Geschäftsbericht
Enapter AG

COURTESY TRANSLATION CONSOLIDATED FINANCIAL STATEMENTS

2023

Enapter

Annual report of Enapter AG

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Enapter at a glance

Enapter is an energy technology company that is making a significant contribution to the decarbonization of the global economy. We consider the production and use of green hydrogen to be an indispensable part of this mission.

Our corporate purpose is the production of anion exchange membrane (AEM) electrolysers. We are already the technology leader in this segment and will continue to extend this lead.

Our AEM electrolyzers with our patented dry cathode do not rely on the use of iridium or platinum group metals, which is why we expect AEM electrolysis to be the most cost-effective of all electrolysis technologies. This means that hydrogen from our electrolyzers can be cheaper than using fossil fuels.

We are listed on the Frankfurt and Hamburg stock exchanges (General Standard, regulated market, ISIN DE000A255G02, WKN A255G02, Bloomberg ticker H2O). Enapter has grown over the years and had 200 employees at the turn of the year.

Our modular product design represents a paradigm shift in the manufacture of electrolyzers, as we focus on the high-volume series production of our stacks rather than the design of projects. Approximately 120 partners integrate and sell Enapters products in hydrogen solutions of all sizes. Our electrolyzers are used by over 340 customers in more than 50 countries

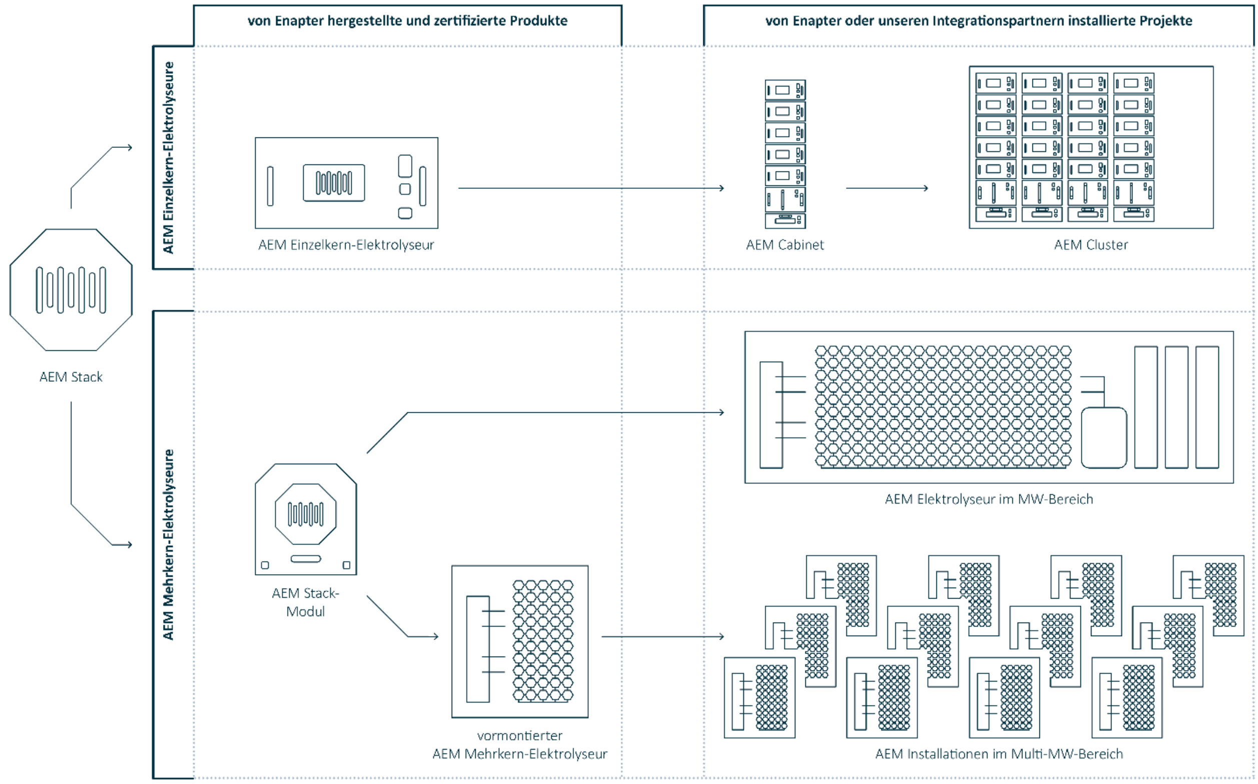
We produce our electrolysers at our two sites in Pisa, Italy and Saerbeck, Germany. In order to internationalize and scale our business even faster, we entered into a partnership for the USA in 2023 and founded a joint venture with the Chinese industrial company Wolong at the beginning of 2024. We are aiming for further strategic partnerships.

The Enapter share

Information on the share	
ISIN	DE000A255G02
WKN	A255G02
Bloomberg Ticker	H2O
Shares issued	27.195.000
Stock exchange segment	Regulated market /General Standard
Country	Germany
Sector / Subsector	Cleantech / Hydrogen
Shareholders	Blugreen Company Ltd/Sebastian-Justus Schmidt 65.14%, Svelland Global Trading Fund 5.01%, Sergei Storozhenko 4.12%, Johnson Matthey 3.87%, Morgan Stanley 3.04% (as of April 17, 2024)

Our approach

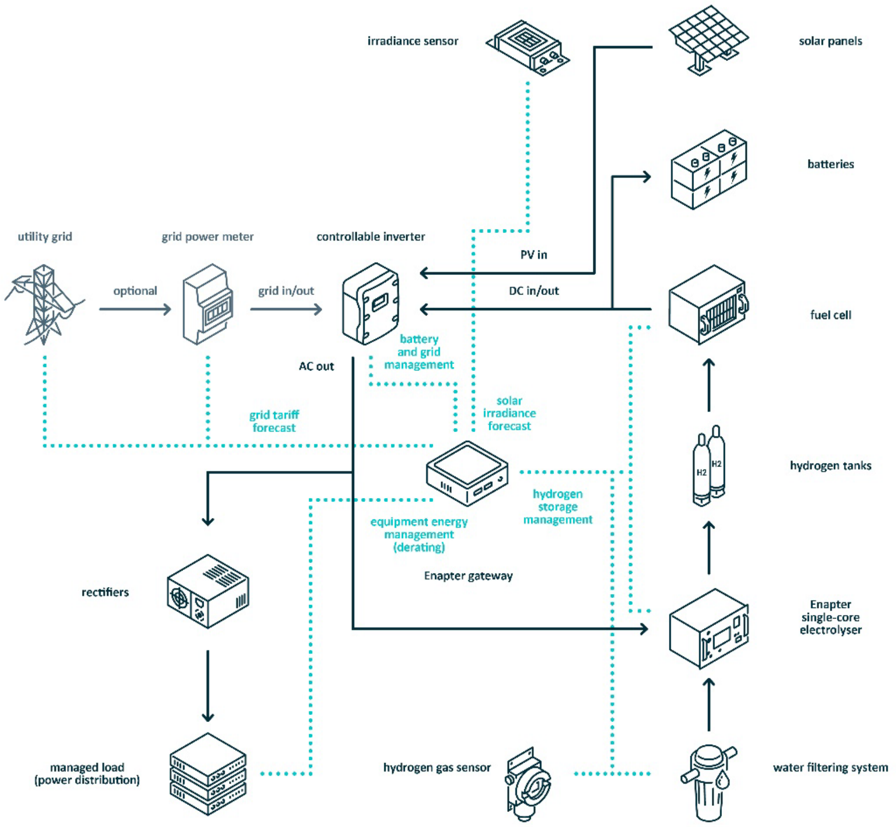
Thanks to our modular product approach, our AEM cores ("stacks") can be used as minimum modular units in systems of different sizes. This means that we can build different products on a single stack design. We use our stacks in both single core electrolyzers (EL) and multi-core electrolyzers (AEM Flex 120, Nexus 500 and Nexus 1000), covering projects from the single kilowatt to the multi-megawatt range. Our AEM electrolysers are flexible building blocks for energy projects with green hydrogen: one electrolysis module, several modules stacked or scaled up to megawatts with the AEM Nexus.



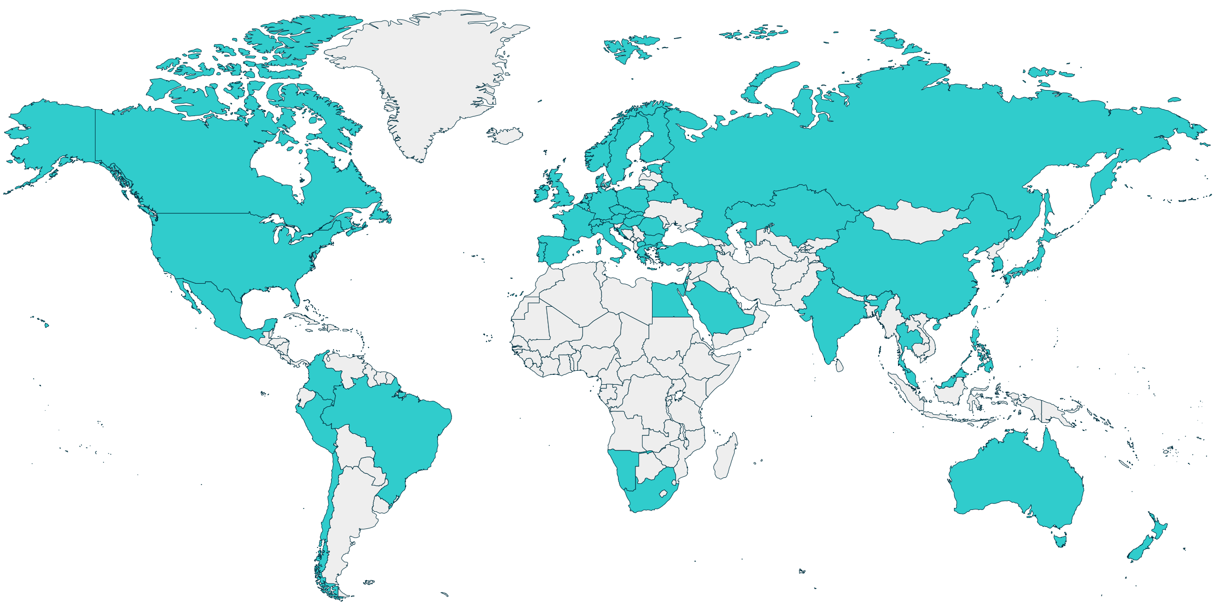
Our AEM electrolysers are versatile. Wherever hydrogen is needed, our electrolysers can supply it. Our customers' areas of application range from power-to-heat and power-to-gas solutions to electricity storage, industrial projects, mobility and research.

We also combine our hardware with a software solution developed specifically for our electrolysers, the Energy

Management System Toolkit, which allows energy generation, storage and transmission to be automated and thus easily integrated into the higher-level energy system.



We focus on the manufacture of electrolysers. Our newly established Technical Sales Team advises customers on project design for system solutions in the megawatt range. However, the integration of these systems is handled by our international partner network. Our electrolysers are used by around 340 customers in over 50 countries.



This report

This annual report contains the combined management report for the 2023 financial year and the consolidated financial statements as at December 31, 2023 of Enapter AG ("Company") and its subsidiaries ("Enapter Group", "Enapter Group", "the Company" or "we").

In addition to information about the Enapter Group, the combined Group management report also contains the management report of Enapter AG.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and applicable in the European Union (EU), as well as the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). The combined Group management report for the 2023 financial year and the consolidated financial statements as at December 31, 2023 were audited by MSW GmbH Wirtschaftsprüfungsgesellschaft, Berlin.

The remuneration report of Enapter AG in accordance with Section 162 AktG has been made publicly available on the company's website (https://enapterag.de/corporate-governance/).

The corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code (HGB) has been made publicly available on the company's website (https://enapterag.de/corporate-governance/).

The declaration of compliance by the Management Board and the Supervisory Board with the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) in accordance with Section 161 of the German Stock Corporation Act (AktG) has been made permanently available to the public on the company's website (https://enapterag.de/corporate-governance/).

Our voluntary sustainability report is available on the company's website in the "Investor Relations" section under "Sustainability Reports" (https://enapterag.de/nachhaltigkeitsberichte/). The report contains information on the results of the company's activities in the area of sustainability.

Foreword by the Executive Board

Ladies and Gentlemen,

A strong 2023 financial year lies behind Enapter. We have successfully continued our international expansion. We opened up new markets and implemented numerous projects with new and existing customers. We have further expanded our product portfolio and strengthened our financial base. We are therefore confident about the current 2024 financial year and beyond.

As part of our international growth strategy, we concluded a cooperation agreement with Solar Invest International SE for the US market in 2023. The USA is one of the fastest-growing hydrogen markets and we see enormous opportunities in the country. As part of the exclusive partnership, Solar Invest is establishing a distribution network for Enapter products in the United States via Clean H2 Inc. In China, another exceptionally fast-growing market, we initially concluded a framework supply agreement for megawatt electrolysers with Wolong, a leading global engine and drive manufacturer, in 2023. After the end of the reporting period, in January 2024, we agreed a joint venture with Wolong in China, which was established in March 2024 and will serve the Chinese market. The plan is to supply stacks to China and produce electrolysers of various capacities locally.

The demand for our electrolysers is constantly increasing. More than 5,000 AEM electrolysers in various performance classes are now in use by more than 340 customers in over 50 countries worldwide, producing green hydrogen in various fields of application. These include systems for energy storage, mobility solutions, process heat and other industrial applications. The largest sales markets for Enapter's electrolysers in 2023 were Germany, Italy and Japan. However, we also received orders in the megawatt segment from the Netherlands, the Czech Republic and the UK. In addition, we opened the first training center for green hydrogen in Southeast Asia together with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the University of Chiang Mai/Thailand.

An important milestone in our company's history was the launch of the world's first megawatt-class AEM electrolyser for the production of green hydrogen in May 2023. By scaling many small units into one large system - the device is made up of over 400 core modules, known as stacks - the costs of green hydrogen can be significantly reduced. We have also expanded our product portfolio with the AEM Flex 120. This electrolyser is made up of 50 stacks and can produce up to 53 kg of hydrogen per day. We call these device classes multicore, as they consist of several cores (stacks). Devices in the multicore class now account for around 80 percent of demand for our products.

We were able to seamlessly continue our good business performance from the previous year in the first quarter of 2024 and are also very satisfied with our performance to date: our order intake in the first quarter of 2024 increased sevenfold compared to the previous year. We received the largest single order to date from Italy for multicore class devices in Europe. There is a growing international consensus on the immense potential of AEM electrolysers. PEM electrolysers in particular, which rely on one of the rarest and most expensive metals in the world - iridium - are unlikely to be able to scale up as quickly as previously assumed. Our AEM electrolysers do not use iridium and this significant competitive advantage over PEM is reflected in a very strong increase in customer inquiries. We have further strengthened our financial structure in 2023.

At the beginning of 2023, we concluded a financing agreement with the Patrimonium Middle Market Debt Fund for EUR 25 million by issuing a bearer bond with a term of two years. In addition, Enapter has concluded an agreement with the main shareholder Blugreen Company Ltd. for a shareholder loan of EUR 10 million at the end of 2023. The company's liquidity amounted to EUR 14.6 million as at December 31, 2023.

In the 2023 financial year, Enapter more than doubled its turnover from € 14.7 million in 2022 to € 31.6 million in 2023 (+114%). EBITDA amounted to 1.5 million euros. We therefore reported positive EBITDA for the first time in 2023. The legal transaction with Solar Invest International SE for the USA made a particularly positive contribution to this. Product sales with electrolysers, associated components and other services increased from EUR 14.7 million in 2022 to EUR 16.6 million in 2023. For 2024, Enapter expects sales to increase to EUR 34 million and EBITDA to be between EUR -7 million and EUR -8 million. The 2024 financial year is primarily characterized by high up-front costs for the pre-series production of our megawatt-class electrolysers.

At the end of the 2023 financial year, Enapter founder and CEO Sebastian-Justus Schmidt resigned from his position as CEO for personal reasons and at the same time provided the company with a loan of EUR 10 million. We would like to thank him for his close and excellent cooperation over the past years. Without Sebastian-Justus Schmidt, Enapter would not be what it is today: a globally active greentech company and technology leader in AEM electrolysis. We are delighted that Mr. Schmidt will continue to be available as a shareholder and advisor with his expertise and network.

