Im Hinblick auf die Anforderungen von § 322 Abs. 7 HGB tritt die elektronische Fassung nicht an die Stelle, sondern neben die Papierfassung im Sinne einer elektronischen Kopie.

Considering the requirements of Sec. 322 (7) HGB, the electronic version does not replace the hardcopy but is prepared in addition to it and is an electronic copy thereof.

Greencells GmbH
Saarbrücken

Short-form audit report
Annual financial statements and management report
31 December 2019

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Building a better working world

Translation from the German language

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Note:

We have issued the auditor’s report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed “Engagement Terms, Liability and Conditions of Use”.

If an electronic version of this document is used for disclosure in the *Bundesanzeiger* [German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the auditor’s report or the attestation report thereon are intended for this purpose.

Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

Independent auditor's report

To Greencells GmbH

Opinions

We have audited the annual financial statements of Greencells GmbH, Saarbrücken, which comprise the balance sheet as of 31 December 2019 and the income statement for the fiscal year from 1 January 2019 to 31 December 2019 and notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of Greencells GmbH for the fiscal year from 1 January 2019 to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2019 and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019 in compliance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Saarbrücken, 17 July 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Zabel	Vogelgesang
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Exhibit 1

Greencells GmbH, Saarbrücken

Balance sheet as of 31 December 2019

Assets	EUR	EUR	31 Dec 2018 EUR k
A. Fixed assets			
I. Intangible assets			
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,815.00		18
		4,815.00	18
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land	1.00		25
2. Plant and machinery	36,628.00		55
3. Other equipment, furniture and fixtures	256,362.00		296
		292,991.00	376
III. Financial assets			
1. Shares in affiliates	25,884.44		0
2. Equity investments	38,405.74		38
		64,290.18	38
		362,096.18	432
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	258,226.27		210
2. Work in process	8,265,000.00		9,892
3. Prepayments	764,156.49		1,150
4. Prepayments received on account of orders	-1,037,419.29		-2,552
		8,249,963.47	8,700
II. Receivables and other assets			
1. Trade receivables	5,615,091.27		20,505
2. Receivables from affiliates	1,009,720.91		993
3. Other assets	2,996,972.27		3,311
		9,621,784.45	24,809
III. Securities			
Shares in affiliates	13,962,230.82		878
		13,962,230.82	878
IV. Cash on hand, Bundesbank balances, bank balances and checks		6,496,649.97	1,847
		38,330,628.71	36,234
C. Prepaid expenses		49,083.22	49
		38,741,808.11	36,715

Equity and liabilities	EUR	EUR	31 Dec 2018 EUR k
A. Equity			
I. Subscribed capital	42,520.00		42
less nominal value of treasury shares	0.00		-8
		42,520.00	34
II. Capital reserves		5,312,992.00	5,313
III. Profit carryforward		1,748,551.56	3,482
IV. Net income/net loss for the year		2,840,074.14	-1,725
		9,944,137.70	7,104
B. Provisions			
1. Tax provisions	1,274,677.00		78
2. Other provisions	1,242,120.00		1,297
		2,516,797.00	1,375
C. Liabilities			
1. Liabilities to banks	77,760.27		62
2. Trade payables	6,685,167.72		17,262
3. Other liabilities	19,517,945.42		10,912
thereof for taxes: EUR 822,206.36 (prior year: EUR 232k)			
		26,280,873.41	28,236
		38,741,808.11	36,715

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Exhibit 2

Greencells GmbH, Saarbrücken
Income statement for fiscal year 2019

		EUR	EUR	2018 EUR k
1.	Revenue	85,484,584.87		54,032
2.	Increase or decrease in inventories of finished goods and work in process	-1,627,500.00		6,319
3.	Other operating income thereof income from currency translation: EUR 450,340.75 (prior year: EUR 555k)	658,407.96		838
			84,515,492.83	61,189
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies and of purchased merchandise	49,752,055.40		45,094
	b) Cost of purchased services	20,788,443.75		10,143
5.	Personnel expenses			
	a) Wages and salaries	3,980,893.60		2,788
	b) Social security, pension and other benefit costs thereof for old-age pensions: EUR 24.20 (prior year: EUR 0k)	634,007.53		398
6.	Amortization, depreciation and impairment of intangible assets and property, plant and equipment	183,084.14		223
7.	Other operating expenses thereof expenses from currency translation: EUR 219,577.50 (prior year: EUR 992k)	3,849,565.16		4,315
			79,188,049.58	62,961
8.	Income from equity investments thereof from affiliates: EUR 2.22 (prior year: EUR 0k)	2.22		0
9.	Income from other securities and loans classified as fixed financial assets	11.05		0
10.	Other interest and similar income thereof from affiliates: EUR 55,658.54 (prior year: EUR 33k)	87,601.63		94
11.	Interest and similar expenses	1,373,167.08		355
			-1,285,552.18	-261
12.	Income taxes (prior year: refund)		1,198,123.93	-314
13.	Earnings after taxes		2,843,767.14	-1,719
14.	Other taxes		3,693.00	6
15.	Net income/net loss for the year		2,840,074.14	-1,725

Greencells GmbH
Saarbrücken

Notes to the financial statements for fiscal year 2019

I. Register information

Greencells GmbH has its registered offices in Saarbrücken. The Company is entered in the commercial register of Saarbrücken local court under HRB no. 17943.

II. General disclosures and explanations to the financial statements

The annual financial statements for fiscal year 2019 have been prepared in accordance with the provisions of Sec. 242 et seq. HGB [“Handelsgesetzbuch”: German Commercial Code], observing the supplementary provisions for large corporations (Sec. 264 et seq. HGB), and the GmbhG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act].

These financial statements have been prepared using the classification and valuation principles that applied in the prior year in compliance with the provisions of the HGB applicable to large corporations (Secs. 265 (1) Sentence 2, 266 et. seq. HGB).

The accounting treatment of contributions by silent partners was changed in the reporting year. Previously, these had been recognized under the special item “Contributions by silent partners” between equity and provisions. In the annual financial statements for fiscal year 2019, contributions by silent partners of EUR 360k are disclosed as other liabilities under debt capital. The corresponding prior-year figure of EUR 400k was likewise reclassified.

The income statement has been prepared using the cost-summary method pursuant to Sec. 275 (2) HGB.

