



Interim report for Q2 2024

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



Letter from the CEO

Q2 result shows strong improvement for Ennogie

Ennogie is demonstrating progress despite a challenging market environment, with clear signs of a positive trajectory. Order uptake, revenue, gross margin and cash flow have all shown substantial improvements from Q1 to Q2 2024.

Ennogie is experiencing increased purchase interest, which is reflected in a rising order intake. The promising collaboration with Dachdecker-Einkauf point towards sustained growth already now cover 13% of the quotation pipeline for B2C in Germany. Furthermore, market initiatives have been launched in both Germany and Denmark to stimulate order intake at a higher level for the remainder of 2024.

Despite a persistently challenged market, driven by continued high interest rates, inflation in building materials, and low construction activity, Ennogie is experiencing increased buying interest, partly due to the first interest rate cuts. This is reflected in a rising order intake, increased activity in tendering, and more projects being put out to tender, including from housing associations.

The improved gross margin in Q2 reflects the company's successful adjustments in pricing and improvement of internal processes. Furthermore, the significant reduction in negative cash flow and effective cost optimization measures signal that Ennogie is not only stabilizing but also building a stronger foundation for future profitability. Ennogie continues to optimize its cost base as one of the responses to the current market conditions.

Given these factors, Ennogie is well-positioned to capitalize on expected market improvements in the later half of 2024, particularly with anticipated interest rate cuts that may stimulate construction activity. The company's resilience and strategic initiatives are paving the way for a stronger financial performance and long-term growth. To facilitate growth, Ennogie is expanding into new international markets, including France and Poland, as well as Austria and Switzerland, which are logical extensions of its activities in Germany. In France, the certification process is ongoing, and in Poland, Ennogie is participating in several promotional initiatives under the Trade Council, alongside progress in individual projects.

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 approximately 110 million m² roofs or 220 billion DKK, highlighting the vast potential for energy communities.

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 approximately 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.

Ennogie Solar Group Q2 2024 highlights



Highest order intake since Q1 2023
Boosting sales in Germany and Denmark



Repeat order to B&O Gruppe
B&O Gruppe to deliver to new housing association



First order through Dachdecker-Einkauf
Dachdecker-Einkauf is now 13% of the pipeline to consumers

Ennogie Solar Group Q2 2024 highlights



Ennogie to deliver to first swimming hall
Great business case for Auning Swimming hall.



Ennogie wins Eurostars project
Internation R&D-project in coloured BIPV solutions

Financial highlights

Highlights H1 2024

Net revenue

In H1 2024, net revenue reached DKK 16.1m, resulting in a 64% decrease from DKK 44.5m in H1 2023.

The German market continues to represent the highest proportion of the Group's total revenue and increased its contribution to 82% of the H1 2024 revenue versus 63% in H1 2023. The German revenue decreased from DKK 28,0m in H1 2023 to DKK 13.1m in Q1 2024. Likewise did the Danish revenue decrease from DKK 16.4m in H1 2023 to DKK 3.0m in H1 2024.

Gross profit

The H1 2024 gross profit was DKK 6.4m, equaling a gross margin of 39.6%, in contrast to DKK 11.8m and 26.5% in H1 2023. The positive development in gross margin is the result of stronger internal delivery processes and adjusted pricing on installations and goods.

Both the German and the Danish markets show improved gross margins, and the continued maturity of the business is expected to result in a higher annual gross margin in 2024 compared to 2023.

EBITDA

For H1 2024, the EBITDA reached DKK -7.6m, compared to a negative EBITDA of DKK -5.3m in H1 2023. The lower turnover has the biggest impact on the decreased EBITDA. However, the EBITDA in H1 2024 is positively impacted by the improved gross margin. Further, the EBITDA for H1 2024 is positively impacted by an overall cost reduction compared to H1 2023 of DKK 2.7m. Other external expenses and staff cost were reduced with DKK 1.6m and DKK 1.0m, respectively, compared with H1 2023.

