# Greencells GmbH
# Saarbrücken

## Short-form audit report
## Consolidated financial statements and group management report
## 31 December 2023

*Translation from the German language*

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Building a better working world

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**Note**:

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

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

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

**Independent auditor's report**

To Greencells GmbH

**Opinions**

We have audited the consolidated financial statements of Greencells GmbH, Saarbrücken, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January 2023 to 31 December 2023, and 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 2023 to 31 December 2023.

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the fiscal year from 1 January 2023 to 31 December 2023, 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, 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.

### Other information

Management is responsible for the other information. The other information comprises the Section "2.9 Impact of resources not presented in the financial statements and the significance of non-financial factors" of the group management report.

Our opinion on the group management report does not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information, and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the Group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

**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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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 Institut der Wirtschaftsprüfer (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 the risk of not detecting a material misstatement 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

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

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

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

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

Saarbrücken, 27 June 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Dr. Zabel | Delizia |
| Wirtschaftsprüfer | Wirtschaftsprüferin |
| [German Public Auditor] | [German Public Auditor] |

*Translation from the German language*

Exhibit 1

# Greencells GmbH, Saarbrücken

Consolidated financial statements for fiscal year 2023

Greencells GmbH
Bahnhofstr. 28
66111 Saarbrücken

23-004127

## Contents

Consolidated financial statements for fiscal year 2023

## A. Consolidated income statement for fiscal year 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | EUR | EUR |
| **Revenue** | F.V.14. | **209,667,470** | **158,889,485** |
| Cost of sales | F.V.15. | -191,469,261 | -137,237,398 |
| **Gross profit** | | **18,198,209** | **21,652,087** |
| | | | |
| Selling expenses | F.V.16. | -265,391 | -221,058 |
| General and administrative expenses | F.V.17. | -9,972,529 | -9,853,961 |
| Other operating income | F.V.18. | 4,494,687 | 1,717,214 |
| Other operating expenses | F.V.18. | -4,108,014 | -5,359,081 |
| *of which: impairment of financial assets* | | *-1,991,168* | *-1,592,985* |
| **Earnings before interest and taxes (EBIT)** | | **8,346,962** | **7,935,200** |
| | | | |
| Finance income | F.V.20. | 5,145,696 | 3,176,798 |
| Finance costs | F.V.20. | -6,172,996 | -3,787,196 |
| **Financial result** | | **-1,027,299** | **-610,398** |
| | | | |
| **Profit/loss before income taxes** | | **7,319,663** | **7,324,802** |
| | | | |
| Income taxes | F.V.21. | -3,888,691 | -2,811,900 |
| | | | |
| **Profit after taxes** | | **3,430,972** | **4,512,902** |
| of which attributable to the shareholders of Greencells GmbH | | 3,430,972 | 4,512,902 |
| of which attributable to non-controlling interests | | 0 | 0 |

## B. Consolidated statement of comprehensive income

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | EUR | EUR |
| **Profit after taxes** | | **3,430,972** | **4,512,902** |
| of which attributable to the shareholders of Greencells GmbH | | 3,430,972 | 4,512,902 |
| | | | |
| Unrealized change in foreign currenty translation reserve for foreign operations | F.V.8. | 266,430 | 704,930 |
| **Other comprehensive income from currency translation** | | **266,430** | **704,930** |
| | | | |
| **Other comprehensive income that will be reclassified to profit or loss in subsequent periods** | | **266,430** | **704,930** |
| | | | |
| **Other comprehensive income** | | **266,430** | **704,930** |
| of which attributable to the shareholders of Greencells GmbH | | 266,430 | 704,930 |
| | | | |
| **Total comprehensive income/loss** | | **3,697,401** | **5,217,832** |
| of which attributable to the shareholders of Greencells GmbH | | 3,697,401 | 5,217,832 |

## C. Consolidated statement of financial position

| | Note | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|---|
| | | EUR | EUR |
| **Non-current assets** | | | |
| Intangible assets | F.V.1. | 1,097 | 36,890 |
| Property, plant and equipment | F.V.2. | 1,183,883 | 1,106,332 |
| Other financial assets | F.V.3. | 153,771 | 153,770 |
| Financial receivables | F.V.4. | 0 | 50,700,593 |
| Deferred tax assets | F.V.13. | 8,266 | 1,066 |
| | | **1,347,016** | **51,998,650** |
| **Current assets** | | | |
| Inventories | F.V.5. | 602,370 | 6,658,873 |
| Trade receivables, contract assets and other financial and non-financial assets | F.V.6. | 129,777,440 | 42,280,711 |
| Income tax assets | F.V.13. | 109,873 | 39,265 |
| Cash and cash equivalents | F.V.7. | 8,956,312 | 11,206,318 |
| | | **139,445,995** | **60,185,168** |
| | | | |
| **Total assets** | | **140,793,011** | **112,183,818** |
| | | | |
| **Equity** | | | |
| Subscribed capital | F.V.8. | 42,520 | 42,520 |
| Capital reserve | F.V.8. | 5,349,895 | 5,349,895 |
| Retained earnings | F.V.8. | 10,423,078 | 6,992,106 |
| Accumulated other comprehensive income | F.V.8. | 1,944,736 | 1,678,306 |
| | | **17,760,229** | **14,062,827** |
| **Non-current liabilities** | | | |
| Financial liabilities | F.V.11. | 44,414,071 | 38,489,783 |
| Lease liabilities | F.V.11. | 171,767 | 32,537 |
| Deferred tax liabilities | F.V.13. | 4,887,027 | 294,133 |
| | | **49,472,865** | **38,816,453** |
| **Current liabilities** | | | |
| Provisions | F.V.9. | 1,970,858 | 3,168,447 |
| Financial liabilities | F.V.11. | 28,027,418 | 26,045,628 |
| Lease liabilities | F.V.11. | 141,589 | 52,737 |
| Trade payables, contract liabilities and other liabilities | F.V.12. | 41,324,629 | 26,961,607 |
| Income tax liabilities | F.V.13. | 2,095,422 | 3,076,119 |
| | | **73,559,917** | **59,304,538** |
| | | | |
| **Total equity and liabilities** | | **140,793,011** | **112,183,818** |

## D. Consolidated statement of changes in equity

| | Note | Subscribed capital | Capital reserves | Retained earnings | Accumulated other comprehensive income from foreign currency translation | Equity attributable to the equity holders of Greencells GmbH = total equity |
|---|---|---|---|---|---|---|
| | | EUR | EUR | EUR | EUR | EUR |
| **As of 1 January 2023** | F.V.8. | **42,520** | **5,349,895** | **6,992,106** | **1,678,306** | **14,062,827** |
| Earnings after taxes | | | | 3,430,972 | | 3,430,972 |
| Other comprehensive income | | | | | 266,430 | 266,430 |
| **Total comprehensive income/loss** | | | | **3,430,972** | **266,430** | **3,697,401** |
| **As of 31 December 2023** | F.V.8. | **42,520** | **5,349,895** | **10,423,078** | **1,944,736** | **17,760,229** |
| | | | | | | |
| **As of 1 January 2022** | F.V.8. | **42,520** | **5,312,992** | **2,500,127** | **973,376** | **8,829,016** |
| Profit after taxes | | | 36,903 | 4,512,902 | | 4,549,805 |
| Other comprehensive income | | | | | 704,930 | 704,930 |
| **Overall result** | | | **36,903** | **4,512,902** | **704,930** | **5,254,735** |
| Change in the basis of consolidation | F.II.3.b | | | -20,924 | | -20,924 |
| **As of 31 December 2022** | F.V.8. | **42,520** | **5,349,895** | **6,992,106** | **1,678,306** | **14,062,827** |

# E. Consolidated statement of cash flows for fiscal year 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | EUR | EUR |
| Profit after taxes | | 3,430,972 | 4,512,902 |
| Amortization, depreciation and impairment | F.V.1. / F.V.2. | 475,641 | 287,400 |
| Income tax expense | F.V.21. | 3,888,691 | 2,811,900 |
| Financial result | F.V.20. | 1,027,299 | 610,398 |
| Change in provisions | F.II.9. | -994,859 | -110,900 |
| Other non-cash income and expenses | | -575,862 | 36,903 |
| Change in inventories | F.II.8. | 3,172,459 | -4,328,601 |
| Change in trade receivables | F.V.6. | 11,743,262 | 7,985,532 |
| Change in contract assets | F.V.6. | -24,923,535 | -2,353,488 |
| Change in other financial assets | F.V.6. | -167,003 | 12,005,345 |
| Change in other non-financial assets | F.V.6. | -4,191,327 | 2,068,865 |
| Change in trade payables | F.V.12. | 15,093,870 | -11,543,729 |
| Change in contract liabilities | F.V.12. | 5,385,785 | -1,314,423 |
| Change in other liabilities | F.V.12. | -1,906,775 | 2,400,249 |
| Income tax paid | F.V.21. | -343,712 | -786,602 |
| **Cash inflow / outflow from operating activities** | | **11,114,905** | **12,281,753** |
| Cash paid for investments in property, plant and equipment and intangible assets | F.V.1. / F.V.2. | -167,094 | -838,359 |
| Cash paid for investments in financial assets | F.V.4. | -14,564,172 | -26,920,994 |
| Cash received from the disposal of subsidiaries, net of cash disposed of | F.II.3.b | 25,000 | 0 |
| Interest received | F.V.20. | 37,509 | 3,484 |
| **Cash outflow from investing activities** | | **-14,668,758** | **-27,755,869** |
| Cash received from the issue of bonds | F.V.11. / F.V.22. | 7,967,605 | 4,330,688 |
| Cash received from raising financial loans | F.V.11. / F.V.22. | 25,641,262 | 25,529,851 |
| Repayments of bonds | F.V.11. / F.V.22. | -80,606 | -70,596 |
| Repayments of loans | F.V.11. / F.V.22. | -27,318,428 | -19,979,059 |
| Repayments of lease liabilities | F.V.11. / F.V.22. | -160,161 | -50,947 |
| Interest paid | F.V.20. | -4,209,237 | -3,294,184 |
| **Cash inflow from financing activities** | | **1,840,433** | **6,465,752** |
| Change in cash and cash equivalents | | -1,713,419 | -9,008,364 |
| **Cash and cash equivalents as of the beginning of the reporting period** | | **11,206,318** | **10,995,787** |
| Changes in cash and cash equivalents due to changes in the basis of consolidation | F.II.3.b | -531,911 | -22,566 |
| Changes in cash and cash equivalents due to exchange rate differences | | -4,675 | 233,096 |
| **Cash and cash equivalents at the end of the reporting period** | F.V.7. | **8,956,312** | **11,206,318** |

# F. Notes to the consolidated financial statements for fiscal year 2023

## F.I. General information

The main fields of activity of Greencells GmbH and its subsidiaries ("Greencells" or "Greencells Group") are engineering, procurement and construction (EPC) and the operation and maintenance (O&M) of power plants worldwide. The O&M services are of lesser importance than the EPC services. The Company has its registered office in Saarbrücken (Germany) and is entered in the commercial register at Saarbrücken Local Court under HRB no. 17943.

The management board approved these consolidated financial statements for issue on 27 June 2024.

## F.II. Significant accounting policies

### F.II.1 Basis and information on International Financial Reporting Standards (IFRSs)

The consolidated financial statements of Greencells GmbH for fiscal year 2023 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (3) in conjunction with (1) HGB ["Handelsgesetzbuch": German Commercial Code]. These financial statements relate to the fiscal year from 1 January to 31 December 2023.

No new or amended standards came into force in the current reporting period that had a material impact on the Group's accounting policies.

All amounts in the explanatory notes and tables are shown in euros, unless otherwise stated. Both individual amounts and totals represent the value with the smallest rounding difference. Small differences to the amounts presented can therefore arise when adding up the individual items.

The consolidated financial statements are prepared on a historical cost basis of accounting unless otherwise required by the accounting policies explained below. The consolidated income statement included in the consolidated statement of comprehensive income is classified using the function of expense method.

In accordance with IAS 1, current and non-current assets and liabilities must be presented as separate classifications in the consolidated statement of financial position. Current statement of financial position items are expected to be realized or settled within the next 12 months after the reporting date.

The estimates and assumptions used to prepare the financial statements in accordance with IFRSs affect the measurement of assets and liabilities, the disclosure of contingent assets and liabilities at the respective reporting dates, and the amount of income and expenses for the reporting period. Although these assumptions and estimates were made to the best of management's knowledge on the basis of current events and activities, actual results may differ from these estimates.

## F.II.2 New and amended accounting standards of the IASB

The following new or amended accounting standards published by the IASB which have not yet been endorsed in their entirety by the EU, will – subject to their endorsement by the EU – only be effective for future financial statements. They have not been early adopted and Greencells does not plan to do so in the future.

| Standard/interpretation (until 31 December 2023) | | Effective date for Greencells | Endorsed by the EU | Expected effects |
|---|---|---|---|---|
| IAS 1 | Classification of liabilities | 1 January 2024 | Yes | No significant effects |
| IAS 1 | Non-current Liabilities with Covenants | 1 January 2024 | Yes | No significant effects |
| IAS 7/IFRS 7 | Supplier Finance Arrangements | 1 January 2024 | Yes | No significant effects |
| IFRS 16 | Sale and leaseback transactions | 1 January 2024 | Yes | No significant effects |
| IAS 21 | Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability | 1 January 2025 | No | No significant effects |
| IFRS 7/IFRS 9 | Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 | No | No significant effects |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 | No | No significant effects |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 | No | No significant effects |

## F.II.3 Consolidation

### a. Subsidiaries

All subsidiaries of Greencells are included in the consolidated financial statements. A list of the consolidated companies can be found in section b.

Subsidiaries are included in the consolidated financial statements (full consolidation) from the date on which control is transferred to the Group. They are deconsolidated on the date on which control ends. Control is obtained when Greencells is exposed, or has rights, to variable returns from its involvement with an investee and the Greencells Group has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of (direct or indirect) voting rights results in control.

The acquisition method is used to account for business combinations. For transactions under common control, the acquisition method is applied in the same manner provided they are substantive. The cost of the acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed as of the acquisition date. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are initially measured at their acquisition-date fair value, regardless of the proportion of non-controlling interests, of which there are currently none in the Greencells Group. The excess cost over the Group's share of the fair value of the net assets is recognized as goodwill. If the cost of the acquisition is less than the (share of the) net assets of the acquired subsidiary measured at fair value, the difference is reassessed and recognized directly in profit or loss. Acquisitions of shares in subsidiaries after control has been obtained are accounted for as equity transactions. The difference between the purchase price of the shares and the share attributable to non-controlling interests is offset directly in equity against the profits and losses prior to appropriation.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. The same applies to unrealized losses, unless the transaction indicates that the transferred asset is impaired.

The accounting policies of subsidiaries were modified where necessary to ensure uniform accounting within the Group.

### b. Basis of consolidation

As of 31 December 2023, Greencells includes five subsidiaries in the consolidated financial statements by way of full consolidation. Two subsidiaries, Greencells Albania Construction Sphk, Tirana, Albania and Greencells Canada Construction Calgary, Canada, were founded in the reporting period, but are reported at cost under investments as of the reporting date due to immateriality. During the reporting period, one subsidiary, Greencells Regio GmbH (now Solos GmbH), Losheim am See, Germany, was sold in its entirety and deconsolidated. Please also refer to section F.V.26.

The subsidiaries other than Greencells GmbH included in the consolidated financial statements as of 31 December 2023 are listed below:

| Subsidiaries | Registered office | Share in capital |
|---|---|---|
| Greencells USA Inc. | Atlanta, USA | 100% |
| Pekan Energy I Pte. Ltd. | Singapore | 100% |
| Greencells Construction Korlátolt Felelösségu Társaság | Budapest, Hungary | 100% |
| Greencells Hungary Korlátolt Felelösségu Társaság | Budapest, Hungary | 100% |
| Greencells CEE S.R.L. | Cluj-Napoca, Romania | 100% |

The following subsidiaries of Greencells are immaterial on the reporting date and is expected to remain immaterial in the future and is therefore reported under the equity investments at cost:

| Non-consolidated subsidiaries | Registered office | Share in capital |
|---|---|---|
| Solar Polska New Energy Project Nowogard PV | Szczecin, Poland | 100% |
| Greencells Albania Construction Shpk | Tirana, Albania | 100% |
| Greencells Canada Construction Ltd. | Calgary, Canada | 100% |
| Greencells CEE Ltd. | London, United Kingdom | 100% |

## c. Functional currency and reporting currency

The functional currency is determined for each group entity. The functional currency is the currency of the primary economic environment in which the respective group entity operates. Transactions of the respective group entity in other currencies are therefore foreign currency transactions.

The functional currency of Greencells GmbH and the Group's reporting currency is the euro. The financial statements of the individual group entities are converted into the reporting currency (EUR) using the closing rate method, under which the assets and liabilities of group entities are translated into euros at the closing rate. The items of the income statement are translated into euros at the annual average rate. The items recognized in equity are translated at historical rates. Any resulting difference in the statement of financial position is allocated to the foreign currency translation reserve.

The following exchange rates were used in the financial statements for the reporting and comparative periods:

| 1 EUR = ... | Closing rate | | Annual average exchange rate | |
|---|---|---|---|---|
| | 31 Dec 2023 | 31 Dec 2022 | 2023 | 2022 |
| USD | 1.1050 | 1.0666 | 1.0813 | 1.0530 |
| GBP | 0.8691 | 0.8869 | 0.8698 | 0.8528 |
| HUF | 382.80 | 400.87 | 381.85 | 391.29 |
| MYR | 5.0775 | 4.6984 | 4.9320 | 4.6279 |
| RON | 4.9756 | 4.9495 | 4.9467 | 4.9313 |
| PLN | 4.3395 | 4.6808 | 4.5420 | 4.6861 |

## d. Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency of the respective group entity using the exchange rates applicable at the time of the transaction. Monetary foreign currency items are subsequently translated at the respective closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Currency translation differences arising from the settlement of foreign currency transactions and the translation of monetary foreign currency items at the closing rate are recognized in the income statement as foreign currency gains or losses in the financial result.

### F.II.4 Revenue from contracts with customers

Revenue is measured at the amount of the consideration to which Greencells is expected to be entitled for the provision of services agreed in customer contracts. Thereafter, revenue is reported after deduction of taxes and reduced by expected sales deductions.

Greencells recognizes revenue in accordance with the provisions of IFRS 15 when control over the products sold and the services provided has been transferred to the customer. Control can be transferred over time or at a point in time. The performance obligations resulting from contracts with Greencells' customers are mainly fulfilled over time. In these cases, the revenue from customer-specific construction contracts is recognized in accordance with the following rules.

At Greencells, customer-specific construction contracts consist of projects (agreements) with only one performance obligation. The EPC agreements (engineering, procurement and construction agreements) encompass various interrelated activities required for the construction process. Such agreements are entered into before construction of the solar parks commences. Since Greencells is always contractually obliged to construct solar power plants according to a certain customer's specifications, there is no alternative use for the facilities. In addition, Greencells has a legally enforceable right to payment for the work completed to date for such agreements and the control over the promised goods and services is transferred to the customer during the construction process. Therefore, the revenue from these agreements is recognized over time using the cost-to-cost method. The progress of the project is determined based on input, i.e., based on the contract costs incurred for the work performed as a percentage of the expected total contract costs. Management believes that this input-based method is an appropriate measure of the progress toward satisfaction of the performance obligations under IFRS 15.

Depending on the relationship between the performance of services by Greencells and payment by the customer, orders are recognized as contract assets under trade receivables, contract assets and other financial and non-financial assets or as contract liabilities under trade payables and other liabilities. When the contractually agreed performance exceeds the prepayments on a construction contract, that construction contract is recognized as an asset under contract assets. If there is a negative balance following the deduction of prepayments, the construction contract is recognized as a liability from construction contracts under contract liabilities. The assets and liabilities are presented as a net item at the project level. Milestones that have already been billed are recognized as trade receivables. Standard payment terms for customers are 30 days; individual payment terms may be agreed with specific customers.

For onerous contracts for which the projected costs for satisfying the performance obligation are not expected to be recovered, provisions are recognized in an appropriate amount in accordance with IAS 37 (see section F.V.9). The difference between the expected costs of fulfilling a contract and the transaction price is recognized if the projected costs are higher than the projected revenue. Some or all of an amount of estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The EPC agreements do not include a significant financing component as the period between revenue recognition using the cost-to-cost method and the respective milestone payment is less than one year. As a result, the Group does not adjust any of the transaction prices for the effects of the time value of money. Guarantees, refund liabilities and costs to obtain a contract are of only minor importance for Greencells in terms of their number, and in particular in terms of their amount, and can therefore be considered to be immaterial.

Contract assets are realized within a business cycle at Greencells. Therefore, in accordance with IAS 1, they are presented under current assets, even if the realization of the total receivable or performance of a construction contract extends over a period of more than one year. The Greencells Group applies the practical expedient of IFRS 15.121 not to disclose the remaining performance obligations arising from a contract with an expected original duration of less than one year.

In general, construction and service agreements include defect and warranty periods following the completion of the project. These obligations are not treated as separate performance obligations and estimates are therefore included in total costs of the agreements. If required, amounts are recognized under provisions in accordance with IAS 37.

The Company earns interest income pro rata temporis over the remaining term based on the outstanding liability and the effective interest rate.

## F.II.5 Intangible assets

### a. Goodwill

Goodwill is the excess of the consideration for a business combination over the Group's share of the fair value of the net assets of the acquired entity at the acquisition date and is reported as an intangible asset. Goodwill resulting from the acquisition of an associate is included in the carrying amount of the investment in the associate. Goodwill is tested for impairment at least once a year and, in addition, upon occurrence of impairment events, and is measured at its original cost less accumulated impairment losses. Goodwill is not amortized.

### b. Other intangible assets

Purchased intangible assets are recognized at acquisition cost and amortized over their useful lives using the straight-line method. If there is an indication of possible impairment, an impairment test is performed. Assets with indefinite useful lives are tested for impairment once a year.

Other intangible assets include acquired rights and software with a useful life of three years. The resulting amortization expense is allocated to general and administrative expenses.

## F.II.6 Property, plant and equipment

Property, plant and equipment mainly consist of machinery, other equipment as well as computer hardware and other office equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on a straight-line basis, taking into account the respective residual value and based on the following useful lives:

| | |
|---|---|
| Plant and machinery: | 6 to 10 years |
| Furniture, fixtures and office equipment: | 1 to 19 years |

The residual values and remaining useful lives are reviewed at every reporting date and adjusted if necessary.

Subsequent expenditure is only recognized in the carrying amounts of the assets if the Company can reasonably expect to generate economic benefits from it in the future. Any other repairs or maintenance are shown as expenses in the income statement for the fiscal year in which they are incurred.

If the carrying amount of an asset exceeds its estimated recoverable amount, it is written down to this amount (see also section F.II.7).

Gains and losses on disposals of property, plant and equipment are determined by comparing the sales proceeds with the carrying amount and are recognized in net other operating income/expenses.

### F.II.7 Impairment of property, plant and equipment and intangible assets

Goodwill and assets with indefinite useful lives are tested for impairment once a year. Property, plant and equipment and intangible assets subject to depreciation are tested for impairment whenever there are events or indications that their carrying amounts may not be recoverable. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount, being the higher amount of the fair value of the asset less costs to sell and discounted net cash flows from continuing use (value in use). To test for impairment, assets are allocated to the smallest identifiable group of assets that generates cash flows largely independently of the remaining entities (cash-generating units).

If impairment losses need to be reversed, the assets are written up to no more than the amount of the amortized cost. No reversals of impairment losses are recognized for goodwill.

