

VALOE CORPORATION'S HALF-YEAR FINANCIAL REPORT 1 JANUARY – 30 JUNE 2023

THE FIRST HALF YEAR OF 2023 IN BRIEF

During the reporting period January – June 2023, the net sales of Valoe Group, under the IFRS standards, was about EUR 0.9 million (in 2022: EUR 0.5 million). The EBITDA was EUR -1.5 million (EUR -1.8 million) and the EBIT EUR -2.4 million (EUR -2.7 million). The profit for the period was EUR -3.2 million (EUR -3.7 million). The undiluted earnings per share were EUR -0.01 (EUR -0.01) and the diluted earnings per share were EUR -0.01 (EUR -0.01).

In the second quarter, we took an important step towards promoting more environmentally friendly road freight. We delivered the first refrigerated trailer equipped with a Valoe photovoltaic system to Frigoscandia, a transport and logistics company, in June 2023. In January 2023, the Dutch TIP Group and Valoe signed an agreement to integrate solar systems onto refrigerated trailers. In the first phase, Valoe will deliver four pilot systems, the first of which is now being operated by Frigoscandia in Europe. During the reporting period, we received a new order from Simoldes Plásticos S.A. aiming at building a prototype of a polymer based solar window for a Stellantis passenger vehicle. Both of the above projects will have a small economic impact in 2023 but will open up significant growth opportunities from 2024 onwards.

At the end of April 2023, an US company operating in the military and space industries placed an order for product development and prototyping of a photovoltaic application. At the end of the reporting period, we received an order from a USA headquartered global consumer electronics company for developing solar cell designs and producing specific customized IBC (Interdigitated Back Contact) cell prototypes. We estimate that a successful delivery could lead to the start of mass production in early 2024. We believe both orders will prove the high quality of our technical expertise and open up new opportunities for us, especially in the electronics industry.

In April-June, we conducted a consumer market study on photovoltaic systems for a world-class supply chain provider. On behalf of the client, we evaluated potential distribution channels and supply chain options in Europe for photovoltaic panels using Valoe's technology.

The working capital situation continued tight throughout the reporting period. In May 2023, the loan shares of the Convertible Bond 2/2022 were converted to a total of 60,500,412 new shares in the company. At the same time, the company resolved on a share issue of a maximum of 65 million shares to the company itself without consideration in order to implement financing arrangements. As of the date of this Report, all shares directed to the company in this share issue have been subscribed, registered and admitted to trading on the Nasdaq Helsinki stock exchange.

EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period in July 2023 we issued a convertible bond of EUR 0.6 million at the most (Convertible Bond 1/2023). The maximum loan amount of the Convertible Bond 1/2023 was increased to EUR 1.0 million in August 2023.

We expanded the expertise of our Management Team and appointed Tuukka Savisalo, CTO; Teemu Pulkkinen, who is responsible for Valoe's solar module systems and the OddForm® business; and Matts Kempe, who is responsible for the sales and marketing at Valoe, to the Management Team. CEO Iikka Savisalo, Chairman of the Management Team; CFO Seija Kurki; and Senior Vice President Jose Basso, who is responsible for Valoe's solar cell business, continue in the Management Team.

In accordance with the decision and authorisation of the Annual General Meeting of 26 May 2023, the company resolved on the terms of option scheme for the Board of Directors. The terms have been disclosed in a stock exchange release on 20 July 2023. The members of the Board of Directors subscribed for all the options offered to them in accordance with the decision of the Annual General Meeting of 26 May 2023.

On 17 August 2023, the Financial Supervisory Authority approved the registration document as well as the securities note and the summary, which together form the Prospectus relating to admission to trading of in total 85,250,206 shares in the company. The Prospectus has been published on Valoe's website www.valoe.fi/julkaisut on 17 August 2023.

On 23 August 2023, the company disclosed that it will commence change negotiations to adjust its operations based on financial and production reasons. The change negotiations concern temporary lay-offs of Valoe's personnel in Finland.

MARKET GUIDANCE

Valoe has received several orders in 2023 and is negotiating several contracts at the time of publishing this half-yearly report. The timing of deliveries and the outcome of the negotiations, as well as the potential continuation of Sono Motors GmbH's Sion car production, could have a significant and rapid impact on Valoe's revenue and profit for the 2023 financial year. Once the timing of the deliveries and the ongoing negotiations are resolved, Valoe will issue a market guidance later.

MANAGING DIRECTOR IIKKA SAVISALO'S REPORT

Following Sono Motors GmbH's ("Sono Motors") unexpected cancellation of its Sion car project in February 2023, our financing plan for 2023 changed totally. Although the final fate of the Sion car is not yet clear, we had to plan our operations and their financing based on the existing projects and sales prospects. Consequently, we have already adjusted our costs and reallocated our resources. The current projects must succeed and be brought to mass production as quickly as possible.

