2022

Half-year report

Content

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

Foreword of the Management Board

Ladies and gentlemen,
Dear shareholders,

With all due modesty we may say: 2G is putting in a sound performance in a challenging global economic and geopolitical market environment. A record order backlog of well over EUR 200 million as of the half-year reporting date ensures production capacity utilization into 2023. Order intake in the first two quarters of this year showed solid momentum, with growth rates of 15% and 27% compared with the same quarters of the previous year. By June 30, 2022, 2G acquired CHP orders with a total value of about EUR 112 million. We were able to pass on a large part of the increase in procurement costs through price hikes. Our established network of suppliers, combined with forward-looking procurement planning, proved reliable also in tight market situations.

In the first half of the year, we translated our good economic position into sales of EUR 114.0 million and EBIT of EUR 2.6 million. Compared to the previous year, this corresponds to growth rates of 6.6% and 12.5%, respectively. The Service business unit, which was virtually unaffected by supply chain problems, performed exceptionally well with sales growth of 23.1% to EUR 67.7 million. On the other hand, numerous customers were decidedly impacted by delivery problems at their construction sites, so that they often are only able to accept the ordered new CHP plants with delays. At EUR 46.3 million, sales of new CHP plants at the half-year reporting date were therefore still below the previous year's figure of EUR 51.9 million. However, in view of the significant rise in total output of EUR 137.8 million, we expect the commissioning and final invoicing of new plants to pick up considerably in the second half of the year.

A downer in the reporting period was the development of the sales performance in the USA. Due to significantly increased material and installation costs on site, some CHP projects that had been prepared for a long time have not yet been realized. The rise in gas prices, also in the USA, led to a reticent attitude among investors. At present, however, we are seeing that the situation is easing again. We expect new impetus from the business area for biogas CHP plants, which are to be promoted more strongly. In April, we acquired the first hydrogen project for 2G in North America. 2G is supplying an agenitor 404c H_2 CHP plant to a company in the energy sector. The customer has its own electrolyzer and consequently large quantities of hydrogen, which are converted into electricity and heat as needed with the help of the H_2 CHP plant. Further projects are currently under negotiation.

These pleasing demand and sales developments apply to all gas-fired CHP units from 2G across the board. "Despite high energy prices?" as many investors are asking. "Yes, precisely because of the significant increase in price levels!" – as we can answer. With rising gas and electricity prices, CHP units are becoming more economical, while the payback period for investments is decreasing. This is because maintenance costs and depreciation, which remain constant, become substantially less important as influencing variables – relative to fuel costs as an input. On the output side, on the other hand, the yields for thermal and electrical energy are gaining significantly in weight. Basic calculations arrive at a return on investment (ROI) in a sound, double-digit percentage range. This means that the value of the energy produced with CHP is also higher in connection with higher energy price levels. In this context, high gas prices are overcompensated by higher electricity prices.

2G assumes that energy price levels will remain high in the foreseeable future. With regard to Europe, this is primarily due to the pipeline-based supply infrastructure from Russia and globally due to the limited availability and relatively expensive supply of liquefied natural gas (LNG). As long as seasonal (electricity) storage facilities on an industrial scale are not available, natural gas will continue to play a vital role as a transitional solution and as a safeguard for secure energy supply. We are convinced that the current geopolitical situation, particularly in Europe, will help to drive the expansion of renewables consistently and swiftly forward, and that the regulatory framework will finally become investment-friendly and open to new technologies. The billion-euro REPowerEU plan presented by the EU Commission in mid-May points in precisely this direction.

In addition to the repercussions of increased gas prices, many investors are concerned about the consequences of a possible gas embargo on sales of natural gas CHP units. In principle, a gas shortage – impacting on Germany in particular – would be a serious but probably temporary phenomenon. The Ministry of Economy's efforts to develop substitutes for Russian gas and rapidly build LNG terminals will significantly reduce dependence on Russia. Even given a temporary reluctance to invest on the part of potential customers, there are three convincing, rational arguments for continued brisk demand to the contrary: firstly, the cost-effectiveness of natural gas CHP units in the face of high gas and electricity costs; secondly, efficiency gains in energy generation of at least 25%; and thirdly, the guaranteed convertibility of the CHP unit to hydrogen operation for a CO_2-neutral energy supply. Consequently, the current, ongoing 2G order intake does not indicate any such investment restraint at present. This clearly underlines the attractiveness of our technology in this CHP segment.

Demand for CHP units powered by biogas, biomethane, mine gas, landfill gas, sewage gas and hydrogen firmed up markedly in the first half of the year. This is because these fuel costs have increased at a significantly lower rate than their yields – if at all – while at the same time, revenue gains of several hundred percent are possible. Consequently, the high electricity and gas prices significantly strengthen the profitability of these plants. Already 40% of 2G's CHP fleet is powered by gases from renewable energy sources. With regard to biogas CHP plants in Germany, subsidies under the EEG are therefore becoming less important. Operators can improve their revenue situation with the higher electricity prices by marketing on the energy markets.

The foundation of our success on the markets is rooted in the continuous development work on the hardware and software for the 2G power plants. The focus is currently on reducing emissions and increasing the efficiency of our hydrogen CHP units. Our claim to technology leadership in the sector applies equally to the digital equipment and communication capabilities of the 2G power plants. The my.2-g.com platform, which was already introduced in 2016, bundles all data and processes relating to asset management and commercial evaluations via the Internet. With the digital monitoring technology I.R.I.S., a proprietary development, we are increasing plant safety and are able to boost the efficiency and availability in operation for the benefit of our customers through early detection of deviations from standard values (predictive maintenance). With these two pillars of our digitization strategy, we are offering our sales and service partners worldwide a very high level of efficiency and transparency as part of the partner concept. At the same time, 2G is tapping into an expandable and stable source of revenue by way of license fees.

With the 1:3 stock split completed on July 1, 2022, we increased the number of 2G shares from 4,485,000 to 17,940,000 as part of a capital increase from company funds. This benefits the tradability of the share for both institutional and private investors. The share price performance since then, relative to many indices, has been very encouraging. However, this is certainly largely due to the published order figures and the improved sales opportunities for CHP units as a result of higher energy prices. Based our many years of in-depth expertise in a wide variety of application concepts with all types of gas, we are also well positioned in the current market situation. Once again, our technological and geographical diversification is paying off. Interest in commitments in our share is increasing significantly.

With this tailwind behind us, a high order backlog on the books and ongoing dynamic order intake, we are raising our sales forecast for the current fiscal year at the lower end and specifying the range at EUR 290 to 310 million. At the same time, we confirm the EBIT margin forecast of between 6% and 8%.

Heek, September 2022

Yours sincerely
2G Energy AG

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

2G share consolidates with relative strength

The 2G share opened the reporting year on January 3, 2022 with a price of EUR 108.60. In the course of the first half of the year, the share came under pressure after reaching a new all-time high of EUR 128.60 at the beginning of April and closed at EUR 90.52 on June 30, 2022. Consequently, over the period under review, the 2G share price decreased by 16.6%. As a result, market capitalization declined to around EUR 406 million as of the reporting date (June 30, 2021: EUR 430 million).

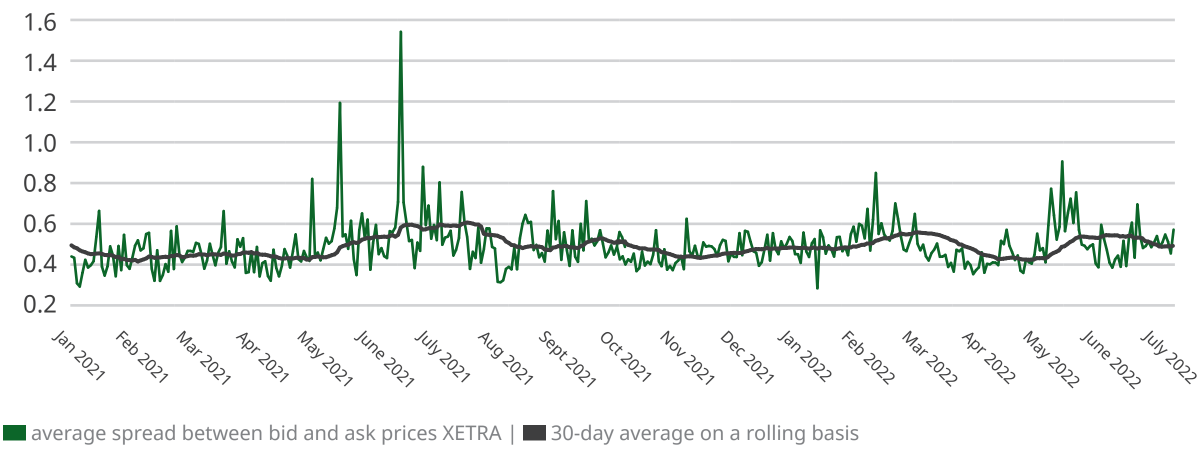
In general, positive company news about the good start into the current fiscal year 2022, the increasing order intake in a challenging economic as well as energy policy environment, and the fiscal year 2021 results supported the share price development. This is due to the fact that 2G shares predominantly outperformed the selection indices. In the period under review, the DAX dropped by 20%. The Scale30 selection index, to which 2G belongs, shed 25.8% by the end of June. Over the same period, the DAXsubsector All Renewable Energies and the DAXsector All Industrial also depreciated by 15.2% and 27.2% respectively.

With the capital increase from company funds resolved at the Annual General Meeting on June 3, 2022, the share capital of 2G Energy AG was topped up by EUR 13,455,000.00 from EUR 4,485,000.00 to EUR 17,940,000.00. On June 14, 13,455,000 new no-par value bearer shares with an arithmetical share in the capital stock of EUR 1.00 per share were then issued, meaning that there are three new shares for every old share. The respective percentage share of a shareholder in the capital of 2G Energy AG has not changed as a result. The share split at a ratio of 1:3 resulted in a quartering of the price quoted on the stock exchanges from July 1, 2022, when the new shares were allocated and booked into the shareholders' securities accounts. On June 30, the share was quoted at around EUR 90 and traded at around EUR 22.50 on the following day. As a result of the capital increase 2G shares are becoming even more attractive to investors, especially private investors, thanks to improved trading liquidity. In the course of the second half of the year to date, the share – after a brief dip at the beginning of July – continued to show its relative strength against a market trending downwards. At the end of August, the share stands at EUR 23.70.

Turnover in the 2G share on XETRA, tradegate and regional stock exchanges averaged around 50,000 shares per day during the first half of the year (H1 2021: 15.000) and thereby more than three times as high as in the prior-year period. Around 70% (H1 2021: 67%) of the turnover in 2G shares was traded through XETRA, 26% (27%) via tradegate, and 4% (6%) through the German regional stock exchanges. The significant increase in liquidity in stock exchange trading in the 2G share during the period under review was accompanied by an average spread between the bid and ask price (buy and sell offer price) in a range of between 0.4 and 0.6%. These positive trading fundamentals continue to make the 2G share attractive to both institutional and private investors.

