

# **Enpal B.V.**

## **Annual Report for the year ended 31 December 2023**

Consolidated EU-IFRS financial statements with separate financial statements prepared in accordance with Title 9, Book 2 by applying the accounting principles on recognition and measurement as applied in the consolidated financial statements (“combination 3”)

<b>Management Report for Financial Year 2023 .....</b>	<b>5</b>
<b>1 Group Profile.....</b>	<b>5</b>
<b>2 Economic Position .....</b>	<b>9</b>
<b>3 Outlook.....</b>	<b>19</b>
<b>4 Risk Management .....</b>	<b>20</b>
<b>5 Assessment of the Economic Situation.....</b>	<b>27</b>
<b>Consolidated Financial Statements .....</b>	<b>28</b>
<b>Consolidated Statement of Profit or Loss and other Comprehensive Income for Financial Year 2023.....</b>	<b>28</b>
<b>Consolidated Statement of Financial Position as at 31 December 2023.....</b>	<b>29</b>
<b>Consolidated Statement of Changes in Equity for Financial Year 2023 .....</b>	<b>31</b>
<b>Consolidated Cash Flow Statement for Financial Year 2023 .....</b>	<b>33</b>
<b>Notes to the Consolidated Financial Statements for Financial Year 2023 .....</b>	<b>35</b>
<b>1 General Remarks.....</b>	<b>35</b>
<b>2 Material Accounting Policies.....</b>	<b>35</b>
<b>3 Significant Accounting Judgments, Estimates and Assumptions.....</b>	<b>55</b>
<b>4 Notes to the Consolidated Financial Statements.....</b>	<b>58</b>
<b>(1.) Revenue .....</b>	<b>58</b>
<b>(2.) Cost of Sales .....</b>	<b>59</b>
<b>(3.) Selling Expenses .....</b>	<b>59</b>
<b>(4.) Administrative Expenses .....</b>	<b>60</b>
<b>(5.) Other Operating Expenses .....</b>	<b>60</b>
<b>(6.) Other Financial Income .....</b>	<b>60</b>
<b>(7.) Other Finance Costs.....</b>	<b>61</b>
<b>(8.) Income Taxes.....</b>	<b>61</b>
<b>(9.) Personnel Expenses .....</b>	<b>64</b>
<b>(10.) Intangible Assets.....</b>	<b>64</b>
<b>(11.) Property, Plant and Equipment .....</b>	<b>66</b>
<b>(12.) Right-of-Use Assets and Lease Liabilities .....</b>	<b>67</b>
<b>(13.) Lease and Loan Receivables .....</b>	<b>68</b>

(14.)	Inventories .....	70
(15.)	Trade Receivables .....	70
(16.)	Other Financial Assets.....	70
(17.)	Other Non-Financial Assets.....	71
(18.)	Cash and Cash Equivalents.....	71
(19.)	Disposal group classified as held-for-sale.....	72
(20.)	Equity.....	73
(21.)	Convertible Loan .....	74
(22.)	Bank Loans .....	75
(23.)	Asset-Backed Loans .....	76
(24.)	Provisions .....	78
(25.)	Trade Payables .....	78
(26.)	Supplier Finance Liabilities .....	78
(27.)	Other Financial Liabilities.....	79
(28.)	Other Non-Financial Liabilities.....	80
(29.)	Share-Based Payments .....	80
(30.)	Financial Instruments .....	82
(31.)	Risks from Financial Instruments .....	87
(32.)	Capital Management .....	91
(33.)	Cash Flow Statement.....	91
(34.)	Related Party Disclosures .....	92
(35.)	Auditor's fees .....	93
(36.)	Subsequent events .....	93
	<b>Separate Financial Statements.....</b>	<b>95</b>
	<b>Separate Statement of Financial Position as at 31 December 2023 .....</b>	<b>95</b>
	<b>Separate Statement of Profit or Loss for Financial Year 2023 .....</b>	<b>97</b>
	<b>Notes to the Separate Financial Statements for Financial Year 2023.....</b>	<b>98</b>
1	<b>General Remarks.....</b>	<b>98</b>
2	<b>Basis of preparation.....</b>	<b>102</b>
3	<b>Notes to the Separate Financial Statements .....</b>	<b>103</b>
(1.)	<b>Net Turnover.....</b>	<b>103</b>

<b>(2.)</b>	<b>Share in Results from Participating Interests .....</b>	<b>103</b>
<b>(3.)</b>	<b>Other Income and Expenses .....</b>	<b>104</b>
<b>(4.)</b>	<b>Employee Benefits .....</b>	<b>104</b>
<b>(5.)</b>	<b>Number of Employees.....</b>	<b>104</b>
<b>(6.)</b>	<b>Intangible Fixed Assets .....</b>	<b>104</b>
<b>(7.)</b>	<b>Tangible Fixed Assets .....</b>	<b>105</b>
<b>(8.)</b>	<b>Financial Fixed Assets .....</b>	<b>108</b>
<b>(9.)</b>	<b>Inventories .....</b>	<b>111</b>
<b>(10.)</b>	<b>Trade and other Receivables.....</b>	<b>111</b>
<b>(11.)</b>	<b>Cash and Cash Equivalents .....</b>	<b>111</b>
<b>(12.)</b>	<b>Shareholders' Equity.....</b>	<b>112</b>
<b>(13.)</b>	<b>Provisions .....</b>	<b>114</b>
<b>(14.)</b>	<b>Convertible Loan .....</b>	<b>114</b>
<b>(15.)</b>	<b>Bank Loans .....</b>	<b>114</b>
<b>(16.)</b>	<b>Trade Payables .....</b>	<b>114</b>
<b>(17.)</b>	<b>Supplier Finance Liabilities .....</b>	<b>114</b>
<b>(18.)</b>	<b>Other Financial Liabilities.....</b>	<b>115</b>
<b>(19.)</b>	<b>Other Non-Financial Liabilities.....</b>	<b>115</b>
<b>(20.)</b>	<b>Share-Based Payments .....</b>	<b>115</b>
<b>(21.)</b>	<b>Financial Instruments .....</b>	<b>115</b>
<b>(22.)</b>	<b>Off-Balance Sheet Assets and Liabilities.....</b>	<b>118</b>
<b>(23.)</b>	<b>Related Parties.....</b>	<b>118</b>
<b>(24.)</b>	<b>Auditor's Fees .....</b>	<b>119</b>
<b>(25.)</b>	<b>Subsequent Events.....</b>	<b>119</b>
<b>(26.)</b>	<b>Remuneration of executive directors and advisory board .....</b>	<b>119</b>
	<b>Other information.....</b>	<b>120</b>

# Management Report for Financial Year 2023

## 1 Group Profile

### 1.1 Business Model of the Enpal Group

Enpal pursues the objective of providing people with affordable green energy, and to ultimately connect consumers into a renewable energy community.

Enpal provides homeowners in Germany with a holistic renewable energy solution, consisting of photovoltaic systems, battery storage, electric vehicle charging systems for electric vehicles, smart electricity metering, and a home energy management platform including a consumer smartphone application, and a green electricity supply contract. This solution is available to customers either in a full-service lease model, or to purchase with a financing solution (“installment purchase contract”). Since the financial year Enpal is also offering electric heating solutions to customers to purchase.

Under the lease model, the customer enters into a 20-year lease and service agreement with a company of the Enpal Group for a renewable energy solution consisting of several of the above components. Under the installment purchase contract, customers purchase the renewable energy solution and obtain a loan with monthly instalments over 25 years.

Enpal has installed a total of 59,458 photovoltaic systems (2022: 30,016) with an energy generation capacity of 548.3 MWp (2022: 242.3 MWp), 50,116 battery storage units (2022: 20,081) with a storage capacity of 476.8 MWh (2022: 201.0 MWh), as well as 26,478 electric vehicle charging systems (2022: 7,159) and 1,130 heat pumps. In its role of metering point operator (Messstellenbetreiber), Enpal has installed and operates a total of 52,150 electricity meters of which 22,672 are smart meters coupled with a smart meter gateway (iMSys), which collects consumption data in 15-minute intervals and transmits encrypted data to the metering point operator, providing significantly more granular data and eliminating the need for physical in-person meter reads.

With the power generated and the storage capacity of the systems of Enpal’s customers, Enpal contributes towards sustainable and clean energy supply and helps households to become more independent from developments and price volatility on the electricity market.

The Enpal Group comprises Enpal B.V., which is the parent company of the Group, and its direct and indirect subsidiaries. A list of these equity investments can be found in the notes to the consolidated financial statements. Enpal B.V. was originally founded as Enpal GmbH and reorganized as Enpal B.V. at the beginning of the financial year. Enpal B.V. is a private company with limited liability incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office at Koppenstraße 8, 10243 Berlin, Germany. Enpal B.V. does not utilize a two-tier board system. The company is represented

by its executive directors. Main departments of Enpal are Sales, Marketing, Product, Logistics, Installation, Procurement, Finance and Human Resources.

Enpal B.V. assumes central administrative tasks for the group entities. Its management bears responsibility for managing the Group and implementing its strategy. In addition, Enpal B.V. is the main operating entity of the Enpal Group. Enpal B.V. purchases modules, inverters, battery storage units, EV chargers, smart electricity meters, and all other components of the photovoltaic systems and heat pumps from suppliers and has them installed by employees of the group entities with focus on fulfilment as well as external installation partners. In the full-service lease model, Enpal B.V. leases the systems via its subsidiaries, structured as special-purpose entities to its end customers. Refinancing is arranged via the special purpose vehicles which obtain long-term loans secured by the leases with customers and the leased photovoltaic systems from banks and other institutional investors referred to as asset-backed loans. In the instalment purchase model, Enpal B.V. acts directly as the counterparty to the consumer and sells the resulting long-term consumer loan receivables to separate special-purpose entities. Refinancing is arranged via the special-purpose entities, which issue notes to banks and other institutional investors, that are secured by the long-term consumer loan receivables. Sales activities, sourcing and logistics activities, installation of the photovoltaic systems and heat pumps, maintenance, metering operations and the green electricity tariff are provided by the operating subsidiaries.

In December 2023 Enpal entered into a share purchase agreement to sell the majority of its shares in Enpal Green Future Holding GmbH and Enpal Green Solutions Holding GmbH and the majority of the shareholder loans granted from Enpal B.V. to Enpal Green Future Holding GmbH and Enpal Green Solutions Holding GmbH. The transaction consists of four closings. After all closings are completed, Enpal will hold 10% of the shares in Enpal Green Solutions Holding GmbH and Enpal Green Future Holding GmbH and 10% of the shareholder loans granted to both entities. After completion of the transaction, Enpal's financial basis will be further strengthened.

The group employs a diverse and skilled workforce committed to the groups vision. The Enpal Group employed an average of 4,809 employees during the year of 2023:

- Sales and Marketing: 2,135 employees
- Product & Installation: 2,050 employees
- Administration: 495 employees
- Tech and Development: 130 employees

## 1.2 Group Strategy

Enpal pursues the goal of becoming the European market leader in decentralized renewable energy solutions for households. To achieve this goal, Enpal intends to continue to grow fast, steadily increase its operating capacities, optimize processes and systems and steadily expand its internal fulfilment workforce and network of external installation partners.

In its continued strategic evolution towards becoming a full-service provider for renewable energy solutions, new products will be adopted into the portfolio. The product portfolio was expanded in the financial year to include heat pumps and the marketing of excess electricity in the wholesale electricity market.

Enpal will continue to expand and further differentiate its product portfolio. Emphasis is placed on providing additional value to Enpal customers using virtual power plant applications involving intelligent networking of distributed energy resources, marketing of the aggregated flexibility potential of the combined assets, direct marketing of the power generated by Enpal customers, and leveraging the volatility of market electricity prices to the benefit of consumers.

In addition to the core B2C business, Enpal has started to offer its capabilities along the value chain in a platform model to smaller external solar providers, starting initially with hardware wholesale and last-mile logistics. Going forward, Enpal plans to expand the platform offering by providing several value-added services to independent solar companies, including sale of end consumer leads, digital system design and grid connection services. As part of the same strategy, Enpal also plans to offer its consumer loan solution as a B2B2C offering to customers of external solar installers under its own brand Enpal Financial Services GmbH (EFS). To enable this offering, Enpal Financial Services Deutschland GmbH, a subsidiary of Enpal B.V. has applied with the German financial regulator BaFin for a Leasing & Factoring License.

Enpal plans to work intensively on driving forward its international expansion in the coming years. Enpal launched the Italian market and provided energy solutions to initial Italian households.

## 1.3 Research and Development

Enpal develops software applications (apps) which allow its customers to monitor and manage their photovoltaic systems, battery storages and electric vehicle charging systems. In addition, Enpal develops apps that are used to optimize the planning and documentation processes related to the installation of photovoltaic systems and the communication with customers. Enpal co-develops mounting racks, inverters, IOT hardware, battery storages and electric vehicle charging systems. In this regard, Enpal relies on systems that are already available in the market and develops these further in cooperation with its suppliers.

In the financial year development expenses amounted to EUR 8.5m, compared to EUR 5.5m in the prior year. Additions to development expenses capitalized as internally generated

intangible assets amounted to EUR 4.5m (2022: EUR 1.6m). These internally generated intangible assets were amortized by EUR 1.9 m (2022: EUR 0.9m).

#### **1.4 Sustainability**

Enpal is currently not subject to any non-financial reporting obligations. This will change as part of the CSRD from 2025. Enpal is already committed to complying with sustainable business activities and is gradually expanding its ESG efforts (environment, social and governance). Enpal calculated its greenhouse gas emissions in the form of a Corporate Carbon Footprint (CCF) for the first time for the financial year 2022 to be able to understand the impact of its business activities on the environment and take targeted measures to reduce its greenhouse gases in future. With the CCF 2023, values are available for the first time that provide a transparent and comparative insight.

When an Enpal photovoltaic system goes into operation, it generates renewable and affordable electricity for Enpal's customers. Over 540,000 MWh of renewable electricity has been generated, avoiding around 370,000 tons of CO<sub>2</sub> compared to fossil fuels.

Enpal is subject to the German Supply Chain Due Diligence Act (LkSG) and is therefore legally obliged to fulfil its responsibility with regard to human rights and environmental protection. Wherever Enpal operates, Enpal supports and respects all internationally recognized human rights in accordance with the United Nations Universal Declaration of Human Rights. This commitment is also set out in Enpal's Human Rights Policy Statement and publicly available on Enpal's website<sup>1</sup>. Furthermore, Enpal has implemented a comprehensive risk management system regarding human rights and environmental due diligence obligations. Information on possible violations can be submitted via an established whistleblower system. Information on the whistleblower system and the Code of Procedure is available to everyone in German and English on Enpal's website<sup>2</sup>. Existing and potential business partners and service providers are contractually obliged to comply with Enpal's human rights and environmental due diligence obligations in accordance with the LkSG as part of our Supplier Code of Conduct.

#### **1.5 Diversity**

As part of Enpal's commitment to promoting gender diversity, Enpal B.V. has set its initial targets for the representation of women in leadership positions. These goals reflect our dedication to creating an inclusive and balanced work environment that recognizes and leverages the diversity and potential of all our employees.

---

<sup>1</sup>[https://assets-global.website-files.com/5e870ec047674e044920655e/649947f8039d19fef3329875\\_20230327\\_Enpal%20Menschenrechtsstrategie\\_EN.pdf](https://assets-global.website-files.com/5e870ec047674e044920655e/649947f8039d19fef3329875_20230327_Enpal%20Menschenrechtsstrategie_EN.pdf)

<sup>2</sup>[https://assets-global.website-files.com/5e870ec047674e044920655e/649942e9873377debe61c016\\_20230216\\_ENPA\\_Verfahrensordnung%20LkSG\\_v1.3\\_final\\_EN.pdf](https://assets-global.website-files.com/5e870ec047674e044920655e/649942e9873377debe61c016_20230216_ENPA_Verfahrensordnung%20LkSG_v1.3_final_EN.pdf)

The current status and targets as of 31 December 2023 are as follows:

in %	2023	Target 2028	Target 2035
Advisory Board	6.7	15	25
Executive Directors	0.0	15	25
Extended Executive Team	5.6	15	25
Employees in Leadership Positions (from Director)	9.0	15	25

To achieve these targets, Enpal plans to implement several specific measures. Enpal will actively seek qualified female candidates for leadership positions, ensuring a focused effort in recruiting women for these roles. Additionally, the Enpal Group will introduce mentoring programs and leadership training specifically for women to promote their career development within the organization. To enhance awareness of the importance of diversity and inclusion, Enpal will organize workshops and establish internal working groups, fostering an inclusive culture within the group. Furthermore, Enpal will regularly report on its progress and transparently communicate the results achieved, ensuring clear and open communication regarding these initiatives.

## 2 Economic Position

### 2.1 Macroeconomy and Sector-Specific Developments

The photovoltaic market has grown rapidly across Europe in past years and in the first half year of 2023. A driving factor is the geopolitical situation, impacting consumer demand and regulatory environment alike. In particular, sector-coupling, such as the potential interaction of decentral local power generation with electric mobility and with electric residential heating, is a driving force. The combination of photovoltaic systems, battery storages, private electric vehicle charging systems for electric vehicles, and heat pumps meets current customer needs. Intelligent management of this network of connected decentral renewable energy assets is becoming particularly important to provide additional value to households. However, customer demand reached its zenith in 2023, and during the latter half of that year, it exhibited a modest decline.

#### Market growth

German solar capacity additions amounted to 14.6 GW in 2023, making up more than 24% of the total solar capacity additions of 60 GW in Europe and clearly exceeding the goal for German capacity additions of 9 GW for the year, defined by the German government<sup>3,4</sup>.

<sup>3</sup> <https://www.bundesregierung.de/breg-de/aktuelles/solarpaket-photovoltaik-balkonkraftwerke-2213726>

Over 70% of the capacity installed in 2023 in Germany can be attributed to rooftop installations, with homeowners responsible for 6.5 GW of new installations and the commercial & industrial segment responsible for a further 3.5 GW of capacity additions<sup>4</sup>. Approximately 70% of the German residential rooftop photovoltaic systems that were installed in 2023 were installed together with battery storage<sup>5</sup>.

The number of residential rooftop solar installations with a generation capacity between 3 and 30 kWp registered with the federal network agency amounts to 650,000 in 2023, marking an annual growth rate of +147% based on the 262,000 installations in 2022<sup>6</sup>. This makes 2023 an exceptional year in terms of residential installations growth compared to the annual growth rates of +46% in 2022 and +29% in 2021.

Germany's target solar capacity by 2030 remains at 215 GW. To reach this goal, an annual average of 19 GW in capacity needs to be added to the existing German solar capacity of 81.7 GW. Rooftop photovoltaic systems are planned to account for half of these capacity additions.

## Regulatory environment

To reach the ambitious deployment targets, the German government has continued to support the development of renewable energies. The 2023 amendments to the German Renewable Law (EEG 2023) reduce red tape for the deployment of renewable energies. In line with European legislation, the expansion of renewable energies was enshrined as being of "overriding public interest" and important for "public safety". The 2023 amendments to the EEG created several benefits for residential PV, including higher feed-in rates for certain installations. Other benefits of EEG 2023 are simplified tax and grid connection procedures and the removal of restrictions to feed solar energy into the power grid.

In 2024, Enpal expects a "Solar Package" that allows a more flexible and market-orientated use of residential battery systems and that further simplifies grid connection processes for (residential) PV systems. The federal government intends to strengthen instruments like power purchase agreements (PPA) or certificates of origin that support photovoltaic installations without the need for government subsidies. Moreover, storage will be legally defined as a separate pillar of the energy system. This is of particular significance for business models that go beyond the traditional scope of home power generation.

After lengthy political negotiations, the federal government agreed on the Building Energy Act (Gebäudeenergiegesetz). The Building Energy Act provides that all new buildings within newly developed areas must be heated with at least 65 % renewables energies. The Building

---

<sup>4</sup> <https://www.rystadenergy.com/news/europe-solar-generation-grow-50-twh-2024-germany-doubles>

<sup>5</sup> [https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/EN/2024/20240105\\_EEGZubau.html](https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/EN/2024/20240105_EEGZubau.html)

<sup>6</sup> Marktstammdatenregister der Bundesnetzagentur (Stand 10.05.2024)

Energy Act includes significant financial incentives of up to 70% for homeowners to replace their heating systems with climate-friendly heating solutions such as heat pumps.

The Building Energy Act will support the government's goal of installing 500,000 heat pumps annually from 2024 onwards. The combination of solar PV, energy storage, and heat pump yields high energy savings for private households.

In November 2023, Germany's highest court ("Bundesverfassungsgericht") declared an integral part of the government's funding plan for climate and energy programs unlawful. The government had to downsize major support schemes. While the support measures for heat pumps remain in place, a subsidy scheme to co-fund the purchase of new electric vehicles was abruptly terminated in December 2023.

Also on a European level, The EU has deepened and expanded the framework for accelerating the deployment of renewable energies in FY 2023. The revised Renewable Energy Directive (RED III) perpetuates the "Emergency Regulation" that was passed in response to the Russian invasion of Ukraine. RED III provides shorter and simpler permitting and connecting procedures for renewable energy projects.

## Sector coupling

In addition to meeting household power requirements coupled with feeding in any surplus power generated to the grid, the concept of sector coupling is playing an increasing role for the mobility and heating sector. With 470,559<sup>7</sup> new electric car registrations in the year 2022 in Germany (the governing coalition has set a goal of 15 million fully-electric cars by 2030<sup>8</sup>), the e-mobility sector continues to enjoy strong growth. The resulting ability to charge an electric car using the power from a photovoltaic system gives the owners of photovoltaic systems new economic benefits. A photovoltaic-optimized charging process for electric cars can increase the share of private consumption and offset the steady decline in the feed-in-tariff available to newly installed roof-top photovoltaic systems. Similar effects arise from combining heat pumps with rooftop photovoltaic installations. Already today, heat pumps heat every third new building and, when coupled with a solar array, can significantly enhance private consumption and energy independence.<sup>9</sup>

## Hardware and global supply chains

During the year 2023, global supply chains encountered significant challenges related to overproduction and logistics. Notably, the demand for residential solar equipment experienced a decline, while production capacity continued to rise. Consequently, this

---

<sup>7</sup><https://de.statista.com/statistik/daten/studie/244000/umfrage/neuzulassungen-von-elektroautos-in-deutschland/#:~:text=Im%20Januar%202023%20wurden%2018.136,neu%20zugelassen%20als%20jemals%20zuvor.>

<sup>8</sup> [https://www.spd.de/fileadmin/Dokumente/Koalitionsvertrag/Koalitionsvertrag\\_2021-2025.pdf](https://www.spd.de/fileadmin/Dokumente/Koalitionsvertrag/Koalitionsvertrag_2021-2025.pdf), p. 22

<sup>9</sup> <https://www.waermepumpe.de/waermepumpe/neubau/>

dynamic led to a substantial reduction in prices during the latter half of 2023. Solar modules, specifically, were frequently offered below production costs in the fourth quarter of 2023. This pricing strategy exerted margin pressure on all suppliers for the next 18 months, necessitating careful management. Additionally, the cost of Lithium Iron Phosphate battery cells decreased due to advancements in technology and the availability of low-cost Lithium carbonate. For Enpal, most chip shortages have been resolved. It's worth noting that major Enpal suppliers are situated in China for A-Components, and these suppliers hold tier-1 status.

Shortages are expected to occur selectively, primarily affecting specific solar module cells in the first half of 2024. Furthermore, sea freight and train shipments face pressure due to the crisis in the Middle East/Red Sea region, compounded by high demands for railway freights.

## **2.2 Business Trends**

Enpal was able to record again a strong growth in the financial year. In total 30,572 (2022: 17,610) new photovoltaic systems and heat pumps were installed, leased or sold to customers. This corresponds to an increase of 73.6% (2022: 170%). In 2023, Enpal started to offer its customers the possibility to buy photovoltaic systems, battery storages and electric vehicle charging systems in combination with a financing agreement ("loan"). Additionally, Enpal now offers heat pumps to further develop sustainable energy solutions for the customers. Enpal built 1,130 heat pumps in the current financial year. In 2023 Enpal offered certain customers direct marketing agreements with the obligation to buy surplus electricity produced by the customers.

Enpal was able to win numerous investors for its business model and concluded the Series D financing round in the prior year. The capital increase was notarized on 19 December 2022 and registered at the commercial register on 19 January 2023 resulting in an increase of the share premium by EUR 208.0.

In addition, new asset-backed loan agreements were arranged for a volume of EUR 1,655m.

## **2.3 Financial and Non-Financial Key Performance Indicators**

The business activities of Enpal are oriented towards steadily increasing the number of systems installed, its revenue and its profitability in a rapidly growing market environment that is subject to change. The financial performance indicators chosen to manage the Enpal Group have been derived on this basis and consist of revenue and adjusted EBITDA of the operating subgroup ("adjusted EBITDA Subgroup") in addition to the non-financial performance indicator of installed systems. The operating subgroup comprises Enpal B.V. and all subsidiaries except for the holding companies and the special purpose vehicles (refer to the list of subsidiaries included in the notes to the financial statements).

The Enpal Group measures the growth of its business by monitoring the change in the number of installed systems and revenue over the course of time. Enpal has grown organically out of its own resources. Revenue growth therefore reflects the development of the business activities of the Enpal Group. If portfolio effects arise in the future from the acquisition or disposal of revenue-generating business units, these will be eliminated from the calculation of the financial performance indicator. The Enpal management measures profitability based on the absolute adjusted EBITDA Subgroup and the respective EBITDA margin, which is defined as the ratio of adjusted EBITDA Subgroup to revenue. EBITDA is defined as the Group's earnings before income taxes, other financial income, finance costs and the depreciation and amortization of intangible assets, property, plant and equipment and right-of-use assets. To retrieve the EBITDA of the operating subgroup, the Group EBITDA is adjusted for the interest income on manufacturer's leases, expected credit losses on lease receivables, operating finance cost and other income and cost items of the holdings and special purpose vehicles. Further, the EBITDA is adjusted for share-based payment expenses, severance expenses and cost of termination of business activities. The business activities of the holding companies and special purpose vehicles are different from the operating entities of the group and therefore separately managed on entity level. The analysis of the development of the adjusted EBITDA Subgroup and the related EBITDA margin over time is of great significance for the financial management of the Enpal Group.

## 2.4 Financial Performance

In the financial year, the Enpal Group generated revenue of EUR 960.4m compared to EUR 432.5m in the prior year. This corresponds to organic growth of 122.0% (2022: 276.2%). The number of installed photovoltaic systems and heat pumps rose by 101.9% from 30,016 to 60,588. In the prior year, the increase amounted to 214.9%.

The adjusted EBITDA Subgroup equals EUR 21.2m (2022: EUR 22.5m). The adjusted EBITDA Subgroup margin amounts to 2.3% (2022: 5.2%). A reconciliation of the Group's net income for the year to the adjusted EBITDA Subgroup is presented in the following table:

EUR m	2023	2022
Net income for the period	(18.1)	15.2
plus depreciation, amortization and impairments	18.4	6.4
less other finance income	(8.6)	(7.0)
plus other finance costs	21.3	11.0
plus income tax expenses	3.8	(6.6)
<b>EBITDA Group</b>	<b>16.9</b>	<b>19.0</b>

less interest income from manufacturer's leases	(52.4)	(14.3)
plus operating finance costs	37.9	9.2
plus expected credit losses	4.2	1.8
plus other income and cost items	(1.4)	(0.7)
<b>EBITDA Subgroup</b>	<b>6.7</b>	<b>15.0</b>
plus share-based payment expenses, severance expenses and termination cost	14.3	7.5
<b>Adjusted EBITDA Subgroup</b>	<b>21.2</b>	<b>22.5</b>

The table below presents an analysis of the consolidated statement of profit or loss:

EUR m	2023	2022	Change
Revenue	960.1	432.5	122.0%
Cost of sales	(670.6)	(302.9)	122.4%
<b>Gross profit</b>	<b>289.5</b>	<b>129.6</b>	<b>123.3%</b>
Selling expenses	(175.6)	(70.5)	149.2%
Administrative expenses	(113.7)	(46.2)	145.9%
Other operating income	0.4	0.3	62.1%
Other operating expenses	(2.1)	(0.6)	269.7%
<b>Operating profit</b>	<b>(1.6)</b>	<b>12.6</b>	<b>-112.4%</b>
Other financial income	8.6	7.0	23.2%
Other finance costs	(21.3)	(11.0)	92.9%
<b>Financial result</b>	<b>(12.7)</b>	<b>(4.0)</b>	<b>213.6%</b>
<b>Earnings before taxes</b>	<b>(14.2)</b>	<b>8.6</b>	<b>-266.3%</b>
Taxes on income	(3.8)	6.6	-116.6%
<b>Net income for the period</b>	<b>(18.1)</b>	<b>15.2</b>	<b>-201.0%</b>
of which profit or loss allocable to the shareholders of Enpal B.V.	(14.9)	14.4	-184.1%
of which profit or loss allocable to non-controlling interests	(3.2)	0.7	-534.6%

The high percentage changes in the line items of the consolidated statement of profit or loss continue to reflect the strong growth.

