

# Courtesy Translation

## ANNUAL FINANCIAL STATEMENTS the

### ENAPTER AG Heidelberg

as at 31 December 2022

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**ENAPTER AG**
**BALANCE SHEET**

as at 31 December 2022

<u>Assets</u>	<u>31.12.2022</u> EUR	<u>31.12.2021</u> EUR
<b>A. <u>Fixed assets</u></b>		
I. <u>Intangible assets</u>		
1. Concessions, industrial rights and assets as well as licences to such rights and assets acquired against payment	165.600,00	0,00
2. Advance payments made	193.986,25	0,00
	<u>359.586,25</u>	<u>0,00</u>
II. <u>Property, plant and equipment</u>		
Operating and business equipment	2.815,00	5.001,00
III. <u>Financial assets</u>		
1. Shares in affiliated companies	213.846.570,75	161.075.000,00
2. Participations	972.489,00	0,00
	<u>214.819.059,75</u>	<u>161.080.001,00</u>
<b>B. <u>Current assets</u></b>		
I. <u>Receivables and other assets</u>		
1. Receivables from affiliated companies	3.042.219,45	825.503,61
2. other assets	380.920,24	590.403,56
II. <u>Balances with credit institutions</u>	2.247.401,96	7.600.881,57
	<u>5.670.541,65</u>	<u>9.016.788,74</u>
<b>C. <u>Prepaid expenses</u></b>	19.016,57	0,00
	<u>220.871.019,22</u>	<u>170.096.789,74</u>
 <u>Liabilities</u>	 <u>31.12.2022</u> EUR	 <u>31.12.2021</u> EUR
<b>A. <u>Equity</u></b>		
I. <u>Subscribed capital</u>	27.195.000,00	24.405.647,00
II. <u>Capital reserve</u>	201.663.466,78	151.455.112,78
III. <u>Accumulated loss</u>	-10.272.905,79	-6.248.510,32
	<u>218.585.560,99</u>	<u>169.612.249,46</u>
<b>B. <u>Provisions</u></b>		
Other provisions	181.160,00	272.100,00
<b>C. <u>Liabilities</u></b>		
1. Liabilities from deliveries and services	1.394.761,69	196.754,35
2. Liabilities to affiliated companies	621.775,00	5.000,00
3. Other liabilities	87.761,54	10.685,93
- thereof from taxes EUR 87,413.18 (previous year: EUR 9,402.50)		
- thereof from social security EUR 0.00 (previous year: EUR 469.58)		
	<u>2.104.298,23</u>	<u>212.440,28</u>
	<u>220.871.019,22</u>	<u>170.096.789,74</u>

**ENAPTER AG**
**PROFIT AND LOSS ACCOUNT**

for the period from 1 January to 31 December 2022

	01.01.2022- 31.12.2022	01.01.2021 - 31.12.2021
1. Revenues	2.029.642,79	115.772,1
2. Other operating income	310.514,51	293.785,89
3. Cost of materials	-1.317.607,47	0,00
3. Personnel expenses		
a) Wages and salaries	-591.739,43	-248.281,15
Social security contributions and pension		
b) scheme	-51.110,02	-11.475,29
4. Depreciation of property, plant and equipment	-2.186,00	-2.066,85
5. Other operating Expenses	-4.405.775,47	-5.174.509,52
6. Interest and similar income	10.645,97	9.731,51
7. Interest and similar expenses	-6.780,35	-25.469,14
<b>8. Result after taxes</b>	<b>-4.024.395,47</b>	<b>-5.042.512,45</b>
9. Other taxes	0,00	3.714,30
<b>10. Net loss for the year</b>	<b>-4.024.395,47</b>	<b>-5.038.798,15</b>
11. Loss carried forward from the previous year	-6.248.510,32	-1.209.712,17
<b>12. Accumulated loss</b>	<b>-10.272.905,79</b>	<b>-6.248.510,32</b>

**ENAPTER AG****APPENDIX**

for the 2022 financial year

**I. General information**

The annual financial statements of Enapter AG, Heidelberg, Mannheim Local Court, HRB 735361, for the financial year from 1 January to 31 December 2022 were prepared on the basis of the accounting regulations of the German Commercial Code. In addition, the provisions of the German Stock Corporation Act (AktG) had to be observed.

The structure and presentation of the items in the balance sheet correspond to the regulations for large corporations (§ 266 HGB).

For the profit and loss account, the total cost method according to § 275 para. 2 HGB is applied.

As of 31 December 2022, Enapter AG has a share capital of EUR 27,195,000.00 with 27,195,000 no-par value bearer shares. The shares are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. Accordingly, as of the balance sheet date, the Company is considered a large corporation pursuant to section 267 (3) HGB in conjunction with section 264d HGB. The ISIN for the listed shares (International Securities Identification Number) is DE000A255G02, the WKN (securities identification number) is A255G0 and the stock exchange symbol is H20.

Enapter AG acts as an investment company that provides control and functional services for the subsidiaries it controls (hereinafter "Enapter" or "Group" or "Group of Companies"). Enapter designs and manufactures hydrogen generators based on a patented anion exchange membrane electrolysis (AEM electrolysis).

**II. Accounting and valuation principles**

The valuation of assets and liabilities is based on the assumption that the company will continue as a going concern in accordance with § 252 para.1 no.2 HGB. As an early-stage technology company, the company is dependent on future external financing or on the ability of its shareholders to provide the necessary funds for further corporate growth. Following the capital increases successfully carried out in 2021 and 2022 and the debt capital received at the beginning of 2023, Enapter expects to be able to continue to cover its capital requirements for further growth through capital measures in the future. In February 2023, Enapter Group had concluded a financing of EUR 25 million with Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG, by issuing a bearer bond. The financing has a term of 2 years. Based on the currently available liquid funds, the financing of the Enapter Group is thus secured until at least February 2024. By entering into the respective agreements, Enapter has undertaken to provide collateral and to fulfil other closing and downstream conditions, e.g. compliance with certain financial covenants. Non-compliance with these covenants could lead to costs in contract adjustments or even termination of the relevant agreements, of which there are currently no indications. Further required financing beyond the period February 2024 will be secured through appropriate capital measures at the appropriate times. The extent to which we are able to obtain such funding could depend on a number of factors beyond our control. These include general economic conditions due to the ongoing pandemic, geopolitical events, monetary policy and financial market regulation worldwide and in the EU. Further, however, a deterioration in Enapter's business results, financial condition or credit rating could also lead to reduced availability of credit and/or higher financing and hedging costs. The equity markets have also been weighed down by geopolitical instability and all sorts of uncertainties. Rising inflation, an aggressive interest rate hike policy by central banks around the world, the Ukraine war and other geopolitical commitments that had a negative impact on global

procurement and sales markets ensured that recession concerns increasingly dominated events on the stock markets. In principle, the interest and demand on the capital market for "hydrogen" shares is high, also due to the political backing in the USA in the EU, but the valuation and demand for these shares could deteriorate if, due to the slower than expected market ramp-up for hydrogen, the business results remain below expectations and the profitability of the business model is achieved later. If the assumptions made in the planning regarding business performance and financing do not materialise, this would have a significant impact on the Company's financial position. These events and circumstances indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and that represents a going concern risk within the meaning of section 322 (2) sentence 3 HGB.

**The assets and liabilities** reported in the annual financial statements are valued individually as at the balance sheet date.

**Property, plant and equipment and intangible assets** were recognised at acquisition or production cost and, if subject to wear and tear, reduced by scheduled depreciation.

**Financial assets** are recognised at acquisition cost in accordance with section 255 (1) HGB or, in the event of a probable permanent impairment, written down to the lower fair value on the balance sheet date.

For shares not traded on the organised market, the expected permanent impairment is determined on the basis of an impairment test.

**Receivables and other assets** are stated at nominal value unless they are to be translated at the spot exchange rate on the balance sheet date in accordance with § 256a HGB or, in the case of identifiable individual risks, the lower fair value is to be stated.

**Cash and cash equivalents** are stated at nominal value.

When forming the **other provisions**, appropriate account was taken of the identifiable risks and uncertain liabilities on the balance sheet date. The settlement amount was measured at a level that is necessary according to reasonable commercial judgement.

All **liabilities** are shown in the balance sheet at their settlement amounts, unless currency items have to be translated at the spot exchange rate on the balance sheet date in accordance with § 256a HGB.

Liabilities in foreign currencies are initially valued at the exchange rate on the date of the transaction. Losses from exchange rate changes up to the balance sheet date are always taken into account, gains from exchange rate changes only for remaining terms of one year or less.

### **III. Notes to selected items of the balance sheet**

Shares in affiliated companies are reported under **financial assets**:

- Enapter GmbH (registered in the Commercial Register of the Berlin (Charlottenburg) District Court under HRB 201064, Reinhardtstraße 35, 10117 Berlin), shares 1 to 500,000 in Enapter GmbH, which convey a 100% interest in Enapter GmbH. By resolution of 27 December 2021, the company's share capital was increased from EUR 25,000 to EUR 500,000. The payment was made on 5 January 2022, and the entry in the commercial register was made on 10 January 2022. In the financial year, Enapter AG made payments into the capital reserves of Enapter GmbH totalling EUR 5,758,000 (previous year: EUR 2,500,000).
- Enapter S.r.l. (registered with the Chamber of Commerce of Pisa, VAT n.13404981006, registered office: Via di Lavoria 56G, 56042 Crespina Lorenzana (PI), Italy), shares with a nominal value of EUR 499,900.00 in

Enapter S.r.l., which convey a 99.98% interest in Enapter S.r.l.. In the financial year, Enapter AG made payments into the capital reserves of Enapter S.r.l. totalling EUR 15,000,000 (previous year: EUR 15,350,000).

- Enapter Immobilien GmbH (registered in the Commercial Register of the Steinfurt District Court under HRB 13208, business address: Reinhardtstraße 35, 10117 Berlin), shares 1 to 25,000 in Enapter Immobilien GmbH, which convey a 100% interest in Enapter Immobilien GmbH. In the financial year, Enapter AG made payments into the capital reserves of Enapter Immobilien GmbH totalling TEUR 30,539 (previous year: TEUR 20,220).
- Enapter LLC, St. Petersburg (registered with the St. Petersburg Chamber of Commerce, n.1217800171489, registered office: St. Petersburg, Russia), shares in the nominal amount of RUB 10,000 (approx. EUR 117) in Enapter LLC, which convey a 100% interest in Enapter LLC. The capital contribution was paid in January 2022.

In accordance with § 253 HGB in conjunction with § 255 para. 1 HGB, the shares were valued at acquisition cost at the time of acquisition. Write-downs are made in accordance with section 253 (3) of the HGB if permanent impairment is expected. A write-down of shares in affiliated companies to the lower fair value was not necessary as at the balance sheet date.

Shares in affiliated companies are recognised at TEUR 213,847 (previous year: TEUR 161,075) as at the balance sheet date.

The **investment in H2 Core System GmbH** is recognised at acquisition cost of TEUR 972. By notarial deed dated 27 December 2022, Enapter AG acquired 10,714 of a total of 35,714 shares in H2Core Systems GmbH (H2Core), Heide. The purpose of the shareholding is to strengthen cooperation, especially with regard to the integration of our electrolyzers with customers. This gives Enapter AG a stake of around 30% in H2Core. There are no special company or contractual agreements or restrictions on voting rights.

**Receivables from affiliated companies include** trade receivables of KEUR 2,141 (previous year: KEUR 116). Furthermore, receivables from affiliated companies include a loan receivable from Enapter S.r.l. in the amount of KEUR 700 (previous year: KEUR 700) plus an interest receivable of KEUR 20 (previous year: KEUR 10) and a non-interest bearing loan receivable from BluGreen Company Ltd, Hong Kong (BluGreen) in the amount of KEUR 180. The loan against Blugreen was repaid in full in March 2023.

**Other assets** consist mainly of VAT receivables in the amount of TEUR 381 (previous year: TEUR 297).

The **bank balances** amount to TEUR 2,247 (previous year TEUR 7,601) and are freely available liquidity in current accounts.

## Equity

The subscribed capital of Enapter AG amounts to EUR 27,195,000 (previous year: EUR 24,405,647.00) as of 31 December 2022 after the implementation of the capital increase described below and is divided into 27,195,000 ordinary bearer shares (no-par value shares) with a notional value of EUR 1.00. The shares are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. The ISIN for the listed shares (International Securities Identification Number) is DE000A255G02, the WKN (securities identification number) is A255G0 and the stock exchange symbol is H20.

On 6 April 2022, the Executive Board resolved, with the consent of the Supervisory Board of the same date, to carry out a capital increase by issuing at least EUR 1,578,948 new no-par value bearer shares with a pro rata amount of the share capital of the Company of EUR 1.00 each ("New Shares") at a subscription price of EUR 19.00 per share, making use of the Authorised Capital 2021. In the course of the capital increase, 2,789,353 New Shares were subscribed and thus the share capital of the Company was increased by EUR 2,789,353 to EUR 27,195,000.00 with entry in the Commercial Register on 9 August 2022. The authorised capital 2021 was used to this extent; by

resolution of the Annual General Meeting of 28 July 2022, the authorised capital currently amounts to EUR 13,500,000.

The Annual General Meeting of 6 May 2021 authorised the Executive Board, with the consent of the Supervisory Board, to issue convertible bonds and/or bonds with warrants or profit participation rights with or without conversion or subscription rights (collectively hereinafter also referred to as "Bonds") in a total nominal amount of up to EUR 250,000,000.00 on one or more occasions until 5 May 2026. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 9,240,520 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 9,240,520.00 in total. The conversion and subscription rights may be serviced from a conditional capital to be resolved in this or future general meetings, from existing or future authorised capital and/or from a cash capital increase and/or from existing shares and/or provide for a cash settlement instead of the delivery of shares. The conditional capital has not been used since the authorisation by the Annual General Meeting on 6 May 2021.

