



Ennogie

Interim report for
Q2 2023

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



Letter from the CEO

Ennogie has in the second quarter of 2023 more than doubled its revenue compared to the same period in 2022. Revenue for the first six months of 2023 was DKK 44.5m, compared to DKK 21.8m in the same period in 2022. While revenue has grown significantly, we have experienced several orders being postponed by the customers due to a shortage on carpenters in Germany, which has pushed the deliveries in to second half of 2023.

The interest for our products is still increasing, primarily driven by offers to housing associations and property developers, which is in line with our expectations from the increased efforts towards these segments. The overall level of quotation is up by 60% compared to last year. However, the order intake for the first six months has decreased to DKK 43.2m from DKK 55.5m in the same period in 2022. This is affected by the increased interest rates and lower electricity prices, which have an impact on the business case for the customer. Further, a renewed Danish energy supply law, where electricity sharing between buildings on the same plot has been prohibited, has had significant impact on the order intake in Denmark.

As part of our growth journey, we are continuously working on maturing and improving our purchase and delivery processes, which has resulted in improvements in the gross margins in both of our markets in Denmark and Germany. We expect this trend to continue throughout the year as we see the full impact of the initiatives taken in the first half of 2023. Although we have witnessed tangible improvements from our new processes, the projected cost savings have not fully materialized to the levels we anticipated for the first half of 2023.

The market development and in particular the restraints the new energy supply law in Denmark is impacting our expectation to the revenue for 2023, which is adjusted to DKK 95m to 110m, from the previous expectation of DKK 95m to DKK 115m. This, together with the less materialized savings has reduced our EBITDA expectations for 2023 to DKK -4m to DKK 2m, from previous DKK 5m to 10m.

Ennogie's business strategy revolves around a combination of innovative product development and a tightly integrated ecosystem. One of the key aspects of Ennogie's strategy is our focus on creating our own products, including hardware, software, and concepts, which sets us apart from many other companies in the industry.

First and foremost, Ennogie places a strong emphasis on design and user experience. We strive to create products that are not only functional but also aesthetically pleasing. This focus on design has been a cornerstone of Ennogie's strategy since the early days of the company and has played a significant role in our success.

In today's dynamic business landscape, market trends, customer preferences, and competitive forces evolve rapidly. To maintain a competitive edge, Ennogie has a strategy that allows us to pivot our products effectively.

As a response to the swiftly changing market conditions; increasing interest rates and dropping electricity prices for private households, we have through a focused approach to product development that prioritizes adaptability, responsiveness, and customer-centricity developed Sun Spot.

Sun Spot is Ennogie's new in-roof solar system that blends seamlessly into the roofline, creating a clean, modern, and sophisticated appearance. With a set number of standard options, our customers have the flexibility to choose the perfect match for the style of the home and energy consumption. These standardized configurations also enable us to streamline the delivery process, optimizing internal costs without sacrificing the quality.

Sun Spot makes use of Ennogie's solar technology to maximize energy generation and own efficient use of energy. The first Sun Spots will be available from end of September.

Further, one of the products currently in development is our battery with the purpose of optimizing energy consumption. A significant milestone has now been achieved, as a functional model of the complete battery has been demonstrated internally.

The demonstration consisted of the complete battery, including the Battery Management System, battery charger, inverter, and the overall control module which will be wirelessly controlled by our smart meter.

To ensure quality and full integration with our other products, the upcoming period will be used for final live tests and simulations before final certifications. Product launch is expected in Q1, 2024.

The battery adheres to Ennogie's principles of easy installation, aesthetics, and good economics. The battery is launched in a scalable and modular setup, where each battery pack has a capacity of 1.5 kWh, making it easy to choose the right capacity and expand the capacity if the need arises.

After the end of the quarter, Ennogie has entered into a cooperation agreement with Dansk Kabel TV (DKTV), a market leader in delivering telecommunications solutions, including cable TV and broadband services, to residential and commercial clients across Denmark. DKTV brings to the table significant expertise in digital solutions tailored for housing associations, as well as deep insights into navigating resident democracies—assets we consider invaluable to our mission. The agreement with DKTV is yet another important step for Ennogie in realizing our ambition to offer cost-neutral roof replacements to housing associations, meaning roof replacement with solar panel roofs without or with significantly lower rent increases for residents, thereby supporting the participation of housing associations in the green transition and simultaneously addressing a growing renovation demand.

