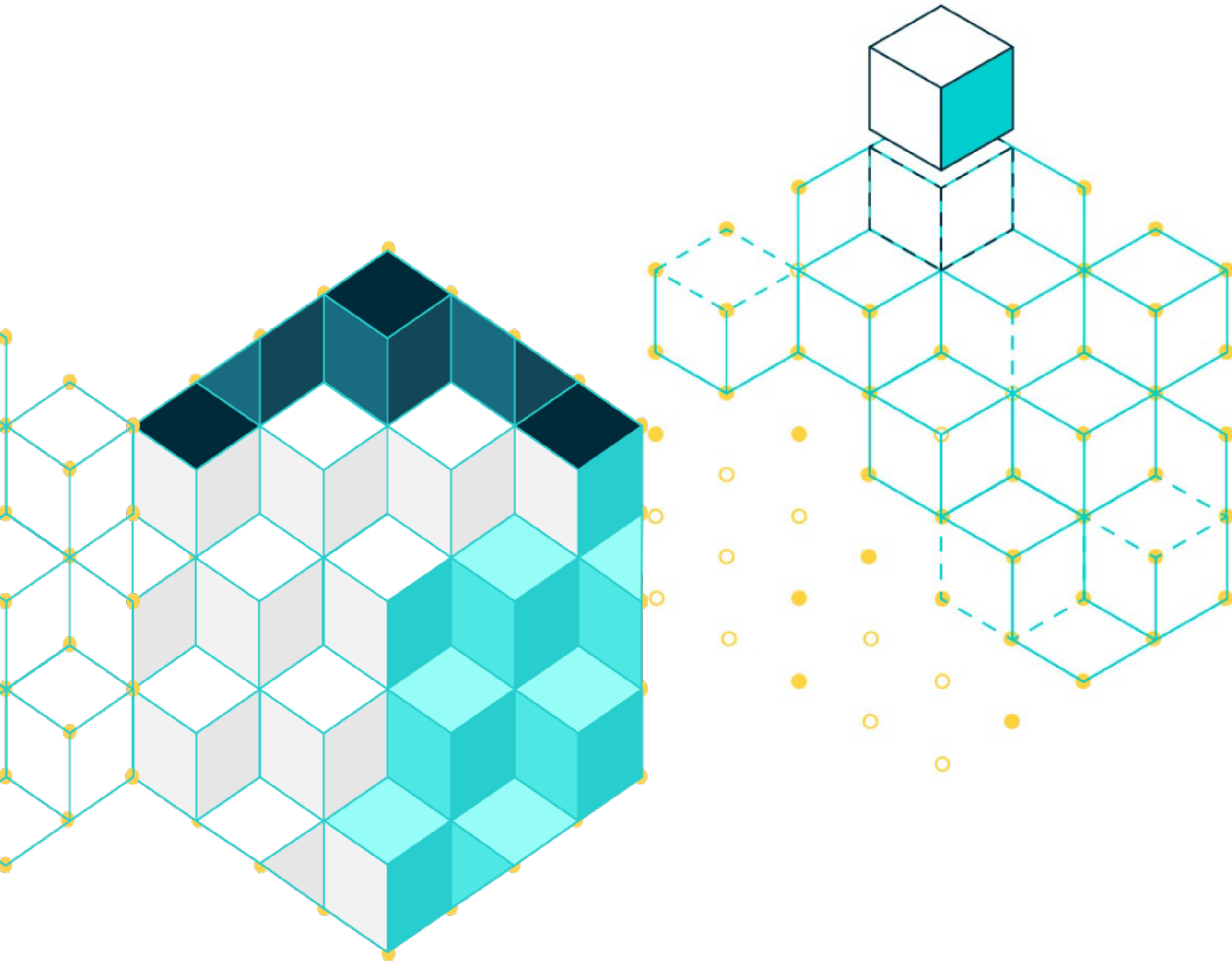
Courtesy Translation

ANNUAL REPORT

ENAPTER Group



2021

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.

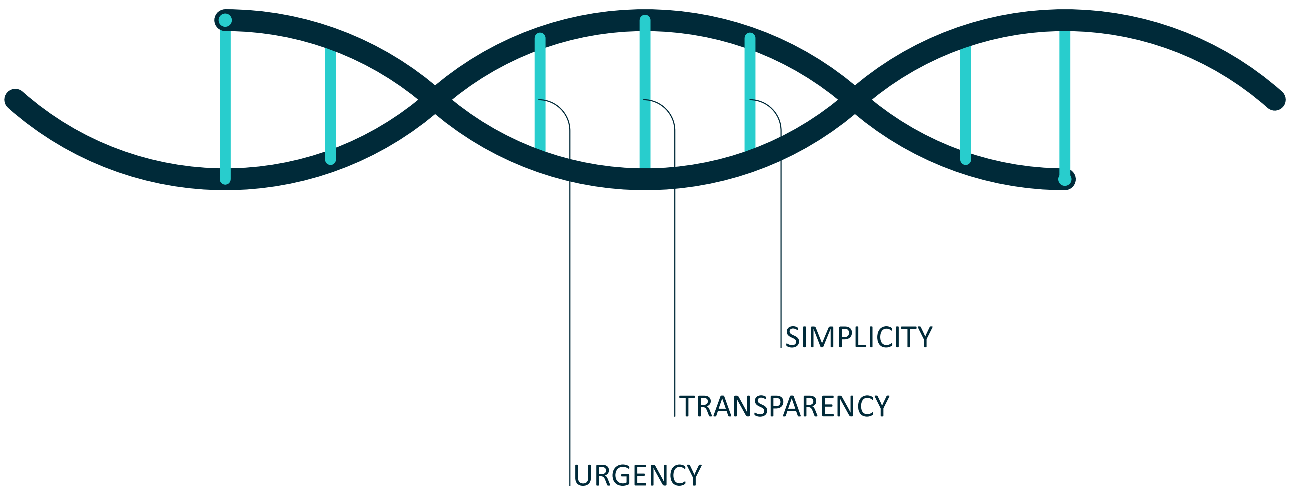
Based on our forecasts, we expect hydrogen from AEM electrolysers to be cheaper than fossil fuel use in the medium term.

Sebastian-Justus Schmidt founded Enapter with a small team in November 2017. 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, WKN A255G02, Bloomberg ticker H2O). Since our founding, we have made great strides in product development and have grown to over 200 employees by the turn of 2021.

The goal remains unchanged: to build affordable, scalable electrolysers through productisation and standardisation and to create a competitive alternative to fossil fuels in the medium term.

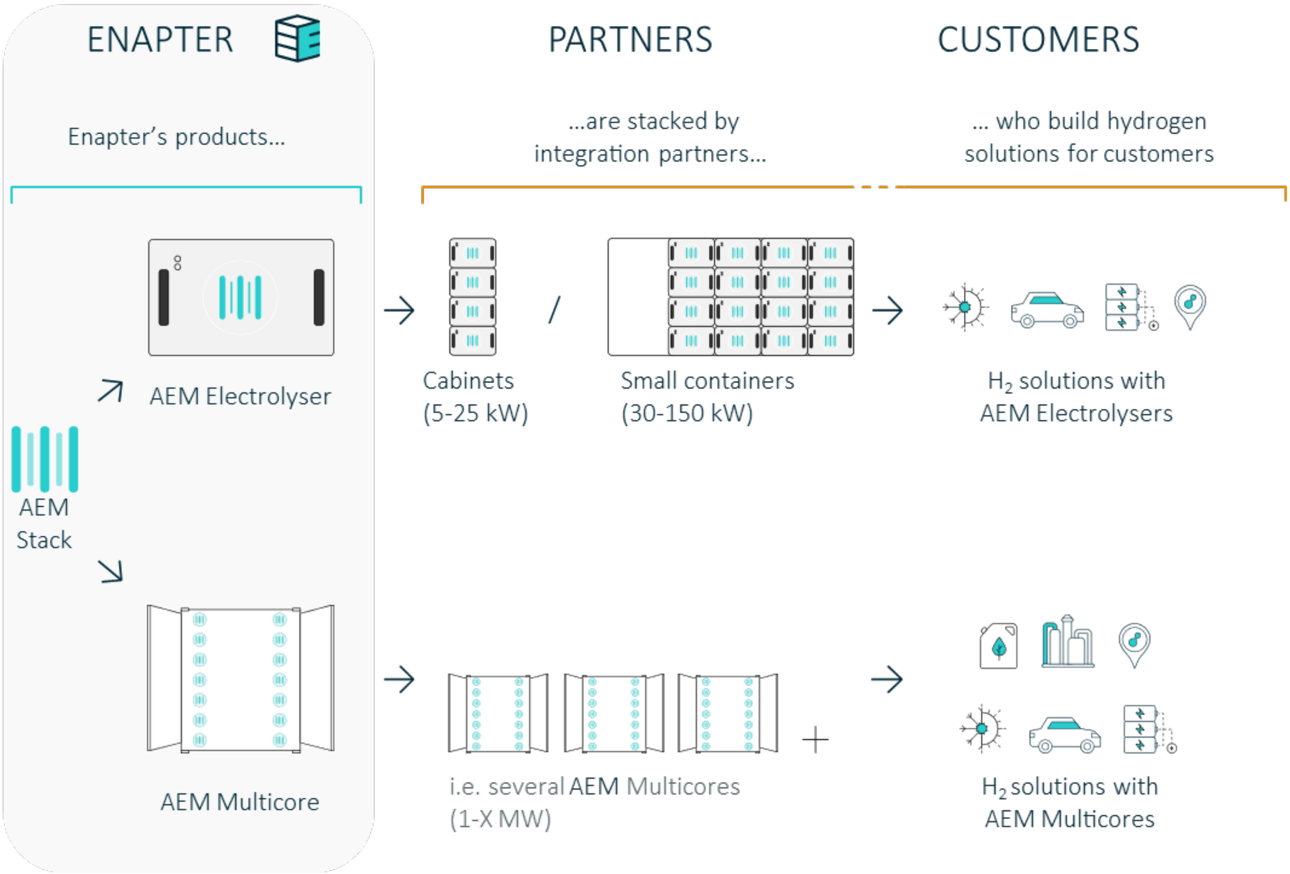
We have expanded our plant in Pisa/Italy in 2021. The next big step is the production scaling up to mass production of our AEM electrolysers at our site in Saerbeck/Germany.

Our DNA



Our approach

Our AEM electrolysers are flexible building blocks for green hydrogen energy projects: one electrolysis module, several modules stacked or scaled up to megawatts with the AEM Multicore.



Our intelligent energy management system toolkit turns the electrolysers into remotely controllable hardware-software hybrid systems. This allows energy generation, storage and transmission to be automated.

Our AEM electrolysers are used in a wide range of applications:
For power-to-heat and power-to-gas solutions, as electricity storage and in industry, but also in the mobility and research sectors.

Enapter focuses on the production of electrolysers. The smooth integration of a wide variety of hydrogen solutions is handled by our network of integration partners. Over 200 customers use our electrolysers in more than 40 countries.

The Enapter share

Information on the share	
ISIN	DE000A255G02
WKN	A255G02
Bloomberg Ticker	H2O
Shares issued	24.405.647
Stock exchange segment	Regulated Market /General Standard
Country	Germany
Sector	Cleantech
Subsector	Hydrogen

This report

This annual report contains the combined management report for the financial year 2021 and the consolidated financial statements as at 31 December 2021 of Enapter AG ("the Company") and its subsidiaries ("Enapter Group", "Enapter Group", "the Company" or "we").

In addition to information on the Enapter Group, the combined group management report also includes the management report of Enapter AG.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and applicable in the European Union (EU), as well as the supplementary provisions of commercial law applicable pursuant to Section 315e (1) of the German Commercial Code (HGB). The combined Group management report for the 2021 financial year and the consolidated financial statements as at 31 December 2021 were audited by MSW GmbH Wirtschaftsprüfungsgesellschaft, Berlin.

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

The corporate governance statement pursuant to § 289f and § 315d of the German Commercial Code (HGB) has been made publicly available on the company's website (https://enapterag.de/corporate-governance/).

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

Our sustainability report is available on the company's website in the "Investor Relations" section under "Sustainability Reports" (https://enapterag.de/nachhaltigkeitsberichte/). With this report, Enapter makes key figures from the area of environmental, social and governance (ESG) publicly available according to the standard and methodology of the Sustainability Accounting Standards Board (SASB). The report contains information on the results of the company's activities in the field of sustainability.