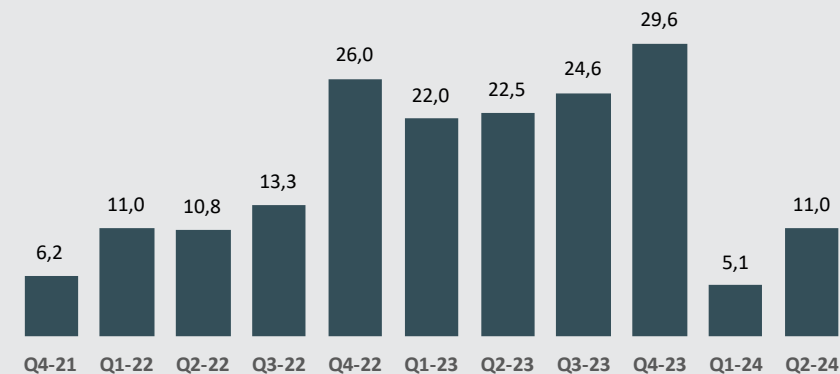
Depreciations and amortization

In H1 2024, depreciation and amortization costs reached DKK 1.6m, compared to DKK 1.8m in the period of the previous year. The decrease mainly reflects a relocation of the German office in Q1 2023.

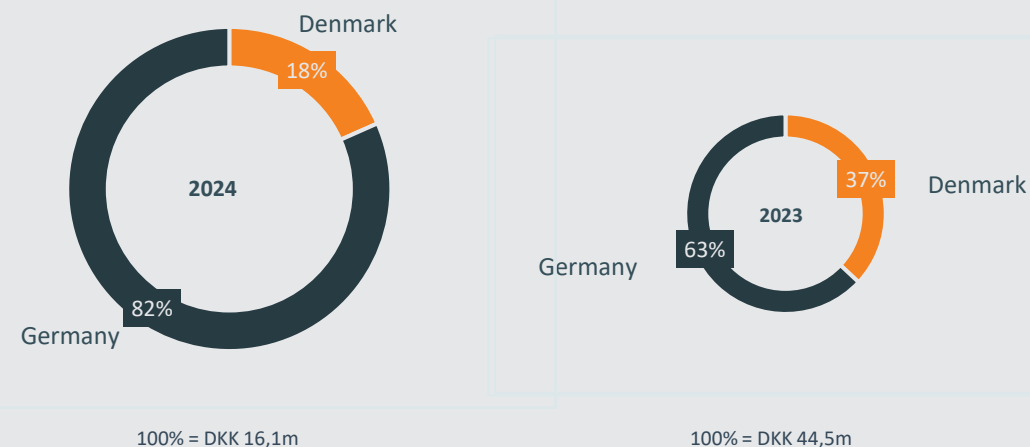
Financial items

The net financial items for H1 2024 was DKK -0.7m compared to DKK -0.9m in H1 2023. The development in financial items for H1 2024 compared to H1 2023 primarily reflects the decreased interest-bearing debt.

Revenue per quarter (DKKm)



H1 revenue per country



Financial highlights

Working capital

The working capital amounted to DKK 16.5m at the end of H1 2024 compared to DKK 7.7m end of H1 2023. Increases in inventories (DKK 4.9m), receivables (DKK 4.7m) and other liabilities (DKK 1.7m) combined with a drop in contract assets (5.9m), trade payables (DKK 4.2m) and prepayments from customers (DKK 2.5m) causes the raise in working capital with 8.8m.

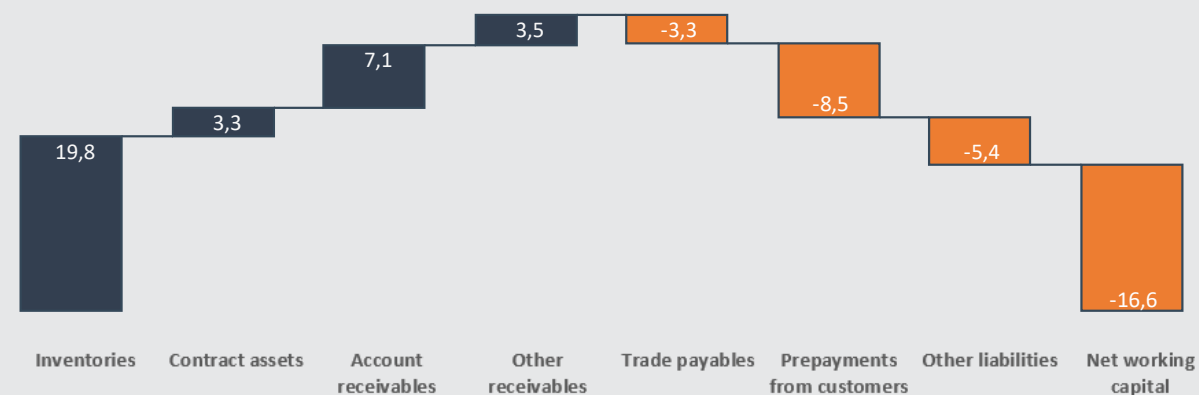
This increase can largely be attributed to the development in activity level during 2023, expectations for deliveries in H1 2024 and long lead times on raw materials. Consequently, the inventory balance that was DKK 4.9m higher at the end of H1 2024 compared to the same time last year. It is expected that the inventory will be lowered significantly during Q3, thereby reducing working capital further and releasing liquidity.