Sincerely,

Dr. Jürgen Laakmann

Gerrit Kaufhold

Report of the Supervisory Board

for the financial year from January 1, 2023 to December 31, 2023

The Supervisory Board of Enapter AG submits the following report to the Annual General Meeting in accordance with Section 171 AktG regarding the 2023 financial year.

1. Introduction

The 2023 financial year was another very eventful one for the Enapter Group. The Supervisory Board of Enapter AG is particularly pleased that the Group was able to approximately double its revenue and that the number of devices in the field continued to increase significantly. Other important milestones were the start of Dr. Jürgen Laakmann as CEO of Enapter AG, the extension of the contract with CFO Gerrit Kaufhold and the raising of additional funds.

2. Members and meetings

In the 2023 financial year, the company's Supervisory Board consisted of Mr. Armin Steiner (Chairman), Mr. Oswald Werle (Deputy Chairman), Mr. Ragnar Kruse and Prof. Dr.-Ing. Christof Wetter (Prof. Dr. Wetter was elected to the Supervisory Board at the Annual General Meeting on 28 July 2022 and effectively appointed in September 2022 by publication in the commercial register). Mr. Oswald Werle left the company's Supervisory Board at his own request on 1 February 2024. The Management Board and Supervisory Board have taken note of this decision with regret and would like to thank Mr. Oswald Werle for his tireless commitment to the Enapter Group and the valuable impetus he has provided over the years. Mr. Ragnar Kruse was elected as the new Deputy Chairman.

The Supervisory Board held 12 meetings in the 2023 financial year, mainly as video conferences.

Due to the size of the Supervisory Board, it has decided not to form committees, with the exception of the legally required Audit Committee.

There were no conflicts of interest for members of the Supervisory Board in the 2023 financial year.

3. Report of the Supervisory Board on its activities

In the 2023 financial year, the Supervisory Board performed the duties and tasks incumbent upon it in accordance with the law and the Articles of Association and dealt with the economic and financial situation of the company during the 2023 financial year. It also monitored and advised the Management Board on the management of the company. In accordance with Section 90 of the German Stock Corporation Act (AktG), the Management Board informed the Supervisory Board regularly, promptly and comprehensively about the key aspects of business development and the economic situation of the company.

The Management Board coordinated the strategic direction of the company in the 2023 financial year with the Supervisory Board. The Supervisory Board was involved in all key decisions of fundamental importance to Enapter AG and passed the resolutions required by law and the Articles of Association.

The Supervisory Board paid particular attention to the following matters in the 2023 financial year:

- Achieving the planned production volumes and thus also the planned sales revenue
- Product quality
- R&D, such as the further development of the multicore, the frame products and the new stack

- Securing the Group's financing through equity and debt capital
- Examination of entering into strategic partnerships
- Building up the further sales pipeline in order to achieve the ambitious medium-term planning targets
- Appointment of a new member of the Management Board (CEO) and extension of the Management Board contract with the existing CFOs
- Planning for 2024 and medium-term planning beyond that until break-even

Communication between the Management Board and the Supervisory Board was direct and constructive.

Individual members of the Supervisory Board were also informed outside the Supervisory Board meetings in accordance with their respective special advisory expertise for Enapter AG and were available to advise the Management Board.

In the 2023 financial year, the Supervisory Board satisfied itself of the legality of corporate governance at Enapter AG through discussions with the Management Board and the auditor. It ensured that the Management Board, for its part, effectively monitors the correct conduct of Enapter AG's employees.

As in the previous year, a process for monitoring the financial statements was set up, which includes coordination / reports on the progress of the audit activities between representatives of the Supervisory Board and the auditor to accompany the audit of the annual financial statements.

Conflicts of interest of members of the Management Board and Supervisory Board, which must be disclosed to the Supervisory Board without delay and about which the Annual General Meeting would have to be informed, did not arise in the 2023 reporting year.

The Supervisory Board and Management Board last issued a joint declaration of compliance in accordance with Section 161 AktG on April 24, 2023, which was published on the company's website.

4. Management Board

Mr. Sebastian-Justus Schmidt and Mr. Gerrit Kaufhold were members of the Management Board of Enapter AG for the entire 2023 financial year. Dr. Jürgen Laakmann was a member of the Management Board of Enapter AG from 01.07.2023 to 31.12.2023.

5. Annual and consolidated financial statements as at December 31, 2023 and combined management report

MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, audited the annual financial statements prepared in accordance with the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with the applicable International Financial Reporting Standards (IFRS) as at December 31, 2023 and the combined management report for the 2023 financial year of Enapter AG. The audit opinion was issued without qualification. The audited annual financial statements, consolidated financial statements and combined management report as well as the audit reports were made available to the Supervisory Board. The Supervisory Board discussed the annual financial statements and the consolidated financial statements of Enapter AG as at December 31, 2023 and the combined management report for Enapter AG as well as the auditor's reports in detail with the Management Board and the auditor at the balance sheet meeting and, based on the comprehensive information provided by the auditor and its own review, agrees with the audit results.

In the summarized management report, the assessments made by the Management Board for Enapter AG are consistent with the reports submitted to the Supervisory Board during the year. Based on its own assessment of the situation of Enapter AG and its own forecast for the future development of Enapter AG, the Supervisory Board comes to the same conclusions. In the view of the Supervisory Board, the management report presents a realistic picture of the situation of Enapter AG and its prospects.

6. Dependency report

In accordance with Section 312 AktG, the Executive Board has prepared a report on the company's relationships with affiliated companies for the financial year from January 1, 2023 to December 31, 2023 (dependent company report).

The company's auditor for the financial year ending December 31, 2023, MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, audited the dependent company report and issued an unqualified audit opinion. The audit certificate reads verbatim:

"Following our audit and assessment in accordance with professional standards, we confirm that

1. the actual information in the report is correct and
2. the consideration paid by the company for the legal transactions listed in the report was not unreasonably high."

The dependent company report and the corresponding audit report by the auditor were forwarded to the Supervisory Board. The Supervisory Board examined both reports and concurred with the results of the audit by the auditor. The Supervisory Board has no objections.

7. Remuneration report

The remuneration report of Enapter AG in accordance with Section 162 AktG has been made publicly available on the company's website (https://enapterag.de/corporate-governance).

8. Final declaration

Following the final result of the Supervisory Board's review of the annual financial statements, the consolidated financial statements and the combined management report of Enapter AG as at December 31, 2023, the Supervisory Board has no objections to raise.

The annual financial statements of Enapter AG as at December 31, 2023, together with the combined management report, as prepared by the Management Board and audited by MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, which issued an unqualified audit opinion, were approved by the Supervisory Board at its meeting on April 25, 2024 in accordance with Section 171 (1) and Section 172 AktG. The annual financial statements are thus adopted.

Also approved at the meeting on April 25, 2024 were the consolidated financial statements of Enapter AG as at December 31, 2023 together with the combined management report in the version prepared by the Management Board and audited by MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, which issued an unqualified audit opinion.

Following the final result of the Supervisory Board's review of the dependent company report, there are no objections to the declaration made by the Management Board at the end of the dependent company report.

9. Acknowledgments

The Supervisory Board would like to thank the Management Board and all employees for their extraordinary commitment to the Group in the past year. Important milestones were the further securing of financing, a significant increase in incoming orders and intensive work on product quality.

The Supervisory Board would also like to thank all customers, business partners and shareholders for the trust they have placed in the company. The general conditions for the future economic development of the Group are promising; the demand for green hydrogen and the devices that produce it is expected to be high in the coming years. The main challenge for Enapter will be to continue to significantly expand production and sales in general and to secure further financing for the company until break-even.

Berlin, April 25, 2024

The Supervisory Board

signed. Armin Steiner

as Chairman of the Supervisory Board for the Supervisory Board

Combined management report of Enapter AG and the Enapter Group

from January 1 to December 31, 2023

Fundamentals of the company and the Group

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

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

Report on the main risks and opportunities

Report on the expected development

Takeover-related disclosures and further information

1

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 H2O.

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 introduction 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 (previous year: 85) people 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 is calculated as 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

[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)

for industry underline the targeted upward trend. Each year, 0.3% of GDP should be invested in the green 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 stipulated in the IRA made the USA a highly attractive market for project developers. Over the course of 2023, however, it became apparent that the USA will increasingly follow the European guidelines when it comes 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

[7] Is Japan's economy at a turning point? (economist.com)

[8] Renewable Energy Directive (europa.eu)

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 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 an 8-bar pressure version 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 with 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, 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 [illegible] thousand in 2022 to EUR -3[illegible] 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 for 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.

Equity on the balance sheet amounted to EUR 80,266 thousand as at December 31, 2023 (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 expenses for purchased services result 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 -4,024in 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 essentially 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 as the order size increases, the unplanned collection periods and overall bad debt risks could also increase 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 not yet fully developed legal framework, the still partially incomplete infrastructure for transportation and among customers may lead 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 of currencies.

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

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, especially 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 present in the EU, partly due to the political backing in the US, but the valuation and demand for these shares has deteriorated and could deteriorate further if business results fall short of expectations due to the slower than expected market ramp-up for hydrogen 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 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.

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 the modular production approach based on the building block principle, which allows 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

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

delivered a total of over 3,400 stacks and electrolyzers to more than 100 customers in almost 50 countries.

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 (around 3 months for single-core electrolysers, around 6 months for the Flex/multi-core electrolyser with 120 kW, around 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 revenue 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 may 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/.

Consolidated financial statements

of Enapter AG as of December 31, 2023

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Group - Balance sheet

as at December 31 202 3

ASSETS	Notes	31.12.23	31.12.22
	No.	EUR	EUR
Non-current assets			
Intangible assets	III.A.(1)	11.973.180	10.272.092
Property, plant and equipment	III.A.(2)	72.902.136	67.899.679
Rights of use	III.A.(3)	1.007.161	909.012
Shares in associated companies	III.A.(4)	-	972.489
Other financial assets	III.A.(5)	732.068	176.690
Deferred tax assets	III.A.(6)	15.956	7.007
		86.630.502	**80.236.969**
Current assets			
Inventories	III.A.(7)	11.310.472	8.421.443
Trade receivables	III.A.(8)	23.269.444	8.013.914
Other assets	III.A.(9)	5.608.781	6.070.938
Cash and cash equivalents	III.A.(10)	14.589.245	5.070.823
		54.777.943	**27.577.118**
Balance sheet total		**141.408.445**	**107.814.087**

PASSIVA	Notes	31.12.23	31.12.22
	No.	EUR	EUR
Equity			
Subscribed capital	III.A.(11)	27.195.000	27.195.000
Capital reserves	III.A.(12)	88.622.478	87.586.151
Retained earnings	III.A.(13)	-35.560.254	-28.396.078
Other reserves	III.A.(14)	8.471	68.999
Total equity		**80.265.695**	**86.454.072**
Of which attributable to:			
Share of equity attributable to owners of the parent company		80.266.334	86.453.450
Non-controlling interests		-639	623
Total equity		**80.265.695**	**86.454.072**
Non-current liabilities			
Tax liabilities		860.475	0
Other financial liabilities	III.A.(15)	38.107.457	2.370.589
Leasing liabilities	III.A.(16)	579.156	470.630
Provisions	III.A.(17)	771.387	604.883
Passive accruals and deferrals	III.A.(18)	2.079.452	1.844.323
		42.397.927	**5.290.424**
Current liabilities			
Other financial liabilities	III.A.(15)	1.003.694	870.510
Leasing liabilities	III.A.(16)	134.601	116.446
Liabilities from deliveries and services	III.A.(19)	5.533.806	11.190.982
Other liabilities	III.A.(20)	6.912.098	2.338.164
Provisions	III.A.(17)	4.438.182	1.243.042
Passive accruals and deferrals	III.A.(18)	722.442	310.447
Total current liabilities		**18.744.823**	**16.069.591**
Balance sheet total		**141.408.445**	**107.814.087**

Consolidated income statement

for the period from January 1 to December 31, 2023

	Notes	2023	2022
	No.	EUR	EUR
Sales revenue	II.F.;II.B.(1)	31.605.509	14.671.422
Other own work capitalized	III.A.(1-2)	4.075.815	6.382.582
Change in inventories of finished goods and work in progress	III.A.(7)	2.077.921	525.270
Other operating income	III.B.(2)	4.115.730	2.799.251
Cost of materials	III.B.(3)	-12.960.953	-12.012.787
Personnel expenses	III.B.(4)	-13.560.903	-14.299.979
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	III.A.(1-3)	-4.167.883	-2.275.871
Other operating expenses	III.B.(5)	-13.867.468	-8.647.936
Financial income	III.B.(6)	1.860	2.397
Financial expenses	III.B.(6)	-3.620.261	-99.073
Earnings before taxes		**-6.300.634**	**-12.954.724**
Income tax expense	III.B.(7)	-863.543	-23.208
Group result		**-7.164.177**	**-12.977.933**
Of which attributable to:			
Shareholders of the parent company		-7.162.927	-12.976.684
Non-controlling interests	III.B.(8)	-1.250	-1.249
		-7.164.177	-12.977.933
Earnings per share			
basic, based on the earnings attributable to the holders of ordinary shares in the parent company	III.B.(9)	-0,26	-0,51
diluted, based on the earnings attributable to the holders of ordinary shares in the parent company	III.B.(9)	-0,26	-0,51

Consolidated statement of comprehensive income

for the period from January 1 to December 31, 2023

	Notes	2023	2022
	No.	EUR	EUR
Group result		**-7.164.177**	**-12.977.933**
Other comprehensive income after income taxes			
Remeasurement of the net liability from defined benefit plans	III.A.(17)	-39.040	24.663
Items that will not be reclassified to the income statement		**-39.040**	**24.663**
Derivative financial instruments	III.A.(14)	-21.488	127.450
Difference from currency translation		0	0
Items that may be reclassified to the income statement		**-21.488**	**127.450**
Other result		**-60.528**	**152.113**
Consolidated comprehensive income		**-7.224.705**	**-12.825.820**
Of which attributable to:			
Shareholders of the parent company		-7.223.443	-12.825.848
Non-controlling interests	III.B.(8)	-1.262	29
		-7.224.705	-12.825.820

Group - Statement of changes in equity

for the period from January 1 to December 31, 2023

	Subscribed capital	Capital reserves	Retained earnings	Other reserves	Total equity	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
	EUR	EUR	EUR	EUR	EUR		EUR	EUR
Notes	III.A.(11)	III.A.(12)	III.A.(13)	III.A.(14)			III.B.(8)	
Status 1.1.2022	**24.405.647**	**37.615.442**	**-15.418.145**	**-83.114**	**46.519.830**	**46.517.987**	**1.843**	**46.519.830**
Cash capital increase Enapter AG	2.789.353-	50.208.354	-	-	52.997.707	52.997.707	-	52.997.707
Costs of raising capital	-	-1.779.286	-	-	-1.779.286	-1.779.286	-	-1.779.286
Share-based payment	-	1.541.641	-	-	1.541.641	1.541.641	-	1.541.641
Group result	-	-	-12.977.933	-	-12.977.933	-12.976.684	-1.249	-12.977.933
Other result	-	-	-	152.113	152.113	152.085	29	152.113
As at 31.12.2022	**27.195.000**	**87.586.151**	**-28.396.078**	**68.999**	**86.454.072**	**86.453.450**	**623**	**86.454.072**
Status 1.1.2023	**27.195.000**	**87.586.151**	**-28.396.078**	**68.999**	**86.454.072**	**86.453.450**	**623**	**86.454.072**
Cash capital increase Enapter AG	-	-	-	-	-	-	-	0
Costs of raising capital	-	-	-	-	-	-	-	0
Share-based payment	-	1.036.327	-	-	1.036.327	1.036.327	-	1.036.327
Group result	-	-	-7.164.177		-7.164.177	-7.162.927	-1.250	-7.164.177
Other result	-	-	-	-60.528	-60.528	-60.516	-12	-60.528
Status 12/31/2023	**27.195.000**	**88.622.478**	**-35.560.254**	**8.471**	**80.265.695**	**80.266.334**	**-639**	**80.265.695**

