Jahresabschluss
Enapter AG

COURTESY TRANSLATION FINANCIAL STATEMENTS

2023

Enapter

Annual financial statements of Enapter AG

Contents

Balance sheet as at December 31, 2023

Assets	**12/31/2023 EUR**	**12/31/2022 EUR**
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial rights and assets as well as licenses to such rights and assets	132.800,00	165.600,00
2. Advance payments made	0,00	193.986,25
	132.800,00	359.586,25
II. Property, plant and equipment		
Operating and office equipment	0,00	2.815,00
	0,00	2.815,00
III. Financial assets		
1. Shares in affiliated companies	228.618.433,99	213.846.570,75
2. Shareholdings	972.489,00	972.489,00
	229.590.922,99	214.819.059,75
B Current assets		
I. Receivables and other assets		
1. Trade receivables	12.807.222,00	0,00
2. Receivables from affiliated companies	2.776.937,23	3.042.219,45
3. Other assets	699.712,35	380.920.24
II. Cash at banks	9.756.409,41	2.247.401,96
	26.040.280,99	5.670.541,65
C Prepaid expenses and deferred charges	0,00	19.016,57
	255.764.003,98	**220.871.019,22**

Liabilities	**31.12.2023 EUR**	**31.12.2022 EUR**
A Equity		
I. Subscribed capital	27.195.000,00	27.195.000,00
II. Capital reserve	201.663.466,78	201.663.466,78
III. Accumulated deficit	-3.540.827,47	-10.272.905,79
	225.317.639,31	218.585.560,99
B Provisions		
1. Tax provisions	860.475,00	0,00
2. Other provisions	1.073.874,13	181.160,00
	1.934.349,13	181.160,00
C Liabilities		
1. Liabilities from deliveries and services	933.243,02	1.394.761,69
2. Liabilities to affiliated companies	27.426.227,73	621.775,00
– of which with a remaining term of up to one year EUR 12,426,227.73 (previous year: EUR 621,775.00)		
3. Other liabilities	152.544,79	87.761,54
– thereof from taxes EUR 150,184.93 (previous year: EUR 87,413.18) – thereof from social security EUR 0 (previous year: EUR o)		
	28.512.015,54	2.104.298,23
	255.764.003,98	**220.871.019,22**

Income statement for the period from January 1 to December 31, 2023

		01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
1.	Sales revenue	15.813.001,26	2.029.642,79
2.	Other operating income	655.310,53	310.514,51
3.	Cost of materials	-1.196.305,33	-1.317.607,47
3.	Personnel expenses		
	a) Wages and salaries	-864.117,40	-591.739,43
	b) Social security contributions and pensions	-62.078,41	-51.110,02
4.	Amortization of intangible assets		
	and property, plant and equipment	-229.601,25	-2.186,00
5.	Other operating		
	Expenses	-4.696.426,03	-4.405.775,47
6.	Interest and similar income	0,00	10.645,97
	– thereof from affiliated companies	0,00	10.645,97
7.	Interest and similar expenses	-1.827.230,05	-6.780,35
	– of which in affiliated companies	-1.629.452,05	0,00
8.	Taxes on income and earnings	-860.475,00	0,00
9.	**Earnings after taxes**	**6.732.078,32**	**-4.024.395,47**
10.	**Net profit / loss for the year**	**6.732.078,32**	**-4.024.395,47**
11.	Loss carried forward from the previous year	-10.272.905,79	-6.248.510,32
12.	**Accumulated deficit**	**-3.540.827,47**	**-10.272.905,79**

Notes as at December 31, 2023

General information

The annual financial statements of Enapter AG, Düsseldorf (formerly: Heidelberg), Düsseldorf Local Court, HRB 104171 (formerly: Mannheim Local Court, HRB 735361), for the financial year from January 1 to December 31, 2023 were prepared on the basis of the accounting provisions of the German Commercial Code (HGB). In addition, the provisions of the German Stock Corporation Act (AktG) had to be observed.

The structure and presentation of items in the balance sheet comply with the regulations for large corporations (Section 266 HGB).

The total cost method in accordance with Section 275 (2) HGB is used for the income statement.

As at December 31, 2023, Enapter AG had 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, the company is considered a large corporation in accordance with Section 267 (3) HGB in conjunction with Section 264d HGB as at the balance sheet date. 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 H2O.

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

Accounting and valuation principles

The valuation of assets and liabilities is based on the going concern assumption in accordance with Section 252 (1) No. 2 HGB. As an early-stage technology company, the company is dependent on future external financing or the ability of its shareholders to provide the necessary funds for further corporate growth. Following the successful capital increases carried out in 2021 and 2022 and the debt capital received in 2023, Enapter assumes that it will continue to be able to cover its capital requirements for further growth through capital measures.

In February 2023, the Enapter Group concluded financing of EUR 25,625 thousand with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG (PAM), by issuing a bearer bond. Enapter AG has undertaken to collateralize all claims arising from and in connection with the bonds. The financing has a term of 2 years. In addition to the provision of collateral, Enapter has undertaken to fulfill other closing and subsequent conditions, e.g. compliance with certain financial covenants. Non-compliance with these provisions could lead to costs for contract adjustments or even termination of the corresponding agreements, for which there are currently no indications. BluGreen Company Ltd, Hong Kong (BluGreen), granted Enapter AG a subordinated loan for a nominal amount of 10 million in December 2023. BluGreen is the majority shareholder of Enapter AG with a stake of around 65%. The loan funds from BluGreen may only be repaid to BluGreen once the liabilities to PAM have been met in full.

The repayment of the loan obligations and any further financing required beyond this are to be secured at the appropriate time through corresponding capital measures. The extent to which we will be able to obtain this financing could depend on several factors that are beyond our control. These events and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and which continues to represent a going concern risk within the meaning of Section 322 (2) sentence 3 HGB. We refer to the risk reporting in the inventory report.

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 recognized at acquisition or production cost and, where depreciable, reduced by scheduled depreciation.

Financial assets are recognized at cost in accordance with Section 255 (1) HGB or, in the event of an expected permanent impairment, are written down to the lower fair value on the balance sheet date.

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

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

Cash and cash equivalents are recognized at nominal value.

When forming **other provisions,** appropriate account was taken of the recognizable risks and uncertain liabilities as at the balance sheet date. The settlement amount was measured at a level that is necessary according to prudent business judgment.

All **liabilities** are recognized at their settlement amounts, unless currency items are translated at the spot exchange rate on the reporting date in accordance with Section 256a HGB.

Liabilities in foreign currencies are initially measured at the exchange rate on the date of the transaction. Losses from exchange rate changes up to the reporting date are always taken into account; gains from exchange rate changes are only taken into account for residual terms of one year or less.

Notes to selected balance sheet items

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

- Enapter GmbH (registered in the commercial register of the district court of Berlin (Charlottenburg) under HRB 201064, Reinhardtstraße 35, 10117 Berlin), shares 1 to 500,000 in Enapter GmbH, which represent a 100% interest in Enapter GmbH. In the financial year, Enapter AG made payments into the capital reserves of Enapter GmbH totaling EUR 5,500 thousand (previous year: EUR 5,758 thousand).
- 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., representing 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. in the amount of EUR 7,600 thousand (previous year: EUR 15,000 thousand).
- 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 Immobilen 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 totaling EUR 1,600 thousand (previous year: EUR 30,539 thousand).

- Enapter LLC, St. Petersburg (registered with the St. Petersburg Chamber of Commerce, n.1217800171489, registered office: St. Petersburg, Russia), shares with a nominal value of RUB 10,000 (approx. EUR 117) in Enapter LLC, representing a 100% interest in Enapter LLC. The capital contribution was paid in January 2022. The company is no longer operationally active for the Enapter Group.
- Enapter (Thailand) Company Limited (registered with the Bangkok Chamber of Commerce, Thailand, n.050556018396, registered office: Chiang Mai, Thailand), shares with a nominal value of Baht 10,000,000 (approx. EUR 255,000) in Enapter (Thailand), which represent a 100% interest in Enapter Thailand. 25% of the share capital has been paid in. Enapter Thailand is not yet operationally active for the Enapter Group. It is of minor importance to the Group.

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

Shares in affiliated companies are recognized at EUR 228,618 thousand (previous year: EUR 213,847 thousand) as at the balance sheet date.

The **investment** in H2 Core System GmbH is recognized at cost in the amount of EUR 972 thousand. By notarial deed dated December 27, 2022, Enapter AG acquired 10,714 of a total of 35,714 shares in H2Core Systems GmbH (H2Core), Heide. The purpose of the investment is to strengthen cooperation, particularly with regard to the integration of our electrolysers at customers. Enapter AG now holds around 26% (previous year: 30%) of H2Core. There are no special corporate or contractual agreements or restrictions on voting rights.

Trade receivables in the amount of EUR 12,807 thousand (previous year: EUR 0 thousand) mainly include receivables from an exclusive partnership agreement with an investor from Luxembourg for the US market. In 2023, an agreement was concluded with Solar Invest International SE, Luxembourg, for the US market, from which revenue of EUR 15,000 thousand was recognized in the financial year. As part of this agreement, technical expertise and production-related know-how in particular were transferred to the investor. The consideration for the transferred services amounts to EUR 15,000 thousand. Enapter has no further obligations, in particular no repayment obligations, as a result of the transfer of these services. Outstanding receivables amounting to EUR 2 million were settled before the end of the year. The remaining payments are expected in the short term within a period of 12 months.

Receivables from affiliated companies include trade receivables in the amount of EUR 2,077 thousand (previous year: EUR 2,141 thousand). Receivables from affiliated companies also include a loan receivable from Enapter S.r.l. in the amount of EUR 700 thousand (previous year: EUR 700 thousand). The loan of EUR 180 thousand from BluGreen Company Ltd, Hong Kong, was repaid in full in March 2023.

Other assets consist mainly of VAT receivables amounting to EUR 384 thousand (previous year: EUR 275 thousand).

Equity capital

Following the capital increase described below, the subscribed capital of Enapter AG amounted to EUR 27,195,000 as at December 31, 2023 (previous year: EUR 24,405,647.00) 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 trading on 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.

The authorized capital 2021 was used to the extent of the capital increase carried out in 2022; by resolution of the Annual General Meeting on 28 July 2022, the authorized capital currently amounts to EUR 13,500,000.

The Annual General Meeting on 6 May 2021 authorized the Executive Board, with the approval of the Supervisory Board, to issue convertible bonds and/or bonds with warrants or profit participation rights with or without conversion or subscription rights (hereinafter also referred to collectively 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 previous sentence may be granted conversion or subscription rights to up to 9,240,520 no-par value bearer shares in the company with a pro rata amount of the share capital totaling up to EUR 9,240,520.00. The conversion and subscription rights can be serviced from conditional capital to be resolved at this or future Annual General Meetings, from existing or future authorized 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 yet been used since approval by the Annual General Meeting on May 6, 2021.

The Annual General Meeting on May 6, 2021 created the conditions under stock corporation law for a variable remuneration system with a long-term incentive effect for current and future employees and members of the company's Executive Board as well as members of the management bodies and employees of current or future affiliated companies. For this purpose, a share option plan ("Share Option Plan 2021") was resolved, according to which the Management Board is to be authorized, with the approval of the Supervisory Board or the Supervisory Board, to issue up to 2,310,130 options to current and future employees and members of the Management Board of the company as well as to employees and members of the management bodies of current or future affiliated companies. The company's share capital will 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 2023 financial year, 210,000 were issued to members of the Management Board (previous year: 50,000). The conditional capital increase will only be carried out to the extent that the holders of the options issued exercise their right to subscribe to shares in the company.

The **capital reserve** amounted to EUR 201,663,467 as at December 31, 2023 (previous year: EUR 201,663,467) and developed as follows in the financial year

	in TEUR
Status as of January 1, 2023	201.663
Changes	0
Status as at December 31, 2023	201.663

The following **accumulated deficit results** as at December 31, 2023

	in TEUR
Accumulated deficit as at January 1, 2023	- 10.273
Net income for the year	6.732
Accumulated deficit as at December 31, 2023	-3.541

Other provisions mainly consist of provisions for outstanding invoices in the amount of EUR 773 thousand (previous year: EUR 21 thousand), provisions for annual financial statement and audit costs in the amount of EUR 105 thousand (previous year: EUR 85 thousand) and personnel costs in the amount of EUR 196 thousand (previous year: EUR 75 thousand). The provisions for outstanding invoices include outstanding invoices from Enapter S.r.l. amounting to EUR 82 thousand.

