

G&P GmbH & Co. KG / Rechtsanwalt Alexander Elsmann: SolarWorld AG (WKN: A1YCN1 / WKN: A1YDDX) - Information on the status of SolarWorld Aktiengesellschaft insolvency proceedings.

This statement is a convenience translation of the statement in German statement, which we published on the same day as this statement.

Introduction

1. With this statement the joint representatives of the bonds of SolarWorld AG (“SWAG”)
 - 2014/2019 (WKN A1YDDX / ISIN DE000A1YDDX6) (“**2018-1 Notes**”) and
 - 2014/2019, (WKN A1YCN1 / ISIN DE000A1YCN14) (“**2018-2 Notes**” and together with the 2018-1 Notes the “**SWAG Notes**”)provide the bondholders with an update concerning the insolvency proceedings of Solarworld AG that concerns them and is known to the joint representatives.
2. Please note that the following information is based on the current knowledge of the joint representatives, primarily resulting from reports received from the insolvency administrator of SWAG. As far as this statement refers to reports, these are the (usually) semi-annual reports of the insolvency administrator, which the administrator prepares for the insolvency court in the insolvency proceedings. The joint representatives do not have full access to information in connection with the SWAG insolvency proceedings or in connection with the insolvency proceedings of certain subsidiaries of SWAG. In particular the joint representatives do not have access to proprietary information of the insolvency administrators including as regards costs of the insolvency proceedings, tax related questions and provisions, other provisions and timing of distributions. As a result, the information and numbers mentioned herein may be outdated and/or incomplete. The joint representatives do not assume any liability with respect to the accuracy and completeness of any information contained in this statement. The insolvency administrator has not reviewed or confirmed whether the information in this statement is accurate. Bondholders can request access to the reports from the two joint representatives.
3. The joint representatives will, going forward, make the reports of the insolvency administrator in relation to SWAG, which the joint representatives receive, available to the holders of the SWAG Notes. Access will be provided by way of a virtual data-room after providing proof of ownership of a SWAG Note and consent to a confidentiality agreement as well as the confirmation that any liability of the joint representatives or the insolvency administrator is excluded. Access can be requested from the joint representatives.

Recent Developments

4. The secured creditors of SWAG (which include the bondholders) recently agreed on the distribution of realization proceeds paid to the Security Agent. As a result, the following amounts are expected to be distributed to secured creditors, resulting from the sale of SolarWorld Americas Inc. and its subsidiaries (“SWA”):
 - an amount of c. EUR 5.6 million held by the Security Agent, and
 - an amount of c. EUR 4.5 million deposited with a German court.
5. The joint representatives, in addition to other secured landers, will receive the following *pro-rata* portion out of this c. EUR 10.1 million amount of:
 - c. EUR 1.1 million for distribution to the holders of the 2018-1 Notes; and

- c. EUR 3.2 million for distribution to the holders of the 2018-2 Notes.
6. The joint representatives will distribute amounts received after deducting any costs to the holders of the SWAG Notes following the liquidation of SWA, which is currently expected to occur in the first half of 2022.

General

7. The insolvency administrator currently does not expect the insolvency proceedings to end before the end of 2024. The insolvency administrator further assumes that no quota expectation for unsecured creditors, such as, among others, the bondholders, is fixed. As mentioned in previous reports published by the administrator, SWAG's assets are to a very large extent encumbered. Accordingly, payments to the bondholders are expected to almost exclusively arise from the monetization of assets encumbered in their favor.

Claims of the secured creditors

8. The secured creditors substantially comprised the following claims for the benefit of the secured creditors as per the opening of insolvency proceedings and subject to being allowed to the Insolvency Schedule:
 - The claims filed by the joint representatives on behalf of the noteholders amount at the time of the insolvency filing to EUR 47.35 million principle plus interest for the 2018-1 Notes and EUR 135.2 million principle plus interest for the 2018-2 Notes.
 - Proofs of claims filed by the Security Agent under the parallel debt in connection with the senior loan (Senior Facilities Agreement, "SFA") and the SWAG Notes amount to c. EUR 323.3 million (including EUR 7.2 million interest).
 - This includes the amounts filed by the joint representatives, i.e. these claims as well as the claims from the SFA have been filed twice but will receive any distribution only on one of the two filings.
 - This also includes the c. EUR 47.7 million SFA claim economically transferred by a partially secured SFA creditor as part of the sale to Solarworld Industries GmbH ("SWI") in August 2017 to the secured creditors and the c. EUR 20 million SFA claim waived by this SFA creditor as part of the asset sale to SWI (for details see below under "Further information on encumbered assets realisations"). The remaining claim, that has been filed with the insolvency schedule and which is attributable to the SFA lenders amounts to c. EUR 69.3 million (i.e. EUR 323.3 million minus the c. EUR 186.3 million SWAG Notes, minus c. EUR 47.7 million, which have economically been transferred to the secured creditors (including the SWAG Notes) and minus the c. EUR 20 million claims waiver).
 - The claims filed for the SWAG Notes are relevant to determine their *pro-rata* portion in distributions to unsecured creditors. To date, neither the Security Agents filing nor the filing from the joint representative to the Insolvency Schedule have been accepted (*festgestellt*).
 - By contrast, the SWAG Notes share in realization proceeds of encumbered assets also considers interest accrued since the opening of insolvency proceedings.
9. The Super Senior Facilities Agreement lenders have waived their claims under a EUR 50 million Super Senior Facilities Agreement as part of the asset sale to SWI in August 2017.
10. With regard to other unsecured claims, it should be mentioned in particular that the claim filed by company Hemlock Semiconductor Operations LLC ("Hemlock") in the insolvency