The conditional capital increase serves to grant no-par value shares to the holders of warrant or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments, also e.g. convertible bonds with attached warrants) (together the "Bonds"), each with option or conversion rights or obligations. -Bonds with option or conversion rights or obligations issued by the Company or a group company of the Company within the meaning of section 18 of the German Stock Corporation Act (AktG) in which the Company directly or indirectly holds at least 90% of the votes and capital on the basis of the authorisation resolved by the Annual General Meeting of 6 May 2021 until 5 May 2026.

The Annual General Meeting of 6 May 2021 created the conditions under company law for a variable remuneration system with a long-term incentive effect for current and future employees and members of the Executive Board of the company as well as to members of the management bodies and employees of current or future affiliated companies. For this purpose, a stock option plan ("Stock Option Plan 2021") was adopted, according to which the Executive Board shall be authorised, with the consent of the Supervisory Board, or the Supervisory Board, as the case may be, to issue up to 2,310,130 options to current and future employees and members of the Executive Board of the Company as well as to employees and members of the management bodies of currently or future affiliated companies. The share capital of the Company shall thereby be conditionally increased by up to EUR 2,310,130.00 by issuing up to 2,310,130 no-par value bearer shares (Conditional Capital SOP 2021). In the 2022 financial year, 919,700 (previous year: 322,900) shares were issued to employees, of which 90,100 (previous year: 50,000) were issued to members of the Executive Board. The conditional capital increase will only be carried out to the extent that the holders of the issued options exercise their right to subscribe to shares in the company.

The **capital reserve** amounts to EUR 201,663,467 as at 31 December 2022 (previous year: EUR 151,455,112) and developed as follows during the financial year:

	in TEUR
Status as of 1 January 2022	151.455
Premium from the capital increase of 9.08.2022	50.208
Status as at 31 December 2022	201.663

As at 31 December 2022, the following accumulated deficit results:

	in TEUR
Accumulated loss as at 1 January 2022	- 6.249
Net loss for the year	- 4.024
Accumulated loss as at 31 December 2022	- 10.273

The **other provisions** mainly consist of provisions for annual financial statement and audit costs in the amount of KEUR 85 (previous year 128) and personnel costs in the amount of KEUR 75.

The trade payables of TEUR 1,364 (previous year TEUR 197) have a remaining term of up to one year and are not secured.

**Liabilities to affiliated companies** include trade payables of EUR 622,000 (previous year: EUR 5,000). The liabilities to affiliated companies are due to Enapter LLC, Russia from a service contract and to Enapter SRL. The liabilities have a remaining term of up to one year.

The **other liabilities** of KEUR 88 (previous year KEUR 11) consist mainly of liabilities for wage and church tax of KEUR 87 (previous year KEUR 9).

#### **IV. Notes to selected items of the income statement**

**Revenues** of EUR 2,030,000 (previous year: EUR 115,000) result from income from a licensing agreement for electrolyser software with an affiliated company of EUR 204,000 (previous year: EUR 115,000) and from consulting services for the Group subsidiaries of EUR 1,824,000 (previous year: EUR 0).

**Other operating income** of TEUR 311 (previous year: TEUR 294) consists of income from prize money (TEUR 302; previous year: TEUR 293), income unrelated to the accounting period (TEUR 5; previous year: TEUR 0) and other income (TEUR 9; previous year: TEUR 1).

**Other operating expenses** of EUR 4,406,000 (previous year: EUR 5,175,000) result mainly from the costs of raising equity (EUR 1,770,000; previous year: EUR 2,237,000), the stock exchange listing and other capital market costs (EUR 143,000; previous year: EUR 321,000), management compensation to the main shareholder BluGreen Ltd (EUR 409,000; previous year: EUR 418,000), services provided by the related company Enapter Co. Ltd. (TEUR 366; previous year: TEUR 339), accounting, financial statement and auditing costs (TEUR 223; previous year: TEUR 152), insurance and contributions (TEUR 145), legal and consulting costs (TEUR 728; previous year: TEUR 138), costs for the Enapter Advisory Board (TEUR 78; previous year: TEUR 144) and Supervisory Board (TEUR 59; previous year TEUR 54), expenses from currency translation (TEUR 370; previous year TEUR 10),. Licence fees for the electrolyser software (KEUR 89; previous year: KEUR 1,050) and other operating expenses (KEUR 171; previous year: KEUR 166). The sharp increase in currency translation expenses is due to the currency translation of payments to the Russian subsidiary in Russian roubles.

#### **V. Other information**

##### **Declaration of Conformity pursuant to § 161 AktG**

The Executive Board and Supervisory Board of Enapter AG last issued a declaration of compliance with the recommendations of the Government Commission on the German Corporate Governance Code in April 2023 in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it publicly available on the company's website at <http://www.enapterag.de/investor-relations/corporate-governance/>.

##### **Board of Directors**

members of the Executive Board in the 2022 financial year:

- Mr Sebastian-Justus Schmidt, Industrial Clerk, Chiang Mai, Thailand;
- Mr Gerrit Kaufhold, tax consultant, Hamburg.



Mr Sebastian-Justus Schmidt and Mr Gerrit Kaufhold did not hold any memberships in supervisory boards or other supervisory bodies within the meaning of Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG) during their appointments as members of the Executive Board in the 2022 financial year in addition to their activities as members of the Executive Board of Enapter AG.

The Executive Board member Mr Schmidt does not receive any direct remuneration from Enapter AG, his settlement is made within the framework of a contractually agreed management remuneration to BluGreen Company Ltd, Hong Kong (BluGreen), in which other BluGreen employees are also offset, which does not include any factors affecting profit or loss. In the 2022 financial year, the Supervisory Board tendered 50,000 options at a subscription price of EUR 22.05 per share and a fair value of EUR 8.04 per option to Mr Schmidt from the authorisation granted by the Company's Annual General Meeting on 6 May 2021 to implement a 2021 share option plan. On 20 December 2022, Mr Schmidt waived the 100,000 share options previously granted to him.

Mr Kaufhold was paid EUR 285,000 in the financial year (previous period: EUR 140,000 for the period 1 June to 31 December 2021). In the 2022 financial year, the Supervisory Board offered Mr Kaufhold 40,000 options at a subscription price of EUR 22.05 per share and a fair value of EUR 8.04 per option from the authorisation granted by the Annual General Meeting of the company on 6 May 2021 to implement a 2021 share option plan.

Profit-sharing, subscription rights and other share-based payments were not granted to the aforementioned Executive Board members in the 2022 financial year.

### **Supervisory Board**

members of the Supervisory Board in the 2022 financial year:

- Armin Steiner (Chairman of the Supervisory Board), Hanover, business economist;
- Oswald Werle (Deputy Chairman of the Supervisory Board), Feldkirch (Austria), industrial engineer;
- Ragnar Kruse, Hamburg, Managing Director;
- Prof. Dr. -Ing. Christof Wetter, Münster, Civil Engineer (from 28 July 2022)

In the financial year from 1 January to 31 December 2022, Mr Armin Steiner held the following memberships in supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence of the German Stock Corporation Act (AktG) in addition to his position as Chairman of the Supervisory Board of Enapter AG:

- Member of the Supervisory Board of Beta System Software AG
- Chairman of the Supervisory Board of zoo.de shopping community AG

Mr Steiner receives Supervisory Board remuneration of TEUR 24 (previous year: TEUR 24).

In the financial year from 1 January to 31 December 2022, Mr Oswald Werle held the following memberships in supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence of the German Stock Corporation Act (AktG) in addition to his position as a member of the supervisory board of Enapter AG:

- Member of the Supervisory Board of Transnet Global S.à.r.l, Luxembourg
- Member of the Advisory Board of Enapter AG and Blugreen Company Limited, Hong Kong.

Mr Werle receives a Supervisory Board remuneration of TEUR 18 (previous year: TEUR 18) and TEUR 96 (previous year: TEUR 108) for his work as a member of the Advisory Board.

In the financial year from 1 January to 31 December 2022, Mr Ragnar Kruse was also a member of the Advisory Board of Enapter AG and Blugreen Company Limited, Hong Kong, in addition to his activities as Chairman of the Supervisory Board. Mr Kruse receives supervisory board remuneration of TEUR 12 (previous year: TEUR 12).

In the financial year from 1 January to 31 December 2022, Prof. Dr Christof Wetter held the following memberships in supervisory boards and other supervisory bodies within the meaning of section 125 (1) sentence of the AktG in addition to his position on the supervisory board of Enapter AG:

- Member of the Supervisory Board of 2G Energy AG, Heek.

Prof. Dr. Wetter receives Supervisory Board remuneration of KEUR 5 for the period 28 July to 31 December 2022 (previous year: KEUR 0).

### Number of employees

In the period from 1 January to 31 December 2022, the Company employed an average of 5 employees (previous year: 3 employees), excluding the Executive Board.

### Group relations

Enapter AG, Heidelberg, prepares the consolidated financial statements for both the smallest and the largest group of companies.

The majority shareholder BluGreen Company Limited is a Hong Kong based unlisted corporation and does not prepare consolidated financial statements.

Subsidiaries of the Company within the meaning of Section 271 (2) HGB are Enapter GmbH, Berlin, Enapter S.r.l., Crespina Lorenzana (Pisa), Italy, Enapter Immobilien GmbH, Saerbeck and Enapter LLC, St.Petersburg. Enapter AG holds all shares in Enapter GmbH, Enapter Immobilien GmbH (since 11 January 2021), Enapter LLC, St. Petersburg and 99.98% of the shares in Enapter S.r.l.. The group's manufacturing operations are currently managed exclusively in Enapter S.r.l.:

Society	Share	Result 2022	Equity as at 31.12.2022
Enapter GmbH, Berlin	100,00 %	TEUR -2,737	TEUR 6,998
Enapter S.r.l., Pisa, Italy	99,98 %	TEUR -6,316	TEUR 24,143
Enapter Immobilien GmbH, Saerbeck	100,00 %	TEUR -296	TEUR 50,451
Enapter LLC, St. Petersburg, Russia	100,00 %	TEUR 155	KEUR 159

### Dependency Report

The Executive Board has prepared a report on relations with affiliated companies in accordance with § 312 of the German Stock Corporation Act (AktG).

### Contingent liabilities and other financial obligations

The company has concluded a consultancy agreement with the related company Enapter Co Ltd, Thailand. The monthly charge is KEUR 30. The contract is for an indefinite period and can, however, be terminated in writing with a notice period of 3 months.

The Company has entered into a management remuneration agreement with BluGreen Company Ltd, Hong Kong, an affiliated company. The monthly charge is KEUR 35. The contract is for an indefinite period and can, however, be terminated with a notice period of 3 months in writing.

Enapter AG has issued a letter of comfort for contract partners of its subsidiaries for the own share of the subsidiaries in the amount of EUR 0.6 million and contract performance guarantees in the amount of EUR 2.8 million.

There were no other contingent liabilities as at the balance sheet date.

### **Auditor's fee**

Pursuant to § 285 No. 17 of the German Commercial Code (HGB), the total fee charged by the auditor is not disclosed, as the information is provided in the consolidated financial statements of Enapter AG.

### **Events after the balance sheet date**

In February 2023, Enapter Immobilien GmbH concluded a financing of €25 million with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG, by issuing a bearer bond. The financing has a term of 2 years. By entering into the respective agreements, Enapter Group has agreed to provide appropriate collateral (land charge on the land and building of the Enapter Campus in Saerbeck, assignment of industrial property rights and receivables of the Group as well as assignment of movable fixed assets and inventories as security) and to fulfil other closing and downstream conditions, e.g. compliance with certain financial covenants.

In January 2023, Enapter (Thailand) Co. Ltd., Thailand was established as a wholly owned subsidiary of Enapter AG, which will take over the employees and operations of the related company Enapter Co. Ltd, Thailand.

To strengthen the operating companies in Italy and Germany, Michael Soehner was appointed Managing Director of Enapter S.r.l. and Philip Hainbach was appointed Managing Director of Enapter GmbH in March 2023. Jan-Justus Schmidt continues as Managing Director in both companies.

No other reportable events occurred prior to the preparation of the annual financial statements.

### **Notifications pursuant to the German Stock Corporation Act or the German Securities Trading Act**

#### Voting rights notification pursuant to section 40 (1) WpHG dated 11 April 2022:

- ⇒ mwb fairtrade Wertpapierhandelsbank AG has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, exceeded the threshold of 5% on 7 April 2022 and amounted to 9.83% (representing 2,400,000 voting rights) on that date.

#### Voting rights notification pursuant to section 40 (1) WpHG dated 11 April 2022:

- ⇒ Mr Sebastian-Justus Schmidt, has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, amounted to 64.24% (this corresponds to 15,677,091 voting rights) on 07 April 2022. 64.24% of the voting rights are to be attributed to Mr Sebastian-Justus Schmidt pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: BluGreen Company Limited.

#### Voting rights notification pursuant to section 40 (1) WpHG dated 27 May 2022:

- ⇒ mwb fairtrade Wertpapierhandelsbank AG, has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, fell below the threshold of 3% on 25 May 2022, and amounted to 1.99% (representing 485,943 voting rights) on that date.

#### Voting rights notification pursuant to section 40 (1) WpHG dated 27 May 2022:

- ⇒ Johnson Matthey Plc, on behalf of its company Johnson Matthey Investment Limited, has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, exceeded

the threshold of 3% on 25 May 2022 and amounted to 4.31% (this corresponds to 1,052,631 voting rights) on that day.

Notification of voting rights pursuant to § 41 WpHG of 10 August 2022 :

- ≡ Publication of the total number of voting rights after implementation of a capital measure, New voting rights: 27,195,000

Voting rights notification pursuant to section 40 (1) WpHG dated 15 August 2022:

- ≡ mwb fairtrade Wertpapierhandelsbank AG, has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, exceeded the threshold of 5% on 9 August 2022 and amounted to 8.83% (representing 2,400,209 voting rights) on that date.

