



Interim report for Q3 2023

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



Letter from the CEO

“Powering Growth in Shifting Landscapes”

Even in a challenging construction market, Ennogie not only weathers the storm but emerges stronger than ever. Fueled by an unyielding dedication to innovation, quality, and sustainability, Ennogie defies industry norms by doubling its revenue to DKK 69m in the first three quarters of 2023 and brings its first positive EBITDA quarter with an EBITDA of DKK 0.8m in Q3 2023.

The foundation of this success lies in Ennogie's foresight, recognizing the growth potential at the intersection of the renewable energy sector and construction industry. In response to the economic challenges facing construction, Ennogie strategically focuses on consolidating efforts in the German and Danish markets. This involves fine-tuning operations, resulting in a 140% increase in gross margins to DKK 18.5m. Concurrently, the optimization and innovation of products ensure high efficiency and customer satisfaction, solidifying Ennogie's position as an industry leader. Customers aren't just investing in a roof; they're investing in a sustainable future. Ennogie's Environmental Product Declaration (EPD) is now registered in both Germany and Denmark.

Ennogie's solar roof products and energy solutions, renowned for cutting-edge technology and aesthetic appeal, are the preferred choice for environmentally and financially conscious homeowners and businesses. As awareness of Ennogie's commitment to eco-friendly energy solutions spreads, contributing to a 30% increase in quotations compared to the same period in 2022. The German order intake has maintained the same high level as 2022, and hence not suffered any decline as the Danish has. The order intake for the period has decreased to DKK 59m from DKK 77m in the same period in 2022. This is primarily affected by the increased interest rates, which have an impact on the business case for the customers yet being a good strong case. 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.

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.

Looking forward, Ennogie capitalizes on the low point in the construction industry to explore new markets globally. Recognizing the global demand for sustainable solutions and with the recent panel IEC certification, Ennogie evaluates opportunities for expansion in countries where solar roof adoption is in its early stages but prioritized on the political agenda. Leveraging expertise and experience, Ennogie establishes a presence in these untapped markets, creating new revenue streams and prosperity in the years to come.

In parallel with geographical expansion, Ennogie invests in ongoing research and development efforts, ensuring its products remain at the forefront of innovation. Commitment to initiatives like SunSpot and Sunbird enables Ennogie to stay ahead of market demands, exhibiting resilience in the face of industry challenges.

Ennogie's ability to navigate a declining construction market, double revenue, and explore new opportunities underscores the transformative power of innovation, strategic thinking, and a steadfast commitment to creating a positive impact on the planet and our stakeholders.

Ennogie initiate the final exercise of a warrant program from 2019 that expect to bring in a capital increase that amounts to DKK 12.3m in the last quarter of the year.

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

Highlights Q3 2023

Net revenue

In Q3 2023, net revenue reached DKK 24.6m, marking an 85% increase from DKK 13.3m in Q3 2022.

The German market continues to represent the highest proportion of the Groups total revenue and increased its contribution to 77% of the Q3 2023 revenue versus 65% in Q3 2022.

Gross profit

For Q3 2023, the gross profit was DKK 6.7m, equaling a gross margin of 27,2%, in contrast to DKK 2.2m and 16.7% in Q3 2022. The good development is foreseen to continue coming from stronger internal delivery processes and adjusted pricing on installations and goods.

Both the German and the Danish market are showing improved margins, and the continued maturity of the business is expected to bring further improvements to the contribution margins.

EBITDA

For Q3 2023, the EBITDA reached DKK 0.8m, showing a positive shift from a negative EBITDA of DKK -3.2m in Q3 2022. In addition to the increased gross profit, this improvement in Q3 EBITDA is positively impacted by the cancellation of previously granted warrants after several board and management team members opted to forfeit their warrant rights. Further, the EBITDA for Q3 2023 is positively impacted by capitalization of internal staff costs related to the development and implementation of a sales platform and ERP system.

