



Interim report for Q3 2024

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



Letter from the CEO

EBITDA break-even

Ennogie Solar Group break even on EBITDA in Q3 after a H1 result of DKK -7.6m. The satisfying improvement was driven by a number of factors. Firstly, the Q3 revenue of DKK 14.1m was an increase of 28% compared to Q2 and 174% compared to Q1.

Positively the Q3 gross margin of 39.7% and the YTD gross margin of 39.7% are considerably higher than the 2023 gross margin of 27.6%. The solid improvement is driven by a greater focus on achieving higher margins in the sales process and lowering the production cost of our solar roof solution.

We have also succeeded in lowering our spending on staff cost and other expenses in Q3 to DKK 6.4m from a quarterly average of DKK 7.9m in H1 2024 and DKK 8.4m in 2023. Specifically, we have reduced direct salaries by 19% from DKK 5.096 in Q3 2023 to DKK 4.144 in Q3 2024. The reduction originates from a reduction of 8 employees in Denmark and 4 employees in Germany. Moreover, most expense accounts have shrunk when comparing Q1-Q3 2024 with Q1-Q3 2023 with administration being the largest contributor with a decrease of DKK 881t corresponding to 22%. In comparison, sales & marketing cost has only been reduced with 7% as we wish to keep investing in generation of customer leads. Overall, the reduction in spending reflects the ongoing strong attention on lowering spending to a level reflecting the current market conditions and the consequently, decrease in revenue compared to 2023.

Order intake

The market is still challenged by continued high interest rates, inflation in building materials and low construction activity. The Q3 order intake amounted to DKK 10.0m, which is a reduction from Q2. Germany accounts for the main share of the order intake. YTD order intake comes to DKK 36.8m, still with Germany as the main contributor.

We have launched campaigns in both Germany and Denmark in order to stimulate order intake. In addition, we are investigating products variants that can potentially represent new revenue opportunities. Opportunities in France and Poland are also being investigated. We are preparing for a certification of our solar roof in France and researching the market as well as exploring an entry strategy. In Poland, we have participated in promotional initiatives under the Trade Council, alongside progress in individual projects. Finally, our German subsidiary has secured the first order from Austria.

Management changes

After Q3 the board of directors carried out a major management change. Lars Brøndum Petersen, who had been CEO since 2019 assumed the role of international director with responsibility for Germany as well as business development including the penetration of the French and Polish markets. At the same time, Henrik Lunde took over as CEO and Ennogie's main shareholder Kim Mikkelsen took over from Henrik Lunde as chairman of the board of directors.

The changes were implemented in order to grow revenue through further internationalization and business development initiatives as well as to secure operational efficiency and lower cost of goods. All this paving the road to profitability.

Henrik Lunde, 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 Q3 2024 highlights



Live test of Ennogie's battery
We are now live-testing our battery solution



First order delivered to Austria
Roof to a new house in Nickelsdorf



First order delivered via Dachdecker-Einkauf
Dachdecker-Einkauf is now 15% of the pipeline to consumers

Financial highlights

Highlights Q1-Q3 2024

Net revenue

In Q1-Q3 2024, net revenue reached DKK 30.2m, resulting in a 56% decrease from DKK 69.1m in Q1-Q3 2023.

The German market continues to represent the highest proportion of the Group's total revenue and increased its contribution to 86% of the Q1-Q3 2024 revenue versus 68% in Q1-Q3 2023. The German revenue decreased from DKK 46.9m in Q1-Q3 2023 to DKK 26.0m in Q1-Q3 2024. Likewise did the Danish revenue decrease from DKK 22.2m in Q1-Q3 2023 to DKK 4.1m in Q1-Q3 2024.

Gross profit

The Q1-Q3 2024 gross profit was DKK 12.0m, equaling a gross margin of 39.7%, in contrast to DKK 18.5m and 26.8% in Q1-Q3 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 Q1-Q3 2024, the EBITDA reached DKK -7.5m, compared to a EBITDA of DKK -4.4m in Q1-Q3 2023. The lower turnover has the biggest impact on the decreased EBITDA. However, the EBITDA in Q1-Q3 2024 is positively impacted by the improved gross margin. Further, the EBITDA for Q1-Q3 2024 is positively impacted by an overall cost reduction compared to Q1-Q3 2023 of DKK 3.3m. Other external expenses and staff cost were reduced with DKK 1.2m and DKK 2.1m, respectively, compared with Q1-Q3 2023.