We initiated adjustment measures during the second quarter of 2023 and will continue saving as long as necessary. Although we managed to decrease our costs significantly in the second quarter, success at this stage of development requires effective sales above all.

Environment is Part of Our Business. We Are Valued as an Innovative Company with Extensive Knowledge.

The project we are running with Simoldes for Stellantis is already in its third phase and is ahead of schedule. In June 2023, we launched the first functional polymer-based solar car roof. We introduced our new solar roof with our partners at the annual Intersolar trade fair, Europe's largest exhibition for the solar industry held in Munich. During the reporting period, we began development work for a specific car model of Stellantis with Simoldes. We aim to produce a polymer-based solar panel to be mounted on the place of the car's rear window. The development work has progressed ahead of schedule. Our sales department is in constant contact with other car manufacturers and their main suppliers too.

We delivered the first solar-powered refrigerated trailer to TIP Group. The trailer operated by Frigoscandia is now undergoing field testing in Finland and Europe. Initial test results are promising. At the Juva panel factory, the next three trailers are being prepared for delivery to TIP Group and the end customers operating the trailers.

We have also received orders and requests for next generation solar applications outside the VIPV sector. We signed a development agreement with a major US company operating in the military and space industries. The development work has progressed well to the first deliveries. We also announced another agreement on designing and manufacturing prototypes of a new type of very small solar cell. This collaboration could lead to mass production at our Vilnius cell factory in early 2024.

We are proud to have been discovered by major global corporations who trust our expertise. We believe our projects also lead to financial success. Some of our customers are interested in us because we have the expertise to manufacture solar cells to be used in very small objects. Our IBC cells are efficient, and thanks to our back contact technology, we can cut the cells to almost any size or shape. Our solutions to utilise photovoltaics in customer products are significantly different from conventional solutions. Our technology as well as the capacity and equipment available at our cell factory in Vilnius can be very well applied for such customer applications. The IBC solar cells designed by us or modules with our IBC cells can be used for applications such as IoT, consumer electronics or active materials. According to our customers' experience, it seems very difficult or even impossible to produce these kinds of cells using traditional technologies.

Valoe Is Part of Europe's Solar Strategy

Several corporations are interested in the results of our long and determined development work. Our non-mainstream European IBC and back contact technology aligns with the ongoing trends in Europe. The European Union's objective is to increase the manufacturing capacity for solar energy technology, which has almost disappeared from our continent, to meet the needs of the European energy reform. We at Valoe must be able to take advantage of this development and these trends.

We have a wide network in the European solar cluster. Together with our European partners, we are involved in several EU-funded development projects. These projects accelerate our product development and reduce our product development investments. However, the most essential thing, in the long run, is that networking with leading research institutes will disseminate information on our know-how to potential customers interested in solar energy and enhance our credibility, especially in large corporations.

Solar energy is a huge and growing market. As we have earlier described in our strategy, our role in the market could be a developer and industrialiser of next generation photovoltaic products who partners with fast-emerging companies in the field and supplies its cooperation partners with key components and technology, including equipment.

Challenging Financing Situation

The cancellation of Sono Motors' Sion car project and the loss of cash flows related to Sono Motors had a major impact on our operations during the reporting period. Although we have been able to make good progress on our projects in terms of technology and contracts, and our customers have been satisfied with our deliveries, it has been very challenging to operate with the current financial resources, which has involved and continues to involve significant financial risks.

In the ongoing negotiations, we must be able to establish new financing arrangements that will allow us to make long-term plans and to execute our projects on time. Long-term success in projects ongoing and prospects still in the sales pipeline with good profitability requires significantly greater financial resources. We aim to have sufficient funding in place by the end of the financial year.

OPERATING ENVIRONMENT AND MARKET SITUATION

Changes in international trade policy and rising raw material prices due to the pandemic and the war in Ukraine have disrupted old supply chains. After recognising the necessity of the energy transition, Europe and North America seek to increase their undeniably low market share, know-how and production, particularly in photovoltaics. In its Solar Energy Strategy, the European Union has announced a target to increase the amount of installed solar PV capacity from 224 gigawatts in 2022 to an ambitious 750 gigawatts by 2030. The EU has also increased its funding to restore European technological leadership in the sector. Valoe has been involved in EU projects also before. In 2022, IBC4EU, a new project of around EUR 17 million started, in which Valoe is playing a key role. In 2023, Valoe is involved in several new and large-scale EU projects that are about to start or are being planned.

Our main focus is on VIPV applications, and our key customers include the automotive industry and other suppliers involved in the car production chain. Our aim is to be involved in automotive photovoltaic projects, first in product development, then in industrialisation phase, and finally in mass production, either at Valoe's production plant or the customer's designated production facility.

