

Greencells GmbH Saarbrücken

Short-form audit report
Annual financial statements and management report
31 December 2021

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

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Auditor's report

Financial reporting

Engagement Terms, Liability and Conditions of Use

General Engagement Terms

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 consolidated 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 at 31 December 2021 and the income statement for the fiscal year from 1 January 2021 to 31 December 2021 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Greencells GmbH for the fiscal year from 1 January 2021 to 31 December 2021.

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 at 31 December 2021 and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021 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, 22 June 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Zabel
Wirtschaftsprüfer
[German Public Auditor]

Vogelgesang
Wirtschaftsprüfer
[German Public Auditor]

Greencells GmbH, Saarbrücken
Statement of financial position as of 31 December 2021

Assets	EUR	EUR	31 Dec 2020 EUR k	Equity and liabilities	EUR	EUR	31 Dec 2020 EUR k
A. Fixed assets				A. Equity			
I. Intangible assets				I. Subscribed capital	42,520.00		43
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets		14,236.00	0	II. Capital reserves	5,312,992.00		5,313
				III. Profit carryforward	4,668,563.08		4,589
II. Property, plant and equipment				IV. Net income for the year	991,027.39		80
1. Land, land rights and buildings, including buildings on third-party land	1.00		0		11,015,102.47		10,025
2. Plant and machinery	16,842.00		25	B. Provisions			
3. Other equipment, furniture and fixtures	323,119.00		297	1. Tax provisions	588,992.05		1,361
		339,962.00	322	2. Other provisions	10,535,009.00		2,155
III. Financial assets					11,124,001.05		3,516
1. Shares in affiliates	14,753,371.30		14,003	C. Liabilities			
2. Equity investments	153,655.80		79	1. Bonds	31,500,000.00		17,400
3. Other loans	18,384,025.58		7,116	2. Liabilities to banks	12,076,755.70		10,004
		33,291,052.68	21,198	3. Trade payables	8,102,958.43		9,654
		33,645,250.68	21,520	4. Liabilities to affiliates	0.00		2,270
B. Current assets				5. Other liabilities	6,200,691.26		5,607
I. Inventories				thereof for taxes: EUR 4,930,046.89 (prior year: EUR 1,776k)			
1. Raw materials, consumables and supplies	174,600.00		166		57,880,405.39		44,935
2. Work in process	13,978,000.00		21,937				
3. Prepayments	4,946,584.01		1,451				
4. Prepayments received on account of orders	-16,579,234.14		-15,613				
		2,519,949.87	7,941				
II. Receivables and other assets							
1. Trade receivables	27,758,175.59		7,525				
2. Receivables from affiliates	2,738,823.35		1,308				
3. Other assets	644,325.07		2,915				
		31,141,324.01	11,748				
III. Securities							
Shares in affiliates		1,222.85	1				
		12,664,445.08	17,218				
IV. Cash on hand and bank balances							
		46,326,941.81	36,908				
		47,316.42	48				
C. Prepaid expenses							
		80,019,508.91	58,476		80,019,508.91		58,476

Greencells GmbH, Saarbrücken
Income statement for fiscal year 2021

	EUR	EUR	2020 EUR k
1. Revenue	95,596,265.38		61,796
2. Decrease/increase in finished goods and work in process	-7,958,695.26		13,672
3. Other operating income	448,448.59		1,766
thereof income from currency translation: EUR 218,719.65 (prior year: EUR 928k)			
	88,086,018.71		77,234
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	50,303,469.97		39,561
b) Cost of purchased services	24,712,201.04		26,205
5. Personnel expenses			
a) Wages and salaries	5,201,796.94		4,499
b) Social security, pension and other benefit costs	873,042.74		826
thereof for old-age pensions: EUR 2,790.00 (prior year: EUR 0k)			
6. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	108,523.67		115
7. Other operating expenses	4,366,781.24		4,470
thereof expenses from currency translation: EUR 264,905.63 (prior year: EUR 340k)			
	85,565,815.60		75,676
8. Income from loans classified as fixed financial assets	1,820,081.72		204
thereof from affiliates: EUR 1,966.44 (prior year: EUR 0k)			
9. Other interest and similar income			
thereof from affiliates: EUR 228,685.42 (prior year: EUR 47k)	303,985.39		95
10. Interest and similar expenses	2,932,691.66		1,522
		-808,624.55	-1,223
11. Income taxes		682,250.97	253
12. Earnings after taxes		1,029,327.59	82
13. Other taxes		38,300.20	2
14. Net income for the year		991,027.39	80

**Greencells GmbH
Saarbrücken**

Notes to the financial statements for fiscal year 2021

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 2021 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 annual 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). Long-term loans to related parties were reclassified from other assets to fixed financial assets in the fiscal year. Prior-year figures were restated for better comparability.

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

The entities of the co-subsidiary Greencells Group Holdings Limited, Abu Dhabi, United Arab Emirates, are also viewed as related parties.

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 with an individual net value not exceeding EUR 800.00 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).

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 are stated at their nominal value.

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 Sec. 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, 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		LC	Equity		Net income/loss for 2021
	EUR	%		EUR k	EUR k	
Greencells CEE SRL, Bucharest, Romania	750,049.11	100	RON	5,605	603	
Greencells Energy UK Ltd. (formerly Greencells Operations & Maintenance UK Ltd.), London, UK	1.16	100	GBP	19	1	
Greencells USA Inc., Wilmington, USA	881.06	100	USD	-1,239	328	
Greencells Regio GmbH (formerly GC Solar Workers GmbH), Saarbrücken, Germany	25,000.00	100	EUR	44	19	
Pekan Energy I Pte. Ltd., Singapore	13,961,007.97	100	USD	15,904	-1,640	
Greencells Hungary KFT, Budapest, Hungary	8,216.00	100	EUR	122	29	
Greencells Construction KFT, Budapest, Hungary	8,216.00	100	EUR	287	279	
Green Solar Energy Pte. Ltd., Singapore ¹⁾	153,655.80	15	USD	-264	-296	

