2023

Half-year report

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Management Board of 2G Energy AG (from left): Ludger Holtkamp, Christian Grotholt (Chairman), Frank Grewe and Friedrich Pehle.

Foreword of the Management Board

Ladies and gentlemen,
Dear shareholders,

The first half of 2023 was characterized by different and diverging developments on the markets. While our service business grew as planned to almost EUR 77 million sales and reliably makes a sound earnings contribution, the CHP new systems business presented a divergent regional picture. We recorded a vibrant order intake in Asia and the Americas and sales of pure hydrogen CHP systems picked up internationally. Customers in Europe and Germany, however, were reluctant to make investment decisions. In our view, the continuing uncertainty following the energy crisis and, in Germany in particular, the capriciousness revolving around the German Energy Act for Buildings resulted in reticence in the awarding of contracts. Nevertheless, we lifted Group sales by around 19% to more than EUR 135 million – partly as a result of the high order backlog, an improved materials supply situation and further advanced process efficiency progress. Earnings before interest and taxes (EBIT) rose disproportionately to a gratifying EUR 4.1 million, compared with EUR 2.6 million in the same period of the previous year. Consequently, 2G has succeeded in continuing the growth course of the past fiscal years.

In order to be able to continue this course vigorously in a market with high transformation pressure, we have added a third pillar to the 2G Energy AG business model. At the end of August this year, we acquired the Dutch heat pump specialist NRGTEQ. With this step, we are positioning ourselves at an early stage in the market for municipal heat supply, as well as for industrial and commercial applications where the decarbonization of thermal energy generation is top priority.

Why did we decide to take this strategic step? In Germany in particular, we expect the entry into force of the German Energy Act for Buildings and the Heat Planning Act to result in a rapid and sustained increase in demand for system solutions. And the combination of CHP systems and large-scale heat pumps is quite simply the best of both worlds. This is because, depending on the electricity price and heat demand, the generation systems operate singly or in combination. In order for both the heat pump and the CHP system to become the leading system according to phases, a digital control system is required, which also acts as a system integrator. We are highly proficient in this area. In this way, we are able to turn the complex interaction of the 2G systems into an economic advantage for the customer and reduce the CO_2 footprint accordingly. This is due to the fact that as solar and wind power capacity continues to expand, there will increasingly be days of the year under the merit order regime when the price of electricity is low: advantage heat pumps. On the other hand, on days with hazy, overcast autumn and winter weather – quite frequent occurrences – decentralized CHP systems deliver electricity and heat at favorably low costs thanks to their efficiency and climate friendliness.

Building on NRGTEQ's know-how and technology – earlier than originally planned – we will be able to deliver very efficient and high-quality large-scale heat pumps to our customers already

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as from next year. Drawing on the expanded product portfolio, we will be able to realize significant synergies along our value chain, further increase process efficiency and reduce the cost of sales. We will also be able to significantly accelerate global market penetration with the expanded product portfolio. Our international presence and the globally established 2G partner concept represent a very good foundation for this. We will incrementally expand sales of large heat pumps with our own competence center, without neglecting to communicate the advantages of the system solution.

The CHP business performed solidly in the first half of the year under the prevailing market conditions. The work of 2G Energy International, a stabilizing economic environment in some regions, and government investment incentives resulted in encouraging order intake. In the United Kingdom, we recorded good business at a sound level, coupled with rising margin contributions from the service business. Since May of this year, we have been supplying all CHP series with a 10% higher standard output. As a result of the technical optimizations, we were able to reduce emissions and achieve lower attrition on essential wear parts – in addition to the performance gains. In this way, we are extending our technology lead and strengthening our competitive position.

We are driving process efficiency, technical optimizations and innovations forward through our flagship projects. We also aim to increase the quality and sustainability of products and services. In the reporting period, for example, this included the introduction of pre-assembled modules for all series in the production department. Entire units are now primarily installed in a system container. In this way, we are increasing production throughput and streamlining the material supply on the assembly line. We place a strong emphasis on the integration of hardware and software, including the control units, and are continuously driving the development of our my.2-g.com and I.R.I.S platforms forward. This continuity of improvements has a positive impact on our earning power and performance potential. Moreover, this will also help us to integrate large-scale heat pumps in the production, sales and service areas.

The service business is expanding in a gratifying manner, both through the service contracts sold together with 2G CHP systems and through more extensive maintenance work on third-party plants. The latter have either joined the portfolio with the acquisition of the service business of HJS Motoren GmbH and SenerTec-Center GmbH, or they are operators who generally have their third-party plants serviced by 2G. Our service department is increasingly retrofitting these third-party systems with SCR catalysts based on a 2G proprietary solution so that these plants and systems comply with the respective Federal Emissions Protection Act (44. BImSchV). Our maintenance colleagues are also carrying out major overhauls with replacement motors, so that the CHP systems are fully available again within matter of a few days. The service and maintenance offerings with our now extensive spare parts business, 2G-compatible control system conversion and life cycle management have been very well received by the markets and, together with a sound track record, enable us to easily establish contacts with further potential customers.

2G is strategically and product-wise well positioned to participate internationally in the transformation of power and heat generation. The addition of large heat pumps to our product portfolio positions us as – probably the world's only original – system supplier of plants and systems for decentralized energy supply. This means that 2G, with its systems and service offerings, is operating globally at the interface of decentralized, secure and extensively decarbonized energy generation. We are entering the second half of the year with a comfortable order backlog totaling EUR 194 million. We are confident of being able to generate sales of between EUR 310 and 350 million in the current year, in line with our forecast, and with an EBIT margin of between 6.5% and 8.5%.

Heek, September 2023

2G Energy AG

Yours sincerely,

Christian Grotholt Management Board Chairman (CEO)	Ludger Holtkamp Management Board member	Friedrich Pehle Management Board member	Frank Grewe Management Board member

2G share price up by 16% in the first half of the year

The share opened the reporting year on January 2, 2023 with a price of EUR 24.00. In the course of the first quarter, the share price tended to slide to a low of EUR 21.25 by the end of March. At the beginning of the second quarter, a strong countermovement set in, lifting the share price to a high of EUR 30.05 by mid-June. The announcement at the end of May that 2G will develop its own range of large heat pumps from 200 kW_{th} was a contributing factor. The share then consolidated slightly to EUR 27.90 by the end of June. Consequently, over the period under review, the 2G share price trended upwards by 16.3%. On the one hand, generally positive corporate news about further orders for hydrogen CHP systems, the framework agreement concluded with the British company Centrica Business Solutions, the high order backlog for production at the Heek site and the non-occurrence of the feared gas shortages supported the share price performance in the reporting period. On the other hand, however, the share has recently also felt the uncertainty in connection with the Building Energy Act. The market capitalization of 2G Energy AG stood at around EUR 501 million as of the reporting date (June 30, 2022: EUR 406 million). In the course of the 2nd half of the year to date, the share initially continued to consolidate until late August in a generally nervous market environment. With the publication of the preliminary sales figures for the 1st half of the year at the end of August and the announcement of the takeover of a Dutch manufacturer of large heat pumps, the share turned around significantly and gained a good 15 percent within a few days to most recently over EUR 25.

In the first half of the year, the 2G share consistently outperformed key selection indices. The MSCI World was up by 13.8%, the DAX40 by 14.8% and the TecDAX by 10.2%. The Scale 30 selection index, of which 2G is a member, even dropped by 3.8% by the end of June, as did the DAXsector All Industrial, which was down by 7.9%. By contrast, the DAXsubsector All Renewable Energies climbed by 13.8%.

Turnover in the 2G share on XETRA, tradegate and regional stock exchanges averaged around 30,000 shares per day during the first half of the year (H1 2022: 12,500) and thereby more than two and a half times as high as in the prior-year period. Around 64% (H1 2022: 70%) of the turnover in 2G shares was traded through XETRA, 30% (26%) via tradegate, and 6% (4.5%) through the German regional stock exchanges. The significant increase in liquidity in stock exchange trading in the 2G share during the period under review was accompanied by an average spread between the bid and ask price (buy and sell offer price) in a range of between 0.4 and 0.6%. These positive trading fundamentals continue to make the 2G share attractive to both institutional and private investors.

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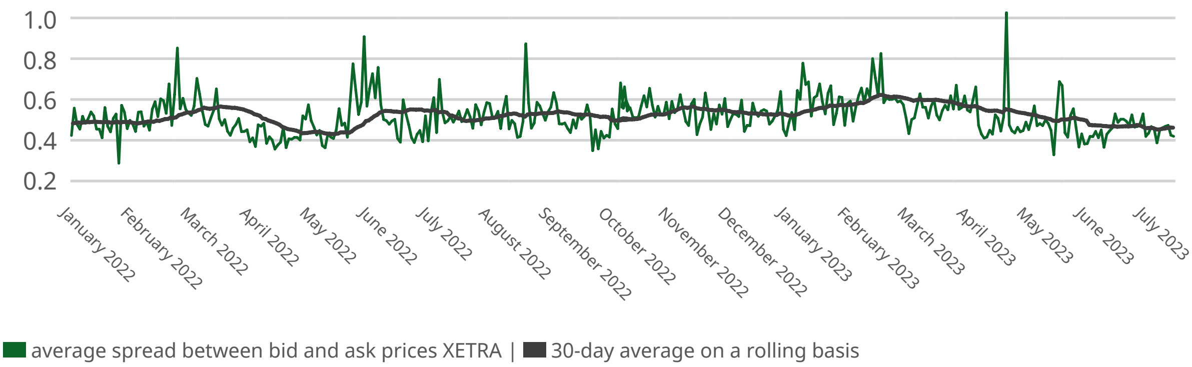
Trend in average spreads between bid and ask prices, January 2022 to July 2023

in %

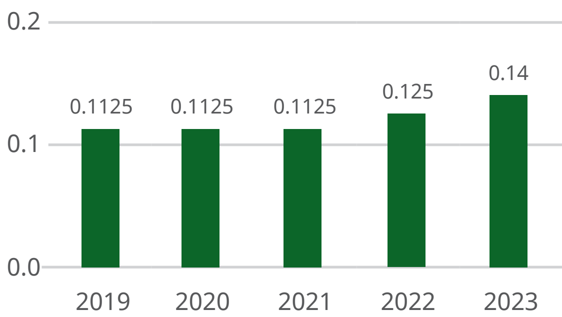


Trend in average spreads between bid and ask prices, January 2022 to July 2023, in %.
Source: M.M.Warburg & CO, 2G calculations, July 2023

At the Annual General Meeting on June 13, 2023, the shareholders present approved the agenda items put to the vote by a large majority in each case. This included approval of the management's proposal to pay a dividend of EUR 0.14 per share (previous year: EUR 0.125). This represents an increase of 11% compared to the prior year. Consequently, 2G is continuing to pursue its dividend policy: distributions are to be increased whenever there is a sustained increase in earnings potential. Attendance at the Annual General Meeting was 58% (previous year: 59%) of the capital stock.

Dividend distribution, 2019 to 2023

in Euros



Dividend distribution for the respective financial year as approved by the Annual General Meeting.

