

VALOE HALF-YEAR REPORT 1 JANUARY – 30 JUNE 2020

SUMMARY

- During April -June 2020, the net sales of Valoe Group, under the IFRS standards, increased by 428 percent. The net sales were EUR 0.4 million (in 2019 EUR 0.08 million). The EBIT was EUR -0.6 million (EUR -0.7 million), the profit for the period was EUR -1.0 million (EUR -1.3 million), undiluted earnings per share were EUR -0.01 (EUR -0.07), diluted earnings per share were EUR -0.01 (EUR -0.07) and the EBITDA EUR -0.3 million (EUR -0.3 million).
- During the second quarter of 2020, the company's financial situation improved after the company agreed on new financing facilities totaling approximately EUR 6.35 million. In April 2020, Valoe entered into a convertible note facility agreement with Winance Investment ("Winance") concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. In an offering arranged in May 2020, Nordic Environment Finance Corporation (NEFCO) invested EUR 1.25 million in Valoe's equity and also granted an EUR 1.25 million loan to Valoe. At the end of the reporting period, in June 2020, the company arranged another directed share issue with which the company collected in total EUR 0.85 million new capital. Further, in the offerings arranged in May and June 2020 the debts of the company decreased in total by EUR 1.5 million as the subscribers converted their receivables into shares.
- The last installment of the purchase price of Valoe's cell plant in Lithuania was paid in May 2020. The ownership of the cell plant had been transferred to Valoe already in October 2019. The first IBC test cells were manufactured at the cell plan in May 2020. Travel restrictions related to Covid-19 pandemic and difficulties in the delivery of materials and services due to the pandemic have during the reporting period hindered and continue to hinder the start of production of solar cells and the start of deliveries to customers. According to current estimates, deliveries will commence in October-November 2020.
- In April-May 2020, Valoe transferred its solar module production from Mikkeli to Juva, Finland, where the company has remarkably larger production facilities. Module production commenced at the Juva plant in June 2020. At the new plant, Valoe is building a modernized production line, designed by the company itself, for conventional solar modules which will also enable the mass production of bifacial solar modules called Chrystal Twin. The goal is to have the new production line in use during 2020. In addition, Valoe will launch a new production line, based on the company's own design, which will be used to manufacture Valoe Odd Form modules and photovoltaic systems, e.g. for the automotive industry. The mass production of Valoe Odd Form modules is planned to commence in 2021.
- More information on principle activities and events during and after the reporting period can be found in the stock exchange releases published on Valoe's website at www.valoe.com. The Interim Report has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Interim Report Valoe has applied the same accounting principles as in its Annual Report 2019. The Interim Report has not been audited.

MARKET GUIDANCE FOR 2020

Valoe estimates that Valoe Group's net sales for 2020 will be approximately EUR 2.1 million (in 2019: EUR 0.3 million). The Company estimates Valoe Group's operative cash flow to turn positive on a monthly basis during the first quarter of 2021, provided that Covid-19 pandemic does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries.

Travel restrictions related to Covid-19 pandemic and difficulties in the delivery of materials and services due to the pandemic have slowed down Valoe's module production and have hindered and continue to hinder the start of production of solar cells and the start of deliveries to Valoe's US and other customers. According to current estimates, deliveries would commence in October-November 2020.

THE FUTURE OUTLOOK

During the year 2020, Valoe aims to launch several new products whose success is crucial to the company's prospects. The sales of Chrystal and Chrystal Twin modules with IBC cells have already begun and the company has agreed to deliver them to several ForUs Capital Oy ("ForUs Capital") projects in Finland.

Valoe estimates that both car manufacturers and business owners and operators in the logistics are working to start using solar energy in their vehicles on a large scale in the next few years. Valoe aims to be in a good position by the time growth in the VIPV (Vehicle Integrated Photovoltaics) applications begins. Valoe's solar energy system developed especially for vehicles and other mobile installations and the associated Odd Form module are now ready for delivery to customers for field testing. In addition to other benefits from using the system, according to Valoe's calculations the fuel consumption of a refrigerated trailer, for example, will decrease significantly in the Finnish conditions as well. Thus the amount of CO₂ produced by logistics will reduce accordingly. According to Valoe's calculations passenger car fuel consumption can drop by up to more than 0.6 liters per 100 kilometers by utilizing solar energy.

In April 2020, Valoe announced that the company modernizes and expands its solar module production and transfers its module production to Juva, Finland. Due to production stoppage caused by the move, the production in the second quarter fell to almost half of the expected volume. At the time of the release of this Interim Report, the module production capacity has already reached the same level as before the move.

The capacity of Valoe's module production will increase significantly as the new production lines ramp up. The production line, designed by the company itself, for bifacial IBC solar modules called Chrystal Twin will be completed by the end of 2020 and another production line for Odd Form modules during 2021.

IBC solar cells to be manufactured at Valoe's Lithuanian solar cell plant have been sold as a component sale already before the plant was completed: In the summer 2019, Valoe signed a supply agreement with a US customer. Valoe estimates that the annual value of the agreement is approximately USD 12 million. The company has previously disclosed that the start of production at the cell plant was postponed until the end of 2020 due to direct and indirect causes related to the Covid-19 virus. As a result, the Lithuanian cell plant will have only minor impact on Valoe's net sales for the financial year 2020. Despite the delay, Valoe estimates that global demand for IBC cells is good. Valoe's cell production capacity that is flexible in terms of production technology suits very well for delivering the expected special series.

MANAGING DIRECTOR'S REPORT

In the second quarter of the financial year 2020, Valoe Group's net sales increased and the loss decreased from EUR 1.3 million to the level of EUR 1.0 million. The net sales for the first half-year increased to EUR 0.8 million but it still was modest compared to the significant investments made by the company. During the first half-year, the company made among other things occasional component deliveries from Lithuania, continued development cooperation for self-charging electric vehicles with Sono Motors GmbH, and delivered a solar power plant to SRV at the Finnavia's Helsinki-Vantaa Airport. Cooperation between Valoe and ForUs Capital continued. One solar power plant was delivered during the second quarter. Chrome II glass/glass modules have been used in all solar power plants supplied by Valoe in 2020. The company plans to replace the Chrome II module with Chrystal and Chrystal Twin glass-glass IBC modules by the end of 2020.

In the second quarter of the financial year 2020, Valoe managed to secure financing facilities to complete the company's product development phase. According to the current assessment, the company has sufficient funding available to it until the cash flow from operating activities turns positive. There is currently a great deal of uncertainty about the future due to the second wave of Covid-19 pandemic and unpredictability of pandemic related government regulations. Although the company has a better financial position it cannot afford to delay estimated cash flows. Valoe's cash flow situation continues to be very tight until its cash flow from operating activities turns positive.

FINANCIAL DEVELOPMENT

During the second quarter of 2020, the company's financial situation improved after the company agreed on new financing facilities totaling approximately EUR 6.35 million. In April 2020, Valoe entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. In an offering arranged in May 2020, Nordic Environment Finance Corporation (NEFCO) invested EUR 1.25 million in Valoe's equity and also granted an EUR 1.25 million loan to Valoe. At the end of the reporting period, in June 2020, the company arranged another directed share issue with which the company collected in total EUR 0.85 million new capital. Further, in the offerings arranged in May and June 2020 the debts of the company decreased in total by EUR 1.5 million as the subscribers converted their receivables into shares.