Cash flow

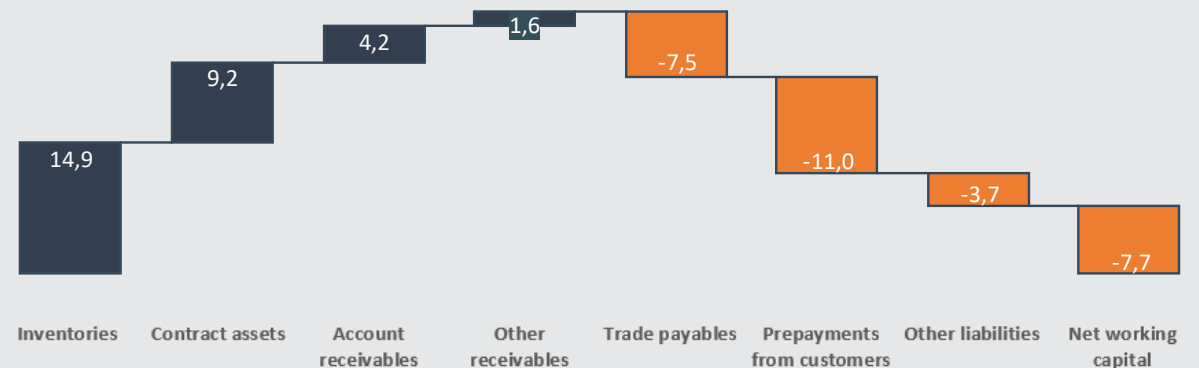
The free cash flow for Q2 2024 was -0.1m and H1 2024 was DKK -10.4m compared to DKK -8.8m in H1 2023. The negative free cash flow in 2024 is mainly driven by the negative operating result.

Cash flow from financing activities for H1 2024 was DKK -1.9m and H1 2023 cash flow from financing activities was DKK 10.4m. Both periods were impacted by repayment of debts and in H1 2023 a capital increase of 13.0M.

Working capital 30 June 2024 (DKKm)



Working capital 30 June 2023 (DKKm)





Outlook 2024

Due to a general decline in the 2024 constructions activities in both Germany and Denmark caused by a rapid rise in interest rates and inflation of building component costs, Ennogie's 2024 revenue is expected to decrease from 2023 to DKK 70-90 million. With restrained spending compared to 2023, expectations for the 2024 EBITDA are DKK -5 to 0 million.

Assumptions for 2024 financial outlook

The financial outlook for 2024 is based on a number of assumptions. Management considers the most significant assumptions to be related to the following:

Order intake is an important parameter for revenue over the next 6-24 months

Ennogie is working to secure a number of large B2B orders that are maturing. Individual orders and their timing, especially within the B2B segment, can have a significant impact on order intake and consequently revenue.

Changes in market conditions, especially developments in interest rates, electricity prices, and the price of and access to craftsmen, may also affect Ennogie's 2024 order intake.

Revenue to decrease slightly

Ennogie expects a slightly negative development in the group's revenue in 2024 compared to 2023:

- The new initiative with Dach Decker Einkauf is expected to have a positive impact on the order intake and deliveries in 2024 as the nature of Dach Decker Einkauf is a much faster quotation to order to delivery process than housing associations and developers in general.
- In addition, a growing focus on housing associations and developers and a consequently healthy project pipeline is expected to have significant impact on the 2024 order intake and deliveries.
- The new markets, Poland and France, are not expected to have any significant impact on 2024.
- Revenue from the residential sector will decrease compared to 2023.