Revenue consists primarily of income from manufacturer leases and sales of photovoltaic systems, battery storages, electric vehicle charging systems and heat pumps. The growth is reflected in the increase by 30,572 customers to 62,220 customers. The cost of sales as a ratio to revenue with 69.8% is stable compared to the prior year (2022: 70.0%).

Selling expenses increased significantly because of the business expansion and the ratio to revenue increased to 18.3% (2022: 16.3%) due to marketing campaigns. The significant rise in administrative expenses was mainly caused by higher personnel expenses, consultancy fees and depreciation.

Other finance income increased due to higher interests gained. Other finance cost increased because of consent fees payable under the sale of the financing entities and supplier finance liabilities.

## 2.5 Financial Position

The assets included in the consolidated statement of financial position of the Enpal Group are presented in the following table:

EUR m	31 Dec 2023	Disposal Group	31 Dec 2022
<b>Non-current assets</b>	<b>222.2</b>	<b>1,173.2</b>	<b>612.5</b>
Intangible assets	5.4	0.0	2.7
Property, plant and equipment	32.0	0.0	14.5
Right-of-use assets	30.9	0.0	11.6
Lease and loan receivables	115.5	1,163.4	542.4
Other financial assets	3.4	6.7	10.7
Other non-financial assets	14.5	3.1	17.6
Deferred tax assets	20.4	0.0	13.0
<b>Current assets</b>	<b>1,961.2</b>	<b>249.2</b>	<b>406.2</b>
Inventories	183.7	0.0	132.3
Trade receivables	4.4	0.0	0.7
Lease and loan receivables	9.0	96.0	40.0
Income tax receivables	0.1	0.0	0.1
Other financial assets	4.9	0.1	1.0
Other non-financial assets	42.6	38.2	45.6
Cash and cash equivalents	294.1	115.0	186.6
Assets held for sale	1,422.4	0.0	0.0
<b>Total assets</b>	<b>2,183.3</b>	<b>1,422.4</b>	<b>1,018.6</b>

The higher balance in non-current assets mainly stems from the lease receivables that increased due to the strong growth in the operating business of the Enpal Group, accompanied by investments in property, plant and equipment. Right-of-use assets grew primarily on account of additional leases of offices and vehicles.

Current assets mainly rose due to higher inventory levels to meet the continuing growth in demand. The rise in current lease receivables can also be attributed to the strong growth of

the operating business. For the same reason other non-financial assets increased due to higher input tax receivables and prepaid expenses.

The equity and liabilities included in the consolidated statement of financial position of the Enpal Group are presented in the following table:

EUR m	31 Dec 2023	Disposal Group	31 Dec 2022
<b>Equity</b>	<b>424.8</b>	<b>0.0</b>	<b>251.0</b>
Issued capital	0.1	0.0	0.1
Share premium	497.8	0.0	293.0
Other reserves	(1.6)	0.0	7.5
Retained earnings	(68.9)	0.0	(50.9)
<b>Equity allocable to the owners of Enpal B.V.</b>	<b>427.4</b>	<b>0.0</b>	<b>249.7</b>
Non-controlling interests	(2.9)	0.0	1.3
<b>Non-current liabilities</b>	<b>191.3</b>	<b>1,100.4</b>	<b>534.9</b>
Convertible loan	11.2	0.0	11.2
Asset-backed loans	126.0	1,072.2	493.8
Lease liabilities	24.7	0.0	5.3
Provisions	13.4	2.4	13.2
Other financial liabilities	12.7	11.5	1.1
Other non-financial liabilities	0.4	7.6	1.4
Deferred tax liabilities	2.9	6.8	8.8
<b>Current liabilities</b>	<b>1,567.3</b>	<b>163.5</b>	<b>232.7</b>
Bank loans	67.7	0.0	41.5
Asset-backed loans	6.1	148.1	23.8
Lease liabilities	6.5	0.0	6.4
Provisions	1.7	0.0	4.5
Trade payables	108.6	1.8	98.3
Supplier finance liabilities	62.4	0.0	30.2
Income tax liabilities	3.8	0.0	2.3
Other financial liabilities	14.2	10.7	10.6
Other non-financial liabilities	32.6	2.9	15.2
Liabilities held for sale	1,263.9	0.0	0.0
<b>Total equity and liabilities</b>	<b>2,183.3</b>	<b>1,263.5</b>	<b>1,018.6</b>

Equity increased mainly due to the capital increase based on the Series D financing round.

The group raises committed debt from funds and accounts managed by institutional investors. These funds have the purpose to refinance installed photovoltaic systems and

other renewable energy products including battery storages and electric vehicle charging systems.

Non-current liabilities have risen particularly due to the large increase in asset-backed loans to finance the large number of systems installed for new customers in the financial year. The lease liabilities increased due to new office and vehicle lease agreements. The increase in other financial liabilities is attributable to derivatives with a negative fair value, especially from direct marketing agreements. Other non-financial liabilities mainly increased due to higher contract liabilities in connection with the increasing number of customers.

Trade payables and supplier finance liabilities grew because of higher inventory levels and the increasing volume of business. For the same reason, the outstanding balance of the overdraft facility increased. Other non-financial liabilities rose due to higher sales tax liabilities.

## 2.6 Cash Flows

Financial management of the Enpal Group is conducted centrally by the finance department of Enpal B.V. and pursues the objective of ensuring that the Enpal Group always has sufficient liquidity. This is ensured by means of cash management. The cash inflows from asset-backed loans, bank loans and new funding rounds have provided the Enpal Group with sufficient capital and liquidity to finance further growth of the business. Enpal also uses supplier finance arrangements to optimize its cash and working capital management.

The capital structure of the Enpal Group breaks down as follows:

% of the balance sheet total	31 Dec 2023	31 Dec 2022
Non-current assets	10.2%	60.1%
Current assets	89.8%	39.9%
Equity	19.5%	24.7%
Non-current financial liabilities	5.8%	48.5%
Current financial liabilities	0.3%	6.4%
Other non-current liabilities	3.0%	2.9%
Other current liabilities	71.5%	16.5%

Net financial liabilities developed as follows:

EUR m	31 Dec 2023	31 Dec 2022
Convertible loan	11.2	11.2
Liabilities to banks	67.7	41.5
Asset-backed loans	132.2	517.6
Lease liabilities	31.2	11.7
Cash and cash equivalents	294.1	186.6
<b>Net financial liabilities (assets)</b>	<b>(51.8)</b>	<b>395.4</b>

Financial liabilities consist mostly of fixed-rate asset-backed loans to refinance the installation of the systems on a tranche-by-tranche basis based on equivalent terms. The increase directly reflects the strong growth of the Enpal Group.

The Enpal Group prolonged the convertible loan with a new expiration date in February 2025.

As of 31 December 2023, the Enpal Group had unused credit lines of EUR 2,072.2m (2022: EUR 1,172.0m) available under asset-backed loan arrangements and other unused credit lines from RCF facilities of EUR 96.6m (2022: EUR 33.5m).

The development of cash and cash equivalents is presented in the following table:

EUR m	31 Dec 2023	31 Dec 2022
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>186.6</b>	<b>196.7</b>
Net cash outflow from operating activities	(801.3)	(375.4)
Net cash outflow from investing activities	(32.6)	(15.2)
Net cash inflow from financing activities	1,054.4	383.9
Other changes in cash and cash equivalents	1.9	(3.4)
Transfer disposal group	(115.0)	0.0
<b>Cash and cash equivalents at the end of the financial year</b>	<b>294.1</b>	<b>186.6</b>

The cash outflow from operating activities rose due to strong growth in business. The cash outflow mainly results from the payments related to the installation of the systems and the increase in inventories.

The increase in the cash outflow from investing activities is due to investments in property, plant and equipment.

The cash inflow from financing activity increased significantly due to new asset-backed loans and the Series D financing round.

## **2.7 Overall Assessment**

The management considers the business to have developed positively in the financial year. Enpal has grown very strongly and installed a much higher number of systems. As a result, revenue has increased significantly. The adjusted EBITDA for the Subgroup has been impacted due to higher investments in the expansion.

In the prior year the number of installed systems for the financial year 2023 was forecasted between 34,000 and 43,000 and revenue was expected to range between EUR 900m and EUR 1,200m. The EBITDA Subgroup w/o SBP was expected to lie between EUR 90m and EUR 150m. The target for installed systems has been slightly below expectations. The actual revenues for the financial year are within the forecasted range. The target for the EBITDA Subgroup w/o SBP has not been met.

## **3 Outlook**

### **3.1 Future Macroeconomic and Sector-Specific Developments**

The current geopolitical situation is marked by conflicts that extend beyond national borders and directly impact trade policies and the economy. Additionally, the aftermath of the Covid-19 pandemic and the ongoing Russian war of aggression contribute to further global economic tensions. This also affects Germany: While calculations by the Federal Statistical Office (Statistisches Bundesamt) predict a slight decline in the inflation rate, the GDP is projected to grow by only 0.2 percent price-adjusted according to the Annual Economic Report 2024 – making Germany the lowest-growing economy in Europe since the Covid-19 pandemic. Supply chain uncertainties have led to price increases and discussions around raw material and manufacturing dependencies are accompanied by the potential for protectionist measures. This exacerbates the already tense trade policy situation, both nationally and internationally. However, it remains undisputed in this discussion that the expansion of climate-neutral technologies must be advanced.

Against this backdrop, the European Union and Germany have enacted different laws and regulations to stabilize the overall economic situation and promote the development of environmentally friendly technologies and innovations. At the German level, the Solar Package I is worth mentioning: The governing factions (SPD, Bündnis 90/Die Grünen, and FDP) have agreed to simplify and accelerate solar energy adoption. Measures are also being taken at the European level. The Net-Zero Industry Act (NZIA) aims to make the EU's energy supply more independent and to establish domestic production capacities along the solar value chain. Additionally, the Solar-Charta is relevant in this context: EU energy ministers have signed a corresponding document, advocating for the strengthening of the European solar industry.

Given these political commitments to climate-friendly technologies and the solar industry specifically, along with the slowly stabilizing macroeconomic situation, it is evident that this market continues to have growth potential.

### **3.2 Future Development of the Group**

With its customer offerings, the Enpal Group believes it is well positioned to drive forward the transition to renewable energies in the residential buildings sector and continue to grow sustainably in future. After the financing round in the financial year 2023, Enpal Group is equipped with a robust financial basis and possesses a clear growth strategy. Enpal expects continued strong customer demand for green energy and e-mobility solutions for households. Enpal believes it is in a good position to meet customer demand and provide consumers with a differentiated product offering based on its evolving technology platform, close relationships with key suppliers, continued expansion of its internal fulfilment capacity, and expanding geographical presence. Growth will be financed with the existing equity capital, expanding the existing lines of credit, and other financing measures. Enpal expects to meet growing order volumes by continuing to increase the size of the fulfilment workforce, and continuing to invest into software, automation, and more efficient processes. In addition, Enpal anticipates further investments into research and development activities, especially with regards to its energy platform and other activities to manage and optimize the energy usage of customers.

## **4 Risk Management**

The Enpal Group is regularly confronted with developments that bear both opportunities and risks for the financial position, financial performance and cash flows of the Group. Business activity entails opportunities and risks. It only becomes possible to exploit opportunities when a conscious decision is made to accept the associated business risks. While the risk management system of the Enpal Group identifies, assesses and documents risks, the recognition and documentation of business opportunities is an integral component of the Group's internal communication.

The Enpal Group, inter alia, has implemented policies and processes on anti-corruption, anti-trust and a gift & hospitality guideline. In addition, our Supplier Code of Conduct, which our business partners and service providers are contractually obliged to comply with, sets out clear requirements regarding human rights and environmental due diligence obligations, taking into account the International Labour Organization's framework agreements. Enpal reviews potential fraud risks on an ongoing basis and has conducted an internal audit in 2024 that did not reveal any material findings. To ensure the effectiveness of and compliance with these guidelines as well as part of fraud prevention measures, the Enpal Group has established a whistleblower system in which violations can be reported anonymously at any time. Every Enpal employee is responsible for compliance with the policies. The Enpal Group supports its employees by providing training where necessary,

regularly communicating our policies internally and ensuring that all employees always have access to our compliance policies.

The key elements of the risk management system lie in recognizing and then limiting/mitigating operating risks. Risks should be identified and assessed as rapidly as possible to avoid or limit their potential negative consequences by taking suitable countermeasures. The management of Enpal B.V. is responsible for monitoring and managing the risk management system.

The Enpal Group has drawn up rules of conduct that are aimed at avoiding certain risks eventuating. Breaches of the law and official regulations or internal compliance regulations are not tolerated. Likewise, no risks are accepted if they result in faulty products or poor quality of the products being installed. Further, Enpal has established a fraud prevention unit that sits within the compliance department and is also assessing and defining physical security standards for our sites.

## **4.1 Risks to Future Business Development**

Due to its business model the Enpal Group is exposed to a wide range of risks. If the criteria are met, the risks are suitably provided for in the accounting. This applies, for example, to the credit risks inherent in the portfolio of receivables.

The risks which could impact the financial position, financial performance and cash flows of the Group are described below.

### **Risk appetite**

Risk appetite is the level of residual risk the group deems acceptable to achieve its objectives. Enpal applies three levels of risk appetite:

*Manage:* these are risks that the group is taking to meet its objectives.

*Avoid:* these are risks that the group tries to avoid

*Minimize:* The group's tolerance for these risks is zero but some minimal risk is unavoidable.

Enpal evaluates the potential impact of the activities on its strategy, operations and compliance, in addition to how these would affect the Enpal Group's values, to assess the risk appetite for a given risk category.

### **Risk report**

The table below, while not exhaustive, describes the principal material risks that may impact Enpal's business and the industries it operates in and is reviewed periodically.

Risk category	Risk appetite	Impact	Mitigants
<b>Strategic Risks</b>			
Personnel risks	avoid	The professional qualifications and motivation of our employees are decisive factors for the business success of the Enpal Group and its ability to realize its growth targets. Consequently, being able to attract suitably qualified employees and bind them to the organization is of particular importance. If this fails, there could be a substantial impact on the Enpal Group goals that have been forecasted.	Enpal seeks to position itself as an employer of choice on the labor market – for both blue and white collar employees. This involves offering comparatively attractive compensation in comparison to other players in the sector, offering a range of basic and advanced training and – for leadership and high potentials – a competitive share based payment component. Enpal pursues a policy of diversity in its human resources. Applicants that are new to the field are offered the opportunity of acquiring the skills sets needed to install photovoltaic systems in the Group’s own academy. Employees are given an incentive to win new employees for Enpal from their social environment. A marketing strategy for prospective university recruitment is conducted to position Enpal as an interesting employer for the future and to build up a pool of talent.
Competitive risks	avoid	The lack of attractive investment opportunities, the favorable political and social environment, and last but not least the rising competitiveness of solar power could result in greater competitive pressures as new players enter the market. This can also result from the risks associated with macroeconomic trends and the associated risk to sales, which would restrict our growth perspectives.	With its portfolio of products and services, Enpal believes it is well positioned in comparison to the competition. Enpal constantly monitors the market for renewable energies and its development to be ready to identify and exploit any opportunities that arise. Enpal is focusing on supply chain compliance and has set up a dedicated team that also takes into account ESG measures. To reinforce its competitiveness, Enpal works on the continuous improvement of its cost structures and organization.
Geopolitical risks	minimize	Approximately 80% of all solar modules produced worldwide are produced in China. China considers export restrictions on solar manufacturing technologies to boost its global dominance and to use these components domestically instead.	Considering the current situation, Enpal is strategically diversifying its supply chain to mitigate reliance on imports from China. To enhance resilience and be better positioned to provide energy installations and services at competitive price points, Enpal increases the sourcing of

		Increasing tensions between China and Taiwan pose geopolitically a risk to the entire renewable energy value chain. If China attacks Taiwan, China could be subject to global sanctions which includes solar components. Also supply chains for important electronic components could be disrupted as Taiwan is a major semiconductor producer.	components from different suppliers internationally.
<b>Operational Risks</b>			
Product risks	minimize	There is a low risk that faulty modules, battery storage or other components are installed. In addition, the modules and battery storage are subject to a degradation risk, i.e. their performance can degrade over the lease term. The resulting need to replace individual modules or entire photovoltaic systems might rise to costs for Enpal.	Enpal carries out production quality control prior to installation that is aimed at preventing any faulty modules being installed. The degradation risk is offset by manufacturer guarantees. The costs of installing new batteries, inverters and EV charger within warranty can be transferred to the manufacturer over the term of the guarantee.
Risks of new products and services	minimize	The introduction of innovative products and services is a major driver of the growth strategy. For example, Enpal added new inverters, batteries as well as heat pumps to the product portfolio in the financial year. This marks Enpal's first step towards combining heating solutions with green energies.	The risk that new products and services are not accepted by customers to the degree expected is countered by performing test sales and tailoring the product to customer needs. Enpal constantly analyzes the market for renewable energies to ensure that the new products and services it launches are successful.
Project risks	minimize	The installation and maintenance of photovoltaic systems comes with general project risks attached. For instance, there may be construction errors or delays due to technical problems. This would include, for example, the case when installation of the photovoltaic system caused the roof to leak due to technical errors when penetrating the roof or laying hooks and cables. It is also possible that the installation of the system and connection to the household power network results in damage or network instability, particularly with older buildings and aging electrical installations.	To minimize this risk, Enpal has installed an internal industrial safety management system. This ensures systematic implementation of internal and external safety procedures and continuous improvement of the processes and working tools. To ensure safe and top-quality work, all new installation workers are trained in the Enpal Group's own academy and receive regular further training once they have been accepted. Likewise, all managers receive training and coaching in safety leadership. In addition, construction sites are regularly inspected and monitored by internal employees and external

		<p>The necessary repair work and associated delays to operating processes could cause additional costs. There is also the risk of occupational accidents on the construction site.</p>	<p>auditors to ensure compliance with the rules and regulations, identify any deficiencies at an early stage and remedy them accordingly.</p>
Supply-chain risks	avoid	<p>During the year 2023, global supply chains encountered significant challenges related to overproduction and logistics. Notably, the demand for residential solar equipment experienced a decline, while production capacity continued to rise. Consequently, this dynamic led to a substantial reduction in prices during the latter half of 2023. Solar modules, specifically, were frequently offered below production costs in the fourth quarter of 2023. This pricing strategy exerted margin pressure on all suppliers for the next 18 months, necessitating careful management. Additionally, the cost of Lithium Iron Phosphate battery cells decreased due to advancements in technology and the availability of low-cost Lithium carbonate.</p>	<p>For Enpal, most chip shortages have been resolved. It's worth noting that major Enpal suppliers are situated in China for A-Components, and these suppliers hold tier-1 status. Looking ahead, shortages are expected to occur selectively, primarily affecting specific solar module cells in the first half of 2024.</p>
IT risks	minimize	<p>A significant disruption to IT systems or an outage could result in the loss of data and restrictions for the business processes at the Enpal Group because, for example, the computer-based documentation of the installation of the photovoltaic systems is no longer possible or communication between the employees is interrupted. In addition, a disruption to IT systems could also result in a breach of data privacy.</p>	<p>Typical industry standards, such as backups and remote data storage serve to minimize IT risks. Any risks identified are entered into the Objectives &amp; Key Results (OKR) to allow for an early response to minimize the risks. Breaches of the General Data Protection Regulation (GDPR) could result in fines for Enpal and a loss of reputation. To avoid such breaches, Enpal has established a data protection management system and is implementing further IT controls to follow international standards to manage information security.</p>
<b>Compliance and Legal Risks</b>			

Legal and compliance risk exposure	minimize	The Enpal Group is required to comply with a wide range of laws. Its involvement in business processes means that numerous legal risks could arise in such fields like contractual law, fair trade and environmental law.	Enpal counters this risk by subjecting contracts and business processes to legal appraisal on a regular basis. For this purpose, Enpal has set up a legal department that is responsible for the development of its compliance rules over time.
Regulatory risks	avoid	Energy policy, industrial policy, and fiscal policy frameworks at national and EU level are crucial to Enpal's continuous growth and strategic business development. As Enpal's business and operations deepen and diversify, the Enpal Group faces new regulatory environments. For the Enpal Group, any amendments to the EEG (Erneuerbare-Energien-Gesetz: Renewable Energies Act) or the EnWG (Energiewirtschaftsgesetz: Energy Sector Act) potentially impact the core business. The EEG sets the framework for the remuneration of renewable energy fed into the grid, while the EnWG establishes guidelines for flexibility mechanisms, including energy storage and grid tariffs. Enpal diligently focuses on regulatory compliance to ensure that customers can optimize energy cost savings and revenue generation.	Enpal addresses these challenges by actively contributing solution-focused insights to regulatory and political discussions. Additionally, Enpal is a member of relevant industry associations, enabling Enpal to advocate effectively on behalf of its customers.

**Financial and Reporting Risks**

Credit risk	avoid	Credit risk is inherent to the business model of the Enpal Group. The core product of the Enpal Group is leasing photovoltaic systems over a period of 20 years to end customers as well as providing long-term financing of up to 25 years for purchased photovoltaic systems. There is a risk of counterparty default if the end customer becomes insolvent and unable to service the monthly instalments for the photovoltaic system.	Enpal counters this risk by reviewing the credit ratings of customers before entering into long-term agreements. In addition, expected credit losses are recognized in the financial statements.
-------------	-------	--	--

Inflation risk	avoid	Enpal is responsible for monitoring and performing the service to resolve any disruptions to the leased photovoltaic systems. There is a risk that these costs of the technicians commissioned to perform these services rise on account of inflation.	Enpal addresses this risk by setting up its own network of efficient technicians to reduce costs. In addition, Enpal considers the anticipated inflation rate when pricing long-term products for customers.
Liquidity risk	minimize	There is a risk that insufficient cash will be available to meet existing or future payment commitments. In addition, any breach of the covenants agreed for the asset-backed loans could trigger an immediate repayment obligation.	Enpal analyzes its cash requirements on the basis of its financial planning and cash flow projections. The financing rounds conducted in financial years 2021 and beginning of 2023 have secured the financial requirements of the Enpal Group for the mid-term. Moreover, Enpal reviews compliance with the covenants on a constant basis.
Currency risk	avoid	The Euro is both the functional currency and the presentation currency for the Enpal Group. Due to the purchase of components from China, the Enpal Group is subject to currency risks to some extent.	Enpal counters this risk by negotiating contracts with suppliers that are denominated in Euro. Both parties to the contracts are entitled to renegotiate the contracts as soon as the exchange rate between the Euro and the yuan fluctuates more than 5% from the contractually agreed price for the solar modules.
Interest risk	minimize	If interest rates rise, the leasing and financing products become relatively more expensive.	Enpal counters this risk by entering large-volume asset-backed loans in advance and at fixed interest rates and/or by hedging variable interest rate long-term asset-backed loans with interest rate swaps of equivalent terms. In addition, the Enpal Group closely monitors the interest environment and adjusts its product portfolio accordingly if the long-term financing arrangement becomes unattractive to customers.

**Overall statement on the risk position**

The Enpal Group operates on a rapidly growing market. The rising demand for products and services in the market for renewable energies opens great opportunities for us.

The risk management system of the Enpal Group is the basis from which management assesses the overall risk.

## Enpal.

In our opinion, the overall risk position does not currently include any risks that jeopardize the ability of the Enpal Group as a whole or Enpal B.V. to continue as going concern or that could significantly impair their financial position, financial performance or cash flows. In the opinion of management, risks that could have a substantial or high impact to materialize are not expected to affect future business development.

### 5 Assessment of the Economic Situation

The Enpal Group looks back on a strong business year in 2023. The Group was able to accelerate its successful growth trajectory. At the end of the financial year, the Enpal Group had an excellent liquidity position. The financial position is very stable, with an equity ratio of 19.5% (2022: 24.7%).

