Greencells GmbH
Saarbrücken

Short-form audit report
Consolidated financial statement and group management report
31 December 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Building a better
working world

Translation from the German language

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Note:

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

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

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

Independent auditor's report

To Greencells GmbH

Opinions

We have audited the consolidated financial statements of Greencells GmbH, Saarbrücken, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year from 1 January 2021 to 31 December 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group 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 consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group 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 group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated 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 consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group 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 consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the group management report.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group'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 group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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 consolidated financial statements and this group 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 consolidated financial statements and of the group 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 consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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.

- 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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

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

- Perform audit procedures on the prospective information presented by the executive directors in the group 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, 27 June 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Greencells GmbH, Saarbrücken
Consolidated balance sheet as of 31 December 2021

Assets		EUR	EUR	31 Dec 2020 EUR k
A.	**Fixed assets**			
I.	**Intangible assets**			
1.	Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	40,925.47		0
2.	Goodwill	440,672.25		504
			481,597.72	504
II.	**Property, plant and equipment**			
1.	Land, land rights and buildings, including buildings on third-party land	1.00		36
2.	Plant and machinery	36,478.35		25
3.	Other equipment, furniture and fixtures	334,162.58		300
4.	Prepayments and assets under construction	0.00		3
			370,641.93	364
III.	**Financial assets**			
1.	Equity investments			
	a) in associates	0.00		12,916
	b) Other	153,656.68		79
2.	Other loans	18,406,519.44		7,116
			18,560,176.12	20,111
			19,412,415.77	20,979
B.	**Current assets**			
I.	**Inventories**			
1.	Raw materials, consumables and supplies	375,286.35		166
2.	Work in process	25,889,017.15		21,979
3.	Prepayments	5,330,403.60		1,475
4.	Prepayments received on account of orders	-27,472,758.20		-15,618
			4,121,948.90	8,002
II.	**Receivables and other assets**			
1.	Trade receivables	21,938,537.43		4,512
2.	Receivables from affiliates	19,911.03		0
3.	Receivables from related parties	22,507,901.78		10,041
4.	Other assets	12,703,425.70		1,903
			57,169,775.94	16,456
III.	**Securities**			
	Shares in affiliates		1.00	0
IV.	**Cash on hand, bank balances**		20,004,151.37	18,415
			81,295,877.21	42,873
C.	**Prepaid expenses**		66,577.26	96
			100,774,870.24	63,948

Equity and liabilities		EUR	EUR	31 Dec 2020 EUR k
A.	**Equity**			
I.	**Subscribed capital**	42,520.00		43
II.	**Capital reserves**	5,312,992.00		5,313
III.	**Currency translation/exchange differences**	-395,601.58		-922
IV.	**Consolidated net retained profit**	5,640,574.67		4,630
			10,600,485.09	9,064
B.	**Difference from acquisition accounting**		0.00	1,645
C.	**Provisions**			
1.	Tax provisions	956,345.17		1,720
2.	Other provisions	11,140,166.41		5,054
			12,096,511.58	6,774
D.	**Liabilities**			
1.	Bonds	31,500,000.00		17,400
2.	Liabilities to banks	23,626,441.36		10,004
3.	Trade payables	16,032,996.79		9,532
4.	Liabilities to related parties	119,387.18		5,385
5.	Other liabilities thereof for taxes: EUR 5,289,560.48 (prior year: EUR 2,323k) thereof for social security: EUR 182,571.71 (prior year: EUR 13k)	6,799,048.24		4,144
			78,077,873.57	46,465
			100,774,870.24	63,948

Greencells GmbH, Saarbrücken

Consolidated income statement for fiscal year 2021

	EUR	EUR	2020 EUR k
1. Revenue	110,517,214.91		64,549
2. Increase in work in process	3,416,110.73		13,672
3. Other operating income thereof income from currency translation: EUR 677,246.97 (prior year: EUR 929k)	6,875,283.78		1,740
		120,808,609.42	79,961
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	58,023,074.24		39,561
b) Cost of purchased services	37,479,450.60		27,220
5. Personnel expenses			
a) Wages and salaries	9,537,273.94		4,664
b) Social security, pension and other benefit costs	1,010,220.46		867
6. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	180,585.52		179
7. Other operating expenses, thereof expenses for currency translation EUR 694,728.42 (prior year: EUR 458k)	6,505,403.35		4,973
		112,736,008.11	77,464
8. Income from associates	1,336,208.69		0
9. Income from other securities and loans classified as fixed financial assets	1,818,115.28		203
10. Other interest and similar income	256,949.12		73
11. Interest and similar expenses	2,957,430.01		1,539
12. Expenses from associates	6,144,202.33		35
		-5,690,359.25	-1,298
13. Taxes on income		1,306,148.92	644
14. Earnings after taxes		1,076,093.14	555
15. Other taxes		65,518.25	6
16. Consolidated net income for the year		1,010,574.89	549
17. Profit brought forward from prior year		4,629,999.78	4,081
18. Consolidated net retained profit		5,640,574.67	4,630

Greencells GmbH, Saarbrücken
Consolidated cash flow statement for fiscal year 2021

			2020
		EUR k	EUR k
1.	**Cash flow from operating activities**		
	Net income/loss for the period (consolidated net income for the year)	1,011	549
	Amortization, depreciation and impairment of fixed assets	181	180
	Increase in provisions	6,057	3,783
	Other non-cash expenses (+)/income (-)	-4,690	183
	Increase (-)/decrease (+) in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-29,762	-7,476
	Increase (+)/decrease (-) in trade payables and other liabilities that cannot be allocated to investing or financing activities	7,148	-3,101
	Gain (-)/loss (+) from the disposal of fixed assets	-9	0
	Interest expenses/interest income	882	1,263
	Other investment income	4,808	0
	Income tax expense/income	1,306	644
	Income tax payments	-1,835	-201
	Cash flow from operating activities	-14,903	-4,176
2.	**Cash flow from investing activities**		
	Cash paid for investments in intangible assets	-48	0
	Cash received from disposals of property, plant and equipment	12	32
	Cash paid for investments in property, plant and equipment	-157	-173
	Cash received from disposals of fixed financial assets	4,295	0
	Cash paid for investments in fixed financial assets	-11,914	-5,793
	Cash paid for disposals from the basis of consolidation	-106	0
	Cash received from additions to the basis of consolidation (-)	809	0
	Interest received	2,075	276
	Cash flow from investing activities	-5,034	-5,658
3.	**Cash flow from financing activities**		
	Cash paid to repay loans from related parties	-3,325	-3,583
	Cash received from the issue of bonds	14,100	16,713
	Cash received from the raising of financial loans	13,622	10,000
	Cash repayments of loans	0	-78
	Interest paid	-2,957	-1,344
	Cash flow from financing activities	21,440	21,708
4.	**Cash and cash equivalents at the end of the period**		
	Change in cash and cash equivalents (subtotal of 1 to 3)	1,503	11,874
	Changes in cash and cash equivalents due to exchange rates and valuation	91	-8
	Changes in cash and cash equivalents due to changes in the basis of consolidation	-5	0
	Cash and cash equivalents at the beginning of the period	18,415	6,549
	Cash and cash equivalents at the end of the period	20,004	18,415
5.	**Composition of cash and cash equivalents**		
	Cash and cash equivalents	20,004	18,415
	Cash and cash equivalents at the end of the period	20,004	18,415