Voting rights notification pursuant to section 40 (1) WpHG dated 29 August 2022:

- ≡ Mr Sebastian-Justus Schmidt, has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, amounted to 69.11% (this corresponds to 18,794,613 voting rights) on 25 August 2022. 69.11% of the voting rights are to be attributed to Mr Sebastian-Justus Schmidt pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: BluGreen Company Limited.

Voting rights notification pursuant to section 40 (1) WpHG dated 29 August 2022:

- ≡ mwb fairtrade Wertpapierhandelsbank AG, has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, fell below the threshold of 3% on 25 August 2022 and amounted to 0.00% (this corresponds to 0 voting rights) on this date.

Heidelberg, 26 April 2023

gez. Sebastian-Justus Schmidt  
*Board of Directors*

signed Gerrit Kaufhold  
*Board of Directors*



**Enapter**

**Enapter AG**

**FIXED ASSETS SCHEDULE**

for the period from 1 January to 31 December 2022

	Acquisition and production costs				Depreciation				Net book values	
	01.01.2022 EUR	Access EUR	Disposals EUR	31.12.2022 EUR	01.01.2022 EUR	Access EUR	Disposals EUR	31.12.2022 EUR	31.12.2021 EUR	31.12.2022 EUR
<b>I. <u>Intangible assets</u></b>										
1. Concessions, industrial property rights and similar assets	0,00	165.600,00	0,00	165.600,00	0,00	0,00	0,00	0,00	0,00	165.600,00
2. Prepayments made	0,00	193.986,25	0,00	193.986,25	0,00	0,00	0,00	0,00	0,00	193.986,25
	0,00	359.586,25	0,00	359.586,25	0,00	0,00	0,00	0,00	0,00	359.586,25
<b>II. <u>Property, plant and equipment</u></b>										
1. Operating and Business equipment	6.557,55	0,00	0,00	6.557,55	1.556,55	2.186,00	0,00	3.742,55	5.001,00	2.815,00
	6.557,55	0,00	0,00	6.557,55	1.556,55	2.186,00	0,00	3.742,55	5.001,00	2.815,00
<b>II. <u>Financial assets</u></b>										
1. Shares in affiliated Company	161.075.000	52.771.570,75	0,00	213.846.570,75	0,00	0,00	0,00	0,00	161.075.000	213.846.570,75
2. Participations	0,00	972.489,00	0,00	972.489,00	0,00	0,00	0,00	0,00	0,00	972.489,00
	161.075.000	53.744.059,75	0,00	214.819.059,75	0,00	0,00	0,00	0,00	161.075.000,00	214.819.059,75
	161.081.557,55	54.103.646,00	0,00	215.185.203,55	1.556,55	2.186,00	0,00	3.742,55	161.080.001,00	215.181.461,00

## COMBINED MANAGEMENT REPORT

for the financial year from 1 January to 31 December 2022 of Enapter  
**Enapter AG, Heidelberg and the Enapter Group**

### Fundamentals of the Company and the Group

#### Reporting company

Enapter AG is a stock corporation under German law (hereinafter "Enapter AG") with its registered office in Heidelberg. Enapter AG is registered in the Commercial Register of the Local Court of Mannheim under the number HRB 735361. The business address is Reinhardtstrasse 35 in 10117 Berlin.

As of 31 December 2022, Enapter AG has a share capital of EUR 27,195,000.00 with 27,195,000 no-par value bearer shares. The shares are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. The ISIN for the listed shares (International Securities Identification Number) is DE000A255G02, the WKN (securities identification number) is A255G0 and the stock exchange symbol is H20.

Enapter AG acts as an investment company that provides management and functional services to the subsidiaries it controls (hereinafter "Enapter" or "Group" or "Unternehmensgruppe"). It is also responsible for the financing of the group. Included in the consolidated financial statements as affiliated companies are Enapter S.r.l., Crespina Lorenzana (Pisa), Italy, Enapter GmbH, Berlin, Enapter Immobilien GmbH, Saerbeck and Enapter LLC, St. Petersburg, Russia.

#### Distinction between parent company and group

To clarify which information relates to the parent company and which to the group of companies, "Enapter AG" is always used for the parent company. For disclosures relating to the group, "Enapter", "group" or "group" or "group of companies" is used. Where the above distinctions do not apply and no other separate references are made, the information relates equally to the group of companies and the parent company.

#### Business activity

Enapter is an internationally positioned company. In 2022, production and research and development of the single-core electrolyzers are located at our site in Pisa, Italy. In the future, research and development and production of the multi-core electrolyzers will take place at our Enapter Campus in Saerbeck, Germany, the first building was occupied in November 2022. The Enapter GmbH headquarters are located in Berlin, Germany.

Enapter is a company that is making a significant contribution to the decarbonisation of the global economy. We consider the production and use of green hydrogen as an indispensable part of our mission. With our "Life Cycle Impact Zero" concept, which we want to implement by 2027, we are creating a model project for sustainable industrial production and thus doing pioneering work.

Our corporate purpose is the production of electrolyzers based on AEM technology. As an early mover, we see ourselves as a technology leader today and want to continuously expand this lead.

#### Research and development

Enapter has taken a unique approach to manufacturing AEM electrolyzers: We are developing a standardised stack that is significantly smaller and easier to handle than those of our competitors. This can significantly speed up the testing, development and market introduction of our products and lends itself to efficient scaling of production capacity. This approach works because we combine AEM's inherent technological advantages with our specific patents to achieve a sustainable competitive advantage for Enapter in the market. Like a "building block system",

our stacks can be assembled into electrolyzers of any size.

We rely on two different product lines. With our single-core electrolyzers, currently the EL 4.0, we cover smaller project sizes up to 250 kW. The production of our stack and our single-core electrolyzers, as well as their research and development, takes place at our site in Pisa, Italy.

Furthermore, we are currently developing the first generation of our multi-core electrolyzer, so-called multicores and frames, in which various stacks are controlled by a common balance of plant, thus creating systems that cover the megawatt range. The research and development of our multicore electrolyzers takes place at the Enapter Campus in Saerbeck, Germany.

As of 31 December 2022, the Enapter Group employs a total of 108 people (previous year: 83) in research and development, including software development.

Research and development expenses amount to EUR 6,876,000 in 2022 (previous year: EUR 3,709,000), or around 47% of sales revenues (previous year: 44%).

## **Patents**

Enapter has a large number of patents, the most important patent family granted covers the dry cathode AEM technology, namely the "Apparatus for the on-demand production of hydrogen by electrolysis of aqueous solutions on a dry cathode". This patent is valid for Europe, China, the USA and India. It provides Enapter with comprehensive legal protection of AEM electrolysis technology, as the granted patent is not related to a particular type of membrane or catalyst formulation, but applies to all electrolysis applications using a dry cathode.

New patent applications have been filed to get as close as possible to the dry cathode application and to obtain coverage in key jurisdictions and extend the term of protection beyond 2030, when the dry cathode patent family expires. Enapter has also filed patent applications for: Dry cathode electrolyzer variants; new product offerings (AEM Multicore and AEM Frames); components such as the gas block, recombiner and orifice check valve; software such as the dryer control network; and membrane developments.

## **Corporate management**

The company is managed on the basis of a monthly integrated planning statement consisting of an income statement, balance sheet and cash flow statement. The key figures and the most significant financial performance indicators are sales revenue, order backlog, EBITDA and liquidity development.

Enapter AG calculates EBITDA as a performance indicator with the aim of showing the group's earning power and to enable comparability over time or in an industry comparison. EBITDA is defined as earnings before interest, taxes, depreciation and amortisation and results from earnings before taxes plus interest and similar expenses less other interest and similar income plus depreciation and amortisation. In addition to the financial result and taxes, this performance indicator also neutralises distorting effects on the operating business activity resulting from different depreciation methods and valuation margins.

The financial performance indicators are continuously controlled and monitored by the Executive Board. The integrated reporting is made available to the Supervisory Board of the company on a monthly basis.

## **Business year**

The 2022 financial year of Enapter AG began on 1 January 2022 and ended on 31 December 2022.

## **Accounting and auditing**

Enapter AG prepares its consolidated financial statements in accordance with the applicable regulations of the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, as well as the supplementary regulations under commercial law to be applied in accordance with Section 315e (1) of the German Commercial Code (HGB). The individual financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB).

For the financial year 2022, use was made of the option of a combined management report (hereinafter also referred to as "management report"). This management report combines the management report of Enapter AG and the group management report of the corporate group and was prepared in accordance with §§ 289, 289a, 289f, 315, 315a and 315d HGB.

On 28 July 2022, the Annual General Meeting elected MSW GmbH Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for the annual financial statements and the consolidated financial statements for the 2022 financial year. There are no business, personal, financial or other relationships between the auditing company, its executive bodies and audit managers on the one hand and Enapter on the other hand that could give rise to doubts about the independence of the auditors. MSW GmbH Wirtschaftsprüfungsgesellschaft did not participate in the accounting or the preparation of the annual or consolidated financial statements of Enapter AG.

The valuation of assets and liabilities is based on the assumption that the company will continue as a going concern.

### **Rounding differences**

Unless otherwise stated, all amounts are given in thousands of euros (TEUR). For computational reasons, rounding differences of +/- one unit (TEUR, %, etc.) may occur in the information presented in these financial statements.

### **Forward-looking statements**

This management report contains forward-looking statements. These statements reflect our own assessments and assumptions - including those of third parties (such as statistical data relating to the industry and to global economic developments) - at the time they were made or at the date of this report. Forward-looking statements are always subject to uncertainties. Should the estimates and assumptions prove to be inaccurate or only partially accurate, actual results may differ - even significantly - from expectations.

## **Economic conditions and business performance**

### **Economic framework conditions**

Currently, the Enapter Group generates its sales primarily in Germany, Europe and the Asian region. Therefore, global macroeconomic developments and the real gross domestic product (GDP) are particularly relevant for the demand for Enapter products. In addition to integrators and research institutions, customers include a number of large companies and corporations that are dependent on global economic developments. For Enapter, the investment capacity of certain industries that are heavily dependent on world market prices for raw materials is crucial. These are primarily energy producers, steel, chemical and cement industries, as well as fertiliser and feed manufacturers.

The European and German economy had a mixed year in 2022. The Russian war of aggression in Ukraine caused energy and commodity prices to rise sharply. However, the impact on the German economy was cushioned by mild weather conditions, corporate energy savings and generous state aid, so that a recession was averted for the time being. According to the Federal Statistical Office, Germany's GDP growth in 2022 was 1.9% compared to the



previous year, which is above the European average of 1.7%.<sup>1</sup>

The inflation rate in the European Union was just over 10% in 2022. Prices in key European markets such as Germany and Italy rose by 9% and 12% respectively.<sup>2</sup> Both countries were disproportionately affected by the rise in energy prices due to the high share of imported natural gas from Russia. In Germany, energy products became 35% more expensive in 2022 compared to the previous year. Above all, household energy increased by 39%, electricity alone by 20%, natural gas by 65% and light heating oil by 87%<sup>3</sup>. Needless to say, these price increases have a negative impact on consumer purchasing power, which in both countries fell to historically low levels in the 21st century. However, it is also to be expected that the price fluctuations associated primarily with fossil fuels will increase the demand for alternative, emission-free energy sources, a trend which can be seen, for example, in the increased demand for solar-based heating systems.

A large part of the Corona measures expired in 2022 and the economy recovered from the effects of the restrictions. However, there were still occasional geographically limited outbreaks, such as in China at the end of 2022, which again partly led to higher logistics costs and delivery problems. At the end of 2022, however, most German health experts agreed that the pandemic was over. The German government's expert council finally ceases its work in April 2023<sup>4</sup>.

Staffing and raw material shortages led to noticeable supply bottlenecks in industry in 2022, which hit the manufacturing sector particularly hard. Plastics, steel, chemicals and electronic components have become scarce and burdened more than 80% of manufacturing companies with supply problems.<sup>5</sup> Overall, the machinery and equipment manufacturing sector emerged weakened from 2022. The initial double-digit growth rate could not be maintained in the second half of the year and fell back by four percentage points compared to the previous year.<sup>6</sup>

## Market for green hydrogen

The market for green hydrogen is at the beginning of a rapid growth curve. The International Energy Agency currently estimates global demand for hydrogen at 94.1 million tonnes per year.<sup>7</sup> Most of this is hydrogen produced from fossil fuels such as natural gas, oil and coal, but steadily falling production costs and the international spread of so-called net-zero policies have resulted in a significant boost in demand for CO<sub>2</sub>-free green hydrogen.

The political target for green hydrogen has developed positively in 2022. On the one hand, the Russian war of aggression in Ukraine has led the EU to double its climate and energy policy ambitions compared to the previous year with the REPowerEU programme. For green hydrogen, this means that by 2030 a total of 10 million tonnes of green hydrogen (90-100GW)<sup>8</sup> are to be produced in the EU and another 10 million tonnes of green hydrogen are to be imported. On the other hand, the USA passed the Inflation Reduction Act (IRA), probably one of the world's most generous subsidy programmes for green hydrogen. Important sales markets are thus emerging in Europe and the USA, which will also have a positive impact on the production of green hydrogen beyond their borders. Bloomberg, for example, expects that this will boost global production of up to 29.7 million tonnes of green hydrogen per year.<sup>9</sup>

The increasing demand for green hydrogen is also positively influenced by the steadily decreasing production costs; technological advances as well as economies of scale are decisive here. The International Energy Agency assumes

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<sup>1</sup> BMF Monthly Report, January 2023

<sup>2</sup> Statista, 2022

<sup>3</sup> Federal Statistical Office, 2023

<sup>4</sup> ["Pandemic situation normalised": Federal government's Corona expert council ceases work \(tagesspiegel.de\)](https://www.tagesspiegel.de)

<sup>5</sup> ifo Institute for Economic Research

<sup>6</sup> VDMA, 2023

<sup>7</sup> IEA Global Hydrogen Review 2022

<sup>8</sup> European Electrolyser Partnership

<sup>9</sup> BNEF 2022 Hydrogen Market Outlook

that electrolyser costs will fall by up to 70 percent by 2030. If this is coupled to the falling costs of electricity from renewable energies, costs of 1.3-4.5 USD/Kg of green hydrogen can be achieved<sup>10</sup>. In countries where renewable electricity can be produced more cheaply, green hydrogen is already in direct competition with fossil fuels.