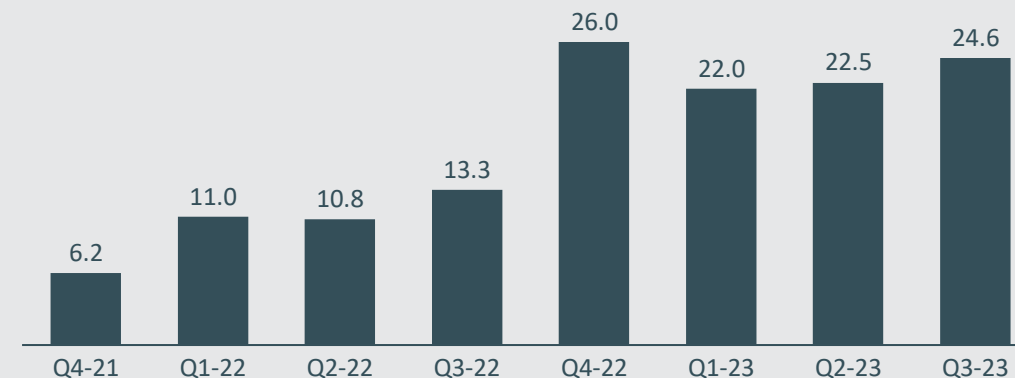
Depreciations and amortization

In Q3 2023, depreciation and amortization costs reached DKK 0.8 million, up from DKK 0.5 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.

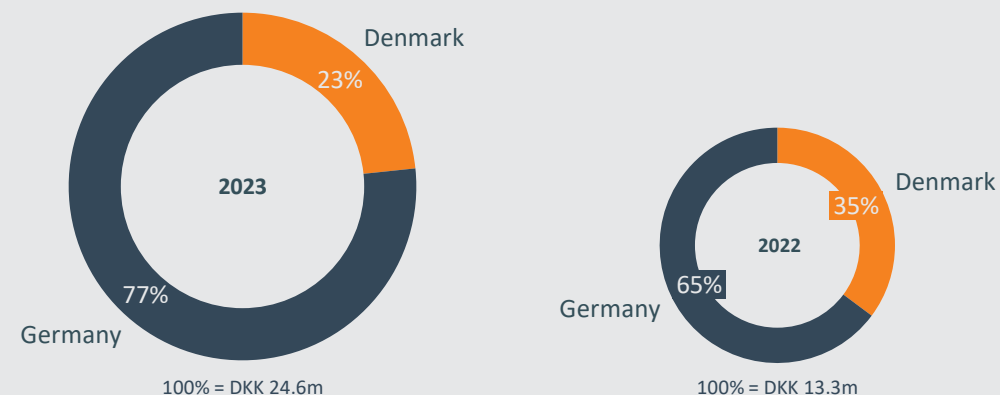
Financial items

The net financial items for Q3 2023 was DKK -0.6m compared to DKK -0.1m in Q3 2022. The financial items for Q3 2023 primarily reflect interest expenses arising from an increase in interest rate, increased interest-bearing debt and exchange rate changes in relation to purchases.

Revenue per quarter (DKKm)



Q3 revenue per country



Financial highlights

Working capital

The working capital amounted to DKK 12.8m at the end of Q3 2023 compared to DKK 3.3m end of Q3 2022. This development can largely be attributed to a heightened activity level, which is reflected in an inventory balance that was DKK 2.8m higher at the end of Q3 2023 compared to the same period last year. The increased capital allocation to inventories and contract assets combined with a drop in customer receivables, prepayments and other liabilities, raises the working capital with 9.5 m.

Cash flow

The free cash flow for Q1-Q3 2023 was DKK -15.7m compared to DKK -17.5m in Q1-Q3 2022, mainly driven by the development in working capital and the negative operating result for the periods.

Cash flow from financing activities for Q1-Q3 2023 was DKK 9.5m, where the issuance of new shares in June brought in new capital of DKK 13.1m. Q1-Q3 2022 cash flow from financing activities was DKK 16.3m including a new loan facility of DKK 10m and DKK 8.1m in proceeds from exercise of warrants.

Summary Q1-Q3 2023

Net revenue

Ennogie's revenue for the first nine months of 2023 reached DKK 69m, showing a substantial increase from DKK 35m during the same period in 2022, attributed to the expansion of both operating markets in Denmark and Germany.