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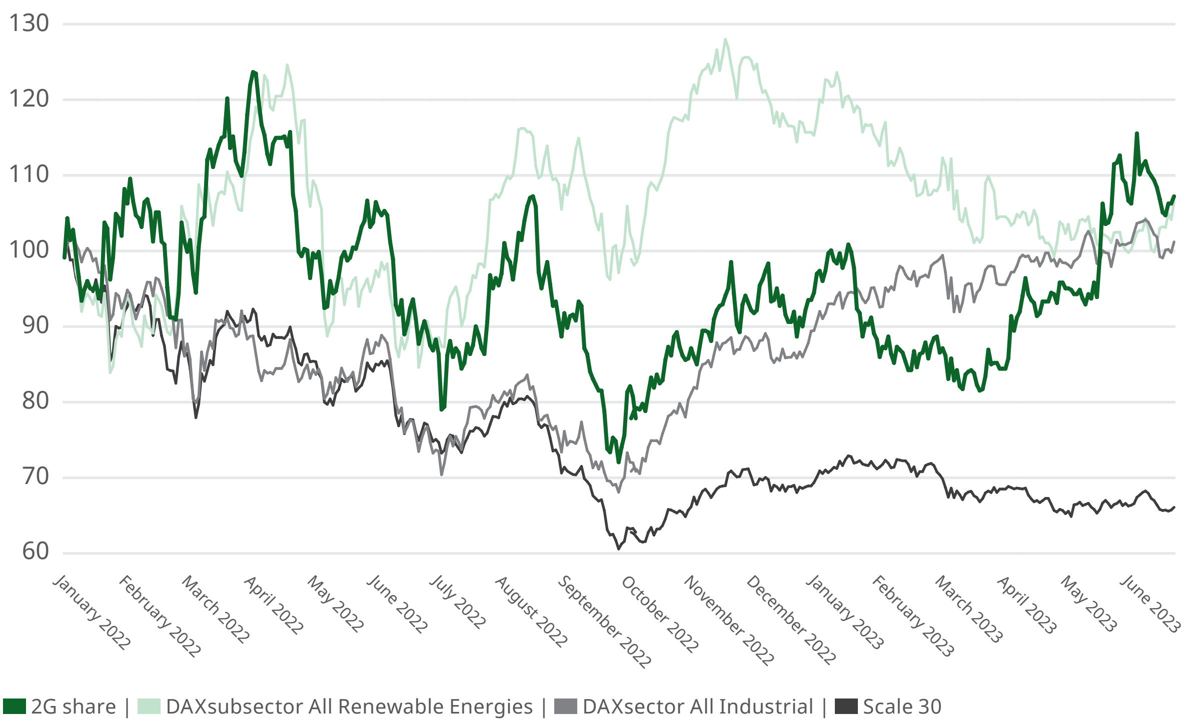
2G share price performance and comparative indexes (indexed), January 2022 to June 2023 in %



2G share price performance and comparative indexes (indexed), January 2022 to July 2023, in %.
Source: M.M.Warburg & CO, 2G calculations, July 2023

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Group management report

Reservation with regard to forward-looking statements

This Group management report includes forward-looking statements that are based on management estimations that are current as of the time of preparing this management report. Such statements relate to future periods, or are characterized by terms such as “expect”, “forecast”, “predict”, “intend”, “plan”, “estimate” and “anticipate”. Forward-looking statements are connected with risks and uncertainties. Many of these risks and uncertainties are determined by factors that are not subject to the 2G Group’s influence. As a consequence, actual results can differ significantly from those described below.

A. The 2G Group

Operating activities and corporate structure

The 2G Energy AG Group is an internationally leading manufacturer and provider of decentralized energy supply systems. With the development, production and technical installation as well as the digital grid integration of combined heat and power systems (CHP systems) as well as large heat pumps, the company offers comprehensive solutions in the internationally growing market of decentralized energy supply. Service offerings as well as maintenance services represent additional and significant performance criteria. The product range includes CHP systems from 20 kW to 4,500 kW electrical output for operation with hydrogen, natural gas, biogas, as well as other lean gases and large heat pumps in the range from 100 kW to 1,000 kW. All systems operate highly efficiently, conserve resources, and reduce or neutralize emissions of climate-damaging CO_2 or NO_x through combined power generation, a variety of digital and mechanical innovations in the power generation process, and advanced exhaust gas purification systems. Worldwide, more than 8,000 installed 2G systems in various applications supply electrical and thermal energy to a wide range of customers from commercial and industrial companies, utilities, municipal utilities and communities, as well as companies active in the housing and agricultural sectors.

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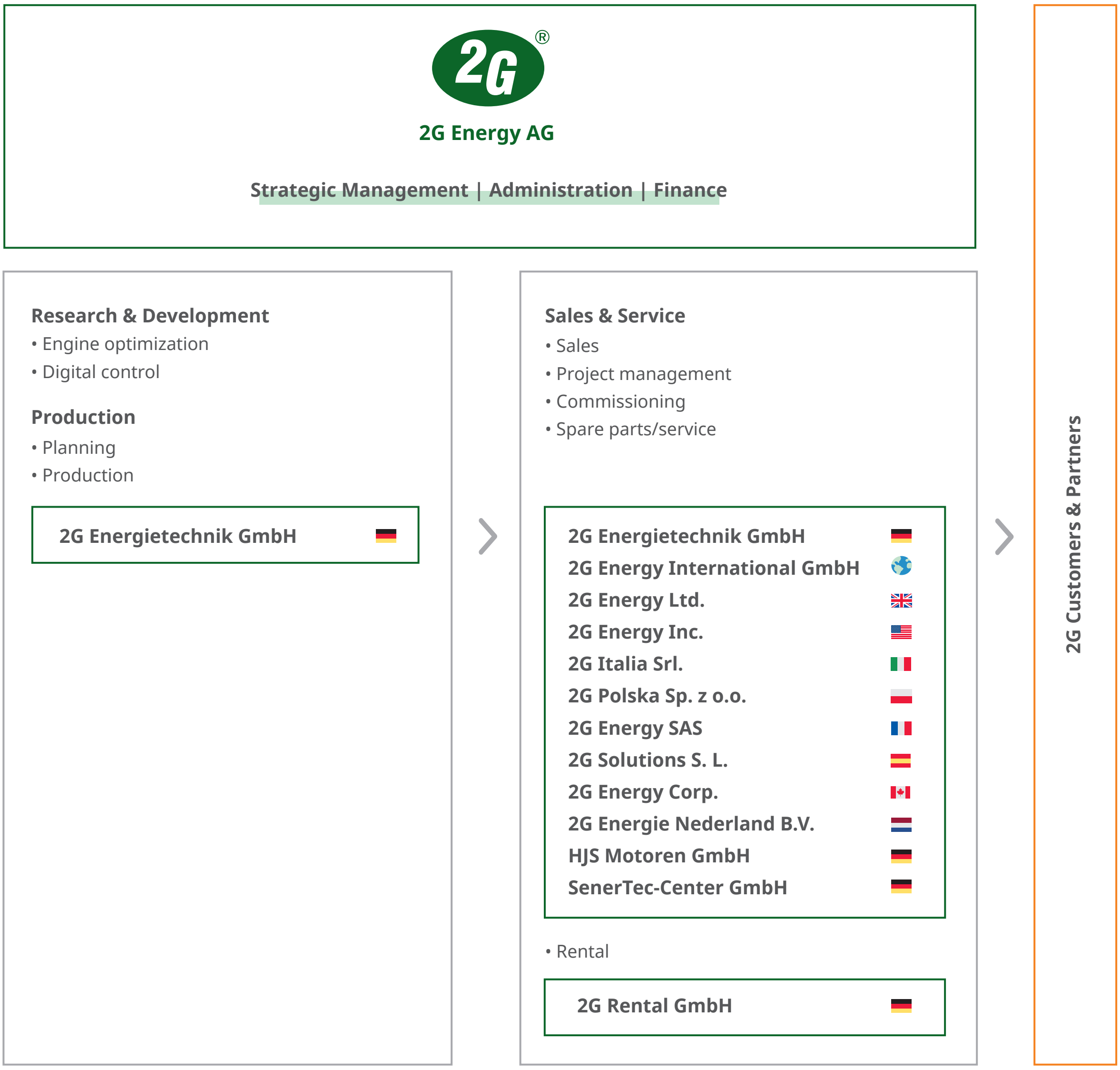

Diagram 1: 2G Energy AG corporate structure, subsidiaries' business purposes and value chain (as of: June 30, 2023).

2G Energy AG is a holding company combining thirteen operating subsidiaries under its management.

2G Energietechnik GmbH (2GE), based at the Group headquarters in Heek, in Germany's western Münster region, comprises the main operating entity. The company combines the planning, production, commissioning and ongoing service of 2G systems. Moreover, 2G operates dependent branches in Griesstätt near Munich, in Hamburg, in Halle/Saale, and in Berlin. 2G Energy International GmbH, based in Heek, is responsible for international sales. Outside of Germany, 2G is represented by independent sales and service companies in the USA, Canada,

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France, the UK, Italy, Poland and the Netherlands. In addition, important conurbation areas and industrial markets are secured through sales partnerships in countries and regions such as Japan, Southeast Asia and Australia.

B. Economic and business environment

Overall economic situation recovers only hesitantly

According to the economic report published in mid-June 2023 by the Kiel Institute for the World Economy (IfW), important framework conditions that were largely responsible for the slowdown in the global economy last year have recently improved substantially. For example, energy prices have fallen again and supply bottlenecks are no longer hampering economic activity by an unusual measure. However, the positive effects hoped for from the reopening of China have so far been significantly lower than expected. The sharp tightening of monetary policy, which has led to significantly higher financing costs and is curbing the willingness to invest, is also putting the brakes on. Overall, however, the IfW assumes that the global economy has regained its footing and expects moderate growth of 2.8% for 2023. Nevertheless, this is below the medium-term trend rate of around 3.3%. According to the IfW, inflation will fall significantly in the coming months thanks to lower commodity prices, while underlying inflation is likely to remain high for the time being.

According to the IfW, the economy in the euro zone is gradually recovering after the recent weak phase. High inflation, rising financing costs and uncertainty about the economic environment have brought the post-Corona recovery in Europe to an end and caused economic activity to contract slightly. Economic experts regard the increasing pessimism of many companies active in the manufacturing sector as striking, accompanied by weak production figures in the spring. Despite the mixed picture, the IfW expects the economy to gradually firm up in the further course of 2023. Overall, GDP will probably increase by 0.6% in the current year.

According to the IfW, the German economy continues to suffer from the aftermath of the energy crisis and the ECB's tight monetary policy. With an unusually high level of sick leave and a slump in government consumption following the end of the Corona measures, two special effects also dampened economic performance noticeably. According to economic researchers, labor shortages and supply bottlenecks continue to weigh on the economy. Currently, gross domestic product (GDP) still stands at 0.5% below the level before the outbreak of the Corona pandemic. All in all, GDP is expected to contract by 0.3% this year.

The machinery and plant engineering sector is feeling the full impact of the weakness of the global economy and investment reticence in all sales regions. Although numerous companies are still drawing on high order backlogs, the situation is slowly becoming critical in terms of new orders. According to the VDMA, the causes are manifold: the effects of restrictive monetary policy to curb inflation are making themselves felt, as are uncertainties in the face of tough geopolitical disputes and wrangles, and the readjustment of companies and their business models in the course of the energy transformation is also

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taking its toll. All in all, according to the VDMA, there is an unhealthy mix of diverse pressures at the half-year mark, which must be reduced step by step before developments can pick up significantly. With regard to the first half of 2023, the German mechanical and plant engineering sector reported a year-on-year decline in order intake of 14% in real terms. According to VDMA assessments, a trend reversal is not yet in sight.

Sector trends vary across the globe

In the period under review, regional differences influenced the order intake for gas-fired CHP systems. In Europe, concerns about possible gas shortages, which were still prevalent in the winter, were replaced by uncertainties about current energy policy. In Germany in particular, protracted, sometimes confusing discussions revolving around the German Energy Act for Buildings (GEG) blocked many investment decisions. All in all, the first half of the year was characterized by purchasing restraint and a volatile development of incoming orders from European customers. At the same time, the interest in efficient, climate-friendly energy supply solutions is higher than ever before. This is due to the fact that the experience of the significant rise in prices for fossil primary energy sources has brought the profitability and efficiency advantages of CHP power plants – equally for natural gas and lean gas plants – more strongly into focus.

