



**FALCON**

Energy Materials plc

**Condensed Consolidated Interim Financial Statements**

**For the three-month periods ended March 31, 2026 and 2025**

(Expressed in Canadian dollars)  
(Unaudited)

TSX-V: FLCN

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### **Management's Responsibilities over Financial Reporting**

The accompanying unaudited condensed consolidated interim financial statements of Falcon Energy Materials plc (the "Corporation" or "Falcon") have been prepared by the management and are its responsibility. The condensed consolidated interim financial statements are prepared in accordance International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Corporation's Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Corporation's auditors.

**Falcon Energy Materials plc**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited, in Canadian dollars)

		March 31, 2026	December 31, 2025
	Notes	\$	\$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		24,986,684	2,136,284
Prepaid expenses and deposits		118,461	137,394
		<b>25,105,145</b>	<b>2,273,678</b>
Non-current assets			
Sales taxes and other receivables		153,431	70,925
Property, plant and equipment		3,298,013	2,922,713
		<b>3,451,444</b>	<b>2,993,638</b>
<b>TOTAL ASSETS</b>		<b>28,556,589</b>	<b>5,267,316</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		904,012	1,110,973
Lease liability	5	4,662	18,686
		<b>908,674</b>	<b>1,129,659</b>
<b>EQUITY</b>			
Share capital	6	74,181,679	49,433,436
Contributed surplus	7	16,397,357	15,860,104
Foreign currency translation reserve		(467)	(10)
Deficit		(62,930,654)	(61,155,873)
		<b>27,647,915</b>	<b>4,137,657</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>28,556,589</b>	<b>5,267,316</b>

Nature of operation and liquidity risk (Note 1)

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

On behalf of the Board,

Marc Filion /s/  
Director

Yves Grou /s/  
Director

# Falcon Energy Materials plc

## Condensed Consolidated Interim Statements of Loss and Comprehensive loss

(Unaudited, in Canadian dollars)

	Notes	Three-month periods ended	
		2026	March 31, 2025
		\$	\$
<b>Expenses</b>			
<b>Anode Plant</b>	3		
Engineering study		-	275,285
Professional and consulting fees	4	115,945	96,560
Pilot plant operations		33,495	-
Share-based payments	7	121,150	181,823
		<b>270,590</b>	<b>553,668</b>
<b>General and administrative</b>			
Professional and consulting fees	4	831,801	485,221
Salaries and benefits		35,719	-
Travel and representation		156,006	120,123
Other general and administrative		40,052	24,074
Insurance		32,960	50,399
Investor relations fees		102,803	205,526
Transfer agent and filing fees		36,689	32,156
Amortization		14,659	14,612
Share-based payments	7	416,103	445,875
		<b>1,666,792</b>	<b>1,377,986</b>
<b>Other expenses (income)</b>			
Interest expenses (income)		148	(18,358)
Foreign exchange loss (income)		(162,749)	2,352
		<b>(162,601)</b>	<b>(16,006)</b>
<b>Net loss from continuing operations</b>		<b>1,774,781</b>	<b>1,915,648</b>
<b>Net loss from discontinued operations</b>		<b>-</b>	<b>240,375</b>
<b>Net loss</b>		<b>1,774,781</b>	<b>2,156,023</b>
<b>Other comprehensive loss</b>			
Exchange differences on translating foreign operations		457	-
<b>Net comprehensive loss</b>		<b>1,775,238</b>	<b>2,156,023</b>
Basic and diluted loss per common share from continuing operations		0.01	0.02
Basic and diluted loss per common share from discontinued operations		0.00	0.00
Basic and diluted loss per common share		0.01	0.02
Weighted average number of shares – basic and diluted		157,283,650	119,247,977

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Other comprehensive loss is subject to reclassification

# Falcon Energy Materials plc

## Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, in Canadian dollars)

