Greencells GmbH
Saarbrücken

Short-form audit report
Consolidated financial statements and group management report
31 December 2020

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Building a better working world

Translation from the German language

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Note:

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

If an electronic version of this document is used for disclosure in the *Bundesanzeiger* [German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the audit report 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 2020, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year from 1 January 2020 to 31 December 2020, 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 2020 to 31 December 2020.

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 2020 and of its financial performance for the fiscal year from 1 January 2020 to 31 December 2020 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, 28 June 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Exhibit 1

Greencells GmbH, Saarbrücken
Consolidated balance sheet as of 31 December 2020

Assets	EUR	EUR	31 Dec 2019 EUR k
A. Fixed assets			
I. Intangible assets			
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	1.00		5
2. Goodwill	503,625.43		567
		503,626.43	572
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land	36,120.79		39
2. Plant and machinery	24,805.00		36
3. Other equipment, furniture and fixtures	300,493.79		257
4. Prepayments and assets under construction	3,003.34		3
		364,422.92	335
III. Financial assets			
Equity investments			
a) in associates	12,915,571.60		13,902
b) Other	78,857.40		38
		12,994,429.00	13,940
		13,862,478.35	14,847
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	165,660.00		258
2. Work in process	21,979,427.81		8,265
3. Prepayments	1,474,687.81		765
4. Prepayments received on account of orders	-15,618,258.02		-1,037
		8,001,517.60	8,251
II. Receivables and other assets			
1. Trade receivables	4,511,901.54		4,618
2. Receivables from related parties	17,156,867.68		3,193
3. Other assets	1,903,047.10		1,232
		23,571,816.32	9,043
III. Cash on hand, bank balances		18,415,394.84	6,549
		49,988,728.76	23,843
C. Prepaid expenses		96,311.84	49
		63,947,518.95	38,739

Equity and liabilities	EUR	EUR	31 Dec 2019 EUR k
A. Equity			
I. Subscribed capital	42,520.00		42
II. Capital reserves	5,312,992.00		5,313
III. Currency translation/exchange differences	-922,497.07		54
IV. Consolidated net retained profit	4,629,999.78		4,081
		9,063,014.71	9,490
B. Difference from acquisition accounting		1,645,189.87	0
C. Provisions			
1. Tax provisions	1,720,362.33		1,277
2. Other provisions	5,053,732.50		1,271
		6,774,094.83	2,548
D. Liabilities			
1. Bonds	17,400,000.00		0
2. Liabilities to banks	10,004,350.54		78
3. Trade payables	9,531,570.37		5,861
4. Liabilities to related parties	5,384,992.27		19,426
5. Other liabilities	4,144,306.36		1,336
thereof for taxes: EUR 2,323,010.91 (prior year: EUR 822k)			
thereof for social security: EUR 13,085.46 (prior year: EUR 0k)			
		46,465,219.54	26,701
		63,947,518.95	38,739

Exhibit 2

Greencells GmbH, Saarbrücken
Consolidated income statement for fiscal year 2020

	EUR	EUR	2019 EUR k
1. Revenue	64,549,119.17		85,643
2. Increase/decrease in inventories of work in process	13,671,695.26		-1,495
3. Other operating income thereof income from currency translation: EUR 929,279.68 (prior year: EUR 473k)	1,740,389.86		917
		79,961,204.29	85,065
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	39,561,190.76		49,790
b) Cost of purchased services	27,220,116.72		19,092
5. Personnel expenses			
a) Wages and salaries	4,664,029.39		5,476
b) Social security, pension and other benefit costs	866,538.90		672
6. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	178,951.70		301
7. Other operating expenses thereof expenses from currency translation: EUR 457,517.43 (prior year: EUR 247k)	4,973,433.88		4,665
		77,464,261.35	79,996
8. Income from equity investments	0.00		1
9. Other interest and similar income	275,813.30		67
10. Impairment of financial assets and securities classified as current assets	0.00		1
11. Interest and similar expenses	1,538,764.52		1,408
12. Expenditures from associates	35,468.83		130
		-1,298,420.05	-1,471
13. Taxes on income		643,829.15	1,200
14. Earnings after taxes		554,693.74	2,398
15. Other taxes		5,680.67	28
16. Consolidated net income for the year		549,013.07	2,370
17. Profit brought forward from prior year		4,080,986.71	1,711
18. Consolidated net retained profit		4,629,999.78	4,081

Exhibit 3

Greencells GmbH, Saarbrücken
Consolidated cash flow statement for fiscal year 2020

	EUR k	2019 EUR k
1. Cash flow from operating activities		
Net income/loss for the period (consolidated net income for the year)	549	2,370
Amortization, depreciation and impairment of fixed assets	180	302
Increase in provisions	4,226	1,161
Other non-cash expenses	183	130
Increase (-)/ decrease (+) in inventories, trade receivables and other assets	-7,476	16,501
Decrease in trade payables and other liabilities	-3,101	-9,662
Interest expenses/interest income	1,263	1,340
Cash flow from operating activities	-4,176	12,142
2. Cash flow from investing activities		
Cash received from disposals of intangible assets	0	2
Cash paid for investments in intangible assets	0	-2
Cash received from disposals of property, plant and equipment	32	36
Cash paid for investments in property, plant and equipment	-173	-105
Cash received from disposals of fixed financial assets	0	15
Cash paid for investments in fixed financial assets	0	-13,731
Interest received	276	68
Cash flow from investing activities	135	-13,717
3. Cash flow from financing activities		
Cash received from raising loans from related parties	0	7,891
Cash repayments of loans from related parties	-3,583	0
Cash paid for issuing loans to related parties	-5,793	-654
Cash received from the issue of bonds	16,713	0
Cash received from the raising of financial loans	10,000	16
Cash repayments of loans	-78	0
Interest paid	-1,344	-1,408
Cash flow from financing activities	15,915	5,845
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	11,874	4,270
Changes in cash and cash equivalents due to exchange rates, changes in the basis of consolidation and valuation	-8	352
Cash and cash equivalents at the beginning of the period	6,549	1,927
Cash and cash equivalents at the end of the period	18,415	6,549
5. Composition of cash and cash equivalents		
Cash	18,415	6,549
Cash and cash equivalents at the end of the period	18,415	6,549