The revenue forecast is based on an end 2023 order backlog of DKK 27 million, 2024 year-to-date order intake and a healthy quotation pipeline.

Ability to scale organization and production

The outlook is based on the group's ability to scale the organization up and down according to the activity level. Functions involved in processes related to order deliveries are crucial to deliver the expected revenue with the expected gross margin.

Production capacity was increased in the fourth quarter of 2023, and the outlook is based on Ennogie having the ability to adjust capacity to a lower level in the first half of 2024.

Financial Statements

Comprehensive Income Statement

Amounts in DKK '000	Note	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Revenue	3, 4	10.959	22.503	16.100	44.472	98.775
Cost of sales		(6.491)	(15.975)	(9.722)	(32.688)	(71.545)
Gross profit		4.467	6.528	6.378	11.784	27.230
Work performed by the entity and capitalized		406	375	842	750	2.442
Other external expenses		(2.643)	(2.613)	(4.946)	(5.947)	(13.559)
Staff costs		(5.058)	(6.046)	(10.921)	(12.483)	(20.203)
Other operating income		630	262	1.082	635	1.350
Operating result before depreciations and amortizations (EBITDA)		(2.198)	(1.495)	(7.565)	(5.261)	(2.740)
Depreciation, amortization and impairment		(802)	(936)	(1.572)	(1.814)	(3.423)
Operating result (EBIT)		(3.000)	(2.430)	(9.137)	(7.075)	(6.163)
Financial items net		(455)	(511)	(726)	(862)	(1.810)
Result before tax		(3.455)	(2.942)	(9.863)	(7.937)	(7.973)
Corporation tax for the period		0	0	0	0	0
Result for the period		(3.455)	(2.942)	(9.863)	(7.937)	(7.973)
Other comprehensive income						
Exchange rate adjustments of foreign subsidiaries		(8)	2	(4)	(8)	(14)
Comprehensive income for the period		(3.463)	(2.940)	(9.867)	(7.945)	(7.987)
Earnings per share, DKK		(0,11)	(0,10)	(0,31)	(0,28)	(0,29)
Earnings per share, diluted, DKK		(0,11)	(0,09)	(0,31)	(0,25)	(0,26)
GM%		40,8%	29,0%	39,6%	26,5%	27,6%

Financial position statement

Amounts in DKK '000	Note	30.06.24	30.06.23	31.12.23
Intangible assets		16.172	14.074	15.603
Tangible assets		2.683	3.118	2.626
Deposits		201	201	201
Other financial assets		2.283	2.696	2.629
Non-current assets	3	21.338	20.089	21.059
Inventories		19.832	14.932	19.306
Accounts receivable		7.088	4.233	4.520
Contract assets		3.297	9.218	11.628
Tax receivables		0	293	0
Other receivables		2.401	840	2.165
Prepayments		1.075	802	671
Receivables		13.861	15.386	18.985
Cash & cash equivalents		1.525	13.562	13.840
Current assets		35.219	43.880	52.131
Total assets		56.557	63.970	73.190

Amounts in DKK '000	Note	30.06.24	30.06.23	31.12.23
Share capital		31.360	28.394	31.360
Treasury shares		(561)	(561)	(561)
Currency adjustments		(18)	(8)	(14)
Retained earnings		(11.540)	(10.158)	(1.721)
Equity		19.241	17.666	29.064
Provisions		616	483	603
Lease liabilities		776	1.644	1.015
Interest-bearing debt		12.177	16.559	14.652
Deferred income		1.581	2.209	1.895
Non-current liabilities		15.150	20.894	18.165
Current part of long term interest-bearing debt		4.857	3.992	4.396
Bank debts		309	414	307
Lease liabilities		1.494	904	1.147
Prepayments from customers		8.453	11.046	5.580
Trade payables		3.268	7.536	12.498
Other liabilities		3.143	891	1.392
Deferred income		642	627	642
Current liabilities		22.165	25.409	25.961
Total liabilities		37.315	46.304	44.126
Total equity and liabilities		56.557	63.970	73.190

Equity Statement

Amounts in DKK '000

	Share capital	Treasury shares	Currency adjustments	Retained earnings	Total
Equity at 1 January 2024	31.360	(561)	(14)	(1.721)	29.064
Result for the period	0	0	0	(9.863)	(9.863)
Other comprehensive income	0	0	(4)	0	(4)
Share-based payments	0	0	0	44	44
Equity at 30 June 2024	31.360	(561)	(18)	(11.540)	19.241