Greencells GmbH, Saarbrücken
Consolidated statement of changes in equity for fiscal year 2021

	Equity of the parent company								Group equity
	(Corrected) subscribed capital			Capital reserves					
	Capital stock	less treasury shares	Total	pursuant to Sec. 272 (2) No. 4 HGB	Total	**Currency translation/ exchange differences**	**Consolidated net retained profit**	**Total**	**Total**
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	**EUR**
1 Jan 2020	42,520.00	0.00	42,520.00	5,312,992.00	5,312,992.00	53,752.70	4,080,986.71	9,490,251.41	**9,490,251.41**
Currency translation	0.00	0.00	0.00	0.00	0.00	-976,249.77	0.00	-976,249.77	**-976,249.77**
Consolidated net income for the year	0.00	0.00	0.00	0.00	0.00	0.00	549,013.07	549,013.07	**549,013.07**
31 Dec 2020	42,520.00	0.00	42,520.00	5,312,992.00	5,312,992.00	-922,497.07	4,629,999.78	9,063,014.71	**9,063,014.71**
Currency translation	0.00	0.00	0.00	0.00	0.00	526,895.49	0.00	526,895.49	**526,895.49**
Consolidated net income for the year	0.00	0.00	0.00	0.00	0.00	0.00	1,010,574.89	1,010,574.89	**1,010,574.89**
31 Dec 2021	42,520.00	0.00	42,520.00	5,312,992.00	5,312,992.00	-395,601.58	5,640,574.67	10,600,485.09	**10,600,485.09**

Greencells GmbH, Saarbrücken
Notes to the consolidated financial statements for fiscal year 2021

General

Greencells GmbH, Saarbrücken, prepares its consolidated financial statements in accordance with HGB [“Handelsgesetzbuch”: German Commercial Code] (Secs. 290 et seq. HGB).

The consolidated income statement is classified using the nature of expense method.

In order to improve the clarity of presentation, we summarize individual line items of the consolidated balance sheet and income statement and present and comment on them separately in these notes to the consolidated financial statements. For the same reason, we also indicate in the notes whether individual items are related to other items and “thereof” items.

Register information

Greencells GmbH, which has its registered office in Saarbrücken, is entered in the commercial register of the Saarbrücken local court under the number HRB 17943.

Basis of consolidation

All entities directly or indirectly controlled by the Company are included in the consolidated financial statements, unless these entities are immaterial for the presentation of the Group’s assets, liabilities, financial position and financial performance. The consolidated financial statements include Greencells GmbH, Saarbrücken, Germany, a further domestic entity (Greencells Regio GmbH, Losheim am See, Germany, formerly: GC Solar Workers GmbH, Saarbrücken) and six foreign subsidiaries:

- Greencells Energy UK Ltd., London, UK
- Greencells USA Inc., Wilmington, USA

- Pekan Energy I Pte. Ltd., Singapore
- Greencells Hungary Korlátolt Felelősségű Társaság, Budapest, Hungary
- Greencells Construction Korlátolt Felelősségű Társaság, Budapest, Hungary
- Greencells CEE S.R.L., Cluj Napoca, Romania

Changes in the basis of consolidation

Greencells CEE S.R.L., Cluj Napoca, Romania, was acquired in the reporting year and fully consolidated as of 31 January 2021.

Pekan Energy I Pte. Ltd., Singapore, held all of the shares in the fully consolidated entity Greencells Energy Asia Pacific Pte Ltd., Singapore. With effect from 11 November 2021, Greencells Energy Asia Pacific Pte Ltd., Singapore, was merged into Pekan Energy I Pte. Ltd., Singapore.

As of 30 December 2021, all of the shares in Solar Greencells Sdn. Bhd., Kuala Lumpur, Malaysia, held by Greencells GmbH Group (100%) were sold. Since this date, the company has no longer been included in the consolidated financial statements of Greencells GmbH as part of the consolidated group on a fully consolidated basis.

Solar Polska New Energy Project Nowogard PV, Szczecin, Poland, did not report any significant assets, expenses or income and, due to its minor significance for the presentation of the assets, liabilities, financial position and financial performance of the Greencells GmbH Group, will no longer be fully consolidated in 2021 in accordance with Sec. 296 (2) Sentence 1 HGB, but rather will be measured at the amortized cost of the investment.

The material equity investment in the associate Halpro Engineering Sdn. Bhd., Kuala Lumpur, Malaysia, was accounted for using the book value method. Since the disposal of shares in the company in fiscal year 2021, the Greencells GmbH Group is no longer represented by members in the company's governing bodies and therefore no longer has significant influence over the company's operating and financial policies. As of 31 December 2021, they are carried at the amortized group cost of the remaining investment. The remaining interest in the company held by Pekan Energy I Pte. Ltd., Singapore, serves to maintain the shareholder structure over a defined period in the future. The acquirer of the company has acquired the right to purchase the remaining shares held by Pekan Energy I Pte. Ltd., Singapore, for an amount of MYR 1, meaning that the remaining investment was impaired to the amount of USD 1. An impairment loss of EUR 1,180k was recognized at group level. The remaining book value of the investment of EUR 1 is recognized under other investments in fixed assets as of 31 December 2021.

Consolidation principles

Acquisition accounting took place using the purchase method as of the date on which the company became a subsidiary.