Enapter

Content

Foreword Sebastian-Justus Schmidt

Dear Ladies and Gentlemen,

Enapter AG can report on a successful development in the 2021 financial year. We have reached important milestones in our company history in the past year and set further strategic course for our long-term growth. Our turnover and annual result have developed as expected in 2021. As a pioneer in sustainable hydrogen electrolysers, our mission is to replace fossil fuels and drive the clean energy transition globally. With the help of our products, the cost of green hydrogen can be significantly reduced, thus contributing to the achievement of climate goals.

In September 2021, we broke ground for our Enapter Campus currently under construction in Saerbeck, North Rhine-Westphalia. Here, production facilities for the mass production of our AEM electrolysers, warehouses, offices and laboratories for research and development will be built on around 80,000 square metres. The campus will be powered entirely by renewable energy. The state of NRW began funding the construction of the machinery needed for mass production in 2021 with around 9.4 million euros. We also received grant commitments of around 7.2 million euros from the state development bank KfW for our Enapter Campus in 2021 and funding of 5.6 million euros from the Federal Ministry of Education and Research. Currently, our electrolysers are being mass produced in Pisa, Italy.

In order to lower the costs of green hydrogen, speed is needed above all in scaling up existing technologies. This is exactly what we are achieving with the automated mass production of our electrolysers. During the reporting period, we also started the development of the new AEM Multicore - an electrolyser in the megawatt class. This combines over 400 mass-produced core modules, so-called AEM stacks, into a complete system. The modules can produce about 450 kilogrammes of hydrogen per day, the energy equivalent of 9.5 barrels of crude oil. Only a few weeks after presenting our Multicore, we already received the first orders for our hydrogen power plant in the megawatt class in October 2021. Delivery to the customer Steinbeis Innovation Centre siz energie+ in Braunschweig is scheduled for summer 2023.

Our 2021 electrolyser received awards from various institutions around the world. In autumn, we won the prestigious Earthshot Prize donated by Prince William and the Royal Foundation in the category "Fix our Climate". We intend to use the prize money of 1 million pounds to build our mass production facility at the Enapter Campus and for research and development. We were also named a World Economic Forum Technology Pioneer and recognised as a driving force in the hydrogen industry.

In the 2021 financial year, we achieved a turnover of around 8.4 million euros, after around 2.1 million euros in the previous year. EBITDA in the reporting period was around -7.6 million euros as planned (previous year: around -2.9 million euros) and the consolidated result was around -8.7 million euros, compared to around -3.6 million euros previously.

In 2021, the company received gross proceeds from two capital increases totalling around 48 million euros. Our cash and cash equivalents at the end of 2021 amounted to approximately 19.6 million euros.

The year 2022 will be significantly marked by the construction of our campus in Saerbeck, investments in research and development and the market launch of the next generation of the AEM electrolyser. We are seeing a lot of interest in the market for our products, which are already being used by customers in almost 50 countries worldwide. Last but not least, we were recently named one of the most innovative companies in the energy sector by Fast Company - in March 2022 - which we were very pleased about.

We would like to thank our customers, business partners and investors for their trust and look forward to you continuing to accompany us on our journey. We would also like to thank our employees for their commitment and support.

Sincerely

Sebastian-Justus Schmidt

Report of the Supervisory Board

for the financial year from 1 January 2021 to 31 December 2021

The Supervisory Board of Enapter AG submits the following report to the Annual General Meeting pursuant to § 171 AktG regarding the financial year 2021

1. Introduction

The Supervisory Board of Enapter AG is pleased that, with the construction of the Enapter Campus in Saerbeck, the company is well on the way to benefiting from the increasing demand for hydrogen, preferably from renewable energies. The Supervisory Board supports the Executive Board in its plan to establish a mass production facility that will drastically reduce production costs through scaling, standardisation and automation, and in its efforts to continuously develop the company's products through its own research.

2. Members and meetings

In the 2021 financial year, the Supervisory Board of the Company consisted of Mr Armin Steiner (Chairman), Mr Oswald Werle (Deputy Chairman) and Mr Ragnar Kruse (Member).

The Supervisory Board held eleven meetings in the 2021 financial year, partly by telephone and partly as video conferences.

Due to the size of the Board, the Supervisory Board has dispensed with the formation of committees.

3. Report of the Supervisory Board on its activities

In the 2021 financial year, the Supervisory Board performed the duties and tasks incumbent upon it according to the law and the Articles of Association and dealt with the economic and financial situation of the company during the 2021 financial year. It also monitored and advised the Executive Board in its management of the company. In accordance with § 90 of the German Stock Corporation Act (AktG), the Executive Board regularly informed the Supervisory Board in a timely and comprehensive manner about the key aspects of the business development and the economic situation of the company.

The executive board has coordinated the strategic orientation of the company in the financial year 2021 with the supervisory board. The supervisory board was involved in all major decisions of fundamental importance for Enapter AG and passed the resolutions required by law and the articles of association.

The Supervisory Board paid particular attention to the following issues in the 2021 financial year:

- Achieving the planned production volumes and thus also the planned sales revenues
- Securing the financing of the Group through equity and debt capital
- Building up the further sales pipeline in order to also be able to achieve the ambitious goals of the medium-term planning
- Replacement of the position of Chief Financial Officer

- New construction of the plant in Saerbeck
- R&D, such as the further development of the multicore

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

Individual members of the Supervisory Board were also informed outside the Supervisory Board meetings in accordance with their respective special advisory expertise for Enapter AG and assisted the Executive Board in an advisory capacity.

In the 2021 financial year, the supervisory board has assured itself of the legality of the corporate governance at Enapter AG through discussions with the executive board and with the auditor. It has satisfied itself that the executive board, for its part, effectively monitors the correct conduct of Enapter AG's employees.

In the 2021 financial year, there was no reason for the supervisory board to exercise its right of inspection pursuant to § 111 para. 2 AktG, according to which the supervisory board may inspect and examine the books and records of the company as well as the assets, namely bank accounts and goods.

Due to new legal regulations, a process of monitoring the financial statements was established, which includes coordination/reporting on the progress of the audit activities between representatives of the Supervisory Board and the auditor during the audit of the annual financial statements.

Conflicts of interest of Executive Board and Supervisory Board members, which must be disclosed to the Supervisory Board without delay and about which the Annual General Meeting would have to be informed, did not occur in the reporting year 2021 either.

The Supervisory Board and the Executive Board last jointly issued a declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG) in February 2021, which was published on the company's website.

4. Board of Directors

Throughout the financial year 2021, Mr Sebastian-Justus Schmidt was a member of the Executive Board of Enapter AG.

By resolution of 03.05.2021, the Supervisory Board appointed Mr Gerrit Kaufhold as a further member of the Executive Board to replace Hansjoerg Plaggemars, who resigned on 31.05.2021. The Supervisory Board would like to thank Mr. Plaggemars for his work.

5. Annual and consolidated financial statements as at 31 December 2021 and combined management report

MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, audited the annual financial statements (HGB) prepared in accordance with commercial law, the consolidated financial statements (IFRS) prepared in accordance with the applicable regulations of the International Financial Reporting Standards (IFRS) as at 31 December 2021 and the combined management report for the financial year 2021 of Enapter

Enapter

AG. The auditor's opinion was issued without qualification. The audited annual financial statements, consolidated financial statements and combined management report as well as the audit reports were made available to the supervisory board. The supervisory board discussed the annual financial statements and the consolidated financial statements of Enapter AG as of 31 December 2021 and the combined management report for Enapter AG as well as the auditor's reports in detail with the executive board and the auditor at the balance sheet meeting and, based on the comprehensive information provided by the auditor and its own review, agrees with the audit results.

In the combined management report, the assessments made by the Executive Board for Enapter AG are consistent with the reports to the Supervisory Board during the year. Based on its own assessment of the situation of Enapter AG and its own forecast for the future development of Enapter AG, the supervisory board arrives at the same assessments. From the supervisory board's point of view, the management report paints a realistic picture of Enapter AG's situation and its prospects.

6. Dependency Report

Section 312 of the German Stock Corporation Act (AktG), the Executive Board has prepared a report on the company's relationships with affiliated companies for the financial year from 1 January 2021 to 31 December 2021 (dependency report).

The Company's auditor for the financial year ending 31 December 2021, MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, has audited the dependency report and issued an unqualified audit opinion. The audit opinion reads verbatim:

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

1. the factual statements in the report are correct; and
2. in the legal transactions listed in the report, the company's performance was not unreasonably high."

The dependency report and the related audit report of the auditor were forwarded to the Supervisory Board. The Supervisory Board has examined both reports and concurs with the results of the auditor's examination. The Supervisory Board has no objections.

7. Remuneration report

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

8. Final declaration

Following the final result of the Supervisory Board's review of the annual financial statements, the consolidated financial statements and the combined management report of Enapter AG as at 31 December 2021, the Supervisory Board has no objections to raise.

The annual financial statements of Enapter AG as at 31 December 2021, together with the combined management report, as prepared by the Executive Board and audited by MSW GmbH

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, and provided with an unqualified audit opinion, were approved by the Supervisory Board in its meeting on 28 April 2022 pursuant to Sections 171 (1), 172 AktG. The annual financial statements are thus adopted.

Also approved at the meeting on 28 April 2022 were the consolidated financial statements of Enapter AG as at 31 December 2021 together with the combined management report in the version prepared by the Executive Board and audited by MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, which was issued with an unqualified audit opinion.

According to the final result of the Supervisory Board's review of the dependency report, there are no objections to be raised against the declaration of the Executive Board at the end of the dependency report.

9. Acknowledgement

The Supervisory Board would like to thank the Executive Board and all employees for their extraordinary commitment to the Group in the past year. Important milestones were the approximately quadrupling of sales revenues, winning the prestigious Earth Shot Award in the category "Fix our Climate" and the continued successful securing of financing. In particular, the always tense delivery situation of, for example, electronic components due to the disruption of supply chains led to major challenges in production, which the entire management team and especially the team in Pisa were able to master with flying colours. Furthermore, the Supervisory Board would like to thank all customers, business partners and the shareholders for the trust they have placed in the company. The general conditions for the future economic development of the Group are excellent; the demand for green hydrogen and the associated equipment that produces it will hardly be saturated in the next few years. The challenge for Enapter will be to press ahead with the construction of the new plant for mass production in Saerbeck and thus to continue to significantly expand production and sales in general.

Berlin, 28 April 202

The Supervisory Board

gez. Armin Steiner

as Chairman of the Supervisory Board

for the Supervisory Board

Combined Management Report of Enapter AG and the Enapter Group

for the financial year from 1 January to 31 December 2021 of
Enapter AG, Heidelberg and the Enapter Group

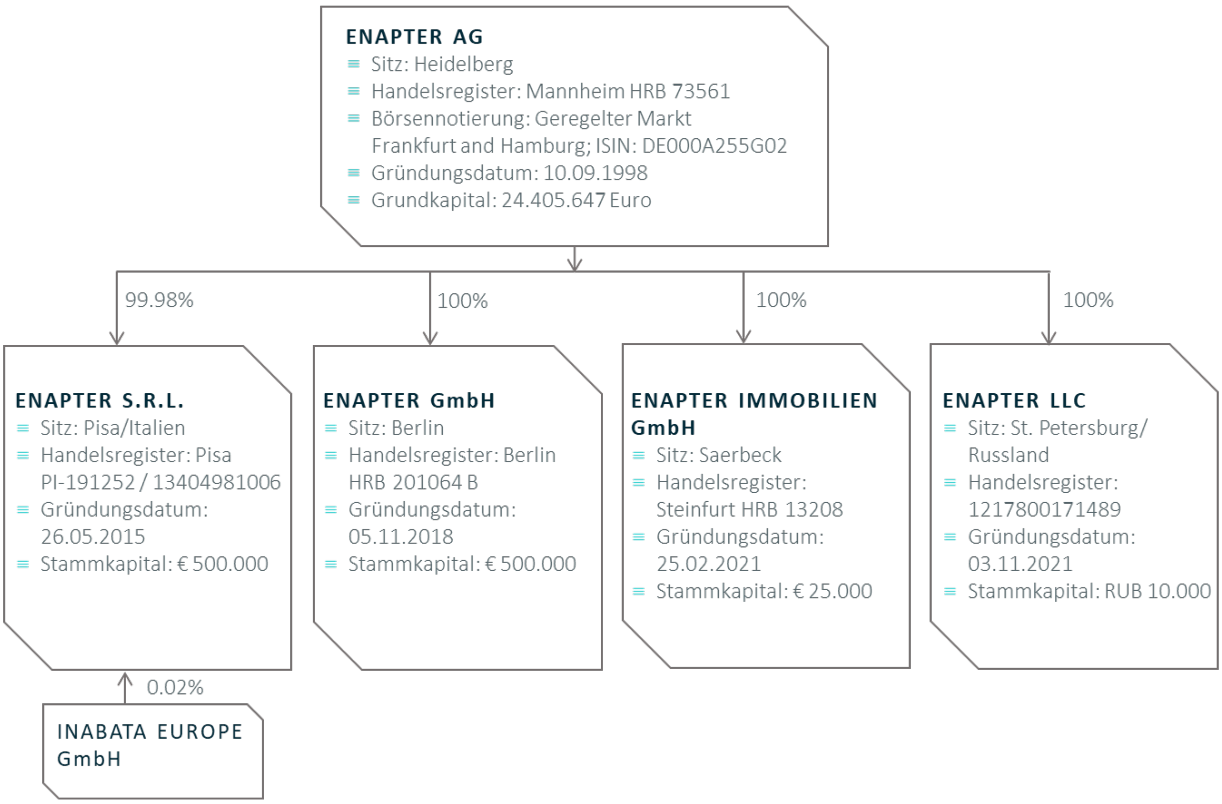
Fundamentals of the company and the group

Reporting company

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

As of 31 December 2021, Enapter AG has a share capital of EUR 24,405,647.00 with 24,405,647 no-par value bearer shares. The shares are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. The ISIN for the listed shares (International Securities Identification Number) is DE000A255G02, the WKN (securities identification number) is A255G0 and the stock exchange symbol is H2O.