In June Ennogie issued new shares, which brought in DKK 13.1m in new capital. The issuance is driven by a desire to finance the ongoing expansion of working capital in Ennogie. Ennogie is increasingly focusing on housing associations and the B2B segment in both Germany and Denmark, where larger orders require a bigger inventory, security and credit. The increased procurement of panels and inverters primarily contributes to the increase in capital tied up in inventory buildup.

Ennogie expect a further capital increase through the exercise of warrants to the amount of DKK 12.3m in the last quarter of the year.

Lars Brøndum Petersen, CEO

 Ennogie

SUN SPOT



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

Highlights Q2 2023

Net revenue

The net revenue for Q2 2023 was DKK 22.5m and up by 107.7% compared to DKK 10.8m Q2 2022. The revenue for Q2 2023 is negatively impacted by a widespread scarcity of carpenter capacity in Germany, which is preventing customers from removing their current roofs and adequately preparing their structures for the installation of the Ennogie Solar Roof.

The split in revenue per country follow the trend from previous quarters, where the German market is increasing its proportion of the Groups total revenue and represents 82% of the Q2 2023 revenue versus 71% in Q2 2022.

Gross profit

The gross profit for Q2 2023 amounted to DKK 6.5m equaling to a gross margin of 29.0%, compared to DKK 1.8m and 16.2% in Q2 2022. The gross margin for Q2 at 29.0%, is negatively impacted by elevated installation costs on projects delivered in Germany.

The gross margin for the German operations is currently lower compared to the activity in Denmark. This discrepancy can be attributed to the relative maturity of the German operation, particularly in terms of the expansion and maturation of the installation capacity, which is affecting the gross margin for this specific market. The gross margin is showing a positive trend in each market individually. This positive development is not immediately evident when looking at the development in the overall figures quarter by quarter. This is primarily due to a change in the revenue distribution between the two markets, where the larger portion of revenue generated from the German market is counterbalancing the underlying improvements in the gross margin.

EBITDA

The EBITDA for Q2 2023 was DKK -1.5m and DKK -4.1m for Q2 2022. The organizational capacity and size of the company in Q2 2023 exceeded the actual level of business activity. This, in combination with the lower gross margin on the delivered projects, has a negative impact on the realized EBITDA level for the quarter.

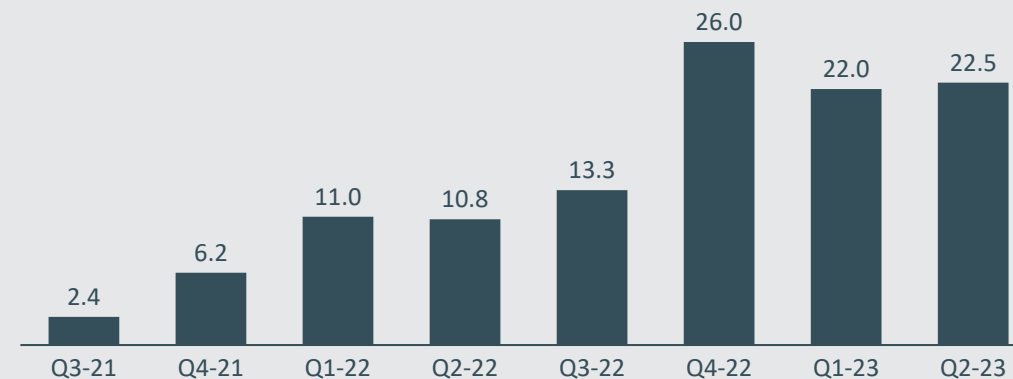
Depreciations and amortization

In Q2 2023, depreciation and amortization costs reached DKK 0.9 million, up from DKK 0.6 million in the same quarter of the previous year. This increase is directly attributable to heightened business activity, which has consequently led to an expansion in the company's asset base.

