy with our technology and knowledge.

Solar energy will soon be part of our natural environment. All surfaces onto which the sun radiates can be utilised to produce electricity for their own needs.

The product range of new solar energy applications will be wide. We cooperate closely with our customers and other developers in the industry. It is our shared mission to increase the use of solar electricity.

Managing Director's Report

SOLAR ENERGY TO ACCELERATE THE ELECTRIFICATION OF TRANSPORTATION

Climate change must be stopped, and changes are required everywhere. Modern man does not want to compromise his living standard, nor is the need for energy diminishing. Technology must produce solutions that enable the world to develop in an ecologically sustainable way.

We at Valoe are striving to increase photovoltaics utilization in new applications. Free solar energy will soon be used in vehicles, electronics, and clothing. A photovoltaic wrist-top computer and a solar electric car are already existing. In addition, the opportunities provided by solar electricity are influencing urban planning and architecture.

We commenced several commercial photovoltaic projects years ago. We believe that we will be involved in them when the industrial production of the products developed in the projects begins in 2023 and 2024. In 2021, the number of new applications multiplied, and even the most innovative ones may soon be in production. During the financial year 2021, many well-known manufacturers specializing in transport and their preferred suppliers contacted us and ordered studies on the possibility of applying solar electricity to their products. As a result, vehicle applications were chosen as our focus area in 2021.

Car manufacturers want to consider solar electricity applications already at an early stage of design. A solar module can no longer look like a glued-on solution. We customize Valoe OddForm® modules to fit our customer's product's overall design seamlessly when the car model is being designed. We believe that long-term cooperation and expertise in cell and module development and manufacturing give us a head start as a supplier when the product, for example, in the automotive industry, enters series production 3-4 years after the start of design.

Our growth to a significant large-scale solar technology company depends on what kind of role we will have in the products' mass production. Every vehicle or device that has our integrated photovoltaic application and reaches the production phase creates significant new growth potential for us. Awareness that our PV product is already part of the initial or middle stage design of several vehicles gives us a lot of confidence in our growing technology team's expertise and work results.

In 2021, our business grew but not enough. Nevertheless, we are on the right path. Our projects have started as small development and design projects, but they are expected to grow as the production phase approaches. The automotive industry is known to be a relatively closed industry. However, we have a good chance of becoming an essential expert in the industry's new field of solar electricity.

In 2021, we agreed to establish a joint venture in Saudi Arabia. The joint venture plans to build a solar panel plant, which we design and whose machines and equipment we build and deliver. We estimate that the construction of the panel factory will start during 2022.

Our biggest challenge in 2022 is to secure sufficiently large and solid financial resources to complete our investments to meet future production volumes in line with customer forecasts. Even if our customers pay for the investment required for their production, we will have to take care of our production infrastructure and other resources.

While our biggest expectations go after two to three years, I am confident that the growing number of our customers and partners will help us achieve the significant revenue growth we promise in 2022.

I would like to thank everyone who has supported Valoe, enabling us to participate in our esteemed customers' product development, aiming to increase the use of solar electricity already in the early stage of development. Many events during the financial year suggest that we can finally contribute the fight against climate change.

Iikka Savisalo
Managing Director

Directors Report 2021

NET SALES AND RESULT

Valoe's net sales for the financial year 2021 grew by 33 percent and were EUR 2.1 million (in 2020 EUR 1.6 million), the operating profit was EUR -3.2 million (EUR -3.3 million), and the profit for the financial year was EUR -4.8 million (EUR -4.9 million). Undiluted and diluted earnings per share were EUR -0.02 (EUR -0.03).

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.

THE YEAR 2021 IN BRIEF

Technology Choices Allow Us to Focus on Special Applications

We focused more clearly on Vehicle-Integrated Photovoltaics (VIPV). The technologies we have chosen, including Conductive Back Sheet (CBS) and Interdigitated Back Contact (IBC) cell, give us a competitive edge in special applications. Furthermore, as the CBS structure and the IBC cell are mutually supportive in terms of technology, the manufactured modules are efficient and adaptable to various applications, e.g., to be integrated on to vehicles.

Growth Potential is Based on Several Development Partnerships

We signed several development agreements during the financial year 2021, e.g., with vehicle manufacturers and OEMs. We disclosed stock exchange releases of the most significant orders in terms of future potential. Development agreements usually generate relatively low revenue, but we aim for mass production agreements if the product development is successful and proceeds to the subsequent phases.

- In April 2021, we signed about EUR 2.2 million development cooperation agreement with Sono Motors ("Sono"). Last year the cooperation deepened and is still going on. Sono Motors' Sion electric vehicle in the picture 1.
- 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
- In September 2021, we entered into a cooperation agreement with Clean Motion AB, a Swedish electric vehicle manufacturer.
- In November 2021, we signed an agreement to develop, prototype, pre-produce, and mass-produce a vehicle-integrated PV System with a German company called Neuber GmbH.
- At the end of the financial year e 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.
- After the financial year, we disclosed the industrialization agreement signed with Sono Motors GmbH and the agreement with Eker Group on developing a photovoltaic system for electric city ferries. More information on these contracts can be found below.

In addition to these cooperation agreements, we are negotiating with several operators to use our OddForm® modules in passenger cars, light vehicles, and watercraft.

Picture 1: Sono Motors GmbH's Sion vehicle.
Photo courtesy of Sono Motors GmbH.

At the Lithuanian Cell Plant We Focused on Increasing Cell Efficiency

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. We continued to develop the solar cell throughout the year based on our knowledge and experience. In the summer of 2021, our IBC cells exceeded the Asian PERC cells we used previously in terms of efficiency. 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.

Global Production Technology

We continued to sell design and construction services for production lines based on our technology. During the financial year 2021, we agreed to establish a joint venture with the Saudi company ICON Advanced Co Ltd ("ICON"). 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 under which ICON markets and sells our products in Saudi Arabia, Dubai, Abu Dhabi, and Oman.

Financing

During the financial year 2021, we continued to raise funding for investments and working capital. In 2021, we withdrew a total of EUR 0.75 million out of the financing arrangement with Winance signed in 2020, and after the financial year, the financing facility's final tranche of EUR 0.75 million in March. 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") and agreed on committed advances totaling EUR 3,000,000. By the date of this Annual Report, we have withdrawn a total of EUR 4.05 million, out of which we have repaid EUR 0.95 million to RiverFort. During the financial year 2021, we made a loan repayment of EUR 0.5 million. Further, we issued the Convertible Bond 1/2021 and a share issue to the company itself. Through the Convertible Bond 1/2021, which was fully converted to shares in June 2021, we raised new funding of a total of EUR 2.4 million, and the company's indebtedness decreased in total by EUR 1.0 million. We managed to fill the financing gap caused by significant investments reasonably well considering the company's size, although the working capital situation maintained to be tight.

Our financing is described in more detail in the item FINANCING

We Developed a Partnership Model for Our Research and Development

We established a partnership model for our research and development: We develop technology and applications with our customers. In 2021, we launched several paid product development projects with our customers. In most cases, the projects commence with prototypes progressing to pre-series. Some of the projects will end in their early stages, but our goal is to move on to a mass production partnership. The partnership model enhances the goal-orientation of our product development and leads to practical results.

Our research and development are described in more detail in the item RESEARCH AND DEVELOPMENT.

The Main Events during the Financial Year

More information on events during the reporting period can be found in the stock exchange releases published on Valoe's website at www.valoe.com.

The Main Events after the Financial Year

In March 2022, Valoe disclosed that the company and and Eker Design ("Eker"), a Norwegian company belonging to the Eker Group, have agreed on a product development project for applying solar technology to Eker's and its customers' marine vessels. Eker manufactures high-end boats and other marine vessels, e.g., Hydrolift Smart City Ferries. Eker plans to

deliver 100 – 200 electric city ferries, annually, with Valoe's integrated PV solar systems.

In March 2022, Valoe and Sono Motors agreed on the industrialization of solar components. Sono Motors assigned Valoe for the next phase of the Sion's development program, the built up of a series-validation vehicle fleet.

Under the renewed cooperation, Valoe and Sono Motors will define the production equipment and run tests required to determine the process specifications for a higher-volume solar cell assembly production.

VALOE'S STRATEGY

We are an international growth company with high business volume and technology level objectives. We are quick, flexible, and innovative!

We Believe the Solar Energy Can Make a Change

Solar energy is the cleanest and safest form of energy, and the sun provides enough energy to meet the world's needs. In addition, solar energy is free and easy to convert into electricity. In many areas, the price of electricity produced by photovoltaics is already the lowest form of energy! Our goal is to harvest the energy effectively and enhance the use of solar energy as close as possible to its production. In the future, we may also be involved in electricity storage.

We Focus Our Skills on Increasing the Utilisation of Photovoltaics

A successful operation in the solar energy-related business requires the capability to compete in international markets. Therefore, we must closely follow research and development related to our business and adapt applicable technologies to our product concepts quickly. Our strength lies in our international business approach, in-depth knowledge of materials technology, laser technology expertise, and long experience as a supplier of industrial automation applications.

Applications for Transport Are Now Our Main Priority

In 2021, we chose the applications for transport as our primary strategic priority. Traffic is changing, and its electrification is advancing rapidly. In big cities, there are new forms of transportation. City centers become carfree, and the "Last Mile" is walked, driven by an e-scooter, or soon with public autonomous electric vehicles based on entirely new ideas. Solar-powered vehicles become increasingly important as traffic is electrified and chargers become congested.

According to our vision, the Back Contact technology, efficient IBC cells, and Valoe OddForm® modules will be at the heart of new transport forms. Moreover, having adaptable manufacturing technology and vertically integrated cell and module factories, we can act as a technology partner for the industrialization of new products and possibly also as a manufacturing partner.

Vehicles Are the Most Important Application for Valoe OddForm® Module

Thanks to Valoe OddForm® module's efficiency, visual look, flexibility, and durability they can be applied very well to vehicle surfaces.

Vehicle-integrated solar panels have significantly higher value-added and margins than conventional modules. The competitive situation is reasonable and technological barriers for a new entrant are high. Changing the light of the sun hitting a moving vehicle first economically electricity and then propulsion requires solar electricity understanding of the physical truths associated with. Construction of a practical application requires expertise in complex materials technology and electronics as well as programming skills

Changing our focus on the automotive industry was the most important reason our gross margin after fixed production costs increased from approximately -62% in 2020 to about +9% in the last financial year. As a result, we achieved the first positive quarterly result at the EBITDA level in the second quarter of 2021. Our cooperation with the automotive industry has had a good start, and if the same trend continues, based on the experience of 2021, we estimate that profitability will improve.

We Continue Developing and Supplying Manufacturing Technology for Standard Modules

We continue to develop technology and module production lines for emerging countries. Photovoltaics is the most natural way to improve living conditions in areas with no electricity. Therefore, we want to establish a photovoltaic supply even in the poorest regions. However, deliveries to developing countries seem to require public funding.

We do not rule out the possibility of participating in solar power plant deliveries if our high-efficiency modules are needed. For example, in Saudi Arabia or places where flying sand and heat set special requirements for modules, we believe that locally made Chrystal modules will be successful. In addition to our project in Saudi Arabia, we have ongoing negotiations for delivering module factories using the back contact technology elsewhere..

During the last financial year, Chrystal and Crystal Twin modules' production focused on delivering power plant orders. We will continue to manufacture Chrystal Twin modules for selected sites, but we do not put special effort into the sales of conventional modules.

MARKET SITUATION AND VALOE'S OPPORTUNITIES

Rising raw material and international freight prices and a global shortage of components create significant risks. Component deliveries are being postponed extending our delivery times and rising prices of all products.

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. Component shortages and rising prices have disrupted old supply chains. As transportation costs rise, many end customers look for new suppliers closer to them. Asian suppliers no longer have the same price advantage as before. As a result, we believe that distributed local solar module manufacturing will increase significantly in the coming years.

The Pandemic Changed Supply Chains and the EU Activated

Our position as a supplier of the latest photovoltaic technology was strengthened in 2021. The pandemic changed production chains, and China's position as a supplier was undermined. The European Union became interested in solar electricity and increased its funding to restore technology leadership to Europe. Several new and large-scale EU projects will be started or planned in 2022. We have a good chance of continuing as one of the key players in photovoltaics technology in EU projects.

We Are Ready for Growing the Business

Our competitiveness is based on our automation and international trade expertise, product compatibility, and vertical integration of design and manufacture.

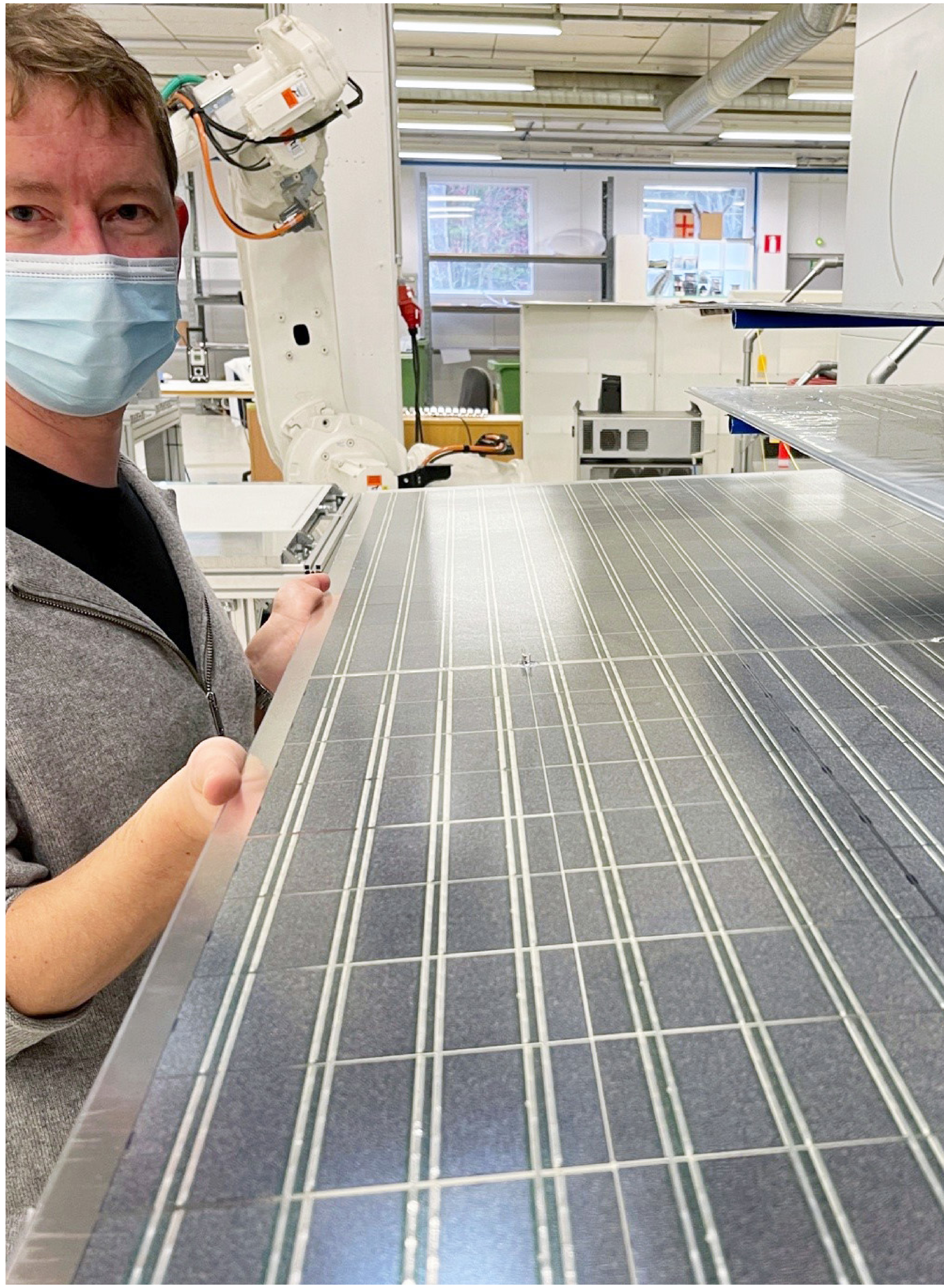
We have successfully manufactured third-generation Chrystal and Chrystal Twin modules for roof-top and wall-mounted installations. In the new Valoe OddForm® panel, we combine IBC cells with back contact modules that can have shapes and be constructed of composites. Cutting IBC cells into smaller pieces gives the modules three-dimensional and customized forms. Our product development and sales focus on OddForm® and applying the technology to the automotive industry's needs.

Because we need efficient production technology in our new applications, we have also streamlined the sales of the production technology for OddForm® modules. In addition, we will supply production lines to our customers who will introduce our OddForm® technology to manufacture special modules for vehicles and buildings.

The Automotive Industry Is Our Key Customer

The automotive industry's rapidly growing interest in photovoltaic applications has been a pleasant surprise. We know that most automotive companies plan to introduce photovoltaics in their new car models. Many operators developing maritime transport are also interested. Aviation envisions auxiliary power from a cloudless sky, and new solar cell types are being developed for space applications. Valoe seems to be customers' first contact in terms of photovoltaic technology.

In 2021, 92 percent of the turnover was generated from product and service



development projects for the automotive industry. 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. Then, we build, test, and ramp up the required production equipment based on our broad knowledge and experience in mechanical engineering, robotics, and automation. Such contracts vary between EUR 5 million and EUR 15 million.

Solar Power Plants for Rooftops and Buiding-Integration

We installed building-integrated solar modules on the wall of a new parking house at Helsinki-Vantaa Airport. Valoe's back contact technology is optimal for building-integrated photovoltaics (BIPV) applications. Module efficiency has increased almost 50 percent in the last few years. Moreover, the electricity price continues to rise. When starting designing a building, the possibility of generating solar electricity on the southwest facades of buildings, on concrete surfaces, or balconies should be considered. Our competitiveness in building applications is better, thanks to module efficiency and structure-integrate attractive appearance, than when competing for a standard rooftop power plant installation.