The overall market for photovoltaics installations is forecasted to grow strongly over the coming decades. In Europe, the number of photovoltaic installations is expected to grow by more than 10% per year and double from the level of 2022 by 2030 (source: Building of Competitive Solar-PV Supply Chain in Europe, McKinsey & Company, 2022). The VIPV market is forecasted to grow even faster than the rest of the market. The VIPV market is expected to grow at an average annual rate of 43% until 2030 (source: Allied Market Research, February 2020).

According to our knowledge, a number of vehicles with solar integration will be launched by well-known brands before 2025. We are also involved in several projects run by smaller electric vehicle manufacturers, which, if successful, will bring solar-powered hybrid vehicles and all-day solar-powered light vehicles to the market.

The size of our target market in Europe can be estimated using, e.g., published car production volumes: In 2021, according to the European Automobile Manufacturers' Association (ACEA), a total of 12.1 million vehicles were produced in Europe alone in 2021. Our objective is to be one of the leading suppliers in this market segment.

VALOE'S STRATEGY

We have defined that our strategy is based on the vision according to which solar energy will be the best solution to meet the world's energy needs in the future. The sun provides enough energy to meet the world's energy needs. Solar energy is free and easy to convert into electricity. In many areas, the price of solar electricity is already the cheapest form of energy! Our goal is to harvest the energy effectively and enhance the use of solar energy as close as possible to its production place.

Our strategy is based on the fact that the limitations of solar energy utilization will be resolved in the future. We are quick, flexible, and innovative. Successful product development is the key to our success. We compete in global markets. We follow closely research and development related to our business and adapt applicable technologies to our product concepts. Our solutions are mainly based on our technologies, which we have developed with leading experts and research institutes. One example of the practical implementation of our strategy is our key role in the HighLite project in the European Union's Horizon program. We cooperate with leading research institutes and companies to improve Europe's competitiveness by developing photovoltaic applications.

Already in 2021, we chose to focus on transport applications. Transport is changing and we plan to take advantage of its rapidly progressing electrification. According to our vision, the Back Contact technology, efficient IBC cells, and Valoe OddForm® modules will be at the heart of new transport forms. Moreover, having adaptable manufacturing technology and vertically integrated cell and module factories, we can act as a technology partner for the industrialization of new products and possibly also as a manufacturing partner.

We do not currently put special effort on developing or marketing the manufacturing capacity of conventional solar panels, that are used for rooftop installations among other things. However, we monitor market developments and work closely with research institutes such as ISC Konstanz, and are involved in EU technology development projects, thereby maintaining competitive and continuously evolving technology for delivering conventional modules and related technology to suitable partners.

FINANCIAL RESULT

Valoe Group's cumulative net sales for the first half of 2023 were about EUR 0.9 million. The net sales increased by about 84 per cent compared to the previous year. The EBITDA for the second quarter improved from EUR -1.2 million to EUR -0.6 million compared to the corresponding period, due to our adjustment measures, among other things.

The following financials include Valoe Group's operations. The figures in brackets are comparison figures for the corresponding period in 2022 unless stated otherwise.

April - June 2023:

- Valoe Group's net sales was to EUR 0.5 million (In 2022: EUR 0.03 million).
- EBITDA was EUR -0.6 million (EUR -1.2 million).
- Operating profit was EUR -1.1 million (EUR -1.6 million).
- Profit for the period was EUR -1.3 million (EUR -2.1 million).

January – June 2023:

- Valoe Group's net sales increased to EUR 0.9 million (In 2022: EUR 0.5 million).
- EBITDA was EUR -1.5 million (EUR -1.8 million).
- Operating profit was EUR -2.4 million (EUR -2.7 million).

- The profit before taxes was EUR -3.2 million (EUR -3.7 million).
- Profit for the period was EUR -3.2 million (EUR -3.7 million).
- Undiluted earnings per share were EUR -0.01 (EUR -0.01).
- Diluted earnings per share were EUR -0.01 (EUR -0.01).

FINANCING

The working capital situation continued tight throughout the reporting period. In addition to customer revenues, we withdrew funding from the Winance financing facility.

In May 2023, pursuant to the terms and conditions of the financing arrangement between Valoe and Winance we withdrew a convertible notes tranche of EUR 0.5 million and issued to Winance in total 510 convertible notes and in total 5,100,000 warrants related thereto.