### F.II.8 Inventories

The inventories in the Greencells Group consist solely of raw materials. They are carried at the lower of acquisition and production cost or net realizable value. Acquisition cost comprises the purchase price of the raw materials plus any acquisition-related costs. Production cost of work in process in the comparative period comprised the directly allocable material and payroll costs as well as the costs of allocable purchased services. Manufacturing overheads are also included in production cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the anticipated costs to sell.

### F.II.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. If the Company expects to be reimbursed for the amount of a provision (e.g., under an insurance policy), it recognizes the right to reimbursement as a separate asset, provided that reimbursement is virtually certain in the event of a claim under the obligation.

The Company recognizes a provision for onerous transactions if the expected benefit from the contractual entitlement is less than the unavoidable costs of meeting the contractual obligation.

Provisions are measured at the amount of the probable outflow of resources. Discounting at a rate commensurate with the risk is applied when measuring non-current provisions.

### F.II.10 Share-based payments

Equity-settled share-based payments to employees and others providing comparable services are measured at the grant date fair value of the equity instrument. The fair value determined when the equity-settled share-based payment is granted is expensed in a straight-line with a corresponding increase in equity over the period until the instruments become vested and is based on Greencells' expectations with regard to the equity instruments that are expected to vest.

For cash-settled share-based payments, a financial liability is recorded for the goods or services received and is measured at fair value upon receipt or grant. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

An appropriate valuation model is required to determine the fair value of share-based payments. Greencells uses a Black-Scholes model to determine the value of the stock options. This estimate also requires the determination of the most appropriate inputs to the valuation model when calculating the value of the shares, such as the expected volatility of the shares and the probability and timing of an exit bonus.

### F.II.11 Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one contracting party and a financial liability or equity instrument of another contracting party.

Purchases or sales of financial assets are recognized on the settlement date. The financial assets in the Greencells Group comprise cash and cash equivalents, receivables and equity instruments (equity investments).

In accordance with IFRS 9, financial assets are measured either at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income. Amounts are allocated to the three categories based on the business model within which the financial instruments are held and the contractual cash flows.

All financial receivables (debt instruments) held by Greencells on the reporting date are accounted for at amortized cost. The cash flows of these financial instruments solely comprise payments of principal and interest and they are held by Greencells with the intention of collecting the contractual cash flows. These are reported under current assets, provided that they do not fall due more than 12 months after the end of the reporting period. Otherwise they are recognized under non-current assets. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Cash and cash equivalents comprise all highly liquid assets that have a residual term of less than three months on initial recognition. They are recognized at cost in the statement of financial position. Cash and cash equivalents in foreign currencies are translated at the closing rate. Differences from currency translation are recognized in the financial result through profit or loss.

For the receivables measured at amortized cost by Greencells, allowances for expected credit losses (expected credit loss model) are recognized (see section F.V.24).

The equity instruments held by Greencells are individually and collectively immaterial. They are recognized at cost in the consolidated financial statements.

The financial liabilities in the Greencells Group include, in particular, financial liabilities, trade payables and financial guarantees. The latter are reported under current financial liabilities.

Financial liabilities are initially recognized at fair value less transaction costs. In subsequent periods they are measured at amortized cost. Any difference between the amount on initial recognition and the repayment amount is recognized in the statement of comprehensive income over the term of the financial liability using the effective interest method. For the subsequent measurement of financial guarantees, the amounts resulting from the application of the impairment model defined by IFRS 9 are determined and compared with those resulting from the linear accrual of the amount originally recognized. The carrying amount is the higher of the two benchmarks.

Financial liabilities are classified as current if the Group does not have the unconditional right to defer the settlement of the liability to a date at least 12 months after the reporting date.

## F.II.12 Deferred tax assets and liabilities

Deferred income taxes are taken into account according to the liability method for temporary differences between the tax base and the IFRS carrying amount of assets and liabilities and for unused tax losses. Deferred income taxes are determined using the statutory tax rate applicable on the reporting date when the differences reverse.

Deferred tax assets are recognized to the extent that it is probable that a future taxable profit will be generated against which the temporary differences and unused tax losses can be utilized.

Changes in deferred tax items are recognized in profit or loss except for the additions of deferred tax items recognized directly in equity as part of the purchase price allocation for business combinations and deferred tax items in connection with changes in value to be recognized in other comprehensive income, which are likewise recognized in other comprehensive income.

## F.II.13 Leases

The entities of the Greencells Group are lessees. A lease is a contract that conveys the right to use an identified asset for a specific period in exchange for consideration. A right of use for an identified asset can exist in different contractual arrangements regardless of their formal structure, e.g., in rental, lease and service agreements.

The lease liability to be recognized is determined as the present value of the payments to be made to lessees taking into account the probability that extension options will be exercised. The effective interest method is used to calculate the carrying amount. The right-of-use asset to be recognized in return is recognized at cost at the inception of the lease. In addition to the lease payments, cost includes any initial direct costs incurred by the lessee and asset retirement costs. The right-of-use asset is depreciated and tested for impairment if there are corresponding indications.

For low-value lease assets and short-term leases (less than 12 months), exemptions are exercised and no right-of-use asset and liability are recognized. As a result, lease expenses of EUR 141k (2022: EUR 347k) were recognized in operating expenses in 2023.

For all leases with a term of more than 12 months, a lease liability equal to the present value of future lease payments is recognized at the inception of the lease. The portion of the lease liability that falls due within 12 months on the reporting date is reported in current financial liabilities, while the remaining portion is reported in non-current financial liabilities. Subsequently, each lease payment is allocated between interest expense and a reduction of the lease liability so as to produce a constant rate of interest on the respective remaining balance of the liability. The interest component of each payment is recognized as an interest expense in the income statement. The corresponding right-of-use asset shown in property, plant and equipment, which represents the present value of the liability plus direct costs, is depreciated over the useful life, which may be limited by the lease.

The Group opts not to separate lease and non-lease components for all classes of assets.

At the end of the reporting period, right-of-use assets included within non-current assets in property, plant and equipment totaled EUR 305k. See the table below for details:

| **in EUR** | **2023** | | |
|---|---|---|---|
| | **Total** | **Right-of-use assets for real estate** | **Right-of-use assets for equipment** |
| Cost | 152,791 | 55,482 | 97,309 |
| Accumulated depreciation and impairment | -66,835 | -24,353 | -42,481 |
| **Carrying amount as of 1 Jan** | **85,957** | **31,129** | **54,828** |
| Additions (+) | 407,410 | 321,905 | 85,505 |
| Disposals from the basis of consolidation (-) | -23,332 | -10,998 | -12,334 |
| Depreciation (-) | -165,310 | -97,707 | -67,603 |
| Translation differences (+/-) | 355 | 230 | 124 |
| **Carrying amount as of 31 Dec** | **305,079** | **244,559** | **60,520** |
| Cost | 537,224 | 366,619 | 170,604 |
| Accumulated depreciation and impairment | -232,144 | -122,061 | -110,084 |

| **in EUR** | **2022** | | |
|---|---|---|---|
| | **Total** | **Rights of use for real estate** | **Right-of-use assets for equipment** |
| Cost | 76,839 | – | 76,839 |
| Accumulated depreciation and impairment | -12,319 | – | -12,319 |
| **Carrying amount as of 1 Jan** | **64,520** | **–** | **64,520** |
| Additions (+) | 75,952 | 55,482 | 20,470 |
| Disposals (-) | – | – | – |
| Transfers (+/-) | – | – | – |
| Depreciation (-) | -54,515 | -24,353 | -30,162 |
| Impairment losses (-) | – | – | – |
| Exchange differences (+/-) | – | – | – |
| **Carrying amount as of 31 Dec** | **85,957** | **31,129** | **54,828** |
| Cost | 152,791 | 55,482 | 97,309 |
| Accumulated depreciation and impairment | -66,835 | -24,353 | -42,481 |

These amounts contained in the above tables have also been included in the tables on the development of property, plant and equipment in sectionF.V.2.

As of 31 December 2023, lease liabilities totaled EUR 313,356 (31 December 2022: EUR 85,275). Interest expenses for lease liabilities came to EUR 13,190 in the reporting period (2022: EUR 4,869), while cash repayments of lease liabilities amounted to EUR 160,161 (2022: EUR 50,947).

## F.III. Capital and financial risk management

Greencells aims to strengthen the Group's capital base (equity and debt) in order to maintain the confidence of investors, creditors and markets. Capital management is intended to help secure the Group's liquidity and safeguard its equity base as well as generate funds for sustainable corporate growth. In this context, the Company's management ensures that an appropriate return on the capital employed is generated.

Managing the liquidity risk is the responsibility of management, which has as set up an appropriate system to manage short, medium and long-term financing and liquidity requirements. Project-related cash flow planning is used to determine whether finance needs to be raised for operating activities. This is integrated into a rolling liquidity control system that analyzes the maturity profiles of financial assets and liabilities. In particular, a financial indicator is the Group's forecast level of cash and cash equivalents, which should not fall below a defined limit. To secure liquidity, the Group also has a limited volume of credit facilities from banks. The Greencells Group endeavors to reduce the risk of bad debts by only concluding sales transactions with customers with a high credit rating.

## F.IV. Estimates and judgments

When preparing the consolidated financial statements, Greencells makes estimates and assumptions about expected future developments on the basis of the circumstances on the reporting date. Needless to say, actual subsequent developments will rarely precisely match such estimates.

Critical accounting estimates and assumptions relate to the following matters:

- Allowances for doubtful accounts require an assessment of the customer's creditworthiness in the respective economic environment. The appropriateness of the allowances is assessed based on the maturity profile of the receivables balances, the creditworthiness of the respective debtor and past experience. Allowances were recognized on receivables in accordance with IFRS 9 in both the reporting and the comparative period (F.V.25).

- In order to recognize current and deferred tax items, estimates have to be made. Uncertainties exist with respect to the interpretation of complex tax regulations. Therefore, differences between actual results and assumptions or future changes in estimates can result in changes in the tax result in future periods. The Group has taken adequate account of potential effects of the tax audit by the tax authorities (F.V.13).

- Deferred tax assets are recognized if sufficient taxable profits are likely to be available for reducing tax. The effect on earnings from the reversal of taxable temporary differences, the budgeted results from operating activities as well as possible tax planning activities for generating tax income for offsetting are included in the assessment. Since future business developments are uncertain, estimates of future taxable income and the date on which deferred tax assets can potentially be realized are required. In the current reporting period, only deferred tax assets on unused tax losses at Greencells GmbH have been recognized, as it is assumed that it is more likely than not that they will be utilized through future taxable income. However, in the case of the subsidiaries of Greencells GmbH it is questionable whether they have sufficient taxable temporary differences, future profits or tax arrangements to be able to utilize the unused tax losses. (F.V.13).

- General litigation risks are taken into account in our provisions. There is a risk that legal action may be taken as a result of actions, omissions, services provided by or other events of a person or investee/investor (F.V.9).

- When recognizing provisions for onerous transactions, the extent of the expected costs yet to be incurred that will not be reimbursed by the client must be estimated (F.V.9).

- Estimates and uncertainties can also arise in connection with revenue recognition (determination of the percentage of completion, calculation of the transaction price) (F.V.14).

## F.V. Notes on individual items of the consolidated financial statements

### F.V.1 Intangible assets

The following tables show the development of intangible assets in the reporting and comparable periods:

| in EUR | 2023 | | |
|---|---|---|---|
| | **Total** | **Goodwill** | **Purchased intangible assets** |
| Acquisition/production cost | 74,826 | 683,245 | 74,826 |
| Accumulated amortization and impairment | 37,937 | 683,245 | 37,937 |
| **Carrying amount as of 1 Jan** | **36,890** | **–** | **36,890** |
| Additions (+) | 2,200 | – | 2,200 |
| Disposals (-) | – | – | – |
| Disposals from the basis of consolidation (-) | -26,441 | – | -26,441 |
| Amortization (-) | -11,552 | – | -11,552 |
| **Carrying amount as of 31 Dec** | **1,097** | **–** | **1,097** |
| Acquisition/production cost | 50,585 | 683,245 | 50,585 |
| Accumulated amortization and impairment | 49,488 | 683,245 | 49,488 |

| | **Total** | **Goodwill** | **Purchased intangible assets** |
|---|---|---|---|
| Acquisition/production cost | 747,628 | 683,245 | 64,382 |
| Accumulated amortization and impairment | 706,702 | 683,245 | 23,457 |
| **Carrying amount as of 1 Jan** | **40,925** | **–** | **40,925** |
| Additions (+) | 9,855 | – | 9,855 |
| Disposals (-) | – | – | – |
| Additions to the basis of consolidation (+) | – | – | – |
| Disposals from the basis of consolidation (-) | – | – | – |
| Transfers (+/-) | – | – | – |
| Amortization (-) | -13,889 | – | -13,889 |
| Accumulated amortization and impairment from asset disposals (+) | – | – | – |
| Accumulated amortization and impairment from disposals from the basis of consolidation (-) | – | – | – |
| Accumulated amortization and impairment from additions to the basis of consolidation (+) | – | – | – |
| Exchange differences (+/-) | -3 | – | -3 |
| **Carrying amount as of 31 Dec** | **36,890** | **–** | **36,890** |
| Acquisition/production cost | 757,480 | 683,245 | 74,235 |
| Accumulated amortization and impairment | 720,591 | 683,245 | 37,346 |

## F.V.2 Property, plant and equipment and assets under construction

The following tables show the development of property, plant and equipment and assets under construction in the reporting and comparative periods:

| in EUR | 2023 | | | | |
|---|---|---|---|---|---|
| | Total | Land and buildings | Plant and machinery | Furniture, fixtures and office equipment | Assets under construction |
| Acquisition/production costs | 2,316,511 | 136,396 | 834,446 | 1,345,669 | 0 |
| Accumulated depreciation and impairment losses | 1,210,180 | 105,266 | 448,404 | 656,510 | – |
| Additions from first-time application of IFRS 16 Leases (+) | – | – | – | – | – |
| **Carrying amount as of 1 Jan** | **1,106,332** | **31,130** | **386,042** | **689,160** | **0** |
| Additions (+) | 570,522 | 321,905 | 32,016 | 216,602 | – |
| Disposals (-) | -322,079 | -71,663 | -5,717 | -244,698 | – |
| Disposals from the basis of consolidation (-) | -35,685 | -10,998 | -1,372 | -23,316 | – |
| Transfers (+/-) | -9,975 | – | -9,975 | – | – |
| Depreciation (-) | -447,409 | -97,707 | -59,085 | -290,617 | – |
| Accumulated depreciation and impairment from asset disposals (+) | 321,994 | 71,662 | 5,713 | 244,618 | – |
| Exchange differences (+/-) | 183 | 230 | -42 | -5 | – |
| **Carrying amount as of 31 Dec** | **1,183,883** | **244,559** | **347,580** | **591,744** | **0** |
| Acquisition/production costs | 2,519,477 | 375,870 | 849,355 | 1,294,252 | 0 |
| Accumulated depreciation and impairment | 1,335,595 | 131,311 | 501,775 | 702,508 | – |

| in EUR | 2022 | | | | |
|---|---|---|---|---|---|
| | Total | Land and buildings | Plant and machinery | Furniture, fixtures and office equipment | Assets under construction |
| Acquisition/production costs | 1,436,759 | 80,914 | 466,168 | 889,677 | 0 |
| Accumulated depreciation and impairment | 961,697 | 80,913 | 389,789 | 490,995 | – |
| Additions from initial application of IFRS 16 Leases (+) | – | – | – | – | – |
| **Carrying amount as of 1 Jan** | **475,062** | **1** | **76,378** | **398,683** | **0** |
| Additions (+) | 953,009 | 55,482 | 368,264 | 529,263 | – |
| Disposals (-) | -73,582 | – | – | -73,582 | – |
| Additions to the basis of consolidation (+) | – | – | – | – | – |
| Disposals from the basis of consolidation (-) | – | – | – | – | – |
| Transfers (+/-) | – | – | – | – | – |
| Depreciation (-) | -273,511 | -24,353 | -58,614 | -190,544 | – |
| Accumulated depreciation and impairment from asset disposals (+) | 25,029 | – | – | 25,029 | – |
| Accumulated depreciation and impairment from additions to the basis of consolidation (-) | – | – | – | – | – |
| Accumulated depreciation and impairment from disposals from the basis of consolidation companies (-) | – | – | – | – | – |
| Exchange differences (+/-) | 325 | – | 15 | 311 | – |
| **Carrying amount as of 31 Dec** | **1,106,332** | **31,130** | **386,042** | **689,160** | **0** |
| Cost | 2,316,511 | 136,396 | 834,446 | 1,345,669 | 0 |
| Accumulated depreciation and impairment | 1,210,180 | 105,266 | 448,404 | 656,510 | – |

Borrowing costs were not recognized as a component of the cost of property, plant and equipment in the reporting period.

The additions in the current fiscal year are mainly attributable to investments in land and buildings as well as furniture, fixtures and office equipment. New rights of use for office space were recognized for the first time in the fiscal year. There were additions to vehicles and rights of use for vehicles under furniture, fixtures and office equipment.

Disposals in the current fiscal year are mainly attributable to furniture, fixtures and office equipment and relate in particular to various IT equipment and tools.

There were no impairment losses.

### F.V.3 Other financial assets

As of the reporting date, other financial assets mainly relate to other investments. These comprise the remaining stake in Halpro Engineering Sdn. Bhd., Kuala Lumpur, Malaysia, and the 15% stake in GreenSolar Energy Pte. Ltd, Singapore. For the recognition of the investment in GreenSolar Energy Pte. the acquisition costs recognized in the statement of financial position represent a sufficiently accurate approximation of the fair value of the investment. The investments in the three non-consolidated subsidiaries Greencells CEE Ltd, Greencells Canada Construction Ltd. and Greencells Albania Construction Shpk are also presented in other financial assets.

### F.V.4 Financial receivables

Financial receivables break down as follows:

| in EUR | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| Receivables from related parties | – | 50,666,954 |
| Receivables from non-consolidated subsidiaries | – | 33,640 |
| **Total** | **–** | **50,700,593** |

Receivables from related parties are reported under current assets as of the reporting date, as they are expected to be realized within 12 months of the reporting date on the basis of existing contracts (see also section F.V.6).

## F.V.5 Inventories

Greencells' inventories break down as follows:

| in EUR | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| Raw materials, consumables and supplies | 602,370 | 1,289,289 |
| Work in process | – | 5,369,584 |
| **Inventories** | **602,370** | **6,658,873** |

Apart from customary retention of title, no inventories have been pledged as security to third parties. In the reporting period, inventories of EUR 214k (2022: EUR 224k) were written down to net realizable value.

Inventories are expected to be sold within 12 months.

## F.V.6 Trade receivables, contract assets and other financial and non-financial assets

Trade and other receivables break down as follows:

| in EUR | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| Trade receivables | 3,266,429 | 3,417,567 |
| Trade receivables from related parties | 17,428,867 | 29,424,150 |
| Contract assets | 29,869,564 | 4,946,029 |
| Other financial assets | 70,583,027 | 68,109 |
| Other non-financial assets | 8,629,553 | 4,424,856 |
| **Total** | **129,777,440** | **42,280,711** |

Greencells has agreed to assign receivables from EPC agreements of EUR 10m to the collateral agent of the Green Bond.

Other financial assets include a loan receivable from the sister company Greencells Group Holdings Ltd, Abu Dhabi, United Arab Emirates, of EUR 70,370,592 as of the reporting date. In the prior year, the existing loan receivables were reported under financial receivables, because on the prior-year reporting date they were not expected to be realized within 12 months.

See section F.V.24.b for information on the recognition of expected credit losses.

## F.V.7 Cash and cash equivalents

Cash and cash equivalents contain a small amount of cash and predominantly overnight deposits.

Cash and cash equivalents are denominated in the following currencies:

| in EUR | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| EUR | 4,382,779 | 10,838,764 |
| USD | 286,038 | 65,189 |
| GBP | 3,286,749 | – |
| RON | 711,961 | 302,365 |
| MYR | 2,010 | – |
| HUF | 252,464 | – |
| PLN | 34,312 | – |
| **Total** | **8,956,312** | **11,206,318** |

### F.V.8 Equity

As of the reporting date, the Company's subscribed capital was unchanged compared to the reporting date of the comparative period. It comes to EUR 42,520, is fully paid in and divided into 42,520 shares with a par value of EUR 1.00 each. The capital reserves result from the contributions made by the shareholders in excess of the subscribed capital from a Group perspective and did not change in the reporting year (see section F.V.10). There were translation differences of EUR 266,429 (2022: EUR 704,930) in 2023 due to the translation of financial statements of foreign operations. The cumulative translation differences shown under equity amount to EUR 1,944,736.

The other reserves stem from group profits not yet distributed as of the reporting date. There are no restrictions on disposal for either the capital reserves or other reserves. However, profit distribution restrictions have been agreed with the lenders.

The composition and development of equity is presented in the statement of changes in equity (see section D).

## F.V.9 Other provisions

Provisions developed as follows in the reporting and comparative periods:

| in EUR | Provisions for onerous contracts | Other provisions provisions |
|---|---|---|
| **1 Jan 2023** | **929,075** | **2,239,372** |
| Utilization | 942,235 | 75,017 |
| Allocation | 298,132 | 95,675 |
| Reversal | – | 589,372 |
| Exchange differences | 15,779 | -551 |
| **31 Dec 2023** | **300,752** | **1,670,107** |

| in EUR | Provisions for onerous contracts | Other provisions provisions |
|---|---|---|
| **1 Jan 2022** | **1,513,703** | **1,593,715** |
| Utilization | 1,168,773 | 1,210,662 |
| Allocation | 488,196 | 1,783,323 |
| Reversal | – | 5,445 |
| Exchange differences | 95,949 | 78,441 |
| **31 Dec 2022** | **929,075** | **2,239,372** |

Other provisions mainly relate to provisions for maintenance warranties and for litigation risks. Other provisions are expected to result in cash outflows over the next 12 months.

## F.V.10 Share-based payments

In the prior reporting year, Greencells granted stock options and share appreciation rights to an employee at the top management level through two parallel agreements. If certain events occur (IPO or sale of more than 75% of the shares to a strategic investor), this employee – depending on the event – is entitled to acquire shares at a fixed price (Agreement 1) or to participate directly in the increase in the value of the Company in the amount of the intrinsic value of the share appreciation right (Agreement 2). The options are forfeited if the employee leaves Greencells prior to the transfer of the options.

In the reporting year, Greencells recognized income of EUR 26k in connection with equity-settled share-based payments transactions (Agreement 1). In addition, liabilities from the granting of share appreciation rights of EUR 122k are recognized (Agreement 2), which are measured at fair value on the basis of the expected vested payments. The fair value is determined at the end of each reporting period.

The expenses for services provided by employees are recognized over the service period with a corresponding increase in equity or the liability. Expenses for the employee services received during the year decreased by EUR 62k. The remuneration expense is reported in administrative expenses.