Market developments in the Asian region are influenced by existing strategies to curb CO_2 emissions. Hydrogen is playing an increasingly important role, particularly in developed industrialized countries such as Japan. Continuously solid demand emanates from the agriculture, waste management and food industry sectors for biogas and natural gas CHP systems, respectively. The expected significant revival of economic activity in the region, however, with the end of the zero-COVID policy in China fell well short of expectations.

In the Americas, the markets continued to be characterized by a wait-and-see attitude on the part of customers in the first half of the year. The framework conditions for investments in climate-friendly energy generation and hydrogen technology have improved significantly since last year in connection with the Inflation Reduction Act (IRA) in the USA. Investment decisions, however, continued to be held back by high price levels for locally sourced installations and delivery difficulties on the part of third-party suppliers. Yet overall, the wait-and-see attitude is visibly dissolving as customers are strongly incentivized by the IRA.

Altogether, the economic situation in the CHP market described above resulted in a marked reticence to make investment decisions. Despite widespread uncertainty and a lack of economic dynamics, however, it was observed that countries and companies are striving to successively decarbonize their energy generation and establish new supply structures.

The structural fundamentals that support investments in modern, climate-compatible energy supplies remain in place on a global scale. Demand is evident for technologies that can efficiently integrate fluctuating renewable energy generators into a controllable capacity in order to ensure economic and secure consumer

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supplies. For further details, please refer to pages 46 to 49 of the Annual Report 2022.

German and European markets with volatile order intake

In the period under review, 2G, with its highly efficient products and services, performed well in a rather weak international environment. The company has benefited from the diversity of its product and customer portfolio, the different fuels that can be used, and its international positioning comprising its own subsidiaries and global partner network. The distribution of sales clearly shows that this strategy is resilient and bearing fruit. Although order intake was down by almost a third year-on-year to EUR 77.6 million, the order backlog remains very high, the service business continues to grow, and the project pipeline is well filled. We therefore expect a more temporary dip in order intake, and this was particularly pronounced in the German market.

The primary reasons for the wait-and-see attitude with regard to final orders were the confusing discussions revolving around GEG (the German Energy Act for Buildings) and the still smoldering dispute about the skimming of electricity market revenues for biogas plants. Compared to the previous year, order intake from Germany contracted by almost 39% to EUR 38.4 million. Demand for lean gas projects, for example in the sewage gas sector or at landfills, remained high. The independence from fossil fuels and the cost-effectiveness of the plants were decisive factors for customers.

Order intake in the European countries outside Germany was down by over 45% to EUR 20.0 million. The good business performance in Eastern Europe and the Benelux countries was unable to compensate for the weakness in order intake in the established markets of France and the UK.

Order intake in the North and Central America region recovered from a low level with an increase of around 11% to EUR 5.0 million due to the market developments described above. One of the contributing factors was the willingness to invest in renewable energies in the USA, which was prompted by the IRA.

In the Asian region, economic conditions have largely normalized with the end of the zero-COVID policy in China. This is beginning to be reflected by the almost 130% rise in incoming orders to EUR 7.9 million. The generally strong interest in our hydrogen technology in the Asian markets is also encouraging and is documented by an order for three hydrogen CHP systems from an energy company in Japan.

The share of total orders acquired abroad reached a volume of 50.5% in the period from January to June, compared with 44.3% in the same period of the previous year. On the one hand, this demonstrates 2G's successful diversity strategy of being able to offset weaknesses in individual markets with successes in other regions. On the other hand, 2G's international sales company is already reaping the rewards of its two years of work in a challenging market environment, targeting promising export markets and moving into countries not yet served by one of our own national subsidiaries.

Economic efficiency of CHP systems convincing – also in volatile environments

Ensuring a secure energy supply and decarbonizing energy generation in parallel is not an easy task for either states or companies. This has been made abundantly clear in recent quarters by extremely volatile energy prices, dependence on individual countries supplying primary energy, and complex legislative processes leading to new energy market structures. It is no contradiction that given this situation, interest in highly efficient, decentralized energy generation solutions from 2G is significantly on the rise. Security of supply, economic efficiency and sustainability are the focus for many consumers. So far, only fuel-variable CHP systems meet this target triangle. In addition, they are rapidly produced and installed, are already technologically oriented towards zero emissions, and operate symbiotically with PV systems and heat pumps in the annual cycle. They are easy to integrate into the existing grid infrastructure, and operate in a grid-serving manner in control and/or residual mode.

With gas-fired CHP systems, our customers are investing to a good extent in a more independent supply, a sounder calculation basis, highly efficient generation technology, lower CO_2 emissions and, ultimately, lower energy costs.

Whether a CHP system offers value for money depends on the so-called spark spread, the ratio between the price of natural gas and the price of electricity. Under the assumptions of the merit order model, gas and electricity prices are correlated in the electricity market. Further details can be found on pages 57 to 59 of the Annual Report 2021.

Prices for natural gas, as measured by the Dutch TTF Natural Gas Forward, declined significantly in the first half of the year. This continued the decrease in the price that commenced in August 2022, as shown in Diagram 2. According to market observers, this was due to sluggish global economic development with subdued demand for raw materials, more diversified supply options for natural gas in Europe, as well as energy-saving measures by industry and end consumers, and the use of more efficient combustion and recovery technologies.

From January 1 to June 30, 2023, the gas price halved to EUR 36.70/MWh. The average price in the reporting period stood at EUR 43.99/MWh, which is 56.1% lower than in the same period of the previous year, when it was recorded at EUR 100.22/MWh. This development means that the current price level has fallen even below that of 2021 (EUR 47.38/MWh).

Dutch TTF Natural Gas Forward, January 2022 to August 2023 in Euros/MWh

Diagram 2: Dutch TTF Natural Gas Forward, January 2022 to August 2023, in Euros/MWh.
Source: M.M.Warburg & CO, 2G calculations, August 2023

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Although the price of electricity also declined during the period under review, it did not contract to the same marked extent as the price of gas. According to BDEW's electricity price analysis, the average electricity price for small to medium-sized industrial enterprises (excluding electricity tax) for new contracts settled by 20.7% to 24.96 ct/kWh in the first half of 2023 compared with the first half of 2022. The price block consisting of procurement/distribution/ network charges decreased by 11%. Levies and surcharges declined from 4.9 ct/kWh to 1.32 ct/ kWh due to the elimination of the EEG surcharge and still accounted for 5.3% of the electricity price, compared with 15.6% in the first half of 2022.

An investment in a natural gas CHP system is also economically worthwhile in a market with falling or more volatile commodity prices, since electricity prices only follow gas price developments with a time lag. This means that the spark spread will remain at attractive levels. These statements apply even more strongly to CHP units that are operated with biogas, mine gas, landfill gas, sewage gas and hydrogen. This is due to the fact that their fuel costs are much less volatile and they therefore benefit for longer periods from the attractive price levels for electricity and heat sales.

2G is launching its own large heat pumps on the markets, starting at 100 kW_{th}

2G will be strategically expanding its business model with large-scale heat pumps. To this end, the company will develop a series of its own large heat pumps starting at 100 kW_{th}. The engineering will be based on already established components and proven assemblies. In recent years, 2G has already installed large heat pumps in combination with CHP plants on several occasions on behalf of customers and integrated them into 2G's proprietary CHP control system. In connection with the Heat Planning Act (WPG) due to be passed in the second half of the year, we expect demand for large heat pumps from industry and municipalities in Germany to increase significantly and remain stable.

Various synergies with CHP plants can be leveraged, such as a very high level of common parts in procurement and production, as well as in the relevant project management and service. In addition, there is a great deal of overlap between large heat pumps and CHP plants in terms of the customer base, the legalities in the markets, but also in terms of control and digitization. Consequently, we are able to smoothly transfer our existing know-how with extensive synergies to a new market segment with comparable customer structures.

The first half of 2023 in overview

Overall, the Group generated sales revenues of EUR 135.5 million as of June 30, 2023 (H1 2022: EUR 114.0 million). The following table provides an overview of the distribution of net sales:

Breakdown of sales revenues*

	1st half year 2023				1st half year 2022			
	CHP systems	Service	Total	As a %	CHP systems	Service	Total	As a %
Net sales, in EUR millions	**58.7**	**76.9**	**135.5**	**100.0**	**46.3**	**67.7**	**114.0**	**100.0**
Germany	32.0	51.8	83.8	61.8	29.2	48.2	77.3	67.8
Rest of Europe	16.3	16.4	32.8	24.2	9.3	11.9	21.2	18.6
North/Central America	6.1	4.7	10.8	8.0	4.3	4.2	8.5	7.5
Asia/Australia	1.4	1.0	2.4	1.7	1.9	0.7	2.6	2.3
Rest of the world	2.8	3.0	5.8	4.3	1.7	2.7	4.4	3.8

* Rounding differences can arise.

Changes versus the previous year*

	Absolute (in million EUR)			in %		
	CHP systems	Service	Total	CHP systems	Service	Total
Net sales, in EUR millions	**12.4**	**9.2**	**21.6**	**27**	**14**	**19**
Germany	2.8	3.6	6.5	10	8	8
Rest of Europe	7.1	4.5	11.6	76	38	55
North/Central America	1.8	0.5	2.3	42	13	28
Asia/Australia	-0.5	0.2	-0.2	-25	31	-9
Rest of the world	1.1	0.3	1.4	63	12	32

* Rounding differences can arise.

Overall, 2G thereby boosted its Group sales by around 19% in the past half year. The sales growth resulted from both the new systems business (+ 12.4 million euros or +26.7 %) and the service business (+EUR 9.2 million or +13.6%).

The new systems business benefited from the sharp rise in work in progress at the end of 2022, of which a large part was successfully invoiced in the first half of the year. At the same time, factory output remained at a very high level, with the result that total operating performance as of the reporting date of June 30, 2023 increased by a total of EUR 28.5 million, or 20.7%, to EUR 166.3 million.

Posting these figures, 2G has succeeded in continuing its growth course from previous fiscal years. 2G benefited from the fact that supply bottlenecks were overcome on a sustained basis in the past half-year. The noticeably more relaxed material supply, together with the Lead to Lean project for the implementation of industrial processes, which has been pursued for years, again enabled a substantial increase in overall performance. As a consequence, the order backlog has already been substantially tackled and this, together with the sales revenues already generated and the ongoing service and spare parts business, provide a very good foundation for achieving the sales and earnings targets for 2023 (EUR 310 to 350 million in sales with an EBIT margin of between 6.5% and 8.5%).

C. Results of operations

With sales revenues of EUR 135.5 million (H1 2022: EUR 114.0 million, +18.9%) and inventory increases amounting to EUR 30.7 million (H1 2022: EUR 23.7 million), total operating revenue in the first half of the year stood at EUR 166.3 million, once again very markedly higher than the figure for the first half of 2022 (EUR 137.8 million, +20.7%).

In line with the higher level of total operating revenue, the cost of materials rose from EUR 92.7 million to EUR 112.4 million. The cost of materials ratio remained virtually constant, although sales of machinery, which are more material-intensive, grew more strongly (+26.7%) than service sales (+13.6%), which are typically more personnel-intensive. As a result, the personnel expense ratio also dropped from 20.6% to 19.4% in the first half of the year. The Lead to Lean project, which has been pursued for years and is currently characterized in particular by the switch from stationary to line production and from 2-shift to 1-shift operation, also contributed to the improvement in sales and earnings.

In absolute terms, personnel costs rose to EUR 32.3 million in the first half of the year (H1 2022: EUR 28.4 million, +13.6%). This moderate increase compared to the expansion of output (+20.7%) is mainly due to a cautious increase in service personnel at individual companies, as well as general wage rises, which were higher than usual in view of the high inflation this year.

Depreciation and amortization were up year-on-year from EUR 2.3 million to EUR 2.4 million.