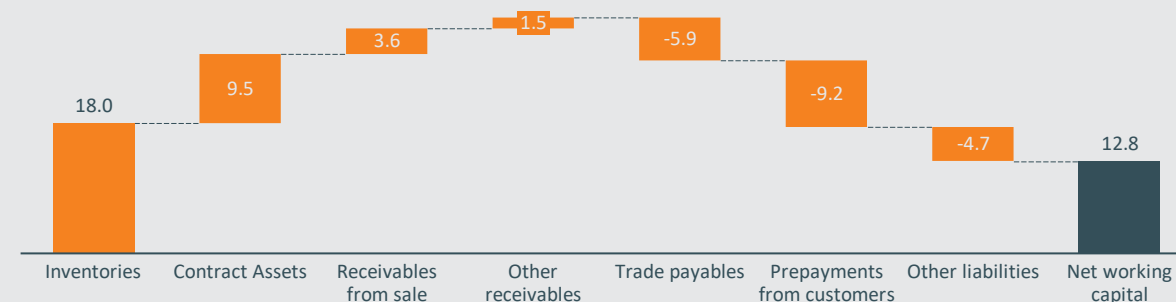
Gross profit

Driven by the growth in revenue the gross profit for the first nine months of 2023 increased by 140% reaching DKK 18.5m. This corresponds to a gross margin of 26,8%, compared to DKK 7.7m and 22,0% in 2022. The gross margins on the delivered projects are improving, and the development is expected to continue going forward, particularly in the German market. The increase in gross margin is attributed to reduced costs of materials and freight for essential solar roof components. Moreover, the improvement of delivery and installation procedures, particularly in the growing German market, has played a crucial role in increasing the profitability of delivered projects

EBITDA

The EBITDA for the first three quarters of 2023 was DKK -4.4m and DKK -7.2m for same period in 2022. The EBITDA for the first nine months in 2023 has suffered due to project delays and an organizational structure sized for higher activity in especially H1. In Q3 2023 a cancellation of warrants was recognized, positively impacting the financials for 2023.

Working capital 30 September 2023 (DKKm)



Working capital 30 September 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 kept at DKK 95m to 110m. This, together with materialized savings from process maturity confirms our EBITDA expectations for 2023 to DKK -4m to DKK 2m.

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 Q1-Q3 2023 of DKK 59m.

Financial statements

Comprehensive Income Statement

Amounts in DKK '000	Note	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenue	4, 5	24,637	13,297	69,109	35,082	61,116
Cost of sales		(17,925)	(11,079)	(50,613)	(27,373)	(45,722)
Gross profit		6,712	2,218	18,496	7,709	15,394
Other external expenses		(2,295)	(2,305)	(8,242)	(5,912)	(9,197)
Staff costs		(4,823)	(3,817)	(17,306)	(10,792)	(17,623)
Work performed by the entity and capitalized		923	375	1,673	1,125	1,500
Other operating income		306	334	941	647	2,032
Operating result before depreciations and amortizations (EBITDA)		823	(3,195)	(4,439)	(7,223)	(7,893)
Depreciation, amortization and impairment		(793)	(539)	(2,606)	(1,697)	(2,282)
Operating result (EBIT)		30	(3,734)	(7,045)	(8,920)	(10,175)
Financial items net		(588)	(119)	(1,450)	(805)	(1,543)
Result before tax		(558)	(3,853)	(8,495)	(9,725)	(11,719)
Corporation tax for the period		0	0	0	(2)	14
Result for the period		(558)	(3,853)	(8,495)	(9,727)	(11,705)
Exchange rate adjustments of foreign subsidiaries		(9)	0	(19)	(2)	(2)
Comprehensive income for the period		(567)	(3,853)	(8,514)	(9,729)	(11,708)
Earnings per share, DKK		(0.02)	(0.14)	(0.16)	(0.27)	(0.43)
Earnings per share, diluted, DKK		(0.02)	(0.12)	(0.14)	(0.23)	(0.38)

Financial position statement

Amounts in DKK '000	Note	30.09.23	30.09.22	31.12.22
Intangible assets		15,035	13,105	13,538
Tangible assets		2,778	770	1,120
Deposits		201	294	201
Other financial assets		2,909	1,322	2,057
Non-current assets	4	20,923	15,491	16,916
Inventories		18,020	15,221	15,643
Trade receivables		3,572	6,827	6,765
Contract assets		9,540	2,335	4,045
Tax receivables		0	621	0
Other receivables		681	796	968
Prepayments		805	637	955
Receivables		14,598	11,216	12,733
Cash & cash equivalents		5,727	9,778	11,966
Current assets		38,345	36,215	40,342
Total assets		59,268	51,705	57,258

Amounts in DKK '000	Note	30.09.23	30.09.22	31.12.22
Share capital		28,394	27,784	27,784
Treasury shares		(561)	(561)	(561)
Currency adjustments		(21)	(2)	(2)
Retained earnings		(11,521)	(13,866)	(15,296)
Equity		16,291	13,355	11,925
Provisions		545	324	440
Lease liabilities		1,356	17	7
Interest-bearing debt		15,917	12,269	18,524
Deferred income		2,052	2,682	2,522
Non-current liabilities		19,870	15,292	21,494
Current part of long term interest-bearing debt		4,039	2,501	3,925
Bank debts		381	511	479
Lease liabilities		898	230	559
Prepayments from customers		9,207	11,198	9,910
Trade payables		5,908	5,948	3,934
Other liabilities		2,026	2,046	4,404
Deferred income		649	624	627
Current liabilities		23,108	23,058	23,839
Total liabilities		42,977	38,350	45,332
Total equity and liabilities		59,268	51,705	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	(8,495)	(8,495)
Other comprehensive income	0	0	(19)	0	(19)
Capital increase	610	0	0	12,430	13,040
Share-based payments	0	0	0	745	745
Cancellation of warrants	0	0	0	(905)	(905)
Equity at 30 September 2023	28,394	(561)	(21)	(11,521)	16,291