Exhibit 4

Greencells GmbH, Saarbrücken
Consolidated statement of changes in equity for fiscal year 2020

	Equity of the parent company								Group equity
	(Corrected) subscribed capital			Capital reserves		Currency translation/ exchange differences	Consolidated net retained profit	Total	Total
	Capital stock	less treasury shares	Total	pursuant to Sec. 272 (2) No. 4 HGB	Total				
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	**EUR**
1 Jan 2019	42,520.00	-8,504.00	34,016.00	5,312,992.00	5,312,992.00	0.00	1,719,708.34	7,066,716.34	**7,066,716.34**
Treasury shares acquired to increase existing shares	0.00	8,504.00	8,504.00	0.00	0.00	0.00	-8,504.00	0.00	**0.00**
Currency translation	0.00	0.00	0.00	0.00	0.00	53,752.70	0.00	53,752.70	**53,752.70**
Consolidated net income for the year	0.00	0.00	0.00	0.00	0.00	0.00	2,369,782.37	2,369,782.37	**2,369,782.37**
31 Dec 2019	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**

Greencells GmbH, Saarbrücken
Notes to the consolidated financial statements for fiscal year 2020

General

These consolidated financial statements are prepared in accordance with Sec. 290 et seq. HGB [“Handelsgesetzbuch”: German Commercial Code].

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. The consolidated financial statements include Greencells GmbH, Saarbrücken, Germany, a further domestic entity (GC Regio GmbH, Losheim am See, Germany (formerly: GC Solar Workers GmbH, Saarbrücken, Germany)) and eight foreign subsidiaries:

- Greencells Energy UK Ltd., London, UK
- Greencells USA Inc., Wilmington, USA
- Pekan Energy I Pte. Ltd., Singapore
- Solar Polska New Energy Project Nowogard PV, Szczecin, Poland

Furthermore, the entities acquired in the reporting year,

- Greencells Energy Asia Pacific Pte Ltd, Singapore
- and Solar Greencells Sdn Bhd, Kuala Lumpur, Malaysia,

as well as the entities newly founded in the reporting year,

- Greencells Hungary Korlátolt Felelősségű Társaság, Budapest, Hungary
- and Greencells Construction Korlátolt Felelősségű Társaság, Budapest, Hungary,

were fully consolidated.

The equity of significant investments in associates is accounted for using the book value method. This relates to the foreign entity Halpro Engineering Sdn Bhd., Kuala Lumpur, Malaysia.

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 resulting from acquisition accounting is released to net income if the expenses expected at the time of acquisition of the shares is to be accounted for.

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. Differences from acquisition accounting are disclosed in the item “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 intercompany profits and losses.

The associate is indicated in the list of shareholdings. It is accounted for using the equity method in accordance with Sec. 312 (1) HGB. The carrying amount in the fiscal year is adjusted to include the relevant share of net income/net loss for the year and any changes in equity. The valuation methods used by the associate are adjusted to the Group’s uniform method of valuation. The difference between the book value and pro rata equity of the associate amounts to EUR 10k. This is allocated in full to goodwill.

There were no intercompany profits/losses from deliveries to these companies.

Intercompany profits and losses from trade with associates are not eliminated on the grounds of insignificance.

Accounting policies

The consolidated financial statements are prepared using the accounting standards of the HGB. The accounting policies remained 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).

The financial statements of foreign **associates** are not adjusted to the Group’s uniform methods as there were no significant deviations.

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

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.

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.

With regard to **financial assets**, investments recorded at the lower of cost or net realizable value are generally disclosed at nominal value.

Additions to equity investments in associates comprise contributions. Pro rata amounts of the net losses for the year and amortization of goodwill are recorded under disposals.

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.

Finished goods and work in process are valued at production cost on the basis of individual product costings. In addition to the direct cost of materials, direct labor and other special direct costs, production costs include production and materials overheads as well as depreciation.

In all cases, valuation is at net realizable value, i.e., the cost to complete and a reasonable profit margin are deducted from the expected sales prices.

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 their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance.

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

Equity items are also recognized at nominal value.

Tax provisions and **other provisions** account for all uncertain liabilities and potential losses from pending transactions. Provisions were valued at the settlement value expected to be required 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 are not due to exchange rate fluctuations.

Except for equity (subscribed capital, reserves, profit/loss carryforward), which is translated at the historical mean spot rate on the date of first-time consolidation, assets and liabilities in the financial statements prepared in foreign currency are translated into euros at the mean spot rate on the reporting date. The items of the income statement are translated into euro at the average exchange rate. 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 allocated to the “Currency translation/exchange differences” item under equity. 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

Subsidiaries are listed in the following table. These have been fully consolidated in the consolidated financial statements.

	Equity investment %
Germany	
Greencells GmbH, Saarbrücken, Germany (group parent company)	
GC Regio GmbH, Losheim am See, Germany (formerly: GC Solar Workers GmbH, Saarbrücken, Germany)	100
Other countries	
Solar Polska New Energy Project Nowogard PV, Szczecin, Poland	100
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[1]	100
Greencells Construction Korlátolt Felelősségű Társaság, Budapest, Hungary[2]	100
Greencells Energy Asia Pacific Pte Ltd., Singapore[3]	100
Solar Greencells Sdn. Bhd., Kuala Lumpur, Malaysia[3]	100

[1] First-time consolidation as of 17 November 2020
[2] First-time consolidation as of 28 December 2020
[3] First-time consolidation as of 31 December 2020

Associates

	Equity investment %
Other countries	
Halpro Engineering Sdn Bhd, Kuala Lumpur, Malaysia	99.92

The equity investment of 99.92% contains 50.92% of nonvoting preferred stock meaning that there is no controlling influence over Halpro Engineering Sdn Bhd, Kuala Lumpur, Malaysia, within the meaning of Sec. 290 (1) HGB.

Other equity investments

	Equity investment %	Equity EUR k	Net income/ net loss EUR k
Other countries			
Green Solar Energy Pte. Ltd., Singapore	15	-218[1)]	-442[1)]

[1)] Last annual financial statements available as of 31 December 2019

Related parties

The associates and entities of the sister group Greencells Group Holdings Limited, Abu Dhabi, United Arab Emirates, are also viewed as related parties.

