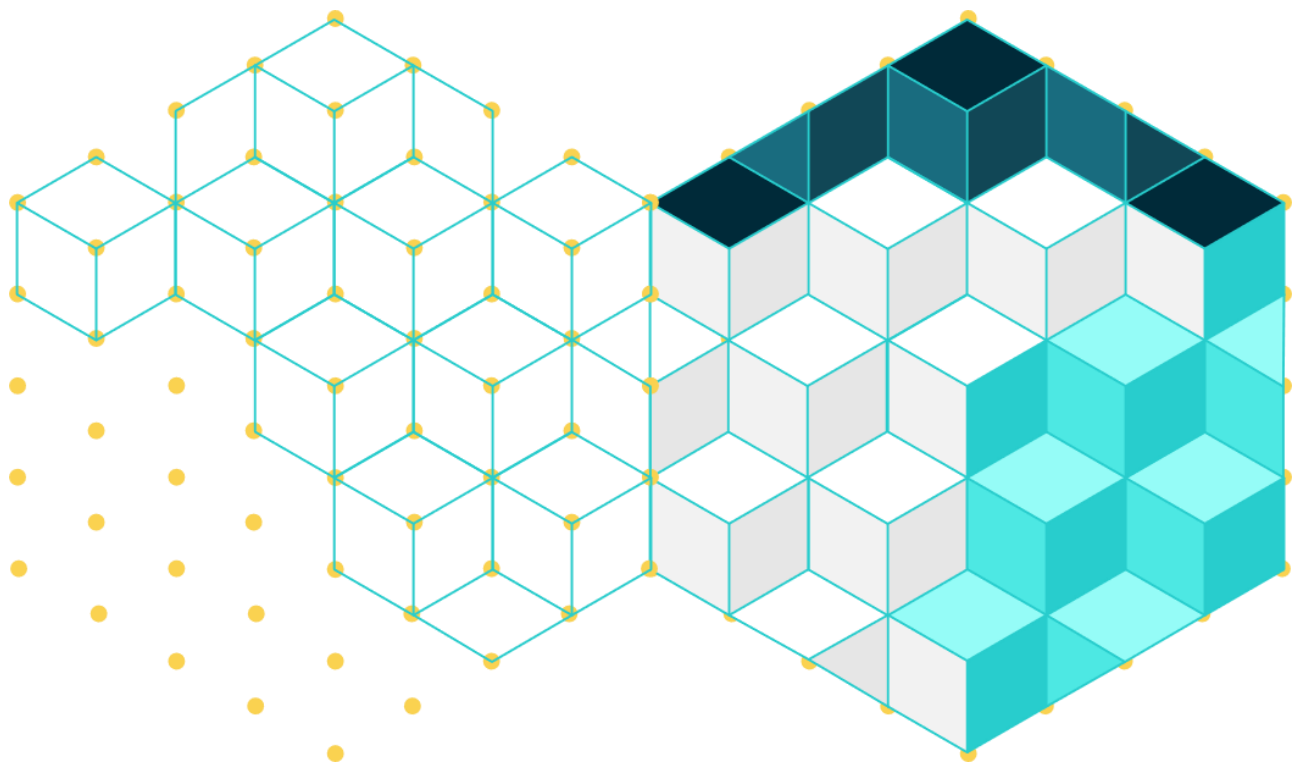


# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

of

**ENAPTER AG**  
Heidelberg

as of 30 June 2021



ENGLISH TRANSLATION

## Enapter at a glance

Enapter is a fast-growing energy technology company with the goal of sustainably reducing CO2 emissions. We use Anion Exchange Membrane (AEM) technology and its unique advantages. It enables the cost-effective scaled mass production of electrolyzers.

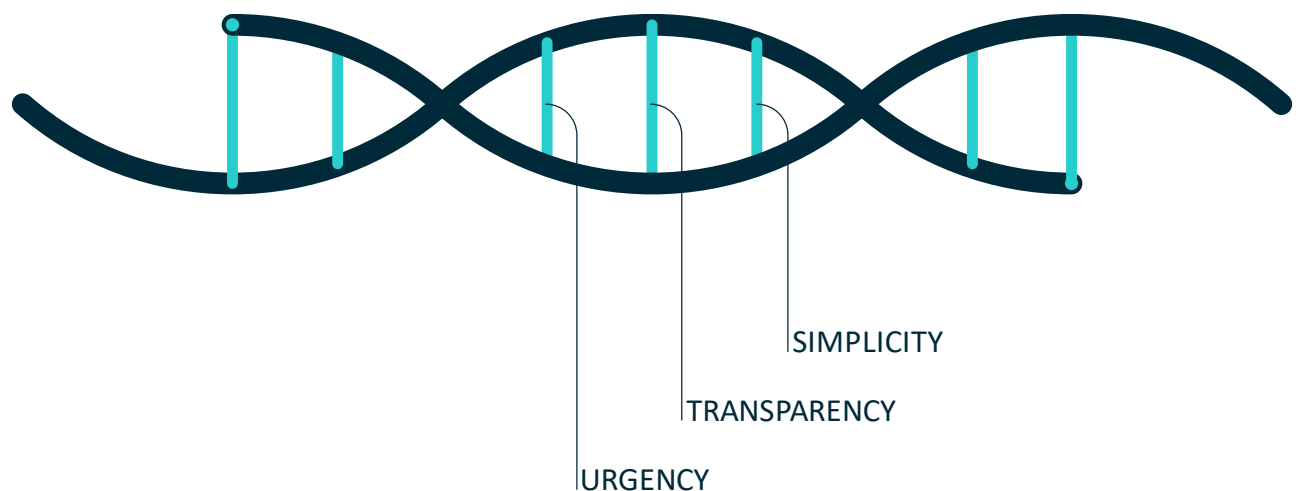
Based on our forecasts, we expect hydrogen from AEM electrolyzers to be cheaper than fossil fuels in the medium term.

Sebastian-Justus Schmidt founded Enapter in November 2017 with the aim of building affordable, scalable electrolyzers through productisation and standardisation and creating a competitive alternative to fossil fuels in the medium term. Since then, we have made great progress in product development and have grown to 132 employees by June 2021.

In August 2020, Enapter went public via a reverse merger. We are listed on the Frankfurt and Hamburg stock exchanges (General Standard, regulated market, ISIN DE000A255G02).

Now, we aim to scale up production to mass production of our AEM electrolyzers.

## Our DNA



## The Enapter share

Information on the share	
ISIN	DE000A255G02
WKN	A255G02
Bloomberg Ticker	H2O
Shares issued	23.101.300
Stock exchange segment	Regulated Market /General Standard
Country	Germany
Sector	Cleantech
Subsector	Hydrogen

Shareholder structure	
BluGreen	75.55 %
Sergei Storozhenko	4.73 %
Free Float	19.72 %

## Content

	Page
<b>Interim Group Management Report</b> from 1 January to 30 June 2021	<b>3</b>
Company and market	3
Major events	8
Economic framework conditions	10
Business development	11
Current assessment of the opportunity and risk situation	16
Forecast	19
<b>Responsibility statement by the legal representatives</b>	<b>20</b>
<b>Interim Consolidated Financial Statements</b> (condensed) as at 30 June 2021	<b>21</b>
Balance sheet	21
Profit and loss account	23
Statement of comprehensive income	24
Statement of changes in equity	25
Cash flow statement	26
Notes	27

# Interim Group Management Report

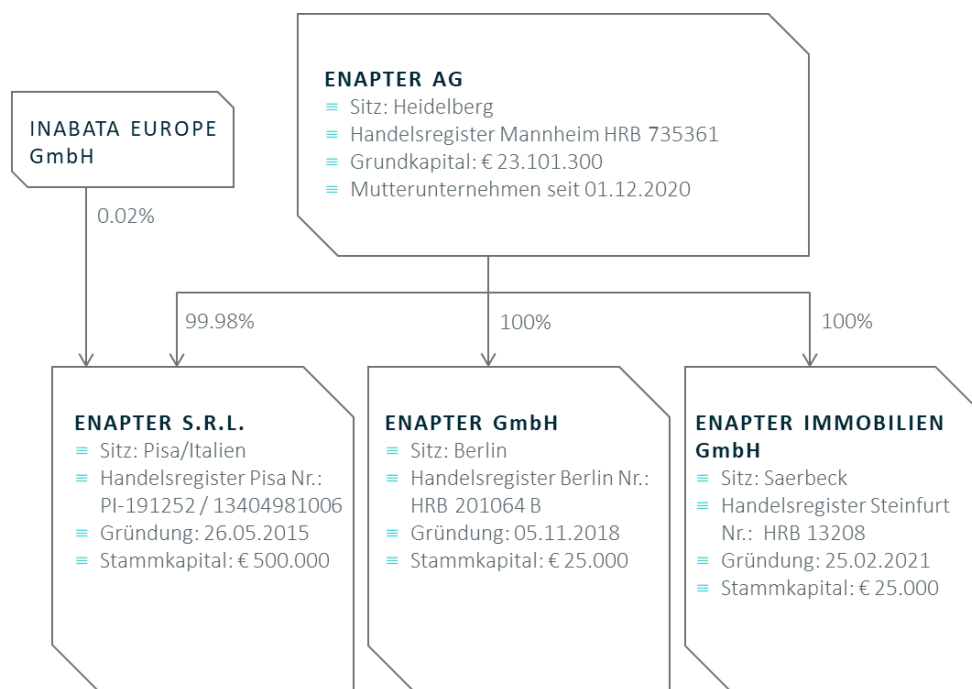
from 1 January to 30 June 2021

## Company and market

### Reporting company

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

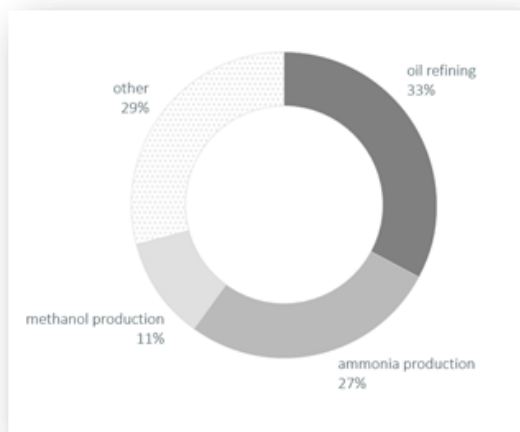
Enapter AG acts as an investment company that provides management and functional services to the subsidiaries it controls (hereinafter "Enapter" or "Group" or "Unternehmensgruppe"). It is also responsible for the financing of the group.



Enapter is developing and manufacturing patented hydrogen generators - electrolyzers - based on anion exchange membrane electrolysis (AEM electrolysis). Enapter pursues the vision of replacing fossil fuels with "green hydrogen". The plans for a production site for mass production in Germany with an investment budget of around EUR 100 million are well advanced. Mass production is scheduled to start in 2023.

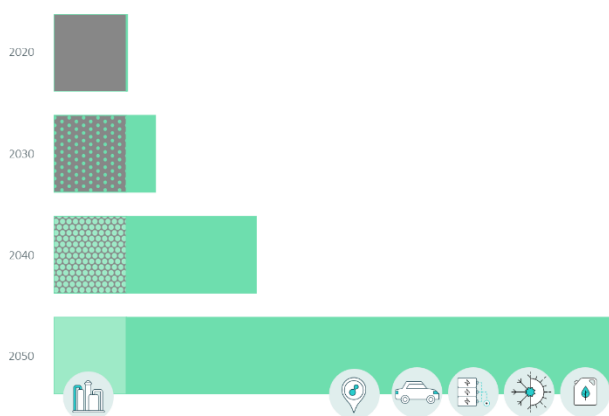
## Market and customers

Around the world, the realisation is gaining ground that fossil fuels are a discontinued model. Wind and solar energy are now the cheapest option to generate electricity almost everywhere. However, our society does not only need energy in the form of electrons (electricity). We are also dependent on fuels such as oil and gas. These fuels can be replaced by hydrogen. And hydrogen produced with renewable energy, as green hydrogen, can provide our energy needs in a CO<sub>2</sub>-neutral way.



The market for green hydrogen is at the beginning of a rapid growth curve. The International Energy Agency (IEA) <sup>1</sup>estimated the global demand for pure hydrogen at more than 70 million tonnes per year. Oil refineries and fertiliser manufacturers account for the largest share. Another 45 million tonnes per year are used in the steel and methanol industries, but without the hydrogen being separated from other gases beforehand (mixed hydrogen).

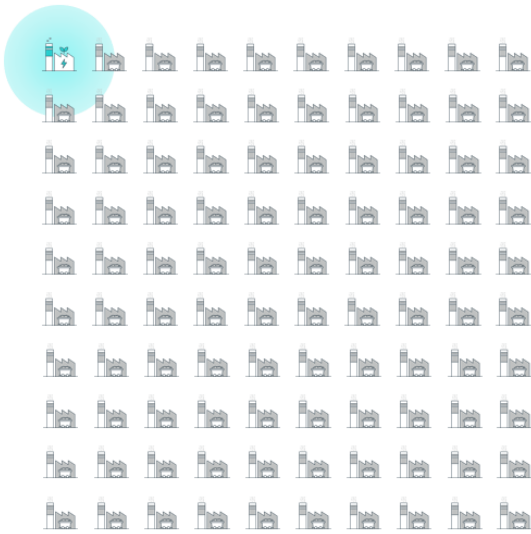
Today, hydrogen is mainly used in industrial applications. The four most important applications are oil refining (33%), ammonia production (27%), methanol production (11%) and the direct reduction of iron ore (3%). Furthermore, hydrogen is used in float glass, polysilicon, semiconductor, electronics, food and chemical production (others: 26%).