The coronavirus (SARS-CoV-2) pandemic has spread around the world in 2020, particularly across Europe. In accordance with the corresponding announcements made by the Institut der Wirtschaftsprüfer in Deutschland [Institute of Public Auditors in Germany] (IDW), we rate this situation as a non-adjusting event in 2020 and do not see any need to adjust the balance sheet values in these financial statements.

III. Accounting policies

Intangible assets are stated at acquisition cost less amortization over the useful lives customary in the industry.

Property, plant and equipment are recognized at acquisition or production cost less depreciation over the useful lives customary in the industry. Low-value assets are fully expensed in the year of acquisition. It was not necessary to record any impairment losses (Sec. 253 (3) Sentence 5 HGB).

Financial assets are stated at acquisition cost. It was not necessary to record any impairment losses (Sec. 253 (3) Sentence 6 HGB).

Inventories as well as **raw materials, consumables and supplies** are valued at actual or average acquisition cost. Deductions were charged on the lower net realizable value.

Work in process was valued at production cost (direct costs, an appropriate share of materials and production overheads as well as depreciation of fixed assets used in production, Sec. 255 (2) HGB). Production cost was compared with the expected net revenue from construction contracts. Taking the strict lower of cost or market principle into account, they were recognized at their lower net realizable value (principle of valuation at net realizable value).

There were no changes in valuation compared to the prior year. The lower of cost or market principle was observed. Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs. Apart from customary retention of title, no inventories have been pledged as security to third parties.

Prepayments received on account of orders were deducted from inventories on the face of the balance sheet in accordance with Sec. 268 (5) Sentence 2 HGB.

Receivables and other assets are stated at nominal value. Identifiable risks and general credit risks are accounted for using appropriate allowances.

Securities classified as current assets (shares in affiliates) were valued at acquisition cost. Impairment to the lower realizable value was not required.

Cash and cash equivalents were recognized at nominal value. Cash and cash equivalents in foreign currency were valued using the euro foreign exchange reference rate on the reporting date.

Prepaid expenses comprise expenses paid before the reporting date that relate to expenditure for a certain period after that date.

Equity is recognized at nominal value.

Tax provisions and **other provisions** account for all recognizable risks and uncertain liabilities. Provisions were valued at the settlement value expected to be required based on prudent business judgment.

Liabilities are recorded at their settlement value.

Deferred taxes are calculated for temporary differences between the carrying amounts in the statutory accounts and their tax carrying amounts that are likely to reverse in subsequent fiscal years. Deferred tax assets and liabilities are offset. Any resulting aggregate tax burden is recognized as a deferred tax liability in the balance sheet. In case of any resulting net tax relief, the option in accordance with § 274 (1) Sentence 2 HGB is applied and no deferred tax assets are recorded.

Transactions in **foreign currency** were recorded using the current exchange rate. Receivables and liabilities denominated in foreign currency were valued using the euro foreign exchange reference rate on the reporting date (Sec. 256a HGB).

Gains and losses from converting foreign currency transactions are disclosed under the income statement items “Other operating income” or “Other operating expenses”.

IV. Notes to the balance sheet and income statement

Fixed assets

For the development of the individual items listed under fixed assets on the basis of the extended gross method, please refer to the attachment to the notes.

The Company’s shareholdings within the meaning of Sec. 285 No. 11 HGB break down as follows:

Affiliates	**Share in capital**		**Equity**	**Net income/ loss 2019**
	EUR	**%**	**EUR k**	**EUR k**
Greencells CEE SRL, Bucharest, Romania	2.22	0.0003	1,045	626
Greencells Energy UK Ltd. (formerly Greencells Operations & Maintenance UK Ltd.), London, UK	1.16	100	8	8
Greencells USA Inc., Wilmington, USA	881.06	100	-927	-311
GC Solar Workers GmbH, Saarbrücken, Germany	25,000.00	100	23	-2

Receivables and other assets

The following residual terms apply to receivables and other assets (prior-year figures in brackets):

	Total	Due in up to one year	Due in more than one year
	EUR	EUR	EUR
Trade receivables	5,615,091.27	5,615,091.27	0.00
	(20,505,384.94)	(20,505,384.94)	(0.00)
Receivables from affiliates	1,009,720.91	948,722.52	60,998.39
	(992,647.41)	(0.00)	(992,647.41)
Other assets	2,996,972.27	1,248,078.61	1,748,893.66
	(3,311,366.30)	(1,509,031.73)	(1,802,334.57)
	9,621,784.45	7,811,892.40	1,809,892.05
	(24,809,398.65)	(22,014,416.67)	(2,794,981.98)

Trade receivables comprise receivables from affiliates of EUR 388k (prior year: EUR 0k), receivables from related parties and persons of EUR 910k (prior year: EUR 13,512k) and receivables from shareholders of EUR 105k (prior year: EUR 105k).

As in the prior year, receivables from affiliates stem exclusively from loans. A loan amounting to EUR 854k was disclosed under this item in the fiscal year due to the first-time inclusion of an affiliate in the Group. The prior-year figure for comparative purposes of EUR 267k is disclosed under other assets (receivables from related parties).

Other assets comprise receivables from related parties of EUR 1,817k (prior year: EUR 1,802k) from short-term loans.

Securities

This item contains shares in affiliates held for sale within the meaning of Sec. 271 (2) HGB. Shares in affiliates break down as follows:

Name and registered offices of company	**Share in capital**		**Equity**	**Net income/loss 2019**
	EUR	**%**	**EUR k**	**EUR k**
Pekan Energy I Pte. Ltd., Singapore	13,961,007.97	100	13,711.00	1
Solar Polska New Energy PROJEKT NOWOGARD PV sp z o.o., Szczecin, Poland	1,222.85	100	-10	-6

Equity

The **capital stock** of EUR 42,520.00 is fully paid in.

In accordance with a resolution approved at the shareholder meeting on 28 January 2019 (deed no. 25/2019 of the notary Boris Bodenburg, Frankfurt am Main), half of the shares held by the Company (“**treasury shares**”) with a nominal value of EUR 8,504.00 and half of the shares of the other companies (at present, EUR 17,008 each) were increased. As a result, the previous shareholders held shares with a nominal value of EUR 21,260.00 each on the reporting date.

The nominal value of the Company’s treasury shares was deducted from the profit carryforward.

The **capital reserves** result from additional contributions by the shareholders pursuant to Sec. 272 (2) No. 4 HGB in the fiscal years 2015 and 2018.