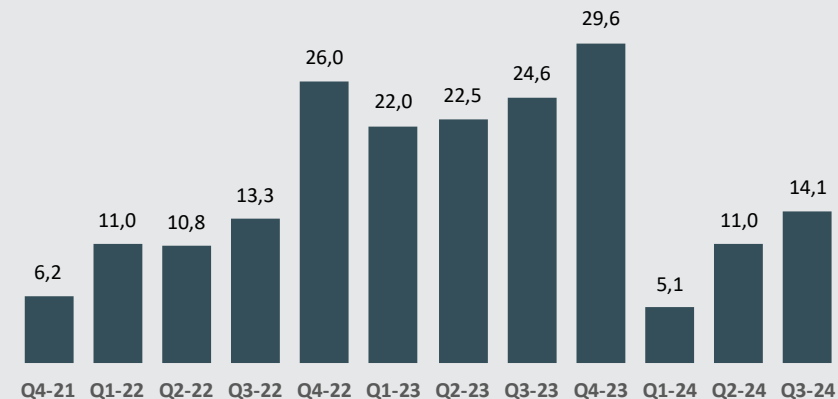
Depreciations and amortization

In Q1-Q3 2024, depreciation and amortization costs reached DKK 2.4m, compared to DKK 2.6m in the period of the previous year. The decrease mainly reflects a relocation of the German office in Q1 2023.

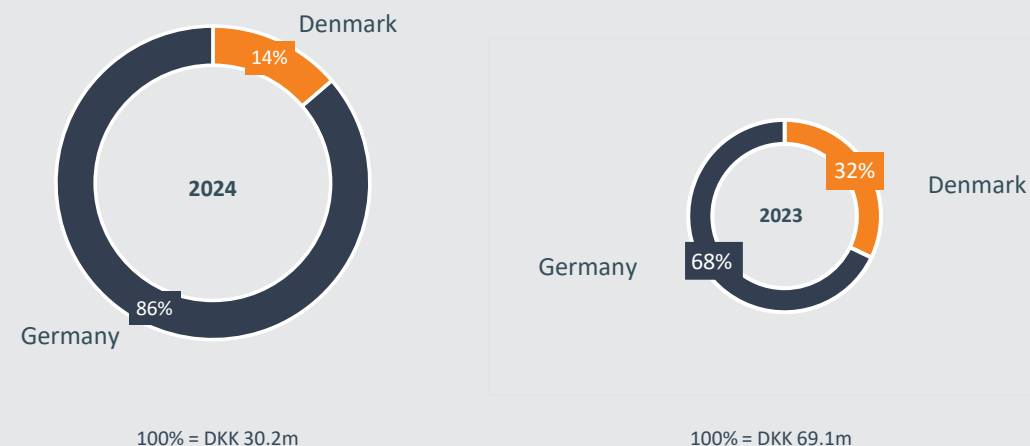
Financial items

The net financial items for Q1-Q3 2024 was DKK -0.9m compared to DKK -1.5m in Q1-Q3 2023. The development in financial items for 2024 compared to 2023 primarily reflects the decreased interest-bearing debt and lower interest rate.

Revenue per quarter (DKKm)



Q1-Q3 revenue per country



Financial highlights

Working capital

The working capital amounted to DKK 12.1m at the end of Q3 2024 compared to DKK 12.8m end of Q3 2023. Increases in inventories (DKK 0.7m), receivables (DKK 3.9m) and trade payables (DKK 2.0m) combined with a drop in contract assets (4.6m) and prepayments from customers (DKK 0.7m) causes the drop in working capital with 0.7m.

This decrease can be attributed to the lower volume of contract assets combined with higher volume of receivables. During Q3 2024 the inventories have been reduced by DKK 1.1m consequently, the inventory balance was DKK 0.7m higher at the end of Q3 2024 compared to the same time last year. It is expected that the inventory also will be lowered during Q4, thereby reducing working capital further and releasing liquidity.

Cash flow

The free cash flow for Q1-Q3 2024 was DKK -6.9m compared to DKK -15.6m in Q1-Q3 2023. The negative free cash flow in 2024 is mainly driven by the negative operating result.

Cash flow from financing activities for Q1-Q3 2024 was DKK -3.6m and Q1-Q3 2023 cash flow from financing activities was DKK 9.4m. Both periods were impacted by repayment of debts and in Q1-Q3 2023 a capital increase of 13.0M.