#### Executive directors

Berlin, 28 June 2024

Mario Kohle

Dr. Florian Christ

Dr. Jochen Cassel

Stephan Rink

Henning Rath



## Consolidated Financial Statements

### Consolidated Statement of Profit or Loss and other Comprehensive Income for Financial Year 2023

#### Consolidated Statement of Profit or Loss for Financial Year 2023

EUR m	Note	2023	2022
Revenue	(1)	960.1	432.5
Cost of sales	(2)	(670.6)	(302.9)
<b>Gross profit</b>		<b>289.5</b>	<b>129.6</b>
Selling expenses	(3)	(175.6)	(70.5)
Administrative expenses	(4)	(113.7)	(46.2)
Other operating income		0.4	0.3
Other operating expenses	(5)	(2.1)	(0.6)
<b>Operating profit</b>		<b>(1.6)</b>	<b>12.6</b>
Other financial income	(6)	8.6	7.0
Other finance costs	(7)	(21.3)	(11.0)
<b>Financial result</b>		<b>(12.7)</b>	<b>(4.0)</b>
<b>Profit/(loss) before tax</b>		<b>(14.2)</b>	<b>8.5</b>
Income tax	(8)	(3.8)	6.6
<b>Profit/(loss) for the period</b>		<b>(18.1)</b>	<b>15.1</b>
profit or loss allocable to the owners of Enpal B.V.		(21.2)	14.4
of which profit or loss allocable to non-controlling interests		(3.2)	0.7

#### Consolidated Statement of Other Comprehensive Income for Financial Year 2023

EUR m	2023	2022
<b>Profit/(loss) for the period</b>	<b>(18.1)</b>	<b>15.1</b>
Effective portion of profit/loss from cash flow hedges after tax	(9.9)	7.0
Currency translation differences from foreign financial statements	0.1	0.0
<b>Other comprehensive income</b>	<b>(9.9)</b>	<b>7.0</b>
<b>Comprehensive income</b>	<b>(27.9)</b>	<b>22.1</b>
of which comprehensive income allocable to the owners of Enpal B.V.	(24.0)	21.0
of which comprehensive income allocable to non-controlling interests	(3.9)	1.2

## Consolidated Statement of Financial Position as at 31 December 2023

(Before appropriation of result)

EUR m	Note	31 Dec 2023	31 Dec 2022
<b>Non-current assets</b>		<b>222.2</b>	<b>612.5</b>
Intangible assets	(10)	5.4	2.7
Property, plant and equipment	(11)	32.0	14.5
Right-of-use assets	(12)	30.9	11.6
Lease and loan receivables	(13)	115.5	542.4
Other financial assets	(16)	3.4	10.7
Other non-financial assets	(17)	14.5	17.6
Deferred tax assets	(8)	20.4	13.0
<b>Current assets</b>		<b>1,961.2</b>	<b>406.1</b>
Inventories	(14)	183.7	132.3
Trade receivables	(15)	4.4	0.7
Lease and loan receivables	(13)	9.0	40.0
Income tax receivables	(8)	0.1	0.1
Other financial assets	(16)	4.9	0.8
Other non-financial assets	(17)	42.6	45.6
Cash and cash equivalents	(18)	294.1	186.6
Assets held for sale	(19)	1,422.4	0.0
<b>Total assets</b>		<b>2,183.3</b>	<b>1,018.6</b>

EUR m	Note	31 Dec 2023	31 Dec 2022
<b>Equity</b>		<b>424.8</b>	<b>251.1</b>
Issued capital	(19)	0.1	0.1
Share premium	(19)	492.3	293.0
Other reserves	(19)	(1.6)	7.5
Retained earnings	(19)	(63.4)	(50.9)
<b>Equity allocable to the owners of Enpal B.V.</b>	<b>(19)</b>	<b>427.4</b>	<b>249.7</b>
Non-controlling interests	(19)	(2.6)	1.3
<b>Non-current liabilities</b>		<b>191.3</b>	<b>534.9</b>
Convertible loan	(20)	11.2	11.2
Asset-backed loans	(22)	126.0	493.8
Lease liabilities	(11)	24.7	5.3
Provisions	(23)	13.4	13.2
Other financial liabilities	(26)(28)	12.7	1.1
Other non-financial liabilities	(27)	0.4	1.4
Deferred tax liabilities	(8)	2.9	8.8
<b>Current liabilities</b>		<b>1,567.3</b>	<b>232.7</b>
Bank loans	(21)	67.7	41.5
Asset-backed loans	(22)	6.1	23.8
Lease liabilities	(11)	6.5	6.4
Provisions	(23)	1.7	4.5
Trade payables	(24)	108.6	98.3
Supplier finance liabilities	(25)	62.4	30.2
Income tax liabilities	(8)	3.8	2.3
Other financial liabilities	(26)	14.2	10.6
Other non-financial liabilities	(27)	32.6	15.2
Liabilities held for sale	(18)	1,263.9	0.0
<b>Total equity and liabilities</b>		<b>2,183.3</b>	<b>1,018.6</b>

## Consolidated Statement of Changes in Equity for Financial Year 2023

EUR m	Issued capital	Share premium	Other reserves		Retained earnings	Shareholders of Enpal B.V.	Non-controlling interests	Equity
			Cash flow hedges	Currency translation				
<b>1 January 2023</b>	<b>0.1</b>	<b>293.0</b>	<b>7.5</b>	<b>0.0</b>	<b>(50.9)</b>	<b>249.7</b>	<b>1.3</b>	<b>251.0</b>
Profit (loss) for the period	0.0	0.0	0.0	0.0	(14.9)	(14.9)	(3.2)	(18.1)
Other comprehensive income	0.0	0.0	(9.1)	0.1	0.0	(9.1)	(0.8)	(9.9)
<b>Comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>(9.1)</b>	<b>0.1</b>	<b>(14.9)</b>	<b>(24.0)</b>	<b>(3.9)</b>	<b>(27.9)</b>
Capital increase	0.0	208.0	0.0	0.0	0.0	208.0	0.0	208.0
Transactions cost for capital increase	0.0	(6.3)	0.0	0.0	0.0	(6.3)	0.0	(6.3)
Conversion option	0.0	(2.4)	0.0	0.0	2.4	0.0	0.0	0.0
<b>31 December 2023</b>	<b>0.1</b>	<b>492.3</b>	<b>(1.7)</b>	<b>0.1</b>	<b>(63.4)</b>	<b>427.4</b>	<b>(2.6)</b>	<b>424.8</b>

EUR m	Issued capital	Share premium	Other reserves		Retained earnings	Shareholders of Enpal B.V.	Non-controlling interests	Equity
			Cash flow hedges	Currency translation				
<b>1 January 2022</b>	<b>0.1</b>	<b>288.9</b>	<b>0.4</b>	<b>0</b>	<b>(61.4)</b>	<b>227.9</b>	<b>0.9</b>	<b>228.8</b>
Profit (loss) for the period	0	0	0	0	14.4	14.4	0.7	15.1
Other comprehensive income	0	0	6.5	0	0	6.6	0.4	7.0
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6.5</b>	<b>0</b>	<b>14.4</b>	<b>21.0</b>	<b>1.2</b>	<b>22.1</b>
Capital increase	0	0	0	0	0	0	0	0
Transactions with shareholders	0	0	0.6	0	0.2	0.8	(0.8)	0
Conversion option	0	4.1	0	0	(4.1)	0	0	0
<b>31 December 2022</b>	<b>0.1</b>	<b>293.0</b>	<b>7.5</b>	<b>0</b>	<b>(50.9)</b>	<b>249.7</b>	<b>1.3</b>	<b>251.0</b>

## Consolidated Cash Flow Statement for Financial Year 2023

EUR m	2023	2022
<b>Profit (loss) for the period</b>	<b>(18.1)</b>	<b>15.1</b>
Adjustments for:		
Amortization/depreciation of intangible assets, property, plant and equipment and right-of-use assets	18.4	6.4
Non-cash expenses from share-based payments	2.6	7.2
Other non-cash income/expenses	2.5	0.0
Financial result and operating finance costs	12.7	13.4
Income taxes	3.8	(6.6)
Decrease/(increase) of lease receivables	(801.5)	(403.7)
Decrease/(increase) of inventories	(51.4)	(100.1)
Decrease/(increase) of trade receivables	(3.6)	0.4
Decrease/(increase) of other assets	(48.0)	(34.4)
Increase/(decrease) of trade payables	21.2	84.5
Increase/(decrease) of supplier finance liabilities	19.2	18.1
Increase/(decrease) of other liabilities	46.1	19.3
Increase/(decrease) of provisions	(2.8)	4.9
Income taxes paid	(2.5)	0.0
<b>Net cash outflow from operating activities</b>	<b>(801.3)</b>	<b>(375.4)</b>
Cash paid for investments in property, plant and equipment	(24.4)	(13.0)
Cash paid for investments in intangible assets	(4.7)	(1.7)
Payments for acquisition of convertible loan	(2.0)	0.0
Payments for acquisition of shares	(2.0)	0.0
Payments of transaction costs for sale of financing companies	(0.6)	0.0
Cash paid for security deposits	(0.2)	(0.7)
Repayment of security deposits	0.0	0.2
Interest received	1.3	0.0
<b>Net cash outflow from investing activities</b>	<b>(32.6)</b>	<b>(15.2)</b>
Cash received from capital increases from the shareholders	208.0	0.0
Cash paid for transaction costs of capital increases	(9.0)	(3.6)
Cash paid for the acquisition of non-controlling interests	0.0	0.0
Cash paid to settle the purchase liability for the acquisition of non-controlling interests	(0.1)	(0.4)

Cash received from bank loans	26.1	29.6
Cash received from issuing asset-backed loans	890.0	404.9
Cash paid to redeem asset-backed loans	(31.9)	(15.4)
Interest and borrowing costs paid for asset-backed loans	(21.6)	(22.9)
Proceeds from other financing agreements	12.9	0.0
Cash paid to service lease liabilities	(9.4)	(4.0)
Other interest and borrowing costs paid	(10.7)	(4.4)
<b>Net cash inflow from financing activities</b>	<b>1,054.4</b>	<b>383.9</b>
Change in cash and cash equivalents due to exchange rate movements	(1.0)	(2.7)
Other changes in cash and cash equivalents	2.9	(0.7)
Transfer to disposal group	(115.0)	0.0
<b>Change in cash and cash equivalents</b>	<b>107.6</b>	<b>(10.1)</b>
<b>Cash and cash equivalents at the beginning of the financial year*</b>	<b>186.6</b>	<b>196.7</b>
<b>Cash and cash equivalents at the end of the financial year*</b>	<b>294.1</b>	<b>186.6</b>

\* this includes cash of EUR 12.2m (2022: EUR 29.2m) that is subject to restricted disposal.

## **Notes to the Consolidated Financial Statements for Financial Year 2023**

### **1 General Remarks**

Enpal GmbH changed its legal form effective 24 January 2023 to Enpal B.V. (“Enpal”). Enpal was founded in 2017, and its subsidiaries pursue the objective of supplying people with green energy. Enpal offers house-owners a rental model for photovoltaic systems, battery storages and electric vehicle charging systems as well as additional financing and purchasing options for photovoltaic systems, battery storages, electric vehicle charging systems and heat pumps. Enpal is based in Berlin, Germany, and is registered in the commercial register of Onbekend in the Netherlands under the number 89067363. The address of Enpal’s registered offices is Koppenstrasse 8, 10243 Berlin.

These financial statements cover the year 2023, which ended at the reporting date of 31 December 2023. The financial statements of Enpal have been prepared on the basis of the going concern assumptions.

The financial information of Enpal is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate statement of profit or loss of Enpal solely states the share of the result of participating interests after tax and the other income and expenses after tax. For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Enpal Group should be read in conjunction with the separate financial statements, as included under pages 95 to 120.

The management report for the financial year is available for inspection at the office of Enpal B.V. in Berlin. A full or partial copy thereof will be provided to anyone upon request at no more than the cost price (Article 2:394(4) of the Dutch Civil Code).

These consolidated financial statements were approved for publication by the executive directors of Enpal B.V. on 28 June 2024.

### **2 Material Accounting Policies**

#### **2.1 Basis of preparation**

The consolidated financial statements of Enpal are part of the statutory financial statements of Enpal. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union and with Article 2:362(9) of the Dutch Civil Code.

Individual line items in the statement of financial position have been condensed to aid the clarity of presentation. These are explained in the notes to the financial statements.

The consolidated financial statements are prepared on a historical cost basis unless stated otherwise in the accounting policies explained below. The consolidated statement of profit or loss included in the consolidated statement of comprehensive income is classified using the function of expense (cost of sales) method. The financial year corresponds to the calendar year. The consolidated financial statements are prepared in Euro. All figures in the notes and the tables are denominated in million Euros unless otherwise stated. Both individual figures and sum totals are stated at the amount with the lowest rounding difference. For this reason, there could be small rounding differences in the sum totals and the stated percentage ratios could diverge marginally from the figures on which they are based.

## 2.2 New and Amended Accounting Standards

The following new or amended accounting standards issued by the IASB, some of which have not yet been endorsed by the EU, only apply to future financial reporting, assuming their endorsement by the EU. They have not been early adopted.

Standard/Interpretation (as at 31 December 2023)		Mandatory application for Enpal B.V.	Endorsed by the EU	Prospective implications
IFRS 16	Sale and leaseback transactions	1 Jan 2024	Yes	No significant implications
IAS 1	Classification of liabilities as current or non-current	1 Jan 2024	Yes	No significant implications
IAS 1	Non-current liabilities with covenants	1 Jan 2024	Yes	No significant implications
IAS 7/ IFRS 7	Reverse factoring agreements	1 Jan 2024	No	No significant implications
IAS 21	Currency translation if currency is inconvertible	1 Jan 2025	No	No significant implications

The consolidated financial statements consider all IFRSs that have been issued and become mandatory in the European Union on the reporting date. The amendments applying for the first time in the reporting year concern IAS 1, IAS 8, IFRS 9 and IFRS 17 specifies new accounting rules for insurance contracts. All of the amended IFRSs listed above have been mandatory since 1 January 2023. The adoption of the amended standards did not have any significant effect on the presentation of the financial position, financial performance and cash flows of Enpal or on the disclosures in the notes to the financial statements.

In addition, a clarification to IAS 12 regards income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/ G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes) has been released. As an exception to the

requirements in IAS 12, it requires that an entity neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. This amendment was issued in May 2023 and therefore not part of our prior year's description of new or amended IFRS. For further details on the application of this amendment see section 2.16 Current and deferred taxes and for disclosures regarding Pillar two income taxes see section (8.) Income taxes.

## **2.3 Consolidation**

### **Subsidiaries**

The consolidated financial statements include all subsidiaries of Enpal B.V. These are entities over whose financial and business policies the Group can exercise direct or indirect control. Subsidiaries are fully consolidated in the consolidated financial statements as at the date on which control is transferred to the Group. They are deconsolidated as at the date on which control is extinguished.

The acquisition method is used to account for business combinations. The cost of the business combination corresponds to the fair value of the acquired assets, the equity instruments issued, and the liabilities incurred and assumed as at the date of acquisition. Identifiable assets, liabilities and contingent liabilities in the course of the business combination are measured initially at their fair values on the acquisition date, irrespective of the extent of any non-controlling interest. The difference between acquisition costs and the fair value of the net assets acquired that is allocable to the Group is recognized as goodwill. If the acquisition costs are lower than the fair value of the (allocable) net assets of the subsidiary acquired, the difference is recognized directly in profit or loss after reexamination. After control has been obtained, any acquisitions of shares in subsidiaries are accounted for as equity transactions. The difference between the purchase price of the shares and the non-controlling interests that are thereby extinguished is directly offset against retained earnings.

Intercompany transactions, balances and unrealized profits on intercompany transactions are eliminated. The same applies to unrealized losses unless the transaction indicates an impairment of the underlying asset. The accounting policies of subsidiaries are amended where necessary to ensure that uniform accounting policies are exercised throughout the Group.

### **Basis of consolidation**

The number of subsidiaries in the consolidated group rose from 40 to 52 in the financial year due to the formation of new companies. The changes to the basis of consolidation do not affect the comparability of the financial statements with the prior year.

The following table lists Enpal B.V.'s subsidiaries included in the consolidated financial statements as at 31 December 2023:

Entity	Registered offices	Share in capital
engea Wallbox GmbH *	Berlin (Germany)	100%
Enpal Albania Shpk	Tirane (Albania)	100%
Enpal Asset Management GmbH*	Berlin (Germany)	100%
Enpal B.H. d.o.o.	Sarajevo (Bosnia)	100%
Enpal China Ltd.	Shenzhen (China)	0%
Enpal Dragon GmbH*	Berlin (Germany)	100%
Enpal Enablement GmbH*	Berlin (Germany)	100%
Enpal Energy GmbH*	Berlin (Germany)	100%
Enpal ezee Benefit GmbH**	Berlin (Germany)	70%
Enpal ezee Benefit II GmbH**	Schönefeld (Germany)	100%
Enpal ezee Benefit III GmbH**	Berlin (Germany)	70%
Enpal ezee GmbH**	Berlin (Germany)	70%
Enpal Field&Partner Sales GmbH* (Until 7 July 2023 Enpal Ident GmbH)	Berlin (Germany)	100%
Enpal Financial Services Deutschland GmbH	Berlin (Germany)	100%
Enpal Financial Services Holding GmbH	Berlin (Germany)	100%
Enpal Green Advantage GmbH**	Schönefeld (Germany)	100%
Enpal Green Advantage Holding GmbH**	Schönefeld (Germany)	100%
Enpal Green Future Holding GmbH**	Schönefeld (Germany)	100%
Enpal Green Future I GmbH**	Schönefeld (Germany)	100%
Enpal Green Innovations Holding GmbH**	Berlin (Germany)	100%
Enpal Green Innovations I GmbH**	Berlin (Germany)	100%
Enpal Green Solutions Holding GmbH**	Schönefeld (Germany)	100%
Enpal Green Solutions I GmbH**	Schönefeld (Germany)	100%
Enpal Green Technologies Holding GmbH**	Berlin (Germany)	100%
Enpal Green Technologies I GmbH**	Berlin (Germany)	100%
Enpal Green Vision GmbH**	Schönefeld (Germany)	100%
Enpal Green Vision Holding GmbH**	Schönefeld (Germany)	100%
Enpal Grid Operations GmbH*	Berlin (Germany)	100%
Enpal Installation Nord GmbH*	Erfurt (Germany)	100%
Enpal Installation Süd GmbH*	Erfurt (Germany)	100%

Enpal Italia S.r.l.	Milan (Italy)	100%
Enpal Montage Berlin/Brandenburg GmbH*	Blankenfelde-Mahlow (Germany)	100%
Enpal Montage GmbH*	Berlin (Germany)	100%
Enpal Montage Hamburg GmbH*	Hamburg (Germany)	100%
Enpal Montage Hannover GmbH*	Hannover (Germany)	100%
Enpal Montage Köln GmbH*	Troisdorf (Germany)	100%
Enpal Montage Nürnberg GmbH*	Ansbach (Germany)	100%
Enpal Montage Rhein/Main GmbH*	Mainz (Germany)	100%
Enpal Planning GmbH*	Berlin (Germany)	100%
Enpal Pro GmbH* (until 12 July 2023 Enpal Production GmbH)	Berlin (Germany)	100%
Enpal Sales Enablement GmbH*	Berlin (Germany)	100%
Enpal Sales GmbH*	Berlin (Germany)	100%
Enpal Sales NRW GmbH*	Essen (Germany)	100%
Enpal Sales Sachsen GmbH*	Berlin (Germany)	100%
Enpal Sales Support GmbH*	Berlin (Germany)	100%
Enpal Services GmbH*	Berlin (Germany)	100%
Enpal South Africa (PTY) Ltd.	Cape Town (South Africa)	100%
Enpal Supply Chain GmbH*	Berlin (Germany)	100%
Enpal Tech GmbH*	Berlin (Germany)	100%
Enpal24 GmbH* (until 5 October 2023 Enpal Sales Berlin/Brandenburg GmbH)	Berlin (Germany)	100%
Ezee Benefit GmbH**	Geislingen (Germany)	70%
Green Finance Solution SA**	Luxembourg (Luxembourg)	0%

\* This entity exercises the exemption pursuant to Sec. 264 (3) HGB and has opted not to publish its financial statements.

\*\* This entity is not part of the operating subgroup.

Control over Enpal China Ltd. and Green Finance Solution SA results from contractually secured rights. For this reason, these entities are fully consolidated despite the fact that the Group does not hold a majority of the voting rights.

### **Foreign currency translation**

The functional currency is determined for each group entity. The functional currency is the currency of the primary economic environment in which the respective group entity

operates. Any business transactions of the respective group entities that are denominated in other currencies therefore qualify as foreign currency transactions.

The functional currency of Enpal and the presentation currency of the Group, is the Euro. The financial statements of subsidiaries that use a different functional currency than the Euro, are translated to the presentation currency using the closing rate method. The assets and liabilities are translated into Euro at the closing rate. The line items of the statement of profit or loss are therefore translated into Euro using the average monthly exchange rate. The line items of equity are translated using the historical rate. Any difference arising in the statement of financial position from currency translation is posted to the foreign currency translation reserve.

Foreign currency transactions are translated to the functional currency of the respective group entity using the applicable exchange rates on the date of the transaction. Monetary items denominated in a foreign currency are subsequently translated at the respective closing rate. Exchange differences arising from monetary items that constitute a portion of the net investment of Enpal in a foreign operation are posted to other comprehensive income and recycled through consolidated profit or loss upon disposal. Tax charges and tax benefits attributable to exchange differences on those monetary items are also considered in other comprehensive income. Any exchange differences arising from foreign currency transactions and the translation of monetary foreign currency items using the closing rate are posted through profit or loss as exchange gains or exchange losses under other operating income and other operating expenses.

The following exchange rates were used for the consolidated financial statements:

1 Euro =	Closing rate		Annual average rate	
	31 Dec 2023	31 Dec 2022	2023	2022
CNY	7.85100	7.25820	7.65753	7.07880
USD	1.10500	1.06660	1.08126	1.05300
ZAR	20.34770		19.95510	
ALL	103.41262		108.59060	
BAM	1.95240		1.95655	

## 2.4 Disposal group classified as held-for-sale

Disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the

Group's other accounting policies. Impairment losses on initial classification as held-for sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

## **2.5 Intangible Assets**

Intangible assets of Enpal include internally generated intangible assets and other intangible assets.

### **Internally generated intangible assets**

Internally generated intangible assets at Enpal comprise of software developments. The related expenses qualify for recognition from the date on which the recognition criteria for development expenses are met cumulatively: (1) technical feasibility of completing the development project must be reasonably certain, (2) there is an intention to complete the asset so that it will be available for use or sale, (3) the ability to use the asset and the nature of its future economic benefits can be demonstrated, (4) the resources required to complete the development project are available and (5) the intangible asset can be reliably measured.

The development expenses recognized as internally developed intangible assets include directly allocable personnel expenses and project-related third-party services. Internally generated intangible assets are amortized on a straight-line basis over their expected useful life commencing on the date on which the asset can be used. An impairment test is conducted if there are indications of possible impairment. Internally generated intangible assets that are not yet ready for use are subject to an annual impairment test. The residual life of internally generated intangible assets that are already in use ranges between 6 months and 3 years. Amortization is charged to the cost of sales.

### **Other intangible assets**

Intangible assets acquired for a consideration are recognized at acquisition cost and amortized on a straight-line basis over their respective useful lives. An impairment test is conducted if there are indications of possible impairment. Intangible assets with an indefinite useful life are tested for impairment once a year. Other intangible assets with an indefinite useful life at Enpal include license fees for the Enpal domain. Acquired software and licenses included under other intangible assets have useful lives ranging between 3 and 5 years. Amortization is charged to administrative expenses.

## **2.6 Property, Plant and Equipment**

The property, plant and equipment of the Enpal Group consists primarily of smart electricity meters, safety scaffolding, tools, computer hardware and other office equipment. These items are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recorded on a straight-line basis over the following useful lives, considering the respective residual value:

Smart electricity meters:	8 years
Safety scaffolding:	11 years
Tools:	10 years
Computer hardware:	3 years
Other office equipment:	5 years

The residual values and residual useful lives of these items are reviewed each reporting date and adjusted as necessary.

Subsequent costs are only recognized if it is probable that they will result in future economic benefits for the Enpal Group. All other repairs and maintenance are expensed through profit or loss in the financial year in which they incurred.

Gains and losses upon the disposal of property, plant and equipment are calculated as the difference between their carrying amount and the proceeds upon disposal and posted to other operating income or other operating expenses.

## **2.7 Leases**

A lease is a contract that conveys the right to use an identifiable asset for a certain period of time in exchange for consideration. A right to use an identifiable asset can be embedded in many different kinds of contract, such as rental agreements, leases and contracts for services. The formal title of the contract is not relevant. Enpal enters into leases as both lessor and lessee.

## **2.8 Enpal as a Lessee**

Enpal is a lessee in a number of leases for offices, warehouses, vehicles, IT hardware and office equipment. The contracts generally include options to terminate or prolong the lease which provide Enpal with the flexibility to modify the use and the lease portfolio to the needs of the Group.

Enpal recognizes and measures all leases (with the exception of short-term leases and leases for low-value assets) using the right-of-use model. This involves the recognition of a lease liability for the obligation to make lease payments and the recognition of a right-of-use asset for the right to use the underlying asset.

The practical expedient provided by IFRS 16.5 is applied to leases of low-value assets and short-term leases of less than twelve months. Correspondingly, the right-of-use asset and the lease liability are not recognized in these cases. Rather, the payments are expensed as incurred in the consolidated statement of profit or loss.

**Right-of-use assets**

Enpal recognizes right-of-use assets from the date on which the underlying asset is available for use (commencement date). Right-of-use assets are carried at cost less accumulated depreciation and impairment losses. The cost of right-of-use assets includes the recognized lease liabilities, the initial direct costs incurred, and the lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the expected useful life of the lease:

Offices:	7 months - 6 years
Warehouses:	1 - 5 years
Vehicles:	1 - 4 years
IT hardware:	2 - 3 years

When ownership to a leased asset passes to the Group at the end of the lease term or the exercise of a purchase option has been considered in the costs, depreciation is recorded over the estimated useful life of the leased asset.

The lease agreements, in which Enpal acts as lessee, do not contain any obligation to dismantle and remove the underlying asset, restore the site upon which it is located or to return the asset to a certain condition.

**Lease liabilities**

On the commencement date, Enpal recognizes the lease liabilities at the net present value of the outstanding lease payments to be made over the term of the lease. Lease payments include fixed and de facto fixed payments less any lease incentives to be received, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Group will actually exercise it, and penalty payments for termination of the lease if the term is measured after taking into account that the Group will exercise the termination option. Variable lease payments that are not linked to an index or interest rate are expensed in the period in which the condition triggering payment occurs.

The Group applies its incremental borrowing rate on the commencement date when discounting lease payments to present value as the interest rate implicit in the lease cannot be readily determined. Subsequent to the commencement date, the lease liability is rolled forward using the effective interest rate method. The carrying amount of lease liabilities is remeasured upon any modifications to the lease, a change in the lease term, changes in lease payments (e.g., changes in future lease payments as a result of a change in the index or interest rate used to determine those payments), or a change in the assessment of a purchase option for the underlying asset.

The current portion of lease liabilities is determined by the payments of principal contained in the lease payments for the coming twelve months.

## **2.9 Enpal as Lessor and Revenue from Contracts with Customers**

Enpal generates revenue by leasing out photovoltaic systems which result in the collection of monthly payments over a period of 20 years. Customers can also elect to rent a battery storages and/or an electric vehicle charging system. Moreover, they can choose to retrofit a battery storage and/or an electric vehicle charging system at a later date. The lease is always entered into in combination with a service contract. As these contracts are negotiated as a bundle and signed simultaneously, they are treated as one contractual framework. However, as the contractual framework contains a number of performance obligations, it is split into a lease and multiple service components, which are accounted for separately as described below. The lease component falls within the scope of IFRS 16 whereby the service components fall within the scope of IFRS 15. This results in different revenue recognition for the components. The agreed consideration is allocated to the lease and the service components on the basis of the relative standalone selling prices, which are based on the expected costs plus an appropriate margin.

Furthermore, Enpal offers an installment purchase contract to customers through which a photovoltaic system and if chosen by the customer a battery storage and/or an electric vehicle charging system is sold to the customer in combination with a financing solution ("loan"). Both, the sale and the financing component are in the scope of IFRS 15 and constitute two separate performance obligation. Customers can elect to enter into a separate service contract, which is treated as a separate contract under IFRS 15.

### **Lease of photovoltaic systems, battery storages and electric vehicle charging systems**

The rental contract of the photovoltaic systems and, if chosen by the customer, battery storage and/or electric vehicle charging systems constitutes a finance lease in the form of a manufacturer lease pursuant to IFRS 16. By entering into the lease with Enpal, the customer, as the lessee, obtains the right, in return for payment of consideration over the term of the lease, to control the use of the photovoltaic system, the battery storage and electric vehicle charging system.

On the commencement date of the lease, Enpal recognizes a lease receivable in an amount equal to its net investment in the lease. A lessor's net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. In contrast to regular finance leases, Enpal does not consider any incremental costs associated with obtaining the contract when measuring its net investment in the lease, but rather expenses the share of these payments attributable to the lease components (e.g. employee commission) directly through profit or loss. In addition, discounts and bonus payments are granted to the customer, which are allocated to the lease and service component in relation

to the transaction price. Any discount specific to a discount period is only allocated to the discount period.

On the commencement date Enpal recognizes the following in connection with the lease component:

- Revenue at the fair value of the leased assets, i.e. the photovoltaic system, battery storage and electric vehicle charging system or, if lower, at the present value of the lease payments
- Cost of sales at the historical cost of the system, and
- Any gain or loss on sale equal to the difference between revenue and the cost of sale.

Subsequent to the commencement date, Enpal accounts for the lease components as follows:

- Interest income contained in the lease receivable is recognized in operating finance income over the term of the lease and therefore reported under revenue.
- The net investment in the lease is reduced by any lease payments received less the imputed interest income.
- Impairments of the net investment in the lease, and any expected credit losses in particular, are posted to selling expenses.

The lessee has the option to buy the photovoltaic system, the battery storage and the electric vehicle charging system. Based on observable market data, Enpal assumes that most customers will exercise this option upon expiry of the lease. Enpal assumes that only a small percentage of the customers will exercise the option during the term of the lease except in the first months in which Enpal offers a reduced purchase price since the current financial year. If a customer decides not to exercise the purchase option at the end of the term of the lease, Enpal has an obligation to dismantle the photovoltaic system, battery storage and electric vehicle charging system (see the comments on dismantling obligations). Since this financial year Enpal charges a fee to the customer for dismantling the system.

### **Service components**

The portion of the consideration that is attributable to service components is recognized as revenue in accordance with IFRS 15. The relative standalone selling price of each individual component is calculated at the sales price that a third party is expected to pay for such a service. The services comprise the provision of maintenance and repair services for the photovoltaic systems, battery storages and electric vehicle charging systems, including a right granted to the customer to replace the battery storage if it loses more than 30% of its storage capacity or the electric vehicle charging system if its functionality is impaired.