Trade payables amounting to EUR 933 thousand (previous year: EUR 1,395 thousand) have a remaining term of up to one year and are not collateralized.

Liabilities to affiliated companies include liabilities from an up-stream loan from Enapter Immobilien GmbH in the amount of EUR 15,000 thousand and oncharging of financing costs of EUR 797 thousand and unpaid interest of EUR 1,629 thousand as well as a subordinated shareholder loan of EUR 10,000 thousand, which Enapter AG received on December 29, 2023 from the shareholder BluGreen Company Ltd, Hong Kong, which holds over 65% of the shares in Enapter AG. The shareholder loan has a term of 12 months, bears interest at 10% plus 1-month Euribor and is not collateralized.

Other liabilities amounting to EUR 153 thousand (previous year: EUR 88 thousand) consist primarily of liabilities for wage and church tax of EUR 77 thousand (previous year: EUR 87 thousand) and for value added tax of EUR 74 thousand (previous year: EUR 70 thousand).

Notes to selected items in the income statement

Revenue of EUR 15,813 thousand (previous year: EUR 2,030 thousand) resulted from income of EUR 221 thousand (previous year: EUR 204 thousand) from a license agreement for electrolyser software with an affiliated company, EUR 470 thousand (previous year: EUR 1,824 thousand) from consulting services for Group subsidiaries and EUR 15.000 thousand from the partnership agreement explained below: In 2023, an agreement was concluded with an investor from Luxembourg for the US market, under which technical expertise and production-related know-how in particular were transferred to the investor. The consideration for the transferred services amounts to EUR 15,000 thousand, which was realized in the financial year. With the transfer of these services, Enapter has no further obligations, in particular no repayment obligations. Outstanding receivables amounting to EUR 2 million were settled before the end of the year. The remaining payments are expected in the short term within a period of 12 months.

Other operating income of EUR 665 thousand (previous year: EUR 311 thousand) consists of income from prize money (EUR 574 thousand; previous year: EUR 302 thousand) and other income (EUR 91 thousand; previous year: EUR 9 thousand).

The cost of materials amounting to EUR 1,196 thousand (previous year: EUR 1,318 thousand) results from software development costs for the electrolyser software and other external consulting services.

Other operating expenses of EUR 4,696 thousand (previous year: EUR 4,406 thousand) mainly result from the costs of the stock market listing and other capital market costs (EUR 294 thousand; previous year: EUR 143 thousand), management fees to the main shareholder BluGreen Ltd. (EUR 420 thousand; previous year: EUR 409 thousand), costs for the procurement of debt capital (EUR 592 thousand; previous year: EUR 0 thousand), services of the related company Enapter Co. Ltd. (EUR 359 thousand; previous year: EUR 366 thousand), accounting, financial statement and auditing costs (EUR 114 thousand; previous year: EUR 223 thousand), insurance and contributions (EUR 18 thousand; previous year: EUR 145 thousand), legal and consulting costs (EUR 1,969 thousand; previous year: EUR 728 thousand), costs for the Enapter Advisory Board (EUR 36 thousand; previous year: EUR 78 thousand) and Supervisory Board (EUR 66 thousand; previous year: EUR 59 thousand), expenses from currency translation (EUR 90 thousand; previous year: EUR 370 thousand) and other operating expenses amounted to EUR 646 thousand (previous year: EUR 171 thousand). No costs were incurred for the procurement of equity in the reporting year (previous year: EUR 1,770 thousand).

Interest expenses include interest to affiliated companies in the amount of EUR 1,629 thousand (previous year: EUR 0 thousand).

Other information

Declaration of conformity in accordance with Section 161 AktG

The Management Board and Supervisory Board of Enapter AG last issued a declaration of compliance with the recommendations of the Government Commission "German Corporate Governance Code" pursuant to Section 161 AktG in April 2024 and made it publicly available on the company's website at http://www.enapterag.de/investor-relations/corporate-governance/.

Management Board

members of the Executive Board in the 2023 financial year:

- Mr. Sebastian-Justus Schmidt, Industrial Clerk, Chiang Mai, Thailand (until 31.12.2023);
- Dr. Jürgen Laakmann, engineer, Munich (from 01.07.2023)
- Mr. Gerrit Kaufhold, tax consultant, Hamburg.

Mr. Sebastian-Justus Schmidt, Dr. Jürgen Laakmann 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 AktG during their appointments as members of the Management Board in the 2022 financial year in addition to their activities as members of the Management Board of Enapter AG. Mr. Gerrit Kaufhold is a member of the Exchange Council of the Hamburg Stock Exchange.

The Management Board member Mr. Schmidt does not receive any direct remuneration from Enapter AG; he is billed to BluGreen Company Ltd, Hong Kong (BluGreen) as part of a contractually agreed management remuneration, which also includes other BluGreen employees and does not contain any performance-related factors. In the 2022 financial year, the Supervisory Board offered Mr Schmidt 50,000 options at a subscription price of EUR 22.05 per share from the authorization of 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 allocated to him. In the 2023 financial year, the Supervisory Board offered Mr Schmidt 100,000 options at a subscription price of EUR 9.88 per share from the resolution of 6 July 2023 with an amendment to the authorization resolution of the company's Annual General Meeting on 6 May 2021 to implement a 2021 share option plan.

The Executive Board member Dr. Laakmann received remuneration of EUR 180 thousand for the period from 1 July to 31 December 2023. In the 2023 financial year, the Supervisory Board offered Dr. Laakmann 60,000 options at a subscription price of EUR 9.88 per share in accordance with the resolution of 6 July 2023 amending the authorizing resolution of the company's Annual General Meeting on 6 May 2021 to implement a 2021 share option plan.

The Management Board member Mr. Kaufhold received remuneration of EUR 295 thousand in the financial year (previous period: EUR 285 thousand). In the 2023 financial year, the Supervisory Board adjusted the 40,100 options already tendered to Mr Kaufhold from the resolution of 6 July 2023 with an amendment to the authorizing resolution of the company's Annual General Meeting on 6 May 2021 to implement a 2021 share option plan with regard to the exercise price, the waiting period and the performance target and tendered 50,000 options at a subscription price of EUR 9.88 per share.

No profit shares, subscription rights or other share-based payments were granted to the aforementioned members of the Executive Board in the 2023 financial year.

members of the Supervisory Board in the 2023 financial year:

- Armin Steiner (Chairman of the Supervisory Board), Hanover, business economist;
- Oswald Werle (Deputy Chairman of the Supervisory Board), Feldkirch (Austria), industrial engineer (until January 31, 2024);
- Ragnar Kruse, Hamburg, Managing Director;
- Prof. Dr. Christof Wetter, Münster, civil engineer

In addition to his position as Chairman of the Supervisory Board of Enapter AG, Mr. Armin Steiner held the following other memberships on supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence AktG in the financial year from 1 January to 31 December 2023:

- 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 EUR 24 thousand (previous year: EUR 24 thousand).

In the financial year from January 1 to December 31, 2023, Mr. Oswald Werle held the following memberships in supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence AktG in addition to his position on 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 Supervisory Board remuneration of EUR 18 thousand (previous year: EUR 18 thousand).

In addition to his role as Chairman of the Supervisory Board, Mr Ragnar Kruse was also a member of the Advisory Board of Enapter AG and BluGreen Company Limited, Hong Kong, in the financial year from 1 January to 31 December 2023. Mr. Kruse receives Supervisory Board remuneration of EUR 12 thousand (previous year: EUR 12 thousand).

In the financial year from January 1 to December 31, 2023, Prof. Dr. Christof Wetter held the following memberships on supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence 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 EUR 12 thousand (previous year: EUR 5 thousand for the period from July 28 to December 31, 2022).

Number of employees

In the period from January 1 to December 31, 2023, the company had an average of 5 employees (previous year: 5 employees), excluding the Management Board.

Group relationships

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 an unlisted corporation based in Hong Kong 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, Enapter LLC, St. Petersburg and 99.98% of the shares in Enapter S.r.l.. The Group's manufacturing operations are currently managed exclusively by Enapter S.r.l:

Society	Share	Result 2023	Equity as at 31.12.2022
Enapter GmbH, Berlin	100,00 %	TEUR -3,795	TEUR 8,7031
Enapter S.r.l., Pisa, Italy	99,98 %	TEUR -6,252	TEUR 25,460
Enapter Immobilien GmbH, Saerbeck	100,00 %	TEUR -1,713	KEUR 50,338
Enapter (Thailand) Co. Ltd.	100,00%	n/a	n/a
Enapter LLC, St. Petersburg, Russia	100,00 %	EUR 0 THOUSAND	KEUR 157

Enapter (Thailand) Co, Ltd. was founded in 2023 and has not yet commenced any operating activities. Enapter LLC ceased its operating activities after the start of the war against Ukraine.

Dependency report

The Executive Board has prepared a report on relationships with affiliated companies in accordance with Section 312 AktG.

Contingent liabilities and other financial obligations

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

The company has concluded a management remuneration agreement with BluGreen Company Ltd, Hong Kong, an affiliated company. The monthly fee is EUR 35 thousand. The contract is for an indefinite period and can be terminated in writing with a notice period of three months.

The amount of contingent liabilities as at December 31, 2023 is approximately EUR 2,383 thousand (previous year: EUR 2,100 thousand) and consists mainly of advance payment guarantees by Enapter AG for the subsidiaries.

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

Auditor's fee

The total fee charged by the auditor is not disclosed in accordance with Section 285 No. 17 HGB, as the information is provided in the consolidated financial statements of Enapter AG.

Events after the balance sheet date

Enapter AG has signed an agreement to establish a joint venture company with Wolong Electric Group Co., Ltd, Shaoxing City, Zhejiang Province. Enapter will hold a 49% stake in the joint venture company and grant it an exclusive license for the sale and production of AEM electrolysers in China.

On December 14, 2023, the Supervisory Board Mr. Oswald Werle informed the company's Executive Board and Supervisory Board that he was resigning from his position as a member of the Supervisory Board for personal reasons with effect from January 31, 2024.

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

Notifications in accordance with the German Stock Corporation Act and the German Securities Trading Act

Voting rights notification pursuant to Section 40 (1) WpHG dated September 20, 2023:

Mirabella Financial Services LLP notified us pursuant to Section 33 (1) WpHG that its share of the voting rights in Enapter AG, Heidelberg, exceeded the threshold of 3% of the voting rights on September 14, 2023 and amounted to 3.00% on this date (this corresponds to 816,785 voting rights).

Voting rights notification pursuant to Section 40 (1) WpHG dated December 27, 2023:

Morgan Stanley notified us pursuant to Section 33 (1) WpHG that its share of the voting rights in Enapter AG, Heidelberg, exceeded the threshold of 3% of the voting rights on December 15, 2023 and amounted to 3.04% on this date (this corresponds to 825,809 voting rights).

Voting rights notification pursuant to Section 40 (1) WpHG dated December 28, 2023:

Svelland Global Trading Master Fund Limited notified us pursuant to Section 33 (1) WpHG that its share of the voting rights in Enapter AG, Heidelberg, exceeded the threshold of 3% of the voting rights on September 14, 2023 and amounted to 3.00% on this date (this corresponds to 816,785 voting rights).

Voting rights notification pursuant to Section 40 (1) WpHG dated December 28, 2023:

Svelland Global Trading Master Fund Limited notified us pursuant to Section 33 (1) WpHG that its share of the voting rights in Enapter AG, Heidelberg, exceeded the threshold of 5% of the voting rights on December 13, 2023 and amounted to 5.00% on this date (this corresponds to 1,362,288 voting rights).

