



GREENCELLS
GMBH

Half-Year Report

1st half 2021

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Foreword



Andreas Hoffmann

Chief Executive Officer

Founder and Managing Partner

Significantly developed the corporate strategy to become one of the first second-generation EPC companies

Entrepreneur and founder with activities in renewable energies, communication, event and leisure industry

Ladies and Gentlemen, Investors and Business Partners,

Greencells GmbH Group has completed a good and successful 1st half of 2021, with revenue growth of 31.4% to EUR 44.0 million and a simultaneous slight increase in total operating performance. In view of an environment that was characterized throughout the photovoltaic industry by pandemic-related project postponements, disruptions to supply chains and commodity flows, and rising procurement costs, we can even say that it was a very good 1st half of 2021.

Our business performance remains in line with our plans, even though the environment remains very challenging. All projects that had been postponed from 2020 to 2021 were successfully realized. No project was lost or cancelled. The regional focus of our activities in the first half of the year was on the Netherlands, France, Poland and the USA. In Hungary, we acquired a project that had already been developed to ready-to-build status and began preparations for construction.

What is also new is our return to the German market in 2021. We have started a first development project in Saarland and several more projects will follow. However, our focus remains on international business. Greencells' primary geographic target markets are Europe and OECD countries with high credit ratings and a reliable regulatory framework. The successful expansion of activities in Hungary and the projects successfully under construction and acquired in Poland also reflect the high attractiveness of Eastern European countries, which are of growing importance to us.

As planned, we are using the funds from our successfully issued EUR 25 million corporate bond to invest in corresponding development projects via our sister company. Our sister company has projects of around 1.5 GWp under development in Europe and has secured over 500 MWp of new projects in the 1st half of 2021 alone using funds from the bond issued. Currently, our sister company is developing mainly in Spain, Italy, France, the Netherlands, Germany, Greece, Hungary and Poland.

This regional alignment with a focus on Europe is also part of our strategy to exclude risks wherever possible. Another important building block – the value of which has been very clearly demonstrated in the current market phase – is our trusting cooperation with key suppliers and partners. These long-established relationships have helped us to ensure that we are supplied at all times, even in the current phase in which global logistics flows are subject to extremely severe burdens and disruptions, thus guaranteeing our performance at a high level throughout. Another factor was that we acted and stocked up very proactively. Perhaps this also helped us to be nominated by the consulting firm EY as Entrepreneur of the Year 2021. The award is intended to recognize “entrepreneurial excellence” worldwide. The winners of the competition will be announced in early November. We are very proud to have made it to the list of nominees as one of the top 10 solar companies in Europe with an installed capacity of 2.3 gigawatts.

We remain optimistic about the outlook for 2021 as a whole, even if the market environment slightly clouds the prospects. In particular, raw material prices and possible supply bottlenecks could have unexpected effects. As of today, we can confirm our Group guidance for the full year: We expect revenue growth compared to 2020 as well as EBIT of around EUR 2.3 million with a return on sales of 1.5% – and this in an environment that remains very challenging. We therefore remain all the more optimistic for 2022. The medium-term prospects also continue to be intact, and we can even expect additional impetus from the need to expand renewable energies in Europe much faster than previously planned.

Yours,
Andreas Hoffmann (CEO)

Business development and results of operations

The effects of the Corona pandemic and the global problems in the logistics chains and flows of goods presented the entire photovoltaics industry as well as the Greencells GmbH Group with major challenges in the 1st half of 2021. The company managed to successfully realize the projects in 2021 that were postponed from 2020, in particular due to the pandemic. In the 1st half of 2021, the Greencells GmbH Group had 40 projects with a total capacity of 645 MWp in the pipeline and had secured the contract for their construction as EPC or GC. Of these, four projects with a total of over 100 MWp originate from own development. Thanks to forward-looking planning and procurement, as well as long-standing relationships of trust with key suppliers, the company has also succeeded in ensuring that its own performance in the EPC business remains at a high level at all times. The regional focus of projects under construction or already completed in the first half of the year was on the Netherlands, France, Poland and the USA.