The repair and maintenance service is an obligation for a series of distinct goods or services, which is recognized on a straight-line basis over time over the full term of the contract. This

gives rise to contract assets as the first date of payment does not necessarily coincide with the inception of the contract. There are no contract liabilities associated with this performance obligation.

The performance obligations to replace the battery storage and/or electric vehicle charging system qualify as service-type warranties. The obligations are performed over time with the progress of completion being calculated on the basis of inputs. As a result, the revenue associated with the service-type warranties is recognized in full on the date on which the replacement is made. The customer payments for these performance obligations are recognized as contract liabilities from the inception of the lease. Upon replacement of the battery or electric vehicle charging system, the associated contract liability is derecognized through profit or loss and a trade receivable is recognized for the outstanding right to receive payment until the end of the lease term. The trade receivable is subsequently reduced by the amount of the monthly lease payments allocable to the respective component. During the term of the lease, Enpal reviews the contract liabilities to determine whether a replacement is unlikely, and revenue should be recognized.

Minor maintenance work on photovoltaic systems, battery storage systems or electric vehicle charging systems is borne by the customer on a case-by-case basis. Such charges only need to be paid by the customer once the work has actually been performed. Consequently, these payments are not considered in the initial transaction price.

### **Sale of photovoltaic systems, battery storages and electric vehicle charging systems in combination with a financing agreement (“loan”)**

The transaction price is allocated to the sale of the photovoltaic system, battery storage and electric vehicle charging system and the significant financing component. The amount is determined by discounting the customers payments using a discount rate that reflects the customer’s creditworthiness. The discounted amount reflects the transaction price for the sale of the photovoltaic system, battery storages and electric vehicle charging system.

The selling price of the photovoltaic system including battery storage and electric vehicle charging system is recognized as revenue when control of the photovoltaic system transfers to the customer. A loan receivable towards the customer is recognized in the same amount. Enpal accounts for the loan receivable in accordance with IFRS 9. Interest income is shown separately from revenue from contracts with customers in accordance with IFRS 15. Since the interest income is part of Enpal’s ordinary business activities, the interest income is presented as revenues and separately disclosed in the notes

### **Sale of heat pumps and materials to installers**

Revenue is recognized when control of the asset is transferred to the customer, typically upon delivery or final acceptance by the customer. The transaction price is based on the consideration specified in the contract less rebates and discounts.

## **Electricity supply contracts**

Enpal generates revenue from electricity supply contracts with customers. According to IFRS 15, these constitute a performance obligation to supply a series of goods or services as the contract does not set a defined volume of power. Rather, Enpal agrees to supply electricity to the customer at the previously arranged terms and conditions. The contracts may generally be terminated by both parties at the end of any month upon notice of four weeks. Revenue is recognized on a monthly basis.

## **Contract balances**

### **Incremental costs of obtaining contracts**

Enpal grants commission to its employees if they are successful at concluding a customer contract. In addition, payments are made to existing customers or others if they attract new customers. The portion of the costs that is allocable to the service obligations is recognized as non-financial asset and amortized over the contractual term of 20 years. The amortization is charged to selling expenses. The portion that is allocable to the lease component qualifies as incremental costs of obtaining a contract, which, in the case of manufacturer leases, are recognized as selling expenses as incurred. The incremental costs of obtaining a contract are presented under non-financial assets.

### **Contract assets**

A contract asset is recognized when Enpal satisfies its contractual performance obligations, the customer has not yet paid the consideration and the due date of the receivable is tied to other conditions. Contract assets at Enpal arise as there is a timing difference between the payment by the customer and the performance of the contractual obligation. Contract assets are presented within non-financial assets and are tested for impairment (see the notes on the impairment of financial assets).

### **Trade receivables**

A receivable is recognized when Enpal obtains an unconditional right to receive consideration from a customer, i.e. the due date will automatically arise over the course of time. As described above, trade receivables at Enpal arise as a result of the replacement of battery storage systems and electric vehicle charging systems at the amount of contractual performance obligation rendered. No such balances are recorded to date.

### **Contract liabilities**

A contract liability is recognized when a customer makes a payment, or the payment falls due (depending on which event comes first) before Enpal has rendered the good or service to the customer. Contract liabilities are recognized as revenue as soon as Enpal has satisfied

its contractual performance obligations. As described above, a contract liability at Enpal is recognized in connection with the right to have battery storage systems and electric vehicle charging systems replaced. The contract liability rises by the amount of the monthly consideration and is posted to revenue upon replacement of the battery storage system or electric vehicle charging system.

## **2.10 Impairment of Intangible Assets, Property, Plant and Equipment and Right-of-Use Assets**

Intangible assets with definite useful lives, property, plant and equipment and right-of-use assets are tested for impairment whenever circumstances or events indicate that their carrying amount is possibly not recoverable. An impairment loss is recognized at the amount by which the carrying amount of an asset exceeds its recoverable amount. The latter corresponds to the higher of the asset's fair value less cost of disposal and the discounted net cash flows from its continuing use (value in use). When testing an asset for impairment, assets are combined at the smallest cash-generating unit for which cash flows can be identified that are generally independent of those generated by the rest of the Enpal Group.

In the case of a reversal of an impairment, the carrying amount of the asset is written back up but may not exceed amortized cost. Impairment losses recognized on goodwill are never reversed.

## **2.11 Inventories**

Inventories comprise raw materials, consumables and supplies as well as work in progress. Photovoltaic systems, battery storage systems, electric vehicle charging systems and heat pumps are recognized under work in progress when assembly has begun but has not yet been completed. Inventories are recognized at the lower of cost and net realizable value. Cost is measured at annual weighted average prices. In addition to directly allocable costs, the historical cost of work in progress includes an appropriate portion of production overheads assuming normal utilization of capacity. Borrowing costs are not recognized.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to complete the sale.

## **2.12 Cash and Cash Equivalents**

Cash and cash equivalents comprise current bank deposits denominated in EUR and USD, cash on hand and investments in money market funds with top ratings that have a residual term of no more than three months on the date of acquisition, can be readily liquidated and are subject to an insignificant risk of changes in value. In addition, this line item contains cash and cash equivalents that are subject to restricted disposal.

### **2.13 Provisions**

Provisions are recognized when a past event gives rise to a present legal or constructive obligation, the settlement of which is more likely than not to lead to an outflow of future economic resources. It must be possible to reliably measure the amount of the obligation. Provisions are recognized at their expected settlement amount. Non-current provisions are discounted using a discount rate that properly reflects the associated risks.

If Enpal expects a refund (e.g. from insurance indemnification) it recognizes the right to the refund as a separate asset provided the refund is almost certain to be collected.

Enpal recognizes provisions for the costs of dismantling photovoltaic systems, battery storages and electric vehicle charging systems for customer contracts which offer dismantling by Enpal at no charge. The provision is measured at the present value of the estimated future dismantling costs. The expected dismantling costs are included in the cost of sales. The estimated future cash outflows are discounted using a discount rate that is commensurate to the terms and risks. The discount is unwound in the period in which the expense is incurred and posted to other finance cost.

Warranty provisions are recognized at the amount of the undiscounted warranty costs expected to incur in the future. The costs are reported under cost of sales.

Provisions are recognized for potential losses on pending contracts in the case of onerous contracts, where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. They are recognized at the lower of the net cost incurred to fulfill the contract or any compensation to be paid or penalties arising from the failure to fulfill it. The expected costs are reported under administrative expenses

### **2.14 Share-Based Payments**

Selected employees are offered cash-settled virtual share option rights. A liability is recognized at the fair value of the cash-settled liability and presented in provisions. Upon their initial grant date, the fair value of the virtual share options is expensed on a pro rata temporis basis over the employee's period of service. They are posted to either the cost of sales, selling expenses or administrative expenses depending on the function to which the employee is allocated. The cost of virtual share options issued to third parties is recognized under other operating expenses. The fair value of the liability is remeasured every reporting date. Consequently, the liability presented at each reporting date always corresponds to the pro rata earned portion of the estimated fair value of the virtual share options.

### **2.15 Financial Instruments**

Financial instruments are contracts that give rise to a financial asset at one party to the contract and a financial liability or equity instrument at the other party. Enpal recognizes

regular way purchases and sales of non-derivative financial assets on the settlement date and derivatives on the trading date.

### **Financial assets**

Upon initial recognition, financial assets are allocated to one of the following three categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss

They are classified on the basis of the business model and the nature of their cash flows.

Financial assets are measured at amortized cost when they are held with the objective of collecting contractual cash flows and the cash flows of the financial asset constitute solely payments of principal and interest. At Enpal trade receivables, other financial assets (except derivatives) and cash and cash equivalents (except money market funds) are allocated to this measurement category.

A financial asset is measured at fair value through other comprehensive income when it is held with the objectives of collecting contractual cash flows and for sale, and the cash flows of the financial asset constitute solely payments of principal and interest. As at the reporting date Enpal does not carry any such financial assets. Consequently, no debt instruments are allocated to this category.

An equity instrument can also be allocated at fair value through other comprehensive income if, in the individual case, the reporting entity has irrevocably elected to allocate them to this category upon initial recognition. Upon disposal of such financial assets, the accumulated profits or losses recorded in other comprehensive income are not recycled through the consolidated statement of profit or loss. Within the Enpal Group, there are no equity instruments allocated to this category.

All financial assets that do not meet the above criteria are measured at fair value through profit or loss. At Enpal these instruments are represented by investments, convertible loan investments in other companies, derivative foreign currency instruments and investments in money market funds. Changes in the fair value of these financial assets are recognized through profit and loss. Other than foreign currency instruments, Enpal does not hold derivative financial instruments (including embedded derivatives) that are not in an effective designated hedge.

Financial assets are derecognized when the contractual right to the cash flows from an asset expire or the Group has transferred the right to receive the cash flows and substantially all the risks and rewards of ownership attached to the financial asset. Any differences arising upon derecognition are posted through profit or loss.

The allocation to the fair value hierarchy is based on the lowest level of inputs that is significant for measuring fair value in its entirety:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices that are observable, either directly or indirectly, and are material to the measurement of an asset or liability
- Level 3: at least one input factor is unobservable

Any reclassification between the levels of the hierarchy is performed on the reporting date.

## **Impairment of financial assets**

Each reporting date Enpal measures the expected credit losses from financial assets measured at amortized cost looking forward.

Expected credit losses on lease and loan receivables are separated into two measurement bases. If there has not been a significant increase in credit risk since initial recognition of the financial asset, the expected credit losses are considered on the basis of the possible default events within the next 12 months. For those financial assets where there has been a significant increase in credit risk since initial recognition of the financial asset, expected credit losses are measured over the residual lifetime of the lease receivables. The Enpal Group considers the credit risk of a financial asset to have increased significantly if at least one lease installment is more than 30 days past due.

With regard to the remaining trade receivables, other financial assets and cash and cash equivalents, Enpal recognizes a valuation allowance for expected credit losses.

The measurement of expected credit losses is a function of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). When calculating expected credit losses, the Group applies the specific probabilities of default specific to the operation as determined by recognized providers of market data. If such data is not available, the Group derives the probabilities of default from historical data and makes adjustments for the respective risks attached to the corresponding receivables. Credit losses are thus determined on a historic basis and adjusted to reflect any forward-looking information.

In certain cases, the Group considers a financial asset to have defaulted if internal or external information indicates that the Group is unlikely to collect the outstanding payments. The Enpal Group considers a default of lease or loan receivables if at least one installment is more than 120 days past due. The respective lease or loan receivables are considered to be credit-impaired.

## **Classification of financial instruments as equity**

Instruments that cannot be settled by equity instruments of the entity and do not give rise to a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are

potentially unfavorable, are classified as equity. The equity instruments issued by the Group are measured at the proceeds received upon their issue less any directly allocable costs associated with the issue.

### **Financial liabilities**

Upon initial recognition, financial liabilities are separated into two categories:

- Financial liabilities measured at fair value through profit or loss
- Financial liabilities measured at amortized cost

Liabilities allocated to the category of financial liabilities measured at fair value through profit or loss include liabilities that are held for trading such as derivatives (including embedded derivatives) that are not a component of a designated hedge and contingent consideration on business combinations.

Enpal entered into direct marketing agreements with certain customers (“Direct Marketing Agreements”). Under these agreements Enpal has the obligation to buy surplus electricity produced by the customer for a period of 2–4 years at a fixed price over the contract period. These agreements form derivative financial instruments under IFRS 9 as the contracts can be fulfilled by net payments and the “own use exemption” under IFRS 9.2.4 is not applicable. Financial liabilities from these contracts are measured at fair value. The initial recognition is recognized under selling expenses.

All other financial liabilities are allocated to the measurement category of financial liabilities measured at amortized cost. They are initially recognized at fair value less any associated transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

Any gain or loss arising from subsequent measurement is posted to profit or loss. Financial liabilities are derecognized if the contractual obligations have been satisfied or have expired. In the event of changes to the conditions of a contract, such as a prolongation of the contractual term, the Enpal Group reviews whether such changes substantially modify the terms and conditions of the contract. If this is the case, the financial liability is derecognized and a new financial liability is recognized in its place. The difference between the carrying amount of the original liability and the fair value of the new liability is posted through profit or loss along with any transaction costs.

Enpal has issued a convertible loan. The conversion option granted to the creditors is accounted for separately from the underlying liability. If the conversion price is variable, the option is recognized as a derivative liability at fair value through profit or loss. If the conversion price is fixed, the conversion option meets the criteria for recognition as equity. The underlying liability is recognized at amortized cost. If an amendment to a contract qualifies as a significant modification of the convertible loan, the former liability and conversion option are derecognized, and the convertible loan is remeasured at the changed terms and conditions.

**Derivative financial instruments and hedge accounting**

Upon initial recognition, derivative financial instruments and separable embedded derivative financial instruments are measured at fair value. They are allocated to fair value through profit or loss unless they are a component of a designated hedge.

Enpal uses interest swaps to hedge against interest exposures from liabilities and designates these as cash flow hedges. In addition, Enpal uses interest swaps to hedge against interest exposures from loan receivables. The effective portion of gains or losses from changes in the fair value of the hedging instrument are posted to the cash flow hedge reserve under other comprehensive income while the ineffective portion is expensed immediately through profit or loss together with the borrowing costs for the asset-backed loans under operating finance costs. The cash flow hedge reserve is adjusted to reflect the lower of accumulated gain or loss on the hedging instrument and the accumulated change in the fair value of the underlying.

Within the framework of its risk management, the Enpal Group has formally set and documented its objectives and strategies to reduce the risk of using cash flow hedges.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if there is a currently legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to liquidate the assets and settle the related liabilities simultaneously. The legally enforceable right may not be contingent upon future events and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**2.16 Finance Income and Finance Costs**

Finance income represents foreign currency gains, dividends received from investments to money market funds and fair value changes from investments to money market funds. Finance costs represent interests other than interests for asset-backed-finance agreements. Finance costs include non-recurring costs for asset-backed-finance agreements, such as prepayment penalties or consent fees.

**2.17 Current and Deferred Taxes**

The income tax expense contains both current and deferred taxes. Taxes are recognized in the statement of profit or loss unless they relate to items that are recognized either directly in equity or in other comprehensive income. In this case, the taxes are recognized in equity or other comprehensive income respectively.

Current taxes are calculated applying the tax legislation that has been enacted as at the reporting date in those countries where the group entities operate and generate taxable income. Enpal regularly reviews its tax returns, particularly with regard to matters that are subject to interpretation and recognizes liabilities at the amount that is expected to be transferred to the tax authorities, if appropriate and more likely than not to eventuate.

Deferred taxes are recognized for all temporary differences between the tax base of the assets and liabilities and their carrying amounts. If deferred taxes on temporary differences arise in the course of a transaction that is not a business combination from the initial recognition of an asset or liability and the transaction is recognized outside of profit or loss, then the taxes are not deferred on the date of initial recognition nor thereafter. The tax rates used to calculate deferred taxes are those that will apply on the date on which the temporary differences are likely to reverse, or the unused tax loss utilized. This does not apply to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD. Therefore, we neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax loss can be utilized.

Deferred tax liabilities that arise with regard to temporary differences associated with investments in subsidiaries and associates are recognized unless the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

Deferred tax receivables and liabilities are offset if there is an enforceable legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend to settle on a net basis.

IFRIC 23 clarifies the application of the recognition and measurement requirements of IAS 12 when there is uncertainty about the income tax treatment. For recognition and measurement, estimates and assumptions must be made, e.g. whether an estimate is made separately or together with other uncertainties, a most likely amount or expected amount for the uncertainty is used and whether changes have occurred compared to the previous period. The risk of detection from tax authorities is irrelevant for the recognition of uncertain balance sheet items. Accounting is based on the assumption that the tax authorities are investigating the matter in question and that they have all relevant information at their disposal.

### **3 Significant Accounting Judgments, Estimates and Assumptions**

All estimates and judgments are reassessed on an ongoing basis and are based on past experience and other factors, including the expectations of future events that appear reasonable given the circumstances.

Enpal makes forward-looking estimates and assumptions. By nature, actual events in the future only match the estimates in exceedingly rare situations. Estimates and assumptions that bear a significant risk of subsequent adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Classification of leases (Enpal as lessor)**

The lease arrangement involving the lease of photovoltaic systems and, if chosen by the customer, battery storages and/or electric vehicle charging systems is classified as a manufacturer lease as the customer controls the use of the photovoltaic system, battery storage and electric vehicle charging system, the 20-year term of lease covers the majority of the economic life of the asset, the present value of the lease payments at the inception of the lease equals the fair value of the photovoltaic system, battery storage and electric vehicle charging system, and the photovoltaic systems are installed specifically for the customer. Enpal controls the entire production process of the customer-specific photovoltaic systems and therefore qualifies as the manufacturer in accordance with IFRS 16.

#### **Standalone selling price and allocation of discounts**

The transaction price is broken down into the lease and the service components. The lease payments are allocated to the components on the basis of their relative standalone prices which are derived from the arm's length prices that a third party would be expected to pay for the component. The assessment of the standalone prices affects the amount of revenue as revenue attributable to each performance obligation is recognized at different points in time.

#### **Term of leases (Enpal as lessee)**

Leases for offices, warehouses, fleet of vehicles and IT hardware contain significant options. Both on the commencement date and in the event of any significant changes to the underlying facts and circumstances, Enpal makes a discretionary judgment as to whether it is sufficiently probable that an option to prolong a lease will be exercised or an option to terminate will not be exercised. Enpal considers all relevant facts and circumstances which provide Enpal, as the lessee, an incentive to exercise or not exercise the option (e.g. significant tenant improvements, business strategies and business decisions, etc.). To the extent that a lease can be terminated at any time by either the lessor or the lessee without more than an insignificant disadvantage (in the form of penalties or vacant property) being

incurred by the lessor, the term of the lease beyond the earliest possible date of termination is not considered.

## **Incremental borrowing rate (Enpal as lessee)**

Enpal is not able to readily determine the interest rate implicit in a lease and therefore applies its incremental borrowing rate when measuring its lease liabilities. The incremental borrowing rate is the rate of interest that Enpal would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. Enpal estimates its incremental borrowing rate using a risk-free rate and the probability of default. The risk-free rate is determined by reference to the corresponding interest curves for government bonds, which therefore also consider the country risks. The probability of default is determined by reference to the bank ratings. From this starting point, the risk attached to the terms of the instruments is measured by referring to European corporate bonds issued by a peer group (denominated in EUR).

## **Fair value of share-based payment liabilities**

The calculation of the fair value of share-based payments requires the use of a suitable valuation technique. Enpal applies the Black-Scholes model to determine the value of its virtual share options. This assessment involves determining the most suitable input parameters for the valuation technique to measure the value of the shares, e.g. the anticipated volatility of the share prices and the likelihood and timing of any bonus paid upon an exit. A back-Solve model has been applied in order to determine the value of the common shares considering the liquidation preferences.

## **Fair value of convertible loan components**

For the valuation of the convertible loan including its debt and equity component, Enpal applies common options pricing models. Part of the model inputs are non-observable and subject to estimation, such as Enpal's share price, the share price volatility and Enpal's credit spread.

## **Expected credit losses on lease receivables**

Assessing expected credit losses on lease receivables is subject to estimation uncertainty. These primarily relate to the probability of default, the loss given default and any adjustments due to forward-looking information.

## **Measurement of net realizable value of inventory**

Materials that are returned to the warehouses might have a net realizable value below cost. The estimate of the net realizable value is based on past experience and reflects the estimated price on any secondary market to the extent materials cannot be used anymore.

**Recognition of deferred tax assets on tax loss carryforwards**

The recognition and measurement of deferred tax assets related to tax loss carryforwards require significant judgment due to the inherent uncertainty associated with future taxable profits. Management's assessment involves a careful evaluation of historical and projected financial performance, business strategies and plans, the legal and regulatory environment, external factors, and tax planning strategies. Any changes in these factors may result in adjustments to the carrying amount of deferred tax assets and impact the financial statements.

**Allocation of the transaction price for sales in combination with a financing agreement ("loan")**

The transaction price is allocated to the sale of the photovoltaic system, battery storage and electric vehicle charging system and the significant financing component. The amount is determined by discounting the customers payments using a discount rate that reflects the customer's creditworthiness. Determining the discount rate requires judgement. Enpal uses externally available scores in order to determine the discount rate.

**Recognition of financial liabilities in connection with direct marketing agreements**

The measurement of financial liabilities in connection with direct marketing agreements require significant judgement due to unobservable parameters used in determining the fair value. These include the estimated amount of surplus produced by the customer, which is subject to size of the photovoltaic system, external conditions (weather) and individual behavior (usage of consumers with high electricity requirements, such as electric vehicles or heat pumps). In addition, Enpal uses externally available hourly-forward-curves in order to estimate the average net cash payment.

## 4 Notes to the Consolidated Financial Statements

### (1.) Revenue

#### Revenue from manufacturer finance leases

The following table summarizes the total revenue generated from manufacturer's finance leases:

EUR m	2023	2022
Revenue from transferring leased photovoltaic systems, battery storage and electric vehicle charging systems	830.9	412.9
Interest income from manufacturer's leases	51.5	14.3
<b>Total</b>	<b>882.5</b>	<b>427.2</b>

#### Revenue from sales of photovoltaic systems, battery storage and electric vehicle charging systems

The following table summarizes the total revenue generated from sales of photovoltaic systems, battery storage and electric vehicle charging systems

EUR m	2023	2022
Revenue from sales of photovoltaic systems, battery storage and electric vehicle charging systems	34.3	0.0
Interest income from loan contracts	0.8	0.0
<b>Total</b>	<b>35.1</b>	<b>0.0</b>

#### Revenue from other contracts with customers

The following table shows a breakdown of revenue from other contracts with customers:

EUR m	2023	2022
Sale of heat pumps	23.5	0.4
Revenue from the electricity supply contracts	6.9	2.6
Revenue from sales of materials to installers	6.1	0.0
Service revenue	4.9	1.8
Proceeds from exercise of purchase options by customers	0.1	0.1
Other revenue	1.0	0.5
<b>Total</b>	<b>42.5</b>	<b>5.3</b>

Service revenue is recognized over the contract term. Enpal generates monthly revenue from electricity supply contracts with customers. The revenue arising from the sale of heat

pumps, the sale of materials to installers, the exercise of purchase options and other revenue is recognized at the point in time when the good or service is rendered.

No revenue was recognized in the reporting year or in the prior year from items that were carried as contract liabilities at the beginning of the respective period or from contractual performance obligations that were (partly) satisfied in earlier financial years.

Revenue originating from the replacement of battery storage is likely to be recognized within a prospective period of 10 to 15 years commencing on the date on which it is provided to the customer. Revenue originating from the replacement of electric vehicle charging systems is likely to be recognized 8 and 16 years after the date on which it is provided to the customer.

Revenue is primarily generated in Germany.

## (2.) Cost of Sales

Cost of sales consists of the following items:

EUR m	2023	2022
Cost of materials	402.3	186.1
Personnel costs	100.7	57.3
Construction costs	96.3	37.8
Operating finance costs	37.9	9.2
Monitoring and service costs	13.3	4.9
Depreciation and amortization	7.8	1.8
Electricity procurement costs	7.1	3.2
Other cost of sales	5.3	2.6
<b>Total</b>	<b>670.6</b>	<b>302.9</b>

## (3.) Selling Expenses

The table below presents the composition of selling expenses:

EUR m	2023	2022
Personnel expenses	94.6	46.4
Third-party services	62.4	21.0
Fair value changes from direct marketing agreements	9.3	0.0
Expected credit losses	4.2	1.8
Depreciation and amortization	1.5	0.6
Other selling expenses	3.7	0.8
<b>Total</b>	<b>175.6</b>	<b>70.5</b>

#### **(4.) Administrative Expenses**

The composition of administrative expenses is presented in the following table:

EUR m	2023	2022
Personnel expenses	52.1	18.7
Software costs	18.4	6.7
Third-party services	16.3	12.1
Depreciation and amortization	9.3	4.1
Other administrative expenses	17.6	4.7
<b>Total</b>	<b>113.7</b>	<b>46.2</b>

Other administrative expenses mainly include telecommunication costs, costs in connection with office leases and lease expenses for short-term leases. Development expenses that do not meet the recognition criteria (2023: EUR 8.5m; 2022: EUR 5.5m) are presented in administrative expenses.

#### **(5.) Other Operating Expenses**

The table below presents the composition of other expenses:

EUR m	2023	2022
Foreign exchange losses	0.5	0.0
Other operating expenses	1.6	0.6
<b>Total</b>	<b>2.1</b>	<b>0.6</b>

Other operating expenses consist of credit losses on trade receivables (bad debts) of EUR 0.2m (2022: EUR 0.1m).

#### **(6.) Other Financial Income**

The table below presents the composition of other financial income:

EUR m	2023	2022
Remeasurement from modification of convertible loan	4.4	6.8
Fair value changes of money market fund	2.9	0.0
Other financial income	1.3	0.2
<b>Total</b>	<b>8.6</b>	<b>7.0</b>

## (7.) Other Finance Costs

Other finance costs break down as follows:

EUR m	2023	2022
Transaction cost related to the sale of financing entities	6.4	0.0
Expense from supplier finance liabilities	5.5	2.1
Interest expenses from convertible loan	4.4	3.1
Interest expenses from bank loans and credit lines	1.3	1.7
Foreign currency losses	0.4	2.7
Other finance costs	3.4	1.4
<b>Total</b>	<b>21.3</b>	<b>11.0</b>

Other finance costs primarily consist of other financing-related transaction cost.

## (8.) Income Taxes

The income tax expense breaks down as follows:

EUR m	2023	2022
Current income tax	3.6	2.3
Deferred income tax expenses/(income)	0.2	(8.9)
<b>Total</b>	<b>3.8</b>	<b>(6.6)</b>

The tax reconciliation between the reported income tax expense and the product of multiplying the earnings before tax with the applicable tax rate of the Group is presented below. The Group's tax rate lies at 30.175% (2022: 30.175%). The effective tax rate lies at 26.8% (2022: 77.5%).