Group - Cash flow statement

for the period from January 1 to December 31, 2023

		2023	2022
Ongoing business activities	**Notes**	**EUR**	**EUR**
Consolidated net income after taxes		-7.164.177	-12.977.933
Income taxes		863.543	23.208
Financial result	III.B.(7)	3.618.401	96.676
Depreciation, amortization and impairment of non-current assets	III.A.(1-3)	4.167.883	2.275.871
Interest received		1.860	2.397
Interest paid		-2.885.337	-69.223
Income taxes paid		-3.068	-4
+/- Increase/decrease in non-current provisions		166.504	92.725
+/- Increase/decrease in current provisions		3.195.140	727.567
Change in net working capital:			
+/- Decrease/increase in trade receivables and other receivables		-14.793.373	-6.113.307
-/+ Increase/decrease in inventories		-2.889.029	-4.817.616
Increase/decrease in trade payables and other liabilities		720.763	4.454.621
Other non-cash transactions		933.587	840.868
Cash flows from operating activities		**-14.067.304**	**-15.464.149**
Investment activity			
Payments for the acquisition of intangible assets	III.A.(1)	-4.496.261	-4.435.804
Payments for the acquisition of property, plant and equipment	III.A.(2)	-5.929.524	-44.989.275
Payments for investments in financial assets	III.A.(4)(9)	0	-3.329
Proceeds from the sale of financial instruments	III.A.(9)	0	0
Payments for modernization of leased buildings (rights of use)	III.A.(3)	0	-61.458
Cash flows from investing activities		**-10.425.786**	**-49.489.865**
Financing activities			
Proceeds from the issue of new shares	III.A.(16)	0	52.997.707
Transaction costs for the issue of shares	III.A.(16)	0	-1.769.813
Payments for the repayment portion of lease liabilities	III.A.(16)	-126.681	-154.581
Proceeds from the assumption of financial liabilities	IV.E.	34.595.533	395.900
Payments from the repayment of financial liabilities	IV.E.	-457.339	-1.048.455
Cash flows from financing activities		**34.011.512**	**50.420.759**
Change in cash and cash equivalents		**9.518.422**	**-14.533.256**
Cash and cash equivalents as at January 1		5.070.823	19.604.079
Cash and cash equivalents as at December 31 of the previous period	III.A.(10)	**14.589.245**	**5.070.823**
Composition of cash and cash equivalents		**31.12.2023**	**31.12.2022**
Cash at banks	III.A.(10)	14.589.245	5.070.823

Group - Notes

as of December 31, 2023

I. General principles

A. Information on the company and the Group

Enapter AG, Düsseldorf (formerly: Heidelberg) is a stock corporation under German law (hereinafter "Enapter AG" or "Company"). Enapter AG is registered in the commercial register at the Düsseldorf Local Court under number HRB 104171 (formerly: Mannheim under number HRB 735361) and has its registered office in Düsseldorf (formerly: Heidelberg) and its business address at Glockengiesserwall 3 in 20095 Hamburg.

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 management and functional services for the subsidiaries it controls (hereinafter referred to as "Enapter" or "Group" or "Group of Companies").

Subsidiaries of the company and included in the consolidated financial statements are Enapter S.r.l., Crespina Lorenzana (Pisa), Italy, Enapter GmbH, Berlin, Enapter Immobilien GmbH, Saerbeck and Enapter LLC, St. Petersburg, Russia. Enapter LLC, Russia, and the wholly owned subsidiary Enapter (Thailand) Co. Ltd, Thailand, founded in 2023, were not operationally active in the financial year and are of minor importance to the Enapter Group. Enapter (Thailand) Co. Ltd, Thailand, was not included in the consolidated financial statements.

Enapter designs and manufactures electrolyzers / hydrogen generators based on a patented anion exchange membrane electrolysis.

B. Legal basis for the preparation of the consolidated financial statements

The company's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the additional requirements of commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). The requirements of the standards (IFRS/IAS) and interpretations (IFRSIC/SIC) required to be applied as at the balance sheet date were met. For the preparation of the consolidated financial statements on a going concern basis, please refer to section II.E. The term IFRS is used consistently in the following.

The consolidated financial statements of Enapter AG are prepared in euros (EUR). Unless otherwise stated, all figures are rounded up or down to the nearest euro (EUR). As a result of rounding, figures in this report may not add up exactly to the totals provided and percentages may not add up exactly to the figures shown.

The financial year of Enapter AG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year. The reporting date is the reporting date of the parent company.

In accordance with IAS 1, the consolidated balance sheet is divided into non-current and current assets and liabilities. Assets and liabilities with a maturity of one year are classified as current assets. The consolidated statement of comprehensive income was prepared using the nature of expense method.

The majority shareholder BluGreen Company Limited, based in Hong Kong ("BluGreen"), is an unlisted corporation domiciled in Hong Kong and does not prepare consolidated financial statements. Enapter AG, Heidelberg, prepares the consolidated financial statements for both the smallest and the largest group of companies.

The consolidated financial statements for the reporting period ending on December 31, 2023 (including the comparative figures for the 2022 financial year) were approved and released for publication by the Executive Board on April 25, 2024.

The significant accounting policies applied in the preparation of the consolidated financial statements as at December 31, 2023 are summarized below.

II Consolidation and accounting regulations

Apart from the standards, interpretations and amendments to be applied for the first time in the financial year, the Enapter Group has not made any significant changes to its accounting policies.

A. Accounting regulations

Accounting standards issued by the IASB and applied for the first time

Standard	New or amended standards and interpretations and key content	Obligation to apply EU
IFRS 17	Insurance contracts - Introduction of a new standard for accounting for insurance contracts	01.01.0203
IAS 1 and IFRS Practice Statement 2	Amendments to the presentation of the financial statements - clarification of the classification of liabilities as current or non-current and disclosure of significant accounting policies	01.01.2023
IAS 8	Definition of accounting estimates	01.01.2023
IAS 12	Deferred taxes relating to assets and liabilities arising from a single transaction	01.01.2023
IAS 12	Reform of the international tax system - model rules for Pillar 2	01.01.2023*)

*) published by IASB on May 23, 2023

The new or amended standards have no or no material impact on the consolidated financial statements of the Enapter Group.

The following table shows the standards issued by the IASB that have not yet been applied and are relevant to the Group.

Accounting standards issued by the IASB that have not yet been applied

Standard	New or amended standards and interpretations	Date of initial application envisaged by the IASB
IAS 1	Non-current liabilities with ancillary conditions and classification as current or non-current	01.01.2024
IFRS 16	Lease liabilities from a sale and leaseback transaction	01.01.2024
IAS 7 and IFRS 7	Supplier financing agreements	01.01.2024
IAS 21	Lack of exchangeability	01.01.2025
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	still open

The Enapter Group does not make use of the right of voluntary early adoption of the standards issued by the IASB prior to their mandatory application. No material effects on the interim consolidated financial statements are expected.

B. Consolidation principles

The consolidated financial statements include the financial statements of the company and the subsidiary prepared in accordance with uniform accounting and valuation methods. Subsidiaries controlled by the Group are **fully consolidated**. The Group controls a company if it is exposed to or has rights to variable returns and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control begins and until the date on which control ends.

The Group generally accounts for **business combinations using** the purchase method. As part of capital consolidation, the acquisition costs of the acquired shares are offset against the equity of the subsidiaries attributable to the Group. The identifiable net assets acquired and the consideration transferred are generally measured at fair value. Any positive difference arising on initial consolidation between the acquisition cost of the acquired shares and the identifiable net assets is recognized as goodwill. Goodwill is tested annually for impairment. A negative difference is recognized immediately in profit or loss after a further review of all valuations.

Associates - companies over which Enapter has the power to exercise significant influence over operating and financial policies (this is usually through funds or direct voting rights of 20% to 50%). Associated companies are accounted for in the consolidated financial statements using the equity method and are initially recognized at cost. Enapter's share of the associate's post-acquisition profit or loss is recognized in the consolidated income statement, while the share of changes in equity not recognized in profit or loss is recognized directly in equity. The cumulative changes after the acquisition date increase or decrease the carrying amount of the investment in the associate. If the losses of an associated company attributable to Enapter equal or exceed the value of the share in this company, no further shares of losses are recognized unless Enapter has entered into obligations or made payments for the associated company. The interest in an associate is the carrying amount of the investment plus any long-term interests attributable to the economic substance after Enapter's net investment in the associate.

All intragroup receivables and liabilities, expenses and income as well as intercompany profits and losses are eliminated as part of the **consolidation of liabilities, expenses and income.**

C. Use of discretionary decisions and estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management estimates and assumptions relating to the amount and disclosure of recognized assets and liabilities, income and expenses and the disclosure of contingent liabilities are necessary when preparing the consolidated financial statements in accordance with IFRS. Assumptions and estimates have an influence on the measurement of assets, provisions and liabilities in the consolidated financial statements, particularly with regard to the recognition criteria and accounting policies for intangible assets, the recoverability of financial assets and the resulting impairments, the determination of useful lives and the recognition and measurement of other provisions.

The assumptions and estimates as at the reporting date are based on current circumstances and knowledge. The forward-looking assumptions and estimates as at the reporting date take into account the expected future business development, the circumstances prevailing at the time the consolidated financial statements were prepared and the assumed realistic future development of the global and industry-specific environment. The actual amounts may differ from the estimated values due to developments in these general conditions that deviate from the assumptions and are beyond the management's control. In the event of such a development, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted to the new level of knowledge.

Enapter AG determines the expense from the option program on the basis of the fair value on the grant date. Estimating the fair value requires the determination of the most suitable valuation method, which depends on the conditions of the option program. It is also necessary to determine the input factors for the valuation model (share price, exercise price, term, risk-free interest rate, expected volatility and expected dividend yield).

In Note III.A.(4), H2 Core Systems GmbH is presented as an associated company of the Group, as Enapter AG holds a stake of around 26% and therefore has a significant influence on the associated company. There are no special agreements under company or contractual law.

Warlike disputes, geopolitical tensions on the consolidated financial statements may also result from declining and more volatile share prices, interest rate adjustments in various countries, increasing volatility in foreign currency exchange rates, deteriorating creditworthiness, payment defaults or late payments, delays in incoming orders and also in the execution of orders or fulfillment of contracts, contract terminations, adjusted or modified sales revenue and cost structures, the restricted use of assets, restricted or impossible access to customers' premises or the difficulty of making predictions and forecasts due to uncertainties regarding the amount and timing of cash flows. These factors can affect the fair values and carrying amounts of assets and liabilities, the amount and timing of earnings recognition and cash flows.

Management has prepared the consolidated financial statements on the assumption that Enapter AG and its subsidiaries will be able to continue as a going concern. 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 in order to continue as a going concern. Enapter expects the losses and associated cash outflows to continue until production and the associated sales of the electrolysers have ramped up. The Group will be financed during the ramp-up phase with additional equity, subsidies and debt capital. 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 funding is not implemented on time, the company's continued existence would be at risk.

D. Segment reporting

In the reporting period, the Group only had one reportable segment - the design and production of hydrogen generators based on a patented anion exchange membrane (AEM) electrolysis process. The internal management of business activities was not broken down into products, services or geographical markets in the reporting period. All significant operating activities are currently bundled in Enapter S.r.l.

E. Accounting and valuation principles

Apart from the standards, interpretations and amendments to be applied for the first time in the financial year, the Enapter Group has not made any significant changes to its accounting policies.

Currency conversion

The consolidated financial statements are prepared in euros, the functional currency of the parent company.

Foreign currency transactions are generally translated into the functional currency by Group companies at the time of the transaction using the applicable spot rate.

Monetary assets and liabilities in a foreign currency are translated into the functional currency on each reporting date using the spot rate on the reporting date. Differences arising from the settlement or translation of monetary items are recognized in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

The assets and liabilities of the foreign subsidiary are translated into euros at the closing rate on the balance sheet date. Equity was translated at the historical exchange rate. Income and expenses are translated at the average exchange rate for the year. The translation differences resulting from the translation are recognized in other comprehensive income.

The following exchange rates were used as a basis:

	RUB/EUR	**EUR/RUB**
Closing rate 2.3.2022 / 31.12.2023	88,89100	0,1125
Average price 2.3.2022 / 31.12.2023	87,72310	0,01125
Stichtagskurs 2.3.2022/31.12.2022	88,89100	0,01125
Durchschnittskurs 2.3.2022/31.12.2022	87,72310	0,01140

The ECB has suspended the publication of the euro reference rate against the rouble with effect from March 2, 2022.

Share-based payment

Enapter AG has set up an option program for management, senior executives and other key employees with a volume of up to 2,310,130 options. Enapter AG has the option to settle claims from the option program by physical delivery of shares or in cash. The company intends to settle the claims by delivering shares. The option program is therefore treated as equity-settled share-based payment. In this context, the company issued employee options for the first time in 2021 in two tranches with a maximum term of eleven years, consisting of a vesting period of four years and an exercise period of seven years. In 2022, the company issued employee options in two further tranches with the same conditions. With the approval of the Annual General Meeting on July 6, 2023 and the resolution of the Supervisory Board on September 12, 2023, the exercise price and the exercise conditions for the 2021 and 2022 tranches were adjusted. The adjustment was accounted for in accordance with the IFRS 2 principles for modifications. Within the exercise period, exercise is generally possible without restriction, with the exception of certain measures to avoid insider trading. All options are subject to a service condition and a non-market-related performance condition.

The service condition is a vesting period of three years. The expense resulting from the issue of the options is recognized pro rata during the vesting period. This is offset by a corresponding increase in equity.

The fair value is determined by applying the Black-Scholes model, taking into account the conditions under which the employee options were granted.

Balance sheet

(1) Intangible assets

Intangible assets are initially recognized at acquisition or production cost. In subsequent periods, intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with a finite useful life are amortized over their useful economic life and tested for impairment if there are indications that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the amortization method or amortization period required due to changes in the expected useful life or the expected consumption of the future economic benefits embodied in the asset are treated as changes in estimates.

Intangible assets with an indefinite useful life are tested for impairment at least once a year for the individual asset or at the level of the cash-generating unit. These intangible assets are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed once a year to determine whether the assessment of an indefinite useful life is still justified. If this is not the case, the assessment is changed prospectively from an indefinite to a finite useful life.

An intangible asset is derecognized either on disposal (i.e. at the time when the recipient obtains control) or when no further economic benefit is expected from the continued use or sale of the recognized asset. Gains or losses from the derecognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the asset is derecognized.

Research and development costs

Research costs are recognized as an expense in the period in which they are incurred. Development costs for an individual project are only capitalized as an intangible asset if the Group can prove the following:

- the technical feasibility of completing the intangible asset so that it can be used internally or sold;
- the intention to complete the intangible asset and the ability and intention to use or sell it;
- the manner in which the asset will generate future economic benefits;
- the availability of resources for the purpose of completing the asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are recognized as an asset at cost less accumulated impairment losses and amortized over their expected useful life, which is generally five years.

An impairment test is carried out annually during the development phase.

(2) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses.

Depreciation is recognized to allocate the cost of the assets over their estimated useful lives - between 3 years for computer equipment and 25 years for buildings - using the straight-line method.

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and duration of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment. The carrying amounts of property, plant and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying amount may no longer be recoverable.

(3) Leasing, right-of-use assets and lease liabilities

a) Enapter as lessee

For leases for the rental of production and office space, vehicles and other assets, the Group as lessee recognizes a lease liability in the amount of the present value of the lease payments to be made over the term of the lease. When determining the present value, fixed lease payments, variable index-based payments, reasonably certain extension options, exercise prices of purchase options and payments from early termination of the lease less rental incentives received are taken into account. The lease payments determined are calculated at the inception of the lease using the corresponding incremental borrowing rate for the term of the lease. The lease liability is reduced until the lease expires in the amount of the repayment portion of the lease payment. Corresponding interest expenses are recognized in the financial result.

Corresponding to the lease liabilities, the Group as lessee capitalizes a right-of-use asset in the amount of the acquisition costs at the inception of the lease, plus any initial direct costs, dismantling costs or similar. The right-of-use assets are recognized over the term of the lease or, if applicable, over the shorter useful life of the leased asset.

b) Enapter as lessor

Leases in which the Group is the lessor are classified as finance or operating leases in accordance with the requirements. If the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

(4) Shares in associated companies

Investments in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, including transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the total comprehensive income of the financial assets accounted for using the equity method until the date on which the significant influence or joint control ends.