The carrying amount of the shares belonging to the parent company is offset against the equity of the subsidiary attributable to those shares. Equity is stated at the fair value of the assets, liabilities, prepaid expenses and deferred income to be included in the consolidated financial statements at the time of consolidation. Any remaining asset difference is recognized as goodwill; any difference on the liabilities side is presented after equity as a "difference from acquisition accounting". The difference from acquisition accounting is released to income when the expenses expected to be incurred as of the acquisition date of the investments are recognized or when these expenses are no longer expected to be incurred.

The fair value of the assets, liabilities, prepaid expenses, deferred income and special items to be included in the consolidated financial statements is determined as of the date on which the company became a subsidiary; this is also the date of acquisition accounting.

Acquisition accounting for acquisitions of companies or shares was performed using the revaluation method on the date of first-time consolidation. Where possible, the amounts recognized were allocated to the related asset items; the remainder was recognized as goodwill. Any negative difference from acquisition accounting was presented in the net retained profit or in "difference from acquisition accounting".

Receivables and liabilities between group companies are netted.

In the consolidated income statement, income from intercompany revenue and other intercompany income are offset against the corresponding expenses. There were no significant intercompany profits from trade between companies within the scope of consolidation.

Halpro Engineering Sdn. Bhd., Kuala Lumpur, had previously been included in the consolidated financial statements as an associate. The shares were valued using the equity method in accordance with Sec. 312 (1) HGB. Under this method, the carrying amount is adjusted in the fiscal year by the pro rata net profit or loss for the year and changes in capital. The valuation methods of the associates were adjusted to the uniform group valuation. In fiscal year 2021, part of the shares in the company were sold, thereby terminating the significant influence over the company’s operating and financial policy in this context. The remaining shares are valued at amortized cost.

Accounting policies

The consolidated financial statements are prepared using the accounting standards of the 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 accounting policies remained mostly unchanged on the prior year.

Assets and liabilities were valued uniformly in the consolidated financial statements. Any deviating accounting policies in the annual financial statements of the group companies are adjusted in the reporting packages (Handelsbilanz II).

Intangible assets are stated at acquisition cost less amortization over the useful lives customary in the industry. Where necessary, an impairment loss that is expected to be permanent is recognized by way of write-downs to the lower net realizable value.

Goodwill, including goodwill arising on the first-time consolidation of shares, is amortized over a period of 10 years.

Property, plant and equipment are recognized at acquisition or production cost and are depreciated if they have a limited life. If permanent impairment is assumed, it is recognized by way of write-downs to the lower net realizable value.

Property, plant and equipment are depreciated over their estimated useful lives. At the German companies, low-value assets with an individual net value not exceeding EUR 800.00 are fully expensed in the year of acquisition, their immediate disposal being assumed. All other depreciation of additions to property, plant and equipment is charged pro rata temporis.

Financial assets are valued at the lower of cost or net realizable value.

Inventories are recognized at the lower of cost or market. Inventories of **raw materials, consumables and supplies** are valued at the lower of average cost or market on the reporting date.

Work in process is 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). In accordance with the principle of valuation at net realizable value, write-downs are made to the lower fair value as of the reporting date if necessary. This is calculated as the net realizable value, i.e., the difference between the expected selling price less associated costs.

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. 298 (1) in conjunction with Sec. 268 (5) Sentence 2 HGB.

Receivables and other assets are stated at nominal value. Specific bad debt allowances provide for foreseeable valuation risks and the general credit risk. The general credit risk is provided for by a general bad debt allowance.

Securities classified as current assets (shares in affiliates not fully consolidated) are generally stated at the lower of cost or fair value. Impairment to the lower realizable value was not required.

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

Equity items are recognized at nominal value.

Tax provisions and **other provisions** account for all uncertain liabilities and potential losses from pending transactions. Provisions are valued at the amount considered necessary based on prudent business judgment. There are no provisions with a term of more than one year.

Liabilities are recorded at the settlement value.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax charge and benefit are valued using the company-specific tax rates at the time the differences reverse; these amounts are not discounted. In addition, differences due to consolidation procedures in accordance with Secs. 300 to 307 HGB are taken into account, while differences arising on the first-time recognition of goodwill or a negative consolidation difference are not included. Deferred tax assets and deferred tax liabilities are offset. The option to recognize any resulting net deferred tax assets arising from temporary differences in the separate financial statements of the consolidated companies was not exercised.

Currency translation

Foreign currency monetary assets and liabilities are translated in subsequent periods using the mean spot rate on the reporting date. If they have residual terms of one year or less, the realization principle (Sec. 298 (1) in conjunction with Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 298 (1) in conjunction with Sec. 253 (1) Sentence 1 HGB) are not applied to changes in value which result from exchange rate fluctuations.

In accordance with Sec. 308a HGB, consolidated financial statements in foreign currencies are translated using the modified closing rate method. Balance sheet items are translated at the average spot exchange rate as of the reporting date. Equity items are translated at historical rates. The items of the income statement are translated into euro at the annual average exchange rate of the fiscal year. The resulting translation difference is recognized in consolidated equity after the consolidated revenue reserves in the “Currency translation/exchange differences” item.

Currency differences due to the elimination of intercompany balances are, as a rule, allocated to the “Currency translation/exchange differences” item under equity.

The “thereof” currency translation items presented in the income statement include both realized and unrealized exchange differences.

Notes to the consolidated balance sheet

Fixed assets

The development of fixed assets, including amortization, depreciation and impairment for the fiscal year, is shown in the statement of changes in fixed assets.