EUR m	2023	2022
<b>Earnings before tax</b>	<b>(14.2)</b>	<b>8.5</b>
Expected income tax expense/(income)	(4.3)	2.6
Non-deductible expenses	6.5	2.9
Trade tax corrections	1.5	0.7
Non-recognition of deferred tax on deductible differences	2.5	(0.4)
Non-recognition of deferred tax assets on tax loss carryforwards	5.1	5.2
Utilization of non-recognized tax loss carryforwards	(2.5)	(2.6)
Recognition of deferred tax assets on tax loss carryforwards	(4.2)	(15.5)
Impact of tax rate changes	(0.7)	0.0
Other effects	(0.1)	0.4
<b>Income tax expense (income)</b>	<b>3.8</b>	<b>(6.6)</b>

Deferred tax assets and liabilities relates to the following:

EUR m	31 Dec 2022		2023			31 Dec 2023	
	Deferred tax asset	Deferred tax liability	Through P&L	Through OCI or equity	Transfer to disposal group	Deferred tax asset	Deferred tax liability
<b>Non-current assets</b>	<b>170.4</b>	<b>(178.2)</b>	<b>(5.2)</b>	<b>1.4</b>	<b>(4.3)</b>	<b>27.4</b>	<b>(43.3)</b>
Intangible assets	0.0	(0.8)	(0.7)	0.0	0.0	0.0	(1.5)
Property, plant and equipment	170.4	(2.6)	148.2	0.0	(290.5)	27.4	(1.9)
Right-of-use assets	0.0	(3.5)	(5.8)	0.0	0.0	0.0	(9.3)
Lease receivables	0.0	(163.2)	(144.9)	0.0	281.5	0.0	(26.6)
Other financial assets	0.0	(3.1)	(0.2)	1.4	1.6	0.0	(0.2)
Other non-financial assets	0.0	(5.1)	(1.8)	0.0	3.1	0.0	(3.8)
<b>Current assets</b>	<b>0.8</b>	<b>(15.4)</b>	<b>(7.7)</b>	<b>2.7</b>	<b>19.5</b>	<b>2.7</b>	<b>(2.7)</b>
Inventories	0.0	(0.7)	3.1	0.0	0.0	2.4	0.0
Lease receivables	0.0	(12.0)	(9.8)	0.0	19.5	0.0	(2.3)
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-financial assets	0.0	(2.7)	(0.4)	2.7	0.0	0.0	(0.4)
Cash and cash equivalents	0.8	0.0	(0.5)	0.0	0.0	0.3	0.0
<b>Non-current liabilities</b>	<b>6.8</b>	<b>(4.1)</b>	<b>9.0</b>	<b>2.6</b>	<b>(0.9)</b>	<b>15.1</b>	<b>(1.7)</b>
Convertible loan	0.0	(1.4)	(0.1)	0.0	0.0	0.0	(1.5)
Asset-backed loans	0.0	(2.7)	(1.7)	0.0	4.3	0.0	(0.1)
Lease liabilities	1.8	0.0	5.7	0.0	0.0	7.4	0.0
Provisions	0.8	0.0	4.0	0.0	(0.5)	4.3	0.0
Other financial liabilities	3.8	0.0	(0.3)	2.6	(2.8)	3.3	0.0
Other non-financial liabilities	0.4	0.0	1.5	0.0	(1.8)	0.1	0.0
<b>Current liabilities</b>	<b>2.0</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>0.9</b>	<b>2.1</b>	<b>0.1</b>
Convertible loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities	1.8	0.0	0.2	0.0	0.0	1.9	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	0.2	(0.0)	(0.8)	0.0	0.9	0.2	0.1
Other non-financial liabilities	0.0	(0.3)	0.3	0.0	0.0	0.0	(0.0)
<b>Tax loss carryforwards</b>	<b>22.0</b>	<b>0.0</b>	<b>4.1</b>	<b>0.0</b>	<b>(8.4)</b>	<b>17.6</b>	<b>0.0</b>

<b>Deferred tax assets / (liabilities)</b>	<b>202.0</b>	<b>(198.0)</b>	<b>(0.2)</b>	<b>6.7</b>	<b>6.8</b>	<b>65.0</b>	<b>(47.6)</b>
Offsetting	(189.0)	189.0	0.0	0.0	0.0	(44.7)	44.7
<b>Deferred tax assets / (liabilities)</b>	<b>13.0</b>	<b>(9.0)</b>	<b>(0.2)</b>	<b>6.7</b>	<b>6.8</b>	<b>20.3</b>	<b>(2.9)</b>

An amount of EUR 2.7m relates to transaction cost for the capital increase, which has been recorded directly in equity.

For Enpal B.V., there is a deferred tax asset surplus of EUR 16.7m (2022: EUR 13.0m). In the current and prior year, the Enpal Group has realized corporate income tax and trade tax income. The tax loss carryforwards which resulted from the high investments in the development of the business where therefore partially utilized in the current and prior year. The further recoverability of deferred tax assets is based on the expected positive tax income. The future profits will result from the continuation of the positive business performance.

A deferred tax asset of EUR 3.7m is recognized on tax loss carryforwards of installation subsidiaries. The companies have corporate income tax loss carryforwards of EUR 13.0m and trade tax loss carryforwards of EUR 11.7m. The loss results from the high investments in the development of the business. The recoverability of deferred tax assets is based on the expected positive tax income based on a different pricing of the services provided by these subsidiaries since the financial year.

No deferred tax assets were recognized on the unused tax loss carryforwards for corporate income tax purposes of EUR 19.8m (2022: EUR 25.0m) nor on the unused tax loss carryforwards for trade tax purposes of EUR 14.1m (2022: EUR 24.1m) that can be carried forward indefinitely. No deferred tax assets were recognized on the temporary differences of EUR 8.4m (2022: EUR 0.1m).

No interest carryforwards exist. In the prior year no deferred tax assets were recognized on interest carryforwards of EUR 9.0m.

Deferred tax liabilities of EUR 1.3m (2022: EUR 1.4m) were not recognized on temporary differences related to shares in subsidiaries of the Group.

Pillar Two legislation (see 3.5.3 New accounting standards) has been enacted or substantively enacted in certain jurisdictions the group operates. The legislation will be effective for the group's financial year beginning 1 January 2024. Enpal is in scope of the enacted or substantively enacted legislation and has performed an assessment of the group's potential exposure to Pillar Two income taxes. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the group operates are above 15%.

## Disposal group

No deferred tax assets were recognized on the unused tax loss carryforwards for corporate income tax purposes of the disposal group of EUR 1.0m. For the disposal group no deferred tax assets were recognized on interest carryforward of EUR 24.3m.

## (9.) Personnel Expenses

Personnel expenses break down as follows:

EUR m	2023	2022
Wages and Salaries	228.8	113.9
Social Security	38.4	16.8
Share-based payments	11.3	7.5
<b>Total</b>	<b>255.9</b>	<b>123.2</b>

The Enpal Group employed an average of 4,809 employees (2022: 2,476):

EUR	2023	2022
Sales	2,135	893
Production	2,050	1,310
Administration	495	209
Development	130	64
<b>Total</b>	<b>4,809</b>	<b>2,476</b>

## (10.) Intangible Assets

The following table shows developments in intangible assets:

EUR m	Software and licenses	Internally-generated software	Internally-generated software under development	Total
<b>Historical cost:</b>				
<b>1 Jan 2023</b>	<b>0.4</b>	<b>3.6</b>	<b>0.3</b>	<b>4.3</b>
Additions	0.2	4.5	0.0	4.7
Reclassifications	0.0	0.3	(0.3)	0.0
<b>31 Dec 2023</b>	<b>0.6</b>	<b>8.4</b>	<b>0.0</b>	<b>9.0</b>

**Accumulated amortization and impairment:**

<b>1 Jan 2023</b>	<b>(0.2)</b>	<b>(1.3)</b>	<b>(0.0)</b>	<b>(1.5)</b>
Depreciation and amortization	(0.1)	(1.9)	(0.0)	(2.0)
Adjustment	0.0	0.0	0.0	0.0
<b>31 Dec 2023</b>	<b>(0.3)</b>	<b>(3.2)</b>	<b>(0.0)</b>	<b>(3.5)</b>

**Carrying amount:**

<b>1 Jan 2023</b>	<b>0.2</b>	<b>2.2</b>	<b>0.3</b>	<b>2.7</b>
<b>31 Dec 2023</b>	<b>0.3</b>	<b>5.2</b>	<b>0.0</b>	<b>5.4</b>

EUR m	Software and licenses	Internally-generated software	Internally-generated software under development	Total
-------	-----------------------	-------------------------------	---	-------

**Historical cost:**

<b>1 Jan 2022</b>	<b>0.4</b>	<b>1.9</b>	<b>0.6</b>	<b>2.9</b>
Additions	0.0	1.4	0.3	1.6
Reclassifications	0.0	0.3	(0.3)	0.0
<b>31 Dec 2022</b>	<b>0.4</b>	<b>3.6</b>	<b>0.6</b>	<b>4.5</b>

**Accumulated amortization and impairment:**

<b>1 Jan 2022</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(0.0)</b>	<b>(0.6)</b>
Depreciation and amortization	0.0	(0.9)	0.0	(1.0)
<b>31 Dec 2022</b>	<b>(0.2)</b>	<b>(1.3)</b>	<b>(0.0)</b>	<b>(1.5)</b>

**Carrying amount:**

<b>1 Jan 2022</b>	<b>0.2</b>	<b>1.5</b>	<b>0.3</b>	<b>2.0</b>
<b>31 Dec 2022</b>	<b>0.2</b>	<b>2.3</b>	<b>0.3</b>	<b>2.7</b>

Internally generated intangible assets include self-developed software used to monitor photovoltaic systems, battery storages and electric vehicle charging systems, and app for customers and an app to administer and document the construction process. The presentation of the gross values of internally generated software under development for the prior year has been adjusted. This has no impact on the net value of internally generated software under development.

## (11.) Property, Plant and Equipment

The following table presents the development of property, plant and equipment:

EUR m	Smart electricity meters	Safety scaffolding and tools	Computer hardware and other office equipment	Smart electricity meters in construction	Total
<b>Historical cost:</b>					
<b>1 Jan 2023</b>	<b>5.0</b>	<b>7.9</b>	<b>3.7</b>	<b>0.0</b>	<b>16.6</b>
Additions	12.5	8.7	5.4	0.3	26.9
Disposals	0.0	(2.5)	(2.2)	(0.0)	(4.7)
<b>31 Dec 2023</b>	<b>17.5</b>	<b>14.1</b>	<b>6.8</b>	<b>0.3</b>	<b>38.7</b>
<b>Accumulated amortization and impairment:</b>					
<b>1 Jan 2023</b>	<b>(0.3)</b>	<b>(0.6)</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>(2.0)</b>
Depreciation and amortization	(1.2)	(1.6)	(1.8)	(0.0)	(4.5)
Impairments	(0.0)	(1.9)	(0.6)	(0.0)	(2.5)
Disposals	0.0	1.1	1.1	0.0	2.2
<b>31 Dec 2023</b>	<b>(1.5)</b>	<b>(3.0)</b>	<b>(2.4)</b>	<b>(0.0)</b>	<b>(6.9)</b>
<b>Carrying amount:</b>					
<b>1 Jan 2023</b>	<b>4.7</b>	<b>7.3</b>	<b>2.6</b>	<b>0.0</b>	<b>14.5</b>
<b>31 Dec 2023</b>	<b>15.9</b>	<b>11.2</b>	<b>4.4</b>	<b>0.3</b>	<b>31.9</b>

EUR m	Smart electricity meters	Safety scaffolding and tools	Computer hardware and other office equipment	Smart electricity meters in construction	Total
<b>Historical cost:</b>					
<b>1 Jan 2022</b>	<b>0.8</b>	<b>1.5</b>	<b>1.1</b>	<b>0.1</b>	<b>3.5</b>
Additions	4.2	6.3	2.6	0.0	13.0
Reclassifications	0.0	0.1	0.0	(0.1)	0.0
<b>31 Dec 2022</b>	<b>5.0</b>	<b>7.9</b>	<b>3.7</b>	<b>0.0</b>	<b>16.6</b>
<b>Accumulated amortization and impairment:</b>					
<b>1 Jan 2022</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>(0.0)</b>	<b>(0.7)</b>
Depreciation and amortization	(0.3)	(0.5)	(0.6)	(0.0)	(1.4)
Impairment losses	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Disposals	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>31 Dec 2022</b>	<b>(0.3)</b>	<b>(0.6)</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>(2.0)</b>

**Carrying amount:**

<b>1 Jan 2022</b>	<b>0.8</b>	<b>1.4</b>	<b>0.6</b>	<b>0.1</b>	<b>2.8</b>
<b>31 Dec 2022</b>	<b>4.7</b>	<b>7.3</b>	<b>2.6</b>	<b>0.0</b>	<b>14.5</b>

Enpal acts as a meter operator (*Messstellenbetreiber*) and therefore recognizes the smart electricity meters installed at its customers under its own property, plant and equipment.

The Group had entered into purchase commitments of EUR 17.4m (2022: EUR 6.0m) for property, plant and equipment.

**(12.) Right-of-Use Assets and Lease Liabilities**

The following table presents the carrying amounts of right-of-use assets and their development:

EUR m	Offices	Warehouses	Vehicles	IT hardware	Total
<b>1 Jan 2022</b>	<b>4.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.0</b>	<b>5.4</b>
Additions	3.8	3.7	0.0	2.9	10.4
Depreciation	(2.9)	(0.5)	(0.1)	(0.7)	(4.1)
<b>31 Dec 2022</b>	<b>5.5</b>	<b>3.7</b>	<b>0.2</b>	<b>2.3</b>	<b>11.6</b>
Additions	12.8	0.6	13.9	1.7	29.0
Disposals	(0.1)	(0.2)	(0.0)	(0.1)	(0.4)
Depreciation	(5.7)	(0.9)	(1.2)	(1.5)	(9.3)
<b>31 Dec 2023</b>	<b>12.5</b>	<b>3.2</b>	<b>12.9</b>	<b>2.4</b>	<b>30.9</b>

The increase in right-of-use assets is primarily due to the lease of additional offices and vehicles. There are no indications that right-of-use assets are impaired.

The following table presents the carrying amounts of lease liabilities and their development:

EUR m	Offices	Warehouses	Vehicles	IT hardware	Total
<b>1 Jan 2022</b>	<b>4.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.0</b>	<b>5.3</b>
Additions	3.7	3.7	0.0	2.9	10.4
Interest expenses on lease liabilities	0.1	0.0	0.0	0.0	0.1
Cash outflows for leases	(2.9)	(0.5)	(0.1)	(0.7)	(4.1)
<b>31 Dec 2022</b>	<b>5.5</b>	<b>3.7</b>	<b>0.2</b>	<b>2.2</b>	<b>11.7</b>
Additions	12.5	0.6	13.8	1.7	28.6
Interest expenses on lease liabilities	0.2	0.1	0.1	0.1	0.5
Cash outflows for leases	(5.6)	(1.2)	(1.3)	(1.5)	(9.6)
<b>31 Dec 2023</b>	<b>12.6</b>	<b>3.3</b>	<b>12.8</b>	<b>2.5</b>	<b>31.2</b>

The due dates of lease liabilities are presented below. The figures are based on contractual undiscounted payments:

EUR m	31 Dec 2023	31 Dec 2022
< 1 year	14.7	6.6
1 to 5 years	22.6	5.5
> 5 years	0.4	0.0
<b>Total</b>	<b>37.8</b>	<b>12.1</b>

In addition to depreciation, the following amounts were posted through profit or loss:

EUR m	2023	2022
Expenses for leases of low-value assets	2.2	0.2
Expenses for short-term leases	0.6	0.2
Interest expenses on lease liabilities	0.5	0.1
<b>Total</b>	<b>3.4</b>	<b>0.6</b>

No variable lease payments were due in the reporting year or in the prior year. The lease agreements for vehicles do not include any options to prolong or terminate the lease. Enpal has considered the options included in the leases for offices, warehouses and computer hardware.

The following table presents the undiscounted potential lease payments for periods after the date on which unilateral options to prolong or terminate a lease can be exercised that are not considered in the term of the lease and lease payments for contracts that have not yet commenced but agreed:

EUR m	< 1 year	1 to 5 years	> 5 years	Total
Leases that have been entered into by the lessee but have not yet commenced	1.3	25.2	45.1	71.7
Renewal options that are not expected to be exercised	0.3	13.3	7.6	21.2
<b>Total</b>	<b>1.6</b>	<b>38.6</b>	<b>52.7</b>	<b>92.9</b>

### **(13.) Lease and Loan Receivables**

Lease receivables from the lease of photovoltaic systems and, if chosen by the customer, battery storage and/or electric vehicle charging systems are recognized at the net investment in the lease. The net investment is composed of the following future lease payments:

EUR m	31 Dec 2023	Disposal group	31 Dec 2022
due within one year	8.2	97.4	41.4
due within 1 to 5 years	32.7	427.4	226.7
due within 6 to 10 years	40.9	546.9	231.0
due within 11 to 15 years	40.9	546.9	231.0
due within 16 to 20 years	14.6	457.3	147.7
<b>Gross investment in the lease</b>	<b>137.2</b>	<b>2,075.9</b>	<b>877.8</b>
Unrealized finance income	39.8	813.7	298.2
<b>Net investment in the lease</b>	<b>97.4</b>	<b>1,262.2</b>	<b>579.6</b>

Lease and loan receivables are exposed to credit risk. The Group only enters into contractual relationships with customers who can demonstrate that they meet a certain minimum credit rating.

Allowances of EUR 4.2m (2022: EUR 2.8m) have been recognized for expected credit losses on receivables from manufacturer leases and from loans and presented under selling expenses.

The following table presents the reconciliation for risk provisions for lease and loan receivables:

EUR m	Level 1	Level 2	Level 3
<b>1 Jan 2023</b>	<b>2.3</b>	<b>0.5</b>	<b>0.0</b>
Additions	2.8	0.8	0.0
Transfer (reclassification) to:			
Level 1	-	0.1	0.1
Level 2	1.5	-	0.1
Level 3	0.0	0.2	-
Revaluation effect over the year	1.1	(1.5)	(0.1)
<b>31 Dec 2023</b>	<b>4.9</b>	<b>1.1</b>	<b>0.0</b>
<b>Write-off and utilization of the risk provision</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>

The following table presents a reconciliation of the gross carrying amount of lease and loan receivables:

EUR m	Level 1	Level 2	Level 3
<b>1 Jan 2023</b>	<b>572.7</b>	<b>8.6</b>	<b>1.1</b>
Additions	946.5	17.1	0.5
Transfer (reclassification) to:	0.0	0.0	0.0

Level 1	0.0	24.4	4.5
Level 2	31.9	0.0	1.2
Level 3	0.0	4.8	0.0
Revaluation of Stock	(175.4)	(1.0)	1.2
<b>31 Dec 2023</b>	<b>1,375.7</b>	<b>53.9</b>	<b>8.5</b>
<i>Thereof disposal group</i>	<i>1,219.6</i>	<i>25.7</i>	<i>1.5</i>

## (14.) Inventories

Inventories consist of the following items:

EUR m	31 Dec 2023	31 Dec 2022
Raw materials, consumables and supplies	153.1	107.8
Unfinished photovoltaic systems, battery storages, electric vehicle charging systems and heat pumps	30.5	24.5
<b>Total</b>	<b>183.7</b>	<b>132.3</b>

The cost of inventories recognized under the cost of sales in the reporting year amounts to EUR 333.1m (2022: EUR 171.0m). Materials of EUR 4.1m have been impaired by EUR 1.9m.

## (15.) Trade Receivables

Trade receivables mainly consist of receivables from sale of heat pumps, photovoltaic systems and electricity supply contracts. In the prior year mainly receivables from sale of materials were presented.

## (16.) Other Financial Assets

The following table presents the composition of other financial assets:

EUR m	31 Dec 2023	Disposal group	31 Dec 2022
Security deposits	0.9	0.0	0.8
Derivatives with a positive fair value	0.6	6.7	9.9
Other participating interest	2.0	0.0	0.0
<b>Non-current financial assets</b>	<b>3.4</b>	<b>6.7</b>	<b>10.7</b>
Convertible loan	2.0	0.0	0.0
Security deposits	0.5	0.0	0.3
Other current financial assets	2.4	0.1	0.5
<b>Current financial assets</b>	<b>4.9</b>	<b>0.1</b>	<b>0.8</b>
<b>Total</b>	<b>8.3</b>	<b>6.7</b>	<b>11.5</b>

## (17.) Other Non-Financial Assets

Other non-financial assets break down as follows:

EUR m	31 Dec 2023	Disposal group	31 Dec 2022
Deferred borrowing costs	10.6	3.1	15.5
Incremental cost of obtaining customer contracts	3.7	0.0	1.9
Contract assets	0.2	0.0	0.2
<b>Non-current non-financial assets</b>	<b>14.5</b>	<b>3.1</b>	<b>17.6</b>
Input tax receivables	36.7	38.1	29.2
Prepaid expenses and deferred charges	4.9	0.1	11.5
Advance payments on inventories	0.3	0.0	4.7
Contract assets	0.0	0.0	0.1
Other current non-financial assets	0.8	0.0	0.0
<b>Current non-financial assets</b>	<b>42.6</b>	<b>38.2</b>	<b>45.6</b>
<b>Total</b>	<b>57.2</b>	<b>41.3</b>	<b>63.2</b>

Deferred borrowing costs consist of transaction costs incurred for the asset-backed lines of credit that have not yet been drawn on and commitments fees. The transactions costs are deducted from the face value of the credit lines when they are drawn.

Other current non-financial assets include capitalized transactions fees in connection with additional debt financing, that will become active in 2024. Enpal will assume costs of EUR 1.0m incurred for its debt holders in financial year.

## (18.) Cash and Cash Equivalents

Cash and cash equivalents comprise current bank deposits denominated in EUR, deposits of EUR 26.8m (2022: EUR 27.3m) denominated in USD, investments in money market funds of EUR 119.1m (2022: EUR 34.7m), and, to a minor extent, cash on hand.

Cash and cash equivalents of disposal groups comprise current bank deposits denominated in EUR.

As at the reporting date, current bank deposits of EUR 12.2m (2022: EUR 29.2m) were subject to restricted disposal. Of this amount, EUR 0.2m (2022: EUR 1.2m) was pledged to the lessors of real estate, EUR 5.2m (2022: EUR 6.6m) placed on special-purpose accounts for the purchase of materials, as well as EUR 6.8m (2022: EUR 21.3m) pledged for future expenses related to the service and maintenance agreements as agreed with the lenders of the asset-backed loans.

Current bank deposits of the disposal group of EUR 53.5m are subject to restricted disposal that are pledged for future expenses related to the service and maintenance agreements as agreed with the lenders of the asset-backed loans.

**(19.) Disposal group classified as held-for-sale**

In December 2023 Enpal entered into a share purchase agreement to sell the majority of its shares in Enpal Green Future Holding GmbH and Enpal Green Solutions Holding GmbH (the “sale of financing entities”) and the majority of the shareholder loans granted from Enpal B.V. to Enpal Green Future Holding GmbH and Enpal Green Solutions Holding GmbH. The transaction consists of 4 closings. In the first closing, which took place on the 2 January 2024, Enpal sold 90% of its shares in Enpal Green Solutions Holding GmbH and 49% of its shares in Enpal Green Future Holding GmbH. In addition, 80% of the shareholder loans granted to Enpal Green Solutions Holding GmbH and 90% of the shareholder loans granted to Enpal Green Future Holding GmbH as per 31 December 2023 have been sold. In the second closing, which took place on the 15 March 2024, Enpal has sold 41% of shares in Enpal Green Future Holding GmbH and further shareholder loans. The third closing took place on 14 May 2024. Under the third closing Enpal sold 90% of its existing shareholder loans granted to Enpal Green Solutions Holding GmbH as of the closing date. Management expects the completion of the remaining closings during 2024. After all closings are completed, Enpal will hold 10% of the shares in Enpal Green Solutions Holding GmbH and Enpal Green Future Holding GmbH and 10% of the shareholder loans granted to both entities. The second, third and fourth closing is subject to certain financial conditions of the acquiring party. The third and fourth closing therefore gives the acquiring party the right but no obligation to complete the transaction. In case the third and fourth closing would not take place, Enpal has the right to demand from the acquiring party to re-purchase a certain percentage of the shares in Enpal Green Solutions Holding GmbH, which is required so that the parties hold the same percentages in shares in Enpal Green Solutions Holding GmbH and the granted shareholder loans.

At 31 December 2023 the financing entities under the SPA are available for sale and a signed Transaction Agreement is concluded. All transactional closings are expected to be completed in 2024 and thus within one year. Accordingly, closing is assessed by management to be highly probable. The assets and liabilities of the financing entities are there classified as held-for-sale.

At 31 December 2023, the disposal group was stated at fair value less costs to sell and comprised of the following assets and liabilities.

EUR m	31 Dec 2023
Lease receivables	1,259.4
Other financial assets	6.7
Other non-financial assets	41.3
Cash and cash equivalent	115.0
<b>Assets held for sale</b>	<b>1,422.4</b>
Asset-backed loans	1,220.3
Provisions	2.4
Other financial liabilities	22.2
Other non-financial liabilities	10.5
Trade payables	1.8
Deferred tax liabilities	6.3
<b>Liabilities held for sale</b>	<b>1,263.9</b>

The cumulative expenses included in other comprehensive income relating to the disposal group amounts to EUR 9.1m which includes effects from cash flow hedges and related deferred taxes.

## **(20.) Equity**

Issued capital amounts to EUR 0.1m (2022: EUR 0.1m) with a face value of EUR 1.00 per share. 66,337 shares have been issued (2022: 66,337), of which 41,152 are preference shares that are equipped with preferential treatment in the event of an exit, meaning any proceeds from liquidation are paid to these shareholders first. In addition, special shares exist, which as long as they are held by a founder or founding company, entitle the holder to cast two votes per special share. Cash of EUR 7k was received in the prior year for an increase of issued capital due to the Series D financing round. Further EUR 208.0m increase in share premium were received in the financial year. The issue of new shares and the capital increase related to the Series D financing round and were notarized on 19 December 2022 and entered in the commercial register on 19 January 2023. Transaction costs of EUR 9.0m for this capital increase were recognized under other non-financial assets in the prior year and have been offset against the share premium in the financial year.

As in the prior year, the terms and conditions of the convertible loan were modified on 2 December 2023 (2022: 4 February 2022). The term of the loan was extended, and the interest rate reduced, leading to a lower value for the conversion right, which was already recognized in share premium in the prior years. The share premium decreased by EUR 2.4m (2022: EUR 4.1m) on account of this modification. Retained earnings were increased by the same amount (see the notes on the convertible loan).

Other reserves comprise the accumulated foreign currency translation differences arising from the investment in Enpal China Ltd. and the cash flow hedge reserve.

The retained earnings consist of the accumulated profits or losses of the Group per the reporting date.

A non-controlling interest of 30% is held in Enpal ezee GmbH. Enpal ezee GmbH holds shares in ezee Benefit GmbH, Enpal ezee Benefit GmbH and Enpal ezee Benefit III GmbH, without change on the prior year. In the prior year, the shares in Enpal ezee Benefit II GmbH were sold by Enpal ezee GmbH to Enpal Green Future Holding GmbH, in which Enpal B.V. holds 100% of the shares, for a purchase price of EUR 25k effective 25 March 2023. The acquisition qualified as a transaction with shareholders. The difference between the purchase price and the carrying amount of the non-controlling interests was posted to retained earnings and therefore offset against the loss brought forward. In addition, non-controlling interests hold 100% of the shares in Green Finance Solution SA.

The composition and development of equity is shown in the statement of changes in equity.

## **(21.) Convertible Loan**

On 12 February 2021, Enpal entered into a convertible loan. The conversion price is fixed, and the creditors were given the right to exercise the right of conversion any time before the due date upon giving notice. Due to fixed conversion price, the conversion option meets the criteria for equity and is presented in equity at its fair value upon initial recognition. The underlying liability is recognized at amortized cost.

On 4 February 2022 the term of the remaining convertible loan of EUR 15.0m was extended until 19 February 2024. The interest rate was reduced from 5% p.a. to 2% p.a. in the course of the prolongation. This change to the contract was treated as a significant contractual modification, which entailed derecognizing the existing liability and recognizing the new one. The extension of the term and the reduction in the interest rate resulted in the fair value of the underlying loan (excluding the conversion rights) being lower than the carrying amount of the convertible loan prior to the modification. Consequently, an expense of EUR 0.7m resulted from the derecognition of the previous liability at the time of the modification. The new liability (without conversion right) was recognized at fair value of EUR 8.1m, resulting in a gain from the modification of EUR 7.6m. The conversion right previously recognized under equity still constitutes an equity component after the contractual modification. The modification resulted in an increase of the value of the conversion right of EUR 4.1m to EUR 7.6m, which was recognized directly in equity (see notes on equity). From the date of the modification until 31 December 2022, an effective interest expense of EUR 2.8m was recognized. As at 31 December 2022, the convertible loan had a carrying amount of EUR 11.2m.