	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	(9,727)	(9,727)
Other comprehensive income	0	0	(2)	0	(2)
Capital increase	1,534	0	0	6,549	8,083
Equity at 30 September 2022	27,784	(561)	(2)	(13,866)	13,355

Cash Flow Statement

Amounts in DKK '000	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Operating result (EBIT)	(7,045)	(8,920)	(10,175)
Depreciation, amortization and impairment	2,606	1,697	2,282
Share-based payments	(160)	0	548
Changes in provisions	105	72	188
Working capital movements			
- Change in inventories	(2,377)	(5,312)	(5,734)
- Change in receivables	(1,865)	(6,271)	(8,409)
- Change in prepayments from customers	(703)	7,430	6,142
- Change in trade payables, etc.	(853)	(2,132)	(1,945)
Cash flow from operating activities	(10,294)	(13,437)	(17,103)
Interests paid/received	(1,450)	(805)	(1,543)
Income taxes paid	0	(606)	31
Cash flow from operations	(11,743)	(14,849)	(18,615)
Transaction costs charged to equity	(68)	(100)	(100)
Acquisition of property, plant and equipment	(390)	(280)	(214)
Investment in intangible assets	(2,643)	(1,694)	(2,516)
Change in financial assets	(852)	(576)	(1,218)
Cash flow from investments	(3,953)	(2,650)	(4,048)
Free cash flow	(15,696)	(17,499)	(22,664)
Proceeds from capital increase	13,107	8,183	8,184
Proceeds from borrowings	0	10,000	18,000
Repayment of borrowings	(2,591)	(1,495)	(1,847)
Change in leasing liabilities	(1,041)	(320)	(612)
Cash flow from financing activities	9,476	16,369	23,725
Net cash flow for the period	(6,221)	(1,130)	1,061
Cash and cash equivalent at the beginning of the period	11,966	10,908	10,908
Exchange rate adjustments on cash	(19)	0	(2)
Net cash flow for the period	(6,221)	(1,130)	1,061
Cash and cash equivalent at the end of the period	5,727	9,778	11,966

Notes

1. Correction of misstatements in 2021 financial statements

In the summer of 2022, the Danish Business Authority initiated an audit of the 2021 consolidated financial statements and parent company financial statements of Ennogie Solar Group A/S. In this context, they pointed out that the consolidated financial statements were incorrectly prepared as a continuation of Ennogie Solar Group A/S's consolidated financial statements, when they should have been prepared as a continuation of the consolidated financial statements for Ennogie ApS. The misstatements resulting from this incorrect treatment was revised in the comparative figures in the Company's Q2 report for 2022 and again in the financial statements in the 2022 annual report.

The Danish Business Authorities have in October 2023 provided their final conclusion, validating the corrections made to the 2021 comparative figures in the 2022 annual report. Consequently, the Danish Business Authority have decided to finalize the audit with a formal reprimand.

A detailed description of the made corrections is included in the disclosures of the Company's annual report for 2022.

2. 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.

3. 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

4. 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	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenue, geographical segments					
Denmark	5,750	4,680	22,196	13,026	24,582
Germany	18,887	8,616	46,912	22,056	36,534
Other	0	0	0	0	0
Total revenue	24,637	13,297	69,109	35,082	61,116

Amounts in DKK '000	30.09.23	30.09.22	31.12.22
Non-current assets, geographical segments			
Denmark	14,407	14,380	16,572
Germany	2,509	258	344
Total non-current assets	20,923	15,491	16,916

5. Revenue

Amounts in DKK '000	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Timing of revenue recognition					
At a point in time	21,703	12,016	61,566	31,536	50,505
Over time	2,933	1,280	7,543	3,546	10,611
Revenue from contracts with customers	24,637	13,297	69,109	35,082	61,116

6. 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 September 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 September 2023 and of the results of the Group's operations and cash flows for the financial period 1 January - 30 September 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 November 2023

Executive Management

Lars Brøndum Petersen

Martin Woldby Papsø

Leif Arnbjerg

Board of Directors

Henrik Golman Lunde, chairman

Peter Ott

Klaus Lorentzen

Silke Weiss