1) 2020, most recent annual financial statements available

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	> 1 year
	EUR	EUR	EUR
Trade receivables	27,758,175.59 (7,525,138.06)	27,758,175.59 (7,525,138.06)	0.00 (0.00)
Receivables from affiliates	2,738,823.35 (1,307,712.58)	18,287.47 (0.00)	2,720,535.88 (1,307,712.58)
Other assets	644,325.07 (2,914,416.26)	644,325.07 (2,404,980.58)	0.00 (509,435.68)
<i>Prior year</i>	31,141,324.01 (11,747,266.90)	28,420,788.13 (9,930,118.64)	2,720,535.88 (1,817,148.26)

Trade receivables comprise receivables from affiliates of EUR 6,734k (prior year: EUR 1,100k), receivables from related parties and persons of EUR 17,250k (prior year: EUR 2,793k) and receivables from shareholders of EUR 105k (prior year: EUR 105k).

As in the prior year, receivables from affiliates stem exclusively from loans.

Other assets comprise receivables from related parties of EUR 36k (prior year: EUR 1,097k) from 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/net loss 2020
	EUR	%	EUR k	EUR k
Solar Polska New Energy PROJEKT NOWOGARD PV sp z o.o.	1,222.85	100	-13	-4

Equity

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

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.

The net loss of EUR 79,937.38 in the prior year was carried forward to new account in accordance with a shareholder resolution.

Tax provisions

Tax provisions relate to corporate tax (EUR 250k) and trade tax (EUR 339k).

Other provisions

Other provisions contain amounts for personnel expenses (EUR 479k), archiving requirements (EUR 15k), other provisions for outstanding costs (EUR 9,584k), warranty obligations (EUR 410k) as well as costs associated with preparing and auditing the financial statements and consulting fees (EUR 47k).

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

	Total	Due in	
		up to one year	one to five years
	EUR	EUR	EUR
Bonds	31,500,000.00 (17,400,000.00)	0.00 (0.00)	31,500,000.00 (17,400,000.00)
Liabilities to banks	12,076,755.70 (10,004,350.54)	12,076,755.70 (4,350.54)	0.00 (10,000,000.00)
Trade payables	8,102,958.43 (9,654,086.63)	8,102,958.43 (9,654,086.63)	0.00 (0.00)
Liabilities to affiliates	0.00 (2,270,359.65)	0.00 (0.00)	0.00 (2,270,359.65)
Other liabilities	6,200,691.26 (5,606,940.53)	6,080,691.26 (5,406,940.53)	120,000.00 (200,000.00)
- thereof for social security	1,046.92 (13,085.46)	1,046.92 (13,085.46)	0.00 (0.00)
	57,880,405.39 (44,935,737.35)	26,260,405.39 (15,065,377.70)	31,620,000.00 (29,870,359.65)
<i>Prior year</i>			

There are no liabilities with a term of more than five years.

The bond is secured by pledging shares in solar project companies that are held by the related company Greencells Group Holdings Ltd. or by a person related to that company and are secured by the collateral assignment of Greencells GmbH's receivables from related EPC agreements. Liabilities to banks are not secured. Trade payables are partly hedged by suppliers' retention of title.

Trade payables include liabilities to affiliates of EUR 591k (prior year: EUR 6k). No liabilities to related parties were recorded in fiscal year 2021 (EUR 0k; prior year: EUR 850k). It is worth noting that the trade payables of Greencells CEE S.R.L. were allocated to related parties in the prior year, whereas they form part of affiliates in the current reporting year 2021 as a result of a further share acquisition.

There were no further liabilities to affiliates in the past fiscal year (EUR 0k; prior year: EUR 2,270k). In the prior year, these liabilities were the result of a loan.

Other liabilities include a performance-related bonus of EUR 636k (prior year: EUR 0k). This item also contains contributions by silent partners. As of the reporting date, this figure amounts to EUR 200k (prior year: EUR 280k). The silent partnership will end on 30 June 2024. This is being repaid in 10 equal half-yearly installments of EUR 40k each starting in 30 December 2019. Both fixed and variable remuneration have been agreed as a participation fee.

In contrast to prior years, there were no liabilities from loans to related parties as of the reporting date (prior year: EUR 3,324k).

Revenue

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

Revenue by market	2021	2020
	EUR k	EUR k
Europe	91,732	41,001
Middle East	2,132	1,939
Asia	1,657	18,856
USA	75	0
	<u>95,596</u>	<u>61,796</u>

Other operating income

This item primarily contains exchange rate gains of EUR 219k (prior year: EUR 928k), income from the reduction of the specific bad debt allowance of EUR 164k (prior year: EUR 193k), income from indemnification payments of EUR 25k (prior year: EUR 94k) as well as income from sales of property, plant and equipment of EUR 6k (prior year: EUR 49k). In the prior year, costs allocated to related parties of EUR 500k were included in other operating income.

Other operating expenses

Other operating expenses comprise exchange rate losses of EUR 265k (prior year: EUR 340k), subsidies of EUR 3k (prior year: EUR 0k) and extraordinary expenses relating to the issue of the green bond of EUR 814k (prior year: EUR 1,281k).

Income taxes

This item includes taxes for 2021 in the amount of EUR 636k (prior year: EUR 164k) and taxes from the 2017 to 2019 assessments in the amount of EUR 43k (prior year: EUR 86k from the 2016 to 2018 assessment periods).

V. Additional mandatory disclosures**Contingent liabilities**

As in the prior year, the Company was liable for potential obligations of the Polish subsidiaries of the former subsidiary Polar GmbH, Husum, amounting to EUR 84k. No claims are currently expected.

Other financial obligations

Other financial obligations break down as follows:

	up to one year EUR k	one to five years EUR k
Rent	78	0
Insurance	207	0
Leases	96	98
Purchase commitments	49,309	0
Total	49,690	98

The **total fees charged by the auditor** for audit services in the fiscal year amount to EUR 64k.