Despite positive approaches, however, there was still a lack of a clear definition of green hydrogen as the basis for further political framework conditions and funding measures. As a result, in 2022 less than 2% of green hydrogen projects reached a final investment decision<sup>11</sup> and there was great uncertainty in the industry. In the EU, for example, a clear definition in the form of a delegated act has been awaited since 2020, but this was not available by the end of 2022 and was not published by the EU until February 2023<sup>12</sup>.

Currently, green hydrogen projects are mainly developed at the point of use, due to the lack of hydrogen infrastructure. Repurposing natural gas pipelines for hydrogen transmission could reduce investment costs by 50-80% compared to developing new pipelines<sup>13</sup>. There are currently many projects in development to convert natural gas pipelines to 100% hydrogen. However, practical experience is limited and significant reconfiguration is required.

## **Business development**

In 2022, the Enapter Group achieved sales of around 14.7 million euros (previous year: 8.4 million euros) with electrolysers and the associated components. Together with the change in inventories of work in progress and finished goods of around 0.5 million euros, an operating performance of around 15.2 million euros (previous year: 9.0 million euros) was achieved and thus in line with the adjusted expectations.

In the ad hoc announcement pursuant to Article 17 MAR of 22.07.2022 / 18:14 CET/CEST, Enapter AG had published the adjustment of the earnings forecast for the 2022 financial year. The reason for this was quality problems with supplier parts of individual components for the construction of the AEM electrolyser EL 4.0. As a result, there were delays in the start of production of the new EL 4.0. After the EL 4.0 was certified, production was ramped up in October 2022 and more than 1,200 electrolysers were produced and sold in the fourth quarter of 2022.

Enapter achieved an EBITDA of -10.6 million euros (previous year: -7.6 million euros). This means that the development of earnings in 2022 was also in line with the company's own adjusted expectations. The order backlog at the end of 2022 was around 13.5 million euros (previous year: 10.4 million euros), of which around 9.1 million euros (previous year: 8.1 million euros) fall into the 2023 financial year and around 4.4 million euros for the following years. Customer enquiries increased strongly in 2022, so that the sales pipeline was well filled with expressions of interest from potential customers at the beginning of 2023. The current customer enquiries add up to around 433 million euros, of which around 350 million euros concern the AEM Multicore - the megawatt electrolyser.

## **Major events**

At the beginning of 2022, Enapter successfully conducted the first three-day "Integration Partner Training". The series of events attracted a total of more than 300 participants, including a number of new prospects from a total of over 30 countries. Enapter distributes hydrogen solutions through an international network of more than 100 integration partners who support customers in the smooth implementation of their hydrogen projects. This first workshop included training for the partners to be able to integrate the patented AEM electrolysers according to current standards in various applications at the customer's site. Furthermore, the participants received explanations about new developments in software, hardware and the Enapter app, as well as detailed information

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<sup>10</sup> IEA Global Hydrogen Review 2022

<sup>11</sup> Pareto Securities, 2023

<sup>12</sup> European Commission, 2023

<sup>13</sup> IEA Global Hydrogen Review 2022

about the company's partner programme.

Enapter entered into a cooperation agreement with the system integrator VINCI Energies Deutschland Industry & Infrastructure GmbH in March 2022. The VINCI Energies division, part of the listed French concession and construction group VINCI, intends to use and sell Enapter's containerised large-scale hydrogen plants, so-called AEM multicores. The cooperation has a minimum term of five years. The common goal of the cooperation is to build hydrogen plants that meet the performance and cost requirements of the industry.

In May 2022, Enapter entered into a strategic partnership with Johnson Matthey, the global specialty chemicals company and market leader in environmental technologies. Johnson Matthey simultaneously participated in the capital increase completed in July 2022 with more than 20 million euros and thus holds more than 3% of Enapter AG. The strategic partnership includes joint research and development for advanced materials and components for AEM electrolyzers. The aim is to accelerate the scaling of production at Enapter and to achieve further continuous improvements in the performance of the AEM electrolyzers.

The share capital of Enapter AG was increased to 27,195,000 euros in July 2022 through the issue of 2,789,353 shares. The capital increase was entered in the commercial register of the Mannheim Local Court on 9 August 2022. With the implementation of the cash capital increase, Enapter AG received €51.2 million in cash and cash equivalents after deduction of the costs of raising the capital. The net proceeds from this capital measure were mainly used to finance the construction of the Enapter Campus in Saerbeck, Germany.

Enapter supplied 96 AEM electrolyzers in June 2022 as part of a cooperation with the Wilo Group to supply the Wilopark company headquarters in Dortmund with green hydrogen. The Wilo Group is one of the world's leading premium suppliers of pumps and pump systems for building services, water management and industry. The H2 Powerplant is fed by the company's own photovoltaic system. It is planned that the modular system based on Enapter's AEM electrolyzers will produce up to 10 tonnes of green hydrogen annually. In a first step, the H2-Powerplant will provide emergency power or grid backup for Wilo's headquarters as a pilot plant. In an expansion stage, the plant will then allow for a self-sufficient power supply.

Enapter received a €1 million grant from the Italian Ministry of Ecological Change in July 2022. Enapter plans to use the grant for the optimisation and industrialisation of dry cathodes for AEM electrolyzers. The corresponding research and development will take place at the Enapter plant in Pisa.

Enapter AG has expanded its supervisory board from three to four members. At the company's annual general meeting on 28 July 2022, Prof. Dr.-Ing. Christof Wetter was newly elected to the board. Mr Wetter holds a doctorate in civil engineering and has been a professor at the Department of Energy, Buildings, Environment at Münster University of Applied Sciences since 1999. His work focuses on renewable energy, biogas plants and biofuels as well as environmental and wastewater technology.

Enapter AG, together with seven leading European cleantech companies, announced the formation of a new Cleantech Scale-up Coalition in October 2022. The coalition is supported by Bill Gates, founder of Breakthrough Energy, and Kadri Simson, the European Commissioner for Energy, who were both present at the event. The members of the Cleantech Scale-up Coalition are companies that are scaling up and industrialising technologies to make Europe climate-neutral, energy-autonomous and even more competitive industrially

In the same month, the first employees at the Saerbeck site move into the new R&D building at the Enapter Campus after only one year of construction. The campus was built at the nearby bioenergy park in Saerbeck so that employees and future production can work with 100% green and regional electricity.

Enapter will begin shipping the fourth generation of their AEM electrolyser, the EL 4.0 in November 2022. This is the first, standardised electrolyser suitable for mass production. With its one-size-fits-all design, the AEM EL 4.0

electrolyser enables the production of green hydrogen for any application, at any scale and in any sector. It is lighter, smaller and certifiable to ISO 22734. With the new AEM electrolyser, Enapter aims to meet the strong demand for easy-to-integrate and easy-to-install electrolyzers.

Enapter closes the year with an order for two more megawatt-class AEM Multicores in December 2022. The Canadian company RE-FUEL Renewable Fuels Inc (RE-FUEL) has made it its mission to develop renewable fuels in the province of Prince Edward Island. RE-FUEL is working with Aspin Kemp & Associates Inc (AKA) - a leading Canadian energy systems integrator - to use hydrogen to build a more resilient and environmentally friendly energy supply. RE-FUEL's long-term goal is to make Prince Edward Island energy self-sufficient in heating, transportation, shipping, industry and aviation. Enapter's AEM electrolyzers will be used to produce green hydrogen as energy storage from renewable energy sources such as wind and water.

## Net assets, financial position and results of operations of the Enapter Group

### Earnings situation

<b>Earnings situation in TEUR</b>	<b>1.1.-31.12. 2022</b>	<b>1.1.-31.12. 2021</b>	<b>+/- in EUR</b>	<b>+/- in %</b>
Revenues	14.671	8.442	6.229	74%
<i>Increase in turnover in %</i>	74%			
Change in inventory	525	540	-15	-3%
<b>Operating performance</b>	<b>15.197</b>	<b>8.982</b>	<b>6.214</b>	69%
<i>Increase in operating performance in %</i>				
Cost of materials	-12.013	-7.874	-4.139	53%
<i>Cost of materials in % of operating performance</i>	-79%	-88%	-67%	
<b>Gross profit</b>	<b>3.184</b>	<b>1.109</b>	<b>2.075</b>	187%
<i>Gross profit margin</i>	21%	12%	33%	
Own work capitalised	6.383	3.330	3.053	92%
Other operating income	2.799	1.367	1.433	105%
Personnel expenses	-14.300	-7.596	-6.704	88%
<i>Personnel expenses in % of operating performance</i>	-94%	-85%	-108%	
Other operating expenses	-8.648	-5.828	-2.820	48%
<i>Operating expenses in % of operating performance</i>	-57%	-65%	-45%	
<b>EBITDA</b>	<b>-10.582</b>	<b>-7.619</b>	<b>-2.963</b>	39%
<i>EBITDA margin</i>	-70%	-85%	-48%	
Depreciation	-2.276	-1.002	-1.274	127%
<i>Depreciation in % of operating performance</i>	-15%	-11%	-20%	
<b>EBIT</b>	<b>-12.858</b>	<b>-8.621</b>	<b>-4.237</b>	49%
<i>EBIT Margin</i>	-85%	-96%	-68%	
Financial result	-97	-88	-9	12%
Income taxes	-23	8	-31	-404%
<b>Group result</b>	<b>-12.978</b>	<b>-8.702</b>	<b>-4.276</b>	49%
<i>Result margin</i>	-85%	-97%	-69%	

In 2022, the Enapter Group achieved sales of EUR 14,671,000 (previous year: EUR 8,442,000) with electrolysers and related components, of which EUR 7,765,000 (53%; previous year: EUR 4,330,000 (51%)) were generated with customers in Germany, EUR 2,688,000 (18%; previous year: EUR 1,350,000 (16%)) in the rest of the European Union and EUR 4,219,000 (29%; previous year: EUR 2,762,000 (33%)) with customers in the rest of the world, thus achieving an increase of around 74% compared to sales in the previous year. Thus, the turnover for 2022 essentially corresponded to the expectation for the 2022 financial year adjusted in July 2022, although the original turnover expectation of 44.7 million euros had to be corrected significantly downwards, in particular also due to delays in the certification and production of the AEM EL 4.0 electrolyser.

Together with the change in inventories of finished goods and work in progress, the operating performance increased again significantly by TEUR 6,214 (+69%; previous year: TEUR 6,671, +289%) to TEUR 15,197 (previous

year: TEUR 8,982) compared to the previous period.

The increase in the cost of materials from KEUR 7,874 to KEUR 12,013 is due to the increase in production. The cost of materials ratio improved compared to the previous period, but the model change from the electrolyser generation 2.1 to 4.0 led to changes on the procurement side and also the indirect consequences of the Russian war of aggression on Ukraine and the foothills of the Corona pandemic partially led to the fact that not all components were available on the procurement side in the required time, price and quality.

The other own work capitalised relates to development costs for intangible assets and assets under construction in property, plant and equipment, which were capitalised in the amount of TEUR 6,383 in the reporting year. The additions in 2022 mainly relate to development costs of EUR 3,711,000 for ongoing internal projects in product development in Italy and development costs of EUR 2,672,000 for the AEM Multicore (Hycore project) and for production at the Saerbeck site (Elefact project), which will be completed in subsequent years and then amortised over the expected useful life.

Other operating income of EUR 2,799,000 consists mainly of investment grants and other allowances (EUR 2,339,000, previous year EUR 858,000). These grants were mainly awarded in the context of the Elefact and Hycore projects in Germany and to support research and development activities in Italy. In addition, Enapter received a further instalment of prize money in the amount of KEUR 302 (previous year KEUR 292) as part of the Royal Foundation's Earthshot Prizes.

Personnel expenses have increased significantly, mainly due to the increase in personnel in Italy for R&D and production and in connection with additional personnel for the planned build-up of mass production of the electrolysers in Germany at the Saerbeck site ("Enapter Campus"). As of the balance sheet date 31 December 2022, the Enapter Group employed 239 people (31.12.2021: 189), of which 108 (previous year: 83) were employed in R&D, 65 (previous year: 68) in production and 66 (previous year: 38) in administration, sales and business development (excluding board members and managing directors).

Other operating expenses of EUR 8,648,000 in 2022 (previous year: EUR 5,828,000) consist mainly of legal, consulting and auditing costs (EUR 1,623,000; previous year: EUR 500,000), software development and management services of related parties (EUR 864,000; previous year: EUR 1,807,000), expenses for other external service providers (EUR 1,219,000; previous year: EUR 789,000), warranty costs (EUR 794,000), operating supplies (EUR 613,000; previous year: EUR 155,000), sales, distribution and marketing costs (EUR 576,000; previous year: EUR 517,000), 219,000; previous year: ' 789,000), warranty costs (' 794,000), operating supplies (' 613,000; previous year: ' 155,000), sales, distribution and marketing costs (' 576,000; previous year: ' 517,000), software licences (' 429,000; previous year: ' 332,000), insurance, contributions and fees (' 216,000; previous year: ' 169,000), ancillary rental and service costs (' 256,000; previous year: ' 122,000), capital market costs ' 143,000 (previous year: ' 321,000) and costs for the advisory board (' 78,000; previous year: ' 144,000).

KEUR 494 was spent on external research and development (previous year: KEUR 379). Currency translation costs increased to KEUR 409 (previous year: KEUR 10) due to increased transaction costs for payments in Russian roubles.

Group EBITDA amounted to TEUR --10,582 for 2022 (previous year: TEUR -7,619).