Düsseldorf, April 25, 2024

signed. Dr. Jürgen Laakmann	signed. Gerrit Kaufhold
Management Board	*Management Board*

		Acquisition and production costs				Depreciation and amortization				Net book values	
		01.01.2023	Additions	Departures	31.12.2023	01.01.2023	Additions	Departures	31.12.2023	31.12.2022	31.12.2023
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**										
1.	Concessions, property rights and similar assets	165,600	0,00	0,00	165.600,00	0,00	32.800,00	0,00	32.800,00	165.600,00	132.800,00
2.	Advance payments made	193.986,25	0,00	0,00	193.986,25	0,00	193.986,25	0,00	193.986,25	193.986,25	0
		359.586,25	0,00	0,00	359.586,25	0,00	226.786,25	0,00	226.786,25	359.586,25	132.800,00
II.	**Property, plant and equipment**										
1.	Operating and office equipment	6.557,55	0,00	-6.557,55	0,00	3.742,55	0,00	-3.742,55	0,00	2.815,00	0,00
		6.557,55	0,00	-6.557,55	0,00	3.742,55	0,00	-3.742,55	0,00	2.815,00	0,00
II.	**Financial assets**										
1.	Shares in affiliated companies	213.846.570,75	14.771.863,24	0,00	228.618.433,99	0,00	0,00	0,00	0,00	213.846.570,75	228.618.433,99
2.	Shareholdings	972.489,00,00		0,00	972.489,00	0,00	0,00	0,00	0,00	972.489,00	972.489,00
		214.819.059,75	14.771.863,24	0,00	229.590.922,99	0,00	0,00	0,00	0,00	214.819.059,75	229.590.922,99
		215.185.203,55	**14.771.863,24**	**-6.557,55**	**229.950.509,24**	**3.742,55**	**226.786,25**	**-3.742,55**	**226.786,25**	**215.181.461,00**	**229.723.722,99**

Combined management report of Enapter AG and the Enapter Group

for the financial year from January 1 to December 31, 2023 of 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 referred to as "Enapter AG") with its registered office in Düsseldorf (formerly: Heidelberg) and registered in the commercial register at Düsseldorf Local Court under the number HRB 104171 (until April 17, 2024: HRB 735361 Mannheim Local Court). The business address is Glockengießerwall 3 in 20095 Hamburg (until April 17, 2024: Reinhardtstrasse 35 in 10117 Berlin).

As at December 31, 2023, Enapter AG had share capital of EUR 27,195,000.00, which is represented by 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 securities identification number is WKN A255G0 and the stock exchange symbol is H20.

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

Distinction between parent company and group

In order to clarify which information relates to the parent company and which relates to the group of companies, "Enapter AG" is always used for the parent company. The terms "Enapter", "Group" or "Group" or "group of companies" are used for disclosures relating to the Group. 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 activities

Enapter is an innovative energy technology company that manufactures highly efficient hydrogen generators - so-called electrolysers - to replace fossil fuels and thus drive the energy transition globally. The patented and iridium-free anion exchange membrane technology (AEM) enables the series and mass production of cost-effective electrolysers, especially for the production of green hydrogen on any scale and at almost any location in the world. The modular systems are already being used by more than 340 customers in over 50 countries worldwide, including in the energy, mobility, industry, heating and telecommunications sectors.

Enapter AG is headquartered in Germany. The R&D and production sites are located in Italy and Germany. Enapter LLC, Russia, and the wholly owned subsidiary Enapter (Thailand) Co. Ltd, Thailand, founded in 2023, were not operational in the 2023 financial year and are of minor importance to the Enapter Group.

Single and multi-core electrolyzers

Enapter has taken a unique approach to manufacturing AEM electrolyzers: We have developed a standardized stack that is easier to handle than competing products. This can significantly speed up the testing, development and market launch of our products and lends itself to efficient scaling of production capacity. This approach works because we combine the inherent technological advantages of AEM with our specific patents. Like a "modular system", our stacks can be assembled into electrolysers of any size. We see this as a sustainable competitive advantage for Enapter.

We focus on two different product lines. With our single-core electrolysers, currently the EL 4.0, we cover smaller project sizes up to approx. 100 kilowatts (kW). Our stack and single-core electrolysers are produced at our site in Pisa, Italy.

We also successfully expanded our product portfolio in 2023 to include two multi-core electrolysers (AEM Flex 120 and AEM Nexus 1000). In each of these, 10 stacks are combined to form a string and several strings are controlled by a common balance of plant (supporting components and auxiliary systems). This means that Enapter's electrolysers can also cover demand in the double-digit megawatt range. The first AEM Flex 120 with a total output of 120 kW was delivered to the ABC Clinker Group in December 2023 to decarbonize the production of clinkers and bricks. The first AEM Nexus 1000 with a total output of 1 megawatt (MW) was commissioned in the second quarter of 2023 at the bioenergy park near our company premises in Saerbeck. The second Nexus was delivered to the Steinbeis Innovation Center at Braunschweig Research Airport in early 2024. Our multi-core electrolysers are manufactured at the Enapter Campus in Saerbeck, Germany.

Research and development, patents

Enapter has a large number of patents and patent applications filed. One of the most important patents granted relates to dry cathode AEM technology and in particular the "Device 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 does not relate to a specific membrane type or catalyst formulation, but applies to all electrolysis applications with a dry cathode.

New patent applications have been filed to cover further developments of the dry cathode patent and to extend the term of protection beyond 2030 when the dry cathode patent family expires. These have been accepted by the UK, Japanese and Eurasian patent offices, which bodes well for the corresponding applications in other jurisdictions. We therefore expect to be able to achieve patent protection until 2040.

In addition to the two dry cathode patent families, Enapter has been granted patents in three other patent families. The additional patents relate to the electrolyte tank, the recombiner to improve the safety of the system and an electrochemical hydrogen compressor. Enapter has also filed patent applications for further variants of the dry cathode electrolyzer, new product offerings such as our multi-core electrolyzers, specific components such as the gas block, recombiner and orifice check valve, software solutions such as the dryer control network, electrolyte regeneration measures and membrane developments.

The research and development of our stacks and electrolyzers is carried out at our site in Pisa, Italy, and at the Enapter Campus in Saerbeck, Germany.

As at December 31, 2023, the Enapter Group employed a total of 69 people (previous year: 85) in research and development excluding software development. The decrease in the number of employees allocated to research and development is due in particular to the reorganization of the St. Petersburg software development team.

Research and development expenses amounted to EUR 5,517 thousand in 2023 (previous year: EUR 6,876 thousand), corresponding to a ratio of around 33% of product sales (previous year: 47%).

Corporate management

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

Enapter AG calculates EBITDA as a key performance indicator with the aim of demonstrating the Group's earnings power and enabling comparability over time and in an industry comparison. EBITDA is defined as earnings before interest, taxes, depreciation and amortization and results from earnings before taxes plus interest and similar expenses less other interest and similar income plus depreciation and amortization. In addition to the financial result and taxes, this key performance indicator also neutralizes distorting effects on operating activities that may result from different depreciation and amortization methods and valuation margins.

The financial performance indicators are managed and monitored by the Management Board on an ongoing basis. Integrated reporting is made available to the company's Supervisory Board on a monthly basis.

Financial year

The 2023 financial year of Enapter AG began on January 1, 2023 and ended on December 31, 2023.

Accounting and auditing

Enapter AG prepares its consolidated financial statements in accordance with the applicable provisions of the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). The separate financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB).

For the 2023 financial year, use was made of the option to prepare a combined management report (hereinafter also referred to as the "management report"). In this respect, this management report combines the management report of Enapter AG and the Group management report of the Group and was prepared in accordance with Sections 289, 289a, 289f, 315, 315a and 315d HGB.

MSW GmbH Wirtschaftsprüfungsgesellschaft, Berlin, was elected as the auditor for the annual and consolidated financial statements for the 2023 financial year by the Annual General Meeting on July 6, 2023. There are no business, personal, financial or other relationships between the auditing company, its executive bodies and audit managers on the one hand and the Enapter on the other that could cast doubt on 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.

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 shown in thousands of euros (EUR thousand). For computational reasons, rounding differences of +/- one unit (EUR thousand, %, 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 estimates and assumptions - including those of third parties (such as statistical data relating to the industry and global economic developments) - at the time they were made or at the date of this report. Forward-looking statements are always subject to uncertainties. If the estimates and assumptions prove to be incorrect or only partially correct, actual results may differ - even significantly - from expectations.

Economic conditions and business performance

Economic framework conditions

In 2023, the Enapter Group generated its product sales primarily in Germany, Japan and Italy. Global macroeconomic developments and real gross domestic product (GDP) in Germany are therefore particularly relevant for demand for Enapter products. In addition to the globally active network of integration partners, customers also include a number of large companies and groups that are dependent on global economic developments.

The European and German economies had a mixed year in 2023. According to the Federal Statistical Office, German economic output fell by 0.3% in 2023. The manufacturing industry was particularly hard hit with a significant decline of 2.0%. Energy-intensive industries, such as the chemical and metal industries, also recorded declines in production and value added. Private consumption fell by 0.8% compared to the previous year. The main reason for this finding is considered to be the rise in prices, which in many places is primarily due to the significant increase in energy prices since the war in Ukraine[1] . As a result, Germany is becoming Europe's problem child, with other economies growing much faster[2] . Take Italy, for example: the Italian economy grew by 0.9% in 2023, and growth expectations for 2024 are also being steadily revised upwards. Since Q4/2019, Italy has recorded an increase in GDP of 4.2% and has thus recovered from the coronavirus crisis much faster than other European countries. In particular, the so-called "super bonus" for energy-efficient home renovations and the installation of solar panels gave the economy a strong boost. As only a relatively small proportion of the coronavirus aid received from the EU has been spent, the majority of analysts predict that the country's economic performance will continue to develop strongly[3] .

The inflation rate in the European Union was 6.4% in 2023[4] . While prices in Germany largely developed in line with the EU average, Italy was able to significantly reduce inflation in Q4/2023. Both countries were disproportionately affected by the rise in energy prices due to the high proportion of imported natural gas from Russia and had to contend with the sharp rise in energy prices in 2022. Over the course of 2023, however, it became apparent that both Italy and Germany had largely succeeded in fundamentally reorganizing their energy supply, reducing their dependence on Russia and counteracting rising energy prices[5] . The supply bottlenecks, which have become a major burden for the manufacturing industry, especially in Germany, were also largely avoided in 2023. Together with a robust labour market, all signs point to a stabilization of the economic situation[6] .

The Japanese market is sending out predominantly positive signals. After decades of deflation, prices and salaries are rising faster than at any time since the 1990s - when the crisis began. The Japanese economy is emerging from the Covid crisis stronger than expected: the willingness to invest is higher than ever, and massive subsidy programs for industry underline the targeted upward trend. Each year, 0.3% of GDP should be invested in the green

[1] Gross domestic product down by 0.3 % in 2023 (destatis.de)
[2] EU significantly lowers growth forecast: Germany the problem child - ZDFheute
[3] GDP: Why Italy's economy is growing faster than Germany's (handelsblatt.com)
[4] Price trends in the EU member states in 2023 - Federal Statistical Office (destatis.de)
[5] Italy free from Russian gas by year's end says minister - Euractiv
[6] Annual Economic Report 2024 (bmwk.de)

transformation[7] .

Market for green hydrogen

The market for green hydrogen grew less rapidly in 2023 than many analysts had predicted, who had expected the global market to double in 2023 for the fourth year in a row. According to Bloomberg New Energy Finance, real market growth in 2023 was between 60% and 80%. This is mainly due to the fact that many hydrogen projects are in the planning and development phase, but no final investment decision has yet been made. Market participants - especially investors and end users - are currently still acting cautiously and appear to be waiting for political signals.

The European Commission sent out a political signal in 2023 with the Renewable Energy Directive[8] . Clear definitions now regulate how green hydrogen is defined across Europe and sector-specific targets for renewable fuels of non-biogenic origin (so-called RFNBOs) are intended to boost demand. As a result, Europe will be one of the most advanced hydrogen markets in 2023 and the legal basis for even stronger future market growth has been laid.

In the USA, it became clear in 2023 that even strong legislative impetus such as the Inflation Reduction Act (IRA) of 2022 alone is not enough to bring projects to the implementation phase. The subsidy of up to USD 3 per kilogram of green hydrogen produced under the IRA made the USA a highly attractive market for project developers. Over the course of 2023, however, it became apparent that the USA would increasingly follow the European guidelines when it came to the legal definition of green hydrogen. The discussion about Section 45V was still ongoing at the end of the year, which meant that many projects were still in a kind of holding pattern.

From a global perspective, the International Energy Agency notes an increasing geographical diversification of hydrogen projects. This means that hydrogen projects are being planned and developed all over the world - hydrogen has arrived on the global playing field as the energy carrier of the future. Europe and China currently have the highest proportion of hydrogen projects that have already entered the implementation phase.