On 2 December 2023 the term of the remaining convertible loan of EUR 15.0m was extended until 19 February 2025. The interest rate was reduced from 2% p.a. to 0.25% p.a. in the course

of the prolongation. This change to the contract was again treated as a significant contractual modification, which entailed derecognizing the existing liability and recognizing the new one. The extension of the term and the reduction in the interest rate resulted in the fair value of the underlying loan (excluding the conversion rights) being lower than the carrying amount of the convertible loan prior to the modification. Consequently, a gain of EUR 4.4m resulted from the derecognition of the previous liability at the time of the modification and recognition of the new liability (without conversion right). The conversion right previously recognized under equity still constitutes an equity component after the contractual modification. The share premium decreased by EUR 2.4m on account of this modification. Retained earnings were increased by the same amount. From the date of the modification until 31 December 2023, an effective interest expense of EUR 4.1m was recognized. As at 31 December 2023, the convertible loan had a carrying amount of EUR 11.2m.

## **(22.) Bank Loans**

Bank loans consist of an overdraft loan of EUR 67.7m (2022: EUR 41.5m).

Furthermore, letter of credit lines are entered into to finance purchases of materials. There are four revolving credit facilities, which have a total volume of EUR 180.0m (2022: EUR 75.0m) of which 75.0m expire in March 2024 and 105.0m of the total commitment expire in December 2024 (2022: 75.0m expiring in March 2024). The utilization of the overdraft loan may not exceed EUR 155.0m (2022: EUR 50.0m).

The bank loans are secured by a collateral assignment of inventories of EUR 112.1m (2022: EUR 54.2m), trade receivables of EUR 28.4m (2022: EUR 0.7m) and a pledge of current bank deposits of EUR 3.8m (2022: EUR 6.7m).

The agreements contain financial covenants and change of control clauses. The most important financial covenants are the equity ratio, a defined current ratio and a margin for the individual entity. Further a minimum cash balance is required.

The financial indicators may not over- or undershoot the respective covenants. Enpal monitors compliance with the covenants on a day-to-day basis and reports them to the creditors each month. For this reason, the risk of non-compliance is deemed to be low. In the financial year 2023 and as at 31 December 2023 financial covenants have been met.

**(23.) Asset-Backed Loans**

The contractual terms and conditions of the asset-backed loans are as follows:

EUR m	Nominal interest rate	Volume	Maturity	31 Dec 2023		31 Dec 2022	
				Face value	Carrying amount	Face value	Carrying amount
Contract 1	3.22%	14.0	2035	11.5	11.5	12.3	12.3
Contract 2	1.3% - 2.0%	30.0	2038-2040	25.4	25.3	27.1	27.0
Contract 4	1.9% - 2.2%	50.0	2035-2040	42.7	42.5	45.4	45.2
Contract 9	1.1% + 1M Euribor	500.0	2027	44.4	44.2	0.0	0.0
Contract 10	8.0% + 1M Euribor	94.0	2027	8.2	8.2	0.0	0.0
Contract 11	1.0% + 1M Euribor	500.0	2028	0.0	0.0	0.0	0.0
Contract 12	7.3% + 1M Euribor	58.0	2028	0.0	0.0	0.0	0.0
Contract 13	1.0% + 1M Euribor	500.0	2028	0.0	0.0	0.0	0.0
Contract 14	7.3% + 1M Euribor	58.0	2028	0.0	0.0	0.0	0.0
<b>Total</b>		<b>1,804.0</b>		<b>132.1</b>	<b>131.7</b>	<b>84.7</b>	<b>84.4</b>

Contractual terms and conditions of the asset-backed loans of the disposal group:

EUR m	Nominal interest rate	Volume	Maturity	31 Dec 2023		31 Dec 2022	
				Face value	Carrying amount	Face value	Carrying amount
Contract 3	1.6% + 6M Euribor	62.0	2037	52.8	51.2	56.4	55.1
Contract 5	1.8% - 3.3%	275.0	2039-2041	234.8	251.8	270.5	265.2
Contract 6	4.40%	70.0	2039 <sup>10</sup>	67.0	65.9	58.3	58.0
Contract 7	1.6% - 5.0% + Euribor	1,166.0	2040-2042	781.2	768.3	52.4	51.0
Contract 8	7.3%	120.0	2041	86.9	83.0	4.0	3.9
<b>Total</b>		<b>1,693.0</b>		<b>1,222.6</b>	<b>1,220.3</b>	<b>441.7</b>	<b>433.2</b>

<sup>10</sup> 40m EUR have a maturity in 2024 due to a contractual change in connection with the sale of the financing entities.

Enpal enters into long-term asset-backed loan arrangements to finance its customers the purchase or rental of the photovoltaic systems, battery storages and electric vehicle charging systems. The asset-backed loan volume in active loan facilities increases each month by of the number of photovoltaic systems, battery storages and electric vehicle charging systems that are leased or financed in that month. Both senior and mezzanine arrangements are entered into. Contracts 11 through 14 were concluded in the financial year. The commitment volume for contracts 7, 9 and 10 were increased in the financial year. The asset-backed loans are repaid over its residual term and are subject to fixed interest rates except for contract 3, 7, 9, 10, 11, 12, 13 and 14. The interest rates for contracts 1, 2 and 4 were fixed upon drawdown of the tranches. For Contract 5 and 7 the fixed interest rates differ depending on the lender. Interest swaps have been concluded to hedge the variable interest-rate of contract 3. Contract 7 contains variable interest rate loans of EUR 300m, short term variable loans of 230m and fixed interest rate loans of EUR 636m. A contingent interest rate swap has been concluded to hedge the variable interest-rate of the variable interest rate loan of contract 7. The contingency feature of the swap contract depends on a minimum utilization amount of the hedged variable interest rate loan. Contracts 9 and 10 contain a series of swap agreements to hedge the variable interest cashflows.

Enpal retains legal title to the photovoltaic systems, battery storages and electric vehicle charging systems. The photovoltaic systems, battery storage systems and electric vehicle charging systems are granted as collateral for the asset-backed loans. The asset-backed loans are also secured by collateral assignment of lease receivables of EUR 1,357.9m (2022: 578.7m), a pledge of the current bank deposits of EUR 154.0m, of which EUR 115.0m is allocated to the disposal group (2022: EUR 27.8m) and the pledge of claims from hedging transactions of EUR 18.1m, of which EUR 18.1m is allocated to this disposal group (2022: EUR 9.8m).

In addition, there are financial covenants in place which allow the creditor to demand immediate repayment in the case of non-compliance which also include change-of-control clauses. The financial covenants differ from contract to contract and rely primarily on financial indicators such as the equity ratio at the level of the special-purpose entity, the net profit or loss of the special-purpose entity, the debt service coverage ratio (DSCR), minimum cash requirements at the level of Enpal B.V., net tangible equity at the level of Enpal B.V. or loss ratios in the respective customer portfolio. The financial indicators may not over- or undershoot the respective covenants. Enpal monitors compliance with the covenants on a day-to-day basis and reports them to the creditors semi-annually or monthly. For this reason, the risk of non-compliance is deemed to be low. In the financial year and as at 31 December 2023 financial covenants have been met.

In connection with the contracted sale of financing entities, the terms of contract 8 have been modified and Enpal has agreed to a repayment of EUR 40m with the second closing of the transaction. The contract modification included a prepayment penalty of EUR 4.0m of which EUR 0.6m have been paid in the financial year. EUR 3.6m were subject to the second

closing of the sale of the financing entities. This change to the contract was treated as a significant contractual modification, which entailed derecognizing the existing liability and recognizing the new one at a fair value. The extension of the term and the reduction in the interest rate resulted in the fair value of the underlying loan being lower than the carrying amount of the convertible loan prior to the modification. Taking into account the contractual cash flows of the prepayment penalty resulted in a gain of EUR 0.7m. At the time of the derecognition the carrying amount of the loan was EUR 67.2m.

## **(24.) Provisions**

Provisions developed as follows:

EUR m	1 Jan 2023	Utilization	Additions	Releases	Transfer to disposal group	31 Dec 2023
Warranty provisions	3.9	(3.9)	0.8	0.0	0.0	0.8
Dismantling obligations	2.9	(0.0)	0.3	0.0	(2.4)	0.8
Other provisions	0.3	(0.0)	0.0	0.0	0.0	0.3
<b>Total</b>	<b>7.0</b>	<b>(3.9)</b>	<b>1.1</b>	<b>0.0</b>	<b>(2.4)</b>	<b>1.9</b>

The dismantling obligations are due at the end of the lease term and therefore in the financial years 2037 to 2043. Warranty and other provisions are short-term.

Liabilities from share-based payments of EUR 13.2m (2022: EUR 10.6m) are presented in provisions. Please refer to the notes on share-based payments for further details.

## **(25.) Trade Payables**

Trade payables include liabilities of EUR 1.4m (2022: EUR 0.9m) that are denominated in foreign currencies.

## **(26.) Supplier Finance Liabilities**

There are seven Supplier finance arrangements in place with five partners to whom the liabilities towards installation partners and suppliers of materials have been transferred or via whom these liabilities are settled.

	31 Dec 2023	31 Dec 2022
Factored liabilities (EUR m)	18.1	12.2
Terms of payment from the date of transfer (days)	90	90
Original terms of payment (days)	7 – 90	7 – 90

Factored liabilities (EUR m)	13.8	14.0
Terms of payment from the date of transfer (days)	120	120
Original terms of payment (days)	0 – 60	45
Factored liabilities (EUR m)	3.6	4.0
Terms of payment from the date of transfer (days)	60	60
Original terms of payment (days)	0 – 60	45
Factored liabilities (EUR m)	6.7	-
Terms of payment from the date of transfer (days)	120	-
Original terms of payment (days)	120	-
Factored liabilities (EUR m)	5.8	-
Terms of payment from the date of transfer (days)	< 180	-
Original terms of payment (days)	60	-
Factored liabilities (EUR m)	7.8	-
Terms of payment from the date of transfer (days)	120	-
Original terms of payment (days)	0 – 60	-
Factored liabilities (EUR m)	6.6	-
Terms of payment from the date of transfer (days)	n/a*	-
Original terms of payment (days)	n/a*	-
	<b>62.4</b>	<b>30.2</b>

\*Terms are dependent on the supplier's individual payment terms. Payment terms are not adjusted through the factoring party.

## (27.) Other Financial Liabilities

Other financial liabilities break down as follows:

EUR m	31 Dec 2023	Disposal group	31 Dec 2022
Financial liabilities from direct marketing agreements (derivatives)	8.4	0.0	0.0
Derivatives with negative fair value	2.5	11.5	1.1
Other non-current financial liabilities	1.9	0.0	0.0
<b>Non-current financial liabilities</b>	<b>12.7</b>	<b>11.5</b>	<b>1.1</b>
Liabilities towards employees	13.0	0.0	8.4
Other current financial liabilities	1.1	10.7	2.1
<b>Current financial liabilities</b>	<b>14.2</b>	<b>10.7</b>	<b>10.6</b>
<b>Total</b>	<b>26.9</b>	<b>22.2</b>	<b>11.7</b>

**(28.) Other Non-Financial Liabilities**

The following table presents the composition of other non-financial liabilities:

EUR m	31 Dec 2023	Disposal group	31 Dec 2022
Contract liabilities	0.4	7.6	1.4
<b>Non-current non-financial liabilities</b>	<b>0.4</b>	<b>7.6</b>	<b>1.4</b>
Sales tax liability	29.4	2.9	13.2
Other current non-financial liabilities	3.2	0	2.1
<b>Current non-financial liabilities</b>	<b>32.6</b>	<b>2.9</b>	<b>15.2</b>
<b>Total</b>	<b>33.0</b>	<b>10.5</b>	<b>16.6</b>

Enpal presents contract liabilities of EUR 0.3m in connection with the right to replacement the battery storages and electric vehicle charging systems (2022: EUR 1.4m).

**(29.) Share-Based Payments**

In order to bind employees to the Company, Enpal allows selected employees to participate in the growth of the Enpal Group’s business value within the framework of a virtual share option program. In addition, non-controlling interests in Enpal ezee GmbH were granted share-based payments as consideration for supplies of merchandise. The virtual share options grant the holder the right to payment of a bonus when certain conditions are met.

Enpal has three virtual share option programs:

- Virtual share option program of Enpal B.V. (“VESOP”)
- Virtual share option program of Enpal B.V. (“Phoenix”)
- Virtual share option program (“Exit Stock”)

The participants of Enpal VESOP and Phoenix programs are employees. The participant of the Exit Stock program is the non-controlling shareholder of Enpal ezee GmbH.

The virtual share options offered in the VESOP and Phoenix programs are subject to certain vesting conditions. If the vesting conditions are not met, the virtual share options are returned to the Enpal Group and all of the employee’s rights attached to the virtual share options are extinguished. The vesting period is measured in full months which are laid out for the beneficiary in the corresponding agreement. Generally, the individual vesting period is 84 months.

The grant of virtual share options with cash settlement gives rise to a liability that is measured at the fair value of any vested bonus payments. The fair value is calculated each reporting date.

The expenses for the service rendered by the participating employees are recognized over the respective term, with the liability increasing accordingly. The expense is charged to cost

of sales, selling expenses or administrative expenses, depending on the function to which the beneficiary is assigned.

The VESOP vests over the individually agreed term. The plan has a 12-month cliff, with the expense being recognized on a monthly straight-line basis over the subsequent vesting period. Under the Phoenix program, the vesting period for the virtual share option is set at nine months. The beneficiaries of the plan must continue to work for a group entity during the vesting period for the virtual share option to vest. Even vested stock options are extinguished in the event that the employee is terminated for due cause (bad leaver).

An accelerated vesting period applies under the VESOP plan for the event that an exit event occurs within the first 48 months after granting and the employee is still an employee of Enpal. The exit payment is then calculated on a vesting period of 48 months instead of the usual 84 months.

The virtual share options give Enpal the right to pay a severance payment in order to repurchase the virtual share options granted under the plan if, for example, the employee leaves the Enpal Group prior to an exit event (good leaver).

The liability recognized for virtual share options granted to employees amounts to EUR 13.2m (2022: EUR 10.6m). The intrinsic value of this liability amounts to EUR 13.2m (2022: EUR 10.6m).

Expenses of EUR 11.3m (2022: EUR 7.5m) have been recognized for the employees' service rendered during the financial year. During the financial year one-time payments (secondary sales) of EUR 7.8m were performed to certain employees.

The following table shows the number and weighted average exercise prices (WAEP) of and movements in virtual share options over the course of the year:

	2023	2023	2022	2022
	Number	WAEP	Number	WAEP
<b>1 Jan</b>	<b>7,066</b>	<b>2,723</b>	<b>5,549</b>	<b>1,036</b>
Issued during the year	1,908	2,341	2,676	4,850
Lapsed during the year	(753)	15,368	(499)	789
Exercised during the year	-	-	-	-
Repurchased during the year ("severance payment" and "Secondary Sales")	(359)	15	(660)	897
<b>31 Dec</b>	<b>7,862</b>	<b>6,229</b>	<b>7,066</b>	<b>2,723</b>

The following tables combine the key measurement parameters for all of the three plans used to determine the fair value of the virtual share options:

	VESOP	Phoenix	Exit stocks
<b>31 Dec 2023</b>			
Weighted fair value	17,104	19,088	19,088
Dividend yield (%)	0.0	0.0	0.0
Expected volatility (%)	77.8	80.2	80.2
Risk-free rate (%)	1.95	1.99	1.99
Expected residual vesting period (years)	5.63	-	0.1
Expected term (years)	4.01	4.01	4.01
Weighted average share price (EUR)	19,088	19,088	19,088
Model	Black-Scholes	Black-Scholes	Black-Scholes
<b>31 Dec 2022</b>			
Weighted fair value	18,096	19,217	19,217
Dividend yield (%)	0.0%	0.0%	0.0%
Expected volatility (%)	78.1%	78.1%	78.1%
Risk-free rate (%)	2.5%	2.5%	2.5%
Expected residual vesting period (years)	4.8	-	1.1
Expected term (years)	4.1	4.1	4.1
Weighted average share price (EUR)	19,217	19,217	19,217
Model	Black-Scholes	Black-Scholes	Black-Scholes

The expected term of the virtual share options is based on historical data and current expectations and does not necessarily reflect the term until an anticipated exit event. The expected volatility reflects the assumption that the historical volatility over a period similar to the term of the options is an approximation of future trends. However, this does not necessarily reflect the actual events. The residual vesting period reflects the average remaining vesting period.

### **(30.) Financial Instruments**

The following table presents the carrying amounts and fair values of financial assets and financial liabilities and their allocation to the fair value hierarchy. It does not contain any information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount of such items sufficiently approximates their fair value:

EUR m	Amounts recognized in the statement of financial position:	31 Dec 2023				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>						
Convertible loan	Other financial assets	2.0	2.0		2.0	
Convertible loan and other participating interest	Other financial assets	2.0	2.0		2.0	
Foreign currency Instruments	Other financial assets	0.6	0.6		0.6	
Money market funds	Other financial assets	0.5	0.5	0.5		
Money market funds	Cash and cash equivalents	119.1	119.1	119.1		
<i>Disposal group:</i>						
<i>Interest swaps used in designated hedges*</i>	<i>Other financial assets</i>	<i>6.7</i>	<i>6.7</i>		<i>6.7</i>	
<b>Financial assets at amortized cost</b>						
Trade receivables	Trade receivables	4.4				
Loan receivables	Loan receivables	27.3				
Other financial assets	Other financial assets	3.3				
Cash and cash equivalents	Cash and cash equivalents	175.0				
<i>Disposal group:</i>						
<i>Other financial assets</i>	<i>Other financial assets</i>	<i>6.7</i>				
<i>Cash and cash equivalents</i>	<i>Cash and cash equivalents</i>	<i>115.0</i>				
<b>Total (excluding disposal group)</b>		<b>334.1</b>				
<b>Financial liabilities at fair value</b>						
Interest swaps used in designated hedges*	Other financial liabilities	2.5	2.5		2.5	
Financial liabilities from direct marketing agreements	Other financial liabilities	8.4	8.4			8.4
<i>Disposal group:</i>						
<i>Interest swaps used in designated hedges*</i>	<i>Other financial liabilities</i>	<i>11.5</i>	<i>11.5</i>		<i>11.5</i>	

Financial liabilities measured at amortized cost					
Convertible loan	Convertible loan	11.2	11.2		11.2
Bank loans	Bank loans	67.7			
Asset-backed loans	Asset-backed loans	132.2	117.6		117.6
Trade payables	Trade payables	108.6			
Supplier finance liabilities	Supplier finance liabilities	62.4			
Other financial liabilities	Other financial liabilities	16.0			
<i>Disposal group:</i>					
Asset-backed loans	Asset-backed loans	1,220.3	1,207.2		1,207.2
Trade payables	Trade payables	1.8			
Other financial liabilities	Other financial liabilities	10.7			
<b>Total (excluding disposal group)</b>		<b>420.3</b>			

\* Such instruments do not fall into one of the IFRS 9 categories. EUR 6m (thereof disposal group EUR 6m) can be offset in the event of insolvency.

In January 2023, Enpal entered into three foreign currency forward sale transactions. These transactions include a total selling position of USD 29.1m. As at 31 December 2023, the fair value of the forward instruments amounted to USD 0.6m.

In April 2023, Enpal subscribed to a convertible loan agreement amounting to EUR 2m. The instrument is measured at fair value through profit or loss. The loan was converted by Enpal in June 2023.

In June 2023, Enpal subscribed to a second convertible loan agreement amounting to EUR 2m. The instrument is measured at fair value through profit or loss.

The reconciliation of the fair values determined using valuation techniques for financial instruments recognized at fair value is shown in the following table:

EUR m	Carrying Amount as at 1 January 2023	Additions	Disposals	Gains/Losses recorded in profit or loss	Carrying Amount as at 31 December 2023
Financial liabilities from direct marketing agreements	0.0	0.0	0.0	8.4	8.4

No reclassifications from and in level 3 took place in 2023.

EUR m	Amounts recognized in the statement of financial position:	31 Dec 2022				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>						
Interest swaps used in designated hedges*	Other financial assets	9.9	9.9		9.9	
Money market funds	Cash and cash equivalents	34.7	34.7	34.7		
<b>Financial assets at amortized cost</b>						
Trade receivables	Trade receivables	0.7				
Other financial assets	Other financial assets	1.7				
Cash and cash equivalents	Cash and cash equivalents	151.9				
<b>Total</b>		<b>198.9</b>				
<b>Financial liabilities at fair value</b>						
Interest swaps used in designated hedges*	Other financial liabilities	1.1	1.1		1.1	
<b>Financial liabilities measured at amortized cost</b>						
Convertible loan	Convertible loan	11.2	10.9			10.9
Bank loans	Bank loans	41.5				
Asset-backed loans	Asset-backed loans	517.6	431.2			431.2
Trade payables	Trade payables	98.3				
Supplier finance liabilities	Supplier finance liabilities	30.2				
Other financial liabilities	Other financial liabilities	10.6				
<b>Total</b>		<b>710.6</b>				

\* Such instruments do not fall into one of the IFRS 9 categories. Of which EUR 40k are offsettable in the event of insolvency.

The allocation to the fair value hierarchy is based on the lowest level of inputs that is significant for measuring fair value in its entirety:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices that are observable, either directly or indirectly, and are material to the measurement of an asset or liability
- Level 3: at least one input factor is unobservable

Any reclassification between the levels of the hierarchy is performed on the reporting date.

The fair value of financial instruments that are carried at amortized cost is measured by discounting their future cash flows using market interest rates that are commensurate to the credit risks and terms of the instruments. For current financial instruments it is assumed that their fair value approximates their carrying amounts as an accounting convenience.

The material inputs used to determine the fair value of the convertible loan are the company-specific credit margin, the likelihood of the possible dates on which the rights will be exercised and the risk-free rate. The credit risk is modeled in order to account for the higher risk borne by investors in connection with their convertible instrument on each measurement date. The risk-free rate is based on the Euribor for instruments of an equivalent term and the swap rates.

Interest hedging instruments are measured using the customary market methods using the market interest rates applicable on the reporting date (6M Euribor and the ESTR interest rate) for instruments of an equivalent residual term and debt servicing structure, using accessible market information.

The fair value of the foreign currency derivatives is measured based on the price indications provided by the counterparties of the agreement (financial institutes).

Derivatives from direct marketing agreements are measured via a discounted cash flow model. For determining the fair value, the estimated amount of surplus produced by the customer, which is subject to size of the photovoltaic system, external conditions (weather) and individual behavior (usage of consumers with high electricity requirements, such as electric vehicles or heat pumps) is used. In addition, Enpal uses externally available hourly-forward-curves for anticipated future electricity prices in order to estimate the average net cash payment. A decrease of 10% of the average electricity price would have resulted in a higher financial liability of EUR 1.1m, an increase of 10% of the average electricity price would have resulted in a lower financial liability of EUR 1.1m. A decrease of 10% of the estimated amount of surplus produced would have resulted in a higher financial liability of EUR 1.4m, an increase of 10% of the estimated amount of surplus produced would have resulted in a lower financial liability of EUR 1.4m.

The net result of financial instruments, broken down by measurement category breaks down as follows:

EUR m	Financial assets at amortized cost	Financial assets at fair value (not in a designated hedge)	Financial liabilities at amortized cost	Financial liabilities at fair value
<b>2023</b>				
Fair value adjustment	0.0	2.9	0.0	8.4
Derecognition	0.0	0.0	4.4	0.0
Currency translation	(0.4)	0.0	0.0	0.0
Impairment losses	(0.2)	0.0	0.0	0.0
Other financial income	1.3	0.0	0.0	0.0
Other finance costs	0.0	0.0	(11.2)	0.0
<b>2022</b>				
Fair value adjustment	0.0	(0.8)	0.0	0.0
Derecognition	0.0	0.0	6.8	0.0
Currency translation	(2.7)	0.0	(0.0)	0.0
Impairment losses	(0.1)	0.0	0.0	0.0
Other financial income	0.1	0.0	0.0	0.0
Other finance costs	0.0	0.0	(7.8)	0.0

### (31.) Risks from Financial Instruments

Generally, the Group is exposed to risks of changes in interest rates, foreign currencies, liquidity and, with regard to assets, credit ratings and risks of default.

#### Interest risk

Enpal understands interest risk to be the risk of higher borrowing costs due to rising interest rates. The Enpal Group is exposed to interest risk for an asset-backed loan agreement with variable interest rate. As at the reporting date, Enpal has entered into interest rate swaps to hedge the interest risk which qualify as designated hedges and have developed as follows:

EUR m	31 Dec 2023	Disposal group	31 Dec 2022
Positive fair values	0.6	6.7	9.9
Negative fair values	(2.5)	(11.5)	(1.1)
Fair value adjustment to the hedging instrument – designated risk	(1.1)	(3.2)	9.4
OCI – cash flow hedge reserve	(1.0)	(2.2)	(10.2)
Ineffective portion of hedges posted through profit or loss – designated risk	0.1	0.1	(1.6)

EUR m	2023	Disposal group	2022
Fair value adjustment to the underlying (hypo)–designated risk	1.0	3.0	(10.8)

The hedged items in designated hedges caused a reduction in the cash flow hedge reserve of EUR 13.4m (2022: EUR 10.2m).

The interest rate swaps are in designated hedges and accounted for as such. Ineffective hedges arise from a mismatch between the terms of the underlying and the hedging instrument. The contingent interest rate swap also contains a contingent premium that is not part of the hedged item and therefore a source of ineffectiveness. The changes in the fair value of the hedged items in designated hedges are calculated using the hypothetical derivative method.

The sensitivity analyses presented below show how the fair values of the interest rate swaps would have changed had the interest rates been different on the reporting date. A change of more than 50 basis points was considered for those purposes.

EUR m	Change in the interest curve		Change in the interest curve	
	2023	2023	2022	2022
	+50 BP Shift	-50 BP Shift	+50 BP Shift	-50 BP Shift
Interest rate swaps	2.5	(2.6)	2.2	(2.2)

Consequently, the interest curves show that if the parameters changed as assumed in the sensitivity analysis other reserves within equity would rise by EUR 2.5m or fall by EUR 2.6m (2022: rise by EUR 2.1m, fall by EUR 2.2m) and net income for the period rise by EUR 0.0m or fall by EUR 0.0m (2022: rise by EUR 0.0m, fall by EUR 0.0m).

The interest swaps fall due between 2027 and 2053. They have nominal volumes of EUR 362.6m, of which EUR 240.3m is allocated to the disposal group (2022: EUR 141.0m). The average hedged interest rate comes to 3.61% and 2.61% for the disposal group (2022: 2.01%).

**Foreign currency risk**

A foreign currency risk arises from current bank deposits of EUR 26.8m denominated in USD. An increase of 10% in the foreign currency rate would have resulted in a foreign currency loss of EUR 2.4m(2022: EUR 2.5m), a decrease of 10% in the USD/EUR rate would have resulted in a foreign currency gain of EUR 3,0m (2022: EUR 3.1m).

In order to hedge the risk from bank deposits denominated in USD, Enpal entered into FX forward agreements with a financial institute. No hedge accounting has been applied. An increase of 10% in the foreign currency rate would have resulted in a foreign currency gain

of EUR 2.4m(2022: EUR 2.5m), a decrease of 10% in the USD/EUR rate would have resulted in a foreign currency loss of EUR 3,0m

**Price risks**

Price risks arise from direct marketing agreements between Enpal and its customers. The risk can arise from declining electricity prices, which would reduce the margin generated by Enpal under these agreements. A decrease of 10% of the average electricity price would have resulted in a loss of EUR 1.1m, an increase of 10% of the average electricity price would have resulted in a gain of EUR 1.1m.

Enpal manages the risk by contractually limiting its exposure as well as constant monitoring of the market.