Development of profit carried forward	EUR
As of 31 Dec 2018	3,482,024.03
Carryforward of the net loss for the year to new account	-1,724,968.47
Deduction of the nominal value of the Company’s treasury shares	-8,504.00
As of 31 Dec 2019	1,748,551.56

The net loss of EUR 1,724,968.47 in the prior year was carried forward to new account in accordance with a shareholder resolution.

Tax provisions

Tax provisions relate to trade tax (EUR 78k) for fiscal year 2016, which has not yet been assessed, as well as corporate tax (EUR 583k), solidarity surcharge (EUR 32k) and trade tax (EUR 582k) for fiscal year 2019.

Other provisions

Other provisions contain amounts for personnel expenses (EUR 291k), archiving requirements (EUR 15k), outstanding invoices (EUR 471k), warranty obligations (EUR 370k) as well as costs associated with preparing and auditing the financial statements and consulting fees (EUR 95k). Costs associated with preparing and auditing the financial statements break down into costs of the annual financial statements of Greencells GmbH (EUR 41k, prior year: EUR 36k), tax advisory services (EUR 26k, thereof EUR 20k for fiscal year 2019; prior year: EUR 48k) and the voluntary audit of financial reporting (EUR 28k, prior year: EUR 33k).

Liabilities are due as follows (prior-year figures in brackets):

	Total	Due in up to one year	Due in one to five years	Due in more than five years
	EUR	EUR	EUR	EUR
Liabilities to banks	77,760.27	66,849.24	10,911.03	0.00
	(61,758.58)	(35,002.60)	(26,755.98)	(0.00)
Trade payables	6,685,167.72	6,685,167.72	0.00	0.00
	(17,262,301.35)	(17,262,301.35)	(0.00)	(0.00)
Other liabilities	19,517,945.42	8,632,399.03	10,885,546.39	0.00
	(10,912,234.23)	(9,552,234.23)	(1,320,000.00)	(40,000.00)
	26,280,873.41	15,384,415.99	10,896,457.42	0.00
	(28,236,294.16)	(26,849,538.18)	(1,346,755.98)	(40,000.00)

Liabilities to banks are partly secured by collateral assignment of fixed assets. Trade payables are partly hedged by suppliers' retention of title.

Trade payables comprise liabilities to affiliates of EUR 793k (prior year: EUR 235k) and liabilities to related parties of EUR 71k (prior year: EUR 356k).

Other liabilities contain liabilities from loans granted by related parties and persons of EUR 18,321k (prior year: EUR 10,678k). For the first time, this item also contains contributions by silent partners. As of the reporting date, this figure amounts to EUR 360k (prior year: EUR 400k). The silent partnership will end on 30 June 2024. This is being repaid in 10 equal half-yearly instalments of EUR 40k each starting in 30 December 2019. Both fixed and variable remuneration have been agreed as a participation fee.

Revenue

Revenue pertains to the planning, development and construction of solar power plants.

Revenue by market	**2019**	**2018**
	EUR k	EUR k
Europe	83,140	13,301
Middle East	888	27,323
Asia	1,457	13,408
	85,485	54,032

Other operating income

This item primarily contains exchange rate gains of EUR 450k (prior year: EUR 555k), income from the reduction of the general and specific bad debt allowance of EUR 84k (prior year: EUR 177k), income from indemnification payments of EUR 63k (prior year: EUR 0k) as well as income from write-ups and sales of property, plant and equipment of EUR 24k (prior year: EUR 28k).

Other operating expenses

Other operating expenses comprise exchange rate losses of EUR 220k (prior year: EUR 992k) and additions to specific bad debt allowances of EUR 667k (prior year: EUR 0k).

Income taxes

This item contains corporate income tax (EUR 584k), solidarity surcharge (EUR 32k) and trade tax (EUR 582k) for 2019. In the prior year, it also contained corporate income tax refunds and refund claims for previous periods (EUR 309k) and trade tax refunds for previous periods (EUR 128k). These mainly related to the results of the tax field audit for the years 2013 to 2015.

V. Additional mandatory disclosures

Contingent liabilities

In the prior year, the Company was liable for a contractual obligation of Polar Beteiligungs GmbH, Husum, totaling EUR 102k. The corresponding claim has been withdrawn.

As a result of the same matter, the Company is now liable for potential obligations of the Polish subsidiaries of Polar GmbH, Husum, amounting to EUR 84k. Again, no claims are expected at present.

Other financial obligations

Other financial obligations break down as follows:

	Up to one year EUR k
Rent	71
Insurance	189
Leases	15
Total	275

There are no financial obligations due in more than one year.

The **total fees charged by the auditor** for the fiscal year amount to EUR 41k.

Average number of employees for the year

Full-time employees	60
Part-time employees	12
Total	72

Group relationships

As of fiscal year 2019, Greencells GmbH prepares the consolidated financial statements for the smallest and largest group of companies. These are published in the *Bundesanzeiger* [German Federal Gazette].

Advisory board

As a result of the amendments to the articles of incorporation and bylaws from 5 July 2018, an advisory board was set up as a corporate body (without monitoring function). The advisory board comprises four members, who did not receive any remuneration.

The members of the advisory board are:

- Majid Tala Y. Zahid, Dubai, United Arab Emirates; Group President Energy, Chairman
- Aladdin R. Sami, Jeddah; Saudi Arabia; Executive Managing Director
- Andreas Hoffmann, Saarbrücken; CEO
- Marius Kisauer, Saarbrücken; entrepreneur

Management

The following person was appointed as general manager:

- Mr. Andreas Hoffmann, Saarbrücken; CEO

The general manager holds sole powers of representation and is exempt from the restrictions prescribed in Sec. 181 BGB ["Bürgerliches Gesetzbuch": German Civil Code].

With reference to the protective clause afforded by Sec. 286 (4) HGB, the Company did not disclose total management remuneration.

Subsequent events

Based on our current assessment, taking all information currently available into account, the coronavirus pandemic will not jeopardize the Company's ability to continue as a going concern, in particular due to the available liquidity reserves and the support services of the federal government, state and local authorities. Please refer to the corresponding disclosures in the management report for details on how the pandemic impacted the Company's business activities in 2020.

Appropriation of profit

The management board proposes to carry forward the net income for the year to new account.