The Hydrogen Council <sup>2</sup> assumes an eightfold increase in the demand for hydrogen by 2050. This would correspond to an average growth rate of approx. 7% p.a. (CAGR 2020-2050). In 2050, hydrogen could account for one fifth of global final energy consumption, save 6 Gt of CO<sub>2</sub> and eliminate local emissions such as sulphur and nitrogen oxides (SO<sub>x</sub> & NO<sub>x</sub>) and particulate matter.

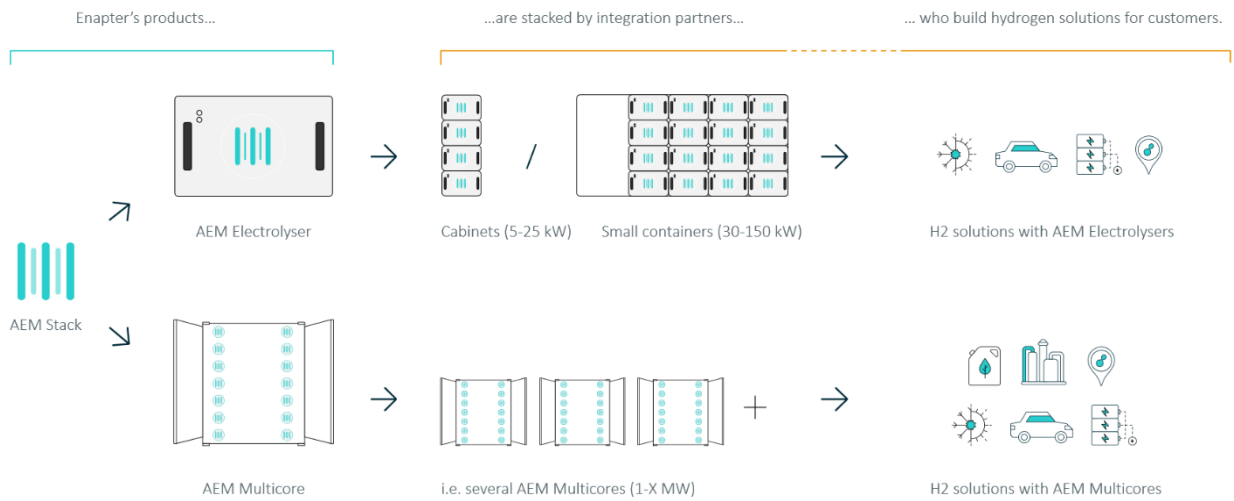
<sup>1</sup> IEA, "The Future of Hydrogen", 2019

<sup>2</sup> Hydrogen Council, "Hydrogen. Scaling up"



Currently, however, about 99% of the hydrogen used is produced from fossil fuels or is a waste product from other chemical processes. For the energy transition to succeed quickly, it is not only necessary to replace the current CO<sub>2</sub>-emitting, "grey" hydrogen with CO<sub>2</sub>-neutral "green" hydrogen. Rather, the large-scale and competitive availability of green hydrogen opens up the possibility of replacing all fossil fuels in all areas of application, be it in the field of synthetic fuels, transport, heating and cooling, but also long-term energy storage and a multitude of possible new areas of application, such as agriculture and the food industry.

Enapter is not alone in thinking that green hydrogen can become the oil of the 21st century. According to this analogy, electrolyser manufacturers would gain the relevance of today's oil and gas producers. To successfully position themselves for this market opportunity, the key is to scale up quickly to provide low-cost electrolysers with high availability and quality. To this end, Enapter develops and manufactures electrolysers based on its patented Anion Exchange Membrane ("AEM") technology. The technology combines the advantages of current electrolysis technologies without their disadvantages and Enapter is convinced that AEM technology is the cheapest way to produce hydrogen. On this basis, Enapter is entering the market with a product approach that envisages the standardised mass production of electrolysers that can be assembled into any size as in a "modular system". Similar to the PC, which - plugged together in thousands as so-called "blade computers" in today's server farms - replaced the mainframe, or the solar module, which - plugged together in thousands - replaces coal-fired power plants, a modular electrolyser can quickly be used worldwide.



Enapter's electrolyzers are already in use around the world. With more than 1,600 electrolyzers sold, delivered to 166 customers in over 40 countries, the development of a global partner network looks promising. More than 30 of these partners are already certified Enapter partners, actively selling the AEM electrolyser in their markets. Integrators use Enapter's electrolyzers to build green hydrogen solutions for their customers.

## Research and development

Enapter is a frontrunner in the commercialisation of AEM electrolysis technology. In addition to the speed of scaling up through mass production, the company also relies on research and development to expand its competitive advantage and secure market share in the long term. To this end, the research and development departments are constantly being expanded.

The site in Pisa/Italy was extended in the 1st half of 2021 with an additional building, which was expanded with laboratories and a clean room - a room in which the concentration of airborne particles is kept very low to ensure freedom from dust and dirt.

AEM electrolysis technology is still at a young stage of its development and, according to (not only) Enapter, still offers great potential for innovation. Enapter's R&D team is conducting research in electrochemistry, where the focus is on improving the catalysts and the membrane-electrode unit, and also on the mechanical further development of the stack, where the focus is on improved sealing concepts, higher pressure resistance, and easier assembly in automated manufacturing processes. The other focus topics are the preparation for mass production of the modular electrolyser, including the development of the production processes and machines, and the development of the product platform for the megawatt (MW) application range. These two topics have each received millions of euros in funding from projects in Germany.

In addition to continuous improvement of current products, Enapter also intends to develop new production processes in electrolysis technology, such as chemical compression technology, hydrogen purity, efficiency improvements in hydrogen production while reducing energy demand, and membrane

technologies. It is expected that the R&D effort at Enapter will be very substantial for many years to come, and currently the R&D team is already being expanded to the new site in Saerbeck/Germany, where a new R&D centre is to be built. It is expected that due to the increasing interest of the market in electrolysis, and especially in the AEM technology, the competitive situation will become more intense in the coming years. Enapter intends to maintain and expand its technological lead through effective and intensive R&D.

The Enapter Group employs (as of 30 June 2021) a total of 58 people in research and development.

A large number of research collaborations with external partners support the exchange of knowledge and research activities. These include

- ≡ Participation in a consortium with SINTEF, EVONIK, Shell and NTNU under the EU Fuel Cell and Hydrogen Joint Undertaking (FCH JU) programme to develop new materials for AEM electrolysis,
- ≡ the cooperation with Professor Hubert Gasteiger, Chair of Technical Electrochemistry at the Technical University of Munich (TUM). Mr Gasteiger is a member of the Enapter Advisory Board and enjoys worldwide recognition for his electrochemical research,
- ≡ a long-standing collaboration with the German Aerospace Centre (DLR). A new project proposal for the scaling and long-term characterisation of the Enapter electrolyzers with the consortium partners DLR, Evonik, and EWE Gasspeicher was submitted to Project Management Jülich (PTJ) in August 2020,
- ≡ the research partnership with the University of Pisa, which is an important talent pool due to its proximity to Enapter's production site,
- ≡ the partnership with the University of Madrid in modelling fluid dynamics useful for stack development.

## Patents

The most important patent of the Enapter Group is the patent granted for a "device for the on-demand production of hydrogen by electrolysis of aqueous solutions on a dry cathode". The patent describes Enapter's special cell design that enables pure hydrogen at high pressure by means of a very simple production method. This patent protects Enapter's AEM electrolysis technology against imitation, as the dry cathode concept does not depend on a particular membrane type or catalyst formulation.

Enapter also develops other processes and applies for patents to possibly use them for future products and business concepts/further developments. For example, a patent has been filed for a liquid degassing means and process, which relates to a component of the electrolyser module for degassing the circulating electrolyte. In addition, a patent application was filed for an electrochemical cell that is free of ionomers and/or binders and uses an AEM and a dry cathode.

## Corporate management

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



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

### Forward-looking statements

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

### Accounting and auditing

Enapter AG prepares its consolidated financial statements and interim reports in accordance with the applicable regulations of the International Financial Reporting Standards (IFRS), as adopted by the EU, as well as in accordance with the supplementary commercial and capital market regulations. These interim consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". As a result, the interim consolidated financial statements do not contain all the information and notes required for consolidated financial statements at the end of the financial year. These interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the 2020 financial year.

These interim financial statements and the management report of the Company have not been reviewed by an auditor or audited in accordance with § 317 of the German Commercial Code (HGB).

### Major events

- ≡ Highlights of the past half year were - among the following - the move into the new R & D building at the Pisa site, which provides Enapter with an ISO-certified cleanroom for significantly improved conditions in cell research.
- ≡ Enapter Immobilien GmbH was founded in January 2021 and in February 2021 acquired the land in Saerbeck on which the Enapter Campus is to be built, where mass production will start in 2023. Furthermore, the construction planning with the Goldbeck company was concretised and completed for the first two construction phases. This resulted in the submission of the building application for these first two construction phases.
- ≡ The share capital of Enapter AG was increased to EUR 23,103,000.00 through the issue of 832,000 shares. The capital increase was entered in the commercial register of the Mannheim district court on 6 April. With the implementation of the cash capital increase, Enapter AG received € 17,752k in cash and cash equivalents after deduction of the costs of raising the capital.
- ≡ The Annual General Meeting approved the implementation of the share option plan for employees and executives on 6 May 2021. The aim of this stock option plan is primarily to create incentives for the beneficiaries aimed at a more sustainable increase in the value of the company.

- ≡ In the first quarter, Enapter completed an analysis of the carbon footprint of the EL 2.1 electrolyser and was thus able to gain a good overview of the CO<sub>2</sub> emissions generated during the production and lifetime of the electrolyser. Depending on which fossil fuels are replaced, up to 93% of CO<sub>2</sub> emissions can be saved by using the EL 2.1.
- ≡ Enapter was selected from hundreds of candidates as one of the World Economic Forum's "Technology Pioneers". The Technology Pioneers are early- to growth-stage companies from around the world that are engaged in the deployment of new technologies and innovations that the World Economic Forum believes will have a significant impact on the economy and society.
- ≡ The Ministry for Economic Affairs, Innovation, Digitalisation & Energy of the State of North Rhine-Westphalia is supporting the innovative approach to machine development for mass production with a total of around 9.4 million euros. On 22 February 2021, Enapter GmbH had submitted an application of around 10.1 million euros to the project management organisation Jülich for the project Innovative Development of Machine Blueprints for AEM Mass Production for the implementation period 1 April 2021 to 31 March 2025. This was approved on 11 June 2021 for a total amount of around 9.4 million euros, of which Enapter GmbH will receive grants of 7.3 million in the years 2021 to 2023 and the rest in the years 2024 to 2025. In this project, the necessary automation elements for the mass production of the AEM electrolyser at the Saerbeck site will be developed, tested and implemented in order to realise the considerable cost reduction potential of the AEM technology in practice. Up to 66 employees\* will work on the project. They are part of the more than 300 jobs that will be created at the Enapter Campus in the climate community of Saerbeck, NRW.
- ≡ On 28 June 2021, Enapter received the NRW.Global Business Award. The award recognises investors and companies that have chosen North Rhine-Westphalia (NRW) as a business location.
- ≡ The German Federal Ministry of Education and Research (BMBF) has recognised the innovative potential of the AEM Multicore (Dem Enapter Megawatt (MW) Electrolyser) and is funding its development with around 5.6 million euros. The innovative electrolyser is expected to be on the market as early as 2022. Enapter is working closely with the Münster University of Applied Sciences (FH Münster) on the development, which will also receive part of the funding. At the beginning of 2021, Enapter GmbH submitted an application to the project management organisation Jülich for a federal grant on a cost basis of 6.5 million euros for the project Development, design and construction of the first AEM electrolyser in the megawatt class, the Enapter AEM Multicore, under the funding measure Basic Energy Research in the funding call for ideas competition Hydrogen Republic of Germany - Lead Projects on Green Hydrogen. This was approved on 6 July 2021 in the amount of around 5.6 million euros. Of the approved funding, Enapter GmbH will receive grants of around EUR 3 million in the years 2021 to 2023 and around EUR 2.6 million in the years 2024 to 2025. The funds are part of the company's financing strategy, under which a total volume of around EUR 100 million is to be raised for the Enapter campus.

## Economic framework conditions

The Enapter Group generates its sales in Germany, Europe and the rest of the world, especially in Asia. In this respect, the development of the real gross domestic product (GDP) in Germany and Europe as well as the overall global economic development is relevant for the development of demand for Enapter's products. In addition to system integrators and research and laboratory facilities, the customers include a large number of large companies and corporations that also operate internationally and are thus more dependent on economic developments worldwide. Of primary importance for Enapter is the investment activity in certain industries, such as energy production and storage, the food and feed industry or the chemical industry, which in turn may depend on the development of raw material and world market prices.