Information on shareholdings

Basis of consolidation

Fully consolidated entities

	Equity investment %
Germany	
Greencells GmbH, Saarbrücken, Germany (group parent company)	
Greencells Regio GmbH, Losheim am See, Germany (formerly GC Solar Workers GmbH, Saarbrücken)	100
Other countries	
Pekan Energy I Pte. Ltd., Singapore	100
Greencells USA Inc., Wilmington, USA	100
Greencells Energy UK Ltd., London, UK	100
Greencells Hungary Korlátolt Felelősségű Társaság, Budapest, Hungary	100
Greencells Construction Korlátolt Felelősségű Társaság, Budapest, Hungary	100
Greencells CEE S.R.L., Cluj Napoca, Romania	100
Not included in the basis of consolidation due to its minor significance for the presentation of assets, liabilities, financial position and financial performance:	
Solar Polska New Energy Project Nowogard PV, Szczecin, Poland	100

Other equity investments

	Equity investment %	Equity EUR k	Net income/net loss EUR k
Other countries			
Halpro Engineering Sdn. Bhd, Kuala Lumpur, Malaysia	49	16,285[1)]	2,716[1)]
Green Solar Energy Pte. Ltd., Singapore	15	-234[2)]	-261[2)]

1) Last annual financial statements available as of 30 June 2021

2) Last annual financial statements available as of 31 December 2020

Related parties

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

Receivables and other assets

	31 Dec 2021 EUR k	31 Dec 2020 EUR k
Trade receivables	21,939	4,512
thereof due in more than one year		(0)
Receivables from affiliates	20	0
thereof due in more than one year	(20)	(0)
Receivables from related parties	22,508	10,041
thereof due in more than one year	(0)	(1,371)
Other assets	12,703	1,903
thereof due in more than one year	(0)	(0)
	57,170	16,456

Trade receivables include receivables from shareholders of EUR 105k (prior year: EUR 105k). Receivables from related parties contain trade receivables of EUR 17,469k (prior year: EUR 8,083k).

Equity

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

Difference from acquisition accounting

Acquisition accounting for the shares in the subgroup of Greencells Energy Asia Pacific Pte Ltd., Singapore, with its subsidiary Solar Greencells Sdn. Bhd., Kuala Lumpur, Malaysia, acquired in fiscal year 2020 resulted in a negative difference from acquisition accounting of EUR 1,645k. The negative difference from acquisition accounting was classified as debt capital due to the negative earnings development that is expected. In fiscal year 2021, the negative earnings developments expected at the time of the acquisition of the subgroup have been partially realized and no further expenses are expected. No further expenses are expected in connection with the negative earnings developments expected at the time of acquisition, resulting in the difference being released through profit or loss in the reporting year.

Acquisition accounting for the shares in the company acquired by Greencells CEE S.R.L., Cluj Napoca, Romania, in fiscal year 2021 resulted in a negative difference from acquisition accounting of EUR 216k. The negative difference from acquisition accounting is not attributable to the poor financial performance nor to other future expenses which have not yet been reflected in the revalued equity due to accounting provisions. Accordingly, the negative goodwill is of an equity nature and was released to income in the reporting year since only an insignificant amount of fixed assets exists.

Other provisions

Other provisions are mainly recognized for personnel expenses, archiving requirements, outstanding purchase invoices, warranty obligations, penalties, potential losses from pending transactions as well as costs for financial statements and advisory services and audit fees.

Liabilities

in EUR k

Type of liability	31 Dec 2021 Due in up to one year	31 Dec 2021 Due in more than one year	31 Dec 2021 Total	31 Dec 2020 Due in up to one year	31 Dec 2020 Due in more than one year	31 Dec 2020 Total
1. Bonds	0	31,500	31,500	0	17,400	17,400
- thereof convertible	(0)	(0)	(0)	(0)	(0)	(0)
2. Liabilities to banks	23,626	0	23,626	4	10,000	10,004
3. Trade payables	16,033	0	16,033	9,532	0	9,532
4. Liabilities to related parties	119	0	119	5,385	0	5,385
5. Other liabilities	6,680	120	6,800	3,944	200	4,144
- thereof for taxes	(5,290)	(0)	(5,290)	(2,323)	(0)	(2,323)
- thereof for social security	(183)	0	(183)	(13)	(0)	(13)
Total	46,458	31,620	78,078	18,865	27,600	46,465

There are no liabilities with a remaining 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 of Greencells Hungary Kft. in connection with the realization of an EPC contract amount to EUR 11,550k as of the reporting date. These are secured by pledging existing and future receivables from the EPC contract and other assets. The loan has a term until 31 March 2022 and was repaid on 11 February 2022.

Other liabilities to banks are not secured. Trade payables are partly hedged by suppliers' retention of title.

Liabilities to related parties contain trade payables of EUR 0k (prior year: EUR 850k) and other liabilities of EUR 119k (prior year: EUR 4,535k).

A contribution by silent partners is recognized in other liabilities. 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.

Notes to the consolidated income statement

Revenue

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

	2021 EUR k	%	2020 EUR k	%
Revenue by market				
Europe	104,761	95	41,300	64
North America	75	0	0	0
Middle East	2,132	2	1,939	3
Asia	3,549	3	21,310	33
	110,517	100	64,549	100

Other operating income

Other operating income of EUR 6,875k (prior year: EUR 1,740k) primarily includes income from deconsolidation of EUR 2,835k (prior year: EUR 0k), income from the reversal of negative differences from acquisition accounting of EUR 1,862k (prior year: EUR 0k) and income from the reversal of provisions of EUR 951k (prior year: EUR 0k). Income from currency translation of EUR 677k (prior year: EUR 929k) is included in other operating income.

Personnel expenses

Personnel expenses incurred in the past fiscal year amounted to EUR 10,547k (prior year: EUR 5,531k) and break down as follows:

	2021 EUR k	2020 EUR k
Wages and salaries	9,537	4,664
Social security, pension and other benefit costs	1,010	867
	10,547	5,531

Other operating expenses

Other operating expenses of EUR 6,505k (prior year: EUR 4,974k) include expenses from currency translation of EUR 695k (prior year: EUR 458k) as well as extraordinary expenses of EUR 814k (prior year: EUR 1,281k) relating to the issue and extension of the green bond.

Expenses from associates

Expenses from associates include EUR 4,964k in expenses from the disposal of shares and EUR 1,180k in impairment losses.

Other disclosures

Contingent liabilities

As in the prior year, Greencells GmbH was liable for a potential obligation of the Polish subsidiary Polar Beteiligungs GmbH, Husum, totaling EUR 84k. Based on the current status of negotiations with the acquirer a claim is not expected.

Under the warranty arrangements for construction projects customary in the industry, the Company is liable for completed construction projects for a period of two years after the completion of the project under the terms of the contract. Any possible monetary obligations from these contracts in respect of potential damage or repair work are covered by extended cover under an assembly insurance policy for construction projects.

The risk of claims relating to the above contingent liabilities is assessed as follows:

The risk of a claim relating to the guarantee for related parties' liabilities to banks is deemed to be low because of these entities' good assets, liabilities, financial position and financial performance.