Business development

In 2023, the Enapter Group generated sales revenue of around € 31.6 million (previous year: € 14.7 million), including sales revenue of € 16.6 million from electrolysers, associated components and services and sales revenue of € 15 million from the transfer of market entry rights and technical expertise for the US market. Together with the change in inventories of work in progress and finished goods of around EUR 2.1 million (previous year: EUR 0.5 million), operating performance amounted to around EUR 33.7 million (previous year: EUR 15.2 million), which slightly exceeded expectations.

Enapter achieved a positive EBITDA of EUR 1.5 million for the first time in 2023 (previous year: EUR -10.6 million), positively influenced by the services rendered from the legal transaction relating to the USA.

The order backlog increased by EUR 12 million (+86%) from around EUR 14 million at the start of the year to around EUR 26 million at the end of 2023.

Cash and cash equivalents increased from around EUR 5.1 million to around EUR 14.6 million.

Significant events

The year 2023 began with a major order from South Korea. Together with partner YEST from South Korea, Enapter has received an order to supply two AEM electrolysers with a total capacity of 2 megawatts. The systems will be

[7] Is Japan's economy at a turning point? (economist.com)
[8] Renewable Energy Directive (europa.eu)

used in a 12.5 MW hydrogen pilot project on Jeju Island. Of the five companies selected for the project, Enapter AG is the only technology supplier from Germany and Europe. Enapter's long-standing sales and integration partner Adsensys ordered a megawatt-class electrolyzer for a hydrogen filling station in the Netherlands.

In February, Enapter and other partners opened the first training center for green hydrogen in Southeast Asia in Chiang Mai. The new knowledge and training center offers a practice-oriented range of courses with state-of-the-art technology and a demonstration system for the production of green hydrogen. The new project is being implemented as part of the International Hydrogen Ramp-up Program (H2Uppp), an initiative of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Affairs and Climate Protection.

In the same month, Enapter concluded financing of EUR 25 million with the Patrimonium Middle Market Debt Fund by issuing a bearer bond, which was available to the company from March 2023. The financing has a term of 2 years and is the Group's first significant debt financing.

The Enapter Group added a new standardized device to its product range in March and started production of the water-cooled version of its AEM EL 4.0 electrolyser. The AEM EL 4.0 Liquid-Cooled (LC) electrolyser enables the direct connection of an external cooling system in order to optimize heat management and make efficient use of waste heat. The first units were delivered in April.

In May, Enapter unveiled the world's first megawatt-class AEM electrolyzer for the production of green hydrogen, the AEM Nexus 1000. The megawatt electrolyzer was officially inaugurated at the Saerbeck site in the presence of Ms. Mona Neubaur, Minister for Economic Affairs, Industry, Climate Protection and Energy. The multi-core electrolyser with a capacity of 1 MW ushers in a new era in the field of environmentally friendly solutions for the decarbonization of industry and the economy and marks an important milestone in Enapter's company history.

With effect from July 1, 2023, Dr. Jürgen Laakmann has taken on the role of Co-CEO alongside Sebastian-Justus Schmidt. Dr. Laakmann has more than 20 years of management experience, including in strategy consulting and in the automotive and tech sectors. Most recently, he was CEO of the Formel D Group, a leading automotive service provider. There, Dr. Laakmann played a key role in shaping strategic business development and, among other things, built up 22 international branches and subsidiaries.

In August, Tokyo Gas opened Asia's first commercial hydrogen filling station that produces hydrogen using AEM electrolysis. The Japanese gas company is using 30 AEM electrolyzers and 15 dryers for a hydrogen refueling station in Tokyo. Enapter's electrolysers are available in Japan as 8-bar pressure versions and thus fulfill the local requirements of the High Gas Pressure Safety Act. Further future cooperation on hydrogen projects in Japan, Enapter's second largest market, is already planned.

Enapter is also very active in the Chinese market: in August, Enapter AG signed a framework supply agreement worth over EUR 6 million with the Chinese company Wolong. Wolong is one of the world's leading engine and drive manufacturers and is also active in the field of renewable energies. Enapter and Wolong intend to work together to make modular hydrogen solutions competitive in China.

With the AEM Flex 120, Enapter expanded its product portfolio with a new AEM electrolyzer that enables the rapid introduction of hydrogen pilot projects in the industrial and refueling sector. The "Flex" was developed for the rapid and cost-effective realization of green hydrogen projects and was presented to the public for the first time in Saerbeck in September 2023. The response was overwhelming: Enapter received 26 pre-orders within the first two weeks of the product launch. The AEM Flex 120 has up to 50 AEM stack modules, ensuring flexible operation and a high level of responsiveness to fluctuating loads from renewable energies. The first "Flex" was already delivered to the ABC Klinkergruppe in December and put into test operation there.

At the end of the year, the Czech building materials company Unigranit ordered an AEM Nexus with a capacity of 500 kW, which is to be expanded to 1 MW in the long term. The hydrogen produced using green electricity from the nearby wind farm is to be fed into Unigranit's gas mix in order to make its production processes more sustainable.

In 2023, Enapter gained its first and exclusive partner for the US market: Solar Invest International SE / Clean H2. For the rights and assets transferred to it, Solar Invest International SE / Clean H2 has committed to a payment to Enapter of EUR 25 million within 12 months. This agreement will support and accelerate activities in the USA, one of the fastest growing markets for renewable energies. Also in December, Enapter AG received a loan for a nominal amount of EUR 10 from its majority shareholder Sebastian-Justus Schmidt via his investment company BluGreen Company Ltd. in Hong Kong. Sebastian-Justus Schmidt stepped down from the Management Board on December 31, 2023 after many years of service and will be available to Enapter in an advisory capacity after his departure. Enapter AG will thus continue to be managed by the Management Board members Dr. Jürgen Laakmann and Gerrit Kaufhold.

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

Earnings situation

Earnings position in TEUR	1.1.-31.12. 2023	1.1.-31.12. 2022	+/-	+/- in %
Sales revenue	31.606	14.671	16.934	115%
Sales increase in %	*115%*	*74%*		
Change in inventories of work in progress and finished goods	2.078	525	1.553	296%
Operating performance	33.684	15.197	18.487	122%
Increase in operating performance in %	*122%*	*69%*		
Cost of materials	-12.961	-12.013	-948	8%
Cost of materials as % of operating performance	*-38%*	*-79%*		
Gross profit	20.722	3.184	17.539	551%
Gross profit margin	*62%*	*21%*		
Own work capitalized	4.076	6.383	-2.307	-36%
Other operating income	4.116	2.799	1.316	47%
Personnel expenses	-13.561	-14.300	739	-5%
Personnel expenses as % of operating performance	*-40%*	*-94%*		
Other operating expenses	-13.867	-8.648	-5.220	60%
Operating expenses as a % of operating performance	-41%	-57		
EBITDA	1.486	-10.582	12.068	-114%
EBITDA margin	*4%*	*-70%*		
Depreciation and amortization	-4.168	-2.276	-1.892	83%
Depreciation and amortization as % of operating performance	*-12%*	*-15%*		
EBIT	-2.682	-12.858	10.176	-79%
EBIT margin	*-8%*	*-85%*		
Financial result	-3.618	-97	-3.522	3.643%
Income taxes	-864	-23		
Group result	-7.164	-12.978	6.654	-51%
Profit margin	*-21%*	*-85%*		

The Enapter Group generated total sales of EUR 31.6 million in 2023 (previous year: EUR 14.7 million), which corresponds to an increase of around 115%. The turnover achieved was therefore slightly above expectations.

Product sales of electrolysers, the associated components and services increased by around 12% from EUR 14.7 million in 2022 to EUR 16.3 million in 2023. Single-core electrolysers and modules in particular contributed to this revenue. The orders for the multi-core electrolysers that began in the 2023 financial year will not be recognized in revenue until the following financial year.

From the agreement concluded in 2023 for the USA with Solar Invest International SE, Luxembourg, for a total of EUR 25 million, revenue of EUR 15 million was recognized in the financial year due to the rights and values transferred, of which EUR 2 million was paid at the end of the year. The remaining payments are to be collected in the short term over a period of 12 months. The agreement entered into with Solar Invest International SE was transferred to Clean H2 Inc. in the USA in February 2024.

Further revenue of around EUR 0.2 million was generated from the rental and sale of trademarks.

The changes in inventories of finished goods and work in progress in the financial year mainly relate to multicore electrolysers, which will be completed in the following financial year.

The increase in the cost of materials from around EUR 12 million in the previous year to EUR 12.9 million in 2023 is due to the increase in production. The cost of materials ratio improved compared to the previous period, meaning that the gross profit margin increased from 21% to 28% overall, but also in terms of pure operating performance with electrolysers, the associated components and services.

Other own work capitalized relates to development costs for intangible assets and assets under construction in property, plant and equipment, which were capitalized in the amount of EUR 4,076 thousand in the reporting year (previous year: EUR 6,383 thousand). The additions in 2023 mainly relate to development costs of EUR 3,213 thousand for ongoing internal product development projects in Italy (previous year: EUR 3,711 thousand) and development costs of EUR 863 thousand (previous year: EUR 2,672 thousand) for the AEM Multicore (Hycore project) and for production at the Saerbeck site (Elefact project), which will be completed in subsequent years and then amortized over the expected useful life.

Other operating income of EUR 4,116 thousand mainly consists of investment grants and other allowances (EUR 3,126 thousand, previous year: EUR 2,339 thousand). These grants were primarily awarded as part of the Elefact and Hycore projects in Germany and to promote research and development activities in Italy. In addition, Enapter received two further installments of prize money amounting to EUR 574 thousand (previous year: EUR 302 thousand) as part of the Earthshot Prize from the Royal Foundation

Personnel expenses fell mainly due to the reduction in personnel (EUR 13,560 thousand; previous year: EUR 14,300 thousand). As at the balance sheet date of December 31, 2023, the Enapter Group had 200 employees (December 31, 2022: 239), of which 69 (previous year: 85) worked in research & development, 76 (previous year: 65) in production and 55 (previous year: 84) in administration, sales and business development (excluding Management Board members and managing directors).

Other operating expenses of EUR 13,867 thousand (previous year: EUR 8,648 thousand) in 2023 mainly consist of warranty costs (EUR 2,689 thousand; previous year: EUR 794 thousand), legal, consulting and auditing costs (EUR 2,623 thousand; previous year: EUR 1,623 thousand), software development and management services of related parties (EUR 1.407 thousand; previous year: EUR 864 thousand), operating supplies (EUR 1,050 thousand; previous year: EUR 613 thousand), ancillary rental and service costs (EUR 755 thousand; previous year: EUR 256 thousand), inventory write-downs (EUR 739 thousand; previous year: EUR 0 thousand), irrecoverable receivables (EUR 571 thousand; previous year: EUR 0 thousand) and sales, distribution and marketing costs (EUR 1,456 thousand; previous year: EUR 576 thousand).

EUR 340 thousand was spent on external research and development (previous year: EUR 494 thousand). Currency translation costs amounted to EUR 122 thousand (previous year: EUR 409 thousand).

Group EBITDA amounted to EUR 1,486 thousand for 2023 (previous year: EUR --10,582 thousand) and is therefore above expectations.

Total depreciation and amortization in 2023 amounted to EUR 4,168 thousand (previous year: EUR 2,276 thousand).

Of this amount, EUR 1,881 thousand was attributable to intangible assets (previous year: EUR 1,273 thousand), EUR 2,064 thousand to property, plant and equipment (previous year: EUR 784 thousand) and EUR 222 thousand to right-of-use assets (previous year: EUR 218 thousand). Consolidated EBIT amounted to EUR -2,682 thousand after EUR -12,858 thousand in the previous year and exceeded the company's expectations.

The financial result increased from EUR -97 thousand in 2022 to EUR -3,618 thousand in 2023, in particular due to the issue of the interest-bearing bearer bond with a nominal value of EUR 25,625 thousand in February 2023.Tax expenses in the Group companies and deferred taxes are recognized as income taxes in accordance with available tax calculations.

The consolidated result amounted to EUR -7,164 thousand (previous year: EUR -12,978 thousand) and was therefore above expectations.

Group EBITDA amounted to EUR 1,486 thousand (previous year: EUR -10,582 thousand) and is therefore above the previous year's expectations, which envisaged EBITDA of EUR -10 to -11 million for 2023.