The Corona pandemic also left its mark in almost all economic sectors in the first half of 2021. Production was curtailed, in some cases massively, in the service sectors as well as in the manufacturing industry. The effects of the Corona pandemic were also clearly visible on the demand side. Consumer spending by the state had a stabilising effect during the Corona crisis, although not all sectors were able to benefit from this in the same way.

Year-on-year, GDP in Deutschland in Q1 2021 was 3.3% lower than in Q1 2020, adjusted for prices and calendars, or 3.0% lower. Compared to Q4 2019, the quarter before the start of the Corona crisis, GDP in Q1 2021 was 4.9% lower.<sup>3</sup> The main cause of the decline is the COVID-19 pandemic. Due to the almost parallel global course of the pandemic and comparable containment measures, the downturn was almost synchronous internationally.

The mechanical engineering sector, on the other hand, is basically on a growth course worldwide. On average, EU machinery manufacturers reported a 13 percent increase in production in the first four months compared to the low level of the previous year. In Italy, France and Spain, machine production in the first four months of the current year was 20 or more percent above the previous year's level. The main reason for this is the massive slump that these countries suffered in March/April 2020. The majority of EU countries had increases that were below the EU average of 13 per cent.<sup>4</sup> Supply chains remain strained and were a major concern for industrial companies globally. The survey results show that shortages of inputs have led to a sharp increase in purchase prices.<sup>5</sup>

The decarbonisation targets of the European Union, Germany and other countries are expected to increase the future demand for hydrogen. In December 2020, the European Union agreed to tighten its climate protection targets. By 2030, greenhouse gas emissions are to be reduced by 55% compared to 1990, and climate neutrality is to be achieved by 2050. So far, Germany has set a 55% reduction in greenhouse gas emissions (1990 baseline) by 2030 in its national climate protection law, with separate targets for the energy, industry, buildings, transport, agriculture and waste sectors compared to the 1990 reference year. In the course of the tightening of the European Union, Agora Energiewende expects a new target of 65%. Germany is also aiming for complete climate neutrality by 2050. To achieve this, all sectors of the economy would have to be converted to carbon-free energy sources in the coming decades. In<sup>6</sup> certain areas - for

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<sup>3</sup> [Gross domestic product in Q1 2021 1.7% lower than in previous quarter - Federal Statistical Office \(destatis.de\)](https://www.destatis.de/EN/Home/Navigation/Service/Press/2021/01/20210101_gdp_q1_2021_17.html)

<sup>4</sup> [The monthly "Konjunkturbulletin international" - vdma.org - VDMA](https://www.vdma.org/aktuelle-und-geplante-erzeugnisse)

<sup>5</sup> [The monthly "Konjunkturbulletin international" - vdma.org - VDMA](https://www.vdma.org/aktuelle-und-geplante-erzeugnisse)

<sup>6</sup> Study NORD LB 3/2021 with reference to Agora Energiewende, Stiftung 20, Roland Berger: Klimaneutralität 2050: Was die Industrie jetzt von der Politik braucht, 2021

example, in the steel industry and parts of the chemical industry or the transport sector - hydrogen produced with low emissions will play an important role. <sup>7</sup>

## Business development

In the first half of 2021, the Enapter Group achieved sales of around 2.0 million euros with electrolyzers and the associated components. Together with the change in inventories of work in progress and finished goods of around 1.2 million euros, an operating performance of 3.2 million euros was achieved. Due to the ongoing spread of the so-called coronavirus in the course of the COVID-19 pandemic, there were operational disruptions and interruptions, especially in the supply chains. As a result, not all existing orders could be delivered on time. Incoming orders exceeded expectations with more than 6.3 million euros in the first half of 2021. The order backlog as of 30 June 2021 amounts to 6.1 million euros, which thus forms a solid basis for the 2021 sales target.

Enapter AG's first half of 2021 was characterised by the successful implementation of the capital increase in March/April 2021, in which the company received around 18 million euros.

## Main area of activity

The Enapter Group is active in research and development in the field of hydrogen systems with a focus on electrolysis, software development for Smart Grid, Smart Energy and Industry 4.0 and Internet of Things (IoT), as well as in the manufacturing and production, design, trading and resale of electrolyzers and related products, and related software and control systems. Specifically, Enapter develops and manufactures patented electrolyzers based on anion exchange membrane ("AEM") technology. These electrolyzers produce hydrogen directly compressed from water and electricity at a pressure of 35 bar with a high degree of purity. The main application areas of the Enapter Group's products are electricity storage (residential and industrial), production of synthesis gas or methane (power-to-gas), mobility and industrial use.

The Enapter Group's activities cover the entire value chain from chemical production to electrolysis system configuration. Chemical production includes catalyst synthesis, the manufacture of electrodes, gas diffusion layers and, in the future, membranes, the MEA (Membrane Electrode Assembly). The components originating from chemical production are assembled into electrolysis cells, which are interconnected in bipolar fashion to form a cylindrical electrolysis block (stack). The stacks and the other components required for hydrogen production (including the control electronics module, water tank, gas pipes, pumps, heat exchanger, sensors, power supply unit) are assembled in a housing to form the electrolyser. At the customer's request, the electrolyser is also supplied together with auxiliary systems that can be easily connected to the electrolyser. These auxiliary systems include an external water tank, a hydrogen dryer to increase the degree of purity, a water purification system and standardised housings that accommodate the subsystems.

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<sup>7</sup> [Aurora Energy Research: Hydrogen electrolyzers with more than 213 gigawatts in the pipeline worldwide by 2040 - pvmagazineDeutschland \(pvmagazine.de\)](https://www.pvmagazine.de/aurora-energy-research-hydrogen-electrolyzers-with-more-than-213-gigawatts-in-the-pipeline-worldwide-by-2040)

The current model of the Enapter Group is the electrolyser "EL 2.1", which will be supplemented by the more compact "EL Model 4" at the end of 2021/beginning of 2022. Both are based on AEM technology with a dry cathode.

Today's operational business currently takes place at the Enapter S.r.l. site in Pisa, Italy. The manual series production is currently being further expanded there, so that it will be possible to produce in shifts in the second half of 2021.

Enapter GmbH in Berlin, Germany, is the operating company in Germany with headquarters in Berlin and a branch office in Saerbeck. Communication, marketing and business development for Europe were managed from the Berlin office during the financial year. In addition, a team of engineers and specialists based in this company - divided between the Berlin and Saerbeck locations - is working on the project planning for the Enapter Campus, which is to be built in Saerbeck, and on the further development of the product design.

The mass production facility for the AEM electrolysers with a capacity of over 100,000 electrolysers per year will be built at the site in Saerbeck. Construction on the 76,823 square metre site is still scheduled to begin in 2021. Completion and the start of test production are scheduled for the fourth quarter of 2022, so that deliveries can be made from Saerbeck from the first quarter of 2023. The currently planned investments for the Enapter Campus amount to around 100 million euros.

In January 2021, Enapter Immobilien GmbH, based in Saerbeck, was founded as the ownership company. The land earmarked for the Enapter Campus was acquired in spring 2021. Enapter Immobilien GmbH is the contractual partner of Goldbeck, the general contractor for the currently commissioned construction phases 1 (production hall) and 2 (R&D building).

## Results of operations, net assets and financial position of the Enapter Group

Earnings situation in K€ <sup>8</sup>	1.1.-30.6. 2021	1.1.-30.6. 2020	+/-	1.1.-31.12. 2020
Revenues	2.015	634	1.382	2.070
<i>Increase in turnover in %</i>	218%			123%
Change in inventories of work in progress and work in progress	1.204	-248	1.452	242
<b>Operating performance</b>	<b>3.220</b>	<b>386</b>	<b>2.834</b>	<b>2.312</b>
<i>Increase in operating performance in %</i>	734%		734%	-97%
Cost of materials	-2.695	-781	-1.913	-2.320
<i>Cost of materials in % of operating performance</i>	-84%	-202%		-100%
<b>Gross profit</b>	<b>525</b>	<b>-395</b>	<b>921</b>	<b>-8</b>
<i>Gross profit margin</i>	16%	-102%		0%
Own work capitalised	1.745	701	1.044	2.208
Other operating income	45	70	-24	605
Personnel expenses	-3.033	-1.214	-1.819	-3.356
<i>Personnel expenses in % of operating performance</i>	-94%	-314%		-145%
Other operating expenses	-2.836	-782	-2.054	-2.369
<i>Operating expenses in % of operating performance</i>	-88%	-203%		-102%
<b>EBITDA</b>	<b>-3.553</b>	<b>-1.620</b>	<b>-1.933</b>	<b>-2.920</b>
<i>EBITDA margin</i>	-110%	-420%		-126%
Depreciation	-394	-132	-261	-625
<i>Depreciation in % of operating performance</i>	-12%	-34%		-27%
<b>EBIT</b>	<b>-3.947</b>	<b>-1.752</b>	<b>-2.195</b>	<b>-3.544</b>
<i>EBIT Margin</i>	-123%	-454%		-153%
Financial result	-30	1	-30	-21
Income taxes	-5	-5	0	-3
<b>Result</b>	<b>-3.981</b>	<b>-1.756</b>	<b>-2.225</b>	<b>-3.569</b>
<i>Result margin</i>	-124%	-455%		-154%

In the first half of 2021, the Enapter Group achieved a turnover of K€ 2,015 with electrolysers and the associated **components**, of which K€ 578 with customers in Germany, K€ 926 in the rest of the European Union and K€ 511 with customers in the rest of the world, and thus almost reached the turnover of the entire previous year already in the first half of the year. However, due in particular to delays in the procurement of materials in the wake of the COVID 19 pandemic, not all existing orders could be delivered on time. Together with the change in inventories of work in progress and finished goods, the operating performance increased significantly by K€ 2,834 compared to the previous period to K€ 3,220.

The increase in the cost of materials from K€ 781 to K€ 2,695 is due to the increase in production. The cost of materials ratio could be improved compared to the previous period, but here too the Corona pandemic

<sup>8</sup> Unless otherwise stated, all amounts are given in thousands of euros (K€). For computational reasons, rounding differences of +/- one unit (K€, %, etc.) may occur in the information presented in these financial statements.

led in part to the fact that not all components were available in the required time and quality on the procurement side, so that recourse had to be made to alternative suppliers.

The other own work capitalised relates to development costs for intangible assets, which were capitalised in the amount of K€ 1,762 in the first half of 2021. The main additions in the first half of 2021 mainly relate to development costs for ongoing internal projects in product development that will be completed in subsequent years and then amortised over the expected useful life.

Personnel expenses have increased significantly, mainly due to the increase in personnel in Italy for R&D and production and in connection with additional personnel for the planned establishment of mass production of electrolyzers in Germany at the Saerbeck site ("Enapter Campus"). As of the balance sheet date 30 June 2021, 132 employees (31.12.2020: 100) are employed in the Enapter Group, 58 of them in R&D, 44 in production and 30 in administration, sales and business development.

Other operating expenses of K€ 2,836 in the first half of 2021 (previous period: K€ 782 thousand) consist mainly of software development and management services of related parties (€ 889 thousand), research and development expenses (K€ 406), legal, consulting and audit fees (K€ 221), expenses for other external service providers (K€ 245) and capital market costs (K€ 97).

Consolidated EBITDA amounted to K€ -3,553 for the first half of 2021 (previous period: K€ -1,620), and the consolidated result was K€ -3,981 (previous period: K€ -1,756), which was essentially in line with expectations.

in K€	30.06.2021	31.12.2020	+/-	in %
<b>Net worth</b>				
<b>Current assets</b>	<b>19.943</b>	<b>6.633</b>	<b>13.310</b>	<b>201%</b>
<i>in % of balance sheet total</i>	<i>63%</i>	<i>46%</i>		
Bank balances	14.903	4.248	10.655	251%
Inventories	3.839	1.300	2.539	195%
Trade receivables	74	184	-111	-60%
Other current assets	1.128	901	227	25%
<b>Non-current assets</b>	<b>11.623</b>	<b>7.917</b>	<b>3.706</b>	<b>47%</b>
<i>in % of balance sheet total</i>	<i>37%</i>	<i>54%</i>		<i>0%</i>
Property, plant and equipment	5.002	2.870	2.133	74%
Intangible assets	5.595	3.977	1.619	41%
Other non-current assets	1.025	1.071	-46	-4%
<b>Total assets</b>	<b>31.566</b>	<b>14.550</b>	<b>17.016</b>	<b>117%</b>

The Group's financial position shows non-current assets, in particular intangible assets, property, plant and equipment and rights of use, which increased by K€3,706 from K€7,917 to K€11,623 compared to 31 December 2020, and current assets, in particular bank balances and inventories, which increased by K€13,310 from K€6,633 to K€19,943 compared to the previous year.