Receivables and other assets

	31 Dec 2020 EUR k	31 Dec 2019 EUR k
Trade receivables	4,512	4,618
thereof due in more than one year	(0)	(0)
Receivables from related parties	17,157	3,193
thereof due in more than one year	(8,486)	(2,110)
Other assets	1,903	1,232
thereof due in more than one year	(0)	(0)
	23,572	9,043

Trade receivables include receivables from shareholders of EUR 105k. Receivables from related parties contain trade receivables of EUR 8,083k (prior year: EUR 910k) and other receivables of EUR 9,074k (prior year: EUR 2,178k), which mainly relate to project financing.

Equity

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

Difference from acquisition accounting

Acquisition accounting for the newly acquired shares in the subgroup of Greencells Energy Asia Pacific Pte Ltd., Singapore, with its subsidiary Solar Greencells Sdn. Bhd., Kuala Lumpur, Malaysia, resulted in a negative difference from acquisition accounting of EUR 1,645k. The negative difference from acquisition accounting is classified as debt capital due to the negative earnings development that is expected.

Other provisions

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

Liabilities

in EUR k

Type of liability	31 Dec 2020 Due in up to one year	more than one year	Total	31 Dec 2019 Due in up to one year	more than one year	Total
1. Bonds	0	17,400	17,400	0	0	0
2. Liabilities to banks	4	10,000	10,004	67	11	78
3. Trade payables	9,532	0	9,532	5,861	0	5,861
4. Liabilities to related parties	5,385	0	5,385	8,579	10,847	19,426
5. Other liabilities	3,944	200	4,144	1,336	0	1,336
- thereof for taxes	(2,323)	(0)	(2,323)	(822)	(0)	(822)
- thereof for social security	(13)	(0)	(13)	(0)	(0)	(0)
Total	18,865	27,600	46,465	15,843	10,858	26,701

The bond is secured by pledging shares in solar project companies that are held by the related company Greencells Group Holdings Ltd. or by a person related to that company and are secured by the collateral assignment of Greencells GmbH's receivables from related EPC agreements.

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

Liabilities to related parties contain trade payables of EUR 850k (prior year: EUR 864k) and other liabilities of EUR 4,535k (prior year: EUR 18,562k).

A contribution by silent partners is recognized in other liabilities. As of the reporting date, this figure amounts to EUR 280k (prior year: EUR 360k). 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 pertains to the planning, development and construction of solar power plants.

	2020 EUR k	%	2019 EUR k	%
Revenue by market				
Europe	41,300	64	83,158	97
Americas	0	0	140	0
Middle East	1,939	3	888	1
Asia	21,310	33	1,457	2
	64,549	100	85,643	100

Other operating income

Other operating income of EUR 1,740k (prior year: EUR 917k) is mainly composed of exchange gains (EUR 929k) and income from allocations of costs to related parties (EUR 500k).

Personnel expenses

Personnel expenses incurred in the past fiscal year amounted to EUR 5,531k (prior year: EUR 6,148k) and break down as follows:

	2020 EUR k	2019 EUR k
Wages and salaries	4,664	5,476
Social security, pension and other benefit costs	867	672
	5,531	6,148

Other operating expenses

Other operating expenses of EUR 4,974k primarily include exchange losses of EUR 458k and extraordinary expenses relating to the issue of the green bond of EUR 1,281k.

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	86	6
Insurance	237	0
Leases	31	19
Purchase commitments	22,512	0
Total	22,866	25

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	77
Part-time employees	10
	87

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 -4,176k in the fiscal year.

Cash and cash equivalents of EUR 18,415k are composed of the cash and cash equivalents of the individual group companies.

Cash flow from investing activities of EUR 135k mainly resulted from interest received as well as cash paid and received for capital expenditures.

Cash flow from financing activities amounted to EUR 15,915k in the fiscal year.

Notes to the consolidated statement of changes in equity

As of 31 December 2020, the item profit carried forward stood at EUR 4,848k and the consolidated net income for the year came to EUR 549k.

Subsequent events

The green bond, which was issued in December 2020 and of which EUR 17,400k was subscribed at the end of the year, was fully subscribed in April 2021 with EUR 25,000k. The bond price stood at 103.00% on 10 June 2021.

Other than that, there were no events of particular significance after the close of the fiscal year.

Exhibit 5

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, 28 June 2021

Greencells GmbH

The general manager

Andreas Hoffmann

Attachment to the notes

Greencells GmbH, Saarbrücken

Consolidated statement of changes in fixed assets for fiscal year 2020

	Acquisition and production cost						Accumulated amortization, depreciation and impairment						
	1 Jan 2020	Currency change	Change in the basis of consolidation	Additions	Disposals	31 Dec 2020	1 Jan 2020	Currency change	Additions	Disposals	31 Dec 2020	Net book values 31 Dec 2020	Net book values 1 Jan 2020
	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	39,815.35	0.00	0.00	0.00	26,597.35	13,218.00	35,000.35	0.00	4,808.00	26,591.35	13,217.00	1.00	4,815.00
2. Goodwill	683,245.20	0.00	0.00	0.00	0.00	683,245.20	116,666.59	0.00	62,953.18	0.00	179,619.77	503,625.43	566,578.61
	723,060.55	0.00	0.00	0.00	26,597.35	696,463.20	151,666.94	0.00	67,761.18	26,591.35	192,836.77	503,626.43	571,393.61
II. Property, plant and equipment													
1. Land, land rights and buildings, including buildings on third-party land	110,352.76	-2,569.52	0.00	0.00	0.00	107,783.24	71,662.45	0.00	0.00	0.00	71,662.45	36,120.79	38,690.31
2. Plant and machinery	393,624.72	0.00	0.00	0.00	0.00	393,624.72	356,996.72	0.00	11,823.00	0.00	368,819.72	24,805.00	36,628.00
3. Other equipment, furniture and fixtures	717,875.98	-240.21	1,581.22	173,221.58	131,684.75	760,753.82	460,946.05	-238.79	99,367.52	99,814.75	460,260.03	300,493.79	256,929.93
4. Prepayments and assets under construction	3,023.76	-20.42	0.00	0.00	0.00	3,003.34	0.00	0.00	0.00	0.00	0.00	3,003.34	3,023.76
	1,224,877.22	-2,830.15	1,581.22	173,221.58	131,684.75	1,265,165.12	889,605.22	-238.79	111,190.52	99,814.75	900,742.20	364,422.92	335,272.00
III. Financial assets													
Equity investments													
a) in associates	13,903,336.81	-951,068.28	0.00	0.00	34,240.93	12,918,027.60	1,228.10	0.00	1,227.90	0.00	2,456.00	12,915,571.60	13,902,108.71
b) other	38,405.74	0.00	0.00	40,451.66	0.00	78,857.40	0.00	0.00	0.00	0.00	0.00	78,857.40	38,405.74
	13,941,742.55	-951,068.28	0.00	40,451.66	34,240.93	12,996,885.00	1,228.10	0.00	1,227.90	0.00	2,456.00	12,994,429.00	13,940,514.45
	15,889,680.32	-953,898.43	1,581.22	213,673.24	192,523.03	14,958,513.32	1,042,500.26	-238.79	180,179.60	126,406.10	1,096,034.97	13,862,478.35	14,847,180.06