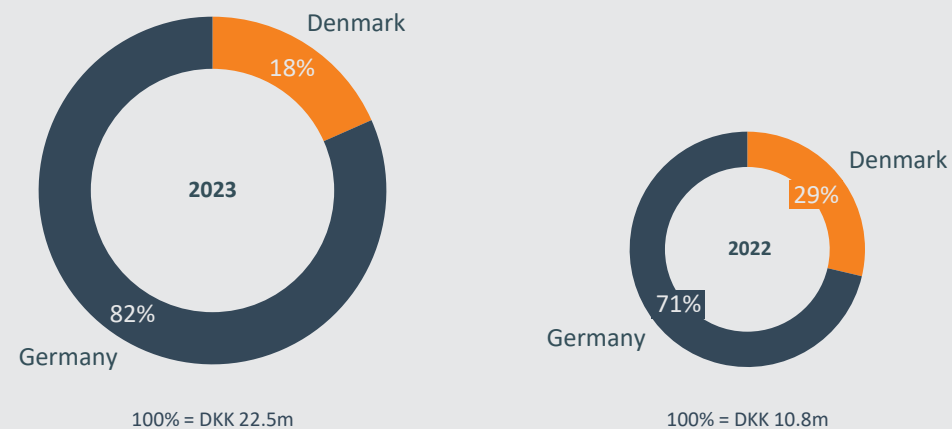
Financial items

The net financial items for Q2 2023 was DKK -0.5m compared to DKK -0.6m in Q2 2022. The financial items for Q2 2022 were significantly impacted by costs associated with establishing a new loan facility in May of that year. The financial items for Q2 2023 primarily reflect interest expenses arising from an increase in interest-bearing debt.

Revenue per quarter (DKKm)



Q2 revenue per country



Financial highlights

Working capital

The working capital amounted to DKK 7.7m at the end of Q2 2023 compared to DKK -0.7m end of Q2 2022. This development can largely be attributed to a heightened activity level, which is reflected in an inventory balance that was DKK 6.2m higher at the end of Q2 2023 compared to the same period last year. The increased capital allocation to inventories has been effectively counterbalanced by a rise in customer prepayments and supplier liabilities, mitigating the overall financial impact.

A further consequence of this increased activity level is a rise in receivables from sales, which totaled DKK 13.5m at the end of Q2 2023. This represents an increase of DKK 5.3m when compared to the end of Q2 2022.

Cash flow

The free cash flow for first half of 2023 was DKK -8.8m compared to DKK -8.1m in H1 2022, both mainly driven by the negative operating result for the periods.

Cash flow from financing activities for H1 2023 was DKK 10.5m, where the issuance of new shares in June brought in new capital of DKK 13.1m. H1 2022 cash flow from financing activities was DKK 17.2m including a new loan facility of DKK 10m and DKK 8.1m in proceeds from exercise of warrants.

Summary H1 2023

Net revenue

Driven by strong growth in both of markets in Denmark and Germany, Ennogie's revenue for the first half of 2023 more than doubled, compared to the same period in 2022. Revenue for H1 2023 was realized at DKK 44.5m compared to DKK 21.8m in H1 2022. While these figures show significant growth, it is important to note that the activities in the first half of 2023 were affected by a carpenter shortage in Germany. This labor constraint has led to the postponement of several orders, which has been rescheduled for the second half of the year.

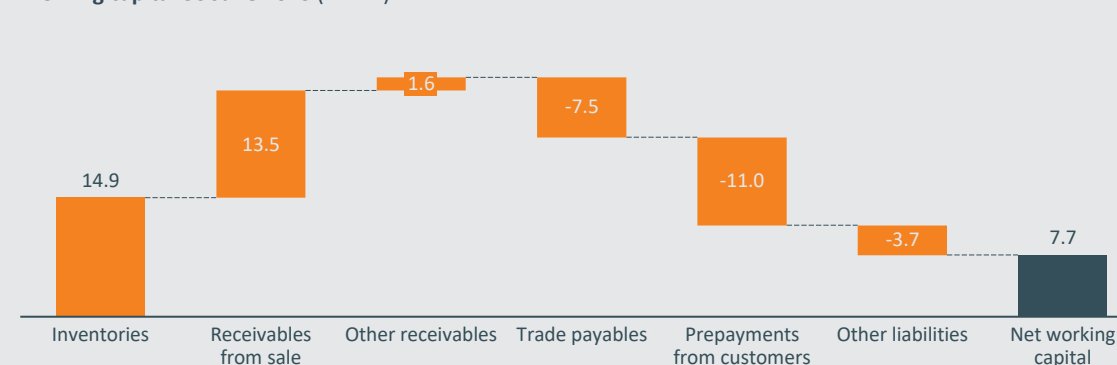
Gross profit

Driven by the growth in revenue the gross profit for the first half of 2023 increased by 114.5% reaching DKK 11.8m. This corresponds to a gross margin of 26.5%, compared to DKK 5.5m and 16.2% in first half of 2022. The improved gross margin is a result of reduced material and freight costs on key solar roof components. Additionally, the ongoing maturity of the delivery and installation processes, especially in the expanding German market, has been a significant factor in elevating the profitability of the completed projects.