Financial position

in TEUR	31.12.2023	31.12.2022	+/-	in %
Assets				
Current assets	**54.778**	**27.577**	**27.201**	**99%**
in % of total assets	*39%*	*26%*		
Bank balances	14.589	5.071	9.518	188%
Inventories	11.310	8.421	2.889	34%
Trade receivables	23.269	8.014	15.256	190%
Other current assets	5.609	6.071	-462	-8%
Non-current assets	**86.631**	**80.237**	**6.394**	**8%**
in % of total assets	*61%*	*74%*		
Property, plant and equipment	72.902	67.900	5.002	7%
Intangible assets	11.973	10.272	1.701	17%
Other non-current assets	1.755	2.065	-310	-15%
Total assets	**141.408**	**107.814**	**33.594**	**31%**

The Group's financial position shows non-current assets amounting to EUR 86,631 thousand (61% of total assets; previous year: EUR 80,237 thousand, 74%). Current assets increased by EUR 27,201 thousand year-on-year from EUR 27,577 thousand to EUR 54,778 thousand.

The additions to intangible assets mainly result from the capitalization of development costs for existing and new projects. Additions to property, plant and equipment consist of investments in land and buildings in connection with the completion of the production building and significant parts of the energy concept at the Enapter Campus in Saerbeck, Germany. Current assets mainly consist of bank balances in the amount of EUR 14,589 thousand (previous year: EUR 5,071 thousand). Other current assets include inventories in the amount of EUR 11,310 thousand (previous year: EUR 8,421 thousand) and other assets and trade receivables in the amount of EUR 28,878 thousand (previous year: EUR 14,085 thousand). The increase in inventories and trade receivables is due to the increase in production and other services.

Financial position

in TEUR	31.12.2023	31.12.2022	+/-	in %
Financial position				
Current liabilities	**18.745**	**16.070**	**2.675**	**17%**
in % of total assets	*13%*	*15%*		
Liabilities from deliveries and services	5.534	11.191	-5.657	-51%
Current financial liabilities	1.138	987	151	15%
Current provisions	4.438	1.243	3.195	257%
Other current liabilities and deferred income	7.635	2.649	4.986	188%
Non-current liabilities	**42.398**	**5.290**	**37.108**	**701%**
in % of total assets	*30%*	*5%*		
Non-current financial liabilities	38.687	2.841	35.845	1262%
Non-current provisions	1.632	605	1.027	170%
Accruals and deferrals	2.079	1.844	235	13%
Equity	**80.266**	**86.454**	**-6.188**	**-7%**
in % of total assets	*57%*	*80%*		
Total equity and liabilities	**141.408**	**107.814**	**33.594**	**31%**

Trade payables fell from EUR 11,191 thousand to EUR 5,534 thousand. Other current provisions increased due to additions to warranty provisions and outstanding invoices. Deferred income (current and non-current) includes grants for completed R&D projects that receive government funding in Italy. Deferred income totalling EUR 2,802 thousand (previous year: EUR 2,155 thousand) mainly includes R&D grants deferred into the future; these are released over the expected useful life of the capitalized asset when the project to which they relate is completed. Of this amount, EUR 722 thousand has a term of up to one year and EUR 2,079 thousand has a term of more than one year. Other liabilities include advance payments received from customers amounting to EUR 5,894 thousand (31.12.2022: EUR 904 thousand), in particular for the multinuclear electrolysers.

Non-current liabilities increased by EUR 37,108 thousand from EUR 5,290 thousand as at December 31, 2022 to EUR 42,398 thousand, in particular due to the bearer bond issued in the financial year (carrying amount of EUR 25,260 thousand) and the granting of a subordinated loan from a related party (EUR 10,000 thousand). The non-current financial liabilities shown above (EUR 38,687 thousand; previous year: EUR 2,841 thousand) also include further bank liabilities of EUR 1,691 thousand, non-current liabilities of EUR 1,157 thousand and non-current lease liabilities of EUR 579 thousand.

As at the reporting date of December 31, 2023, equity amounted to EUR 80,266 thousand (December 31, 2022: EUR 86,454 thousand). The equity ratio is around 57% (31.12.2022: around 80%) and, including the subordinated loan of EUR 10,000 thousand, around 64% of total assets of EUR 141,409 thousand (31.12.2022: EUR 107,814 thousand).

Cash flow

In TEUR	1.1.-31.12.2023	1.1.-31.12.2022	+/-
Cash flow			
Cash flow from operating activities	-14.067	-15.464	+1.397
Cash flow from investing activities	-10.426	-49.490	+39.064
Cash flow from financing activities	34.012	50.421	-16.409
Cash-effective change in cash and cash equivalents	**9.518**	**-14.533**	**24.052**
Cash and cash equivalents at the beginning of the period	5.071	19.604	-14.533
Cash and cash equivalents at the end of the period	**14.589**	**5.071**	**9.518**

Cash flow from operating activities is mainly influenced by the consolidated result and the increase in current assets.

Cash flow from investing activities amounted to EUR -10,426 thousand and mainly resulted from payments for internal and external development costs for intangible assets and patents totalling EUR -4,496 thousand and investments in property, plant and equipment of EUR -5,930 thousand, which mainly relate to the production facilities and plants in Saerbeck and Pisa.

Cash flow from financing activities amounted to EUR 34,012 thousand in the financial year and mainly consisted of net cash inflows from loans received totaling EUR 34,595 thousand and repayments of financial liabilities and lease liabilities totaling EUR -583 thousand.

Cash and cash equivalents amounted to EUR 14,589 thousand as at December 31, 2023 (previous year: EUR 5,071 thousand).

Overall statement on economic development

Sales increased sharply by EUR 16.9 million (+115%) from around EUR 14.7 million in 2022 to around EUR 31.6 million in 2023. The planned sales target was slightly exceeded. The slight increase in revenue from product sales and, in particular, other services in connection with the partnership for the USA contributed to this in the 2023 financial year. The cost of materials ratio improved, meaning that the product-related gross profit also improved slightly in the financial year. With personnel expenses remaining almost unchanged but other operating expenses increasing significantly, a slightly positive EBITDA of around EUR 1.5 million was achieved for the first time in the 2023 financial year.

The inflow of borrowed funds in the 2023 financial year enabled parts of the investments previously financed with equity to be refinanced and used to build up working capital. Production capacity at the Pisa site was further expanded in line with demand and the production building in Saerbeck was completed. Individual production orders for the multi-core electrolysers were started at the Saerbeck site.

The order backlog has risen to around EUR 26 million at the end of 2023, with demand for electrolysers for larger quantities of hydrogen / megawatt class in particular increasing significantly.

Overall, we are satisfied with the past financial year.

Notes to the annual financial statements of Enapter AG (holding company)

Earnings situation

in TEUR	1.1.-31.12.2023	1.1.-31.12.2022	+/-	in %
Sales revenue	15.813	2.030	13.783	679%
Other operating income	655	311	345	111%
Cost of materials	-1.196	-1.318	121	-9%
Personnel expenses	-926	-643	-283	44%
Other operating expenses	-4.696	-4.406	-291	7%
EBITDA	**9.649**	**-4.026**	**13.675**	**-340%**
Depreciation and amortization	-230	-2	-227	>100%
Financial result	-1.827	4	-1.831	>100%
Income taxes	-860	0	-860	n/a
Annual result	**6.732**	**-4.024**	**10.756**	**-267%**

Revenue comprises licensing income for the electrolyser software in the amount of EUR 221 thousand (previous year: EUR 204 thousand) to the Italian subsidiary as well as the provision of services for Group companies in the amount of EUR 587 thousand (previous year: EUR 1,826 thousand) and other services. Revenue of EUR 15 million was recognized in the financial year from the agreement concluded in 2023 for the USA with Solar Invest International SE, Luxembourg, for a total of EUR 25 million, of which EUR 2 million was settled at the end of the year. The cost of purchased services results from software development costs for the electrolyser software and other external consulting services.

Other operating income mainly consists of income from the last two tranches of the Earthshot price gain (EUR 574 thousand) and income from currency translation (EUR 81 thousand). Personnel expenses amounting to EUR 926 thousand (previous year: EUR 643 thousand) increased in particular due to new hires in 2023.

Other operating expenses of EUR 4,696 thousand (previous year: EUR 4,406 thousand) mainly result from the costs of the stock market listing and other capital market costs (EUR 294 thousand; previous year: EUR 143 thousand), management fees to the main shareholder BluGreen Ltd. (EUR 420 thousand; previous year: EUR 409 thousand), costs for the procurement of debt capital (EUR 673 thousand; previous year: EUR 0 thousand), services of the related company Enapter Co. Ltd. (EUR 359 thousand; previous year: EUR 366 thousand), accounting, financial statement and auditing costs (EUR 114 thousand; previous year: EUR 223 thousand), insurance and contributions (EUR 18 thousand; previous year: EUR 145 thousand), legal and consulting costs (EUR 1,969 thousand; previous year: EUR 728 thousand), costs for the Enapter Advisory Board (EUR 36 thousand; previous year: EUR 78 thousand) and Supervisory Board (EUR 66 thousand; previous year: EUR 59 thousand), expenses from currency translation (EUR 0 thousand; previous year: EUR 370 thousand) and other operating expenses of EUR 409 thousand (previous year: EUR 171 thousand). No costs for raising equity were incurred in the reporting year (previous year: EUR 1,770 thousand).

The financial result includes interest expenses to Group companies of EUR 1,629 thousand and to third parties of EUR 198 thousand. Income taxes were calculated on the basis of the provisional tax result of Enapter AG.

In the financial year 2023, Enapter AG generated a net profit of EUR 6,732 thousand, following a net loss of EUR -

4,024 in thousand in 2022 in accordance with the German Commercial Code (HGB). The planned result was significantly exceeded, in particular due to the legal transaction in the USA.

Financial position

in TEUR	31.12.2023	31.12.2022	+/-	in %
Assets				
Fixed assets				
Intangible assets	133	360	-227	-63%
Property, plant and equipment	0	3	-3	n/a
Financial assets	229.591	214.819	14.772	7%
Total fixed assets	**229.724**	**215.181**	**14.542**	**7%**
in % of total assets	*90%*	*97%*	*-7%*	
Current assets				
Receivables and other assets	16.284	3.423	12.860	376%
Bank balances	9.756	2.247	7.509	334%
Total current assets	**26.040**	**5.690**	**20.351**	**358%**
in % of total assets	*10%*	*3%*	*7%*	
Total assets	**255.764**	**220.871**	**34.893**	**16%**
Capital				
Equity				
Subscribed capital	27.195	27.195	0	0%
Capital reserves	201.663	201.663	0	0%
Accumulated deficit	-3.541	-10.273	6.732	-66%
Total equity	**225.318**	**218.586**	**6.732**	**3%**
in % of total assets	*88%*	*99%*	*-11%*	
Non-current liabilities	**15.000**	**0**	**15.000**	**n/a**
Tax provisions	860	0	860	n/a
Other provisions	1.074	181	893	493%
Current liabilities	**13.512**	**2.104**	**11.408**	**542%**
Total equity and liabilities	**255.764**	**220.871**	**34.893**	**16%**

The **asset position** essentially shows financial assets amounting to EUR 229,591 thousand (previous year: EUR 214,819 thousand). Shares in affiliated companies are reported under financial assets:

- Enapter GmbH (registered in the commercial register of the district court of Berlin (Charlottenburg) under HRB 201064, Reinhardtstraße 35, 10117 Berlin), shares 1 to 500,000 in Enapter GmbH, which convey 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., representing a 99.98% interest 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 Immobilen GmbH, which convey 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 with a nominal value of RUB 10,000 (approx. EUR 117) in Enapter LLC, which represent a 100% interest in Enapter LLC. Enapter LLC is no longer operationally active for the Enapter Group. It is of minor importance to the Group.
- Enapter (Thailand) Company Limited (registered with the Bangkok Chamber of Commerce, Thailand, n.050556018396, registered office: Chiang Mai, Thailand), shares with a nominal value of Baht 10,000,000 (approx. EUR 255,000) in Enapter (Thailand), which represent a 100% interest in Enapter Thailand. 25% of the share capital has been paid in. Enapter Thailand is not yet operationally active for the Enapter Group. It is of minor importance to the Group.

In the financial year, Enapter AG made payments into the capital reserves of Enapter S.r.l. totaling EUR 7,600 thousand (previous year: EUR 15,000 thousand). EUR 5,500 thousand (previous year: EUR 6,758 thousand) was paid into the capital reserves of Enapter GmbH. Payments of EUR 1,600 thousand (previous year: EUR 30,539 thousand) were made into the capital reserves of Enapter Immobilien GmbH.