Group management report for the Greencells Group for 2020

Contents

I. Report on economic position

1. Macroeconomic and sector-specific environment

Globally, fiscal year 2020 was shaped by the direct and indirect effects of the COVID-19 pandemic, which originated in the Hubei province of China at the end of 2019. The regional, national and international restrictions to contain and combat the pandemic, which were repeatedly tightened, had a significant impact on the global flow of goods and services. The International Monetary Fund (IMF) already forecast a global recession affecting all countries at the beginning of the crisis in April 2020. At that time, the IMF predicted that economic output would decline by 3% globally and by as much as 7.5% in the eurozone (IMF, 2020).

Real economic data for 2020 as a whole, published by the IMF in 2021, confirmed this forecast made during the first lockdown. According to this, global economic growth decreased by 3.3% in 2020 (2019: increase of 2.9%). However, there were differences between certain countries and regions. Thus, the eurozone recorded a 6.6% decline in economic output and is therefore to be considered an economic region that is heavily affected by the events associated with the COVID-19 pandemic. Even within the eurozone, there were national differences. For example, economic performance in Germany decreased by 4.9% (2019: increase of 0.6%), while the economies of other European markets were hit even harder. Economic performance declined by 8.2% in France (2019: increase of 1.3%), by 8.9% in Italy (2019: increase of 0.3%) and by as much as 11.0% in Spain (2019: increase of 2.0%) (IMF Word Economic Outlook April 2021, 2021).

By contrast, the People's Republic of China was able to minimize the effects of the pandemic relatively quickly from an economic perspective, closing 2020 with slight growth of 2.3%. However, this also represents a significant decrease compared to the GDP growth of 6.1% generated in 2019. The US also lost considerable momentum and recorded a decline in economic performance of 3.5% in 2020 (2019: increase of 2.3%). In India, economic output even decreased by 8.0% (2019: increase of 4.2%). The same applied to the regions Latin America and the Caribbean with a decline of 7.0% (2019: increase of 0.1%) as well as the Middle East and Central Asia with a decrease of 2.9% (2019: increase of 1.2%) (IMF Word Economic Outlook April 2021, 2021).

Due to the global orientation of the photovoltaic industry all its core markets were negatively impacted by the COVID-19 pandemic.

1.1. Economic conditions in the industry

The past fiscal year posed great challenges for the photovoltaic industry, mainly due to the effects of the global COVID-19 pandemic. However, the photovoltaic industry proved to be very resilient overall and although these effects were painful, according to the International Energy Agency (IEA), they are not able to stop the growth trajectory of the renewable energy industry and, thus, of the photovoltaic industry (IEA Covid 19 Report, 2020).

The main effects of the COVID-19 pandemic on the photovoltaic industry were seen in the free movement of persons and goods, and thus in related global supply chains.

Supply chains relevant to the photovoltaic industry are heavily dependent on Chinese producers. As the COVID-19 pandemic originated in China, the first effects there were seen at an early stage. The production plants of most tier 1 solar panel producers and companies, such as Sungrow and Huawei in the Chinese provinces Jiangsu, Zhejang, Guangdong and Anhui, were affected by restrictions and interruptions to production right from the outset of the pandemic in February 2020 (pv-magazine, 2020). Particularly on account of the restrictions on movement of local citizens, plants could not operate at anywhere near full capacity. The resulting production constraints led to a lower availability for modules and related components in fiscal year 2020 as a whole (NS Energy, 2020).

Further adverse effects subsequently came from the constant tightening of travel restrictions for individuals and growing complications in the freight transport sector. Examples of this include the constantly increasing prices in overseas logistics between Europe and China toward the end of 2020 as well as the ongoing national and international controls and quarantine mechanisms throughout the world, which made the principle of just-in-time production and supply near impossible. (Financial Times, 2021) The same applied to the restrictions in the area of individual mobility, which virtually brought business travel to a standstill for most of the year.

Despite these adverse effects, the global photovoltaic market proved to be surprisingly resilient and was able to continue on its growth trajectory. Although the newly installed PV capacity across the world decreased by 8% compared to the prior year, the area of utility-scale power plants, which the Greencells Group mainly operates in, recorded a higher increase in installed capacity of 3%. While small and medium-sized companies in some markets of the commercial & industrial (C&I) segment postponed planned implementations of PV systems to the following year due to the uncertainty surrounding the global economy, additions of large plants continued in many countries on account of ending subsidies (IEA Renewables 2020 - Analysis and forecast to 2025, 2020).

In addition to established solar markets, such as Germany, Italy, the UK, Spain, Portugal and Greece, smaller markets that had previously been less active also recorded a trend toward a further expansion of photovoltaics, which can be seen as another indicator of the constantly growing attractiveness and competitiveness of photovoltaics (SolarPower Europe 2020-2024, 2020).

By 2050, the levelized cost of electricity (LCOE) is expected to decrease further from around EUR 0.04/kWh at present and stabilize at a level of between EUR 0.01/kWh and EUR 0.02//kWh in the European Union, for example. (SolarPower Europe 2019-2023, 2020) This is despite the fact that guaranteed public funding schemes, such as the EEG [“Erneuerbare-Energien-Gesetz”: German Renewable Energy Act] in Germany, are likely to become less attractive from a financial perspective. As a result, direct power purchase agreements (PPAs) are expected to become much more important. (PWC, 2020) Even with the current cost structure, solar energy is already one of the most cost-effective sources of electricity (IEA Renewables 2020 - Analysis and forecast to 2025, 2020).