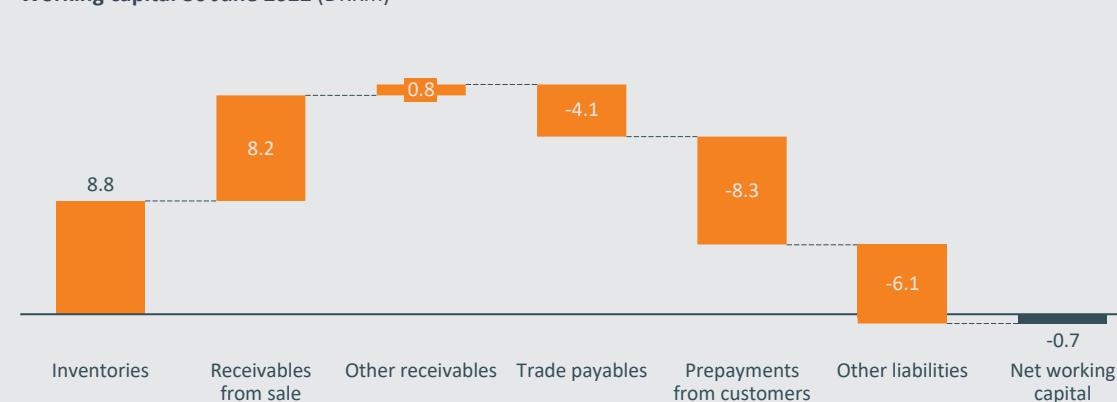
EBITDA

The EBITDA for H1 2023 was DKK -5.3m and DKK -4.1m for H1 2022. The EBITDA for H1 2023 suffered due to project delays and an organizational structure sized for higher activity. Combined with increased installation costs from the rapid German expansion, this led to a negative development in the EBITDA, despite greater activity compared to H1 2022

Working capital 30 June 2023 (DKKm)



Working capital 30 June 2022 (DKKm)





Outlook 2023

The market development and in particular the restraints the new energy supply law in Denmark is impacting our expectation to the revenue for 2023, which is adjusted to DKK 95m to 110m (previously DKK 95m to DKK 115m). This, together with the less materialized savings from process maturity has reduced our EBITDA expectations for 2023 to DKK -4m to DKK 2m (previously DKK 5m to 10m).

As previously communicated the financial outlook on revenue 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 H1 2023 of DKK 43m.

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:

17 November 2023
Interim report Q3 2023

Financial statements

Comprehensive Income Statement

Amounts in DKK '000	Note	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	3, 4	22,503	10,835	44,472	21,786	61,116
Cost of sales		(15,975)	(9,080)	(32,688)	(16,294)	(45,722)
Gross margin		6,528	1,755	11,784	5,491	15,394
Other external expenses		(2,613)	(2,442)	(5,947)	(3,607)	(9,197)
Staff costs		(6,046)	(3,952)	(12,483)	(6,975)	(17,623)
Work performed by the entity and capitalized		375	375	750	750	1,500
Other operating income		262	157	635	314	2,032
Operating result before depreciations and amortizations (EBITDA)		(1,495)	(4,107)	(5,261)	(4,028)	(7,893)
Depreciation, amortization and impairment		(936)	(626)	(1,814)	(1,158)	(2,282)
Operating result (EBIT)		(2,430)	(4,733)	(7,075)	(5,186)	(10,175)
Financial items net		(511)	(590)	(862)	(686)	(1,543)
Result before tax		(2,942)	(5,323)	(7,937)	(5,872)	(11,719)
Corporation tax for the period		0	(2)	0	(2)	14
Result for the period		(2,942)	(5,325)	(7,937)	(5,874)	(11,705)
Exchange rate adjustments of foreign subsidiaries		2	0	(8)	0	(2)
Comprehensive income for the period		(2,940)	(5,325)	(7,945)	(5,874)	(11,708)
Earnings per share, DKK		(0.11)	(0.20)	(0.19)	(0.15)	(0.43)
Earnings per share, diluted, DKK		(0.09)	(0.17)	(0.17)	(0.13)	(0.38)

Financial position statement

Amounts in DKK '000	Note	30.06.23	30.06.22	31.12.22
Intangible assets		14,074	12,568	13,538
Tangible assets		3,118	871	1,120
Deposits		201	294	201
Other financial assets		2,696	750	2,057
Non-current assets	3	20,089	14,483	16,916
Inventories		14,932	8,751	15,643
Trade receivables		4,233	6,269	6,765
Contract assets		9,218	1,927	4,045
Tax receivables		293	18	0
Other receivables		839	242	968
Prepayments		802	600	955
Receivables		15,386	9,057	12,733
Cash & cash equivalents		13,562	20,022	11,966
Current assets		43,880	37,830	40,342
Total assets		63,969	52,314	57,258