The additions to intangible assets mainly result from the capitalisation of development costs for existing and new projects. The additions to property, plant and equipment consist of investments in land and

buildings (K€ 672), plant and machinery (K€ 598), operating and office equipment (K€ 228) and advance payments made and assets under construction (K€ 313) for the expansion of production in Italy and advance payments for the planned construction of the production facility in Saerbeck (K€ 500) less depreciation and transfers.

Current assets mainly consist of bank balances, which increased from K€4,248 to K€14,903 compared to the previous year 2020, mainly due to the cash capital increase in the first half of 2021. Other current assets include inventories of K€3,839 (31.12.2020: K€1,300) and other assets and trade receivables of K€1,202 (31.12.2020: K€1,085).

in K€	30.06.2021	31.12.2020	+/-	in %
<b>Financial position</b>				
<b>Current liabilities</b>	<b>5.216</b>	<b>4.452</b>	<b>764</b>	<b>17%</b>
<i>in % of balance sheet total</i>	<i>17%</i>	<i>31%</i>		
Liabilities from deliveries and services	2.359	947	1.411	149%
Current financial liabilities	910	1.524	-613	-40%
Short-term provisions	197	239	-43	-18%
Other current liabilities and accrued expenses	1.750	1.742	8	0%
<b>Long-term debt</b>	<b>3.872</b>	<b>1.353</b>	<b>2.519</b>	<b>186%</b>
<i>in % of balance sheet total</i>	<i>12%</i>	<i>9%</i>		
Non-current financial liabilities	3.005	589	2.416	410%
Non-current provisions	381	278	103	37%
Accruals and deferrals	486	486	0	0%
			0	
<b>Equity</b>	<b>22.478</b>	<b>8.745</b>	<b>13.733</b>	<b>157%</b>
<i>in % of balance sheet total</i>	<i>71%</i>	<i>60%</i>		
<b>Total equity and liabilities</b>	<b>31.566</b>	<b>14.550</b>	<b>17.016</b>	<b>117%</b>

Enapter AG's share capital increased by K€ 832 from K€ 22,269 to K€ 23,101 in the first half of 2021 as a result of the cash capital increase. With the implementation of the cash capital increase, Enapter AG received cash and cash equivalents of K€ 17,752 after deduction of the costs of raising the capital. The capital reserve as of 30 June 2021 amounts to K€ 10,149, the retained earnings and other reserves amount to K€ -10,772 as of 30 June 2021. The equity ratio as of the reporting date 30 June 2021 is 71% (31.12.2020: 60%).

Non-current liabilities increased by K€ 2,519 from K€ 1,353 as at 31 December 2020 to K€ 3,872, mainly due to a loan of nominally K€ 2,500 received during the reporting period. The financial liabilities shown above also include leasing liabilities of K€ 514 (long-term) and K€ 109 (short-term).

Deferred income (current and non-current) includes, among other things, the grants for completed R&D projects, which receive government funding in Italy. Non-current and current deferred income totalling



k€ 707 includes an amount of k€ 683 of R&D grants deferred into the future; this will be released over the expected useful life of the capitalised asset when the project to which it relates will be completed.

The current financial liabilities decreased in particular due to the partial repayment of a loan in the amount of K€ 612. Other liabilities include advance payments received from customers in the amount of K€ 983 (31.12.2020:K€ 755). The relatively high advance payments received result from the terms of the order, which generally provide for a 60% advance payment after order confirmation and a 40% advance payment before delivery/shipment.

The balance sheet total according to IFRS has increased from K€ 14,550 as at 31 December 2020 to K€ 31,556 as at 30 June 2021.

CASH FLOW IN K€	1.1.-30.6. 2021	1.1.-30.6. 2020	1.1.-31.12. 2020
Cash flow from operating activities	-4.786	-133	-2.137
Cash flow from investing activities	-4.115	-1.364	-3.789
Cash flow from financing activities	19.555	823	8.819
Change in cash and cash equivalents	10.655	-674	2.894
Cash and cash equivalents at the beginning of the period	4.248	1.354	1.354
Cash and cash equivalents at the end of the period	14.903	680	4.248

Cash flow from investing activities amounts to K€ -4,115 and consists mainly of capitalised development costs for intangible assets and patents of K€ 1,762 and investments in property, plant and equipment of K€ 2,312.

The cash flow from financing activities in the financial year amounts to K€ 19,555 and consists mainly of inflows from the cash capital increase of K€ 18,304 less the costs of raising capital of K€-552, inflows and borrowings of K€ 2,479, repayments of financial liabilities of K€ -612 and other transactions totalling K€-64.

The Group's equity capital amounted to K€ 8,745 at the beginning of the financial year. Mainly due to the cash capital increase, reduced by the net loss for the period of K€ -3,981, the equity capital increased by K€ 13,733 to K€ 22,478.

### Current assessment of the opportunity and risk situation

We provide information on the structure and processes of our risk management, the responsible organisational units, the significant risks and opportunities as well as our measures for controlling and monitoring risks in the 2020 consolidated financial statements on page 24 et seq. This presentation reflects our state of knowledge as of August 2021.

## Opportunities

Enapter is the technology leader in innovative Anion Exchange Membrane (AEM) electrolysis, which can be used to produce green hydrogen. The technology enables the construction of efficient and cost-effective standardised electrolyzers and stacks that can be scaled up to larger units according to the principle of modularity. Energy Management System software developed in-house ensures easy operation, control and monitoring as well as high compatibility. Patents and strong in-house research and development capabilities give Enapter a sustainable competitive advantage. The company plans to set up mass production, which will drastically reduce production costs through scaling, standardisation and automation. The goal is the low-cost production of green hydrogen at a level competitive with fossil fuels already on a small scale. Due to the political backing and the ever-increasing pressure on companies to save CO<sub>2</sub>, Enapter expects strong and long-lasting demand for electrolyzers.

The market for adapters includes all types of hydrogen applications, which require electrolyzers of all sizes for production. The provision of green hydrogen concerns a global market because green hydrogen is well suited as a vehicle for the transformation and storage of renewable energy sources and thus contributes to the achievement of climate targets. According to the German government, Germany alone will need 44 gigawatts of electrolyser capacity by 2030 and 213 gigawatts by 2050. The government's CO<sub>2</sub> pricing acts as an accelerator of the transformation process from "grey" to "green" in the production of hydrogen.

## Risks

Significant risks in connection with operating activities and the planned growth strategy are as follows as of the balance sheet date:

### Sales and market-related risks

The Enapter Group operates in a young market whose products must assert themselves against others, especially established products, and in which significantly increasing competition is to be expected. Enapter's AEM technology must also assert itself against currently established technologies. The establishment of the Enapter Group's products could fail / be delayed / be unprofitable.

The supply demand for our electrolyzers is currently very high. This shows that the market acceptance of our electrolyzers is very high due to their versatile and scalable properties. However, it cannot be ruled out that competitors will also bring more compact and more easily scalable products to market, which will then compete with the current or future model range of Enapter electrolyzers.

Enapter is currently seeing very high demand even beyond the 2021 forecast period. Based on the existing order backlog and the expected order intake for the 2nd half of 2021, we estimate the sales and market-related risks to be low until the end of 2021.

The economic success of Enapter depends on the development of a mass market for the Enapter Group's products. The development of such a market could fail to materialise altogether or take longer than expected. As a result, the Enapter Group may not be able to market its products in the expected timing or quantities.

Mass production could encounter technical implementation problems, as mass production of the electrolyzers is technically and organisationally demanding. A possibly persistent or re-intensified spread of

the coronavirus in the course of the COVID-19 pandemic may lead to operational disruptions and interruptions, especially in the supply chains.

Due to the continuing spread of the coronavirus, there were delays in procurement in the reporting period in particular, so that not all existing orders could be delivered on time. Overall, however, the major bottleneck in the supply chain also had a positive effect on the company's development, as we have broadened our position in the supply chain. This resulted in a better negotiating position in terms of quality and, not least, material costs.

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

### Risks in connection with the planned expansion strategy

There are risks from the construction of the mass production facility in Saerbeck in North Rhine-Westphalia, particularly with regard to the cost increase of the Enapter campus and/or the completion and financing, of the construction project.

In addition to the further technological development of the AEM electrolyzers, the main focus of the Enapter Group is currently on the construction of the mass production facility in Saerbeck, the Enapter Campus, with a total investment volume of around € 100 million. From 2023 onwards, it should be possible to manufacture over 100,000 AEM electrolyzers annually in the Enapter Campus in a cost-efficient manner. In parallel, Enapter is already producing electrolyzers in series production at its site in Italy and continues to invest heavily in research and development. For the financing of the Enapter Group, primarily Enapter S.r.l. and planning services for the Enapter Campus, a capital increase was carried out in March 2021 with a gross issue volume of € 18.3 million.

The land for the Enapter Campus in Saerbeck was already acquired from own funds in spring 2021 (purchase price € 1.8 million). To ensure the completion of the production hall (construction phase 1) and the research and development facilities (construction phase 2) in the third quarter of 2022 and to secure costs, a general contractor agreement was concluded with Goldbeck in July 2021. The construction costs at fixed prices amount to € 34.9 million. By concluding the general contractor agreement with a renowned construction company for commercial real estate at fixed completion dates and prices, the risks of delayed completion and cost increases, in particular due to sharply rising construction materials and a shortage of subcontractors carrying out the construction work, are minimised.

### Liquidity

Enapter, as a start-up group of companies, has generated little revenue and significant losses to date and expects the losses and associated cash outflow to continue until mass production and the associated sales of the electrolyzers have been sustainably ramped up. According to current planning, the operational break-even will occur in 2023. Enapter is also planning to build its first mass production facility in Saerbeck in North Rhine-Westphalia (Enapter Campus) as described above. The currently planned costs for the construction project, including the machinery for setting up the mass production, amount to approximately € 100 million. Adding an investment requirement of € 2 million for the expansion of the production in Italy and a total of € 18 million for the operating activities, this results in a total financing requirement of approximately € 120 million.

Enapter plans to close the financing gap for the construction as well as for the entire project within the next 8 months. According to current planning, the financing gap is to be closed with grants of around € 20 million from the federal government, the state and KfW, debt capital totalling € 70 million and equity capital of around € 30 million. The debt capital is to be raised in the form of bank loans, if possible with default guarantees for up to 80 % of the loan volume by the State of North Rhine-Westphalia, as well as in the form of mezzanine or other loans.

The Ministry of Economic Affairs, Innovation, Digitalisation & Energy of the State of North Rhine-Westphalia is supporting Enapter in the development of machines for the mass production of the AEM technology with an already approved grant of € 9.4 million. Based on the political backing from EU and national funding programmes, as well as the initial discussions with potential lenders and the demand on the capital market for "hydrogen" shares, Enapter expects to be able to raise the necessary funds.

In the course of further talks on debt capital and on subsidies, Enapter will also examine other options to possibly raise additional funds from these areas beyond the planned amounts, whereby it is also conceivable, due to the stage of the talks, that funds can only be raised to a lesser extent than currently planned.

Whether these financings will be successful is uncertain, among other things also against the background of the current uncertainties due to the ongoing Corona pandemic. If the financing cannot be raised as planned, and as a result mass production is delayed or cannot be realised with the planned turnover, this would have a significant impact on the Enapter Group's business activities. There is a risk that the construction project could not be carried out as planned or could be delayed, so that the mass production of electrolyzers could start late. This would have a significant impact on the key figures liquidity, revenue, EBITDA and net profit.

According to current planning, around € 21.5 million will be required for the next six months or until the end of the financial year to finance the down payments and progress payments from the general contractor agreement for the first two construction phases and the operating capital requirements. The company therefore plans to implement an equity capital measure in autumn 2021 in order to close the financing gap.

Risks threatening the company's existence within the next 6 months could arise if the planned capital measures cannot be implemented or if they are significantly below the expected volume. Due to the political support within the framework of the national and international hydrogen strategies of Germany, the EU and other countries and the measures already initiated to achieve and support programmes to reach the set climate targets, as well as in particular the initial discussions with investment banks, investors and possible debt capital providers and the generally good demand on the capital market for "hydrogen" shares, the Executive Board assumes that it will be able to raise the required funds. As soon as the equity measures and the timeframe are specified, Enapter will announce the capital measure.

## Forecast

According to the VDMA industry association, order intake in the German mechanical engineering sector rose by 53 per cent in June above the level of the same month last year as the industry recovered from the

pandemic-related slump in the previous year.<sup>9</sup> According to the industry association VDMA, a less strong increase is expected for the second half of the year; in particular, material shortages and new Corona restrictions could have a dampening effect on order intake.<sup>10</sup>

The National Hydrogen Strategy aims to ensure that Germany maintains its global pioneering role in hydrogen technologies. In addition to the climate policy aspects, hydrogen technologies are also about many sustainable jobs, new value creation potentials and a global market worth billions<sup>11</sup>.

Enapter therefore expects demand for electrolysers to increase significantly for this and the next two financial years.

Based on the revenue in the first half of 2021 of around € 2.0 million, the current order backlog of around € 6.1 million and the expected order intake from the orders currently being negotiated, the Enapter Group is sticking to the planned revenue for 2021 of around € 9.2 million, an EBITDA of around -7.5 million and a result of around -8.3 million euros. However, revenue realisation is still subject to a certain risk due to the Corona crisis and the resulting potential supply chain disruptions. In the first half of the year, supply chain interruptions affected production.