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.



Distinction between parent company and group

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

Business activity

Enapter is active in the field of renewable energies with a focus on hydrogen/electrolysis. Specifically, the Enapter Group develops and manufactures hydrogen generators - electrolysers - based on a patented anion exchange membrane electrolysis (AEM electrolysis).

AEM electrolysis 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 in 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.

The production of the electrolyzers as well as research and development is currently carried out at the Pisa/Italy site at Enapter S.r.l.

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.

Research and development

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

The site in Pisa/Italy was extended in 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.

As of 31 December 2021, the Enapter Group employs a total of 83 (previous year: 44) people in research and development, including software development.

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

- a long-standing collaboration with the German Aerospace Centre (DLR). A new project proposal for the scaling and long-term characterisation of the Enapter electrolysers with the consortium partners DLR, Evonik, and EWE Gasspeicher was submitted to the Project Management Organisation 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.

Research and development expenses amount to EUR 3,709,000 in 2021 (previous year: EUR 2,435,000), or around 44% of sales revenues (previous year: 118%).

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 type of membrane 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 sales revenue, order backlog, EBITDA and liquidity development.

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

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

Business year

The 2021 financial year of Enapter AG began on 1 January 2021 and ended on 31 December 2021.

Accounting and auditing

Enapter AG prepares its consolidated financial statements in accordance with the applicable regulations of the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. The individual financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB).

For the financial year 2021, use was made of the option of a combined management report (hereinafter also referred to as "management report"). This management report combines the management report of Enapter AG and the group management report of the corporate group and was prepared in accordance with §§ 289, 289a, 289f, 315, 315a and 315d HGB.

The Annual General Meeting on 6 May 2021 elected MSW GmbH Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for the annual financial statements and the consolidated financial statements for the financial year 2021. There are no business, personal, financial or other relationships between the auditing company, its executive bodies and audit managers on the one hand and Enapter on the other hand that could give rise to doubts about the independence of the auditors. MSW GmbH Wirtschaftsprüfungsgesellschaft did not participate in the accounting or the preparation of the annual or consolidated financial statements of Enapter AG.

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

Rounding differences

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

Forward-looking statements

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

Economic conditions and business performance

Economic framework conditions

The Enapter Group generates its sales with customers 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 integrators and research and laboratory facilities, customers include a 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, fertiliser manufacturers, the steel and methanol industry, the animal 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 clear traces in almost all economic sectors in 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. Due to the almost parallel global course of the pandemic and comparable containment measures, the downturn was almost synchronous internationally. Government consumer spending had a stabilising effect during the Corona crisis, although not all sectors were able to benefit from it in the same way.

According to initial calculations by the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) in 2021 was 2.7 % higher than in 2020 (also adjusted for calendar effects)[1] . Despite the ongoing pandemic situation, the German economy was able to recover somewhat from the sharp slump in 2020. However, economic output has not yet returned to pre-crisis levels. The main reason for this is the massive slump these countries suffered in spring 2020. The majority of EU countries had increases, but they were below the EU average.[2]

Despite the increases in 2021, economic output in most economic sectors has not yet returned to the pre-crisis level. For example, economic output in the manufacturing sector in 2021 was still 6.0 % below the level of 2019[3] . Reasons for this were in particular also material and supply bottlenecks as well as a slowdown in economic momentum in many countries.

Material and supply bottlenecks also led to a significant increase in material procurement costs. In particular, monthly inflation rates increased in the second half of 2021. In addition to the base effect from the temporary reduction in VAT rates in the previous year, the cost of energy products was also responsible for the high inflation rate, particularly in December 2021. Energy prices rose by 18.3 per cent compared to the previous year. The CO2 price and the development of raw material costs also had an impact. Both heating

[1] https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/01/PD22_020_811.html

[2] The monthly "Konjunkturbulletin international" - vdma.org - VDMA

[3] https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/01/PD22_020_811.html

oil (+61.0 per cent) and fuels (+33.8 per cent) became more expensive compared to the previous year. In the same period, food prices rose by an above-average 6.0 per cent (November 2021: +4.5 per cent).4

In summary, supply chains remain tight and have been a major concern for industrial companies globally. The survey results show that shortages of inputs have led to a sharp increase in purchase prices.[5]

Market for green hydrogen

The market for green hydrogen is at the beginning of a rapid growth curve. The International Energy Agency (IEA)[6] 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%).

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 CO2-emitting, "grey" hydrogen with CO2-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.

The complete decarbonisation of the entire energy system requires a great deal of green hydrogen and the efforts to build a worldwide hydrogen infrastructure are immense. To this end, the German government has adopted a hydrogen strategy in the cabinet and is funding the development of the market with a total of EUR 9.0 billion.[7] Similar efforts are being made in other EU countries and outside the EU. In announcing its hydrogen strategy, the EU Commission proposed to promote the installation of at least 6 GW by 2024.

Business development

In 2021, the Enapter Group achieved sales of around EUR 8.4 million (previous year: EUR 2.1 million) with electrolysers and related components. Together with the change in inventories of work in progress and finished goods of around EUR 0.5 million, an operating performance of around EUR 9.0 million 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. Nevertheless, the planned sales revenues were essentially achieved. The expansion of production capacities at the Pisa site contributed to this in particular.

Enapter achieved an EBITDA of -7.6 million euros. This means that the development of earnings in 2021 was also in line with the company's own expectations. The order backlog at the end of 2021 was around 10.4

---

[4] https://www.destatis.de/EN/Press/2022/01/PE22_025_611.html

[5] The monthly "Konjunkturbulletin international" - vdma.org - VDMA

[6] IEA, "The Future of Hydrogen", 2019

[7] https://www.bmwi.de/Redaktion/DE/Publikationen/Energie/die-nationale-wasserstoffstrategie.html

million euros, of which around 8.1 million euros fell into the 2022 financial year and around 2.3 million euros into the 2023 financial year. Customer enquiries increased strongly in 2021, so that qualified customer enquiries of around 260 million euros had been formed by the beginning of 2022.

Major events

- Enapter Immobilien GmbH was founded in January 2021 and in February 2021 acquired the land in Saerbeck on which the Enapter Campus will be built, where mass production will start in 2023. The Enapter Campus enables the mass production of AEM electrolysers and is intended to serve as a blueprint for other production sites worldwide. The groundbreaking ceremony took place in Saerbeck on 14 September 2021. The electrolyser production, warehouses, offices and laboratories for research and development will be built on around 80,000 square metres by 2023.
- The share capital of Enapter AG was increased to 23,103,000.00 euros in March/April 2021 through the issue of 832,000 shares. The capital increase was entered in the commercial register of the Mannheim Local Court on 6 April 2021. With the implementation of the cash capital increase, Enapter AG received €17.8 million 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 managers 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 CO2 emissions generated during the production and lifetime of the electrolyser. Depending on which fossil fuels are replaced, up to 93% of CO2 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 this, Enapter GmbH will receive grants of 7.3 million euros in the years 2021 to 2023, 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 grants, Enapter GmbH will receive grants of around 3 million euros in the years 2021 to 2023 and around 2.6 million euros in the years 2024 to 2025.
- Upon application, Enapter Immobilien GmbH received two grant notices from KfW on 6 August 2021 for non-repayable grants totalling EUR 7.2 million based on the KfW BEG programme. The grant notices are based on applications submitted by Enapter Immobilien GmbH on 20 July 2021 for BEG non-residential building grant (463), which is granted for energy-efficient construction. The grants cover the first two construction phases of the Enapter Campus and will be paid out at the end of the construction project.
- The Enapter Group has started construction of its first mass production facility in Saerbeck in North Rhine-Westphalia (the so-called "Enapter Campus" consisting of a mass production facility with warehouses, a research and development centre and an administration building). Construction on the approximately 80,000 square metre site began with the "groundbreaking" in mid-September 2021. Completion is scheduled for the end of 2022 and the start of production in the second quarter of 2023.
- Enapter has won the 2021 Earthshot Prize, sponsored by Prince William and the Royal Foundation, in the Fix our Climate category. The Earthshot Prize is an unprecedented global search for inspiring and innovative solutions to address the major environmental challenges facing our planet. The aim of the prize is to mobilise collective action to support humanity's ability to innovate, problem solve and repair our planet. The prize money of one million pounds (about 1.2 million euros) will be used to build the mass production facility at the Enapter campus on the one hand, and for further investment in research and development on the other. The visibility of the Earthshot Prize also led to Enapter playing a prominent role at COP26, the world climate conference in Glasgow. Enapter Co-Founder Vaitea Cowan had the opportunity to present the AEM technology to multipliers such as Bill Gates and Michael Bloomberg. The Prime Minister of Great Britain, Boris Johnson, directly referred to the innovation of the AEM electrolyser in a speech broadcast on TV.
- Enapter GmbH received the first order for its new product, the AEM Multicore, in October 2021 via its sales and integration partner H2 Core Systems GmbH. Enapter is thus entering the market for large-scale plants for the production of hydrogen from renewable energy sources in the megawatt range on the basis of its modular and patented AEM technology.
- On 3 November 2021, Enapter LLC, St. Petersburg/Russia, a corporation under Russian law as a wholly owned subsidiary of Enapter AG, was established.
- The share capital of Enapter AG was increased to 24,405,647 euros in October/November 2021 through the issue of 1,304,347 shares. The capital increase was entered in the commercial register

of the Mannheim Local Court on 9 November 2021. With the implementation of the cash capital increase, Enapter AG received €28.3 million in cash and cash equivalents after deduction of the costs of raising the capital.

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

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 electrolysers and related products and related software and control systems.

Today's operational business currently takes place at the Enapter S.r.l. site in Pisa, Italy. There, manual series production was further expanded so that in the second half of 2021, production could also be carried out in shift operation if required.

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.

Earnings situation

Earnings situation in TEUR[8]	1.1.-31.12. 2020	+/-	1.1.-31.12. 2021
Revenues	2.070	6.372	8.442
Increase in turnover in %		*308%*	
Change in inventory	242	299	540
Operating performance	**2.312**	**6.671**	**8.982**
Increase in operating performance in %		*289%*	
Cost of materials	- 2.320	- 5.554	- 7.874
Cost of materials in % of operating performance	*- 100%*		*- 88%*
Gross profit	**- 8**	1.117	**1.109**
Gross profit margin	*0%*		*12%*
Own work capitalised	2.208	1.122	3.330
Other operating income	605	761	1.367
Personnel expenses	- 3.356	- 4.240	- 7.596
Personnel expenses in % of operating performance	*- 145%*		*- 85%*
Other operating expenses	- 2.369	- 3.459	- 5.828
Operating expenses in % of operating performance	*- 102%*		*- 65%*
EBITDA	**- 2.920**	- 4.699	**- 7.619**
EBITDA margin	*- 126%*		*-85%*

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

Depreciation	- 625	- 378	- 1.002
Depreciation in % of operating performance	*- 27%*		*- 11%*
EBIT	**- 3.545**	- 5.076	**- 8.621**
EBIT Margin	*- 153%*		*- 96%*
Financial result	- 21	- 67	- 88
Income taxes	- 3	11	8
Group result	**- 3.569**	- 5.133	**- 8.702**
Result margin	*- 154%*		*- 97%*

In 2021, the Enapter Group achieved a turnover of EUR 8,442,000 with electrolysers and related components, of which EUR 4,330,000 (51%) was with customers in Germany, EUR 1,350,000 (16%) in the rest of the European Union and EUR 2,762,000 (33%) with customers in the rest of the world, thus achieving about four times the turnover of the entire previous 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 KEUR 6,671 compared to the previous period to KEUR 8,982.