(5) Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Initial measurement takes place on the settlement date. Financial assets are derecognized when the contractual rights to receive payments from the asset have expired or when substantially all the risks and rewards of ownership of the financial asset have been transferred. Financial liabilities are derecognized when they have been settled, canceled or have expired.

IFRS 9 contains three basic categories for the classification of financial assets: measured at amortized cost, measured at fair value through other comprehensive income (FVOCI) and measured at fair value through profit or loss (FVTPL). Financial assets are classified in accordance with IFRS 9 on the basis of the company's business model for managing financial assets and the characteristics of the contractual cash flows.

c) Financial assets

Financial assets are initially measured at fair value less transaction costs. Subsequent measurement depends on the business model on the basis of which the asset is held.

Investments in associates are recognized in the consolidated balance sheet at cost, adjusted for changes in the Group's share of the associate's profit or loss and other comprehensive income after the acquisition date.

In addition to the shares in an associated company and a smaller investment in a partnership, the Group only holds financial assets whose business model is to hold them until the contractual cash flows are collected and which only trigger interest and principal payments at specified times. After initial recognition, these financial assets are measured at amortized cost using the effective interest method less an allowance for impairment. They are not discounted if the effects of discounting are immaterial for the presentation of the Group's net assets, financial position and results of operations. Cash and cash equivalents, trade receivables and other receivables fall into this category of financial instruments.

Impairments of financial assets in the categories measured at amortized cost on the one hand and measured at fair value through other comprehensive income with recycling of the changes in value recognized in other comprehensive income on the other are accounted for in accordance with IFRS 9 using the expected credit loss model, which provides for three stages. For financial assets in stage 1, a risk provision in the amount of the expected twelve-month loss must be recognized. This comprises the present value of the expected payment defaults resulting from default events within the first twelve months. If a financial asset shows a significant increase in credit risk since the time of initial recognition, the impairment is calculated in the amount of the present value of the lifetime expected credit loss and the asset is allocated to level 2. A financial asset is allocated to stage 3 if there is objective evidence that impairment has already occurred. This includes the high probability of insolvency proceedings, significant financial difficulties of a debtor or the loss of an active market for financial assets. In stage 3, impairments are recognized in the amount of the expected credit losses over the entire term of the financial asset.

Simplification rules exist for certain financial assets such as trade receivables. For these financial assets, a general risk provision is recognized in the amount of the expected losses over the remaining term, which is determined on the basis of past experience. These are allocated to stage 2 of the impairment model upon addition. If there is an impairment of creditworthiness or a default, the receivable in question is transferred to stage 3. Receivables that are more than 90 days overdue provide objective evidence that a financial asset is credit-impaired.

The credit and default risk from financial assets consists of the risk of default by a contractual partner and is therefore limited to the maximum amount of the claims from recognized carrying amounts against the respective counterparty. Enapter AG carries out regular assessments to identify significant increases in credit risk. This is mainly based on default probabilities and overdue information.

d) Financial liabilities

The Group's financial liabilities include trade payables, other liabilities and liabilities to related parties. All financial liabilities fall into the category "measured at amortized cost".

Financial liabilities are initially recognized at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortized cost using the effective interest method.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. Acquisition or production costs are measured using the average cost method. Production costs include directly attributable direct costs and overheads. Net realizable value represents the estimated selling price of inventories less all estimated costs necessary to complete and sell them.

(7) Trade receivables, other receivables and other assets

Trade receivables, other receivables and other assets do not bear interest. They are recognized at cost less allowances for uncollectible amounts.

(8) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances with a maturity of up to 3 months and which are only subject to an insignificant risk of fluctuations in value. They are recognized at their nominal value.

(9) Provisions

Provisions are recognized if it is probable that the Group is subject to a present obligation (legal or constructive) as a result of a past event for which it expects an outflow of resources embodying economic benefits to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group expects some or all of the amounts set aside to be reimbursed, the reimbursement amount is recognized as a separate asset, but only to the extent that reimbursement is virtually certain.

Provisions are reviewed at each balance sheet date and adjusted if necessary to reflect the current best estimate of the obligations. If an outflow of resources to settle the obligation is no longer probable, the provisions are reversed.

Income statement and statement of comprehensive income

(10) Revenue recognition

Sales include all revenues resulting from the ordinary business activities of the Enapter Group. Sales revenue is reported excluding value added tax and other taxes levied on customers and paid to the tax authorities. The Enapter Group mainly generates revenue from the sale of hydrogen generators. The Group recognizes revenue when it transfers control of a product or service to a customer. Revenue is recognized in the amount of the consideration to which the Group expects to be entitled in exchange for these goods or services.

In the financial year, Enapter generated revenue from product sales on the basis of bill-and-hold agreements. In these cases, revenue is recognized before the goods are physically shipped to the customer as soon as Enapter has invoiced the products and the other requirements of IFRS 15.B81 are met.

If Enapter's performance obligation is to transfer rights, revenue is recognized when the customer can benefit from the transferred rights either separately or together with other resources that are readily available to the customer (i.e., the good or service is separately identifiable) and Enapter's promise to transfer the rights to the customer is separable from other promises in the contract (i.e., the promise to transfer the rights is separately identifiable in the context of the contract).

Based on the Group's assessment, the fair values and individual selling prices of the respective contractual performance obligations are largely comparable.

(11) Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received and the conditions attached to them will be complied with. Expense-related grants are recognized as income on a systematic basis over the period over which the corresponding expenses for which they are intended to compensate are recognized. Grants for an asset are recognized as income over the estimated useful life of the corresponding asset.

If the Group receives grants in the form of non-monetary assets, the asset and the grant are recognized at nominal value and released to income in equal annual installments over the estimated useful life of the asset, based on the expected consumption of the future economic benefit of the corresponding asset.

(12) Cash flow hedges (hedging)

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges is recognized in other comprehensive income after taxes. The ineffective portion is recognized immediately in the consolidated income statement. Amounts accumulated in equity are recognized in the consolidated income statement in the same periods in which the underlying transaction affects the consolidated income statement.

III. Notes to the items in the consolidated balance sheet and the consolidated statement of comprehensive income

A. Balance sheet

Assets

Non-current assets

(1) Intangible assets

The Enapter Group is active in **research and development** in the field of hydrogen systems with a focus on electrolysis, project management in renewable energy systems and smart grid technology. Specifically, the Enapter Group develops and manufactures electrolyzers based on anion exchange membrane technology ("AEM"). These electrolysers produce compressed hydrogen directly from water and electricity at a pressure of 35 bar. As at December 31, 2023, the Enapter Group employed a total of 81 (previous year: 108) people in the research and development team.

The most important **patent** of the Enapter group is the approved patent for an "Apparatus for the production of hydrogen on demand by electrolysis of aqueous solutions from a dry cathode". According to the European Patent Office's abstract, this invention relates to a device for the electrolytic production of hydrogen, which can operate intermittently or with strong power fluctuations and directly provides pressurized hydrogen of high purity. The high degree of purity of 99.9% is achieved without liquid separation. This patent protects the Enapter Group's anion-exchange membrane electrolysis technology against imitation, as the dry cathode concept does not depend on a particular type of membrane or catalyst formulation.

Intangible assets are made up as follows:

Acquisition or production costs	**Capitalized development costs**	**Patents, software and trademarks**	**Total**
	EUR	EUR	EUR
Status as of 1.1.2023	**11.402.147**	**923.425**	**12.325.573**
Additions	4.313.844	182.418	4.496.261
Transfers / disposals	-913.923	0	-913.923
Status as at 31.12.2023	**14.802.068**	**1.105.843**	**15.907.911**
Accumulated amortization			
	EUR	**EUR**	**EUR**
Status as of 1.1.2023	**1.826.829**	**226.652**	**2.053.481**
Scheduled depreciation and amortization	1.578.405	302.845	1.881.250
Transfers / disposals	0	0	0
Status as at 31.12.2023	**3.405.235**	**529.497**	**3.934.731**
Carrying amount as at 31.12.2022	9.575.318	696.774	10.272.092
Carrying amount as of 12/31/2023	**11.396.833**	**576.347**	**11.973.180**

Acquisition or production costs	**Capitalized development costs**	**Patents, software and trademarks**	**Total**
	EUR	EUR	EUR
Status as of 1.1.2022	**7.416.951**	**472.818**	**7.889.769**
Additions	3.985.196	450.608	4.435.804
Departures	0	0	0
Status as at 31.12.2022	**11.402.147**	**923.425**	**12.325.573**
Accumulated amortization			
	EUR	EUR	EUR
Status as of 1.1.2022	**620.867**	**159.378**	**780.245**
Scheduled depreciation and amortization	1.205.962	67.274	1.273.236
Departures	0	0	0
Status as at 31.12.2022	**1.826.829**	**226.652**	**2.053.481**
Carrying amount as at 31.12.2021	6.796.084	313.440	7.109.524
Carrying amount as of 12/31/2022	**9.575.318**	**696.774**	**10.272.092**

This item mainly comprises capitalized development costs, patents and trademarks of Enapter S.r.l., Italy.

The main additions in 2023 at Enapter S.r.l. relate to development costs for ongoing internal projects that will be completed in subsequent years and then amortized over their expected useful life, which is generally five years. Patents are amortized over a useful life of fifteen years, while software and trademarks are amortized over an expected useful life of five years. At the beginning of 2023, 21 projects from previous years were ongoing. In 2023, 6 new projects were started and 4 projects were completed. An amount of EUR 3,213 thousand (previous year: EUR 3,711 thousand) was reported in the income statement as other own work capitalized.

(2) Property, plant and equipment

Property, plant and equipment in 2023 is composed as follows

Acquisition or production costs	**Land and buildings**	**Plant and machinery**	**Operating and office equipment**	**Payments on account and assets under construction**	**Total**
	EUR	EUR	EUR	EUR	EUR
Status as of 1.1.2023	**20.344.583**	**3.025.502**	**1.699.749**	**44.475.713**	**69.545.546**
Additions	42.282	1.037.192	998.520	5.382.049	7.460.043
Departures	0	-505	-356.419	-36.516	-393.439
Rebookings	36.619.118	0	0	-36.619.118	0
Status as at 31.12.2023	**57.005.983**	**4.062.190**	**2.341.850**	**13.202.127**	**76.612.150**
Accumulated amortization					
	EUR	EUR	EUR	EUR	EUR
Status as of 1.1.2023	**476.257**	**842.828**	**326.784**	**0**	**1.645.868**
Scheduled depreciation and amortization	1.345.853	440.886	277.407	0	2.064.146
Status as at 31.12.2023	**1.822.109**	**1.283.714**	**604.191**	**0**	**3.710.015**
Carrying amount as at 31.12.2022	19.868.624	2.182.674	1.372.965	44.475.713	67.899.678
Carrying amount as of 12/31/2023	**55.183.874**	**2.778.475**	**1.737.660**	**13.202.127**	**72.902.136**

Acquisition or production costs	Land and buildings	Plant and machinery	Operating and office equipment	Advance payments and assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
Status as of 1.1.2022	**5.677.881**	**1.866.655**	**626.357**	**16.676.772**	**24.847.655**
Additions	2.144.656	1.158.847	1.073.392	40.612.380	44.929.622
Departures	0	0	0	-291.393	-291.393
Rebookings	12.522.046	0	0	-12.522.046	0
Status as at 31.12.2022	**20.344.583**	**3.025.502**	**1.699.749**	**44.475.713**	**69.545.546**

Accumulated amortization					
	EUR	EUR	EUR	EUR	EUR
Status as of 1.1.2022	**240.004**	**481.514**	**141.553**	**0**	**863.072**
Scheduled depreciation and amortization	236.252	361.314	185.230	0	782.797
Status as at 31.12.2022	**476.257**	**842.828**	**326.784**	**0**	**1.645.868**

Carrying amount as at 31.12.2021	5.437.876	1.385.141	484.803	16.676.772	23.984.593
Carrying amount as at 31.12.2022	**19.868.326**	**2.182.674**	**1.372.965**	**44.475.713**	**67.899.678**

The main additions in 2023 relate to investments in advance payments and assets under construction at Enapter GmbH and in plant and machinery at Enapter S.r.l.

The production hall at the Enapter Campus in Saerbeck was completed and accepted in spring 2023. The reclassifications of advance payments and assets under construction to land and buildings were made upon acceptance of the production hall.

In February 2023, financing was concluded with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG, through the issue of a bearer bond with a nominal value of EUR 25,625 thousand. As security, a first-ranking land charge was registered on the property of the Enapter Campus in Saerbeck for all claims arising from the bonds in the amount of EUR 25,625 thousand.

Significant additions to advance payments and assets under construction in 2023 relate to the storage system still under construction. In addition, development costs for the prototype of the AEM multicore and for setting up production at the Saerbeck site are reported under property, plant and equipment. In this context, own work amounting to EUR 863 thousand (previous year: EUR 2,671 thousand) was capitalized.

(3) Rights of use

The Enapter Group leases various assets, mainly buildings and company vehicles, usually with fixed lease payments. The average term of the leases is around 3 years for company vehicles and around 3 to 9 years for buildings (taking into account the predominantly probable utilization of extension options). The Enapter Group has no purchase options for the acquisition of certain buildings at predetermined amounts at the end of the lease term.

Taking into account additions, disposals and amortization in the 2023 financial year, the right-of-use assets developed as follows as at the reporting date

Acquisition or production costs	**Land and buildings**	**Maintenance expenses**	**Operating and office equipment**	**Total**
	EUR	EUR	EUR	EUR
Status as of 1.1.2023	**917.010**	**508.957**	**64.745**	**1.490.712**
Additions	0	13.647	306.989	320.636
Departures	0	0	0	0
Status as at 31.12.2023	**917.010**	**522.604**	**371.735**	**1.811.348**
Accumulated amortization				
	EUR	EUR	EUR	EUR
Status as of 1.1.2023	**396.617**	**154.935**	**30.148**	**581.701**
Scheduled depreciation and amortization	106.586	45.530	70.371	222.487
Departures	0	0	0	0
Status as at 31.12.2023	**503.203**	**200.465**	**100.519**	**804.187**
Carrying amount as at 31.12.2022	520.392	354.022	34.597	909.012
Carrying amount as of 12/31/2023	**413.806**	**322.139**	**271.215**	**1.007.161**

Acquisition or production costs	**Land and buildings**	**Maintenance expenses**	**Operating and office equipment**	**Total**
	EUR	EUR	EUR	EUR
Status as of 1.1.2022	**934.825**	**443.394**	**52.921**	**1.431.140**
Additions	0	61.458	11.824	73.282
Departures	-17.815	4.105	0	-13.710
Status as at 31.12.2022	**917.010**	**508.957**	**64.745**	**1.490.712**
Accumulated amortization				
	EUR	EUR	EUR	EUR
Status as of 1.1.2022	**247.816**	**110.705**	**18.021**	**376.542**

Scheduled depreciation and amortization	162.512	44.230	12.127	218.869
Departures	-13.710	0	0	-13.710
Status as at 31.12.2022	**396.617**	**154.935**	**30.148**	**581.701**
Carrying amount as at 31.12.2021	687.009	332.689	34.900	1.054.599
Carrying amount as at 31.12.2022	**520.392**	**354.022**	**34.597**	**909.012**

The maintenance expenses capitalized under right-of-use assets mainly relate to modernization expenses for the leased production and office space at Enapter S.r.l. in Italy, which are depreciated in line with the expected lease and rental period.

Amounts recognized in the consolidated income statement:

Amortization of rights of use:

- TEUR 222 (previous year: TEUR 219)

Interest expense on lease liabilities:

- TEUR 58 (previous year: TEUR 19

Total cash outflows from leases amounted to EUR 185 thousand in the reporting year (previous year: EUR 173 thousand).

For the composition of lease liabilities and the maturity analysis of lease liabilities, please refer to section III.A.(16).

There are no relationships from sale and leaseback transactions. Leases with variable lease payments that are linked to sales from the leased stores have not currently been agreed. There are no right-of-use assets accounted for using the revaluation model.