Other financial obligations

Other financial obligations break down as follows:

	up to one year EUR k	one to five years EUR k
Rent	81	10
Insurance	158	0
Leases	96	98
Purchase commitments	52,595	0
Total	52,930	108

Total management remuneration

With reference to the protective clause afforded by Sec. 314 (3) in conjunction with Sec. 286 (4) HGB, the Company did not disclose total management remuneration.

Employees

Average number of persons employed by the consolidated companies during the fiscal year:

Full-time employees	335
Part-time employees	18
	353

Audit and consulting fees

The Group auditor’s total fees for the fiscal year amount to EUR 64k.

Notes to the consolidated cash flow statement

Cash flow from operating activities amounts to EUR -14,903k (prior year: EUR -4,176k) in the fiscal year. The change in liabilities, provisions and receivables as well as the purchase of two related parties, for which the purchase price was not released to income, but offset against existing loans, are decisive factors in this regard.

Cash and cash equivalents of EUR 20,004k (prior year: EUR 18,415k) are composed of the cash and cash equivalents of the individual group companies.

Cash flow from investing activities of EUR -5,034k (prior year: EUR -5,658k) mainly resulted from interest received as well as cash paid and received for capital expenditures.

Cash flow from financing activities amounted to EUR 21,440k in the fiscal year (prior year: EUR 21,708k).

Notes to the consolidated statement of changes in equity

As of 31 December 2021, the item profit carried forward stood at EUR 4,630k and the item consolidated net income for the year came to EUR 1,011k.

Subsequent events

<u>Green bond</u>
In fiscal year 2021, it was resolved to extend the issued bond of EUR 25,000k by up to a further EUR 25,000k, i.e., a total of EUR 50m. 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 98.6% 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 consolidated financial statements as of 31 December 2021. For more information, please refer to the comments in the group management report.

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

Proposal for the appropriation of profit

The management of the parent company proposes to carry forward the net income for the year to new account.

Saarbrücken, 27 June 2022

Greencells GmbH

General manager

Andreas Hoffmann

Greencells GmbH, Saarbrücken
Consolidated statement of changes in fixed assets for fiscal year 2021

	Acquisition and production cost							Accumulated amortization, depreciation and impairment								
	1 Jan 2021	Currency change	Change in the basis of consolidation	Additions	Disposals	Reclassifications	31 Dec 2021	1 Jan 2021	Currency change	Change in the basis of consolidation	Additions	Disposals	Reclassifications	31 Dec 2021	Net book values 31 Dec 2021	Net book values 31 Dec 2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets																
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	13,218.00	0.00	3,986.26	47,746.00	578.03	0.00	64,372.23	13,217.00	-5.27	2,474.96	8,338.09	578.02	0.00	23,446.76	40,925.47	1.00
2. Goodwill	683,245.20	0.00	0.00	0.00	22,497.81	0.00	660,747.39	179,619.77	0.00	0.00	62,953.18	22,497.81	0.00	220,075.14	440,672.25	503,625.43
	696,463.20	0.00	3,986.26	47,746.00	23,075.84	0.00	725,119.62	192,836.77	-5.27	2,474.96	71,291.27	23,075.83	0.00	243,521.90	481,597.72	503,626.43
II. Property, plant and equipment																
1. Land, land rights and buildings, including buildings on third-party land	107,783.24	0.00	-36,119.79	0.00	0.00	0.00	71,663.45	71,662.45	0.00	0.00	0.00	0.00	0.00	71,662.45	1.00	36,120.79
2. Plant and machinery	393,624.72	0.00	3,822.59	22,657.32	3,822.59	0.00	416,282.04	368,819.72	-17.31	1,515.13	11,078.92	1,592.77	0.00	379,803.69	36,478.35	24,805.00
3. Other equipment, furniture and fixtures	760,753.82	458.39	-483.16	134,349.91	81,966.11	0.00	813,112.85	460,260.03	291.86	1,057.17	98,215.33	80,874.12	0.00	478,950.27	334,162.58	300,493.79
4. Prepayments and assets under construction	3,003.34	0.00	-3,003.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,003.34
	1,265,165.12	458.39	-35,783.70	157,007.23	85,788.70	0.00	1,301,058.34	900,742.20	274.55	2,572.30	109,294.25	82,466.89	0.00	930,416.41	370,641.93	364,422.92
III. Financial assets																
1. Equity investments																
a) in associates	12,918,027.60	427,684.85	0.00	1,336,208.69	13,501,805.13	-1,180,116.01	0.00	2,456.00	0.00	0.00	1,180,115.13	2,456.00	-1,180,115.13	0.00	0.00	12,915,571.60
b) other	78,857.40	0.00	-2.22	74,800.62	0.00	1,180,116.01	1,333,771.81	0.00	0.00	0.00	0.00	0.00	1,180,115.13	1,180,115.13	153,656.68	78,857.40
2. Other loans	7,115,941.52	0.00	163,227.18	11,138,350.09	10,999.35	0.00	18,406,519.44	0.00	0.00	10,686.38	0.00	10,686.38	0.00	0.00	18,406,519.44	7,115,941.52
	20,112,826.52	427,684.85	163,224.96	12,549,359.40	13,512,804.48	0.00	19,740,291.25	2,456.00	0.00	10,686.38	1,180,115.13	13,142.38	0.00	1,180,115.13	18,560,176.12	20,110,370.52
	22,074,454.84	428,143.24	131,427.52	12,754,112.63	13,621,669.02	0.00	21,766,469.21	1,096,034.97	269.28	15,733.64	1,360,700.65	118,685.10	0.00	2,354,053.44	19,412,415.77	20,978,419.87

Group management report for the Greencells GmbH Group for 2021

Contents

I. Company background

The Greencells GmbH Group is a global provider of services in the area of planning, constructing and operating large solar power plants. Together with the co-subsidiary Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates (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. As one of the largest European providers of solar power plants, the Greencells GmbH Group has already been involved in the construction and/or planning of over 2.3 GWp of capacity in more than 25 countries. The Group'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.

Greencells GmbH, founded in 2009 and headquartered in Saarbrücken, is the parent company of the Greencells GmbH Group. It is a contractor for a large portion of signed EPC contracts, which are in most cases constructed by specialists of Greencells CEE S.r.l., Cluj-Napoca, located in Romania. The Greencells GmbH Group employed around 100 salaried employees across its various entities as well as 253 employees in its Romanian unit, including skilled workers employed at the respective active construction sites.