The ongoing expansion of renewable energies in combination with the coronavirus pandemic caused the consumption of fossil fuels in OECD countries to collapse. By contrast, the consumption increased in Asia, in particular of coal, even though China recorded the highest increase in newly installed PV capacity throughout the world in 2020 (Ember Climate, 2021).

1.2. Industry development

According to the IEA, the global additions of PV systems came to 107 GW, which is a slight decline of 3% compared to the prior year (IEA Renewables 2020 - Analysis and forecast to 2025, 2020).

The photovoltaic market in the **European Union** gained momentum despite the COVID-19 pandemic and the global decrease in PV capacity additions. Newly installed capacity increased by 18.2 GW and thus by 11% (prior year: 16.7 GW). Therefore, 2020 was the second best year in the history of photovoltaic installation for the European market. Thus, installed photovoltaic capacity in the EU increased to 137.2 GW overall (SolarPower Europe 2020-2024, 2020).

China once again recorded the largest increase worldwide (2020: 30 GW), even exceeding the European Union. (Vincent Shaw, 2021) There was another change in the lead within the European Union in 2020 (SolarPower Europe 2020-2024, 2020).

Germany regained the leading position in Europe with newly installed capacity totaling 4.8 GW, pushing Spain – the front runner of the prior year – back to third place (2.6 GW). In second place are the Netherlands, currently one of the core markets of the Greencells Group. Here, 2.8 GW was added (SolarPower Europe 2020-2024, 2020).

More and more EU member states are relying on cost-effective and reliable solar energy in order to achieve their climate policy targets. Even though the national TOP 5 EU markets continue to be responsible for 74% of the PV capacity additions in Europe, there is still a noticeable trend towards solar energy throughout the whole of Europe, even in smaller national markets. 22 of 27 EU member states installed more capacity in 2020 than in the prior year (SolarPower Europe 2020-2024, 2020).

The “SolarPower Europe” umbrella association of the European solar industry once again forecasts that the market will continue to develop very positively in the coming years with constant growth in newly installed capacity. Thus, the umbrella association projects 22.4 GW of newly installed capacity for 2021 and predicts that the 35 GW mark will be surpassed by 2024 (SolarPower Europe 2019-2023, 2020).

Globally, the picture is once again less homogeneous. The US recorded an increase of 16.6 GW in 2020 (2019: 13.7 GW), while the APAC region and India, for example, experienced considerable declines to 14.7 GW (2019: 17.2 GW) and 6.1 GW (2019: 9.3 GW), respectively (IEA Renewables 2020 Solar/PV, 2020).

1.3. Political framework

2020 was characterized by political efforts to bring the coronavirus pandemic under control in the long term, both nationally and internationally. Even if the importance of climate protection was not denied, restrictions and changes were made to economic interaction that had a resounding impact on the economic conditions of the photovoltaic industry.

The industry was therefore faced with the return of import and export controls, the implementation of national travel bans and restrictions to the free movement of workers. For international PV companies, this resulted in a much greater and unexpected influence from sudden changes to political regulations at state, federal, EU and international level in fiscal year 2020.

The need for action seen in the prior years remains despite the fact that the restrictions and declines in production caused by the pandemic slowed the increase in global CO_2 emissions and the consumption of fossil fuels (IEA, 2020). To meet the global climate targets set for the periods until 2030 and 2050 as well as to reduce the associated negative effects of climate change on the environment and the use of nuclear fuels, there is no alternative but to rigorously continue to expand power generation from renewable energies.

The requirements of the annual World Climate Conference and the European directive 2009/28/EC are to expand the share of renewable energies in the total energy consumption to 27% by 2030. Originally, the next World Climate Conference COP26 was meant to take place in Glasgow in November 2020, at which more firm steps toward this target should have been negotiated and adopted. The conference was postponed due to COVID-19 and has still not taken place (as of June 2021). The alternative date is set for November 2021, if permitted by the developments of the pandemic.

Positive political factors mainly include the European Green Deal with the European Union, which gained in importance as part of the corona reconstruction aid, as well as the return of the US to the Paris Climate Agreement announced following the election of Joe Biden (BMU, 2021). The US rejoining the treaty can in particular be considered a reinforcing signal for global climate protection and the associated investment in renewable energies (Euronews, 2020).

2. Business development and situation

2.1. Effects on the development of the industry and business

As for most corporate groups across the world, 2020 was also a particularly challenging year for the Greencells Group.

Prestigious institutions such as the European association Solar Power Europe had originally forecast a continuation of the growth course of the global solar industry in 2020.

For the Group, fiscal year 2020 commenced with a high order backlog and an overall positive outlook.

Particularly the Netherlands remained a core market of the Greencells Group in 2020, which is why projects from 2019 could be finalized there at the start of the year and new ones launched.

The start of the construction of a PV power plant in Kaposvar, Hungary, in January 2020 is also worth noting. This project represents the Company's successful entry into the PV market emerging in Hungary.

In addition, the successful start of the construction of a 15 MWp project in Baraize, France, for which Greencells GmbH received the EPC contract as subcontractor, should also be mentioned. Greencells GmbH had already been active on the French market in the past, but withdrew from the market for a while due to the temporarily unattractive market conditions. The Baraize project marks the start of a slightly modified strategy for France that comprises development partnerships with successful local players, such as Notus or Montansolar, thus already ensuring ongoing business operations in 2021 and beyond. For this reason, Greencells hired additional French-speaking employees in its project management and engineering areas.

Outside of Europe, the Pekan project in Malaysia, a project of an equity investment of Greencells GmbH, was completed during 2020. The local grid could not be connected due to the national restrictions as part of the fight against the pandemic. Thus, this was postponed to 2021, when the national lockdown comes to an end.

In total, 6 projects with an overall output of 199 MWp were commissioned by the end of 2020.

2.2. Significant events in the fiscal year

Two major issues were pivotal to fiscal year 2020 as a whole; globally, the COVID-19 pandemic in particular and, within the company, the successful issue in December 2020 of a green bond by the group parent Greencells GmbH with a volume of EUR 25m.