Depreciation and amortisation in 2022 totalled TEUR 2,276 (previous year: TEUR 1,002). Of this amount, EUR 1,273,000 was allocated to intangible assets (previous year: EUR 415,000), EUR 784,000 to property, plant and equipment (previous year: EUR 427,000) and EUR 218,000 to rights of use (previous year: EUR 161,000). The consolidated EBIT amounts to TEUR -12,858 after TEUR -8,621 in the previous year and is in line with the company's expectations.

The consolidated result amounted to TEUR -12,978 (previous year: TEUR -8,702) and is thus in the adjusted,

expected range.

## Net worth

in TEUR	31.12.2022	31.12.2021	+/- in EUR	+/- in %
<b>Net worth</b>				
<b>Current assets</b>	<b>27.577</b>	<b>29.920</b>	<b>-2.342</b>	-8%
<i>in % of balance sheet total</i>	26%	48%		
Bank balances	5.071	19.604	-14.533	-74%
Inventories	8.421	3.604	4.818	134%
Trade receivables	8.014	2.638	5.376	204%
Other current assets	6.071	4.073	1.998	49%
<b>Non-current assets</b>	<b>80.237</b>	<b>32.221</b>	<b>48.016</b>	149%
<i>in % of balance sheet total</i>	74%	52%		
Property, plant and equipment	67.900	23.985	43.915	183%
Intangible assets	10.272	7.110	3.163	44%
Other non-current assets	2.065	1.127	938	83%
<b>Total assets</b>	<b>107.814</b>	<b>62.141</b>	<b>45.673</b>	74%

The Group's asset position shows non-current assets of TEUR 80,237. Compared to 31 December 2021, this is an increase of TEUR 48,016 from TEUR 32,221. Current assets decreased by TEUR 2,342 from TEUR 29,919 to TEUR 27,577 compared to the previous year.

The additions to intangible assets mainly result from the capitalisation of development costs for existing and new projects. The additions to property, plant and equipment consist of investments in land and buildings (EUR 2,145,000), plant and machinery (EUR 1,158,000), office furniture and equipment (EUR 1,073,000) and advance payments made for the planned construction of the production facility in Saerbeck (EUR 40,612,000) less depreciation and transfers. The R&D and administration building in Saerbeck was handed over and occupied by the general contractor in October 2022.

Current assets consist mainly of bank balances of EUR 5,071,000 (previous year: EUR 19,604,000). Other current assets are inventories of EUR 8,421,000 (previous year: EUR 3,604,000) and other assets and trade receivables of EUR 14,085,000 (previous year: EUR 6,712,000). The increase in inventories and trade receivables results from the increased production and sales of electrolyzers.



## Financial position

in TEUR	31.12.2022	31.12.2021	+/- in EUR	+/- in %
<b>Equity and debt</b>				
<b>Current liabilities</b>	<b>16.070</b>	<b>10.397</b>	<b>5.673</b>	55%
<i>in % of balance sheet total</i>	<i>15%</i>	<i>17%</i>		
Liabilities from deliveries and services	11.191	6.387	4.804	75%
Current financial liabilities	987	1.340	-353	-26%
Short-term provisions	1.243	515	728	141%
Other current liabilities and accrued expenses	2.649	2.154	495	23%
<b>Long-term debt</b>	<b>5.290</b>	<b>5.224</b>	<b>66</b>	1%
<i>in % of balance sheet total</i>	<i>5%</i>	<i>8%</i>		
Non-current financial liabilities	2.841	3.283	-442	-13%
Long-term provisions	605	512	93	18%
Accruals and deferrals	1.844	1.428	416	29%
Equity	86.454	46.520	39.934	86%
<i>in % of balance sheet total</i>	<i>80%</i>	<i>75%</i>		
<b>Total equity and liabilities</b>	<b>107.814</b>	<b>62.141</b>	<b>45.3673</b>	74

Trade payables increased from EUR 6,387,000 to EUR 11,191,000 and result mainly from services used for the construction of the Enapter Campus in Saerbeck and the ramp-up of production in Pisa.

Deferred income (current and non-current) includes grants for completed R&D projects that receive government funding in Italy. Deferred income totalling EUR 2,155,000 (previous year: EUR 1,548,000) mainly includes R&D grants deferred into the future; these will be released over the expected useful life of the capitalised asset when the project to which it relates will be completed. Of these, KEUR 310 are with a term of up to one year and KEUR 1,844 with a term of more than one year. Other liabilities include advance payments received from customers in the amount of TEUR 904 (31.12.2021: TEUR 985).

Non-current liabilities increased by EUR 1,467,000 from EUR 5,224,000 as at 31 December 2021 to EUR 5,290,000. The financial liabilities shown above include loan liabilities of TEUR 2,371 and also lease liabilities of TEUR 471 (long-term) and TEUR 116 (short-term).

The group's equity capital amounted to TEUR 46,520 at the beginning of the financial year and increased by TEUR 39,934 to TEUR 86,454, mainly due to the cash capital increase (gross proceeds TEUR 52,997), reduced by the capital procurement costs of TEUR 1,770, the net loss for the period of TEUR -12,978. The equity ratio as of 31 December 2022 is 80% (31.12.2021: 75%).

The balance sheet total according to IFRS increased from TEUR 62,141 as of 31 December 2021 to TEUR 107,814 as of 31 December 2022.

## Cash flow

in T€	1.1.- 31.12. 2022	1.1.- 31.12. 2021	+/- in EUR
Cash flow from operating activities	-15.464	-7.997	-7.468
Cash flow from investing activities	-49.490	-25.064	-24.426
Cash flow from financing activities	50.421	48.417	2.004
<b>Change in cash and cash equivalents</b>	<b>-14.533</b>	<b>15.356</b>	<b>-29.889</b>
Cash and cash equivalents at the beginning of the period	19.604	4.248	15.356
<b>Cash and cash equivalents at the end of the period</b>	<b>5.071</b>	<b>19.604</b>	<b>-14.533</b>

The cash flow from operating activities decreased from KEUR -7,997 to KEUR -15,464, mainly due to the increase in current assets and the lower profit for the year.

The cash flow from investing activities amounts to EUR -49,490,000 and results mainly from payments for internal and external development costs for intangible assets and patents totalling EUR -4,436,000 as well as investments in property, plant and equipment of EUR -44,989,000, mainly for the production facilities in Saerbeck and Pisa.

The cash flow from financing activities in the financial year amounts to EUR 50,421,000 and consists mainly of inflows from the cash capital increases of EUR 52,997,000 less the costs of raising capital of EUR -1,770,000, inflows and borrowings of EUR 396,000, repayments of financial liabilities of EUR -1,048,000 and other transactions totalling EUR -154,000.

Cash and cash equivalents as at 31 December 2022 amount to TEUR 5,071 (previous year: TEUR 19,604).

### Overall statement on economic development

Sales revenues rose sharply by EUR 6.2 million (+74%) from around EUR 8.4 million in 2022 to around EUR 14.6 million in 2022. Although the sales target adjusted in the summer of 2022 was thus achieved, the original sales target for 2022 of EUR 44.7 million was clearly not reached. Due to delays in the start of production of the new 4.0 electrolyser, production could only be ramped up in autumn 2022. In the fourth quarter of 2022, over 1,200 electrolysers were produced. Including the change in inventories for finished goods and work in progress, an operating performance of around EUR 15.2 million (previous year: EUR 9.0 million) was achieved.

Due to the further expansion of business activities, operating expenses increased significantly. Enapter achieved an EBITDA of -10.6 million euros. This means that the development of results in 2022 was also in line with the company's own adjusted expectations. Working capital and investments were mainly financed by equity. In the course of a capital measure, the company received approximately EUR 51.2 million after deduction of the capital procurement costs. As of 31 December 2022, Enapter has equity of around EUR 86.5 million (previous year: EUR 46.5 million), which corresponds to an equity ratio of around 80% (previous year: 75%) as of the balance sheet date. This means that the non-current assets (75% of total assets) are covered by equity as of 31 December 2022.

The existing production capacities at the Pisa site were further expanded in 2022. The construction of the buildings at the Saerbeck site progressed according to plan. After completion, the Saerbeck site will mainly produce the AEM Multicore.

In summary, it can be said that due to the delayed start of production of the EL 4.0, business development fell short of the expectations formulated last year. However, after adjusting the forecasts to our new production schedule and also to the prevailing market conditions, the Enapter Group was able to achieve its revenue and sales targets,

which is why, in an overall view, the year 2022 can be assessed as positive.

## Notes to the financial statements of Enapter AG (Holding)

<b>Earnings situation in TEUR</b>	<b>1.1.- 31.12. 2022</b>	<b>1.1.- 31.12. 2021</b>	<b>+/-</b>	<b>in %</b>
Revenues	2.030	116	1.914	1653%
Other operating income	311	294	17	6%
Personnel expenses	-643	-260	-383	147%
Expenses for purchased services	-1.318	0		
Other operating expenses	-4.406	-5.175	769	-15%
<b>EBITDA</b>	<b>-4.026</b>	<b>-5.025</b>	<b>999</b>	<b>-20%</b>
Depreciation	-2	-2	0	6%
Financial result	4	-16	20	-125%
Income taxes	0	4	-4	-100%
<b>Annual result</b>	<b>-4.024</b>	<b>-5.039</b>	<b>1.014</b>	<b>-20%</b>

The sales revenues consist of licensing revenues for the electrolyser software of KEUR 204 (previous year KEUR 116) to the Italian subsidiary and the provision of services for the Group companies of KEUR 1,826 (previous year KEUR 0). The cost of purchased services results from software development costs for the electrolyser software and external consulting services.

Other operating income mainly consists of income from the second tranche of the Earthshot prize (KEUR 302). Personnel expenses of KEUR 643 (previous year: KEUR 260) increased in particular due to new hires in 2022.

Other operating expenses of EUR 4,406,000 (previous year: EUR 5,175,000) result mainly from the costs of raising equity (EUR 1,770,000; previous year: EUR 2,237,000), the stock exchange listing and other capital market costs (EUR 143,000; previous year: EUR 321,000), management compensation to the main shareholder BluGreen Ltd (EUR 409,000; previous year: EUR 418,000), services provided by the related company Enapter Co. Ltd. (EUR 366,000; previous year: EUR 339,000), accounting, financial statement and audit costs (EUR 223,000; previous year: EUR 152,000), insurance and contributions (EUR 145,000), legal and consulting costs (EUR 728,000; previous year: EUR 138,000), costs for the Enapter Advisory Board (EUR 78,000; previous year: EUR 144,000) and Supervisory Board (EUR 59,000; previous year: EUR 54,000), expenses from currency translation (EUR 370,000; previous year: EUR 10,000), licence fees for the electrolyser software (EUR 89,000; previous year: EUR 1.050,000) and other operating expenses (171,000 euros; previous year: 166,000 euros). The sharp increase in currency translation expenses is due to the currency translation of payments to the Russian subsidiary in Russian roubles.

In the financial year 2022, Enapter AG achieved a net loss according to HGB of TEUR - 4,024 (previous year: net loss TEUR - 5,039).

<b>Net assets in TEUR</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>+/-</b>	<b>in %</b>
<b>Assets</b>				
Fixed assets				
Property, plant and equipment	362	5	357	7147%

Financial assets	214.819	161.075	53.744	33%
<b>Total fixed assets</b>	<b>215.181</b>	<b>161.080</b>	<b>54.101</b>	34%
<i>in % of balance sheet total</i>	97%	95%	95%	
Current assets				
Receivables and other assets	3.442	1.416	2.026	143%
Bank balances	2.247	7.601	-5.353	-70%
<b>Total current assets</b>	<b>5.690</b>	<b>9.017</b>	<b>-3.327</b>	-37%
<i>in % of balance sheet total</i>	3%	5%	0	
<b>Total assets</b>	<b>220.871</b>	<b>170.097</b>	<b>50.774</b>	30%
<b>Capital</b>				
Equity				
Subscribed capital	27.195	24.406	2.789	11%
Reserves	201.663	151.455	50.208	33%
Accumulated loss	-10.273	-6.249	-4.024	64%
<b>Total equity</b>	<b>218.586</b>	<b>169.612</b>	<b>48.973</b>	29%
<i>in % of balance sheet total</i>	99%	100%		
Provisions	181	272	-91	-33%
Liabilities	2.104	212	1.892	891%
<b>Total capital</b>	<b>220.871</b>	<b>170.097</b>	<b>50.774</b>	30%

The **assets position** mainly shows financial assets of TEUR 214,819 (previous year: 161,075). The shares in affiliated companies are reported under financial assets:

- ⇒ Enapter GmbH (registered in the Commercial Register of the Local Court of Berlin (Charlottenburg) under HRB 201064, Reinhardtstraße 35, 10117 Berlin), shares 1 to 500,000 in Enapter GmbH, conveying a 100% interest in Enapter GmbH.
- ⇒ Enapter S.r.l. (registered with the Chamber of Commerce of Pisa, VAT n.13404981006, registered office: Via di Lavoria 56G, 56042 Crespina Lorenzana (PI), Italy), shares with a nominal value of EUR 499,900.00 in Enapter S.r.l., conveying a 99.98% shareholding in Enapter S.r.l..
- ⇒ Enapter Immobilien GmbH (registered in the Commercial Register of the Local Court of Steinfurt under HRB 13208, business address: Reinhardtstraße 35, 10117 Berlin), shares 1 to 25,000 in Enapter Immobilien GmbH, conveying a 100% interest in Enapter Immobilien GmbH.
- ⇒ Enapter LLC, St. Petersburg (registered with the St. Petersburg Chamber of Commerce, n.1217800171489, registered office: St. Petersburg, Russia), shares in the nominal amount of RUB 10,000 (approx. EUR 117) in Enapter LLC, which convey a 100% interest in Enapter LLC.