With the new financing facilities, Valoe was in May 2020 able to pay the last EUR 1.1 million installment of the purchase price of the company's cell plant in Lithuania. The ownership of the cell plant had been transferred to Valoe already in October 2019. Having secured the new financing facilities, Valoe estimates it has sufficient funding e.g. to finish the Lithuanian plant investment. However, the plant investment and its timing is affected by the Covid-19 pandemic, the risks of which are described in sections FINANCING and RISK MANAGEMENT, RISKS AND UNCERTAINTIES.

Valoe's financial situation is described in more detail below under FINANCING.

During the reporting period, the company transferred its module production and most of its research and development activities to the new plant in Juva. Module production was relaunched in early June 2020. The net sales for the reporting period consisted mainly of domestic deliveries of solar modules and power plants as well as product development projects with foreign customers.

Valoe's order book includes an EUR 15.8 million order for a module factory to Ethiopia. So far, no revenue has been recognized for the order. The company has a receivable of EUR 0.7 million in its balance sheet which the company plans to invest in a minority shareholding in a local affiliate as the project progresses.

Valoe estimates that the completion of the project will require a significant amount of human resources and time. As the Lithuanian cell plant project is in progress, the project delivery to Ethiopia unlikely begins during the current financial year.

Financial Result

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2019, unless stated otherwise.

April – June 2020:

- Valoe Group's net sales increased by 428 percent to EUR 0.4 million (In 2019: EUR 0.08 million).
- EBITDA was EUR -0.3 million (EUR -0.3 million).
- Operating profit was EUR -0.6 million (EUR -0.7 million).
- The profit before taxes was EUR -1.0 million (EUR -1.3 million).
- Profit for the period was EUR -1.0 million (EUR -1.3 million).
- Undiluted earnings per share were EUR -0.01 (EUR -0.07).
- Diluted earnings per share were EUR -0.01 (EUR -0.07).

January – June 2020:

- Valoe Group's net sales increased by 512 percent to EUR 0.8 million (In 2019: EUR 0.1 million).
- EBITDA was EUR -0.9 million (EUR -0.7 million).
- Operating profit was EUR -1.5 million (EUR -1.5 million).
- The profit before taxes was EUR -2.3 million (EUR -2.6 million).
- Profit for the period was EUR -2.3 million (EUR -2.6 million).
- Undiluted earnings per share were EUR -0.02 (EUR -0.15).
- Diluted earnings per share were EUR -0.02 (EUR -0.15).

VALOE'S STRATEGY

The non-binding estimations in Valoe's strategy are targeted to the future and based on the management's current estimations. They involve risks and uncertainty by their nature and may be affected by changes in general financial situation or business environment.

Valoe's strategy is based on the fact that the limitations of solar energy utilization will be resolved in the future. Successful business requires capability to compete in the international markets. Valoe follows closely research and development related to its business and adapts applicable technologies to its own product concepts. Valoe's solutions are mainly based on Valoe's own technologies which the company has developed together with the world's leading experts and research institutes. The company strives for rapid and profitable growth in the future.

Valoe has defined that its strategy is based on the vision according to which solar energy will be the best solution to meet the world's energy needs in the future. Two minutes of the sun provide the world with one year's energy needs of entire humanity. Solar energy is silent, odorless and the cleanest form of energy. The total volume of the solar energy business, excluding the price of electricity generated worldwide, is approximately EUR 100 billion per year and the business is growing at an annual rate of about

20% (Source: ITRPV 2019). Solar energy contributes to halting climate change and minimizing the carbon footprint of energy production.

Valoe, as a promoter of solar power, is actively involved in the global development of solar applications and later also in storage applications. Valoe's technology partners have a key role in development worldwide.

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

Based on Valoe's strategy the company has the following four service and product concepts:

1. SALES AND SUPPLY OF PHOTOVOLTAIC MODULES AND SYSTEMS (MODULES)

Sales of modules and small photovoltaic systems are Valoe's most visible product group. All Valoe's PV modules are manufactured at the company's module factory in Juva from June 2020. The modules are delivered to Valoe's distributors and manufacturing partners. Further, the company sells and provides solar power plants and systems directly to its customers in Finland and abroad.

Current Status of the MODULES Concept:

ForUs Capital Oy, which specializes in the sales of electricity produced from renewable sources, has been Valoe's most important customer during 2019. ForUs Capital sell solar energy produced with power plants supplied by Valoe to Finnish property owners, production companies and communities.

The cornerstone of Valoe's strategy is the IBC back contact technology and solar cells and modules based on it. The company intends to replace the current Chrome II glass-glass module with Chrystal IBC module family including a Chrystal Twin module, a bifacial module with a nominal efficiency of more than 400 kW. Provided that the required funding is secured, the machinery and equipment at Valoe's module factory are to be modernized in 2020 for the production of the Chrystal module family and Valoe Odd Form modules. After the investment, the module factory that was transferred from Mikkeli to Juva will use only IBC cells manufactured at Valoe's plant in Lithuania for its modules.

Outlook for the MODULES Concept:

The company's goal is to introduce lightweight, flexible and efficient odd-form modules with polymer and composite structures into the new solar module market. The company started developing Odd Form modules together with its customers in 2018. Such modules can be used, for example, in vehicles, for off-site energy needs for logistics chains, or in aviation and aerospace applications. In these environments, energy supply problems have generally been solved in very expensive and less environmentally friendly ways, and there is no normal competition in the market. A solar power system must have very high efficiency combined with efficient space usage in order to succeed in this market. Valoe believes that the company's back contact technology and IBC cells together provide Valoe with good conditions for developing photovoltaic applications for these markets.

In the long run, Valoe will include technologies related to energy storages and fuel cells as well as technologies increasing general usage of solar electricity in the company's offering. With regard to the expertise in these technologies Valoe will cooperate with its technology partners.

2. DEVELOPMENT AND SALES OF PRODUCTION LINES AND RELATED COMPONENTS (PRODUCTION LINES)

Manufacturers operating in the developing markets like China are typical investors for new module manufacturing production lines. These Valoe's potential customers are now manufacturers of traditional H-patterns modules. According to Valoe's knowledge, many of the manufacturers are going to start manufacturing next generation back contact modules. In most cases these customers have use their own module manufacturing recipe and need only single equipment or production lines. Valoe estimates that typical price of single equipment or a production line for back contact modules is EUR 4 – 8 million. A single production equipment costs EUR 0.3 – 1.0 million.

Outlook for the PRODUCTION LINES Concept:

Valoe continues its development work in order to increase the efficiency of the production technology for back contact modules. Valoe has enhanced its module production technology sales and contacts with potential customers have been established. Valoe believes that in the future it will also be able to supply production lines to the customers starting to use Valoe's odd-form modules.