In addition to the two companies mentioned above, the GmbH Group also includes other entities with specific purposes and strategies. In terms of strategy, the German Greencells Regio GmbH, Losheim am See, which was founded in 2021 to exploit growth opportunities in the area of smaller ground-mounted and rooftop systems in the German solar power market, is worth mentioning here. The US company Greencells USA Inc., Wilmington, represents a separate business unit responsible for business activities in the United States of America. Greencells Hungary Korlätolt Felelössegü Társaság, Budapest, serves the same purpose in Hungary.

The entities mainly designated for a specific purpose include the British company Greencells Energy UK Ltd., London, which carried out maintenance and servicing activities (Operations & Maintenance – O&M) for solar parks located on British soil until 31 December 2021. O&M operations in the UK market have ceased and the Company was in liquidation at the end of fiscal year 2021. Companies were established in Asia in the past to develop and build the Greencells solar park Pekan in Malaysia. These include Pekan Energy I Pte. Ltd., Singapore, Solar Greencells Sdn Bhd, Kuala Lumpur, Malaysia, and Halpro Engineering Sdn Bhd, Kuala Lumpur, Malaysia. This project was successfully completed on 16 December 2021 following the completion of the construction work and subsequent partial sale of the project company Halpro Engineering Sdn Bhd. Pekan Energy I Pte. Ltd. continues to hold shares in the solar park Pekan as a holding company. Solar Greencells Sdn Bhd was sold to the co-subsidiary Greencells Group Holdings Ltd. at the end of the fiscal year, as the company will focus its activities on project development in the Asian region in the future.

Another purpose-built company is Greencells Construction Korlátolt Felelósségú Társaság which provides EPC services in Hungary. The Polish-based Solar Polska New Energy Project Nowogard PV was established for a project that was carried out some time ago and no longer has an operational function.

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 (Financial Times, 2021). Ongoing travel restrictions continued to complicate private transport.

As mentioned at the outset, the persisting challenges of the COVID-19 pandemic also accelerated environmental decision-making processes, which are discussed in section 1.3.

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). (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).

As a result, 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 the Greencells GmbH Group. (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 power 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)

The US market relevant to the activities of Greencells USA Inc. recorded an increase of 23.6 GW in 2021 (16.6 GW in 2020). (U.S. Solar Market Insight | SEIA)

According to the US Department of Energy (DOE), it is intended to be able to cover half of the energy demand by means of solar power by 2050. The target is to cover 44% of the energy demand with solar power by 2050. With the US President Joe Biden’s promising agenda, an investment in solar power of up to half a trillion dollars is necessary. (Handelsblatt, September 2021)

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. (A European Green Deal, European Commission), (Paris Climate Agreement, The White House) The Biden administration has announced plans to promote historically high levels of investment in innovative clean energy and climate change research and build on past US successes in reducing emissions. (What Biden's $2-trillion spending bill could mean for climate change, nature, 2021)

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 the Greencells GmbH Group's operating activities.

The Group 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 GmbH Group 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 2020-2024).

Specifically in relation to the activities of Greencells GmbH, the Netherlands in particular continued to represent a core market 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 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, 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.

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. The subsidiary Greencells Regio GmbH has been operating specifically for the German market since mid-2021 in order to also exploit growth opportunities in the area of smaller ground-mounted and rooftop systems. The company designs and builds rooftop systems over 200 kWp and ground-mounted systems up to 10 MWp. The company's operating activities commenced very successfully. Thus, orders for around 2 MWp of installations were booked in the course of fiscal year 2021. The company's headcount grew from 7 to 11 employees at present. The jobs created include activities in assembly and construction site management as well as positions such as internships and working student positions aimed at supporting the academic field, which are occupied by students from places including the University of Applied Sciences Saarbrücken and the Environmental Campus Birkenfeld.

Six EPC projects were started in the US business of Greencells USA Inc. in fiscal year 2021. However, due to delays in approval process on the part of the customer and poor weather conditions on the US East Coast towards the end of the year, the start of construction for four projects was postponed until 2022. The Greencells GmbH Group 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-subsidiary Greencells Group Holdings, which will already drive EPC demand within the group as early as 2022 and increasingly thereafter.

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, corporate procurement was able to ensure that construction activities could proceed without significant restrictions. This included quickly securing additional quantities of solar modules in anticipation of 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 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.

The other entities in the Greencells GmbH Group also enforced strict compliance with legislations in force in their respective countries. This includes the parts of the Group primarily engaged in construction activities, where protocols tested in 2020 were further maintained or new risk mitigation options such as the systematic use of rapid tests were effectively deployed.

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 Greencells GmbH's 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, around EUR 6.5m of the increase volume had been subscribed in international private placements. With the help of these financial resources, the co-subsidiary Greencells Group Holdings Ltd. was able to intensify its project development activities, which in turn resulted in Greencells GmbH and other companies in the Group securing construction and maintenance contracts. It was thus possible to benefit from synergies and the associated efficiency gains within the Group as a whole.

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	482	0.5	504	0.8	-22	-4.4
Property, plant and equipment	371	0.4	364	0.6	7	1.9
Financial assets	18,559	18.4	20,110	31.4	-1,551	-7.7
	19,412	19.3	20,978	32.8	-1,566	-7.5
Medium and short-term assets						
Current assets						
Inventories	4,122	4.1	8,002	12.5	-3,880	-48.5
Trade receivables	21,939	21.8	4,512	7.1	17,427	> 100.0
Receivables from affiliates	20	0.0	0	0.0	20	> 100.0
Receivables from related parties	22,508	22.3	10,041	15.7	12,467	> 100.0
Other assets, prepaid expenses	12,770	12.7	2,000	3.1	10,770	> 100.0
Cash and cash equivalents	20,004	19.9	18,415	28.8	1,589	8.6
	81,363	80.7	42,970	67.2	38,393	89.3
Total assets	**100,775**	**100.0**	**63,948**	**100.0**	**36,827**	**57.6**

Total assets increased significantly by EUR 36,827k (up 57.6%) to EUR 100,775k in the reporting year. The increase is mainly due to higher receivables from related parties from project development financing as well as higher trade receivables. The increase in financial assets is due to the increase in other loans granted to the co-subsidiary Greencells Group Holdings Ltd. to finance project developments.