Highlights Q3 2024

Net revenue

In Q3 2024, net revenue reached DKK 14.1m, resulting in a 43% decrease from DKK 24.6m in Q3 2023.

Gross profit

The Q3 2024 gross profit was DKK 5.6m, with a gross margin of 39.7%, in contrast to DKK 6.7m and 27.2% in Q3 2023.

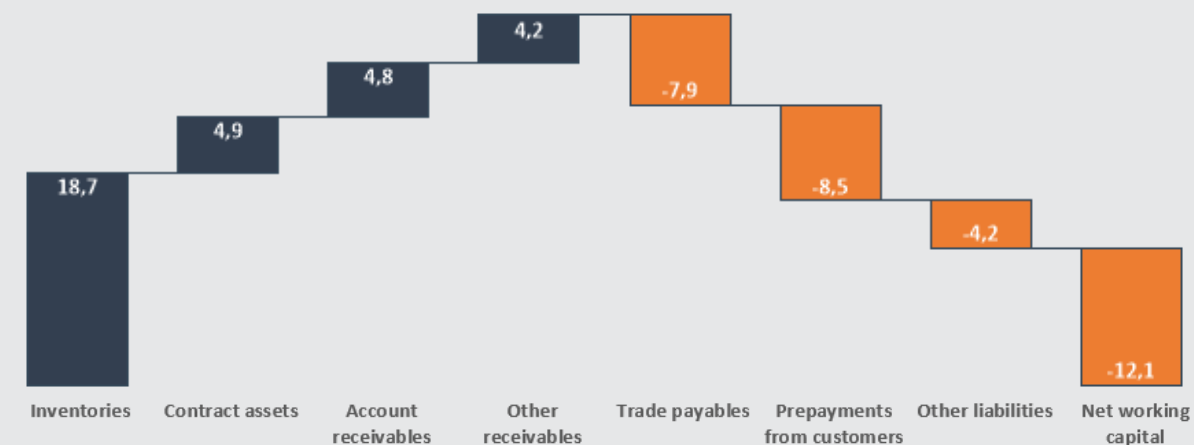
EBITDA

For Q3 2024, the EBITDA reached DKK 33t, compared to an EBITDA of DKK 823t in Q3 2023. In addition, Q3 2023 EBITDA was positively impacted with DKK 905t by cancellation of previously granted warrants.. The DKK 10.5m lower turnover has a big impact on the decreased EBITDA. The improved gross margin and cost reduction compared to Q3 2023 however, result in a positive EBITDA for Q3 2024.

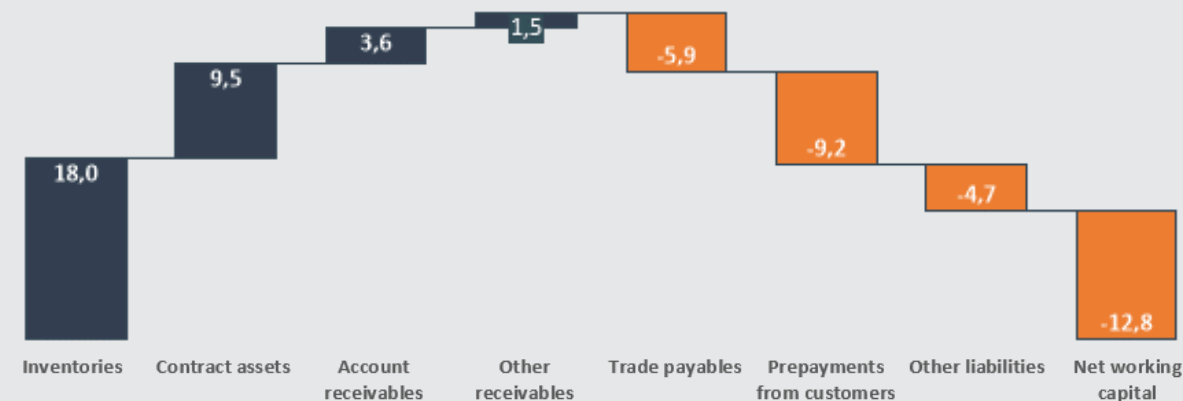
Cash Flow

The free cash flow for Q3 2024 was positive with DKK 3.5m. Cash flow from financing activities for Q3 was DKK -1,7m.