Saarbrücken, den 17 July 2020

Andreas Hoffmann
General manager

Exhibit 3

Statement of changes in fixed assets for fiscal year 2019

	Acquisition and production cost				Accumulated amortization, depreciation and impairment				Book values	
	1 Jan 2019	Additions	Disposals	31 Dec 2019	1 Jan 2019	Additions	Disposals	31 Dec 2019	31 Dec 2019	31 Dec 2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR k
I. Intangible assets										
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	51,071.68	0.00	11,256.33	39,815.35	33,232.68	11,467.00	9,699.33	35,000.35	4,815.00	18
	51,071.68	0.00	11,256.33	39,815.35	33,232.68	11,467.00	9,699.33	35,000.35	4,815.00	18
II. Property, plant and equipment										
1. Land, land rights and buildings, including buildings on third-party land	71,663.45	0.00	0.00	71,663.45	46,952.45	24,710.00	0.00	71,662.45	1.00	25
2. Plant and machinery	388,973.77	4,650.95	0.00	393,624.72	334,141.77	22,854.95	0.00	356,996.72	36,628.00	55
3. Other equipment, furniture and fixtures	903,209.42	95,556.98	283,730.15	715,036.25	607,360.42	124,052.19	272,738.36	458,674.25	256,362.00	296
	1,363,846.64	100,207.93	283,730.15	1,180,324.42	988,454.64	171,617.14	272,738.36	887,333.42	292,991.00	376
III. Financial assets										
1. Shares in affiliates	2.22	25,882.22	0.00	25,884.44	0.00	0.00	0.00	0.00	25,884.44	0
2. Equity investments	38,405.74	0.00	0.00	38,405.74	0.00	0.00	0.00	0.00	38,405.74	38
	38,407.96	25,882.22	0.00	64,290.18	0.00	0.00	0.00	0.00	64,290.18	38
	1,453,326.28	126,090.15	294,986.48	1,284,429.95	1,021,687.32	183,084.14	282,437.69	922,333.77	362,096.18	432

Greencells GmbH, Saarbrücken

Management report for fiscal year 2019

Contents

I. Report on economic position

1. Macroeconomic and sector-specific environment

According to the International Monetary Fund (IMF), the global economy grew at a weaker rate in 2019 (2.9%) than in the prior year (2018: 3.6%). The overall growth in the EU also slowed down and only came to 1.2%. In Germany, the economic growth of 0.5% was one percentage point below the prior year. (IMF, 2020)

The reason for the ongoing weak general economic situation was a global slowdown in industry and global trade, which also continued at the end of the year. (Deutsche Bundesbank, 2020)

The economic weaknesses of three key economies in particular were decisive for the decline in the global economy: the Chinese, the US and the Indian economies recorded a noticeable downturn in 2019 compared to the prior year. (IMF, 2020)

The change in India, a 2.0% decrease, was the most significant. Both China with growth of 6.1% (2019) compared to 6.6% (2018) and the US (2.3% (2019) compared to 2.9% (2018)) failed to continue the positive trend from the prior year. (IMF, 2020)

This development was intensified by increasing geopolitical uncertainty. Examples of this include the disputes between the US and Iran and the resulting uncertainties in the Middle East as well as the constantly deteriorating trade relations of the US with its global partners, in particular the tariffs conflict with China. (IMF, 2020)

Political reasons for the economic weakness of the EU are for instance the longwinded and uncertain Brexit negotiations and the ongoing political upheaval in Italy (only 0.2% growth in 2019 compared to 0.5% in 2018). (IMF, 2020), (Deutsches Institut für Wirtschaft, 2020), (Informationsdienst der deutschen Wirtschaft, 2019)

Also the developing and emerging economies sustained a decrease in growth by 0.8% compared to the prior year. While the economies of these countries had grown by 4.5% in 2018, growth only came to 3.7% in 2019. Here, the aforementioned international trade upheaval and political uncertainty play a decisive role on top of country-specific reasons. (IMF, 2020) (Center for Research on Globalization, 2019)

Only Africa saw stable and in some cases even a slight increase in growth compared to the prior year. (IMF, 2020)

1.1. Economic conditions in the industry

The past year was a further milestone for the competitiveness of photovoltaics in relation to the conventional energy carriers. This is manifested in the fact that power generation from solar energy recorded the largest capacity growth of all forms of energy generation in the European Union in 2019. (SolarPower Europe, 2020)

In many countries, such as Germany, Italy, the UK, Spain, Portugal and Greece, photovoltaics are already competitive.

According to a report by ETIP PV, this continues to be attributable to the constantly improving price and cost structure. Thus, electricity can be generated in a Northern European city such as Helsinki for EUR 0.05 per kWh, in a Southern European metropolis such as Malaga for as little as EUR 0.03 per kWh.

The positive trend will probably remain until 2050 and will make price decreases to EUR 0.02 per kWh in Helsinki and EUR 0.01 per kWh in Malaga possible. (SolarPower Europe, 2020)

This development shows that solar energy will be competitive in the long term even without public funding.

The global need for using solar energy is demonstrated by the fact that countries such as China are still generating increasing volumes of energy from coal although they have undertaken to decrease CO_2 emissions as part of the international efforts for environmental protection.

As the expansion of renewable energies and thus of solar energy in China cannot keep pace with growth of the population’s energy consumption, a further intensification of efforts and the expansion of renewable energies is needed. (Ember Global Electricity Review, 2020)

1.2. Industry development

According to the independent “Ember” climate think tank, the global additions of (PV) systems came to 115 GW, corresponding to growth of 18% compared to the prior year. (Ember Global Electricity Review, 2020)

The expansion in the European Union in particular was extraordinarily strong, which was reflected in growth of 104% compared to 2018 and the installation of additional total output of 16.7 GW. (SolarPower Europe, 2020)

While Asia still recorded the highest growth globally (2019: 30 GW) ahead of the European Union, there was a change in the lead within the European Union. (Ember Global Electricity Review, 2020)

With the installation of additional total output of 4.7 GW DC, Spain became Europe’s largest solar market for the first time, relegating Germany to second place (+4 GW). In third place are the Netherlands, currently one of the key markets of Greencells GmbH. Here, 2.5 GW was added. (SolarPower Europe, 2020)