In the financial year, Enapter AG made payments into the capital reserves of Enapter S.r.l. totalling TEUR 15,000 (previous year TEUR 15,350). EUR 6,758,000 (previous year EUR 2,500,000) was paid into the capital reserves of Enapter GmbH and EUR 475,000 into the share capital. Payments of TEUR 30,539 (previous year TEUR 20,220) were made into the capital reserves of Enapter Immobilien GmbH.

Another significant component of Enapter AG's assets is the bank balance, which decreased from TEUR 7,601 to 2,247 compared to the previous year.

The subscribed capital of Enapter AG amounts to EUR 27,195,000 (previous year: EUR 24,405,647) as of 31 December 2022 after the implementation of the capital increases described below. As part of the capital increase carried out in the summer of 2022, 2,789,353 New Shares were subscribed, increasing the Company's share capital

by EUR 2,789,353 to EUR 27,195,000 with entry in the commercial register on 9 August 2022. The authorised capital 2021 was used to this extent; by resolution of the Annual General Meeting of 28 July 2022, the authorised capital currently amounts to EUR 13,500,000.

The capital reserve amounts to EUR 201,663,467 as at 31 December 2022 (previous year: EUR 151,455,112) and developed as follows during the financial year:

	<u>in TEUR</u>
Status as of 1 January 2022	151.455
Premium from the capital increase of 9.08.2022	50.208.
<b>Status as at 31 December 2022</b>	<u>201.663</u>

As at 31 December 2022, the following accumulated deficit results:

	<u>in TEUR</u>
Accumulated loss as at 1 January 2022	- 6.249
Net loss for the year	- 4.024
<b>Accumulated loss as at 31 December 2022</b>	<u>- 10.273</u>

Taking into account the subscribed capital, the capital reserve and the accumulated deficit, there is positive equity as of the balance sheet date of EUR 218,586,000 (previous year: EUR 169,612,000, which corresponds to an equity ratio of almost 99%.

Other provisions decreased by EUR 91,000 from EUR 272,000 to EUR 181,000 in the financial year and mainly consist of provisions for annual financial statement and audit costs of EUR 85,000 (previous year: EUR 128,000) and personnel costs of EUR 85,000.

Trade payables of KEUR 1,395 (previous year KEUR 197) have a remaining term of up to one year and are not secured. The increase compared to the previous year is mainly due to consultations in connection with the capital increase (KEUR 888), legal advice (KEUR 200) and the acquisition of intangible assets (KEUR 90).

Liabilities to affiliated companies include trade payables of EUR 622,000 (previous year: EUR 5,000). The liabilities to affiliated companies are due to Enapter LLC, Russia from a service contract and to Enapter SRL. The liabilities have a remaining term of up to one year. The other liabilities of EUR 88,000 (previous year: EUR 11,000) consist mainly of liabilities for wage and church tax of EUR 87,000 (previous year: EUR 9,000).

Total assets increased from EUR 170,097,000 as at 31 December 2021 to EUR 220,871,000 as at 31 December 2022, primarily due to the capital increases carried out.

With regard to the **financial position**, we refer to the consolidated group cash flow statement under "Results of operations, net assets and financial position of the Enapter Group", since the company, as a holding company, also provides financing for the subsidiaries.

### Report on material risks and opportunities

Our risk policy is in line with our strategy to provide the market with low-cost electrolyzers of high availability and quality by scaling our production, while also increasing our enterprise value. To achieve this, we manage appropriate risks and opportunities and avoid inappropriate risks.

Systematic and efficient risk management is a dynamic and constantly evolving task for the Executive Board of Enapter AG. In the following, the main risk positions are documented and the main features of the accounting-related internal control system and risk management system are presented.

In this context, the Enapter understands the accounting-related internal control system as the principles, procedures and measures to ensure the effectiveness and efficiency of accounting, to ensure the correctness of

bookkeeping and to ensure compliance with the relevant legal regulations. The individual components of the risk management system are described in more detail below.

While the risk management system is aimed at identifying and classifying risks, the internal control system is aimed at reducing risks through control measures. The internal control system is thus an integral part of the risk management system and is therefore summarised below.

The performance of both systems has general limits. Even an internal control system and a risk management system that can basically be judged as effective cannot provide absolute security for the avoidance of material misstatements or losses.

The Executive Board designs the scope and orientation of the systems set up on its own responsibility and in consultation with the Supervisory Board according to the company-specific requirements. The processes are adapted to the size and structure of the Enapter Group.

The objectives of the internal control system and the risk management system can be described as follows:

- ≡ Identification and assessment of risks;
- ≡ Limitation of identified risks;
- ≡ Reviewing identified risks in terms of their impact on the consolidated and individual financial statements of Enapter AG and Enapter subsidiaries and mapping these risks accordingly.

The entire process of preparing the financial statements for the individual financial statements under commercial law and the consolidated financial statements under IFRS is framed by a strict dual control principle and IT access restrictions.

In an annual risk inventory, risks are first listed. These are then assigned to company divisions. They are then classified according to the probability of occurrence as follows:

<b>Probability of occurrence</b>	<b>Description</b>
0% to 5	Very low
6% to 25%	Low
26% to 50%	Medium
51% to 100%	High

Then a classification is made according to the degree of financial impact at the time of risk occurrence as follows. Due to the change in business activity, these thresholds were halved compared to the thresholds of the previous year:

<b>Expected impact in TEUR</b>	<b>Degree of impact</b>
TEUR 0 to TEUR 250	Low
TEUR 250 to TEUR 1,000	Moderate
TEUR 1,000 to TEUR 5,000	Essential
> TEUR 5,000	Grave

Finally, both classifications are condensed into an overall risk assessment from "low" to "medium" to "high" according to the following matrix:

Overall risk assessment		Probability of occurrence			
		Very low	Low	Medium	High
Impact	Low	low	low	medium	medium
	Moderate	low	medium	medium	medium
	Essential	medium	medium	medium	high
	Grave	medium	medium	high	high

Controls are then established to limit the respective risks. The controls are then classified according to their characteristics:

- ≡ Type of control (manual or automatic)
- ≡ Effect of the control (preventive or detective) and
- ≡ Frequency of the control

With regard to accounting-related risks, these controls essentially consist of higher-level plausibility assessments as well as reconciliation actions.

The supervisory board receives all relevant (interim) financial statements at the draft stage for its information and as a basis for its audit activities. In addition, the Supervisory Board generally receives a monthly report and, at the discretion of the Executive Board or at the request of the Supervisory Board, a report tailored to its information needs, in which the integrated planning statement including the liquidity situation and planning is presented at the level of the individual companies and in a consolidated Group view in accordance with IFRS. -liquidity situation and planning at the level of the individual companies and in a consolidated Group view in accordance with IFRS.

The use of interactive Power BI dashboards also allows management to monitor key metrics from production to finance in real time.

Significant risks associated with an operating activity and the planned growth strategy, in particular for the resulting financing strategy, exist as follows as at the balance sheet date:

### Technology-, sales- and market-related risks

With its AEM electrolyzers, the Enapter Group is positioning itself as a potential disruptor in a market that is still very young. The market for green hydrogen is predicted to grow at a high to exponential rate in the coming years<sup>14</sup>, but analysts still disagree on when exactly the exponential part of the market ramp-up will start. Furthermore, there is a growing consensus that by 2030 AEM will be the winner compared to other electrolyser technologies in most of the key performance and price indicators, but this requires continued investment in research and development.

For the Enapter Group, this results in two risks. Firstly, the hydrogen market may grow more slowly than anticipated, or it may not grow as fast as expected. This could jeopardise Enapter's planned sales growth, as a lower order volume in the overall market against the backdrop of already announced manufacturing capacity increases by competitors will strongly increase competition for the fewer existing orders.

On the other hand, it could happen that the AEM technology does not prove to be as promising for the future as

<sup>14</sup> See e.g. International Energy Agency, Global Hydrogen Review 2022; BloombergNEF, 1H 2023 Hydrogen Market Outlook; Aurora Energy Research Project Database, 2022

previously assumed. If there are technology-related start-up difficulties during the commissioning of the first demonstration plants of the AEM Multicore, or if there are hardware-related failures in one of the pilot projects with customers, this could lead to reputational damage that negatively affects the market acceptance of AEM electrolyzers and could have a negative impact on the sales and earnings development of the Enapter Group.

So far, however, the electrolyzers in Enapter's laboratories, test stations and at customers' sites are proving to be stable and in some cases are achieving performance levels that AEM electrolyzers will not reach until 2030 according to the Strategic Research and Innovation Agenda of the European Union's Clean Hydrogen Joint Undertaking<sup>15</sup>. Enapter therefore assumes that the first-generation AEM multicores planned for 2023 and 2024 can be commissioned without problems and will lead to a faster adaptation of AEM technology.

The global markets for our products solutions and services are not yet as developed and yet factors such as pricing, product and service quality, development and launch time, customer relationships, financing terms and the ability to quickly adapt to changing market demand and trends play an important role in this market environment. The not yet fully developed legal framework, the infrastructure for transport and the customers may also lead to postponements in our customers' investments and thus delay the sales of our products and services, which could have a negative impact on the development of turnover and earnings.

### **Risks from economic, geopolitical or other impairments as well as restrictions on international trade**

The Enapter Group currently generates a large part of its turnover abroad and is dependent on world trade and the functioning of international supply and payment chains being as free of disruptions as possible. International trade has recently been affected and restricted by Russia's war of aggression on Ukraine and may be affected by further trade conflicts (most recently mainly between the USA and China) and the resulting changes to the international trade regime. US-China) and resulting changes in trade defence measures, including embargoes, tariffs and other trade barriers as well as import and export regulations and licensing requirements; by unforeseen changes in the respective national tax legislation or in other national laws and regulations relevant to the Enapter Group's activities or in the way such regulations are interpreted, applied or enforced; by exchange rate fluctuations and settlement-related restrictions on the exchange of currencies or by regional political or social unrest affecting global trade as a whole and/or resulting in operational disruptions and consequent delays in delivery, acceptance and/or payment by the Enapter Group's business partners and/or restrictions on the Enapter Group's ability to enforce its claims in court. Such changes in the geopolitical or economic environment in the countries and regions in which the Enapter group operates may have a material adverse effect on the Enapter group's financial condition and results of operations.

### **Risks in procurement and production**

The results of our operating units depend on reliable and effective management of our supply and logistics chain for components, parts, materials and services. The production of our electrolyzers and their components could encounter technical implementation problems, as the production of electrolyzers is technically and organisationally demanding. A possible renewed increase in the spread of the coronavirus in the wake of the COVID 19 pandemic or the indirect consequences of armed conflicts and geopolitical tensions could lead to operational disruptions and interruptions, especially in the supply chains.

However, if production or marketing cannot be realised as planned, this would have a significant impact on the key figures turnover, EBITDA and net income.

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<sup>15</sup> [Clean Hydrogen JU - SRIA Key Performance Indicators \(KPIs\) \(europa.eu\)](https://ec.europa.eu/euro-observatory/en/clean-hydrogen-joint-undertaking-sria-key-performance-indicators-kpis)



Increased procurement prices can have a negative impact on our gross profit margin and thus on our earnings situation. By expanding our production volumes, we have been able to optimise and broaden our supplier structure, but we are still affected by possible price increases for energy and essential components if we cannot pass on the price increases to our customers.

### **Risks in connection with the planned expansion strategy**

There are risks from the ramp-up of series production of electrolyzers in Italy and from the completion of the production facility in Saerbeck in North Rhine-Westphalia, particularly with regard to the development of a new stack to be mass produced for the single-core and multi-core electrolyzers and with regard to the financing of this expansion strategy.

After about one year of construction, the buildings of the production facility and the research and development centre on the Enapter campus in Saerbeck were completed. The research and development centre was occupied by the employees at the end of October 2022, and the production facility was handed over at the beginning of 2023. The financing of the land, the buildings and the technical construction facilities with acquisition and production costs of around EUR 54 million has so far been carried out exclusively with equity capital from the capital increases in autumn 2021 and summer 2022. Originally, it was planned to also finance part of the Enapter Campus with debt financing, but this could not yet be realised with classic bank financing. The equity was sufficient to complete and pay for the buildings and to finance operations until the end of the year.

The orders for the machinery have not yet been triggered. The original plan was to produce the single-core electrolyzers in Saerbeck as well. With the expansion of production capacities at the site in Pisa, Italy, the quantities produced there are sufficient to cover the demand for single-core electrolyzers. We observe that the demand for electrolyzers for the production of larger quantities of hydrogen has increased strongly, which we can serve with the AEM Multicore that we are building at the Saerbeck site. The first prototype will be delivered to the bioenergy park in April 2023, with further deliveries to customers scheduled for the second half of 2023.

The development, design and construction of the first AEM electrolyser in the megawatt class, the AEM Multicore, was funded by the Project Management Organisation Jülich in the funding measure Basic Energy Research in the funding call for ideas competition Hydrogen Republic of Germany - Lead Projects on Green Hydrogen with a grant of 60 % of the actual costs incurred, but up to a maximum of EUR 5.6 million. Nevertheless, there is a cost risk if the costs for the development and production of the AEM multicores in the first generation are higher than the achievable sales prices.

The establishment of efficient production is crucial for future profitability. The order for the machinery for the expansion of production capacities at the Saerbeck site is to be placed when the corresponding orders have been received and the financing of the machinery has been secured. Here, too, the development of production at the Saerbeck site is supported by a funding project at the Project Management Organisation Jülich for the project Innovative Development of Machine Blueprints for AEM Mass Production up to an amount of EUR 9.4 million, but 50% of the total eligible expenditure must be financed in advance and the own contribution of 50% must be borne by the company itself.

The bearer bond issued and paid out in February 2023 for a nominal amount of EUR 25.65 million with a term of two years can be used to secure the investments planned in 2023 and the operational capital requirements for 2023. However, there is a risk that the capital requirement could increase due to changes in the general conditions.