The increase in the cost of materials from KEUR 2,320 to KEUR 7,874 is due to the increase in production. The cost of materials ratio improved in comparison to the previous period, but here too the Corona pandemic meant that not all components were available in the required time and quality on the procurement side, so that alternative suppliers had to be used.

The other own work capitalised relates to development costs for intangible assets, which were capitalised in the amount of KEUR 3,330 in the reporting year. The additions in 2021 mainly relate to development costs for ongoing internal projects in product development that will be completed in subsequent years and then amortised on a scheduled basis 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 electrolysers in Germany at the Saerbeck site ("Enapter Campus"). As of the balance sheet date 31 December 2021, 189 people (31.12.2020: 100) are employed in the Enapter Group, of which 83 are in R&D, 68 in production and 38 in administration, sales and business development.

Other operating expenses of EUR 5,828,000 in 2021 (previous period: EUR 2,369,000) consist mainly of software development and management services of related parties (EUR 1,807,000), expenses for other external service providers (EUR 789,000), sales and marketing costs (EUR 517,000), legal, consulting and audit costs (EUR 500,000), and software licences (EUR 1,832,000).807,000), expenses for other external service providers (789,000), sales, distribution and marketing costs (517,000), legal, consulting and auditing costs (500,000), software licences (332,000), capital market costs (321,000), operating supplies (155,000), insurance, contributions and fees (169,000), costs for the advisory board (144,000) and ancillary rental and service costs (122,000).

Consolidated EBITDA amounted to TEUR - 7,619 for 2021 (previous period: TEUR - 2,920), while the consolidated result amounted to TEUR - 8,702 (previous period: TEUR - 3,569), which is within the expected range.

Net worth

in TEUR	31.12.2020	+/- in EUR	+/- in %	31.12.2021
Net worth				
Current assets	6.633	23.286	351%	29.919
in % of balance sheet total	*46%*			*48%*
Bank balances	4.248	15.356	361%	19.604
Inventories	1.300	2.304	177%	3.604
Trade receivables	184	2.454	1333%	2.638
Other current assets	901	3.172	352%	4.073
Non-current assets	**7.917**	**24.305**	**307%**	**32.222**
in % of balance sheet total	*54%*			*52%*
Property, plant and equipment	2.870	21.115	736%	23.985
Intangible assets	3.977	3.133	79%	7.110
Other non-current assets	1.070	56	5%	1.127
Total assets	**14.550**	**47.591**	**327%**	**62.141**

The Group's net assets show non-current assets, in particular intangible assets, property, plant and equipment and rights of use, which increased by EUR 24,305,000 from EUR 7,917,000 to EUR 32,222,000 compared to 31 December 2020, and current assets, in particular bank balances and inventories, which increased by EUR 23,286,000 from EUR 6,633,000 to EUR 29,919,000 compared to the previous year.

The additions to intangible assets mainly result from the capitalisation of development costs for existing and new projects. Additions to property, plant and equipment consist of investments in land and buildings (KEUR 3,390), plant and machinery (KEUR 1,097), office furniture and equipment (KEUR 436) and advance payments and assets under construction for the expansion of production in Italy (KEUR 330) and advance payments for the planned construction of the production facility in Saerbeck (KEUR 16,317) less depreciation and transfers.

Current assets consist primarily of bank balances, which increased from EUR 4,248,000 in the previous year to EUR 19,604,000 in 2020, mainly due to the cash capital increase in autumn 2021. Other current assets include inventories of EUR 3,604,000 (31.12.2020: EUR 1,300,000) and other assets and trade receivables of EUR 6,711,000 (31.12.2020: EUR 1,085,000).

Financial position

In TEUR	31.12.2020	+/- in EUR	+/- in %	31.12.2021
Financial position				
Current liabilities	**4.452**	**5.945**	**134%**	**10.397**
in % of balance sheet total	*31%*			*17%*
Liabilities from deliveries and services	947	5.440	574%	6.387
Current financial liabilities	1.524	- 184	- 12%	1.340
Short-term provisions	239	277	116%	516
Other current liabilities and accrued expenses	1.742	412	24%	2.154
Long-term debt	**1.353**	**3.871**	**286%**	**5.224**
in % of balance sheet total	*9%*			*8%*
Non-current financial liabilities	589	2.695	458%	3.284
Non-current provisions	278	234	84%	512
Accruals and deferrals	486	942	194%	1.428
Equity	**8.745**	**37.775**	**432%**	**46.520**
in % of balance sheet total	*60%*			*75%*
Total equity and liabilities	**14.550**	**47.591**	**327%**	**62.141**

The share capital of Enapter AG increased from TEUR 22,270 by TEUR 2,136 to TEUR 24,406 in the reporting year in the course of the cash capital increases. With the implementation of the cash capital increase, Enapter AG received EUR 46,067,000 in cash and cash equivalents after deduction of the costs of raising the capital.

The capital reserve as at 31 December 2021 amounts to EUR 37,615,000, the increase in which is attributable to the capital increases carried out; the revenue reserves and other reserves amount to EUR - 15,501,000 as at 31 December 2021. The equity ratio as at 31 December 2021 is 75% (31.12.2020: 60%).

Non-current liabilities increased by EUR 3,871,000 from EUR 1,353,000 as at 31 December 2020 to EUR 5,224,000, mainly due to two loans of nominally EUR 2,500,000 and EUR 600,000 received during the reporting period. The financial liabilities shown above also include leasing liabilities of TEUR 575 (long-term) and TEUR 155 (short-term).

The increase in trade payables from EUR 947,000 to EUR 6,387,000 is mainly due to services used for the construction of the Enapter Campus in Saerbeck.

Deferred income (current and non-current) includes grants for completed R&D projects that receive government funding in Italy. Deferred income totalling TEUR 1,548 (PY TEUR 707) mainly includes R&D grants deferred into the future; these will be released over the expected useful life of the capitalised asset when the project to which it relates will be completed. Of these, KEUR 119 have a term of up to one year and KEUR 1,428 have a term of more than one year.

Other liabilities include advance payments received from customers in the amount of TEUR 985 (31.12.2020: TEUR 755). The relatively high advance payments received also result from the order conditions, which generally provide for a 60% advance payment after order confirmation and a 40% advance payment before delivery/shipment.

At the beginning of the financial year, the Group's equity amounted to TEUR 8,745. Mainly due to the cash capital increase, reduced by the net loss for the period of TEUR -8,702, equity increased by TEUR 37,775 to TEUR 46,520.

The balance sheet total according to IFRS has increased from TEUR 14,550 as at 31 December 2020 to TEUR 62,141 as at 31 December 2021.

Cash flow

CASH FLOW IN TEUR	1.1.-31.12. 2020	+/- in EUR	1.1.-31.12. 2021
Cash flow from operating activities	- 2.137	-5.860	-7.997
Cash flow from investing activities	- 3.788	- 21.276	-25.064
Cash flow from financing activities	8.819	39.598	48.417
Change in cash and cash equivalents	2.894	12.462	15.356
Cash and cash equivalents at the beginning of the period	1.354	2.894	4.248
Cash and cash equivalents at the end of the period	4.248	15.356	19.604

The cash flow from operating activities decreased from TEUR -2,137 to TEUR -7,997, mainly due to the lower annual result.

Cash flow from investing activities amounts to TEUR - 25,064 and consists mainly of capitalised development costs for intangible assets and patents of TEUR - 3,483 and investments in property, plant and equipment of TEUR - 21,570.

The cash flow from financing activities in the financial year amounts to TEUR 48,417 and consists mainly of inflows from the cash capital increases of TEUR 48,304 less costs of raising capital of TEUR -2,237, inflows and borrowings of TEUR 3,075, repayments of financial liabilities of TEUR - 612 and other transactions totalling TEUR -113.

Overall statement on economic development

Revenues increased by EUR 6.2 million from approximately EUR 2.1 million in 2021 to approximately EUR 8.4 million in 2021. Enapter achieved an EBITDA of -7.6 million euros. This means that the earnings development in 2021 was also in line with our own expectations. During the financial year, we were also affected by the continuing spread of the COVID 19 pandemic, so that not all existing orders could be delivered on time, which led to a change in inventories of work in progress and finished goods of around EUR 0.5 million. Including this change in inventory, an operating performance of around EUR 9.0 million was achieved in 2021.

The existing production capacities at the Pisa site were further expanded. Construction of the Enapter Campus in Saerbeck was started in 2021.

As of 31 December 2021, Enapter has equity of around EUR 46.5 million (previous year: EUR 8.7 million), which corresponds to an equity ratio of around 75% as of the balance sheet date (previous year: 60%). This means that the non-current assets (52% of total assets) are covered by equity as of 31 December 2021.

Notes to the financial statements of Enapter AG (Holding)

Earnings situation in TEUR	1.1.-31.12. 2020	+/- in EUR	1.1.-31.12. 2021
Revenues	0	116	116
Other operating income	141	152	294
Personnel expenses	- 69	- 191	- 260
Other operating expenses	- 916	- 4.259	- 5.175
EBITDA	- 843	- 4.182	- 5.025
Depreciation	0	- 2	- 2
Financial result	1	- 17	- 16
Income taxes	0	4	4
Annual result	**- 842**	**- 4.197**	**- 5.039**

The revenues from the licensing of the electrolyser software (EUR 116,000) result from the onward invoicing to the Italian subsidiary.

Other operating income consists mainly of income from the first tranche of the Earthshot prize (EUR 293,000).

Personnel expenses of EUR 260,000 (previous year: EUR 69,000) increased in particular due to new hires in 2021, but are also only comparable with the previous year to a limited extent, as the company's operating activities began in the autumn of the previous year.

Other operating expenses of EUR 5,175,000 (previous year: EUR 916,000) result mainly from the costs of raising equity (EUR 2,237,000; previous year: EUR 74,000), licence fees for the electrolyser software (EUR 1,050,000; previous year: EUR 170,000), the stock exchange listing and other capital market costs (EUR 321,000; previous year: EUR 200,000), management compensation to the main shareholder BluGreen Ltd. (TEUR 418; previous year: TEUR 105), services provided by the related company Enapter Co. Ltd. (TEUR 339; previous year: TEUR 91), accounting, financial statement and auditing costs (TEUR 152; previous year: TEUR 77), insurance and contributions (TEUR 145), legal and consulting costs (TEUR 138; previous year: TEUR 104), costs for the Enapter Advisory Board (TEUR 144: previous year: TEUR 36) and Supervisory Board (TEUR 54; previous year: TEUR 4), expenses from currency translation (TEUR 10: previous year TEUR 0) and other operating expenses (TEUR 166; previous year: TEUR 55).

In the financial year 2021, Enapter AG generated a net loss according to HGB of TEUR 5,039 (previous year: net loss of TEUR 842).