Enapter expects losses and the associated outflow of liquidity to continue until mass production and the associated sales of the electrolysers have started on a sustainable basis. An operational break-even is expected in 2023 after the mass production of the electrolysers at the "Enapter Campus" manufacturing site in Saerbeck has started.

## Responsibility statement by the legal representatives

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

Heidelberg, 10 August 2021

The Board of Directors Enapter AG

signed Sebastian-Justus Schmidt

signed Gerrit Kaufhold

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<sup>9</sup> <https://www.finanzen.net/nachricht/aktien/vdma-auftragseingang-maschinenbau-um-53-prozent-ueber-vorjahr-10412931>

<sup>10</sup> <https://www.zeit.de/news/2021-08/06/mehr-auftraege-fuer-maschinen-und-anlagenbauer-in-nrw>

<sup>11</sup> <https://www.bmw.de/Redaktion/DE/Dossier/wasserstoff.html>

## Consolidated balance sheet

as at 30 June 2021

	Annex- details	30.6.21	31.12.20
	No.	EUR	EUR
<b>Assets</b>	III.A.		
<b>Non-current assets</b>			
Intangible assets	(1)	5.595.196	3.976.576
Property, plant and equipment	(2)	5.002.386	2.869.770
Rights of use	(3)	960.366	1.033.253
Other financial assets		32.808	21.782
Deferred tax assets		31.796	15.556
		<b>11.622.552</b>	<b>7.916.937</b>
<b>Current assets</b>			
Inventories	(4)	3.838.670	1.299.763
Trade receivables	(5)	73.506	184.106
Other assets	(6)	1.128.456	901.157
Cash and cash equivalents	(7)	14.902.748	4.248.024
		<b>19.943.380</b>	<b>6.633.050</b>
<b>Balance sheet total</b>		<b>31.565.932</b>	<b>14.549.987</b>

	Annex- details	30.6.21	31.12.20
	No.	EUR	EUR
<b>Liabilities</b>	III. A.		
<b>Equity</b>			
Subscribed capital	(8)	23.101.300	22.269.300
Capital reserves	(9)	10.148.981	-6.770.947
Retained earnings	(10)	-10.723.464	-6.716.482
Other reserves	(11)	-48.808	-37.197
<b>Total equity</b>		<b>22.478.009</b>	<b>8.744.674</b>
Equity attributable to owners of the parent company		22.475.612	8.741.792
Non-controlling interests	III. B. (6)	2.397	2.882
<b>Total equity</b>		<b>22.478.009</b>	<b>8.744.674</b>
<b>Non-current liabilities</b>			
Other financial liabilities	III. A. (12)	2.491.270	21.000
Leasing liabilities	(3)	513.781	568.018
Provisions	(13)	381.172	278.424
Deferred income	(14)	485.752	485.752
		<b>3.871.974</b>	<b>1.353.194</b>
<b>Current liabilities</b>			
Other financial liabilities	(12)	801.196	1.414.612
Leasing liabilities	(3)	109.090	109.014
Trade payables	(15)	2.358.738	947.457
Other liabilities	(16)	1.528.886	1.520.410
Provisions	(13)	196.838	239.427
Deferred income	(14)	221.200	221.200
<b>Total current liabilities</b>		<b>5.215.948</b>	<b>4.452.119</b>
<b>Balance sheet total</b>		<b>31.565.932</b>	<b>14.549.987</b>

## Consolidated income statement

for the period from 1 January to 30 June 2021

	Annex information	1.1.-30.6. 2021	1.1-30.6. 2020	1.1-31.12. 2020
	No.	EUR	EUR	EUR
	III. B.			
Revenues	(1)	2.015.315	633.750	2.070.144
Other own work capitalised	III. A. (1)	1.744.842	701.071	2.207.597
Change in inventories of finished goods and work in progress	III. B. (6)	1.204.417	-247.837	241.774
Other operating income	(2)	45.308	69.686	605.496
Cost of materials	(3)	-2.694.641	-781.334	-2.319.701
Personnel expenses	(4)	-3.032.581	-1.213.543	-3.356.055
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	III. A. (1-3)	-393.578	-103.702	-624.761
Other operating expenses	III. B. (5)	-2.835.961	-781.636	-2.368.838
Impairment losses from financial assets		0	-28.618	0
Financial income		59	1.420	1.488
Financial expenses		-29.684	-783	-22.354
<b>Result before taxes</b>		<b>-3.976.505</b>	<b>-1.751.527</b>	<b>-3.565.209</b>
Income tax expense		-4.556	-4.919	-3.406
<b>Group result</b>		<b>-3.981.061</b>	<b>-1.756.446</b>	<b>-3.568.614</b>
Thereof attributable to:				
Shareholders of the parent company		-3.980.578	-1.756.119	-3.568.071
non-controlling interests	(6)	-483	-326	-543
		-3.981.061	-1.756.446	-3.568.614
<b>Earnings per share</b>				
Basic earnings attributable to ordinary equity holders of the parent company	(7)	-0,18	-0,08	-1,23
Diluted, based on the profit attributable to ordinary equity holders of the parent company	(7)	-0,18	-0,08	-1,23



## Consolidated statement of comprehensive income

for the period from 1 January to 30 June 2021

	Annex information	1.1.-30.6 2021	1.1.-30.6 2020	1.1.-31.12. 2020
	No.	EUR	EUR	EUR
<b>Group result</b>		<b>-3.981.061</b>	<b>-1.756.446</b>	<b>-3.568.614</b>
<b>Other comprehensive income after income taxes</b>				
<b>Items that will not be reclassified to the income statement</b>				
Remeasurement of the net defined benefit liability	III.A. (13)	-11.611	-4.328	-23.744
<b>Other result</b>		<b>-11.611</b>	<b>-4.328</b>	<b>-23.744</b>
<b>Group overall result</b>		<b>-3.992.672</b>	<b>-1.760.774</b>	<b>-3.592.358</b>
Thereof attributable to:				
Shareholders of the parent company		-3.992.670	-1.760.773	-3.592.353
non-controlling interests		-2	-1	-5
		<b>-3.992.672</b>	<b>-1.760.774</b>	<b>-3.592.358</b>

# Consolidated Statement of Changes in Equity

as at 30 June 2021

	Annex information	Subscribed capital	Capital reserves	Retained earnings	Other reserves	Total equity	Equity attributable to the shareholders of the parent company	Non- controlling interests	Total equity
Notes	No.	EUR	EUR	EUR	EUR	EUR		EUR	EUR
		III.A.(8)	III.A.(9)	III.A.(10)	III.A.(11)			III.B.(6)	
<b>Status 31.12.2019 / 1.1.2020</b>		<b>1.237.800</b>	<b>5.853.854</b>	<b>-3.147.868</b>	<b>-13.453</b>	<b>3.930.334</b>	<b>3.926.904</b>	<b>3.430</b>	<b>3.930.334</b>
Contribution from the shareholder		-	855.834	-	-	855.834	855.834	-	855.834
Group result		-	-	-1.756.446	-	-1.756.446	-1.756.119	-326	-1.756.446
Other result		-	-	-	-4.328	-4.328	-4.327	-1	-4.328
<b>Status 30.6.2020 / 1.7.2020</b>		<b>1.237.800</b>	<b>6.709.688</b>	<b>-4.904.313</b>	<b>-17.781</b>	<b>3.025.394</b>	<b>3.022.291</b>	<b>3.103</b>	<b>3.025.394</b>
Capital increase in kind Enapter AG		20.000.000	-20.000.000	-	-	-	-	-	-
Cash capital increase Enapter AG		1.031.500	5.157.500	-	-	6.189.000	6.189.000	-	6.189.000
Costs of raising capital		-	-74.300	-	-	-74.300	-74.300	-	-74.300
Contribution from the shareholder		-	1.436.164	-	-	1.436.164	1.436.164	-	1.436.164
Group result		-	-	-1.812.169	-	-1.812.169	-1.811.952	-217	-1.812.169
Other result		-	-	-	-19.416	-19.416	-19.412	-4	-19.416
<b>Status 31.12.2020 / 1.1.2021</b>		<b>22.269.300</b>	<b>-6.770.947</b>	<b>-6.716.482</b>	<b>-37.197</b>	<b>8.744.674</b>	<b>8.741.792</b>	<b>2.882</b>	<b>8.744.674</b>
Cash capital increase Enapter AG		832.000	17.472.000	-	-	18.304.000	18.304.000	-	18.304.000
Costs of raising capital		-	-552.072	-	-	-552.072	-552.072	-	-552.072
Other changes		-	-	-25.921	-	-25.921	-25.921	-	-25.921
Group result		-	-	-3.981.061	-	-3.981.061	-3.980.578	-483	-3.981.061
Other result		-	-	-	-11.611	-11.611	-11.609	-2	-11.611
<b>Status 30.6.2021</b>		<b>23.101.300</b>	<b>10.148.981</b>	<b>-10.723.464</b>	<b>-48.808</b>	<b>22.478.009</b>	<b>22.475.612</b>	<b>2.397</b>	<b>22.478.009</b>

# Consolidated cash flow statement

for the period from 1 January to 30 June 2021

		1.1.-30.6. 2021	1.1.-30.6. 2020	1.1.31.12. 2020
	<b>Annex information</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Current business activity</b>				
Group result after taxes		-3.981.061	-1.756.446	-3.568.614
Income taxes		4.556	4.919	3.406
Financial result		29.626	-636	20.866
Depreciation, amortisation and impairment of non-current assets	III.A.(1-3)	393.578	103.702	624.761
Interest received		59	1.420	1.488
Interest paid		-19.616	-783	-22.354
Income taxes paid		0	0	-7.187
+/- Increase/decrease in long-term provisions		102.748	49.127	113.338
+/- Increase/decrease in short-term provisions		-42.589	8.950	177.205
Change in net working capital:			0	
+/- Decrease/increase in trade receivables and other receivables		-116.699	640.942	-26.554
-/+ Increase/decrease in inventories		-2.538.907	356.072	-437.325
Increase/decrease in trade payables and other liabilities		1.419.758	456.261	991.726
Other non-cash transactions		-37.142	3.252	-7.442
<b>Cash flows from operating activities</b>		<b>-4.785.690</b>	<b>-133.220</b>	<b>-2.136.686</b>
<b>Investment activity</b>				
Payments for the acquisition of intangible assets	III.A.(1)	-1.762.459	-639.835	-2.208.027
Payments for the acquisition of property, plant and equipment	III.A.(2)	-2.311.702	-449.771	-1.830.068
Payments for investments in financial assets		-36.947	-272.334	0
Proceeds from the sale of financial instruments		0	0	255.064
Payments for modernisation of leased buildings (rights of use)	III.A.(3)	-3.740	-2.543	-5.484
<b>Cash flows from investing activities</b>		<b>-4.114.848</b>	<b>-1.364.483</b>	<b>-3.788.516</b>
<b>Financing activity</b>				
Proceeds from the issue of new shares	III.A.(8)	18.304.000	0	6.189.000
Transaction costs for the issue of shares		-552.072	0	-74.300
Payments from contributions to the capital reserve		0	855.834	1.550.990
Payments for the redemption portion of the lease liabilities		-64.229	-42.444	-86.408
Proceeds from borrowings	III.A.(12)	2.479.563	9.938	1.414.612
Payments from the redemption of financial liabilities	III.A.(12)	-612.000	0	-175.000
<b>Cash flows from financing activities</b>		<b>19.555.262</b>	<b>823.328</b>	<b>8.818.894</b>
<b>Change in cash and cash equivalents</b>		<b>10.654.724</b>	<b>-674.376</b>	<b>2.893.692</b>
Cash and cash equivalents as at 1 January		4.248.024	1.354.332	1.354.332
<b>Cash and cash equivalents as at 31 December of the previous period</b>	III.A.(7)	<b>14.902.748</b>	<b>679.956</b>	<b>4.248.024</b>
<b>Composition of cash and cash equivalents</b>		<b>31.12.2020</b>	<b>31.12.2020</b>	<b>31.12.2020</b>
		<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Balances with credit institutions	III.A.(7)	<b>14.902.748</b>	<b>679.956</b>	<b>4.248.024</b>

# Notes to the Interim Consolidated Financial Statements (condensed)

as at 30 June 2021

## I. PRELIMINARY REMARKS AND BASIS OF PREPARATION

### A. Information on the Company and the Group

Enapter AG, Heidelberg is a stock corporation under German law (hereinafter "Enapter AG" or "Company"). Enapter AG and the subsidiaries controlled by it (hereinafter "Enapter" or the "Group" or the "Group of Companies") operate in the field of hydrogen production. Enapter AG is registered in the commercial register of the local court of Mannheim under the number HRB 735361 and has its registered office in Heidelberg and its business address at Reinhardtstraße 35, 10117 Berlin.

Enapter AG has a share capital of EUR 23,101,300.00 divided into 23,101,300 no-par value bearer shares. The shares of Enapter AG are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. The ISIN (International Securities Identification Number) for the 23,101,300 listed shares is DE000A255G02, the WKN (Wertpapier-kennnummer) is A255G0 and the stock exchange symbol is H20.