proceedings of SWAG for c. EUR 741 million was withdrawn following Hemlock's loss of a legal dispute.

Overview on realization proceeds

11. The joint representatives understand from the insolvency administrators reports that a significant portion of SWAG's assets have been sold over the course of the insolvency proceedings (as further set out below) and that as a result of these disposals, the insolvency administrator of SWAG has received significant proceeds. After cash outflows the cash balance at SWAG is c. EUR 44 million (as of end of August 2021). In view of the fact that this amount is the result of the realization of assets that secured the claims of the secured creditors, in principle this amount should be distributed to the secured creditors including the holders of the SWAG Notes. Pursuant to a security realization agreement (*Verwertungsvereinbarung*), the insolvency estate receives fees (*Massekostenbeiträge*) for the determination and realization of encumbered assets. The insolvency estate also receives reimbursement of transaction-related expenses incurred and still unpaid in connection with the realization of the security. This may significantly reduce the amount, which is available for distribution to the secured creditors. In addition, the remaining amount has been withheld for, *inter alia*, tax accruals and potential repayments of advances by certain parties, and may at a later stage wholly or in part be available for distributions to the secured creditors. It is to be assumed, that an interim distribution to the secured creditors requires among other things that the Security Agent's filing is established and the settlement of the realization proceeds has been agreed with the secured creditors.
12. The Security Agent has informed the joint representatives that as of 29 October 2021 realization proceeds of ca. EUR 6.2 million are on the bank accounts of the Security Agent and will be distributed to the secured creditors in due course and/or shall be used for cost coverage of the Security Agent. This amount includes the EUR 5.6 million mentioned in section 4 above.

Overview on assets to be monetized

13. The joint representatives understand from the October 2021 report of the insolvency administrator that *inter alia* the following encumbered assets may potentially still be realized:
 - Vinci/ Burkina Faso trade receivable of c. EUR 14 million against Joint-Venture Partner VINCI from the development of a solar park (Project ZAGTOULI) in Burkina Faso. VINCI is withholding payment due arguing that SWAG is not able to fulfill its 25 year warranty obligations. If a payment is made (after deduction of any costs), an amount of EUR 1 million will initially be paid to SWAG, thereafter an amount of EUR 4 million to SWIT, and the rest (if any) is to the largest extent due to the secured creditors. It remains to be seen to what extent amounts can be realized.
 - Claims against former directors and advisors and their D&O insurances are currently under investigation and in some instances legal proceedings have been initiated with the help of litigation funding. The outcome is open. Income from this would not be due to the secured creditors, but to the insolvency estate.

