



Interim report for Q1 2023

Ennogie Solar Group A/S
Orebygårdvej 16, 7400 Herning
Company reg. no.: DK39703416

Letter from the CEO

Ennogie continues to have a large order intake. Furthermore, we have seen a doubling in the volume of offers compared to the same period in 2022, primarily driven by offers to housing associations and property developers, which is in line with our expectations from the increased efforts towards housing associations and larger construction projects. The order intake for the first quarter increased to DKK 28.5m, up from DKK 21.5m in the same period in 2022, which included, among others, the Berlin project – Kokoni One.

To support our market efforts towards larger projects, Ennogie has obtained and received Denmark's first product-specific environmental product declaration (EPD) for solar panels and solar roofs. The EPD also covers the German customers' needs and desires for an EPD.

The issuance of the EPD is the culmination of several years of collaboration with NIRAS on Ennogie's carbon footprint. It is a significant step in our positioning for new Danish projects, as new climate requirements have been introduced from January 1, 2023, which will limit the CO2 footprint from new buildings with a floor area over 1,000 m2. Thus, new construction may only emit a maximum of 12 kg CO2 equivalents per m2 per year, and from 2025, equivalent limit values will be introduced for all new construction regardless of size.

Ennogie has in the first quarter of 2023 doubled its revenue compared to the same period in 2022. Revenue for the first three months of 2023 was DKK 22m, compared to DKK 11m in the same period in 2022.

As the first quarter is a winter season, the deliveries can be impacted by weather conditions, where planned project timelines are changed due to bad weather. Due to weather conditions in Germany, Ennogie unfortunately had to postpone some planned deliveries from first quarter 2023 to later in the year. As part of our continued growth journey, we have worked on and implemented new delivery processes that going forward will protect us against delays caused by changes occurring on construction sites. This will result in better planning for both customers and Ennogie.

The delay in some planned deliveries during the first months of the year affects both the revenue and EBITDA for the quarter. In addition, one-time expenses have been incurred by a lawsuit which was concluded and ruled in Ennogie's favor, our new ERP system, and issues on a single project. As a result of the above, EBITDA for the quarter lands at DKK -3.8m. Besides the lack of contribution margin from the delayed projects and one-time expenses, the first quarter has developed as expected.

After the end of the quarter, Ennogie has entered into a cooperation agreement with Norlys Energi A/S on meter reading and customer billing for energy communities in housing associations. The agreement is a significant step towards realizing Ennogie's ambition to offer housing associations cost-neutral roof replacements, i.e., roof replacement with solar roofs without or with minimal rent increases for the residents, thereby supporting the public sector's participation in the green transition and covering a growing need for renovations.

The cooperation covers Norlys and Ennogie jointly markets and offers solar roofs to the public sector, where Ennogie is responsible for dimensioning and delivery of the technical solar roofing solution, and Norlys subsequently handles the distribution of the self-produced electricity from the roof.

Ennogie maintains its expectations for 2023 with revenue projected at DKK 95-115m. While due to the mentioned one-time expenses, the EBITDA guidance has been narrowed down to DKK 5-10m. (previously 5-15mio DKK).

Lars Brøndum Petersen, CEO

Our business

Ennogie Solar Group is on a mission to create a future where renewable energy in the built environment is the norm, not the exception. We are passionate about making a positive impact by developing and deploying innovative solar technologies and energy optimization practices. With our sleek and stylish active solar roofs, traditional fossil fuel power plants are becoming a thing of the past.

At Ennogie, we focus on providing great products to buildings and people in need of new roofs for both new builds and refurbishments, who like the idea of solar energy, and care about the aesthetic appearance of the building. Our decentralized approach to energy production means energy is generated closer to where it's used, resulting in a cleaner and more efficient energy system that reduces reliance on non-renewable sources and lowers energy costs for the consumer.