**Liquidity risk**

Liquidity risk refers to the risk that there may not be enough cash available to meet the financial obligations of the Enpal Group. The risk can arise from insufficient liquidity where it is needed, inaccurate cash flow projections or a one-sided investment strategy for the cash reserves of the Enpal Group.

Enpal manages its liquidity risks by keeping sufficient cash, credit lines at banks and other facilities as well as day-to-day cash flow planning at the level of the Group.

The table below presents the undiscounted contractually agreed cash outflows of the financial liabilities. Their allocation to the periods when the cash outflows will occur is based on the earliest possible date on which the cash outflows can occur. Any breach of the covenants agreed for the asset-backed loans could trigger an immediate repayment obligation.

<b>Financial liabilities by maturity as at 31 Dec 2023</b>				
<b>EUR m</b>	<b>less than 1 year</b>	<b>between 1 and 5 years</b>	<b>over 5 years</b>	<b>Total contractual cash flows</b>
Liabilities from direct marketing agreements	5.7	3.1	0.0	8.8
Interest swaps used in designated hedges	0.1	1.3	1.5	3.0
Convertible loan	0.0	16.4	0.0	16.4
Liabilities to banks	67.7	0.0	0.0	67.7
Asset-backed loans	9.6	84.7	53.9	148.2
Trade payables	108.6	0.0	0.0	108.6
Supplier finance liabilities	62.4	0.0	0.0	62.4
Other financial liabilities	16.0	0.0	0.0	16.0

*Disposal group*

*Interest swaps used in designated hedges*

(0.4) 7.7 5.9 13.2

*Asset-backed loans*

148.9 388.5 1,142.8 1,680.3

*Trade payables*

6.9 0.0 0.0 6.9

**Financial liabilities by maturity as at 31 Dec 2022**

EUR m	less than 1 year	between 1 and 5 years	over 5 years	Total contractual cash flows
Interest swaps used in designated hedges	1.5	4.8	3.5	9.8
Convertible loan	0.0	16.4	0.0	16.4
Liabilities to banks	41.5	0.0	0.0	41.5
Asset-backed loans	30.7	185.7	373.8	590.2
Trade payables	98.3	0.0	0.0	98.3
Supplier finance liabilities	30.2	0.0	0.0	30.2
Other financial liabilities	10.6	0.0	0.0	10.6

**Credit risk**

Credit risk is understood to be the risk of customers or contractual partners defaulting on their payment obligations. Any defaults result in the recognition of impairment losses on assets, financial assets or receivables. These losses are limited to the carrying amount of the assets. Credit risks at Enpal relate mostly to lease and loan receivables. Based on the aging and past experiences, allowances are recognized for expected credit losses to cover the credit risk. Bad debts are written off in full by specific allowances.

There are no significant concentrations of credit risks.

In addition, there is also a credit risk attached to cash and cash equivalents in the event that financial institutes are no longer able to meet their obligations. The maximum credit risk corresponds to the carrying amount of the financial assets on the respective closing date. The Enpal Group counters this risk by distributing its bank deposits among various banks all of which have high credit ratings and using money market funds with AAA ratings.

The following table presents the gross carrying amounts of lease and loan receivables by category of default:

Rating	Level 1	Level 2	Level 3
A	550.0	7.9	0.5
B	333.1	6.1	0.4
C	128.9	2.3	0.3
D	110.5	3.3	0.3
E	93.1	2.8	0.2
F	69.9	2.9	0.1
G	42.7	2.2	0.1
H	12.6	1.1	0.1

**(32.) Capital Management**

The objective of the Enpal Group is to retain a strong equity and debt base in order to maintain the trust of investors and banks and secure the sustained development of the Enpal Group moving forward. Enpal pursues the objective of securing the capital needed for equity-funded growth of the Group and using asset-backed loans at matching terms.

Based on the cash flow projections, the Group’s cash flows are monitored and any need for finance is identified at an early stage, allowing countermeasures to be initiated. Changes are analyzed at regular intervals and the necessary corrections made. In addition to the projected level of cash and cash equivalents carried by the subsidiaries, other indicators used to manage the Group are the financial covenants agreed on with the lenders. The most important covenants agreed on with the lenders entail the right of termination upon a change in ownership and the failure to attain the financial covenants linked to the financial indicators of the Group at the level of the separate entities. Should a breach of covenants trigger an immediate repayment obligation of the loans, this would lead to a liquidity risk (see the notes on asset-backed loans). All covenants were complied with during the reporting year and also during the prior year.

**(33.) Cash Flow Statement**

The increase in cash outflow from operating activities can be attributed to the higher business volume of the Enpal Group. The higher cash inflow from financing activities results mainly from the additional asset-backed loans.

Changes in financial liabilities are presented in the following table:

EUR m	31 Dec 2022	Cash flow	Non-cash additions (disposals)	Non-cash income and expenses	Transfer to disposal group	31 Dec 2023
Convertible loan	11.2	0.0	(4.4)	4.4	0.0	11.2
Bank loans	41.5	26.1	0.0	0.0	0.0	67.7
Asset-backed loans	517.6	854.0	0.0	(19.2)	(1,220.3)	132.2
Lease liabilities	11.7	(9.6)	28.6	0.4	0.0	31.2
<b>Total</b>	<b>582.1</b>	<b>870.6</b>	<b>24.2</b>	<b>(14.4)</b>	<b>(1,220.3)</b>	<b>242.3</b>

EUR m	31 Dec 2021	Cash flow	Non-cash additions (disposals)	Non-cash income and expenses	31 Dec 2022
Convertible loan	14.9	0.0	(6.8)	3.1	11.2
Bank loans	12.0	29.6	0.0	0.0	41.5
Asset-backed loans	135.2	389.5	0.0	(7.1)	517.6
Lease liabilities	5.3	(4.1)	13.4	(2.9)	11.7
<b>Total</b>	<b>167.4</b>	<b>415.0</b>	<b>6.6</b>	<b>(6.9)</b>	<b>582.1</b>

The liquidity presented under cash and cash equivalents comprises bank deposits, investments in money market funds and cash on hand, some of which is subject to restrictions on disposal (see the notes on cash and cash equivalents).

### (34.) Related Party Disclosures

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

#### Transactions with shareholders

A number of shareholders hold positions at other companies which result in these companies exercising control or significant influence over Enpal. MVK Asset Management GmbH exercises control. In the prior year, Picus Capital GmbH, Linus UK Facility Ltd. and Luktev GmbH exercised significant influence over Enpal. No party exercises significant influence in the financial year.

Within the course of the Series D financing round, Enpal assumed costs of EUR 0.0m (2022: EUR 0.2m) on behalf of the shareholders, of which EUR 0.0m (2022: EUR 0.2m) was still outstanding on the reporting date.

## Transactions with key management personnel

Remuneration of key management personnel in accordance with IAS 24:

EUR m	2023	2022
Short-term employee benefits	2.5	0.9
Share-based payment expenses	3.0	2.3
<b>Total</b>	<b>5.5</b>	<b>3.2</b>

The short-term employee benefits paid to management in key positions of the Group comprises their salaries and fringe benefits paid in kind. In the financial year, share-based payment expenses also comprise an one-off effect from extraordinary early exercise of virtual shares.

MVK Asset Management GmbH is controlled by Mario Kohle, who holds a key management position. This company exercises control over the Group. Members of management in key positions hold 31% (2022: 37%) of the shares in Enpal B.V.

### Related party transactions

getpress GmbH, a related party, rendered consulting services of EUR 0.1m (2022: EUR 0.1m).

### (35.) Auditor's fees

The fee for audit services charged by the KPMG group, amounts to EUR 0.8m (2022: EUR 0.4m). This comprises the fee for the audit of the consolidated financial statements and the financial statements of Enpal B.V. as well as the financial statements of six subsidiaries. Extra costs were recognized in the financial year for the audit of the prior year's financial statements.

### (36.) Subsequent events

In December 2023 Enpal entered into a share purchase agreement to sell the majority of its shares in Enpal Green Future Holding GmbH and Enpal Green Solutions Holding GmbH (the "sale of financing entities") and the majority of the shareholder loans granted from Enpal B.V. to Enpal Green Future Holding GmbH and Enpal Green Solutions Holding GmbH. The transaction consists of four closings. In the first closing, which took place on the 2 January 2024, Enpal sold 90% of its shares in Enpal Green Solutions Holding GmbH and 49% of its shares in Enpal Green Future Holding GmbH. In addition, 80% of the shareholder loans granted to Enpal Green Solutions Holding GmbH and 90% of the shareholder loans granted to Enpal Green Future Holding GmbH as per 31 December 2023 have been sold. In the second closing, which took place on the 15 March 2024, Enpal has sold 41% of shares in Enpal Green Future Holding GmbH and further shareholder loans. The third closing took place on 14 May 2024. Under the third closing Enpal sold 90% of its existing shareholder loans granted to

Enpal Green Solutions Holding GmbH as of the closing date. Management expects the completion of the remaining closings during 2024.

In March 2024 revolving credit facilities in the amount of EUR 75.0m were extended until end of the year.

On 29 April 2024 Enpal B.V. entered into an investment agreement relating to the joint venture Flexa GmbH (“Flexa”), where Enpal B.V. acquired 65% of the shares. The remaining shares are held by Entrix GmbH, München. Enpal committed to provide funding both via equity contributions as well as shareholder loans. Further, on 29 April 2024 Enpal increased the share in Entrix GmbH to 15.7%.

On 23 May 2024 Enpal B.V. entered into a share purchase agreement to acquire 100% of Enpal China Ltd for EUR 0.3m. The closing is conditional of completion of the registration of the share transfer with the Chinese authorities. Any consideration payable from Enpal B.V. will be reflected in equity, since Enpal China Ltd. has been controlled since 2020.

## Separate Financial Statements

### Separate Statement of Financial Position as at 31 December 2023

(Before appropriation of result)

EUR m	Note	31 Dec 2023	31 Dec 2022
<b>Fixed assets</b>		<b>362.5</b>	<b>153.6</b>
Intangible fixed assets	(6)	5.4	2.7
Tangible fixed assets	(7)	43.4	21.5
Financial fixed assets	(8)	313.7	129.4
<b>Current assets</b>		<b>670.7</b>	<b>350.9</b>
Inventories	(9)	182.5	129.0
Trade and other receivables	(10)	239.0	68.0
Cash and cash equivalents	(11)	249.1	153.9
<b>Total assets</b>		<b>1,033.1</b>	<b>504.5</b>

EUR m	Note	31 Dec 2023	31 Dec 2022
<b>Equity</b>		<b>441.4</b>	<b>252.0</b>
Issued capital	(12)	0.1	0.1
Share premium	(12)	492.3	293.0
Legal reserve	(12)	5.1	2.5
Retained earnings	(12)	(43.7)	(66.1)
Result of the year	(12)	(12.3)	22.5
<b>Provisions</b>		<b>23.1</b>	<b>15.1</b>
Provisions	(13)	23.1	15.1
<b>Non-current liabilities</b>		<b>22.4</b>	<b>15.0</b>
Convertible loan	(14)	11.2	11.2
Lease liabilities	(7)	11.2	3.8
<b>Current liabilities</b>		<b>546.2</b>	<b>222.4</b>
Bank loans	(15)	67.7	41.5
Lease liabilities	(7)	2.2	5.7
Trade payables	(16)	399.3	135.6
Supplier finance liabilities	(17)	62.4	30.2
Income tax liabilities		0.7	2.0
Other financial liabilities	(18)	13.3	0.9
Other non-financial liabilities	(19)	0.7	6.5
<b>Total equity and liabilities</b>		<b>1,033.1</b>	<b>504.5</b>

The notes on pages 35 to 94 are an integral part of these separate financial statements

## Separate Statement of Profit or Loss for Financial Year 2023

EUR m	Note	2023	2022
Share in results from participating interests, after taxation	(2)	9.0	(9.6)
Other income and expenses, after taxation	(3)	(21.3)	32.2
<b>Net profit (loss) for the period</b>		<b>(12.3)</b>	<b>22.5</b>

The notes on pages 35 to 94 are an integral part of these separate financial statements.

## Notes to the Separate Financial Statements for Financial Year 2023

### 1 General Remarks

These separate financial statements and the consolidated financial statements together constitute the statutory financial statements of Enpal B.V. (“Enpal”). The financial information of Enpal is included in Enpal’s consolidated financial statements, as presented on pages 28 to 94.

Enpal GmbH changed its legal form to Enpal B.V. on 24 January 2023. The place of management remains in Berlin. The separate financial statements for the year ended 31 December 2022 were prepared in accordance with the requirements of the German Commercial Code (“HGB”) and the German law on limited liability companies (“GmbHG”). As a result of the change of the legal form Enpal B.V. is required to apply Dutch law to their consolidated and separate financial statements as from financial year 2023. Enpal has elected to apply Combination 3 to their financial statements.

Enpal B.V. is the parent company of the Enpal Group. The consolidated financial statements of Enpal B.V. have been prepared on the basis of International Financial Reporting Standards as adopted by the European Union. The separate financial statements therefore are prepared using consolidated financial statements policies for recognition and measurement and Dutch GAAP requirements for presentation and disclosure.

The figures for the prior year have been reclassified to enable comparability with the financial year.

The reconciliation of the items in the statement of financial position that are presented differently as a result of the change in accounting policy is shown in the table below:

EUR m	Note	31 Dec 2022			1 Jan 2022		
		HGB before reclass	Change	HGB	HGB before reclass	Change	HGB
<b>Current assets</b>							
Inventory	A	133.6	(4.6)	129.0	33.6	(1.4)	32.2
Trade and other receivables	A, B,C	58.3	0.4	58.7	28.8	1.8	30.6
Prepaid expenses	B	2.2	(2.2)	0.0	1.0	(1.0)	0.0
Securities	D	34.7	(34.7)	0.0	165.5	(165.5)	0.0
Cash and bank balances	D	119.2	34.7	153.9	22.0	165.5	187.5
<b>Provisions</b>							
Provisions	E,F,G	32.3	(16.5)	15.8	6.4	(1.9)	4.5

<b>Non-current liabilities</b>							
Convertible loan	H	0.0	16.0	16.0			
<b>Current liabilities</b>							
Convertible loan	H				0.0	15.6	15.6
Trade payables	E,I	79.0	56.6	135.6	15.1	8.4	23.5
Supplier finance liabilities	J	0.0	30.2	30.2	0.0	12.1	12.1
Income tax liabilities	F	0.0	2.0	2.0	0.0	0.0	0.0
Liabilities to affiliated companies	I	43.4	(43.4)	0.0	7.5	(7.5)	0.0
Other financial liabilities	G	0.0	1.2	1.2	0.0	1.7	1.7
Other non-financial liabilities	C, H, J	59.5	(52.3)	7.1	29.2	(28.8)	0.4

The following differences in presentation apply under IFRS compared to HGB:

- A.** Prepayments on inventories are presented within trade and other receivables under IFRS whereas they were presented within inventories under HGB.
- B.** Prepaid expenses were separately presented under HGB. Under IFRS they are included in trade and other receivables.
- C.** Input tax receivables are offset against output tax payables under IFRS.
- D.** Cash and cash equivalents under IFRS comprise money market funds whereas they were presented separately under HGB.
- E.** Accruals for outstanding invoices were included in provisions under HGB. They are presented within trade payables under IFRS.
- F.** Income tax liabilities were included in provisions under HGB. They are presented as separate item under IFRS.
- G.** Personnel-related liabilities were included in provisions under HGB. They are presented within other financial liabilities under IFRS.
- H.** Convertible loans are presented separately under IFRS whereas they were included in other liabilities under HGB.
- I.** Liabilities towards affiliated companies were presented separately under HGB. Under IFRS they are included in trade payables.
- J.** Supplier finance liabilities are presented separately under IFRS whereas they were included in other liabilities under HGB.

The reconciliation of the items in the statement of financial position that have changed as a result of the change in accounting policy is presented below:

EUR m	Note	31 Dec 2022			1 Jan 2022		
		HGB	Change	IFRS	HGB	Change	IFRS
<b>Fixed assets</b>							
Tangible fixed assets	K	12.0	9.5	21.5	2.4	4.7	7.1
Financial fixed assets	L,M,N	126.0	3.5	129.4	46.9	(0.9)	45.9
<b>Current assets</b>							
Trade and other receivables	O	58.7	9.2	68.0	30.6	(0.1)	30.7
<b>Equity</b>							
Share premium	O	293.8	(0.8)	293.0	293.8	(4.9)	288.9
Legal reserve	P	0.0	2.5	2.5	0.0	1.8	1.8
<b>Provisions</b>							
Provisions	L	15.8	0.7	15.1	4.5	2.6	7.1
<b>Non-current liabilities</b>							
Convertible loan	Q	16.0	(4.8)	11.2			
Lease liabilities	K	0.0	3.8	3.8	0.0	2.4	2.4
<b>Current liabilities</b>							
Convertible loans	Q				15.6	(0.7)	14.9
Lease liabilities	K	0.0	5.7	5.7	0.0	2.3	2.3
Other current financial liabilities	M	1.2	(0.3)	0.9	1.7	(0.4)	7.3
Other current non-financial liabilities	M	7.1	(0.6)	6.5	0.4	0.0	0.4

The reconciliation of the impact on the statement of profit or loss is presented below:

EUR m	Note	31 Dec 2022		
		HGB	Change	IFRS
Share in results from participating interests	B	(2.5)	(7.1)	(9.6)
Other income and expenses, after taxation		3.5	28.7	32.2
<b>Profit (loss) for the period</b>		<b>1.0</b>	<b>21.5</b>	<b>22.5</b>

The following IFRS principles are mainly impacting the differences in the presentation of the financial statements compared to HGB:

- K.** Leases are measured in accordance with IFRS 16 Leases (refer to material accounting policies section in the notes to the consolidated financial statements). Under HGB no right-of-use assets and lease liabilities were recorded.
- L.** Shares in group companies and loans to such entities are accounted for using the equity method. (refer to the accounting policies section in the notes to the separate financial statements). Further, if required provisions are recorded with respect to participating interests. Under HGB shares in group companies and loans to group companies were measured at cost.
- M.** Cost to obtain customer contracts and contract liabilities are capitalized in accordance with IFRS 15 (refer to material accounting policies section in the notes to the consolidated financial statements) whereas they were expensed under HGB.
- N.** Deferred taxes are measured in accordance with IAS 12 (refer to material accounting policies section in the notes to the consolidated financial statements) whereas under HGB deferred tax assets were not recognized.
- O.** Incremental costs directly attributable to issuing new equity are accounted for as a deduction from equity under IFRS (refer to material accounting policies section in the notes to the consolidated financial statements). The cost for Series D were deferred in financial year 2022 and therefore recognized within trade and other receivables. They were deducted from equity in 2023. Under HGB such costs were expensed in financial year 2022.
- P.** Legal reserves for development costs are set-up in accordance with the Dutch Civil Code.
- Q.** The conversion feature is separately recorded under IFRS (refer to material accounting policies section in the notes to the consolidated financial statements). Under HGB the conversion feature is not accounted for separately, further the effective interest rate method is not utilized under HGB.

The impact of the changes in accounting policies in the financial year is as follows:

- Profit (loss) for the period: EUR 9.6m
- Impact on the opening equity as at 1 January 2023 as a result of restating comparative figures: EUR 19.1m

## **2 Basis of preparation**

These separate financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its separate financial statements, Enpal makes use of the option provided in article 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result of the separate financial statements of Enpal are the same as those applied for the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the notes to the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the separate financial statements should be read in conjunction with the consolidated financial statements.

Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements of the group.

All amounts in the financial statements are presented in EUR million, unless stated otherwise.

### **Participating interests in group companies**

Group companies are all entities in which Enpal has directly or indirectly control. Participating interests in group companies are accounted for according to the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognized if and to the extent that the cumulative unrecognized share of loss has been absorbed. If Enpal fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognized accordingly to the amount of the estimated payments Enpal on behalf of the participating interest.

### **Share of result of participating interests**

The share in the result of participating interests consists of the share of Enpal in the result of the participating interests. Results on transactions involving the transfer of assets and liabilities between Enpal and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

## Corporate income tax

Enpal is the head of the fiscal unity with Enpal Sales GmbH. Enpal recognizes the portion of corporate income tax that it would owe as an independent taxpayer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between Enpal and its subsidiary takes place through current account positions.

Enpal has assessed the expected impact of the Pillar 2 - global minimum top-up tax and notes that the separate financial statements are not impacted due to the local effective tax rate that is higher than 15 percent and the entity has not paid any Pillar 2 top-up tax on behalf of other entities in the group. Also, no Pillar 2 top-up tax has been recharged to the entity.

## 3 Notes to the Separate Financial Statements

### (1.) Net Turnover

The following table summarizes the total revenue by product type:

EUR m	2023	2022
Sale of photovoltaic systems	597.0	280.2
Sale of battery storages	215.3	96.3
Sale of electric vehicle charging systems	48.0	31.2
Sales of heat pumps	28.4	0.4
Sale of components to installers	6.1	0.0
Sale of meter cabinets	1.8	3.1
Other sales	(1.2)	1.0
<b>Total</b>	<b>895.5</b>	<b>412.3</b>

Other sales include discounts to customers, sale of other products to customers and other revenue charges to subsidiaries. Turnover is primarily generated in Germany.

### (2.) Share in Results from Participating Interests

An amount of EUR 9.0m (2022: EUR (9.6m)) of share in results from participating interests relates to group companies.

### (3.) Other Income and Expenses

The following table displays the composition of other income and expenses, after taxation:

EUR m	2023	2022
Net turnover	895.5	412.3
Cost of sales	(703.4)	(280.1)
Selling expenses	(104.3)	(68.0)
Administrative expenses	(98.7)	(44.0)
Other operating income/(expenses)	1.8	3.8
Financial result	(12.2)	(2.8)
Taxes on income	0.1	11.0
<b>Total</b>	<b>(21.3)</b>	<b>32.2</b>

### (4.) Employee Benefits

Wages and salaries and social security charges relating to the employees of Enpal are as follows:

EUR m	2023	2022
Wages and salaries	40.3	27.8
Social security charges	6.4	3.4
<b>Total</b>	<b>46.7</b>	<b>31.2</b>

Wages and salaries include an amount of EUR 5.1m (2022: EUR 0.2m) for virtual share options. There are no pension plans in place.

### (5.) Number of Employees

Enpal employed an average of 609 employees (2022: 473). All employees were employed outside the Netherlands and can be divided into the following staff categories:

	2023	2022
Administration	379	202
Development	129	63
Production	54	79
Sales	47	129
<b>Total</b>	<b>609</b>	<b>473</b>

### (6.) Intangible Fixed Assets

Please refer to the intangible fixed assets paragraph in the notes to the consolidated financial statements.

## (7.) Tangible Fixed Assets

The following table presents the development of property, plant and equipment:

EUR m	Smart electricity meters	Safety scaffolding and tools	Computer hardware and other office equipment	Pre-payments	Total
<b>Historical cost:</b>					
<b>1 Jan 2023</b>	<b>5.0</b>	<b>5.2</b>	<b>3.2</b>	<b>0.0</b>	<b>13.4</b>
Additions	12.5	8.3	4.4	0.3	25.5
Disposal	0.0	(2.6)	(2.7)	(0.0)	(5.3)
<b>31 Dec 2023</b>	<b>17.5</b>	<b>10.9</b>	<b>5.0</b>	<b>0.3</b>	<b>33.7</b>
<b>Accumulated depreciation and impairment:</b>					
<b>1 Jan 2023</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.7)</b>	<b>(0.0)</b>	<b>(1.4)</b>
Depreciation	(1.2)	(0.8)	(1.7)	(0.0)	(3.7)
Disposals	0.0	0.4	1.1	0.0	1.4
<b>31 Dec 2023</b>	<b>(1.5)</b>	<b>(0.8)</b>	<b>(1.4)</b>	<b>(0.0)</b>	<b>(3.7)</b>
<b>Carrying amount:</b>					
<b>1 Jan 2023</b>	<b>4.7</b>	<b>4.9</b>	<b>2.5</b>	<b>0.0</b>	<b>12.0</b>
<b>31 Dec 2023</b>	<b>15.9</b>	<b>10.2</b>	<b>3.6</b>	<b>0.3</b>	<b>30.1</b>

EUR m	Smart electricity meters	Safety scaffolding and tools	Computer hardware and other office equipment	Pre-payments	Total
<b>Historical cost:</b>					
<b>1 Jan 2022</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>	<b>0.1</b>	<b>2.9</b>
Additions	4.2	4.0	2.2	0.0	10.4
Reclassifications	0.0	0.1	0.0	(0.1)	0.0
<b>31 Dec 2022</b>	<b>5.0</b>	<b>5.2</b>	<b>3.2</b>	<b>0.0</b>	<b>13.4</b>
<b>Accumulated depreciation and impairment:</b>					
<b>1 Jan 2022</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>(0.0)</b>	<b>(0.6)</b>
Depreciation	(0.3)	(0.2)	(0.3)	(0.0)	(0.8)
<b>31 Dec 2022</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.7)</b>	<b>(0.0)</b>	<b>(1.4)</b>
<b>Carrying amount:</b>					
<b>1 Jan 2022</b>	<b>0.8</b>	<b>0.9</b>	<b>0.5</b>	<b>0.1</b>	<b>2.4</b>
<b>31 Dec 2022</b>	<b>4.7</b>	<b>4.9</b>	<b>2.5</b>	<b>0.0</b>	<b>12.0</b>

Enpal acts as a meter operator and therefore recognizes the smart electricity meters installed at its customers under its own property, plant and equipment.

Enpal had entered into purchase commitments of EUR 17.4m (2022: EUR 6.0m) for property, plant and equipment.

The following table presents the carrying amounts of right-of-use assets and their development:

EUR m	Offices	Warehouses	Vehicles	Computer hardware	Total
<b>1 Jan 2022</b>	<b>4.4</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>4.7</b>
Additions	3.0	2.4	0.0	2.9	8.3
Depreciation	(2.8)	(0.1)	(0.1)	(0.7)	(3.7)
<b>31 Dec 2022</b>	<b>4.6</b>	<b>2.3</b>	<b>0.2</b>	<b>2.2</b>	<b>9.3</b>
Additions	8.9	0.5	0.0	1.7	11.1
Depreciation	(5.0)	(0.6)	(0.1)	(1.6)	(7.4)
Disposals	0.0	0.0	0.0	(0.1)	(0.1)
<b>31 Dec 2023</b>	<b>8.5</b>	<b>2.1</b>	<b>0.1</b>	<b>2.4</b>	<b>13.2</b>

The increase in right-of-use assets is primarily due to the lease of additional offices and warehouses. The increase is mainly offset by the impact of a lease contract modification for an office. In addition, computer hardware such as laptops and smartphones have been leased. There are no indications that right-of-use assets are impaired.

The following table presents the carrying amounts of lease liabilities and their development:

EUR m	Offices	Warehouses	Vehicles	Computer hardware	Total
<b>1 Jan 2022</b>	<b>1.5</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>1.8</b>
Additions	3.0	2.4	0.0	2.9	8.3
Interest expenses on lease liabilities	0.1	0.0	0.0	0.0	0.1
Cash outflows for leases	(2.8)	(0.1)	(0.1)	(0.7)	(3.7)
Contract modification	2.9	0.0	0.0	0.0	2.9
<b>31 Dec 2022</b>	<b>4.6</b>	<b>2.3</b>	<b>0.2</b>	<b>2.3</b>	<b>9.4</b>
Additions	8.6	0.5	0.0	1.7	10.9
Interest expenses on lease liabilities	0.2	0.1	0.0	0.1	0.3
Cash outflows for leases	(5.0)	(0.7)	(0.1)	(1.5)	(7.3)
<b>31 Dec 2023</b>	<b>8.4</b>	<b>2.2</b>	<b>0.1</b>	<b>2.5</b>	<b>13.3</b>

The due dates of lease liabilities are presented below. The figures are based on contractual undiscounted payments:

EUR m	31 Dec 2023	31 Dec 2022
< 1 year	8.2	5.9
1 to 5 years	5.6	4.2
> 5 years	0.0	0.0
<b>Total</b>	<b>13.8</b>	<b>10.1</b>

In addition to depreciation, the following amounts were posted through profit or loss:

EUR m	2023	2022
Interest expenses on lease liabilities	0.3	0.1
Expenses for short-term leases	0.8	0.0
Expenses for leases of low-value assets	0.5	2.0
<b>Total</b>	<b>1.7</b>	<b>2.1</b>

No variable lease payments were due in the financial year or in the prior year. The lease agreements for vehicles do not include any options to prolong or terminate the lease. Enpal has considered the options included in the leases for offices, warehouses and computer hardware.