Trend in average spreads between bid and ask prices

in %



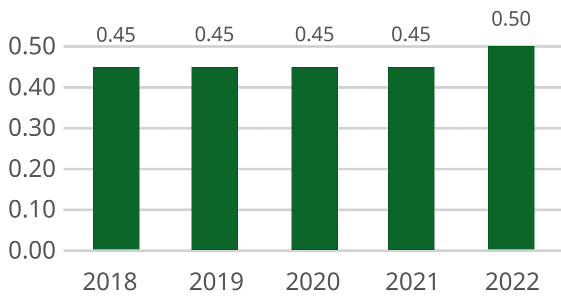
Trend in average spreads between bid and ask prices 2021 to July 2022 in %.
Source: Pareto Securities, 2G calculations, July 2022

At the Ordinary AGM on June 3, 2022, a large majority of the shareholders approved the payout of a EUR 0.50 dividend for the 2021 financial year (previous year: EUR 0.45). This represents an increase of 11% compared to the previous year. Consequently, 2G is continuing to pursue its dividend policy: distributions are to be increased whenever there is a sustained increase in earnings potential.

Attendance at the virtual Annual General Meeting totalled around 59% of the capital stock (previous year 58%).

Dividend distribution 2018 to 2022

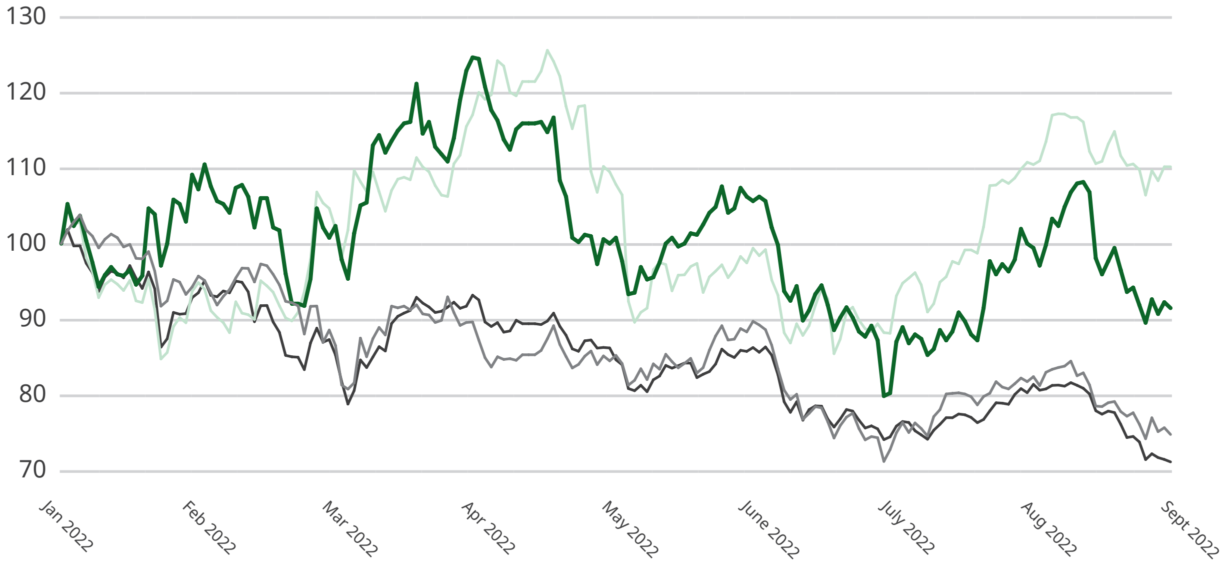
EUR



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

2G share price performance and comparative indexes January to September 2022 (indexed)

in %



2G Kurs | DAXsubsector All Renewable Energies | DAXsector All Industrial | SCALE 30

2G share price performance and comparative indexes from January to September 2022 (indexed) in %.
Source: Pareto Securities, 2G calculations, September 2022

Group management report

Group management report

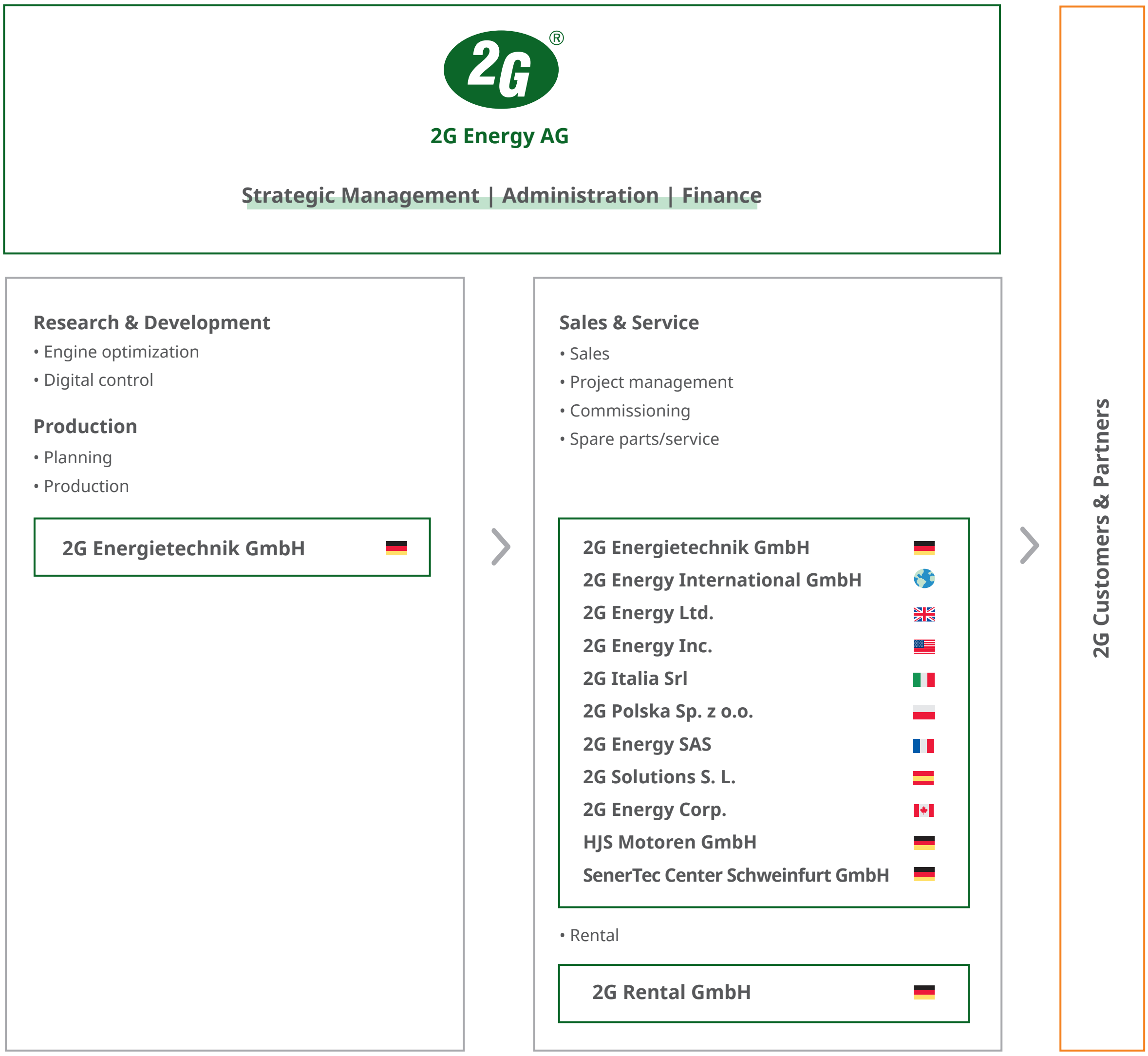
Reservation in relation to forward-looking statements

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

A. The 2G Group

Operating activities and corporate structure

The 2G Energy AG Group is an internationally leading manufacturer and provider of decentralized energy supply systems. With the development of production and the technical installation as well as the digital network installation of cogeneration units, the company is offering extensive solutions in the internationally expanding market of highly efficient CHP plants. Aftersales and maintenance services comprise an important additional performance criterion. The product range includes CHP plants from 20 to 4,500 kW electrical output for operation with hydrogen, natural gas, biogas as well as other lean gases. All plants operate highly efficiently, conserve resources, and reduce or neutralize emissions of climate-damaging CO_2 or NO_x through combined power generation, a variety of digital and mechanical innovations in the power generation process, and advanced exhaust gas purification systems. Worldwide, more than 7,000 installed 2G plants active in various applications supply electrical and thermal energy to a wide range of customers, including companies in the housing sector, in agriculture, trade and industrial companies, energy providers, municipal companies and communities.



2G Energy AG corporate structure, subsidiaries' business purposes and value chain (as of August 2022).

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

2G Energietechnik GmbH (2GE), based at the Group headquarters in Heek, in Germany's western Münsterland region, comprises the main operating entity. The company combines the planning, production, commissioning and ongoing service of 2G systems. Moreover, 2GE operates dependent branches in Griesstätt near Munich, in Hamburg, in Halle/Saale, and in Berlin. 2G Energy International GmbH, based in Heek, is responsible for international sales. At the beginning of the current fiscal year, 2G acquired SenerTec Center Schweinfurt GmbH, based in Schweinfurt. Together with HJS Motoren GmbH and the existing branch in Upper Bavaria,

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2G is thereby further expanding its presence in Southern Germany. Outside of Germany, 2G is represented by independent sales and service companies in the USA, Canada, France, the UK, Italy, Spain and Poland. In addition, important conurbation areas and industrial markets are secured through sales partnerships in countries and regions such as Japan, China, Southeast Asia, Australia and Russia.

B. Economic and business environment

Macroeconomic situation dominated by negative shocks

According to the economic report published in mid-June 2022 by the Kiel Institute for the World Economy (IfW), the economic upswing stalled internationally due to a number of negative shocks in the period under review. The recovery from the effects of the Corona crisis has lost momentum. According to the economic experts, the main factors were new adverse effects from the pandemic (including China's zero-COVID policy) and Russia's attack on Ukraine. As a result, the already strong inflation intensified and supply bottlenecks increased again. Real wages fell markedly in many countries, thereby dampening private consumption. Commodity prices had already risen across the board in the course of last year. Under the impact of the war in Ukraine, prices have again increased significantly at times. In view of high inflationary pressure, central banks have embarked on a course of monetary tightening. Overall, basic underlying economic trends in the advanced economies and emerging markets have weakened. In their economic forecast, the IfW's economists assume that global gross domestic product (GDP) will expand by 3.0% in 2022.

Consequently, the economic recovery in the eurozone was also dampened in the first half of the year. According to the Kiel-based economic experts, a strong increase in economic output was to be expected after the burdens of the Corona pandemic were lifted in the currency union. However, the war in Ukraine and its impact on energy and commodity prices, supply chains, and the high level of uncertainty among consumers and entrepreneurs put the brakes on developments. The IfW expects economic output in the eurozone to expand by 3.1% in 2022.