The two tables below show the fair value of the cash-settled commitment as of the reporting dates, including the measurement inputs used:

| in EUR k | Cash-settled event |
|---|---|
| **31 Dec 2023** | |
| Weighted fair value | 911 |
| Expected dividend yield (%) | 0.0 |
| Expected volatility (%) | 54.3% |
| Risk-free interest rate (%) | 3.13% |
| Expected remaining vesting period (years) | 0.7 |
| Expected term (years) | 0.7 |
| Share value | 4,950 |
| Exercise price | 4,950 |
| Model | Black-Scholes model |

| in EUR k | Cash-settled event |
|---|---|
| **31 Dec 2022** | |
| Weighted fair value | 1,476 |
| Expected dividend yield (%) | 0.0 |
| Expected volatility (%) | 53.8% |
| Risk-free interest rate (%) | 0.25% |
| Expected remaining vesting period (years) | 2.0 |
| Expected term (years) | 2.0 |
| Share value | 4,950 |
| Exercise price | 4,950 |
| Model | Black-Scholes model |

The table below shows the fair value of the equity-settled commitment at the grant date (12 July 2022), including the measurement inputs used.

| in EUR k | Equity-settled event |
|---|---|
| **12 Jul 2023** | |
| Weighted fair value | 1,476 |
| Expected dividend yield (%) | 0.0 |
| Expected volatility (%) | 53.8% |
| Risk-free interest rate (%) | 0.25% |
| Share value | 4,950 |
| Exercise price | 4,950 |
| Model | Black-Scholes model |

The expected term of the options granted is based on historical data and current expectations and reflects the period until the expected events occur. The expected volatility reflects the assumption that historical volatility over a period similar to the term of the options is indicative of future trends, which may not necessarily be the actual outcome.

## F.V.11 Financial liabilities and lease liabilities

Greencells' financial liabilities break down as follows:

| in EUR | 31 Dec 2023 | | 31 Dec 2022 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Bonds | – | 43,220,685 | – | 34,620,666 |
| Liabilities to related parties | 26,256,944 | – | 25,006,944 | – |
| Liabilities to banks | 1,659,303 | 1,043,732 | 569,321 | 3,846,152 |
| Other financial liabilities | 111,171 | 149,654 | 469,363 | 22,964 |
| **Total** | **28,027,418** | **44,414,071** | **26,045,628** | **38,489,783** |

In the reporting period, liabilities to related parties relate to a loan from Zahid Group Holding Ltd. (see section F.VI).

Based on the contractual provisions, the financial liabilities are due as follows:

| 31 Dec 2023 | | 31 Dec 2022 | |
|---|---|---|---|
| in EUR | Non-current | in EUR | Non-current |
| 2024 | 28,077,418 | 2023 | 26,045,628 |
| 2025 | 44,326,571 | 2024 | 3,869,116 |
| 2026 | 37,500 | 2025 | 34,620,666 |
| 2027 | – | 2026 | – |
| 2028 and later | – | 2027 and later | – |
| **Total** | **72,441,490** | **Total** | **64,535,411** |

The table below shows the contractual maturities of the lease liabilities:

| 31 Dec 2023 | | 31 Dec 2022 | |
|---|---|---|---|
| **in EUR** | **Non-current** | **in EUR** | **Non-current** |
| 2024 | 141,589 | 2023 | 52,737 |
| 2025 | 85,344 | 2024 | 23,493 |
| 2026 | 74,040 | 2025 | 5,711 |
| 2027 | 12,383 | 2026 | 3,333 |
| 2028 and later | – | 2027 and later | – |
| **Total** | **313,356** | **Total** | **85,274** |

The financial liabilities are secured by liens and collateral assignments.

The bond issued by Greencells (ISIN DE000A289YQ5) carries a fixed coupon of 6.5% p.a. Interest is paid twice a year. The bond had an initial term of five years. It is repayable on 9 December 2025. As part of the plan to fully divest the non-European EPC business located in the Holdings Group in a structured process, the management board decided on 26 June 2024 to call the Green Bond with a current outstanding nominal volume of EUR 47.1m for early redemption observing the minimum notice period of 30 days until 29 July 2024 in accordance with the terms and conditions of the bond, and to repay 102% of the nominal amount plus interest accrued up to that date.

### F.V.12 Trade payables, contract liabilities and other liabilities

Trade and other payables break down as follows:

| in EUR | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| Trade payables | 25,071,170 | 14,136,788 |
| Contract liabilities | 9,830,845 | 4,445,060 |
| Other liabilities | 6,422,614 | 8,379,758 |
| **Total** | **41,324,629** | **26,961,607** |

## F.V.13 Tax assets and liabilities

The following deferred tax items are reported in Greencells' consolidated statement of financial position:

| in EUR | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| Deferred tax assets | 8,266 | 1,066 |
| Deferred tax liabilities | -4,887,027 | -294,133 |
| **Balance of deferred tax items** | **-4,878,761** | **-293,067** |

Deferred taxes developed as follows:

| in EUR | 2023 | 2022 |
|---|---|---|
| Deferred tax assets | 1,066 | 5,386 |
| Deferred tax liabilities | -294,133 | -46,420 |
| **Balance of deferred tax items as of the beginning of the fiscal year** | **-293,067** | **-41,035** |
| Expense (-)/income (+) recognized in income taxes | -4,584,914 | -252,033 |
| Exchange difference | -780 | – |
| **Balance of deferred tax items as of the beginning of the fiscal year** | **-4,878,761** | **-293,067** |
| Deferred tax assets | 8,266 | 1,066 |
| Deferred tax liabilities | -4,887,027 | -294,133 |

Deferred tax assets are attributable to the following:

| Deferred tax assets | Recognition of provisions | Lease liabilities | Revenue recognition | Loss carryforwards | Other | Total |
|---|---|---|---|---|---|---|
| **31 Dec 2022 (before netting)** | **71,672** | **27,275** | **30,269** | **0** | **272,060** | **401,276** |
| Amounts recorded in tax expense | 28,365 | 5,885 | -30,293 | 1,926,764 | -126,195 | 1,804,525 |
| Exchange difference | – | -9,759 | – | 0 | -335 | -10,094 |
| **31 Dec 2023 (before netting)** | **100,037** | **23,401** | **-24** | **1,926,764** | **145,530** | **2,195,707** |
| Netting with deferred tax liabilities | | | | | | -2,187,442 |
| **31 Dec 2023 (after netting)** | | | | | | **8,266** |

| Deferred tax assets | Recognition of provisions | Lease liabilities | Revenue recognition | Loss carryforwards | Other | Total |
|---|---|---|---|---|---|---|
| **31.12.2021 (before netting)** | **67,254** | **19,052** | **356,042** | | **155,656** | **598,003** |
| Amounts recorded in tax expense | – | 8,224 | -325,773 | | 116,406 | -196,725 |
| Exchange difference | – | – | – | | -1 | -1 |
| **31 Dec 2022 (before netting)** | **71,672** | **27,275** | **30,269** | | **272,060** | **401,276** |
| Netting with deferred tax liabilities | | | | | | -400,210 |
| **31 Dec 2022 (after netting)** | | | | | | **1,066** |

Deferred tax liabilities relate to the following items in the statement of financial position:

| Deferred tax liabilities | Revenue recognition | Right-of-use assets | Green Bond | Other | Total |
|---|---|---|---|---|---|
| **31 Dec 2022 (before netting)** | **116,377** | **27,529** | **540,570** | **9,868** | **694,343** |
| Amounts recorded in tax expense | 6,032,295 | 10 | 360,424 | -3,289 | **6,389,439** |
| Exchange difference | – | – | – | 781 | **781** |
| Deconsolidation | – | – | – | -10,094 | **-10,094** |
| **31 Dec 2023 (before netting)** | **6,148,672** | **27,538** | **900,994** | **-2,735** | **7,074,469** |
| Netting with deferred tax liabilities | | | | | -2,187,442 |
| **31 Dec 2023 (after netting)** | | | | | **4,887,027** |

| Deferred tax liabilities | Revenue recognition | Right-of-use assets | Green Bond | Other | Total |
|---|---|---|---|---|---|
| **31.12.2021 (before netting)** | **74,379** | **20,466** | **531,036** | **13,157** | **639,038** |
| Amounts recorded in tax expense | 41,998 | 7,063 | 9,534 | -3,289 | **55,306** |
| Exchange difference | – | – | – | – | – |
| **31 Dec 2022 (before netting)** | **116,377** | **27,529** | **540,570** | **9,868** | **694,343** |
| Netting with deferred tax liabilities | | | | | -400,210 |
| **31 Dec 2022 (after netting)** | | | | | **294,133** |

As of 31 December 2023, no deferred tax liabilities were recognized on the outside basis differences of EUR 136k (31 December 2022: EUR 184k), as there are not likely to be any distributions in the foreseeable future and the temporary differences are not likely to reverse.

## F.V.14 Revenue

Greencells generates most of its revenue from the settlement of EPC project business. Therefore, there is no further allocation of revenue to segments.

Revenue was generated in the following markets. The breakdown of revenue by primary geographic market contains consolidated values.

| in EUR | 2023 | 2022 |
|---|---|---|
| Germany | 3,203,037 | 27,130,934 |
| Southern Europe | 45,362 | – |
| Western Europe (excluding Germany) | 75,470,737 | 10,557,998 |
| Eastern Europe | 125,535,387 | 91,381,424 |
| North America | 218,297 | 18,234,553 |
| Middle East | 5,060,566 | 11,256,685 |
| Asia | 134,083 | 327,891 |
| **Total** | **209,667,470** | **158,889,485** |

Greencells' main field of activity is the construction of turnkey solar power plants in the business-to-business ("B2B") segment. Thus, Greencells' activities comprise the engineering, procurement and construction of these power plants worldwide and concern a small number of capital-intensive and high-revenue projects.

Since the upstream section of the value chain, project development, is the main field of activity of the sister company Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates, and its group companies, in prior periods the EPC projects often used to be commissioned directly by the Holdings Group. In the current reporting period, the project development work was commissioned by the special purpose entities sold by the Greencells Group Holdings Ltd. group and therefore a comparatively small amount of revenue compared to the past (2023: EUR 7.4m; 2022: EUR 71.3m) is attributable to related parties. As a result, EPC revenue generated with third parties increased in the reporting period (2023: EUR 192.6m; 2022: EUR 62.6m).

The revenue recognized in the reporting period that was included in contract liabilities at the beginning of the period amounts to EUR 862k (2022: EUR 4,659k).

## F.V.15 Cost of sales

Cost of sales comprise the following components:

| in EUR | 2023 | 2022 |
|---|---|---|
| Cost of materials | 172,036,826 | 122,324,258 |
| Personnel expenses | 13,420,469 | 11,197,409 |
| Amortization and depreciation | 253,054 | 220,240 |
| Other expenses | 5,758,912 | 3,495,491 |
| **Total** | **191,469,261** | **137,237,398** |

## F.V.16 Selling expenses

Selling expenses contain the following cost components:

| in EUR | 2023 | 2022 |
|---|---|---|
| Personnel expenses | 181,589 | 150,239 |
| Advertising costs | 61,561 | 60,079 |
| Other expenses | 22,241 | 10,739 |
| **Total** | **265,391** | **221,058** |

## F.V.17 General and administrative expenses

The following amounts are included in general and administrative expenses:

| in EUR | 2023 | 2022 |
|---|---|---|
| Personnel expenses | 3,663,266 | 4,352,038 |
| Consulting services | 2,605,021 | 2,437,773 |
| Other personnel costs | 305,195 | 570,867 |
| Repair and maintenance costs | 579,572 | 354,645 |
| Rental expenses | 293,981 | 347,152 |
| Insurance | 505,032 | 370,145 |
| Amortization, depreciation and impairment | 222,584 | 67,126 |
| Other expenses | 1,797,877 | 1,354,215 |
| **Total** | **9,972,529** | **9,853,961** |

## F.V.18 Other operating income and other operating expenses

Other operating expenses break down as follows:

| in EUR | 2023 | 2022 |
|---|---|---|
| Impairment of financial assets | 1,991,168 | 1,592,985 |
| Compensation payments | – | 800,000 |
| Exchange losses | 1,708,231 | 1,666,698 |
| Other | 408,616 | 1,299,398 |
| **Total** | **4,108,014** | **5,359,081** |

Other operating income breaks down as follows:

| in EUR | 2023 | 2022 |
|---|---|---|
| Exchange gains | 1,089,905 | 1,410,359 |
| Gains on the disposal of non-current assets | – | 46,248 |
| Recoveries on written-off receivables | 601,970 | – |
| Other | 2,802,812 | 260,607 |
| **Total** | **4,494,687** | **1,717,214** |

The income from deconsolidation results from the sale of Greencells Regio GmbH (F.V.26). The "other" sub-item of other operating income mainly includes recoveries on written-off receivables (EUR 838k) and the reversal of provisions (EUR 1,340k).

## F.V.19 Personnel expenses

Personnel expenses amounted to EUR 17,265k (2022: EUR 15,700k). This includes expenses for social security contributions of EUR 1,427k (2022: EUR 1,309k), thereof statutory pension insurance of EUR 940k (2022: EUR 396k), and expenses for voluntary pension schemes of EUR 53k (2022: EUR 94k). EUR -36k (2022: EUR 37k) of personnel expenses is attributable to equity-settled share-based payments and EUR -26k (2022: EUR 148k) to cash-settled share-based payments.

The average number of employees during the reporting period is as follows:

| Number | 2023 | 2022 |
|---|---|---|
| Full-time employees | 404 | 306 |
| Part-time employees | 28 | 35 |
| **Total** | **432** | **341** |

## F.V.20 Financial result

The Group's financial result consists of finance income and finance costs. In fiscal year 2023, the net interest expense came to EUR 1,027k (2022: EUR 610k). See the net gain/loss by measurement category (section F.V.24.c.) for details of the individual items.

## F.V.21 Income tax expense

The income tax expense reported in the statement of comprehensive income includes current and deferred income taxes in the reporting and in the comparative period:

| in EUR | 2023 | 2022 |
|---|---|---|
| Current income tax expense (-) / income (+) | 696,223 | -2,559,870 |
| Deferred income tax expense (-) / income (+) | -4,584,914 | -252,031 |
| **Total** | **-3,888,691** | **-2,811,900** |

The reported income tax expense differs from the theoretical amount that would have resulted if the income tax rate of the parent company had been applied:

| in EUR | 2023 | 2022 |
|---|---|---|
| **Profit/loss before taxes** | **7,319,663** | **7,324,802** |
| Income tax rate of the parent | 32.975% | 32.975% |
| **Expected income taxes** | **-2,413,659** | **-2,415,354** |
| **Effects from** | | |
| Difference compred with foreign tax rates | -464,906 | -457,042 |
| Tax-free income | 669,385 | 1,581,180 |
| Non-deductible expenses | -188,091 | -232,466 |
| Unrecognized of deferred taxes | -1,043,064 | -891,771 |
| Out-of-period taxes | -291,479 | -103 |
| Other income taxes | -156,597 | -396,078 |
| Other | -279 | -267 |
| **Income tax expense reported** | **-3,888,691** | **-2,811,900** |

As of 31 December 2023, there are unused tax losses of EUR 11.8m (31 December 2022: EUR 7.9m) at Greencells USA Inc., Pekan Energy I Pte. Ltd. and Greencells CEE S.R.L. No deferred taxes are recognized on the unused tax losses of these subsidiaries as it is not probable that they can be utilized in the future. The imputed tax rate for the reporting period is 53%. The main reason for this is the non-recognition of deferred taxes on unused tax losses as well as the recognition of other income taxes and the effects of out-of-period taxes. The same factors result in an imputed tax rate of 38% in the comparative period.

## F.V.22 Statement of cash flows

The statement of cash flows distinguishes between cash flow from operating activities, investing activities and financing activities. Cash flow from operating activities is calculated using the indirect method.

At EUR 11,115k, cash flow from operating activities fell slightly in the reporting period compared to the prior year (EUR 12,282k). This was mainly due to the positive pre-tax result, the reduction in trade receivables and the increase in trade payables and contract liabilities. On the other hand, the increase in contract assets had a negative impact on liquidity.

In the reporting period, cash flow from investing activities declined as a result of payments in connection with loans to the related party Greencells Group Holdings Ltd.

Cash flow from financing activities is mainly affected by the issue of further bond tranches and the raising and repayment of financial loans.

Liabilities from financing activities developed as follows:

| in EUR | 1 Jan 2023 | Cash changes | | Non-cash changes | 31 Dec 2023 |
|---|---|---|---|---|---|
| | | Amount raised | Amount repaid | | |
| Bonds | 34,620,666 | 7,967,605 | -80,606 | 713,016 | 43,220,680 |
| Financial liabilities | 29,914,744 | 25,641,262 | -27,318,428 | 989,686 | 29,227,264 |
| Lease liabilities | 85,275 | – | -160,161 | 388,243 | 313,356 |
| **Total** | **64,620,685** | **33,608,866** | **-27,559,196** | **2,090,945** | **72,761,301** |

| in EUR | 1 Jan 2022 | Cash changes | | Non-cash changes | 31 Dec 2022 |
|---|---|---|---|---|---|
| | | Amount raised | Amount repaid | | |
| Bonds | 29,889,580 | 4,330,688 | -70,596 | 470,994 | 34,620,666 |
| Financial liabilities | 24,171,623 | 25,529,851 | -19,979,059 | 192,329 | 29,914,744 |
| Lease liabilities | 60,270 | – | -50,947 | 75,952 | 85,275 |
| **Total** | **54,121,473** | **29,860,539** | **-20,100,602** | **739,275** | **64,620,685** |

The amounts reported in cash and cash equivalents include cash and bank balances.

## F.V.23 Other financial obligations

On 31 December 2023, Greencells entered into purchase commitments for inventories of EUR 42.3m (31 December 2022: EUR 72.7m).

Other financial obligations are included in the statement of financial position under financial liabilities for all operating leases with a remaining term of more than 12 months.

## F.V.24 Additional disclosures on financial instruments

### a. Classes and measurement categories

The following tables show the carrying amounts of the financial instruments, the breakdown by measurement category in accordance with IFRS 9, the fair values and the valuation inputs:

| in EUR | Carrying amount 31 Dec 2023 | of which within the scope of IFRS 7 | Measurement category in accordance with IFRS 9* | Fair value of financial instruments in the scope of application of IFRS 7 | determined on the basis of stock market prices (fair value level 1) | Derived from market data (fair value level 2) | derived from unobservable inputs (fair value level 3) |
|---|---|---|---|---|---|---|---|
| Other financial assets | 153,769 | 153,769 | FVPL | 153,769 | | | 153,769 |
| Financial receivables | 50,700,593 | 50,700,593 | AmC | 48,625,585 | | 48,625,585 | |
| Trade receivables and other receivables | 42,280,711 | 32,909,827 | | | | | |
| *Receivables from goods and services* | *32,841,717* | *32,841,717* | AmC | | | | |
| *Contract assets* | *4,946,029* | – | – | | | | |
| *Other assets* | *4,492,965* | *68,109* | AmC | | | | |
| Cash and cash equivalents | 8,956,312 | 8,956,312 | AmC | | | | |
| **Total assets** | **102,091,386** | **92,720,501** | | | | | |
| Financial liabilities | 64,535,411 | 64,535,411 | – | | | | |
| *Financial guarantees* | *472,983* | 472,983 | n/a | *430,847* | | | *430,847* |
| *Other financial liabilities* | *64,062,427* | *64,062,427* | AmC | *63,656,478* | *34,258,066* | 29,398,412 | |
| Leasing liabilities | 313,356 | 313,356 | n/a | 313,356 | | 313,356 | |
| Trade payables and other liabilities | 26,961,607 | 17,039,739 | | | | | |
| *Liabilities from deliveries and services* | *14,136,788* | *14,136,788* | AmC | | | | |
| *Contract liabilities* | 4,445,060 | – | – | | | | |
| *Other liabilities* | 8,379,758 | 2,902,951 | AmC | | | | |
| Performance obligation IAS19 | – | – | AC | | | | |
| **Total liabilities** | **91,810,373** | **81,888,506** | | | | | |

| in EUR | Carrying amount 31 Dec 2022 | of which within the scope of IFRS 7 | Measurement category in accordance with IFRS 9* | Fair value of financial instruments in the scope of application of IFRS 7 | determined on the basis of stock market prices (fair value level 1) | Derived from market data (fair value level 2) | derived from unobservable inputs (fair value level 3) |
|---|---|---|---|---|---|---|---|
| Other financial assets | 153,769 | 153,769 | FVPL | 153,769 | | | 153,769 |
| Financial receivables | 50,700,593 | 50,700,593 | AmC | 48,625,585 | | 48,625,585 | |
| e receivables and other receivables | 42,280,711 | 32,909,827 | | | | | |
| *Receivables from goods and services* | *32,841,717* | *32,841,717* | AmC | | | | |
| *Contract assets* | *4,946,029* | – | – | | | | |
| *Other assets* | *4,492,965* | *68,109* | AmC | | | | |
| Cash and cash equivalents | 8,956,312 | 8,956,312 | AmC | | | | |
| **Total assets** | **102,091,386** | **92,720,501** | | | | | |
| Financial liabilities | 64,535,411 | 64,535,411 | – | | | | |
| *Financial guarantees* | *472,983* | 472,983 | n/a | *430,847* | | | *430,847* |
| *Other financial liabilities* | *64,062,427* | *64,062,427* | AmC | *63,656,478* | *34,258,066* | 29,398,412 | |
| ng liabilities | 313,356 | 313,356 | n/a | 313,356 | | 313,356 | |
| e payables and other liabilities | 26,961,607 | 17,039,739 | | | | | |
| *Liabilities from deliveries and services* | *14,136,788* | *14,136,788* | AmC | | | | |
| *Contract liabilities* | 4,445,060 | – | – | | | | |
| *Other liabilities* | 8,379,758 | 2,902,951 | AmC | | | | |
| **Total liabilities** | **91,582,292** | **81,660,424** | | | | | |

**AmC: Amortised cost; FVPL: Fair value through profit or loss*

Cash and cash equivalents and trade and other receivables mainly have short remaining terms. Their carrying amounts as of the respective reporting date therefore approximate their fair values. The same applies to trade and other payables. In accordance with the exemption afforded by IFRS 7.29(a), the fair value is not disclosed. The fair value of loans and liabilities to banks is determined by discounting future cash flows. Discounting is based on a market interest rate commensurate with the term. Individual characteristics of the financial instruments being measured are taken into account in the form of creditworthiness or liquidity spreads. Within financial liabilities, the fair value of the bonds issued is derived from listed prices on the respective reporting dates. For the financial guarantee contracts, the fair value is the value of the expected credit loss.

### b. Impairment of financial assets

For financial assets, impairments must be recognized not only for losses already incurred, but also for expected future credit losses (expected credit loss model). Greencells recognizes expected credit losses for all financial assets measured at amortized cost and when subsequently measuring financial guarantee contracts in three stages. An allowance is recognized either on the basis of the 12-month expected credit loss (Stage 1) or on the basis of the lifetime expected credit loss, if the credit risk has increased significantly since the first-time recognition (Stage 2) or if the assets are credit-impaired (Stage 3). For trade receivables that do not contain a significant financing component, a simplified approach is used. According to this, expected credit losses are always calculated over the entire lifetime of the financial assets.

Impairments of trade and other receivables developed as follows:

| in EUR | 2023 | 2022 |
|---|---|---|
| **As of 1 Jan** | **-1,796,795** | **-882,060** |
| Disposals | – | – |
| Risk provisions | -229,889 | -868,848 |
| Exchange differences | -27,986 | -45,887 |
| **As of 31 Dec** | **-2,054,670** | **-1,796,795** |

In addition to fixed percentage rates that also depend on the age structure of trade and other receivables, the allowance recognized at the various reporting dates include impairments recognized on a case-by-case basis.

| in EUR | Gross carrying amounts | | Lifetime ECL | |
|---|---|---|---|---|
| | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 |
| **Not due** | **116,526,269** | **28,992,433** | **-203,649** | **-1,139,043** |
| **Overdue** | **15,305,841** | **15,085,075** | **-1,851,021** | **-657,752** |
| Up to 30 days | – | 899,380 | – | -13,923 |
| Between 31 and 60 days | – | 400 | – | -6 |
| Between 51 and 90 days | 37,652 | 7,135,936 | -14 | -110,472 |
| Between 91 and 180 days | -972,494 | 21,747 | 355 | -337 |
| Between 181 and 365 days | 10,282,504 | 3,772,042 | -3,754 | -58,395 |
| More than one year | 5,958,180 | 3,255,570 | -1,847,608 | -474,620 |
| **Total** | **131,832,110** | **44,077,508** | **-2,054,670** | **-1,796,795** |

The increase in trade and other receivables not yet due is due to the contract assets that no longer exist as of the reporting date (2023: EUR 30,067k; 2022: EUR 4,946k) and the short-term loans to Greencells Group Holdings Ltd (2023: EUR 79,214k; 2022: EUR 0k).