Net assets in TEUR	31.12.2020	+/- in EUR	**+/- in %**	31.12.2021
Assets				

Fixed assets				
Property, plant and equipment	3	2	67%	5
Financial assets	122.980	38.095	31%	161.075
Total fixed assets	**122.983**	**38.097**	**31%**	**161.080**
in % of balance sheet total	*97%*			*95%*
Current assets				
Receivables and other assets	80	1.336	1670%	1.416
Bank balances	3.729	3.872	104%	7.601
Total current assets	**3.809**	**5.208**	**137%**	**9.017**
in % of balance sheet total	*3%*			*5%*
Total assets	**126.792**	**43.305**	**34%**	**170.097**
Capital				
Equity				
Subscribed capital	22.269	2.137	10%	24.406
Reserves	105.287	46.168	44%	151.455
Accumulated loss	- 1.210	- 5.039	416%	- 6.249
Total equity	**126.346**	**43.266**	**34%**	**169.612**
in % of balance sheet total	*100%*			*100%*
Provisions	171	101		272
Liabilities	275	- 63		212
Total capital	**126.792**	**43.305**	**34%**	**170.097**

The assets position mainly shows financial assets amounting to TEUR 161,075. The shares in affiliated companies are reported under financial assets:

- Enapter GmbH (registered in the Commercial Register of the Local Court of Berlin (Charlottenburg) under HRB 201064, Reinhardtstraße 35, 10117 Berlin), shares 1 to 25,000 in Enapter GmbH, conveying a 100% interest in Enapter GmbH.
- Enapter S.r.l. (registered with the Chamber of Commerce of Pisa, VAT n.13404981006, registered office: Via di Lavoria 56G, 56042 Crespina Lorenzana (PI), Italy), shares with a nominal value of EUR 499,900.00 in Enapter S.r.l., conveying a 99.98% shareholding in Enapter S.r.l..
- Enapter Immobilien GmbH (since 25 February 2021 registered in the Commercial Register of the Local Court of Steinfurt under HRB 13208, business address: Reinhardtstraße 35, 10117 Berlin), shares 1 to 25,000 in Enapter Immobilen GmbH, conveying a 100% interest in Enapter Immobilien GmbH.

In the financial year, Enapter AG made payments into the capital reserves of Enapter S.r.l. totalling TEUR 15,350 (previous year TEUR 2,980). EUR 2,500k was paid into the capital reserves of Enapter GmbH. Payments amounting to TEUR 20,220 were made into the capital reserves of Enapter Immobilien GmbH.

Not yet included in the shares in affiliated companies as at 31 December 2021 are the shares in Enapter LLC, St. Petersburg (registered with the St. Petersburg Chamber of Commerce, n.1217800171489, registered office: St. Petersburg, Russia), shares in the nominal amount of RUB 10,000 (approx. EUR 117) in Enapter LLC, which convey a 100% interest in Enapter LLC, since the company was founded on 3 November 2021, but the capital contribution was not paid in until January 2022.

Another significant component of Enapter AG's assets is the bank balance, which has increased from TEUR 3,729 to TEUR 7,601 compared to the previous year due to the capital increases.

The subscribed capital of Enapter AG amounts to EUR 24,405,647 ,00 (previous year: EUR 22,269,300) as of 31 December 2021 after the implementation of the capital increases described below.

By resolutions of 16 February 2021 (resolution on the utilisation of the Authorised Capital 2020) and on 17 March 2021 (resolution on the determination of the volume of the capital increase from the Authorised Capital 2020), the Executive Board of the Company, with the consent of the Supervisory Board of 16 February 2021, had resolved a further capital increase of EUR 832,000.00 to EUR 23,101,300.00 from the Authorised Capital 2020, the implementation of which was entered in the Commercial Register of the Company on 6 April 2021.

The Executive Board had resolved on 28/29 October 2021, with the approval of the Supervisory Board on 28 October 2021, to increase the share capital of the Company by EUR 1,304,347.00 by issuing 1,304,347 new no-par value bearer shares, each with a notional interest in the share capital of the Company of EUR 1.00 ("New Shares"). The New Shares shall carry full dividend rights from 1 January 2021. Each New Share grants one vote at the General Meeting. They shall participate in any liquidation proceeds in proportion to their arithmetical share in the share capital. The New Shares will be issued against cash contribution at an issue price of EUR 1.00 per New Share. The subscription price is EUR 23.00 per New Share. The increase of the share capital was entered in the commercial register of the Company on 9 November 2021 and accordingly now amounts to EUR 24,405,647.00.

The capital reserve amounts to EUR 151,455,112 as at 31 December 2021 (previous year: EUR 105,287,478) and developed as follows during the financial year:

	in TEUR
Status as of 1 January 2021	105.287
Premium from the capital increase of 6.4.2021	17.472
Premium from the capital increase of 9.11.2021	28.696
Status as at 31 December 2021	151.455

As at 31 December 2021, the following accumulated deficit results:

	in TEUR
Accumulated loss as at 1 January 2021	- 1.210
Net loss for the year	- 5.039
Accumulated loss as at 31 December 2021	- 6.249

Taking into account the subscribed capital, the capital reserve and the accumulated deficit, there is positive equity of TEUR 169,612 (previous year: TEUR 126,347) as of the balance sheet date, which corresponds to an equity ratio of almost 100%.

Other provisions increased by EUR 101,000 from EUR 171,000 to EUR 272,000 in the financial year and mainly consist of provisions for annual financial statement and audit costs in the amount of EUR 128,000.

Trade payables amounting to TEUR 197 (previous year TEUR 119) have a remaining term of up to one year and are not secured.

Liabilities to affiliated companies include trade payables of KEUR 5 (previous year KEUR 35). The liabilities to affiliated companies are due to Enapter LLC, Russia, from a service contract. The liabilities have a remaining term of up to one year.

Other liabilities amounting to TEUR 11 (previous year TEUR 120) consist mainly of liabilities for wage and church tax (TEUR 9).

Total assets increased from EUR 126,792,000 as at 31 December 2020 to EUR 170,097,000 as at 31 December 2021, primarily due to the capital increases carried out.

Financial position

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

Report on material risks and opportunities

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

Systematic and efficient risk management is a dynamic and constantly evolving task for the Executive Board of Enapter AG. Due to the change in focus from an associated company to an operating group of companies, the risks were also newly determined and evaluated. In the following, the main risk positions are documented and the main features of the accounting-related internal control system and risk management system are presented.

In this context, the Enapter understands the accounting-related internal control system as the principles, procedures and measures to ensure the effectiveness and efficiency of accounting, to ensure the correctness of bookkeeping and to ensure compliance with the relevant legal regulations. The individual components of the risk management system are described in more detail below.

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

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

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

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

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

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

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

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

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

Erwartete Auswirkung in T€	Grad der Auswirkung
T€ 0 bis T€ 250	Niedrig
T€ 250 bis T€ 1.000	Moderat
T€ 1.000 bis T€ 5.000	Wesentlich
> T€ 5.000	Gravierend

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

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

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

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

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

The supervisory board receives all relevant (interim) financial statements at the draft stage for its information and as a basis for its audit activities. In addition, the supervisory board generally receives monthly reports and, at the discretion of the executive board or at the request of the supervisory board, reports tailored to its information needs, in which the integrated planning account, including the liquidity situation and planning, is presented at the level of the individual companies and in a consolidated group view according to IFRS.

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

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

Sales and market-related risks

The Enapter Group is active 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 electrolysers is currently very high. This shows that the market acceptance of our electrolysers 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 electrolysers.

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.

Enapter is currently experiencing very high demand, even beyond the forecast period of 2022. Due to the existing order backlog and the expected incoming orders from the sales pipeline with expressions of interest from potential customers, we generally assess the sales and market-related risks as moderate until the end of 2022. Regarding the uncertainties caused by the Russia-Ukraine war since February 2022 with regard to our market expectations, we refer below to the special "Risks due to armed conflicts, especially the Ukraine war".

Risks in procurement and production

Mass production could encounter technical implementation problems, as mass production of the electrolysers 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.

Here, too, we refer to the uncertainties caused by the Russia-Ukraine war described below.

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 from armed conflicts, especially the war in Ukraine

The war is a tragedy for the people, especially in Ukraine.

We are required by law to report on the uncertainties surrounding the economic impact of the war on the Company and the Enapter Group.

The invasion of sovereign Ukraine by Russian forces on 24.02.2022 represents a drastic event that will also leave clear traces in the global economy and thus in corporate accounting. The reactions were immediately noticeable on the goods and financial markets, and the democratic states united in imposing harsh sanctions against Russia. The consequences for Russia, but also for the imposing states, are already immediately apparent, but will also have considerable consequences for the global economy in the long term. At present, it is hardly possible to make statements on the temporal extension of the crisis, which may also be exacerbated by further actions on the part of Russia.

Of the total of 35 software developers in the Enapter Group, 29 employees work in St. Petersburg. A large number of these employees have left Russia. The employees continue to work for the Enapter Group at different locations. In our opinion, this does not currently pose a significant economic risk for the Enapter Group and thus for the company, but it could become a high risk if the war continues, especially due to the indirect consequences of the war described below.

Significant risks affect the real economy, e.g. from its supply chains (especially with regard to energy demand), on its sales markets, with regard to the supply of credit by banks or from cyber attacks. The indirect consequences of the war can lead to business disruptions and interruptions, declines in demand, delivery failures and / or increases in costs. In particular, there is a risk that existing supply chains will be interrupted. We and some of the Enapter Group's customers / suppliers have already experienced delays in internal processes.

Enapter AG and its subsidiaries have a strict policy to comply with such sanctions. To this end, an internal compliance check has been set up before taking on customers or other contractual partners. It cannot be ruled out that Russia will take countermeasures to the sanctions imposed by the EU, the US and the UK, which could lead to further restrictions on the exchange of goods and services as well as capital movements and even to the nationalisation of Enapter LLC.

The effects of the armed conflicts on the overall economic development, international trade and transport as well as on the financial and goods markets and thus for our business development cannot be assessed conclusively and appropriately by us; the continuation of the war or even an escalation of the conflict will probably have a significant negative impact on our business activity.

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.

The Enapter Group has begun construction of its first mass production facility in Saerbeck in North Rhine-Westphalia (the so-called "Enapter Campus" consisting of a mass production facility with warehouses, a research and development centre and an administration building). Construction on the approximately eighty thousand square metre site began with a "ground-breaking ceremony" in mid-September 2021. The campus is scheduled for completion by the end of 2022. The first deliveries from the site to customers are scheduled for 2023.

In parallel, Enapter continues to produce electrolysers in series production at the Italian site and continues to invest heavily in research and development.

The financing of the group, in particular the Enapter campus in Saerbeck, is to be carried out with equity, subsidies and debt capital.

For the financing of the Enapter Group, primarily Enapter S.r.l. and planning and construction services of the Enapter Campus, a capital increase with a gross issue volume of EUR 18.3 million was carried out in March 2021 and another capital increase with a gross issue volume of EUR 30 million was carried out in October/November 2021 for the initial financing of the construction services in connection with the Enapter Campus and for the financing of working capital.

The financing for the Enapter Campus and for the working capital until 2023 includes subsidies of around EUR 20.4 million out of the total of around EUR 25.9 million already approved by the project sponsors:

On 5 August 2020, Enapter GmbH submitted an application to the Project Management Organisation Jülich (part of the Forschungszentrum Jülich GmbH and responsible for processing and granting funding from the Federal Ministry for Economic Affairs and Energy) for a federal grant on a cost basis of EUR 0.8 million for the joint project Alkaline Electrolysis (ALELY), sub-project: Development of a new stack and system design for the production of an improved and enlarged AEM electrolyser prototype. The funds are to be made available in the planning period from 1 February 2021 to 31 January 2024. The federal grant in the amount of EUR 0.7 million was awarded in the grant decision of 30 August 2021.

On 22 February 2021, Enapter GmbH submitted an application to the project management organisation Jülich for funding of EUR 6.4 million for the project Development, design and construction of the first AEM electrolyser in the megawatt class, the AEM Multicore, under the funding measure Basic Energy Research in the funding area Call for Ideas Competition Hydrogen Republic of Germany - Lead Projects on Green Hydrogen. In response to this application, project funding was granted in the amount of 60% of the actual costs incurred, up to a maximum of EUR 5.6 million, in a funding decision dated 5 July 2021. The actual amount of the grant will only be determined in the final decision after the proof of use to be submitted has been reviewed and is subject to change until then.

Enapter GmbH also submitted a further application of EUR 10,094,314.00 to the project management organisation Jülich on 22 February 2021 for the project Innovative Development of Machine Blueprints for AEM Mass Production for the implementation period 1 April 2021 to 31 March 2025. In this project, the necessary automation elements for the mass production of the AEM electrolyser are to be developed, tested and implemented in order to realise the cost reduction potential of the AEM technology in practice, according to the Enapter Group. In response to this application, project funding amounting to 50% of the total eligible expenditure of EUR 18.7 million was granted in the form of a grant or allocation in the form of a funding decision dated 11 June 2021, i.e. up to a maximum amount of EUR 9.4 million. The grant is valid for the period from 2021 to the end of 2025 (approval period).