COVID-19

As described above, the necessary political measures due to the COVID-19 pandemic had a direct impact on the solar industry. Accordingly, this also affected the business of the Greencells Group. With the help of forward-looking and agile countermeasures as part of the crisis management activated directly at the beginning of the pandemic, it was possible to provide all upcoming projects and projects under construction with workforce and materials at the right time as well as to keep construction sites operational that were already in progress at the beginning of the pandemic in March 2020. However, this was associated with additional expenditure on administration and logistics due to the prolonged national and international measures. By paying close attention to costs, Greencells' management was able to keep the resulting additional costs as low as possible without putting the health of its employees or third parties at risk at any time or compromising the high quality usually displayed in plant engineering.

Our partnerships with key suppliers built up over many years as well as the proactive and early increase in material orders ensured that the construction activities could run smoothly. This included, for example, quickly securing additional modules in order to prepare for increasing transportation costs and potential production bottlenecks.

By asking our employees at the head office in Saarbrücken to voluntarily work from home early on, the Greencells Group's business operations were ensured at all times. The latter was achieved by rigorously introducing and implementing strict hygiene and protective measures at an early stage as well as by utilizing the testing capacities available locally. However, these measures resulted in higher project costs.

The negative effects of the coronavirus on fiscal year 2020 were noticeable despite these countermeasures. The global market uncertainty resulted in planned projects being postponed by several months or to the following fiscal year 2021. This includes the Raalte and Hoogeeveen 2 projects in the Netherlands. To cushion these postponements financially, the group parent Greencells GmbH received a loan for EUR 10m from the KfW bank during fiscal year 2020 as part of the corona emergency aid program.

Green bond

The second most important business transaction of 2020 was the successful issue of a certified green bond in December 2020. The bond with a term of 5 years is subject to interest of 6.5% and is fully secured by pledging corresponding project rights. At the end of 2020, around EUR 17.4m of the bond had been subscribed, mainly by institutional investors. The full placement took place in April 2021. With the help of these financial means, the Greencells Group will be able to construct PV projects mainly developed by its co-subsidiary Greencells Group Holdings as well as to benefit from synergies and resulting efficiency gains within the Group in the future.

2.3. Assets and liabilities

	31 Dec 2020		31 Dec 2019		Change	
	EUR k	%	EUR k	%	EUR k	%
COMPOSITION OF ASSETS						
Long-term assets						
Fixed assets						
Intangible assets	504	0.8	571	1.5	-67	-11.7
Property, plant and equipment	364	0.6	335	0.9	29	8.7
Equity investments	12,994	20.3	13,941	36.0	-947	-6.8
	13,862	**21.7**	**14,847**	**38.3**	**-985**	**-6.6**
Medium and short-term assets						
Current assets						
Inventories	8,002	12.5	8,251	21.3	-249	-3.0
Trade receivables	4,512	7.1	4,618	11.9	-106	-2.3
Receivables from related parties	17,157	26.8	3,193	8.2	13,964	437.3
Other assets, prepaid expenses	2,000	3.1	1,281	3.3	719	56.1
Cash and cash equivalents	18,415	28.8	6,549	16.9	11,866	181.2
	50,086	**78.3**	**23,892**	**61.7**	**26,194**	**109.6**
Total assets	**63,948**	**100.0**	**38,739**	**100.0**	**25,209**	**65.1**

Total assets increased significantly by EUR 25,209k (65.1%) to EUR 63,948k in the reporting year.

In the fiscal year, there was a reduction in inventories as well as the related prepayments (down EUR 249k or 3.0%).

By contrast, other assets and receivables from related parties increased by EUR 719k (up EUR 13,964k or 437.3%). The Group also considerably increased its cash and cash equivalents by EUR 11,866k to EUR 18,415k, largely due to cash received from the bond and the loan taken out.

	31 Dec 2020		31 Dec 2019		Change	
	EUR k	%	EUR k	%	EUR k	%
COMPOSITION OF EQUITY AND LIABILITIES						
Long-term capital						
Subscribed capital	42	0.1	42	0.1	0	0.0
Capital reserves	5,313	8.3	5,313	13.7	0	0.0
Currency translation	-922	-1.4	54	0.1	-976	-1,807.4
Consolidated net retained profit	4,630	7.2	4,081	10.6	549	13.5
Equity	**9,063**	**14.2**	**9,490**	**24.5**	**-427**	**-4.5**
Difference from acquisition accounting	**1,645**	**2.5**	**0**	**0.0**	**1,645**	**0.0**
Medium and short-term capital						
Provisions	6,774	10.6	2,548	6.6	4,226	165.9
Bonds	17,400	27.2	0	0.0	17,400	100.0
Liabilities to banks	10,004	15.6	78	0.2	9,926	12,725.6
Trade payables	9,532	14.9	5,861	15.1	3,671	62.6
Liabilities to related parties	5,385	8.4	19,426	50.1	-14,041	-72.3
Other liabilities	4,145	6.5	1,336	3.4	2,809	210.3
	53,240	**88.3**	**29,249**	**75.5**	23,991	82.0
Total equity and liabilities	**63,948**	**100.0**	**38,739**	**100.0**	**25,209**	**65.1**

Long-term equity decreased by 4.5% or EUR 427k to a total of EUR 9,063k. This drop mainly results from the EUR 976k lower currency translation reserve. This was partly counterbalanced by an increase of EUR 549k due to the consolidated net income for 2020.

The equity ratio stands at 14.2% compared to 24.5% in the prior year.

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

On the equity and liabilities side, provisions increased by EUR 4,226k.

The placement of a corporate bond amounting to EUR 17,400k is contained in the item “Bonds”.

Trade payables also increased by EUR 3,671k to EUR 9,532k. This corresponds to a rise of 62.6%.

A significant increase in liabilities to banks of EUR 9,926k to EUR 10,004k resulted from taking out a loan.