Greencells calculates the credit risk as the probability-weighted amount by which the payments received are expected to be less than the contractual amounts due to it. In addition to individual factors, expected credit losses are estimated on the basis of general experience of collecting receivables in the past. It is guided by the country-specific risk premiums based on the Damodaran interest rate model. The Company adjusts the fixed impairment rates derived from these to reflect any significant changes in the economic environment.

### c. Net gain/loss by measurement category

The net loss in the amortized cost measurement category of EUR 3,401,639 (2022: net loss of EUR 2,211,860) breaks down as follows. It is reported in the abovementioned items of the consolidated income statement.

| in EUR | Category | 2023 | 2022 | Consolidated income statement items |
|---|---|---|---|---|
| Interest income | AmC | 5,113,616 | 3,160,937 | Finance expenses |
| Interest expenses | AmC | -5,906,639 | -3,535,911 | Finance costs |
| Exchange gains | AmC | 1,140,781 | 1,390,444 | Other operating income |
| Exchange losses | AmC | -1,708,231 | -1,634,345 | Other operating expenses |
| Impairment losses | AmC | -2,041,168 | -1,592,985 | Other operating expenses |
| al of impairment | AmC | – | – | Other operating income |
| **Total** | | **-3,401,639** | **-2,211,860** | |

The increase in interest income by EUR 1,953k to EUR 5,114k is attributable to the increase in financial receivables from Greencells Group Holdings Ltd. Interest expenses also rose by EUR 2,371k to EUR 5,907k due to the increased volume of borrowed capital.

### d. Financial risks

Greencells is exposed to various risks through its business activities. These include, in particular, liquidity, default and currency risks. Targeted financial risk management helps minimize the negative impact of these risks on the Group's assets, liabilities, financial position, financial performance and cash flows. See section F.III. and the management report for a description of the risk management system.

**Liquidity risk**

The following tables show the undiscounted contractually agreed interest and principal payments on financial liabilities that fall within the scope of IFRS 7:

| in EUR | 31 Dec 2023 | | | |
|---|---|---|---|---|
| | Carrying amount 31 Dec 2023 | Cash outflow in the next reporting period | Cash outflow in the reporting period after next | Cash outflow in a subsequent period |
| Cash outflow for financial liabilities | 72,303,990 | 29,338,241 | 44,274,546 | -2,026 |
| Cash outflow for lease liabilities | 313,356 | 141,589 | 85,344 | 86,423 |
| Cash outflow for trade and other payables | 41,324,629 | 41,324,629 | – | – |
| **Cash outflow liabilities within the scope of IFRS 7** | **113,941,974** | **70,804,459** | **44,359,891** | **84,397** |

| in EUR | 31 Dec 2022 | | | |
|---|---|---|---|---|
| | Carrying amount 31 Dec 2023 | Cash outflow in the next reporting period | Cash outflow in the reporting period after next | Cash outflow in a subsequent period |
| Cash outflow for financial liabilities | 64,535,411 | 30,320,536 | 4,045,323 | 39,519,861 |
| Cash outflow for lease liabilities | 85,275 | 55,614 | 24,301 | 9,254 |
| Cash outflow for trade and other payables | 17,039,739 | 17,039,739 | – | – |
| **Cash outflow liabilities within the scope of IFRS 7** | **81,660,425** | **47,415,889** | **4,069,624** | **39,529,115** |

The liquidity risk is increased due to the financial guarantees issued in favor of related parties of the sister group of Greencells Group Holdings Ltd. As of 31 December 2023, the maximum risk from a potential claim is EUR 19m (31 December 2022: EUR 96m). The weighted remaining term of the financial guarantees existing as of 31 December 2023 is 1.5 years.

As of 31 December 2023, the Greencells Group had cash and cash equivalents of EUR 8,956k (31 December 2022: EUR 11,206k) to cover the liquidity risk. In addition, the Greencells Group has available credit facilities of EUR 570k as of 31 December 2023 (31 December 2022: EUR 570k).

**Default risk**

The Greencells Group's maximum default risk is determined by the carrying amounts of its financial assets. The abovementioned financial guarantees increase the default risk accordingly.

There is a concentration of risks since all loans have been issued to related parties of the sister group of Greencells Group Holdings Ltd. In addition, 67% of trade receivables were due from these related parties as of the reporting date (31 December 2022: 90%).

**Foreign currency risk**

The Greencells Group has a significant currency sensitivity to the USD on each reporting date. If the euro had been 10% stronger against the USD on 31 December 2023, this would have had a negative effect on other income of EUR 761k. If the EUR had been 10% weaker, profit would have increased by EUR 930k. In addition to currency sensitivity to the USD, there are also slight currency sensitivities to the Romanian leu (RON) on the reporting date of the current and comparative periods.

The following table summarizes the effects on consolidated profit or loss of the hypothetical changes in exchange rates.

| in EUR k | 31 Dec 2023 | | 31 Dec 2022 | |
|---|---|---|---|---|
| **Effect on consolidated profit** | Rate + 10% | Rate - 10% | Rate + 10% | Rate - 10% |
| USD/EUR | 210 | -257 | -835 | 1,020 |
| RON/EUR | 380 | -464 | -334 | 408 |

The effect of a change in exchange rates on other comprehensive income is summarized in the table below:

| in EUR k | 31 Dec 2023 | | 31 Dec 2022 | |
|---|---|---|---|---|
| **Effect on consolidated profit** | Rate + 10% | Rate - 10% | Rate + 10% | Rate - 10% |
| USD/EUR | -761 | 930 | 823 | -1,006 |
| RON/EUR | -136 | 167 | -101 | 124 |

### Interest rate risk

Greencells is not exposed to interest rate risk on any of the reporting dates, as all interest-bearing receivables and liabilities are subject to a fixed rate of interest over their term.

## F.V.25 Segment reporting

In its internal reports, Greencells presents its operations at the level of the individual EPC projects in particular. On the basis of this reporting, management, which is the chief operating decision-maker (CODM) responsible for evaluating the Company's profitability and allocating resources, assesses business activities from various perspectives.

Greencells' business activities mainly comprise the engineering, procurement and construction of turnkey solar power plants in the business-to-business ("B2B") segment. These business activities are managed as a single segment. There is no part of the business that constitutes an operating segment in accordance with IFRS 8. Management evaluates the profitability of the Company on an overall basis only. Consequently, Greencells has just one operating segment.

Ratios derived from external reporting, such as gross profit, EBIT and EBITDA, are used as key performance indicators.

The following table shows revenue and non-current assets by region. The regional revenue shown below is determined according to the registered office of the customer.

| in EUR | Germany | Rest of Europe | North America | Middle East | Asia | Greencells Group |
|---|---|---|---|---|---|---|
| Revenue 2023 [1)] | 3,203,037 | – | 218,297 | 5,060,566 | 134,083 | 8,615,984 |
| Non-current assets as of 31 December 2023 | 1,020,949 | 218,473 | 1,754 | – | 5,870 | 1,247,046 |

[(1)] Revenue by sales market

| in EUR | Germany | Rest of Europe | North America | Middle East | Asia | Greencells Group |
|---|---|---|---|---|---|---|
| Revenue 2022 [1)] | 3,203,037 | – | 218,297 | 5,060,566 | 134,083 | 8,615,984 |
| Non-current assets as of 31 December 2022 | 1,117,868 | 20,547 | 3,802 | – | 1,004 | 1,143,221 |

[(1)] Revenue by sales market

In fiscal year 2023, EPC revenue from two customer accounts for more than 57% of the Greencells Group's revenue. Revenue with these two customers amounted to EUR 83.0m and EUR 37.1m respectively. In the comparative period of 2022, revenue from three customers with a total volume of EUR 105m accounted for a revenue share of 66% of the Greencells Group's total revenue.

## F.V.26 Business disposals

In the middle of the reporting period, Greencells GmbH sold 100% of the shares in Greencells Regio GmbH, based in Losheim am See, Germany.

As a result, the following assets and liabilities of Greencells Regio GmbH were identified and sold:

| | EUR |
|---|---|
| **Assets** | |
| Intangible assets | 26,441 |
| Property, plant and equipment | 35,685 |
| Inventories | 2,882,829 |
| Receivables | 313,514 |
| Cash and cash equivalents | 531,911 |
| Deferred taxes | 655 |
| **Debts** | |
| Provisions | 199,124 |
| Liabilities | 4,168,882 |

The purchase price received (EUR 25,000) net of the net assets sold (minus EUR 576,970) resulted in a gain on disposal of EUR 601,970, which was recognized in profit or loss in the comparative period.

## F.VI. Related parties

Related parties in accordance with IAS 24 are legal entities and natural persons that can influence Greencells GmbH and its subsidiaries or that are subject to the control or significant influence of Greencells GmbH or its subsidiaries. The main related parties of Greencells are the direct and indirect shareholders of Greencells GmbH, who can exert the same influence on Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates, and its subsidiaries as they do on Greencells GmbH and its subsidiaries. This means that Greencells Group Holdings Ltd. and its subsidiaries in particular belong to the group of related parties. In addition, all non-consolidated subsidiaries as well as key management belong to the group of related parties of the Greencells Group.

The key management personnel are related parties since they are responsible for directing and controlling the activities of the Group. This group consists of the senior management of Greencells GmbH and thus the top management level, whose members are directly or indirectly responsible for planning, directing and controlling the activities of the Company. In addition to the CEO and CFO of Greencells GmbH, this also includes the key personnel Chief Strategy & Development Officer and Chief Technology Officer in the reporting year.

Total compensation for this group is presented in the following table:

| in EUR k | 2023 | 2022 |
|---|---|---|
| Short-term benefits | 638 | 826 |
| Share-based payment | -62 | 185 |
| **Total** | **576** | **1,011** |

In addition to the contractually agreed monthly benefits, key management receives bonus payments for the past fiscal year. In addition, there are consulting agreements amounting to EUR 313k (2022: EUR 311k).

With reference to the protective clause pursuant to Sec. 314 (3) in conjunction with Sec. 286 (4) HGB, the Company opts not to disclose total management board compensation.

Greencells' business model extends from project development to the construction and operating phases. The value chain is divided into two groups, headed by Greencells GmbH and Greencells Group Holdings Ltd. Both groups are under the same management and have a similar shareholder structure. Greencells Group Holdings Ltd. is responsible for the development of the solar projects, while the Greencells GmbH Group supports the Holdings Group in selecting, reviewing, acquiring, funding and the subsequent sale of the projects held as special purpose vehicles in its role as service provider and asset manager. The construction phase is carried out by Greencells GmbH, which is commissioned by Greencells Group Holdings Ltd. as an EPC supplier. Accordingly, there are intensive trade relations between these two companies and their subsidiaries, which are related parties.

In addition, Greencells GmbH substantially finances the development business of the Holdings Group through the Green Bond it has issued, the cash inflows from which are made available to the Holdings Group as interest-bearing loans for the development projects.

In May 2023, the management bodies of Greencells and the shareholders decided to focus the overall Group strategy entirely on the EPC business in Europe and to divest the Holdings Group's development business (portfolio and platform) and the non-European EPC business within the Holdings Group in a structured process. The divestment process was launched in summer 2023 and is well advanced. In an interim step, a partial amount of EUR 47m is to be repaid to Greencells GmbH in July 2024 via bank financing of the Holdings Group and used by the latter for the early redemption of the Green Bond. The additional proceeds from the sale will be used to repay the Holdings Group's other liabilities to the GmbH Group. The GmbH Group would in turn use them to repay loans from Zahid Group and to strengthen the liquidity base.

Irrespective of this, the activities in the reporting year described above give rise to extensive transactions with related parties, which are summarized in the table below:

| in EUR | Income | Expenses | Financial receivables | Trade and other receivables | Financial liabilities | Trade and other payables |
|---|---|---|---|---|---|---|
| **31 Dec 2023** | | | | | | |
| Holdings Group | 12,550,127 | 0 | 0 | 86,380,710 | 0 | 0 |
| Other related parties | 0 | 1,300,389 | 0 | 1,550,082 | 26,256,944 | 0 |
| **Total** | **12,550,127** | **1,300,389** | **0** | **87,930,793** | **26,256,944** | **0** |
| **31 Dec 2022** | | | | | | |
| Holdings Group | 74,379,777 | 0 | 50,666,954 | 29,094,403 | 0 | 868 |
| Other related parties | 64,433 | 537,083 | 363,387 | 0 | 25,479,928 | 0 |
| **Total** | **74,444,210** | **537,083** | **51,030,341** | **29,094,403** | **25,479,928** | **868** |

Income mainly comprises revenue from the settlement of EPC projects with the Holdings Group as well as interest income from loans to finance development projects.

Income decreased by 83% from EUR 74.4m to EUR 12.6m compared with the prior year. This was due to lower income from EPC contracts and lower remuneration for asset management services, the latter of which declined by EUR 3.9m.

On the other hand, expenses rose significantly due to interest paid to the Zahid Group.

The conditions of the significant financing agreements are presented in the table below:

| Contract | Contractual partner | Maturity | Interest | Available limit in EUR k<br>TEUR | Balance on 31 Dec 2023 (31 Dec 2022)<br>TEUR |
|---|---|---|---|---|---|
| **Financial receivables** | | | | | |
| Loan facility agreement | Greencells Group Holdings Ltd. | 7 Dec 2025 | 10.0% p.a. | 55,000 | 49,171<br>(36.956) |
| Loan facility agreement | Greencells Group Holdings Ltd. | 31 Dec 2024 | 5.5% p.a. | 25,000 | 21,200<br>(13.433) |
| **Financial liabilities** | | | | | |
| Loan agreement | Zahid Group Holding Ltd. | 1 Aug 2024 | 5.0% p.a. | 25,000 | -26,257<br>(-25.007) |

The intended early repayment of the Green Bond and the sale of the Holdings Group's development business will significantly reduce the volume of business with the Holdings Group as a related party in the future:

- There is no income from asset management services, as the service provider function of the GmbH ceases with its disposal.
- With the successive repayment of the loans by the Holdings Group, the related receivables and interest income no longer exist.
- Income will therefore be limited to revenue from EPC projects that the GmbH Group executes for the Holdings Group.
- On the refinancing side, there are no liabilities and interest expenses from the Green Bond. The corresponding financial liabilities and interest expenses are also reduced in the amount of the intended repayment of shareholder loans from the related party Zahid Group Holding Ltd.

As of the reporting date, the loan from Zahid Group Holding Limited, Dubai, United Arab Emirates, which is included in financial liabilities, is classified as current. An amendment agreement was concluded in fiscal year 2023, according to which the amount is to be repaid by 1 August 2024. However, the loans will not be called in by the shareholder if this would have an effect on the going concern basis.

## F.VII. Other notes

The financial statement auditor’s fees for services rendered to Greencells were as follows:

| in EUR | 2023 | 2022 |
|---|---|---|
| Audit services | 173 | 218 |
| Other attestation services | 8 | 16 |
| **Total** | **181** | **233** |

## F.VIII. Events after the reporting period

On 26 June 2024, the management board decided to call the Green Bond with a current outstanding nominal volume of EUR 47.1m, complying with the minimum notice period of 30 days until 29 July 2024 in accordance with the terms and conditions of the bond, and to repay 102% of the nominal amount plus interest accrued up to that date. The repayment is to be made from bank financing, which Greencells Energy NL B.V., a subsidiary of Greencells Group Holdings Ltd., will receive from an international bank in Austria and pass on to Greencells GmbH for the purpose of repaying the bonds and in fulfillment of liabilities to Greencells GmbH.

The receivables from the sister group and the liabilities from the Green Bond will therefore be reduced by the corresponding amount in the current fiscal year and the total equity and liabilities will be significantly reduced (with all other variables held constant). The lower level of debt and higher equity ratio lead to a significant improvement in the risk position of the GmbH Group.

The general manager (CFO) Götz Gollan will leave the Company when his contract expires on 31 August 2024. Tobias Nicolay has been appointed as his successor as CFO with individual signing authority and takes up his position on 1 July 2024. Andreas Hoffmann will continue to manage the Company at management level.

Saarbrücken, 27 June 2024

Andreas Hoffmann

General manager

Götz Gollan

General manager

**Group management report for the Greencells GmbH Group for 2023**

# Contents

# 1. Background of the Group

## 1.1 Description of the business model

Greencells GmbH, Saarbrücken, (the “Company”) and its affiliates (the “GmbH Group”) build turnkey solar power plants in the business-to-business (“B2B”) segment and, with around 432 employees (prior year: 341) (annual average 2023), are one of Europe’s largest providers in this field. The completed power plants with a total installed capacity of around 3.0 GWp (as of April 2024) in more than 20 countries now generate enough green electricity to meet the average energy needs of nearly 1.2 million households. Our main fields of activity are engineering, procurement and construction (EPC) and the technical operation and maintenance (O&M) of power plants worldwide.

The GmbH Group strategy is to further expand the strong position in the dynamic and growing European solar power market as a pure play solar power supplier with what we consider to be in-depth technical expertise and, in particular, to exploit market potential in the emerging Eastern European solar power market. As a general contractor, it provides all relevant EPC and O&M services. In addition to the projects acquired by the sales function for third parties – who are often longstanding customers – these services are also provided for projects of the sister company Greencells Group Holdings Ltd, Abu Dhabi, United Arab Emirates (with its affiliates the “Holdings Group” and the GmbH Group the “Greencells Group” or “Greencells”). As an internal service provider and asset manager, the Company also provides significant support to the Holdings Group in the selection, review, acquisition, financing and subsequent divestment of the projects held as special purpose vehicles.

The Holdings Group operates as a solar project developer. It conducts project development through the special purpose vehicles it holds in the various countries together with local development partners, some of whom also hold shares in the project companies. The projects are then sold to investors when a suitable milestone is reached, e.g., when they are ready for construction, have been connected to the grid or are in the initial phase of operation. The construction of the power plants in Europe and North America is usually carried out by the GmbH Group, which bills the corresponding services to the respective project companies. In the Middle East, Africa, Asia and Pacific, the EPC business is also carried out by Holdings Group companies.

In addition, Greencells GmbH finances the development business of the Holdings Group substantially through its secured 6.5% Green Bond 2020/2025 (ISIN: DE000A289YQ5) (“Green Bond”), the cash inflows from which are passed on to the corresponding development projects in the form of interest-bearing loans. The Green Bond is essentially secured by pledging project companies of the Holdings Group. The proceeds from the disposal of these companies is to be used to repay the financing.

In May 2023, the management bodies of Greencells and the shareholders decided to focus the overall Group strategy entirely on the EPC business in Europe and to divest the Holdings

Group's development business (portfolio and platform) and the non-European EPC business within the Holdings Group in a structured process.

The divestment process was launched in summer 2023 and is well advanced. In an interim step, management decided on 26 June 2024 to call the Green Bond with a current outstanding volume of a nominal value of EUR 47.1m, complying with the minimum notice period of 30 days in accordance with the terms and conditions of the bond as of 29 July 2024, and to repay 102% of the nominal amount plus interest accrued up to that date. The repayment is to be made from bank financing, which Greencells Energy NL B.V., Bussum, Netherlands, a subsidiary of Greencells Group Holdings Ltd., will receive from an international bank in Austria and pass on to Greencells GmbH for the purpose of repaying the bonds and in fulfillment of liabilities to Greencells GmbH. The receivables from the sister group and the liabilities from the Green Bond will therefore be reduced by the corresponding amount in the current fiscal year and the total equity and liabilities will be significantly reduced (with all other variables held constant). The lower level of debt and higher equity ratio lead to a significant improvement in the risk position of the GmbH Group.

The additional proceeds from the sale will be used to repay the Holdings Group's other liabilities to the GmbH Group. The GmbH Group would in turn use these to repay loans from Zahid Group Holding (MENA) Holding (MENA) Limited, Dubai, United Arab Emirates, and to strengthen the liquidity base. In this way, the profitable growth of the GmbH Group would be combined with a leaner balance sheet and a reduced risk profile.

In the reporting year, the measures to diversify the types of business were initiated for the EPC business of the GmbH Group, with a shift away from the capital-intensive "full EPC" business toward "EPC light," "general contracting" and "construction only." This is intended to reduce project volumes, procurement risks, financing and guarantee requirements.

## 1.2 Phases of the business model

With regard to the respective power plant projects, Greencells' business model can be divided into the phases (1) project development, (2) construction and (3) operation.

### 1.2.1 Project development

In the first phase, the Holdings Group develops solar projects – usually in cooperation with local project developers – until they are formally ready to build and ready for financing; the nature and scope of activity differs according to (i) the early phase of project development, (ii) the mid-development phase and (iii) the late development phase.

In the **early phase** of project development, the feasibility of a project is examined in detail from a technical, economic and legal perspective. This involves assessing local insolation levels, identifying and evaluating suitable sites, examining the possibilities for securing such sites over the long term, initially assessing the economic viability of a potential project on the basis of the available possibilities for marketing the electricity, e.g., via tenders, long-term power purchase agreements or specific statutory feed-in tariffs, construction and operating costs, financing options and possibilities for connecting to the grid or selling to local power users as well as checking permit requirements. In this phase, the cost of verifying the basic feasibility of a project is low. In the early phase, the Holdings Group selectively conducts its own developments or carries out its own assessment of the feasibility of potential development partners' projects, drawing on its own experience in the construction and operation of solar projects. We believe that this experience and know-how-based analysis of the feasibility of a potential development project is a significant competitive advantage and an important filter for minimizing possible development risks. To standardize this process, Greencells has been using an internal system to steer the development process since 2022, which allocates the financial and organizational resources required in each project phase according to the progress of a project's feasibility.

If the feasibility analysis is positive, the first step in the **mid-development phase** is usually to establish a project company (special purpose vehicle). This is followed by formally securing the land by entering into lease or purchase options and making the necessary preparations to secure the grid connection. Necessary expert opinions, such as environmental impact assessments and soil analyses, e.g., for technical suitability, contamination, archaeological heritage or legacy issues are prepared. At the same time, the possibilities for landscaping and, if necessary, for combining PV with agricultural use are analyzed. Formal permit applications to the competent authorities are prepared and submitted, including the results of environmental impact assessments and other surveys. Furthermore, all formalities regarding feed-in approval and the transmission route are cleared with the local grid operators and energy utilities. As a rule, the Holdings Group enters into development cooperations in the mid-development phase, at which point the feasibility of the projects can be reliably assessed. For this purpose, comprehensive economic viability calculations are performed and external expert opinions are obtained. The Holdings Group always strives to be an effective partner to the public authorities, land owners and local residents and to incorporate nature and landscape conservation considerations into the planning and subsequent implementation.

In parallel with the above, the Greencells GmbH operations team carries out initial detailed planning and costing of the construction of the power plant including preliminary finance planning. In this phase, the Holdings Group usually acquires the project rights from the local developers in the early phase and attaches the payment of the purchase price to the achievement of key milestones of the project, such as firm grid connection commitments, designation of the site for the construction of a solar park by the competent authorities or formal building permit. In addition, the definition of the milestones incentivizes the development partner, ensuring that they bear a purchase price risk until the plant is connected to the grid. In addition to the milestone payments, cooperating on the sale of project rights in the mid-development phase means that local developers have access to Greencell's expertise in development, grid connection, procurement, construction and financing. The Holdings Group acts as an enabler and optimizer in this phase, reducing the implementation risk. In many cases, it is only by teaming up with Greencells that development partners are able to provide guarantees, e.g., for grid connection or participation in tenders.