### **Liquidity and financing risks**

Following the capital increases successfully carried out in 2021 and 2022 and the debt capital received at the beginning of 2023, Enapter expects to be able to continue to cover the capital requirements for further growth

through capital measures in the future.

In February 2023, the Enapter Group had concluded a financing of €25 million with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG, by issuing a bearer bond. The financing has a term of 2 years. Based on the currently available liquid funds, the financing of the Enapter Group is thus secured until at least February 2024. By entering into the respective agreements, Enapter has undertaken to provide collateral and to fulfil other closing and downstream conditions, e.g. compliance with certain financial covenants. Non-compliance with these provisions could lead to costs for contract adjustments or even to a termination of the respective agreements, for which there are currently no indications.

Further funding required beyond February 2024 will be secured through appropriate capital measures at the appropriate times. The extent to which we are able to obtain this funding could depend on a number of factors beyond our control. These include general economic conditions due to the ongoing pandemic, geopolitical events, monetary policy and financial market regulation worldwide and in the EU. Further, however, a deterioration in Enapter's business results, financial condition or credit rating could also lead to reduced availability of credit and/or higher financing and hedging costs. The equity markets have also been weighed down by geopolitical instability and all sorts of uncertainties. Rising inflation, an aggressive interest rate hike policy by central banks around the world, the Ukraine war and other geopolitical commitments that had a negative impact on global procurement and sales markets ensured that recession concerns increasingly dominated events on the stock markets. In principle, the interest and demand on the capital market for "hydrogen" shares is high, also due to the political backing in the USA in the EU, but the valuation and demand for these shares could deteriorate if, due to the slower than expected market ramp-up for hydrogen, the business results remain below expectations and the profitability of the business model is achieved later. If the assumptions made in the planning regarding business performance and financing do not materialise, this would have a significant impact on the Company's financial position. These events and circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and that represents a going concern risk within the meaning of section 322 (2) sentence 3 HGB.

## **Litigation**

Risks from legal disputes are not apparent. There are no lawsuits against the company.

## **Overall assessment of the risk situation**

Currently, taking into account Enapter's current direction, there are specific risks that are monitored as far as they are within the company's sphere of influence. Enapter estimates the overall risk of the listed strategic, operational and financial risks to be moderate. In Enapter's opinion, there are currently no risks that could jeopardise the company's existence within the next 12 months.

With its focus on a platform strategy for small and large electrolyzers, Enapter sees itself well positioned on the market side. Decisive for the demand for electrolyzers are the quality, functionality, price and operational costs for the production of hydrogen for customers, but also the provision of the corresponding infrastructure and reliable legal framework conditions.

The investments required for further growth and the financing of operations are to be financed through appropriate equity and/or debt measures. Following the successfully implemented capital increases and the debt capital received at the beginning of 2023, Enapter expects to be able to continue to cover the capital requirements for further growth through capital measures in the future.

## Opportunities

Green hydrogen is in a highly attractive market environment and will experience a real boom in the next few years, as a consensus has formed in recent years that hydrogen is the only low-emission energy carrier that can sustainably decarbonise industry. Thus, green hydrogen is the only way, especially for industrialised nations, to achieve their climate goals within the given time frame. After the clear commitment to almost unlimited financial support for hydrogen projects by the US Inflation Control Act, other nations that also want to build local hydrogen economies are now under pressure to create similarly attractive incentive mechanisms, first and foremost the European Union. In addition, the Ukraine war has also once again highlighted to the population how risky fossil fuel dependency is in a geopolitical context and has increased the demand for alternative energy concepts and/or self-sufficient off-grid solutions in many places - hydrogen solutions cover both of these areas.

Enapter is the technology leader in innovative anion exchange membrane electrolysis, which stands out from other electrolysis technologies in various aspects and is generally regarded as the most promising of these. The main reason for this is that AEM has an enormous cost reduction potential, which results primarily from the fact that no platinum group metals are used for electrolysis. Enapter's electrolyzers already meet many of the performance indicators for AEM technology that various research institutions are predicting for 2030, especially in the areas of efficiency, flexibility and operating costs.

Another competitive advantage of the Enapter is the modular production approach based on the building block principle, which has already proven itself in the automotive industry for years. The standardised design of the stack, which represents the so-called minimum modular unit, allows for rapid scaling and high automation in production. This allows Enapter to move disproportionately quickly from manual series production to mass production and thus achieve further economies of scale.

In summary, the Enapter Group with its promising AEM technology is very well positioned to benefit from the expected exponential growth of the green hydrogen market. While industrialised countries around the world are setting the course for large-scale and generous funding of hydrogen projects, electrolyser manufacturers are preparing for mass production. Enapter's modular product design allows it to participate in the expected exponential market ramp-up and contribute to making green hydrogen the "oil of the 21st century".

[Report on the expected development](#)

## Economic framework conditions

Neither the end nor the outcome of the Russian war of aggression in Ukraine is currently in sight. Therefore, certain uncertainties remain that have a negative impact on the stability of the German or global economy. These include extreme price fluctuations for energy and raw materials as well as persistent supply chain bottlenecks with negative consequences for international trade flows. Currently, the International Monetary Fund expects a global growth rate of 2.9% for 2023<sup>16</sup>. This means that global economic growth is below the historical average compared to the past two decades.

According to the Federal Statistical Office, prices for energy products in Germany were 19.1% higher in February 2023 than in the same month of the previous year, despite the relief measures taken by the Federal Government<sup>17</sup>. The continuing rise in the inflation rate remains a cause for concern; this was 8.7% in Germany in February 2023<sup>18</sup>. At present, further price level developments can hardly be reliably predicted. In addition, there is considerable cost pressure among German machinery and plant manufacturers: according to PwC, despite rising sales prices, a

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<sup>16</sup> IMF, 2023

<sup>17</sup> Federal Statistical Office, 2023

<sup>18</sup> Ibid.

majority of companies do not expect to be able to maintain their profitability and anticipate a sales trend for the industry as a whole of -2.9%<sup>19</sup>.

In addition, companies in Germany and Europe are increasingly under pressure in the rising expense of recruiting new skilled workers, which has increased massively in all sectors of the economy in recent years. Mechanical engineering is particularly affected, where the shortage of skilled workers is now the most important business risk after rising energy prices and inflation<sup>20</sup>. This reduces their flexibility when it comes to being able to react promptly to new orders by hiring additional staff.

## Market for green hydrogen

The Inflation Control Act enacted by the United States in autumn 2022 will permanently change the global hydrogen market. Bloomberg New Energy Finance (BNEF) forecasts that the use of electrolyzers in the United States will increase tenfold. About 1 GW of the 2-3 GW of global electrolysis capacity expected for 2023 will be commissioned there. At the same time, many other countries, such as the EU, Germany and Canada, will try to set up a similarly generous support regime as the US in order to remain attractive to international hydrogen companies. In 2022, globally available funding for hydrogen projects increased by almost half to 146 billion USD, with similar growth expected in 2023<sup>21</sup>. In parallel, the number of countries with dedicated hydrogen strategies will also continue to increase. At present, 42 countries have already published a national hydrogen strategy, and 36 more are currently working on publishing their own strategies.<sup>22</sup>

While strong growth is predicted in the USA, there could be delays in other regions. Despite numerous new project announcements, there are just as many postponements and sometimes even cancellations of already announced projects. This is particularly noticeable in Europe, the Middle East, Africa and the Asia-Pacific region. In addition to uncertainties about subsidy programmes, the main reasons for this are expected to be production and delivery delays by various electrolyser manufacturers, which will in all likelihood continue throughout 2023. Nevertheless, analysts still expect a doubling or tripling of the 800 MW of delivered electrolysis capacity in 2022. Alkaline electrolyzers are expected to account for three-quarters of this and PEM technology for one-quarter. Solid oxide electrolyzers and AEM will account for only about 1% of the electrolyzers shipped worldwide<sup>23</sup>.

It could be a challenging year for electrolyser manufacturers. According to BNEF, the capacity announced by manufacturers to produce electrolyzers exceeds demand by a factor of 12<sup>24</sup>. This means that many factories are only being utilised to a very low degree, which could cause financial difficulties for manufacturers who have made large investments and are not flexible enough to adapt the build-up of their capacity to the market environment.

On the demand side, Europe remains the clear frontrunner in terms of the pipeline of announced hydrogen projects. The clear decarbonisation targets at national and European level require innovative solutions, especially from actors in hard-to-decarbonise industrial sectors. Pilot projects in the steel industry can therefore be expected mainly from European actors<sup>25</sup>. Hydrogen for ammonia production, on the other hand, is expected to be produced and made available for export where production costs will be cheapest. The use of hydrogen for road transport is mainly driven by Chinese fleet upgrades, while in Europe regional fleet operators continue to upgrade on a smaller scale<sup>26</sup>.

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<sup>19</sup> PwC MechanicalEngineering Barometer, 2022

<sup>20</sup> DIHK, 2022

<sup>21</sup> [Hydrogen: 10 Things to Watch for 2023 \(bnef.com\)](https://www.bnef.com/articles/2022/12/14/hydrogen-10-things-to-watch-for-2023/)

<sup>22</sup> BloombergNEF Global Hydrogen Strategy Tracker 2023

<sup>23</sup> BloombergNEF, 1H 2023 Hydrogen Market Outlook

<sup>24</sup> Ibid.

<sup>25</sup> [Hydrogen Projects Database - Data product - IEA](https://www.iea.org/databases/data/hydrogen-projects-database/)

<sup>26</sup> [China's capital envisages 10,000 fuel cell vehicles by 2025 | Reuters](https://www.reuters.com/technology/china-capital-envisages-10000-fuel-cell-vehicles-by-2025-2022-12-14/)

The planned hydrogen transport infrastructure is also expected to make further progress in 2023. The developers of the first European cross-border hydrogen pipeline from Spain to Germany are currently seeking funding. Several other European pipeline projects could reach the final investment decision in 2023. Until the pipelines are completed, hydrogen will be transported mainly by ship, and ammonia import terminals are being planned in various geographies, especially in South Korea and the EU.<sup>27</sup>

Overall, Enapter is looking forward to a year of significant growth, but at the same time assumes that the predicted explosive market growth for electrical equipment manufacturers will in all likelihood not occur for another two to three years.

## **Turnover development and introduction of new products**

The Enapter Group continues to produce at the Enapter S.r.l. site in Pisa, Italy. In preparation for the market launch of the EL 4.0 in autumn 2022, manual series production was further expanded and a large number of efficiency levers were lifted. At the beginning of 2023, the Pisa site will have a production capacity of approx. 1,000 electrolyzers per month, which can be significantly expanded further with shift operation.

The current model of the Enapter group is the electrolyser "EL 4.0", the fourth generation of Enapter's single core electrolyser, which is still based on Enapter's patented dry cathode technology. This represents Enapter's most compact, lightest and most affordable electrolyser. Compared to Enapter's first product, the weight and price have been reduced by half and the dimensions of the unit by 40 percent. Enapter is thus following a clear optimisation trend towards a standardisable, compact stack model that can be mass-produced. Due to its modular design and the resulting extremely simple installation, commissioning and maintenance, the EL 4.0 is suitable for almost any hydrogen application. It can be delivered to Enapter's global customer base in less than three months, making it one of the shortest delivery times in the industry. Another special feature is that any number of electrolyzers can be connected in series: Combined in so-called clusters and cabinets, the EL 4.0 covers project sizes of up to 500 kW.

Series production of the EL 4.0 began in September 2022, with the first deliveries taking place in November. Due to quality problems with supplier parts of individual components, the start of production of the new electrolyser, which was planned for the summer, had to be pushed back a few months, which led to an adjustment of the earnings forecast for 2022. Since then, however, record figures have been set in production in Pisa - Enapter delivered more than 1,200 electrolyzers in the third quarter<sup>28</sup>.

The backlog at the end of 2022 was around €13.5 million, of which around €9.1 million falls into FY 2023. At the end of March 2023, Enapter has a sales pipeline of over 430 million euros. Just under a fifth of customer enquiries are for single core electrolyzers, totalling over 10,000 units. However, the majority is targeting the newest product in the portfolio, the AEM Multicore, whose pipeline demand exceeds 300 million euros.

In order to produce the AEM Multicore product as efficiently and scalably as possible, Enapter has invested in the construction of a second site in Saerbeck near Münster, Germany. Moving into the site after only one year of construction, Enapter is ready for the next chapter in securing its place in the megawatt segment. Saerbeck will initially set up a manual production line - similar to the one at the Pisa site - so that Enapter can quickly start its own stack production. This will be automated and scaled up over the next few years to meet the demand for the planned production of megawatt solutions. The first AEM Multicore is expected to be commissioned in April 2023 at the Saerbeck Bioenergy Park. In the course of the 2023 financial year, up to 4 AEM Multicore are to be delivered to European customers.

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<sup>27</sup> BloombergNEF, 1H 2023 Hydrogen Market Outlook

<sup>28</sup> [https://enapterag.de/wp-content/uploads/2023/01/2022-01-10-Enapter\\_Production\\_CN\\_-DE.pdf](https://enapterag.de/wp-content/uploads/2023/01/2022-01-10-Enapter_Production_CN_-DE.pdf)

For 2023 as a whole, we continue to expect a significant increase in revenue. We continue to adhere to the revenue forecast of EUR 30 million confirmed in January 2023 due to the increased production capacities at the Pisa site and the order backlog as well as the expected order intake from the orders currently being negotiated. However, ongoing inflation and Russia's war of aggression against Ukraine could lead to supply chain-related procurement difficulties, which could have a negative impact on the annual sales planned for 2023.

### **Result forecast and overall statement**

For 2023, Enapter expects an EBITDA in the range of -10 to -11 million euros with a turnover of around 30 million euros.

The year 2023 will be significantly characterised by the further expansion of production capacities for the Model EL 4.0 electrolyser at the Pisa site. Here, production has been continuously increased since October 2022 and thus the growing demand for the electrolyser of the latest generation could be met. At the time of reporting, the order backlog for the Model EL 4.0 electrolyser amounts to around €7 million for 2023. Delivery of the first megawatt systems of the first-generation AEM Multicores is scheduled to begin in 2023.