(4) Investments in associated companies

By notarial deed dated December 27, 2022, Enapter AG acquired 10,714 of a total of 35,714 shares in H2 Core Systems GmbH (H2 Core), Heide. The purpose of the investment is to strengthen cooperation, particularly with regard to the integration of our electrolysers at customers. Enapter AG holds an interest of around 26.3% in H2 Core (31.12.2022: around 30%). There are no special corporate or contractual agreements or restrictions on voting rights, meaning that a significant influence on H2 Core is assumed and the shares in H2 Core are accounted for using the equity method.

The summarized financial information of H2 Core is shown below. The summarized financial information corresponds to the amounts of the preliminary annual financial statements of H2 Core as at December 31, 2023, as the financial statements as at December 31, 2023 have not yet been finally adopted.

	31.12.2023	31.12.2022
	KEUR	KEUR
Current assets	18.830	3.293
Non-current assets	425	180
Current liabilities	-13.444	-3.442
Non-current liabilities	0	0
Net assets attributable to the total shareholders of the company (100%)	**5.811**	**31**
Net assets attributable to the Group (26%; previous year 30%)	**1.526**	**9**
Effect of capital increase at associated companies*	-1.516	0
Elimination of unrealized gains from delivery transactions	-1.325	0
Goodwill	963	963
Intermediate value	-352	972
of which deferred income	352	0
Amortized carrying amount of associated companies	**0**	**972**
Sales revenue	5.322	0
Net profit for the year (from continuing operations)	0**	0**
Other result		0
Overall result (100%)	**0**	**0**
Total comprehensive income attributable to the Group (26%; previous year 30%)	**0**	**0**
Elimination of unrealized gains from delivery transactions	-1.325	0
Dividends received from associated companies	0	0
	-1.325	**0**

*Enapter did not participate in the capital increase

** Annual financial statements provisionally not yet adopted

As part of the transaction with the associated company H2Core, current deferred income of EUR 352 thousand was recognized. Enapter has adjusted the gross profit margin of the products delivered to H2Core in 2023 but not yet used in production as at the reporting date, in accordance with the participation rate of 30%. This led to an increase in the cost of materials of EUR 1,325 thousand. As a result, the carrying amount of the investment in H2Core was reduced by EUR 973 thousand in other financial assets. The remaining amount of EUR 352 thousand was recognized as current deferred income on the liabilities side of the balance sheet. As soon as the materials supplied by Enapter are used in production at H2Core, the deferred gross profit margin is reversed on a pro rata basis. It is expected that the materials will be fully consumed by H2Core in 2024, which is why they are classified as current.

(5) Other financial assets

Non-current financial assets in the reporting year and previous year amounting to EUR 732 thousand (previous year: EUR 177 thousand) mainly comprise an interest rate swap amounting to EUR 113 thousand (previous year: EUR 141 thousand), the investment in Enapter (Thailand) Co. Ltd, Thailand, which was not included in the consolidated financial statements, in the amount of EUR 71 thousand (previous year: EUR 0 thousand), from collateral deposited with banks for the rented production and office space in Italy in the amount of EUR 24 thousand (previous year: EUR 33 thousand) and Italian tax subsidies for R&D activities in the amount of EUR 521 thousand (previous year: EUR 1,699 thousand), which will be realized in the coming years, and an investment in a partnership in the amount of EUR 74 thousand (previous year: EUR 2 thousand) in connection with the energy supply for the Enapter Campus in Saerbeck. In the previous year, all Italian tax subsidies for R&D activities were reported under current financial assets.

(6) Deferred tax assets

Deferred tax assets amounting to EUR 16 thousand (previous year: EUR 7 thousand) are made up of temporary differences.

Current assets

(7) Inventories

Inventories break down as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Raw materials and supplies	7.704.354	6.893.245
Work in progress	1.350.890	1.228.810
Finished products	2.255.228	299.388
	3.606.118	1.528.197
	11.310.472	**8.421.443**

The increase in inventories by EUR 2,889 thousand to EUR 11,310 thousand is due in particular to the start of production of multicore/megawatt electrolysers in Germany in the reporting year.

(8) Trade receivables

As at the balance sheet date, trade receivables after value adjustments amounted to EUR 23,269 thousand (previous year: EUR 8,014 thousand). The value adjustments amounted to EUR 571 thousand, which were mainly incurred by Enapter S.r.l. Trade receivables break down as follows in terms of their due dates as at the balance sheet date:

	31.12.2023	31.12.2022
days	%	%
Not due	93%	62%
Overdue		
< 30 days	1%	33%
31 - 60 days	0%	4%
61 - 120 days	0%	0%
> 120 days	6%	1%
	100%	**100%**

The increase in trade receivables of EUR 15,255 thousand is due to the transaction for the exclusive partnership for the US market and the ramp-up of series production in Italy in 2023 as well as the associated sales of electrolysers and related components. The receivables have a remaining term of less than one year.

(9) Other assets

Other assets mainly consist of the following items:

	31.12.2023	31.12.2022
	EUR	EUR
Advance payments made	2.596.367	1.662.404
Receivables from affiliated companies	0	180.000
Deposits	27.904	27.904
Receivables from employees	76.822	0
Foreign tax subsidies	1.077.570	1.699.440
Value added tax	1.217.893	2.028.459
Income tax receivables	230	99
Creditors with debit balances	37.780	19.899
Prepaid expenses and deferred charges	429.755	320.863
Other	81.461	131.870
	5.608.781	**6.070.938**

The foreign (Italian) tax subsidies and tax credits allocated to current assets, which were capitalized at Enapter S.r.l., result from the possibility of offsetting costs for investments made in or for research and development projects against taxes and duties in Italy. The tax credits are calculated on the basis of the costs paid during a financial year, regardless of whether the project to which they relate has been completed or is still in progress. The company can use the credit to offset liabilities (such as contributions, withholdings and other taxes/levies) as soon as a corresponding certificate from an auditor is available. Please also refer to our explanations on "Deferred income" in section III.A.(17).

Other assets have a remaining term of up to one year. Prepayments consist mainly of advance payments to suppliers.

(10) Cash and cash equivalents

This item mainly comprises bank balances in euros in Germany and Italy amounting to EUR 14,589 thousand (previous year: EUR 5,069 thousand).

Liabilities

Equity

(11) Subscribed capital

The subscribed capital of Enapter AG amounted to EUR 27,195,000.00 as at December 31, 2023 (previous year: EUR 27,195,000.00) 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 H2O.

The company currently has the following authorized and conditional capital:

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") with 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 for 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 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 5, 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). At the Annual General Meeting on July 6, 2023, the share option plan was modified with regard to the exercise price, the waiting period and the performance target.

(12) Capital reserve

The capital reserve amounted to EUR 88,622,478 thousand as at December 31, 2023 (previous year: EUR 87,586,151 thousand). The increase in 2023 is mainly due to the addition of the valuation of personnel expenses from share-based payments in the amount of EUR 1,036,000 (previous year: EUR 1,542,000)

(13) Retained earnings

Retained earnings include the accumulated results and amounted to EUR -35,560,254 (previous year: EUR -28,396,078) as at the balance sheet date.

(14) Other reserves

Other reserves mainly include expenses from the revaluation of defined contribution pension plans for retired employees and changes in the value of derivative financial instruments that may be reclassified to the income statement and amounted to EUR 8,471 (previous year: EUR 68,999) as at the balance sheet date.

Non-current and current liabilities

(15) Other financial liabilities

Other financial liabilities are made up as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Long and medium term		
Promissory note loan	25.260.000	
Loans to related parties	10.000.000	
Bank loan	1.690.577	2.370.589
Other liabilities	1.156.880	0
	38.107.457	**2.370.589**
short term		
Loans to related parties	0	0
Bank loan	885.232	748.958
Other loans	118.462	121.552
	1.003.694	**870.510**
	39.111.151	**3.241.099**

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. The financing has a term of 2 years. The interest rate is 10% above the 1-month Euribor, the premium is EUR 625 thousand. In concluding the corresponding agreements, Enapter has undertaken to provide appropriate collateral (land charge on the land and buildings of the Enapter Campus in Saerbeck, assignment of industrial property rights and receivables of the Group and assignment of movable fixed assets and inventories as security) and to meet other closing and downstream requirements, e.g. compliance with certain financial covenants.

On December 29, 2023, Enapter AG received a subordinated shareholder loan in the amount of EUR 10 million from the shareholder BluGreen Company Ltd, which holds around 65% of the shares in Enapter AG as at the reporting date. The financing has a term of at least 12 months and bears interest at 10% plus 1-month Euribor. The loan may only be repaid once the PAM loan has been repaid in full.

Enapter S.r.l. was granted a bank loan of EUR 2.5 million with a term of 72 months by Banco BPM S.p.a. in April 2021 as part of coronavirus support measures. The loan bears interest at 1.55% points above the 3-month Euribor rate. A hedging transaction was concluded to hedge the interest rate risk. According to the terms and conditions, the loan can only be used for wages and all other operating costs (e.g. suppliers, investments), but is otherwise not subject to any covenants or conditions. In the course of the coronavirus crisis, Bank SIMEST S.p.a., Rome, Italy, also granted Enapter S.r.l. a subsidized loan of EUR 600,000 in August 2021 (term until December 31, 2027, interest rate 0.565%, two-year grace period, one-off processing fee 2%) on behalf of the Italian government. The loan was granted to promote exports, but is otherwise not subject to any conditions or requirements. The exact repayment terms depend on the development of Enapter S.r.l.'s equity and foreign sales. The bank loans are unsecured.

Other non-current liabilities relate to liabilities to the municipality of Saerbeck from development costs payable to the municipality until December 31, 2025.

(16) Leasing liabilities

The following table shows the maturity analysis of the payments from the leases and the reconciliation of the maturities of the lease liabilities:

	31.12.2023	31.12.2022
	EUR	EUR
Maturity analysis		
Due in one year	149.030	134.559

Due between two and five years	474.213	307.512
Due in more than five years	148.300	214.533
	771.543	**656.604**
Less unrealized interest income	-57.786	-69.528
Present value of lease payments	**713.757**	**587.076**
Reported in the consolidated financial statements:		
Non-current and medium-term lease liabilities	579.156	470.630
Current lease liabilities	134.601	116.446
	713.757	**587.076**

Lease liabilities are monitored as part of liquidity management. There is no significant liquidity risk with regard to lease liabilities. The lease liabilities are effectively secured, as the rights to the leased assets recognized in the financial statements revert to the lessor in the event of default.

(17) Provisions

The (non-current) provisions consist of benefit obligations arising from the termination of employment contracts and developed as follows in the 2023 financial year

Benefits due to the termination of employment relationships	**2023**	**2022**
	EUR	EUR
Status as of 1.1.	**604.883**	**512.158**
Current service cost	192.741	163.2226
Interest expenses	20.192	5.019
Revaluations	-	-
due to changes in financial assumptions	25.322	-30.2029
due to experience-based adjustments	26.046	-2.242
Payments made	-97.798	-43.069
Status as of 31.12.	**771.387**	**604.884**

The TFR fund ("Trattamento di Fine Rapporto"), commonly known in Italy by the acronym "TFR", is a mandatory benefit paid by the employer to the employee upon termination of employment. The TFR was introduced in Italy in 1982 by Law 297 and is regulated in Art. 2120 of the Italian Civil Code. This type of benefit is a special feature for employees in the private sector. The TFR is paid by the employer to the employee upon termination of employment, regardless of the reason for termination, and is considered "deferred" compensation as it is calculated as a percentage of the salary earned (salaries, bonuses or commissions).

The projected unit credit method (PUCM) is used to calculate the present value of the defined benefit obligations and the associated current service cost and, if applicable, the past service cost. The Italian mortality table "ISTAT 2016" was used to calculate the probability of death. The discount rate was derived using recognized actuarial methods and amounts to 3.1% to 3.3% for the plan years. The inflation rates assumed in the calculation are between 2% and 2.3% in the plan years (previous year: 2%) as well as the assumed inflation-adjusted salary increase for 2023 of 3% (previous year: 2%).

The analysis carried out as part of a sensitivity analysis for the most important parameter showed that a reduction in the accounting interest rate by 50 basis percentage points would result in a reduction in the defined benefit obligation of EUR 37 thousand (previous year: increase of EUR 20 thousand).

The actuarial losses recognized directly in equity in 2023 and 2022 are calculated as follows

Actuarial gains/losses recognized directly in equity (-)	2023	2022
	EUR	EUR
Status as of 1.1.	**-58.451**	**-83.114**
Reassessment of benefits due to termination of employment relationships	51.369	32.451
less deferred tax thereon	-12.329	-7.788
Status as of 31.12.	**-19.411**	**-58.451**

The (current) provisions are made up as follows:

	01.01.2023	Consumption	Resolution	Feed	31.12.2023
	EUR	EUR	EUR	EUR	EUR
Personnel area	272.413	197.414	-	777.503	852.502
Acquisition and audit costs	100.560	4.560	-	29.610	125.610
Warranty	793.600	-	-	1.874.674	2.668.274
Other provisions	76.468	48.016	1.522	764.865	791.795
	1.243.042	**249.990**	**1.522**	**3.446.652**	**4.438.182**

	01.01.2022	Consumption	Resolution	Feed	31.12.2022
	EUR	EUR	EUR	EUR	EUR
Human resources	184.590	170.990	-	258.813	272.413
Preparation of securities prospectus	125.000	125.000	-	-	-
Acquisition and audit costs	136.335	130.870	665	95.760	100.560
Remuneration of the Supervisory Board	64.500	-	-	793.600	858.100
Other provisions	5.050	41.529	29.671	78.119	11.968
	515.474	**468.388**	**30.337**	**1.226.292**	**1.243.042**

The increase in (current) provisions as at December 31, 2023 is mainly due to the recognition of provisions for warranties as a result of the increase in revenue. The previous year's amounts were largely utilized in the 2023 financial year. The increase in provisions for personnel is mainly due to the creation of provisions for vacation.

(18) Passive accruals and deferrals

Deferred income (current and non-current) includes grants for completed R&D projects that receive government funding in Italy. Deferred income results from deferred income from government grants awarded to Enapter S.r.l. in Italy by the government for research and development costs (R&D). Due to new regulations in Italy, there is uncertainty as to whether this income can be recognized immediately after the costs are incurred or after the research and development projects have been completed. Enapter has decided not to recognize the expected tax benefits and offsetting options for other charges and levies until after completion of the projects or to amortize them over the normal useful life of the capitalized development costs. Deferred income totalling EUR 2,801 thousand (previous year: EUR 2,155 thousand) mainly includes R&D grants deferred into the future; this is released over the expected useful life of the capitalized asset when the project to which it relates is completed.

As part of the transaction with the associated company H2Core, current deferred income of EUR 352 thousand was recognized. Enapter has adjusted the gross profit margin of the products delivered to H2Core in 2023 but not yet used in production as at the reporting date, in accordance with the participation rate of 30%. This led to an increase in the cost of materials of EUR 1,325 thousand. As a result, the carrying amount of the investment in H2Core was reduced by EUR 973 thousand in other financial assets. The remaining amount of EUR 352 thousand was recognized as current deferred income. As soon as the materials supplied by Enapter are used in production at H2Core, the deferred gross profit margin is reversed on a pro rata basis. The materials are expected to be fully consumed in 2024, which is why they are classified as current.

Deferred income developed as follows.

	01.01.2023	**Rebookings**	**Feed**	**Resolution**	**31.12.2023**
	EUR	EUR	EUR	EUR	EUR
Long-term	1.844.323	-65.0710	585.076	284.875	2.079.452
Short term	310.447	65.0710	383.739	36.815	722.442
	2.154.770	**-**	**968.815**	**321.690**	**2.801.895**

	01.01.2022	**Rebookings**	**Feed**	**Resolution**	**31.12.2022**
	EUR	EUR	EUR	EUR	EUR
Long-term	1.428.406	-	556.651	140.734	1.844.323
Short term	119.317	-	310.447	119.317	310.447
	1.547.723	**-**	**867.098**	**260.051**	**2.154.770**

(19) Trade accounts payable

Trade payables amounted to EUR 5,534 thousand as at the reporting date. The reduction in current liabilities compared to December 31, 2022 is largely due to the settlement of trade payables in the amount of EUR 2,500 thousand, which were used for the construction of the Enapter Campus in Saerbeck. Trade payables and other liabilities have a total remaining term of up to one year.