Working capital 30 September 2024 (DKKm)



Working capital 30 September 2023 (DKKm)





Outlook 2024

In connection with the release of the 2023 annual report on the 2nd of April 2024 Ennogie provided a financial outlook for 2024. Ennogie expected 2024 revenue to decrease from 2023 to DKK 70-90m and a 2024 EBITDA of DKK -5 to 0m. This was based on 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 as well as restrained spending compared to 2023.

On the 11th of October 2024 Ennogie changed the financial outlook for 2024 to revenue of DKK 50-60m and EBITDA of DKK -9 to -5m. The change was due to time lags in order intake and delivery of German projects primarily driven by the slowdown in the German economy prolonging purchase decisions.

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:

Delivery of orders according schedule

The revenue expectation is for large parts based on a current backlog with expected deliveries in Q4 2024. The execution of the backlog is based on the group's ability to deliver according to agreements. Customers wanting to postpone deliveries can have a significant impact on revenue.

Order intake in Q4

Ennogie is working to secure a number of orders in Q4 2024 with delivery in Q4 2024. Individual orders and their timing can have a significant impact on order intake and consequently revenue.

Gross margin

The year-to-date gross margin has improved to 39.7% from 26.8% in Q1-Q3 2023. Securing that the gross margin stays at a higher level than in 2023 is important for the EBITDA expectations.

Expenses

The lower cost level from Q1-Q3 in 2024 is expected to continue in Q4.

Financial Statements

Comprehensive Income Statement

Amounts in DKK '000	Note	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	FY 2023
Revenue	3, 4	14.064	24.637	30.164	69.109	98.775
Cost of goods sold		(8.475)	(17.925)	(18.197)	(50.613)	(71.545)
Gross profit		5.589	6.712	11.967	18.496	27.230
Work performed by the entity and capitalized		391	923	1.233	1.673	2.442
Other external expenses		(2.113)	(2.295)	(7.059)	(8.242)	(13.559)
Staff costs		(4.244)	(4.823)	(15.165)	(17.306)	(20.203)
Other operating income		411	306	1.493	941	1.350
Operating result before depreciations and amortizations (EBITDA)		33	823	(7.531)	(4.439)	(2.740)
Depreciation, amortization and impairment		(782)	(793)	(2.354)	(2.606)	(3.423)
Operating result (EBIT)		(749)	30	(9.886)	(7.045)	(6.163)
Financial items net		(188)	(588)	(915)	(1.450)	(1.810)
Result before tax		(937)	(558)	(10.801)	(8.495)	(7.973)
Corporation tax for the period		0	0	0	0	0
Result for the period		(937)	(558)	(10.801)	(8.495)	(7.973)
Other comprehensive income						
Exchange rate adjustments of foreign subsidiaries		(8)	(9)	(1)	(19)	(14)
Comprehensive income for the period		(945)	(567)	(10.801)	(8.514)	(7.987)
Earnings per share, DKK		(0,03)	(0,02)	(0,34)	(0,30)	(0,29)
Earnings per share, diluted, DKK		(0,03)	(0,02)	(0,34)	(0,27)	(0,26)
GM%		39,7%	27,2%	39,7%	26,8%	27,6%

Financial position statement

Amounts in DKK '000	Note	30.09.24	30.09.23	31.12.23
Intangible assets		16.658	15.035	15.603
Tangible assets		2.038	2.778	2.626
Deposits		201	201	201
Other financial assets		2.558	2.909	2.629
Non-current assets	3	21.455	20.923	21.059
Inventories		18.715	18.020	19.306
Accounts receivable		4.779	3.572	4.520
Contract assets		4.924	9.540	11.628
Other receivables		3.301	681	2.165
Prepayments		850	805	671
Receivables		13.855	14.598	18.985
Cash & cash equivalents		3.303	5.727	13.840
Current assets		35.872	38.345	52.131
Total assets		57.327	59.268	73.190