Upon application, Enapter Immobilien GmbH received two grant notices from KfW on 6 August 2021 for non-repayable grants totalling EUR 7.2 million on the basis of the KfW-BEG programme. On 14 February 2022, a further three grant notifications totalling EUR 2.8 million were issued on the basis of the KfW-BEG Programme. The grant notifications are based on applications submitted by Enapter Immobilien GmbH on 20 July 2021 and 28 December 2021 for BEG non-residential building grant (463), which is granted for energy-efficient construction. The grants cover the first two construction phases of the Enapter Campus (decision dated 06 August 2021) and construction phases three and four of the Enapter Campus (decision dated 14 February 2022) and are paid out at the end of the construction measure.

On 21 December 2021, Enapter GmbH applied to the project management organisation Jülich for an application in the amount of EUR 0.3 million for the project "Life Cycle Impact Zero". The application was approved on 14 April 2022.

The land for the Enapter Campus in Saerbeck was already acquired in spring 2021 from the company's own funds (purchase price EUR 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, general planning contracts and a general contractor agreement were concluded with Goldbeck in 2021. With the conclusion of 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, especially due to sharply rising building materials and a shortage of subcontractors carrying out construction work, are minimised.

Around EUR 28 million was paid for the Enapter campus from own funds by mid-April 2022.

In total, after the payments made from own funds and the subsidies, there is a further financing requirement for the Enapter Campus and for working capital - as of mid-April 2022 - of around EUR 76 million.

At the beginning of April 2022, a capital increase with gross proceeds of EUR 30 million was placed. Against this background, the Executive Board, with the approval of the Supervisory Board, decided to increase the capital by an amount of at least EUR 1,578,948.00 and up to EUR 6,315,789.00 by issuing at least 1,578,948 and up to 6,315,789 new shares from the authorised capital while granting subscription rights to current shareholders.

The total volume of the capital increase is divided into two tranches. The first part comprises the tranche from the pre-placement with the above-mentioned gross proceeds of EUR 30 million. A second part with a volume of up to EUR 70 million is intended for subscription by strategic investors with whom Enapter is in advanced negotiations on cooperation agreements. BluGreen Company Limited, the main shareholder of Enapter with a shareholding of approximately 71.5% of the share capital, has committed itself in a backstop agreement to participate in the capital increase with an amount of up to EUR 15 million to the extent that the new shares - apart from the new shares intended for the strategic investors - are not subscribed for elsewhere.

Depending on the proceeds from the placement of the offer shares of the second part of the capital increase in 2022, the company plans to take out bank loans totalling up to EUR 90 million. The company has commissioned an external service provider to support it with the bank financing. A deficiency guarantee for up to 80 % of the loan volume by the State of North Rhine-Westphalia has been promised for the debt financing by banks.

There can be no guarantee that the financing measures can be implemented to the extent that sufficient funds are available for - from the Enapter Group's perspective - necessary investments. Likewise, there is a risk that the Enapter Group will not be able to raise necessary funds elsewhere or at reasonable conditions. The board is confident that it will be able to close the gap. However, should the fundraising not succeed, the Enapter Group would not be able to implement its business activities as planned and the company's continued existence would be at risk.

Liquidity risks

Enapter was able to significantly increase sales revenues by EUR 6.3 million from around EUR 2.1 million in 2020 to EUR 8.4 million in 2021. Enapter expects the losses and associated liquidity outflows to continue until mass production and the associated sales of the electrolyzers have started on a sustainable basis. According to current planning, the operating break-even is expected in 2023.

Based on the political backing from EU and national funding programmes, as well as the initial talks 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. 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 electrolysers could start late. This would have a significant impact on the key figures liquidity, revenue, EBITDA and net profit.

Risks threatening the company's existence within the next 12 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 the strategic investors and potential 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.

Litigation

Risks from legal disputes are not apparent. There are no lawsuits against the company. A fine imposed by the Federal Financial Supervisory Authority (BaFin) in 2015 was deferred until 30 September 2021 and paid on time.

Overall assessment of the risk situation

Currently, taking into account Enapter's current direction, there are specific risks that are monitored to the extent that they are within the company's sphere of influence. Enapter estimates the overall risk of the listed operational risks to be moderate. Risks threatening the company's existence within the next 12 months may arise if the financing strategy for the development and expansion of the Enapter Campus is not implemented as planned. With the liquidity available at the time of preparing the consolidated financial statements from the capital increase in November 2021, the planned implementation of the capital increase in April/May 2022 and the planned borrowing, taking into account the state guarantee from North Rhine-Westphalia, the completion of the Enapter Campus and the working capital requirements would be covered beyond the next 12 months. Payment targets and order commencements could still be postponed if necessary in the event of a financing gap.

Opportunities

Enapter is not alone in thinking that green hydrogen can become the oil of the 21st century. According to this analogy, electrolyser manufacturers would have 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.

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 electrolysers 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 CO2, Enapter expects strong and long-lasting demand for electrolysers.

The market for adapters includes all types of hydrogen applications, which require electrolysers 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^2 pricing acts as an accelerator of the transformation process from "grey" to "green" in the production of hydrogen.

Report on the expected development

Economic framework conditions

The Russian war of aggression in Ukraine poses substantial risks for the German economy. However, the effects are difficult to quantify at this point in time. They depend heavily on the duration and intensity of the war. Since the beginning of the military invasion, there have been extreme price increases for energy and raw materials. Trade flows and supply chain relationships are also affected. Uncertainty about further economic development remains correspondingly high.[9]

[9] https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2022/20220413-die-wirtschaftliche-lage-in-deutschland-im-april-2022.html

A sharp rise in the inflation rate can be observed: it was 7.3% in March 2022, largely driven by an explosive increase in energy prices as a result of the outbreak of war on 24 February 2022. The further development of the price level can hardly be reliably predicted because neither the duration nor the outcome of the war can be foreseen at present. Since Germany imports large parts of its gas requirements from Russia, there is a high risk here for the price level development for this energy source. Although gas prices declined again in March, they started from a very high level in the run-up to the Russian war of aggression. Currently, they are still more than four times higher than their long-term average. Germany will have to pay significantly more for energy in 2022 than in previous years.

In its new forecast, the IMF expects global growth of only 3.6 percent in 2022. This is 0.8 percentage points less than assumed in January. For the Eurozone, the IMF expects growth to be 1.1 percentage points lower at 2.8 per cent. In Germany, gross domestic product (GDP) is expected to grow by only 2.1 per cent - a downgrade of the January forecast by 1.7 percentage points.[10]

Market for green hydrogen

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.[11] To achieve this, all sectors of the economy would have to be converted to carbon-free energy sources in the coming decades. In certain areas - for 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.[12] Price increases for grey hydrogen, also due to the Ukraine crisis, can accelerate the conversion process to green hydrogen.

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 strengthening energy self-sufficiency, many sustainable jobs, new value creation potentials and a global market worth billions[13] .

Enapter therefore expects demand for electrolysers to increase significantly for the coming financial year and the next few financial years.

Turnover development and introduction of new products

Today's operational business currently takes place at the Enapter S.r.l. site in Pisa, Italy. There, manual series production was further expanded in 2021, so that significantly higher quantities could be produced in the second half of 2021, also in shift operation. With the commissioning of chemical production in another building in Pisa in the first half of 2022, stack production in particular can be significantly increased.

[10] https://www.zdf.de/nachrichten/wirtschaft/iwf-senkt-wachstumsprognose-ukraine-krieg-100.html
[11] Study NORD LB 3/2021 with reference to Agora Energiewende, Stiftung 2o , Roland Berger: Klimaneutralität 2050: Was die Industrie jetzt von der Politik braucht, 2021
[12] Aurora Energy Research: Hydrogen electrolysers with more than 213 gigawatts in the pipeline worldwide by 2040 - pv magazine Deutschland (pv-magazine.de)
[13] https://www.bmwi.de/Redaktion/DE/Dossier/wasserstoff.html

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

With the EL 4.0, a significant milestone is realised from the existing series production towards mass production of electrolysers from 2023. The EL 4.0 is more compact, lighter and also cheaper than the predecessor model. The dimensions have been reduced by 4.5 cm and the weight by 17 kg to 38 kg. Thanks to its compact design and simple installation, the EL 4.0 is suitable for almost any conceivable green hydrogen application. At the same time, the modular design makes it possible to connect as many units in series as required to produce the desired amount of green hydrogen. The latest AEM electrolyser can be used extremely flexibly under a wide range of conditions globally: it can be operated with direct and alternating current and is available in water- and air-cooled variants. Deliveries of the EL 4.0 will begin in the second half of 2022. Even before the official market launch, there are more than 400 customer orders for the new device.

As of mid-April 2022, the total order backlog for 2022 is over EUR 8.2 million, with a further EUR 2.2 million already contractually fixed for 2023. The sales pipeline is well filled with expressions of interest from potential customers. Current customer enquiries add up to around EUR 300 million. A year ago, customer enquiries at this time were still around EUR 20 million.

For 2022 as a whole, we continue to expect a significant increase in revenue. We continue to adhere to the revenue forecast of EUR 44.8 million confirmed in January 2022 due to the increased production capacities at the Pisa site and the order backlog as well as the expected order intake from the orders currently being negotiated. However, revenue recognition is subject to a certain risk due to the particular uncertainties caused by the Russia-Ukraine war, the ongoing Corona crisis and the resulting delays in orders, as well as renewed possible supply chain disruptions. In the first quarter of 2022, supply chain disruptions, but also the conversion of manufacturing to EL 4.0, have impacted production.

Result forecast and overall statement

For 2022, we expect EBITDA of around EUR -7 million.

Particular uncertainties exist with regard to the procurement of materials due to the Russia-Ukraine war and the Corona pandemic. Enapter has a high level of vertical integration and value creation. For the production of the electrolyser, which consists of the components stack, gas block, process tank with pump, cooling, electronics and the housing. The most important chemical elements include nickel, iron and cobalt. Nickel is a sought-after raw material, especially for the energy transition. The largest producer of nickel metal comes from Russia. Against the background of the sanctions against Russia, nickel has become more expensive since the beginning of the Ukraine crisis. Cobalt is also a valuable raw material for microelectronics and battery technology. So there is a certain risk of shortages. The price of cobalt has already risen after the start of the Corona pandemic. We see possible effects on manufacturing costs, but cannot reliably quantify the effects due to the unpredictable price developments. It is planned to increase procurement and price security by concluding longer-term supply contracts.

Personnel expenses will increase significantly due to new hires for the expansion of our locations in Italy and Germany.

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 electrolyzers at the "Enapter Campus" manufacturing site in Saerbeck has started.

Takeover-relevant data and further information

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

Composition of the subscribed capital

The subscribed capital of Enapter AG amounted to EUR 24,405,647 as of the balance sheet date and was divided into 24,405,647 no-par value ordinary bearer shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up in the amount of EUR 24,405,647. All shares carry the same rights and obligations; there are no shares of different classes. Each share in Enapter AG grants one vote and the same share in the profits at the Annual General Meeting.

The Company currently has the following authorised and conditional capital:

By resolution of the Annual General Meeting of 5 May 2021, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the Company once or several times within five years by up to EUR 11,550,650.00 against contributions in cash and/or in kind. Shareholders' subscription rights may be excluded (Authorised Capital 2021).

The Executive Board resolved on 28 October 2021, with the consent of the Supervisory Board of the same date, to carry out a capital increase by issuing up to EUR 1,304,347 new no-par value bearer shares with a pro rata amount in the share capital of the Company of EUR 1.00 each ("New Shares") at a subscription price of EUR 23.00 per share, making use of the Authorised Capital 2020.

In the course of the capital increase, 1,304,347 new shares were subscribed and thus the share capital of the company was increased by EUR 1,304,347 to EUR 24,405,647.00 with entry in the commercial register on 9 May 2021. The Authorised Capital 2021 was utilised to this extent and is therefore still available with a volume of EUR 10,246,303.00 until 5 May 2026.

The Annual General Meeting of 5 May 2021 cancelled the conditional increase of the share capital by up to EUR 618,900 (Conditional Capital 2020) and authorised the Executive Board, with the consent of the Supervisory Board, to issue convertible bonds and/or bonds with warrants or profit participation rights with or without conversion or subscription rights (collectively hereinafter also referred to as "Bonds") in a total nominal amount of up to EUR 250,000,000.00 on one or more occasions until 5 May 2026. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 9,240,520 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 9,240,520.00 in total. The conversion and subscription rights may be serviced from a conditional capital to be resolved in this or future general meetings, from existing or future authorised capital and/or from a cash capital increase and/or from existing shares and/or provide for a cash settlement instead of the delivery of shares.