(20) Other liabilities

Other liabilities include advance payments received and other liabilities:

	31.12.2023	**31.12.2022**
	EUR	EUR
Advance payments received	**5.894.185**	**904.215**
Other liabilities		
Wage and salary	262.923	721.534
Social security	294.032	503.805
Fees	-	-
Income and other taxes	160.286	8.119
Wages and church tax	263.330	186.409
Other	26.570	14.081
	1.007.141	1.433.948
	6.901.327	**2.338.164**

B. Consolidated statement of comprehensive income

(1) Sales revenue

Revenue by category generated in 2023 and 2022 amounted to

	2023	2022
	EUR	EUR
Sale of electrolyzers and energy management systems	16.032.369	14.660.387
Service and other benefits	15.573.140	11.035
	31.605.509	**14.671.422**

Sales were generated in the following geographical areas:

	2023	2022
	EUR	EUR
Germany	11.297.420	7.764.762
Other European Union	17.115.639	2.688.006
Rest of the world	3.192.451	4.218.654
	31.605.509	**14.671.422**

The majority of sales were generated with German customers (36%; previous year: 53%), with European customers excluding Germany (54%; previous year: 18%) and with customers in the rest of the world (10%; previous year: 29%).

Revenue was generated from the sale of electrolysers and similar products manufactured and produced in-house as well as from the trade and resale of electrolysers and similar products and the associated software and control systems. The software and control systems are an integral part of the electrolysers. The main areas of application for the Enapter Group's products are electricity storage (residential and industrial buildings), scientific use, the production of synthesis gas or methane (power-to-gas), mobility and industrial use. The general terms and conditions of the order generally stipulate a 60% down payment after order confirmation and a 40% down payment before delivery/dispatch. Invoices for deliveries and services are generally issued in euros and ex works. In accordance with the manufacturer's warranty set out in the general terms and conditions of order, Enapter guarantees that each product purchased from Enapter will be free from defects in material and/or workmanship for a minimum period of 1 year and a maximum period of 2 years from delivery. The manufacturer's warranty does not cover defects, failures or damage caused by misuse, improper or inadequate maintenance or care. Product sales of electrolysers, the associated components and services increased by around 12% from EUR 14.7 million in 2022 to EUR 16.4 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.

When recognizing revenue as part of the exclusive partnership programme, Enapter AG follows the IFRS 15 system, according to which it is not the entire contract but the individual performance obligations contained therein that are regarded as reference objects. This is the case if each performance obligation is independent. According to IFRS 15.27, a performance obligation is separate if:

a) the customer can derive an independent benefit from the performance obligation and

b) the performance obligation can be distinguished from other obligations.

The company carefully reviews these criteria and recognizes revenue as soon as they are met.

In 2023, an agreement was concluded with Solar Invest International SE, Luxembourg (SII), for the US market, from which revenue of EUR 15,000 thousand was realized in the financial year. As part of this exclusive partnership, technical expertise, production-related know-how and the customer base were transferred to Solar Invest International SE. The consideration for the transferred services amounts to EUR 15,000 thousand. According to the contract, Enapter has no further obligations as a result of the transfer of these services, 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. In February 2024, the agreement was transferred to Clean H2 Inc, Colorado, USA. However, SII is liable for the remaining payments alongside Clean H2 Inc.

(2) Other operating income

Other operating income breaks down as follows:

	2023	2022
	EUR	EUR
Investment and other grants	3.126.332	2.339.339
Prize money	574.148	301.575
Income from the sale of marketable securities	-	-
Remuneration in kind	16.111	13.494
Income from currency translation	81.638	-
Reimbursement of expenses	-	-
Income from the derecognition of liabilities and reversal of provisions	1.522	36.198
Income from the sale of scrap metal	-	17.399
Insurance reimbursement	8.443	46.000
Other	307.536	45.246
	4.115.730	**2.799.251**

Other operating income of EUR 4,116 thousand (previous year: EUR 3,126 thousand) includes non-repayable grants amounting to EUR 3,126 thousand (previous year: EUR 2,339 thousand). These consist mainly of public grants and subsidies that were recognized in income in accordance with the projects completed in the financial year or when the purpose of the grants was fulfilled. In this context, we refer to the explanations in III.A(8) and III.A.(17).

(3) Cost of materials

The cost of materials breaks down as follows:

	2023	2022
	EUR	EUR
Cost of raw materials, consumables and supplies	13.516.001	11.370.226
Expenses for purchased services	940.430	642.561
	14.456.431	**12.012.787**

(4) Personnel expenses

Personnel expenses for an average of 203 (previous year: 249) employees, excluding the managing directors of the subsidiaries, break down as follows:

	2023	2022
	EUR	EUR
Wages and salaries	11.106.816	11.854.561
Social security contributions and expenses for pensions and other benefits	2.454.087	2.445.418
	13.560.903	14.299.979

The employees (excluding the Management Board and managing directors) worked in the following areas in 2023:

	2023 (average)	31.12.2023 (reporting date)	2022 (average)	31.12.2022 (reporting date)
Research & Development	74*	69*	117	108
Production	74	76	67	65
Administration	33	31	50	52
Marketing & Business Development	22	24	15	14
	203	200	249	239

*In 2023, the number of employees for software development at Enapter LLC, St. Petersburg, was no longer taken into account.

Share-based payment

Enapter AG has launched an option program for management, senior executives and other key employees. As part of this program, the company issued employee options in two tranches for the first time in 2021. In accordance with IFRS 2, the employee options are treated as equity-settled share-based payment transactions.

With the approval of the Annual General Meeting on July 6, 2023 and the resolution of the Supervisory Board on September 12, 2023, the exercise price and the exercise conditions for the 2021 and 2022 tranches were adjusted.

The modified option program contains a non-market-related performance condition, which is that EBITDA adjusted for special effects must be achieved. In addition, the options must be vested over a period of three years. The expense is therefore recognized on a straight-line basis over this vesting period. For equity-settled share-based payment programs, there is generally no remeasurement on subsequent balance sheet dates. The non-market-related performance condition takes into account the achievement of EBITDA adjusted for special effects. A reassessment of the achievement of the performance target is therefore made on subsequent balance sheet dates.

The valuation of the options is based on the Black-Scholes model.

In 2023, the company issued employee options in one tranche of conditions.

The following table illustrates the number of options and the changes during the year:

2023	
Exercisable as of January 1	725.600
Newly granted during the year	210.000
Expired in previous years	
Expire during the year	261.350
Exercised during the year	-
Expired during the year	-
Exercisable as of December 31	-
Still outstanding as of December 31	674.250

The following table shows the input factors for determining the fair value of the options:

Tranche	2023
Valuation date	September 12
Fair value per option	EUR 5,97
Share price[19]	EUR 9,98
Exercise price	EUR 10,07
Runtime[20]	7.5 years
Expected volatility[21]	51,08%
Expected dividend yield	-

As at December 31, 2023, the management of Enapter AG estimates fluctuation at 15.00% p.a. and the probability of achieving the performance target at 75.00%.

The expense from the share option program for 2023 is shown in the following table

2023	
Total expenditure	EUR 1,036,327.25

The increase in equity through the issue of options amounted to EUR 1,036,327.25 as at December 31, 2023 (previous year: EUR 1,541,640.89).

[19]Closing price on the Frankfurt Stock Exchange[20]As it is possible that employees will exercise their options early, it was assumed that the options will be exercised after 7.5 years on average due to a lack of historical data.
[20]As it is possible that employees will exercise their options early, it was assumed that the options will be exercised after 7.5 years on average due to a lack of historical data.
[21]The expected volatility was determined on the basis of the historical volatility of the Enapter AG share and the sector volatility.

(5) Other operating expenses

Other operating expenses break down as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Expenses for external services	30.537	1.218.851
Companies and persons related to software development and management services	1.406.713	863.962
Sales, distribution and marketing costs (incl. travel expenses)	1.456.909	575.539
Expenditure on R&D	339.565	493.537
Costs for warranty/upgrade	2.689.328	793.600
Software, EDP	100.435	428.759
Operating requirements	1.050.086	613.150
Incidental rental and service costs, storage costs	754.754	342.460
Capital market and investor relations costs	299.256	142.926
Legal and consulting costs	2.623.319	1.345.087
Accounting, closing and audit costs	161.131	278.226
Supervisory Board	66.000	59.000
Advisory Board	36.000	78.000
Further training	2.852	46.773
Insurance, contributions and fees	200.442	216.253
Currency conversion	121.969	409.440
Value adjustment for receivables	571.448	-
Impairment of inventories	738.685	-
Borrowing costs	304.770	-
Other	913.270	742.373
	13.867.468	**8.647.936**

(6) Financial result

The financial result, consisting of financial income and financial expenses, is made up as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Financial income		
Interest income from short-term bank deposits	1.860	478
Other	-	1.920
	1.860	**2.397**
Financial expenses		
Interest expenses for interest-bearing liabilities	3.587.076	75.164
Interest expenses from lease liabilities	33.185	18.891
Interest expenses from benefit obligations arising from the termination of employment relationships	-	5.019
	3.620.261	99.074
Financial result	**-3.618.401**	**-96.676**

(7) Income tax expense

The taxable income of Enapter AG is subject to a uniform corporation tax rate of 15% plus a solidarity surcharge of 5.5%. In conjunction with a trade tax rate of around 14% (previous year: 14%), this results in a combined income tax rate in Germany of around 30% (previous year: 30%) for the Group. The income tax rate for Enapter S.r.l. is 24% plus 4.82% for commercial income.

At Enapter AG, no deferred tax assets were recognized for domestic corporation tax loss carryforwards of EUR 18,978 thousand (previous year: EUR 21,174 thousand) and trade tax loss carryforwards of EUR 12,246 thousand (previous year: EUR 21,674 thousand), also due to a lack of sufficient certainty for their realization with regard to the share transfers that took place in 2020. Foreign loss carryforwards, for which no deferred tax assets were capitalized either, amounted to EUR 17,722 thousand as at the balance sheet date (previous year: EUR 13,595 thousand).

The reported income tax expense can be reconciled to the expected income tax expense as follows:

		31.12.2023	**31.12.2022**
		KEUR	KEUR
Reconciliation of income tax expense			
Consolidated earnings before taxes		-6.301	-12.955
Theoretical tax expense	30%	-1.890	-3.886
Effects from tax rate differences		-383	83
Non-deductible expenses		183	118
Non-capitalized deferred taxes on tax loss carryforwards		1.507	3.803
Other tax effects		-280	-141
Income tax expense according to consolidated income statement		**-864**	**-24**

(8) Non-controlling interests

The non-controlling interests relate to a non-Group shareholder in Enapter S.r.l., which held a 0.02% stake in Enapter S.r.l. as at December 31 (previous year: 0.02%).

(9) Earnings per share

The result attributable to the shareholders of the parent company amounted to EUR -7,162,927 thousand in 2023 (previous year: EUR -12,977 thousand). The weighted average number of shares for the calculation of basic and diluted earnings per share amounted to 27,195,000 shares in 2023 (previous year: 25,509,127 shares). The issue of share options for employees (see section III.B.(4)) has no dilutive effect on earnings per share.

IV Other information and explanations

A. Other financial obligations and contingent liabilities

Other financial obligations from long-term rental and lease agreements amount to

	31.12.2023	31.12.2022
	EUR	EUR
Maturity analysis		
Due in one year	149.030	134.559
Due between two and five years	474.213	307.512
Due in more than five years	148.300	214.533
	771.543	**656.604**

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 advance payments made to the subsidiaries for multicore orders.

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.

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

B. Capital management

Capital management is focused on equity and loan financing. Equity amounted to EUR 80,266 thousand on the reporting date (previous year: EUR 86,454 thousand). As a growth company in the field of research and development of and around hydrogen systems, capital management relates in particular to increasing resources in order to finance future growth. Following the successful completion of the first projects, the funds generated will be used to strengthen capital and drive forward further development.

C. Risk management and financial instruments

(1) Credit risks

According to IFRS 7, credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet an obligation.

Credit risks can arise in the Enapter Group, particularly in the form of default risks. Default risks can arise for other financial assets if borrowers are unable to meet their obligations on time. The maximum default risk is reflected by the value of non-impaired financial receivables, which mainly consist of trade receivables, amounting to EUR 23,269 thousand (previous year: EUR 8,014 thousand) (see section III.A.(8)). The Enapter Group considers the default risks to be low.

Maturities and overdue amounts are continuously monitored by the management.

The additional default risks for cash and cash equivalents and other receivables are considered to be very low or have already been reduced through valuation allowances. The maximum default risk is reflected by the respective carrying amount.

(2) Liquidity risks

The management regularly monitors investment requirements and ensures appropriate financing while safeguarding liquidity.

Liquidity risk describes the risk of not being able to meet obligations from financial liabilities. As at December 31, 2023, current assets exceeded current liabilities.

In February 2023, the Enapter Group concluded a financing agreement with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG (PAM), for a nominal amount of EUR 25 million by issuing a bearer bond. The financing has a term of 2 years. This secured the financing of the Enapter Group for the next 12 months. 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 further expansion of business activities is to be financed through suitable equity and/or debt capital measures.

There is no guarantee that future financing measures can be implemented to the extent that sufficient funds will be available for investments that the company considers necessary. There is also a risk that the company will not be able to raise the necessary funds elsewhere or at appropriate conditions. The Management Board is confident that future capital requirements will be covered by suitable capital measures. However, if this is not successful, the Enapter Group would not be able to carry out its business activities as planned.

(3) Market risks

e) Currency risks

Currency risks can arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature. As the operating company Enapter S.r.l. has its registered office and a large proportion of its customers in the eurozone and mostly invoices in euros, there is currently a lower foreign currency risk in the Group from operating activities. Enapter LLC, St. Petersburg, has only performed intra-Group activities. The equity measures implemented to date and the planned equity measures and loans to finance the Enapter Group are to be denominated in euros, meaning that there are only insignificant or no currency risks.

f) Interest rate risks

Enapter S.r.L. was granted a bank loan of EUR 2,500 thousand in April 2021 with a term of 72 months as part of coronavirus support measures. The loan bears interest at 1.55 percentage points above the three-month Euribor rate. A hedging transaction was concluded to hedge the interest rate risk.

In the course of the coronavirus crisis, Enapter S.r.l. received a subsidized loan of EUR 600,000 from an Italian bank on behalf of the Italian government in August 2021 (term until December 31, 2027, interest rate 0.565%, two-year grace period, one-off processing fee of 2%). The loan was granted to promote exports, but is otherwise not subject to any conditions or requirements. The exact repayment terms depend on the development of Enapter S.r.l.'s equity and foreign sales. No interest rate risk arises from the fixed interest rate for the term of the loan.

In February 2023, the Enapter Group concluded a financing agreement with the Patrimonium Middle Market Debt Fund, a private debt fund of Patrimonium Asset Management AG, for a nominal amount of EUR 25 million by issuing a bearer bond. The financing has a term of 2 years. The interest rate is 10% above the 1-month Euribor. No hedging was undertaken against fluctuations in the variable interest rate.

On December 29, 2023, Enapter AG received a subordinated shareholder loan in the amount of EUR 10 million from the shareholder BluGreen Company Ltd, which holds around 65% of the shares in Enapter AG. The financing has a term of 12 months and bears interest at 10% plus 1-month Euribor. No hedging was undertaken against fluctuations in the variable interest rate.

D. Additional disclosures on financial instruments

Carrying amounts, valuations and fair values by class and measurement category

	Book value 31.12.2023	Amortized acquisition costs	At fair value through profit or loss at fair value through profit or loss	At fair value through other comprehensive income at fair value	Fair value to be recognized 31.12.
	EUR	EUR	EUR		EUR
31.12.2023					
Assets					
Cash and cash equivalents	14.589.245	14.589.245			14.589.245
Debt instruments					
Trade receivables and other receivables	23.269.444	23.269.444			23.269.444
Other financial assets	732.068	619.007		113.062	732.068
Liabilities					
Debt instruments					
Trade payables and other liabilities	5.533.806	5.533.806			5.533.806
Other financial liabilities					
Loans	39.111.151	39.111.151			39.111.151
Leasing liabilities	713.757	713.757		0	713.757
31.12.2022					
Assets					
Cash and cash equivalents	5.070.823	5.070.823			5.070.823
Debt instruments					
Trade receivables and other receivables	8.698.607	8.698.607			8.698.607
Other financial assets	176.690	35.355		141.335	176.690
Liabilities					
Debt instruments					
Trade payables and other liabilities	11.556.829	11.522.723			11.556.829
Other financial liabilities					
Loans	3.241.099	3.241.099			3.241.099
Leasing liabilities	587.076	587.076			587.076

With the exception of one financial instrument for an interest rate hedge, which was allocated to level 2, all recognized financial assets and liabilities are allocated to level 3 in the fair value measurement classification, as there are no observable input parameters on the market. For all current financial assets and liabilities as well as investments, the acquisition costs represent the best possible estimate of the fair value. Due to the risk-adjusted interest rate for non-current financial liabilities, the carrying amount also corresponds to the fair value.