Entering Mass Production Phase May Generate Big Turnove

Our objective is to commence the mass production following the industrialization phase at Valoe's plant or the customer's designated production facility. Typically, e.g., in the automotive industry, one mass production model is produced in 30,000 to 200,000 units per year. Whether we can grow into a significant solar technology company in terms of turnover is determined by how we succeed in securing mass production agreements. Solar components can be produced by Valoe, Valoe's joint venture company, or quite often our customers in car projects. If we do not participate in manufacturing directly, we can supply machinery, transfer technology or take care of our technology rights through license and royalty fees. We are now involved in vehicle projects aimed at mass production starting in 2023.

We Continue Selling Module Manufacturing Technology for Our Partners

EWe are not aiming at becoming a local manufacturer abroad but seeking a local partner and an investor like in Saudi Arabia. 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.

By including suitable processes in a Chrystal and Chrystal Twin panel manufacturing plant Valoe OddForm® modules can also be manufactured in the same factory. We believe that our partners value the versatility of their investment and are keener on keeping Valoe involved in later stages of development.

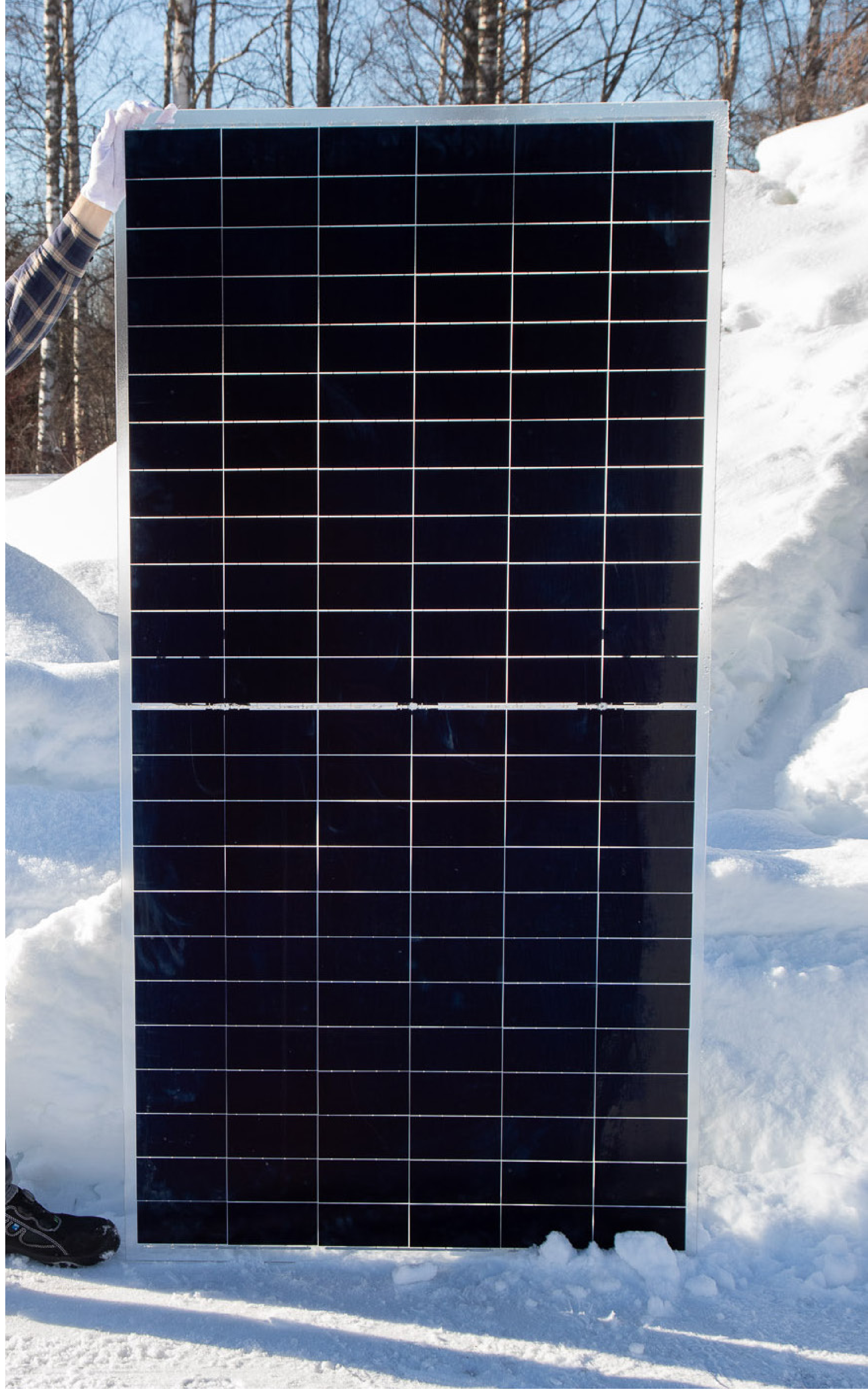
Sufficient Solid Funding Is Crucial to Our Success

In 2022, our biggest challenge will be the adequacy of funding. Many of our customer projects are entering the investment phase. Although a customer would take care of their project-specific investments, production volumes are so high that our production infrastructure and resources must be increased significantly. It is now our task to secure sufficient funding and other resources to respond quickly to customer needs.

We Use All Cells Manufactured at the Lithuanian Plant

We have changed our strategy also on the cell market. In the summer of 2019, we signed a supply agreement with a U.S. customer to deliver IBC cells to North America. We have ongoing negotiations on broader cooperation relating to IBC back contact modules instead of cell deliveries.

We are no longer looking for buyers for our IBC cells. We will need the full capacity of our Lithuanian cell plant for our products from the beginning of 2023. The cells used in our highly processed products will provide us significantly better value-added than world market prices.



RESEARCH AND DEVELOPMENT

Our goal is to produce the greenest energy on the market. The importance of our research and development is well illustrated by the human resources allocated to research and development. Valoe Group employs 52 people, of whom 31 work on the company's product development projects in Finland and Lithuania on 31 December 2021. The research and development also takes care of our quality and certification projects.

We Developed Cells and Increased Cell Production

During recent years, our research and development focus has been on Lithuanian operations: on projects relating to cell development and efficiency improvement, developing IBC cells; and quality and quantity-related challenges in the cell production ramp-up.

In 2021, we increased our production volume. Further, we improved the cell quality by finding silicon wafers more suitable for our use. We exceeded last year the efficiency and other performance parameters of the Asian PERC cells we previously used. Our cell development in Lithuania continues with our objective to develop a new 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 the current estimates. Exploiting the present technology, we aim to increase the efficiency of our cell from current about 22 - 23% to an ambitious 25%. The efficiency of competing, high-quality PERC cells is typically about 22%.

We Commercialized the Valoe OddForm® Modules

In 2020, we increased product development resources to further develop the Valoe OddForm® module. Valoe's OddForm® module, a registered trademark, is a flexible and lightweight composite module for new applications in the automotive, aviation, and aerospace industries. In these environments, energy problems must have been solved at a high cost and in less environmentally friendly ways. Furthermore, there is no competition in the market.

The structure and materials of the OddForm® solar module are entirely different from the panels used in traditional solar power plants. OddForm® modules can be used for various applications based on material combinations that can be manufactured by us economically and meet the individual requirements of as many customers as possible. We use IBC cells and, e.g., ultra-thin glass, polymers, and material composites to manufacture OddForm® modules.

We Increased R&D Resources, Renewed Machines, and Invested in the Quality to Meet the Automotive Industry's Demands

We have learned a lot when delivering products to the automotive industry, especially about the behavior of plastics, composites, and conductive materials as well as about their durability at different temperatures, chemical and mechanical stresses, and pressures. Additionally, we must study electronics and programming to convert sunlight into electricity in a moving vehicle as efficiently as possible.

During the past year, we systematically increased the company's mass production capacity: We renewed machines, improved our processes, and put emphasis on the automotive industry's quality systems. As a result, ISO 9001 and the automotive industry quality system TS 16494 will be certified in 2022-23.

We see Valoe as an exciting place to work for an ambitious laser, automation, and robotics expert, whether they are a self-taught innovator, engineer, or has a doctorate in engineering. Welcome to work for Valoe.

We Cooperate with Global Partners

Over the past years, we have created a global partner network to support our research and development. With the partners, we develop products and technology to implement the next phase of our growth strategy. The development and technology transfer collaboration with ISC Konstanz has been steadily deepening. ISC Konstanz is one of the leading solar energy research institutes in Europe.

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 2020 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, leading universities from several countries as well as well-known materials technology companies are also involved in the projects. In addition, we initiated proceedings to apply for 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 the financial year amounted to EUR 1.7 million (EUR 2.1 million). The investments on the reporting period were mainly in equipment.

We estimate that our investment needs will grow very sharply in 2022. If the final stage negotiations with our customers are successful, our production capacity needs to be multiplied.

The basis for our customer negotiations is that the customer pays for machinery, equipment and other resources needed to manufacture the customer's product. Due to the increase in production capacity, also our investments over the next 24 months will be on a whole new level.

We have ongoing financial negotiations with several investors. We hope that our negotiations with the customers and potential investors progress at the same pace and are finished in good time before the end of the 2022 financial year.

FINANCING

Financing during the Financial Year 2021

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 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, our Lithuanian cooperation partner 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 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. By the date of this Annual Report, we have raised the financing facility in its entirety. An amount of EUR 0.75 million was withdrawn in 2021.

Cash flow from business operations before investments in 2021 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.

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

Securing Long-Term Financing for Potential Rapid Growth Is Our Challenge in 2022

As stated in the section INVESTMENTS lack of long-term financing would 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".

PERSONNEL

At the end of December 2021, 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

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 31.12.2021

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 JAAKKO	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	49,3 %
	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 AUTHORIZTIONS 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 143,073,520 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 POSITION AND FINANCING

The Operating Cash Flow Does not Materialise as Planned

We have estimated that 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. Our business growth expectations are based on existing and new development projects to supply photovoltaic applications, particularly for transport and the industrialization of the projects. Provided our development projects do not lead to the industrialization phase quickly enough, this could have a material adverse effect on our operating result and financial position.

We Cannot Increase the Cell Production Capacity at the Lithuanian Plant Quickly Enough

We estimate that the production volumes at the Lithuanian solar cell plant will grow. Although production volumes are still low, the quality requirements have been met, and production volumes are increasing. However, 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.

Rising Raw Materials Prices and Procurement Costs Cannot Be Passed on to Customer Prices

Raw material prices and procurement costs have risen sharply. We use sourced components 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. If we cannot pass on higher purchasing costs to our customer prices, the increase in prices may significantly affect the company's profitability and financial situation.

The Assumptions Related to the Company's Cash Flow Do Not Realise

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 an 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 current 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 even more.

Risks Related to the Adequacy of Funding

As mentioned in the section INVESTMENTS above, the lack of long-term financing would limit our growth. For example, if any major car manufacturer were to order a photovoltaic application for any of its cars, it would mean significant investments at our module and cell factories this year. If required funding is postponed, the start of production would be delayed, which might result in a reduction or loss of orders.

RISKS RELATED TO THE STRATEGY, BUSINESS OPERATIONS, NEW TECHNOLOGIES, AND MANUFACTURING

Our R&D Projects Do not Deliver Outcome Quickly Enough

Should Valoe's product development projects fail or take too long to achieve results, new products are delayed, and competition tightens, the price level of new products falls, and Valoe's profitability remains substantially lower than estimated, which could significantly affect the company's financial position.

The Production of the Products Developed in Our Development Projects Does Not Start Quickly Enough

Our growth strategy is based on success in new photovoltaic applications, e.g., for transport. We have announced several such projects. Our goal is that at least some of these development projects lead to industrialization/mass production agreements.

If we could not sign an industrialization or mass production agreement with our partners fast enough, it could significantly affect the company's growth, profitability, and financial position. In 2020, the most significant project was the development project with Sono Motors GmbH, which has already moved to the industrialization phase. If the project were substantially delayed, it could have a negative impact on our estimated revenue and margins.

Materials and Services Supplies Related Risks

The COVID-19 pandemic delayed Valoe's module production and hampered, especially, the start of cell mass production, as well as the start of customer deliveries and the realization of cash flow. Since last fall, the shortage of materials and components has, month by month, delayed the final assembly and ramp-up of the production line we expected to have already in December. We use international material suppliers and subcontractors for our production whose delivery times have been extended unprecedentedly. For the moment, it is impossible to assess the ultimate impact of material and component shortages on us and others technology companies. The war in Ukraine will have an unpredictable effect on delivery problems. Ukrainian companies often play a crucial role in several essential materials and components supply chains.

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.

CONSOLIDATED FINANCIAL STATEMENT, IFRS

Key Figures

EUR 1 000	2021	2020	2019
Net sales	2 148	1 621	328
Operating profit	-3 173	-3 277	-3 674
% of net sales	-147,7 %	-202,2 %	1118,9 %
Result before taxes	-4 776	-4 922	-5 771
% of net sales	-222,3 %	-303,7 %	-1757,4 %
Return on equity, %	n/a	n/a	n/a
Return on capital employed, %	n/a	n/a	n/a
Equity ratio, %	-6,0 %	-15,4 %	-21,1 %
Net gearing, %	neg.	neg.	neg.
Non-interest-bearing liabilities	2 154	4 128	5 391
Interest-bearing liabilities	15 975	14 480	13 355
Gross investments	1 701	2 050	4 767
% of net sales	79,2 %	126,5 %	1451,8 %
Research and development costs	2 028	1 055	1 873
% of net sales	94,4 %	65,1 %	570,3 %
Order book, EUR million	0,8	0,4	17,2
includes Ethiopia	0	0	15,8
Personnel on average	47	38	26
Personnel at the end of the period	52	42	32

EUR 1 000	2021	2020	2019
Share key indicators			
Earnings per share (basic)	-0,02	-0,03	-0,14
Earnings per share (diluted)	-0,02	-0,03	-0,14
Equity / share, EUR	-0,003	-0,01	-0,08
Dividend / share, EUR	0,00	0,00	0,00
Effective dividend yield, %	0,00	0,00	0,00
P/E ratio (basic)	-5,5	-2,4	-0,7
P/E ratio (diluted)	-5,5	-2,4	-0,7
Share price at the end of the period	0,08	0,06	0,10
Market capitalization of shares at the end of the period, MEUR	32,6	16,3	11,4
Share trading adjusted for share issue	364 876 933	153 279 461	43 781 991
Portion of weighted average of shares, %	115,6 %	83,8 %	106,3 %
Weighted average number of shares adjusted for share issue over the financial year	315 511 219	182 842 299	41 185 384
Number of shares adjusted for share issue at the end of the financial year	393 359 195	255 359 195	118 324 388
Average number of shares diluted by share option and adjusted for share issue over the financial year	393 800 661	266 264 102	137 324 829

Calculation of Key Figures

Return on investment (ROI), %:

$$\frac{\text{Profit/loss + financial expenses} \quad \text{x100}}{\text{Shareholders' equity + interest-bearing financial liabilities}}$$

Equity ratio, %:

$$\frac{\text{Total equity x 100}}{\text{Total assets - advances received}}$$

Net gearing, %:

$$\frac{\text{Interest-bearing liabilities - cash and cash equivalents and marketable securities x 100}}{\text{Shareholders' equity + non-controlling interests}}$$

Earnings/share (EPS):

$$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue at the end of the financial year}}$$

Equity/share:

$$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Undiluted number of shares on the balance sheet date}}$$

Dividend/share:

$$\frac{\text{Dividend distribution for the financial period}}{\text{Undiluted number of shares on the balance sheet date}}$$

Dividend/profit, %:

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$$

Effective dividend yield, %:

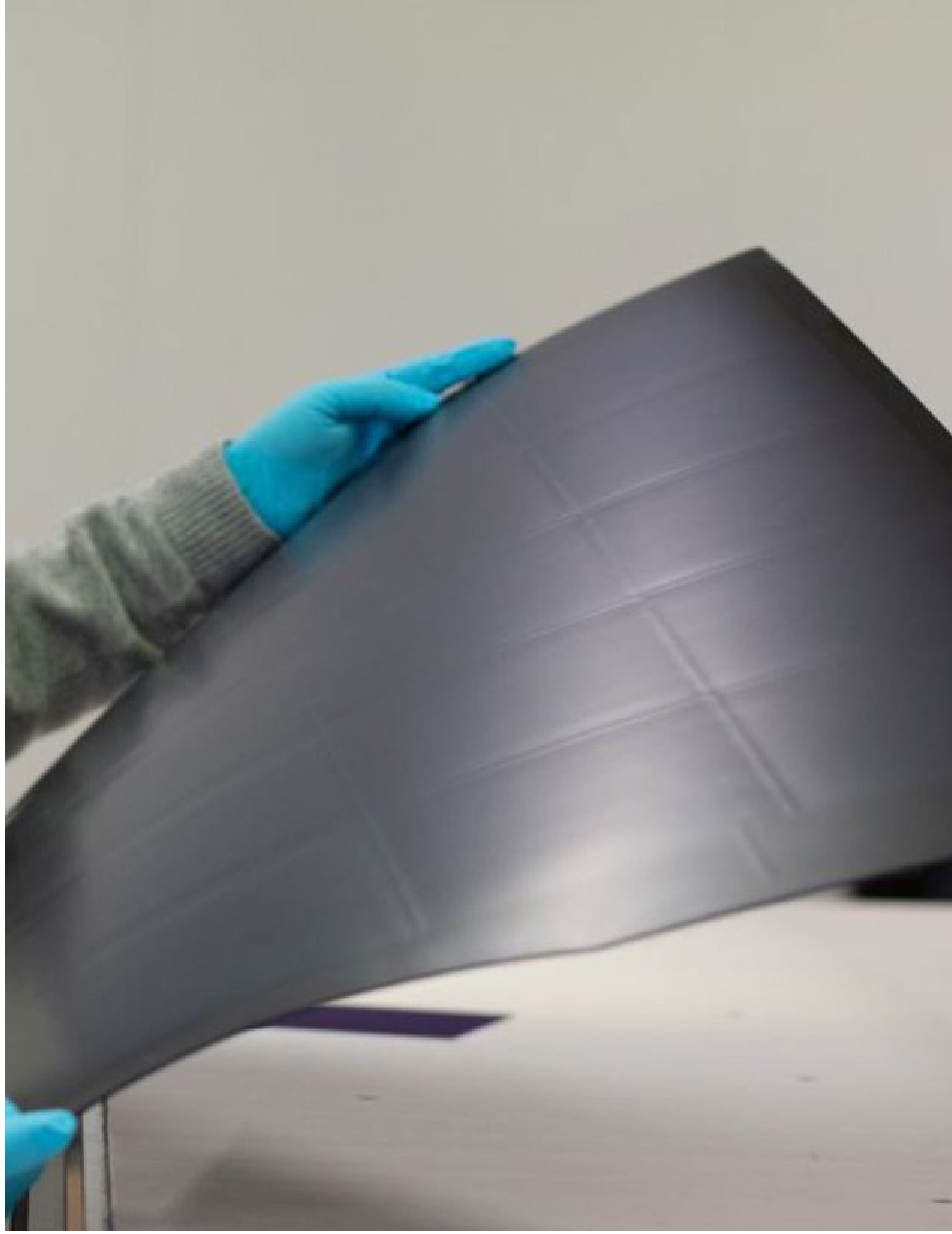
$$\frac{\text{Dividend / share x 100}}{\text{Price on the balance sheet date}}$$