Other operating expenses expanded by +18.5% (+EUR 2.5 million) to EUR 16.3 million. The main reasons for this increase were as follows:

1. Travel activities have normalized entirely compared to the previous year, with the result that travel expenses increased by EUR 461 thousand or 35%.

2. Maintenance costs for hardware and software were up by EUR 0.3 million or 27%.

3. Rental, leasing and energy expenses increased by EUR 0.3 million or 31%, mainly due to specific price increases.

In relation to total operating revenue, the personnel cost ratio was down from 10.0% to 9.8%.

As of the half-year reporting date, 2G reported EBIT of EUR 4.1 million (H1 2022: EUR 2.6 million), corresponding to an EBIT margin of 3.0% (H1 2022: 2.2%).

Following the financial result of EUR -0.2 million (H1 2022: EUR -0.2 million) and income tax expense of EUR 1.3 million (H1 2022: EUR 0.7 million), consolidated half-year net income stands at EUR 2.7 million (H1 2022: EUR 1.7 million).

D. Financial position

Cash flow statement*

		30/06/2023	30/06/2022
		TEUR	TEUR
	EBIT	**4,128**	**2,552**
+	Depreciation, amortization and extraordinary write-downs on fixed assets	2,440	2,294
=	**EBITDA**	**6,569**	**4,846**
±	Cash flow relating to net change in working capital	1,184	-10,405
±	Change in other provisions	-692	3,640
±	Change in other assets as well as miscellaneous assets that cannot be allocated to investing or financing activities	-2,450	-1,185
±	Change in other liabilities as well as miscellaneous liabilities that are not allocable to investing or financing activities	-3,417	-323
±	Loss/gain from fixed asset disposals	69	-24
−	Result from associated companies	30	26
±	Income tax payments	-1,158	-1,226
=	**Cash flow from operating activities**	**136**	**-4,652**
	Cash flow from investing activities	**-3,692**	**-5,030**
	Cash flow from financing activities	**-3,725**	**-3,253**
	Cash and cash equivalents as of June 30	**5,893**	**6,936**

* Rounding differences can arise.

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Operating cash flow in the first half of the year stood at EUR 0.1 million (H1 2022: EUR -4.7 million).

In addition to the improved EBIT, the year-on-year change is mainly due to the slight reduction in net working capital (EUR -1.2 million; previous year EUR +10.4 million). Although inventories increased by a total of EUR 21.9 million, this rise in inventories was offset by higher prepayments not related to specific orders (EUR +13.4 million) as well as a decrease in trade receivables (EUR -13.6 million), which were unusually high at the beginning of the year due to very strong sales in December 2022.

An amount of around EUR 2.8 million was invested in tangible fixed assets as part of investing activities. In this context, 2G Energietechnik GmbH spent around EUR 0.7 million on new vehicles, EUR 0.1 million on IT hardware, EUR 0.1 million on fixtures and fittings, and EUR 0.2 million on general operating and business equipment. HJS Motoren GmbH also invested around EUR 0.3 million in new vehicles. In the first half of the year, 2G Energy AG also committed around EUR 0.4 million in the form of advance payments for a new multi-purpose hall at the company's site in Heek.

In addition, 2G Energy AG invested around EUR 0.9 million in connection with the global ERP project.

Overall, cash flow from investing activities amounted to -3.7 million euros.

As part of financing activities, a loan was taken out for EUR 0.4 million to refinance fleet investments and EUR 1.4 million was spent on the repayment of financial liabilities. In addition, a dividend totaling EUR 2.5 million was distributed in June. Overall, cash flow from financing activities amounted to EUR -3.7 million.

As of the end of the first half of the year, 2G Energy AG had taken out short-term money market loans totaling EUR 5.5 million for the temporary financing of working capital. Against this background, the company reports cash and cash equivalents of EUR 5.9 million as of the half-year reporting date, after taking currency-related changes in cash into consideration. Moreover,

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free credit lines in an amount of EUR 9.5 million were available as of June 30.

E. Net assets

Overview of the net asset position of the 2G Group as of June 30, 2023*:

Assets

	30/06/2023	31/12/2022
	TEUR	TEUR
A. Fixed assets	33,117	31,893
B. Current assets	184,009	176,227
C. Prepayments and accrued income	2,316	1,471
D. Deferred tax assets	2,083	2,004
Total assets	**221,526**	**211,595**

* Rounding differences can arise.

Equity and liabilities

	30/06/2023	31/12/2022
	TEUR	TEUR
A. Equity	108,715	108,615
B. Provisions	20,945	21,440
C. Liabilities		
I. Bank borrowings	10,635	6,333
II. Other liabilities	81,231	75,206
Total equity and liabilities	**221,526**	**211,595**

* Rounding differences can arise.

Compared with December 31, 2022, total assets have expanded by around EUR 9.9 million, or by 4.7%, to a level of EUR 221.5 million. This balance sheet extension is mainly due to the renewed increase in work in progress (EUR 97.3 million; +EUR 30.6 million), for which advance payments of EUR 54.4 million (+EUR 17.2 million) were collected. Trade accounts receivable from goods and services were reduced by EUR 13.6 million and 23.9% respectively compared with December 31, 2022.

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As of June 30, 2022, equity stood at EUR 108.7 million. The positive consolidated half-year net income (EUR 2.7 million) and the dividend payment totaling around EUR 2.5 million incurred respective opposite effects.

Overall statement on the business situation

Business performance in the current financial year is satisfactory overall. Despite volatile order intake and a slowdown in the global economy, production in Heek is running to full capacity to process the high order backlog. Interest in our CHP systems remains at very high levels worldwide. Abroad, a period of reticence following the energy turmoils has gradually dissipated, and we have again been able to sell some hydrogen CHP plants. As the sales department carried out intensive preliminary work in the first half of the year, numerous projects are very far advanced and should materialize in the near future.

In terms of sales, 2G seamlessly continued the growth trend of recent years. In combination with the high order backlog, the Management Board expects to be able to increase sales to between EUR 310 million and EUR 350 million over the year as a whole, generating an EBIT margin of between 6.5% and 8.5%.

F. Non-financial performance indicators

Pages 19 to 30 of the 2022 Annual Report (Sustainability Report) provide a presentation of non-financial performance indicators.

G. Corporate responsibility

Risk report

Pages 63 to 76 of the 2022 Annual Report provide a presentation of opportunities and risks. Compared with the assessments at that time, no significant changes have occurred to 2G Energy Group's position in terms of opportunities and risks. This also applies to the assessment of the risks and opportunities associated with the war Russia is waging on Ukraine.

H. Outlook

Subdued economic development ahead

The IfW economic experts believe that the risk of the global economy slipping into recession has decreased for the current and the coming year. A resurgence of economic momentum, however, is being held back by the central banks' tightening of monetary policy. Key conditions that were largely responsible for the slowdown in the global economy last year, such as high energy prices, supply bottlenecks and the zero-COVID strategy in China, had improved markedly by the beginning of 2023. The level of survey-based leading indicators, however, such as the purchasing managers' indices in the manufacturing sector remains quite low and has recently even declined again in some cases. The industry's high order backlogs are increasingly being worked off, meaning that declining order intake will have a greater impact on production in the future. The restrictive monetary policy has resulted in significantly higher financing costs and a slowdown in spending propensity.

Consequently, IfW expectations envisage only moderate growth of 2.8% in 2023 and 3.0% in 2024.

According to observations by IfW experts, the economy in the euro zone is gradually regaining its footing after the weak phase in the spring. For the remainder of 2023 and 2024, IfW expectations anticipate a gradual strengthening of the economy. Overall, GDP is likely to grow by 0.6% in the current year and by 1.7% in 2024.

With a look to Germany, the IfW expects a delayed recovery, but not a specific, individual economic course of developments. With regard to the current year, experts expect GDP to decline by 0.3 percent. Given this situation, all in all the economy is primarily caught in a field of tension between considerable scope for expansion and, so far, quite stubborn production-side obstacles. To the extent that these are gradually overcome, economic output may also pick up again, according to the economic researchers. With a look to 2024, researchers expect GDP growth of 1.8%.

2G expects structural market growth and develops its own large heat pumps

2G assumes that the economic as well as the climate factors driving a further increase in international demand for gas-fired CHP plants in the medium term remain firmly in place. The basic problems revolving around climate change are similar all over the world. This endows our CHP plants with a certain international appeal. According to our assessment, investors worldwide have regained confidence in a secure supply of biogas and natural gas. Sales and customers continue to indicate very high interest in solutions that rely on CHP plants to quickly provide cleaner and at the same time more reliable electricity and heat – also in a more volatile environment. The reticent attitude of many customers in Germany due to the GEG legislation (German Energy Act for Buildings) should dissipate quickly after the legislation has been enacted.

In conjunction with the Municipal Heat Planning Act, which is also pending, 2G expects demand for large-scale heat pumps to trend upwards. That is why we have decided to develop our own range of large heat pumps from 100 kW_{th}. With this step, 2G will strategically tap into a further sales market with a multitude of synergies with its established CHP business. On request, we offer our customers worldwide a – technically sophisticated – system solution consisting of CHP plants and heat pumps, both corresponding with each other and enabling efficient and secure supply. Depending on the demand for heat and the price of electricity, either the heat pump or the CHP plant assumes the role of the leading system. This complex interplay is a central element and is digitally managed by our 2G control system – already today. This creates an efficient and seamless interaction that advances climate protection and supply security in a cost-efficient manner.

Up to 21 GW of new natural gas-fired power plants to be built in Germany

With the current power plant strategy, Germany will be setting another important course for energy supply in the coming quarters. The German government plans to add some 50 gas-fired power plants with a total controllable capacity of between 17 and 21 GW by 2031. Additional gas-fired power plants will play a key role in the power supply system of the future. They are to be available as "backed-up power" whenever wind turbines and photovoltaic systems do not supply sufficient electricity. Therefore, they are the back-up capacities of a power and heat system based on renewable energies. Initially, the power plants will run on natural gas – and later on climate-neutral hydrogen. As the phase-out of nuclear power has already been completed and the phase-out of coal is to follow by 2030, the additional gas-fired power plants must be connected to the grid by then. However, these approximately 50 (large-scale) gas-fired power plants are hardly expected in the industry, as potential investors are holding back as they regard their economic viability with a measure of skepticism. Today, planning is already significantly behind the federal government's decidedly ambitious schedule. For example, Brussels has not yet granted the aid approval under state aid law.

In the view of the Management Board, this mixed situation may offer an attractive opportunity for a further demand upturn for natural gas-fired CHP plants. After all, time is visibly running out: It will take several years to plan large-scale power plants with several 100 MW, to guide them through the complex approval processes and finally to build these facilities. 2G, on the other hand, offers solutions that can be implemented quickly, are reliable, flexible, inexpensive, immediately climate-friendly – and always compatible with the growing production of hydrogen. 2G offers the right products for higher performance requirements with the avus 800plus and 1000plus series featuring the Liebherr engine base. In addition, our CHP plants are capable of running on a wide range of fuels: hydrogen, including dirty hydrogen, natural gas, biogas, and waste gases. In addition, the cost of expanding the transmission and distribution grids could be significantly reduced due to the fact that the systems can be installed decentrally at the point of consumption.

Opportunities for hydrogen CHP systems: hydrogen infrastructure to be expanded more rapidly

In a gratifying turn of events, the German government specified its hydrogen strategy in concrete terms at the end of July on the road to climate neutrality by 2045. The plan is to double domestic electrolysis capacity from 5 to at least 10 gigawatts by 2030, and to press ahead with the expansion of the hydrogen grid infrastructure by 2027/28 with a hydrogen startup network spanning a length of more than 1,800 kilometers. With this package of measures and the clear move toward greater technology openness, demand for hydrogen-capable CHP solutions is expected to increase noticeably in the years before 2030 and beyond.