At the end of May 2023, we resolved on the share subscription based on the conversion of the promissory notes issued under the company's convertible bond 2/2022. In the said share subscription, the lenders of the convertible bond 2/2022 subscribed in total 60,500,412 new shares in the company by converting the promissory notes into the new shares pursuant to the conversion requests delivered to the company. The entire loan capital of the convertible bond 2/2022 including the interests was converted to the new shares in the share subscription. The new shares were registered with the Trade Register on 2 June 2023. Half of the new shares were applied for the admission to public trading on the stock exchange list of Nasdaq Helsinki Ltd on 6 June 2023 and the rest of the new shares were listed on 21 August 2023.

On 30 May 2023, we resolved to issue up to 65,000,000 shares without consideration to the company itself (the "Treasury Issue"). On 30 May 2023, we subscribed for a total of 40,000,000 new shares which were registered with the Trade Register on 2 June 2023. Out of the registered shares a total of 10,000,000 shares were admitted to trading on the Nasdaq Helsinki stock exchange on 16 June 2023 and the remaining 30,000,000 new shares were listed on 21 June 2023. On 3 August 2023, pursuant to a treasury issue made by the Company on 30 May 2023, we subscribed for a total of 25,000,000 new shares, which were registered with the Trade Register on 4 August 2023 and admitted to trading on the Nasdaq Helsinki Stock Exchange on 21 August 2023.

After the reporting period, in July 2023, we issued a convertible bond of up to EUR 0.6 million to professional investors to strengthen our working capital situation and capital structure ("Convertible Bond 1/2023"). The Convertible Bond 1/2023 is a capital loan. On 15 August 2023, we increased the maximum amount of the Convertible Bond 1/2023 to EUR 1.0 million. The subscription period for the Convertible Bond 1/2023 commenced on 14 July 2023 and continues until 29 September 2023. The loan period shall commence on the payment date and expire on 30 June 2025. An annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The promissory note holder of the Convertible Bond 1/2023 has the right to convert the promissory note into the shares of the company pursuant to the terms of the Convertible Bond 1/2023. The subscription price of one (1) share of the company shall be EUR 0.02 per share. The conversion period begins on 1 December 2023 and expires on 30 June 2025.

Cash flow from business operations before investments in January – June was EUR -2.0 million (EUR -0.7 million). Trade receivables at the end of the reporting period were EUR 0.4 million (EUR 0.4 million). Net financial items amounted to EUR 0.8 million (EUR 1.0 million). At the end of June, the equity ratio of Valoe Group was -43.3 per cent (-23.1 %) and equity per share was EUR -0.014 (EUR -0.009). The equity ratio including capital loans was -20.0 per cent (0.7 %). At the end of the reporting period, the Group's liquid assets totalled EUR 0.01 million.

Valoe's financial and other risks have been handled in this Report's item "Risks and Uncertainties".

RESEARCH AND DEVELOPMENT

The objective of Valoe's product development is that the energy produced by Valoe's solar modules shall be the greenest as well as the cheapest energy on the market. The importance of research and development for Valoe is well illustrated by the human resources allocated to research and development: out of 52 Valoe employees 29 work on the company's product development projects in Finland and Lithuania.

During recent years, the focus of our research and development has been on cell development and efficiency improvement as well as on the development of the IBC cells. In 2019, we started to increase and have continued to increase our resources in the research and development.

We have focused on the development of the IBC cell technology and OddForm® modules which can be applied, e.g., to new applications in the automotive, aviation, and aerospace industries very well. In May 2022, the EU commission chose us as one of the leading European companies to develop new technology to reduce European CO2 footprint more effectively. The EU granted funding for the three-year project IBC4EU, in which Valoe Oyj and UAB Valoe Cells are partners. The project is the logical continuation of the Horizon 2020 project Highlite Valoe is partnering in 2019 -2023. The new project commenced in the autumn 2022 and lasts for three years. The project budget is approximately EUR 17 million, Valoe's part of the grant is approximately EUR 0.9 million and Valoe Cells's approximately EUR 1.3 million.

The target of the project is to develop and demonstrate at a pilot line level cost-competitive and sustainable industrial production of IBC based PV products along the value chain from ingots and wafers to solar cells and modules in Europe. In the IBC4EU project, Valoe's task is to implement the innovations in the development of cells and modules and their production methods.

The commercialisation of our products is based on long-term development work. Many technologies we have been developing for a long time are nearing the commercialisation stage. A good example is the project with the Dutch TIP Group, announced in January 2023, to integrate solar electricity onto refrigerated trailers.

Over the past years, we have created a global partner network to support our research and development. With the partners, we develop products and technology to implement the next phase of our growth strategy. The development and technology transfer collaboration with ISC Konstanz has been steadily deepening, now in its fourth year. ISC Konstanz is one of the leading solar energy research institutes in Europe. We also work closely with a wide European research and business network on EU projects.

We protect our innovations in every critical geographical area.

The Group's research and development costs amounted to EUR 1.8 million (EUR 1.4 million) during the reporting period.