P/E ratio:

$$\frac{\text{Price on the balance sheet date}}{\text{Earnings per share}}$$

Consolidated Statement of Comprehensive Income

EUR 1 000	Note	1 Jan – 31 Dec 2021		1 Jan – 31 Dec 2020	
Net sales	1	2 148	100 %	1 621	100 %
Cost of sales		-1 964	-91 %	-2 621	-162 %
Gross profit		**185**	9 %	**-1 000**	-62 %
Other operating income	3	538		68	
Product development expenses		-2 028		-1 055	
Sales and marketing expenses		-601		-542	
Administrative expenses		-831		-747	
Other operating expenses	4	-435		0	
Operating profit / loss		**-3 173**	-148 %	**-3 277**	-202 %
Financial income	7	2		0	
Financial expenses	8	-1 605		-1 645	
Profit/loss before taxes f		-4 776	-222 %	-4 922	-304 %
Income taxes	9	0		0	
Profit/loss for the period		**-4 776**	-222 %	**-4 922**	-304 %
Profit/loss attributable to:					
Shareholders of the parent company		-4 776		-4 922	
Earnings/share (basic), EUR	10	-0,02		-0,03	
Earnings/share (diluted), EUR	10	-0,02		-0,03	
Profit/loss for the financial year		**-4 776**		**-4 922**	
Total comprehensive income for the financial year		**-4 766**	-222 %	**-4 922**	-304 %



Consolidated Balance Sheet

EUR 1 000	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	11	10 447	9 858
Consolidated goodwill	12	441	441
Other intangible assets	12	2 798	3 544
Available-for-sale ivestments	13	9	9
Long-term receivables	14	672	672
Total non-current assets		**14 368**	**14 524**
Current assets			
Inventories	16	465	444
Trade and other non-interest-bearing receivables	17	2 334	905
Cash and cash equivalents	18	15	435
Total current assets		**2 814**	**1 784**
Total assets		**17 182**	**16 308**

EUR 1 000	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	19	80	80
The invested unrestricted equity fund	19	32 771	26 930
Retained earnings	19	-33 887	-29 535
Total equity		**- 1 036**	**- 2 525**
Non-current liabilities			
Non-current loans	22	7 080	7 944
Non-current subordinated loans	22	2 567	3 821
Non-current rental lease liabilities (IFRS 16)	22	62	283
Total non-current liabilities		**9 710**	**12 049**
Current liabilities			
Current interest-bearing liabilities	22	5 211	1 964
Current subordinated loand	22	528	0
Current rental lease liabilities (IFRS 16)	22	526	467
Trade and other payables	23	2 154	4 128
Current provisions	21	89	226
Total current liabilities		**8 508**	**6 785**
Total liabilities		**18 218**	**18 833**
Equity and liabilities total		**17 182**	**16 308**

Consolidated Cash Flow Statement

EUR 1 000		Jan-Dec 2021	Jan-Dec 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Income statement profit/loss before taxes		-4 776	-4 922
Non-monetary items adjusted			
Depreciation and impairment	+	1 593	1 413
Unrealized exchange rate gains (-) and losses (+)	+/-	-1	-2
Other non-cash transactions	+/-	-177	-52
Other adjustments	+/-	-503	-269
Change in provision	+/-	-137	-23
Financial income and expenses	+/-	1 604	1 648
Total cash flow before change in working capital		**-2 397**	**-2 207**
Change in working capital			
Increase (-) / decrease (+) in inventories		-191	3
Increase (-) / decrease (+) in trade and other receivables		-868	-440
Increase (+) / decrease (-) in trade and other payables		-145	-46
Change in working capital		**-1 203**	**-482**
Adjustment of financial items and taxes to cash-based accounting			
Interest paid	-	373	325
Interest received	+	1	0
Other financial items	-	411	401
Financial items and taxes		**-784**	**-726**
NET CASH FLOW FROM BUSINESS OPERATIONS		**-4 384**	**-3 415**

EUR 1 000		Jan-Dec 2021	Jan-Dec 2020
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-	1 989	1 847
Acquisition of subsidiaries	-	0	1 062
Grants received	+	0	1 382
NET CASH FLOW FROM INVESTMENTS		**- 1 989**	**-1 527**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue	+	0	1 854
Financing arrangement with Winance/Bracknor	+	750	1 957
Increase in non-current loans	+	6 110	2 330
Repayment of non-current loans	-	100	0
Increase in current loans	+	188	554
Repayment of current loans	-	995	1 325
NET CASH FLOW FROM FINANCING ACTIVITIES		**5 952**	**5 370**
INCREASE (+) OR DECREASE (-) IN CASH FLOW		**-420**	**428**
Cash and cash equivalents at the beginning of the financial year		435	7
Translation adjustment to cash and cash equivalents		0	0
Cash and cash equivalents at the end of the financial year		15	435
		-420	**428**

Statement of Changes in Equity

1.1.-31.12.2021

EUR 1 000	Share capital	Distributable non-restricted equity fund	Retained earnings	Total
31 Dec 2020	**80**	**26 930**	**-29 535**	**-2 525**
Profit/loss for the financial period			-4 776	**-4 776**
Transactions with owners:				
Own equity component of the convertible bond			423	**423**
Sale of own shares – Winance		1 224		**1 224**
Riverfort and other arrangements		1 218		**1 218**
Share issues		3 400		**3 400**
31 Dec 2021	**80**	**32 771**	**-33 887**	**-1 036**

1.1.-31.12.2020

EUR 1 000	Share capital	Distributable non-restricted equity fund	Retained earnings	Total
31 Dec 2019	**80**	**21 243**	**-24 607**	**-3 284**
Profit/loss for the financial period			-5 771	**-5 771**
Transactions with owners:				
Own equity component of the convertible bond			-6	**-6**
Sale of own shares – Winance		2 243		**2 243**
Share issues		3 689		**3 689**
Share issue expenses		-246		**-246**
31 Dec 2020	**80**	**26 930**	**-29 535**	**-2 525**

GENERAL INFORMATION

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

The Group's parent company is Valoe Corporation, a Finnish public limited company domiciled in Mikkeli. The company's registered address is Insinöörinkatu 5, FI-50150 Mikkeli.

A copy of the consolidated financial statements is available online at www.valoe.com or at the Group's headquarters at Insinöörinkatu 8, FI-50150 Mikkeli.

Valoe Corporation's Board of Directors approved the financial statements on 28 April 2022. According to the Limited Liability Companies Act, shareholders are entitled to approve or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide on amendments to the financial statements.

ACCOUNTING PRINCIPLES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), following the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, effective on 31 December 2021. International accounting standards refer to standards and interpretations approved for application in the European Union as provided for in the Finnish Accounting Act and regulations based on the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements are also in accordance with the Finnish accounting and business legislation supplementing the IFRS regulations.

The consolidated financial statements have been prepared under the historical cost convention, with the exception of available-for-sale investments, which have been measured at fair value. The figures in the financial statements are given in thousands of euros.

The financial statements have been prepared under the going concern assumption.

Valoe Group has not applied any new or changed standards or interpretations during financial year 2021.

The Going Concern Assumption

The financial statements have been prepared under the going concern assumption.

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting policies requires consideration.

Management consideration connected with accounting policies and their adoption

The Group's management uses discretion in the selection and application of accounting principles. When preparing the financial statements the major issues for which the management has used discretion are evaluation of the going concern assumption and in appreciation of goodwill, machinery and product development costs. In addition, management discretion was used to apply the IFRS 16.

The company has not recorded a EUR 0.1 million calculated tax liability nor EUR 0.02 million tax receivable originating from the temporary timing differences between book value and taxation value because of improbable realization. The company has a remarkable amount of confirmed tax losses of which tax receivables have not been recorded.

Uncertainties connected with estimates

Estimates made when compiling the financial statements are based on the management's best views on the closing date of the reporting period. The estimates are based on previous experience and assumptions about the future that are deemed the most likely on the balance sheet date. Management estimates are used especially in goodwill impairment testing and the capitalization of product development costs (Note 12.). When testing for the impairment of assets, estimates are made on the recoverable amount of assets. The key uncertainty factors in goodwill impairment testing are related to sale, sales margins and the interest rate used by the company. The company has performed the impairment testing on goodwill and development expenditure in accordance with IFRS.

When testing for the impairment of assets, estimates are made on the recoverable amount of assets. Further information on the estimates used in goodwill impairment testing, as well as the bases for the estimates, is available under "Depreciation and Impairment" and "Intangible Assets / Goodwill" in the notes to the consolidated financial statements.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company Valoe Corporation and all of its subsidiaries. Subsidiaries are entities in which the Group exercises control. A position of control arises when the Group, by being an investor, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The information of subsidiaries is given in Related party transactions, Note 28. The Group has no subsidiaries with a significant proportion of non-controlling interests.

Intra-group shareholding has been eliminated using the acquisition method. Acquired subsidiaries are consolidated in the financial statements from the date on which the Group has acquired control over the company, and disposed subsidiaries are deconsolidated from the date on which control ceases. All of the Group's internal operations, receivables, liabilities, unrealized gains and internal profit distribution are eliminated when preparing the consolidated financial statements. Unrealized losses are not eliminated if the losses result from impairment.

FOREIGN CURRENCY TRANSLATION

The figures representing the performance and financial standing of the Group's units are measured in the functional currency of each unit's main operating environment. The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions have been recognized in euros using the exchange rate prevailing on the transaction date. In practice, the rate used is often one that approximately equals the rate on the transaction date. Monetary items denominated in foreign currency have been translated into euros at the closing rate. Non-monetary items in foreign currency, measured at fair value, have been translated into euros at the rates prevailing on the measurement date. Other non-monetary items have been measured at the rate prevailing on the transaction date. Gains and losses from foreign currency transactions and from the translation of monetary items have been recognized in the income statement. Exchange rate gains and losses from business activities are included in the corresponding items above operating profit

The revenues and expenses in the income statements of foreign group undertakings have been translated into euros using the weighted average rate for the financial year, while the balance sheets have been translated using the closing rates. Using different rates to translate the period's result in the income statement and balance sheet results in a translation difference that needs to be recognized in the statement of comprehensive income. Translation differences resulting from the elimination of the acquisition cost of foreign subsidiaries are recognized in the income statement when the net investment is divested wholly or partly.

Unrealized exchange gains and losses are recognized through profit or loss. If the exchange gains and losses are recognized in the same item in the balance sheet, they are measured at net realizable value and then recognized through profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have been recognized at original cost less depreciation and impairment.

If an asset consists of several components, with useful lives of different lengths, each component is treated as a separate asset. In this case, the expenses related to the renewal of a component are capitalized and any remaining carrying amount is derecognized in conjunction with the renewal. Otherwise, expenses incurred at a later time are included in the carrying amount of an asset only if it is probable that any future economic benefit associated with the asset will flow to the Group and if the acquisition cost of the asset can be reliably determined. Other repair and maintenance expenses are recognized in the income statement after their realization.

Straight-line depreciations are made on assets over their estimated useful life. Land is not depreciated. The estimated useful lives are the following:

Building rights	as in rental agreements
Machinery and equipment	3-7 years
Other tangible assets	5 years

The residual value and useful life of assets are assessed for every financial statement and, if needed, adjusted to reflect any changes in the expected economic benefit.

The depreciation of property, plant and equipment is terminated when the asset is classified as Held for Sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Gains and losses on disposals and transfers of property, plant and equipment are included in other operating income or expenses.

PUBLIC SUBSIDIES

Public subsidies, such as government assistance for the acquisition of property, plant and equipment, are recognized as deductions from the carrying amount of property, plant and equipment or intangible assets when it is reasonably certain that the Group will receive the subsidies and that it complies with the conditions attached to them. Subsidies are recognized in the form of smaller depreciation over the useful life of the asset. Subsidies received as compensation for expenses already incurred are recognized in the income statement when the expenses related to the subsidized object are recognized as an expense. These types of subsidies are presented under other operating income. During 2019 and previous financial years, the Group has received product development subsidies that involve the first of the recognition methods explained above.

According to IFRS 9 the benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognized and measured in accordance with IFRS 9. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with this Standard.

INTANGIBLE ASSETS

Goodwill

Goodwill arising in business combinations is recognized at the amount by which the consideration given, the share of the shareholders without control in the acquired business and the previously held share combined exceed the fair value of the acquired net assets. The goodwill of business combinations carried out prior to 2004 corresponds to the carrying amount that complies with previous accounting standards, which has been used as the default acquisition cost according to IFRS.

Goodwill and other intangible assets with indefinite useful life are not subject to depreciation but are tested annually for any impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at original cost less impairment (Note 12).

Research and Development

Research expenditure is recognized as an expense in the income statement. Development expenditure arising from the design of new or more advanced products is capitalized in the balance sheet under intangible assets as of the date the product is technically realizable and commercially viable and can be expected to generate future economic benefit. Capitalized development costs include the material, work and testing expenses that result directly from completing an asset for the intended purpose. Development expenditure that has been recognized as an expense in previous periods cannot be capitalized later.

Depreciation of an intangible asset begins once the asset is ready for use. Capitalized development expenditure is reviewed annually for any indication of impairment. An intangible asset that is not ready for use is tested annually for impairment. After initial recognition, capitalized development expenditure is measured at cost less accumulated depreciation and impairment. The useful life of capitalized development expenditure is 5 to 10 years, during which time capitalized costs are amortized on a straight-line basis.

Other Intangible Assets

An intangible asset is recognized in the balance sheet at original cost if the cost can be reliably determined and it is likely that the expected economic benefit from the asset will flow to the company.

Intangible assets with a limited useful life are capitalized in the balance sheet at acquisition cost and amortized on a straight-line basis through profit or loss over their useful life.

Other intangible assets have the following depreciation periods:

Patents	10 years
Software licenses	5 years

INVENTORIES

Inventories are measured at the lower of acquisition cost or net realizable value. The acquisition cost of material inventories is determined using the weighted average cost method and that of work in progress using the FIFO (first in, first out) method. The cost of finished products and work in progress includes raw materials, direct labor costs and other direct costs, and a systematically allocated share in the variable manufacturing overhead costs. The net realizable value is the estimated selling price in normal business operations, less the estimated costs of completion and estimated costs resulting from sales.

LEASES

A right-of-use asset is recognised for leases, as well as a financial liability corresponding to the lease liability, and their balance sheet value is based on the present value of future rent payments. Short-term and low-value assets are subject to an exemption, and these items remain off the balance sheet. Valoe acts as a lessee, and has leases relating to production, storage and office facilites.

Short-term leases intended to last for less than 12 months are treated as short-time leases, and are not recognised on the balance sheet. Low-value leases are also excluded from calculations made in accordance with the IFRS 16 standard. These agreements are recognised as an expense in other operating expenses over the duration of the lease. Management's judgement was partially used to determine the lease term.

As all the leases are related to business premises and are similar in nature, a single discount rate (6.8 %) has been applied to them.

IMPAIRMENT TESTING OF TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets

KoOn every closing date the Group tests assets for possible impairment. If any indication of impairment is found, the recoverable amount of the asset in question is assessed. The recoverable amount is also estimated annually for goodwill and product development projects, irrespective of whether indications of impairment are found. The need for impairment is assessed at the level of cash-generating units, that is, at the lowest unit level that is mainly independent of other units and has separately identifiable cash flows.

The recoverable amount of an asset is the higher of its fair value less expenses from disposal or its value in use. Value in use equals the net future cash flows expected to be recovered from the asset or cash-generating unit, discounted to present value.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. An impairment loss is recognized immediately in the income statement. If the impairment loss concerns a cash-generating unit it is first allocated to reduce the goodwill of the cash-generating unit and then to proportionately reduce the unit's other assets. An impairment loss is reversed if there is a change in the conditions under which the recoverable amount of the asset was measured and if the recoverable amount of the asset has changed since the recognition of the impairment loss. However, the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Goodwill impairment is not reversed under any circumstances.

EMPLOYEE BENEFITS

Pension obligations

Pension plans are categorized into defined benefit and defined contribution schemes. In defined contribution schemes the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to take care of all of the pension benefits. All other schemes that do not meet these conditions are defined benefit schemes. Contributions made into defined contribution payment schemes are recognized in the income statement in the financial period they are due. The Group has no pension arrangements considered to be defined benefit plans.

Share-based payments

During the financial year 1.1. – 31.12.2021 no options were given to the management. The company no longer has an option scheme in force as per 31 December 2021.