Average number of employees for the year

Full-time employees	74
Part-time employees	17
Total	91

Group relationships

Since fiscal year 2019, Greencells GmbH has prepared 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 is authorized to represent the Company alone and has been exempted 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

Green bond

In fiscal year 2021, it was resolved to extend the issued bond of EUR 25,000k by up to EUR 25,000k. Of this amount, EUR 6,500k had been subscribed by the end of fiscal year 2021. By the time the 2021 financial statements were published, a further EUR 2,700k had been subscribed. The share price was 98.60% on 13 June 2022.

Ukraine war

Since 24 February 2022, Russia has been waging a war of aggression against Ukraine. This gives rise to all manner of uncertainties and contingencies, especially with regard to the global economy and the energy and commodities markets. However, this did not have any financial impact on these annual financial statements as of 31 December 2021. For more information, please refer to the comments in the management report.

No other events having a significant financial impact on the Company have occurred since the reporting date.

Appropriation of profit

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

Saarbrücken, 22 June 2022

Andreas Hoffmann
General manager

Statement of changes in fixed assets for fiscal year 2021

	Acquisition and production cost			31 Dec 2021	Accumulated amortization, depreciation and impairment			31 Dec 2021	Book values	
	01 Jan 2021	Additions	Disposals		01 Jan 2021	Additions	Disposals		31 Dec 2021	31 Dec 2020
	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	13,218.00	19,710.00	0.00	32,928.00	13,217.00	5,475.00	0.00	18,692.00	14,236.00	0
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	71,662.45	0.00	0.00	71,662.45	1.00	0
2. Plant and machinery	393,624.72	0.00	0.00	393,624.72	368,819.72	7,963.00	0.00	376,782.72	16,842.00	25
3. Other equipment, furniture and fixtures	754,544.45	122,305.67	81,648.35	795,201.77	457,553.45	95,085.67	80,556.35	472,082.77	323,119.00	297
	1,219,832.62	122,305.67	81,648.35	1,260,489.94	898,035.62	103,048.67	80,556.35	920,527.94	339,962.00	322
III. Financial assets										
1. Shares in affiliates	14,003,324.41	750,046.89	0.00	14,753,371.30	0.00	0.00	0.00	0.00	14,753,371.30	14,003
2. Equity investments	78,855.18	74,800.62	0.00	153,655.80	0.00	0.00	0.00	0.00	153,655.80	79
3. Other loans	7,115,941.52	11,268,084.06	0.00	18,384,025.58	0.00	0.00	0.00	0.00	18,384,025.58	7,116
	21,198,121.11	12,092,931.57	0.00	33,291,052.68	0.00	0.00	0.00	0.00	33,291,052.68	21,198
	22,431,171.73	12,234,947.24	81,648.35	34,584,470.62	911,252.62	108,523.67	80,556.35	939,219.94	33,645,250.68	21,520

Greencells GmbH, Saarbrücken

Management report for fiscal year 2021

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I. Company background

Greencells GmbH is a global provider of EPC and O&M services, specialized in utility-scale solar power plants. Together with the co-subsiary Greencells Group Holdings Ltd. (together the “Greencells Group”), which is a global solar project developer, the Group possesses the know-how in all project phases so as to optimally plan, finance, implement and operate solar projects from a single source. Greencells GmbH, founded in 2009 and headquartered in Saarbrücken, employed 89 salaried employees as of 31 December 2021, as well as several hundred skilled workers at the respective active construction sites via a subsidiary. As one of the largest European providers of solar power plants, the Greencells Group has already been involved in the construction and/or planning of over 2.3 GWp of capacity in more than 25 countries.

The Company’s strategy is to further expand its strong position in the flourishing European solar power market as a pure play solar power supplier with in-depth technical expertise and, in particular, to exploit market potential in the emerging Eastern European solar power market.

II. Economic report

1. Macroeconomic and sector-specific environment

Fiscal year 2021 continued to be shaped worldwide by the direct and indirect effects of the COVID-19 pandemic.

Following the pandemic-related economic disruptions in 2020, the global economy began to recover in 2021. The trend over the course of the year, however, was a game of two halves. After an initial positive development in the first half of the year, the global economic recovery in the second half of 2021 was impacted by continuing supply bottlenecks, rising energy prices and resulting price increases, as well as the emergence of the Omicron variant (IMF, 2022, p. 2)

China's economy grew by 8.1% in 2021 as a whole, albeit with a significant slowdown in momentum towards the end of the year. The Chinese gross domestic product (GDP) only grew 4% in the fourth quarter of 2021, the weakest quarterly growth rate for one and a half years. Growth was hampered by volatility on the Chinese residential property market, supply bottlenecks in the energy sector and the zero-COVID strategy (Heide, 2022). At the same time, the zero-COVID strategy also triggered significant disruptions in global goods trade (Gilchrist, 2022).

The International Monetary Fund (IMF) estimates that global economic output grew 5.9% in real terms in 2021, having plummeted 3.1% in the prior year (IMF, 2022, p. 5).

1.1. Economic conditions in the industry

As in fiscal year 2020, the economic conditions in the industry in 2021 were once again strongly influenced by political decisions. These include both pandemic-related and environmental aspects. The following section focuses primarily on pandemic-related global economic influences. Environmental effects are further explained in section 1.3.

The general economic conditions in the photovoltaic industry in fiscal year 2021 were again mainly characterized by the challenges posed by the ongoing COVID-19 pandemic. However, renewable energies and the photovoltaic industry in particular proved to be very resilient overall. Added solar power capacity alone accounted for half of the additional 257 GWp of capacity installed in the renewables sector in 2021. (IRENA Renewable Capacity Statistics 2022)

Factors of particular economic relevance to the photovoltaic industry mainly include the production and availability of goods and raw materials, their prices and the functioning of the necessary international supply chains.