After open deduction of advance payments received on orders, inventories decreased by EUR 3,880k as of 31 December 2021, down 48.5% from EUR 8,002k to EUR 4,122k year on year. The decrease is due to significantly higher advance payments received at the end of the fiscal year.

By contrast, an increase of EUR 17,427k was recorded in trade receivables. This relates to higher receivables from customers from the invoicing of projects as of the reporting date. Receivables from related parties increased by EUR 12,467k year on year from EUR 10,041k to EUR 22,508k as of the reporting date. Receivables from related parties mainly relate to trade receivables. The increase in other assets including prepaid expenses by EUR 10,770k to EUR 12,770k mainly results from receivables in connection with the partial disposal of shares in the company Halpro Engineering Sdn Bhd.

As of the reporting date, cash and cash equivalents increased by EUR 1,589k or 8.6% to EUR 20,004k. This is due on the one hand to the inflow of cash and cash equivalents from the extension of the issued bond, and on the other hand to the inflow of cash and cash equivalents from advance payments received on orders shortly before the reporting date of 31 December 2021.

	31 Dec 2021		**31 Dec 2020**		**Change**	
COMPOSITION OF EQUITY AND LIABILITIES	EUR k	%	EUR k	%	EUR k	%
Long-term capital						
Subscribed capital	42	0.0	42	0.1	0	0.0
Capital reserves	5,313	5.3	5,313	8.3	0	0.0
Currency translation	-395	-0.4	-922	-1.4	527	-57.2
Consolidated net retained profit	5,641	5.6	4,630	7.2	1,011	21.8
Equity	**10,601**	**10.5**	**9,063**	**14.2**	**1,538**	**17.0**
Difference from acquisition accounting	**0**	**0.0**	**1,645**	**2.5**	**-1,645**	**-100.0**
Medium and short-term capital						
Provisions	12,097	12.0	6,774	10.6	5,323	78.6
Bonds	31,500	31.3	17,400	27.2	14,100	81.0
Liabilities to banks	23,626	23.4	10,004	15.6	13,622	> 100.0
Trade payables	16,033	15.9	9,532	14.9	6,501	68.2
Liabilities to related parties	119	0.1	5,385	8.4	-5,266	-97.8
Other liabilities	6,799	6.7	4,145	6.5	2,654	64.0
	90,174	**89.5**	**53,240**	**83.3**	**36,934**	**69.4**
Total equity and liabilities	**100,775**	**100.0**	**63,948**	**100.0**	**36,827**	**57.6**

Equity increased by 17.0% or EUR 1,538k to a total of EUR 10,601k. The increase results from the net income for fiscal year 2021 of EUR 1,011k and the change in the equity difference from currency translation.

The equity ratio stood at 10.5% compared to 14.2% in the prior year.

Provisions increased by EUR 5,323k to EUR 12,097k. This is mainly due to higher provisions from expected supplier invoices in the area of project realization.

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 13,622k to EUR 23,626k resulted from taking out loans in connection with the financing of projects.

Furthermore, trade payables increased by EUR 6,501k to EUR 16,033k, an increase of 68.2%.

A year-on-year decrease of EUR 5,266k to EUR 119k in liabilities to related parties was recorded. This is mainly due to the repayment of loans granted.

In addition, other liabilities increased by EUR 2,654k to EUR 6,799k, mainly due to higher income tax and VAT liabilities.

2.4. Financial performance

	Fiscal year	Prior year	Change	
	EUR k	**EUR k**	**EUR k**	**%**
Operating performance	120,809	79,961	40,848	51.1
Operating expenses				
Cost of materials	95,503	66,781	28,722	43.0
Personnel expenses	10,547	5,531	5,016	90.7
Amortization, depreciation and impairment	181	179	2	1.1
Other operating expenses	6,505	4,974	1,531	30.8
Taxes (other than income taxes)	66	5	61	> 100.0
= Operating expenses	112,802	77,470	35,332	45.6
Operating result/EBIT	**8,007**	**2,491**	**5,516**	**> 100.0**
Income taxes	1,306	644	662	> 100.0
Financial result	-5,690	-1,298	-4,392	> 100.0
Net income/net loss for the year	**1,011**	**549**	**462**	**84.2**

At EUR 120,809k, Greencells GmbH generated a EUR 40,848k (up 51.1%) higher **operating performance** (revenue plus changes in inventories and other operating income) compared to the prior year (2020: EUR 79,961k). This is attributable to higher revenue from completed projects; in addition, in the prior year it was not yet possible to recognize revenue on a larger scale for projects that were almost completely finished in accordance with the provisions of the HGB. The revenue from these projects were recognized in fiscal year 2021.

Operating expenses

Cost of materials increased by EUR 28,722k (up 43.0%) to EUR 95,503k. The cost of materials as a percentage of revenue decreased from 83.5% in the prior year to 79.1% in fiscal year 2021.

This general growth of the Company was accompanied by an increase in personnel expenses of EUR 5,016k (up 90.7%) to EUR 10,547k. To ensure the further development of the Company, Greencells GmbH made significant investments in the recruitment of highly qualified staff. In addition, the initial consolidation of Greencells CEE S.r.l. led to a considerable increase in personnel expenses.

Other operating expenses rose by EUR 1,531k (up 30.8%) to EUR 6,505k in fiscal year 2021. This is largely attributable to effects from changes in the basis of consolidation. For example, the initial consolidation of two Hungarian subsidiaries and a subsidiary in Malaysia took place towards the end of the fiscal year. In the past fiscal year, the other operating expenses of these companies were included accordingly in the consolidated financial statements for a full fiscal year for the first time. Furthermore, a Romanian subsidiary was fully consolidated for the first time as of 31 January 2021. This also resulted in an increase in other operating expenses.

Fiscal year 2021 closed with an **operating result/EBIT** of EUR 8,007k (2020: EUR 2,491k).

Deducting **income taxes** (EUR 1,306k; 2020: EUR 644k), the negative **financial result**, mainly interest expenses for project financing and income from associates (EUR -5,690k; 2020: EUR -1,298k), the **net income for the year** amounted to EUR 1,011k (2020: EUR 549k).

2.5. Financial position

Financial management reports directly to management and focuses on capital structure management, liquidity management, interest rate and exchange rate hedging, and the procurement of funds. Subsidiaries are integrated into the group-wide liquidity management system.