Finally, in the **late development phase**, the financing model is finalized. This is done on the basis of verified schedules, investment, finance and cost plans, which have already been coordinated by Greencells GmbH (technology, procurement and finance) with suppliers, service providers and financing institutions with regard to construction financing and/or project financing. After this, the preliminary technical planning is completed. During this phase, the building permits are also formally issued, at the same time the grid connection and the cable route are formally secured and the grid operator's technical specifications for the connection are finalized. In addition, the marketing of electricity is typically determined either by participating in government tenders or entering into power purchase agreements (PPAs) with manufacturing companies or utilities.

The Holdings Group selectively enters into development collaborations in late phases or can acquire project rights, in particular to secure EPC contracts and the corresponding margins.

### 1.2.2 Construction

For projects in Europe and North America, the companies of the GmbH Group mainly provide EPC services in the construction phase, while projects in the Middle East, Africa and Asia are executed by the Holdings Group, which in turn utilizes the internal resources of the

GmbH Group. The regions outside Europe are no longer relevant for Greencells due to its focus on the European markets and only played a very minor role in the reporting year.

Implementation is usually as a general contractor for turnkey construction. Greencells GmbH plans the entire construction project and is responsible for the erection of the plant and all ancillary works, in particular the connection to the electricity grid. This includes pre-planning, design and engineering, procurement, construction and project management, selecting and coordinating subcontractors and suppliers, construction work and comprehensive support services, in particular in construction progress control, cost control, quality management, achieving the technical conditions for connection, warranty management and certification. The actual construction of the power plant is done both by in-house specialists (from the affiliate Greencells CEE Srl, Cluj, Romania), who are deployed internationally, and via local subcontractors with whom Greencells has often worked together successfully for many years.

In connection with the projects, Greencells usually provides the customer with completion guarantees (time and costs), warranties and performance guarantees to the highest standards.

Greencells GmbH also has its own procurement team and longstanding and proven relationships and framework agreements with suppliers of Tier 1 components (modules, inverters, substructure) and believes that this gives it an edge over other competitors in terms of availability, purchase prices and other terms and conditions.

The components, which often account for up to 50% of the total cost of a project, are usually sourced for full EPC projects by Greencells GmbH. Depending on the milestone payment terms agreed with the customer, substantial bridge financing may be required in some cases. This may also be backed by letters of credit and other types of trade finance. In other projects, however, the components can be procured directly by the customer (EPC light, general contracting and construction only). The Company expressly aims to strategically increase the proportion of corresponding projects.

The financing of the solar projects during the construction phase and the necessary guarantees, sureties and other collateral products are provided by an extensive network of financing partners.

After the solar park has been commissioned and connected to the grid, power production and export initially begins in a testing phase with a start-up curve agreed with the grid operator. The ability to control power generation from park for the provision of grid services, grid compatibility and compatibility with any energy storage systems to be installed at a later date is also tested.

### 1.2.3 Operation

During the operation phase, a distinction can be made between early operation and long-term operation. Solar projects are designed to last at least 30 years and, due to the technical quality of the modules, can run for up to 50 years – with low and predictable transmission line losses due to degradation. The replacement of inverters and other components is often scheduled during this time, for which reserves are factored into the calculation from the outset.

During the operation phase, Greencells GmbH offers O&M services, usually limited to the first two years of operation, and/or carries out the asset management for the project company, thereby helping to ensure that the operation, profitability and service life of the solar parks are optimized for the benefit of the end investors. Depending on the project, this may include the marketing of power, providing billable grid services, arranging connections to energy storage systems or integration in virtual power plants.

### 1.2.4 Divestment of projects

As a rule, the Holdings Group's projects are divested by the special purpose vehicles at the end of the development phase, i.e., when they are ready to build (RTB). However, in order to recover funds early, projects may be sold before that, or purchase agreements may also be concluded that provide for early advance payments by the buyer until RTB status is achieved.

In some cases, the purchase agreements for projects are also structured in such a way that the shares are not transferred to the buyer until solar park has been built turnkey completion. When shares are transferred at an earlier stage, the operator company holds the project right, i.e., the right to build and operate the solar park on a specific site, which is thus transferred to the investor when the shares in the operator company are sold (sale of the project right). In such a sale of the project right, the investor becomes the owner of the shares in the operator company before construction starts and bears the risks associated with construction and the start-up of operation, but secures them by means of warranties, guarantees, claims for damages or rights of withdrawal against the seller of the shares or the general contractor. The power plant can also be constructed by third-party EPC providers.

Where projects are divested before reaching RTB status, the Holdings Group usually enters into development service agreements (DSAs) undertaking to perform the development work needed to achieve RTB status. Conversely, some projects are not sold until after they have been built and are in the early operating phase. A sale after an initial operating period regularly commands a higher purchase price because planning parameters can be backed by real-world figures, e.g., insolation, performance ratio, energy production. The performance ratio, a key quality indicator for assessing the performance of solar parks, is often higher than originally planned for the plants built by Greencells.

Within this range, the ideal time of sale is determined for each project held by the Holdings Group. A project can be divested individually, or by combining several projects in a portfolio. Parallel to the sale in project phases up to RTB status, a contract is usually concluded between the project company and the GmbH Group for the construction and, if necessary, the provision of O&M services for the sold project. Therefore, in addition to the actual purchase agreement for the shares of the project company, the sale documentation often contains further agreements relating to development work (DAS), construction (EPC) and operation (O&M, asset management).

Due to the strategic focus on the EPC business decided in 2023, the Holdings Group is currently preparing to sell the entire development portfolio across all development stages of the projects to an investor.

## 1.3 Affiliates and operating companies

Greencells GmbH, founded in 2009 and based in Saarbrücken with branches in Romania and Hungary, and which employed an average of 120 employees (prior year: 100) in fiscal year 2023, is the parent company of the GmbH Group. It is typically the contractor for the EPC and O&M business and provides asset management services for the Holdings Group. As in the prior year, Andreas Hoffmann (CEO) and Götz Gollan (CFO) held the management function.

At the end of 2023, the GmbH Group had the following affiliates which are of importance for the operations of Greencells GmbH (wholly owned, except where otherwise stated):

- Greencells CEE S.r.l., Cluj-Napoca, Romania
- Greencells Construction Kft., Budapest, Hungary
- Greencells Hungary Kft., Budapest, Hungary
- Greencells USA Inc., Atlanta, USA
- Pekan Energy I Pte Ltd, Singapore, with its subsidiary Halpro Engineering Sdn Bhd, Kuala Lumpur, Malaysia (0.08%)

Greencells CEE S.r.l., which employs the experienced installers required for the construction part of the EPC business, is central to value creation in the GmbH Group. With over 297 employees (prior year: 217) ( annual average), the Company is also the largest employer in the GmbH Group.

Greencells Construction Kft. and Greencells Hungary Kft. implemented EPC projects in Hungary in the past. While the former company is still active in the O&M area, the latter is to be liquidated in the current year.

Greencells USA Inc. manages the EPC business in the US (which is also being phased out).

Companies were established in Asia in the past to develop and build the Pekan solar park in Malaysia. These include Pekan Energy I Pte. Ltd. and Halpro Engineering Sdn Bhd. This project was wrapped up on 16 December 2021 following the completion of construction work and subsequent partial sale of the project company Halpro Engineering Sdn Bhd. Pekan Energy I Pte. Ltd. continues to hold shares in the solar park Pekan as a holding company.

Greencells Regio GmbH, Losheim am See, which carries out photovoltaic projects for smaller ground-mounted and rooftop systems on the German solar market, was sold in its entirety in May 2023 as its activities are not a focus of the GmbH Group's business model.

The other subsidiaries Greencells Albania Construction Shpk, Tirana, Albania, and Greencells Canada Construction Ltd, Calgary, Alberta, Canada, were founded in 2023 in anticipation of possible EPC projects in these countries. Greencells CEE Ltd. was originally intended as a subsidiary of Greencells CEE S.r.l. for construction services in the UK, but was dissolved in 2024.

## 1.4 Objectives and strategy

The entrepreneurial goal of Greencells is to establish itself as one of Europe's leading EPC providers for solar power plants, to generate sustainable positive earnings and net cash flows and at the same time to make a substantial contribution to climate-friendly and sustainable energy generation.

This objective is to be achieved in particular through the following strategic measures:

### 1.4.1 Specialization in solar energy in response to climate change

All around the world, large-scale government programs such as the European Green Deal are aimed at promoting renewable energy production and averting climate change. Institutional investors are increasingly training their sights on climate-conscious investments. Large companies are trying to stabilize their energy costs amid rising energy prices and volatility. Market structures are changing dynamically – for example, European solar power purchase agreements (PPAs) are replacing previous feed-in tariffs. Global carbon emissions are rising again after the pandemic.

At the same time, renewable energy sources are now economically competitive. The segment includes various methods of sustainable energy generation. The cost structure of solar energy has improved dramatically in recent years. It is by far one of the cheapest sources of energy and its cost profile now makes it more economical than fossil fuels such as coal and gas.[1] At the same time, advancing digitalization enables an increasingly better integration of energy generation, storage, transport and consumption. The production of green hydrogen also requires the use of renewable forms of energy.

Against this background, Greencells has made a strategic decision to continue to operate exclusively in its established solar power segment. The Company is thus positioning itself as a pure-play provider of turnkey solar power plants, leveraging its competitive advantages from many years of project experience.

This strategy does not exclude the creation of added value together with producers of other forms of energy, for example by co-using sites with wind turbines and thus sharing existing feed-in points.

### 1.4.2 Regional focus on Europe

After several years of internationalization, during which Greencells was active in almost all relevant regions of the world, its focus now and in the future is on the European markets. According to estimates by the industry association Solar Power Europe, additions in the segment of utility-scale photovoltaic power plants relevant to Greencells are expected to more than double in the next four years from around 19 GWp in 2023 to 41 GWp in 2027.[2] In our opinion, this alone holds immense business potential for Greencells.

Furthermore, in Europe, the Company operates in a comparatively homogeneous legal, customs and currency area, in countries where it has already gathered extensive experience. Greencells also benefits from its physical proximity, which enables the optimized deployment of its highly qualified and experienced installation teams and reduces dependence on external partners. Particular potential is seen in the Eastern European countries, where it has already successfully entered the first markets, namely Poland, Hungary and Romania. The UK and Ireland were another regional focus in the reporting year.

Management sees lower technology risks and strategic advantages associated with developed European markets for renewable forms of energy with experienced players along the entire value chain, including project financing (efficient financial and capital markets, euro area). The expansion of renewables is also receiving strong political support in the European Union through the European Green Deal, combined with financial incentives.

The European markets are becoming even more attractive as commercial investors (e.g., energy producers, oil companies, industrial companies) are keen to acquire photovoltaic projects for energy generation. Institutional investors are also stepping up their activities in this asset class in order to meet their investors' appetite for sustainable (ESG – Environment,

[1] Bloomberg Finance, 2023, internet
[2] SolarPower Europe, 2023b, p. 44

Social, Governance) investment opportunities or to reallocate funds from the (contracting) real estate market.

The GmbH group will gradually phase out its activities in other regions of the world and sell or liquidate the local entities. Nevertheless, in certain cases, it will still be able to take advantage of opportunities in non-European OECD countries with an attractive risk-return profile. However, it sets high standards for compliance, project yield and the legal and political environment.

### 1.4.3 Focus on specific project types and sizes

The GmbH Group focuses on power plants in the range of 20 to 250 MW. Greencells spans the entire value chain. According to management, it holds particular competitive advantages for projects with high quality and technology standards. The increasing complexity created by the need for grid integration, demand management, storage, hybrid solutions, agrivoltaics, floating photovoltaics or carport solutions makes Greencells a preferred partner for local developers and investors, as the Company has many years of project experience, extensive technological expertise (also through its own R&D), in-house engineering capabilities and technology alliances.

In addition, when initiating and negotiating EPC projects Greencells strives to minimize the working capital required for procurement. This can be done, for example, by arranging appropriate milestone payment plans or “EPC light” structures (where customer sources key components directly from the supplier).

### 1.4.4 Expansion of in-house installation team

According to management, the EPC installation team will be instrumental in achieving further growth. The expansion and continuous further qualification of the team based on a special training concept ensures its availability and a high quality of training. Investments in the team and infrastructure as well as the use of the pipeline of the Holdings Group’s projects will increase the volume of services in the future, boost efficiency, stabilize capacity utilization and reduce negative effects from project postponements (which will remain unavoidable in the future) through a better distribution of risk associated with the increased size.

### 1.4.5 Creation of more financial headroom

The sale of the development business will free up significant funds, some of which will be used to repay the financing provided by Greencells GmbH. In turn, the latter will use the funds to repay loans from the Zahid Group and to create a substantial and sustainable liquidity base. This is expected to significantly improve debt-related balance sheet ratios. At the same time, it will allow the GmbH Group to meet any temporary working capital requirements from EPC projects from its own funds. According to the management, this will structurally improve creditworthiness and reduce the currently high dependence on financing partners.

## 1.5 Financial management system

The central elements of the financial management system are

- Revenue
- EBIT and EBIT margin
- Free cash flow (including cash flow from the financing of the Holdings Group)
- Equity and equity ratio
- Net debt and net debt leverage ratio (net debt/EBITDA)
- Free liquidity (bank balances and available credit facilities)

Management aims to achieve sustainable profitable revenue growth, combined with the use of economies of scale, which will translate into a disproportionately high increase in EBIT and EBIT margin.

In our view, the free cash flow should be positive over the long term and should no longer include any financing payments to the Holdings Group in the future following the sale of the development business.

According to management's plans, this should increase free liquidity, significantly reduce net debt and provide enough working capital at any time during the year to finance the GmbH Group's growing EPC business. In combination with improved EBITDA, the net debt leverage ratio is also to be significantly and permanently improved and the Company's rating with banks and insurance companies is to be strengthened.

Revenue and EBIT (with the exception of administrative and overhead costs) are managed at project level. For this purpose, appropriate criteria are applied in the project selection process and project-specific performance analyses and target/actual comparisons are carried out on an ongoing basis for existing projects. Administrative and overhead costs are planned at cost center level and analyzed monthly for deviations.

Cash flow from operating activities is also planned and monitored on a project-by-project basis. All other cash flow inputs are evaluated on a monthly basis, or on a weekly basis if available on a short-term basis. Cash flows with the sister group, banks and shareholders are managed jointly by management and the treasury team.

### 1.6 Key elements of the accounting-related internal control and risk management system

Greencells GmbH prepares consolidated financial statements pursuant to Sec. 315e (3) HGB ["Handelsgesetzbuch": German Commercial Code] in accordance with IFRSs as adopted by the European Union (EU). The group financial reporting is subject to accounting, measurement and presentation risks.

To address these risks, Greencells GmbH has what we believe is an experienced team that provides internal accounting services for Greencells GmbH as the most important GmbH Group company. The accounts of other domestic and all foreign GmbH group companies are kept by local tax consulting and auditing firms or by specialized service providers. Greencells GmbH supports them, defining guidelines to ensure that transactions are posted consistently within the Group. The data are transmitted to Greencells GmbH on a monthly basis and are quality-assured by its in-house team.

The consolidated financial statements in accordance with IFRSs are prepared centrally by Greencells GmbH.

As far as is technically possible, the IT systems featured appropriate safeguards affording a high level of protection against unauthorized access and data loss. Group financial reporting is structured in a systematic and multi-layered process with various control functions.

There are plans to expand the accounting team. The further automation of the accounting function is being driven forward by the rollout of a new ERP system (Business Central) on 1 January 2024 and consolidation software later in the year.

Both the annual financial statements of group companies subject to audit and the consolidated financial statements were audited by auditors in accordance with the applicable legal requirements and auditing standards and submitted to the oversight bodies of the companies for review within the scope of their responsibilities.

## 2. Economic report

### 2.1 Macroeconomic conditions

According to the Kiel Institute for the World Economy (IfW)[3], global economic growth was uneven in 2023. A significant upturn in the first quarter was followed by mixed periods, which culminated in a slowdown in momentum towards the end of the year. With only weak growth in industrial production and a downward trend in global trade, growth stood at 3.1%

[3] Gern et al., 2024a

for the year as a whole (2022: 3.2%), mainly as a result of the slower increase in production in emerging countries, not least China, and the ongoing geopolitical tensions, which affected the trade route through the Suez Canal, for example, due the renewed conflict in the Middle East.

A normalization of energy prices and falling inflation rates eased economic conditions. Although oil became more expensive at times over the course of the year due to supply shortages, gas prices fell significantly and were close to a record low. Lower energy prices were in turn an important factor in the global decline in inflation. In the G7 countries, for example, inflation stood at 2.9% in November 2023. This decline is a success for the central banks' tighter monetary policy, but the general target of 2% inflation has not yet been reached. As the decline in inflation rates also slowed towards the end of the year, key interest rates were not lowered until mid-2024.

Economic output in the economic area of the European Union stagnated over the course of 2023. Although improved real incomes are supporting private consumption and falling energy prices and inflation rates have had a positive effect, there has been a marked decline in capital investment. Over the year as a whole, this resulted in growth of just 0.5% (2022: 3.4%).

The economy in the emerging markets showed little momentum. The Chinese economy in particular recorded only moderate growth despite the lifting of the strict zero-Covid policy. In a context marked by the crisis in the real estate sector, China's gross domestic product grew by 5.2% in 2023 as a whole, according to government sources. The increase was lower than expected which also impacted the global economy, particularly that of the other Asian emerging markets, due to lower trade volumes and weaker demand for commodities.

Economic output in the US was robust over the course of 2023 thanks to continued high private demand and a solid labor market, closing the year with growth of 2.5%. However, increasingly rifts with China and the uncertain outcome of the US presidential elections in November 2024 are creating uncertainty, which is also affecting the global economic outlook.

In this political environment and due to China's predicted continued economic weakness and prolonged restrictive monetary policy, the global economy is forecast to grow moderately by 3.2% in the fiscal year 2024. Inflation is only expected to fall slowly towards the target level of 2% due to the persistently rising prices for services.[4]

## 2.2 Industry environment

**Solar boom – stabilization at a high level**

2023 was another record year for the solar industry. In its maximum scenario, the industry association SolarPower Europe estimates that 341 GW of solar capacity was added

[4] Gern et al., 2024b

worldwide in the past year.[5] In the European Union alone, 55.9 GW of additional capacity was installed, an increase of 40% on the prior year.[6]

The strong growth rates continued to be driven by ongoing geopolitical upheavals and their impact on global energy prices as well as the need to take action to avert the climate crisis.

Although geopolitical turbulence is still present and has even increased (particularly as a result of the resurgence of the conflict in the Middle East), its impact on the energy markets can now be better contained. Average energy prices are approaching pre-crisis levels again.[7] Nevertheless, securing the long-term energy supply remains a political and social priority.

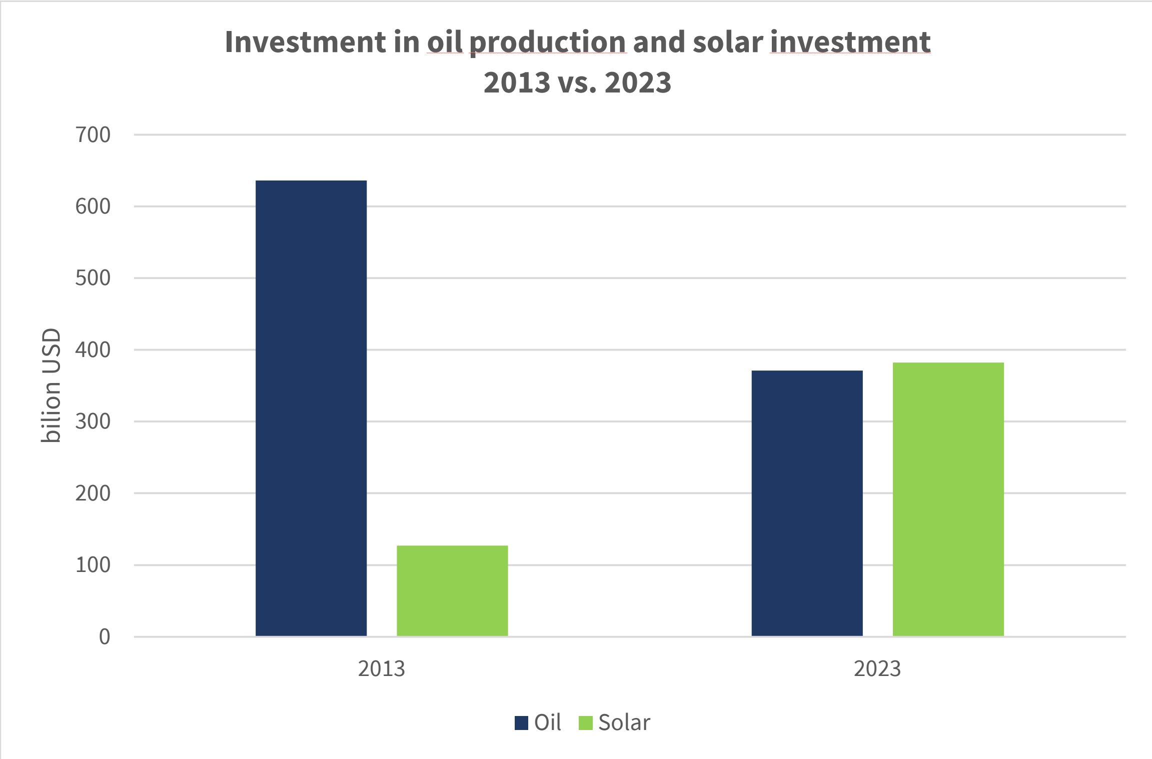
In the race against climate change, greater renewable energy production capacity is still urgently needed. From the perspective of the International Energy Agency (IEA), compliance with the 1.5 degree threshold has become more difficult, but remains possible. One of the most important factors in achieving this goal will be the further consistent expansion of energy production from renewable sources.[8] Against this background and in view of the necessary emission reductions at national level, the further implementation of national climate targets is of great importance. At the end of 2023, for example, many member states of the European Union were well behind the expansion targets of the National Solar Energy Climate Plans.[9] Political and economic decision-makers therefore continue to play a central role in the determined drive to expand renewable energies.