	Notes	Number of issued and outstanding common shares	Share capital \$	Contributed surplus \$	AOCI – Foreign exchange translation reserve \$	Deficit \$	Total equity \$
<b>Balance as at January 1, 2026</b>		<b>128,413,727</b>	<b>49,433,436</b>	<b>15,860,104</b>	<b>(10)</b>	<b>(61,155,873)</b>	<b>4,137,657</b>
Issuance of common shares, net of issue costs	6	41,666,666	24,748,243	-	-	-	24,748,243
Share-based compensation	7	-	-	537,253	-	-	537,253
Net loss for the period		-	-	-	-	(1,774,781)	(1,774,781)
Other comprehensive loss for the period		-	-	-	(457)	-	(457)
<b>Balance as at March 31, 2026</b>		<b>170,080,393</b>	<b>74,181,679</b>	<b>16,397,357</b>	<b>(467)</b>	<b>(62,930,654)</b>	<b>27,647,915</b>
<b>Balance as at January 1, 2025</b>		<b>117,538,895</b>	<b>43,916,296</b>	<b>12,792,338</b>	<b>-</b>	<b>(53,260,799)</b>	<b>3,447,835</b>
Issuance of common shares, net of issue costs		6,708,166	3,967,064	-	-	-	3,967,064
Issuance of warrants, net of issue costs		-	(1,697,216)	1,697,216	-	-	-
Share-based compensation	7	-	-	627,698	-	-	627,698
Net loss and comprehensive loss for the period		-	-	-	-	(2,156,023)	(2,156,023)
<b>Balance as at March 31, 2025</b>		<b>124,247,061</b>	<b>46,186,144</b>	<b>15,117,252</b>	<b>-</b>	<b>(55,416,822)</b>	<b>5,886,574</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Falcon Energy Materials plc

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, in Canadian dollars)

	Notes	Three-month periods ended	
		2026	March 31, 2025
Cash flows provided by (used in)		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss from continuing operations		(1,774,781)	(1,915,648)
Adjustments for non-cash items			
Amortization		14,659	28,493
Accreted interest	5	152	304
Foreign exchange		60,421	(152)
Share-based compensation	7	537,253	627,698
Change in non-cash working capital items			
Change in non-cash working capital items from continuing operations	11	(270,534)	91,968
Cash used in operating activities from continuing operations		(1,432,830)	(1,167,607)
Cash used in operating activities from discontinued operations		-	(260,757)
		(1,432,830)	(1,428,364)
<b>INVESTING ACTIVITIES</b>			
Property, plant and equipment additions		(389,959)	-
Cash used in investing activities from continuing operations		(389,959)	-
Cash used in investing activities from discontinued operations		-	-
		(389,959)	-
<b>FINANCING ACTIVITIES</b>			
Lease liabilities	5	(13,999)	(14,110)
Issuance of shares as part of a private placement	6	25,000,000	4,024,900
Share issuance costs	6	(251,757)	(57,836)
Cash provided by in financing activities from continuing operations		24,734,244	3,952,954
Cash used in financing activities from discontinued operations		-	(20,908)
		24,734,244	3,932,046
<b>Net change in cash and cash equivalents</b>		<b>22,911,455</b>	<b>2,503,682</b>
Effect of exchange rate changes on cash and cash equivalents		(61,055)	-
Cash and cash equivalents, beginning of period		2,136,284	3,715,577
<b>Cash and cash equivalents, end of period</b>		<b>24,986,684</b>	<b>6,219,259</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Falcon Energy Materials plc (the Corporation) is an Abu Dhabi Global Market mineral development business with activities in Africa. The Corporation was incorporated on April 16, 1996 under the *Canada Business Corporations Act*, and continued under the Abu Dhabi Global Market *Companies Regulations 2020* on June 24, 2024. The Corporation's common shares are listed on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "FLCN.V" and on the OTCQB Venture Market ("**OTCQB**") under the trading symbol "FLCNF". The Corporation's head office is located at Level 7, Al Maryah Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE.

These condensed consolidated interim financial statements were authorized for publication by the Board of Directors on May 28, 2026.

As at March 31, 2026, the Corporation had a working capital of \$24.20 million, which included cash of \$24.99 million. Management believes that it has sufficient funds to pay its ongoing general and administrative expenses and to meet its other liabilities, obligations and existing commitments beyond the ensuing 12 months as they fall due. The Corporation has the ability to scale its development activities and capital expenditures, and will do so as necessary, based on cash availability. The Corporation will need to raise further financing to fund its future operations and its development expenditures.