Further information on encumbered assets realisations

14. The joint representatives understand that *inter alia* the following encumbered assets have already been monetized:

- **Asset sale to SolarWorld Industries GmbH**

- On 7/8 August 2017, the insolvency administrator as seller and the purchaser SolarWorld Industries GmbH („SWI“) signed an asset purchase agreement (“APA”) over various assets of SWAG, SolarWorld Industries Sachsen GmbH (“SWIS”), SolarWorld Industries Thüringen GmbH (“SWIT”) and SolarWorld Innovations GmbH (“SWIN”) mainly consisting of the main production facilities and property (excl. the US operations) in Germany, working capital and foreign sales & marketing entities (i.e. SolarWorld Asia Pacific PTE Ltd. (“SWAP”), SolarWorld Japan K.K. (“SWJP”), SolarWorld France S.A.S. (“SWAF”) and SolarWorld Africa (Pty.) Ltd. (“SWSA”).
- The purchasing entity SWI is a joint venture of the former Super Senior Facilities Agreement lender and shareholder Qatar Solar Technologies Q.S.C. as well as a SFA lender, which holds EUR 67 million of the SFA claims.
- Large parts of the purchase price were paid in kind, including
 - a full release of security rights for the EUR 50 million Super Senior Facilities Agreement,
 - a partial EUR 20 million release of security rights of the SFA holdings of the SFA creditor mentioned in section 8 against SWAG, and
 - the transfer of the remaining economic benefits of the security rights of the SFA creditor mentioned in section 8, derived from its remaining EUR 47.7 million SFA commitments to the other secured creditors, except for recoveries from encumbered assets in connection with SWA in which this SFA creditor retains a 21.3% share in the net recoveries.
- The secured creditors agreed to fund employee salaries for half of August 2017 and employee transfer companies with c. 515 employees with c. EUR 10 million to facilitate the transaction. On insolvency filing date, SWIT, SWIS and SWIN had EUR 11.6 million in its pledged bank accounts, of which EUR 6.6 million were used to fund the above mentioned employee salaries and employee transfer companies. EUR 5 million were paid to the Security Agent. Net of Security Agent costs and fees, proceeds of EUR 4.1 million were paid out to secured creditors in Q4 2017.
- SWI did not perform on certain aspects of the APA in particular payment for transferred working capital and the shares of the foreign sales and marketing entities.
- SWI filed for insolvency on 1 June 2018 and Dr. Niering was appointed as insolvency administrator. The transfer in rem of the shares in SWAP, SWJP, SWAF and SWSA did not take place. The insolvency administrator of SWAG filed, among others, claims in the SWI insolvency proceedings amounting to c. EUR 7.5 million plus interest. The SWAG insolvency administrator has liquidated SWAP and SWSA realizing a *small* amount. He expects no further proceeds from SWJP. For SWAF, an orderly liquidation may be considered, in particular if warranty and guarantee litigation against SWAF currently in progress comes to a positive outcome for SWAF. The result of the liquidation also depends on whether and which quota SWAF receives from claims in excess of EUR 3.7 million. filed in the insolvency proceedings of SWI.
- Further claims by SWAG against SWI, which remained after offsetting against claims of SWI, relate to unpaid transfers of working capital under the APA and an

unjust enrichment claim for modules that SWI have sold and collected cash, which were not part of the APA.

- Dr. Niering, insolvency administrator of SWI, sold several of the transferred real estate properties that were sold to SWI under the APA, which suggests that SWAG could receive a significant quota.
 - **2018 SolarWorld Americas transaction**
 - Between 2017 and 2018, to enable an orderly M&A process and retain solvency of SWA, SWAG provided USD 10 million of liquidity contributions to SWA funded from accounts pledged to the secured creditors and assigned the repayment claim to the Security Agent. In April 2018, SWAG and SunPower agreed a purchase agreement regarding the shares of SWA. After conversion into a purchase agreement for the assets, SWAG realized payments from the purchaser of USD 22 million paid to the SWAG insolvency administrator and USD 24.6 million to the Security Agent. No further material proceeds are expected, including from any claims relating to AD/CVD. After realization costs and agent reserves, the Security Agent distributed a portion of the proceeds in an amount of EUR 9.6 million (minus costs) that the purchaser paid to the Security Agent to the secured creditors (see Ad-hoc SolarWorld AG 4 April 2019). The proceeds remaining with the Security Agent of c. EUR 10.1 million are expected to be paid the secured creditors as described above in 3 and 4 of this statement.
 - The first EUR 3.4 million of net recoveries (after transaction costs) from SWA proceeds, paid to the insolvency administrator, will be distributed to secured creditors without the SFA creditor mentioned in section 8, and any excess recoveries (after cost contributions to the estate (*Massekostenbeiträge*) and other costs) are shared with 78.7% going to the secured creditors (without the SFA creditor mentioned in section 8) and 21.3% going to the SFA creditor mentioned in section 8.
 - The liquidation of SWA is in progress and no further noteworthy proceeds from the utilization of the SWA are expected.
 - **SolarWorld AG & Solar Holding GmbH in GbR Auermühle**
 - The administration currently does not assume that a credit balance in favor of SWAG will remain in the context of the liquidation of the GbR, after there had already been a distribution from the assets of the GbR by SWAG in the amount of EUR 16 million in 2016.
 - **Other major asset realizations**
 - SWAG's shares in Solarparc GmbH and the related assets and companies were sold for c. EUR 11.7 million.
 - SWAG's shares in Deutsche Lithium GmbH: Instead of cash proceeds, *inter alia* the secured creditors have received shares in Zinnwald Lithium PLC (see press release published by G&P GmbH & Co.KG dated 23 June 2021). The transfer of the shares, or the realization of the shares and the subsequent payment of the proceeds from the sale to the bondholders is to take place in a timely manner.
15. For any questions, please contact One Square for G&P GmbH & Co. KG (solarworld@onesquareadvisors.com) for the bond WKN A1YCN1 or Mr. Alexander Elsmann, Attorney at Law (info@rechtsanwalt-elsmann.de) for the bond WKN A1YDDX, which are of course at your disposal.

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