INVESTMENTS

Gross investments in the continuing operations during January – June period amounted to EUR 1.2 million (EUR 0.6 million).

PERSONNEL

At the end of June 2023, the Group employed 52 (58) people, out of which 20 employees worked in Lithuania and the rest in Finland. During the reporting period, the Group's salaries and fees totalled EUR 1.1 million (EUR 1.2 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 518,859,607. The company has one series of shares, which confer equal rights in the company. On 30 June 2023 Valoe had 16,609,378 treasury shares.

The company had a total of 17,036 shareholders at the end of June 2023, and 3.5 per cent of the shares were owned by foreigners. The ten largest shareholders held 31.6 per cent of the company's shares on 30 June 2023.

The largest shareholders on 30 June 2023

1	SAVCOR TECHNOLOGIES OY	29.298.067	5,6
2	NEFCO	23.148.148	4,5
3	SAVISALO IIKKA	17.811.158	3,4
4	VALOE OYJ	16.609.378	3,2
5	APTEEKKIEN ELÄKEKASSA	15.879.400	3,1
6	SAVISALO HANNU	13.798.476	2,7
7	OLLILA JORMA	13.732.912	2,6
8	JOCER OY AB	13.191.852	2,5
9	OY INGMAN FINANCE AB	10.649.334	2,1
10	SCI-FINANCE OY	9.683.462	1,9
	OTHERS	355.057.420	68,43
	TOTAL	518.859.607	100,0

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 70,858,841 shares in the company on 30 June 2023, representing about 14 per cent of the company's shares. At the end of the period Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 56,792,687 shares in the company.

The price of Valoe's share varied between EUR 0.02 and 0.06 during the January – June period. The average price was EUR 0.03 and the closing price at the end of June EUR 0.03. A total of 159.6 million Valoe shares were traded at a value of EUR 4.9 million during the January – June period. The company's market capitalization at the end of June stood at EUR 14.5 million.

SHARE ISSUE AUTHORIZATIONS IN FORCE

Share Issue Authorization 2023

The company has a share issue authorization in force granted by the Annual General Meeting 2023 according to which the Board of Directors is authorized to decide on a share issue, 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 could increase by a total maximum amount of 200,000,000 shares. The Board of Directors is authorized to decide on all the terms and conditions of the share issue or the issue of special rights entitling to shares. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights. The authorization is in force until 30 June 2024.

By the date of this Report the Board of Directors has resolved on issues of a total of 151,214,700 shares based on the authorization.

Authorization to Issue Option Rights to the Members of the Board of Directors

The General Meeting held on 26 May 2023 resolved to authorize the Board of Directors to decide on option rights, pursuant to the Chapter 10, Section 1 of the Finnish Companies Act, to be given to the Directors of the Board so that, following the share subscriptions based on option rights, the number of the shares in the company could increase by a total maximum amount of 30 million shares. On 20 July 2023, the Board of Directors resolved, based on this authorization, to grant option rights entitling to a total of 30,000,000 shares to the members of the Board of Directors. Thus, the authorisation is no longer valid.

Authorization to Issue Option Rights to CEO and the Company's Personnel

The General Meeting resolved to authorize the Board of Directors to decide on option rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act so that, following the share subscriptions based on option rights, the number of the shares in the company could increase by a total maximum amount of 30 million shares. The authorization may be used for a stock option scheme directed to the company's personnel and CEO during the financial year 2023. The Board of Directors is entitled to decide on the other terms of the option rights. The authorization is in force until 31 December 2023. By the date of this Report, the Board of Directors has not yet resolved to issue any option rights based on this authorization.

RISKS AND UNCERTAINTIES

Risks Related to Financial Situation and Financing

The company's main risk relates to the sufficiency of its financing. Valoe's management estimates that, at the date of this review, the company's working capital is insufficient to cover its current needs for the next 12 months and that the company will require additional funding. In addition to customer revenues, the company expects to be able to withdraw funding from its existing financing agreements and from the EU projects with committed grants. The company is also seeking to raise additional funding through a convertible bond, which the company issued in July 2023. In addition, the Board of Directors of the company has decided to prepare a broader overall financing plan including a possible share issue to the public or key investors in the second half of 2023. Further, the company has entered into negotiations to restructure its short-term debt with its major creditors and expects the negotiations will have a positive outcome. If the company were unable to obtain the required additional financing, this could have a material adverse effect on the company's results of operations and/or financial position.

Failure to realize the assumptions related to the company's cash flow forecasts could lead to a situation where the company's impairment tests would indicate the need to write down the company's intangible and tangible assets or goodwill. In such a situation, impairment of intangible and tangible assets could have a material adverse effect on the company's financial position. A detailed description of the company's impairment testing can be found in Note 12 to the consolidated financial statements in the Annual Report 2022.