The role of CHP technology is changing. In the future, this technology will represent a central foundation of energy production for electricity and heat from renewable energies. This is due to the fact that the technology can both supply this energy itself and provide even greater support for sector coupling, powered by sustainable gases, decentralized and flexibly controlled to cover the residual load. 2G is operating at this important interface. CHP is a highly efficient, competitive building block for security of supply on the way to a climate-neutral energy supply. Indeed, some experts claim that the green transformation cannot succeed without CHP. Even in a world with nearly climate-neutral energy supply, highly flexible, molecule-based power plant capacities in significant orders of magnitude are absolutely necessary as a back-up, enabling electricity and heat to also be available in winter in a demand-oriented and permanent manner.

Management Board confirms sales and earnings forecast

2G is well-positioned strategically and in terms of products to participate substantially in the four market drivers in Germany described above. The prospects for further growth are favorable, the heating transition is finally receiving the attention it deserves, and strategically we have also taken a significant step by adding large heat pumps to our product portfolio. In operational terms, we expect demand from Germany and abroad to pick up again. The order backlog at the end of the first half of the year stands at EUR 194 million – and remains comfortable.

With our Lead to Lean, Partner Concept, Digitalization and Innovation flagship projects, we are continuing to work on quality-oriented and efficient production and administrative processes based on the division of labor, while expanding international sales and improving the efficiency and integration capability of our CHP plants. The Service business unit also offers a high degree of cyclical independence and, with stable earnings, accounts for almost half of sales.

The Management Board most recently confirmed the sales and earnings forecast for fiscal 2023 at the end of August. The company is expected to generate sales of EUR 310 to 350 million and an EBIT margin of 6.5% to 8.5%. The intact, structural growth drivers for the national and international CHP business and the business area that has now been expanded to include large-scale heat pumps give cause for optimism for the coming years. Consequently, the Management Board is also confirming the forecast for 2024 (sales of up to EUR 390 million). We expect to increase the Group's profitability to a level of 8.5% to 10% EBIT margin through efficiency gains from the lead projects, margin contributions from the service business, and cost degression in production.

Heek, 6 September 2023
2G Energy AG

Christian Grotholt
Management Board Chairman (CEO)

Ludger Holtkamp
Management Board member

Friedrich Pehle
Management Board member

Frank Grewe
Management Board member

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Consolidated balance sheet

Assets

	30/06/2023 EUR	31/12/2022 EUR
A. Fixed assets		
I. Intangible fixed assets		
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	1,143,687.32	1,149,374.81
Goodwill	2,706,571.54	2,991,523.79
Prepayments rendered	1,572,547.84	866,710.07
	5,422,806.70	**5,007,608.67**
II. Tangible fixed assets		
Land, land rights and buildings, including buildings on third-party land	14,644,660.84	14,736,348.18
Plants and machinery	975,886.76	993,864.18
Other factory and office equipments	11,241,084.87	10,857,975.68
Prepayments rendered and plants under construction	671,008.60	195,889.96
	27,532,641.07	**26,784,078.00**
III. Financial fixed assets		
Participating interests in associated companies	151,625.32	91,319.86
Other participating interests	10,000.00	10,000.00
	161,625.32	**101,319.86**
	33,117,073.09	**31,893,006.53**
B. Current assets		
I. Inventories		
Raw materials and supplies	71,698,375.24	65,508,942.51
Work in progress	97,320,734.95	66,746,523.78
Prepayments rendered	9,917,494.06	7,631,187.10
Prepayments received for orders	-54,424,733.51	-37,261,952.87
	124,511,870.74	**102,624,700.52**
II. Receivables and other assets		
Trade receivables	43,440,221.66	57,070,885.70
Receiveables from companies in which participations are held	200,000.00	0.00
Other assets	4,454,486.50	3,049,728.68
	48,094,708.16	**60,120,614.38**

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Assets

	30/06/2023	31/12/2022
	EUR	EUR
III. Cash in hand, bank balances	11,402,668.44	13,481,864.70
	184,009,247.34	**176,227,179.60**
C. Prepayments and accrued income	**2,315,968.73**	**1,471,060.57**
D. Deferred tax assets	**2,083,459.34**	**2,003,698.03**
Total	**221,525,748.50**	**211,594,944.73**

Equity and liabilities

	30/06/2023	31/12/2022
	EUR	EUR
A. Equity		
I. Subscribed share capital	17,940,000.00	17,940,000.00
II. Capital reserve	2,983,300.00	2,983,300.00
III. Other retained earnings	79,342,183.05	69,418,947.28
IV. Consolidated net income	9,239,137.64	19,050,001.48
V. Minority interests	16,800.15	-36,498.15
VI. Equity difference from currency translation	-805,942.16	-740,728.87
	108,715,478.68	**108,615,021.74**
B. Provisions		
Tax provisions	3,308,299.49	3,111,906.29
Other provisions	17,636,485.09	18,328,181.80
	20,944,784.58	**21,440,088.09**
C. Liabilities		
Bank borrowings	10,634,880.40	6,333,442.72
Prepayments received for orders	58,034,198.47	44,668,259.09
Trade payables	16,545,876.51	20,470,991.54
Liabilities to companies in which participations are held	6,359.57	8,564.44
Other liabilities	6,644,170.29	10,058,577.11
	91,865,485.24	**81,539,834.90**
Total	**221,525,748.50**	**211,594,944.73**

Consolidated profit and loss account

	01/01/ to 30/06/2023	01/01/ to 30/06/2022	01/01/ to 31/12/2022
	EUR	EUR	EUR
Net sales	**135,543,522.54**	**113,990,612.53**	**312,626,961.56**
Decrease in work in progress and finished goods	30,722,771.79	23,728,817.18	26,023,788.76
Other own work capitalized	0.00	47,890.80	186,808.10
	166,266,294.33	**137,767,320.51**	**338,837,558.42**
Other operating income	1,449,264.96	2,050,870.95	6,246,272.96
	167,715,559.29	**139,818,191.46**	**345,083,831.38**
Costs of materials			
a) Costs of raw materials and supplies, and for purchased merchandise	88,377,025.98	73,009,668.90	176,583,988.51
b) Costs of purchased services	24,050,874.17	19,711,533.41	47,546,345.22
	112,427,900.15	**92,721,202.31**	**224,130,333.73**
Personnel costs			
a) Wages and salaries	27,087,054.17	23,819,067.31	47,536,995.30
b) Social security, pensions and other benefits	5,185,120.51	4,580,402.29	9,488,654.23
	32,272,174.68	**28,399,469.60**	**57,025,649.53**
Depreciation and amortization applied to tangible and intangible fixed assets	2,440,488.48	2,294,449.35	4,672,085.72
Other operating expenses	16,319,512.56	13,772,994.83	35,264,247.06
Income from associated companies	-30,120.48	-26,120.48	-89,403.24
Income from other participating interests	2,000.00	0.00	500.00
Other interest and similar income	57,901.91	39,047.70	79,516.46
Interest and similar expenses	234,702.37	172,852.76	383,939.72
Taxes on income	1,274,199.79	671,510.28	7,083,291.37
Profit after tax	**2,776,362.69**	**1,798,639.55**	**16,514,897.47**
Other taxes	99,092.46	52,418.78	143,048.63
Consolidated profit for the year	**2,677,270.23**	**1,746,220.77**	**16,371,848.84**
Share of profit attributable to other shareholders	-53,298.30	847.62	14,055.84
Consolidated net profit	**2,623,971.93**	**1,747,068.39**	**16,385,904.68**
Retained earnings	19,050,001.48	11,823,969.13	11,823,969.13
Dividend payment	-2,511,600.00	-2,242,500.00	-2,242,500.00
Allocation to other retained earnings	-9,923,235.77	-6,917,372.33	-6,917,372.33
Consolidated net income	**9,239,137.64**	**4,411,165.19**	**19,050,001.48**

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Derivation of EBIT

		01/01/ to 30/06/2023	01/01/ to 30/06/2022	01/01/ to 31/12/2022
		EUR	EUR	EUR
	Consolidated profit for the year	**2,677,270.23**	**1,746,220.77**	**16,371,848.84**
−	Extraordinary result	0.00	0.00	1,797,790.00
+	Taxes on income	1,274,199.79	671,510.28	7,083,291.37
+	Interest and similar expenses	234,702.37	172,852.76	383,939.72
−	Other interest and similar income	57,901.91	39,047.70	79,516.46
=	**Earnings before interest and tax (EBIT)**	**4,128,270.48**	**2,551,536.11**	**21,961,773.47**

Notes to the consolidated financial statements

A. General information about the consolidated statements

1. Basic information

2G Energy AG is a public limited company under German law. The company's shares are listed on the trading segment Scale, a part of the Open Market (Regulated Unofficial Market) of the Frankfurt Stock Exchange (FWB), as operated by Deutsche Börse AG, which is consequently not an organized market.

The company is entered in the commercial register of the Coesfeld District Court (commercial register sheet number B 11081), and has its headquarters at Benzstrasse 3, 48619 Heek, Germany.

2G Energy AG prepares the consolidated financial statements for the largest as well as the smallest group of companies.

These consolidated financial statements of 2G Energy AG represent the reporting period from January 1 to June 30, 2023. Last years' figures relate to the balance sheet at the end of the previous year (December 31, 2022) as well as the profit and loss account of the corresponding prior fiscal year period (January 1 to June 30, 2022).

The interim financial statements and the interim management report as at June 30, 2023 have not been audited in accordance with Section 317 of the German Commercial Code (HGB) and have not been reviewed by an external auditor. The consolidated financial statements and the management report of the company as at December 31, 2022 were audited by an auditor in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) and received an unqualified opinion.

2. Line of business

The group primarily plan, distribute, produce and install combined heat and power ("CHP") systems for the efficient gain of electrical energy from biogas, landfill/sewage gas, natural gas and hydrogen and provide after-sale services associated with CHP systems. The group also plan, distribute, produce, install and service gas treatment plants for feeding biogas into the natural gas grid.

3. Accounting policies

The consolidated financial statements of 2G Energy AG were prepared in accordance with Section 290 et seq. of the German Commercial Code (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG).

The regulations for public limited companies in the meaning of Section 264 et seq. of the German Commercial Code (HGB), the relevant provisions of the German Stock Corporation Act (AktG), and the provisions pursuant to Section 290 et seq. of the German Commercial Code (HGB) in relation to consolidated financial statements apply to the Group's accounting procedures.

The Group's functional currency is the euro. All amounts are consequently presented in euros or thousands of euros (TEUR). Foreign companies' balance sheet items as well as foreign currency transactions in the trade balance II are translated at the respective exchange rate on the balance

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sheet date (closing rate). Equity items are translated at historical rates. Cost and income items are translated at average rates for the year related to the financial year (annual average rate).