Supply chains relevant to the photovoltaic industry are heavily dependent on Chinese producers. Although production facilities ramped back up to normal operations at the beginning of 2021, a severe power supply crisis hit around the middle of the year, affecting 20 provinces. Industrial activity was curbed and in some areas even private households were affected by prolonged power outages. The Chinese government introduced power rationing measures to address the power shortage, which severely affected steel and aluminum producers as well as solar module producers. The resulting production constraints led to a lower availability for modules and related components in fiscal year 2021 as a whole. (The Oxford Institute for Energy Studies, 2021)

The constantly increasing prices in overseas logistics between Europe and China since the end of 2020 as well as the ongoing national and international controls as well as quarantine mechanisms throughout the world in 2021 made the principle of just-in-time production and supply near impossible. Ongoing travel restrictions continued to complicate private transport.

1.2. Industry development

The expansion of renewable energy, particularly photovoltaics, is critical to establishing a low-carbon and more sustainable energy system. It is vital to continue intensively promoting this expansion in order to achieve the IEA Net Zero scenario of 60% of energy generation to stem from renewable sources by 2030 (630 GW). (<https://www.iea.org/fuels-and-technologies/renewables> Renewables - Fuels & Technologies - IEA)

Despite the adverse effects described above, the global photovoltaic market proved to be surprisingly resilient and was able to continue on its growth trajectory. Globally, newly added photovoltaic capacity increased by 3% in 2021 compared to the prior year 2020. Further expansion of renewable energy capacity is expected to accelerate even further over the next five years. The clear political support of the achievement of the COP26 climate targets also plays a central role in this regard, acting as a strong driver of accelerated expansion. (Renewables 2021 – Analysis - IEA). Further, rising raw material and manufacturing costs in 2021 have not hindered the growth of renewable energy and photovoltaic additions in particular. (Renewables 2021 – Analysis - IEA)

The levelized cost of electricity (LCOE), which is hugely important for the competitiveness of solar power, continued to fall in 2021. According to the annual global LCOE analysis by the US investment bank Lazard, the LCOE of solar power is able to compete with conventional forms of power generation in the area of large-scale solar power plants (utility-scale solar), which is particularly relevant for Greencells GmbH. (Lazard's Levelized Cost of Energy Analysis - Version 15.0 Nov. 2021)

Power purchase agreements (PPAs) have also continued to become much more important, reaching a record level of 2.9 GWp of purchased capacity from solar power plants and wind-solar hybrid plants in Europe in 2021. (Buyers toolkit - RE-Source Platform (resource-platform.eu))

More and more EU member states are relying on cost-effective and reliable solar energy in order to achieve their climate policy targets. EU member states thus installed more solar power capacity in 2021 than the year before. (EnergieZukunft, 2022)

Even though the five largest European solar power markets continue to be responsible for 69.9% of the PV capacity additions in Europe, there is still a noticeable trend towards solar power throughout the whole of Europe, even in smaller national markets such as the Finnish market.

According to the current figures, around 25.9 gigawatts of new photovoltaic capacity was added in the European region in 2021, a year-on-year increase of 34%. The record year 2011, with an addition of 21.4 gigawatts, was thus also exceeded. Among the European leaders is Germany, with an estimated 5.3 gigawatts of nominal PV capacity added, followed by Spain with approximately 3.8 gigawatts, the Netherlands with 3.3 GW, Poland with 3.2 GW, and France with 2.5 GW. This resulted in a total installed capacity of 165 gigawatts, of which 59.9 gigawatts was attributable to Germany. (EnergieZukunft, 2022)

The industry association assumes a positive development for the further expansion of photovoltaics in Europe. In what it considers to be the most likely intermediate scenario, the latest Solarpower Europe report forecasts that the expansion of European solar power will continue its strong growth and reach a cumulative capacity of around 328,000 MW (327.6 GW) by 2025. Based on the current installed capacity, this would mean that the total capacity of solar power plants on the grid in Europe is set to double within four years. According to the industry association, capacity could then rise to as much as 672,000 MW (672 GW) by 2030. (SolarPower Europe, 2022)

1.3. Political framework

As mentioned above, the political environment in fiscal year 2021 was characterized by pandemic-related decisions. This was accompanied by favorable environmental policy decisions.

Although a coalition agreement with a significantly greater focus on renewable energies was adopted at the national level following the change of government in September 2021, national and international political events largely focused on dealing with the coronavirus crisis.

The industry therefore continued to be faced with import and export controls, national travel bans and restrictions to the free movement of workers. For international photovoltaic companies, this resulted in continued and clearly noticeable effects from sudden changes to political regulations at state, federal, EU and international level in fiscal year 2021.

The statements of the annual World Climate Conference and the requirements of the EU 2030 climate and energy framework, according to which the share of renewable energies in total energy consumption must be expanded to at least 27% by 2030, were decisive in the area of environmental policy. At the world climate conference COP26, which took place in Glasgow in November 2021, more firm steps toward this target were negotiated and adopted. The key finding was that the number one priority must be a rapid reduction of emissions in this decade. (Helmholtz Klima Initiative, 2022)

Germany has set itself the target of becoming climate neutral by 2045 by passing the Federal Climate Change Act in June 2021. An earlier target year is expected for the energy sector, as transformation costs are lower here. However, precise political regulations are still lacking. In order to cover all of Germany's demand for energy from renewable sources, a massive expansion of installed photovoltaic capacity is necessary in addition to a number of other measures.

The European Union's European Green Deal, which was strongly emphasized in the coronavirus recovery plan, as well as the re-entry of the US into the Paris Climate Agreement following Joe Biden's election victory, are seen as further positive political factors.

2. Business development and situation

2.1. Effects on the development of the industry and business

The positive and negative factors described in the previous point had an influence on Greencells GmbH's operating activities.

The Company had set itself the goal for fiscal year 2021 of continuing to pursue its solar pure player strategy. Geographically, the focus was on the highly attractive European solar market due to the positive political conditions described above as well as on exploiting market potential in the emerging Eastern European solar market in particular.