The Corona pandemic is largely over and the direct business risks arising from the Ukraine war have been significantly mitigated. Despite this, indirect risks to Enapter remain, such as the shortage of raw materials for the important chemical elements for our production of cobalt and nickel. Another risk is the persistent inflation, which both significantly hampers the targeted manufacturing cost reductions and limits our customers' willingness to invest and purchasing power. We plan to increase procurement and price security by concluding longer-term supply contracts.

For the planned growth of the company, more is being invested in the development of a new stack generation, which is to be used in the next generation of the AEM Multicore. Staffing levels have been adjusted to meet changing market and production requirements. Enapter expects losses and associated cash outflow to continue until production and associated sales of the electrolyzers are sustainably ramped up. In 2024, it is planned to reach pre-series maturity of the Multicore and to deliver further units to customers. In the long term, it is planned to produce the hydrogen stacks of the Multicore, with their special requirements for the megawatt class, in series in Saerbeck.

For Enapter AG in the separate financial statements as the parent company of the group, we expect comparable revenues and results in 2023 as in the previous year.

## **Takeover-relevant data and further information**

As a listed company whose voting shares are listed on an organised market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG), Enapter AG is required to include in its management report the information specified in Sections 289a and 315a of the German Commercial Code (HGB). They are intended to enable a third party interested in taking over a listed company to form a picture of the company, its structure and any obstacles to takeover.

### **Composition of the subscribed capital**

The subscribed capital of Enapter AG amounted to EUR 27,195,000 as of the balance sheet date and was divided into 27,195,000 no-par value ordinary bearer shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up in the amount of EUR 27,195,000. All shares carry the same rights and

obligations; there are no shares of different classes. Each share in Enapter AG grants one vote and the same share in the profits at the Annual General Meeting.

The Company currently has the following authorised and conditional capital:

By resolution of the Annual General Meeting of 28 July 2022, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the Company once or several times within five years by up to EUR 13,500,000.00 against contributions in cash and/or in kind. Shareholders' subscription rights may be excluded (Authorised Capital 2022).

The Executive Board resolved on 6 April 2022, with the consent of the Supervisory Board of the same date, to carry out a capital increase by issuing at least EUR 1,578,948 new no-par value bearer shares with a pro rata amount of the share capital of the Company of EUR 1.00 each ("New Shares") at a subscription price of EUR 19.00 per share, making use of the Authorised Capital 2021.

In the course of the capital increase, 2,789,353 new shares were subscribed and thus the share capital of the company was increased by EUR 2,789,353 to EUR 27,195,000.00 with entry in the commercial register on 9 August 2022. The authorised capital 2021 was used to this extent; by resolution of the Annual General Meeting of 28 July 2022, the authorised capital currently amounts to EUR 13,500,000.

The Annual General Meeting of 6 May 2021 authorised the Executive Board, with the consent of the Supervisory Board, to issue convertible bonds and/or bonds with warrants or profit participation rights with or without conversion or subscription rights (collectively hereinafter also referred to as "Bonds") in a total nominal amount of up to EUR 250,000,000.00 on one or more occasions until 5 May 2026. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 9,240,520 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 9,240,520.00 in total. The conversion and subscription rights may be serviced from a conditional capital to be resolved in this or future general meetings, from existing or future authorised capital and/or from a cash capital increase and/or from existing shares and/or provide for a cash settlement instead of the delivery of shares. The conditional capital has not been used since the authorisation by the Annual General Meeting on 5 May 2021.

The conditional capital increase serves to grant no-par value shares to the holders of warrant or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments, also e.g. convertible bonds with attached warrants) (together the "Bonds"), each with option or conversion rights or obligations. -Bonds with option or conversion rights or obligations issued by the Company or a group company of the Company within the meaning of section 18 of the German Stock Corporation Act (AktG) in which the Company directly or indirectly holds at least 90% of the votes and capital on the basis of the authorisation resolved by the Annual General Meeting of 5 May 2021 until 5 May 2026.

a) Restrictions affecting voting rights or the transfer of shares

The company has no rights from its own shares. In the cases of § 136 AktG, the voting right from the shares concerned is excluded by law.

b) Direct or indirect shareholdings exceeding 10% of the voting rights

With regard to direct and indirect participations in the capital of Enapter AG exceeding ten percent, please refer to the information provided in the notes to the annual financial statements of Enapter AG under item "VII".

For the consolidated financial statements, please refer to the disclosures in the notes under "IV. OTHER DISCLOSURES AND EXPLANATIONS, K. Disclosures under the German Stock Corporation Act and the German Securities Trading Act".

- c) Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of members of the Executive Board and the amendment of the Articles of Association

Appointment and dismissal of the members of the Executive Board is based on §§ 84, 85 AktG. Pursuant to § 84 AktG, Executive Board members are appointed by the Supervisory Board for a maximum term of five years. A repeated appointment or extension of the term of office is permissible. Pursuant to § 5 of the Articles of Association, the Executive Board of Enapter AG consists of one or more members. The supervisory board decides on the number of members of the executive board, the appointment and revocation of the appointment as well as the employment contracts. The supervisory board may appoint a chairman of the executive board and a deputy chairman. The supervisory board may revoke the appointment of a member of the executive board for good cause. Such cause is namely gross breach of duty, inability to manage the business properly or withdrawal of confidence by the general meeting, unless confidence has been withdrawn for obviously improper reasons. The supervisory board may issue rules of procedure for the executive board. With effect from 15 November 2020, the supervisory board has issued rules of procedure for the executive board.

Any amendment to the articles of association shall require a resolution of the general meeting. The resolution of the general meeting requires a majority of at least three quarters of the share capital represented when the resolution is adopted. Pursuant to § 179 (2) sentence 2 AktG, the articles of association may stipulate a different capital majority, but only a larger capital majority for a change in the object of the company. According to the Articles of Association of Enapter AG, the Annual General Meeting passes its resolutions with a simple majority of the votes cast and - if the law prescribes a capital majority in addition to the voting majority - with a simple majority of the share capital represented when the resolution is passed, unless mandatory statutory provisions to the contrary apply.

### **Dependency Report**

The Executive Board of Enapter AG has prepared a report on the company's relationship with affiliated companies pursuant to Section 312 (1) sentence 1 AktG. The Executive Board of Enapter AG declares as follows:

"In the legal transactions and measures listed in the report on relations with affiliated companies for the financial year ended 31 December 2022, Enapter AG has received appropriate consideration for each legal transaction according to the circumstances known to the Executive Board at the time the legal transactions were carried out or the measures were taken or omitted, and has not been disadvantaged by the fact that the measures were taken or omitted."

### **Remuneration report**

The remuneration report for the 2022 financial year, together with the auditor's report pursuant to section 162 of the German Stock Corporation Act (AktG), will be made permanently available to the public at <https://enapterag.de/corporate-governance/>.

### **Corporate Governance Statement pursuant to § 289f HGB and § 315d HGB**

The corporate governance statement pursuant to § 289f HGB and § 315d HGB is permanently available on the company's website at <https://enapterag.de/corporate-governance/>.



## RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the Enapter Group and Enapter AG, together with a description of the principal opportunities and risks associated with the expected development of the Enapter Group and Enapter AG.

Heidelberg, 26 April 2023

gez. Sebastian-Justus Schmidt

*Board of Directors*

signed Gerrit Kaufhold

*Board of Directors*

## INDEPENDENT AUDITOR'S REPORT

To Enapter AG, Heidelberg

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

#### *Audit Opinions*

We have audited the annual financial statements of Enapter AG, which comprise the balance sheet as at 31 December 2022, the income statement for the financial year from 1 January 2022 to 31 December 2022, and the notes to the financial statements, including a description of the accounting policies. We have also audited the combined management report of Enapter AG for the financial year from 1 January 2022 to 31 December 2022. We have not audited the content of the parts of the management report mentioned in the section "Other information" in accordance with German legal requirements.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- the attached annual financial statements comply in all material respects with the German commercial law provisions applicable to corporations and give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in accordance with German principles of proper accounting; and
- the enclosed combined management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our opinion on the management report does not extend to the content of the components of the management report mentioned in the section "Other information".

In accordance with § 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations concerning the correctness of the annual financial statements and the combined management report.

#### *Basis for the audit judgements*

We conducted our audit of the annual financial statements and the combined management report in accordance with section 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those regulations and standards is further described in the "Auditor's responsibility for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the Company in accordance with European law as well as German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services in accordance with Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and the management report.

#### *Material uncertainty related to the going concern assumption*

We refer to the information in the section "Report on material risks and opportunities" of the combined management report, in which the legal representatives state that, on the basis of the currently available liquid funds, the financing of the Enapter Group is secured until at least February 2024 and that the injection of further capital is necessary beyond the period February 2024. If the assumptions made in the planning regarding the course of business and financing do not materialise, this would have a significant impact on the company's financial position.

These events and circumstances indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and represent a going concern risk within the meaning of section 322 (2) sentence 3 HGB.

*Reasons for determining the material uncertainty as the most significant assessed risk of material misstatement*

The company expects the losses and the associated cash outflow to continue until production and the associated sales of the electrolyzers have started on a sustainable basis. In 2024, it is planned to reach pre-series maturity of the Multicore and to deliver further units to customers.

The financial resources required beyond the period February 2024 are to be secured at the appropriate times through corresponding capital measures. The extent to which the company succeeds in obtaining these financial resources could depend on several factors that are beyond the company's control. Against the background of the associated uncertainty as to how and for how long the running costs can be financed, we consider this to be a particularly important audit matter. The risk to the financial statements is that the Company does not adequately present the uncertainty related to going concern. The risk to the financial statements is also that the Board of Directors wrongly assumes a positive forecast for the continuation of the company's operations and that the assets and liabilities are therefore not correctly accounted for.

*Audit approach and conclusions*

We have reviewed the disclosures made in the combined management report in the section "Report on material risks and opportunities" to determine whether they are complete and sufficiently accurate to provide information on the material risks to which the Company is exposed and which could jeopardise the existence of the Company. We consider the disclosures made to be understandable, complete and sufficiently accurate. With regard to the company's ability to continue as a going concern, we have assessed, on the one hand, the balance sheet equity and the earnings situation and, on the other hand, the company's liquidity to service its current costs as well as the planning documents and underlying assumptions of the company.

According to the results of our audit, the going concern assumption is appropriate.

Our audit opinions are not modified with respect to this matter.

*Particularly important audit matters in the audit of the annual financial statements*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year from 1 January 2022 to 31 December 2022. In addition to the matter described in the section "Material uncertainty related to going concern", we have not identified any key audit matters to be disclosed in our audit opinion.

**Other information**

The legal representatives are responsible for the other information. The other information comprises the following components of the management report that have not been audited as to their content:

- the reference to the declaration on corporate governance with corporate governance report pursuant to § 289f HGB and the information to which the reference refers,
- the reference to the remuneration report pursuant to § 162 AktG and the information to which the reference refers,
- Responsibility statement by the legal representatives (section 264 (2) sentence 3 HGB, section 289 (1) sentence 5 HGB.)

Our audit opinions on the financial statements and the management report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, consider whether the other information is

- are materially inconsistent with the financial statements, the content of the audited components of the management report or our knowledge obtained during the audit; or
- otherwise appear to be materially misrepresented.

*Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

Furthermore, management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

*Auditor's responsibility for the audit of the annual financial statements and the management report*

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with § 317 HGB and EU-APrVO and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and management report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- Identify and assess the risks of material misstatement of the financial statements and management report,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls;

- Obtain an understanding of internal control relevant to the audit of the financial statements and of the arrangements and actions relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems of the Company.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Company being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting;
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.
- We perform audit procedures on the forward-looking statements made by management in the management report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

We determine from the matters discussed with those charged with governance those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

#### ***OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS***

***Report on the audit of the electronic reproductions of the annual financial statements and the management report prepared for the purpose of disclosure in accordance with section 317 (3a) HGB***

*Audit opinion*

Pursuant to section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance engagement to obtain audit evidence about the amounts and disclosures contained in the file "JA\_Enapter.zip" (SHA1 90227D55AD308875EFD4739BDEF12AC76E05D4DF), which was made available electronically to the legal representatives, and whether the reproductions of the annual financial statements and the management report prepared for the purpose of disclosure (hereinafter also referred to as "ESEF documents") comply in all material respects with the electronic reporting format ("ESEF format") pursuant to § 328 para. 1 HGB. In accordance with German statutory provisions, this audit only covers the transfer of the information of the annual financial statements and the management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the annual financial statements and the management report contained in the aforementioned attached file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 (1) HGB regarding the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our opinions on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January 2022 to 31 December 2022 contained in the preceding "Report on the audit of the annual financial statements and management report".

*Basis for our audit opinion*

We conducted our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file in accordance with section 317 (3a) HGB and the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)).

Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1).

*Responsibility of the legal representatives and the supervisory board for the ESEF documents*

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the annual financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

Furthermore, the company's management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

*Auditor's Responsibility for the Audit of the ESEF Documents*

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. During the audit, we exercise

professional judgement and maintain a critical attitude. Furthermore

- Identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited financial statements and the audited management report.

***Other information according to Article 10 EU-APrVO***

We were appointed as auditors at the Annual General Meeting of 28 July 2022. We were appointed by the Chairman of the Supervisory Board on 8 December 2022. We have served as auditors of Enapter AG without interruption since the short fiscal year 2018/2019.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the audit committee pursuant to Article 11 EU-APrVO (audit report).

***OTHER MATTERS - USE OF THE AUDIT OPINION***

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

***AUDITOR IN CHARGE***

The auditor responsible for the audit is Dr Mathias Thiere.

Berlin, 26 April 2023

MSW GmbH  
Auditing  
Tax consulting company

company

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Dr. Thiere

German Public Auditor