Amounts in DKK '000	Note	30.09.24	30.09.23	31.12.23
Share capital		31.360	28.394	31.360
Treasury shares		(561)	(561)	(561)
Currency adjustments		(15)	(19)	(14)
Retained earnings		(12.474)	(11.523)	(1.721)
Equity		18.310	16.291	29.064
Provisions		616	545	603
Lease liabilities		679	1.356	1.015
Interest-bearing debt		11.149	15.917	14.652
Deferred income		1.424	2.052	1.895
Non-current liabilities		13.868	19.870	18.165
Current part of long term interest-bearing debt		4.878	4.039	4.396
Bank debts		235	381	307
Lease liabilities		970	898	1.147
Prepayments from customers		8.486	9.207	5.580
Trade payables		7.851	5.908	12.498
Other liabilities		2.100	2.026	1.392
Deferred income		627	649	642
Current liabilities		25.148	23.108	25.961
Total liabilities		39.016	42.977	44.126
Total equity and liabilities		57.327	59.268	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)	(1.739)	29.046
Result for the period	0	0	0	(10.801)	(10.801)
Other comprehensive income	0	0	(1)	0	(1)
Share-based payments	0	0	0	66	66
Equity at 30 September 2024	31.360	(561)	(15)	(12.474)	18.310

	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)
Share-based payments	0	0	0	745	745
Cancellation of warrants	0	0	0	(905)	(905)
Capital increase	610	0	0	12.430	13.040
Equity at 30 September 2023	28.394	(561)	(21)	(11.521)	16.291

Cash Flow Statement

Amounts in DKK '000	Q3 2024	Q1-Q3 2024	Q1-Q3 2023	FY 2023
Operating result (EBIT)	(937)	(10.801)	(8.495)	(7.987)
Depreciation, amortization and impairment	782	2.354	2.606	3.423
Share-based payments	22	66	(160)	(138)
Changes in provisions	0	13	105	163
Operating cash flows before changes in working capital	(133)	(8.368)	(5.944)	(4.539)
Working capital movements				
- Change in inventories	1.118	591	(2.377)	(3.663)
- Change in receivables	907	6.266	(2.152)	(5.339)
- Change in other receivables	(901)	(1.136)	287	(913)
- Change in trade payables, etc.	4.583	(4.647)	1.973	8.564
- Change in prepayments from customers	33	2.907	(703)	(4.331)
- Change in prepayments	(157)	(471)	(471)	(627)
- Change in other liabilities	(1.043)	708	(2.356)	(3.012)
Cash flow from operations	4.408	(4.149)	(11.744)	(13.861)
Acquisition of property, plant and equipment	212	(647)	(390)	(358)
Investment in intangible assets	(870)	(2.206)	(2.643)	(3.611)
Change in financial assets	(276)	71	(852)	(572)
Cash flow from investments	(934)	(2.783)	(3.885)	(4.541)
Free cash flow	3.474	(6.932)	(15.629)	(18.402)
Proceeds from capital increase	0	0	13.040	25.490
Repayment of borrowings	(1.080)	(3.092)	(2.591)	(3.574)
Repayment of leasing liabilities	(619)	(513)	(1.041)	(1.415)
Cash flow from financing activities	(1.699)	(3.605)	9.408	20.287
Net cash flow for the period	1.775	(10.537)	(6.221)	1.885
Cash and cash equivalent at the beginning of the period	1.525	13.840	11.966	11.966
Exchange rate adjustments on cash	3	(1)	(19)	(12)
Net cash flow for the period	1.775	(10.537)	(6.221)	1.885
Cash and cash equivalent at the end of the period	3.303	3.303	5.727	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	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	FY 2023
Revenue, geographical segments					
Denmark	1.175	5.750	4.132	22.196	25.786
Germany	12.890	18.887	26.033	46.912	72.989
Total revenue	14.064	24.637	30.164	69.109	98.775
Amounts in DKK '000			30.09.24	30.09.23	31.12.23
Non-current assets, geographical segments					
Denmark			19.190	18.414	18.802
Germany			1.869	2.509	2.257
Total non-current assets			21.455	20.923	21.059

4. Revenue

Amounts in DKK '000	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	FY 2023
Timing of revenue recognition					
At a point in time	14.064	21.703	30.047	61.566	86.764
Over time	0	2.933	117	7.543	12.011
Revenue from contracts with customers	14.064	24.637	30.164	69.109	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 September 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 September 2024 and of the results of the Group's operations and cash flows for the financial period 1 January - 30 September 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, 26 November 2024

Executive Management

Henrik Golman Lunde

Martin Woldby Papsø

Leif Arnbjerg

Board of Directors

Kim Haugstrup Mikkelsen
chairman

Klaus Lorentzen

Silke Weiss