We are passionate about supporting the European Commission's efforts to develop energy communities through the European Green Deal, and we see this as an exciting opportunity for Ennogie to contribute to the energy transition. With the growing demand for renewable energy sources, we're excited to explore new business models such as virtual power plants, peer-to-peer energy trading, and community-owned renewable energy projects. Our team is committed to staying at the forefront of these developments to help drive the transition to a greener future.

Ennogie is dedicated to support multi-family homes, housing associations, and property developers to establish "energy communities" and optimize the use of self-produced energy. This approach not only provides the best business case but also has a positive environmental impact.

Housing associations offer enormous potential in the green transition, covering almost 30% of the overall housing market in Europe. Housing Europe, the European Federation of Public, Cooperative, and Social Housing, manages over 26 million homes, representing almost 400 million m² of roofs that could generate 50,000 GWh of energy annually.

Ennogie currently have sales entities in Denmark and Germany. In Germany, the housing market represents a market of 6 million homes or 100 million m² roofs that annually could generate 12,500 GWh, while in Denmark, the housing market represents a market of close to 600,000 homes or 10 million m² roofs that annually could generate 1,250 GWh. The German and Danish housing markets alone present a total market opportunity of 110 million m² roofs or 220 billion DKK, highlighting the vast potential for energy communities.

One of our most promising partnerships is with one of the biggest Danish energy companies, Norlys, on energy communities and roof replacements in the public housing association sector. This collaboration

combines Ennogie's technical expertise with Norlys' access to markets and core business of billing and meter reading, enabling public housing sectors to participate in the green transition and cover growing renovation needs.

In addition to the energy communities Ennogie also provide solar roofs to private homeowners who are looking to renovate or build a new home and are interested in sustainable solutions. These homeowners are motivated buyers who are willing to make a significant investment in their home. Choosing an Ennogie solar roof instead of a traditional roof will not only support bringing their own energy consumption down but also allow for selling excess electricity back to the grid, and thereby returning an income. With a potential market of 130 million m² roofs or 260 billion DKK in Germany and Denmark, there is a significant opportunity for sustainable solutions in the single-family home market.

We're excited about the future of Ennogie Solar Group and the significant market opportunities that lie ahead. Our products are already contributing to the green transition and the restructuring of the European energy supply. With increasing support from politicians and building owners, we're well-positioned for long-term structural growth.

Financial highlights

Net revenue

The net revenue for Q1 2023 increased by 100% compared to Q1 2022. Due to delays caused by poor weather conditions at customer sites in especially Germany, the company was unable to maintain the realized revenue level from Q4 2022.

The increased presence in Germany is reflected in the development in the revenue split, where Germany comprise 44% of the total revenue in Q1 2023 compared to 25% of the revenue in Q1 2022.

Gross profit

The gross margin for Q1 2023 amounted to DKK 5.3m equaling to a gross margin of 23.9%, compared to DKK 4m and 36.2% in Q1 2022.

The development in the gross margin is driven by several factors. For liquidity optimization purposes panels was sold at cost price, while in transit from China to Denmark, and repurchased upon arrival in Denmark. In addition, one bigger B2B project is not generating the desired gross margin. These two factors have a negative impact on the reported gross margin for Q1 2023 of 6.8 percentage points.

Further, the gross margin for Q1 2022 was positively impacted by a different revenue recognition model on German projects, which was adjusted later in 2022.