According to the IfW, the economic recovery in Germany slowed significantly in the further course of the first half of 2022, following a robust start to the year. Supply bottlenecks had a particularly negative impact on industrial activity. Nevertheless, economic experts are cautiously optimistic for Germany. The upward forces remained intact. The main reasons for this were a considerable amount of pent-up purchasing power from the pandemic phases and the continuation of an often record-high order backlog for industrial companies. Researchers expect GDP growth of 2.1%.

The weakness of the global economy, however, is leaving its mark on the mechanical engineering and plant engineering sector. With regard to the first half of 2022, the order books still show a modest overall increase of 2%, which was mainly driven by foreign orders, according to the VDMA. According to the association, although sentiment indicators have deteriorated significantly in recent months, many customers still want to invest in new machinery and equipment, although reticence is rising.

Sector trends vary across the globe

2G has observed various factors that have had an impact on the demand for gas-fired CHP plants during the reporting period. In the Asian region, the Corona pandemic, particularly in China with its zero-COVID strategy, led to significant regional restrictions on economic activity and reticence to make investment decisions, and exacerbated logistics and supply chain problems globally. Since the end of February, events in Europe have been dominated by the effects of Russia's war against Ukraine. They are reflected in significantly higher prices for fossil primary energy sources and for raw materials. In the wake of rapidly rising natural gas and electricity prices, the improved economics and efficiency benefits of CHP plants have come strongly into focus. The price shocks led to a significant increase in demand, which impacted on both natural gas and lean gas plants. In America, the markets were characterized by a variety of developments. In particular, price increases for locally incurred installation costs and delivery difficulties at third-party suppliers led to a wait-and-see attitude on the part of customers in the first half of the year. In view of the current calming price trend, however, this wait-and-see attitude is visibly dissolving as customers once again have more reliable planning parameters for their investment decisions.

In general, declining economic growth worldwide, concerns about recessions in major economic areas and significant inflation dampened business sentiment. This led to a noticeable reticence to make investment decisions. There is no rule without exceptions: depending on the energy industry conditions in individual countries, individual markets such as Germany or France nevertheless performed particularly well in the first half of the year. Despite widespread uncertainty, it was observed that countries are striving to successively decarbonize their energy industries. The increased price levels of fossil primary energy sources, noticeable climate changes and experienced dependencies on individual suppliers or raw materials (including cooling water) would currently seem to further support a structural change in energy supply and generation.

The structural fundamentals that support investments in modern, climate-compatible energy supplies continue to exist on a global scale. Demand is also in place for technologies that can efficiently integrate fluctuating renewable generators into a controllable capacity in order to ensure economic and secure consumer supplies. For further details please refer to pages 50 to 52 of the Annual Report 2021.

Strong order intake from European markets

In the period under review, 2G was able to play to its strengths in internationally heterogeneous markets characterized by supply shocks. Thanks to its broad product and customer portfolio and years of expertise in a wide range of application concepts in all gas sectors, 2G lifted its order intake by 22.5% year-on-year. Once again, it is evident that temporary economic weaknesses, changes in the regulatory framework or characteristics of the energy supply structure in one market can be more than compensated for by rising demand in other regions. 2G operates well and resiliently on the international markets thanks to its diversified international set-up with its own subsidiaries and the concept of certified partners.

In the German market, order intake developed positively at EUR 62.7 million (previous year: EUR 47.3 million, +32.4%). In this context, new orders for CHP units operating on lean gas rose disproportionately by 71.7% compared with the first half of 2021. At 60.3%, however, natural gas-fueled plants still accounted for the largest share of order intake. On the one hand, uncertainty about the supply situation for natural gas in particular dampened the willingness to invest. Nevertheless, there are still convincing arguments in terms of economy and efficiency, especially at higher prices, to invest in modern CHP technology. The warranty given by 2G that systems can be converted to run on hydrogen leads to greater investment security for operators, thereby supporting demand not only in Germany but also internationally. Many lean gas projects, for example in the sewage gas sector or at landfills, have also gained enormously in economic efficiency in connection with the significantly higher energy price levels for thermal and electrical energy. In mid-May 2022, in the REPowerEU package, the EU Commission included biogas as an essential building block against dependence on Russian gas and against climate change.

Proportionally to the increased order intake in Germany, 2G also realized order gains of 32.4% from European countries outside of Germany. France contributed to these developments, with orders received exclusively for biogas CHP units up by two-thirds to EUR 8.5 million. The acquisition performance in the UK was around 17% weaker than in the previous year. In the "Remaining Europe" sales region, order intake leapt by 64.3% to EUR 19.1 million. The increase for natural gas CHP was particularly dynamic, reflected by a plus of 148%.

At EUR 4.5 million, order intake in the North and Central America region fell short of expectations (-58.8%) due to the market developments described above. The restrictive measures enacted against the coronavirus, including curfews and the closure of many production facilities, have continued to fuel uncertainty in the Asian region, delaying official approvals for the recommencement of operations and postponing investment decisions, among other effects. Nevertheless, 2G succeeded in increasing its order intake from a relatively low absolute level to EUR 3.4 million, or by a total of 82.2%.

Consequently, the absolute value of orders acquired abroad advanced by 11.8% to EUR 49.7 million. This increase in a challenging market environment has been significantly supported by the international 2G sales company that was established in April 2021. As a result, we have been able to successfully target export markets and enter countries that have not yet been served by our own national company, but which offer attractive conditions for CHP systems on their energy markets.

Price development for gas and electricity increases profitability of CHP plants

Basically, potential 2G customers are faced with the economic decision to remain with conventional energy supply or to invest in a gas-fired CHP plant and thereby become considerably more independent of public supply, have a better foundation of calculation, save energy costs and reduce greenhouse gas emissions. Whether a CHP system offers value for money depends on the so-called spark spread, the ratio between the price of natural gas and the price of electricity. Therefore, special attention is paid to price developments in a market where a CHP is predominantly operated as a base load generator.

Under the assumptions of the merit order model, gas and electricity prices are correlated in the electricity market. Further details can be found on pages 57 to 59 of the Annual Report 2021.

Prices for natural gas – already coming from a high level – moved dynamically upward as measured by the Dutch TTF Natural Gas Forward. This continued the increase in the price of natural gas that commenced in July 2020, as shown in Diagram 1. According to market observers, prices were driven upwards by increasingly expensive CO_2 emission certificates, Russia's war against Ukraine, concerns about possible gas shortages due to the cutback in supplies from Russia, and difficulties in activating alternative sources of supply on the world market. In Germany in particular, there are still no overseas LNG terminals that could provide the country with an alternative option from its dependence on pipeline-based supply from Russia. From January 1 to June 30, 2022, the gas price rose by 63.4% to 144 EUR/MWh. The gas price marked its highest quotation in the period under review shortly after the start of the war at 212 EUR/MWh. The average price of natural gas in the reporting period stood at 100.2 EUR/MWh, 462% higher than in the same period of the previous year, when it was recorded at 21.68 EUR/MWh.

Dutch TTF Natural Gas Forward 2021 to July 2022 in EUR/MWh

Diagram 1: Dutch TTF Natural Gas Forward 2021 to August 2022 in EUR/MWh.
Source: Pareto Securities, 2G calculations, August 2022

Electricity prices have also risen significantly. The average electricity price for small to medium-sized industrial enterprises (excluding electricity tax) climbed 58.7% to 31.48 ct/kWh in the first half of 2022, by comparison with 2021 as a whole. In particular, the price block procurement/distribution/network charges (26.58 ct/kWh) more than doubled and account for 84.4% of the total price. In 2021, this share still stood at 62.0%. The halving of the EEG surcharge to 3.723 ct/kWh was therefore more than offset by the price increase on the procurement side. According to the BDEW's electricity price analysis, these price dynamics continued unabated in July 2022, with the result that the abolition of the EEG surcharge as of July 1, 2022 again had no price-dampening effect.

Profitability of CHP plants significantly higher

When addressing the question as to whether an investment in a natural gas CHP unit is still worthwhile at all given such high raw material prices, a sober analysis delivers a clear-cut answer: Yes, and more than ever before! This is because CHP units are becoming more economical, especially in connection with rising gas and electricity prices, while the payback period is decreasing. Basic calculations show a return on investment (RoI) in the sound, double-digit percentage range. This is true even if the gas price rises significantly faster than the electricity price, i.e. the spark spread is reduced somewhat. This is due to the fact that maintenance costs and depreciation remain constant in the profitability calculation. As energy prices rise – relative to fuel costs – they become substantially less important as influencing variables. On the output side, however, the yields for thermal and electrical energy are gaining in importance.

These statements apply even more strongly to CHP units that are operated with biogas, mine gas, landfill gas, sewage gas and hydrogen. This is due to the fact that their fuel costs have risen at a significantly lower rate than their earnings. If waste gases (such as landfill, sewage, and mine gases) are recycled, fuel costs are often unchanged while revenue gains of several 100% are possible. Consequently, the high electricity and gas prices significantly strengthen the profitability of the plants. A total of 40% of 2G's CHP field inventory is powered by gases from renewable energy sources. These customers are benefiting from the sharp rise in energy prices. The dynamic order intake in the first half of the year in this CHP segment underlines the attractiveness of our technology.

The first half of 2022 in overview

Overall, the Group generated sales revenues of EUR 114.0 million as of 6/30/2022 (H1 2021: EUR 106.9 million). The following table provides an overview of the distribution of net sales:

Breakdown of sales revenues and changes versus the previous year*

	1st half year 2022				1st half year 2021			
	CHP systems	Service	Total	As a %	CHP systems	Service	Total	As a %
Net sales, in EUR millions	**46.3**	**67.7**	**114.0**	**100**	**51.9**	**55.0**	**106.9**	**100.0**
Germany	29.2	48.2	77.3	67.8	31.5	39.4	70.9	66.3
Rest of Europe	9.3	11.9	21.2	18.6	12.8	9.9	22.7	21.2
North/Central America	4.3	4.2	8.5	7.5	1.6	2.7	4.3	4.0
Asia/Australia	1.9	0.7	2.6	2.3	4.8	1.1	5.9	5.5
Rest of the world	1.7	2.7	4.4	3.8	1.3	1.9	3.2	3.0

* Rounding differences can arise.

	Absolute (in million EUR)			in %		
	CHP systems	Service	Total	CHP systems	Service	Total
Net sales, in EUR millions	**-5.6**	**12.6**	**7.1**	**-11**	**23**	**7**
Germany	-2.3	8.8	6.5	-7	22	9
Rest of Europe	-3.5	2.1	-1.4	-27	21	-6
North/Central America	2.7	1.5	4.2	174	54	98
Asia/Australia	-3.0	-0.4	-3.4	-61	-36	-57
Rest of the world	0.4	0.7	1.1	33	37	35

* Rounding differences can arise.

2G boosted its Group sales by around 7% in the past half year. SenerTec Center Schweinfurt GmbH, which was fully consolidated for the first time, contributed EUR 1.0 million to consolidated (service) sales.