The conditional capital increase serves to grant no-par value shares to the holders of warrant or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments, including, for example, convertible bonds with attached warrants) (together the "Bonds"), each with option or conversion rights or obligations. -Bonds, each with option or conversion rights or obligations, which are issued on the basis of the authorisation resolved by the Annual General Meeting of 8 October 2020 until 7 October 2025 by the Company or a group company of the Company within the meaning of section 18 of the German Stock Corporation Act (AktG) in which the Company directly or indirectly holds at least 90% of the votes and capital.

a) Restrictions affecting voting rights or the transfer of shares

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

The free transferability of a total of 17,338,220 Enapter shares is currently restricted due to the lock-up to which the former holder of these shares, BluGreen, has committed. BluGreen has undertaken not to sell, transfer, encumber, assign or grant options on or otherwise dispose of the originally held shares in Enapter AG, either directly or indirectly, for a period of up to six months after the last listing of all Enapter shares to be admitted ("Lock-Up").

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

With regard to direct and indirect shareholdings in the capital of Enapter AG exceeding ten percent, reference is made to the information provided in the notes to the financial statements of Enapter AG under item "VII.

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

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

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

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

Dependency Report

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

"In the legal transactions and measures listed in the report on relations with affiliated companies for the financial year ended 31 December 2021, Enapter AG has, according to the circumstances known to the Executive Board at the time the legal transactions were carried out or the measures were taken or omitted, received appropriate consideration for each legal transaction and has not been disadvantaged by the fact that the measures were taken or omitted."

Remuneration report

The remuneration report for the 2021 financial year together with the auditor's report pursuant to section 162 of the German Stock Corporation Act (AktG) will be made permanently available to the public at https://enapterag.de/corporate-governance/.

Declaration on Corporate Governance pursuant to § 289f HGB and § 315d HGB

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

Consolidated balance sheet as at 31 December 2021

ASSETS	Annex-details No.	31.12.21 EUR	31.12.20 EUR
Non-current assets			
Intangible assets	III.A.(1)	7.109.524	3.976.576
Property, plant and equipment	III.A.(2)	23.984.593	2.869.770
Rights of use	III.A.(3)	1.054.599	1.033.253
Other financial assets	III.A.(4)	32.027	21.782
Deferred tax assets	III.A.(5)	40.318	15.556
		32.221.060	**7.916.937**
Current assets			
Inventories	III.A.(6)	3.603.827	1.299.763
Receivables from deliveries and services	III.A.(7)	2.638.292	184.106
Other assets	III.A.(8)	4.073.351	901.157
Cash and cash equivalents	III.A.(9)	19.604.079	4.248.024
		29.919.550	**6.633.050**
Balance sheet total		**62.140.610**	**14.549.987**

Enapter

PASSIVA	Annex-details No.	31.12.21 EUR	31.12.20 EUR
Equity			
Subscribed capital	III.A.(10)	24.405.647	22.269.300
Capital reserves	III.A.(11)	37.615.442	-6.770.947
Retained earnings	III.A.(12)	-15.418.145	-6.716.482
Other reserves	III.A.(13)	-83.114	-37.197
Total equity		**46.519.830**	**8.744.674**
Of which attributable to:			
Equity attributable to owners of the parent company		46.517.987	8.741.792
Non-controlling interests		1.843	2.882
Total equity		**46.519.830**	**8.744.674**
Long-term debt			
Other financial liabilities	III.A.(14)	2.708.028	21.000
Leasing liabilities	III.A.(15)	575.434	568.018
Provisions	III.A.(16)	512.158	278.424
Passive accruals	III.A.(17)	1.428.406	485.752
		5.244.027	**1.353.194**
Current liabilities			
Other financial liabilities	III.A.(14)	1.185.625	1.414.612
Leasing liabilities	III.A.(15)	154.666	109.014
Liabilities from deliveries and services	III.A.(18)	6.387.048	947.457
Other liabilities	III.A.(19)	2.034.621	1.520.410
Provisions	III.A.(16)	515.475	239.427
Passive accruals	III.A.(17)	119.317	221.200
Total current liabilities		**10.396.753**	**4.452.119**
Balance sheet total		**62.140.610**	**14.549.987**

Enapter

Consolidated income statement for the period from 01 January to 31 December 2021

	Annex information No.	2021 EUR	2020 EUR
Revenues	II.F.;II.B.(1)	8.442.180	2.070.144
Other own work capitalised	III.A.(1)	3.330.040	2.207.597
Change in inventories of finished goods and work in progress	III.A.(6)	540.317	241.774
Other operating income	III.B.(2)	1.366.602	605.496
Cost of materials	III.B.(3)	-7.873.653	-2.319.701
Personnel expenses	III.B.(4)	-7.596.056	-3.356.055
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	III.A.(1-3)	-1.002.438	-624.761
Other operating expenses	III.B.(5)	-5.828.311	-2.368.838
Financial income	III.B.(6)	220	1.488
Financial expenses	III.B.(6)	-88.196	-22.354
Result before taxes		-8.709.296	-3.565.209
Income tax expense	III.B.(7)	7.633	-3.406
Group result		**-8.701.663**	**-3.568.614**
Thereof attributable to:			
Shareholders of the parent company		-8.700.631	-3.568.071
non-controlling interests	III.B.(8)	-1.032	-543
		-8.701.663	-3.568.614
Earnings per share			
Basic earnings attributable to ordinary equity holders of the parent company	III.B.(9)	-0,38	-1,23
Diluted, based on the profit attributable to ordinary equity holders of the parent company	III.B.(9)	-0,38	-1,23

Consolidated Statement of Comprehensive Income for the Period from 01 January to 31 December 2021

	Annex information No.	2021 EUR	2020 EUR
Group result		**-8.701.663**	**-3.568.614**
Other comprehensive income after income taxes			
Remeasurement of the net defined benefit liability	III.A.(16)	-34.977	-23.744
Items that will not be reclassified to the income statement		**-34.977**	**-23.744**
Derivative financial instruments	III.A.(14)	-11.033	0
Difference from currency translation		93	0
Items that may be reclassified to the income statement		**-10.940**	**0**
Other result		**-45.917**	**-23.744**
Group overall result		**-8.747.580**	**-3.592.358**
Thereof attributable to:			
Shareholders of the parent company		-8.747.578	-3.592.353
non-controlling interests	III.B.(8)	-2	-5
		-8.747.580	-3.592.358

Consolidated Statement of Changes in Equity for the period from 01 January to 31 December 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
	No.	EUR	EUR	EUR	EUR	EUR		EUR	EUR
Notes		III.A.(10)	III.A.(11)	III.A.(12)	III.A.(13)			III.B.(9)	
Status 31.12.2019 / 1.1.2020		**1.237.800**	**5.853.854**	**-3.147.868**	**-13.453**	**3.930.334**	**3.926.904**	**3.430**	**3.930.334**
Capital increase in kind Enapter AG		20.000.000	-20.000.000	-	-	-	-	-	0
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		-	2.291.998	-	-	2.291.998	2.291.998	-	2.291.998
Group result		-	-	-3.568.614	-	-3.568.614	-3.568.071	-543	-3.568.614
Other result		-	-	-	-23.744	-23.744	-23.739	-5	-23.744
Status 31.12.2020 / 1.1.2021		**22.269.300**	**-6.770.947**	**-6.716.482**	**-37.197**	**8.744.674**	**8.741.792**	**2.882**	**8.744.674**
Cash capital increases Enapter AG		2.136.347	46.167.634	-	-	48.303.981	48.303.981	-	48.303.981
Costs of raising capital		-	-2.237.256	-	-	-2.237.256	-2.237.256	-	-2.237.256
Share-based payment			456.011	-	-	456.011	456.011	-	456.011
Group result		-	-	-8.701.663	-	-8.701.663	-8.700.631	-1.032	-8.701.663
Other result		-	-	-	-45.917	-45.917	-45.910	-7	-45.917

Status 31.12.2021	**24.405.647**	**37.615.442**	**-15.418.145**	**-83.114**	**46.519.830**	**46.517.987**	**1.843**	**46.519.830**

Enapter

Consolidated Cash Flow Statement for the Period from 01 January to 31 December 2021

	Annex information	2021	2020
Current business activity		**EUR**	**EUR**
Group result after taxes		-8.701.663	-3.568.614
Income taxes		-7.633	3.406
Financial result	III:B:(7)	87.977	20.866
Depreciation, amortisation and impairment of non-current assets	III.A.(1-3)	1.002.438	624.761
Interest received		220	1.488
Interest paid		-82.215	-22.354
Income taxes paid		8.702	-7.187
+/- Increase/decrease in long-term provisions		233.734	113.338
+/- Increase/decrease in short-term provisions		276.048	177.205
Change in net working capital:			
+/- Decrease/increase in trade receivables and other receivables		-5.626.380	-26.554
-/+ Increase/decrease in inventories		-2.304.064	-437.325
Increase/decrease in trade payables and other liabilities		6.794.574	991.726
Other non-cash transactions		321.659	-7.442
Cash flows from operating activities		**-7.996.603**	**-2.136.686**
Investment activity			
Payments for the acquisition of intangible assets	III.A.(1)	-3.482.762	-2.208.027
Payments for the acquisition of property, plant and equipment	III.A.(2)	-21.570.118	-1.830.068
Payments for investments in financial assets	III.A.(4)(9)	-10.245	0
Proceeds from the sale of financial instruments	III.A.(9)	0	255.064
Payments for modernisation of leased buildings (rights of use)	III.A.(3)	-910	-5.484
Cash flows from investing activities		**-25.064.035**	**-3.788.516**
Financing activity			
Proceeds from the issue of new shares	III.A.(6)	48.303.981	6.189.000
Transaction costs for the issue of shares		-2.237.256	-74.300
Payments from contributions to the capital reserve		0	1.550.990
Payments for the redemption portion of the lease liabilities	III.A.(16)	-113.140	-86.408
Proceeds from borrowings	IV.E.	3.075.108	1.414.612
Payments from the redemption of financial liabilities	IV.E.	-612.000	-175.000
Cash flows from financing activities		**48.416.693**	**8.818.894**
Change in cash and cash equivalents		**15.356.055**	**2.893.692**
Cash and cash equivalents as at 1 January		4.248.024	1.354.332
Cash and cash equivalents as at 31 December of the previous period	III.A.(10)	**19.604.079**	**4.248.024**

Composition of cash and cash equivalents		**31.12.2021**	**31.12.2020**
		EUR	**EUR**
Balances with credit institutions	III.A.(10)	19.604.079	4.248.024
Balances with credit institutions	III.A.(10)	**19.604.079**	**4.248.024**

Enapter

Consolidated Notes as at 31 December 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 the "Company"). Enapter AG is registered in the commercial register at the Local Court of Mannheim under the number HRB 735361 and has its registered office in Heidelberg and its business address at Reinhardtstraße 35 in 10117 Berlin.

As of 31 December 2021, Enapter AG has a share capital of EUR 24,405,647.00 with 24,405,647 no-par value bearer shares. The shares are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. Accordingly, as of the balance sheet date, the Company is considered a large corporation pursuant to section 267 (3) HGB in conjunction with section 264d HGB. The ISIN for the listed shares (International Securities Identification Number) is DE000A255G02, the WKN (securities identification number) is A255G0 and the stock exchange symbol is H20.

Enapter AG acts as an investment company that provides management and functional services for the subsidiaries it controls (hereinafter "Enapter" or "Group" or "Unternehmensgruppe").

Subsidiaries of the company are Enapter GmbH, Berlin, Enapter S.r.l., Crespina Lorenzana (Pisa), Italy, Enapter Immobilien GmbH, Saerbeck (since 11 January 2021) and Enapter LLC, St. Petersburg, Russia (since 3 November 2021) . The operational business of the group is currently managed in Enapter S.r.l..

Enapter designs and produces hydrogen generators based on a patented anion exchange membrane electrolysis (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 consolidated financial statements of the company were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the commercial law provisions to be observed in addition pursuant to Section 315e (1) of the German Commercial Code (HGB). The requirements of the standards (IFRS/IAS) and interpretations (IFRSIC/SIC) that were mandatory as of the balance sheet date were met. For the preparation of the consolidated financial statements under the going concern assumption, we refer to section II.E. In the following, the term IFRS is used uniformly.

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.

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

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

The majority shareholder BluGreen is a Hong Kong-based, unlisted corporation and does not prepare consolidated financial statements. Enapter AG, Heidelberg, prepares the consolidated financial statements for both the smallest and the largest group of companies.

The consolidated financial statements for the reporting period ending 31 December 2021 (including comparative figures for the 2020 financial year) were approved and authorised for issue by the Board on 28 April 2022.