EBITDA

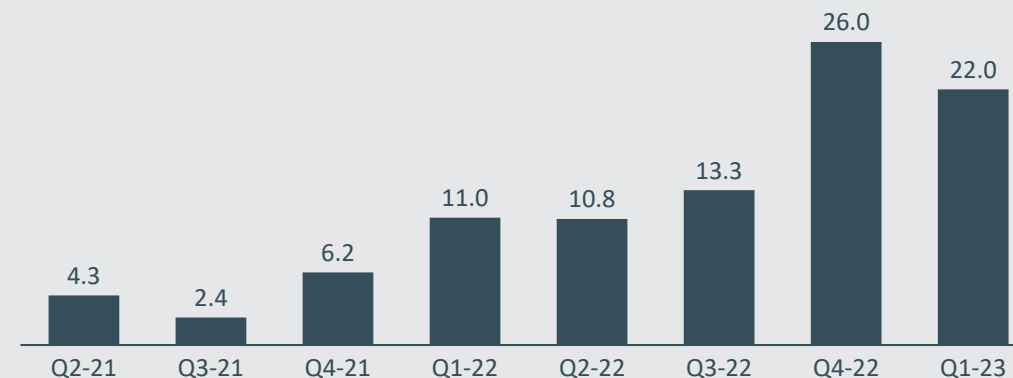
The EBITDA for Q1 2023 was DKK -3.8m and DKK 0.1m for Q1 2022. The result for Q1 2023 includes high costs for legal advisors, in relation to a legal case in Germany. The legal case was won, but the company incurred a significant amount of costs in the process. Further, Ennogie has implemented a new ERP system during Q1 2023, and have incurred some one-time costs in relation to this. The high costs related to external advisors in combination with the lower activity level and reduced gross margin result in an EBITDA below Q1 2022.

Cash flows

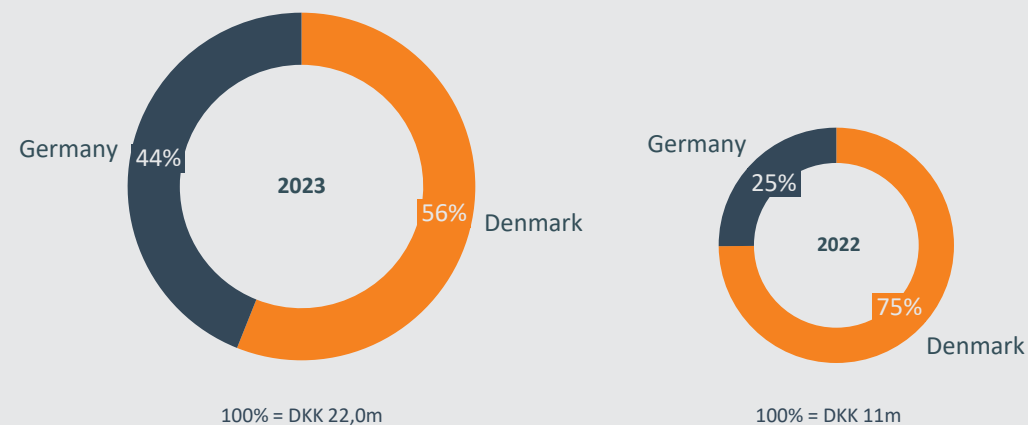
The free cash flow for Q1 2023 was DKK -1.3m (Q1 2022: DKK -3,6m), where optimizations in the net working capital positions was off-setting the negative operating result for the period. The optimizations were e.g. driven by reducing capital tied in inventory by the beforementioned sale of raw materials while in transit from China to Denmark.

Cash flow from financing activities for Q1 2023 was DKK -1.3m compared to DKK -0.6m in Q1 2022. The development is caused by increased installments on loans established during 2022.

Revenue per quarter (DKKm)



Q1 revenue per country





Outlook 2023

Ennogie maintains its expectations for 2023 with revenue projected at DKK 95-115m. While due to the mentioned one-time expenses, the EBITDA guidance has been narrowed down to DKK 5-10m. (previously 5-15mio DKK).

As stated in the annual report for 2022 the financial outlook is based on a strong order book for 2023, as the Group ended 2022 with an order book of DKK 60m and have signed new orders in Q1 2023 of DKK 28.5m.

The main uncertainties remain the Company's ability to scale the organization and production capacity successfully in line with the growth in the activity during 2023. In addition, changes in the market conditions especially related to the development in the interest rates, electricity prices and the prices and access to installation craftsmen can impact the order uptake in 2023.