	Closing rate		Annual average rate	
	30/06/2023	31/12/2022	01/01 to 30/06/2023	01/01 to 30/06/2022
Country/Currency per currency unit				
Great Britain/Pound (GBP)	0.8583	0.8826	0.8764	0.8469
USA/Dollar (USD)	1.0866	1.0625	1.0807	1.1278
Poland/Złoty (PLN)	4.4388	4.6185	4.6244	4.6134
Canada/Dollar (CAD)	1.4415	1.4365	1.4565	1.4269

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B. Consolidation methods

1. Consolidation scope and shareholdings

The financial statements of the following subsidiary companies are included in the consolidated financial statements of 2G Energy AG (parent company):

Subsidiary

	Interest in %	Subscribed capital in TEUR	Equity in TEUR*	Profit/loss for year in TEUR*	Initial consolidation
2G Energietechnik GmbH*** Heek, Germany	100	1,000	7,528	0	30/06/2007
2G Rental GmbH, Heek, Germany	100	50	985	58	31/12/2014
2G Energy International GmbH, Heek, Germany	100	25	128	109	01/04/2021
HJS Motoren GmbH, Amtzell, Germany	100	25	3,028	546	01/06/2021
SenerTec-Center GmbH, Schweinfurt, Germany	100	25	10	45	01/01/2022
2G Solutions of Cogeneration S.L., Vic Barcelona, Spain	90	3	100	314	31/01/2008
2G Energie SAS, Sainte-Luce-sur-Loire (Nantes), France	100	200	5,015	872	24/08/2016
2G Italia Srl., Vago di Lavagno (Verona), Italy	100	10	895	18	15/03/2011
2G Energie Nederland B.V., Oldenzaal, Netherlands	100	25	17	-8	30/01/2023
2G Energy Ltd., Cheshire, United Kingdom**	100	1	5,692	1,455	19/09/2011
2G Polska Sp. z o.o., Bielsko-Biała, Poland**	100	1	-301	- 55	07/11/2011
2G Energy Inc., St. Augustine (FL), USA**	100	1	87	-1,294	27/02/2012
2G Energy Corp., Fergus (ON), Canada**	100	205	575	155	01/01/2019

* Equity and profit/loss for the year are taken from the annual financial statements prepared for consolidation purposes (so-called HB-II).
** Converted at reporting date's exchange rate.
*** On July 5, 2007, a control and profit assumption agreement was contracted with 2G Energietechnik GmbH.

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The following associated companies are accounted using the at-equity method:

Subsidiary

	Interest in %	Subscribed Capital in TEUR	Equity in TEUR*	Profit/loss for year in TEUR*
KWK-tec GmbH, Mendig, Germany	40	25	237	15

* Equity and profit/loss for the year are taken from the annual financial statements prepared for consolidation purposes (so-called HB-II).

The purpose of the subsidiaries 2G Energietechnik GmbH, 2G Solutions of Cogeneration S.L., 2G Energie SAS, 2G Italia Srl., 2G Energie Nederland B.V., 2G Energy Ltd., 2G Polska Sp. z o.o., 2G Energy Inc. and 2G Energy Corp. is to plan and install combined heat and power systems, trade in components for CHP systems, and provide after-sales services associated with CHP systems.

In addition, the purpose of the subsidiary company 2G Energietechnik GmbH is the optimization of core engines for the use as gas engines, and to manufacture and market Otto spark-ignition gas engines.

The purpose of the subsidiary company 2G Rental GmbH is to trade in, and rent, combined heat and power systems.

The purpose of the subsidiary 2G Energy International GmbH is the international market development and support as well as the distribution of combined heat and power plants.

The purpose of HJS Motoren GmbH is the development, sales and service of combined heat and power systems

The purpose of SenerTec-Center GmbH and KWK-tec GmbH is primarily the sale of all types of energy technology systems.

All companies are included as subsidiaries in the consolidated financial statements due to the majority of voting rights held by the parent company. Associated companies are, in exercising the option for joint ventures, included "at equity" in the consolidated financial statements in accordance with Section 312 of the German Commercial Code (HGB).

2G-SPE-1, LLC, San Juan, Puerto Rico, was not included in the consolidated financial statements due to its minor significance for the presentation of a true image of the Group's net assets, financial position, and results of operations.

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2. Consolidation methods applied

Closing date for consolidated financial statements and companies included in the consolidation scope

The consolidated financial statements are based on the separate financial statements of 2G Energy AG and the financial statements of the subsidiaries included in the consolidation scope. The financial statements are prepared as of the June 30, 2023, closing date.

Capital consolidation

Capital is consolidated according to the revaluation method pursuant to Section 301 (1) of the German Commercial Code (HGB). All balance sheet items at subsidiary level are recognized at fair value on the first-time consolidation date. Share acquisition costs are offset subsequently against revalued proportionate equity. The remaining difference from capital consolidation (goodwill) is capitalized and amortized on a straight-line basis over the expected useful life of 8 years in accordance with Section 309 (1) of the German Commercial Code (HGB). The amortization period is based on the life cycle of the products.

In deviation, the goodwill on the shares in 2G Energietechnik GmbH is amortized on a straight-line basis over the expected useful life of 20 years, as it relates to the sustainable core business activities of 2G Energy AG.

Interests in subsidiaries which are included in the consolidated financial statements, but which are not held by 2G, are reported as minority interests.

Consolidation of liabilities

Liabilities are consolidated pursuant to Section 303 (1) of the German Commercial Code (HGB). Accordingly, prepayments rendered and other receivables, provisions and liabilities between the companies included in the consolidated financial statements are to be eliminated. Offsetting differences in connection with the consolidation of liabilities are recognized through profit or loss if they comprise year-on-year changes. Otherwise, they are recognized directly in equity. Minor offsetting differences were recognized in the reporting year.

Currency translation differences as part of the consolidation of liabilities are recognized without impact on the profit and loss accounts directly in equity as equity differences from currency translation.

Treatment of unrealized results of intragroup transactions

Unrealized results of intragroup transactions are eliminated pursuant to Section 304 (1) of the German Commercial Code (HGB). Accordingly, assets that are based fully or partly on deliveries or services between the companies included in the consolidated financial statements must be recognized at the amount at which they could be recognized in the annual balance sheet for the respective company prepared on the closing date of the consolidated financial statements, if the companies included in the consolidated financial statement were also to form a single entity in legal terms.

The consolidated profit and loss account is adjusted to reflect profit or loss contributions from intragroup transactions as part of consolidating income and expenses in accordance with Section 305 of the German Commercial Code (HGB).

Currency translation differences in the context of the elimination of interim profits are recognized in profit or loss under other operating income or expenses.

Consolidation of income and expenses

Income and expenses are consolidated in accordance with Section 305 (1) of the German Commercial Code (HGB). The purpose of this is to present only income and expenses in the consolidated profit and loss account according to type and amount that result from business relationships with third parties outside the Group. Consolidation measures exclusively comprise eliminations.

Currency translation differences arising from the consolidation of income and expenses are recognized in profit or loss under other operating income or expenses.

Equity valuation

The valuation using the equity method must be carried out if a company is to be regarded as an associated company. This means that the parent company can exercise a significant influence on the business and financial policy of the subsidiary. According with Section 311 of the German Commercial Code (HGB), such significant influence is to be assumed in the case of participations in companies and thus a valuation must be carried out "at equity".

Shares in associated companies are valued at the level of their proportioned equity plus a goodwill acquired for a consideration pursuant to Section 312 of the German Commercial Code (HGB). The equity valuation was carried out using the book value method at the time of acquisition in the consolidated financial statements.

The remaining difference (goodwill) is capitalized in the participating interest in associated companies and amortized over the expected useful life of 3 years using the straight-line method, as it represents the acquired know-how of the associated company.

C. Information about accounting policies

The individual financial statements of 2G Energy AG and its subsidiaries are prepared in accordance with standard accounting policies.

The annual financial statements of the companies included in the consolidation scope are prepared in accordance with the regulations set out in the German Commercial Code (HGB) and the respective legal form-specific regulations.

Valuation methods were applied unchanged compared with the previous year.

Valuation details are as follows:

1. Intangible fixed assets

Acquired intangible fixed assets are recognized at acquisition cost and, if they comprise depreciating assets, less straight-line amortization:

Intangible fixed assets

	Useful life
Software	3 – 5 years
Licenses	3 years
Other intangible fixed assets	3 – 6 years

Prepayments rendered are recognized at normal value.

2. Tangible fixed assets

Tangible fixed assets are recognized at acquisition cost and, if they are subject to wear and tear, less scheduled depreciation. Depreciation is applied straight-line according to the assets' prospective useful lives:

Tangible fixed assets

	Useful life
Buildings, indoor and outdoor facilities on own land	5 – 33 years
Buildings on third-party land	9 – 19 years
Fixtures and fittings	6 – 21 years
Vehicles and conveyor vehicles	6 – 8 years
Tools	5 – 13 years
Computer equipment	3 – 9 years
Facilities on third-party land	5 – 21 years
Other operating and office equipment	5 – 21 years

Prepayments rendered are recognized at normal value.

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3. Financial fixed assets

Other participating interests are recognized at the lower of their cost or fair value on the balance sheet date. If the value of financial assets calculated in accordance with the principles referred to above is higher than the fair value on the balance sheet date, an extraordinary write-down is applied. If the grounds for a lower valuation no longer exist, a write-up is applied pursuant to Section 253 (5) Clause 1 of the German Commercial Code (HGB).

4. Inventories

Raw materials and supplies are recognized at the lower of cost or fair value. The lower fair value, if any, is determined using reference prices as market prices on the balance sheet date. The lower market prices are obtained from the daily rates of the procurement market. In addition, further value reductions were made for inventories of lower quality or limited marketability.

Work-in-progress and finished goods are recognised at the lower of cost or fair value. In addition to directly attributable specific costs of materials and production, production costs also include materials and production overheads, as well as administrative overheads to the extent that they can be allocated to production. Borrowing costs are not included in production costs.

Prepayments rendered are recognized at nominal value.

If prepayments received do not exceed the value of the work-in-progress, they are offset with work-in-progress to the level of the satisfaction amount on a project basis.

5. Receivables and other assets

Receivables and other assets are recognised at the nominal value. Appropriate specific valuation allowances are applied to risky items. General default and credit risk is reflected through general valuation allowance.

In principle, revenues are realized with the customer acceptance of the work or in the event of a delay in acceptance. If acceptance is with reservations, the transfer of risk and thus the realization of revenue will be assessed on a case-by-case basis in an overall assessment of the circumstances. A reservation of acceptance of a work ready for acceptance, in which the essential opportunities and risks are transferred to the buyer, does not fundamentally change the fact of acceptance and the associated consequences. Under the mentioned premises, acceptance subject to reservation is thus also considered to be realised in individual cases.

6. Cash in hand and bank balances

Cash in hand and bank balances are measured at nominal value.

7. Prepayments and accrued income

Prepayments and accrued income relate to expenditures prior to the balance sheet date to the extent that they represent expenses for a specific period after that date.

8. Deferred tax

Deferred tax assets and deferred tax liabilities have not been offset against each other. An average consolidated tax rate of 30% has been applied to measure deferred tax assets.

Offsetting applied as part of consolidation generates a differential amount that is to be reported as goodwill. Deferred taxes are not charged on this differential amount (German Accounting Standard (DRS) 18 Section 25).

9. Equity

Equity is measured at nominal value.

10. Tax provisions

Tax provisions are recognized at the settlement amount.

11. Other provisions

Other provisions are recognized at the settlement amounts and are created for contingent liabilities at their settlement value in accordance with reasonable commercial judgment, and taking into account all identifiable risks and contingent liabilities.

12. Liabilities

Liabilities are recognized at the settlement amount.

13. Prepayments received

Prepayments received include advance payments for new plants, and advance payments from full maintenance contracts. If prepayments received for new plants, that are recognized at the normal value, do not exceed the value of the work-in-progress, prepayments received are offset on a project basis with work-in-progress to the level of the satisfaction amount. Any surplus is reported as a prepayment received on the liabilities side of the balance sheet. Prepayments received for full maintenance contracts are accrued on a percentage of completion basis according to the specific contract. Prepayments received for full maintenance contracts are recognized in sales revenues according to percentage of completion. Any surplus prepaid amount is accrued as a prepayment received.

14. Currency translation

Items in the annual financial statements that are based on amounts denominated in foreign currencies are translated at the cash exchange rate in compliance with Section 256a of the German Commercial Code (HGB). At the time of initial recognition, transactions in foreign currencies are generally recorded at the European Central Bank's reference rate recorded on the Friday of the week preceding the booking date.