Risks Related to the Strategy and Business Operations

Valoe has several cooperation agreements that aim at large-scale customer collaboration. The full implementation of these agreements usually requires the achievement of mutually agreed quality and/or performance targets. The execution of the cooperation agreements is also dependent on the company's contractual partners, and the agreements may not be executed if, for example, there will be changes in customers' plans or their financial situation. In the event of a sudden change in the arrangements, financial situation or solvency of the company's contractual partners, or if Valoe were to fail to achieve the agreed objectives, the collaboration agreements would not be executed as originally planned, reducing the company's estimated revenue from the relevant agreements, which would have an adverse effect on the company's results of operations and/or financial situation and/or the value of the company's securities.

There are uncertainties and risks involved in assessing the profitability of products and services and in meeting quality standards for products and services. If the company fails to estimate the amount of work and/or costs required for the products and/or services, it may have a material impact on the profitability of the products, deliveries and services and the timeframe for achieving profitability and, consequently, on the company's business, results of operations and/or financial condition. The company also has several products still in the product development stage. The company has no mass production experience of the products under development, and it is not certain if the company meets the agreed targets set for the products, including those relating to durability, appearance and/or performance. If the company were to fail to meet agreed quality standards, project schedules could be delayed, which could affect the company's overall profitability and, consequently, the company's results of operations and financial situation.

The energy market is currently undergoing a major change due to, among other things, unexpected rapid shift to green energy solutions produced domestically in Europe and the US, as a result of Russia's war of aggression against Ukraine. While Valoe believes that this trend will support the company's growth objectives, it is more difficult to predict the future competitive landscape. The competitive situation may change substantially in the future, for example with the arrival of a new competitor or technology. Increased competition may lower market prices and thus affect Valoe's ability to maintain the planned price levels for its products. There is no certainty that the company will be able to adjust its costs to the new price level and this may negatively affect the company's profitability.

Risks Related to New Technologies and Manufacturing

The development and commercialization of new technologies always involve uncertainties and significant risks. If our product development projects were unsuccessful, or the business environment or market situation changed, our ability to provide its customers with competitive products or services could be threatened. In such a situation, the profitability could be lower than expected, which could significantly affect our profitability and financial situation.

Recent general economic uncertainty, increased inflation and changes in energy prices may have negative effect on the company's business and profitability. In this situation, there are specific risks associated with supply chains, and the company cannot at this time assess the impact of the risks on the availability and pricing of materials and services, and therefore on the company's financial situation and operations. In

particular, a sharp rise in inflation will increase the price of the raw materials and energy used by Valoe. The critical raw materials Valoe uses include, e.g., special plastics, metals, glass and silicon wafers, spare parts and components for machines and equipment, and professional services related to operations. Valoe's solar panel production at the Juva plant and solar cell production in Lithuania are both energy-intensive activities, which means that unfavourable price developments in energy prices directly affect the company's profitability, and thus its operating results and financial position.

Rising raw material and energy prices have already had a negative impact on the company's production. Should the availability of critical components and raw materials continue to decline, or the prices continue to rise, this could further slowdown the production of our products, delay our deliveries to customers and reduce our profitability. This could have an adverse effect on our business, profit, financial situation, and the value of the company's securities.

Administrative and Legal Risks

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

Market Guidance and Strategy Related Risks

The statements, projections and market guidance in this Report and in Valoe's strategy are targeted to the future and based on the management's current estimates. Therefore, they involve risks and uncertainty by their nature and may be affected by changes in the general financial situation and in Valoe's and its customers' business environment.

In Mikkeli, 24 August 2023

Valoe Corporation
Board of Directors

Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	1-6/2023	1-6/2022	1-12/2022
Net sales	910	494	1 305
Cost of sales	-870	-1 086	-2 332
Gross profit	40	-592	-1 027
Other operating income	43	81	94
Product development expenses	-1 778	-1 399	-2 854
Sales and marketing expenses	-207	-330	-549
Administrative expenses	-448	-424	-889
Other operating expenses	-30	0	-362
Operating profit	-2 380	-2 665	-5 587
Financial income	0	0	2
Financial expenses	-846	-986	-2 083
Profit before taxes	-3 225	-3 651	-7 668
Income taxes	0	0	0
Profit/loss for the period	-3 225	-3 651	-7 668
Profit/loss attributable to:			
Shareholders of the parent company	-3 225	-3 651	-7 668
Earnings/share (basic), eur	-0,01	-0,01	-0,02
Earnings/share (diluted), eur	-0,01	-0,01	-0,02
Total comprehensive income for the period	-3 225	-3 651	-7 668
Total comprehensive income attributable to:			
Shareholders of the parent company	-3 225	-3 651	-7 668