### 2. MATERIAL ACCOUNTING POLICIES

#### Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited annual financial statements for the year ended December 31, 2025.

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation's accounting policies.

The Corporation has consistently applied the same accounting policies throughout all the periods presented in these condensed consolidated interim financial statements.

#### Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information.

#### Significant accounting policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2025.

#### Basis of consolidation

In addition to the Corporation, the condensed consolidated interim financial statements include all subsidiaries controlled by the Corporation. Control is achieved when the Corporation 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. Subsidiaries are fully consolidated from the date on which control is acquired by the Corporation. Intercompany transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Corporation ceases.

The list of material subsidiaries of the Corporation, all of which are wholly owned, are as follows:

#### Subsidiaries

Falcon EM International Ltd  
Falcon EM Maroc SARLU

#### Jurisdiction of incorporation

Abu Dhabi Global Market  
Morocco

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# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

The subsidiary SRG Guinée SARL has been presented as discontinued operations in these condensed consolidated interim financial statements.

### 3. ANODE PLANT EXPENSES

The Corporation aims to develop an Anode Plant in the Kingdom of Morocco. The Corporation entered into several commercial and technical partnerships in order to develop a pilot plant and a large scale anode plant for the production of coated spherical purified graphite ("CSPG") at Jorf Lasfar, near Casablanca, in the Kingdom of Morocco.

### 4. PROFESSIONAL AND CONSULTING FEES EXPENSES

	Three-month periods ended March 31,	
	2026	2025
	\$	\$
Consulting fees	515,782	455,112
Legal fees	376,090	56,158
Audit and accounting fees	55,874	70,511
	<b>947,746</b>	<b>581,781</b>

### 5. LEASE LIABILITIES

The Corporation leases office space for employees. These leases are for a period of one year and include an option to renew after the end of the contract term.

The movement in lease liabilities during the three-month period ended March 31, 2026 and the year ended December 31, 2025 is comprised of the following:

	March 31, 2026	December 31, 2025
	\$	\$
Lease liabilities at the beginning of the period	18,686	97,458
Lease payments	(13,999)	(56,523)
Lease addition	-	55,356
Accreted interest	152	1,657
Foreign exchange (loss) gain	(177)	387
Discontinued Operations	-	(79,649)
Balance, end of period	<b>4,662</b>	<b>18,686</b>
Current portion	<b>4,662</b>	<b>18,686</b>

### 6. SHARE CAPITAL

#### *Transactions during the three-month period ended March 31, 2026:*

On February 20, 2026, the Corporation announced the closing of a non-brokered private placement for the issuance of 41,666,666 units at a price of \$0.60 per unit for gross proceeds of \$25,000,000. Each unit is comprised of one ordinary share of the Corporation and one share purchase warrant, which grants the holder the right to purchase one additional share at a price of \$0.75 per warrant share for a period of 36 months from the date of closing.

Using the residual method of allocation of the proceeds between the shares and warrants, \$25,000,000 has been allocated to the shares and \$nil to the warrants issued in the private placement, as the fair market value of the shares was above the offering price at \$0.94 per unit.

# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

### Warrants

The outstanding share purchase warrants as at March 31, 2026 and December 31, 2025 and the respective changes during the quarter ended are summarized as follows:

	Three-month period ended		Year ended	
	March 31, 2026		December 31, 2025	
	Number	\$	Number	\$
Balance, beginning of period	10,874,832	0.75	-	-
Issued	41,666,666	0.75	10,874,832	0.75
Balance, end of period	52,541,498	0.75	10,874,832	0.75

## 7. SHARE-BASED PAYMENTS

### Share purchase options

The Corporation has a fixed stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 22,764,466 shares of the Corporation, less any shares reserved for issuance under the DSU Plan and the RSU Plan. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than \$0.05, being the minimum exercise price allowable under TSX-V policy.