Other employee benefits

After a long period of employment, employees receive a reward or paid holiday. Long-term employee benefits are booked as deferred liability at the balance sheet at the present value at the reporting date. Actuarial gains and losses are recognized in profit or loss.

PROVISIONS

VA provision is recognized when the Group has a legal or constructive obligation as a result of a past event, it is probable that the payment obligation must be settled and the amount of the obligation can be reliably estimated. If there is a possibility to get compensation from a third party for part of the obligation, the compensation is recognized as a separate asset, but not until it is practically certain that the compensation will be received. Provisions are measured at the present value of expenditures required to settle the obligations. The discount rate used to calculate the present value is selected to reflect current market assessments of the time value of money and the risks specific to the obligation.

The guarantee provision is recorded once a year on a project-by-project basis based on at the best information at the time.

A provision is recognized for an onerous contract if the expenses required to settle the obligations exceed the benefits from the contract

INCOME TAXES AND DEFERRED TAXES

The taxes in the income statement include current tax and deferred tax. Tax expenses are recognized through profit or loss, with the exception of items recognized directly in equity, in which case the tax impact is recognized correspondingly as part of equity. Current tax is calculated from taxable income using the tax rate enacted in each country.

Deferred taxes are calculated on temporary differences between the carrying amount and taxable amount. The largest temporary differences arise from measurement at fair value in connection with acquisitions. Deferred taxes are calculated using the tax rates enacted by the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available in the future against which the temporary difference can be utilized.

The company has not recognized deferred tax assets based on its deductible losses. The company has also not recorded a EUR 0.1 million calculated tax liability nor EUR 0.02 million tax receivable originating from the temporary timing differences between book value and taxation value because of improbable realization.

REVENUE RECOGNITION PRINCIPLES

Sold goods and produced services

Revenue from the sales of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At this time, the Group no longer has control or regulatory power over the product. This usually coincides with the date on which the goods have been delivered to the customer according to the agreed delivery clause. Revenue from services is recognized at the time the service is carried out. Net sales consist of the revenue from the sales of products, services, raw materials and equipment, adjusted by indirect taxes, discounts and exchange rate differences from sales in foreign currencies.

Long-term contract revenue has been recognized as revenue on the basis of the percentage of completion. The company has defined as long-term contract work projects which have started and ended in different financial periods and where the recognition of income as revenue has a substantial impact on net sales and result. The stage of completion of long-term contracts has been determined as the proportion of costs incurred in relation to the estimated total contract costs and is dependent on the eventual total revenue and costs and a reliable way to measure the progress of the project. A loss for a project is recognized as soon as it is known and can be estimated.

Cost of sales on profit and loss statement includes all direct costs and fixed production costs. As fixed costs, rent as major item, are rated for much larger production volume, gross profit is small with current sales.

INTERES AND DIVIDEND

Interest income is recognized using the effective interest method and dividend yield at the time of vesting.

FINANCIAL ASSETS AND LIABILITIES

Financial Assets

The Group's financial assets are categorized into the following groups according to IFRS 9 Financial Instruments: financial assets recognized at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The categorization is carried out based on the purpose for which the financial assets were acquired and is done in conjunction with the original acquisition.

Loans and other receivables are non-derivative assets that have fixed or measurable payments, are not quoted on active markets and not held for trading by the Group. They are measured on the basis of amortized cost. They are presented under trade and other receivables in the balance sheet depending on their nature: in non-current assets if they mature in more than 12 months and in current assets otherwise.

Financial assets available for sale are assets that are not included in derivatives and have been expressly allocated to this group or have not been classified into any other group. They are included in non-current assets except if they are to be held for less than 12 months from the closing date, in which case they are recorded under current assets. Available-for-sale financial assets consist of shares and interest-bearing investments. They are measured at fair value or, when the fair value cannot be reliably determined, at cost. Changes in the fair value of available-for-sale financial assets are recorded in equity in the fair value reserve taking into consideration the tax impact. Changes in fair value are transferred from equity to the income statement when the investment is sold or if it is subjected to impairment and an impairment loss must be recognized on the investment.

Cash and cash equivalents consist of cash, bank deposits that can be withdrawn if demanded and other current, highly liquid investments. Items in cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Credit accounts related to Group accounts are included in current interest-bearing liabilities and reported as set off, as the Group has a contractual, legally recognized right to settle or otherwise eliminate all or a portion of an amount due to a creditor.

Transaction expenses are included in the original carrying amount of financial assets in the case of an item that is not measured at fair value through profit or loss. All of the purchases and sales of financial assets are recognized on the transaction date.

Financial assets are derecognized if the Group loses the contractual right to cash flows or if it transfers substantial risks and income outside the Group.

Financial Liabilities

Financial liabilities are initially recognized at fair value. Transaction expenses are included in the original carrying amount of financial liabilities. All financial liabilities are later measured at amortized cost using the effective interest method. Financial liabilities are included in current and non-current liabilities and they can be either interest-bearing or non-interest-bearing. The fair value of the liability component of a convertible subordinated loan is determined using the prevailing market interest rate for a similar debt at the time of issue. The liability component is recognized at amortized cost.

In calculating the convertible bond, the equity share has been recognized under equity.

The fair value measurement principles applied to all financial assets and liabilities are presented in Note 24.

Impairment of financial assets

On each balance sheet date the Group assesses whether objective indication exists of impairment of an individual financial asset or a group of financial assets. A significant and long-lasting impairment of share investments, resulting in the fair value falling under the cost of acquisition, is an indication of impairment of available-for-sale shares.

The Group recognizes an impairment loss for trade receivables if objective indication exists that the receivable cannot be collected in full. Considerable financial difficulties of a debtor, likelihood of bankruptcy, default of payments or a payment delay of more than 90 days are indications of possible impairment of trade receivables. The amount of the impairment loss recognized in the income statement is determined as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted using the effective interest rate. If the amount of the impairment loss decreases in a later period, and the decrease can be objectively related to an event subsequent to impairment recognition, the recognized loss is reversed through profit or loss.

BORROWING COSTS

The Group also capitalizes the borrowing costs for the acquisition, construction or production of a qualifying asset that are directly attributable as part of the cost of the asset when it is probable that they will generate future economic benefits, and the costs can be measured reliably. The Group no longer capitalizes the costs when the asset is substantially ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they occur.

SHAREHOLDERS EQUITY

The Group classifies the instruments issued on the basis of their nature either as equity or as a liability (financial debt). Any contract that entitles to the assets of an entity after deducting all of its liabilities is an equity instrument. Expenses associated with the issuance or purchase of equity instruments are presented as an equity reduction item. If the company buys back its own equity instruments, the cost of these instruments is deducted from equity.

DIVIDEND DISTRIBUTION

The dividend proposed by the Board of Directors to the Annual General Meeting is not deducted from distributable equity until the Annual General Meeting makes its decision.

NEW IFRS STANDARDS AND INTERPRETATIONS

IFRS standards which will come into force and would affect Valoe Group Corporation's consolidated income statement, statement of financial position or notes at the time of the adoption are not known at the closing of the accounts.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Presentation of Figures

Unless otherwise indicated, the figures in the following notes are given in thousands of euros.

1. Segment Information

The Group has one customer whose revenues totalled to apr. 83 per cent of the Group's revenue

Geographical information

EU, the rest of Europe, the Americas, Asia and Africa are reported under geographical information. Geographical information in terms of net sales is determined based on the customer's location and in terms of assets on the location of the assets.

	EU	Other European countries	America	Asia	Africa	Group
2021						
External net sales	2 132	0	8	9	0	**2 148**
Non-current assets	13 695	0	0	0	672	**14 368**
2020						
External net sales	1 621	0	0	0	0	**1 621**
Non-current assets	13 582	0	0	0	672	**14 524**

Distribution of net sales	**2021**	**2020**
Revenues from services	1 157	399
Revenues from the sale of goods	912	961
Revenues recognized from long-term contracts	80	261
Total	**2 148**	**1 621**

2. Long-term contract revenues recognized on the basis of % of completion	**2021**	**2020**
Cumulative net sales	80	261
Recognized as revenue for the financial period	80	261
Amount not recognized as revenue	166	12
Receivables from percentage-of-completion contracts	80	261

3. Other operating income	**2021**	**2020**
Negotiated discounts on payment agreements	148	0
Other income items	390	68
Total	**538**	**68**

4. Other operating expenses	**2021**	**2020**
Write-down of receivables	25	0
Other expenses	410	0
Total	**435**	**0**
Auditors' fees / Authorized Public Accountants Auditus Tilintarkastus Oy		
Auditor's fees	61	59
Certificates and Statements	0	1
Total	**61**	**60**
Rental expenses		
Rental expenses	76	23

In accordance with the adoption of IFRS 16, rental expenses above include only the rents of less than 12 months and low-value leases in 2021 and 2020.

Amounts of rental leases included in Profit and Loss	2021	2020
Depreciations of lease agreements (buildings)	467	509
Interest expenses	77	79
Costs relatd to short-term leases (included in production costs)	76	23

5. Employee benefits

	2021	2020
Salaries	2 104	1 870
Retirement expenses – defined contribution plans	283	241
Other indirect employee expenses	81	80
Total	**2 469**	**2 191**

Information on the emoluments of the management is given in Note 28. Related party transactions.

Employees by function were

	2021	2020
During the financial period on average		
Procurement and production	15	14
Product development	26	18
Sales and marketing	2	2
Administration	4	4
Total	**47**	**38**
At the end of the year		
Procurement and production	15	16
Product development	31	20
Sales and marketing	3	3
Administration	4	3
Total	**52**	**42**

6. Depreciation and impairment

	2021	2020
Depreciation by product group		
Intangible assets		
Development cost	765	608
Patents	18	18
Intangible rights	5	5
Total	**788**	**631**
Property, plant and equipment		
Building rights	467	509
Machinery and equipment	161	6
Other tangible assets	6	2
Total	**634**	**517**
Impairments by product groups		
Inventory	170	266
Total	**170**	**266**

The write-down in the financial year 2021 was mainly related to the company's Chrome product family.

7. Financial income

	2021	2020
Interest income	1	0
Exchange rate gains	1	0
Total	**2**	**0**

The items above the operating profit don't include ecxhange rate gains or losses in 2021 or 2020.

8. Financial expenses

	2021	2020
Interest expenses	1 256	1 334
Exchange rate losses	13	4
Other financial expenses	336	307
Total	**1 605**	**1 646**

9. Income taxes

	2021	2020
Statement on the differences between the tax expense in the income statement and the tax rate of the Group's home country, reconciliation of calculated taxes:		
Profit/loss before taxes	-4 776	-4 922
Taxes at the parent entity's statutory income tax rate of 20 % (2020: 20 %)	-955	-984
Different tax rates of subsidiaries	12	12
Tax-free revenue / non-deductible expenses	-6	265
Loss to be confirmed in taxation not recognized as deferred tax assets	950	707
Taxes in the income statement	**0**	**0**

The parent company has confirmed deductible losses, totalling EUR 33.4 million, out of which 9.8 million is due within the next three years. The group has not recognized deferred tax assets based on its deductible losses.

10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the parent by the weighted average of the number of outstanding shares during the period.

	Jan –Dec 2021	Jan – Dec 2020
Loss attributable to shareholders of the parent (EUR 1,000)	-4 776	-4 922
Weighted average number of shares during the period (1,000)	315 511	182 842
Basic earnings per share (EUR/share)	-0,02	-0,03
Diluted earnings per share (EUR/share)	-0,02	-0,03

The dilutive potential of ordinary shares has not been taken into account in 2021 or in 2020 as required by IAS 33, paragraph 41, because it would reduce the loss per share.

NOTES TO THE CONSOLIDATED BALANCE SHEET

11. Property, plant and equipment

2021	Building rights	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2021	1 692	8 907	254	10 853
Additions	142	1 063	18	1 223
Transfers between items	0	-243	0	-243
Acquisition cost, 31 Dec 2021	1 834	9 727	272	11 833
Accumulated depreciation and impairment, 1 Jan 2021	-594	-400	-2	-996
Acc. depreciation on transfers	0	243	0	243
Depreciation for the period	-467	-161	-6	-634
Accumulated depreciation and impairment, 31 Dec 2021	-1 061	-317	-8	-1 386
Carrying amount, 1 Jan 2021	1 098	8 507	253	9 858
Carrying amount, 31 Dec 2021	**774**	**9 410**	**264**	**10 447**

2020	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2020	1 544	8 176	2	9 722
Additions	515	611	252	1 378
Disposals	-367	0	0	-367
Transfers between items	0	120	0	120
Acquisition cost, 31 Dec 2020	1 692	8 907	254	10 853
Accumulated depreciation and impairment, 1 Jan 2020	-333	-393	0	-727
Acc. depreciations on transfers	248	0	0	248
Depreciation for the period	-509	-6	-2	-517
Accumulated depreciation and impairment, 31 Dec 2020	-594	-400	-2	-996
Carrying amount, 1 Jan 2020	1 211	7 783	2	8 996
Carrying amount, 31 Dec 2020	**1 098**	**8 507**	**253**	**9 858**

IFRS 16 Leases

The adoption of IFRS 16 -standard had some effect on Valoe's balance sheet, income statement and key figures. On the balance sheet, interest-bearing liabilities and non-current assets are higher than with IAS 17. Depreciation on fixed asset item and interest expenses arising from lease liabilities are recognized on the income statement, instead of rental payments, which increases Valoe's EBITDA and opeating profit for the time beeing.

Items of leases presented in the balance sheet	2021	2020
Liabilities		
Non-current interest-bearing liabilities	62	283
Current interest-bearing liabilities	526	467
Total	**588**	**750**

12. Intangible assets

2021	Consolidated goodwill	Development costs	Patents	Other intan-gible assets	Total
Acquisition cost, 1 Jan 2021	743	10 247	151	147	11 288
Additions	0	0	4	38	43
Transfers between items	0	243	0	0	243
Acquisition cost, 31 Dec 2021	743	10 490	156	185	11 574
Accumulated depreciation and impairment, 1 Jan 2021	-302	-6 764	-105	-133	-7 304
Accumulated depreciation on transfers	0	-243	0	0	-243
Depreciation for the period	0	-765	-18	-5	-788
Accumulated depreciation and impairment, 31 Dec 2021	-302	-7 772	-123	-138	-8 336
Carrying amount, 1 Jan 2021	441	3 483	46	14	3 984
Carrying amount, 31 Dec 2021	**441**	**2 718**	**32**	**47**	**3 238**

2020	Consolidated goodwill	Development costs	Patents	Other intan-gible assets	Total
Acquisition cost, 1 Jan 2020	743	10 581	151	255	11 731
Disposals and transfer between items	0	-334	0	-108	-442
Acquisition cost, 31 Dec 2020	743	10 247	151	147	11 288
Accumulated depreciation and impairment, 1 Jan 2020	-302	-6 340	-87	-236	-6 965
Accumulated depreciation on disposals	0	184	0	108	292
Depreciation for the period	0	-608	-18	-5	-631
Accumulated depreciation and impairment, 31 Dec 2020	-302	-6 764	-105	-133	-7 304
Carrying amount, 1 Jan 2020	441	4 241	64	19	4 766
Carrying amount, 31 Dec 2020	**441**	**3 483**	**46**	**14**	**3 984**

Specification of capitalized development costs by sub-projects	**2021**	**2020**
Technology transfer China	1 762	2 350
Pilot production line development	191	242
PV-module recipe for Chrystal and Chrystal Twin	83	112
MWT Cell development	475	482
Future PV-technology development	207	297
Total	**2 718**	**3 483**

The transfer of the technology from China includes the original technology rights from Vale's Chinese plants. The company amortizes it on a straight-line basis over ten years and the remaining amortization period is 4 years. If the company ceased to use this technology, could this project be subject to a write-down.

The development of the pilot production line consists of the modernization of the Valoe production line. This sub-project would be subject to the risk of write-downs in the event that the production line could not be used as planned.

The recipe for solar panels will be utilized in the comapany's current Chrystal series panels. In the future, part of this sub-project could be subject to the risk of write-downs if the Chrystal panel proved to be inoperable.

For the moment, Valoe does not manufacture MWT cell, but the MWT technology can e.g. be applied to photovoltaic applications for aerospace. Valoe is further developing the MWT cell to be used in space technology. Should the company's efforts to produce MWT cells for such applications fail, this project would be subject to a write-down.

The mapping of future pv technology is closely related to the OddForm panel family publidhed by Valoe in 2020. IF the OddForm panel did not achieve its goals, and if other Valoe's future projects did not achieve the desired results, there would be a risk of write-downs for this sub-project.

INTANGIBLE ASSETS AND GOODWILL

Valoe's other intangible assets include capitalized development costs for EUR 2.7 million, of which EUR 0.5 million is related to R&D projects, where amortizations are estimated to be started during 2022 after the development is compelete. The useful lifetime of the capitalized development expenditure is 5 to 10 years, during which capitalized costs are recognized on straight-line basis as an expense during the financial year.

Goodwill arising in business combinations is recognized at the amount by which the consideration given, the share of the shareholders without control in the acquired business and the previously held share combined exceed the fair value of the acquired net assets. The goodwill of business combinations carried out prior to 2004 corresponds to the carrying amount that complies with previous accounting standards, which has been used as the default acquisition cost according to IFRS.

Goodwill and unfinished capitalized R&D expenditure are not subject to depreciation but are tested annually for any impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at cost less impairment losses.

At the end of the financial year the consolidated goodwill totaled EUR 0.44 million, no additions or disposals were booked in 2021. Other intangible assest total to EUR 2.8 million, which includes the capitalized development costs of EUR 2.7 million.

The company has tested the expected future cash flows for the goodwill and other intangible assets.