The following table presents the undiscounted potential lease payments for periods after the date on which unilateral options to prolong or terminate a lease can be exercised that are not considered in the term of the lease and lease payments for contracts that have not yet commenced but agreed:

EUR m	< 1 year	1 to 5 years	> 5 years	Total
Renewal options that are not expected to be exercised	0.1	9.8	5.0	14.9
Leases that have been entered into by the lessee but have not yet commenced	0.0	21.0	44.8	65.8
<b>Total</b>	<b>0.1</b>	<b>30.8</b>	<b>49.8</b>	<b>80.7</b>

**(8.) Financial Fixed Assets**

EUR m	Participating interests in group companies	Other participating interests	Loans to group companies	Other Securities	Deferred tax assets	Other receivables	Total
<b>1 Jan 2023</b>							
Cost of acquisition	1.8	0.0	123.4	0.0	0.0	2.9	128.1
Accumulated revaluations	11.3	0.0	(22.9)	0.0	13.0	0.0	1.3
<b>Carrying amount:</b>	<b>13.1</b>	<b>0.0</b>	<b>100.4</b>	<b>0.0</b>	<b>13.0</b>	<b>2.9</b>	<b>129.4</b>
<b>Changes during the financial year:</b>							
Investments and loans provided	1.2	2.0	273.3	0.0	0.0	4.3	280.8
Repayment of loans	0.0	0.0	(108.3)	0.0	0.0	0.0	(108.3)
Impairments	0.0	0.0	(7.4)	0.0	0.0	0.0	(7.4)
Revaluations	0.0	0.0	0.0	0.6	3.7	0.0	4.3
Share in result of participating interests	12.2	0.0	2.8	0.0	0.0	0.0	15.0
<b>Total changes</b>	<b>13.3</b>	<b>2.0</b>	<b>160.5</b>	<b>0.6</b>	<b>3.7</b>	<b>4.3</b>	<b>184.3</b>
<b>31 Dec 2023</b>							
Cost of acquisition	3.0	2.0	281.0	0.0	0.0	7.2	293.2
Accumulated impairments	0.0	0.0	(7.4)	0.0	0.0	0.0	(7.4)
Accumulated revaluations	23.4	0.0	(12.7)	0.6	16.7	0.0	27.9
<b>Carrying amount:</b>	<b>26.4</b>	<b>2.0</b>	<b>260.9</b>	<b>0.6</b>	<b>16.7</b>	<b>7.2</b>	<b>313.7</b>

For details on the deferred tax assets, reference is made income tax paragraph in the notes to the consolidated financial statements.

Some participating interests have a negative net asset value and are valued at nil without a provision being recognized, because the company does not fully or partially guarantee the debts of those participating interests and has no constructive obligation to support those participating interests to pay their debts. Enpal's share in the negative equity value of participating interests amounts to EUR 0.4m (2022: EUR 0.0m). The unrecognized share of the losses during the financial year amounts to EUR 10.7m (2022: EUR 7.4m). The unrecognized accumulated losses of participating interests amount to EUR 23.9m (2022: EUR 5.5m) on the reporting date.

Enpal is the parent company and has the following financial interests in group companies:

Entity	Registered offices	Share in capital
<b>Consolidated participating interests</b>		
engea Wallbox GmbH	Berlin (Germany)	100%
Enpal Albania Shpk	Tirane (Albania)	100%
Enpal Asset Management GmbH	Berlin (Germany)	100%
Enpal B.H. d.o.o.	Sarajevo (Bosnia)	100%
Enpal China Ltd.	Shenzhen (China)	0%
Enpal Dragon GmbH	Berlin (Germany)	100%
Enpal Enablement GmbH	Berlin (Germany)	100%
Enpal Energy GmbH	Berlin (Germany)	100%
Enpal ezee GmbH	Berlin (Germany)	70%
Enpal Field&Partner Sales GmbH (until 7 July 2023 Enpal Ident GmbH)	Berlin (Germany)	100%
Enpal Financial Services Holding GmbH	Berlin (Germany)	100%
Enpal Green Advantage Holding GmbH	Schönefeld (Germany)	100%
Enpal Green Future Holding GmbH	Schönefeld (Germany)	100%
Enpal Green Innovations Holding GmbH	Berlin (Germany)	100%
Enpal Green Solutions Holding GmbH	Schönefeld (Germany)	100%
Enpal Green Technologies Holding GmbH	Berlin (Germany)	100%
Enpal Green Vision Holding GmbH	Schönefeld (Germany)	100%
Enpal Grid Operations GmbH	Berlin (Germany)	100%
Enpal Installation Nord GmbH*	Erfurt (Germany)	100%
Enpal Installation Süd GmbH*	Erfurt (Germany)	100%
Enpal Italia S.r.l.	Milan (Italy)	100%
Enpal Montage Berlin/Brandenburg GmbH	Blankenfelde-Mahlow (Germany)	100%
Enpal Montage GmbH	Berlin (Germany)	100%
Enpal Montage Hamburg GmbH	Berlin (Germany)	100%
Enpal Montage Hannover GmbH	Hannover (Germany)	100%
Enpal Montage Köln GmbH	Troisdorf (Germany)	100%
Enpal Montage Nürnberg GmbH	Ansbach (Germany)	100%
Enpal Montage Rhein/Main GmbH	Mainz (Germany)	100%

Enpal Planning GmbH	Berlin (Germany)	100%
Enpal Pro GmbH (until 12 July 2023 Enpal Production GmbH)	Berlin (Germany)	100%
Enpal Sales Enablement GmbH	Berlin (Germany)	100%
Enpal Sales GmbH	Berlin (Germany)	100%
Enpal Sales NRW GmbH	Essen (Germany)	100%
Enpal Sales Sachsen GmbH	Berlin (Germany)	100%
Enpal Sales Support GmbH	Berlin (Germany)	100%
Enpal Services GmbH	Berlin (Germany)	100%
Enpal South Africa (PTY) Ltd.	Cape Town (South Africa)	100%
Enpal Supply Chain GmbH	Berlin (Germany)	100%
Enpal Tech GmbH	Berlin (Germany)	100%
Enpal24 GmbH* (until 5 October 2023 Enpal Sales Berlin/Brandenburg GmbH)	Berlin (Germany)	100%
Green Finance Solution SA	Luxembourg (Luxembourg)	0%

**Other participating interests, including non-consolidated and indirect participating interests**

Enpal ezee Benefit GmbH	Berlin (Germany)	70%
Enpal ezee Benefit II GmbH	Schönefeld (Germany)	100%
Enpal ezee Benefit III GmbH	Berlin (Germany)	70%
Enpal Financial Services Deutschland GmbH	Berlin (Germany)	100%
Enpal Green Advantage GmbH	Schönefeld (Germany)	100%
Enpal Green Future I GmbH	Schönefeld (Germany)	100%
Enpal Green Innovations I GmbH	Berlin (Germany)	100%
Enpal Green Solutions I GmbH	Schönefeld (Germany)	100%
Enpal Green Technologies I GmbH	Berlin (Germany)	100%
Enpal Green Vision GmbH	Schönefeld (Germany)	100%
Ezee Benefit GmbH	Geislingen (Germany)	70%

Enpal can exercise significant influence over Enpal China Ltd and Green Finance Solution SA as a result from contractually secured rights despite the fact that Enpal does not hold a majority of the voting rights.

**(9.) Inventories**

Inventories consist of the following items:

EUR m	31 Dec 2023	31 Dec 2022
Raw materials, consumables and supplies	152.0	104.5
Unfinished photovoltaic systems, battery storages, electric vehicle charging systems and heat pumps	30.5	24.5
<b>Total</b>	<b>182.5</b>	<b>129.0</b>

The cost of inventories recognized under the cost of sales in the financial year amounts to EUR 326.8m (2022: EUR 167.4m). Materials of EUR 4.1m have been impaired by EUR 1.9m.

**(10.) Trade and other Receivables**

EUR m	31 Dec 2023	31 Dec 2022
Shareholder loans to financing entities within the group	128.6	0.0
Trade receivables	71.5	51.5
Input tax receivables	30.9	0.1
Prepaid expenses and deferred charges	4.8	11.3
Convertible loan	2.0	0.0
Advance payments on inventories	0.3	4.6
Security deposits	0.2	0.2
Other current financial assets	0.7	0.2
<b>Other financial assets</b>	<b>239.0</b>	<b>68.0</b>

Trade receivables of EUR 68.7m (2022: EUR 41.7m) result from transactions with group companies. Shareholder loans to financing entities within the group were reclassified to current trade and other receivables, as those shareholder loans are subject to a sale within one year after the reporting date.

All receivables have a maturity less than one year. The carrying values of the recorded receivables are a reasonable approximation of their respective fair values, given the short maturities of the positions. No allowances for doubtful debts have been recognized in the current nor the previous financial year as all receivables are most likely to be collected.

**(11.) Cash and Cash Equivalents**

Cash and cash equivalents comprise current bank deposits denominated in EUR, deposits of EUR 26.8m (2022: EUR 27.3m) denominated in USD, investments in money market funds of EUR 119.1m (2022: EUR 34.7m), and, to a minor extent, cash on hand.

As at the reporting date, current bank deposits of EUR 5.4m (2022: EUR 7.9m) were subject to restricted disposal. Of this amount, EUR 0.2m (2022: EUR 1.2m) was pledged to the lessors of real estate and EUR 5.2m (2022: EUR 6.7m) were placed on special-purpose accounts for the purchase of materials.

## (12.) Shareholders' Equity

A reconciliation of movements in equity is presented in the following table:

EUR m	Issued capital	Share premium	Other legal reserves	Retained earnings	Result for the year	Equity
<b>1 Jan 2022</b>	<b>0.1</b>	<b>288.9</b>	<b>1.8</b>	<b>(61.2)</b>	<b>0.0</b>	<b>229.5</b>
Profit (loss) for the period	0.0	0.0	0.0	0.0	22.5	22.5
Conversion option	0.0	4.1	0.0	(4.1)	0.0	0.0
Additions to other legal reserves	0.0	0.0	0.7	(0.7)	0.0	0.0
<b>31 Dec 2022</b>	<b>0.1</b>	<b>293.0</b>	<b>2.5</b>	<b>(66.1)</b>	<b>22.5</b>	<b>252.0</b>
Appropriation of result	0.0	0.0	0.0	22.5	(22.5)	0.0
Profit (loss) for the period	0.0	0.0	0.0	0.0	(12.3)	(12.3)
Capital increase	0.0	208.0	0.0	0.0	0.0	208.0
Transaction cost for capital increase	0.0	(6.3)	0.0	0.0	0.0	(6.3)
Conversion option	0.0	(2.4)	0.0	2.4	0.0	0.0
Additions to other legal reserves	0.0	0.0	2.6	(2.6)	0.0	0.0
<b>31 Dec 2023</b>	<b>0.1</b>	<b>492.3</b>	<b>5.1</b>	<b>(43.7)</b>	<b>(12.3)</b>	<b>441.4</b>

Issued capital amounts to EUR 0.1m (2022: EUR 0.1m) with a face value of EUR 1.00 per share. 66,337 shares have been issued (2022: 66,337), of which 41,152 are preference shares that are equipped with preferential treatment in the event of an exit, meaning any proceeds from liquidation are paid to these shareholders first. In addition, special shares exist, which as long as they are held by a founder or founding company, entitle the holder to cast two votes per special share. Cash of EUR 7k was received in the prior year for an increase of issued capital due to the Series D financing round. Further EUR 208.0m increase in share premium were received in the financial year. The issue of new shares and the capital increase related to the Series D financing round and were notarized on 19 December 2022 and entered in the commercial register on 19 January 2023. Transaction costs of EUR 9.0m for this capital increase were recognized under other non-financial assets in the prior year and have been offset against the share premium in the financial year.

As in the prior year, the terms and conditions of the convertible loan were modified on 2 December 2023 (2022: 4 February 2022). The term of the loan was extended, and the

interest rate reduced, leading to a lower value for the conversion right, which was already recognized in share premium in the prior years. The share premium decreased by EUR 2.4m (2022: EUR 4.1m) on account of this modification. Retained earnings were increased by the same amount (please refer to the convertible loan paragraph in the notes to the consolidated financial statements).

Other legal reserves consist of a legal reserve for capitalized development costs of EUR 5.1m (2022: EUR 2.5m).

The retained earnings consist of the accumulated profits or losses per the reporting date.

## Unappropriated result

### Appropriation of profit 2022

The financial statements for the financial year 2022 have been adopted by the Shareholders on 20 October 2023. The Shareholders adopted the appropriation of profit after tax as proposed by the executive directors.

### Proposal for loss appropriation 2023

The executive directors propose to the Shareholders to appropriate the losses in the retained earnings.

The following table presents the reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the separate financial statements:

EUR m	31 Dec 2023	31 Dec 2022
<b>Shareholders' equity according to the consolidated statement of financial position</b>	<b>424.8</b>	<b>251.0</b>
Cumulative effects beginning of the year	1.0	3.4
Profit (loss) for the period	5.7	4.7
Cash flow hedges	9.9	(6.9)
Other	(0.1)	(0.1)
<b>Shareholders' equity according to the separate statement of financial position</b>	<b>441.4</b>	<b>252.0</b>

EUR m	2023	2022
<b>Profit (loss) for the period in the consolidated financial statements</b>	<b>(18.1)</b>	<b>15.1</b>
Impairments of loans to participating interests	(7.4)	0.0
Unrealized losses of participating interests	10.7	7.4
Intra-profit elimination	2.2	0.0
Reconciliation consolidation of earnings and expenses	0.2	0.0
<b>Profit (loss) for the period in the separate financial statements</b>	<b>(12.3)</b>	<b>22.5</b>

**(13.) Provisions**

Provisions developed as follows:

EUR m	1 Jan 2023	Utilization	Additions	31 Dec 2023
Share-based payments	10.6	0.0	2.6	13.2
Warranty provisions	3.9	(3.9)	0.8	0.8
Provision for participating interests	0.4	0.0	8.5	8.9
Other provisions	0.3	0.0	0.0	0.3
<b>Total</b>	<b>15.1</b>	<b>(3.9)</b>	<b>11.9</b>	<b>23.1</b>

Warranty and other provisions are short-term. Provisions for share-based payments of EUR 0.6m (2022: EUR 0.4m) are short-term.

**(14.) Convertible Loan**

Please refer to the convertible loan paragraph in the notes to the consolidated financial statements.

**(15.) Bank Loans**

Please refer to the bank loans paragraph in the notes to the consolidated financial statements.

**(16.) Trade Payables**

An amount of EUR 303.8m (2022: EUR 43.3m) relates to trade payables from group companies.

All trade payables have an estimated maturity shorter than one year. The carrying values of the recorded payables are a reasonable approximation of their respective fair values, given the short maturities of the positions.

**(17.) Supplier Finance Liabilities**

Please refer to the supplier finance liabilities paragraph in the notes to the consolidated financial statements.

## (18.) Other Financial Liabilities

Other financial liabilities break down as follows:

EUR m	31 Dec 2023	31 Dec 2022
Liabilities from subsidiaries	10.8	0.2
Liabilities towards employees	1.8	0.6
Other current financial liabilities	0.8	0.1
<b>Total</b>	<b>13.3</b>	<b>0.9</b>

## (19.) Other Non-Financial Liabilities

Other non-financial liabilities include payroll taxes in the amount of EUR 0.7m (2022: EUR 0.5m). In the prior year the other non-financial liabilities consisted of EUR 6.0m sales tax liabilities.

## (20.) Share-Based Payments

Please refer to the share-based payments paragraph in the notes to the consolidated financial statements.

## (21.) Financial Instruments

The following table presents the carrying amounts and fair values of financial assets and financial liabilities and their allocation to the fair value hierarchy. It does not contain any information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount of such items sufficiently approximates their fair value:

EUR m	Amounts recognized in the statement of financial position:	31 Dec 2023				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>						
Convertible loan	Financial fixed assets	2.0	2.0		2.0	
Other participating interest	Financial fixed assets	2.0	2.0		2.0	
Foreign currency instruments	Financial fixed assets	0.6	0.6		0.6	
Money market funds	Trade and other receivables	0.5	0.5	0.5		
Money market funds	Cash and cash equivalents	119.1	119.1	119.1		

<b>Financial assets at amortized cost</b>		
Trade receivables	Trade and other receivables	71.5
Other financial assets	Financial fixed assets	268.1
Other financial assets	Trade and other receivables	134.7
Cash and cash equivalents	Cash and cash equivalents	130.0
<b>Total</b>		<b>657.0</b>
<b>Financial liabilities measured at amortized cost</b>		
Convertible loan	Convertible loan	11.2
Bank loans	Bank loans	67.7
Trade payables	Trade payables	399.3
Supplier finance liabilities	Supplier finance liabilities	62.4
Other financial liabilities	Other financial liabilities	13.3
<b>Total</b>		<b>553.9</b>

EUR m	Amounts recognized in the statement of financial position:	31 Dec 2022				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Asset/liability</b>						
<b>Financial assets at fair value</b>						
Money market funds	Cash and cash equivalents	34.7	34.7	34.7	0.0	0.0
<b>Financial assets at amortized cost</b>						
Trade receivables	Trade receivables	42.3				
Other financial assets	Financial fixed assets	10.3				
Cash and cash equivalents	Cash and cash equivalents	119.2				
<b>Total</b>		<b>206.5</b>				

<b>Financial liabilities measured at amortized cost</b>						
Convertible loan	Convertible loan	11.2	10.9	0.0	0.0	10.9
Bank loans	Bank loans	41.5				
Trade payables	Trade payables	135.6				
Supplier finance liabilities	Supplier finance liabilities	30.2				
Other financial liabilities	Other financial liabilities	30.9				
<b>Total</b>		<b>249.4</b>				

Please refer to the financial instruments paragraph in the notes to the consolidated financial statements.

In the notes to the consolidated financial statements information is included about Enpal Group’s exposure to financial risks, the Enpal Group’s objectives, policies and processes for measuring and managing risk, and the Enpal Group’s management of capital. These risks, objectives, policies and processes and the management of capital apply also to the separate financial statements of Enpal. However, the risks are limited to the risks described below:

**Foreign currency risk**

A foreign currency risk arises from current bank deposits of EUR 26.8m denominated in USD. An increase of 10% in the foreign currency rate would have resulted in a foreign currency loss of EUR 2.4m (2022: EUR 2.5m), a decrease of 10% in the USD/EUR rate would have resulted in a foreign currency gain of EUR 3.0m (2022: EUR 3.1m).

In order to hedge the risk from bank deposits denominated in USD, Enpal entered into FX forward agreements with a financial institute. No hedge accounting has been applied.

**Liquidity risk**

Liquidity risk refers to the risk that there may not be enough cash available to meet the financial obligations of Enpal. The risk can arise from insufficient liquidity where it is needed, inaccurate cash flow projections or a one-sided investment strategy for the cash reserves.

Enpal manages its liquidity risks by keeping sufficient cash, credit lines at banks and other facilities as well as day-to-day cash flow planning at the level of the Group.

The table below presents the undiscounted contractually agreed cash outflows of the financial liabilities. Their allocation to the periods when the cash outflows will occur is based on the earliest possible date on which the cash outflows can occur.

EUR m	less than 1 year	between 1 and 5 years	over 5 years	Total contractual cash flows
Convertible loan	0.0	16.4	0.0	16.4
Bank loans	67.7	0.0	0.0	67.7
Trade payables	135.6	0.0	0.0	135.6
Supplier finance liabilities	62.4	0.0	0.0	62.4
Other financial liabilities	13.3	0.0	0.0	13.3

## (22.) Off-Balance Sheet Assets and Liabilities

Enpal had entered into purchase commitments of EUR 17.4m (2022: EUR 6.0m) for property, plant and equipment.

Together with Enpal Sales GmbH, Enpal B.V. forms a fiscal unity for corporate tax and value-added tax. The standard conditions stipulate that each of the companies is liable for the tax payable by both companies belonging to the fiscal unity. Enpal B.V. has a profit transfer agreement with Enpal Sales GmbH. Moreover, Enpal B.V. has cost-plus agreements with multiple subsidiaries.

On 31 December 2023 Enpal guarantees in the form of issued comfort letters for all outstanding liabilities on behalf of several group companies (see the corresponding remarks in the table of consolidated subsidiaries of the consolidated financial statements).

## (23.) Related Parties

Regarding the transactions with key management personnel reference is made to the related parties' paragraph in the notes to the consolidated financial statements.

The tables below present the related party transactions and balances of Enpal:

EUR m	2023		2022	
	Income	Expenses	Income	Expenses
Group companies	844.1	(444.4)	414.1	(112.9)

EUR m	31 Dec 2023		31 Dec 2022	
	Receivables	Liabilities	Receivables	Liabilities
Group companies	478.4	314.7	174.4	43.4

All outstanding balances with these related parties are priced on an arm's length basis.

## Enpal .

### (24.) Auditor's Fees

The fee for audit services charged by the KPMG group amounts to EUR 0.8m (2022: EUR 0.4m). Thereof EUR 0.2m (2022: EUR 0.0m) are charged by KPMG Accountants N.V. The fee relates to the audit of the consolidated financial statements and the separate financial statements of Enpal B.V. as well as the separate financial statements of six group companies. Extra costs of were recognized in the financial year for the audit of the prior year's financial statements.

### (25.) Subsequent Events

Regarding the subsequent event as at the date of this Annual Report reference is made to the subsequent event paragraph in the notes to the consolidated financial statements.

### (26.) Remuneration of executive directors and advisory board

Regarding the remuneration of the key management personnel reference is made to the related party disclosures and sub-paragraph transactions with key management personnel in the notes to the consolidated financial statements. The advisory board members did not receive compensation for their services.

#### Executive directors

Amsterdam, 28 June 2024

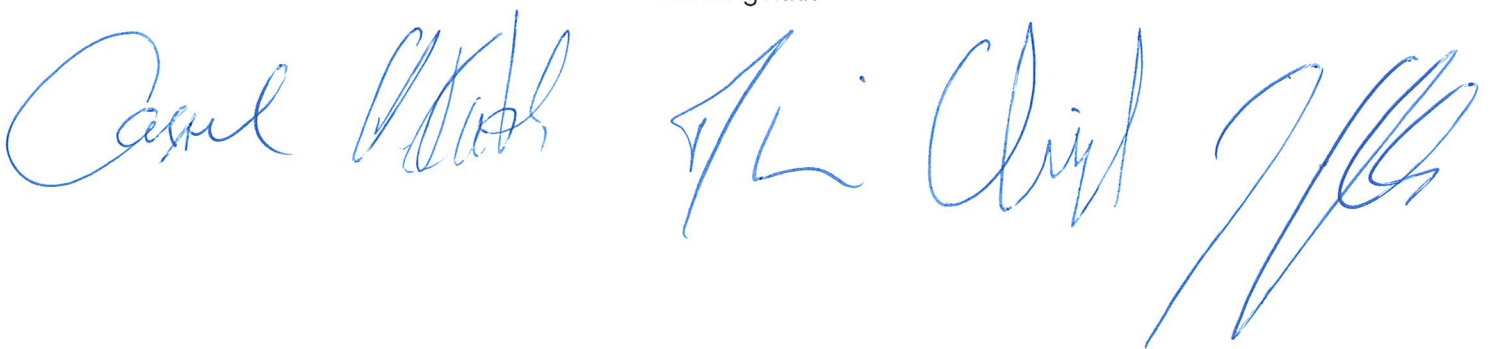
Mario Kohle

Dr. Florian Christ

Dr. Jochen Cassel

Stephan Rink

Henning Rath

The image shows four handwritten signatures in blue ink, corresponding to the names listed above. From left to right, the signatures are: Jochen Cassel, Florian Christ, Stephan Rink, and Henning Rath. The signatures are written in a cursive, flowing style.

## **Other information**

### **Provisions in the Articles of Association governing the Profit Appropriation**

Under article 25 of Enpal's Articles of Association, the profit is at the disposal of the General Meeting, which can allocate the profits as determined by the adoption of the annual accounts and to declare distributions to the shareholders. Any distributions to the shareholders, including profit distributions or distributions from reserves or liquidation proceeds, are paid out in a specific order based on the seed round.

### **Special Provision in the Articles of Association regarding Governance**

The special shares are held by MVK Asset Management GmbH, whose executive director is an executive director at Enpal and a member of the advisory Board. Special share, as long as they are held by a founder or founding company, entitle the holder to cast two votes per special share.

### **Auditor's report of the independent auditor**

The auditor's report with respect to the consolidated and separate financial statements is set out on the next pages.



## Independent auditor's report

To: the General Meeting of Enpal B.V.

### Report on the audit of the accompanying financial statements 2023

#### *Our opinion*

We have audited the financial statements 2023 of Enpal B.V., based in Amsterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Enpal B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying separate financial statements give a true and fair view of the financial position of Enpal B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 December 2023;
- 2 the following statements for 2023: the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flow; and
- 3 the notes comprising material accounting policy information and other explanatory information.

The separate financial statements comprise:

- 1 the separate statement of financial position as at 31 December 2023;
- 2 the separate statement of profit or loss for 2023;
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Enpal B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Information in support of our opinion**

#### ***Audit response to the risk of fraud and non-compliance with laws and regulations***

In chapter 'Risk Management' of the Management Report executive directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing hotline, incidents register, anti-corruption guideline, anti-trust guideline and gifts and hospitality guidelines. Furthermore, we performed relevant inquiries with the executive directors and other relevant functions, such as the legal counsel. We have also incorporated elements of unpredictability in our audit, such as requesting external confirmations from lawyers and involved forensic specialists in our audit procedures.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- anti-bribery and corruption laws and regulations;
- data privacy legislation.

Based on the above and on the auditing standards, we identified the following presumed fraud risks laid down in the auditing standards, and responded as follows:

#### ***Management override of controls (a presumed risk)***

##### ***Risk:***

Executive directors are in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

##### ***Responses:***

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries.
- We made inquiries with individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries or other adjustments.

- We have evaluated the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- We have evaluated the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual.
- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the Company's executive directors, including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

### ***Revenue recognition (a presumed risk)***

#### ***Risk:***

We identified a fraud risk in relation to the recognition of revenue. This risk inherently includes the fraud risk that executive directors deliberately understates revenue in the cut off, as executive directors may feel pressure to achieve planned results for the next year.

#### ***Responses:***

- We evaluated the design and the implementation of internal controls related to the revenue process.
- We performed substantive audit procedures in the cut off of revenues by determining the fulfillment of performance obligations (revenue recognition) by assessing the terms and conditions and vouching revenues recorded to the underlying sales transactions, agreements and supporting documentation such as delivery documents.

We communicated our risk assessment, audit responses and results to executive directors.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

### ***Audit response to going concern***

Executive directors has performed its going concern assessment and has not identified any going concern risks. To assess executive directors's assessment, we have performed, inter alia, the following procedures:

- we considered whether executive directors's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analyzed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on executive directors's going concern assessment.

## **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the Management Report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Executive directors are responsible for the preparation of the other information, including the Management Report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Description of responsibilities regarding the financial statements**

### ***Responsibilities of executive directors for the financial statements***

Executive directors are responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, executive directors are responsible for such internal control as executive directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, executive directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, executive directors should prepare the financial statements using the going concern basis of accounting unless executive directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Executive directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by executive directors;
- concluding on the appropriateness of executive directors's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.



We communicate with executive directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Zwolle, 28 June 2024

KPMG Accountants N.V.

W. Hoekstra RA