Please refer to the separate presentation of the **consolidated statement of cash flows** for information on the financial position.

The **consolidated statement of cash flows** and the figures derived from it have been calculated in accordance with GAS 21.

Cash flow from operating activities in the reporting year was negative and came to EUR -14,903k, mainly due to the negative effects of the increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities. This was offset by the increase in provisions and in trade payables as well as other liabilities that cannot be allocated to investing or financing activities.

The negative **cash flow from investing activities** of EUR -5,034k resulted mainly from investments in intangible assets and property, plant and equipment, as well as from the granting of loans to related parties. Cash received from the partial disposal of shares in an associate had an offsetting effect in the fiscal year.

Cash flow from financing activities amounted to EUR 21,440k in the reporting year. This is mainly attributable to cash inflows generated by taking out bank loans and the successful full placement and subsequent extension of the bond. Disbursements for the repayment of a loan granted by a related party and interest payments had an offsetting effect.

Overall, **cash and cash equivalents** increased by EUR 1,589k to EUR 20,004k as of the reporting date.

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

Available credit lines were drawn in the reporting year, in particular to finance projects, and were repaid before the end of the year. Overall, there were credit facilities at banks for operating resources and project financing in the amount of EUR 70k. In addition, the Company successfully placed a green bearer bond with a volume of EUR 25,000k in the prior year, which was fully subscribed at the beginning of the fiscal year. During the fiscal year, it was decided to successively increase the bond by up to EUR 25,000k to EUR 50,000k, of which EUR 6,500k had been subscribed by the end of the fiscal year. Our financial position is deemed very stable. Liquidity was ensured at all times; existing liabilities were settled upon maturity.

2.6. Financial performance indicators

The Greencells GmbH Group'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.

It increased from 3.1% to 6.6% year on year.

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 cash flow from operating activities was negative and stood at EUR -14,903k, (prior year: EUR -4,176k).

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 CO_2 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 110,517k (prior year: EUR 64,549k). The forecast for fiscal year 2021 continued to project EBIT of EUR 2,275k, a return on sales of around 1.5%, and cash flow from operating activities of around EUR 3,408k. An EBIT of EUR 8,007k and a return on sales of 6.6% were actually achieved. However, with a cash flow from operating activities of EUR -14,903k, the forecast in this respect was not achieved. 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.

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

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

1.1. Warranty risks

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

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

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

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

1.2. Currency risks

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

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

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

1.3. Quality risks

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

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

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

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

This always involves observing local markets, in particular with regard to their specific requirements. International partners and local organizations support our 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 the 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, the Greencells GmbH Group 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 the Greencells GmbH Group, 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.

2. Opportunities report

The Greencells GmbH Group operates in an industry that has shown strong growth in 2021 despite the ongoing coronavirus pandemic, and will likely continue on this trend considering the previously mentioned forecasts.

The Greencells GmbH Group will continue to expand its activities especially within the European region and particularly in emerging Eastern European markets due to the high growth potential. The US market remains of interest. In this way, additional growth opportunities can be exploited in markets in which some of the companies in the GmbH Group already have a wealth of experience and a strong market position. The Greencells GmbH Group intends to exploit these additional opportunities in existing country markets as well as potential new opportunities in countries in which framework conditions are becoming more favorable through its broad international positioning, its ability to act quickly, and its in-depth industry expertise, even in markets that have not been served to date. In this regard, opportunities in non-OECD markets are seized as they arise.

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

Europe as a growth market

The EU member states have set the goal of making Europe carbon neutral by 2050, in line with the objectives of the Paris Agreement. Their short-term interim goal is to reduce greenhouse gas emissions by 55% by 2030 compared to 1999, a target that was set in 2015 (BMU, 2021), alternatively: European Climate Law (europa.eu)

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. For Greencells GmbH in particular, the domestic German market is becoming more attractive again in this regard, and the market opportunities for rooftop and smaller ground-mounted systems, which are being realized by the spun-off Greencells Regio GmbH, should also make a positive contribution to the overall result.

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

United States

After years of restrictive renewable energy policies under US President Donald Trump, the election of Joe Biden as US president ushered in a positive turnaround on the issue. Numerous new PV projects have been approved and a law to expand the US power grid ("Bipartisan Infrastructure Law") has been enacted since Joe Biden took office. The US government's mandate is being implemented by seven federal agencies that are developing renewable energy projects and plans with the goal of creating synergies between the fight against climate change as well as well-paying union jobs, and accelerating the transition of the energy industry. With the help of the Build Back Better Act, the US president wants to make extensive investments to combat climate change. (FACT SHEET: Biden-Harris Administration Races to Deploy Clean Energy that Creates Jobs and Lowers Costs | The White House)

The Greencells GmbH Group is well positioned to further benefit from this market potential thanks to its existing market presence and good connections to local partners.

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-subsidiary 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 Greencells GmbH's green bond as the inflow of the bond will significantly increase the scope of project development at the co-subsidiary Greencells Group Holdings. In the coming years, Greencells GmbH and the Greencells GmbH Group's individual entities will benefit from the integrated business model of the group as a whole that will be created in this way, as development projects of the co-subsidiary will result in secured EPC and O&M orders for companies in the GmbH Group. The co-subsidiary's project development is thus an essential value driver as it further fills the Greencells GmbH Group'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-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. The Greencells GmbH Group 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. The Greencells GmbH Group 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, the Greencells GmbH Group 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 the Greencells GmbH Group 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)

Bloomberg 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, the Greencells GmbH Group 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 6,636k. The Greencells GmbH Group thus forecasts a return on sales of around 2.8% 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-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 the Greencells GmbH Group 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 Group's EPC services, both in the third-party business, which used to take priority, and through the expected internal demand of the co-subsidiary 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 group of companies on a stable growth course despite the uncertainties mentioned.

The number of employees is expected to remain at a stable level in the coming fiscal year compared with 2021.

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 Greencells GmbH Group and the Group as a whole to develop positively in the coming years.

Saarbrücken, 27 June 2022

Greencells GmbH

General manager

Andreas Hoffmann

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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.

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[Translator's notes are in square brackets]

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

1. Scope of application

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

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

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

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

4. Ensuring independence

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

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

5. Reporting and oral information

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

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

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

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

7. Deficiency rectification

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

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

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

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

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

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(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.

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