Enapter AG has held a 26.26% stake in H2 Core Systems GmbH (H2 Core), Heide, since December 2022. The purpose of the investment in H2 Core is to strengthen cooperation, particularly with regard to the integration of our electrolysers at customers.

As at December 31, 2023, receivables and other assets mainly consist of trade receivables (EUR 12,807 thousand), receivables from affiliated companies (EUR 2,777 thousand) and other assets (EUR 700 thousand) from VAT receivables and creditors with debit balances.

Another significant component of Enapter AG's assets is bank balances, which increased from EUR 2,247 thousand in the previous year to EUR 9,756 thousand.

The subscribed capital of Enapter AG amounted to EUR 27,195,000 as at December 31, 2023 (previous year: EUR 27,195,000).

As at December 31, 2023, the capital reserve was unchanged from the previous year at EUR 201,663,467 (previous year: EUR 201,663,467):

	in TEUR
Status as of January 1, 2023	201.663
Changes	0
Status as at December 31, 2023	201.663

The following accumulated deficit results as at December 31, 2023

	in TEUR
Accumulated deficit as at January 1, 2023	- 10.273
Net income for the year	6.732
Accumulated deficit as at December 31, 2023	-3.541

Taking into account the subscribed capital, the capital reserve and the accumulated deficit, equity as at the balance sheet date amounted to EUR 225,318 thousand (previous year: EUR 218,586 thousand), which corresponds to an equity ratio of around 88%.

Non-current liabilities include loans amounting to EUR 15,000 thousand from an up-stream loan from Enapter Immobilien GmbH, which bears interest at 13% p.a.

Other provisions increased by EUR 893 thousand in the financial year from EUR 181 thousand to EUR 1,074 thousand and mainly consist of provisions for contingent liabilities (EUR 772 thousand), provisions for annual financial statement and audit costs of EUR 105 thousand (previous year: EUR 85 thousand) and personnel costs of EUR 197 thousand (previous year: EUR 75 thousand). The provisions for outstanding invoices mainly include outstanding invoices from Enapter S.r.l. amounting to EUR 82 thousand.

Based on preliminary tax calculations, tax provisions of EUR 860 thousand will be recognized in the 2023 financial year.

Current liabilities include liabilities to affiliated companies in the amount of EUR 13,512 thousand, which mainly include the subordinated loan granted by BluGreen Company Ltd, Hong Kong, in December 2023 (EUR 10,000 thousand), trade payables (EUR 933 thousand) and other liabilities (EUR 153 thousand).

With regard to the **financial position, please refer to** the consolidated Group cash flow statement under "Earnings, net assets and financial position of the Enapter Group", as the company, as the holding company, is also responsible for financing the subsidiaries.

Report on material risks and opportunities

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

Systematic and efficient risk management is a dynamic and constantly evolving task for the Management Board of Enapter AG. The main risk positions are documented below and the main features of the accounting-related internal control system and risk management system are presented. Enapter defines 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 accounting 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 focuses on the identification and classification of risks, the internal control system aims to reduce risks through control measures. The internal control system is therefore an integral part of the risk management system and is therefore summarized below. The effectiveness of both systems has general limits. Even an internal control system and a risk management system that can generally be considered effective cannot provide absolute certainty of avoiding material misstatements or losses.

The Management Board designs the scope and focus of the systems in place on its own responsibility and in consultation with the Supervisory Board in accordance with 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 recognized risks;
- Reviewing identified risks with regard to their impact on the consolidated and separate financial statements of Enapter AG and the Enapter subsidiaries and the corresponding presentation of these risks.

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

Risks are first listed in an annual risk inventory. These are then assigned to corporate divisions. They are then classified according to the probability of occurrence as follows:

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

A classification is then made according to the degree of financial impact at the onset of risk as follows. Due to the change in business activities, these thresholds were halved compared to the previous year's thresholds:

Expected impact in TEUR	Degree of impact
0 to 250	Low
250 to 1,000	Moderate
1,000 to 5,000	Essential
> 5.000	Serious

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

Overall risk determination		Probability of occurrence			
		Very low	Low	Medium	High
Impact	Low	low	low	medium	medium
	Moderate	low	medium	medium	medium
	Essential	medium	medium	medium	high
	Serious	medium	medium	high	high

Controls are then set up 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 control.

With regard to accounting-related risks, these controls mainly consist of higher-level plausibility assessments and reconciliation procedures.

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

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

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

Technology, sales and market-related risks

AEM electrolysis technology is seen as a great opportunity in the global hydrogen economy that is currently taking shape. It offers more compact and flexible electrolysers than large-scale alkaline industrial plants and, unlike PEM, does not make use of highly endangered raw materials such as iridium. With its AEM electrolysers, the Enapter Group is therefore positioning itself as a potential disruptor in a market that is predicted to experience high to exponential market growth in the coming years[9] . There is a growing consensus that AEM will emerge as one of the dominant electrolyser technologies in the majority of performance and price-relevant key figures by 2030. However, analysts still disagree on exactly when the exponential part of the market ramp-up will begin. If market growth starts too late or is slower than expected, this could jeopardize Enapter's planned sales growth. Furthermore, it cannot be ruled out that other competitors with significantly higher capacities and financial resources will enter the AEM segment and catch up with Enapter's technological lead. With a lower order volume in the overall market and an increasing number of competitors, competition for existing orders could therefore increase significantly - a risk that the Enapter Group is attempting to counteract through stringent market analyses, targeted customer approaches and continuous further development of the technology, as well as investment in

[9] See e.g. International Energy Agency, Global Hydrogen Review 2023; BloombergNEF, and many more.

research and development.

Applications in the field of hydrogen production using electrolysis, especially AEM electrolysis, are still relatively new. So far, however, the electrolysers in Enapter's laboratories, test stations and customers have proven to be stable. In some cases, they are already achieving performances that AEM electrolysers will not be able to achieve until 2030, according to the Strategic Research and Innovation Agenda of the European Union's Clean Hydrogen Joint Undertaking[10] . However, potential customers still have little experience with our devices and could operate them incorrectly or malfunction. It cannot be ruled out that the commissioning and operation of our first AEM multicore electrolysers could lead to technology-related start-up difficulties, which could result in reputational damage that could negatively impact the market acceptance of AEM electrolysers. It is therefore important that manufacturers such as Enapter work closely with end customers and operators to minimize technology risks. Enapter believes that the planned first generation AEM multicores can be put into operation without any problems and will lead to a faster adaptation of AEM technology.

Customers of our electrolysers are established companies, but also smaller start-ups that integrate our electrolysers into various hydrogen projects. Some of their financing is dependent on subsidies or other sources of financing, which means that the unplanned collection periods and overall bad debt risks could increase as the order size increases, if and to the extent that customer financing defaults or is delayed. This would have a negative impact on Enapter's net assets and financial position. Enapter counters credit risks through a compliance check when accepting orders, through appropriate contractual bases and through suitable receivables management.

The global markets for our products, solutions and services are not yet fully developed. This makes factors such as pricing, product and service quality, development and launch times, customer relationships, financing conditions and the ability to adapt quickly to changing market requirements and trends all the more important in this market environment. The legal framework, which has not yet been fully developed, and the still incomplete infrastructure for transportation and among customers may cause our customers to postpone planned investments. This may delay the sale of our products and services, which could have a negative impact on our sales and earnings performance.

Risks from economic, geopolitical or other impairments and restrictions on international trade

The Enapter Group currently generates a large proportion of its sales abroad and is focused on ensuring that global trade is as smooth as possible and that international supply and payment processing chains function properly. In recent years, international trade has been impaired and restricted by Russia's war of aggression against Ukraine, the Middle East conflict, the blockade of global maritime trade by the Yemeni Houthi rebels and further crises are foreseeable. The disruption of global trade routes risks slowing down international freight traffic and putting a strain on international supply chains. Further armed conflicts, but also trade disputes (such as the recent US-China conflict in particular) could result in embargoes or other trade barriers. Enapter considers this risk to be significant in terms of both probability and potential negative impact on the operating business. Such changes in the geopolitical or economic environment in the countries and regions in which the Enapter Group operates could have a significant negative impact on the Enapter Group's financial position and results of operations. Other risks that Enapter considers less likely and less serious are unforeseen changes in the respective national tax legislation or other national laws and regulations relevant to the Enapter Group's activities or in the way in which such provisions are interpreted, applied or enforced, as well as exchange rate fluctuations and technical restrictions on the exchange

[10] Clean Hydrogen JU - SRIA Key Performance Indicators (KPIs) (europa.eu)

of currencies.

Risks in procurement and production

The results of our operating units depend on the reliable and effective management of our supply and logistics chain for components, parts, materials and services. The consequences of armed conflicts and geopolitical tensions, as well as future pandemics or natural disasters, could lead to operational disruptions and interruptions, particularly disruptions in the supply chains, which would have a significant impact on the key figures of sales, EBITDA and Group earnings.

Increased procurement prices can have a negative impact on our gross profit margin and therefore on our earnings situation. By expanding our production volumes, we have been able to optimize and broaden our supplier structure, but we are still affected by potential price increases for energy and key components if we are unable to pass these price increases on to our customers. This is particularly relevant for our multi-core electrolysers, for which we have commissioned so-called "build partners" to manufacture. In some cases, these partners have to establish new supplier relationships and negotiate new procurement conditions. In times of sharply rising prices and tight supply chains, this can lead to a more expensive cost base and thus to an increase in the price of Enapter's electrolysers.

The production of our electrolysers is technically and organizationally demanding. For a functioning electrolyser, we need high-quality components, talented employees and continuous investment in research and development. A shortage of funds and a shortage of skilled workers are therefore significant business risks for the Enapter Group, which we try to mitigate through forward-looking resource management and recruitment.

Risks in connection with the planned expansion strategy

Further risks arise from the ramp-up of series production of electrolysers 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 second generation of multi-core/multicore/megawatt electrolysers and with regard to the financing of this expansion strategy.

Capacities in Pisa, particularly in stack production, have been significantly expanded. The buildings for the production facility and the research and development center on the Enapter campus in Saerbeck have now been completed. The orders for the machinery have not yet been placed. The machinery for the expansion of production capacity at the Saerbeck site is to be commissioned once the development of the new stack for the second-generation multicore electrolysers has been completed, the corresponding orders have been placed, production in Germany is still economically viable after weighing up the benefits and costs and the financing of the machinery has been secured. In addition to the risk of the successful development of the new stack, there are therefore cost risks if the necessary investment requirements were to increase due to rising development costs and higher procurement costs for the machinery. The cost risk is partially mitigated as there are public funding projects in Germany for the development of a megawatt electrolyser and the establishment of production at the Saerbeck site. Nevertheless, we have observed that the funding and economic conditions in Germany have deteriorated in some cases compared to European and non-European locations.

We continue to observe that the demand for electrolysers for the production of larger quantities of hydrogen is increasing sharply. We can meet this demand with the AEM Nexus / megawatt-class electrolyzer, which we are currently building at our Saerbeck site. The first in-house prototype was presented to the public in May 2023 and the first customer orders were delivered at the end of 2023/beginning of 2024. Additional orders have been received for subsequent years, particularly from the promising Asian and American markets, which we serve with our partner companies. We therefore see further strategic partnerships as very sensible. In the medium term, the multi-core electrolysers are to be equipped with the new stack generation, which will offer significant cost advantages in production and therefore also for customers via the price. If the development of the new stack generation is delayed, Enapter could lose market share in the rapidly growing megawatt electrolyser segment, particularly if new market players enter the promising AEM technology.

Liquidity and financing risks

Enapter AG has successfully carried out several capital increases in recent years, generating around EUR 107 million in equity. Enapter AG was also able to raise debt capital in 2023. Against this background, Enapter expects to be able to continue to cover its capital requirements for further growth through capital measures in the future.

In February 2023, the Enapter Group concluded financing of EUR 25.6 million with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG (PAM), by issuing a bearer bond. The financing has a term of 2 years. With the conclusion of the corresponding agreements, Enapter has undertaken to provide collateral and to fulfill 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 termination of the corresponding agreements, for which there are currently no indications. BluGreen Company Ltd, Hong Kong (BluGreen), granted Enapter AG a subordinated loan for a nominal amount of 10 million in December 2023. BluGreen is the majority shareholder of Enapter AG with a stake of around 65%. The BluGreen loan funds may only be repaid to BluGreen once the liabilities to PAM have been met in full.