The fiscal year 2021 for the Company began with a high order backlog and an overall positive outlook, especially since strong growth rates in the expansion of solar power continued to be forecast for the European core market. (SolarPower Europe, EU Market Outlook For Solar Power 2020-2025)

The Netherlands in particular represented a core market for Greencells GmbH's activities in 2021. At the beginning of the year, projects from 2020 were finalized and new projects were started. In total, five plants with a total capacity of 82 MWp were connected to the grid in the Netherlands and work was started on another project with a combined capacity of almost 13 MWp. The majority of the systems realized were projects for the long-standing customer Kronos Solar.

Hungary was expanded to become a new core market. After the Company's strong market position was further expanded here at the end of the prior year, two further projects were completed with Sümeg/Csbarendek and Kaposvar (total output of around 83 MWp) and the construction of further EPC projects in Szolnok and Szügy (combined output 204 MWp) was started.

A 38 MWp project cluster was completed in Wento, Poland, for which Greencells GmbH provided engineering and procurement services. In addition to this, the successful re-entry into the German market should also be mentioned. Greencells GmbH had already been active on the German market in earlier years, but withdrew temporarily due to unattractive market conditions. A project in Reuth marked the beginning of the resumption of activities in Germany and a new strategic focus on the German solar power market. For this reason, Greencells GmbH again increasingly hired German-speaking employees in its project management and engineering areas. In addition, a 16 MWp plant was commissioned in Baraize, France, with citizen participation in the local community. A further project located in France is being carried out in St. Charles, Lorraine. The plant with an output of just under 8 MWp will be connected to the grid in the summer of 2022.

Greencells GmbH is pursuing the goal of further expanding its position as one of the largest solar power service providers in Europe with its dedicated EPC strategy and increased project development by its co-subsiary Greencells Group Holdings Ltd., which will already drive EPC demand within the group as early as 2022 and increasingly in the following years.

2.2. Significant events in the fiscal year

Two major issues were pivotal to fiscal year 2021 as a whole: the impact of containment measures to address the ongoing COVID-19 pandemic as well as the significantly expanded financial framework resulting from the successful full placement of the secured 6.5% green bond 2020/2025 and the decision to successively increase it by up to EUR 25m to EUR 50m in November 2021. The bond volume placed at the time of reporting was EUR 34.2m.

COVID-19

Aside from the continuing restrictions on personal freedom of movement, 2021 was also characterized by the upheavals in international supply chains, product availability and raw material prices. Through the partnership relationships with key suppliers established over many years and a proactive, early increase in material orders, Greencells GmbH was able to ensure that its construction activities proceeded without significant restrictions. This included quickly securing additional quantities of solar modules in order to counter rising material and transportation costs and potential production bottlenecks.

Already in the prior year, Greencells GmbH's business operations were ensured at all times as a result of early and voluntary adoption of work from home options by our employees based at the head office in Saarbrücken. This work model was further refined in 2021 and adapted in each case to the frequently changing framework conditions. This included the consistent maintenance and enforcement of strict hygiene and protection measures as well as the use of available local testing facilities. The dynamic alternation of employees between working at the office at the company headquarters and working from home made it possible for Greencells GmbH to organize its operating activities as optimally as possible within the framework of the applicable regulations and at the same time to comply with the entrepreneurial diligence required in the epidemic situation.

Despite these countermeasures, negative impacts from COVID-19 were once again felt in fiscal year 2021. The tense global framework conditions did not ease or improve as quickly as expected if at all. This meant that some projects planned for 2020, the start of which had already been postponed to 2021 in the prior year, had to be postponed again by one calendar year. Examples of this are the Dutch projects Hoogeveen 2 and Raalte.

Green bond

The second most important business transaction of 2021 was the successful full placement of the secured 6.5% green bond 2020/2025 (green bearer bond). In November 2021, it was also resolved to successively increase the green bond by up to EUR 25m to up to EUR 50m in tailored tranches. At the end of 2021, EUR 6.5m of the increase volume had been subscribed in international private placements. With the help of these financial resources, the co-subsiary Greencells Group Holdings Ltd. was able to intensify its project development activities, which in turn resulted in Greencells GmbH securing construction and maintenance contracts. It was thus possible to benefit from synergies and the associated efficiency gains within the Group.

2.3. Assets and liabilities

	31 Dec 2021		31 Dec 2020		Change	
	EUR k	%	EUR k	%	EUR k	%
COMPOSITION OF ASSETS						
Long-term assets						
Fixed assets						
Intangible assets	14	0.0	0	0.0	14	>100.0
Sachanlagen	340	0.4	322	0.5	18	5.6
Financial assets	33,291	41.6	21,198	36.3	12,093	57.0
	33,645	42.0	21,520	36.8	12,125	56.3
Medium and short-term assets						
Current assets						
Inventories	19,099	23.9	23,554	40.3	-4,455	-18.9
less						
Prepayments received on account of orders	-16,579	-20.7	-15,613	-26.7	-966	6.2
	2,520	3.2	7,941	13.6	-5,421	-68.3
Trade receivables	27,758	34.7	7,525	12.9	20,233	268.9
Receivables from affiliates	2,739	3.4	1,308	2.2	1,431	109.4
Shares in affiliates	1	0.0	1	0.0	0	0.0
Other assets, prepaid expenses	693	0.9	2,963	5.1	-2,270	-76.6
Cash and cash equivalents	12,664	15.8	17,218	29.5	-4,554	-26.4
	46,375	58.0	36,956	63.2	9,419	25.5
Total assets	80,020	100.0	58,476	100.0	21,544	36.8

Total assets increased significantly by EUR 21,544k (up 36.8%) to EUR 80,020k in the reporting year.

The increase in financial assets by EUR 12,093k was due to the increase in loans to the co-subsidiary Greencells Group Holdings Ltd., which were granted in connection with project development.

A decrease in inventories before openly offsetting prepayments received was recorded in the fiscal year (EUR 4,455k or 18.9%). The item inventories is mainly influenced by work in process in connection with the engineering, procurement and construction (EPC) area. The year-on-year change is mainly attributable to the valuation method pursuant to the conservative realization principle of the HGB ["Handelsgesetzbuch": German Commercial Code] for the EPC area. For some projects not fully completed before the end of the fiscal year, it was therefore not possible to recognize revenue in the prior year in accordance with the provisions of HGB.