3. MANUFACTURING PARTNER NETWORK (PARTNERS)

Valoe's strategic goal is to sign manufacturing partnership agreements or technology licensing agreements with solar module manufacturers who as newcomers on the market would commit themselves to Valoe's production technology and to using components designed for Valoe's back contact technology. Valoe provides a partner with a turnkey delivery project; secures availability of components for a partner either by manufacturing components by itself or by procuring required components from elsewhere; and as a technology partner commits itself to minority shareholding in a manufacturing company. Manufacturing partners pursued by Valoe may operate e.g. on developing markets and produce solar energy modules for local and nearby markets. Value of a typical turnkey plant delivery is more than ten million euros.

Current Status of the PARTNERS Concept:

Valoe signed its first manufacturing partnership agreement with Ethiopian LS Corp in 2016. The technology delivery based on the agreement has not yet been executed as per the date of this Annual Report.

On the basis of the early stages of the Ethiopian project, Valoe has gained valuable information on costs and profitability for future solar plant deliveries and projects. Valoe's manufacturing plant concept, equipment, technology and deliveries are standardized and with the experience gained in the first project the profitability of the following project deliveries can be expected to be good. Further, each delivered manufacturing plant or production line generates to Valoe continuous profitable business through component sales. Valoe's objective is that only Valoe's components are used at the manufacturing plants and production lines Valoe has delivered. The product certificates Valoe has received on behalf of a customer are valid only if the customer uses components approved by Valoe. Valoe's growth strategy is based on signing manufacturing partnership agreements.

On 25 February 2020 Valoe disclosed it has signed a cooperation agreement with Sono Motors GmbH. This is the second significant cooperation agreement signed by Valoe. If Sono Motors succeeds, Valoe expects the cooperation to start generating significant cash flows. The cash flow for the financial year 2020 is still low and is related to joint product development and verification of technology concepts.

Outlook for the PARTNERS Concept:

Valoe is aiming to sign at least 10 manufacturing partnership contracts. After achieving this amount of partnerships, Valoe's partnership network is so wide that even the biggest solar module manufacturers will

not remarkably benefit from the advantage of economies of scale e.g. in raw materials purchases compared to Valoe's network.

4. MODULE COMPONENTS SALES MAINLY TO MANUFACTURING PARTNERS (COMPONENTS)

Special components are the most important part in Valoe's strategy in terms of net sales potential. Valoe's first component is Conductive Back Sheet (CBS) that has been developed by the company. Based on current estimation, considering price level in the near future, each production line will annually require back sheets worth approximately 5 – 11 million Euros.

In the future, Valoe plans to provide its manufacturing partners and other customers also with the company's solar cells based on the IBC technology and possibly also other special components. According to the company's estimates, a full-sized module factory could buy Valoe cells for about EUR 18 - 25 million annually.

Current Status of the COMPONENTS Concept:

As previously disclosed, Valoe has signed its first cell supply agreement worth about USD 12 million annually for IBC cells to be manufactured in Vilnius. According to the current knowledge, deliveries to the USA begin in October – November 2020.

Outlook for the COMPONENTS Concept:

Given the company's need for cells for its own standard modules and Odd Form modules, and customers' orders for cells, Valoe estimates that demand for IBC cells manufactured in its Lithuanian factory may in the future exceed Valoe's production capacity, provided production starts as expected. Valoe should consider and decide which business model would be best for it if demand exceeds the company's production capacity.

MARKET CONDITIONS

The competitiveness of the solar electricity, compared to the fossil fuels and other renewable energy sources, will continue increasing faster and faster. Already in 2018, the production cost of solar electricity was below the cost of traditional electricity production in many geographical areas. According to the ITRPV 2019 report, the annual market now worth around EUR 100 billion, excluding electricity sales, is projected to grow annually by about 20 percent over the next 30 years. By 2029, the market share of the back contact modules is estimated to grow from a few percent to about one-third of the total market, i.e. to about EUR 150 billion annually.

The objectives of Valoe's strategy are based on having the cell that is one of the most efficient cells in the growing market and combining it with the back contact technology used by Valoe and gaining more market share.

According to forecasts, the share of solar energy in transport energy consumption will increase significantly. Solar modules will be integrated for example in cars and other vehicles. Valoe develops odd-form modules with IBC cells just for this type of application.

Valoe is prepared for its competitors introducing their own back contact modules and other innovations in the near future. The companies that will succeed in price competition will continue decreasing the prices of

their standard products based on sales volumes and increasing production capacity and will continue worldwide price war.

The Covid-19 pandemic has already changed the market traditionally dominated by large Chinese manufacturers. Disruptions to Chinese companies' deliveries caused by the virus may have changed the supply chain permanently. Valoe, as a fully European manufacturer and a company using European core components, expects its potential to develop positively in such market changes.

Valoe is focusing on developing production technology for next generation cells and modules. In the high-end price categories' price reduction has not been as remarkable. Valoe views that the most favorable markets for the company are those where the turnover generated is not of interest to major manufacturers and where technological innovations are more important than price. Generally, Valoe's business models are always based on locally generated solar power, whether it concerns a geographical area or electrical equipment. Thus, the natural geographical markets for Valoe are countries and regions with incomplete or malfunctioning grid. Such areas exist primarily in Africa, but also in Asia and South America. On the other hand, Valoe is aiming to apply its technology by integrating a module into an electrical appliance or even clothing.

Valoe provides production technology to all companies interested in back contact modules, e.g. large and often national solar energy projects; module subcontractors; and/or original equipment manufacturers. However, the tough price competition may hinder a Valoe-sized company to succeed, regardless of quality or technical advantages.

Valoe views that diversified local production will increase significantly in the near future. However, Valoe is not aiming at becoming a local manufacturer but when the company decides to enter into new geographical area it always seeks for a local partner and an investor for a solar module factory project. Valoe is responsible for production technology, product quality and development. Local investors and partners are responsible for project funding as well as marketing and product sales.

FINANCING

In February 2020 Valoe and Winance signed a Bridge Loan Agreement of EUR 500,000. In May 2020, Valoe repaid the loan principal by converting it into the fourth convertible notes tranche of the convertible bond under the terms and conditions of the financing arrangement between Valoe and Winance announced on 20 December 2018.

During the second quarter of 2020, the company's financial situation improved significantly after the company agreed on new financing facilities totaling approximately EUR 6.35 million. In April 2020, Valoe entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. In an offering arranged in May 2020, NEFCO invested EUR 1.25 million in Valoe's equity and also granted an EUR 1.25 million loan to Valoe. At the end of the reporting period, in June 2020, the company arranged another directed share issue with which the company collected in total EUR 0.85 million new capital. Further, in the offerings arranged in May and June 2020 the debts of the company decreased in total by EUR 1.5 million as the subscribers converted their receivables into shares.

On 22 April 2020, Valoe announced that the company has entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes that will be accompanied by share subscription warrants. Under the Arrangement, Valoe issues Convertible Notes to Winance. The Convertible Notes may be drawn down in maximum of 6 sequential

tranches of EUR 500,000 each during a period of 24 months from the drawdown of the first Tranche provided that the preconditions for each Tranche are met. Each Tranche may be drawn in several parts. Winance has the right to convert each Tranche into the Company's newly issued or treasury shares. In addition, Winance will receive Warrants stripped from the Convertible Notes at the drawdown of each Tranche. The Company has an obligation to draw down a minimum of two (2) Tranches of the Convertible Notes, i.e. a total minimum of EUR 1,000,000. The remainder of the Convertible Notes, a total of 4 Tranches i.e. EUR 2,000,000, may be drawn down by the Company at its discretion. By the date of this Interim Report, the company has withdrawn a total of EUR 500,000 out of the financing facility.