More and more member states of the EU are relying on cost-effective and reliable solar energy in order to achieve their climate policy commitments. Even though the national TOP 5 EU markets continue to be responsible for 75% of the growth in solar and the TOP 10 markets for 93%, there is an unmistakable trend towards solar energy throughout the whole of Europe. 26 of 28 EU member states installed more capacity in 2019 than in the prior year. (SolarPower Europe, 2020)

The “SolarPower Europe” umbrella association of the European solar industry therefore forecasts for the coming years that the market will continue to develop positively with constant growth in installed output. The 20 GW mark will be surpassed in Europe in 2020 and the 25 GW mark in 2022/23. (SolarPower Europe, 2020)

Globally, the picture is less homogenous. While growth in India and the US noticeably increased by 36% and 56% compared to the prior year, albeit not as strong as in the EU, China surprisingly suffered a decline. While 44.2 GW had still been installed in 2018, the figure decreased significantly to 33.0 GW in 2019. (Ember Global Electricity Review, 2020)

1.3. Political framework

In the face of the increasing scarcity of fossil fuels and their negative impact on the environment as well as the reduced usage of nuclear fuel, the expansion of power generation through renewable energies remains the only option.

The requirements of the annual World Climate Conference and the European directive 2009/28/EC are to expand the share of renewable energies in the total energy consumption to 27% by 2030.

Despite the aforementioned joint framework agreement, global energy transformation changed politically in 2019. The formal exit of the US from the Paris Climate Agreement led to uncertainty regarding the global implementation of the goals. The political tendencies also changed in other countries, confronting the expansion of the renewable energies with stronger counter movements and thus greater effort and longer time horizons.

The change in the situation is evident from the results of the most recent COP25 Climate Change Conference in Madrid in December 2019. While the heads of state and government of the signatory countries of the UN Framework Convention on Climate Change (UNFCCC) in 2018 in Katowice, Poland, agreed on a joint framework to practically implement the goals of the Paris Climate Agreement, COP25 ended without an agreement and concrete results. (Schweizer Radio und Fernsehen, 2019)

It remains to be seen whether COP26 in Glasgow in November 2020 will see a more significant political movement towards real climate protection and thus a real energy transition.

2. Business development and situation

2.1. Effects on the development of the industry and business

2019 was a challenging year for Greencells GmbH.

Established institutions such as the European association Solar Power Europe had also forecast a continuation of the growth of the global solar industry in 2019.

For the Company, fiscal year 2019 commenced with high order backlog and an overall positive outlook.

Right at the beginning of 2019, projects in markets such as Hungary and the Netherlands were successfully commenced or continued and completed after starting construction at the end of 2018.

These successful market entries are to be considered as huge success because of the larger uncertainties and market entry barriers encountered there.

Besides the successful entry in new markets, the market presence in existing markets, especially in Europe, was expanded further. The construction of the largest solar park in the Netherlands as a special achievement is to be mentioned, which was realized for the customer Astronergy by Greencells GmbH together with Goldbeck as partner.

The continuation of the Pekan project in Malaysia is also worth mentioning, which was postponed to 2020 due to changes in project financing.

Four Dutch and three Hungarian projects with an overall performance of 204 MW were successfully commissioned by the end of 2019.

The O&M (Operations & Maintenance) division continued to record slight increases in 2019. At year-end, Greencells GmbH supported a plant portfolio of 250 MWp.

2.2. Significant events in the fiscal year

The continued trade dispute between US President Donald Trump and the People's Republic of China is considered to be a globally important event of fiscal year 2019. The resulting increasing uncertainties on the global market were also noticeable in the global solar industry. Trade restrictions and punitive tariffs on Chinese goods directly or indirectly affect module manufacturers or manufacturers of inverters such as Huawei.

The resulting uncertainties and risks are reflected in postponements and increasing construction and procurement costs. However, the effects of these negative global developments for Greencells GmbH were identified at an early stage and minimized thanks to a broad supplier portfolio and high speed of adjustment in its risk management.

The postponement of the completion of the Pekan project to 2020 had a significant impact on the net income/net loss for the year of Greencells GmbH. The originally planned project financing with the aid of a sukuk became more and more complex in the course of time and also created major challenges for the local Malaysian financing partner. This is why alternative self-financing was developed and implemented at the end of 2019. In the meantime, the financial closing of the project has been completed having secured the total project financing and there is nothing standing in the way of an already secured sale at the end of 2020. Thus, the profit contribution of the project originally expected for the net income/net loss for 2019 will be realized in the net income/net loss for 2020.

2.3. Assets and liabilities

	31 Dec 2019		31 Dec 2018		Change	
	EUR k	%	EUR k	%	EUR k	%
COMPOSITION OF ASSETS						
Long-term assets						
Fixed assets						
Intangible assets	5	0.0	18	0.1	-13	-72.2
Property, plant and equipment	293	0.8	375	1.0	-82	-21.9
Shares in affiliates	64	0.2	38	0.1	26	68.4
	362	1.0	431	1.2	-69	-16.0
Medium and short-term assets						
Current assets						
Inventories	9,287	24.0	11,252	30.7	-1,965	-17.5
less Prepayments received on account of orders	-1,037	-2.7	-2,552	-7.0	1,515	-59.4
	8,250	21.3	8,700	23.7	-450	-5.2
Trade receivables	5,615	14.5	20,505	55.9	-14,890	-72.6
Receivables from affiliates	1,010	2.5	993	2.6	17	1.7
Shares in affiliates	13,962	36.0	878	2.4	13,084	1,490.2
Other assets, prepaid expenses	3,046	7.9	3,361	9.2	-315	-9.4
Cash and cash equivalents	6,497	16.8	1,847	5.0	4,650	251.8
	38,380	99.0	36,284	98.8	2,096	5.8
Total assets	**38,742**	**100.0**	**36,715**	**100.0**	**2,027**	**5.5**

Total assets only increased slightly by EUR 2,027k (5.5%) to EUR 38,742k in the reporting year.

On the assets side, there was a significant decrease in trade receivables (down EUR 14,890k or 72.6%) and a reduction in inventories as well as the related prepayments (down EUR 450k or 5.2%). This is attributable to the fact that many projects were primarily finalized towards the end of the year or were close to finalization.

A significant increase of EUR 13,084k was, however, recognized for the shares in affiliates. This relates to the aforementioned project company in Malaysia, which will only remain in the group of companies temporarily until the completion of the project. Furthermore, the Company increased cash and cash equivalents significantly by EUR 4,650k to EUR 6,497k.