A look at the distribution of sales shows that sales growth resulted almost entirely from the service business which grew year-on-year by EUR 12.6 million or 23%. The strong growth of the 2021 financial year (+24%) is thus continuing.

Sales from new systems suffered from frequent delays on construction sites caused by customers preventing the scheduled installation and commissioning of systems largely already completed by 2G. Overall, revenues in this area fell by EUR 5.6 million or 11% in spite of a considerable increase in finished goods and work in progress (+ EUR 23.7 million).

In the first half of 2022, 2G succeeded as a whole in maintaining the positive trend of recent financial years. Besides another sizable increase in service sales revenues, factory output was also boosted significantly. Orders which are already far down the production line will be reflected in high revenues for new systems in the course of the 2nd half of the year. During the reporting period, new orders were received worth EUR 112.0 million, corresponding to an increase of more than 20% over the previous year. The resulting record order book of EUR 220.8 million as of the reporting date for the first half of the year will ensure that production will be at full capacity well into 2023.

C. Results of operations

With sales revenues of EUR 114.0 million (H1 2021: EUR 106.9 million, +7%) and inventory increases of EUR 23.7 million (H1 2021: EUR 4.6 million), as well as own work capitalized (TEUR 48), total operating revenue for the first half of the year stood at EUR 137.8 million, a significant increase on the figure for H1 2021 (EUR 111.5 million). On the production side, the 1st half of 2021 was impacted by protective measures against the coronavirus, the extended works holiday at the start of 2021 and the reduced deployment of external workers.

The cost of materials rose from EUR 72.6 million to EUR 92.7 million in line with the higher level of total operating revenue. Due to the fact that sales revenues fell significantly in proportion to total operating revenue, the cost of materials ratio rose from 65.1% to 67.3%. The main reason for the increased materials expense ratio is the stronger use of service providers, subcontractors and labor from external companies in Germany and abroad to realize the enormous rise in production levels.

Staff costs rose to EUR 28.4 million in the past half year (H1 2021: EUR 25.1 million, +13.0%). The first-time full consolidation of SenerTec Center Schweinfurt GmbH resulted in a contribution of EUR 0.25 million. In addition, new staff were taken on, especially in 2G Energy International GmbH, to strengthen international sales, and the level of service personnel was also raised in individual foreign companies. In relation to total operating revenue, the personnel cost ratio was down from 23% to 21%.

Depreciation and amortization increased year-on-year from EUR 2.0 million to EUR 2.3 million.

Other operating expenses were up by EUR 2.6 million to EUR 13.8 million. The main reasons for this increase were as follows:

1. (Outbound) shipping costs increased by TEUR 922 or 74%.

2. Travel expenses increased by TEUR 537 or 69% due to the lifting of travel restrictions in connection with the pandemic as well as a general increase in prices.

3. Vehicle expenses increased by a total of TEUR 344 (+28%) mainly due to higher fuel prices.

As of the half-year reporting date, 2G is showing EBIT at the same level as the previous year of EUR 2.6 million, equating to an EBIT margin of 2.2% (previous year: 2.1%).

Following the financial result of EUR -0.2 million (H1 2021: EUR -0.1 million) and income tax expenses of EUR 0.7 million (H1 2021: EUR 0.7 million), consolidated half-year net income stands at EUR 1.7 million (H1 2021: EUR 1.5 million).

D. Financial position

Cash flow statement

		30/06/2022	30/06/2021
		TEUR	TEUR
	EBIT	**2,552**	**2,268**
+	Depreciation, amortization and extraordinary write-downs on fixed assets	2,294	1,989
=	**EBITDA**	**4,846**	**4,257**
±	Cash flow relating to net change in working capital	-10,405	5,522
±	Change in other provisions	3,640	910
±	Change in other assets as well as miscellaneous assets that cannot be allocated to investing or financing activities	-1,185	-2,957
±	Change in other liabilities as well as miscellaneous liabilities that are not allocable to investing financing activities	-323	-1,479
±	Loss/gain from fixed asset disposals	-24	-1,100
-	Result from associated companies	26	0
±	Income tax payments	-1,226	-93
=	**Cash flow from operating activities**	**-4,652**	**5,060**
	Cash flow from investing activities	**-5,030**	**154**
	Cash flow from financing activities	**-3,253**	**2,228**
	Liquid funds as of June 30	**6,936**	**18,363**

Operating cash flow in the first half of the year stood at EUR -4.7 million (H1 2021: EUR +5.1 million). The change year on year is essentially due to the significant increase in net working capital (+ EUR 10.4 million). Raw materials and supplies increased to EUR 20.6 million and inventories of finished goods and work in progress also rose to EUR 24.1 million. Against this, there was an increase in advance payments received of EUR 28.3 million as well as a rise in trade accounts payable (+ EUR 6.3 million) while trade receivables fell by EUR 2.8 million.

An amount of around EUR 3.7 million was invested in tangible fixed assets as part of investing activities. Of this amount, EUR 1.2 million was accounted for by the purchase of the business premises of SenerTec Center Schweinfurt GmbH, whose shares were acquired by 2G Energy AG at the beginning of the current financial year. In addition, 2G Energietechnik GmbH spent around EUR 0.7 million on a further photovoltaic system including a new transformer, EUR 0.35 million on new vehicles as well as EUR 0.2 million on IT hardware. 2G Energy AG invested around EUR 0.6 million in new software and in the redesigned homepage. The acquisition of SenerTec Center Schweinfurt GmbH resulted in a net outflow of around EUR 0.8 million.

As part of financing activities, a loan was taken out for EUR 0.35 million to refinance fleet investments and EUR 1.2 million was spent on the repayment of financial liabilities. In addition, a dividend totaling EUR 2.2 million was distributed in June. Overall, cash flow from financing activities amounted to EUR -3.3 million.

As of the end of the first half of the year, 2G Energy AG had taken out short-term money market loans totaling EUR 5.0 million for the temporary financing of working capital. Against this background, the company reports cash and cash equivalents of EUR 6.9 million as of the half-year reporting date, after taking currency-related changes in cash into consideration. Moreover, free credit lines in an amount of EUR 11.5 million were available as of June 30.

E. Net assets

Overview of the net asset position of the 2G Group as of June 30, 2022*:

Assets

	30/06/2022	31/12/2021
	TEUR	TEUR
A. Fixed assets	29,572	27,118
B. Current assets	163,817	139,260
C. Prepayments and accrued income	1,831	1,377
D. Deferred tax assets	1,675	1,587
Total assets	**196,894**	**169,702**

* Rounding differences can arise.

Equity and liabilities

	30/06/2022	31/12/2021
	TEUR	TEUR
A. Equity	94,278	94,540
B. Provisions	20,948	17,661
C. Liabilities	81,668	57,501
I. Bank borrowings	9,517	5,316
II. Other liabilities	72,151	52,185
Total equity and liabilities	**196,894**	**169,702**

* Rounding differences can arise.

Compared with December 31, 2021, total assets have expanded by around EUR 27.2 million, or by 16.0%, to a level of EUR 196.9 million. This increase in total assets is nearly entirely due to the significant increase in inventories (+ EUR 33.7 million or +46.7%). As a result of upheavals on the procurement markets, stocks of raw materials and supplies were again increased significantly in the course of the half year (+ EUR 20.9 million or +40%) in order to guarantee our ability to maintain continuous production at the company's facility in Heek.

As of 6/30/2022, equity stood at EUR 94.3 million. The positive consolidated half-year net income (EUR 1.7 million) and the dividend payment totaling around EUR 2.2 million had opposite effects.

Overall statement on the business situation

2G significantly increased its total operating revenue by 23.5% to EUR 137.8 million in the past half year in spite of the challenges on the procurement side. On this foundation, the Management Board is confident of its ability to achieve sales of between EUR 290 and 310 million for the year as a whole, thus generating an EBIT margin between 6.0% and 8.0%.

In addition, a dynamic order intake of EUR 112 million in the first half of the year ensured a full order book of EUR 220.8 million on the reporting date. Consequently, production is guaranteed to run at full capacity until well into 2023.

F. Non-financial performance indicators

Pages 19 to 30 of the 2021 Annual Report (Sustainability Report) provide a presentation of non-financial performance indicators.

G. Corporate responsibility

Risk report

Pages 67 to 81 of the 2021 Annual Report provide a presentation of opportunities and risks. Compared with the assessments at that time, no significant changes have occurred to 2G Energy Group's position in relation to opportunities and risks. This also applies to the assessment of the risks and opportunities associated with the COVID-19 pandemic.

In addition to the risk assessments in the 2021 Annual Report and in particular the impact of Russia's war against Ukraine on pages 73 to 74, 2G assesses the sales risks in the event of a supply freeze of natural gas on its business as follows:

Firstly, we note that once 2G sells CHP units to its customers, the company is not economically responsible for the standard operations and fuel purchase. Furthermore, the regions that may be affected must be delimited. Primarily, there would be a risk to Europe, and especially for Germany, due to the tight pipeline constraints and the volumes sourced from Russia to date relative to other suppliers of natural gas. We do not consider other regions to be directly impacted. The more important countries in Europe for 2G CHP sales, such as Italy and Spain, have already replaced the volumes of Russian gas previously purchased through their supply infrastructure via LNG terminals and sources of supply from North African countries. This process has also been initiated in Germany with the beginning construction of LNG terminals and the leasing of four liquefied gas tankers as "floating terminals". Moreover, gas storage facilities are more than 85% full at the beginning of September 2022. According to BDEW, gas conservation efforts are also having an effect: in the first half of 2022, almost 15% less natural gas was combusted than in the previous year. Against this background, it seems unlikely that gas will no longer be available. While the rationing or allocation of natural gas volumes to industrial companies in particular cannot be ruled out from today's perspective, it would, however, represent a temporary phenomenon. Company management estimates that a possible gas shortage could have only a temporary impact on incoming orders for natural gas CHP units in Germany. In the first half of 2022, natural gas CHP accounted for 22% of new orders in Germany. To date, however, there have been no signs of any conceivable investment restraint in incoming orders. In our view, this is countered by sound arguments such as efficiency gains of at least 25% in the generation of electricity and heat and the guarantee given by 2G that it will be possible to convert the CHPs to run on hydrogen at any time. In addition, the significant increase in natural gas prices due to short supplies is having a positive impact on the economic viability and payback period of CHP units and is also increasing demand for CHP units that run on biogas, other lean gases and on hydrogen.

H. Outlook

The experts at the IfW paint a less optimistic picture in their economic forecast published in June 2022. Russia's attack on Ukraine and China's strict zero-COVID policy have exacerbated already strong inflation worldwide and led to supply bottlenecks increasing once again. Real wages are falling significantly in many countries and putting the brakes on private consumption. In view of the high inflationary pressure, central banks have embarked on a course of monetary tightening or have tightened even further. Against this background, the outlook for the global economy has clouded over noticeably, according to economic researchers. They expect global production to expand by only 3.0% this year and 3.2% in 2023. Compared with the forecast published in March, the IfW has thereby lowered its estimates by 0.5% and 0.4% respectively.