Company is using net present value method for valuation of current value of intangible assets. Specification by sub-projects is presented on the previous page. As discounting interest rate the company has used WACC rate of 7.9% (2020 8.6%) which includes 4% market risk premium. The interest rate corresponds with the interest rate that the company believes it can get finance for during 2022. Sensitivity analysis shows that the company could use about 25 % as WACC interest rate without need for write down.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. An impairment loss is recognized immediately in the income statement. If the impairment loss concerns a cash-generating unit it is first allocated to reduce the goodwill of the cash-generating unit and then to proportionately reduce the unit’s other assets. An impairment loss is reversed if there is a change in the conditions under which the recoverable amount of the asset was measured and if the recoverable amount of the asset has changed since the recognition of the impairment loss. However, the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Goodwill impairment is not reversed under any circumstances.

In impairment testing current year turnover is based in committed orderbook added with the number of offers already accepted by the customer. Gross margin level is based on budgeted gross margin for 2022. Gross margin varies between 38 – 47 % during the period considered. Overhead cost structure is based on 2021 actual with budgeted changes reflected. Company has significant amount of unused tax credits. Therefore no tax payment is expected within period in consideration. Capital employed has been estimated to be 15% of the growth of the company which reflects actual amount of tied up capital as company grows.

Should the company fail in its business plan implementation, it could generate a need for a write-off in goodwill and other intangible assets.

13. Available-for-sale financial assets

	Level 1	**Level 2**	**Level 3**
Financial assets available for sale, 31 Dec 2021			9

Financial assets available for sale consist of shares for which the purchase price is considered to correspond to the fair value. No events affecting financial assets available for sale took place in 2021.

14. Non-current receivables	**2021**	**2020**
Loan receivable from Ethiopia	672	672
Total	**672**	**672**

The Ethiopian project may be activated when circumstances in Ethiopia and other resources of the Company permit that. The receivable is to be converted into a minority investment in Ethiopian joint venture when the project will be activated. According the company's view, it will have the necessary resources at its disposal to restart the project when when the company’s current businesses begin to generate positive cash flow.

15. Deferred tax assets and liabilities

The parent company has confirmed deductible losses, totalling EUR 33.4 million, out of which 9.8 million is due within the next three years. The group has not recognized deferred tax assets based on its deductible losses.

16. Inventories	**2021**	**2020**
Materials and supplies	464	314
Finished products	1	130
Total	**465**	**444**

Inventories were written down by EUR 0.2 million in 2021 (EUR 0.3 million in 2020).

17. Trade and other non-interest-bearing receivables

17. Trade and other non-interest-bearing receivables	2021	2020
Trade receivables	817	61
Percentage of conpletion receivables	80	261
Prepayments and accrued income	718	95
Other receivables	719	487
Total continuing operations	**2 334**	**905**
Age distribution of trade receivables and recognized impairment losses		
Undue	216	15
Due 0–30 days	147	0
Due 31–60 days	140	38
Due over 90 days	314	8
	817	**61**

18. Cash and cash equivalents

18. Cash and cash equivalents	2021	2020
Cash on hand and deposits	15	435
Total	**15**	**435**

Cash and cash equivalents in the cash flow statement consist of cash on hand and bank deposit.

19. Notes to shareholders' equity

	Number of shares (1,000)	Share capital	Distributable non-restricted equity fund
31.12.2019	**118 324**	**80**	**21 243**
Issue of new Shares to Company itself 10 Jan 2020	5 000	0	0
Issue of new Shares to Company itself 28 Feb 2020	11 000	0	0
Issue of new Shares to Company itself 25 May 2020	7 750	0	0
Share Issue I 29 May 2020	48 148	0	2 354
Share Subscription 15 June 2020	1 156	0	104
Share Issue II 29 June and 3 July 2020	18 241	0	985
Issue on new Shares to Company itself 1 Sep 2020	3 740	0	0
Issue on new Shares to Company itself 24 Sep 2020	23 500	0	0
Issue of new Shares to Company itself 22 Dec 2020	18 500	0	0
Financing arrangement with Winance 2020	0	0	2 243
31.12.2020	**255 359**	**80**	**26 930**
Share Subscription (VVK 1/2021) 23 June 2021	85 000	0	3 400
Issue of new Shares to Company itself 23 June 2021	28 000	0	0
Share Subscription (VVK 1/2020 partly) 20 Aug 2021	0	0	330
Share Subscription 20 Aug 2021	0	0	50
Share Subscription 24 Sept 2021	0	0	500
Issue of new Shares to Company itself 9 Dec 2021	25 000	0	0
Riverfort Implementation Fees, 3 pcs in 2021	0	0	338
Financing arrangement with Winance 2021	0	0	1 224
31.12.2021	**393 359**	**80**	**32 771**

All shares issued have been paid in full. The shares have no nominal value.

Distributable non-restricted equity fund

The distributable non-restricted equity fund contains other quasi-equity investment instruments and the subscription price of shares when this is not separately recorded in share capital.

On 5 May 2020, the Board of Directors of Valoe Corporation resolved on a directed share issue (the "Offering") in which the company offered up to 48,148,148 new shares in the company for subscription to investors and all the creditors of the company who at the time of subscription hold indisputable receivable amounting to at least EUR 100,000 from the company. In total 48,148,148 new shares were acceptably subscribed in the offering. The subscription price for in total 23,148,148 of the new shares subscribed was paid in cash and the subscription price for in total 25,000,000 of the new shares subscribed was paid by way of set-off. Thus, the company collected in the offering in total EUR 1.25 million new capital and the indebtedness of the company decreased in total by EUR 1.35 million. The subscription price for the new shares shall be fully credited to the reserve for invested equity of the company.

In June 2020, a total of EUR 0.1 million was entered into the invested non-restricted equity fund due to the share subscription based on the conversion of the promissory notes issued under the convertible bond 4/2019.

On 24 June 2020, Valoe Corporation's Board of Directors resolved on a directed share issue in which the company offered up to 18,518,518 new shares in the company for subscription to investors and to all the creditors of the company who hold an indisputable receivable amounting to at least of EUR 100,000 from the company. In total 18,240,738 new shares were acceptably subscribed in the offering. The subscription price for in total 15,740,738 of the new shares now subscribed was paid in cash and the subscription price for in total 2,500,000 of the new shares was paid by way of set-off. Thus, the company collected in the offering in total EUR 0.85 million new capital and the indebtedness of the company decreased in total by EUR 0.135 million. The subscription price for the New Shares was fully entered into the invested non-restricted equity fund.

On 8 June 2020, the Board of Directors of Valoe Corporation resolved on the share subscription based on the conversion of the promissory notes issued under the company's convertible bond 4/2019. In the said share subscription, the promissory note holder subscribed in total 1,155,921 new shares in the company based on the conversion request delivered to the company. The unpaid capital and interests of the convertible bond 4/2019 totalling EUR 0.1 million was converted into new shares in the company. The subscription price of the new shares was entered in entirety into the company's invested non-restricted equity fund.

A total of EUR 2.2 million was recorded in the company's invested non-restricted eguity fund in the financing arrangement with Winance during the year 2020.

On 11 June 2021, the Board of Directors of Valoe Corporation resolved on the share subscription based on the conversion of the promissory notes issued under the Company's convertible bond 1/2021. In the said share subscription, 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 the New Shares pursuant to the conversion requests delivered to the Company. The entire loan capital of the convertible bond 1/2021 was converted to the New Shares. One loan share of EUR 1.00 pursuant to the promissory note entitled the lender to subscribe for 25 New Shares of the Company. The subscription price of a share was paid by way of set off against the unpaid capital of the convertible bond 1/2021. Thus, the indebtness of the company decreased in total by EUR 3.4 million.The subscription price of the New Shares was entered in entirety into the Company's invested non-restricted equity fund.

The Board of Directors of Valoe Corporation has on 12 August 2021 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, EUR 300,000 of the Convertible Bond 1/2020 capital and interest on the entire loan capital was converted into 4,521,524 Company's treasury shares. The subscription price of one share in the Company was EUR 0.073 per share. The subscription price of a share was paid by way of set off against the unpaid capital of the convertible bond 1/2020. Thus, the indebtness of the company decreased in total by EUR 0.3 million. The subscription price of the shares was entered in entirety into the Company's invested non-restricted equity fund.

The Board of Directors of Valoe has on 12 August 2021 resolved to convert the Promissory Note into Valoe shares and to transfet a total of 555,556 treasury shares to ISC Bioheat. The subscription price for one (1) share was EUR 0.09. Thus, the indebtness of the company decreased in total by EUR 0.05 million. The subscription price of the shares was entered in entirety into the Company's invested non-restricted equity fund.

A total of EUR 0.8 million was recorded the company's invested non-restricted equity fund in the financing arrangement with Riverford during the year 2021. Of this EUR 0.5 million was loan installments and EUR 0.3 million arrangement fees.

A total of EUR 1.2. million was recorded in the company's invested non-restricted equity fund in the financing arrangement with Winance during the year 2021.

20. Share-based payments and convertible bonds

During the financial year, the Group had in place options related to bond 1/2012 (nominal value EUR 0.4 million and book value on 31.12.2021 EUR 0.4 million), to bond 1/2017 (nominal value EUR 0.02 million and book value after payment on 31.12.2021 EUR 0.0 million) to bond 2/2018 (nominal value EUR 2.2 million and book value on 31.12.2020 EUR 0.0 million after converting to a new convertible bond), to bond 1/2019 (original nominal value EUR 2.8 million and book value on 31.12.2021 EUR 0.01 million after converting to a new convertible bond), to bond 2/2019 (nominal value EUR 0.1 million and book value on 31.12.2020 EUR 0.2 million), to bond 1/2020 (nominal value EUR 0.4 million and book value on 31.12.2021 EUR 0 million after payment and setting off share issue payments), to bond 1/2021 (nominal value EUR 3.4 million and book value on 31.12.2021 EUR 0 million after setting off share issue payments) and to bond 2/2021 (nominal value EUR 2.9 million and book value on 31.12.2021 2.9 million).

The Board of Directors of Valoe Corporation resolved the terms and conditions of an stock option scheme during 2015. The maximum total number of stock options issued is 650,000 and they entitle their owners to subscribe for a maximum total of 650,000 new shares in the Company. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group. Of the stock options, 250,000 are marked with the symbol 2015A, 200,000 are marked with the symbol 2015B and 200,000 are marked with the symbol 2015C. All options have been given during the financial year 2016. The share subscription period of stock options marked with the symbol 2015A ended on December 31, 2018, stock options marked with the symbol 2015B ended on December 31, 2019 and stock options marked with the symbol 2015C ended on December 31, 2020. The stock option scheme therefore no longer entitles to subscribe for the company's share.

The stock options related to convertible bonds 1/2021 and 1/2019 have expired.

In Convertible Bond 1/2019 the Promissory Note Holder is entitled to convert the Promissory Note into the shares of the Company in accordance with the terms of the Convertible Bond. The loan period expires on 31 May 2022 and the conversion period commences on 15 March 2019 and terminates on 31 May 2022. Based on the remaining subscriptions made pursuant to the loan (EUR 0.1 million) Valoe shall issue a maximum amount of 500,000 new Valoe shares.

In Covertible Bond 2/2019 the Promissory Note Holder is entitled to convert the Promissory Note into the shares of the Company in accordance with the terms of the Convertible Bond. If the Company's shares are listed on the main list of Nasdaq Helsinki Oy 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 15 October 2021 less 15 percent. If the Company's shares are not listed on the main list of Nasdaq Helsinki Oy when the conversion right is being used, one of the Big Four accounting companies shall provide, at the Company's cost, a fairness opinion and assess the fair value of the Company's share which, less 15 percent, shall be the subscription price of one (1) new share of the Company. The loan period shall commence on the payment date and expire on 15 October 2021 on which date the Convertible Bond shall expire to be repayable in its entirety in accordance with these terms of the loan. Based on the subscriptions made pursuant to the loan Valoe shall issue a maximum amount of 1,200,000 new Valoe shares. The conversion period of the Convertible Bond commenced on 15 October 2021 and terminated on 31 December 2021.

In January 2021, Valoe issued a EUR 3.4 million convertible bond 1/2021, which was oversubscribed. The convertible bond raised a total of EUR 2.4 million in new money and the indebtness of the company decreased by approximately EUR 1.0 million. In June 2021, the holders of the convertible bond 1/2021 subscribed for a total of 85,000,000 new shares in the company by converting the promissory notes into shares. The capital of the convertible 1/2021 bond was fully converted into new shares in Valoe in the share subscription.

In October 2021 Valoe and Ilmarinen Mutual Pension Insurance Company, the Promissory Note Holder of the Convertible Bond 2/2018, have negotiated on rearranging the loan by converting the loan capital, interest receivable and the Fee into 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. Based on the subscriptions made pursuant to the loan shares the Company shall issue a maximum amount of 28,000,000 new Company shares. The due date of the Convertible Bond on 15 October 2023. The conversion period of the Convertible Bond commences on 15 October 2022 and terminates on 31 December 2023.

Outstanding optios	Option scheme	2021 Weighted average exercise price EUR/share	Number of options (1,000)	2020 Weighted average exercise price EUR/share	Number of options (1,000)
At the beginning of the financial year	Options 2015C	0.00	0	2.18	200
Options expired	Options 2015C	0.00	0	2.18	200
At the end of the financial year	Options 2015C		0		0

No options were exercised during 2021 or 2020.

21. Provisions

	2021	2020
Provisions at the beginning of the financial year	226	249
Additions to provisions	0	216
Provisions exercised	-123	-148
Provisions cancelled	-14	0
Provisions at the end of the financial year	**89**	**226**
Warranty provisions		
Current provisions	89	226
Total	**89**	**226**

Revenue from the sales of goods is recognized when the significant risks and rewards of purchasing have been transferred to the buyer. A provision is made for estimated warranty expenses. On 31 Dec 2021, warranty provisions totalled EUR 89,000 (31 Dec 2020: EUR 226,000). Guarantee provision is based on previous years' experience on products that are faulty or required additional installations.

22. Financial liabilities	Balance sheet values	Balance sheet values
Non-current financial liabilities at amortized cost	**2021**	**2020**
R&D loan	6 380	6 558
Loans from financial institutions	700	1 386
Convertible bond 1/2012	0	364
Convertible bond 2/2018	0	2 374
Convertible bond 1/2019	51	399
Convertible bond 2/2019	0	153
Convertible bond 1/2020	0	391
Convertible bond 2/2021	2 517	0
Other subordinated loans	0	141
Lease liability (IFRS 16)	62	283
Total	**9 710**	**12 049**
Current financial liabilities at amortized cost		
Convertible bond 1/2012	364	0
Convertible bond 1/2017	0	20
Convertible bond 2/2019	165	0
Loans from financial institutions	1 757	864
Repayments of non-current loans	2 975	0
Other current liabilities	479	1 080
Lease liability (IFRS 16)	526	467
Total	**6 266**	**2 431**

The non-current financial liabilities include a EUR 0.1 million convertible subordinated loan 1/2019 (the original nominal value was EUR 2.8 million). The liability component (book value 31.12.2021: 0.1 million) is recognized at amortized cost and the equity share (0.1 million) is recognized under equity. The equity share is measured at fair value on the issue date of the convertible bond.

The non-current financial liabilities include a EUR 2.9 million convertible subordinated loan 2/2021. The liability component (book value 31.12.2021: 2.4 million) is recognized at amortized cost and the equity share (0.4 million) is recognized under equity. The equity share is measured at fair value on the issue date of the convertible bond.

The current financial liabilities include a EUR 0,4 million convertible subordinated loan 1/2012.

The current financial liabilities include a EUR 0.1 million convertible subordinated loan 2/2019. The liability component (book value 31.12.2021: 0.2 million) is recognized at amortized cost and the equity share (0 million) is recognized under equity. The equity share is measured at fair value on the issue date of the convertible bond.

The terms of the convertible subordinated loans are described in more detailed in section 20. Share-based payments and convertible bonds.

Business Finland granted Valoe a loan, of ca. EUR 3 million, in 2012 to develop business and production model relating to the design and production of cost effective photovoltaic modules as well as to the development of components. The loan could amount maximum to 50 percent of the project's total costs which were estimated to be ca. EUR 6 million. The loan was withdrawn in the course of the years 2013 and 2017, as the duration of the project was extended. The loan period was extended and is now sixteen years. The loan was fully withdrawn by 31.12.2017. The interest of the loan is 1 %. In accordance with IFRS 9 the grant component has been deducted and the amortized 8% interest expense added to the loan amount in consolidated accounts.

Business Finland granted Valoe a loan, of ca. EUR 4.1 million, in 2015 to further develop Valoe's solar modules and back contact based cells. The loan can amount maximum to 70 percent of the project's total costs which are estimated to be ca. EUR 5.8 million. The loan was withdrawn in the course of the years 2016 and 2020, as the duration of the project was extended. The extended loan period is now ten years. The loan was fully withdrawn by 31.12.2020. The interest of the loan is 1 %. In accordance with IFRS 9 the grant component has been deducted and the amortized 8% interest expense added to the loan amount in consolidated accounts.

The convertible bonds 1/2012 and 2/2019 reported in non-current liabilities in 2020 were transferred into current liabilities in 2021. The convertible bond 2/2018 reported in non-current liabilities in 2020, including interest and fees, was rearranged to a new convertible bond 2/2021 in October 2021. Other subordinated loan EUR 0.1 million and most of the convertible bond 1/2019 reported in non-current liabilities in 2021 were converted into a new convertible bond 1/2021 in January 2021 and further converted into new shares of the company in June 2021. Out of the convertible bond 1/2020 reported in non-current liabilities in 2020 EUR 0.3 million was converted into new shares of the company and EUR 0.1 million was paid by cash in August 2021. The convertible bond 1/2017 reported in current liabilities in 2020, was paid by cash in January 2021.