Subsidiaries of the company are Enapter GmbH, Berlin, Enapter S.r.l., Crespina Lorenzana (Pisa), Italy and Enapter Immobilien GmbH, Saerbeck. Enapter AG holds all shares in Enapter GmbH, Enapter Immobilien GmbH (since 11 January 2021) and 99.98% of the shares in Enapter S.r.l.. The group's manufacturing operative business is currently managed exclusively in Enapter S.r.l..

Enapter designs and manufactures hydrogen generators, so-called electrolyzers, based on a patented anion exchange membrane electrolysis technology (AEM electrolysis) and pursues the vision of completely replacing fossil fuels with "green hydrogen".

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

The interim consolidated financial statements as at 30 June 2021, including further disclosures in the interim group management report, have been prepared in accordance with section 115 of the German Securities Trading Act (WpHG) and in compliance with IAS 34 Interim Financial Reporting and should be read in conjunction with the latest consolidated financial statements as at 31 December 2020. They comply with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB) as adopted by the European Union. They were authorised for issue on 10 August 2021.

In accordance with IAS 34, a condensed scope of reporting was chosen for the presentation of the interim consolidated financial statements as at 30 June 2020 compared to the consolidated financial statements as at 31 December 2020. Consequently, these interim financial statements do not contain all the information and notes required by IFRS for consolidated financial statements at the end of the financial year. With the exception of the changes and new regulations described below, the same accounting and valuation methods

are applied in the interim consolidated financial statements as in the consolidated financial statements as at 31 December 2020. For further information, please refer to the 2020 consolidated financial statements, which form the basis for this half-year financial report.

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

These interim consolidated financial statements and the management report of the Company have not been reviewed by an auditor or audited in accordance with section 317 of the German Commercial Code (HGB).

## II. SELECTED ACCOUNTING AND CONSOLIDATION PRINCIPLES

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

### A. Accounting standards issued by the IASB and applied for the first time

Accounting standards issued by the IASB and applied for the first time		
Standard	New or amended standards and interpretations and significant content	Obligation to apply EU
IFRS 4	Postponement of the application of IFRS 9	01.01.2021
IFRS 9, IFRS 7, IFRS 16 and IAS 39	Changes due to the "Interest Rate Benchmark Reform" (Phase 2)	01.01.2021

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

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

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

Accounting standards issued by the IASB that have not yet been applied		
Standard	New or amended standards and interpretations	Initial application date envisaged by the IASB
IAS 1	Changes in the classification of liabilities as current or non-current and disclosure of significant accounting policies	01.01.2023
IAS 8	Definition of accounting estimates	01.01.2023
IAS 12	Deferred taxes at the time of addition of an asset or liability	01.01.2023
IFRS 3	Reference to the framework concept	01.01.2022

IAS 16	Changes to proceeds prior to intended use	01.01.2022
IAS 37	Amendments Adverse contracts - Costs of performance of contracts	01.01.2022
IFRS 17	Insurance contracts	01.01.2023
Various	Annual Improvement Project Cycle 2018-2020	01.01.2022

The Enapter Group does not make use of the right of voluntary early adoption of the standards issued by the IASB before their mandatory adoption. No material impact on the interim consolidated financial statements is expected.

#### **D. Stock Appreciation Rights Plan**

On 6 May 2021, the Annual General Meeting of Enapter AG authorised the Executive Board, with the consent of the Supervisory Board or, insofar as the members of the Executive Board are concerned, the Supervisory Board alone, to implement a stock option plan and to offer subscription rights to shares in the Company ("options") to current and future employees and members of the Executive Board of the Company as well as current and future employees and members of the management bodies of current or future affiliated companies until 5 May 2026. There is no subscription right for the shareholders of the Company.

The Executive Board has made use of this authorisation with the consent of the Supervisory Board and established a Stock Option Plan 2021 (hereinafter "Stock Option Plan 2021") for current and future employees and members of the Executive Board of the Company as well as current and future employees and members of the management bodies of current or future affiliated companies. The objective of this Stock Option Plan 2021 is primarily to create incentives for the beneficiaries aimed at increasing the sustainable value of the company.

Against the background of the company's interest in securing the long-term support of the company by the beneficiaries, the stock option plan 2021 is designed in such a way that short-term cooperation alone is not rewarded. The exercise of the options is only permissible if the material input costs for electrolysers manufactured by the Enapter Group (Enapter AG and affiliated companies within the meaning of §§ 15 et seq. of the Austrian Stock Corporation Act) on the basis of anion exchange membrane technology (AEM) can be reduced by or in the course of the 2023 financial year to such an extent that a positive cover amount can be achieved with a sales price of EUR 2,500.00 per unit.

The share options were issued in the period from the beginning to the middle of June 2021, i.e. in the last month of the first half of 2021. Due to the expected low amount impact of the share options on the 1st half of 2021, a detailed valuation and balance sheet recognition of the options for half-year purposes was refrained from.

A detailed valuation of the share options will be carried out by an external expert as part of the preparation of the consolidated balance sheet at the end of 2021, which will serve as the basis for the recognition of the share options in the balance sheet.

## **E. Explanation of transactions under common control**

With the purchase agreement of 10 August 2020, BluGreen Ltd., Hong Kong, acquired a total of 760,913 shares in the company from the previous majority shareholder of Deutsche Balaton Aktiengesellschaft, which at that time represented an interest of 61.47% of the total number of voting rights and share capital of the company.

By notarised contribution agreement dated 4 November 2020, BluGreen Ltd. contributed 100% of the shares in Enapter GmbH, Berlin, and 99.98% of the shares in Enapter S.r.l., Crespina Lorenzana (Pisa), Italy (together the "Enapter Group"), to the Company as a contribution in kind against the issue of 20,000,000 new no-par value bearer shares (ordinary shares), each with a pro rata amount of share capital of EUR 1.00. The implementation of the corresponding capital increase of EUR 1,237,800.00 by EUR 20,000,000.00 to EUR 21,237,800.00 was entered in the Commercial Register on 1 December 2020. By resolution of the Annual General Meeting of 8 October 2020, the name/name of the Company was changed from S&O Beteiligungen AG to Enapter AG. Enapter AG was and is not operationally active, but is essentially active as an investment and service company.

Taking into account the restructuring described above, the result is that the Enapter Group has been "hung" under Enapter AG by its controlling shareholder BluGreen Ltd. The control over the companies involved lies with BluGreen (controlling shareholder) both before and after the transaction, so from an economic point of view there was no change. It is therefore a creation of structures under common control.

For accounting purposes, the Enapter Group is to be regarded as the acquirer, so that its book values are to be continued in the consolidated financial statements of Enapter AG - using the book value continuation method. Nevertheless, there is no business combination according to IFRS 3, as Enapter AG, as a shell company under company law, does not represent a business. Enapter AG has therefore made use of the option to include the assets, liabilities, income and expenses of the acquired companies in its consolidated financial statements retroactively from the beginning of the earliest period presented, as if Enapter S.r.l., Enapter GmbH and Enapter AG had always been combined.

The assets contributed as part of the contribution in kind were valued at a fair value of TEUR 120,000 using a company value calculation based on discounted cash flow forecasts. As part of the capital consolidation, the difference between the fair value of the transferred assets and the book value of the equity of the contributed companies was offset against the Group equity.

## **F. Use of judgements and estimates**

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

Estimates and assumptions by management that relate to the amount and disclosure of recognised assets and liabilities, income and expenses and the disclosure of contingent liabilities are necessary when preparing the consolidated financial statements in accordance with IFRS. Assumptions and estimates have an influence on the valuation of assets, provisions and liabilities in the consolidated financial statements, particularly with regard to the recognition criteria and accounting regulations for intangible assets, the recoverability of financial assets and the resulting value adjustments, the determination of useful lives, and the recognition and valuation of other provisions.

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

The Enapter Group's business activities and thus its net assets, financial position and results of operations continued to be affected by the coronavirus pandemic in terms of sales and earnings in the first half of 2021. The ongoing spread of the coronavirus caused business disruptions and interruptions, especially in the supply chains. As a result, not all existing orders could be delivered on time, resulting in sales revenue of approximately 2.0 million euros by 30 June 2021. Incoming orders in the first half of 2021 corresponded to around EUR 6.3 million. The order backlog amounts to approximately EUR 6.1 million as of 30 June 2021. Based on the current order backlog and order intake as well as the orders under negotiation, the Enapter Group is sticking to the planned revenue, EBITDA and earnings. However, revenue recognition is still subject to a certain risk due to the Corona crisis and the resulting possible renewed supply chain disruptions. Enapter detects only a minor impact on payment defaults and customer numbers at the reporting date. COVID 19-related impacts on the consolidated financial statements may further result from deteriorating creditworthiness, payment defaults or delays, delays in order intake and also in order execution or contract fulfilment, contract cancellations, adjusted or modified revenue and cost structures, delays or quality problems in procurement, limited use of assets, limited or no access to customers' premises, or difficulty in making forecasts and projections due to uncertainties in the amount and timing of cash flows. These factors can affect the fair values and carrying amounts of assets and liabilities, the amount and timing of profit realisation and cash flows.

Management has prepared the interim consolidated financial statements on the assumption that Enapter AG and its subsidiaries are able to continue as a going concern. As an early-stage technology company, the Company is dependent on future external financing or the ability of its shareholders to provide the necessary funds in order to continue as a going concern. However, there is an inherent risk that financing rounds may not be successful as expected. Management believes that Enapter AG and its subsidiary have sufficient resources, combined with reasonable plans to raise further resources, to maintain operations over the next 24-month period.



## G. Segment reporting

In the reporting period, the Group had only one reportable segment - the design and production of hydrogen generators based on a patented anion exchange membrane electrolysis (AEM electrolysis) and pursues the vision of completely replacing fossil fuels with "green hydrogen". In the reporting period, the internal management of the business activities was not separated according to products, services or geographical markets. Currently, all major operational business activities are bundled in Enapter S.r.l..

### III. NOTES TO SELECTED ITEMS OF THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### A. Balance sheet

##### Assets

##### Non-current assets

##### (1) Intangible assets

Intangible assets break down as follows as at 30 June 2021:

Acquisition or production costs	Capitalised development costs	Patents and trademarks	Total
	EUR	EUR	EUR
<b>Status as of 1.1.2021</b>	<b>4.028.109</b>	<b>322.656</b>	<b>4.350.765</b>
Changes in the scope of consolidation	0	0	0
Access	1.758.249	4.210	1.762.459
Transfers	-12.231	12.231	0
<b>Status as at 30.6.2021</b>	<b>5.774.127</b>	<b>339.097</b>	<b>6.113.224</b>
<b>Accumulated depreciation</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Status as of 1.1.2021</b>	<b>264.340</b>	<b>109.849</b>	<b>374.189</b>
Scheduled depreciation	129.157	14.681	143.838
<b>Status as of 30.6.2021</b>	<b>393.497</b>	<b>124.530</b>	<b>518.027</b>
Book value as at 31.12.2020	3.763.769	212.807	3.976.576
<b>Book value as at 30.6.2021</b>	<b>5.380.630</b>	<b>214.567</b>	<b>5.595.197</b>

This item mainly includes capitalised development costs, patents and trademarks of Enapter S.r.l., Italy. The main additions in the first half of 2021 relate to development costs for ongoing internal projects that will be completed in subsequent years and then amortised over the expected useful life - generally five years. In the statement of comprehensive income, a total amount of KEUR 1,745 (total previous year 2020: KEUR 2,208) was reported for this as other own work capitalised. Patents are amortised over a useful life of fifteen years, software and trademarks over an expected useful life of five years.

The Enapter Group is active in research and development in the field of hydrogen systems with a focus on electrolysis, project management in Renewable Energy Systems and Smart Grid Technology, software development for Smart Grid, Smart Energy and Industry 4.0 and Internet of Things (IoT), as well as in the

manufacturing and production, design, trading and resale of electrolyzers and related products, and related software and control systems. Specifically, the Enapter Group develops and manufactures patented electrolyzers based on anion exchange membrane ("AEM") technology. These electrolyzers produce hydrogen directly compressed from water and electricity at a pressure of 35 bar with a high degree of purity. The main application areas of the Enapter Group's products are electricity storage (residential and industrial), scientific use, production of synthesis gas or methane (power-to-gas), mobility and industrial use. The Enapter Group employs a total of about 50 people in the research and development team.