Economic development in the eurozone is being hampered by high inflation and the consequences of the ongoing war, such as high energy and raw material prices and supply chain glitches. Economic performance is suffering from rising business uncertainty and a decline in private consumption. The IfW assumes that disposable incomes of private households will not rise at the same rate as prices in the current year. As a result, the recovery in private consumption will be noticeably dampened by high price pressure. Value added in the industry is suffering from the disruption of international supply chains due to the consequences of the ongoing war and China's strict corona policy. The European Central Bank initiated the first steps toward normalizing its monetary policy. This means that monetary policy is being tightened far more quickly than was foreseeable at the beginning of the year. Capital market interest rates have already responded to the changing interest rate environment with a sharp rise in the first half of the year. Overall, economic output will increase by 3.1% in 2022 and by 2.7% next year, according to the economic experts. Consumer prices are expected to rise by 6.8% in 2022. In 2023, the price rises are likely to decrease again to 3.5%, mainly due to the fact that energy prices are then no longer expected to contribute significantly to overall inflation, according to the IfW. The inflation rate and core inflation in particular, however, will remain well above the ECB's inflation target.

The German economy also continues to navigate through troubled waters. Persistently high inflation in the year under review is reducing the purchasing power of disposable incomes. Supply bottlenecks have recently worsened again for companies due to the war in Ukraine, and energy prices are at significantly higher levels. The gloomier global economic climate is resulting in weaker expansion. Nevertheless, numerous upward forces remained in place, albeit with reduced strength, according to the IfW. In addition to the purchasing power of private households, this is mainly due to the fact that industrial companies continue to hold a record order backlog. Overall, the Kiel-based economic researchers expect gross domestic product to expand by 2.1% in the current year. In 2023, the growth rate is expected to stand at 3.3%. At 7.4%, inflation in the current year will be higher than ever before in reunified Germany. In the upcoming year as well, experts expect above average inflation standing at 4.2%.

2G assumes that the economic as well as the climate factors driving a further increase in international demand for gas-fired CHP plants in the medium term are intact. In the G7 countries and also in Germany, natural gas will continue to rank as an important primary energy fuel in the future. In our view, three key arguments are securing demand.

On the one hand, the price of natural gas is expected to remain significantly more expensive over the long term. In our estimation, however, this price pressure will already lead to a rapid activation of "alternative" gas capacities with good climate properties in the short to medium term. We perceive biogas, sewage gas, landfill gas, mine gas, biomethane and hydrogen in particular as being in a robust starting position for utilization as fuel in CHP plants. We have been successfully serving these markets for many years. Already in the ongoing second half of the year, the CHP order intake for these types of gas is proving extremely dynamic. The increasing demands and requirements for emission avoidance and climate protection provide globally sound, overriding framework conditions for CHP plants in this respect.

Secondly, we are convinced that new sales opportunities will open up for technologies that make more efficient use of the scarcer and therefore more expensive natural gas fuel. CHP technology is very well positioned thanks to an efficiency advantage of at least 25% in the combined generation of electricity and heat. Nowhere is the efficiency of cogeneration more evident than when looking at the efficiency rates. The overall efficiency of a CHP plant can stand as high as 98%. A coal-fired condensing power plant achieves only 30 to 40%, while a gas-fired power plant without heat utilization only slightly more. Saving energy has never been more important than it is today.

And thirdly, gas-fired power is needed to secure the conversion of the electricity and heat supply to renewables. This is the only way to avoid bottleneck situations, or worse, blackouts for the supply of industry, commerce and consumers – also over longer periods. The capacity expansion of renewables must therefore be complemented by electricity and heat capacities that provide reliable and fast power. Technologically, our CHP units are already configured today so as to be prepared for greater flexibility in operation. At the same time, they are equipped so that their performance can be requested digitally via remote control technology. Consequently, CHP units operate in an integrated manner, serving the system and ensuring efficiency for the general security of supply.

Prices for raw materials, intermediate goods and transport services have recently been on a broad upward trend. With regard to the European and American markets, 2G no longer expects any significant impact from the pandemic until further notice. Overall, however, international logistics and supply chain problems, high inflation, persistently high energy prices and more restrictive monetary policies on the part of central banks may cause economic momentum to weaken significantly in the coming quarters, even leading to recessions in individual economic regions. This can create uncertainty and slow down the propensity to invest.

Taking the three growth drivers identified above into account, we remain confident that CHP sales will succeed in line with our long-term planning, also in a challenging environment. This is due to the fact that investments in CHP units usually follow long-term considerations for modernizing energy supply and avoiding CO_2 emissions, and in many cases serve public interests.

In the first half of 2022, 2G sold hydrogen CHP units in Canada, in Taiwan and in Germany. In total, 2G has sold three 100% hydrogen-fueled plants in the first half of the year. Further projects are currently under negotiation and will result in orders being received in the course of the year. At present, we can certainly speak of a phase of global ramp-up of the hydrogen economy. High energy prices create economically attractive incentives to rapidly expand renewable capacities. In addition, energy policymakers and companies have come to realize that a considerable amount of storage capacity is required in order to guarantee an integrated supply of renewable energy over the course of the year. A standard and safe way to convert stored hydrogen back into electricity and heat on demand and in a decentralized manner is to use it in a CHP unit. The expertise that 2G has accumulated over many years plays to the company's strengths. We can already implement hydrogen projects in a standardized manner with a number of CHP units in a power range from 115 kW to 360 kW. This is an incentive to further strengthen and expand our global hydrogen technology leadership.

Support from the regulatory environment into higher gear

In view of the fact that people everywhere are feeling the impact of climate change, including in economic terms, there is increasing pressure on policymakers to focus energy policy more strongly and more quickly on decarbonizing energy generation. Especially in Europe, this is reinforced by efforts to end dependence on Russian gas and oil. In the question of energy supply security that arises as a result, cogeneration is becoming increasingly significant in the eyes of policymakers. To this end, the German government explicitly formulated that "In future, Germany will need controllable output from cogeneration to cover the residual load." The German government therefore wants to promote gas-fired power plants and CHP plants that can be converted to climate-neutral gases or hydrogen.

In the REPowerEU package in mid-May 2022 the EU Commission has clearly stated that biogas is an essential building block against the dependence on Russian gas and against climate change. In the so-called EEG Easter Package, the German government has prepared the first foundations for additionally promoting biogas from waste in particular. Further considerations are in the direction of tendering an additional 2.4 GW of installed capacity for biogas by 2028.

The German government's new subsidy program for converting district heating to greenhouse gas neutrality and building new climate-neutral networks was greenlighted by Brussels at the beginning of August. The European Commission approved the federal subsidy for efficient heating networks (BEW) under state aid law. Green district heating networks are a key to climate-neutral heat supply. CHP plants that run on renewable gases can also benefit in this context.

Efficiency principle in many guises

According to the industry association B.KWK, this shows that policymakers have recognized the expediency of cogeneration. What still needs to be better understood is that cogeneration is a technology – or more precisely, an efficiency principle. Having previously made efficient use of fossil fuels, such as coal and natural gas, tomorrow CHP will do the same with renewable fuels: from biomass and with hydrogen. What other technology is so flexible? And because cogeneration is an efficiency principle, it can assume many forms. Whether as a gas-fired, highly flexible storage power plant for covering residual load or as a CO_2-neutral plant for providing electricity and industrial process heat using biomass. Biogas plants also only receive their EEG electricity remuneration and heat for the bacteria in the fermenter by way of CHP plants.

2G is successively expanding its involvement in European and German energy policy to safeguard its interests. In pursuing this course, 2G would also like to make a constructive contribution to educating people about the technology and possibilities of cogeneration. Company representatives are involved in various initiatives promoting the use of hydrogen, in initiatives advancing CHP, and in political work to decarbonize energy supply. For example, our Head of Public Affairs, Stefan Liesner, recently joined the Corporate Advisory Board and the Board of the German Renewable Energy Federation (BEE e. V.) in Berlin.

Executive Board confirms sales and earnings forecast

The fundamental relationship between fuel and operating costs for a CHP unit, as already explained above, and the revenue opportunities through the sale of heat and electricity are leading to significant improvements in the economic viability of CHP units. 2G is experiencing this via the increased interest worldwide in CHP units that run on gases other than natural gas. However, orders for natural gas CHP units as a temporary solution and to secure location supplies also remain at a high level. With regard to these CHP units, the economic efficiency has improved just as significantly. In this context, 2G offers its natural gas customers the guarantee that the plants in the output range from 100 to 1,000 kWh can be converted to operate with 100% hydrogen at any time. Consequently, with these capabilities, plants provide a reliable foundation on the way to a CO_2-neutral energy supply. This is very beneficial for the customers' investment decision and consequently for sales.

Given the current geopolitical and energy policy challenges, the operating business is running smoothly. Thanks to our established network of suppliers from the DACH region and forward-looking procurement planning, we have been able to meet all delivery obligations to our customers on time to date. What is more, a record high order backlog of more than EUR 200 million at the end of June 2022 will ensure full capacity utilization of production throughout the winter. With our Lead to Lean, Partner Concept, Digitalization and Innovation flagship products, we are continuing to work on division of labor, quality-oriented and efficient production and administrative processes, expanding international sales and improving the efficiency and integration capability of our CHP plants.

The Service business unit also offers a high degree of cyclical independence for a good share of its sales and earnings. With a look to the current fiscal year, we again expect a share of sales in excess of 40% and a strong contribution to earnings. Moreover, these activities also deliver strong cash flows on a continuous and predictable basis. The service business is strengthened by the extensive digital support structures developed by 2G at technical and commercial levels, such as the I.R.I.S. platform. These offerings also play a key role in customer loyalty.

In view of the continued very lively order intake in the current fiscal year, the Executive Board raised its sales forecast for fiscal 2022 at the lower end at the beginning of September. Sales of EUR 290 to 310 million are expected to be generated. The EBIT margin is still expected to range from 6% to 8%. The intact structural growth drivers for the national and international CHP business and significantly improved profitability due to energy costs, which are expected to remain at a high level for many years, give rise to continued optimism for the coming years. Consequently, the Executive Board is also confirming the forecast for 2024 (sales: EUR 330 million, EBIT margin 10%) and for 2026 (sales: EUR 400 million, EBIT margin 8.5 to 10.0%).