D. Notes to the consolidated balance sheet

1. Fixed assets

For information about changes in fixed assets during the financial year under review, please refer to the corresponding presentation in the statement of changes in fixed assets. This statement also presents depreciation, amortization and extraordinary write-downs applied for each balance sheet item during the financial year.

Fixed assets include TEUR 1,215 (previous year: TEUR 1,517) of rental plants from the operating activities of 2G Rental GmbH.

2. Receivables and other assets

Specific and general valuation allowances of TEUR 3,474 (previous year: TEUR 3,724) were applied to trade receivables.

As in the previous year, all receivables and other assets have a residual term of less than one year.

3. Deferred tax assets

Deferred tax receivables of TEUR 2,083 (previous year: TEUR 2,004) arise from tax loss carryforwards (TEUR 148) at 2G Solutions S.L. and 2G Polska Sp. Z o.o. No deferred tax assets were formed in relation to the loss carryforwards of 2G Energy Inc. due to their having generated net losses in previous years. In this context, a cautious approach was adopted that does not consider positive expectations arising from current structural changes. In addition, deferred taxes were formed in relation to eliminated intragroup gains on fixed assets (TEUR 187) and inventories (TEUR 1,203) deriving from intra group deliveries and services as of the balance sheet date, and on temporary differences (TEUR 545). These temporary differences arise mainly from adjustments to consistent group accounting policies as well as from differing valuations for inventories and provisions in the financial statements and in the tax accounts.

It is assumed that the tax benefits associated with the capitalized loss carryforwards can be realized with sufficient probability in the next five financial years. Deferred taxes on unutilized tax loss carryforwards were not recognized in the amount of TEUR 1,005.

No deferred tax liabilities required reporting as of the balance sheet date.

4. Consolidated equity

The share capital amounts to TEUR 17,940 (previous year: 17,940) and is divided into 17,940,000 ordinary bearer shares, each with a nominal value of EUR 1.

Capital reserves of TEUR 2,983 (previous year: TEUR 2,983) arise mainly from share premiums from capital increases at 2G Energy AG.

In a resolution of the Annual General Meeting of 23 June 2020, the Management Board was authorized to issue convertible and/or option bonds in a total nominal amount of up to TEUR 100,000 with a maximum term of 20 years with the approval of the Supervisory Board during the period up to 22 June 2025. The holders of the convertible and/or option bonds may be granted conversion or option rights to up to 2,215,000 bearer shares of 2G Energy AG corresponding to a pro rata amount of EUR 2,215 in the share capital (Conditional Capital 2020).

In a resolution passed at the Annual General Meeting on June 3, 2022, the Management Board was authorized to increase the company's subscribed share capital during the period until June 22, 2025, with Supervisory Board approval, once or on several occasions, by up to a total of TEUR 8,970 by issuing new shares against cash or non-cash capital contributions (Approved Capital 2022).

Notional dividend payout restrictions exist in relation to deferred taxes of TEUR 2,083.

As of the closing date, an amount of TEUR 79,420, determined from the annual financial statements of the parent company, is available to shareholders for distribution in the year under review. No restricted amounts that cannot be distributed exist in the separate financial statements of 2G Energy AG.

For more information about changes in consolidated equity during the financial year under review, please refer to the corresponding presentation in the consolidated statement of changes in equity.

5. Other provisions

The composition on the balance sheet date and changes in other provisions during the reporting year are shown in the following statement of changes in provisions:

Other provisions, in TEUR

	30/06/2023	31/12/2022
Residual work on completed plants/outstanding invoices	8,207	9,130
Warranty commitments	4,146	4,398
Amounts owed to staff	4,098	3,677
Professional cooperative contributions	289	351
Costs of preparing and auditing financial statements	203	205
AGM and annual report	84	84
Litigation costs	30	30
Archiving of business documents	38	38
Misc. other provisions	541	415
Total	**17,636**	**18,328**

6. Liabilities

Liabilities consist of the following:

Residual terms, in TEUR (previous year's amounts in brackets)

	Up to 1 year	More than 1 year	Thereof more than 5 years	Total
Bank borrowings	7,829 (2,546)	2,805 (3,788)	0 (249)	10,635 (6,333)
Prepayments received for orders	58,034 (44,668)	0 (0)	0 (0)	58,034 (44,668)
Trade payables	16,546 (20,471)	0 (0)	0 (0)	16,546 (20,471)
Payables due to participating interests	6 (9)	0 (0)	0 (0)	6 (9)
Other liabilities	6,644 (10,059)	0 (0)	0 (0)	6,644 (10,059)
Total	**89,060** **(77,752)**	**2,805** **(3,788)**	**0** **(0)**	**91,865** **(81,540)**

The following collateral instruments relate to bank borrowings:

- EUR 2.2 million land charge, Siemensstrasse 20, Heek
- EUR 2.0 million land charge, Benzstrasse 3, Heek
- EUR 1.5 million land charge, Siemenstrasse 9, Heek
- EUR 1.0 million land charge, Röntgenstrasse 2, Heek
- Collateral assignment of a lease claim

Payables due to participating interests exclusively comprise trade payables.

Other liabilities comprise tax liabilities of TEUR 1,567 (previous year: TEUR 5,749), and social security liabilities of TEUR 203 (previous year: TEUR 235).

E. Notes to the consolidated profit and loss account

The profit and loss account is prepared applying the nature of expense method and structured according to Section 275 (2) of the German Commercial Code (HGB).

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1. Net sales

Net sales are divided geographically and by operating activities as follows:

Net sales, in TEUR
(previous year's amounts in brackets)

	Germany	Abroad	Total
CHP systems/ After Sales	32,004 (29,165)	26,686 (17,166)	58,961 (46,332)
Service	51,776 (48,156)	25,077 (19,503)	76,853 (67,659)
Total	**83,781 (77,322)**	**51,763 (36,669)**	**135,544 (113,991)**

2. Other operating income

Other operating income comprises TEUR 610 (previous year: TEUR 1,221) of income related to other accounting period that mainly results from the decrease of bad debt allowances (TEUR 97), insurance reimbursements and compensation payments and loss compensation payments (TEUR 92), the disposal of fixed assets (TEUR 34), and of the release of provisions (TEUR 305).

Other operating income includes income of TEUR 406 (previous year: TEUR 505) from currency translation.

3. Personnel costs

Social security contributions and pension and benefit expenses include TEUR 321 (previous year: TEUR 246) of pension expenses.

4. Depreciation and amortization

Depreciation and amortization applied to tangible and intangible assets includes amortization of goodwill in the amount of TEUR 285 (previous year: TEUR 218).

5. Other operating expenses

Other operating expenses consist of the following:

Other operating expenses, in TEUR

	01/01/2023 to 30/06/2023	01/01/2022 to 30/06/2022
Operating expenses	6,411	5,566
Administration expenses	2,192	1,863
Sales and marketing expenses	5,692	4,923
Miscellaneous	2,025	1,421
Total	**16,320**	**13,773**

Other operating expenses comprises TEUR 482 (previous year: TEUR 191) of expenses related to other accounting periods that mainly results from credit notes and losses on receivables relating to other periods, as well as expenses from the allocation to specific and general bad debt allowances.

Other operating expenses include expenses of TEUR 611 (previous year: TEUR 242) from currency translation.

6. Other interest and similar income

Other interest and similar income include income from the discounting of provisions in the amount of TEUR 5 (previous year: TEUR 6).

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7. Taxes on income

The following items are recognized in the profit and loss account under taxes on income:

Result from deferred taxes, in TEUR

	01/01/2023 to 30/06/2023	01/01/2022 to 30/06/2022
Deferred tax income	223	366
Deferred tax expenses	-143	-268
of which attributable to loss carryforwards (net balance)	-45	190
Income from deferred taxes	**80**	**88**

F. Additional information

1. Consolidated cash flow statement

The cash flow statement is prepared in compliance with German Accounting Standard/ DRS 21.

Additional subtotals have been voluntarily included within cash flows from operating activities.

Cash and cash equivalents shown in the cash flow statement include cash at banks and in hand, less current liabilities to banks. Current liabilities consist of current account drawings and borrowings in the form of short-term money market loans.

2. Notifications pursuant to Section 20 of the German Stock Corporation Act (AktG)

Christian Grotholt notified the company in accordance with Section 20 of the German Stock Corporation Act (AktG) that he owns more than one quarter of the shares in 2G Energy AG as of the balance sheet dated. The notifications was submitted to the electronic Federal Gazette (Bundesanzeiger) on July 30, 2007.

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3. Derivative financial instruments

Derivative financial instruments serve exclusively to hedge currency risks. On the balance sheet date, the following derivative financial instruments existed:

Derivative financial instruments, in TEUR

	Scope	Maturity	Fair value
Forward exchange transaction EUR – JPY	97	14/08/2023	5
Forward exchange transaction GBP – EUR	423	15/08/2023	-19
Forward exchange transaction CAD – EUR	719	31/08/2023	36
Forward exchange transaction CAD – EUR	317	29/09/2023	-7
Forward exchange transaction GBP – EUR	303	30/10/2023	-6
Forward exchange transaction GBP – EUR	561	31/10/2023	-27
Forward exchange transaction EUR – JPY	98	15/11/2023	6
Forward exchange transaction USD – EUR	1,316	15/12/2023	-9
Forward exchange transaction USD – EUR	900	05/03/2024	-13
Forward exchange transaction EUR – JPY	100	13/03/2024	7
Forward exchange transaction CAD – EUR	736	15/03/2024	-8
	5,570		**-35**

As the conditions for these hedging transactions are met, valuation units are formed in accordance with section 254 of the German Commercial Code (HGB) (micro hedge), This ensures that the value-determining factors (nominal value, maturity) for the hedged item and hedging instrument match. The individual hedging relationships are therefore classified as effective (critical terms match) for the entire hedging period. In the event of a negative fair value of the hedging transactions, no provision for onerous contracts is recognized accordingly. The offsetting cash flows are settled upon maturity of the underlying transactions, which correspond to the maturity of the hedging transactions. The effectiveness of the valuation unit is based on the matching of the terms and parameters of the hedged item and the hedging instrument. The so-called freezing method is used to reflect the effective portions of the valuation units formed in the balance sheet.

4. Contingent liabilities

No contingent liabilities in the meaning of Section 251 of the German Commercial Code (HGB) existed for third-party liabilities as of the balance sheet date.

5. Other financial obligations

Other financial obligations existed in relation to contracts as follows:

Other financial obligations, in TEUR (previous year's figures in brackets)

	Up to 1 year	1 to 5 years	More than 5 years	Total
Permanent rental contracts*	920 (858)	0 (0)	0 (0)	920 (858)
Fixed-term rental contracts	351 (344)	706 (698)	297 (309)	1,354 (1,351)
Lease contracts	345 (479)	566 (564)	0 (0)	911 (1,043)
Total	**1,616 (1,681)**	**1,272 (1,262)**	**297 (309)**	**3,185 (3,252)**

* The stated value for the continuing obligations relates to the Company's obligation under these contracts for a period of 12 months.

6. Average number of employees during the financial year

The average number of employees pursuant to Section 267 of the German Commercial Code (HGB) is composed as follows:

Number of employees

	2023	2022
Industrial workers	414	397
Commercial employees	473	445
	887	**842**
of whom part-time employees	95	105

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7. Management Board

The Management Board is currently composed as follows:

Management Board

	Since	Appointed until
Mr. Dipl.-Ing. Christian Grotholt (Chairman) Ahaus-Alstätte CEO of 2G Energy AG Strategy and Sales	17/07/2007	31/07/2025
Mr. Ludger Holtkamp Gronau COO of 2G Energy AG Procurement, Production and Project Management	17/07/2007	31/07/2025
Mr. Dipl.-Betriebsw. (BA) Friedrich Pehle Soest CFO of 2G Energy AG Finance, Human Resources, Law and Investor Relations	01/12/2017	31/12/2027
Mr. Dipl.-Ing. Frank Grewe Vreden CTO of 2G Energy AG Service, Research and Development	01/07/2020	30/06/2026

More information about the Management Board members of 2G Energy AG is provided on 2G's website in the section entitled "Company".