Maturity analysis of interest-bearing liabilities

31.12.2021	**2022**	**2023**	**2024**	**2025**	**2026 and later**
R&D loan	533	1 512	1 498	1 483	2 330
Convertible bonds	796	3 422	0	0	0
Other loans	2 529	0	0	0	0
Lease liability (IFRS 16)	62	526	0	0	0
Total interest-bearing liabilities	**3 921**	**5 459**	**1 498**	**1 473**	**2 330**

31.12.2020	2021	2022	2023	2024	2025 and later
R&D loan	122	495	1 512	1 498	3 813
Convertible bonds	26	4 213	0	0	0
Other loans	1 063	258	445	430	617
Lease liability (IFRS 16)	467	231	53	0	0
Total interest-bearing liabilities	**1 678**	**5 197**	**2 010**	**1 927**	**4 430**

23. Trade payables and other short-term non-interest-bearing liabilities	2021	2020
Trade payables	677	1 313
Accruals and deferred income	1 355	2 430
Advancec received	44	93
Other liabilities	79	291
Total	**2 154**	**4 128**

EUR 0.5 million out of trade payables of EUR 0.7 million above was overdue at the year end 2021. EUR 0.2 million out of other short-term non-interest bearing liabilities, accruals and deferred income (total EUR 1.5 million above) was overdue at the year end 2021. Significant items in accrued liabilities consist of personnel expenses, accrrued intrest and other accrued expenses.

24. Fair values of financial assets and liabilities

The carrying amount of the financial assets equals with the fair value of the financial assets in 2021 and 2020.

The financial assets available-for-sale are investments that belong to categorie 3.

The fair value of trade and other receivables is expected to correspond to the carrying amount due to their short maturity.

The carrying amount of financial liabilities equals with the fair value of the financial liabilities in 2021 and 2020.

The fair value of non-current liabilities is expected to correspond to the carrying amount as the loans were recognized to their fair value when recorded. There has been no significant change in genereal interest level since withdrawals.

At the year end, other short-term interest bearing liabilities included EUR 0.2 million of overdue liabilities.

The hierarchy level for fair values is 2.

Average interest rates on interest-bearing liabilities	2021	2020
Loans from financial institutions	4,59 %	3,82 %

The fair value of short-term liabilities is expected to correspond to the carrying amount due to their short maturity.

25. Non-cash transactions	2021	2020
Depreciation	1 593	1 413
Exchange rate differences	-1	-2
Other items	-680	-321
Total	**912**	**1 090**

26. Leases	2021	2020
Minimum lease payments payable on the basis of other non-terminable leases:		
Within one year	93	161
Within 2 to 5 years	108	201

27. Other contingent liabilities	2021	2020
Assets pledged for the company		
Loans from financial institutions	5 007	1 952
Loans from related parties	0	353
Other liabilities	209	265
Promissory notes secured by pledge	2 060	5 396
Other securities provided	3 019	2 076

28. Related party transactions

Valoe complies with the Finnish Companies Act and International Financial Reporting Standards (IAS 24) obligations for monitoring of related party transactions. The Group's related parties include parent company Valoe Oyj and Group subsidiaries. Key members of the Board of Directors and Management Team, also CEO and the persons, who have a significant influence over the Group, are included with their families to the related parties. Also those communities which are controlled or influenced by, or is under common control or influence over the persons, who are included to the related parties, are included to the related parties. The Group's related parties also include those companies that have a significant control over the Group.

The relations and shares between the parent company and subsidiaries are as follows:

Company	Business area	Domicile	Group's holding
Parent company Valoe Oyj	Development, manufacture and sales of clean energy solutions	Mikkeli, Finland	100,0 %
PMJ Testline Oy	Sale of industrial machinery	Lohja, Finland	100,0 %
Valo Clean Energy USA Inc	Development, manufacture and sales of clean energy solutions	Canton MI, USA	100,0 %
Valoe Cells UAB	Manufacture and sales of solar cells	Vilnius, Lithuania	100,0 %
UAB Valoe	Product development	Vilnius, Lithuania	100,0 %

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:

Sales of goods and services	2021	2020
Savcor Oy – production services	22	9
SCI Invest Oy – production services	7	0
Total	**30**	**9**

Purchases of goods and services		
SCI Invest Oy – rent	48	48
J.Basso – marketing and administration services	119	141
SCI-Finance Oy - marketing and administration services	104	82
Savcor Technologies Oy - marketing and administration services	106	106
Savcor Oy – administration services	10	10
Others	52	48
Total	**440**	**440**

Interest expenses and other financial expenses	2021	2020
SCI-Finance Oy	92	108
Savcor Technologies Oy	3	72
Savcor Oy	0	12
SCI-Inveest Oy	0	1
Others	10	76
Total	**105**	**270**

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 liabilities to related parties	3	184
Trade payables and other non-interest-bearing liabilities to related parties	43	458
Trade 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.

Employment benefits of the management	2021	2020
Wages and other short-term employment benefits	405	411
Total	**405**	**411**

The management does not have defined-benefit pension plans.

Wages and remuneration	2021	2020
Salaries of the CEO and his deputies (incl. in management wages)	168	168
Total	**168**	**168**
Board members and deputies:		
Parpola Ville	40	40
Honkamäki Tuomas	30	18
Savisalo Hannu	40	40
Total	**110**	**97**

The CEO has a six-month term of notice. The CEO's pension is determined in accordance with the Employees Pensions Act.

No options was granted to the management during the financial year 1.1.-31.12.2021. The company has an option scheme in force as per 31 December 2019. More information on the option scheme in Section 20 ”Share-based Payments and Convertible Bonds.

29. Financial risk management

Financial risks

Valoe's normal business activities expose the company to financial risks: interest rate risks, credit risks, currency risks and funding risks. Risk management aims to minimize the adverse effects that changes in the financial market may have on the Group's financial performance and balance sheet. The Group's general risk management policy is approved by the Board of Directors, and its implementation is the joint responsibility of the Group's centralized finance department and the business groups. The finance department identifies, assesses and acquires the instruments needed to hedge the company against risks in close cooperation with the operational units. Hedging transactions are carried out in compliance with the risk management policy approved by Group management. The Group has not hedged itself against currency or interest rate risks.

Risks and uncertainties related to financing are discussed in the Board of Directors' report in the section "RISK MANAGEMENT, RISKS AND UNCERTAINTIES / Risks related to financial position and financing needs".

Currency risks

The Group's international operations expose it to transaction risks caused by foreign exchange positions and to risks arising from the translation of foreign-currency investments into the parent company's functional currency. Currency risks arise from purchases and sales carried out in currencies other than the Group's functional currency, from trade receivables and payables denominated in foreign currencies.

Valoe has no foreign currency investments in its subsidiaries.

Interest rate risk

The Group's revenue and operational cash flows are mostly independent of interest rate fluctuations. During 2020, the Group was exposed to fair value interest rate risk (fixed-rate liabilities) and cash flow interest rate risk (floating-rate liabilities), mainly due to interest on liabilities. In compliance with the principles for risk management, at least 10% of the credit portfolio must be fixed-rate and the loan portfolio shall have an average duration of 3–6 years. Fixed-rate loans account for 89,0 % of the company's interest-bearing liabilities.

Credit risk

The company's business involves the normal cross-border trade-related credit risks to which the company aims to manage with advance payments and by monitoring the customers payment behavior and the credit information. The balance sheet values of the financial assets correspond best the maximum amount of the group's credit risk, excluding the fair value of the guarantees, in such a case where the parties in question cannot fullfil the obligations related to the financial instruments.

Capital management

Capital management aims at ensuring the continuity of the company's operations and the increase of shareholder value. Capital structure management is based on decisions concerning share issues, the use of equity-settled instruments and distribution of dividends. Capital structure indicators include equity ratio and net gearing.

Exposure to financial risks	**2021**	**2020**
Impact of fluctuation in short-term interest rate +/-2%	+/-28	+/-2

Exposure to currency risks

In 2021, the Group's minor currency risks consisted of ETB and USD denominated financial assets and liabilities. The following sensitivity analysis is based on existing financial assets and liabilities denominated in foreign currencies on 31 December 2021.

Financial assets denominated in foreign currency	**2021**	**2020**
USD	27	13
ETB	672	672
Financial liabilities denominated in foreign currency		
USD	0	30
Net	**699**	**654**
Impact on result		
EUR/USD +/-10%	+/-2	+/-1
EUR/ETB +/-10%	+/-54	+/- 54

Parent Company Income Statement, FAS

EUR	Note	1 Jan – 31 Dec 2021		1 Jan – 31 Dec 2020	
Net sales	1-2	2 147 284,50	100 %	1 276 853,30	100 %
Cost of sales		-3 451 510,39	-161 %	-3 325 971,83	-260 %
Gross profit/loss		**-1 304 225,89**	**-61 %**	**-2 049 118,53**	**-160 %**
Sales and marketing costs		-598 700 53		-536 996,62	
Administrative expenses		-782 501,79		-687 975,98	
Other operating income	3	305 053,62		67 605,48	
Other operating expenses	9	-435 385,10		0,00	
Operating loss		**-2 815 759,69**	**-131 %**	**-3 206 485,65**	**-251 %**
Financial expenses	11	1 692,09		24,92	
Financial expenses	11	-1 402 001,00		-1 324 766,45	
Profit/loss before appropriations and taxes		**-4 216 068,60**	**-196 %**	**-4 531 227,18**	**-355 %**
Profit/loss for the financial year		**-4 216 068,60**	**-196 %**	**-4 531 227,18**	**-355 %**

Parent Company Balance Sheet (FAS)

EUR	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	12	3 061 322,65	3 809 265,08
Tangible assets	13	6 083 897,21	5 893 514,20
Investments	14	3 131 604,60	3 131 604,60
Non-current receivables	15	3 517 266,28	2 012 266,28
		15 794 090,74	**14 846 650,16**
Vaihtuvat vastaavat			
Inventories	16	134 811,94	256 154,79
Current receivables	17	2 285 122,19	1 029 648,54
Cash and cash equivalents		8 496,19	416 478,93
		2 428 430,32	**1 702 282,26**
TOTAL ASSETS		**18 222 521,06**	**16 548 932,42**

EUR	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	80 000,00	80 000,00
Distributable non-restricted equity fund	18	33 644 410,08	27 802 838,83
Profit/loss carried forward	18	-28 933 546,77	-24 402 319,59
Profit/loss for the financial year	18	-4 216 068,60	-4 531 227,18
		574 794,71	**-1 050 707,94**
Obligatory provisions			
Other obligatory provisions	19	88 920,00	225 582,00
Liabilities			
Non-current subordinated loans	20	2 939 185,11	3 658 867,37
Non-current liabilities	20	7 331 714,00	8 618 500,00
Current subordinated loans	21	507 670,14	0,00
Current liabilities	21	6 780 237,10	5 096 690,99
		17 558 806,35	**17 374 058,36**
TOTAL EQUITY AND LIABILITIES		**18 222 521,06**	**16 548 932,42**

Parent Company Cash Flow Statement

EUR 1 000		1-12/2021	1-12/2020
Cash flow from operating activities			
Income statement profit/loss before extraordinary items		-4 216	-4 531
Non-monetary items adjusted			
Depreciation and impairment	+	1 084	903
Unrealized exchange rate gains (-) and losses (+)	+/-	-1	-2
Other non-cash transactions	+/-	-269	-52
Other adjustments	+/-	-177	-269
Financial income and expenses	+	1 401	1 327
Total cash flow before change in working capital		-2 178	-2 624
Change in working capital			
Increase (-) / decrease (+) in inventories		-13	33
Change in reserves		-137	-23
Increase (-) / decrease (+) in short-term trade and other receivables		-871	-497
Increase (+) / decrease (-) in short term trade and other payables		-337	-103
Change in working capital		-1 358	-591
Cash flow from business operations before financial items and taxes		-3 536	-3 216
Adjustment of financial items and taxes to cash-based accounting			
Interest paid and payments for other financial expenses	-	702	891
Financial items and taxes		-702	-891
NET CASH FLOW FROM BUSINESS OPERATIONS		**-4 238**	**-4 106**

EUR 1 000		1-12/2021	1-12/2020
Cash flow from investments			
Investments in tangible and intangible assets	-	1 007	745
Loans granted	-	1 550	974
Repayment of loan receivables	+	45	140
Acquisition of subsidiaries	-	0	1 062
Grants received	+	0	1 036
NET CASH FLOW FROM INVESTMENTS		**-2 512**	**-1 605**
Cash flow from financing			
Payments from share issue	+	0	2 100
Financing arrangement with Winance/Bracknor	+	750	1 957
Increase in non-current loans	+	6 110	2 330
Repayament of non-current loans	-	100	0
Increase in current loans	+	188	554
Repayment of current loans	-	605	816
NET CASH FLOW FROM FINANCING ACTIVITIES		**6 342**	**6 124**
INCREASE (+) OR DECREASE (-) IN CASH FLOW		**-408**	**413**
Cash and cash equivalents at the beginning of the financial year		416	3
Cash and cash equivalents at the end of the financial year		8	416
		-408	**413**

Notes to the Parent Company Financial Statement

Accounting, measurement and accrual principles

Valoe Oyj's financial statements have been prepared in accordance with the Finnish Accounting Act in force and with other regulations and provisions concerning the preparation of financial statements. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as have the parent company's financial statements, where possible.

Use of estimates in the financial statements

When preparing financial statements according to good accounting practice, the company management has to make estimates and assumptions that affect the amounts of the reported assets and liabilities on the balance sheet date and the amounts of income and expenses reported for the financial year. The estimates and assumptions have been made following the precautionary principle. The final figures may differ from these estimates..

Measurement of non-current assets

Tangible and intangible assets have been recorded on the balance sheet at original cost of acquisition less planned depreciation. Planned depreciation has been calculated from the original cost of acquisition with amortization on a straight-line basis according to the estimated useful life. Depreciations of new property, plant and equipment have been calculated as of the month of commissioning. The depreciations have been booked by function.

The planned depreciation periods are:

Intangible rights	5-10 years
Development cost	5-10 years
Goodwill	5 years
Other expenses with long-term effects	5 years
Machinery and equipment	3-7 years

Gains and losses from the disposal of fixed assets are presented in the income statement.

Maintenance and repairs

Maintenance and repair costs are recognized as expenses for the financial year. Significant basic improvement costs are included in the carrying amount of the tangible fixed assets and depreciated over the remaining useful life of the asset.

Research and product development costs

Research and product development have primarily been recognized as annual costs in the year in which they have been incurred.

New development costs have not been capitalized during the financial year. Development costs in the balance sheet include EUR 0.5 million capitalized costs where amortizations will be started during 2022 after the development is compelete. The depreciation of development costs currently capitalized in the balance sheet is expected to end during the financial year 2027.

Other intangible assets

Acquisition costs for patents, trademarks and licences are capitalized and depreciated on a straight-line basis over the useful life, as a general rule over 10 years. for software licences are included in intangible rights and depreciated over 5 years.

Measurement of inventories

Inventories are presented in compliance with the principle of weighted average price at the lower of acquisition cost or replacement price or likely sales price.

Items denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies have been translated into euros using the average rate quoted by the Bank of Finland on the balance sheet date.

Revenue recognition principles

When calculating net sales, indirect taxes, discounts and exchange rate differences related to sales are deducted from the sales revenue. Income from the sale of goods and services are recognized as revenue when they have been carried out.

Long-term contract revenue has been recognized as revenue on the basis of the stage of completion. The company has defined as long-term contract work projects which have started and ended in different financial periods and where the recognition of income as revenue has a substantial impact on net sales and result. The stage of completion of long-term contracts has been determined as the proportion of costs incurred in relation to the estimated total contract costs and is dependent on the eventual total revenue and costs and a reliable way to measure the progress of the project. A loss for a project is recognized as soon as it is known and can be estimated.

Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation that is likely to require the outflow of economic benefits or cause a financial loss and the amount of the obligation can be estimated in a reliable manner. The amount of the provision to be recognized corresponds to the best estimate of the company's management concerning the expenses required to settle the obligation on the balance sheet date. Provisions may relate to restructuring of operations, onerous contracts, legal cases or tax risks.

A warranty provision is recorded once a year on a project-by-project basis based on at the best information at the time.

A provision is recognized for an onerous contract if the expenses required to settle the obligations exceed the benefits from the contract.

NOTES TO THE INCOME STATEMENT

Unless otherwise indicated, the figures in the following notes are given in thousands of euros.

1. Distribution of net sales by market area

	2021	2020
Europe	2 139	1 277
Asia	9	0
Total	**2 147**	**1 277**

2. Long-term contract revenues recognized on the basis of the percentage of completion

Proportion of net sales recognized under percentage of ccompletion -method of the financial year's total sales	3,7 %	20.5 %
Revenue recognized on percentage of completion basis during the financial year	80	261
Revenue recognized on percentage of completion basis during previous financial years	0	0
Amount not recognized as revenue based on the stage of completion	166	12

3. Other operating income

	2021	2020
Negotiated discounts on payment agreements	148	0
Other income	157	68
Total	**305**	**68**

4. Materials and services

	2021	2020
Materials and supplies		
Purchases during the financial year	688	875
Change in inventories	-113	76
	575	**951**
Third-party services	78	103
Total	**653**	**1 054**

5. Number of personnel

	2021	2020
During the financial period on average		
Procurement and production	15	13
Product development	12	10
Sales and Marketing	2	2
Administration	3	3
Total	**32**	**28**
At the end of the year		
Procurement and production	15	16
Product development	13	10
Sales and Marketing	3	3
Administration	3	3
Total	**33**	**31**

6. Personnel expenses

Wages and remuneration	1 772	1 635
Retirement expenses	279	241
Other indirect employee expenses	81	77
Total	**2 133**	**1 953**

7. Management's salaries and remuneration

	2021	2020
CEO and his deputy	168	168
Board members	110	97
Total	**278**	**266**

8. Depreciation and impairment

Depreciation on cost of sales	116	0
Depreciation on development costs	831	636
Depreciation on sales and marketing	1	2
Impaiment on development costs	1	0
Impairment on inventory	135	266
Total	**1 084**	**903**

The write-down in the financial year 2021 was mainly related to the company's Chrome product family. The write-down in the financial year 2020 was related to product development related to an Ethiopian project in inventories, which the company no longer considers to have value in use.