Heek, September 8, 2022

2G Energy AG

Christian Grotholt
Management Board Chairman
(CEO)

Ludger Holtkamp
Management Board
member

Friedrich Pehle
Management Board
member

Frank Grewe
Management Board
member

Consolidated financial statements

Consolidated balance sheet

Assets

	30/06/2022 EUR	31/12/2021 EUR
A. Fixed assets		
I. Intangible fixed assets		
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	954,238.51	982,766.29
Goodwill	3,276,476.06	3,284,295.41
Prepayments rendered	676,138.50	209,412.11
	4,906,853.07	**4,476,473.81**
II. Tangible fixed assets		
Land, land rights and buildings, including buildings on third-party land	12,308,252.51	11,117,338.62
Plants and machinery	1,003,031.16	942,339.97
Other factory and office equipments	10,798,444.06	10,081,238.37
Prepayments rendered and plants under construction	390,607.32	490,542.66
	24,500,335.05	**22,631,459.62**
III. Financial fixed assets		
Participating interests in associated companies	154,602.62	0.00
Other participating interests	10,000.00	10,000.00
	164,602.62	**10,000.00**
	29,571,790.74	**27,117,933.43**
B. Current assets		
I. Inventories		
Raw materials and supplies	73,094,332.96	52,172,530.37
Work in progress	65,074,726.03	41,020,309.66
Prepayments rendered	9,318,601.62	6,140,266.35
Prepayments received for orders	-41,572,485.18	-27,112,391.50
	105,915,175.43	**72,220,714.88**
II. Receivables and other assets		
Trade receivables	40,809,059.32	43,355,342.71
Other assets	4,867,715.85	4,116,898.42
	45,676,775.17	**47,472,241.13**

Assets

	30/06/2022	31/12/2021
	EUR	EUR
III. Cash in hand, bank balances	12,224,647.95	19,926,679.83
	163,816,598.55	**139,619,635.84**
C. Prepayments and accrued income	**1,831,264.48**	**1,377,079.67**
D. Deferred tax assets	**1,674,758.96**	**1,587,192.14**
Total	**196,894,412.73**	**169,701,841.08**

Equity and liabilities

	30/06/2022	31/12/2021
	EUR	EUR
A. Equity		
I. Subscribed share capital	17,940,000.00	4,485,000.00
II. Capital reserve	2,983,300.00	16,438,300.00
III. Other retained earnings	69,418,947.28	62,501,574.95
IV. Consolidated net income	4,411,165.19	11,823,969.13
V. Minority interests	-23,289.93	-22,442.31
VI. Equity difference from currency translation	-452,430.65	-686,105.05
	94,277,691.89	**94,540,296.72**
B. Provisions		
Tax provisions	1,469,018.48	1,877,857.03
Other provisions	19,479,422.58	15,782,755.22
	20,948,441.06	**17,660,612.25**
C. Liabilities		
Bank borrowings	9,517,336.14	5,315,740.12
Prepayments received for orders	45,646,265.03	31,808,891.15
Trade payables	17,860,528.02	11,469,998.51
Payables due to participating interests	10,348.09	0.00
Other liabilities	8,633,802.50	8,906,302.33
	81,668,279.78	**57,500,932.11**
Total	**196,894,412.73**	**169,701,841.08**

Consolidated profit and loss account

	01/01/ to 30/06/2022	01/01/ to 30/06/2021	01/01/ to 31/12/2021
	EUR	EUR	EUR
Net sales	**113,990,612.53**	**106,920,605.61**	**266,347,910.98**
Decrease in work in progress and finished goods	23,728,817.18	4,619,305.11	2,577,714.88
Other own work capitalized	47,890.80	0.00	0.00
	137,767,320.51	**111,539,910.72**	**268,925,625.86**
Other operating income	2,050,870.95	1,797,150.45	3,425,178.26
	139,818,191.46	**113,337,061.17**	**272,350,804.12**
Costs of materials			
a) Costs of raw materials and supplies and for purchased merchandise	73,009,668.90	56,195,888.57	136,534,258.49
b) Costs of purchased services	19,711,533.41	16,429,754.68	34,730,800.35
	92,721,202.31	**72,625,643.25**	**171,265,058.84**
Personnel costs			
a) Wages and salaries	23,819,067.31	20,989,618.45	41,113,007.27
b) Social security, pensions and other benefits	4,580,402.29	4,138,982.89	8,243,925.41
	28,399,469.60	**25,128,601.34**	**49,356,932.68**
Depreciation and amortization applied to tangible and intangible fixed assets	2,294,449.35	1,988,707.69	3,941,268.46
Other operating expenses	13,772,994.83	11,212,597.22	29,737,744.17
Income from associated companies	-26,120.48	0.00	0.00
Income from other participating interests	0.00	0.00	300.00
Other interest and similar income	39,047.70	42,817.33	99,817.31
Interest and similar expenses	172,852.76	144,261.88	306,534.73
Taxes on income	671,510.28	701,758.39	5,079,663.74
Profit after tax	**1,798,639.55**	**1,578,308.73**	**12,763,718.81**
Other taxes	52,418.78	113,569.53	123,362.28
Consolidated profit for the year	**1,746,220.77**	**1,464,739.20**	**12,640,356.53**
Share of profit attributable to other shareholders	847.62	-66,772.39	-34,666.74
Consolidated net profit	**1,747,068.39**	**1,397,966.81**	**12,605,689.79**
Retained earnings	11,823,969.13	5,838,729.06	5,838,728.47
Dividend payment	-2,242,500.00	-2,018,250.00	-2,018,250.00
Allocation to other retained earnings	-6,917,372.33	-4,602,199.13	-4,602,199.13
Consolidated net income	**4,411,165.19**	**616,246.74**	**11,823,969.13**

Derivation of EBIT

		01/01/ to 30/06/2022	01/01/ to 30/06/2021	01/01/ to 31/12/2021
		EUR	EUR	EUR
	Consolidated profit for the year	**1.746.220,77**	**1.464.739,20**	**12.640.356,53**
+	Taxes on income	671,510.28	701,758.39	5,079,663.74
+	Interest and similar expenses	172,852.76	144,261.88	306,534.73
−	Other interest and similar income	39,047.70	42,817.33	99,817.31
=	**Earnings before interest and tax (EBIT)**	**2,551,536.11**	**2,267,945.14**	**17,926,740.69**

Notes to the consolidated financial statements

A. General information about the consolidated statements

1. Basic information

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

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

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

These consolidated financial statements of 2G Energy AG represent the reporting period from January 1 to June 30, 2022. Last years' figures relate to the balance sheet at the end of the previous year (December 31, 2021) as well as the profit and loss account of the corresponding prior fiscal year period (January 1 to June 30, 2021).

The interim financial statements and the interim management report as at June 30, 2022 have not been audited in accordance with Section 317 of the German Commercial Code (HGB) and have not been reviewed by an external auditor. The consolidated financial statements and the management report of the company as at December 31, 2021 were audited by an auditor in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) and have been issued an unqualified opinion.

2. Line of business

The company and its subsidiaries primarily plan and install combined heat and power ("CHP") systems and other systems for the recovery of efficient use of electrical energy, and provide after-sales services associated with CHP systems. One subsidiary is responsible for optimizing gas engines, and for manufacturing and marketing Otto spark-ignition gas engines.

3. Accounting policies

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

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

The Group's functional currency is the euro. All amounts are consequently presented in euros or thousands of euros (TEUR). Foreign companies' balance sheet items as well as foreign currency transactions in the trade balance II are translated at the respective exchange rate on the balance sheet date. Equity items are translated at historical rates. Cost and income items are translated at average rates for the year related to the financial year.

B. Consolidation methods

1. Consolidation scope and shareholdings

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

Subsidiary

	Interest in %	Subscribed capital in TEUR	Equity in TEUR***	Profit/loss for year in TEUR***	Initial consolidation
2G Energietechnik GmbH* Heek, Germany	100	1,000	7,528	0	30/06/2007
2G Rental GmbH, Heek, Germany	100	50	1,097	560	31/12/2014
2G Energy International GmbH, Heek, Germany	100	25	-821	-536	01/04/2021
HJS Motoren GmbH, Amtzell, Germany	100	25	1,760	633	01/06/2021
SenerTec-Center GmbH, Schweinfurt, Germany	100	25	-56	-81	01/01/2022
KWK-tec GmbH, Mendig, Germany	40	25	35	10	01/01/2022
2G Solutions of Cogeneration S.L., Vic Barcelona, Spain	90	3	-330	-8	31/01/2008
2G Energie SAS, Sainte-Luce-sur-Loire (Nantes), France	100	200	3,088	584	24/08/2016
2G Italia Srl, Vago di Lavagno (Verona), Italy	100	10	776	-268	15/03/2011
2G Energy Ltd., Cheshire, United Kingdom**	100	1	2,259	-249	19/09/2011
2G Polska Sp. z o.o., Bielsko-Biała, Poland**	100	1	-104	-40	07/11/2011
2G Energy Inc. St. Augustine (FL), USA**	100	1	1,159	-970	27/02/2012
2G Energy Corp. Fergus (ON), Canada**	100	205	630	280	01/01/2019

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

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

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

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

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

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

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

Apart from KWK-tec GmbH, all the companies are included as subsidiaries in the consolidated financial statements due to the majority of voting rights held by the parent company.

In exercising the option for joint ventures, KWK-tec GmbH is included 'at equity' in the consolidated financial statements.

2. Consolidation methods applied

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

The consolidated financial statements are based on the separate financial statements of 2G Energy AG and the financial statements of the subsidiaries included in the consolidation scope. The financial statements are prepared as of the June 30, 2022 closing date.

Capital consolidation

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

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

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

Consolidation of liabilities

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

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

Treatment of unrealized results of intragroup transactions

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

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

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

Consolidation of income and expenses

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

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

Equity valuation

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

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

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

C. Information about accounting policies

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

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

Valuation methods were applied unchanged compared with the previous year.

Valuation details are as follows:

1. Intangible fixed assets

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

Intangible fixed assets

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

Prepayments rendered are recognized at normal value.

2. Tangible fixed assets

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

Tangible fixed assets

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

Prepayments rendered are recognized at normal value.

3. Financial fixed assets

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

4. Inventories

Raw materials and supplies are recognized at the lower of cost or fair value.

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

Prepayments rendered are recognized at nominal value.

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

5. Receivables and other assets

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

6. Cash in hand and bank balances

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

7. Prepayments and accrued income

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

8. Deferred tax

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

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

9. Equity

Equity is measured at nominal value.

10. Tax provisions

Tax provisions are recognized at the settlement amount.

11. Other provisions

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

12. Liabilities

Liabilities are recognized at the settlement amount.

13. Prepayments received

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

14. Currency translation

Items in the annual financial statements that are based on amounts denominated in foreign currencies are translated at the cash exchange rate in compliance with Section 256a of the German Commercial Code (HGB).

At the time of initial recognition, transactions in foreign currencies are generally recorded at the exchange rate prevailing on the transaction date.

D. Notes to the consolidated balance sheet

1. Fixed assets

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

Fixed assets include TEUR 1,721 (previous year: TEUR 1,991) of rental plants from the operating activities of 2G Rental GmbH.

2. Receivables and other assets

Specific and general valuation allowances of TEUR 4,383 (previous year: TEUR 5,298) were applied to trade receivables.

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

3. Deferred tax assets

Deferred tax receivables of TEUR 1,675 (previous year: TEUR 1,587) arise from tax loss carryforwards (TEUR 357) at 2G Italia Srl, 2G Polska Sp. z o.o. and 2G Energy International GmbH. No deferred tax assets were formed in relation to the loss carryforwards of 2G Solutions S.L. and 2G Energy Inc. due to their having generated net losses in previous years. In this context, a cautious approach was adopted that does not consider positive expectations arising from current structural changes. In addition, deferred taxes were formed in relation to eliminated intragroup gains on fixed assets (TEUR 188) and inventories (TEUR 665) deriving from intragroup deliveries and services as of the balance sheet date, and on temporary differences (TEUR 465). These temporary differences arise mainly from adjustments to consistent group accounting policies as well as from differing valuations for inventories and provisions in the financial statements and in the tax accounts.