2.4. Financial performance

	Fiscal year	Prior year	Change	
	EUR k	EUR k	EUR k	%
Operating performance	**79,961**	**85,065**	**-5,104**	**-6.0**
Operating expenses				
Cost of materials	66,781	68,882	-2,101	-3.1
Personnel expenses	5,531	6,148	-617	-10.0
Amortization, depreciation and impairment	179	301	-122	-40.5
Other operating expenses	4,974	4,665	309	6.6
Taxes (excluding income taxes)	5	28	-23	-82.1
= Operating expenses	**77,470**	**80,024**	**-2,554**	**-3.2**
Operating result/EBIT	**2,491**	**5,041**	**-2,550**	**-50.6**
Income taxes	-644	-1,200	556	-46.3
Financial result	-1,298	-1,471	173	-11.8
Consolidated net income for the year	**549**	**2,370**	**-1,821**	**-76.8**

At EUR 79,961k, the Greencells Group generated a EUR 5,104k (-6.0%) lower **operating performance** (revenue plus changes in inventories and other operating income) compared to the prior year (2019: EUR 85,065k).

Operating expenses

Cost of materials decreased by EUR 2,101k (-3.1%) to EUR 66,781k.

Personnel expenses came to EUR 5,531k in the fiscal year and are therefore EUR 617k lower than in the past fiscal year. This is primarily attributable to changes in the basis of consolidation, as Greencells CEE Srl, Bucharest, Romania, was sold to the co-subsidiary during fiscal year 2019. The Greencells Group made significant investments in the recruitment of highly qualified staff. In the fiscal year, recruitment focused on the legal and sales areas as well as international accounting.

Overall, the Greencells Group had an average of 87 employees in 2020, of which 77 were full-time employees (2019: 189 employees, thereof 158 full-time employees).

Other operating expenses increased by EUR 309k, which is mainly due to high one-off expenses of EUR 1,281k on account of the bond issue as well as to consulting fees of the US entity. By contrast, there were savings in the area of trade fair and travel expenses on account of COVID-19 and with regard to bad debts.

Thus, the Company generated **operating profit/EBIT** of EUR 2,491k (2019: EUR 5,041k).

After deducting **income taxes** (EUR 644k; 2019: EUR 1,200k) and the negative **financial result** (largely interest expenses for project financing of EUR 1,298k), this results in **consolidated net income for the year** of EUR 549k (2019: EUR 2,370k).

2.5. Financial position

Please refer to the Company's separate consolidated cash flow statement for information on the financial position.

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

In the reporting year, there was negative **cash flow from operating activities** of EUR 4,176k, largely resulting from changes in liabilities, provisions and receivables as well as the acquisition of two related parties, for which the purchase price was not released to income, but offset against existing loans.

Cash flow from investing activities of EUR 135k stems, among other things, from cash received and cash paid for property, plant and equipment as well as interest received.

Cash flow from financing activities came to EUR 15,915k in the reporting year.

Overall, **cash and cash equivalents** increased by EUR 11,866k to EUR 18,415k 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 570k. In addition, a loan from the KfW bank for EUR 10m was utilized in the fiscal year, which will be fully repaid in 2022. The Company also successfully placed a corporate bond with a volume of EUR 25,000k, of which EUR 17,400k was subscribed by the end of the year.

Our financial position can be described as very stable. Liquidity was ensured at all times; existing liabilities were settled upon maturity.

2.6. Financial performance indicators

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

Return on sales is calculated as the ratio of EBIT to revenue; in the reporting year this stood at 3.9% compared to 5.9% in 2019.

Cash flow from operating activities is calculated by determining the sum of consolidated net income for the year, amortization, depreciation and impairment, the interest result and changes in provisions, inventories, receivables, other assets and other non-cash income/expenses.

In the reporting period, the Company generated negative cash flow from operating activities of EUR 4,176k (prior year: positive cash flow of EUR 12,142k). In addition to the lower net income for the period, this is mainly attributable to the increase in working capital.

With regard to non-financial performance indicators, the plants put into operation in fiscal year 2020 will save more than 5.11 million metric tons of CO_2 over their expected term of 20 years (based on average brown coal emissions).

II. Risk and opportunities report

1. Risk report

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

The Greencells 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, the Greencells Group has to keep a close eye on the following risks:

1.1. Warranty risks

There are **warranty risks** in the areas of engineering, procurement and construction (EPC) and general contractors (GC) as well as in relation to turnkey solar systems sold to third parties.

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

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

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

1.2. Currency risks

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

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

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

1.3. Quality risks

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

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

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

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

This always involves observing local markets, in particular with regard to their specific requirements. International partners and local organizations support our strong 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 these complex requirements with the help of comprehensive project management and the ongoing optimization of internal processes with regard to the rapidly changing business environment.

Risks arising from supply bottlenecks can almost completely be ruled out, as only standard products are used, due to which product shortages are considered rather unlikely, even in the event of rising demand.

1.5. Financial risks

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

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

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

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

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

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

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

1.6. Market-related risks

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

To secure the ability of the each affiliate and therefore the Group to continue as a going concern, these entrepreneurial risks are accepted to a reasonable extent, but are closely monitored 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. Tax risks

Greencells GmbH and its subsidiaries operate globally in many countries and are therefore subject to various legal provisions and tax field audits. Any amendments to legal provisions, court rulings and differing legal interpretations by tax authorities – in particular in relation to cross-border transactions – are monitored on an ongoing basis by the tax department and tax advisors and experts are involved when required. Based on the current situation in terms of assessment and interpretation in the individual countries, management classifies the risk as low.

2. Opportunities report

The foundation of the Greencells Group's economic activities is a market that only contracted slightly in 2020 despite the coronavirus pandemic and that, according to leading experts, will significantly more than compensate for this decline in the years to come. (IEA Renewables 2020 - Analysis and forecast to 2025, 2020) (SolarPower Europe 2020-2024, 2020)

The Greencells Group has identified target markets within Europe as well as in Southeast Asia and the US. However, on account of the growing attractiveness of the European market and the continued global uncertainties caused by the COVID-19 pandemic, there is an increasing focus on the European and, in particular, the German market. Opportunities afforded by non-European markets are seized as they arise.

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

Europe

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 achieve a reduction in greenhouse gas emissions of 55% by 2030 compared to 1999, as resolved in 2015. (BMU, 2021) Achieving this goal requires a transformation of business practices and power generation, which must be carried out in a cost-effective, fair and socially equitable manner.