Amounts in DKK '000	Note	30.06.23	30.06.22	31.12.22
Share capital		28,394	27,784	27,784
Treasury shares		(561)	(561)	(561)
Currency adjustments		(8)	0	(2)
Retained earnings		(10,158)	(10,063)	(15,296)
Equity		17,666	17,160	11,925
Provisions		483	280	440
Lease liabilities		1,644	29	7
Interest-bearing debt		16,559	12,606	18,524
Deferred income		2,209	2,839	2,522
Non-current liabilities		20,894	15,755	21,494
Current part of long term interest-bearing debt		3,992	2,720	3,925
Bank debts		414	620	479
Lease liabilities		904	371	559
Prepayments from customers		11,046	8,345	9,910
Trade payables		7,536	4,054	3,934
Other liabilities		891	2,664	4,404
Deferred income		627	624	627
Current liabilities		25,409	19,399	23,839
Total liabilities		46,304	35,153	45,332
Total equity and liabilities		63,970	52,314	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	(7,937)	(7,937)
Other comprehensive income	0	0	(8)	0	(8)
Capital increase	610	0	0	12,430	13,040
Share-based payments	0	0	0	647	647
Equity at 30 June 2023	28,394	(561)	(11)	(10,156)	17,666

	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	(5,874)	(5,874)
Other comprehensive income	0	0	0	0	0
Capital increase	1,534	0	0	6,499	8,033
Equity at 30 June 2022	27,784	(561)	0	(10,063)	17,160

Cash Flow Statement

Amounts in DKK '000	H1 2023	H1 2022	FY 2022
Operating result (EBIT)	(7,075)	(5,186)	(10,175)
Depreciation, amortization and impairment	1,814	1,158	2,282
Share-based payments	647	0	548
Changes in provisions	43	28	188
Working capital movements			
- Change in inventories	711	1,157	(5,734)
- Change in receivables	(2,360)	(4,715)	(8,409)
- Change in prepayments from customers	1,135	4,577	6,142
- Change in trade payables, etc.	(225)	(3,252)	(1,945)
Cash flow from operating activities	(5,311)	(6,232)	(17,103)
Interests paid/received	(862)	(686)	(1,543)
Income taxes paid	(293)	(2)	31
Cash flow from operations	(6,466)	(6,920)	(18,615)
Transaction costs charged to equity	(68)	(150)	(100)
Acquisition of property, plant and equipment	(373)	(225)	(214)
Investment in intangible assets	(1,298)	(774)	(2,516)
Change in financial assets	(639)	(4)	(1,218)
Cash flow from investments	(2,378)	(1,153)	(4,048)
Free cash flow	(8,844)	(8,073)	(22,664)
Proceeds from capital increase	13,108	8,183	8,184
Proceeds from borrowings	0	10,000	18,000
Repayment of borrowings	(1,964)	(829)	(1,847)
Change in leasing liabilities	(695)	(167)	(612)
Cash flow from financing activities	10,449	17,187	23,725
Net cash flow for the period	1,605	9,114	1,061
Cash and cash equivalent at the beginning of the period	11,966	10,908	10,908
Exchange rate adjustments on cash	(8)	0	(2)
Net cash flow for the period	1,605	9,114	1,061
Cash and cash equivalent at the end of the period	13,562	20,022	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.

Notes

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	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue, geographical segments					
Denmark	4,133	3,107	16,447	8,346	24,582
Germany	18,370	7,728	28,025	13,439	36,534
Other	0	0	0	0	0
Total revenue	22,503	10,835	44,472	21,786	61,116

Amounts in DKK '000	30.06.23	30.06.22	31.12.22
Non-current assets, geographical segments			
Denmark	14,219	14,437	16,572
Germany	2,697	201	344
Total non-current assets	20,089	14,483	16,916

4. Revenue

Amounts in DKK '000	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Timing of revenue recognition					
At a point in time	18,906	9,059	34,208	21,786	50,505
Over time	3,597	1,776	10,264	0	10,611

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 - 30 June 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 30 June 2023 and of the results of the Group's operations and cash flows for the financial period 1 January - 30 June 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, 30 August 2023

Executive Management

Lars Brøndum Petersen

Board of Directors

Henrik Golman Lunde, chairman

Bente Overgaard

Peter Ott

Klaus Lorentzen

Silke Weiss