It is assumed that the tax benefits associated with the capitalized loss carryforwards can be realized with sufficient probability in the next five financial years. Deferred taxes on unutilized tax loss carryforwards were not recognized in the amount of TEUR 880.

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

4. Consolidated equity

The share capital amounts to TEUR 17,940 (previous year: 4,485) and is divided into 17,940,000 (previous year: 4,485,000) ordinary bearer shares each with a nominal value of EUR 1.

Capital reserves of TEUR 2,983 (previous year: TEUR 16,438) arise mainly from share premiums from capital increases at 2G Energy AG.

The Annual General Meeting on June 3, 2022 resolved to increase the share capital by TEUR 13,455 from company funds. The capital increase was effected by converting an amount of TEUR 13,455 of the capital reserve reported in the Company's approved annual financial statements as of December 31, 2021 into share capital.

With the entry of the resolution of the Annual General Meeting in the Commercial Register on June 14, 2022, the share capital of 2G Energy AG increased by TEUR 13,455 from TEUR 4,485 to TEUR 17,940. Accordingly, the capital reserve has decreased by TEUR 13,455 from TEUR 16,438 to TEUR 2,983.

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

Notional dividend payout restrictions exist in relation to deferred taxes of TEUR 1,675.

An amount of TEUR 72,155 is available to shareholders for distribution in the year under review. No restricted amounts that cannot be distributed exist in the separate financial statements of 2G Energy AG.

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

5. Other provisions

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

Other provisions, in TEUR

	30/06/2022	31/12/2021
Residual work on completed plants/outstanding invoices	7,867	5,261
Warranty commitments	5,373	4,921
Amounts owed to staff	4,593	3,860
Taxable fringe benefits	872	872
Professional cooperative contributions	220	318
Costs of preparing and auditing financial statements	192	202
AGM and annual report	67	67
Litigation costs	45	45
Archiving of business documents	38	20
Misc. other provisions	212	217
Total	**19,479**	**15,783**

6. Liabilities

Liabilities consist of the following:

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

	Up to 1 year	More than 1 year	Thereof more than 5 years	Total
Bank borrowings	6,892 (1,916)	2,625 (3,400)	0 (249)	9,517 (5,316)
Prepayments received for orders	45,646 (31,809)	0 (0)	0 (0)	45,646 (31,809)
Trade payables	17,861 (11,470)	0 (0)	0 (0)	17,861 (11,470)
Payables due to participating interests	10 (0)	0 (0)	0 (0)	10 (0)
Other liabilities	8,634 (8,906)	0 (0)	0 (0)	8,634 (8,906)
Total	**79,043** **(54,101)**	**2,625** **(3,400)**	**0** **(249)**	**81,668** **(57,501)**

The following collateral instruments relate to bank borrowings:

- EUR 2.2 million land charge, Siemensstrasse 20, Heek
- EUR 2.0 million land charge, Benzstrasse 3, Heek
- Collateral assignment of lease claims

Payables due to participating interests exclusively comprise trade payables.

Other liabilities comprise tax liabilities of TEUR 2,319 (previous year: TEUR 4,406) and social security liabilities of TEUR 152 (previous year: TEUR 148).

E. Notes to the consolidated profit and loss account

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

1. Net sales

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

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

	Germany	Abroad	Total
CHP systems/ After-sales	29,165 (31,451)	17,166 (20,440)	46,332 (51,891)
Service	48,156 (39,382)	19,503 (15,648)	67,659 (55,030)
Total	**77,322 (70,833)**	**36,669 (30,088)**	**113,991 (106,921)**

2. Other operating income

Other operating income comprises TEUR 1,221 (previous year: TEUR 210) of income related to other accounting periods that mainly results from the decrease of bad debt allowances (TEUR 905), insurance reimbursements and compensation payments and loss compensation payments (TEUR 70), the disposal of fixed assets (TEUR 37), and of the release of provisions (TEUR 30).

Other operating income includes income of TEUR 505 (previous year: TEUR 382) from currency translation.

3. Personnel costs

Social security contributions and pension and benefit expenses include TEUR 270 (previous year: TEUR 246) of pension expenses.

4. Depreciation and amortization

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

5. Other operating expenses

Other operating expenses consist of the following:

Other operating expenses, in TEUR

	01/01/2022 to 30/06/2022	01/01/2021 to 30/06/2021
Operating expenses	5,566	4,724
Administration expenses	1,863	1,888
Sales and marketing expenses	4,923	3,257
Miscellaneous	1,421	1,343
Total	**13,773**	**11,213**

Other operating expenses comprises TEUR 191 (previous year: TEUR 224) of expenses related to other accounting periods that mainly results from credit notes and losses on receivables relating to other periods, as well as expenses from the allocation to specific and general bad debt allowances.

Other operating expenses include expenses of TEUR 242 (previous year: TEUR 38) from currency translation.

6. Other interest and similar income

Other interest and similar income include income from the discounting of provisions in the amount of TEUR 6 (previous year: TEUR 7).

7. Taxes on income

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

Taxes on income, in TEUR

	01/01/2022 to 30/06/2022	01/01/2021 to 30/06/2021
Deferred tax income	366	374
Deferred tax expenses	-268	-471
of which attributable to loss carryforwards (net balance)	190	-30
Income from deferred taxes	**88**	**-97**

F. Additional information

1. Consolidated cash flow statement

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

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

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

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

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

3. Derivative financial instruments

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

Financial instruments, in TEUR

	Scope	Maturity	Fair value
Forward exchange transaction EUR – GBP	201	29/07/2022	-74
Forward exchange transaction EUR – USD	890	15/08/2022	150
Forward exchange transaction EUR – USD	1,134	31/08/2022	176
Forward exchange transaction EUR – USD	1,440	31/08/2022	140
Forward exchange transaction EUR – USD	540	31/08/2022	91
Forward exchange transaction JPY – EUR	107	08/09/2022	106
Forward exchange transaction EUR – GBP	530	30/09/2022	-199
Forward exchange transaction EUR – GBP	360	14/10/2022	-134
Forward exchange transaction JPY – EUR	107	04/11/2022	106
Forward exchange transaction EUR – GBP	239	15/11/2022	-82
Forward exchange transaction EUR – GBP	245	15/11/2022	-83
Forward exchange transaction EUR – GBP	276	30/11/2022	-95
Forward exchange transaction EUR – CAD	432	15/12/2022	197
Forward exchange transaction EUR – CAD	542	16/01/2023	251
	7,043		**551**

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

4. Contingent liabilities

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

5. Other financial obligations

Other financial obligations existed in relation to contracts as follows:

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

	Up to 1 year	1 to 5 years	More than 5 years	Total
Permanent rental contracts*	839 (825)	0 (0)	0 (0)	839 (825)
Fixed-term rental contracts	358 (367)	703 (868)	34 (37)	1,095 (1,272)
Lease contracts	394 (380)	532 (593)	0 (0)	926 (973)
Total	**1,591 (1,572)**	**1,234 (1,461)**	**34 (37)**	**2,860 (3,070)**

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

6. Average number of employees during the financial year

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

Number of employees

	2022	2021
Industrial workers	396	385
Commercial employees	398	378
	794	**763**
of whom part-time employees	76	75

7. Management Board

The Management Board is currently composed as follows:

Management Board

	Since	Appointed until
Mr. Dipl.-Ing. Christian Grotholt (Chairman) Ahaus-Alstätte CEO of 2G Energy AG Strategy and Sales	17/07/2007	04/06/2025
Mr. Ludger Holtkamp Gronau COO of 2G Energy AG Procurement, Production and Project Management	17/07/2007	04/06/2025
Mr. Dipl.-Betriebsw. (BA) Friedrich Pehle Soest CFO of 2G Energy AG Finance, Human Resources, Law and Investor Relations	01/12/2017	30/11/2023
Mr. Dipl.-Ing. Frank Grewe Vreden CTO of 2G Energy AG Service, Research and Development	01/07/2020	30/06/2023

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

8. Supervisory Board

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

Supervisory Board

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

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

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

9. Directors' compensation

Compensation of TEUR 707 (previous year: TEUR 673) was paid to the Management Board in the financial year under review, and compensation of TEUR 61 (previous year: TEUR 50) to the Supervisory Board.

10. Events of key significance after the reporting date

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

Heek, September 8, 2022

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

Consolidated statement of changes in fixed assets

	Cost						
	01/01/2022	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposals	30/06/2022
Intangible fixed assets							
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	3,618,737.83	1,589.32	21,937.12	113,146.26	1,715.00	0.00	3,757,125.53
Goodwill	9,852,376.91	0.00	0.00	277,132.90	0.00	0.00	10,129,509.81
Prepayments rendered	209,412.11	0.00	0.00	468,441.39	-1,715.00	0.00	676,138.50
	13,680,526.85	**1,589.32**	**21,937.12**	**858,720.55**	**0.00**	**0.00**	**14,562,773.84**
Tangible fixed assets							
Land, land rights and buildings, including buildings on third-party land	14,433,086.31	21,138.72	0.00	1,417,971.19	0.00	0.00	15,872,196.22
Plants and machinery	2,490,279.39	13,212.83	0.00	142,389.92	0.00	9,088.16	2,636,793.98
Other factory and office equipments	26,285,830.31	72,095.80	473,826.35	1,900,224.36	345,286.62	795,831.05	28,281,432.39
Prepayments rendered and plants under construction	490,542.66	0.00	23,988.00	221,363.28	-345,286.62	0.00	390,607.32
	43,699,738.67	**106,447.35**	**497,814.35**	**3,681,948.75**	**0.00**	**804,919.21**	**47,181,029.91**
Financial fixed assets							
Participating interests in associated companies	0.00	0.00	0.00	180,723.10	0.00	26,120.48	154,602.62
Other participating interests	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00
	10,000.00	**0.00**	**0.00**	**180,723.10**	**0.00**	**26,120.48**	**164,602.62**
Total	**57,390,265.52**	**108,036.670**	**519,751.470**	**4,721,392.40**	**0.00**	**831,039.69**	**61,908,406.37**