THE SECOND QUARTER OF 2023

1 000 EUR	4-6/2023	4-6/2022	1-12/2022
Net sales	498	28	1 305
Operating profit	-628	-1 193	-3 877
EBIDTA	-1 059	-1 616	-5 587
Profit/loss for the period	-1 354	-2 081	-7 668

Consolidated statement of financial position

(unaudited)

1 000 EUR	30.6.2023	30.6.2022	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment	11 293	10 466	10 598
Consolidated goodwill	441	441	441
Other intangible assets	1 628	2 380	2 022
Available-for-sale investment	9	9	9
Non-current receivables	336	672	336
Total non-current assets	13 708	13 969	13 407
Current assets			
Inventories	392	327	361
Trade and other non-interest-bearing receivables	1 794	1 719	1 445
Cash and cash equivalents	15	10	236
Total current assets	2 200	2 055	2 042
Total assets	15 908	16 024	15 449
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	80	80	80
Other reserves	37 691	33 655	34 694
Retained earnings	-44 423	-37 434	-41 051
Total equity	-6 652	-3 698	-6 277
Non-current liabilities			
Non-current loans	6 606	5 482	6 576
Non-current subordinated loans	0	3 217	1 516
Other non-current liabilities	505	54	25
Total non-current liabilities	7 111	8 753	8 116
Current liabilities			
Current interest-bearing liabilities	6 589	7 372	5 174
Current subordinated loans	3 583	592	3 477
Trade and other payables	5 172	2 917	4 854
Current provisions	104	89	104
Total current liabilities	15 449	10 970	13 609
Total liabilities	22 560	19 722	21 725
Equity and liabilities total	15 908	16 024	15 449

Consolidated statement of cash flows

(unaudited)

1 000 EUR		1-6/2023	1-6/2022	1-12/2022
Cash flow from operating activities				
Income statement profit/loss before taxes		-3 225	-3 651	-7 668
Non-monetary items adjusted on income statement				
Depreciation and impairment	+	847	846	1 710
Unrealized exchange rate gains (-) and losses (+)	+/-	0	0	-2
Other non-cash transactions	+/-	0	0	361
Other adjustments	+/-	0	-42	0
Change in provisions	+/-	0	0	15
Financial income and expense	+	846	986	2 083
Total cash flow before change in working capital		-1 533	-1 861	-3 500
Change in working capital				
Increase (-) / decrease (+) in inventories		-31	138	87
Increase (-) / decrease (+) in trade and other receivables		-379	443	430
Increase (+) / decrease (-) in trade and other payables		172	747	1 731
Change in working capital		-238	1 328	2 247
Adjustment of financial items and taxes to cash-based accounting				
Interest paid	-	225	186	281
Other financial items	-	12	30	82
Financial items and taxes		-237	-216	-362
NET CASH FLOW FROM BUSINESS OPERATIONS		-2 008	-749	-1 615
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	-	152	626	1 319
Grants received	+	0	0	1 262
NET CASH FLOW FROM INVESTMENTS		-152	-626	-57
CASH FLOW FROM FINANCING ACTIVITIES				
Financing arrangement with Winance and Riverfort	+	2 564	1 050	1 050
Proceeds from non-current borrowings	+	0	700	1 500
Proceeds from current borrowings	+	351	98	155
Repayment of current borrowings	-	975	478	812
NET CASH FLOW FROM FINANCING ACTIVITIES		1 940	1 370	1 892
INCREASE (+) OR DECREASE (-) IN CASH FLOW		-221	-5	220

Consolidated statement of changes in equity

(unaudited)

1 000 EUR	Share capital	Distributable non-restricted equity fund	Retained earnings	Total equity
31.12.2022	80	34 694	-41 051	-6 277
Profit/loss for the period	-	-	-3 225	-3 225
Translation difference, comprehensive income	-	-	0	0
Transactions with owners:				
Sale of own shares - Winance	0	465	0	465
Riverfort and other arrangements	0	775	0	775
Own equity component of the convertible bond	0	0	-146	-146
30.6.2023	80	37 691	-44 423	-6 652

1 000 EUR	Share capital	Distributable non-restricted equity fund	Retained earnings	Total equity
31.12.2021	80	32 771	-33 887	-1 036
Profit/loss for the period	-	-	-3 651	-3 651
Translation difference, comprehensive income	-	-	0	0
Transactions with owners:				
Sale of own shares - Winance	0	884	0	884
Own equity component of the convertible bond	0	0	105	105
30.6.2022	80	33 655	-37 434	-3 698

Key figures

(unaudited)