	Share capital	Treasury shares	Currency adjustments	Retained earnings	Total
Equity at 1 January 2023	27.784	(561)	0	(15.298)	11.925
Result for the period	0	0	0	(7.937)	(7.937)
Other comprehensive income	0	0	(8)	0	(8)
Share-based payments	0	0	0	647	647
Capital increase	610	0	0	12.430	13.040
Equity at 30 June 2023	28.394	(561)	(8)	(10.158)	17.666

Cash Flow Statement

Amounts in DKK '000	Q2 2024	H1 2024	H1 2023	FY 2023
Operating result (EBIT)	(3.455)	(9.863)	(7.937)	(7.987)
Depreciation, amortization and impairment	802	1.572	1.814	3.423
Share-based payments	44	44	647	(138)
Changes in provisions	0	13	43	163
Operating cash flows before changes in working capital	(2.609)	(8.235)	(5.434)	(4.539)
Working capital movements				
- Change in inventories	1.753	(527)	711	(3.663)
- Change in receivables	3.982	5.359	(2.489)	(5.339)
- Change in other receivables	163	(235)	129	(913)
- Change in trade payables, etc.	(954)	(9.230)	3.601	8.564
- Change in prepayments from customers	(212)	2.873	1.135	(4.331)
- Change in prepayments	(314)	(314)	(314)	(627)
- Change in other liabilities	(864)	1.751	(3.513)	(3.012)
Cash flow from operating activities	944	(8.557)	(6.173)	(13.861)
Income taxes paid	0	0	(293)	0
Cash flow from operations	944	(8.557)	(6.466)	(13.861)
Acquisition of property, plant and equipment	(738)	(861)	(373)	(358)
Investment in intangible assets	(675)	(1.337)	(1.298)	(3.611)
Change in financial assets	346	346	(639)	(572)
Cash flow from investments	(1.067)	(1.851)	(2.310)	(4.541)
Free cash flow	(123)	(10.408)	(8.777)	(18.402)
Proceeds from capital increase	0	0	13.040	25.490
Repayment of borrowings	(1.008)	(2.012)	(1.964)	(3.574)
Repayment of leasing liabilities	346	107	(695)	(1.415)
Cash flow from financing activities	(662)	(1.905)	10.382	20.287
Net cash flow for the period	(785)	(12.313)	1.605	1.885
Cash and cash equivalent at the beginning of the period	2.318	13.840	11.966	11.966
Exchange rate adjustments on cash	(8)	(4)	(8)	(12)
Net cash flow for the period	(785)	(12.313)	1.605	1.885
Cash and cash equivalent at the end of the period	1.525	1.525	13.562	13.840

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 2023 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 2023 annual report for a more detailed description of the accounting policies.

The applied accounting policies are unchanged compared to the annual report for 2023. New or amended standards and interpretations becoming effective for the financial year 2024 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 2023.

Notes

3. Segment information

The Group does not have reportable segments, as management does not make decisions on aggregated financials. Revenue and non-current assets are the only segmented areas. All decisions and the ongoing review of the financial performance are based on the consolidated figures of the Group.

Amounts in DKK '000	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Revenue, geographical segments					
Denmark	2.169	4.133	2.957	16.447	25.786
Germany	8.789	18.370	13.143	28.025	72.989
Total revenue	10.959	22.503	16.100	44.472	98.775

Amounts in DKK '000	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Non-current assets, geographical segments					
Denmark			18.937	17.392	18.802
Germany			2.122	2.697	2.257
Total non-current assets			20.845	20.089	21.059

4. Revenue

Amounts in DKK '000	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Timing of revenue recognition					
At a point in time	10.912	21.491	15.983	39.863	86.764
Over time	46	1.012	117	4.609	12.011
Revenue from contracts with customers	10.959	22.503	16.100	44.472	98.775

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 2024.

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 2024 and of the results of the Group's operations and cash flows for the financial period 1 January - 30 June 2024.

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 2024

Executive Management

Lars Brøndum Petersen

Martin Woldby Papsø

Leif Arnbjerg

Board of Directors

Henrik Golman Lunde, chairman

Peter Ott

Klaus Lorentzen

Silke Weiss