There was an increase of EUR 20,233k in trade receivables. The significant year-on-year increase results from receivables from projects completed before the reporting date, which were not settled until the following fiscal year. Of these, receivables of EUR 7,646k were outstanding until 15 June 2022.

Cash and cash equivalents decreased year on year by EUR 4,554k to EUR 12,664k. In the prior year, the high level at the reporting date was mainly due to the proceeds from issuing the bond. On 31 December 2021, cash and cash equivalents are influenced by the inflow from the extension of the bond and advance payments received shortly before the reporting date.

	31 Dec 2021		31 Dec 2020		Change	
	EUR k	%	EUR k	%	EUR k	%
COMPOSITION OF EQUITY AND LIABILITIES						
Long-term capital						
Subscribed capital	42	0.1	42	0.1	0	0.0
Capital reserves	5,313	6.6	5,313	9.1	0	0.0
Profit carryforward	4,669	5.7	4,589	7.8	80	1.8
Net income for the year	991	1.2	80	0.1	911	> 100.0
Equity	11,015	13.8	10,024	17.1	991	9.9
Medium and short-term capital						
Provisions	11,124	13.9	3,516	6.0	7,608	> 100.0
Bonds	31,500	39.4	17,400	29.8	14,100	81.0
Liabilities to banks	12,077	15.1	10,004	17.1	2,073	20.7
Trade payables	8,103	10.1	9,654	16.5	-1,551	-16.1
Liabilities to affiliates	0	0.0	2,271	3.9	-2,271	-100.0
Other liabilities	6,201	7.7	5,607	9.6	594	10.6
	69,005	86.2	48,452	82.9	20,553	42.4
Total equity and liabilities	80,020	100.0	58,476	100.0	21,544	36.8

Equity increased by 9.9% or EUR 991k to EUR 11,015k in the fiscal year. The increase results from the net income for fiscal year 2021 of EUR 991k. The equity ratio stood at 13.8% compared to 17.1% in the prior year.

Provisions increased by EUR 7,608k to EUR 11,124k as of 31 December 2021, compared with EUR 3,516k at the end of the prior fiscal year. The increase is mainly due to higher provisions in connection with expected supplier invoices from project execution.

The item bonds shows an increase of EUR 14,100k to EUR 31,500k year on year. This is due on the one hand to the full subscription of the first part of the bond for EUR 25,000k during fiscal year 2021, and on the other hand to the subscription of a further EUR 6,500k in connection with the extension of the bond by up to EUR 25,000k.

The increase in liabilities to banks by EUR 2,073k to EUR 12,077k and resulted from taking out a loan in connection with the financing of a project.

Furthermore, trade payables decreased by EUR 1,551k to EUR 8,103k, a decrease of 16.1%.

Other liabilities show an increase of EUR 594k over the prior year to EUR 6,201k. This is mainly due to higher liabilities for VAT, corporate income tax and trade tax, with an offsetting effect resulting from the repayment of a loan granted by shareholders of the parent company.

2.4. Financial performance

	Fiscal year	Prior year	Change	
	EUR k	EUR k	EUR k	%
Operating performance	88,078	77,185	10,893	14.1
Operating expenses				
Cost of materials	75,016	65,766	9,250	14.1
Personnel expenses	6,075	5,325	750	14.1
Amortization, depreciation and impairment	109	115	-6	-5.2
Other operating expenses	3,552	2,855	697	24.4
= Operating expenses	84,752	74,061	10,691	14.4
Operating result/EBIT	3,326	3,124	202	6.5
Income taxes	-682	-253	-429	> 100.0
Financial result	-809	-1,223	414	-33.9
Non-operating result	-844	-1,568	724	-46.2
Net income/net loss for the year	991	80	911	> 100.0

At EUR 88,078k, Greencells GmbH generated a EUR 10,893k (14.1%) higher **operating performance** (revenue plus changes in inventories and other operating income, adjusted for non-operating components of comprehensive income of EUR 8k) compared to the prior year (2020: EUR 77,185k). This is mainly attributable to higher income from realised projects. In addition, income could not be recognized for several projects due to accounting requirements of HGB, resulting in only a margin-free inventory increase.

Operating expenses

Cost of materials increased by EUR 9,250k (up 14.1%) to EUR 75,016k. The cost of materials as a percentage of revenue decreased slightly in this fiscal year from 85.21% in the prior year to 85.17%.

This general growth of the Company was accompanied by an increase in personnel expenses of EUR 750k to EUR 6,075k. To ensure the further development of the Company, Greencells GmbH made significant investments in the recruitment of highly qualified staff.

Overall, Greencells GmbH had an average of 89 employees in 2021, of which 72 were full-time employees (2020: 80 employees, thereof 70 full-time employees).

Other operating expenses increased by EUR 697k. This is mainly attributable to higher expenses for other personnel expenses, IT and international tax advisory, development costs and insurance.

Thus, the Company generated **operating profit/EBIT** of EUR 3,326k (2020: EUR 3,124k).

Deducting **income taxes** (EUR -682k; 2020: EUR -253k) as well as the negative **financial result**, mainly pertaining to interest expenses for the financing of projects (EUR -809k; 2020: EUR -1,223k), and adding the negative **non-operating result** (EUR -844k; 2020: EUR -1,568k) results in **net income for the year** of EUR 991k (2020: EUR 80k). The non-operating result primarily comprises expenses in connection with the issue of the bond (EUR -814k) and other expenses and income relating to other periods (EUR -30k).