Financial calendar 2023

Expected communication of financial information for the year:

30 August 2023

Interim report Q2 2023

17 November 2023

Interim report Q3 2023

Financial statements

Comprehensive Income Statement

Amounts in DKK '000	Note	Q1 2023	Q1 2022	FY 2022
Revenue	3, 4	21,969	10,951	61,116
Cost of sales		(16,713)	(6,987)	(45,722)
Gross margin		5,256	3,964	15,394
Other external expenses		(3,334)	(1,165)	(9,197)
Staff costs		(6,437)	(3,251)	(17,623)
Work performed by the entity and capitalized		375	375	1,500
Other operating income		373	157	2,032
Operating result before depreciations and amortizations (EBITDA)		(3,767)	79	(7,893)
Depreciation, amortization and impairment		(878)	(533)	(2,282)
Operating result (EBIT)		(4,645)	(453)	(10,175)
Financial items net		(351)	(96)	(1,543)
Result before tax		(4,996)	(549)	(11,719)
Corporation tax for the period		0	0	14
Result for the period		(4,996)	(549)	(11,705)
Exchange rate adjustments of foreign subsidiaries		(10)	0	0
Comprehensive income for the period		(5,005)	(549)	(11,705)
Earnings per share, DKK		(0.18)	(0.02)	(0.43)
Earnings per share, diluted, DKK		(0.16)	(0.02)	(0.38)

Financial position statement

Amounts in DKK '000	Note	31.03.23	31.03.22	31.12.22
Intangible assets		13,714	12,580	13,538
Tangible assets		2,243	895	1,120
Deposits		201	294	201
Other financial assets		2,096	751	2,057
Non-current assets	3	18,253	14,520	16,916
Inventories		14,613	9,170	15,643
Trade receivables		3,254	4,114	6,765
Contract assets		6,735	0	4,045
Tax receivables		294	18	0
Other receivables		656	1,068	968
Prepayments		892	473	955
Receivables		11,831	5,673	12,733
Cash & cash equivalents		9,565	6,668	11,966
Current assets		36,008	21,510	40,342
Total assets		54,261	36,030	57,258

Amounts in DKK '000	Note	31.03.23	31.03.22	31.12.22
Share capital		27,784	26,250	27,784
Treasury shares		(561)	(561)	(561)
Currency adjustments		(10)	0	(2)
Retained earnings		(19,745)	(11,237)	(15,296)
Equity		7,468	14,452	11,925
Provisions		440	226	440
Lease liabilities		1,102	0	7
Interest-bearing debt		17,688	4,782	18,524
Deferred income		2,365	2,996	2,522
Non-current liabilities		21,596	8,003	21,494
Current part of long term interest-bearing debt		3,719	943	3,925
Bank debts		447	574	479
Lease liabilities		455	450	559
Prepayments from customers		11,626	3,910	9,910
Trade payables		5,894	3,757	3,934
Other liabilities		2,430	3,317	4,404
Deferred income		627	624	627
Current liabilities		25,197	13,575	23,839
Total liabilities		46,792	21,579	45,332
Total equity and liabilities		54,261	36,030	57,258

Equity Statement

Amounts in DKK '000

	Share capital	Treasury shares	Currency adjustments	Retained earnings	Total
Equity at 1 January 2023	27,784	(561)	(2)	(15,296)	11,925
Result for the period	0	0	0	(4,996)	(4,996)
Other comprehensive income	0	0	(10)	0	(10)
Share-based payments	0	0	0	548	548
Equity at 31 March 2023	27,784	(561)	(12)	(19,743)	7,468

	Share capital	Treasury shares	Currency adjustments	Retained earnings	Total
Equity at 1 January 2022	26,250	(561)	0	(10,688)	15,001
Result for the period	0	0	0	(549)	(549)
Other comprehensive income	0	0	0	0	0
Equity at 31 March 2022	26,250	(561)	0	(11,237)	14,452