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

## (2) Property, plant and equipment

Property, plant and equipment developed as follows in the first half of 2021:

	Land and buildings	Plant and machinery	Operating and business equipment	Payments on account and assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
<b>Acquisition or production costs</b>					
<b>Status as of 1.1.2021</b>	<b>2.288.215</b>	<b>769.839</b>	<b>209.455</b>	<b>28.861</b>	<b>3.296.370</b>
Access	672.184	598.113	228.451	812.955	2.311.702
Disposals	0	0	0	0	0
Transfers	51.927	57.286	43.312	-127.447	25.077
<b>Status as of 30.6.2021</b>	<b>3.012.326</b>	<b>1.425.238</b>	<b>481.218</b>	<b>714.368</b>	<b>5.633.149</b>
<b>Accumulated depreciation</b>					
<b>Status as of 1.1.2021</b>	100.641	263.529	62.430	0	<b>426.600</b>
Scheduled depreciation	41.431	91.138	40.685	0	173.253
Transfers	28.051	3.026	0	0	31.077
Disposals	0	0	-167	0	-167
<b>Status as at 30.6.2021</b>	<b>170.123</b>	<b>357.693</b>	<b>102.947</b>	<b>0</b>	<b>630.763</b>
Book value as at 31.12.2020	2.187.574	506.310	147.025	28.861	2.869.770
<b>Book value as at 30.6.2021</b>	<b>2.842.203</b>	<b>1.067.545</b>	<b>378.270</b>	<b>714.368</b>	<b>5.002.387</b>

The main additions in the first half of 2021 relate to investments in and advance payments for land and buildings in Germany and Italy, technical equipment and machinery at Enapter S.r.l. and operating and office equipment.

The series production that exists today in Pisa, Italy, is to be further expanded to complement the production capacities. Another building is currently being added to the site for additional laboratories and a clean room - a room in which the concentration of airborne particles is kept very low to ensure freedom from dust and dirt. The construction work was essentially completed in the first half of 2021. In another building, which was acquired in December 2020, administrative rooms and a production extension are being built. This conversion will be completed in the second half of 2021.

Property, plant and equipment are not subject to any restraints on disposal and do not serve as collateral for loans granted. The additions/disposals and depreciation of low-value assets capable of independent use (so-called MLA) were not recorded in the asset register for reasons of materiality. With the exception of property, plant and equipment in the amount of KEUR 545 (31.12.2020: KEUR 21) - valued at amortised cost - all assets of property, plant and equipment are located in Italy.

### (3) Rights of use

The Enapter Group leases various assets, mainly buildings and two company cars, generally with fixed lease payments in Germany and Italy. The average lease term is approximately 3 years for the company cars and approximately 3 to 9 years for the buildings (taking into account the predominantly probable utilisation of renewal options). The Enapter Group has no purchase options for the acquisition of certain buildings at predetermined amounts at the end of the lease term. The Enapter Group plans to build another production facility for hydrogen electrolysers (Enapter Campus) on a new site in Münsterland, North Rhine-Westphalia. Until the planned completion of the first two of four construction phases of the Enapter Campus at the end of 2022, space for research and development as well as for administration has been and will be rented in the municipality of Saerbeck.

Taking into account the additions and disposals and the depreciation in the 2020 financial year, the rights of use developed as follows as at the balance sheet date:

	Land and buildings	Maintenance expenses	Operating and business equipment	Total
	EUR	EUR	EUR	EUR
<b>Acquisition or production costs</b>				
<b>Status as of 1.1.2021</b>	<b>788.960</b>	<b>442.484</b>	<b>17.740</b>	<b>1.249.184</b>
Access	3.740	0	0	3.740
<b>Status as at 30.6.2021</b>	<b>792.700</b>	<b>442.484</b>	<b>17.740</b>	<b>1.252.924</b>
<b>Accumulated depreciation</b>				
<b>Status as of 1.1.2021</b>	<b>132.280</b>	<b>73.303</b>	10.348	<b>215.931</b>
Scheduled depreciation	36.771	36.901	2.957	76.628
<b>Status as at 30.6.2021</b>	<b>169.051</b>	<b>110.204</b>	<b>13.305</b>	<b>292.559</b>
Carrying amount as at 31.12.2020	656.680	369.181	7.392	1.033.253
<b>Book value as at 30.6.2021</b>	<b>623.649</b>	<b>332.280</b>	<b>4.436</b>	<b>960.365</b>

The maintenance expenses capitalised as rights of use are mainly modernisation expenses for the leased production and office space at Enapter S.r.l. in Italy, which are depreciated in accordance with the expected lease and rental period.

There are no contractual relationships from sale and leaseback transactions. Leases with variable lease payments linked to sales from the leased markets have not been agreed at present. There are no rights of use that are accounted for using the revaluation model.

The corresponding leasing liabilities amount to KEUR 623 as at the balance sheet date (31.12.2020: KEUR 677).

## Current assets

### (4) Inventories

Inventories are composed as follows:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials and supplies	2.171.643	837.152
Work in progress	1.302.002	300.440
Finished products	365.025	162.171
	<u>1.667.027</u>	<u>462.611</u>
	<u><b>3.838.670</b></u>	<u><b>1.299.763</b></u>

### (5) Trade receivables

Trade receivables amount to KEUR 74 as of the balance sheet date (previous year: KEUR 184). Due to the general terms and conditions of orders, which generally provide for a 60% advance payment after order confirmation and a 40% advance payment before delivery/shipment, a relatively low level of receivables is reported. Value adjustments to a significant extent were not necessary and were therefore not made.

### (6) Other assets

Other assets consist mainly of current financial assets (including advance payments and receivables from employees) and other assets (including receivables from foreign tax subsidies granted and VAT receivables).

The foreign (Italian) tax subsidies or tax credits capitalised at Enapter S.r.l. result from the possibility to offset costs of investments made in or for research and development projects against taxes and duties in Italy. The tax credits are determined on the basis of the costs paid during a financial year, regardless of

whether the project to which they relate has been completed or is still in progress. The company may use the credit to offset liabilities (such as contributions, withholdings and other taxes/duties) once a certificate to this effect has been obtained from an auditor.

We also refer to our explanations on "Accruals and deferrals" in section III.A. (17).

## (7) Cash and cash equivalents

Bank balances in Germany and Italy are reported.

### Liabilities

### Equity

## (8) Subscribed capital

The **subscribed capital** of Enapter AG as at 30 June 2021 amounts to EUR 23,103,300.00. The share capital of the Company as at 1 January 2021 amounted to EUR 22,269,300 and was divided into 22,269,300 ordinary bearer shares (no-par value shares) with a notional value of EUR 1.00 each.

Based on the authorisation granted by the Annual General Meeting on 8 October 2020 to utilise the authorised capital (Authorised Capital 2020), the share capital was increased against cash contributions by EUR 832,000.00 through the issue of 832,000 new no-par value bearer shares by Executive Board resolutions of 16 February 2021 and 17 March 2021 with the approval of the Supervisory Board on 16 February 2021. The 832,000 new shares were subscribed at a price of EUR 22.00 per share. The premium paid by the investors in connection with the share purchase, totalling EUR 17,472,000, was transferred to the capital reserve. The implementation of the cash capital increase was entered in the Commercial Register of the Mannheim District Court on 6 April 2021.

After the implementation of the capital increase, the new subscribed capital of the Company now amounts to EUR 23,101,300.00 and is divided into 23,101,300 no-par value bearer shares.

As of the balance sheet date of 30 June 2021, 23,101,300 no-par value bearer shares (ISIN:DE000A255G02 / WKN: A255G0) are admitted to trading on the regulated market of the Frankfurt Stock Exchange (General Standard) and to trading on the regulated market of the Hamburg Stock Exchange.

By resolution of the Annual General Meeting of 5 May 2021, the Authorised Capital 2020, which was still available in the amount of EUR 9,168,000.00 after partial utilisation, was cancelled and new **authorised capital in the amount of** EUR 11,550,650.00 was created (Authorised Capital 2021). With this resolution, the Executive Board was authorised, with the consent of the Supervisory Board, to increase the share capital of the company against cash and/or non-cash contributions, also excluding the statutory subscription right.

The Annual General Meeting of 6 May 2021 resolved to cancel the Conditional Capital 2020 and to conditionally increase the share capital by up to EUR 9,245,520 (**Conditional Capital** WSV 2021). The

conditional capital increase serves to service bonds that can be issued on the basis of the authorisation resolution of the Annual General Meeting of 6 May 2021.

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

#### (9) Capital reserve

As at 30 June 2021, the capital reserve amounts to EUR 10,148,981 (31 December 2020: EUR - 6,770,947) and results mainly from the premium paid in the course of the cash capital increase (see above) and the effects of the transactions under common control (see also the explanations in II.D.).

In connection with the issuance of the new shares in the first half of 2021, costs of TEUR 552 were incurred, which were directly offset against the capital reserve.

#### (10) Retained earnings

Retained earnings include the accumulated results and amount to EUR - 10,723,464 as at the balance sheet date (31 December 2020: EUR -6,716,482).

#### (11) Other reserves

Other reserves include expenses from the remeasurement of defined contribution plans for former employees and amount to EUR -48,808 as at the balance sheet date (31 December 2020: EUR -37,197).

## Long and short-term debt

### (12) Other financial liabilities

The other financial liabilities are composed as follows:

	<u>30.06.2021</u>	<u>31.12.2020</u>
	EUR	EUR
<b>Long and medium term</b>		
Bank loan	2.470.270	0
Other loans	21.000	21.000
	<u>2.491.270</u>	<u>21.000</u>
<b>short term</b>		
Loans to related parties	700.000	1.312.000
Bank loan	2.773	4.189
Other loans	98.423	98.423
	<u>801.196</u>	<u>1.414.612</u>
	<u><u>3.292.466</u></u>	<u><u>1.435.612</u></u>

Enapter S.r.l. was granted a bank loan of KEUR 2,500 in April 2021 with a term of 72 months as part of Corona support measures. The loan bears interest at 1.55% points above the 3-month Euribor. A hedging transaction was concluded to hedge the interest rate risk.

All loans are unsecured and loans granted by related parties are non-interest bearing. Please also refer to section IV. C. for explanations of loans from related parties.

### (13) Provisions

The (long-term) provisions are composed of benefit obligations arising from the termination of employment. The TFR fund ("Trattamento di Fine Rapporto"), commonly known in Italy by the acronym "TFR", is a compulsory benefit paid by the employer to the employee on termination of employment. This type of benefit is specific to private sector workers. The TFR is paid by the employer to the employee upon termination of employment, regardless of the reason for termination, and is considered "deferred" compensation as it is calculated as a percentage of the salary earned (salaries, bonuses or commissions). The TFR is generally paid as a lump sum at the end of the employment relationship. For the calculation, the projected unit credit method (PUCM) is used to calculate the present value of the defined benefit obligation and the related current service cost and, if applicable, past service cost.

The (current) provisions mainly consist of provisions for personnel and for outstanding invoices.

#### (14) Passive accruals

The accrued liabilities result from deferred income from government grants awarded to Enapter S.r.l. in Italy for research and development costs. Due to new regulations in Italy, there is uncertainty as to whether this income can be recognised immediately after the costs have been incurred or after the research and development projects have been completed. Enapter has decided not to recognise the expected tax benefits and offsets from other charges and levies until after the projects have been completed or to amortise them over the useful life of the capitalised development costs.

#### (15) Trade payables

This item mainly includes trade payables. The trade payables and other liabilities have a remaining term of up to one year.

#### (16) Other liabilities

Other liabilities include advance payments received of KEUR 983 (31.12.2020: KEUR 755), liabilities for wages and salaries KEUR 602 (31.12.2020: KEUR 358), social security KEUR 137 (31.12.2020: KEUR 161), VAT KEUR 482 (31.12.2020: KEUR 0) and income and other taxes KEUR 71 (31.12.2020: KEUR 68).

The relatively high advance payments received result from the terms of the order, which generally provide for a 60% advance payment after order confirmation and a 40% advance payment before delivery/shipment.

### **B. Consolidated statement of comprehensive income**

#### (1) Sales revenue

Revenue was generated from the sale of electrolyzers and similar products from the company's own manufacturing and production as well as from the trading and resale of electrolyzers and similar products and related software and control systems. The software and control systems are integral parts of the electrolyzers. The main application areas of the Enapter Group's products are electricity storage (residential and industrial buildings), scientific use, production of synthesis gas or methane (power-to-gas), mobility and industrial use.

Invoices for deliveries and services are always issued in Euro and ex works. Subject to the manufacturer's warranty set forth in the general terms and conditions of the order, Enapter warrants that each product purchased from Enapter will be free from defects in material and/or workmanship for a period of not less than 1 year and not more than 2 years from the date of delivery. The manufacturer's warranty does not generally apply to defects, failures or damage caused by improper use, improper or inadequate maintenance or care.



The revenue generated by product category is as follows:

	<b>1.1.-30.6. 2021</b>	<b>1.1.-30.6. 2020</b>	<b>1.1.-31.12. 2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Sale of electrolysers and energy management systems	2.012.238	633.497	2.044.725
Service and services	3.077	253	25.419
	<b>2.015.315</b>	<b>633.750</b>	<b>2.070.144</b>

Sales revenues were generated in the following geographical areas:

	<b>1.1.-30.6. 2021</b>	<b>1.1.-30.6. 2020</b>	<b>1.1.-31.12. 2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Germany	577.740	87.553	548.248
Rest of European Union	926.047	466.684	772.269
Rest of the world	511.528	79.513	749.627
	<b>2.015.315</b>	<b>633.750</b>	<b>2.070.144</b>

## (2) Other operating income

Other operating income mainly consists of public subsidies and grants from the subsidiary in Italy, which were posted to income in accordance with the projects completed in the financial year. In this context, we refer to the explanations in III.A. (6).