	31 Dec 2019		31 Dec 2018		Change	
	EUR k	%	EUR k	%	EUR k	%
COMPOSITION OF EQUITY AND LIABILITIES						
Long-term capital						
Subscribed capital less treasury shares	42	0.1	34	0.1	8	23.5
Capital reserves	5,313	13.7	5,313	14.5	0	0.0
Profit carryforward	1,749	4.5	3,482	9.5	-1,733	-49.8
Net income/net loss for the year	2,840	7.3	-1,725	-4.7	4,565	-264.6
Equity	**9,944**	**25.6**	**7,104**	**19.4**	**2,840**	**40.0**
Medium and short-term capital						
Provisions	2,517	6.5	1,375	3.6	1,142	83.1
Liabilities to banks	78	0.2	62	0.2	16	25.8
Trade payables	6,685	17.3	17,262	47.0	-10,577	-61.3
Other liabilities	19,518	50.4	10,912	29.7	8,606	78.9
	28,798	**74.4**	**29,611**	**80.6**	**-813**	**-2.7**
Total equity and liabilities	**38,742**	**100.0**	**36,715**	**100.0**	**2,027**	**5.5**

The long-term equity was increased by 40.0% or EUR 2,840k and now comes to EUR 9,944k. This increase mainly corresponds to the Company’s net income for 2019.

Thus, the equity ratio stood at 25.6% compared to 19.4% in the prior year.

There were no liabilities due in more than five years as of the reporting date.

Provisions increased by EUR 1,142k. This increase is almost solely attributable to the tax provisions.

By contrast, trade payables decreased by EUR 10,577k to EUR 6,685k. This reflects a decrease of 61.3%.

A noticeable increase of the other liabilities of EUR 8,606k to EUR 19,518k resulted from the increase in liabilities to related parties. This resulted from the counter financing of the project in Malaysia mentioned above. The liabilities to related parties are due in up to five years.

The long-term assets are fully covered by equity.

2.4. Financial performance

	Fiscal year	Prior year	Change	
	EUR k	EUR k	EUR k	%
Operating performance	84,457	61,123	23,334	38.2
Operating expenses				
Cost of materials	70,540	55,237	15,303	27.7
Personnel expenses	4,615	3,186	1,429	44.9
Amortization, depreciation and impairment	183	223	-40	-17.9
Other operating expenses	3,123	4,276	-1,153	-27.0
= Operating expenses	78,461	62,922	15,539	24.7
Operating result	**5,996**	**-1,799**	**7,795**	**433.3**
Income taxes	-1,198	-123	-1,076	874.8
Financial result	-1,286	-214	-1,072	500.9
Non-operating result	-672	411	-1,083	-263.5
Net income for the year	**2,840**	**-1,725**	**4,565**	**264.6**

At EUR 84,457k, Greencells GmbH generated a EUR 23,334k (38.2%) higher **operating performance** (revenue plus changes in inventories and other operating income, adjusted for non-operating components of comprehensive income) compared to the prior year (2018: EUR 61,123k).

More projects were implemented in fiscal year 2019 than in the prior year, most of which were also completed. As previously mentioned, in particular the market development in the Netherlands had a positive effect on revenue.

Operating expenses

Cost of materials increased by EUR 15,303k (27.7%) to EUR 70,540k and therefore rose at a slower rate than revenue, reflecting economy of scale effects.

This growth was accompanied by an increase in personnel expenses of EUR 1,429k to EUR 4,615k. To ensure the further development of the Company, Greencells GmbH made significant investments in the recruitment of highly qualified staff. This was particularly the case in the legal and sales areas as well as in the area of international accounting.

In the past fiscal year, the Company generally offered more employees permanent positions and, in return, reduced the number of freelancers. This is reflected in the reduced costs for freelancers.

Overall, Greencells GmbH had an average of 72 employees in 2019, of which 60 were full-time employees (2018: 60 employees, thereof 43 full-time employees).

Other operating expenses decreased considerably by EUR 1,153k. There are various reasons for this: on the one hand, there were high one-off expenses from gaining new shareholders in fiscal year 2018 and, on the other hand, the Company was able to achieve a much more positive picture in the area of exchange rate gains and losses in fiscal year 2019. Accounting losses decreased to EUR 220k, while gains disclosed under other operating income increased to EUR 450k.

Thus, the Company generated **operating profit/EBIT** of EUR 5,996k (2018: loss of EUR 1,799k).

Deducting **income taxes** (EUR 1,198k; 2018: EUR 123k) as well as the negative **financial result**, mainly pertaining to interest expenses for the financing of projects (EUR 1,286k; 2018: EUR 214k), and adding the negative **non-operating result** (EUR 672k; 2018: positive non-operating result of EUR 411k) results in **net income for the year** of EUR 2,840k (2018: net loss of EUR 1,725k).

2.5. Financial position

	2019 EUR k	2018 EUR k
Net income for the year	2,840	-1,725
Depreciation and amortization of fixed assets	183	223
Net interest income	1,286	261
Changes in provisions	1,142	-1,382
Changes in inventories, receivables and other assets	15,637	-14,588
Changes in shares in affiliates under current assets	-13,084	-762
Changes in trade payables and other liabilities	-1,931	16,833
Cash flow from operating activities	**6,073**	**-1,140**
Cash paid for investments in property, plant and equipment	-100	-179
Cash received from disposals of property, plant and equipment	13	0
Cash paid for investments in fixed financial assets	-26	-38
Cash flow from investing activities	**-113**	**-217**
Cash received from capital increase	0	17
Contributions to the capital reserves	0	4,233
Distributions to shareholders	0	-1,800
Repayments to silent partners	-40	0
Net interest income	-1,286	-261
Changes in liabilities to banks	16	24
Cash flow from financing activities	**-1,310**	**2,213**
Change in cash and cash equivalents	**4,650**	**856**
Cash and cash equivalents at the beginning of the period	1,847	991
Cash and cash equivalents at the end of the period	**6,497**	**1,847**

The **cash flow** statement and the items derived therefrom are calculated on the basis of GAS 21.

The Company generated positive **cash flow from operating activities** of EUR 6,073k in the reporting year, resulting from the net income for the year and a positive working capital development. The changes in shares in affiliates relate to Pekan Energy I Pte. Ltd, Singapore, which – as stated above – is part of an EPC project in Malaysia and will be resold following the completion of this project. The shares have therefore been classified as a short-term investment.