On 6 May 2020 Valoe disclosed that it has agreed on an EUR 2.5 million financing facility with NEFCO. The financing facility comprises EUR 1.25 million investment in Valoe's equity and an EUR 1.25 million loan to Valoe. Valoe shall repay the loan to NEFCO over six years in equal instalments. The maturity date of the loan is in August 2026 and there shall be no payments during the first eighteen months after the date of the Loan Agreement. The investment in the equity was done simultaneously so that NEFCO subscribed a total of 23,148,148 new shares in the Company at a subscription price of EUR 0.054 per share in the share issue disclosed by the Company on 6 May 2020. In addition, the Savisalo Family and the companies under their control subscribed new shares of EUR 1.25 million in the offering by setting-off against their receivables from the company, and Global BOD Group SIA, the previous owner of the Lithuanian cell plant, subscribed new shares of EUR 0.1 million.

At the end of the reporting period, on 24 June 2020, the company resolved on a directed share issue (the "Offering") in which the Company offered up to 18,518,518 new shares in the Company (the "New Shares") for subscription to investors and to all the creditors of the Company (including the holders of the convertible loans) who hold an indisputable receivable amounting to at least of EUR 100,000 from the Company. According to the terms and conditions of the Offering, the subscription price for the New Shares was payable in cash or by set-off against, in the view of the Board of Directors of the Company, indisputable receivables the Subscriber had from the Company. A total of 18,240,738 New Shares were subscribed in the Offering and the Company collected in total EUR 0.85 million new capital and the debts of the Company decreased in total by EUR 0.135 million. The subscription price for the New Shares was fully credited to the reserve for invested equity of the Company. As per the date of this Interim Report, Valoe has in total 209,619,195 shares.

Valoe has a product development loan granted by Business Finland in 2015 in the amount of EUR 4.1 million out of which the company withdrew ca. EUR 0.4 million during the reporting period and after the end of the reporting period, in July 2020, the remaining part of the loan i.e. approximately EUR 0.4 million.

Valoe is one of the partners of an about 15-million-euro research project, called HighLite. The project is part of the European Union's Horizon 2020 programme. Valoe is the only party in the project who develops solar cell technology. Valoe's share in the project is approximately EUR two million for which the EU provides a grant of EUR 1.4 million. Out of the said grant Valoe received the first payment of approximately EUR 0.5 million during the first quarter of 2020. The HighLite project also includes a section that will be carried out in Lithuania and was transferred to Valoe in connection with the acquisition of Solitek's solar cell production business. EU shall provide an estimated grant of about EUR 0.5 million for the development work to be executed in Lithuania. Out of this grant the company has received about EUR 0.2 million after the end of the reporting period. Thus, there is still project related funding totalling about EUR 1.2 million to be collected.

Having the above mentioned financial facilities and the existing financial commitment related to the Horizon 2020 HighLite project, the company has assessed that it has sufficient financial commitments to complete the IBC cell plant investment in Lithuania; to ramp up and expand the IBC cell plant; to modernize

the solar module production transferred to Juva, Finland; to complete and ramp up Valoe Odd Form module production line that is based on the company's own design; and to provide the company with working capital required for business operations until the cash flow from operating activities turns positive.

If the company's cash flow from operations did not turn positive as planned, for example due to difficulties to ramp up production at the Lithuanian cell plant, the company's cash equivalents are estimated to be sufficient until August 2021, provided that the financing facilities are executed as planned.

In order to partially execute the financing arrangement between the company and Winance disclosed on 20 December 2018, Valoe subscribed in January 2020 a total of 5,000,000 new shares and in February 2020 a total of 11,000,000 new shares on the basis of the directed share issue to the company itself without consideration resolved on 24 September 2019. In addition, Valoe subscribed in May 2020 a total of 7,750,000 new shares on the basis of the directed share issues to the company itself without consideration resolved on 15 July 2019 and 24 September 2019. The new shares may be used solely to the implementation of the financing arrangement and to the extent it is not necessary to issue new shares subscribed by the company to Winance Investment, the company shall annul the shares.

In connection with the acquisition of Solitek's solar cell production business between Valoe and BOD, Valoe issued a convertible bond of EUR 0.5 million to BOD in November 2019. EUR 0,1 million of the convertible bond principal was set off against subscription price of the new shares BOD subscribed in the offering disclosed by the Company on 6 May 2020. The remaining EUR 0.4 million principal of the convertible bond was, after the end of the reporting period, converted to a new subordinated convertible bond as disclosed on 23 July 2020.

The subscription period of the subordinated Convertible Bond 4/2019 issued by Valoe in November 2019 ended in May 2020. the Convertible Bond was subscribed for a total of 100,000 euros. The loan shares of the Convertible Bond were, in June 2020, converted into a total of 1,155,921 new shares (the "New Shares") in the company and the subscription price of a share was paid by way of set off against the unpaid capital and interests of the convertible bond 4/2019. The subscription price of the shares was entered in entirety into the company's invested non-restricted equity fund.

Cash flow from business operations before investments in January – June was EUR -2.3 million (EUR -1.3 million). Trade receivables at the end of the reporting period were EUR 0.1 million (EUR 0.03 million). Net financial items amounted to EUR 0.9 million (EUR 1.1 million). At the end of June, the equity ratio of Valoe Group was -7.4 percent (-71.2 %) and equity per share was EUR -0.01 (EUR -0.49). The equity ratio including capital loans was 10.6 percent (-16.1 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.8 million.

Financial Uncertainties

General uncertainty caused by the Covid-19 virus and possible worldwide deep recession increase business related risks remarkably. Valoe estimates that Valoe Group's operative cash flow to turn positive on a monthly basis during the first quarter of 2021, provided that Covid-19 does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries. Should the positive turn in the cash flow be postponed beyond August 2021, the agreed financing facilities could prove insufficient. In exceptional circumstances, banks or public or private funding organizations may face unpredictable pressures that could slow the payment of already agreed funding to Valoe.

The company has budgeted a significant part of the funding granted to it for the investment in the Lithuanian cell factory. Should unpredictable events cause a significant budget overrun, the current funding could prove too low.

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

RESEARCH AND DEVELOPMENT

The objective of Valoe's product development is that the energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy on the market. In addition, Valoe's goal is to produce solar modules whose materials are selected to extend the module's economic life by more than 100 years.

The importance of the research and development for the company is well illustrated by the human resources allocated to research and development: Valoe Group employs about 40 people (20 August 2020), out of whom 20 people work on the company's product development projects in Finland and Lithuania.

During the recent years, the focus of Valoe's research and development has been on a project relating to cell development and efficiency improvement as well as on development of IBC cells. In 2019, product development resources were further increased to rapidly introduce Valoe Odd Form modules in the market. Valoe develops flexible and lightweight composite modules for new applications to be used in the automotive, aviation, and aerospace industries. With the introduction of such a new application, Valoe will have an opportunity to cooperate closely with its customer on product development and industrialization. The customer commits and Valoe gets a long-term customer, for example, for its robotic assembly lines. Valoe is also prepared to offer its customers contract manufacturing of the products or components it develops.