Depreciation and amortization						Book value	
01/01/2022	Currency translation	Changes in scope of consolidation	Additions	Disposals	30/06/2022	30/06/2022	31/12/2021
2,635,971.54	1,131.57	12,732.12	153,051.79	0.00	2,802,887.02	954,238.51	982,766.29
6,568,081.50	0.00	0.00	284,952.25	0.00	6,853,033.75	3,276,476.06	3,284,295.41
0.00	0.00	0.00	0.00	0.00	0.00	676,138.50	209,412.11
9,204,053.04	**1,131.57**	**12,732.12**	**438,004.04**	**0.00**	**9,655,920.77**	**4,906,853.07**	**4,476,473.81**
3,315,747.69	422.81	0.00	247,773.21	0.00	3,563,943.71	12,308,252.51	11,117,338.62
1,547,939.42	14,195.00	0.00	72,798.40	1,170.00	1,633,762.82	1,003,031.16	942,339.97
16,204,591.94	52,233.49	359,158.35	1,535,873.70	668,869.15	17,482,988.33	10,798,444.06	10,081,238.37
0.00	0.00	0.00	0.00	0.00	0.00	390,607.32	490,542.66
21,068,279.05	**66,851.30**	**359,158.35**	**1,856,445.31**	**670,039.15**	**22,680,694.86**	**24,500,335.05**	**22,631,459.62**
0.00	0.00	0.00	0.00	0.00	0.00	154,602.62	0.00
0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**164,602.62**	**10,000.00**
30,272,332.09	**67,982.87**	**371,890.470**	**2,294,449.35**	**670,039.15**	**32,336,615.63**	**29,571,790.74**	**27,117,933.43**

Consolidated cash flow statement

		01/01/ to 30/06/2022	01/07/ to 31/12/2021	01/01/ to 30/06/2021
		EUR	EUR	EUR
	Consolidated profit for the year	**1,746,220.77**	**11,175,617.33**	**1,464,739.20**
+	Taxes on income	671,510.28	4,377,905.35	701,758.39
+	Interest and similar expenses	172,852.76	162,272.85	144,261.88
-	Other interest and similar income	-39,047.70	-56,999.98	-42,817.33
=	**Earnings before interest and tax (EBIT)***	**2,551,536.11**	**15,658,795.55**	**2,267,942.14**
+	Depreciation and amortization applied to tangible and intangible fixed assets	2,294,449.35	1,952,560.77	1,988,707.69
=	**Earnings before interest, tax, depreciation and amortization (EBITDA)***	**4,845,985.46**	**17,611,356.32**	**4,256,649.83**
±	Change in raw materials and supplies	-20,580,067.47	4,952,417.55	-12,592,192.60
±	Change in work in progress	-24,054,416.37	2,106,445.95	-4,934,749.10
±	Change in prepayments rendered on inventory	-3,178,335.27	-974,911.44	-2,622,732.15
±	Change in prepayments received for orders	28,297,467.56	-6,541,848.59	13,619,928.23
±	Change in trade receivables	2,814,948.15	-7,755,465.14	7,062,163.83
±	Change in trade payables	6,295,262.52	-3,733,137.34	4,989,863.63
±	**Cash flow from change in operative net working capital***	**-10,405,140.88**	**-11,946,499.01**	**5,522,281.84**
±	Change in other provisions	3,639,528.36	2,580,306.72	910,095.66
±	Change in other assets and assets that are not allocable to investing or financing activities	-1,185,354.64	-1,024,452.13	-2,957,131.43
±	Change in other liablities and liabilities that are not allocable to investing or financing activities	-322,510.68	949,891.53	-1,478,538.57
±	Gain from fixed asset disposals	-24,017.20	-42,319.69	-1,100,223.97
-	Income from associated companies	26,120.48	0.00	0.00
±	Income tax payments	-1,226,254.65	-4,325,043.66	-93,491.39
=	**Cash flow from operating activities**	**-4,651,643.75**	**3,803,240.08**	**5,059,641.97**

		01/01/ to 30/06/2022	01/07/ to 31/12/2021	01/01/ to 30/06/2021
		EUR	EUR	EUR
+	Proceeds from fixed asset disposals	158,897.26	484,892.11	2,814,261.54
-	Payments for investments in intangible fixed assets	-581,587.65	-405,413.25	-416,888.22
-	Payments for investments in tangible fixed assets	-3,681,948.75	-1,971,700.67	-2,057,417.21
-	Payments for investments in financial fixed assets	-180,723.10	0.00	0.00
+	Proceeds from profit distributions	0.00	0.00	818,497.73
-	Payments for acquisition of consolidated companies	-784,097.03	-174,301.16	-1,047,458.68
+	Interest received	39,047.70	56,999.98	42,817.33
=	**Cash flow from investing activities**	**-5,030,411.57**	**-2,009,522.99**	**153,812.49**
+	Proceeds from additions to equity through issuance of new shares	0.00	0.00	5,258,000.00
+	Proceeds from raising of loans	347,984.56	-71,306.40	71,306.40
-	Outgoing payments for redemption of loans	-1,185,418.81	-377,510.45	-938,472.31
-	Interest paid	-172,852.76	-162,272.85	-144,261.88
-	Dividends paid to parent company shareholders	-2,242,500.00	0.00	-2,018,250.00
=	**Cash flow from financing activities**	**-3,252,787.01**	**-611,089.70**	**2,228,322.21**
=	**Net change in cash and cash equivalents**	**-12,934,842.33**	**1,182,627.39**	**7,441,776.67**
±	Currency-related change in cash and cash equivalents	193,780.18	130,994.56	-70,125.75
+	Cash and cash equivalents at start of period	19,677,025.32	18,363,403.37	10,991,752.45
=	**Cash and cash equivalents at end of period**	**6,935,963.17**	**19,677,025.32**	**18,363,403.37**

* Voluntarily included sub-totals.

	30/06/2022	31/12/2021	30/06/2021
	EUR	EUR	EUR
Composition of cash and cash equivalents:			
Cash in hand, bank balances	12,224,647.95	19,926,679.83	18,396,456.42
Short-term bank borrowings	-5,288,684.78	-249,654.51	-33,053.05
	6,935,963.17	**19,677,025.32**	**18,363,403.37**

Consolidated statement of changes in equity

Consolidated statement of changes in equity, in EUR

	Parent company				
	Subscribed share capital	Capital reserves	Other retained earnings	Equity difference from currency translation	Consolidated net income attributable to the parent company
Balance on 01/01/2021	**4,430,000.00**	**11,235,300.00**	**57,899,375.82**	**-1,034,308.46**	**5,838,728.47**
Capital increase					
Issue of shares	55,000.00	5,203,000.00	0.00	0.00	0.00
Allocation of retained earnings	0.00	0.00	4,602,199.13	0.00	-4,602,199.13
Currency translation	0.00	0.00	0.00	348,203.41	0.00
Dividends	0.00	0.00	0.00	0.00	-2,018,250.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	12,605,689.79
Balance on 31/12/2021	**4,485,000.00**	**16,438,300.00**	**62,501,574.95**	**-686,105.05**	**11,823,969.13**
Balance on 01/01/2022	**4,485,000.00**	**16,438,300.00**	**62,501,574.95**	**-686,105.05**	**11,823,969.13**
Capital increase					
from company funds	13,455,000.00	-13,455,000.00	0.00	0.00	0.00
Allocation of retained earnings	0.00	0.00	6,917,372.33	0.00	-6,917,372.33
Currency translation	0.00	0.00	0.00	233,674.40	0.00
Dividends	0.00	0.00	0.00	0.00	-2,242,500.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	1,747,068.39
Balance on 30/06/2022	**17,940,000.00**	**2,983,300.00**	**69,418,947.28**	**-452,430.65**	**4,411,165.19**

	Minority interests			**Consolidated equity**
Total	Minority interests before equity differences from currency translation and profit	Profit/loss attributable to other shareholders	**Total**	
78,369,095.83	**300.60**	**-57,409.65**	**-57,109.05**	**78,311,986.78**
5,258,000.00	0.00	0.00	0.00	5,258,000.00
0.00	0.00	0.00	0.00	0.00
348,203.41	0.00	0.00	0.00	348,203.41
-2,018,250.00	0.00	0.00	0.00	-2,018,250.00
12,605,689.79	0.00	34,666.74	34,666.74	12,640,356.53
94,562,739.03	**300.60**	**-22,742.91**	**-22,442.31**	**94,540,296.72**
94,562,739.03	**300.60**	**-22,742.91**	**-22,442.31**	**94,540,296.72**
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
233,674.40	0.00	0.00	0.00	233,674.40
-2,242,500.00	0.00	0.00	0.00	-2,242,500.00
1,747,068.39	0.00	-847.62	-847.62	1,746,220.77
94,300,981.82	**300.60**	**-23,590.53**	**-23,289.93**	**94,277,691.89**

Colophon

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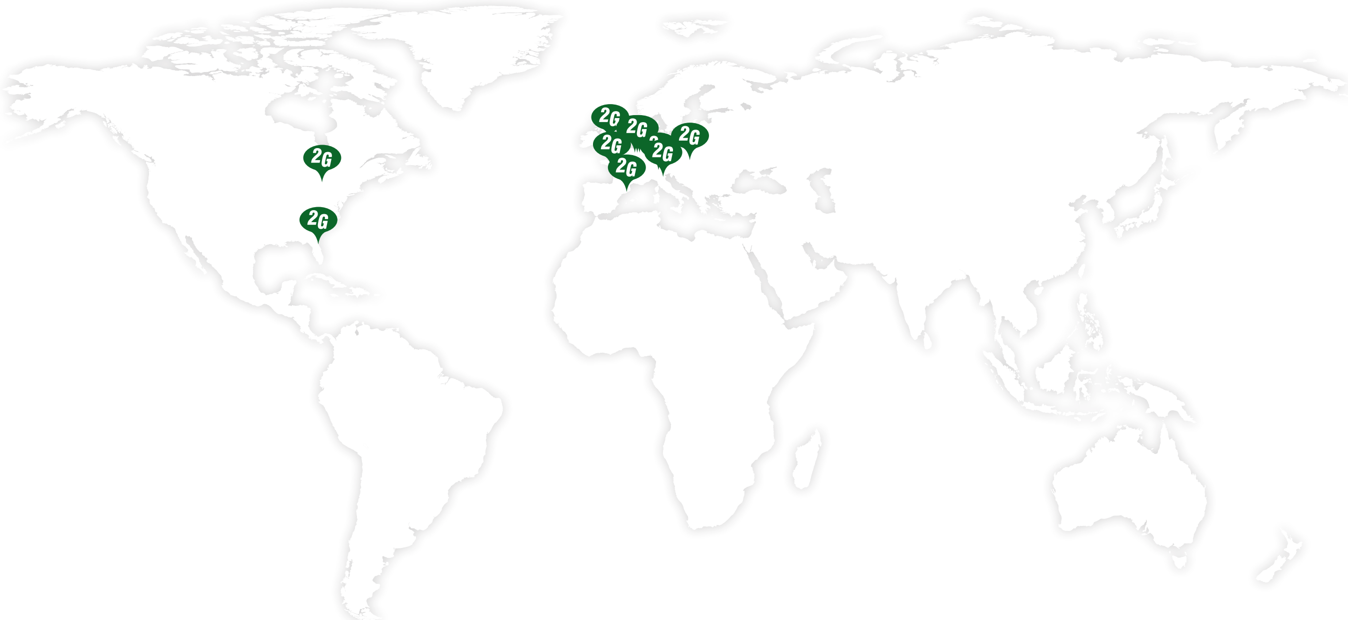

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