9. Operating expenses

	2021	2020
Write-down of receivables	25	0
Other expenses	410	0
Total	**435**	**0**

10. Auditors' fees

Auditus Tilintarkastus Oy		
Auditors' fees	61	59
Certificates and Statements	0	1
Total	**61**	**60**

11. Financial income and expenses

	2021	2020
Interest income and other financial income		
Interest income	1	0
Exchange rate gains	1	0
Total financial income	**2**	**0**
Interest expenses and other financial expenses		
Interest expenses	1 057	768
Listing expenses	0	246
Other financial expenses	336	307
Exchange rate losses	10	4
Total financial expenses	**1 402**	**1 325**
Total financial income and expenses	**-1 400**	**-1 325**

At the end of the financial year 2021 EUR 0.3 million of equity based loan interests were not booked as an expense (EUR 0.1 million for 2021 and 0.2 million for previous years).

NOTES TO THE BALANCE SHEET

12. Intangible assets

EUR 1 000	Development costs	Intangible rights	Other long-term expenses	Total
Acquisition cost, 1 Jan 2021	11 152	299	0	11 451
Additions	0	4	36	41
Disposals and transfers between items	313	-94	0	219
Acquisition cost, 31 Dec 2021	**11 465**	**209**	**36**	**11 710**
Accumulated depreciation				
and impairment, 1 Jan 2021	-7 403	-238	0	-7 641
Accum.depreciations on disposals	-313	94	0	-219
Depreciation for the period	-765	-23	0	-788
Accumul. depr., 31 Dec. 2021	**-8 482**	**-168**	**0**	**-8 649**
Carrying amount, 1 Jan 2021	3 749	60	0	3 809
Carrying amount, 31 Dec 2021	**2 984**	**41**	**36**	**3 061**

EUR 1 000	Development costs	Intangible rights	Other long-term expenses	Total
Acquisition cost, 1 Jan 2020	11 336	299	108	11 743
Disposals	-184	0	-108	-292
Acquisition cost, 31 Dec 2020	**11 152**	**299**	**0**	**11 451**
Accumulated depreciation				
and impairment, 1 Jan 2020	-6 979	-215	-108	-7 302
Depreciation for the period	184	0	108	292
Impairment	-608	-23	0	-631
Accumul. depr., 31 Dec. 2020	**-7 403**	**-238**	**0**	**-7 641**
Carrying amount, 1 Jan 2020	4 357	84	0	4 440
Carrying amount, 31 Dec 2020	**3 749**	**60**	**0**	**3 809**

Should the company fail in its business plan implementation, it could generate a need for a write-off in intangible assets.

Specification of capitalized development costs by sub-projects	**2021**	**2020**
Technology transfer China	1 762	2 350
Pilot production line development	211	263
PV-module recipe for Chrystal and Chrystal Twin	92	122
MWT Cell development	541	541
Future PV-technology development	378	473
Total	**2 984**	**3 749**

Possible write-down risks related to project-specific capitalization of development costs are described in Note 12 to the consolidated notes, Intangible assets.

13. Tangible assets

EUR 1 000	Machinery and equipment	Total
Acquisition cost, 1 Jan 2021	6 363	6 363
Additions	351	351
Disposals and transfers between items	-313	-313
Acquisition cost, 31 Dec 2021	**6 401**	**6 401**
Accumulated depreciation		
and impairment, 1 Jan 2021	-470	-470
Accum.depreciations on disposals	313	313
Depreciation for the period	-161	-161
Accumul. depr., 31 Dec. 2021	**-317**	**-317**
Carrying amount, 1 Jan 2021	5 894	5 894
Carrying amount, 31 Dec 2021	**6 084**	**6 084**

EUR 1 000	Machinery and equipment	Total
Acquisition cost, 1 Jan 2020	5 940	5 940
Additions	303	303
Transfers between items	120	120
Acquisition cost, 31 Dec 2020	**6 363**	**6 363**
Accumulated depreciation		
and impairment, 1 Jan 2020	-463	-463
Depreciation for the period	-6	-6
Accumul. depr., 31 Dec. 2020	**-470**	**-470**
Carrying amount, 1 Jan 2020	5 477	5 477
Carrying amount, 31 Dec 2020	**5 894**	**5 894**

14. Investments

Shares and equity interest in Group companies	**Domicile**	**Parent company's holding**	**Group's holding**
PMJ testline Oy	Lohja,Finland	100,0 %	
Valo Clean Energy USA Inc.	Canton MI, USA	100,0 %	
UAB Valoe Cells	Vilnus, Lithuania	100,0 %	
UAB Valoe	Vilnus, Lithuania	100,0 %	

All Group companies have been consolidated in the parent company's consolidated financial statements.

Other shares and participations	**20211**	**2020**
Kiinteistö Oy Musko II one-week share	3	3
Helsinki Halli Oy B shares, 2 shares	6	6
Total	**9**	**9**

The fair value of Kiinteistö Oy Musko II shares is expected to correspond to the carrying amount.

15. Non-current receivables

Receivabels from Group companies		
Loan receivables	2 808	1 303
Other receivables	37	37
Total	**2 845**	**1 340**
Receivables from others		
Loans receivable from Ethiopia	672	672
Total	**672**	**672**
Total non-current receivabls	**3 517**	**2 012**

The Ethiopian project may be activated when circumstances in Ethiopia and other resources of the Company permit that. The receivable is to be converted into a minority investment in Ethiopian joint venture when the project will be activated. According the company's view, it will have the necessary resources at its disposal to restart the project when when the company’s current businesses begin to generate positive cash flow.

16. Inventories

	2021	2020
Materials and supplies	133	126
Finished products/goods	1	130
Total	**135**	**256**

17. Current receivables

	2021	2020
Receivables from Group companies		
Trade receivables	183	91
Total	**183**	**91**
Receivables from others		
Trade receivable	817	61
Adances paid	321	245
Other receivables	166	99
Accrued income	798	533
Total	**2 102**	**938**
Total current receivables	**2 285**	**1 030**
Relevant items of accrued income		
Rents in advance	50	30
Accrual of financial costs	586	177
Percentage of completion -receivables	80	261
Other accrued income	81	66

18. Shareholders' equity

	2021	2020
Share capital on 1 Jan	80	80
Share capital on 31 Dec	**80**	**80**
Total restricted equity	**80**	**80**
Distributable non-restricted equity fund on 1 Jan	27 803	21 871
Sale of own shares – Winance / Bracknor	1 224	2 243
Direct share issue	0	2 100
Direct share issue by exch. loan shares	3 400	1 485
	338	0
Share subscription by exch. loan shares	880	104
Distributable non-restricted equity fund on 31 Dec	**33 644**	**27 803**
Retained earnings on 1 Jan	-28 934	-24 402
Profit/loss for the financial year	-4 216	-4 531
Retained earnings on 31 Dec	**-33 150**	**-28 934**
Total non-restricted equity	**495**	**-1 131**
Total equity	**575**	**-1 051**
Subordinated loans	3 447	3 659
Total equity and subordinated loans	**4 022**	**2 608**
Calculation of distributable non-restricted equity on 31 Dec 2021		
Retained earnings on 31 Dec.	-33 150	-28 934
Distributable non-restricted equity fund	33 644	27 803
Unbooked interests on subordinated loans	-273	-951
Capitalized development costs	-2 984	-3 749
Total	**- 2 762**	**-5 830**

Main terms of the capital loans

	Interest	Due date	Conversion price	2021	2020
Convertible bond 1/2012	8,0 %	n/a	n/a	364	364
Convertible bond 1/2019	8,0 %	31.5.2022	0,15	53	415
Convertible bond 2/2019	8,0 %	15.10.2021	Weighted average 16.4.-15.10.21 -15%	144	144
Convertible bond 1/2020	8,0 %	30.6.2021	0,073	0	400
Convertible bond 2/2021	8,0 %	15.10.2023	Weighted average 6 mnths -20%	2 886	0
Other capital loans	15,0 %	30.6.2021	n/a	0	141
				3 447	**1 464**

Capital lonas and their interest can be repaid only when the conditions of Chapter 12 of the Companies Act are met.

At year end 2021 Valoe Corporation has unbooked and unpaid interests in the amount of EUR 0.2 million relating to a bond issued in 2012, EUR 0.05 million relating to two bonds issued in 2019 and EUR 0.05 million relating to bond issued in 2021. The interest can only be repaid annually to the extent that the amount of Valoe Corporation's unrestricted equity and all subordinated loans exceeds the amount of loss confirmed for the most recently ended financial year or included in the balance sheet of more recent financial statements. An interest of 8 % is calculated on the bonds. The Group has booked the interest expense according to IFRS.

The sufficiency of the shareholder's equity of Valoe Corporation may involve risks if the company's financial situation does not develop as estimated by the company's management.

19. Obligatory provisions

	2021	2020
Warranty provisions	89	226
Total	**89**	**226**

20. Non-current liabilities

	2021	2020
Liabilities maturing in one to five years		
Subordinated loans	2 939	3 659
Loans from financial institutions	6 483	6 129
Total	**9 422**	**9 788**
Liabilities maturing later than in five years		
Loans from financial institutions	849	2 490
Total	**849**	**2 490**
Total non-current liabilities	**10 271**	**12 277**

21. Current liabilities

	2021	2020
Liabilities to Group undertakings		
Loans from Group undertakings	2	2
Total	**2**	**2**
Liabilities to others		
Subordinated loans – convertible bonds	508	0
Convertible bonds	0	20
Loans from financial institutions	4 732	864
Other loans	479	934
Advances received	44	93
Trade payables	517	1 188
Other liabilities	79	250
Accrued expenses	928	1 745
Total	**7 286**	**5 095**
Total current liabilities	**7 288**	**5 097**

Material items of accrued expenses	2021	2020
Subsidies received from the EU for product development projects	0	508
Accrued interest	422	439
Accrued personnel expenses	382	405
Accrued remuneration to Board members	30	77
Other accrued expenses	0	280
Other accrued liabilities	94	36
Total	**928**	**1 745**

22. Notes concerning collateral and contingent liabilities

Liabilities secured by mortgages		
Loans from financial institutions	5 007	1 952
Loans to related parties	0	353
Other liabilities	209	265
Business mortgages	2 060	5 396
Other securities provided	3 019	2 076
Rental liabilities		
Maturing the following year	748	667
Maturing later	344	880

23. Related party transactions

No borrowings were made to persons within related party and no guarantees or other securities were given for their debts.

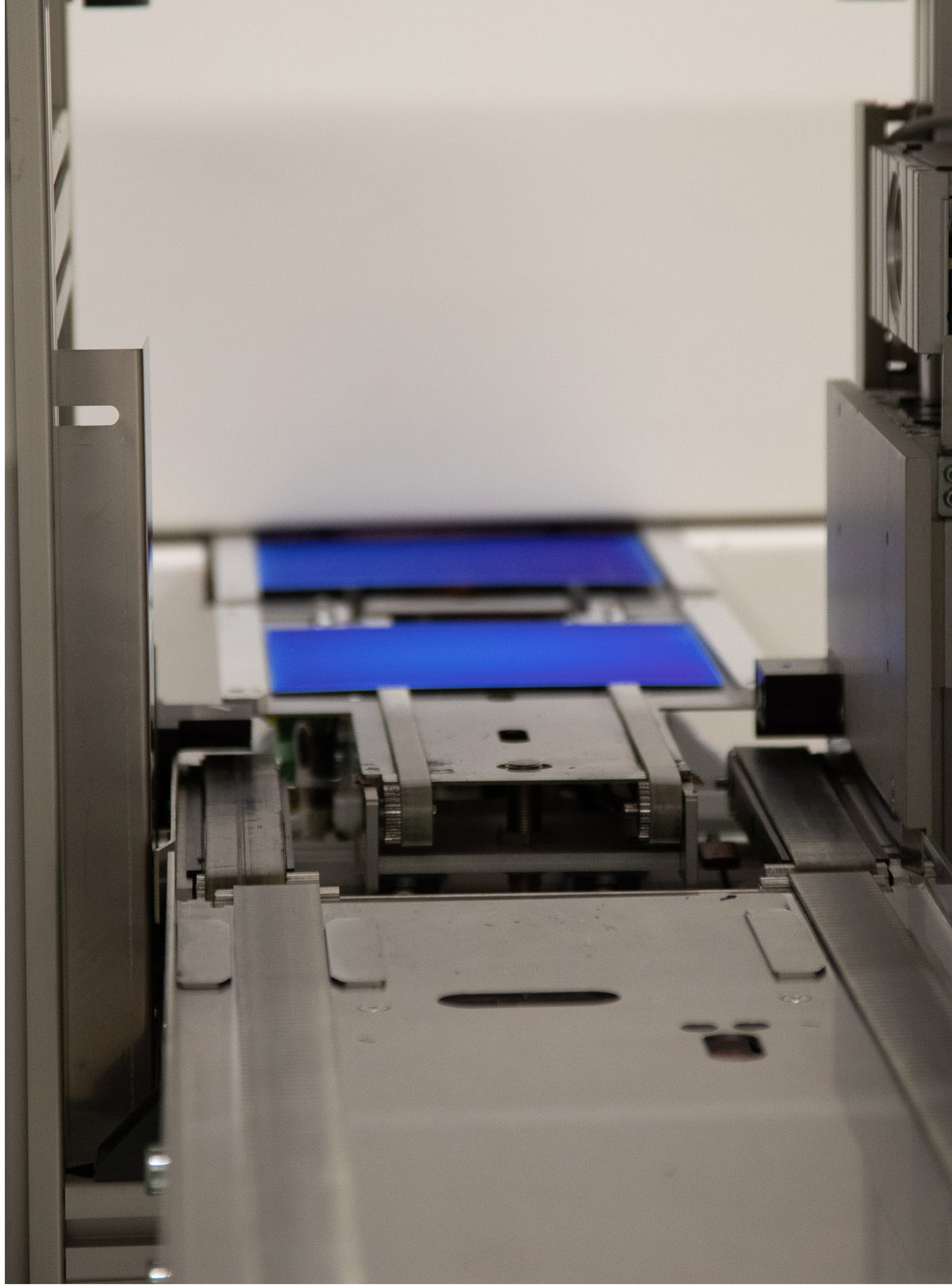
Related party transaction are specified in the Group's Notes in Section 28.

24. Notes concerning an accountable entity belonging to the Group

Valoe Oyj is the parent company of Valoe Group.

The consolidated financial statements can be obtained from the following address:

Insinöörinkatu 5, 50150 Mikkeli or **www.valoe.com**



Signatures of the Financial Statements and the Report of the Board of Directors

In Mikkeli 28 April 2022

Hannu Savisalo Chairman of the Board	Ville Parpola Vice Chairman of the Board
Tuomas Honkamäki Member of the Board	Iikka Savisalo Member of the Board CEO

THE AUDITOR'S NOTE

A report on the audit performed has been issued today.

In Hämeenlinna 28 April 2022

Auditus Tilintarkastus Oy
Authorized Public Accountants

Mikko Riihenmäki
Authorised Public Accountant

Auditor's Report

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

Auditor's Report

To the Annual General Meeting of Valoe Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valoe Oyj (business identity code 0749606-1) for the financial year 1 January – 31 December 2021. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

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

Basis for Opinion

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

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

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

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

Key Audit Matters

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

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

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Going Concern During the financial year 2021, the parent company's and the Group's operating income has increased. However, the liquidity was still low at the end of the financial year. The consolidated cash flow from operating activities was negative in the financial years 2020 and 2021. Based on the assessment presented in the Financial Statements and Directors' Report, management of the company and the Board of Directors believe that the going concern basis is appropriate in preparing the financial statements.	Our audit procedures comprised evaluation of the company's cash flow forecast, order book and sufficiency of the financing. In addition, we evaluated with company representatives about the future development and outlook of the company's operations. The company's ability to continue as a going concern is dependent on the development of its operations and cash flows and on the company's ability to secure new funding to finance its operations. In 2021, the company secured a financing facility that provides additional funding also for 2022. The company has also been negotiating new financing arrangements during the spring of 2022. In addition, the service and trade agreement based on the technology development cooperation implemented in 2021 has continued during the beginning of 2022. The agreement is expected to continue to provide revenue in the future. In the opinion of the company's management, these ensure the continuity of operations.
Capitalised development costs, EUR 2.7 million (refer to Accounting Principles for consolidated financial statements and notes 6 and 12) (refer to Accounting, measurement and accrual principles for the parent company financial statements and note 12)	
At the balance sheet date of 31 December 2021, the capitalised development costs were carried at EUR 2.7 million, which accounted for 16 per cent of the consolidated total assets. The capitalized development costs of the parent company totaled EUR 3.0 million, representing 16 per cent of the parent company's total assets. We assessed the composition of development costs and the capitalization criteria applied, original project plans and discussed the changes in plans with the company's management. As part of the accounting for development costs, management is required to exercise judgment and make assumptions that affect carrying values and amortisation methods. Development costs have been tested for possible impairment. Valoe determines the recoverable amounts in impairment testing based on value in use. Value in use is calculated on discounted cash flow forecasts. Determination of key assumptions underlying the forecasts requires management's	We assessed the composition of development costs and the capitalization criteria applied, original project plans and discussed the changes in plans with the company's management. Our audit procedures also included agreeing the non- current asset register to the general ledger, assessing the appropriateness of the amortisation methods and testing amortisation accounting. In addition, we discussed with company representatives how development costs are monitored and accounted for, assessed amortization and its timing. We analysed management estimates and assumptions, upon which future cash flow forecasts are based. The valuation of development costs is significantly affected by the discount rate used by management in its calculations and the future development of the business.

judgement. The consideration is related to, e.g., income expectations, the market interest rate used for discounting and the interest rate on borrowings. Due to management's judgment related to the used forecasts, uncertainty estimation, and the significance of balance sheet values, capitalized development costs are a key consideration in the audit.	We performed audit procedures to examine the technical accuracy of the calculations. Furthermore, we considered the appropriateness of the disclosures provided in respect of developments costs and impairment testing
The measurement of the assets relating to the Lithuanian factory, EUR 6.1 million (refer to the Notes 14 and 15 to the Parent Company Income Statement)	
At the balance sheet date of 31 December 2021, the the parent company's balance sheet included EUR 3.1 investment in the shares of UAB Valoe Cells, the parent company's subsidiary. In addition, the parent company's balance sheet included a total of EUR 3.0 million receivables in the non-current and current receivables. Together, these assets represent 34% of the parent company's balance sheet. The company has made financially and commercially significant investments to establish cell production at the Lithuanian plant. As the company's Board of Directors has pointed out in the item "Risks related to financial position and financing " of the Directors' report, the constraints caused by the Covid-19 pandemic and the international shortage of materials and components have delayed the Lithuanian plant to start production at full capacity in 2021. These risks related to the business environment and the general development of the global economy may continue to affect the production and profitability of the Lithuanian plant in the future.	We assessed the management's plans and forecasts relating to the Lithuanian plant. In addition, we have reviewed the processes, financial situation and controls related to the operations of the Lithuanian plant and subsidiary. According to an estimate from the company's management, production at the Lithuanian cell plant is expected to start at full capacity in the near future. Furthermore, demand for solar cell production capacity is expected to remain high in the future, which is expected to reduce the risk of write-downs on these balance sheet items.