**Investment in renewable energies higher than in fossil fuels**

The combination of post-Covid economic stimulus programs, the political response to changes in the global energy landscape and the expansion of green energy generation required in the context of climate change has triggered a shift in investment away from fossil fuels towards renewables in recent years. The International Energy Agency (IEA) estimates global investment in renewable energy sources at over USD 1.7 trillion in 2023, compared to USD 1.05 trillion in fossil fuels. Solar energy is the most attractive asset class with estimated investments of USD 380 billion in 2023, attracting more investment than oil production.[10]

[5] SolarPower Europe, 2023a, p. 26
[6] SolarPower Europe, 2023b, p. 6
[7] SolarPower Europe, 2023b, p. 5
[8] International Energy Agency, 2023a, p. 42
[9] SolarPower Europe, 2023b, p. 5
[10] International Energy Agency, 2023b, Web

Exhibit 2




Source: IEA, *Oil production investment and solar investment, 2013 vs 2023*, IEA, Paris https://www.iea.org/data-and-statistics/charts/oil-production-investment-and-solar-investment-2013-vs-2023, IEA. License: CC BY 4.0

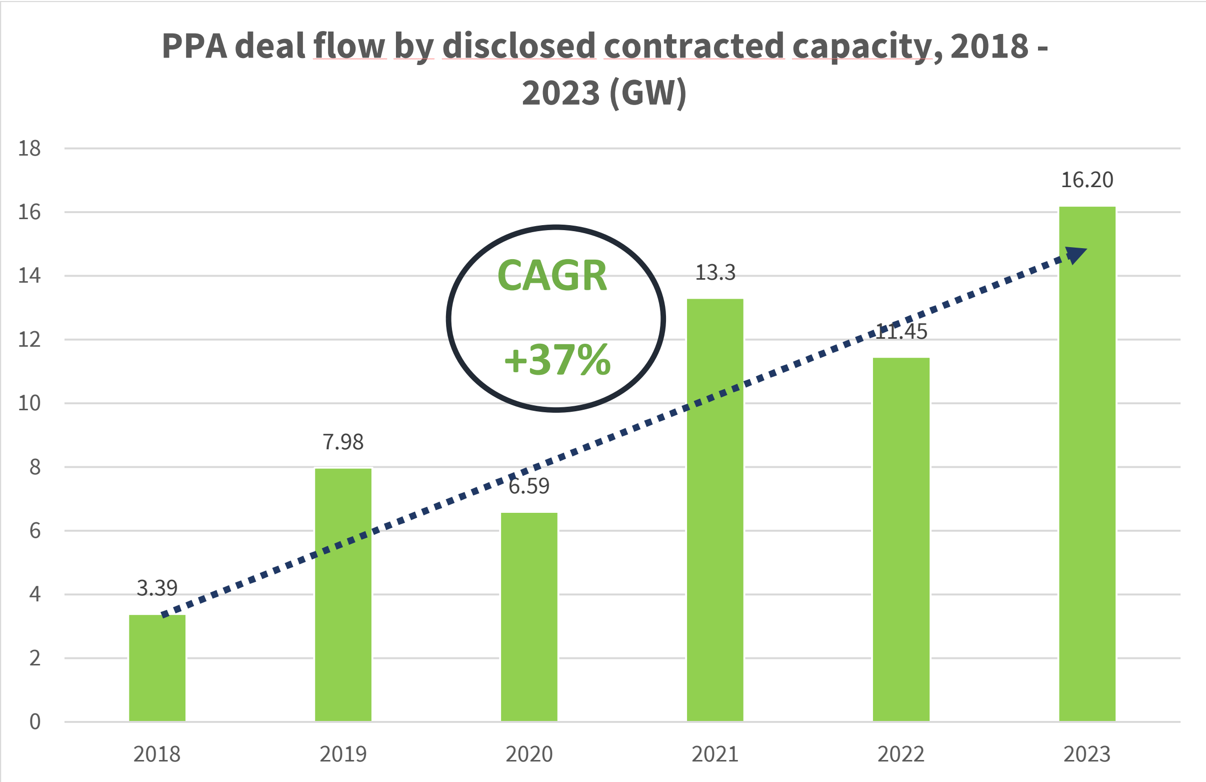
Management believes that this development is an expression of the continued growing interest of institutional and private investors in sustainable investment opportunities in general. On the institutional side in particular, however, this trend is also likely to indicate the effectiveness of regulations to prevent the greenwashing of financial products and to redirect financial flows into sustainable asset classes. These include, for example, the EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR).

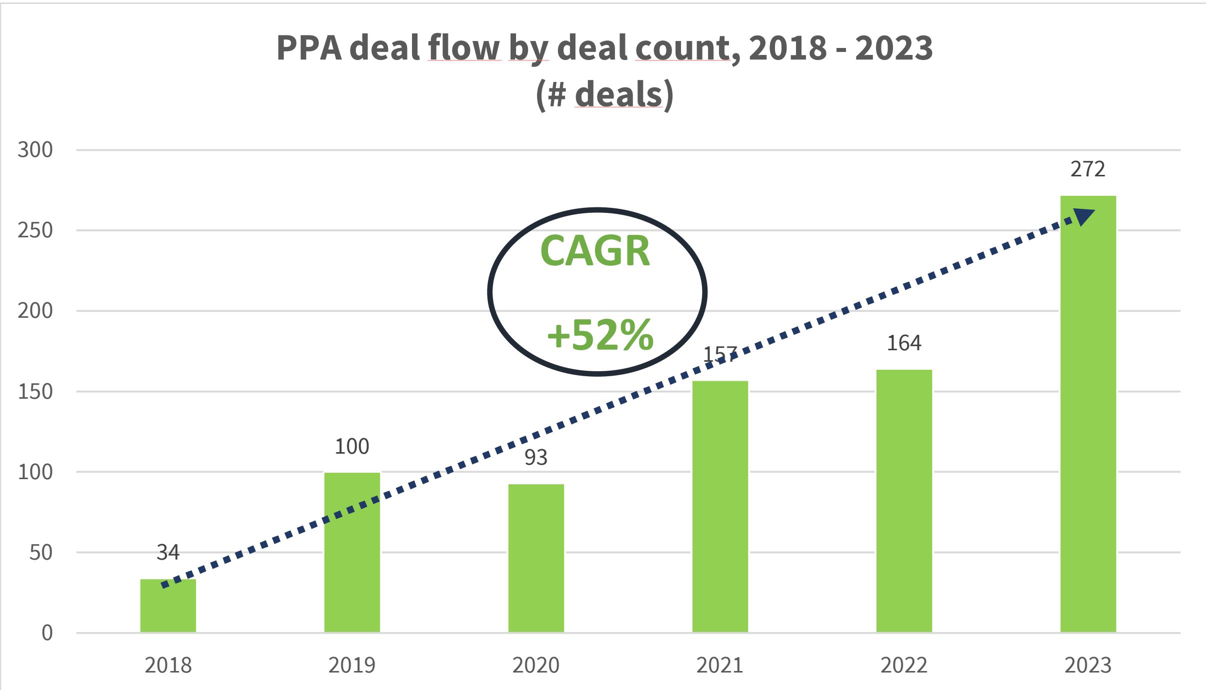
### The sales market for renewable electricity reaches a new stage of development

The volatile energy prices since the outbreak of the Ukraine conflict have encouraged a lot of movement towards the market for green power purchase agreements (PPAs) in recent years, both in terms of price and volume. In 2023, prices for fossil energy normalized, which consequently also led to a price adjustment in the area of renewables.

However, demand for PPAs remained unbroken in the past year, perhaps precisely because of the improved predictability. In 2023, the Swiss PPA platform Pexapark for Europe recorded a record 272 publicly announced PPAs (up 65% compared to the prior year) with a total volume of 16.2GW (up 40% compared to 2022).[11]

[11] Pexapark, 2024, p. 10



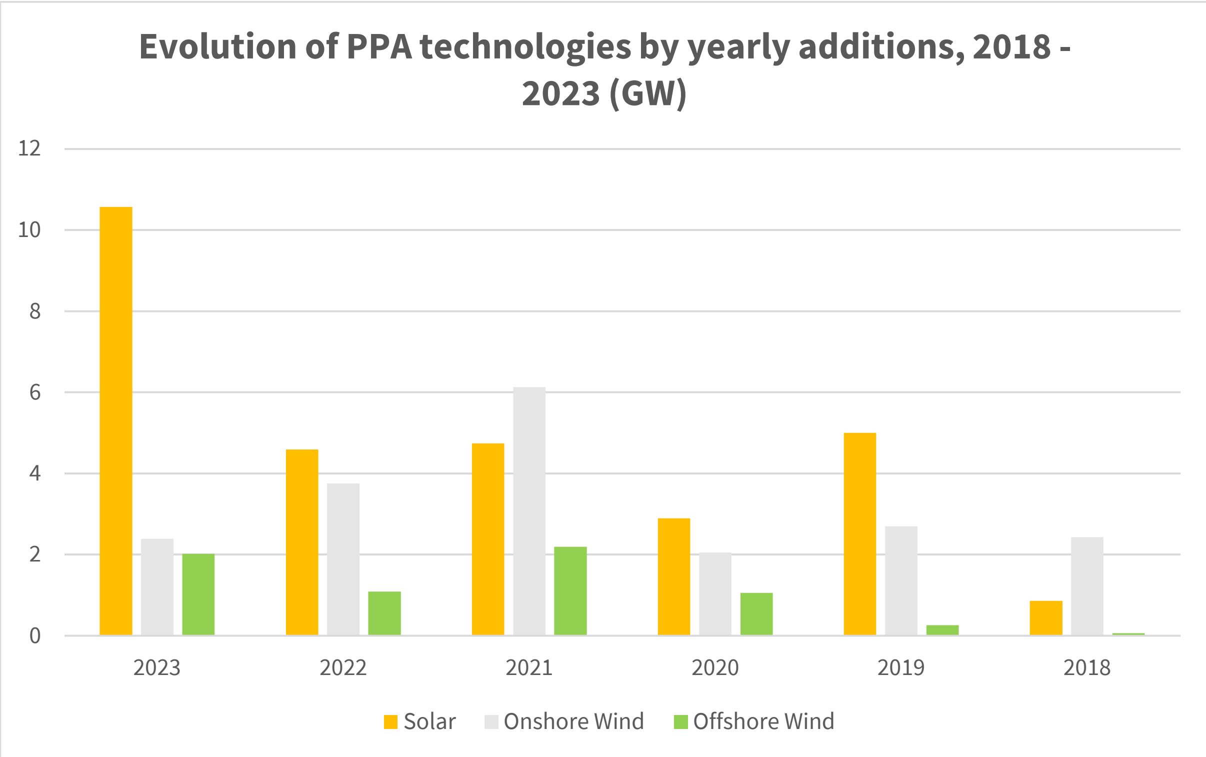




Source: Pexapark European PPA Outlook 2024, p. 10 & 11

Buyers included both major industrial customers and energy service providers. In the corporate sector, the IT industry was the top customer, above all the online organization

Amazon.[12] In terms of geographical markets, Germany and Spain were the hotspots for PPAs, accounting for 50% of capacity sold.[13]

Looking at the types of generation shows that solar energy clearly outperformed wind power here, making up the lion's share of 65% of the PPA volumes sold.




Source: Pexapark European PPA Outlook 2024, p. 25

## Record additions in Europe continue

The European solar market, the Greencells GmbH Group's focus market, continued to expand at record speed in 2023. The pursuit of securing energy supply and initiatives towards the decarbonization of the European industrial landscape continued to create favorable conditions for very pronounced growth in the sector. According to the industry association SolarPower Europe, a total of 55.9 GW of additional capacity was installed in the 27 member states in the third record year in a row – an increase of 40% compared to 2022 and thus a continuation of the high double-digit growth rates of recent years. In the last two years alone, the market volume has doubled. The total installed capacity in Europe now stands at 263 GW, an increase of 27% compared to 2022. [14]

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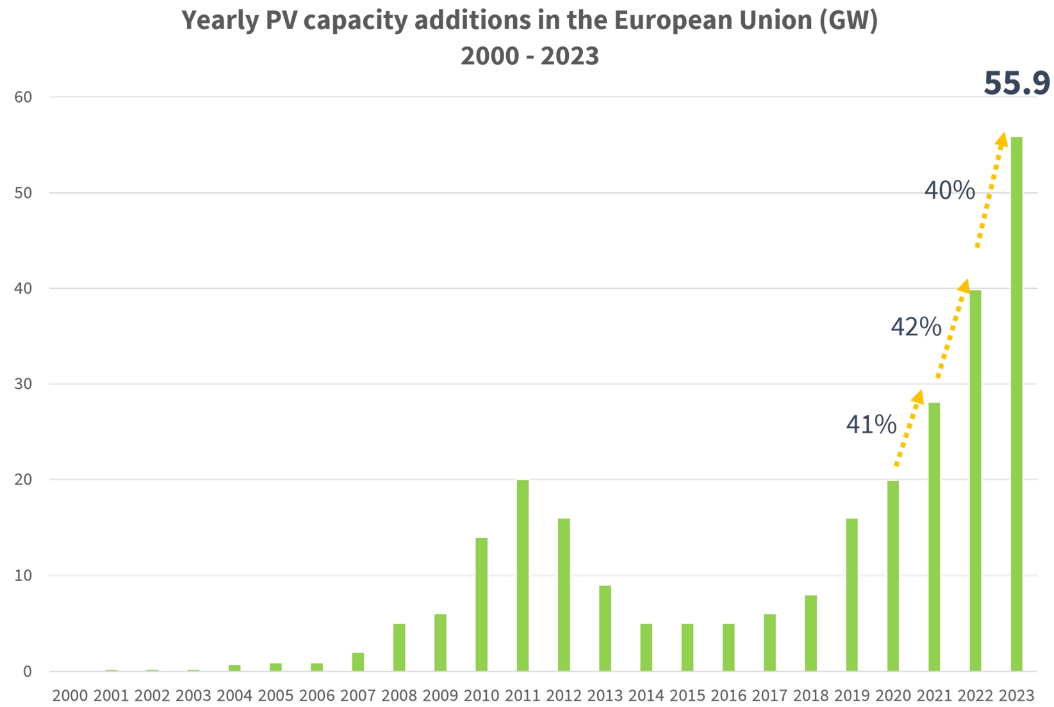
[12] Pexapark, 2024, p. 22
[13] Pexapark, 2024, p. 19
[14] SolarPower Europe, 2023b, p. 6

Exhibit 2




Source: SolarPower Europe, 2023b, p. 16

Germany led the top 10 countries with the most added capacity in 2023, followed by Spain, Italy and Poland. The Greencells GmbH Group is represented directly as an EPC service provider or via the development activities of the Holdings Group in all leading European markets (with the exception of Belgium and Austria).

Almost 510 GW of renewable energy capacity was added worldwide last year, three quarters of which was accounted for by solar plants. This total corresponds to an increase of 50% compared to the prior year and represents the fastest growth in the last two decades. The global leader was China, where photovoltaic additions in 2023 alone equaled the cumulative global expansion in 2022.[15]

## Challenges

Like other sectors of industry, the solar industry has had to adapt to the short-term changes in macroeconomic conditions over the last few years. Following the previous price peaks, the energy price level normalized steadily over the course of 2023. This good news for end consumers and the economy meant that project planners and operators of solar power plants had to adjust their revenue planning. At the same time, the changed interest rate environment resulted in higher financing, construction and maintenance costs.[16] However,

[15] International Energy Agency, 2024, p. 7
[16] Pexapark, 2024, p. 5

the sharp price reductions for solar modules triggered by overcapacity in production are likely to ease the situation.[17]

In view of the forecast addition rates and the prominent position of the Greencells GmbH Group in the market for EPC services in the solar sector, the management board expects demand for the planning and construction services it offers for solar power plants to continue to rise sharply.

In this context, the omnipresent shortage of skilled workers continues to be a key issue for the industry.[18] The Greencells GmbH Group can continue to rely on its in-house installation teams and has further expanded its team and intensified training measures over the course of fiscal year 2023.

Administrative hurdles such as long approval procedures and necessary technological measures such as grid expansion represent a structural challenge for the expansion of renewable energies in general, but also for solar energy in particular.[19] Political decision-makers, as the key players in these areas, must create even more impetus.

## 2.3 Financial performance and revenue

The GmbH Group once again recorded significant revenue growth in fiscal year 2023. However, individual project-related special effects due to delays and additional costs in the cooperation with a subcontractor, weather conditions and other one-off effects in the area of receivables and contract asset measurement led to a merely stable bottom line compared to the prior year.

Revenue increased by 32.0% year on year to EUR 209.7m, with the EPC business being the main source of revenue, as in the prior year. The main revenue drivers were two projects in Hungary, which together accounted for EUR 118.5m (56.5% of total revenue). By contrast, the share of income from asset management services with the Holdings Group fell significantly, from EUR 8.9m to EUR 5.0m. O&M revenue once again remained relatively insignificant.

Cost of sales, the largest single item of which relates to modules, rose by a disproportionate 39.5% to EUR 191.5m, meaning that gross profit fell by 16.0% to EUR 18.2m (prior year: EUR 21.7m). This deterioration was due to the project mix, negative developments in individual projects and the significant decline in asset management revenue.

Selling expenses increased significantly from EUR 221k to EUR 265k, mainly due to the organizational increase in personnel expenses, and were of minor importance overall.

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[17] SolarPower Europe, 2023b, p. 34
[18] SolarPower Europe, 2023b, p. 8
[19] SolarPower Europe, 2023b, p. 9

General and administrative expenses increased significantly by 1.2% to EUR 10.0m (prior year: EUR 9.9m). These costs were mainly attributable to personnel expenses (EUR 3.7m; prior year: EUR 4.4m) and consulting services (EUR 2.6m; prior year: EUR 2.4m). The increase in other expenses from EUR 1.4m to EUR 1.8m primarily relates to one-off effects from legacy projects.

Other operating income increased from EUR 1.7m to EUR 4.5m in the reporting year and related to exchange gains from currency translation (EUR 1.1m, prior year: EUR 1.4m), income from the reversal of provisions (mainly for litigation costs and project risks; EUR 1.3m, prior year: 0), deconsolidation income from the sale of Greencells Regio GmbH (EUR 602k, prior year: 0) and other income (mainly cost reimbursements and derecognition of liabilities; EUR 1.3m, prior year: 0), EUR 1.3m, prior year: 0), the deconsolidation gain from the sale of Greencells Regio GmbH (EUR 602k, prior year: 0) and other income (mainly cost reimbursements and derecognition of liabilities; EUR 1.2m, prior year: EUR 261k).

On the other hand, other operating expenses decreased from EUR 5.4m to EUR 4.1m. In addition to exchange losses from currency translation of EUR 1.7m, which were almost unchanged year on year, they include one-off effects from bad debt allowances (EUR 1.4m, prior year: EUR 1.6m).

On balance, the operating result (EBIT) improved slightly by 5.2% from EUR 7.9m to EUR 8.3m, while the EBIT margin decreased from 5.0% to 4.0%.

The financial result mainly reflects the effects of borrowing under the Green Bond and loans from Zahid Group Holding Limited, Dubai, United Arab Emirates (“Zahid Group”), on the one hand, and loans (plus an interest margin) to the Holdings Group on the other. The continuous increase in the volume of loans over the course of the prior year and reporting year led to an increase in financial income from EUR 3.2m to EUR 5.1m. Financial expenses increased even more sharply from EUR 3.8m to EUR 6.2m. This includes interest expenses for the Green Bond (EUR 3.3m, prior year: EUR 2.4m), the issued volume of which increased over the course of the year from a nominal value of EUR 36.3m to a nominal value EUR 45.1m, for shareholder loans, which were interest-bearing for a full year for the first time, and other current liabilities (bank loans during the year; EUR 2.4m, prior year: EUR 828k) as well as guarantee and letter of credit fees (EUR 1.1m, prior year: EUR 847k). On the other hand, there was a negative expense of minus EUR 402k (prior year: positive expense EUR 170k) from the significant decrease in financial guarantees in the reporting year.

In the reporting year, earnings before taxes thus remained almost unchanged at EUR 7.3m, which corresponds to a margin of 3.5% (prior year: 4.6%).

Income tax expenses increased from EUR 2.8m to EUR 3.9m.

At EUR 3.4m, consolidated net profit for the year was 24.0% below the prior-year figure of EUR 4.5m. The return on sales stood at 1.6%, compared with 2.8% in the prior year.

## 2.4 Order intake

The GmbH Group was able to win a large number of new contracts in 2023 and has further projects at advanced stages of negotiation. The current forecast for 2024 is based on a total of 30 EPC projects (prior year: 22) with a total capacity of 487 MWp (prior year: 484 MWp) in various construction phases, of which one project (prior year: two) is attributable to the Holdings Group. For 12 projects (prior year: 18), project contracts (EPC agreements or early works agreements) had already been signed at the start of the fiscal year.

## 2.5 Research and development

From management’s point of view, a high level of technical expertise and the resulting early adoption of innovations have always been a competitive advantage for Greencells throughout the Company’s history. Greencells GmbH maintains its own research and development department, which employed four full-time employees (prior year: five) and two students as of 31 December 2023. The department primarily conducts project-related and market-driven development work, but does not engage in basic research. Expenses came to EUR 316k (prior year: EUR 260k) in 2023.

In 2023, the department once again focused on work to increase productivity and integrate digitalization in PV-related applications.

The Company is a partner in the “ViSaar” project funded by the German Federal Ministry of Education and Research. The aim of the project is to make small and medium-sized enterprises (SMEs) in structurally weak regions fit for the future in the area of location-independent working, supporting companies from Saarland and Saarland as a business location. As part of the research project, Greencells, in cooperation with other companies, presents current and future application examples in the solar sector, such as construction site monitoring via drone or digital communication tools used during construction. With a term from May 2021 up to and including April 2024, the ViSaar project was in its final phase in 2023.

## 2.6 Assets and liabilities

In the reporting year, the main changes in the GmbH Group’s statement of financial position were prompted by the raising of additional Green Bond funds, the financing of the Holdings Group and by effects of EPC business projects and their financing.

On the assets side, non-current assets were significantly lower on balance in the reporting year at EUR 1.3m (prior year: EUR 52.0m) compared to the prior year. This was due to the reclassification of loans to the Holdings Group to current financial assets, as these are to be repaid in the current year 2024. Deferred tax assets increased slightly from EUR 1k to EUR 8k. At Group level, this effect is more than offset by the significant increase in deferred tax liabilities from EUR 294k to EUR 4.9m. The share of non-current assets in total equity and liabilities of EUR 140.8m (prior year: EUR 112.2m), which increased significantly by 25.5%, was therefore only 1.0% (prior year: 53.6%).

By contrast, current assets more than doubled from EUR 60.2m to EUR 139.4m, mainly due to the reclassification described above. Short-term loans to related parties totaling EUR 70.4m now account for 50.5% (prior year: 46.4%) of total assets in the reporting year. The remaining increase in current assets is due to the project-related increase in contract assets by EUR 24.9m, partially offset by the decrease in receivables from the Holdings Group for goods and services from EUR 29.4m to EUR 17.4m and the financing of business operations. Trade receivables from third parties remained almost unchanged at EUR 3.3m (prior year: EUR 3.4m). Inventories declined significantly from EUR 6.7m in the prior year to EUR 602k. Cash and cash equivalents also decreased from EUR 11.2m to EUR 9.0m. The share of current assets in total assets amounted to 99.0% (prior year: 53.6%).

As a result of the consolidated profit for the period, equity on the equity and liabilities side of the statement of financial position again increased significantly by 26.3% to EUR 17.8m (prior year: EUR 14.1m), thus more than doubling within two years. As total assets also increased, the equity ratio rose only slightly to 12.6% (prior year: 12.5%).

Non-current liabilities increased by 27.5% from EUR 38.8m to EUR 49.5m and mainly relate to financial liabilities from the Green Bond (EUR 43.2m, prior year: EUR 34.6m) and the EUR 4.1m increase in deferred tax liabilities to EUR 4.9m.

Current liabilities also increased significantly by 23.9% from EUR 59.3m to EUR 73.6m. The increase is mainly due to the project-related rise in trade payables, contract liabilities and other liabilities by EUR 14.4m from EUR 27.0m to EUR 41.3m. Current financial liabilities, mainly loans from the Zahid Group, increased slightly from EUR 26.0m to EUR 28.0m, mainly due to accrued interest. Income tax liabilities declined from EUR 3.1m to EUR 2.1m.

Working capital[20] was negative at EUR 3.8m as of the reporting date (prior year: EUR 25.4m). Including the significant increase in contract assets and contract liabilities, it amounts to EUR 16.3m (prior year: EUR 25.9m).