## (3) Cost of materials

The cost of materials is made up as follows:

	<b>1.1.-30.6. 2021</b>	<b>1.1.-30.6. 2020</b>	<b>1.1.-31.12. 2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Expenses for raw materials, consumables and supplies	2.647.868	781.334	2.181.183
Expenses for purchased services	46.773	0	138.518
	<b>2.694.641</b>	<b>781.334</b>	<b>2.319.701</b>

## (4) Personnel expenses

The personnel expenses for an average of 115 employees in the first half of 2021 (total previous year: 81), including the managing directors of the subsidiaries, break down as follows:

	<b>1.1.-30.6. 2021</b>	<b>1.1.-30.6. 2020</b>	<b>1.1.-31.12. 2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Wages and salaries	2.348.380	862.303	2.529.183
Social security contributions and expenses for pensions and other benefits	684.201	351.240	826.872
	<b>3.032.581</b>	<b>1.213.543</b>	<b>3.356.055</b>

The employees (excluding the Executive Board) were active in the following areas in the first half of 2021:

	<b>1.1.- 30.6.2021</b>	<b>31.6.2021</b>	<b>1.1.- 31.12.2020</b>	<b>31.12.2020</b>
	(average)	(cut-off date)	(average)	(cut-off date)
Research & Development	50	58	36	44
Production	38	44	25	30
Administration	19	21	15	18
Marketing & Business Development	8	9	6	8
	<b>115</b>	<b>132</b>	<b>81</b>	<b>100</b>

The above personnel expenses and employee figures do not include the employees of the related companies Nevapter LLC, Russia (24 employees as at 30 June 2021) and Enapter Co. Ltd, Thailand (8 employees as at 30 June 2021).

## (5) Other operating expenses

Other operating expenses of KEUR 2,836 in the first half of 2021 (previous period: KEUR 782) mainly consist of software development and management services for related parties (KEUR 889), research and development expenses (KEUR 406), legal, consulting and audit fees (KEUR 221), expenses for other external service providers (KEUR 245) and capital market costs (KEUR 97).

## (6) Non-controlling interests

The non-controlling interests relate to a non-Group shareholder in Enapter S.r.l., which as at 31 December 2020 - due to the capital increase carried out in 2020 with the waiver of its subscription rights - only holds 0.02% of the shares in Enapter S.r.l.

## (7) Earnings per share

The weighted average number of shares for the calculation of basic and diluted earnings per share in the first half of 2021 is 22,652,944 shares (total previous year: 2,911,609 shares).

#### IV. OTHER DISCLOSURES AND EXPLANATIONS

##### A. Additional disclosures on financial instruments

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

	Carrying amount 30.06.2021/ 31.12.2020 EUR	Amortised acquisition cost EUR	At fair value through profit or loss EUR	At fair value through other comprehensive income	Fair value 30.06.2020/ 31.12.2020 EUR
<b>30.06.2020</b>					
<b><u>Assets</u></b>					
<u>Cash and cash equivalents</u>	14.902.748	14.902.748			14.902.748
<u>Debt instruments</u>					
Trade receivables and other receivables	447.677	447.677			447.677
<u>Other financial assets</u>	32.808	32.808			32.808
<b><u>Liabilities</u></b>					
<u>Debt instruments</u>					
Trade payables and other liabilities	2.994.578	2.960.472		34.106	2.994.578
<u>Other financial liabilities</u>					
Loan	3.292.465	3.292.465			3.292.465
Leasing liabilities	622.871	622.871			622.871
<b>31.12.2020</b>					
<b><u>Assets</u></b>					
<u>Cash and cash equivalents</u>	4.248.024	4.248.024			4.248.024
<u>Debt instruments</u>					
Trade receivables and other receivables	234.067	234.067			234.067
<u>Other financial assets</u>	21.782	21.782			21.782
<b><u>Liabilities</u></b>					
<u>Debt instruments</u>					
Trade payables and other liabilities	1.701.983	1.701.983			1.701.983
<u>Other financial liabilities</u>					
Loan	1.435.612	1.435.612			1.435.612
Leasing liabilities	677.032	677.032			677.032

All recognised financial assets and liabilities, with the exception of a derivative for hedging a loan liability in Level 2, are allocated to Level 3 in the fair value measurement classification, as there are no input parameters observable on the market.

For all current financial assets and liabilities as well as investments, the acquisition costs represent the best possible estimate of the fair value. Due to the risk-adequate interest rate of the long-term financial liabilities, the book value also corresponds to the fair value.

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
30.06.2021	EUR	EUR	EUR	EUR
Interest income	59	-	-	59
Interest expenses	-	-	-29.218	-29.218
Dividends	-	-	-	0
Impairments / reversals of impairments	-	-	-	0
<b>Net result</b>	<b>59</b>	<b>0</b>	<b>-29.218</b>	<b>-29.160</b>

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
31.12.2020	EUR	EUR	EUR	EUR
Interest income	113	-	-	113
Interest expenses	-	-	-21.083	-21.083
Dividends	-	1.375	-	1.375
Impairments / reversals of impairments	-	-	-	0
<b>Net result</b>	<b>113</b>	<b>1.375</b>	<b>-21.083</b>	<b>-19.595</b>

## B. Executive Board and Supervisory Board

### Board of Directors:

- ≡ Mr Sebastian-Justus Schmidt, Industrial Clerk, Chiang Mai, Thailand;
- ≡ Mr Gerrit Kaufhold, tax consultant, Hamburg (from 1 June 2021);
- ≡ Mr Hansjörg Plaggemars, Diplom-Kaufmann, Stuttgart (until 31 May 2021).

### Supervisory Board:

- ≡ Armin Steiner, Hanover, business economist;
- ≡ Oswald Werle, Feldkirch (Austria), industrial engineer;
- ≡ Ragnar Kruse, Hamburg, Managing Director

The members of the Executive Board and Supervisory Board can be reached at the Company's business address - Reinhardtstraße 35, 10117 Berlin.

## C. Information on related parties

The group of related persons and companies has not changed significantly compared to the consolidated financial statements as at 31 December 2020. The majority of transactions with related persons and companies take place with the members of the executive bodies or the companies of the members of the executive bodies and the Sebastian-Justus Schmidt family.

Information on related parties of Enapter AG, Heidelberg:

Name of related persons and companies	Relationship	Seat
BluGreen Company Ltd.	Majority shareholder of Enapter AG since 10 August 2020	Hong Kong, PR China
Sebastian-Justus Schmidt	Majority shareholder and director of BluGreen Company Ltd.	
Jan-Justus Schmidt	Son of Mr. Sebastian-Justus Schmidt and Managing Director of Enapter S.r.l. , Enapter GmbH and Enapter Immobilien GmbH	
Oswald Werle	Member of the Supervisory Board, Member of the Advisory Board of Enapter AG and Consultant	
Enapter Ltd Co.	No affiliated company; consulting contract	Thailand
Nevapter LLC	No affiliated company; software licence and distribution agreement	Russia

For the remuneration and other direct and indirect benefits to the members of the executive bodies, please refer to the consolidated financial statements as at 31 December 2020.

BluGreen Company Limited, with its registered office in Hong Kong ("BluGreen"), has been the majority shareholder of Enapter AG since 10 August 2020 through the acquisition of approximately 61.5% of the then share capital of Enapter AG from Deutsche Balaton AG. The majority shareholder and director of BluGreen is Mr Sebastian-Justus Schmidt. Mr Schmidt is therefore to be regarded as the ultimate controlling party.

BluGreen granted Enapter S.r.l. a non-interest-bearing loan totalling TEUR 1,200 in several tranches in 2020. In addition, there was a loan liability of EUR 112,000 as at 31 December 2020. In the first half of 2021, these loans were repaid with EUR 612,000, so that there was a loan liability to BluGreen of EUR 700,000 as at 30 June 2021.

On 30 October 2020, Enapter AG concluded a consultancy agreement with BluGreen with effect from 1 October 2020. In this agreement, BluGreen undertook to provide management personnel as consultants, in particular the Executive Board member Sebastian-Justus Schmidt. For this, a monthly payment of TEUR 35 is to be paid by Enapter AG to BluGreen. It is envisaged that Sebastian-Justus Schmidt will devote 90% of his time to the company as consultancy services. The monthly advance payments are adjusted annually. This is done on the basis of recalculations. These recalculations shall take into account the costs actually incurred by BluGreen for the services rendered, plus a surcharge of 5 %, minus the advances already paid. The contract has been concluded for an indefinite period with a notice period of three months. As at 30 June 2021, there was a liability to BluGreen from the consultancy contract in the amount of TEUR 0 (31.12.2020: TEUR 35).

Mr Jan-Justus Schmidt received remuneration of TEUR 60 (previous period: TEUR 60) for his work as a director at Enapter S.r.l. in the first half of 2021.

On 28 November 2020, Enapter AG concluded a consultancy agreement with Mr Oswald Werle with effect from 1 October 2020. In addition to his duties as a member of the Supervisory Board, Mr Werle is to support and advise the company with regard to the search for investors, business development (including the acquisition of major customers, the establishment of high-profile networks in industry and politics) and the procurement of cooperation partners and suppliers. Mr Werle is obliged to work for the company for at least 32 hours per month and receives a monthly lump-sum remuneration of EUR 8,000.00 for this work. Expenses incurred by Mr Werle with regard to travel or accommodation costs, among other things, are reimbursed at a lump-sum rate of EUR 1,000.00 net per month. Taxes and social security contributions are to be paid by Mr Werle himself. There are no claims to holiday or continued payment in the event of illness. The contract, which is practised as a freelance employee relationship, has been concluded for an indefinite period with a notice period of one month. As of 30 June 2021, there was a liability to Mr Werle from the consultancy contract in the amount of TEUR 9 (31.12.2021: TEUR 0).

On 30 October 2020, Enapter AG entered into a Consultancy Agreement with Enapter Co. Ltd. ("Enapter Thailand") on 30 October 2020 with effect from 1 October 2020. In this agreement, Enapter Co. Ltd. undertook to provide consulting services in return for monthly payments of EUR 30,000. The consulting services include, among other things, software services that are created and continuously maintained in the

form of interactive dashboards for corporate control and as management information, as well as corporate design services. These monthly advance payments are adjusted annually. This is done on the basis of recalculations. These recalculations will take into account the costs actually incurred by Enapter Co. Ltd. for the services provided, plus a mark-up of 5%, less any advances already paid. The contract has been concluded for an indefinite period with a notice period of three months. As at 30 June 2021, there was a liability to Enapter Co. Ltd. from the consultancy contract in the amount of TEUR 0 (31.12.2021: TEUR 30).

On 3 November 2020, Enapter AG concluded a contract transfer of the contract "License Agreement No 20180807-1" with BluGreen and Nevapter LLC, Russia (Nevapter) with effect from 1 October 2020. The subject of the agreement is the transfer of a software licence agreement concluded between BluGreen and Nevapter to Enapter AG. Under the licence agreement, the control software as well as energy and management software for the Enapter products is provided. Nevapter develops the software for the Electrolyser and is an important part of the Enapter product. The licence agreement with Nevapter taken over from BluGreen, which was valid until 31 December 2020, was replaced by a new software licence agreement with Nevapter from 1 January 2021. The licence fee under the new licence agreement is TEUR 85 per month. The licence agreement has a term of one year, which will be renewed annually for one year unless either party terminates the agreement with 60 days' notice. The contract is governed by the laws of the Russian Federation. As at 30 June 2021, there was a liability to Nevapter in the amount of TEUR 85 (31.12.2021: TEUR 0).

#### **D. Employees**

The Enapter Group employed an average of 115 employees in the first half of 2021 (total previous year: 81), excluding the members of the Enapter AG Executive Board. For the breakdown of average employee numbers by area of activity, please refer to bullet point III.B.(4).

#### **E. Subsequent events**

The Enapter Group plans to build the Enapter Campus for the mass production of AEM electrolysers with a total investment volume of approximately EUR 100 million on the property acquired from Enapter Immobilien GmbH in February 2021. Furthermore, the construction planning with the Goldbeck company was concretised. The planning resulted in the submission of the building application for the first construction phase in June 2021. On 23 July 2021, the general contractor agreement was signed between Enapter Immobilien GmbH and Goldbeck for the first two construction phases (production halls and research and development) at a fixed price of EUR 34.9 million. Construction will start in September/October 2021 and be completed in September/October 2022. From 2023, the Enapter Campus should be able to produce more than 100,000 AEM electrolysers annually in a cost-efficient manner.

Enapter Immobilien GmbH, a wholly owned subsidiary of Enapter AG, received a grant notification for a non-repayable grant in the total amount of EUR 7.2 million from KfW on 6 August 2021. Enapter Immobilien GmbH applied to KfW on 20 July 2021 for a BEG non-residential building grant (463). This is granted for energy-efficient construction. The grant covers the first two construction phases of the Enapter

Campus and will be paid out at the end of the construction project. This is currently planned for the end of 2022.

Heidelberg, 10 August 2021

The Board of Directors Enapter AG

signed Sebastian-Justus Schmidt

signed Gerrit Kaufhold