Cash Flow Statement

Amounts in DKK '000	Q1 2023	Q1 2022	FY 2022
Operating result (EBIT)	(4,645)	(453)	(10,175)
Depreciation, amortization and impairment	878	533	2,282
Share-based payments	548	0	548
Changes in provisions	0	(26)	188
Working capital movements			
- Change in inventories	1,030	738	(5,734)
- Change in receivables	1,196	(1,331)	(8,409)
- Change in prepayments from customers	1,715	142	6,142
- Change in trade payables, etc.	(171)	(2,739)	(1,945)
Cash flow from operating activities	551	(3,136)	(17,103)
Interests paid/received	(351)	(96)	(1,543)
Income taxes paid	(294)	0	31
Cash flow from operations	(94)	(3,233)	(18,615)
Transaction costs charged to equity	0	0	(100)
Acquisition of property, plant and equipment	(359)	0	(214)
Investment in intangible assets	(554)	(408)	(2,516)
Change in financial assets	(39)	(6)	(1,218)
Cash flow from investments	(952)	(414)	(4,048)
Free cash flow	(1,045)	(3,646)	(22,664)
Proceeds from capital increase	0	0	8,184
Proceeds from borrowings	0	0	18,000
Repayment of borrowings	(1,075)	(477)	(1,847)
Change in leasing liabilities	(272)	(117)	(612)
Cash flow from financing activities	(1,347)	(593)	23,725
Net cash flow for the period	(2,392)	(4,240)	1,061
Cash and cash equivalent at the beginning of the period	11,966	10,908	10,908
Exchange rate adjustments on cash	(10)	0	(2)
Net cash flow for the period	(2,392)	(4,240)	1,061
Cash and cash equivalent at the end of the period	9,565	6,668	11,966

Notes

1. Accounting policies

The interim report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reporting of listed companies. An interim report has not been prepared for the Parent company.

The accounting policies applied in this interim report are consistent with those applied in the Company’s 2022 annual report which was presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We refer to the 2022 annual report for a more detailed description of the accounting policies.

The applied accounting policies are unchanged compared to the annual report for 2022. New or amended standards and interpretations becoming effective for the financial year 2023 have no material impact on the interim report.

2. Estimates and assumptions

The preparation of interim financial reports require management to make financial estimates and assumptions that have an impact on how accounting policies are applied on the recognition of assets, liabilities, income and expenses. Actual results might be different from these estimates.

The significant assumptions made by management in preparing the interim report, and the material uncertainties associated with these assumptions and estimates, are unchanged from those used in preparing the annual report as per 31 December 2022.

3. Segment information

The Group does not have reportable segments, as management does not make decisions on aggregated financials. All decisions and the ongoing review of the financial performance are based on the consolidated figures of the Group.

Amounts in DKK '000	Q1 2023	Q1 2022	FY 2022
Revenue, geographical segments			
Denmark	12,313	8,201	24,582
Germany	9,655	2,750	36,534
Other	0	0	0
Total revenue	21,969	10,951	61,116
Non-current assets, geographical segments			
Denmark	16,591	14,430	16,572
Germany	1,661	89	344
Total non-current assets	18,253	14,520	16,916

4. Revenue

Amounts in DKK '000	Q1 2023	Q1 2022	FY 2022
Timing of revenue recognition			
At a point in time	18,371	9,175	50,505
Over time	3,597	1,776	10,611
Revenue from contracts with customers	21,969	10,951	61,116

5. Events after the reporting date

No events have occurred since the reporting date that have had a material impact on the financial position of the Group.

Management's statement

The Board of Directors and the Executive Management have today considered and approved the interim report of Ennogie Solar Group A/S for the period 1 January - 31 March 2023.

The interim report has not been audited or reviewed by the Company's independent auditors.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements in accordance with the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 March 2023 and of the results of the Group's operations and cash flows for the financial period 1 January - 31 March 2023.

Furthermore, in our opinion, the Management's review includes a fair review of developments in the operations and financial position of the Group, the financial results for the period and the Group's financial position.

Herning, 17 May 2023

Executive Management

Lars Brøndum Petersen

Board of Directors

Henrik Golman Lunde, chairman

Bente Overgaard

Peter Ott

Klaus Lorentzen

Silke Weiss