The repayment of the loan obligations and any additional financing required beyond this are to be secured at the appropriate time through corresponding capital measures. The extent to which we will be able to obtain this financing also depends on factors beyond our control. These include general economic conditions due to economic developments, geopolitical events, monetary policy and financial market regulation worldwide and in the EU. Furthermore, a deterioration in Enapter AG's business results, financial position or credit rating could also lead to a reduced availability of credit and/or higher financing and hedging costs. To date, the stock markets have also been burdened by geopolitical instability and various uncertainties. Rising inflation, an aggressive policy of interest rate hikes by central banks around the world, armed conflicts and other geopolitical disputes, which had a negative impact on global procurement and sales markets, ensured that fears of recession increasingly dominated events on the stock markets. Although the major share indices around the world have recovered in the meantime, demand for mid- and small-cap shares has lagged behind these positive developments on the stock markets, as has interest and demand on the capital market for "hydrogen" shares. In principle, interest and demand on the capital market for "hydrogen" shares is still there, also due to the political backing in the US in the EU, but the valuation and demand for these shares has deteriorated and could deteriorate further if, due to the slower than expected market ramp-up for hydrogen, business results remain below expectations and the profitability of the business model is achieved later. Thanks to our pioneering role in AEM electrolyser technology, we believe we are well equipped for the future. We have also adhered to our planning for the financial year. However, if the assumptions made in the planning with regard to business performance and financing do not materialize in the forecast period, 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 which continues to represent a going concern risk within the meaning of Section 322 (2) sentence 3 HGB.

Overall assessment of the risk situation

Taking into account Enapter's current orientation, there are currently specific risks that are monitored insofar 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 higher than in the previous year. Thanks to the AEM electrolyser technology and its focus on a modular, scalable platform strategy for small and large electrolysers, Enapter believes it is well positioned on the market. The quality, functionality, price and operating costs for the electrolysers and for the production of hydrogen by customers, as well as the provision of the corresponding infrastructure and a reliable legal framework, are particularly decisive for the demand for electrolysers.

The investments required for further growth and the financing of business operations are to be financed through suitable equity and/or debt capital measures. However, there is an inherent risk that financing rounds may not be successful as expected. If the financial and earnings planning is not met or the planned cash injections are not implemented on time, the continued existence of the company would be jeopardized. Following the successful capital increases in recent years and the debt capital received in 2023, Enapter plans to be able to continue to cover its capital requirements for further growth through suitable capital measures.

Opportunities

Green hydrogen is in a highly attractive market environment and will experience a real boom in the coming years, as a consensus has emerged in recent years that hydrogen is the only low-emission energy carrier that can sustainably decarbonize industry. This means that green hydrogen is the only way for industrialized nations in particular to achieve their climate targets within the specified time frame. In recent years, a large number of players have been in a certain waiting position. Only a few projects in key markets have so far managed to reach the so-called Financial Investment Decision (FID): The reasons for this are primarily of a regulatory nature. Neither the European Union nor the USA have managed to define clear guidelines for the allocation of subsidies for green hydrogen projects quickly enough to create the necessary investment security. While it seemed as if the USA would commit to almost unlimited financial support for hydrogen projects immediately after the passage of the Inflation Relief Act (IRA), it is now becoming increasingly clear that the USA will also follow the European example when it comes to defining funding guidelines. Work on the so-called Art. 45 has come to a standstill and caused noticeable uncertainty in the market. However, analysts agree that the following year will be characterized by strong market growth after strong regulatory signals at both European and North American level create enough market certainty to bring the numerous hydrogen projects planned to date to the final investment decision.

Enapter is the technology leader in innovative anion exchange membrane (AEM) electrolysis, which stands out from other electrolysis technologies in various respects and is generally regarded as the most promising of these. The main reason for this is that AEM has enormous cost reduction potential, which is mainly due to the fact that no platinum group metals are used for electrolysis. Enapter's electrolyzers do not use iridium, scandium or yttrium and are not negatively affected by potential upcoming PFAS regulations. They are the most promising of the electrolysis technologies, according to an analysis by the European Commission's Joint Hydrogen Undertaking. Enapter's electrolysers already meet many of the performance indicators for AEM technology that various research institutes are only predicting by 2030, particularly in the areas of efficiency, flexibility and operating costs.

Another competitive advantage of Enapter is its modular production approach based on the building block principle, which allows for rapid scaling and a high degree of automation in production. This will enable Enapter to move from manual series production to mass production extremely quickly and thus achieve further economies of scale. The highly modular functional principle of the multi-core electrolysers also translates into far greater operational flexibility than that of our competitors. Our 1 MW electrolyser had a flexibility of 3-100%. This means that even with the lowest input of renewables, hydrogen can be produced continuously and thus reduce the Levelized Cost of Hydrogen (LCOH) compared to competitors.

To summarize, the Enapter Group is very well positioned with its promising AEM technology to benefit from the expected market ramp-up. Enapter's modular product design also makes it possible to optimize the output of the electrolysers and thus reduce the cost of green hydrogen even further.

Report on the expected development

Economic framework conditions

Geopolitical uncertainty will remain the most influential factor on macroeconomic development in 2024. Economists assume that the global community of states will continue to fragment, resulting in an increasing localization of supply chains and accelerated geo-economic bloc formation - both factors that have a negative impact on global trade. Economic growth is therefore forecast to be lower than in 2023 at 2.9%[11] .

This uncertainty is affecting Europe's largest economy - Germany - particularly badly. Companies and households are noticeably unsettled and economic output is likely to stagnate. At the beginning of 2024, the general order situation will fall short of expectations. Industry and the construction sector are the hardest hit by the downturn. However, other areas of the economy are normalizing: The inflation rate is expected to fall from 5.9% in the previous year to 2.3%, gas and electricity prices in particular are expected to become cheaper and, after a few tough years, the energy crisis resulting from the war in Ukraine appears to have been largely overcome. The global economic situation is forecast to ease in the middle of the year, which will also have a positive impact on consumer spending and investment.[12]

We see the USA as a driver of growth and a key pillar of global economic development, subject to a certain risk with regard to the upcoming presidential election. We continue to take a positive view of economic development in China, even if economic growth in China has slowed somewhat.

Market for green hydrogen

The restrained market growth in recent years was primarily due to three factors: the lack of a clear political framework in key markets, the reluctance of end customers to sign long-term purchase agreements and the relatively small number of electrolysis projects that have already been commissioned in the megawatt range. Although market analysts see steady improvements in all three areas for 2024, they also agree that although the market will grow significantly, the explosive market growth that has been predicted for years will not materialize for another two to three years.

The political framework is expected to be finalized in 2024. In Europe, these were already formally adopted in mid-2023 with the Renewable Energy Directive[13] . In the USA, the Treasury Department has issued "$45V", which defines the details of the subsidies of USD 3 per kilogram of hydrogen produced at the end of 2023 as set out in the Inflation Reduction Act, and is expected to be adopted in 2024[14] . Both pieces of legislation are more similar than expected in terms of their basic pillars. Although this means that the American approach was significantly less business-friendly than originally assumed, it also means that similar basic conditions will prevail in Europe and the USA, which promises to provide market participants with significant growth, investment and planning security. China will cement its leading position as the largest hydrogen market, and Japan and Korea have also announced subsidy programs for 2024 that are intended to promote hydrogen projects on a large scale[15] . The number of countries

[11] What will happen to the global economy in 2024? | World Economic Forum (weforum.org)
[12] ifo Economic Forecast Spring 2024: German Economy as if Paralyzed | Publications | ifo Institute
[13] Renewable hydrogen production: new rules formally adopted (europa.eu)
[14] Treasury Sets Out Proposed Rules for Transformative Clean Hydrogen Incentives | Clean Energy | The White House
[15] Bloomberg New Energy Finance, 2023

worldwide with dedicated hydrogen strategies will continue to rise. By the end of 2023, over 50 countries had already published a national hydrogen strategy. A further 31 countries are working on publishing their own strategies. Hydrogen is therefore increasingly becoming the central component of tomorrow's energy system across the board. The reluctance of end customers to enter into long-term purchase agreements should therefore decrease significantly next year. In the USA in particular, a rapid increase in project completions is expected. In the US, the rate of projects that reached the Financial Investment Decision (FID) was around 1% in 2022. In Europe, this was already significantly higher last year and will continue to rise in 2024. This is also due to institutions such as H2 Global or the European Hydrogen Bank, whose explicit mandate is to even out the price differences between buyers and suppliers and thus bring more large-scale projects to contract conclusion. While the second round of auctions is already taking place in the UK and the Netherlands in 2024, the first hydrogen auctions are set to take place at EU level, as well as in Germany, France and Japan[16] .

In 2024, many megawatt-scale electrolysis projects that have been planned in recent years will be commissioned for the first time. This move from demonstration and pilot plants to functioning hydrogen production projects will create customer confidence and lead to strong growth in demand, as the projects can now be replicated relatively quickly and easily in other geographies and with other customers. However, it also carries a certain risk: not all suppliers will be able to deliver functioning electrolysers. Technical shortcomings and quality problems will become apparent to all market participants and could undermine confidence in certain electrolysis technologies and suppliers, which could have a negative impact on global market development.

According to Bloomberg New Energy Finance, annual deliveries of electrolysers will double from around 1.7 GW to 3.5 GW.[17] . This is healthy growth, but nowhere near the exponential growth that would be needed to achieve our climate targets by 2030[18] .

Sales development and launch of new products

In 2023, the Enapter Group's product portfolio has expanded considerably. For several years, the team at Enapter has been working on creating AEM electrolysers in the MW class. In multi-core electrolysers, hundreds of standardized Enapter stacks share a common balance of plant, creating highly flexible and resilient hydrogen production systems. In April 2023, the world's first megawatt AEM electrolyzer was inaugurated at the so-called Bioenergy Park near the company's premises in Saerbeck and put into operation shortly afterwards. In the second half of the year, Enapter also launched the AEM Flex 120, a 120 kW electrolyser with 50 stacks in the MW class, which was delivered to a local clinker manufacturer belonging to the ABC clinker group.

The Enapter Group continues to produce stacks and stack modules, which are still based on Enapter's patented dry cathode technology, at the Enapter S.r.l. site in Pisa, Italy. In Saerbeck, Germany, some of these are assembled together with partner companies into the AEM Nexus and AEM Flex multi-core electrolysers. Enapter relies on strong (inter)national partnerships in the construction of the multi cores in order to guarantee the highest possible quality and to be able to scale up quickly.

In the single-core electrolyser product range, the "EL 4" is the most compact, lightest and most cost-effective electrolyser enapter to date. Thanks to its modular design and the resulting ease of installation, commissioning and maintenance, the EL 4 is suitable for almost any hydrogen application. It can be delivered to Enapter's global customer base in around three months, giving it one of the shortest delivery times in the industry. In 2023, Enapter delivered a total of over 3,400 stacks and electrolyzers to more than 100 customers in almost 50 countries.

[16] Ibid.
[17] Ibid.
[18] Electrolysers - Energy System - IEA

The order backlog amounted to around EUR 26 million at the end of 2023, of which around EUR 14 million falls into the 2024 financial year. In the first quarter of 2024, Enapter received incoming orders amounting to around EUR 9.3 million. This corresponds to an increase of around 730% compared to Q1 2023. Almost 75% of the order volume is attributable to orders in the multicore class, the megawatt-class devices. The remaining share was generated from sales of single-core AEM EL 4 electrolysers. New customer business accounted for a total of 60% of all orders received. The majority of orders came from Europe and the US, with the US orders amounting to around EUR 1.5 million being generated via Enapter's US partner CleanH2 Inc.

The value of the qualified offers that we sent to our customers is not to be understood as a fixed order intake, but rather as a strong increase in demand for our products. The value of the qualified offers we sent to our customers rose from around EUR 433 million in the same quarter of 2023 to over EUR 2 billion at the start of the first quarter of 2024, of which around EUR 1.6 billion (80%) was attributable to demand for our multicore product lines and around EUR 400 million to the EL 4 (20%). This confirms our decision to expand our range to include electrolysers in the megawatt class.