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

In 2019 and 2020, the main challenge for Valoe's research and development was, as the first and according to Valoe's knowledge the only company in Europe so far, to design and build a new type of solar cell plant in Vilnius. In 2019, Valoe acquired the cell plant of the Lithuanian solar cell manufacturer Solitek. For about a year, Valoe has been building a new IBC solar cell factory in Vilnius, Lithuania, utilizing Solitek's cell plant. The plant is now almost ready. Valoe expects the process to work and production of IBC cells to start in October - November 2020.

In March 2019, a research project called HighLite was selected for the European Union's Horizon 2020 funding. Valoe play a key role in the project. The project aims to bring Europe back to forefront of photovoltaic technology. This project is an excellent complement to Valoe's IBC cell plant project. Valoe's task in the project is to improve the performance of solar cells. The project commenced at the beginning of October 2019.

Over the past three years, Valoe has created a global partner network to support the company's own research and development. With the partners Valoe develops its products and technology to implement the next phase of the company's growth strategy. During the financial year 2018, Valoe signed a development and technology transfer agreement with ISC Konstanz that is one of the leading solar energy research institute in Europe.

Valoe's other main technology partners include Energy Research Centre of the Netherlands (ECN) that now belongs to TNO, and Fraunhofer Institute for Solar Energy Systems (Fraunhofer ISE). In the Horizon HighLite

project Valoe will be able to utilize the knowledge and experience of IMEC in Belgium, CEA and Ines in France, CSEM in Switzerland and leading universities in a number of countries. Further, Valoe will be able to work with some of the world's most renowned materials technology companies.

Additionally, Valoe's research and development focuses on developing the production line concept. Equipment and machinery needed in automated module manufacturing process are based on Valoe's own innovations and designed by Valoe.

Valoe is aiming at protecting its innovations in all important geographical areas.

The Group's research and development costs during the reporting period amounted to EUR 0.5 million (EUR 0.8 million).

INVESTMENTS

Gross investments in the continuing operations during January – June period amounted to EUR 1.3 million (EUR 0.4 million). The investments on the reporting period were mainly in equipment.

PERSONNEL

At the end of June 2020, the Group employed 34 (24) people, out of which 10 employees worked in Lithuania and the rest in Finland. During the reporting period the Group's salaries and fees totaled EUR 0.8 million (EUR 0.7 million).

SHARES AND SHAREHOLDERS

At the end of the reporting period Valoe's share capital amounted to EUR 80,000.00 and the number of shares was 202.489.566. The company has one series of shares, which confer equal rights in the company. On 30 June 2020 Valoe had in total 5.740.616 treasury shares.

The company had a total of 9,984 shareholders at the end of June 2019, and 1.5 percent of the shares were owned by foreigners. The ten largest shareholders held 58.73 percent of the company's shares on 30 June 2020.

The largest shareholders on 30 June 2020

	shares	percentage
1 SAVCOR TECHNOLOGIES OY	36 970 914	18,3
2 NEFCO	23 148 148	11,4
3 GASELLI CAPITAL OY	13 098 979	6,5
4 SAVISALO IIKKA	6 216 709	3,1
5 VALOE OYJ	5 740 616	2,8
6 APTEEKKIEN ELÄKEKASSA	5 550 000	2,7
7 SCI-FINANCE OY	5 406 722	2,7
8 OLLILA JORMA	4 525 640	2,2
9 SAVCOR OY	4 384 449	2,2
10 HISINGER-JÄGERSKIÖLD EVA CONSTANCE	3 750 000	1,8
OTHERS	93 697 389	46,3

TOTAL	202 489 566	100,00
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As per the date of this Interim Report Valoe's share capital amounted to EUR 80,000.00 and the number of shares was 209.619.195. The largest shareholders on 31 July 2020 were:

	shares	percentage
1 SAVCOR TECHNOLOGIES OY	39 470 914	18,8
2 NEFCO	23 148 148	11,0
3 GASELLI CAPITAL OY	13 098 979	6,3
4 OLLILA JORMA	7 303 417	3,5
5 SAVISALO IIKKA	6 216 709	3,0
6 APTEEKKIEN ELÄKEKASSA	5 550 000	2,7
7 SCI-FINANCE OY	5 406 722	2,6
8 RELANDER PÄR-GUSTAF	4 477 778	2,1
9 K22 FINANCE OY	4 447 777	2,1
10 KAKKONEN KARI	4 447 777	2,1
OTHERS	96 050 974	45,8
TOTAL	209 619 195	100,00

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 56.029.459 shares in the company on 30 June 2020, representing about 27.7 percent of the company's shares. Additionally, the members of the Board of Directors and the President and CEO held a total of 116,270 options connected to the stock option scheme 2015. At the end of the period Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 55.761.781 shares in the company and 40,810 options connected to the stock option scheme 2015.

The price of Valoe's share varied between EUR 0.041 and 0.103 during the January – June period. The average price was EUR 0.068 and the closing price at the end of June EUR 0.069. A total of 62.3 million Valoe shares were traded at a value of EUR 4.2 million during the January – June period. The company's market capitalization at the end of June stood at EUR 14.0 million.

SHARE ISSUE AUTHORIZATIONS IN FORCE

The company has a share issue authorization in force granted by the Annual General Meeting 2020 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, would equal to the total maximum amount of 150,000,000 shares. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. It was resolved that the authorization may be used for important arrangements from the company's point of view e.g. to strengthen the capital structure, to finance investments, for acquisitions and business transactions or other business

arrangements, or to expand ownership structure, or for incentive plans, or for other purposes resolved by the Board involving a weighty financial reason for issuing shares or option rights or special rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. The share issue may be executed by deviating from the shareholders' pre-emptive subscription right provided the company has a weighty financial reason for that. The authorization is in force until 30 June 2021. By the date of this Interim Report the Board of Directors has resolved on issues of a total of 23.765.000 shares based on the authorization.

THE MAJOR EVENTS DURING THE REPORTING PERIOD

On 16 April 2020 Valoe announced that the company expands its solar module production and transfers module production to Juva. In addition, Valoe disclosed that it will recruit 15 – 3 new employees in 2020.

On 22 April 2020 Valoe disclosed that it has entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes (the "Convertible Notes") that will be accompanied by share subscription warrants (the "Warrants"). Valoe intends to use the funding to support its strategy, when necessary, with half of the funding, ie EUR 1.5 million, to be invested in the IBC cell plant in Lithuania and half, EUR 1.5 million, to Valoe's domestic working capital needs and the module plant investment in Juva, Finland, announced by Valoe on 16.4.2020.

On 24 April Valoe disclosed a notice to annual general meeting.

On 6 May 2020 Valoe announced that the company has received a subscription of EUR 0.1 million in total for the Convertible Bond 4/2019 disclosed on 5 November 2019.

On 6 May 2020 Valoe disclosed 2019 a directed share issue (the "Offering") in which the Company shall offer up to 48,148,148 new shares in the Company for subscription to investors and all the creditors of the Company (including holders of the convertible loans) who at the time of subscription hold indisputable receivable amounting to at least EUR 100,000 from the Company.