2.5. Financial position

	2021 EUR k	2020 EUR k
Net income/net loss for the year	991	80
Amortization, depreciation and impairment of fixed assets	109	115
Increase (+) /decrease (-) in provisions	8,380	913
Increase (-)/decrease (+) in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-13,100	-2,800
Increase (+) /decrease (-) in trade payables and other liabilities that cannot be allocated to investing or financing activities	2,211	4,798
Gain (-) /loss (+) from the disposal of fixed assets	-5	0
Interest expenses (+) /interest income (-)	809	1,222
Income tax expense (+) /income (-)	682	253
Income tax payments	-1,219	-144
Cash flow from operating activities	-1,142	4,437
Cash paid for investments in intangible assets	-20	0
Cash received from disposals of property, plant and equipment	6	31
Cash paid for investments in property, plant and equipment	-122	-171
Cash paid for investments in fixed financial assets	-12,044	-5,954
Cash paid to repay loans from affiliates or related parties	877	0
Cash paid to issue loans to affiliates or related parties	-1,798	-235
Interest received	2,124	300
Cash flow from investing activities	-10,977	-6,029
Repayments to silent partners	-80	-80
Cash paid to repay loans from affiliates or related parties	-5,595	-12,725
Cash received from the issue of bonds	14,100	16,713
Cash received from borrowings	2,073	10,000
Cash repayments of bonds and loans	0	-73
Interest paid	-2,933	-1,522
Cash flow from financing activities	7,565	12,313
Change in cash and cash equivalents	-4,554	10,721
Cash and cash equivalents at the beginning of the period	17,218	6,497
Cash and cash equivalents at the end of the period	12,664	17,218

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

Cash flow from operating activities in the reporting year was negative and came to EUR -1,142k, mainly due to the change in inventories, trade receivables and other assets, the change in provisions and the positive net income for the year.

Cash flow from investing activities of EUR -10,977k mainly resulted from issuing loans to affiliates and related parties as well as the acquisition of the vehicle fleet and the investment in a subsidiary of Greencells GmbH as well as from interest received.

Cash flow from financing activities amounted to EUR 7,565k in the reporting year. This is mainly attributable to the repayment of loans paid by related parties, to cash paid to issuing loans from affiliates and related parties and to interest paid. Cash received from the issue of the loan and from taking out a bank loan had an offsetting effect.

Overall, **cash and cash equivalents** decreased by EUR 4,554k to EUR 12,664k as of the reporting date.

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

Overall, there were credit facilities at banks for operating resources and project financing in the amount of EUR 70k. The Company successfully placed a corporate bond with a volume of EUR 25,000k in the prior year, which was fully subscribed during the course of the fiscal year. With regard to the bond, it was further resolved to expand the international private placement by up to EUR 25,000k in fiscal year 2021. Of this amount, EUR 6,500k had been subscribed by the end of the fiscal year.

Our financial position is deemed very stable.

2.6. Financial performance indicators

Greencells GmbH's internal corporate management mainly relies on the key performance indicators "return on sales" and "cash flow from operating activities".

The **return on sales** is calculated as EBIT in relation to operating performance.

Compared to the prior year, the return on sales decreased from 4.1% to 3.8%.

Cash flow from operating activities is calculated as the sum of net profit for the year adjusted for amortization, depreciation and impairment, net interest expense, net income from disposals of fixed assets and income tax expense, the change in provisions, the increase/decrease in trade receivables and other assets that cannot be allocated to investing or financing activities, the increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities, and income tax payments.

In the reporting period, the Company generated negative cash flow from operating activities of EUR 1,142k (prior year: positive cash flow of EUR 4,437k).

2.7. Non-financial performance indicators

With regard to non-financial performance indicators, the plants put into operation in fiscal year 2021 will save more than 8.3 million metric tons of CO² over their expected term of 20 years (based on average brown coal emissions).

2.8. Overall assessment

For fiscal year 2021, management had originally expected an increase in revenue compared to 2020. This target was achieved in the past fiscal year with revenue of EUR 95,596k (prior year: EUR 61,796k). The forecast for fiscal year 2021 continued to project an EBIT of EUR 2,248k as well as a return on sales of around 1.8%. An EBIT of EUR 3,326k and a return on sales of 3.8% were actually achieved. With an effective cash flow of EUR -1,142k, the projected cash flow from operating activities of EUR 3,382k was not achieved in fiscal year 2021. Overall, the fiscal year was very satisfactory from the management's point of view.

III. Risk and opportunity 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/GU (engineering procurement and construction/general contractor) area.

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 protects 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 level of damage 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 stocks, there are risks arising from potential losses 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 quality management 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 plants. Delays in construction activities could lead to a late power supply of plants.

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

Risks due to supply bottlenecks increased significantly over the course of 2021. The Company is countering the global material supply and logistics issues by proactively leveraging its partnership relationships with key suppliers to the solar industry which have been established over many years, as well as proactively increasing material orders early on, such as by securing additional quantities of solar modules.

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 internal policy aims 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. Control and monitoring is carried out by way of detailed cash flow planning at project level, which in turn leads to rolling cash flow planning for the Company.

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

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

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

No significant bad debts were incurred in the past fiscal years.

On the basis of liquidity planning that is updated daily and comprises all earnings and expenses, we are able to 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 corporate 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.

1.7. Overall statement regarding the risk position

As described above, there are currently no significant risks for future development due to the constant monitoring of the markets relevant to Greencells GmbH, although this is subject to unexpected, serious negative economic consequences of the Russia-Ukraine conflict and the coronavirus pandemic, which is still not considered to be completely over. Overall, the potential impact of the risks to the company is limited in management's opinion. No risks that could jeopardize Greencells GmbH's ability to continue as a going concern can be identified at present.

The European Parliament is actively promoting the increased generation of energy from renewable sources to this end. National incentive schemes such as tenders under the Renewable Energy Sources Act (EEG 21) in Germany, the METAR system in Hungary or SDE++ in the Netherlands are particularly tangible and relevant. However, privately organized compensation agreements, such as power purchase agreements (PPA), are also becoming increasingly important in structuring European solar projects. (PWC, Rise of ppa)

In Germany, additional incentives for innovative PV concepts such as agrivoltaics, which involves using the same area of land for agriculture and photovoltaics, are being introduced as part of the new EEG 21, and existing incentive schemes are also being extended. In this context, the German market is once again becoming more attractive for Greencells GmbH in particular.