By adopting ambitious guidelines, the European Parliament is actively promoting increased power generation from renewable energy sources to ensure that the EU-wide climate protection targets are met. National incentive schemes, such as the EEG tendering scheme in Germany, the METAR system in Hungary or SDE++ in the Netherlands, are particularly tangible and relevant elements of this. However, non-government compensation schemes, such as power purchase agreements, are also becoming increasingly important in Europe.

In Germany, additional incentives for innovative PV systems such as agrivoltaics, which involves using the same area of land for agriculture and photovoltaics, are being introduced as part of the new EEG 2021 and existing incentive schemes are being extended. In this context, the German market is once again becoming more attractive for Greencells GmbH in particular.

Overall, the European solar market is still subject to constant change and very diverse, country-specific developments. The Greencells Group responds to these circumstances by entering new markets and establishing local presence in core markets, such as Poland and Greece.

Southeast Asia

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

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

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

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

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

Local political decision-makers of the majority of countries in this region have already set ambitious targets to be met by 2030. (McLaren, 2021)

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

US

The election of the democratic candidate Joe Biden in the 2020 presidential election gave the US PV industry a new boost and significantly increased the attractiveness of the market. If the planned Green New Deal with a volume of USD 3t to USD 4t (orf, 2021) can be realized from a political perspective, the US market would be an attractive growth market thanks to the combination of attractive incentives, numerous suitable areas, good to excellent irradiation values and a high energy demand from both private individuals and the industry.

With a subsidiary of Greencells GmbH already present on the market and thanks to good connections to local partners, Greencells GmbH is excellently positioned to benefit from this market potential and already has a portfolio of projects under development.

Other developments

The further course and impact of the coronavirus pandemic are still difficult to predict at present. The progress of the national vaccination programs varies greatly and provides no indication as to when the global travel restrictions and bans will finally be lifted and, thus, when the international turbulence in passenger and freight transport will presumably be solved. The possibility of further challenges as a result of new virus variants must also be taken into account.

Nevertheless, as an internationally sought-after partner, the Greencells Group also sees this global crisis as an opportunity to offer excellent EPC services worldwide and to win over customer with its high resilience, even under difficult circumstances. This is supported by the Company's flexible international sales structure, which enables Greencells to successfully provide services worldwide, even when air traffic and travel are restricted.

In addition, the areas of renewable energies in general and of photovoltaics in particular have established themselves as interesting investment opportunities for low-risk investors who are seeking stable and reliable investment options, especially in economically difficult times. A solar park ready for use stands for realistic earnings that are guaranteed within a predictable period of up to 30 years and is independent of international fuel supply chains. The growing demand for investment opportunities that are impeccable in environmental, social and ethical terms (impact/ESG investing (environmental, social and governance)) will further increase the attractiveness of renewable energies for investors.

III. Outlook

1. Future macroeconomic conditions for the photovoltaic industry

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

According to a statement made by the International Energy Agency in 2020, photovoltaics is now one of the most cost-effective forms of power generation. (IEA Renewables 2020 - Analysis and forecast to 2025, 2020)

In addition to the decreased and continuously decreasing electricity generation costs in the PV sector, decisive factors mainly include climate protection targets set by a large international community at the Paris UN Climate Conference in 2015, which is gradually being joined by additional countries. (IEA Renewables 2020 - Analysis and forecast to 2025, 2020) (Ember Climate, 2021)

These developments also help emerging markets push ahead with the expansion of renewable energies. (Klimareporter, 2020)

Blomberg New Energy Finance (BNEF) anticipates that electricity generated by solar plants and wind farms will have a market share of around 56% in global power generation by 2050 under the current conditions. Looking ahead, this share could even attribute for 70-80% of the national 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. (BNEF, 2020)

The resulting positive growth impetus and catch-up effects of the EU member states seen at present are set to continue.

For example, governments in the Benelux countries, Austria, Greece and Eastern European countries, such as Poland, Croatia and Serbia, are starting to provide impetus through auctions for an energy industry with reduced CO_2 emissions.

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

2. Forecast development of revenue and earnings

For fiscal year 2021, management expects an increase in **revenue** compared to 2020 as well as EBIT of EUR 2,275k. The Greencells Group forecasts a return on sales of around 1.5% and cash flow from operating activities of approximately EUR 3,408k. The Company still expects continuous availability of sufficient funds to always settle due liabilities on time.

3. Overall assessment

The uncertainties surrounding the coronavirus pandemic will once again pose great challenges for the Greencells Group, the entire PV industry and large parts of the global economy in fiscal year 2021. On a more positive note, the PV industry recovered from the changes caused by the pandemic relatively quickly and is already recording growth at present, especially in Europe. From a long-term perspective, this development will be accompanied by a further decline in the cost of sales of photovoltaic systems, which will significantly exceed the short-term price increases seen during the coronavirus pandemic.

The progressive phase-out of fossil fuels, which is likely to accelerate, the strong fluctuations in the price of oil and the crisis-proof nature of the photovoltaic industry increase the attractiveness of PV projects for investors.

Since the start of fiscal year 2021, the Greencells Group has 19 projects with a total volume of 205 MW in preparation and, as EPC/GC, has been awarded the contract for their construction.

The construction of these projects is scheduled to start within 12 months of the end of fiscal year 2020.

Thus, management forecasts a further increase in revenue for the coming years following the emerging recovery in 2021 and believes that it is able to remain on a stable course for growth despite the uncertainties mentioned above.

Headcount is expected to increase by around 5% in the next fiscal year.

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

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

The Company can therefore engage in commercial activity with completed projects and corresponding proof of income.

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

At present, we cannot identify any risks that could endanger the Group's ability to continue as a going concern, even against the background of the coronavirus pandemic, which has not yet been overcome.

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

Saarbrücken, 28 June 2021

Andreas Hoffmann

General manager

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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 audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

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

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

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

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

[Translator's notes are in square brackets]

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

1. Scope of application

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

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

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

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

4. Ensuring independence

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

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

5. Reporting and oral information

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

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

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

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

7. Deficiency rectification

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

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

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

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

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

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

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

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

10. Supplementary provisions for audit engagements

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

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

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

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

11. Supplementary provisions for assistance in tax matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d) support in complying with disclosure and documentation obligations.

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

12. Electronic communication

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

13. Remuneration

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

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

14. Dispute Settlement

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

15. Applicable law

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