1 000 EUR	1-6/2023	1-6/2022	1-12/2022
Net sales	910	494	1 305
Operating profit	-2 380	-2 665	-5 587
% of net sales	-261,5 %	-539,6 %	-428,2 %
EBITDA	-1 533	-1 819	-3 877
% of net sales	-168,5 %	-368,3 %	-297,1 %
Profit before taxes	-3 225	-3 651	-7 668
% of net sales	-354,5 %	-739,3 %	-587,7 %
Balance Sheet value	15 908	16 024	15 449
Equity ratio, %	-43,3 %	-23,1 %	-42,0 %
Net gearing, %	neg.	neg.	neg.
Gross investments	1 191	569	1 320
% of net sales	130,9 %	115,2 %	101,1 %
Research and development costs	1 778	1 399	2 854
% of net sales	195,4 %	283,3 %	218,7 %
Order book	192	260	450
Personnel on average	52	55	56
Personnel at the end of the period	52	58	58
Non-interest-bearing liabilities	5 172	2 917	4 854
Interest-bearing liabilities	17 284	16 716	16 767
Share key indicators			
Earnings/share (basic)	-0,01	-0,01	-0,02
Earnings/share (diluted)	-0,01	-0,01	-0,02
Equity/share	-0,014	-0,009	-0,016
P/E ratio	-3,97	-7,11	-1,56
Highest price	0,06	0,13	0,13
Lowest price	0,02	0,06	0,03
Average price	0,03	0,09	0,07
Closing price	0,03	0,07	0,03
Market capitalisation, at the end of the period, MEUR	14,5	26,0	12,6

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	1-6/2023	1-6/2022	1-12/2022
Sales of goods and services			
Savcor Oy - production services	0	1	3
SCI Invest Oy - production services	0	0	1
Total	0	1	4
Purchases of goods and services			
SCI Invest Oy - rent	24	24	48
Basso J., business management services in Lithuania	61	59	119
SCI-Finance Oy - marketing and administration services	36	40	84
Savcor Technologies Oy - marketing and admin services	52	51	101
Savcor Oy - financial management services	8	10	26
Others	4	26	52
Total	185	210	430
Interest expenses and other financial expenses			
SCI-Finance Oy	90	72	131
Savcor Technologies Oy	3	0	0
Savcor Oy	1	2	6
Others	1	3	5
Total	95	76	142
Non-current convertible subordinated loan from related pa	0	0	200
Current convertible subordinated loan from related parties	0	63	0
Other current liabilities to related parties	120	51	37
Current interest payable to related parties	9	7	8
Trade payables and other non-interest-bearing liabilities to related parties	436	194	239
Trade and other current receivables from related parties	37	19	25

Savcor Technologies Oy and Savcor Face Ltd are companies under control of Iikka Savisalo, Valoe's CEO, Hannu Savisalo, Valoe's Chairman of the Board and Tuukka Savisalo, Valoe's Management Team Member.

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

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

SCI Invest Oy is a company under control of Iikka Savisalo, Valoe's CEO and Tuukka Savisalo, Valoe's Management Team Member.

1 000 EUR	1-6/2023	1-6/2022	1-12/2022
Wages and remuneration			
Salaries of the management and Board	190	258	500

Fair values

(unaudited)

1 000 EUR	Carrying amount 30.6.2023	Fair value 30.6.2023
Financial assets		
Available-for-sale investments	9	9
Trade and other receivables	1 794	1 794
Cash and cash equivalents	15	15
Financial liabilities		
R&D loans, non-current	6 606	6 606
Other non-current liabilities	505	505
Current subordinated loan	3 583	3 583
Loans from financial institutions, current	5 171	5 171
R&D loan, current	371	371
Other loans, current	390	390
Other liabilities, current	657	657
Trade payables and other non-interest-bearing liabilities	2 125	2 125

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 1.1 million of liabilities arising from the IFRS 16 standard.

EUR 1.7 million out of trade payables, other current liabilities and accruals was overdue at the end of the reporting period. In addition, EUR 0.6 million of loan repayments were overdue.

Change in intangible and tangible assets

(unaudited)

1 000 EUR	30.6.2023	30.6.2022	31.12.2022
Includes tangible assets, consolidated goodwill and other intangible assets			
Carrying amount, beginning of period	13 062	13 686	13 686
Depreciation and impairment	-847	-846	-1 692
Additions	1 155	447	1 068
Disposals	-8	0	0
Carrying amount, end of period	13 362	13 287	13 062

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	30.6.2023	30.6.2022	31.12.2022
Assets pledged for the company			
Loans from financial institutions	3 026	4 666	4 176
Other liabilities	98	190	148
Promissory notes secured by pledge	2 060	2 060	2 060
Other securities provided	2 394	2 826	2 416
Operating lease liabilities			
Payable within one year	15	133	65
Payable over one year	0	0	0