On 6 May 2020 Valoe announced that the company has agreed on an EUR 2.5 million financial facility with Nordic Environment Finance Corporation (NEFCO).

On 6 May 2020 Valoe announced the rearrangement of the Convertible Bond 3/2019.

On 7 May 2020 Valoe disclosed the auditor's report for the company's Financial Statements for 2019 of 7 May 2020. The Auditor's report includes so called emphasis of matter relating to the measurement of development costs.

On 8 May Valoe announced that the company repaid the short-term loan to Winance, issued convertible notes and warrants pursuant to the financing facilities between the company and Winance, and disclosed a conversion of convertible notes.

On 18 May 2020 Valoe disclosed the result of the offering resolved on 5 May 2020.

On 18 May 2020 Valoe announced that the company has, in order to implement the financing arrangement between the Company and Winance approved on 19 December 2018 in its entirety, resolved, on the basis of the authorization given by the annual general meeting held on 24 May 2019, to increase the number of the shares to be subscribed by Winance on the basis of the convertible notes and warrants pursuant to the Financing Arrangement by a maximum of 18,705,876 shares out of which a maximum of 17,442,384 shares

can be subscribed on the basis of convertible bonds and a maximum of 1,263,492 shares on the basis of warrants. Further, the company announced that it has, on the basis of the share issues without consideration to the Company itself resolved by the company on 15 July 2019 and 24 September 2019, resolved to subscribe a total of 7,750,000 shares directed to it.

On 27 May 2020, the company disclosed that the company's first IBC cells manufactured at the company's cell plant in Lithuania have reached the set quality standards in the tests run by ISC Konstanz. The cells have been manufactured of semi-finished products provided by Valoe's technology partner ISC Konstanz. According to current estimates, Valoe will in June 2020 begin, at its solar module factory in Juva, pilot production of modules including IBC cells made at Valoe's Lithuanian plant. The first cell deliveries to customers are currently expected to begin in late summer 2020, provided the ramp-up of all production processes continues as planned and e.g. travel restrictions due to the Covid-19 virus do not prevent or delay the arrival of experts needed to start production in Vilnius.

On 28 May 2020 an Annual General Meeting of the company was held and the company disclosed the resolutions of the meeting with a stock exchange release.

On 8 June 2020 Valoe disclosed that it has 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 lender of the convertible bond 4/2019 subscribed in total 1,155,921 new shares in the company by converting the promissory notes into the new shares pursuant to the conversion request delivered to the company.

On 24 June 2020 the company informed on a directed share issue in which the company shall offer up to 18,518,518 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.

On 30 June 2020 Valoe disclosed the result of the offering. In the offering a total of 18,240,738 new shares were subscribed and the company collected in total EUR 0.85 million new capital and the indebtedness of the company decreased in total by EUR 0.135 million.

THE MAJOR EVENTS AFTER THE REPORTING PERIOD

On 23 July 2020 Valoe informed that it has rearranged the Convertible Bond 3/2019 held by Global BOD Group SIA by converting it into a new Convertible Bond 1/2020.

On 13 August 2020 Valoe disclosed a profit warning and lowered its financial guidance for 2020.

RISK MANAGEMENT, RISKS AND UNCERTAINTIES

Valoe's Board of Directors is responsible for the control of the company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control. Business management and control are taken care of using a Group-wide reporting and forecasting system.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary.

Due to the small size of the company and its business operations, Valoe does not have an internal auditing organization or an audit committee.

Risks Related to Financial Situation and Financing

These risks have also been described in the section Financing, risk related paragraph.

There are significant risks related to Valoe's financing. During the second quarter of 2020, the company agreed on new financing facilities totaling approximately EUR 6.35 million: Valoe entered into a convertible note facility agreement with Winance concerning a funding arrangement of up to EUR 3,000,000 in convertible loan notes. Nordic Environment Finance Corporation (NEFCO) invested EUR 1.25 million in Valoe's equity and also granted an EUR 1.25 million loan to Valoe. In a directed share issue arranged in June the company collected in total EUR 0.85 million new capital.

Having these new financial facilities as well as the funding commitment relating to the EU's Horizon 2020 HighLite project, with remaining amount of EUR 1.2 million, the company has assessed that it has sufficient financial commitments to complete the Lithuanian plant investment; to ramp up the IBC cell plant; to modernize the solar module production transferred to Juva, Finland; to complete and ramp up Valoe Odd Form module production line that is based on the company's own design; and to provide the company with working capital required for business operations until the cash flow from operating activities turns positive.

If the company's cash flow from operations did not turn positive as planned, for example due to difficulties to ramp up production at the Lithuanian cell plant, the company's liquid assets are estimated to be sufficient until August 2021, provided that the financing facilities are executed as planned.

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, an impairment of intangible and tangible assets could have a material adverse effect on the company's financial position. A detailed description of the company's impairment testing can be found in Note 12 to the consolidated financial statements.

The Covid-19 virus has caused general uncertainty and exceptional circumstances in the world, which significantly increase business risks. The Company estimates Valoe Group's operative cash flow to turn positive on a monthly basis during the first quarter of 2021, provided that Covid-19 pandemic does not, directly or indirectly, further delay the start of mass production of solar cells at the Lithuanian plant and the start of full-scale deliveries. Should the turn in cash flow be postponed, for example due to contraction in the market of Valoe's U.S. customer, beyond August 2021, the new financing facilities may prove insufficient.

In exceptional circumstances, banks or public or private funding organizations may face unpredictable pressures that could slow the payment of already agreed funding to Valoe. Such a situation could, in some circumstances, cause the company's working capital situation to tighten again.

The company has budgeted a significant part of the funding granted to it for the investment in the Lithuanian cell factory. Should unpredictable events cause a significant budget overrun, the current funding could prove too low.

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

Valoe develops solar module and solar cell technology. Development and commercialization of new technologies involves always uncertainties and significant risks. If the company's product development projects were not successful, or business environment or market situation changed, the company's ability to provide its customers with competitive products or services could be threatened. In such a situation, the

company's the profitability could be lower than expected which could have a significant effect in company's profitability and financial situation.

If Valoe was not able to ramp up its Lithuanian cell plant or its processes, and the quality or quantity requirements for IBC cells were not met, it could affect the deliveries of the IBC cell technology. These include e.g. deliveries of Valoe Chrystal and Valoe Chrystal Twin modules as well as Valoe Odd Form Modules including the planned cell deliveries to a US customer mentioned below. On 15 August 2019, Valoe announced that it has signed a supply agreement with an US customer. The company has estimated the agreement's annual value is approximately USD 12 million. If the agreed delivery times, quality or quantity requirements were not met, the customer might not accept the deliveries on a price level that guarantee profitability. The number of cells needed by the customer could also be negatively affected by the Covid-19 pandemic in the ways mentioned in the section on Covid-19 risks below.

The company uses components from international suppliers and subcontractors to produce its products. The main raw materials and factors of production used in the components are plastics and metals, the market prices of which vary according to market conditions. The main raw materials in solar power modules are silicon and silver. The most important component in the cell production is wafer. Should the market prices of these main materials rise, it could affect negatively the company's profitability and financial situation, if the company fails to pass on any rising procurement costs of the components and raw materials to its customer prices.