Revenue increased by 31.4% from EUR 33.5 million to EUR 44.0 million in the 1st half of 2021. The overall rise in the number of EPC projects was responsible for this. At the same time, growth in total operating performance was slightly dampened at EUR 36.8 million compared with the prior-year period's figure of EUR 36.2 million, due to the interplay between construction progress and revenue recognition in the individual projects as of the reporting date. The cost of materials decreased from EUR 30.9 million to EUR 30.0 million. The cost of materials ratio (in relation to total operating performance) fell from 85.2% to 81.4%. This also shows that Greencells was able to manage the overall cost increases that occurred in the market very well. Personnel costs increased by 19.0% from EUR 2.6 million to EUR 3.0 million due to the growth and thus necessary expansion of the staff team.

The Greencells GmbH Group achieved EBITDA of EUR 1.4 million in the 1st half of 2021, thus exceeding the previous year's level of EUR 1.0 million. EBIT reached EUR 1.3 million, compared to EUR 0.9 million in the prior-year period. Net income for the period was EUR 0.3 million and thus also above the level of the comparative period in 2020.

Consolidated income statement (in EUR thousand)	H1 2021	H1 2020
Sales	44,007	33,501
Changes in inventories	-7,794	2,073
Other operating income	628	652
Cost of materials	-29,994	-30,873
Personnel expenses	-3,044	-2,557
Other operating expenses	-2,442	-1,790
EBITDA	1,362	1,006
Depreciation and amortization	-86	-92
EBIT	1,276	914
Financial result	-893	-879
EBT	383	35
Taxes on income and earnings	-68	-0
Earnings after taxes	315	35
Other taxes	-39	-5
Consolidated net income for the half year	276	29

Financial position and net assets

At EUR 13.8 million, consolidated non-current assets remained virtually unchanged as of 30.06.2021 compared with EUR 13.9 million as of 31.12.2020 and were dominated by investments in associated companies. Current assets of EUR 51.9 million as of 30.06.2021, compared with EUR 50.0 million as of 31.12.2020, mainly reflect the increase in inventories from EUR 8.0 million to EUR 11.0 million. This is mainly due to the overall growth in business volume. Cash and cash equivalents decreased as planned from EUR 18.4 million to EUR 7.8 million, reflecting in particular the use of funds from the corporate bond issued at the end of 2020. Accordingly, receivables, and in particular receivables from related parties, increased from a total of EUR 23.6 million to EUR 33.1 million.

On the liabilities side, there was little change overall. Group equity increased slightly from EUR 9.1 million to EUR 9.3 million. Despite the full placement of the EUR 25 million bond after the balance sheet date of 31 December 2020, liabilities remained almost unchanged at EUR 46.8 million as of 30 June 2021 compared to EUR 46.5 million as of 31 December 2020. Overall, total assets increased from EUR 63.9 million as of 31.12.2020 to EUR 65.8 million as of 30.06.2021.

Consolidated balance sheet (in EUR thousand)	30.06.2021	31.12.2020
A. Non-current assets	13,813	13,862
I. Intangible assets	491	504
II. Property, plant and equipment	362	364
III. Financial assets	12,961	12,994
B. Current assets	51,881	49,989
I. Inventories	10,994	8,002
II. Receivables and other assets	33,126	23,572
III. Cash in hand and bank balances	7,761	18,415
C. Prepaid expenses	140	96
Total assets	65,834	63,948

Consolidated balance sheet (in EUR thousand)	30.06.2021	31.12.2020
A. Equity	9,316	9,063
I. Subscribed capital	43	43
II. Capital reserves	5,313	5,313
III. Equity difference from currency translation	-945	-922
IV. Consolidated net retained profit	4,905	4,630
B. Difference from acquisition accounting	1,843	1,645
C. Provisions	7,849	6,774
D. Liabilities	46,826	46,465
I. Bonds	25,000	17,400
II. Liabilities to banks	10,022	10,004
III. Trade payables	4,954	9,532
IV. Liabilities to related parties	1,082	5,385
V. Other liabilities	5,768	4,144
Total equity and liabilities	65,834	63,948

Forecast

Based on the course of the financial year to date, Greencells GmbH Group can confirm the forecast for the full year 2021 made in the Group management report. Management continues to expect an increase in revenue compared to 2020 and EBIT of around EUR 2.3 million. At the same time, Greencells GmbH Group is planning for a return on sales of around 1.5%.