Cash flow from investing activities of EUR -113k stems from the investment in two subsidiaries of Greencells GmbH. In the future, Greencells Solar Workers GmbH (EUR 25k) will support Greencells GmbH in the construction of solar farms and is therefore classified as long term.

Cash flow from financing activities came to EUR -1,310k in the reporting year.

Overall, **cash and cash equivalents** increased by EUR 4,650k to EUR 6,497k as of the reporting date.

Financial management is geared towards always settling liabilities within the payment period and collecting receivables within the payment terms.

Available credit lines were drawn in the reporting year, in particular to finance projects, and were repaid before the end of the year.

Our financial position can be described as very stable.

2.6. Financial and non-financial performance indicators

We mainly use the key performance indicators “return on sales” and “cash flow from operating activities” for our internal corporate management.

The **return on sales** is calculated by determining the ratio of EBIT to revenue.

Compared to the prior year, the return on sales increased from -3.3% to 7.0%.

Cash flow from operating activities is calculated by determining the sum of net income/loss for the year, amortization, depreciation and impairment, the interest result and changes in provisions, liabilities, inventories, receivables, other assets and shares in affiliates under current assets.

In the reporting period, the Company generated positive cash flow from operating activities of EUR 6,073k (prior year: EUR -1,140k).

With regard to non-financial performance indicators, the plants put into operation in fiscal year 2019 will save more than 3.9 million metric tons of CO_2 over their expected term of 20 years (based on average brown coal emissions).

II. Risk and opportunities report

1. Risk report

The objective of risk management is to identify risks at an early stage in order to evaluate and, where applicable, avert or mitigate them.

Greencells GmbH identifies, evaluates, monitors and manages risks associated with business activities in the context of the entire business process, in particular within its control system.

To ensure a positive business development, Greencells GmbH has to keep a close eye on the following risks:

1.1. Warranty risks

There are **warranty risks** in the EPC/GC area and in relation to turnkey solar systems sold to third parties.

If claims are asserted against Greencells GmbH, the Company can pass on the majority of claims in this component area to manufacturers. In addition, the Company hedges against further risks via various insurance policies, e.g., assembly insurance.

Contractually agreed sign-off procedures are carried out as early as the construction phase and, in particular, during the handover to customers. These are generally accompanied by external specialists, resulting in a high degree of security with regard to the quality of the work.

For this reason, management considers the likelihood of occurrence and the potential loss caused by warranty risks to be low.

1.2. Currency risks

Possible **currency risks** may arise in connection with projects that are not based in the euro currency area. Therefore, the internal finance division examines every project in advance and puts forward structuring recommendations. Generally, we aim to mitigate risks via natural hedges.

We also examine whether hedging via appropriate measures is necessary and economical for project-related currency risks.

On account of the low inventory levels, there are no risks arising from potential losses in value of stored solar modules as of the reporting date.

1.3. Quality risks

High quality standards require carefully selected, efficient suppliers. The development of new business relations with suppliers takes place via personal contacts and the expansion of well-established business relationships.

Ongoing market monitoring as well as our broad positioning in the area of procurement and our intensive contact with international suppliers will enable us to continuously identify any temporary procurement risks at an early stage and to counter these using target-oriented measures.

The procurement process based on ISO 9001 enables quality assurance in the selection of key components.

To ensure product quality and stabilize supply chains, we work exclusively with suppliers whose dependability has been confirmed by reliable references or by many years of successful cooperation.

This always involves observing local markets, in particular with regard to their specific requirements. International partners and local organizations support our strong QM team with specific issues.

1.4. Process-oriented risks and risks arising from operating activities

A substantial risk in the project business is the timely completion of the plants.

Delays in construction activities could lead to a delay in the plants being connected to the grid.

The Company meets these complex requirements with the help of comprehensive project management and the ongoing optimization of internal processes with regard to the rapidly changing business environment.

Risks arising from supply bottlenecks can almost completely be ruled out, as only standard products are used in order to avoid product shortages in the event of rising demand.

1.5. Financial risks

The financing of projects poses a risk to the future development of the Company, in particular if cash flows do not occur as planned.

The aim is to set up projects that are at least cash-neutral in order to mitigate this risk. The internal finance division is involved in the structuring of projects at an early stage. Detailed cash flow planning at project level which, in turn, is integrated into the rolling cash flow planning of the Company, serves as a reliable management and monitoring tool.

In addition to credit lines with banks, Greencells GmbH has significantly increased guarantees with various national and international partners. These can be drawn down on a revolving basis.

Moreover, payment guarantees and assignments are required for business with investors and EPC customers, in particular in developing and emerging economies, to avoid payment defaults.

Defaults on receivables within the Company are mitigated by means of adequate receivables management and contingency insurance.

Our Company has a financially solvent customer base, due to which no significant defaults on receivables were recorded in the past fiscal years.

On the basis of a liquidity plan that is updated daily and comprises all earnings and expenses, we ensure that all planned payment obligations can be fulfilled by their due date.

1.6. Market-related risks

Market-related risks may arise if projects, for which planning and selling expenses have already been incurred, cannot be realized until a later date, if at all.

To secure the ability of the Company to continue as a going concern, these entrepreneurial risks are accepted, but are monitored very closely and managed on an ongoing basis.

Since the Company was founded, international markets have been continuously monitored and risks and opportunities of each market entry have been carefully examined.

Thus, management deems market-related risks to be low.

2. Opportunities report

The foundation of Greencells GmbH's economic activities is a market that has shown constant growth in recent years and that will experience steady growth in the coming years and decades according to the International Energy Agency.

(Source: https://www.energie-und-management.de/nachrichten/wirtschaft/beratung-studien/detail/iea-sieht-windkraft-und-solarenergie-auf-der-ueberholspur-127893)

Greencells GmbH has identified target markets in countries within Europe as well as in Southeast Asia and the US.

In particular, the strategic preparation in new markets and the steadily falling system costs result in a sustainable order situation, which outweighs the aforementioned uncertainties. (Source: http://pvinsights.com)

Key criteria for identifying opportunities in our target markets include steady economic growth, political stability, above-average governance indicators and, not least, a growing market for renewable energies. These factors are all recorded and assessed in the context of an internal **risks and opportunities analysis**. This involves considering and comparing industry-specific factors, such as the quality of the local power grid or current feed-in tariffs, as well as political and financial factors, including the level of corruption in the relevant country or credit ratings. Subsequently, a summary of all findings is submitted to the shareholders for final decision making.