Net debt[21] stood at EUR 63.8m and was 19.4% higher than in the prior year (EUR 53.4m). The net debt leverage ratio[22] improved slightly from 6.5 to 7.2.

[20] Working capital: Inventories plus trade receivables minus trade payables
[21] Net debt: Financial liabilities and lease liabilities minus cash and cash equivalents
[22] Net debt leverage ratio: Net debt/EBITDA

## 2.7 Financial position, cash flows and investments

In the reporting year, the GmbH Group generated a significantly positive operating cash flow of EUR 11.1m (prior year: EUR 12.3m). This was mainly due to the positive pre-tax result (EUR 7.3m; prior year: EUR 7.3m), the reduction in trade receivables (EUR 11.7m; prior year: EUR 8.0m) and inventories (EUR 3.2m; prior year: increase of EUR 4.3m) as well as the increase in trade payables and contract liabilities by a combined EUR 20.5m (prior year: decrease of EUR 12.9m). By contrast, the increase in contract assets by EUR 24.9m (prior year: EUR 2.4m) had a negative impact on liquidity.

The cash outflow from investing activities almost halved to EUR 14.7m (prior year: EUR 27.8m). It relates almost exclusively to loans to the Holdings Group, while investments in property, plant and equipment and intangible assets of EUR 167k were significantly lower than in the prior year (EUR 838k).

This results in a significantly improved, albeit still slightly negative, free cash flow of minus EUR 3.6m (prior year: minus EUR 15.5m). With the sale of the development activities planned for the current fiscal year, we expect a significant improvement in 2024.

This is offset by cash inflows from financing activities of EUR 1.8m (prior year: EUR 6.5m), which are made up of cash inflows from Green Bond placements of EUR 8.0m (prior year: EUR 4.3m), the balance of financial loans taken out and repaid (during the year on a project basis) (minus EUR 1.7m, prior year: plus EUR 5.6m) and interest payments (minus EUR 4.2m; prior year: minus EUR 3.3m).

On balance, free liquidity (cash and cash equivalents and available credit facilities with banks) decreased from EUR 11.2m to EUR 9.0m as of the reporting date.

As of the reporting date, the GmbH Group had entered into other financial obligations for the acquisition of inventories of EUR 42.3m (prior year: EUR 72.7m).

## 2.8 Overall statement regarding the Company's economic development

The GmbH Group recorded significant growth of 32.0% in the reporting year in a market environment that remained dynamic. As a result, the revenue target of EUR 200m was clearly exceeded. Due to special factors affecting earnings in individual projects in the reporting year and renewed one-off effects from receivables and contract assets for old projects, earnings (EBIT) nevertheless did not increase significantly to EUR 8.3m and were below the target range of EUR 10-12m. The return on sales target (2-3%) was also missed slightly at 1.8%. On the other hand, free cash flow improved significantly.

The raising of the Green Bond and the sale of the Holdings Group's development business, which were planned for the reporting year and were expected to have significant positive effects on the risk structure, statement of financial position ratios and liquidity, have not yet been implemented. As a result, net debt and receivables from companies in the Holdings Group increased in the reporting year. Preparations for these measures are now well under way and their implementation is expected in the current fiscal year.

## 2.9 Impact of resources not presented in the financial statements and the significance of non-financial factors[23]

### 2.9.1 Future reporting requirements under the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD)

The GmbH Group will be required to report in accordance with both the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) for the first time in fiscal year 2025. In recent years, the Company has already laid the initial foundations for the upcoming reporting requirements. This includes assigning responsibilities for ESG-related issues and reports to the Compliance and Investor Relations functions as well as the voluntary compilation and publication of a Group-wide ESG framework on the company website.

In 2023, further concrete steps were taken towards standardized reporting. The first non-financial reporting elements were included in the management report for fiscal year 2022, an internal estimate of the carbon emissions resulting from Greencells GmbH's business activities for fiscal year 2022 was made and an initial review of the supply chain for main components (modules, inverters, substructure) was carried out from a sustainability perspective.

Building on this, Greencells GmbH is now preparing further core elements in accordance with the procedure required under the EU Taxonomy and CSRD. This includes, for example, preparing a double materiality assessment with internal stakeholders. The technical requirements for automated data retrieval for reporting purposes will also be compiled.

In addition, an estimate of carbon emissions, now certified by an external service provider, was carried out for the past fiscal year. As a first step, the business activities of Greencells GmbH were considered. The calculated emissions amount to around 245,000 t of $CO_2e$, but this is amortized many times over by the solar parks designed and built by the Company.

From the perspective of the European Sustainability Reporting Standards (ESRS) to be applied in future under the CSRD, the Greencells GmbH Group is positioned as follows:

[23] The disclosures in this section are not yet mandatory for the reporting year 2023 and therefore represent disclosures extraneous to management reports. The figures disclosed are unaudited.

**E1 Climate change**

Greencells is one of the leading providers of solar parks in Europe. As a pure player in the solar industry, the Company has already made a considerable contribution to reducing greenhouse gases since it was founded. The portfolio of utility-scale solar power plants installed by the GmbH Group amounted to 2.7 GW worldwide at the end of 2023, including 338 MW from the Holdings Group's own developments. Of this, 305 MW of installed capacity was connected to the grid in the course of fiscal year 2023. Over an estimated minimum service life of 20 years, the plants built by Greencells will save almost 33m tonnes of $CO_2$ compared to power generated by natural gas, according to its own calculations.

By issuing a Green Bond, Greencells GmbH has also been able to significantly expand the Holdings Group's project development activities since the end of 2020. At the end of 2023, the pipeline of solar development projects comprised around 3 GW.

According to its own assessment, Greencells is thus making a significant contribution to achieving the United Nations Sustainable Development Goals 7 "Affordable and Clean Energy" and 13 "Climate Action" (UN SDGs).


**E2 Environmental pollution**

With regard to its EPC and O&M activities, Greencells GmbH is ISO 14001 certified. This internationally recognized standard specifies criteria for an effective environmental management system and is used in over 170 countries worldwide. In addition, clear protocols for occupational health and safety, waste management and environmental protection are followed at Greencells construction sites.

**E3 Water and marine resources**

Solar energy is one of the most water-saving forms of energy generation and offers considerable potential savings in water consumption during operation compared to energy generation using fossil fuels. According to a study of over 200 companies from the chemical, food and beverage industries conducted by management consultants McKinsey, a consistent switch to renewable energy sources in energy purchasing could not only achieve considerable carbon emissions savings but also significant savings in water consumption. A purchase volume of 50% renewable energy would reduce the water consumption of the companies in question by 60%. Solar energy is therefore another important sustainability factor in addition to reducing carbon emissions.[24]

**E4 Biodiversity and ecosystems**

Every type of construction activity has an impact on soil and ecosystems. Solar technology has the advantage of minimizing soil sealing and can even lead to an improvement in soil quality in previously damaged areas.

In construction activities for third parties, the GmbH Group implements biodiversity measures within the scope planned by the customer and can also act in an advisory capacity thanks to its industry experience.

The client provides studies on the ecological context of the planned solar park, for example on the tree population, presence of insects and wild animals and adjacent bodies of water. Based on these studies and the extensive project experience, the Greencells team responsible proposes measures to the customer that ensure careful integration of the new solar installation into the environment and in some cases even represent an improvement to the surrounding natural environment. These measures can include ecological restoration, tree planting, drainage or installations such as small fences for rodents or nesting aids for birds.

Greencells is responsible for the complete environmental impact planning for development projects of its sister company. The Company has set itself the following guidelines:

- Nature and archaeological conservation areas are excluded
- Implementing ecological impact studies at the beginning of the project planning phase
- Minimizing negative impacts on biodiversity and ecosystems
- Active contribution of biodiversity elements and planning of regeneration activities for areas damaged by previous excessive use or extreme weather phenomena
- Possibilities for the dual use of photovoltaics and agriculture (agrivoltaics) are being actively explored
- Careful planning of construction logistics to minimize the impact on the environment and communities

[24] McKinsey, 2021, p. 10

## E5 Use of resources and circular economy

Solar modules have a lifespan. The minimum life is 20 years, but this is a conservative estimate and management believes that they can realistically be used for 25 to 30 years. However, since solar modules are produced using critical metals and rare earths, their ability to be recycled is paramount. The solar modules installed by the GmbH Group conform to European Directive 2012/19/EU on waste electrical and electronic equipment (WEEE Directive). Many are also certified for the PV Cycle system in a number of countries.

According to the estimates of the International Energy Agency (IEA), the energy payback time for solar panels, i.e., the time required for them to produce the amount of energy equivalent to that used from non-renewable primary energy sources to produce them, is just over a year, depending on the technology used.[25]

## S1 Own employees

Human resources

As an engineering company, the GmbH Group has an employee-specific age structure, which, including the Greencells CEE several hundred-strong installation team, is male-dominated and has a comparatively low average age.

At Greencells GmbH, which mainly carries out administrative activities, the proportion of female employees as of 31 December 2023 stands at 35% (prior year: 32%), of which 22% are managers (prior year: 20%). Since the appointment of Anca Ludusan as Chief Operating Officer in November 2023, a quarter of the Executive Board positions are held by women. The gross hourly wage of female employees, not including the management board, is 9% lower than that of their male colleagues, an improvement of 2% compared to the prior year, although if managers are considered in isolation there is only a difference of 4%.

Greencells invests in the education and training of its employees. Greencells CEE's engineering teams are trained at the Company's in-house training center in Cluj, Romania. Training for administrative staff is provided in the form of leadership courses and the allocation of a training budget for each team. Expenditure on training at Greencells GmbH almost doubled to over EUR 95k in 2023 (2022: EUR 50k).

Greencells respects the right to form a works council. At present, there is none. Should a works council being formed at Greencells GmbH, Greencells will facilitate its activities.

[25] International Energy Agency, 2021, p. 4

**S2 Workers in the value chain**

The construction of a solar power plant requires a limited number of main components such as solar modules, inverters and the substructure. A large proportion of the solar modules and inverters installed worldwide are produced in China. In the past, concerns have repeatedly been raised about working conditions at Chinese manufacturers. Greencells works with established suppliers in the solar industry and gives preference to ESG-oriented suppliers. In 2023, Greencells undertook a review of the suppliers of key components and requested ESG documentation from them. The substructures installed by Greencells, are mainly built from European steel with a lower carbon footprint and a good ESG track record.

**S3 Affected communities**

Development activities of the sister company

The development activities of the Holdings Group entail more complex responsibilities as they take place in the pre-construction project phases.

In this context, the sister company undertakes, among other things, not to plan projects in protected areas, to minimize or compensate for adverse impacts on biodiversity and ecosystems as much as possible, to actively introduce elements of biodiversity into its projects and to undertake regeneration activities in areas that have been damaged by previous overuse or extreme weather. In addition, possibilities for the dual use of photovoltaics and agriculture (agrivoltaics) are being actively explored. Construction logistics are planned so as to minimize the impact on the environment and communities. In addition, Greencells strives to visually embed its power plants in the surrounding landscape as much as possible. This can be done, for example, by planting hedges or other natural forms of visual cover.

The development activities also bring the dimension of the exchange with municipalities and residents to obtain permits and boost acceptance of solar parks in the planning phase, to the activities of the wider enterprise. This exchange is carried out by the sister company with its project managers who are supported by the in-house Communications department.

In addition, Greencells offers concepts of citizen participation in the development projects it operates to the extent permitted locally and nationally – as was the case with the Saarland citizens’ solar park Hartungshof and with a solar park already connected to the grid in Petite-Rossell, France.

The creation of local jobs is also promoted as far as the project specifics allow.

## S4 Consumers and end users

Due to its activities in the field of utility-scale solar power plants, the Greencells GmbH Group is exclusively in contact with business customers. Solar energy in general generates important positive effects for consumers and end users, for example through the important reduction of environmentally hazardous emissions and its contribution to securing energy supply.

## G1 Governance, risk management and internal control

Greencells has had a code of conduct for several years now, which defines standards of conduct within the Company and with external partners. Greencells also obliges external partners to comply with the standards set out in the code of conduct or requires proof of a code of conduct with equivalent standards implemented by the respective business partner.

The code of conduct covers topics such as upholding labor standards, no child labor, equal treatment and non-discrimination, and anti-corruption. These and other core corporate policies are publicly available on the Company’s website at greencells.com/compliance.

## G2 Business conduct

Greencells fully complies with the applicable laws and regulations in all countries in which the Company operates now and in the future. These include combating corruption, observing fair competition rules and transparency with regard to the ownership structure of the Company.

# 3. Report on anticipated development and significant opportunities and risks

## 3.1 Risk management and risk strategy

### 3.1.1 Principles of risk management

Greencells GmbH's management must take appropriate action, in particular to implement a monitoring system to identify at an early stage developments posing a risk to the Group's ability to continue as a going concern. It ensures appropriate risk management and risk control in the Company, assures compliance with legal provisions and internal policies, and works to ensure that they are adhered to by the group companies.

In the course of its business activities, Greencells is inevitably exposed to risks associated with entrepreneurial activity and the targeted exploitation of opportunities. For the Group, risk management therefore means not only unilaterally reducing risks, but also taking a conscious approach to dealing with opportunities.

The process steps of risk management are (1) identifying and (2) assessing risks, (3) taking action to manage risks, (4) monitoring their effectiveness and (5) documentation and reporting. To date, the Greencells Group has taken a decentralized approach in which risks are monitored by various departments of the Finance function and central risk management activities (especially insurance) are implemented by the financial operations team, in each case according to management's specifications. This structure is currently being centralized, for which a separate risk management unit is being created in the Controlling function.

### 3.1.2 Risk strategy

Management's top priority when determining the strategy, managing the Company and during day-to-day operations is to take only appropriate, manageable and controllable risks. Risks that could jeopardize the continued existence of Greencells, i.e., risks which could threaten its ability to continue as a going concern, must be excluded as far as possible.

An important objective of risk management is to protect the Group and to sustainably and consciously enhance both the risk coverage potential (capital and liquidity) and the value of the Company. Attention is paid both to external risks that impact Greencells as well as to risks that arise internally.

### 3.1.3 Assessment of risks

Risks are rated on a relevance scale according to which individual risks are assessed according to the probability of occurrence, potential impact and the effectiveness of safeguards.

| Level | Features |
|---|---|
| 1 | **Minor risks** that could have a barely noticeable impact on EBIT and/or cash flow |
| 2 | **Medium risks** that could have a noticeable impact on EBIT and/or cash flow |
| 3 | **Significant risks** that could have a significant impact on EBIT and/or cash flow and/or have a long-term impact |
| 4 | **Serious risks** that could have a very major impact on EBIT and/or cash flow and/or have a significant long-term impact |
| 5 | **Critical risks** that could pose a threat to the continued existence of the Group |

## 3.2 Risks and summary of the risk situation

### 3.2.1 Risks in the context of project business

3.2.1.1 New business and competition risks

The GmbH Group operates in the project business. Thus, its future business development depends on the ability to acquire and successfully implement new projects on profitable terms. Greencells competes in the international arena, where competition may intensify further in the future. If it is unable to acquire new projects with sufficiently attractive project conditions to the planned extent, there is a risk of a decline in growth or revenue which cannot be fully offset by cutting costs.

Greencells operates as an integrated supplier in what management believes is a friendly market environment characterized by structurally stable and high demand for large-scale PV systems. The GmbH Group has a long history of successful business activities and a high level of technological expertise. The Company is established as one of the leading providers among customers and suppliers. The competitive environment is nevertheless challenging, especially as individual competitors have greater financial strength as part of larger groups, including listed groups.

If the market grows as predicted, the number of available projects will rise further going forward. This assessment is corroborated by the current project pipeline, the Holdings Group’s own development pipeline and a large number of third-party project inquiries.

This risk therefore continues to be rated as minor (level 1) in the current market environment.

### 3.2.1.2 Large-scale project risks

The size of the EPC projects implemented by the GmbH Group varies considerably, with some projects having a total volume in the upper double-digit to lower three-digit million euro range. The performance of these major projects can therefore have a significant impact on the overall result (revenue, EBIT, cash flow) and the achievement of the Company's targets in individual fiscal years. At the same time, these projects can tie up a significant amount of funds and resources (especially liquidity and hedging instruments).

Based on its many years of experience in the EPC business and having a number of successfully implemented large-scale projects to its name, Greencells considers the risk to be easily manageable. In the reporting year, it was also the major projects in particular that contributed to our business success. At the same time, the aim is not to achieve further growth in the Company by increasing the volume of individual projects, but by raising the number of projects and broadening geographical spread. This will reduce the reliance on specific large-scale projects. In the reporting year, there was also a continued focus on resource commitment when evaluating potential new projects. Agreements with customers were structured accordingly. This reduces the risks associated with each large-scale project.

The risk is rated at level 2 (medium) (prior year: level 3 – significant).

### 3.2.1.3 Calculation and planning risks

Each project is planned and offered on the basis of project-specific parameters. These are subject to assumptions and estimates that may prove to be inaccurate. At the same time, changes or unplanned circumstances may arise between the time of the offer, the conclusion of the contract and the start of construction or in the further course of the project, which may have an impact on the project schedule, revenue, costs and cash flow. As a knock-on effect, delays in the completion of projects or delayed grid connections, insofar as Greencells is responsible, can result in contractual penalties.

The GmbH Group prepares detailed cash flow plans and income statements for the planning and management of projects, which show all cash inflows and outflows over the entire project term and project profitability (also for the purpose of revenue recognition in accordance with IFRS – percentage of completion) on a monthly and in some cases weekly basis. The plans are continuously updated so that deviations become transparent in a timely manner and possible responses can be prepared and implemented.

The significantly improved environment without the geopolitical and macroeconomic factors that had a negative impact in 2022 and at the same time significantly lower purchase prices for core components (especially solar modules) had a positive effect on the financial project performance. Nevertheless, there were also delays in the schedules of individual projects in the reporting year due to weather conditions, technical factors or the availability and performance of external service providers and subcontractors, among other things.

Thanks to its many years of experience in the development (Holdings Group) and construction (GmbH Group) of solar power plants in various market phases, Greencells has, in management's opinion, extensive and regionally specific experience, which it incorporates into the planning. The system-based planning tools were also improved with the implementation of a new ERP system completed on 1 January 2024. The project selection and contracting processes introduced in the prior year also contributed positively to project performance. Against this backdrop, negative deviations were primarily recorded for projects that were negotiated and acquired at an earlier stage. Nevertheless, the continuous improvement of project-specific planning quality will continue to be a focus of project management and controlling in the future.

According to management, the Company's planned further growth and the increase in the number of projects should also reduce the relative influence of individual projects on the Company's performance if they are postponed, because it will be easier to balance the allocation of resources between projects.

Against this backdrop, the risk assessment was lowered from level 3 (significant) to level 2 (medium).

#### 3.2.1.4 Legal risks

The basis of each EPC project is a dedicated comprehensive project contract, usually in English, which is negotiated individually with the customer. The complexity of the projects, the large number of matters to be regulated and the resulting commercial parameters require immense legal and economic expertise during contract negotiations to rule out any unwanted risks.

Greencells has its own internationally experienced legal team and also consults specialized external legal advisors where necessary. In addition, the starting point for contract negotiations is usually Greencells GmbH's standardized contract templates. The contract approval process introduced in 2022, which only allows contracts to be concluded after review, consideration of comments and approval by all relevant departments and management, was further developed and consistently implemented in the reporting year.

The risk is still rated at level 2 (medium).

### 3.2.2 Risks of specific value creation

3.2.2.1 Insurance and trade finance risks

A central element of EPC projects is the integration of project-specific insurance and financing solutions. These include, for example, guarantees to secure the implementation of the project, prepayments from the customer or warranty obligations. Furthermore, foreign trade financing instruments (e.g., letters of credit) are often used for the procurement of components. The ability to deliver appropriate solutions is an important factor in winning EPC projects.

Greencells has been working with a large number of banks and insurance companies, often for many years. The group of financing partners remained unchanged in the reporting year. Depending on the type and term structure, the existing facilities were extensively or almost completely utilized in 2023. Following the decision taken in May 2023 to sell the Holdings Group’s development portfolio and development platform, the exchange of information with and reporting to the lenders was significantly intensified from summer 2023 in order to create the greatest possible transparency regarding the positive effects of the sale and other accompanying measures (particularly in connection with the strategic focus on the European EPC business) on assets, liabilities, financial position and financial performance as well as the risk position of the GmbH Group. After submitting a corresponding expert confirmation, the financing providers undertook in return to be available with corresponding financing instruments to a defined extent in the phase until the sale and repayment of the liabilities of the Holdings Group to the GmbH Group take effect. At the same time, the provision of trade finance of up to EUR 24.8m was agreed with the Company’s main shareholder for the same period.

Depending on the general business policy requirements of the respective banks and on Greencells’ credit rating and other factors, management sees a risk that future facilities needed to fund further growth might not be sufficiently increased or even terminated or not extended; this could, depending on the extent of the restrictions, place significant constraints on business operations and volume. Greencells GmbH is therefore currently negotiating with its lenders the terms of an integrated, sustainable and permanent financing structure and the expansion of the group of lenders to include other strong addresses.

In rare cases, first-demand guarantees may be sufficient in connection with EPC projects. There is a risk that the beneficiary could unjustly exercise such unconditional guarantees. In these cases, the guarantor would be obliged to pay and would then have recourse to Greencells for the corresponding amount. This could result in unplanned cash outflows that could only be recouped by taking legal action against the unjustly enriched beneficiary. No such guarantee was exercised in the reporting year.

The agreements reached with our lenders have slightly improved the risk situation. However, due to the high dependency of the business model on the availability of credit lines and the current high level of capacity utilization, management still assesses this risk as a serious risk (level 4) after level 5 (critical risk) in the prior year until the positive effects from the sale of the development business take effect.

#### 3.2.2.2 Risks arising from cross-border activities and tax risks

Greencells operates internationally across borders. Often, different group companies from different countries work together on EPC projects in the target country, in particular Greencells GmbH and Greencells CEE Srl. Some group companies also maintain branches in other European countries. Project-specific local companies may also be founded.

With this structure, specific local circumstances have to be taken into account in the respective countries, for example in contract and labor law, accounting, tax or social security. Additional degrees of complexity arise in the case of cross-border deliveries of goods and services, for example with regard to VAT. Furthermore, when group companies exchange goods and services, transfer pricing rules must be complied with, documented and the relevant tax calculations must be carried out correctly.

Greencells has its own experts in the Tax & Companies House function and the legal team who are involved in all projects and corporate transactions before a contract is signed. In addition, the regional focus going forward will be on Europe, i.e., on countries in which Greencells already has extensive experience. In the reporting year, the diverse pool of country-specific local advisors was further reduced and replaced by an international tax consulting firm that advises Greencells from a single source and can thus provide cross-border and integrated advice with knowledge of the entire business model.

Management continues to rate this risk as significant (level 3).

#### 3.2.2.3 Subcontractor risks

As a general contractor, the GmbH Group is reliant on subcontractors for a range of services for the execution of EPC projects. As a rule, the Company relies on longstanding partners with specialist know-how and regional market knowledge. In addition, the respective trades and their execution are monitored and coordinated on site by experienced project managers. Nevertheless, dependencies are inevitable given the fact that each individual trade can significantly influence the schedule and profitability of a project. In addition, the GmbH Group is liable to the customer for any defects and errors.

In the reporting year, the GmbH Group recorded insufficient availability of suitable subcontractors in individual markets. Subcontractors also had to be replaced in individual cases in ongoing projects – in one case with a significant impact on project profitability.

Against this background, various measures were introduced in the current fiscal year to improve the selection of and ongoing cooperation with subcontractors. Nevertheless, for the moment the risk is assessed as significant (level 3, prior year: level 2).