By expanding its local presence and entering new emerging markets, Greencells GmbH is actively positioning itself to exploit these opportunities.

Other developments

The Greencells Group as a whole is expanding its business model from providing EPC services to becoming an internationally operating project developer. The project development of the co-subsiary Greencells Group Holdings Ltd. mainly focused on European core markets and markets with low country exposure. The transformation is supported by the successful issue of the green bond as the inflow of the bond will significantly increase the scope of project development at the co-subsiary Greencells Group Holdings Ltd. In the coming years, Greencells GmbH will benefit from the integrated business model of the group as a whole that will be created in this way, as all the development projects of the co-subsiary will result in secured EPC and O&M orders for Greencells GmbH. The co-subsiary's project development is thus an essential value driver as it further fills Greencells GmbH's EPC and O&M pipeline through increased revenue with higher margins at the same time, resulting in further revenue that can be planned.

IV. Forecast

1. Future macroeconomic conditions for the photovoltaic industry

Although the overall epidemic situation has eased considerably at the time of reporting, mainly thanks to successful vaccination campaigns, the further development of the coronavirus pandemic remains difficult to predict. Travel restrictions and bans have been eased worldwide, with China continuing to be explicitly excluded in this regard due to its strict zero-tolerance COVID strategy. Cautiously optimistic assumptions can be made about a positive development provided that people around the world remain willing to receive the vaccine. Nevertheless, it is not possible to predict when the pandemic will end at this point in time, and the reimposition of any restrictions cannot be ruled out. The emergence of new virus variants and the severity of the course of the disease they trigger is still difficult or impossible to estimate.

The war in Ukraine, which had already begun at the time of reporting, has and will also have an impact on the development of the solar power industry. Greencells GmbH does not conduct any operating activities in Ukraine or Russia. The economic disruptions caused by the conflict are likely to result in further increases in commodity and panel prices. Any developments will be monitored internally and mitigated with measures that were already taken during the pandemic.

However, the tragic crisis has also led to the realization in European politics that energy independence must be pursued quickly and relentlessly. This will inevitably give an even stronger boost to the expansion of renewable energies – especially in the area of solar power, since additional capacities can be built up quickly and easily. Greencells GmbH is preparing for higher demand by increasing capacities.

Furthermore, renewable energies in general and photovoltaics in particular have established themselves as interesting investment opportunities for investors who are less risk-averse. A solar park ready for use stands for realistic earnings that are guaranteed within a predictable period of up to 30 years and contributes to the independence from international fuel supply chains. The growing demand for investment opportunities that are impeccable in environmental, social and ethical terms (impact/ESG (environmental, social and governance) investing) will further increase the attractiveness of renewable energies for investors.

In this context and thanks to its successful international positioning and the fact that it has so far mastered the challenges of the past, Greencells GmbH considers itself well positioned to operate successfully despite all the uncertainties that continue to exist.

As far as future industry momentum is concerned, the core business of Greencells GmbH comprises a market which is still characterized by steady future growth potential.

According to the International Energy Agency's 2021 report, photovoltaics is one of the cheapest and most promising forms of power generation in the renewable energy spectrum. (Renewables2021- Analysisandforecastto2026)

Blomberg New Energy Finance (BNEF) anticipates that electricity generated by solar plants and wind farms will have a market share of around 56% in global power generation by 2050 under the current conditions. Looking ahead, this share could even attribute for 70-80% of power generation depending on the country in question. However, these increases will not be sufficient to reach the climate protection targets set. Thus, both the scope and speed of the expansion of renewable energies will have to be enhanced. (BloombergNEF, New Energy Outlook 2020)

The resulting positive growth impetus and catch-up effects seen at present are set to continue. With its in-depth knowledge of the industry, its strong industrial, supplier and financial network, and its focus on the growth markets of Europe and North America in conjunction with the expected increased demand for EPC services from its in-house development business, Greencells GmbH believes it is in an excellent position to exploit these market potentials.

2. Forecast development of revenue and earnings

For fiscal year 2022, management expects a significant increase in **revenue** compared to 2021 as well as EBIT of EUR 6,826k. Greencells GmbH thus forecasts a return on sales of around 2.9% and a significantly higher cash flow from operating activities.

3. Overall assessment

In this report, the tension between continuing significant macroeconomic disruptions and simultaneous historical growth opportunities in the sector relevant to the Company has been addressed in detail.

At the time of reporting, both the situation in Ukraine and the record-high inflation rates as well as the continued Chinese zero-tolerance COVID strategy policy with resultant partial lockdowns were dominant global economic topics. The further development of the conflict in Ukraine in particular and its geopolitical and macroeconomic consequences are very difficult to predict. However, the acceleration of the move away from fossil fuels is clearly foreseeable. The need for this shift has become even clearer as a result of the geopolitical instrumentalization of energy supplies.

Assuming that the Ukraine conflict does not escalate further and that there are no significant negative effects or restrictions due to a flare-up of the COVID-19 epidemic, the outlook for Greencells GmbH in fiscal year 2022 is positive. The political momentum described in the report acts as a catalyst for industry development. The massive increase in solar power capacity stimulated by the government has resulted in increasing order prospects for the Company's EPC services, both in the third-party business, which used to take priority, and through the expected internal demand of the co-subsiary Greencells Group Holdings Ltd. The first orders resulting from in-house project development have already materialized, for example in the form of the projects in St. Charles and Szügy and will increase significantly in 2022 with projects such as the citizens' solar park Hartungshof (Germany) and Hoogeveen-2 (Netherlands).

Accordingly, management forecasts a further increase in revenue in the coming years and sees itself in a position to keep the Company on a stable growth course despite the uncertainties mentioned.

Headcount in the coming fiscal year will likely stay at the prior-year level.

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

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

Saarbrücken, 22 June 2022

Andreas Hoffmann

General manager

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Translation from the German language

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 auditor’s report 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 auditor’s report 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 this financial reporting and 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 auditor’s report 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 auditor’s report 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.

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*) [Translator's 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.