8. Supervisory Board

The following individuals were appointed as members of the Supervisory Board during the year under review:

Supervisory Board

	Since
Mr. Dr. Lukas Lenz (Chairman) Hamburg Lawyer	17/07/2007
Mr. Dr. Jürgen Vutz (Deputy Chairman) Greven Graduated mechanical engineer, Graduated industrial engineer	01/01/2021
Mr. Prof. Dr. Christof Wetter Steinfurt Professor at the Department of Energy, Building, Environment at Münster University of Applied Sciences	01/01/2021

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The Supervisory Board members are appointed until the end of the AGM that passes a resolution concerning the discharge of the directors for the 2026 financial year.

More information about the Supervisory Board members of 2G Energy AG is provided on 2G's website in the section entitled "Company".

9. Directors' compensation

Compensation of TEUR 852 (previous year: TEUR 707) was paid to the Management Board in the financial year under review, and compensation of TEUR 65 (previous year: TEUR 61) to the Supervisory Board.

10. Events of key significance after the reporting date

No events occurred after the balance sheet date that are of material significance for the assessment of the net assets, financial position, and results of operations of the company.

Heek, September 6, 2023

Christian Grotholt Management Board Chairman (CEO)	Ludger Holtkamp Management Board member	Friedrich Pehle Management Board member	Frank Grewe Management Board member

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Consolidated statement of changes in fixed assets

	Cost					
	01/01/2023	Currency translation	Additions	Transfers	Disposals	30/06/2023
Intangible fixed assets						
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	4,152,827.35	-542.89	200,318.35	8,372.00	16,528.25	4,344,446.56
Goodwill	10,129,509.81	0.00	0.00	0.00	0.00	10,129,509.81
Prepayments rendered	866,710.07	0.00	714,209.77	-8,372.00	0.00	1,572,547.84
	15,149,047.23	**-542.89**	**914,528.12**	**0.00**	**16,528.25**	**16,046,504.21**
Tangible fixed assets						
Land, land rights and buildings, including buildings on third-party land	18,573,334.53	-1,014.97	176,622.97	0.00	0.00	18,748,942.53
Plants and machinery	2,711,528.77	2,614.47	56,729.93	0.00	225,670.93	2,545,202.24
Other factory and office equipments	29,464,110.48	28,351.04	2,091,884.52	20,864.08	682,817.67	30,922,392.45
Prepayments rendered and plants under construction	195,889.96	0.00	495,982.72	-20,864.08	0.00	671,008.60
	50,944,863.74	**29,950.54**	**2,821,220.14**	**0.00**	**908,488.60**	**52,887,545.82**
Financial fixed assets						
Participating interests in associated companies	91,319.86	0.00	90,425.94	0.00	30,120.48	151,625.32
Other participating interests	10,000.00	0.00	0.00	0.00	0.00	10,000.00
	101,319.86	**0.00**	**90,425.94**	**0.00**	**30,120.48**	**161,625.32**
Total	**66,195,230.83**	**29,407.650**	**3,826,174.20**	**0.00**	**955,137.33**	**69,095,675.35**

Depreciation and amortization					Book value	
01/01/2023	Currency translation	Additions	Disposals	30/06/2023	30/06/2022	31/12/2022
3,003,452.54	-382.64	216,253.51	18,564.17	3,200,759.24	1,143,687.32	1,149,374.81
7,137,986.02	0.00	284,952.25	0.00	7,422,938.27	2,706,571.54	2,991,523.79
0.00	0.00	0.00	0.00	0.00	1,572,547.84	866,710.07
10,141,438.56	**-382.64**	**501,205.76**	**18,564.17**	**10,623,697.51**	**5,422,806.70**	**5,007,608.67**
3,836,986.35	-61.65	267,356.99	0.00	4,104,281.69	14,644,660.84	14,736,348.18
1,717,664.59	1,333.49	75,986.33	225,668.93	1,569,315.48	975,886.76	993,864.18
18,606,134.80	15,408.11	1,595,939.40	536,174.73	19,681,307.58	11,241,084.87	10,857,975.68
0.00	0.00	0.00	0.00	0.00	671,008.60	195,889.96
24,160,785.74	**16,679.95**	**1,939,282.72**	**761,843.66**	**25,354,904.75**	**27,532,641.07**	**26,784,078.00**
0.00	0.00	0.00	0.00	0.00	151,625.32	91,319.86
0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**161,625.32**	**101,319.86**
34,302,224.30	**16,297.31**	**2,440,488.48**	**780,407.83**	**35,978,602.26**	**33,117,073.09**	**31,893,006.53**

Consolidated cash flow statement

		01/01/ to 30/06/2023 EUR	01/07/ to 31/12/2022 EUR	01/01/ to 30/06/2022 EUR
	Consolidated profit for the year	**2,677,270.23**	**14,625,628.07**	**1,746,220.77**
+	Taxes on income	1,274,199.79	6,411,781.09	671,510.28
+	Interest and similar expenses	234,702.37	211,086.96	172,852.76
–	Income from exceptional magnitude or exceptional significance	-57,901.91	-40,468.76	-39,047.70
–	Other interest and similar income	0.00	-1,797,790.00	0.00
=	**Earnings before interest and tax (EBIT)***	**4,128,270.48**	**19,410,237.36**	**2,551,536.11**
+	Depreciation and amortization applied to tangible and intangible fixed assets	2,440,488.48	2,377,636.37	2,294,449.35
=	**Earnings before interest, tax, depreciation and amortization (EBITDA)***	**6,568,758.96**	**21,787,873.73**	**4,845,985.46**
±	Change in raw materials and supplies	-6,189,432.73	7,585,390.45	-20,580,067.47
±	Change in work in progress	-30,574,211.17	-1,671,797.75	-24,054,416.37
±	Change in prepayments rendered on inventory	-2,286,306.96	1,687,414.52	-3,178,335.27
±	Change in prepayments received for orders	30,528,720.02	-5,288,538.25	28,297,467.56
±	Change in trade receivables	13,630,664.04	-16,261,826.38	2,814,948.15
±	Change in trade payables	-3,925,115.03	2,610,463.52	6,295,262.52
±	**Cash flow from change in operative net working capital***	**1,184,318.17**	**-11,338,893.89**	**-10,405,140.88**
±	Change in other provisions	-691,696.71	-279,072.78	3,639,528.36
±	Change in other assets and assets that are not allocable to investing or financing activities	-2,449,665.98	870,011.33	-1,185,354.64
±	Change in other liabilities and liabilities that are not allocable to investing or financing activities	-3,416,611.69	1,422,990.96	-322,510.68
±	Gain from fixed asset disposals	68,549.51	-28,547.02	-24,017.20
–	Income from associated companies	30,120.48	63,282.76	26,120.48
±	Income tax payments	-1,157,567.90	-2,864,030.60	-1,226,254.65
=	**Cash flow from operating activities**	**136,204.84**	**9,633,614.49**	**-4,651,643.75**

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		01/01/ to 30/06/2023 EUR	01/07/ to 31/12/2022 EUR	01/01/ to 30/06/2022 EUR
+	Proceeds from fixed asset disposals	76,059.51	318,954.02	158,897.26
−	Payments for investments in intangible fixed assets	-914,528.12	-586,749.15	-581,587.65
−	Payments for investments in tangible fixed assets	-2,821,220.14	-4,519,586.16	-3,681,948.75
−	Payments for investments in financial fixed assets	-90,425.94	0.00	-180,723.10
−	Payments for acquisition of consolidated companies	0.00	28,161.27	-784,097.03
+	Interest received	57,901.91	40,468.76	39,047.70
=	**Cash flow from investing activities**	**-3,692,212.78**	**-4,718,751.26**	**-5,030,411.57**
+	Proceeds from raising of loans	398,242.04	2,775,077.44	347,984.56
−	Outgoing payments for redemption of loans	-1,377,002.40	-928,125.52	-1,185,418.81
−	Interest paid	-234,702.37	-211,086.96	-172,852.76
−	Dividends paid to parent company shareholders	-2,511,600.00	0.00	-2,242,500.00
=	**Cash flow from financing activities**	**-3,725,062.73**	**1,635,864.96**	**-3,252,787.01**
=	**Net change in cash and cash equivalents**	**-7,281,070.67**	**6,550,728.19**	**-12,934,842.33**
±	Currency-related change in cash and cash equivalents	-78,323.63	-234,664.41	193,780.18
+	Cash and cash equivalents at start of period	13,252,026.95	6,935,963.17	19,677,025.32
=	**Cash and cash equivalents at end of period**	**5,892,632.65**	**13,252,026.95**	**6,935,963.17**

*Voluntary included sub-totals.

	30/06/2023 EUR	31/12/2022 EUR	30/06/2022 EUR
Composition of cash and cash equivalents			
Cash in hand, bank balances	11,402,668.44	13,481,864.70	12,224,647.95
Short-term bank borrowings	-5,510,035.79	-229,837.75	-5,288,684.78
	5,892,632.65	**13,252,026.95**	**6,935,963.17**

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Consolidated statement of changes in equity

Consolidated statement of changes in equity, in EUR

	Parent company				
	Subscribed share capital	Capital reserves	Other retained earnings	Equity difference from currency translation	Consolidated net income attributable to the parent company
Balance on 01/01/2022	**4,485,000.00**	**16,438,300.00**	**62,501,574.95**	**-686,105.05**	**11,823,969.13**
Capital increase					
from company funds	13,455,000.00	-13,455,000.00	0.00	0.00	0.00
Allocation of retained earnings	0.00	0.00	6,917,372.33	0.00	-6,917,372.33
Currency translation	0.00	0.00	0.00	-54,623.82	0.00
Dividends	0.00	0.00	0.00	0.00	-2,242,500.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	16,385,904.68
Balance on 31/12/2022	**17,940,000.00**	**2,983,300.00**	**69,418,947.28**	**-740,728.87**	**19,050,001.48**
Balance on 01/01/2023	**17,940,000.00**	**2,983,300.00**	**69,418,947.28**	**-740,728.87**	**19,050,001.48**
Allocation of retained earnings	0.00	0.00	9,923,235.77	0.00	-9,923,235.77
Currency translation	0.00	0.00	0.00	-65,213.29	0.00
Dividends	0.00	0.00	0.00	0.00	-2,511,600.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	2,623,971.93
Balance on 30/06/2023	**17,940,000.00**	**2,983,300.00**	**79,342,183.05**	**-805,942.16**	**9,239,137.64**

	Minority interests			Consolidated equity
Total	Minority interests before equity differences from currency translation and profit	Profit/loss attributable to other shareholders	**Total**	
94,562,739.03	**300.60**	**-22,742.91**	**-22,442.31**	**94,540,296.72**
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
-54,623.82	0.00	0.00	0.00	-54,623.82
-2,242,500.00	0.00	0.00	0.00	-2,242,500.00
16,385,904.68	0.00	-14,055.84	-14,055.84	16,371,848.84
108,651,519.89	**300.60**	**-36,798.75**	**-36,498.15**	**108,615,021.74**
108,651,519.89	**300.60**	**-36,798.75**	**-36,498.15**	**108,615,021.74**
0.00	0.00	0.00	0.00	0.00
-65,213.29	0.00	0.00	0.00	-65,213.29
-2,511,600.00	0.00	0.00	0.00	-2,511,600.00
2,623,971.93	0.00	53,298.30	53,298.30	2,677,270.23
108,698,678.53	**300.60**	**16,499.55**	**16,800.15**	**108,715,478.68**

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