### 3.2.3 General business risks

3.2.3.1 Procurement risks

An essential component of value creation in the classic EPC business is procurement, i.e., the sourcing of project-specific components for the construction of a solar power plant. This includes, in particular, the solar modules and inverters, which the Company usually sources from suppliers in China.

We see a risk that suppliers will not be able to provide the required components, e.g., due to a lack of production capacity, intermediate products or, due to demand, will not be able to provide them on time or only at inflated prices. In addition, there are only a limited number of suppliers on the world market for the components installed by Greencells, creating unavoidable dependencies on individual suppliers.

The delivery situation continued to normalize in the reporting year; the global problems in transport logistics and the availability of individual components seen in prior years no longer occurred to any significant extent. The availability and prices of the most important materials in the EPC business have improved significantly, although delivery delays are still possible for individual orders and suppliers.

Furthermore, there is still an elevated political country risk with regard to the supply of core components from China. Furthermore, suppliers in China have built up considerable overcapacity in recent years, which has a positive effect on prices and availability, but on the other hand significantly increases the risk of economic difficulties and even insolvency among these business partners.

We now rate the procurement risk as level 2 (medium risk) after level 3 (significant risk) in the prior year.

3.2.3.2 Personnel-related risks

An increasing challenge for businesses is the availability of skilled staff and managers. Like other sectors of the economy, the solar industry is also affected by the general shortage of skilled labor. Further market growth and the associated increase in personnel requirements on the one hand and demographic change on the other hand will permanently increase this risk for the foreseeable future. Even today, Greencells does not always succeed in filling vacancies in time.

In our opinion, the Company has adapted to the related challenges by offering employee-friendly, flexible working conditions (working hours, places of work), a range of fringe benefits and a modern working environment. The expansion of the Company's own installation team in Romania is intended to bolster the construction segment of the EPC business and thus enable further growth. Regardless of this, growing staff shortages and disproportionately high personnel expenses are anticipated throughout the market.

In addition, in certain functions there are increased dependencies on key persons. In the event of an unexpected absence or exit of one or more of these persons, this would likely have a temporary yet significant impact on the Company.

A number of key positions were successfully filled in the reporting year. Against this backdrop, the personnel risk was lowered from level 3 (significant risk) to level 2 (medium risk).

#### 3.2.3.3 Risks of non-payment

The GmbH Group bears the risk that customers fail to make agreed payments or make such payments late. However, due to the milestone structure of the projects, this risk does not exist for the entire project volume, but is limited to the individual milestone payments. According to management, the risk increases structurally towards the end of the project, since the last milestone payments are usually only due after completion of a project and the consequences of non-payment or late payment are lower for the customer.

Management counters this risk by requesting advance financing of the individual milestones from the customer – wherever possible – and by maintaining a positive cumulative cash flow for the entire duration of the project. In some cases, security is also provided by means of payment guarantees and assignments.

In the past, the risk in EPC transactions only occurred in the form of late or reduced final payments. On the other hand, there were no significant bad debts. We therefore still rate this as a medium risk (level 2).

#### 3.2.3.4 Quality and warranty risks

In the EPC business, the GmbH Group is exposed to warranty risks as a general contractor. Management already considers these by carefully selecting suppliers. As a rule, the Company maintains longstanding business relationships with trustworthy personal contacts. This always involves observing the local markets with their specific requirements.

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

If customers assert warranty claims, the Company can pass on the majority of claims relating to components to the manufacturers. In addition, the Company safeguards itself against further risks by taking out various insurance policies, e.g., installation 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. According to management, this creates a high degree of reliability with regard to the quality of the work.

We still rate this as a medium risk (level 2).

3.2.3.5 IT and cyber security risks

Greencells, like any larger company, depends on an intact and stable IT infrastructure, secure data storage and connections as well as high-performance processes. This is subject to risks with regard to failures, impaired performance or malfunctions or external influences. In this context, the threat of cyber attacks, computer viruses, malware and fraud attempts (e.g., through phishing emails) once again rose significantly worldwide in the reporting year.

The GmbH Group has a large in-house IT team that continuously improves and expands the Company's safeguards. Information security consists of building blocks for safeguards, technical, logical and physical security. The IT security strategy is defined by an information security officer (ISB), who reports directly to management. People from different departments are responsible for implementing the IT security strategy, monitoring compliance, implementing the requirements, etc. These persons are appointed by the ISB.

In addition, there are ongoing efforts to raise employee awareness in the form of training and alerts, with an aim to securing ISO27001 certification. This is to be achieved in steps via the intermediate steps BSI IT Grundschutz Tool and VDS 10000.

Due to the general threat situation, we rate the risk as level 3 (significant risk).

### 3.2.4 Financial risks

3.2.4.1 Risks arising from the financing of the Holdings Group

Greencells GmbH assumes a financing function within the overall group for the development projects and the operating costs of the Holdings Group. The funds required for this were and are mainly raised through the issuance of debt securities under the Green Bond. The debtor is Greencells GmbH, which passes on the cash inflows as loans to companies of the Holdings Group, taking into account the usage requirements specified for the bond. In addition, the GmbH Group provided additional financing services for the sister group, including for operating costs, in the form of loans from the Zahid Group and own funds. As of 31 December 2023, the GmbH Group's receivables from companies in the Holdings Group totaled EUR 83.9m (prior year: EUR 80.1m). Of this amount, EUR 13.9m (prior year: EUR 29.4m) is attributable to trade.

In order to service the debt from the bond (bullet maturity on 9 December 2025), Greencells GmbH is dependent on cash inflows from the Holdings Group. These, in turn, depend on the successful sale of development projects. The value of such projects depends on a large number of external factors that are beyond Greencells' control (electricity prices, government market interventions, grid availability, inflation, interest rates, etc.).

In the second half of 2022, after a lengthy investment phase, the Holdings Group began to concentrate on selling projects and attracting co-investors. Nevertheless, only a few individual disposals were realized and the significant cash inflows expected for Greencells GmbH in the reporting year did not materialize. In place of individual project disposals, management decided in May 2023 to sell the entire development portfolio and business, which is expected to be completed in 2024. Based on the available valuations, this - together with the proceeds from the accompanying measures – should result in a significant to complete repayment of the GmbH Group's receivables from the Holdings Group.

In addition, Greencells GmbH has provided financial guarantees to companies of the Holdings Group. As of 31 December 2023, the maximum risk from a potential claim is EUR 19m (31 December 2022: EUR 96m). The weighted remaining term of the financial guarantees existing as of 31 December 2023 is 1.5 years (31 December 2022: 1.5 years). Management considers the risk of a claim to be low.

In view of the amount of the receivables and their share of total assets, the risk is still rated at level 4 (serious risk). Once the planned reduction has been implemented, the risk will be significantly reduced or completely eliminated.

#### 3.2.4.2 Foreign currency and exchange rate risks

The business activities of the GmbH Group are subject to exchange rate risks. On the customer side, projects outside the euro area (when contracts are concluded in foreign currency) may lead to payments being received in foreign currencies. On the procurement side, foreign currency payments, especially in US dollars, are customary for certain countries and products. Also, "local costs" in the respective project countries are often paid in local currency. In addition, surpluses of incoming or outgoing payments are incurred by group companies abroad, which may also result in currency effects in the statement of financial position.

Greencells strives to reduce currency risks as much as possible through natural hedges, i.e., by matching incoming and outgoing payments for a certain project in a single currency. Any significant expected foreign currency surpluses are also hedged by the Treasury team on the basis of payment plans by entering into forward exchange contracts. Nevertheless, deviations from the original payment plan may result in unhedged foreign currency positions.

In view of this, management still rates this as a medium risk (level 2).

### 3.2.4.3 Interest rate risks

The main external sources of financing for the GmbH Group in the reporting year are the Green Bond and loans from the Zahid Group. As the interest rate is fixed over the entire term until the end of 2025, the interest rate risk for the amount of the Green Bond already placed is limited to any refinancing at maturity. For the bonds still to be placed (up to a nominal amount of EUR 4,948,000 as of the reporting date), there is an interest rate risk in that the market value and thus the achievable placement price will be reduced if interest rates rise, resulting in a lower cash inflow for the same nominal amount placed.

The interest rates on the Zahid Group's loans, on the other hand, are fixed. Furthermore, funds to the sister group are transferred on a cost-plus basis, i.e., at the refinancing costs plus a margin, which eliminates any interest rate risk for the GmbH Group.

With the intended repayment of the GmbH Group's receivables from the Holdings Group, the Green Bond is to be repaid in full ahead of schedule and the shareholder loans are to be reduced or repaid. This would eliminate the corresponding interest rate risks. Until then, we will continue to classify these as medium risk (level 2).

### 3.2.4.4 Liquidity risks

As a rule, the EPC projects of the GmbH Group have a project volume in the single to low triple-digit million range, in particular due to procurement of the components to be installed, essentially the solar modules. The payment obligations to the suppliers are matched by milestone payments by the customers. Ideally, these are arranged in such a way that – also taking into account payment periods and trade finance solutions such as letters of credit – the cumulative incoming payments at any time in the project exceed the cumulative outgoing payments, so that the project is consistently cash flow positive. However, depending on the success of the negotiations (e.g., regarding the customer's payment targets after reaching certain milestones) and the overall assessment of the economic parameters of a project, the project planning may also require often significant bridge financing to be provided by Greencells in certain phases. Unplanned liquidity commitments are also possible, as the achievement of customer payment-triggering milestones requires the complete achievement of all milestone details, i.e., only when the last defined milestone detail is achieved is the entire milestone deemed to have been achieved and therefore billable.

The GmbH Group is currently implementing individual projects that have an increased need for interim financing. At the same time, the liquidity situation offers little headroom as a result of the amended strategy in the sale of Holdings Group projects and the associated delayed repayments of loans granted. This was taken into account by extending the term of the shareholder loans provided by the Zahid Group. In addition, Greencells GmbH utilized a project-related facility from a bank in the reporting year.

In the course of 2024, management aims to significantly improve the liquidity situation by repaying loans granted from the sale of the Holdings Group's development business, thereby building up a permanent liquidity buffer that is adequate for the size of the Company and can accommodate further growth. With the exception of the transfer of Green Bond funds, the GmbH Group has not provided any further financing for development projects undertaken by the Holdings Group since 2023. In the EPC business, Greencells currently only takes on new projects subject to a structured approval process and that are planned to be cash flow-positive at all times or to only tie a small amount of working capital at any given time.

Ongoing projects are monitored and controlled with detailed cash flow planning at project level, which in turn feeds into a rolling cash flow plan for the GmbH Group on a weekly and monthly basis, which is updated daily. In this way, liquidity can be managed precisely.

Until the liquidity buffer has been built up, management rates the liquidity risk as serious (level 4) in light of the existing financing needs and the continued uncertainties inherent in the business.

### 3.2.5 Other risks

3.2.5.1 Risks due to quality issues with racks in the US

In December 2022, a near-completed EPC project in upstate New York was damaged in the winter storm Elliott. Various tables (racks with mounted modules) collapsed under the snow load and strong winds. In March 2024, tables from the same manufacturer collapsed at two other locations of the same customer in the US.

The subsequent analysis, carried out by both experienced in-house and independent experts, revealed that the rack supplier had made engineering errors that required structural improvements. Based on the facts and the discussions and consultations that have already taken place with the supplier and the customer, management assumes that it will not incur any substantial financial losses not covered by the provisions recognized for litigation costs. Nevertheless, unplanned negative effects on earnings and cash flow, particularly in the event of a legal dispute in the US, cannot be ruled out.

The risk from this is therefore assessed as a significant level 3 risk (after level 2 in the prior year).

3.2.5.2 Risk relating to a receivable from the sale of a project in Malaysia

Arising from the sale of a solar park built in Malaysia in 2021, the GmbH Group has a claim against the buyer in an amount of MYR 10.9m (around EUR 2.2m). This claim is disputed by the buyer in the reporting year, who has asserted a counterclaim of around EUR 12m. At the same time, an agent involved in the purchase is claiming outstanding sales commission of around USD 1m. The entire process was the subject of arbitration proceedings in the reporting year. A written settlement was reached on 10 June 2024. The risk (level 2 (medium) in the prior year) has therefore been eliminated.

### 3.2.6 Summary of the risk situation

Due to the easing of the situation in the reporting year, particularly in the areas of procurement and logistics, as well as various structural internal measures, the risk situation of the GmbH Group improved slightly, but is still considered challenging overall This applies in particular to liquidity risks and risks arising from the financing of the sister group as well as risks relating to project-related insurance and trade financing requirements as a result. The measures initiated in this regard in the reporting year, mainly the sale of the Holdings Group's development business, could not be implemented in 2023 as originally planned. They are now at an advanced stage of preparation, meaning that the risk situation should improve and normalize significantly with implementation in the current year.

## 3.3 Opportunities

Greencells operates in a growth market that plays a key role in limiting global warming. Around the world, sustainability-driven government programs, such as the European Green Deal, are aimed at achieving the transition to renewables. Megatrends such as digitalization, e-mobility, decarbonization of heating and building technology, Industry 4.0 and the growing need for green hydrogen will increase demand in the long term.

Renewable energy sources are economically competitive today. Solar power is now one of the cheapest sources of energy. A boost in public funding for solar power projects and electrification would generate additional growth and profitability opportunities for Greencells.

Another trend is the better integration of energy generation, storage, transport and consumption, facilitated by advancing digitalization. The increasing complexity created by the need for grid integration, demand management, storage, hybrid solutions, agrivoltaics, floating photovoltaics or carport solutions makes Greencells a preferred partner for local developers and investors, as the Company has a wealth of experience, extensive technological expertise and a long track record in the construction of PV farms. In our opinion, this will result in additional opportunities for growth and wider margins.

The emerging Eastern and Southeastern European renewable energy markets (Romania, Serbia, Montenegro, Bosnia, Albania) offer an opportunity for greenfield development with local partners. Greencells has already successfully implemented projects in Eastern Europe and has local operations in Hungary and Romania. These translate into attractive additional potential on the market side.

Thanks to its broad supplier base, Greencells is able to negotiate the cost of components with suppliers and believes that it has a competitive advantage over its rivals. Purchase prices and logistics costs have gradually normalized and, as already mentioned, a significant fall in the price of solar modules has been observed which could open up potential for additional margins in procurement.

Reaping the rewards of the measures taken to increase financial stability, the creditworthiness of the GmbH Group can improve significantly. In our assessment of the overall situation, this would provide additional scope for growth and attract better financing conditions.

## 3.4 Outlook

### 3.4.1 Future macroeconomic conditions for the photovoltaic industry

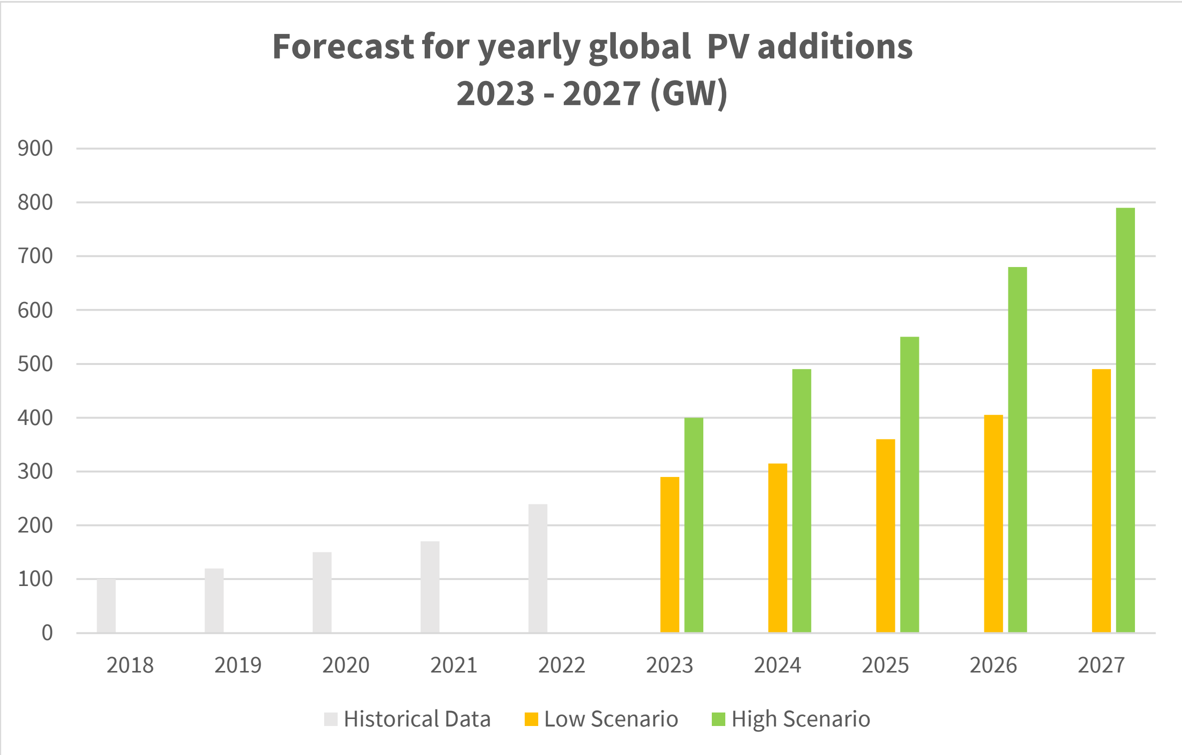
With the immense challenges posed by climate change and the long-term need for energy self-sufficiency, the demand for solar energy and corresponding power plants will continue to rise in the foreseeable future. The IEA forecasts an increase in global electricity demand of at least 80% by 2050, encompassing all sectors of the economy, with strong drivers in the building sector (cooling, heating, appliances) and industry. E-mobility is the key factor in this regard.[26] In this context, the use of clean energy sources is of utmost importance in order to ensure the concerted global efforts to transition to a net zero economy.

Consequently, the consensus is that the record addition rates achieved to date in the solar industry will continue worldwide. The industry association SolarPower Europe expects solar capacities to increase to up to 3.5 terawatts in 2027.[27] The installed capacity of solar systems

[26] International Energy Agency, 2023a, p. 123/124
[27] SolarPower Europe, 2023a, p. 6

had only exceeded the terawatt target in 2022, so this growth rate is remarkable and a further expression of the industry's strong momentum.

Annual growth rates in the double-digit percentage range are also expected.




Source: SolarPower Europe, 2023b, p. 33

For Europe, SolarPower Europe expects installed capacity in Europe to nearly triple to over 702GW in 2027 in its maximum scenario.

In particular, the segment of utility-scale solar power plants, which is relevant for GmbH Group, will be highly dynamic going forward. In SolarPower Europe's medium-term scenario, the European utility-scale sector will grow from a cumulative 89.6 GW in 2023 to 222 GW in 2027, which corresponds to a future market share of 48% in the overall segment of rooftop and ground-mounted photovoltaic systems. The positive momentum is also continuing for roof systems, where installed capacity is expected to increase from 174 GW in 2023 to 355 GW in 2027.[28]

[28] SolarPower Europe, 2023b, p. 44

**Renewables with a more favorable price profile than fossil fuels**

According to the International Energy Agency (IEA), 96% of the utility-scale solar power plants and wind power plants commissioned in 2023 had lower LCOE than new coal or gas-fired power plants. In addition, three quarters of these plants were able to produce electricity below the price level of existing fossil-fueled power plants.[29]

The current oversupply of solar modules on the global market outlined above is having a positive effect on the cost profile of new solar power plants. Due to overcapacity at Chinese manufacturers, module prices fell to a record low in the fourth quarter of 2023. This development supports the profitability of PV projects in a macroeconomic environment that continues to be strained by interest rate hikes and inflation.[30]

The issue of the shortage of skilled workers is still prevalent and is on the political agenda. However, supporting programs are more likely to be effective in the medium term. Management will therefore continue to actively pursue its approach of expanding and training its in-house design team.

Overall, the factors shaping the environment for Greencells' business activities are expected to remain very favorable. Solar energy has a central role to play in tackling the major current and future challenges in the energy industry.

Supported by political and economic willingness to act and backed by a steady inflow of capital, we believe that the solar industry has secure long-term growth potential.

### 3.4.2 Overall statement regarding the future development of Greencells GmbH

The GmbH Group continues to operate in a fast-growing and, due to its dynamic nature, challenging market environment. In our opinion, the new business and the pipeline underline the Company's good position in the European market. However, managing growth on the basis of the significant size the Company achieved in recent years remains an important focus for future development. The strategic and organizational changes implemented in the past two years have set the course for a focused, profitable and risk-oriented continuation of the growth course. The sale of the Holdings Group's development business planned in the current year in addition to the accompanying measures will have a clearly positive impact on key balance sheet ratios, liquidity and the risk situation, strengthening the Company's foundation in its core business. The focus on the EPC business in Europe will also help to continuously improve and stabilize the performance of our projects, despite the inherent and therefore unavoidable risks in the construction business, and to avoid negative outliers.

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[29] International Energy Agency, 2024, p.9

[30] SolarPower Europe, 2023b, p. 34

The strategic transformation and the associated positive effects will not be fully realized until 2024. The current fiscal year therefore represents another year of transition in this respect. Liquidity, guarantees and bank guarantees are still limited, which means that projects must be selected with particular care and profitability and cash flow must be prioritized over revenue growth. Management therefore expects a temporary decrease in revenue to around EUR 170m in 2024. Projects with a volume of some EUR 83m (prior year: EUR 187m) have already been under construction since 2024 or have been contracted. In total, revenue is spread over 30 (prior year: 20) different projects. Furthermore, there are a large number of additional project opportunities that can be evaluated in a structured process and accepted as and when capacity is available.

In the absence non-recurring burdens at project and receivables level, we expect an increase in earnings before interest and taxes (EBIT) in the range of EUR 8-9.5m and a return on sales after taxes of 2.0-3.0%.

The sale of the Holdings Group's development business will likely allow a substantial amount of liabilities to the GmbH Group to be repaid. This is anticipated to lead to a significant improvement in the net liquidity of the GmbH Group and the balance sheet ratios.

In the following year 2025, the measures described above are expected to lead to a return to the growth trajectory with significant increases in revenue and earnings compared to the prior year and a further improvement in margins combined with a significantly improved liquidity position and solid balance sheet ratios.

## 4. Subsequent events

On 26 June 2024, the management board decided to call the Green Bond with a current outstanding nominal volume of EUR 47.1m, complying with the minimum notice period of 30 days in accordance with the terms and conditions of the bond, and to repay 102% of the nominal amount plus interest accrued up to that date. The repayment is to be made from bank financing, which Greencells Energy NL B.V., a subsidiary of Greencells Group Holdings Ltd., will receive from an international bank in Austria and pass on to Greencells GmbH for the purpose of repaying the bonds and in fulfillment of liabilities to Greencells GmbH.

The receivables from the sister group and the liabilities from the Green Bond will therefore be reduced by the corresponding amount in the current fiscal year and the total equity and liabilities will be significantly reduced (with all other variables held constant). The lower level of debt and higher equity ratio lead to a significant improvement in the risk position of the GmbH Group.

Exhibit 2

The general manager (CFO) Götz Gollan will leave the Company when his contract expires on 31 August 2024. Tobias Nicolay has been appointed as his successor as CFO with individual signing authority and will take up his position on 1 July 2024. Andreas Hoffmann will continue to manage the Company at management level.

Saarbrücken, 27 June 2024

Greencells GmbH

| | |
|---|---|
| Andreas Hoffmann | Götz Gollan |
| General Manager | General Manager |

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*Translation from the German language*

**Engagement Terms, Liability and Conditions of Use**

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

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

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

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

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this auditor's report to decide whether and in what way this result 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.