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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

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

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

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

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

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

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 17 February 2020, and our appointment represents a total period of uninterrupted engagement of 2 years.

Other Information

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

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

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

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

In Hämeenlinna 28 April 2022

AUDITUS TILINTARKASTUS OY

Public Accountants

Mikko Riihenmäki
Authorised Public Accountant, KHT

Corporate Governance

INTRODUCTION

Valoe Corporation and its subsidiaries are governed in accordance with the law, the company's Articles of Association, and the Finnish Corporate Governance Code effective as of 1 January 2020. The company also complies with the applicable standards issued by the Financial Supervisory Authority, and the rules and regulations of Nasdaq Helsinki Ltd.

Valoe's Corporate Governance Statement has been prepared in accordance with Recommendations of the Finnish Corporate Governance Code approved by the Securities Market Association. An unofficial English translation of the Finnish Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi.

Valoe's Corporate Governance Statement is presented as a report separate from the Report of the Board of Directors. The Board of Directors handled the Corporate Governance Statement in its meeting in April 2022.

Valoe abides by the Finnish Corporate Governance Code with the following exceptions:

- Recommendation 9 - The composition of Valoe's Board of Directors does not comply with the recommendation of having both genders represented at the Board of Directors. The 2021 annual general meeting did not elect any woman to the Board of Directors.
- Recommendation 10 – The composition of Valoe's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code, according to which the majority of the directors shall be independent of the company and, in addition, at least two of the directors representing this majority shall be independent of significant shareholders of the company. The annual general meeting held on 20 May 2021 elected four members to the Board out of whom two directors were independent of the company and significant shareholders. The non-compliance is justified by the fact that major part of Valoe's shares are owned by the Savisalo family or Companies owned by the Savisalo family. Therefore, the General Meeting of Valoe has deemed it appro- priate to ensure strong owner representation in its Board composition.

DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

GROUP STRUCTURE

Valoe's head office is located in Mikkeli. Responsibility for Valoe Group's corporate governance and operations is divided between the Board of Directors, which is appointed by the General Meeting, and the President and CEO.

GENERAL MEETING

The Annual General Meeting shall be held each year on a day decided by the Board of Directors, by the end of June. An Extraordinary General Meeting shall be held when deemed necessary by the Board of Directors or when legally required. The General Meeting shall be held at the Company's domicile, Mikkeli, or when the Board of Directors so decides, in Helsinki.

The invitation to the General Meeting shall be published, through a stock exchange release and on the Company's website, at the earliest three calendar months prior to the record date of the General Meeting and at the latest three weeks prior to the General Meeting, however, always at least nine days prior to the record date of the General Meeting. The Board of Directors may also decide to publish the invitation to the meeting in a national newspaper.

At the Annual General Meeting, the following shall be presented:

- Financial Statements
- Auditor's Report

At the Annual General Meeting, the following shall be decided upon:

- the approval and adoption of the Financial Statements
- the measures to be taken on the basis of the profit shown in the approved balance sheet,
- the discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members on the Board of Directors
- the remuneration payable to the members of the Board of Directors and the principles for indemnifying travel expenses

At the Annual General Meeting, the following shall be elected:

- the members of the Board of Directors and, when necessary, deputy members
- the auditor and, when necessary, deputy auditor

BOARD OF DIRECTORS

The Board of Directors is responsible for the company's governance and the appropriate organisation of the company's operations. The Board comprises at least three and up to seven members. The Board members are elected by the General Meeting for one year at a time. The Board elects a chairman from among its members. The Board of the parent company of Valoe Group determines the composition of the Boards of its subsidiaries.

The composition of the Board of Directors reflects the requirements set by the company's operations and development stage and the resulting basis for considering the diversity. The number of Directors and the composition of the Board of Directors shall be such that they enable the Board of Directors to see to its duties efficiently considering the company's development stage. Diversity of the Board of Directors supports the development of the compa¬ny's business operations. The diversity principles set for Valoe's Boad of Directors take into account, e.g., experience and diverse educational background, qualifications and representation of both genders.

MAIN TASKS OF THE BOARD OF

Under the Limited Liability Companies Act, the Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances. The Board is responsible for controlling and supervising the company's management; appointing and dismissing the President and CEO; approving the company's strategic goals, budget, total investments and their allocation, and bonus schemes; deciding on long-term contracts and the principles of risk management; ensuring the operation of the manage-ment system; approving the company's vision, values and organization model; approving and publishing interim reports, stock exchange releases, annual report and financial statements; determining the company's dividend policy; and summoning the General Meeting. It is the Board's duty to promote the best interest of the company and all its shareholders.

The Board of Directors convened 48 times in 2021. The attendance rate of the Board members was 100 percent. The attendance rate of each Board member is mentioned below in the item Composition of the Board of Directors.

BOARD COMMITTEES

In 2008, the Company's Board of Directors decided to discontinue the nomination and remuneration committee, as the addressing of these issues does not require preparation of matters by a group smaller than the entire Board of Directors. The same procedure was followed in 2021.

The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

COMPOSITION OF THE BOARD OF DIRECTORS

The Annual General Meeting held in 2021 elected four members to the Board of Directors.

Hannu Savisalo, b. 1946, M.Sc. (Eng.), Industrial Counsellor (a Finnish honorary title)

- Chairman of the Board since 2009
- chairman of the Board of Savcor Technologies Oy, Member of the Board of Directors of Savcor Communications Pty Ltd
- Hannu Savisalo directly owns 10,562,500 shares in Valoe and 58,198,820 shares in Valoe Corporation through Savcor Communications Pty Ltd, SCI-Finance Oy, Savcor Oy and Savcor Technologies Oy.
- The attendance rate at the Board meetings in 2021 was 100 percent.

Ville Parpola, b. 1972, LL.M.

- Vice Chairman and Independent member of the Board since 2015
- Chairman of Board of Directors of Tonfisk Design Oy and Oy Marville Ab, and a Member of the Board of Directors in SoluLight Oy, JVT Production Oy, and Helmi Learning Oy.
- Ville Parpola is an entrepreneur and works as a lawyer at his own company. He has a long experience in Valoe Corporation. He worked as Vice President, Legal Affairs, also in Valoe's predecessors in PMJ Automec Oy and Cencorp Corporation in 1999 – 2010.
- Ville Parpola directly owns 244,160 shares and through Oy Marville Ab 23,518 shares in Valoe Corporation.
- The attendance rate at the Board meetings in 2021 was 100 percent.

Iikka Savisalo, b. 1972, BBA(Accounting)

- member of the Board since 2009
- CEO of Valoe Corporation
- Iikka Savisalo directly owns 13,426,709 shares in Valoe Corporation and 58,198,820 shares in Valoe Corporation through Savcor Communications Pty Ltd, SCI-Finance Oy, Savcor Oy and Savcor Technologies Oy.
- The attendance rate at the Board meetings in 2021 was 100 percent.

Tuomas Honkamäki, b. 1972, M.Sc. (Economics), KHT

- Independent member of the Board since 2020
- Tuomas Honkamäki is an experienced auditor and advisor. He has been a member of the auditing board of Suomen Tilintarkastajat ry (the Finnish association of auditors), a member of the Auditing Board that operates under the auspices of the Ministry of Economic Affairs and Employment, and a chairman of the Tilintarkastustutkintoryhmä (Finnish auditor examination board).
- The attendance rate at the Board meetings in 2021 was 100 percent.

EVALUATION OF THE INDEPENDENCE OF BOARD MEMBERS

The Board of Directors evaluates its members' independence of the company and major shareholders. Based on the evaluation of independence carried out in 2021, the composition of Valoe's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code.

- The Board members independent of the company and major shareholders were Ville Parpola and Tuomas Honkamäki.
- Iikka Savisalo and Hannu Savisalo exercise control in the Savcor companies and act in their governing bodies.

The non-compliance is justified by the fact that major part of Valoe's shares are owned by the Savisalo Family members or companies owned by the Savisalo family. Thus, the General Meeting of Valoe has deemed it appropriate to ensure strong owner representation in its Board composition.

PRESIDENT AND CEO

Under the Limited Liability Companies Act, the President and CEO shall attend to the company's day-to-day management in compliance with the instructions and orders given by the Board of Directors. The President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The President and CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorized by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible. The President and CEO is responsible for the day-to- day operations, budget compliance, the performance of Valoe Group, and the performance of those reporting directly to the President and CEO.

MANAGEMENT TEAM

The Group's Management Team assists the President and CEO in the operative management of the company, prepares matters to be dealt with by the Board of Directors and the President and CEO and plans and oversees the operations of the business units. The Group's Management Team convenes when needed, however, at least twice a month. The Management Team is chaired by the President and CEO.

COMPOSITION OF THE MANAGEMENT TEAM

Iikka Savisalo, b.1972, BBA (Accounting)

- CEO of Valoe Corporation since 2012
- member of the Board since 2009
- Iikka Savisalo directly owns 13,426,709 shares in Valoe Corporation and 58,198,820 shares in Valoe Corporation through Savcor Communications Pty Ltd, SCI-Finance Oy, Savcor Oy and Savcor Technologies Oy.

Seija Kurki, b. 1963, BBA (Accounting)

- Chief Financial Officer, member of the Management Team since 2012
- Seija Kurki has held different financial management positions at Savcor Companies since 1984.
- 66,666 shares in Valoe Corporation

Sami Lindfors, b. 1975, MBA

- Senior Vice President, member of the Management Team since 2010
- Sami Lindfors joined the Savcor Group in 1996. In 2001, he transferred to Guangzhou, China, as President of Chinese operations and, since 2004, has served as President of Savcor Face China.
- In 2013 he was nominated as CEO of Valoe Clean Energy.
- 88,888 shares in Valoe Corporation

Jose Basso, b. 1965, MBA (Marketing and International Business), Industrial Engineering

- CEO of UAB Valoe, member of the Management Team since 2019
- SVP of Sales and Marketing Americas of Valoe Oyj since 2014
- José Basso has an extensive experience in international business. Join the Savcor Group in 2004 as Managing Director of Savcor Brazil until 2008 and since 2006, he has acted as President and CEO of Savcor Face Ltd and Savcor Mexico being responsible for the North America market. Mr. Basso has headed the solar cell factory in Vilnius from the beginning of December 2019.

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS CONTROL ENVIRONMENT

DESCRIPTION OF CONTROL ENVIRONMENT

Valoe's business idea

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

Environmental Policy

The company complies with the environmental legislation in force. The company aims to take environmental issues into consideration in management systems and decision-making.

Planning and monitoring processes

The Group's operations are planned and reviewed annually using a strategic planning process and a budgeting process. The implementation of plans and the development of the business environment are monitoring in connection with monthly reports, quarterly reports and financial statements. At Valoe Group, risk analysis and risk management are part of the annual strategic planning process and day-to-day operations. The purpose of internal control and risk management is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles.

Internal Control Activities

Authority and responsibility are assigned to persons responsible for budget compliance and to line organization supervisors, in accordance with their roles and duties. Compliance with laws and regulations is ensured using internal guidelines. The objectives of internal control include operational targets, financial reporting and compliance with laws and regulations.

Board of Directors

- Defining the operating principles of internal control
- Monitoring the performance of internal control
- Approving the company's risk management principles
- Reviewing auditors' reports
- Determining the company's bonus scheme

PRESIDENT AND CEO

- Monitoring the existence and performance of internal control in practice
- Ensuring that operations are in compliance with the company's values
- Adjusting operating principles and policies
- Ensuring the appropriate and efficient use of resources
- Determining control mechanisms (approval processes, balancing and reporting)
- Determining risk management principles andmethods

CHIEF FINANCIAL OFFICER

- Management accounting: monitoring and analysis of performance
- Financial accounting andreporting
- Maintenance and development of planning processes
- Ensuring liquidity

AUDITOR

- Statutory audit
- Expanded audit at the Board's separate request
- Reporting to the Board

INTERNAL CONTROL AND RISK MANAGEMENT

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. Due to the small size of the company and the limited scope of its business operations, Valoe does not have an internal auditing organization or an audit committee. The Board aims to evaluate and continuously develop the company's risk management, internal control and management processes, also by using the interim audits and internal control reports prepared by external auditors in connection with interim reports.

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.

REPORTING SYSTEM

Valoe prepares its consolidated financial statements and interim reports in compliance with the International Financial Reporting Standards (IFRS) adopted in the EU. The report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Accounting Act and the guidelines and published opinions of the Accounting Board.

In accordance with the reporting system, the CEO reports to the Board of Directors monthly on the operations, performance and deviations from the budget and adjusted forecasts (monthly report) of the Group and its business units; quarterly on the operating result based on the interim report/financial statements; and immediately on any significant changes in the business environment. The President and CEO reports to the Board of Directors regularly on the implementation of the company's strategy and long-term plans.

The CFO is responsible for Group reporting. Accounting for the Finnish Group companies and consolidated financial statements is carried out in the financial department of Valoe. Accounting and reporting for foreign subsidiaries are carried out using local, qualified accounting firms or other external experts.

The accuracy of reporting is ensured by using financial reporting guidelines, maintaining the professional skills of employees, ensuring the reliability of information systems, using normal internal control mechanisms and an expanded audit. Any deviations from the budget or plans detected in reports are investigated.

The CFO and external auditors are responsible for verifying the accuracy of the financial reporting.

COMMUNICATIONS

The Board of Directors and the President and CEO are together responsible for the Group's communications. The President and CEO is responsible for communications within the company.

MONITORING

The performance of internal control is evaluated regularly in connection with management and control measures, and separately upon the completion of audit reports. Monitoring measures carried out continuously include comparing the actual and targeted figures in financial reports, various balancing measures, and the monitoring of the regularity of operational reports. The Board's annual plan includes planning and monitoring meetings. Information systems are, for the most part, established, and their reliability is regularly assessed by an external expert

OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

INTERNAL AUDIT

The purpose of the internal audit is to evaluate the appropriateness and success of the com¬pany's internal control system and risk management as well as the management and corporate governance pro¬cesses. The internal audit supports the development of the organisation and improves the efficient fulfilment of the supervision obligation of the Board of Directors.

The Board of Directors decides the main principles applied in the internal audit. Due to the small size of the company and the limited scope of its business operations, Valoe does not have an internal auditing organization or an audit committee. The internal audit is executed by the Board of Directors.

PRINCIPLES FOR RELATED PARTY TRANSACTIONS

Valoe complies with the Finnish Companies Act and International Financial Reporting Standards (IAS 24) obligations for monitoring of related party transactions. The Group's related parties include parent company Valoe Oyj and Group subsidiaries. Key members of the Board of Directors and Management Team, also CEO and the persons, who have a significant influence over the Group, are included with their families to the related parties. Also those communities which are controlled or influenced by, or is under common control or influence over the persons, who are included to the related parties, are included to the related parties. The Group's related parties also include those companies that have a significant control over the Group.

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.

Valoe reports its related party transactions in the notes to the consolidated financial statements. Additionally, the company evaluates and controls the related party transactions and takes care that possible conflicts of interest are taken into account.

INSIDERS AND INSIDER ADMINISTRATION

Valoe has in place insider rules complying with the guidelines for insiders approved by Nasdaq Helsinki Ltd. According to the insider rules, insiders, persons under their guardianship and corporations under their control are not permitted to trade in the Company's shares and options during a period of 30 days prior to the publication of its financial results (closed window period).

The Company's statutory insiders include the members of the Board of Directors, the President and CEO, the auditors and the accounting firm's auditor with principal responsibility. In addition, the Company's permanent insiders include, as specified insiders, the members of the Management team and specified persons from the Group's financial and other administration. Persons involved in corporate transactions or other projects that affect the value of the Company's shares are included in the Company's project-specific insiders and are subject to a temporary prohibition of trading.

AUDITING

The auditor is elected for one term at a time by the Annual General Meeting. The term ends at the end of the following Annual General Meeting. In the annual general meeting held on 20 May 2021 Auditus Tilintarkastus Oy was elected as the company's auditor and KHT auditor Mikko Riihenmäki as the responsible auditor. In 2021 the fees to the auditors totalled EUR 61,007.10.

Corporate Directory

VALOE OYJ

Business Identity No 0749606-1
Corporated In Mikkeli, Finland
www.valoe.com

CONTACT

Insinöörinkatu 5 FI-50150 Mikkeli
Tel: +358 20 7747 788

BOARD OF DIRECTORS

Hannu Savisalo (Chairman)
Ville Parpola (Vice Chairman and Independent Board Member)
Tuomas Honkamäki (Independent Board Member)
Iikka Savisalo (Board Member)

CEO

Iikka Savisalo

SECURITIES EXCHANGE LISTING

Nasdaq Helsinki Oy
Listing Identity VALOE

AUDITOR

Auditus Tilintarkastus Oy
Hämeenkatu 10
FI-11100 RIIHIMÄKI
Tel: +358 010 328 4820