Europe

The European Parliament promotes the use of energy from renewable sources with ambitious guidelines to ensure that the EU-wide environmental policy targets can be met.

The goal is to achieve a reduction in greenhouse gas emissions of 40% by 2030.

For this reason, many EU member states have decided to stop using carbon-based fuel for power generation as well as nuclear energy. This significantly increases the potential and opportunities for the expansion of renewable energies within Europe.

However, the European solar market is subject to constant change and very diverse, country-specific developments. Greencells GmbH tries to respond to these changes with new market entries and local presence in the respective countries.

Southeast Asia

Most of the Southeast Asian economies have grown exponentially in the past three decades.

The industrialization of this region has led to a high level of urbanization and, as a result, to a strong increase in energy demand.

Southeast Asia is still heavily dependent on fossil fuel. Energy supply and demand nevertheless still remain unbalanced.

The region has a very wide range of renewable energy sources, which have to be exploited in the future to be able to address climate change in accordance with the targets of the Paris Climate Agreement.

Countries in Southeast Asia also receive support from international organizations to speed up the switch to renewable energies.

Local political decision-makers of the majority of countries in this region have already set ambitious targets to be met by 2030.

Many countries, such as Malaysia, have initiated tendering processes and created standardized project development processes to awaken the interest of international investors.

US

Despite the lack of solar and climate-friendly policies of the current US government, which initiated the withdrawal from the international climate agreement, among other things, there are great opportunities, in particular at the level of individual states. A potential policy change following the US presidential election at the end of 2020 would provide further impetus, making the US solar market one of the markets with the most opportunities and largest potential worldwide. Thus, Greencells GmbH already operates in the US and is developing its first projects in cooperation with local partners to ensure good starting conditions in advance.

Other developments

Due to the early development of an international sales structure and the success of many projects in Europe, the Middle East and Southeast Asia, Greencells GmbH has established itself as an internationally sought-after partner for the planning and construction of solar parks.

On account of realistic earnings that are guaranteed within a reasonable period of up to 30 years, the market sector of renewable energies is also very interesting for investors.

These investments are therefore perceived as an alternative to equity and real estate funds.

In addition, many national subsidy instruments have been developed to promote the increase in the share of renewable energies in the worldwide energy mix and to enable the realization of projects.

In addition to the construction of solar parks, there are now many requests from investors to launch solar funds for such markets together with Greencells GmbH.

Impact of the global coronavirus pandemic since the end of 2019/start of 2020:

At the time of preparing this report, it was absolutely essential to provide a retrospective classification of the effects of the corona crisis on the business activities of Greencells GmbH. Overall, the Company has been able to react well to the changes caused by Covid-19 until now, as a result of which the growth trajectory from fiscal year 2019 can be continued despite very difficult conditions in fiscal year 2020.

Bottlenecks and price increases with regard to goods delivered from China, in particular the Hubei province, where almost all large module producers are located, were minimized or prevented at an early stage with the help of appropriate measures. The very close, trusting and long-standing cooperation between Greencells GmbH and its suppliers has played a key role. The first travel and entry restrictions were compensated for by the use of modern communication technology at the end of 2019. At the time of preparing this report, all planned projects and projects under construction were running on schedule despite the coronavirus. Overall, the Company's financial situation remained positive.

III. Outlook

1. Future macroeconomic conditions for the photovoltaic industry

The core business of Greencells comprises a market which is still characterized by steady future growth.

According to the business and management consultant Deloitte, solar and wind power now belong to the world's most economical sources of energy. Thanks to ongoing technological developments and decreasing production costs, their potential has not yet been fully exploited.

In addition to the decrease in production costs, driving forces particularly include environmental policy targets set by a large international community at the Paris UN Climate Conference in 2015, which are gradually being joined by additional countries.

These developments also help emerging markets push ahead with the expansion of renewable energies in their countries.

According to calculations published by the International Monetary Fund (IMF), growth of 4.5% is forecast for these countries.

Blomberg New Energy Finance (BNEF) anticipates that solar plants and wind farms will have a market share of around 50% by 2050. At the same time, BNEF forecasts that production costs will decrease by 70% until this point in time (BNEF, New Energy Outlook 2018).

There are signs of positive growth impetus and catch-up effects of the EU member states and this trend looks set to continue.

In the Benelux countries, Austria, Greece and Western Balkan countries, such as Croatia and Serbia, where no effort has been made so far, governments are starting to provide impetus through auctions for an energy industry with reduced CO_2 emissions.

This results in additional market opportunities in the European environment of the Company.

2. Forecast development of revenue and earnings

In fiscal year 2020, management expects to generate **revenue** similar to 2019 as well as EBIT of EUR 3.5m. The original forecast of EBIT in 2020 amounting to EUR 5.0m had to be adjusted due to project delays as a result of Covid-19.

3. Overall assessment

Due to the falling production cost of photovoltaic systems, global demand reaccelerated noticeably. The increasing phase-out of fossil fuels and the strong fluctuations in the price of oil have raised the appeal of photovoltaic projects for investors.

In preparation, Greencells GmbH has secured projects with a total volume of 400 MW since the start of fiscal year 2020 and, as EPC/GC, has been awarded the contract for their construction.

The construction of these projects will start within 12 months after the end of fiscal year 2019.

Thus, we forecast a further increase in revenue of up to 30% per year for the years after 2020 and believe that we are able to remain on a stable course for growth despite the uncertainties mentioned above.

Headcount is expected to increase by around 10% to 15% in the next fiscal year.

Overall, the Company's risk situation has not changed significantly compared to the prior year.

On the back of the construction projects that have already been executed, Greencells GmbH fulfills the requirements and has the experience required to realize large global projects.

The Company can therefore engage in commercial activity with credentials of completed projects and corresponding evidence for the performance of the plants.

Orders that have already been placed as well as continuous inquiries and negotiations with investors all show that Greencells GmbH is able to further expand its international market share beyond the borders of Europe.

At present, we cannot identify any risks that could endanger the Company's ability to continue as a going concern, even against the background of the coronavirus pandemic.

Overall, management expects both the Company and the Group to develop positively in the coming years.

Saarbrücken, 17 July 2020

Andreas Hoffmann

General manager

Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of these financial statements including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.