2023	Financial assets measured at amortized cost EUR	Financial assets measured at fair value through profit or loss EUR	Financial liabilities measured at amortized cost EUR	Total EUR
Interest income	1.860	-	-	1.860
Interest expenses	-	-	-3.620.261	-3.620.261
Dividends	-	-	-	-
Impairment losses / reversals of impairment losses	-	-	-	-
Net result	1.860	-	-3.620.261	-3.618.401

2022	Financial assets measured at amortized cost EUR	Financial assets measured at fair value through profit or loss EUR	Financial liabilities measured at amortized cost EUR	Total EUR
Interest income	2.397			2.397
Interest expenses		-	-99.073	-99.073
Dividends	-	-		
Impairment losses / reversals of impairment losses	-	-	-	-
Net result	-	-	-99.073	-96.676

E. Cash flow statement

The cash flow statement was prepared in accordance with IAS 7 and shows the cash flows from operating activities, investing activities and financing activities.

Cash and cash equivalents consist of bank balances and cash in hand.

Non-cash expenses and income are eliminated in the cash flow from operating activities. Cash flow from operating activities is presented using the indirect method.

Cash flow from investing activities includes cash investments and divestments in property, plant and equipment and financial assets. Cash flow from investing activities is presented using the direct method.

Cash flow from financing activities includes borrowings and repayments of financial liabilities. Cash flow from financing activities is presented using the direct method.

The following reconciliation shows the development of financial liabilities in relation to cash flow from financing activities in the 2023 financial year:

	Stand at 01.01.2023	Cash-effective changes		Non-cash items Changes	Stand at 31.12.2023
	EUR	EUR	EUR	EUR	EUR
		Recordings	Repayments		
Other financial liabilities	3.241.099	34.595.533	-457.339	1.731.859	39.111.151
Leasing liabilities	587.076	0	-126.681	253.362	713.757

	Stand at 01.01.2022	Cash-effective changes		Non-cash items Changes	Stand at 31.12.2022
	EUR	EUR	EUR	EUR	EUR
		Recordings	Repayments		
Other financial liabilities	3.893.653	395.900	-1.048.369	-86	3.241.099
Leasing liabilities	730.100	0	-154.581	11.427	587.076

The following table shows the expected cash flows from financial liabilities:

	Carrying amount 12/31/2023	Total amount	2 Monte or less	2-12 months	1-2 years	2-5 years
Non-derivative financial liabilities	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Collateralized loans	25.260	-29.825	-600	-3.000	-26.225	-
Unsecured loans	12.576	-14.743	-390	-2.203	-11.304	-846
Other loans	1.275	--1.275	-	-	-1.275	-
Leasing liabilities	714	-750	-25	-125	-150	-450
Liabilities from deliveries and services	5.534	-5.534	-941	-4.593	-	-

F. Management Board and Supervisory Board

Management Board

According to the Articles of Association, the Management Board consists of one or more persons. The Supervisory Board determines the number of members of the Management Board. The Management Board currently consists of two members.

If the Management Board consists of one person, he or she shall represent the company alone. If the Management Board consists of several persons, the company is legally represented by one member of the Management Board if the Supervisory Board has authorized him/her to represent the company individually.

The company has granted both members of the Management Board sole power of representation.

members of the Executive Board in the 2023 financial year:

- Mr. Sebastian-Justus Schmidt, Industrial Clerk, Chiang Mai, Thailand (until December 31, 2023);
- Dr. Jürgen Laakmann, engineer, Munich (from July 1, 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 2023 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 employees of BluGreen and does not contain any performance-related factors. 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 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.

In the 2023 financial year, the Supervisory Board offered Dr. Laakmann 60,000 options at a subscription price of EUR 9.88 per share 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.

Mr Kaufhold's remuneration in the financial year amounted to EUR 295 thousand (previous year: 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 the Annual General Meeting on 6 July 2023 by amending 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.

Supervisory Board

In accordance with the company's Articles of Association, the Supervisory Board consists of three members. There are no compelling legal reasons for increasing the number of members of the Supervisory Board.

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 in supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence AktG in addition to his activities on the Supervisory Board of Enapter AG:

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

Wetter receives Supervisory Board remuneration of EUR 12 thousand (previous year: EUR 5 thousand) for the period from July 28 to December 31, 2022.

The members of the Management Board and Supervisory Board can be contacted at the company's business address, Glockengiesserwall 3, 20095 Hamburg.

G. Related party disclosures

The majority of transactions with related parties take place with the members of the executive bodies or the companies of the members of the executive bodies and the Sebastian-Justus Schmidt family.

Information on related parties and companies of Enapter AG, Heidelberg:

Name of related parties and companies	Relationship	Seat
BluGreen Company Ltd.	Majority shareholder of Enapter AG since August 10, 2020	Hong Kong, PR China
Sebastian-Justus Schmidt	Majority shareholder and director of BluGreen Company Ltd.	
Jan-Justus Schmidt	Son of Mr. Sebastian-Justus Schmidt and Managing Director of Enapter S.r.l., Enapter GmbH and Enapter Immobilien GmbH	
Enapter Ltd Co.	Not an affiliated company; consultancy agreement	Thailand
H2 Core Systems GmbH	Associated company since December 27, 2022	Heide, Germany

For remuneration and other direct and indirect payments to members of the executive bodies, please also refer to section IV.F. above.

BluGreen Company Ltd. based in Hong Kong ("BluGreen") is the majority shareholder of Enapter AG with around 65% of the share capital as at December 31, 2023. The majority shareholder and director of BluGreen is Mr. Sebastian-Justus Schmidt. Mr. Schmidt is therefore to be regarded as the ultimate controlling party.

On December 29, 2023, Enapter AG received a subordinated shareholder loan in the amount of EUR 10 million from the shareholder BluGreen Company Ltd, which holds over 65% of the shares in Enapter AG. The financing has a term of 12 months and bears interest at 10% plus 1-month Euribor.

Enapter AG has concluded a consultancy agreement with BluGreen. In this agreement, BluGreen undertook to make management personnel available as consultants, in particular the Management Board member Sebastian-Justus Schmidt. For this, a monthly payment of EUR 35 thousand is to be made by Enapter AG to BluGreen. It is planned that Sebastian-Justus Schmidt will devote 90% of his time to the company as a consultancy service. The monthly advance payments are adjusted annually. This is done on the basis of recalculations. These recalculations take into account the costs actually incurred by BluGreen for the services provided, plus a surcharge of 5%, less the advances already paid. The contract has been concluded for an indefinite period with a notice period of three months. As at December 31, 2022, there was a liability to BluGreen from the consulting agreement in the amount of EUR 315 thousand (previous year: EUR 70 thousand).

Mr. Jan-Justus Schmidt received remuneration of EUR 180 thousand (previous year: EUR 145 thousand) in 2023 for his work as a director at Enapter S.r.l., managing director at Enapter GmbH and Enapter Immobilien GmbH.

Enapter AG has concluded a consultancy agreement with the Thai company Enapter Co. Ltd ("Enapter Thailand"). In this agreement, Enapter Co. Ltd. undertook to provide consultancy services in return for monthly payments of EUR 30 thousand. The consultancy services include software services, which are created and continuously maintained in the form of interactive dashboards for corporate management and management information, as well as corporate design services. These monthly advance payments are adjusted annually. This is done on the basis of recalculations. These recalculations take into account the costs actually incurred by Enapter Co. Ltd. for the services provided, plus a surcharge of 5%, less the advances already paid. The contract has been concluded for an indefinite period with a notice period of three months. As at December 31, 2022, there was a liability to Enapter Co. Ltd. from the consulting agreement in the amount of EUR 88 thousand (previous year: EUR 30 thousand). In January 2023, Enapter (Thailand) Co. Ltd, Thailand was founded as a wholly owned subsidiary of Enapter AG, which will take over the employees and the operating business of the related company Enapter Co. Ltd, Thailand as soon as a corresponding tax status is granted.

By notarial deed dated December 27, 2022, Enapter AG acquired 10,714 of a total of 35,714 shares in H2 Core 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 holds a stake of around 26% in H2Core. Sales of electrolysers and accessories to H2Core generated revenue of EUR 8,750 thousand. As at the balance sheet date, trade receivables amounted to EUR 10,215 thousand.

H. Employees

In the 2023 financial year, the Enapter Group had an average of 203 employees (previous year: 249), excluding the members of the Management Board of Enapter AG. For a breakdown of the average number of employees by area of activity, please refer to section III.B.(4).

I. Final examination

MSW GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Berlin, was appointed as the auditor of the financial statements and consolidated financial statements for the 2023 financial year. For the financial year, fees of EUR 67 thousand (previous year: EUR 67 thousand) were charged for auditing services, EUR 3 thousand (previous year: EUR 32 thousand) for other assurance services and EUR 4 thousand (previous year: EUR 64 thousand) for other services.

J. Proposal for the appropriation of earnings at Enapter AG

The annual result of Enapter AG for the 2023 financial year amounting to EUR 6,732,078.32 (previous year: EUR -4,024,395.47) will be carried forward to new account.

K. Exemption from disclosure pursuant to Section 264 (3) HGB

The consolidated financial statements include Enapter GmbH, which makes use of the exemption provisions pursuant to Section 264 (3) HGB.

L. Information on the declaration on the Corporate Governance Code

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

M. 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).

N. 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, for which Enapter will receive a license fee of 3% of future sales. Enapter will also provide fee-based engineering services and technical support to the joint venture. The Wolong Group will have a 51% stake and will contribute approximately EUR 2.0 million in cash to the joint venture company and will provide sufficient financing, production resources and local personnel to establish production, sales and support.

The Italian subsidiary Enapter SRL received a notice of approval from the Italian Ministry for Enterprise and Made in Italy (MIMIT) for the "AEM Technology Next Generation" project with funding totaling EUR 1.3 million.

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.

Düsseldorf, April 25, 2024

The Management Board Enapter AG

signed. Dr. Jürgen Laakmann signed. Gerrit Kaufhold

Insurance of the legal representatives

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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 consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, April 25, 2024

The Management Board Enapter AG

signed. Dr. Juergen Laakmann

signed. Gerrit Kaufhold

Independent auditor's report

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Independent auditor's report

To Enapter AG, Düsseldorf:

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit assessments

We have audited the consolidated financial statements of Enapter AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group 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 group management report listed in the "Other information" section.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023, and
- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group management report listed under "Other information" that are not audited.

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 consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group 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 Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group companies 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 consolidated financial statements and on the group 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 state 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 light 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 going concern. The risk for the financial statements is also that the Executive Board incorrectly assumes a positive going concern forecast and that the assets and liabilities are therefore not properly recognized.

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 consolidated 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

Please refer to the information in the notes to the consolidated financial statements under "B. Consolidated statement of comprehensive income" for information on the recognition of revenue.

Other information

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

- the reference to the Group declaration on corporate governance with corporate governance report in accordance with Section 315d 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 (Section 297 (2) sentence 4 HGB, Section 315 (1) sentence 5 HGB).

Our opinions on the consolidated financial statements and on the group 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 of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the audited parts of the group 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 consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group'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 there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group 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 group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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 consolidated financial statements and group 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 consolidated financial statements and of the group 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 consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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.
- 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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the group 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 actions taken or safeguards applied to address independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 consolidated financial statements and the Group management report prepared for publication purposes in accordance with Section 317 (3a) HGB

Audit opinion

We have performed a reasonable assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction contained in the file "391200JIZN9JYP440O07-2023-12-31-en.zip" (SHA1: 3d7da7c7bd9d0396dcdb4f666bcb38e4ec3d2223) and the reproduction of the consolidated financial statements and the group management report (hereinafter also referred to as "ESEF documents") prepared for publication purposes complies 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 consolidated financial statements and the group 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 consolidated financial statements and the group 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 consolidated financial statements and on the accompanying group management report for the financial year from January 1, 2023 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any opinion on the information contained in these disclosures or on the other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproduction of the consolidated financial statements and the group 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 firm has applied the requirements for the quality assurance system of the IDW Quality Assurance Standard: Requirements forQuality 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 consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB. 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 with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error. 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 consolidated financial statements and the audited group management report.
- we assess whether the tagging of ESEF documents with Inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendition.

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

Our corporate responsibility

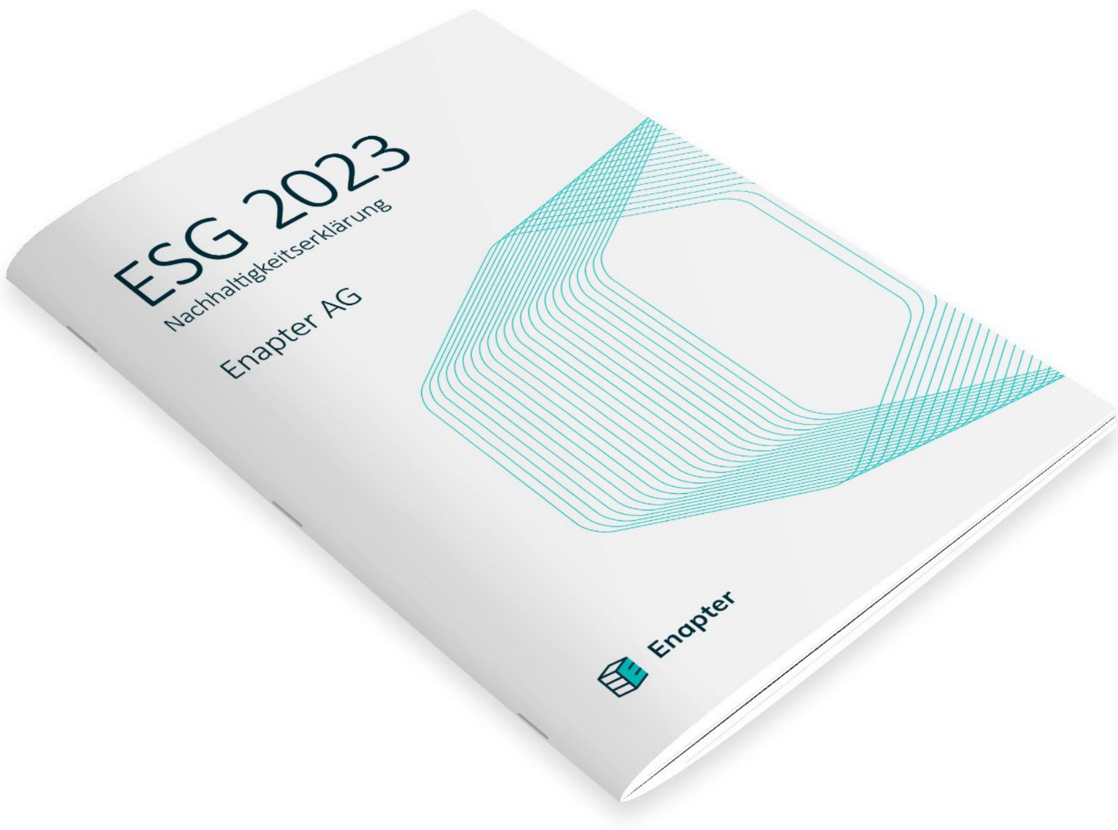
Highlights from the voluntary sustainability declaration