The Covid-19 pandemic can be assumed to have an effect on the world market prices and availability of the components. Further, travel restrictions related to Covid-19 pandemic and difficulties in the delivery of materials and services due to the pandemic have slowed down Valoe's module production and have hindered and continue to hinder the start of production of solar cells and the start of deliveries to Valoe's US and other customers. At the moment, it is impossible to estimate the final effect pandemic has on Valoe.

Risks Related to the Ethiopian Order and Operations in Emerging Markets

The company is using part of its resources to market and sell its technology in emerging markets. So far, there has been no significant orders from emerging markets except for the Ethiopian order for a solar plant worth EUR 15.8 million. As the customer has not been able to arrange local, foreign currency funding despite the existing financing agreements, the order has not been delivered as per the date of this Interim Report. This order has not been recognized in revenue and the company has EUR 0.7 million receivable in its balance sheet that the company plans to invest in minority shareholding in the local associated company as the project progresses. If the project did not proceed at any stage, and the company would not otherwise be able to collect its receivable, the receivable would be exposed to a corresponding credit risk.

Administrative and Legal Risks

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

Risks Due to the Covid-19 Pandemic

The company cannot assess whether the Covid-19 pandemic, with its official regulations and guidelines, will directly or indirectly further change the company's current estimates of, for example, the completion time of the Lithuanian cell plant. Significant postponement of completion would affect both the timing of the

start of cell deliveries and the delivery schedule for the power plants based on the IBC cells. Delays can occur for example due to travel restrictions, difficulties in deliveries of materials and services or a sudden drop in end-customer demand.

Should the Covid-19 pandemic cause a substantial delay in the ramp-up of the cell plant in Lithuania from the current assessment and thus a postponement of positive cash flow, it could, if continued, jeopardize the adequacy of the company's liquid assets. The company estimates that liquid assets will be sufficient in such a case until August 2021.

The certain statements in this Interim Report and especially the non-binding estimations in Valoe's strategy are targeted to the future and based on the management's current estimations. They involve risks and uncertainty by their nature and may be affected by changes in general financial situation or business environment.

In Mikkeli, 26 August 2020

Valoe Corporation

Board of Directors

Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	428	81	759	124	328
Cost of sales	-630	-221	-1 155	-421	-1 147
Gross profit	-202	-140	-396	-297	-818
Other operating income	11	133	11	133	177
Product development expenses	-151	-440	-468	-822	-1 873
Sales and marketing expenses	-116	-112	-234	-234	-467
Administrative expenses	-143	-150	-372	-328	-649
Other operating expenses	0	0	0	0	-45
Operating profit	-601	-709	-1 457	-1 548	-3 674
Financial income	0	0	0	0	0
Financial expenses	-410	-561	-876	-1 060	-2 097
Profit before taxes	-1 011	-1 270	-2 333	-2 608	-5 771
Income taxes	0	0	0	0	0
Profit/loss for the period	-1 011	-1 270	-2 333	-2 608	-5 771
Profit/loss attributable to:					
Shareholders of the parent company	-1 011	-1 270	-2 333	-2 608	-5 771
Earnings/share (basic), eur	-0,01	-0,07	-0,02	-0,15	-0,14
Earnings/share (diluted), eur	-0,01	-0,07	-0,02	-0,15	-0,14
Total comprehensive income for the period	-1 011	-1 270	-2 333	-2 608	-5 771
Total comprehensive income attributable to:					
Shareholders of the parent company	-1 011	-1 270	-2 333	-2 608	-5 771

Consolidated statement of financial position

(unaudited)

1 000 EUR	30.6.2020	Adjusted 30.6.2019	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	9 500	4 695	8 996
Consolidated goodwill	441	441	441
Other intangible assets	4 062	4 801	4 325
Available-for-sale investment	9	9	9
Non-current receivables	672	672	672
Total non-current assets	14 684	10 618	14 443
Current assets			
Inventories	766	739	833
Trade and other non-interest-bearing receivables	1 061	667	429
Cash and cash equivalents	754	2	7
Total current assets	2 581	1 409	1 268
Total assets	17 265	12 027	15 712
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	80	80	80
Other reserves	25 614	12 081	21 243
Retained earnings	-26 964	-20 726	-24 607
Total equity	-1 270	-8 566	-3 284
Non-current liabilities			
Non-current loans	6 602	5 299	4 934
Other non-current liabilities	3 095	6 628	4 013
Other non-current liabilities	691	396	686
Total non-current liabilities	10 388	12 322	9 632
Current liabilities			
Current interest-bearing liabilities	3 690	3 285	3 723
Trade and other payables	4 216	4 787	5 391
Current provisions	241	123	249
Total current liabilities	8 147	8 195	9 363
Liabilities directly associated with assets classified as held for sale	0	75	0
Total liabilities	18 535	20 593	18 995
Equity and liabilities total	17 265	12 027	15 712

Valoe recategorizes equipment that was previously incorrectly categorized in the balance sheet as part of its product development costs. The error has been corrected to the comparison figures 31 March 2019 reducing product development costs by EUR 3.9 million and increases the value of machinery and equipment by EUR 3.9 million, respectively. The cumulative effect of the adjustment for the financial year 2019 is EUR 4.1 million.

Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-6/2020	1-6/2019	1-12/2019
Cash flow from operating activities				
Income statement profit/loss before taxes		-2 333	-2 608	-5 771
Non-monetary items adjusted on income statement				
Depreciation and impairment	+	594	831	1 699
Unrealized exchange rate gains (-) and losses (+)	+/-	0	0	2
Other non-cash transactions	+/-	-315	-333	-130
Change in provisions	+/-	-8	-184	-58
Financial income and expense	+	876	1 060	2 095
Total cash flow before change in working capital		-1 186	-1 235	-2 163
Change in working capital				
Increase (-) / decrease (+) in inventories		67	-80	-56
Increase (-) / decrease (+) in trade and other receivables		-600	-65	17
Increase (+) / decrease (-) in trade and other payables		-376	270	-136
Change in working capital		-909	125	-174
Adjustment of financial items and taxes to cash-based accounting				
Interest paid	-	163	115	-223
Other financial items	-	31	8	30
Financial items and taxes		-194	-123	193
NET CASH FLOW FROM BUSINESS OPERATIONS		-2 289	-1 232	-2 144
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	-	830	306	1 152
Acquisition of subsidiaries and other business units	-	1 062	0	1 938
Grants received	+	483	0	0
NET CASH FLOW FROM INVESTMENTS		-1 409	-306	-3 090
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from share issue	+	1 911	0	3 159
Financing arrangement with Bracknor Investment	+	1 000	0	1 000
Proceeds from non-current borrowings	+	1 659	960	1 010
Proceeds from current borrowings	+	539	940	2 112
Repayment of current borrowings	-	664	381	2 062
NET CASH FLOW FROM FINANCING ACTIVITIES		4 445	1 519	5 219
INCREASE (+) OR DECREASE (-) IN CASH FLOW		747	-19	-15