For the coming 2024 financial year, we plan to generate revenue of EUR 34 million from deliveries of electrolysers, additional components, maintenance/service and other services. Due to production and delivery times (approx. 3 months for single-core electrolysers, approx. 6 months for the Flex/multi-core electrolyser with 120 kW, approx. 12 months for the Nexus/multi-core electrolyser and megawatt class), we will generate a large proportion of our revenue with our single-core electrolysers in 2024. Based on the order backlog and customer inquiries, we expect the share of electrolysers in the megawatt class to increase significantly in the coming years. Strong impetus is coming from our new partners in the USA and China. We are aiming for further partnerships.

Earnings forecast and overall statement

For 2024, Enapter expects EBITDA in the range of EUR -7 to -8 million with sales of around EUR 34 million.

In the 2024 financial year, we will increasingly focus on ramping up stack production at the Pisa site. This applies to our current generation of stacks, but also in particular to the development of the next generation of stacks for electrolysers in the multi-megawatt class.

We are also focusing on the further development of our megawatt-class electrolysers with our team and our partners with the aim of leveraging cost potential. We are trying to mitigate increasing procurement risks through international sourcing. Further operating costs are to be adjusted in line with sales development, thereby strengthening our earnings and financial power.

For Enapter AG in the separate financial statements as the parent company of the Group, we expect lower sales and a slightly negative result in 2024

Takeover-related disclosures and further information

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

Composition of the subscribed capital

The subscribed capital of Enapter AG amounted to EUR 27,195,000 on the balance sheet date and was divided into 27,195,000 ordinary bearer shares with no par value (no-par value 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 entitles the holder to one vote at the Annual General Meeting and an equal share of the profits.

The company currently has the following authorized and conditional capital:

By resolution of the Annual General Meeting on 28 July 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital once or several times by up to EUR 13,500,000.00 within five years in return for cash and/or non-cash contributions. Shareholders' subscription rights can be excluded (Authorized Capital 2022).

As part of the capital increase, 2,789,353 new shares were subscribed, increasing the company's share capital by EUR 2,789,353 to EUR 27,195,000.00 upon entry in the commercial register on August 9, 2022. The authorized capital 2021 was utilized to this extent; by resolution of the Annual General Meeting on 28 July 2022, the authorized capital currently amounts to EUR 13,500,000.

The Annual General Meeting on 6 May 2021 authorized the Executive Board, with the approval of the Supervisory Board, to issue convertible bonds and/or bonds with warrants or profit participation rights with or without conversion or subscription rights (hereinafter also referred to collectively 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 previous sentence may be granted conversion or subscription rights to up to 9,240,520 no-par value bearer shares in the company with a pro rata amount of the share capital totaling up to EUR 9,240,520.00. The conversion and subscription rights can be serviced from conditional capital to be resolved at this or future Annual General Meetings, from existing or future authorized 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 yet been used since approval by the Annual General Meeting on 5 May 2021.

The conditional capital increase serves to grant no-par value shares to the holders of bonds with warrants or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments, including, for example, convertible bonds with attached warrants) (together the "Bonds"), each with option or conversion rights or obligations -obligations that are issued until 5 May 2026 by the company or a Group company of the company within the meaning of Section 18 AktG in which the company directly or indirectly holds at least 90% of the votes and capital on the basis of the authorization resolved by the Annual General Meeting on 5 May 2021.

a) Restrictions affecting voting rights or the transfer of shares

The company is not entitled to any rights from treasury shares. In the cases of Section 136 AktG, voting rights from the shares concerned are excluded by law.

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

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

Notifications in accordance with the German Stock Corporation Act and the German Securities Trading Act", and for the consolidated financial statements, please refer to the disclosures in the notes under "IV. OTHER DISCLOSURES AND NOTES, K. Notifications in accordance with 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 Board of Directors and amendments to the Articles of Association

Members of the Management Board are appointed and dismissed on the basis of Sections 84 and 85 AktG. In accordance with Section 84 AktG, members of the Management Board are appointed by the Supervisory Board for a maximum term of office of five years. Reappointment or extension of the term of office is permitted. The Management Board of Enapter AG consists of one or more members in accordance with Section 5 of the Articles of Association. The Supervisory Board decides on the number of members of the Management Board, the appointment and revocation of appointments and the employment contracts. The Supervisory Board may appoint a Chairman of the Management Board and a Deputy Chairman. The Supervisory Board may revoke the appointment of a member of the Management Board for good cause. Such a reason is, in particular, gross breach of duty, inability to manage the company properly or withdrawal of confidence by the Annual General Meeting, unless confidence was withdrawn for obviously improper reasons. The Supervisory Board may issue rules of procedure for the Executive Board.

With effect from November 15, 2020, the Supervisory Board has issued rules of procedure for the Executive Board.

Any amendment to the Articles of Association requires a resolution by the Annual General Meeting. The resolution of the Annual General Meeting requires a majority of at least three quarters of the share capital represented when the resolution is passed. In accordance with Section 179 (2) sentence 2 AktG, the Articles of Association may stipulate a different capital majority, but only a larger capital majority for a change to the object of the company. According to the Articles of Association of Enapter AG, the Annual General Meeting adopts its resolutions with a simple majority of the votes cast and - if the law prescribes a capital majority in addition to the majority of votes - with a simple majority of the share capital represented when the resolution is adopted, unless mandatory statutory provisions stipulate otherwise.

Dependency report

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

"In the legal transactions and measures listed in the report on relationships with affiliated companies for the financial year ended December 31, 2023, Enapter AG received appropriate consideration for each legal transaction according to the circumstances known to the Management Board at the time the legal transactions were carried out or the measures were taken or omitted and was not disadvantaged by the fact that the measures were taken or omitted.

Remuneration report

The remuneration report for the 2023 financial year together with the auditor's report in accordance with Section 162 AktG will be made permanently available to the public at https://enapterag.de/corporate-governance/.

Corporate governance declaration in accordance with Section 289f HGB and Section 315d HGB

The corporate governance declaration in accordance with Section 289f HGB and Section 315d HGB is available on the company's website at https://enapterag.de/corporate-governance/.

Insurance of the legal representatives

(Section 264 (2) sentence 3 HGB, Section 289 (1) sentence 5 HGB and Section 297 (2) sentence 4 HGB, Section 315 (1) sentence 5 HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual 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.

Düsseldorf, April 25, 2024

The Management Board Enapter AG

signed. Dr. Jürgen Laakmann

signed. Gerrit Kaufhold

Independent Auditor's Report of the Independent Auditor

OPINION OF THE INDEPENDENT AUDITOR

To Enapter AG, Düsseldorf

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit assessments

We have audited the annual financial statements of Enapter AG, which comprise the balance sheet as at December 31, 2023, and the income statement for the financial year from January 1, 2023 to December 31, 2023, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of Enapter AG for the financial year from January 1, 2023 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other information" section.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying 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 appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of those parts of the management report listed in the "Other information" section.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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 on the management report.

Material uncertainty in connection with the continuation of business activities

We refer to the disclosures in the "Report on significant risks and opportunities" section of the combined management report and the disclosures in the "Use of discretionary decisions and estimates" section of the notes to the consolidated financial statements, in which the legal representatives explain that the investments required for further growth and the maintenance of business operations are to be financed through suitable equity and/or debt capital measures. Enapter anticipates that the losses and associated cash outflows will continue until production and the associated sales of electrolysers have ramped up. If the assumptions made in the planning with regard to business performance and financing do not materialize, 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 constitute a going concern risk within the meaning of Section 322 (2) sentence 3 HGB.

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

The investments required for further growth and the financing of business operations are to be financed through suitable equity and/or debt capital measures. The extent to which the company succeeds in obtaining this financing could depend on several factors that are beyond the company's control. In view of the associated uncertainty as to how and for how long the running costs can be financed, we consider this to be a key audit matter.

The risk for the financial statements is that the company inadequately presents the uncertainty in connection with the continuation of the company's activities. The risk for the financial statements is also that the Management Board wrongly assumes a positive going concern forecast and therefore the assets and liabilities are not recognized correctly.

Audit approach and conclusions

We have reviewed the disclosures made in the combined management report in the section "Report on significant risks and opportunities" and in section "D. Use of discretionary decisions and estimates" in the notes to the consolidated financial statements as to whether they are complete and sufficiently accurate to provide information about the significant risks to which the company is exposed and which could jeopardize the continued existence of the company. We consider the information provided to be comprehensible, complete and sufficiently accurate. With regard to the company's ability to continue as a going concern, we have assessed the balance sheet equity and the results of operations as well as the company's liquidity resources to service the ongoing costs and the company's planning documents and underlying assumptions.

Based on the results of our audit, the going concern assumption is appropriate.

Our audit opinions have not been modified with regard to this matter.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1, 2023 to December 31, 2023. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

<u>The recognition of revenue from a partnership agreement</u>

Reasons for designation as a key audit matter

In 2023, Enapter AG concluded a partnership agreement with a contractual partner for the US market. As part of these agreements, Enapter AG transferred technical expertise and production-related know-how to the contractual partner, among other things, and recognized revenue of EUR 15,000 thousand in this context in the 2023 financial year.

With regard to revenue recognition, Enapter AG must assess whether the contractual partner can derive a benefit from the transferred rights and assets either separately or together with other resources available to it at any time (i.e. the transferred rights and assets can be separated independently) and whether Enapter AG's commitment to transfer the rights and assets to the customer is separable from other commitments under the contract (i.e. the commitment to transfer the rights and assets can be separated independently in the context of the contract). Due to the scope for discretion in the identification and deferral of performance obligations, there is a risk for the financial statements that revenue may be incorrectly deferred as at the reporting date.

Audit approach and conclusions

In order to audit the accrual-based revenue recognition, we first developed an understanding of the economic content of the agreement with the contractual partner based on the contractual basis and our discussions with the Management Board. In addition, on the basis of evidence received and by obtaining a third-party confirmation from the contractual partner, we satisfied ourselves that rights and values that are separately identifiable and separable from other contractual commitments had been transferred to the contractual partner by the reporting date.

Enapter AG's approach to the accrual of revenue is appropriate.

Reference to related information

With regard to the disclosures on the recognition of sales, please refer to the explanations in the notes under "Notes to selected items in the income statement".

Other information

The legal representatives are responsible for the other information. The other information comprises the following non-audited components of the management report:

– the reference to the corporate governance statement with corporate governance report in accordance with Section 289f HGB and the information to which the reference relates,
– the reference to the remuneration report in accordance with Section 162 AktG and the information to which the reference relates,
– Responsibility statement by the legal representatives (Section 264 (2) sentence 3 HGB, Section 289 (1) sentence 5 HGB).

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

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

– are materially inconsistent with the annual financial statements, the audited content of the management report or our knowledge obtained in the audit, or
– otherwise appear to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless factual or legal circumstances dictate otherwise.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions 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 of the management report.

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

Our objectives are 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 an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits 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 annual financial statements and management report.

During the audit, we exercise due discretion and maintain a critical attitude.

In addition

– Identify and assess the risks of material misstatement of the annual financial statements and of the 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 opinions. 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

– Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) 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 these systems of the Company.

– Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.

– Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

– Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

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

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the audit of the electronic reproduction of the annual financial statements and the management report prepared for publication purposes in accordance with Section 317 (3a) HGB

Audit opinion

We have performed an assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the information contained in the file "Enapter_JA_2023.zip" (SHA1 1d59135951edbec67a7a4e484d1f52edc0988e99), which was provided electronically to the legal representatives, and reproductions of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") prepared for publication purposes comply, in all material respects, with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the annual financial statements and management report into the ESEF format and therefore does not extend to the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying management report for the financial year from January 1, 2023 to December 31, 2023 contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above, we do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for our audit opinion

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

Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit practice has applied the requirements for the quality assurance system of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) have been applied.

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The executive directors of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB. Hier Text eingeben

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

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 - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit.

In addition

– 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 opinion.

- Obtain an understanding of internal control relevant to the audit of the ESEF documentation 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 these controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date for the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

Other information pursuant to Article 10 EU-APrVO

We were appointed as auditor by the annual general meeting on July 6, 2023. We were engaged by the Chairman of the Supervisory Board on December 6, 2023. We have been the auditor of Enapter AG without interruption since the short financial year 2018/2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (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 into 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 report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The German Public Auditor responsible for the engagement is Dr. Mathias Thiere.

Berlin, April 29, 2024

MSW GmbH
auditing company
Tax consultancy firm

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Dr. Thiere
Auditor