5

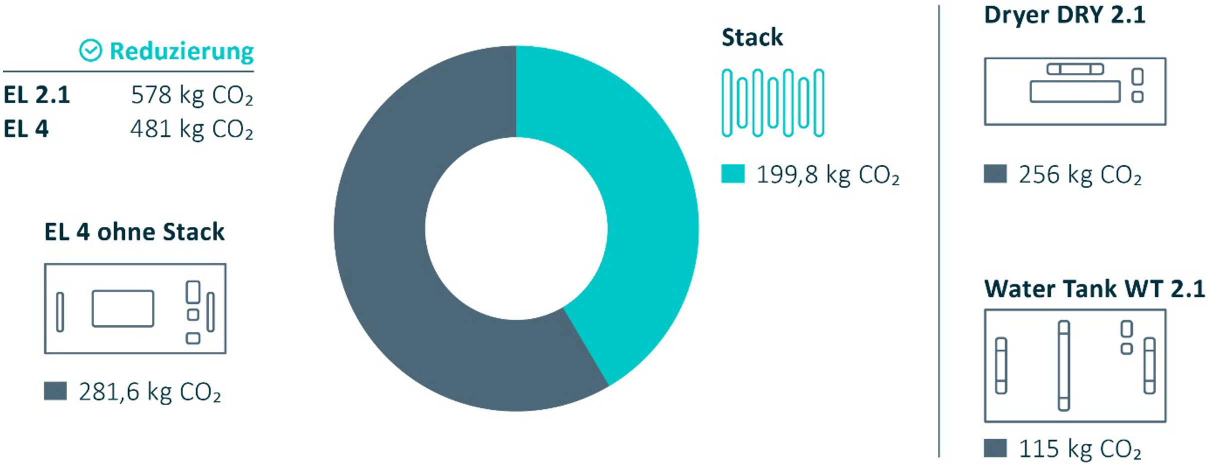
Our corporate responsibility

Highlights from the voluntary sustainability declaration

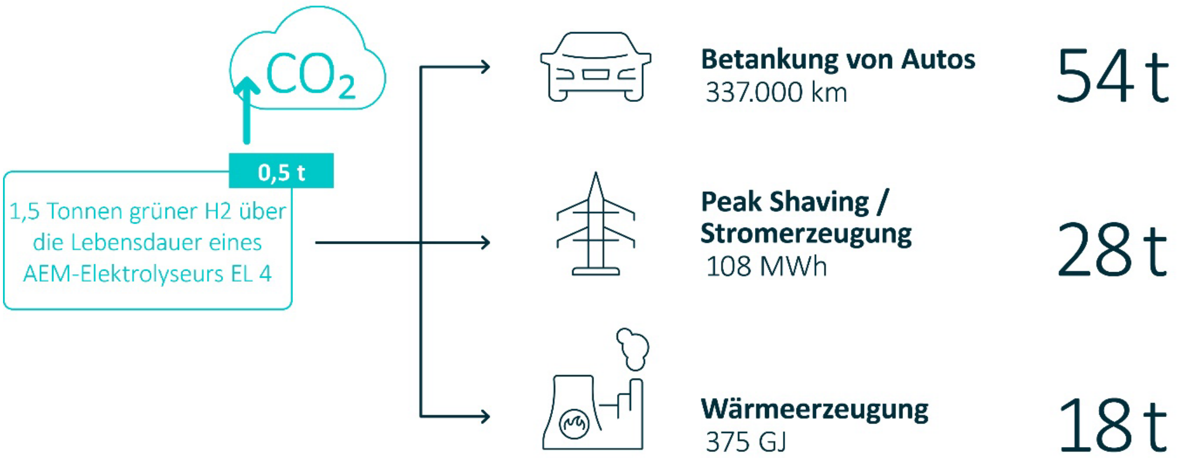
We are working on being one of the first electrolyser manufacturers to design our sustainability declaration in accordance with the new European Sustainability Reporting Standards (ESRS).



We have calculated the carbon footprint of our products - AEM electrolyser, dryer and water tank - calculated.



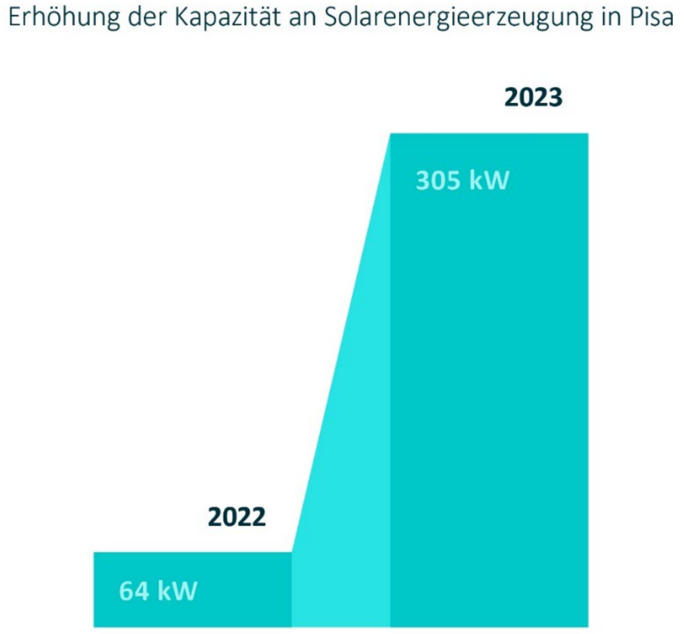
Our AEM electrolyzers produce green hydrogen that can replace fossil fuels in various applications. in various applications. and thus saves many tons of CO_2 over the lifetime of the AEM electrolysers, saving many tons of CO_2.



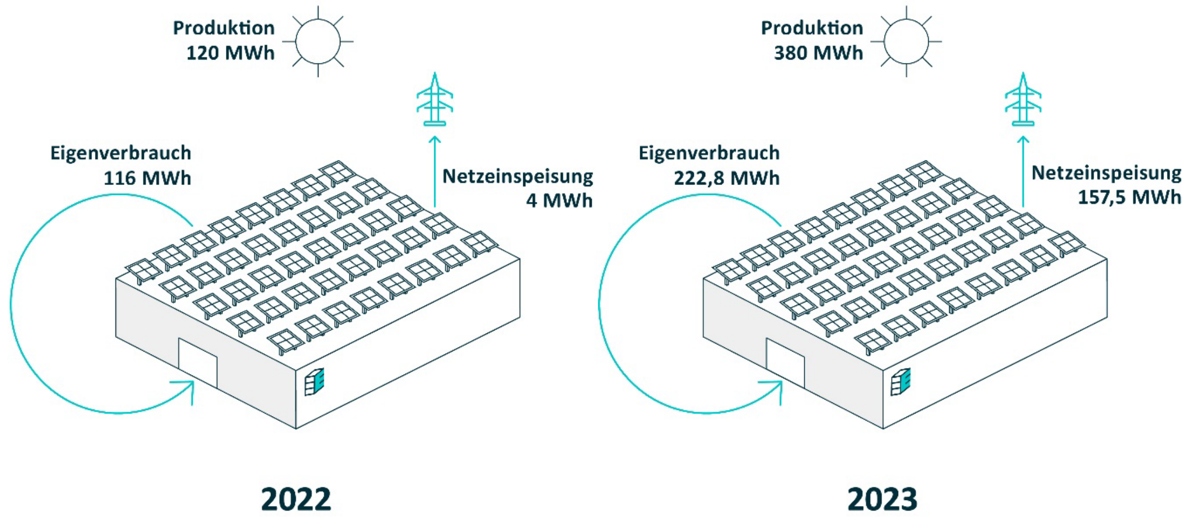
We have also calculated our company-wide corporate carbon footprint in collaboration with Fraunhofer UMSICHT and in accordance with the GHG Protocol, including Scope 1, 2 and the majority of our Scope 3 emissions.

Total GHG emissions (in tCO2eq)	2023	2022
SCOPE 1		
1.1 Stationary combustion	140,1	96,6
1.2 Mobile combustion	3,8	5,2
1.3 Process emissions	0	0
1.4 Cold	68,9	0
Scope 1 GHG gross emissions	212,8	101,8
SCOPE 2		
2.1a Electricity - location-based	582,7	416,4
2.1b Electricity - market-based	302,2	414,7
2.2 Heat	5,8	15,1
2.3 Water vapor	0	0
2.4 Cold	0	0
Scope 2 GHG gross emissions - location-based	588,4	431,5
Scope 2 GHG gross emissions - market-based	308,0	429,8
SCOPE 3		
3.1 Purchased goods and services	1201,3	721,8
3.2 Fuel and energy-related activities	0	0
3.3 Upstream transportation	3,0	3,8
3.4 Waste generation	25,8	14,9
3.5 Business trips	265,1	201,3
3.6 Commuting	58,8	56,3
3.7 Downstream transportation	236,5	252,7
3.8 Franchise	0	0
Scope 3 GHG gross emissions	1790,6	1250,8
Total GHG emissions - location-based	2591,8	1784,1
Total GHG emissions - market-based	2311,3	1782,4

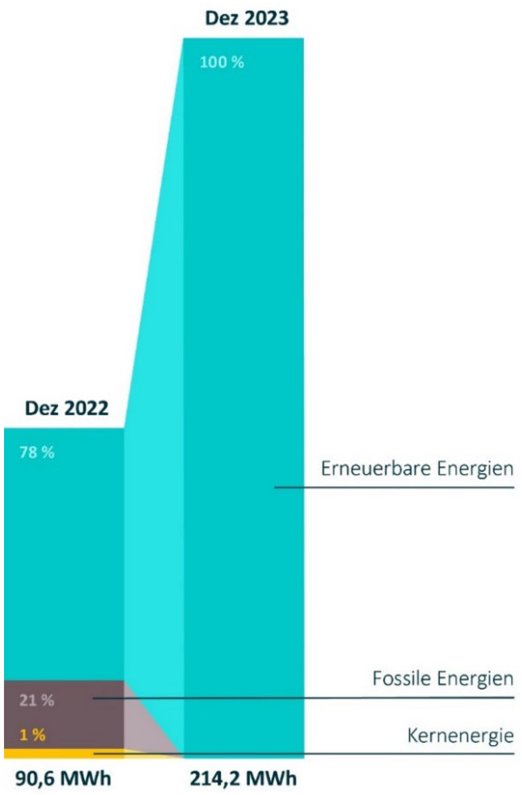
We have made a significant investment in the expansion of PV modules, to increase the production of solar energy at our site in Pisa.



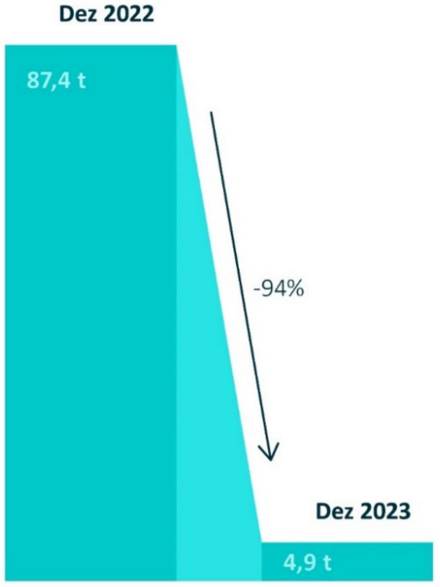
This led to a sharp increase in the production of solar energy, both for self-consumption and for feeding into the Italian electricity grid.



From 2024, our two production sites will be powered by 100% renewable electricity.

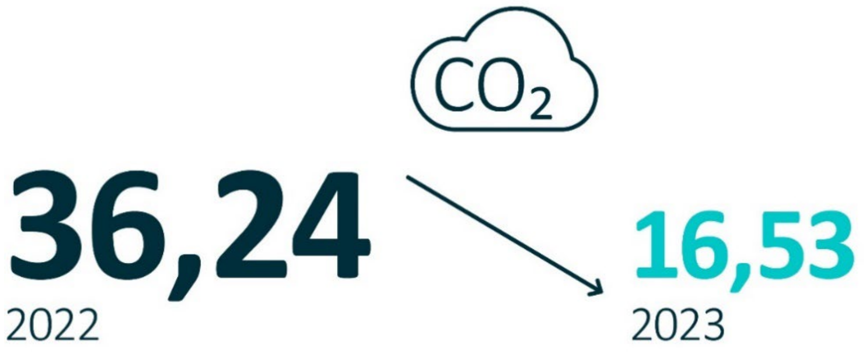


Overall, we have reduced our Scope 1 and 2 emissions since 2022 by more than 90 % since 2022.



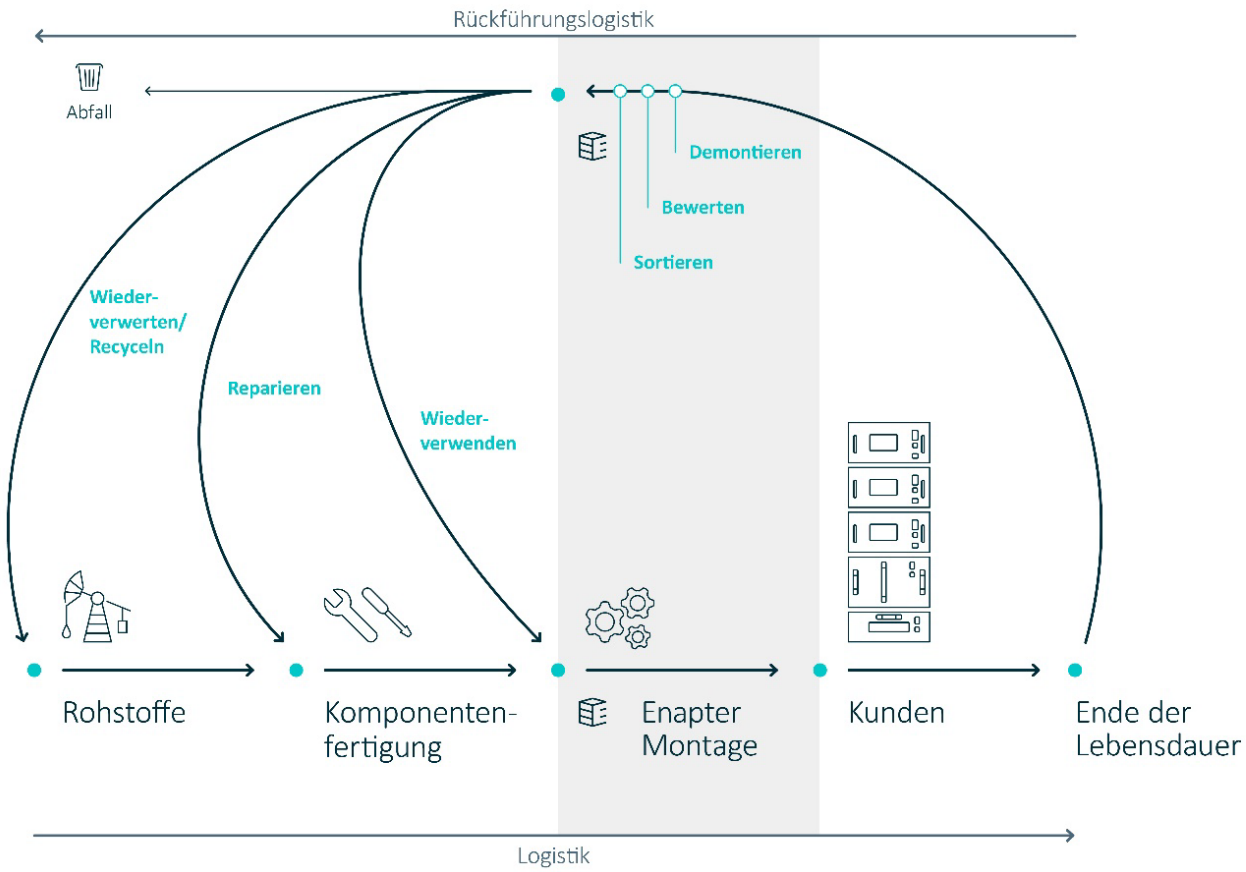
In 2023, we succeeded in decoupling emissions from growth.

Rückgang der Treibhausgasintensität



Scope 1 und 2 markt-basierte THG-Emissionen (in Tonnen CO_2-Äquivalent) / Million Euros Umsatz)

We follow the principles of the circular economy and design our products so that they can be easily dismantled. We have also established a reverse logistics process and take our electrolysers back from our customers at the end of their service life.



We value diversity

Vielfalt in der Belegschaft

Ein Drittel unserer Belegschaft sind Frauen (im Vergleich zum Branchendurchschnitt von 22 %)

Unser Team besteht aus Menschen aus 24 verschiedenen Ländern

Es gab keine Vorfälle von Diskriminierung, einschließlich Belästigung, und keine damit verbundenen Geldstrafen, Sanktionen oder Entschädigungen

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