The following table shows the changes in stock options:

	Three-month period ended		Year ended	
	March 31, 2026		December 31, 2025	
	Number	\$( <sup>1</sup> )	Number	\$( <sup>1</sup> )
Balance, beginning of period	18,378,854	0.64	13,407,213	0.63
Granted	-	-	4,971,641	0.65
Balance, end of period	18,378,854	0.64	18,378,854	0.64
Exercisable, end of period	15,249,367	0.63	14,824,745	0.63

(1) Weighted average exercise price.

# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

The number of outstanding share purchase options that could be exercised for an equal number of common shares is as follows:

	Number outstanding	Number exercisable	March 31, 2026 Exercise price \$
February 20, 2027	1,852,007	1,852,007	0.365
April 25, 2027	100,000	100,000	0.50
June 14, 2027	25,000	25,000	0.45
November 22, 2027	325,000	325,000	1.30
January 14, 2028	125,000	125,000	1.72
August 8, 2028	2,085,000	2,085,000	1.10
May 11, 2030	1,108,493	1,108,493	0.37
June 19, 2030	950,000	950,000	0.51
February 9, 2031	440,000	440,000	0.69
March 1, 2032	1,300,000	1,300,000	0.70
April 12, 2034	4,096,713	4,096,713	0.48
October 4, 2034	850,000	637,500	0.68
October 4, 2034	150,000	112,500	1.25
March 24, 2035	1,698,487	1,273,865	0.60
November 28, 2035	3,273,154	818,289	0.67
	<b>18,378,854</b>	<b>15,249,367</b>	

### Deferred share units

The DSU Plan provides for the payment of directors' compensation with DSUs. Each DSU is a right granted by the Corporation to an eligible director to receive an equivalent of the value of one common share on termination of service. The Corporation may make payments due under the DSU Plan by issuing one common share for each DSU. The number of DSUs to be granted under the DSU Plan is determined by dividing the director's compensation by the average closing price of the common shares on the TSX-V, for five trading days immediately preceding such date. Under the DSU Plan, a maximum number of common shares available and reserved for issuance is 22,764,466 shares of the Corporation, less any shares reserved for issuance under the stock option Plan and the RSU Plan.

The following table summarizes the changes in DSUs during the three-month period ended March 31, 2026:

	Three-month period ended March 31, 2026		Year ended December 31, 2025	
	Number	\$( <sup>2</sup> )	Number	\$( <sup>2</sup> )
Balance, beginning of period	<b>1,555,109</b>	<b>0.70</b>	1,112,801	0.72
Granted	-	-	442,308	0.65
Settled	-	-	-	-
Balance, end of period	<b>1,555,109</b>	<b>0.70</b>	1,555,109	0.70

(2) Weighted average fair value.

## 8. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain a flexible capital structure, which will allow it to pursue the development of the anode plant.

# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

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The Corporation considers its capital structure to include shareholders' equity. The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and develop the anode plant, the Corporation prepares annual expenditure budgets, which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Corporation may issue new equity if available on favorable terms, issue more debts or convertible debenture instruments, and enter into joint venture arrangements.

The Corporation is not subject to externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the period ended March 31, 2026.

The changes in the Corporation's capital are disclosed in the consolidated statements of changes in shareholder's equity.

### 9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

#### Classification

The Corporation's financial instruments as at March 31, 2026 and December 31, 2025 consist of cash and cash equivalents and accounts payable and accrued liabilities.

The classification of financial instruments is summarized as follows:

<b>Financial Assets</b>	<b>Classification</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>
		<b>\$</b>	<b>\$</b>
Cash and cash equivalent	Financial assets at amortized cost	<b>24,986,684</b>	2,136,284
		<b>24,986,684</b>	2,136,284

<b>Financial Liabilities</b>	<b>Classification</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>
		<b>\$</b>	<b>\$</b>
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	<b>781,118</b>	735,336
		<b>781,118</b>	735,336

# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

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The Corporation's risk exposures and the impact of these exposures on the Corporation's financial instruments are summarized below:

### Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments.

The Corporation's financial assets and financial liabilities approximate their fair values due to their relatively short periods to maturity. Investments (other than guaranteed investment certificates) are valued at the quoted prices.

### Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation is exposed to credit concentration risk by holding cash and guaranteed investment certificates. This risk is minimized by holding cash and guaranteed investment certificates balances with large Canadian financial institutions and a minimal amount with local banks in Africa.

### Liquidity risk

The Corporation manages its liquidity risk by using budgets that enable it to determine the amounts required to fund the development of its anode plant. The Corporation also ensures that it has sufficient working capital available to meet its day-to-day commitments. Further disclosure related to the Corporation's liquidity risk has been included in Note 1 to these condensed consolidated interim financial statements.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

Except for the fixed interest recognized on the guaranteed investment certificates, all of the Corporation's assets and liabilities are non-interest-bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

### Market risk

#### Foreign exchange risk

Currency risk is the risk that future cash flows or fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign exchange ("FX") risk as cash is primarily held in United States dollars, while a significant portion of expenditures are denominated in Canadian dollars and Moroccan dirham and, to a lesser extent, Euros, United Arab Emirates dirham and British pound sterling.

The table below shows the impact on net earnings and equity of a 10% increase or decrease in material foreign currencies on the Corporation's net loss:

	March 31, 2026 in CAD	Impact of 10% change in FX	December 31, 2025 in CAD	Impact of 10% change in FX
United States dollar	14,182,847	+/- 1,418,285	1,800,702	+/- 180,070
Moroccan dirham	53,790	+/- 5,379	2,173	+/- 217
Euro	16,223	+/- 1,622	48,991	+/- 4,899
British pound sterling	25,562	+/- 2,556	67,894	+/- 6,789

### Commodity price risk

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian dollar and other currencies, as outlined above. As the Corporation has not yet developed commercial mineral interests, the Corporation is not a party to financial instruments exposed to the price of commodities. However, the Corporation is indirectly exposed to commodity price risk, as it impacts the Corporation's access to capital and funding.

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# Falcon Energy Materials plc

## Notes to Condensed Consolidated Interim Financial Statements

March 31, 2026 and 2025

(Unaudited, in Canadian dollars)

### 10. RELATED PARTIES

#### Remuneration of key management personnel

Key management personnel are the members of the Board of Directors, and executive officers of the Corporation. During the three-month periods ended March 31, 2026 and 2025, the remuneration awarded to key management personnel is as follows:

	Three-month periods ended	
	March 31,	
	2026	2025
	\$	\$
Consulting and professional fees	406,181	269,375
Share-based payments	382,616	407,730
	788,797	677,105

#### Termination and change of control provisions

Certain agreements between the executive team and the Corporation contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2026, the total amounts payable in respect of severance would amount to \$1,985,050. If a change of control would occur during the year ending December 31, 2026, the total amounts payable in respect of severance, if elected by the executive members, would amount to \$3,324,450.

### 11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three-month periods	
	ended March 31,	
	2026	2025
	\$	\$
<b>Changes in working capital items</b>		
Sales taxes and other receivables	(82,506)	(3,993)
Prepaid expenses and deposits	18,933	155,797
Accounts payable and accrued liabilities	(206,961)	(60,106)
	(270,534)	91,698

### 12. OPERATING SEGMENTS

The Corporation operates the anode plant business segment. As at March 31, 2026, \$3,275,899 of the Corporation's non-current assets are located in the Kingdom of Morocco and \$22,114 are located in Abu Dhabi, United Arab Emirates. As at December 31, 2025 \$2,900,598 of the Corporation's non-current assets were located in the Kingdom of Morocco, and \$22,114 in Abu Dhabi, United Arab Emirates.

### 13. SUBSEQUENT EVENTS

On April 9, 2026, the Corporation announced a non-binding term sheet with a tier-one strategic and financial partner for a financing transaction directed toward the construction of the Corporation's anode material facility in the Kingdom of Morocco. This financial partner has agreed to provide Falcon with US\$65 million in non-dilutive financing as well as US\$5 million in support in future equity issuance. The Transaction is subject to satisfaction of customary conditions including an offtake agreement, completion of definitive documentation, and receipt of all required regulatory and stock exchange approvals.