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
31.12.2019	80	21 243	-24 607	-3 284
Profit/loss for the period	-	-	-2 333	-2 333
Translation difference, comprehensive income	-	-	0	0
Transactions with owners:				
Sale of own shares - Winance	0	870	0	870
Share issues	0	3 689		3 689
Share issue expenses		-189	-	-189
Own equity component of the convertible bond	0	0	-24	-24
30.6.2020	80	25 614	-26 964	-1 270

1 000 EUR	Share capital	Distributable non- restricted equity fund	Retained earnings	Total equity
31.12.2018	80	11 804	-18 927	-7 044
Profit/loss for the period	-	-	-2 608	-2 608
Translation difference, comprehensive income	-	-	0	0
Transactions with owners:				
Sale of own shares				
Bracknor Investment and Winance	0	277	0	277
Own equity component of the convertible bond	0	0	810	810
30.6.2019	80	12 081	-20 726	-8 566

Key figures

(unaudited)

1 000 EUR	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	428	81	759	124	328
Operating profit	-601	-709	-1 457	-1 548	-3 674
% of net sales	-140,3 %	-876,8 %	-192,0 %	-1252,3 %	-1118,9 %
EBITDA	-297	-307	-863	-717	-1 975
% of net sales	-69,4 %	-379,4 %	-113,7 %	-580,1 %	-601,4 %
Profit before taxes	-1 011	-1 270	-2 333	-2 608	-5 771
% of net sales	-236,1 %	-1569,6 %	-307,4 %	-2109,7 %	-1757,4 %
Balance Sheet value	17 265	12 027	17 265	12 027	15 712
Equity ratio, %	-7,4 %	-71,2 %	-7,4 %	-71,2 %	-21,1 %
Net gearing, %	neg.	neg.	neg.	neg.	neg.
Gross investments	1 041	252	1 280	386	4 767
% of net sales	243,2 %	311,7 %	168,7 %	312,5 %	1451,8 %
Research and development costs	151	440	468	822	1 873
% of net sales	35,3 %	544,3 %	61,6 %	664,7 %	570,3 %
Order book	16 673	17 064	16 673	17 064	17 187
includes Ethiopia	15 834	15 834	15 834	15 834	15 834
Personnel on average	34	24	33	25	26
Personnel at the end of the period	34	24	34	24	32
Non-interest-bearing liabilities	4 216	4 862	4 216	4 862	5 391
Interest-bearing liabilities	14 078	15 608	14 078	15 608	13 355
Share key indicators					
Earnings/share (basic)	-0,01	-0,07	-0,02	-0,15	-0,14
Earnings/share (diluted)	-0,01	-0,07	-0,02	-0,15	-0,14
Equity/share	-0,01	-0,48	-0,01	-0,49	-0,08
P/E ratio	-10,65	-2,48	-4,18	-1,18	-0,69
Highest price	0,09	0,43	0,10	0,80	0,80
Lowest price	0,04	0,17	0,04	0,13	0,07
Average price	0,07	0,27	0,07	0,29	0,15
Closing price	0,07	0,18	0,07	0,18	0,10
Market capitalisation, at the end of the period, MEUR	14,0	3,2	14,0	3,2	11,4

Calculation of Key Figures

EBITDA, %:	$\frac{\text{Operating profit + depreciation + impairment}}{\text{Net sales}}$
Equity ratio, %:	$\frac{\text{Total equity} \times 100}{\text{Total assets - advances received}}$
Net gearing, %:	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents and marketable securities} \times 100}{\text{Shareholders' equity + non-controlling interests}}$
Earnings/share (EPS):	$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue at the end of the financial year}}$
Equity/share:	$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Undiluted number of shares on the balance sheet date}}$
P/E ratio:	$\frac{\text{Price on the balance sheet date}}{\text{Earnings per share}}$

Related party transactions

(unaudited)

The Group has sold and purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices.

The Group entered into the following transactions with related parties:

1 000 EUR	1-6/2020	1-6/2019	1-12/2019
Sales of goods and services			
Savcor Oy - production services	0	3	3
Total	0	3	3
Purchases of goods and services			
SCI Invest Oy - rent	24	24	48
Basso J., business management services in Lithuania	79	0	0
SCI-Finance Oy - marketing and administration services	18	28	59
Savcor Technologies Oy - marketing and admin services	60	39	61
Savcor Oy - financial management services	3	4	8
Oy Marville Ab - legal services	0	6	8
Aurinkolahden Tilintarkastus Oy	4	0	0
Other	22	0	0
Total	210	101	183
Interest expenses and other financial expenses			
SCI-Finance Oy	69	35	112
Savcor Technologies Oy	62	166	292
Savcor Oy	8	16	28
SCI Invest Oy	1	0	0
Others	35	85	137
Total	175	302	569
Non-current convertible subordinated loan from related parties	461	2 461	415
Non-current other subordinated loan from related parties	141	2 011	1 160
Other current liabilities to related parties	485	1 032	565
Current interest payable to related parties	151	764	429
Trade payables and other non-interest-bearing liabilities to related parties	476	642	468
Trade and other current receivables from related parties	14	22	14

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.

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

Aurinkolahden Tilintarkastus Oy is a company under control of Tuomas Honkamäki, Valoe's Member of the Board.

1 000 EUR

1-6/2020

1-6/2019

1-12/2019

Wages and remuneration

Salaries of the management and Board

247

240

491

Fair values

(unaudited)

1 000 EUR	Carrying amount 30.6.2020	Fair value 30.6.2020
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	1 061	1 061
Cash and cash equivalents	754	754
Financial liabilities		
R&D loan, non-current	5 352	5 352
Non-current subordinated loan	3 095	3 095
Other non-current liabilities	1 941	1 941
Convertible bond, current	420	420
Loans from financial institutions, current	1 125	1 125
R&D loan, current	495	495
Other loans, current	755	755
Other liabilities, current	894	894
Trade payables and other non-interest-bearing liabilities	1 862	1 862

The fair value of non-current liabilities is expected to correspond to the carrying amount and recognized to their fair value when recorded. There has been no significant change in common interest rate after the withdrawal of the loans.

Other non-current and other current liabilities include EUR 1.2 million of liabilities arising from the IFRS 16 standard.

EUR 2.3 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, convertible bonds of EUR 0,42 million were overdue.

Change in intangible and tangible assets

(unaudited)

1 000 EUR	30.6.2020	30.6.2019	31.12.2019
Includes tangible assets, consolidated goodwill and other intangible assets			
Carrying amount, beginning of period	13 762	9 486	10 381
Depreciation and impairment	-597	-831	-1 699
Acquisition of a subsidiary	0	0	3 433
Additions	1 280	1 282	998
Adoption of a new Standard (IFRS 16)	0	0	649
Disposals	-443	0	0
Carrying amount, end of period	14 002	9 936	13 762

The assets and liabilities of the contracts have been recognized in IFRS 16 leases and properties at the date of transition 1 Jan 2019.

Commitments and contingent liabilities

(unaudited)

1 000 EUR	30.6.2020	30.6.2019	31.12.2019
Assets pledged for the company			
Loans from financial institutions	425	475	450
Other liabilities	281	281	281
Promissory notes secured by pledge	4 700	4 700	4 700
Operating lease liabilities			
Payable within one year	667	299	500
Payable over one year	1 210	438	1 000