The significant accounting policies applied in the preparation of the consolidated financial statements as at 31 December 2021 are summarised below.

II. consolidation and accounting rules

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 pronouncements issued by the IASB and adopted 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
IFRS 16	Coronavirus pandemic related rental concessions after 30 June 201	01.04.2021

The new or amended standards have no or no material impact on the 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
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 3	Reference to the framework concept	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 consolidated financial statements is expected.

C. Consolidation principles

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

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

Explanation of transactions under common control in 2020

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 a shareholding 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. acquired 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. S&O Beteiligungen AG or 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" from its controlling shareholder BluGreen Ltd. under S&O Beteiligungen AG or Enapter AG. 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 holding structures under common control.

The Enapter Group is to be regarded as the acquirer for accounting purposes, so that its book values had to be continued in the consolidated financial statements of Enapter AG - using the book value continuation method. Nevertheless, there was no business combination according to IFRS 3, as Enapter AG, as a shell company under company law, does not represent a business. Enapter AG 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 an enterprise value calculation based on discounted cash flow projections. 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.

Debt, expense and income consolidation and elimination of intercompany results

All intra-group receivables and liabilities, **expenses and income as** well as interim results are eliminated within the scope of **debt** and expense and income **consolidation.**

D. 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.

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

Turnover and results continued to be affected by the coronavirus pandemic in the 2021 financial year. The ongoing spread of the coronavirus resulted in operational disruptions and business interruptions, particularly disruptions in the supply chains. Enapter notes little impact on non-payments and customer numbers at this time. COVID-19-related impacts on the consolidated financial statements may further result from declining and more volatile share prices, interest rate adjustments in various countries, increasing volatility of foreign currency exchange rates, 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, 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 consolidated financial statements on the assumption that Enapter AG and its subsidiaries will be able to continue as a going concern. As an early stage technology company, the Company is dependent on future external financing or the ability of its shareholders to provide the necessary funds in order to continue as a going concern. Enapter expects losses and related cash outflows to continue until mass production and associated sales of the electrolyzers are sustained. The operating break-even is expected in 2023 according to current planning. The financing of the group, in particular the Enapter campus in Saerbeck, is to be carried out with further equity, subsidies and debt capital.

However, there is an inherent risk that financing rounds may not be successful as expected. In the event that the financial and revenue planning is not met or the planned funding is not implemented in a timely manner, the company's existence as a going concern would be jeopardised.

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.

E. 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..

F. Share-based payment (IFRS 2)

Enapter AG has launched an option programme for management, executives and other key employees with a volume of up to 2,310,130 options. Under this programme, the company has issued employee options in two tranches for the first time in 2021. Enapter AG has the option to settle claims from the option programme by physical delivery of shares or in cash. The company intends to settle the claims through delivery of shares. Therefore, the option programme is treated as equity-settled share-based payment.

According to IFRS 2, equity-settled share-based payments are measured at fair value at the grant date and the resulting expense is recognised over the vesting period. This is offset by a corresponding increase in equity.

G. Accounting and valuation principles

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

Russia has been at war with Ukraine since the end of February 2022 ("Russia-Ukraine war"). The effects of the Russia-Ukraine war represent a value-creating event and therefore generally have no impact on the recognition and measurement of assets and liabilities as at the reporting date.

Currency conversion

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

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

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

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

The following exchange rates were used:

	RUB/EUR	**EUR/RUB**
Closing rate 31.12.2021	85,30040	0,01172
Average price 31.12.2021	87,15270	0,01147

Share-based payment

Enapter AG has set up an option programme for management, senior executives and other key employees. In this context, the company has issued employee options for the first time in 2021 in two tranches with a maximum term of eleven years, consisting of a waiting period of four years and an exercise period of seven years. Within the exercise period, exercise is generally unrestricted except for certain measures to avoid insider trading. All options are subject to a service condition and a non-market performance condition.

The service condition is a vesting period of three years. The expense resulting from the issue of the options is recognised pro rata during the vesting period.

The non-market performance condition is a performance target that relates to the material input costs for the electrolysers produced by Enapter AG and must be achieved by the end of the 2023 financial year at the latest.

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

Balance sheet

(1) Intangible assets

Intangible assets are initially recognised at acquisition or production cost.

Intangible assets are recognised in subsequent periods at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the amortisation method or period that are necessary because of changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are treated as changes in accounting estimates.

For intangible assets with an indefinite useful life, an impairment test is carried out at least once a year for the individual asset or at the level of the cash-generating unit. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite useful life assessment continues to be supportable. If this is not the case, the change in assessment from an indefinite to a finite useful life is made prospectively.

An intangible asset is derecognised either on disposal (i.e. when the transferee obtains control) or when no further economic benefits are expected from the continued use or disposal of the recognised asset. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period in which the asset is derecognised.

Research and development costs

Research costs are recognised as an expense in the period in which they are incurred. Development costs of an individual project are only capitalised as an intangible asset if the Group can demonstrate the following:

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

Development costs are recognised initially as an asset at cost less any accumulated impairment losses and are amortised over their estimated useful lives, generally five years.

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

(2) Property, plant and equipment

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

Depreciation is recognised to allocate the cost of the assets over their estimated useful lives, ranging from 3 years for computer equipment to 25 years for buildings, using the straight-line method.

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and duration of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The carrying amounts of property, plant and equipment are reviewed for impairment whenever events or circumstances have occurred that indicate that the carrying amount may not be recoverable.

(3) Leases, rights of use and lease liabilities

a) Enapter as lessee

For leases of production and office space, vehicles and other assets, the Group, as lessee, recognises a lease liability for the present value of the lease payments to be made over the term of the lease. The determination of the present value takes into account fixed lease payments, variable index-based payments, reasonably certain renewal options, exercise prices of purchase options and payments from early termination of the lease less rental incentives received. The lease payments are calculated at the inception of the lease using the appropriate term-specific incremental borrowing rate. The lease liability is reduced by the amount of the redemption portion of the lease payment until the lease expires. Corresponding interest expenses are reported in the financial result.

Corresponding to the lease liabilities, the Group as lessee capitalises a right of use in the amount of the acquisition costs at the inception of the lease, if applicable increased by initial direct costs, dismantling costs or similar. The rights of use are amortised over the lease term or, if applicable, over the shorter, normal useful life of the leased assets concerned.

b) Enapter as lessor

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

Enapter is currently not active as a lessor.

(4) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Initial measurement is at the settlement date. Financial assets are derecognised when the contractual rights to receive payments from the asset have expired or when substantially all the risks and rewards of the financial asset have been transferred. Financial liabilities are derecognised when they are settled, cancelled or expire.

IFRS 9 contains three basic categories for classifying financial assets: measured at amortised cost, measured at fair value with changes in value recognised in other comprehensive income (FVOCI) and measured at fair value with changes in value recognised in profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the entity's business model for managing financial assets and the characteristics of the contractual cash flows.

a) Financial assets

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

The listed shares reported under securities in the previous year are measured at fair value through profit or loss in accordance with IFRS 9.

In addition to securities, the Group only holds or held financial assets whose business model consists of holding them until the contractual cash flows are received and which only trigger interest and redemption payments at specified times. After initial recognition, these financial assets are measured at amortised cost using the effective interest method less an allowance for impairment. No discounting is performed if the effects of discounting are immaterial for the presentation of the Group's net assets, financial position and results of operations. Cash and cash equivalents as well as trade and other receivables fall into this category of financial instruments.

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

Simplification rules exist for certain financial assets such as trade receivables. For these financial assets, a flat-rate risk provision is recognised in the amount of the expected losses over the remaining term, which is determined on the basis of empirical values. These are allocated to Level 2 of the impairment model upon addition. If there is an impairment of creditworthiness or a default, the receivable in question is transferred to level 3. Overdues of more than 90 days provide objective evidence that a financial asset is impaired.

The credit and default risk from financial assets is the risk of default of a counterparty and therefore at most the amount of claims from recognised carrying amounts against the respective counterparty. Enapter AG carries out regular assessments to identify significant increases in credit risk. This is mainly based on default probabilities and overdue information.

b) Financial liabilities

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

Financial liabilities are initially recognised at fair value, net of transaction costs. In subsequent periods, financial liabilities are measured at amortised cost using the effective interest method.

(5) Inventories

Inventories are valued at the lower of acquisition or production cost and net realisable value. Acquisition or production costs are valued using the average cost method. Production costs include directly attributable direct costs and overheads. The net realisable value represents the estimated selling price of the inventories less any estimated costs necessary to complete and sell them.

(6) Trade receivables, other receivables and other assets

Trade receivables, other receivables and other assets are non-interest bearing. They are recognised at cost less allowances for uncollectible amounts.

(7) Cash and cash equivalents

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

(8) Provisions

Provisions are recognised when it is probable that, as a result of a past event, the Group has a present obligation (legal or constructive) that will require an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation.

estimate of the amount of the obligation is possible. If the Group expects partial or full reimbursement of all amounts accrued, the reimbursement amount is recognised as a separate asset, but only to the extent that reimbursement is virtually certain.

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

Income Statement and Statement of Comprehensive Income

(9) Revenue recognition

Sales revenues include all revenues resulting from the ordinary business activities of the Enapter Group. Revenue excludes VAT and other taxes collected from customers and paid to the tax authorities. The Enapter group generates revenue mainly from the sale of hydrogen generators.

The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is recognised to the extent of the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

(10) Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and the conditions attached to them will be complied with. Expense-related grants are recognised as income over the period necessary to match them with the related costs for which they are intended to compensate. Grants related to an asset are recognised as income over the estimated useful life of the related asset.

Where the Group receives grants in the form of non-monetary assets, the asset and the grant are recognised at nominal value and released to income in equal annual instalments over the estimated useful life of the asset, based on the expected pattern of consumption of the future economic benefits embodied in the related asset.

(11) Cash flow hedges (hedging)

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges is recognised in other comprehensive income, net of tax. The ineffective portion is recognised immediately in the consolidated income statement. Amounts accumulated in equity are recognised in the consolidated income statement in the same periods in which the hedged item affects the consolidated income statement.

III. Explanation of the items of the consolidated balance sheet and the consolidated statement of comprehensive income

A. Balance sheet

Assets

Non-current assets

(1) Intangible assets

The Enapter Group is active in **research and development in** the field of hydrogen systems with a focus on electrolysis, project management in Renewable Energy Systems and Smart Grid Technology, software development for Smart Grid, Smart Energy and Industry 4.0 and Internet of Things (IoT), as well as in the manufacture and production of, the design of, the trade in and the resale of electrolysers and related products, and related software and control systems. Specifically, the Enapter Group designs and manufactures patented electrolyzers based on anion exchange membrane ("AEM") technology. These electrolysers produce hydrogen directly compressed from water and electricity at a pressure of 35 bar with a high degree of purity. As of 31 December 2021, the Enapter Group employs a total of approximately 83 (previous year: 44) people in the research and development team.

The most important **patent of** the Enapter group is the approved 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.

The intangible assets are composed as follows:

Acquisition or production costs	**Capitalised development costs**	**Patents, software and trademarks**	**Total**
	EUR	**EUR**	**EUR**
Status as of 1.1.2021	**4.028.109**	**322.656**	**4.350.765**
Access	3.330.040	152.722	3.482.762
Transfers / disposals	58.802	-2.560	56.242
Status as at 31.12.2021	**7.416.951**	**472.818**	**7.889.769**
Accumulated depreciation			
	EUR	**EUR**	**EUR**
Status as of 1.1.2021	**264.340**	**109.849**	**374.189**
Scheduled depreciation	362.554	52.089	414.643
Transfers / disposals	-6.027	-2.560	-8.587
Status as at 31.12.2021	**620.867**	**159.378**	**780.245**
Book value as at 31.12.2020	3.763.769	212.807	3.976.576
Book value as at 31.12.2021	**6.796.084**	**313.440**	**7.109.524**

Acquisition or production costs	Capitalised development costs	Patents and trademarks	Total
	EUR	EUR	EUR
Status as of 1.1.2020	**1.820.512**	**332.463**	**2.152.975**
Access	2.207.597	430	2.208.027
Disposals	-	-10.237	-10.237
Status as at 31.12.2020	**4.028.109**	**322.656**	**4.350.765**
Accumulated depreciation			
	EUR	EUR	EUR
Status as of 1.1.2020	**0**	**81.655**	**81.655**
Scheduled depreciation	264.340	28.194	292.534
Disposals	-	0	0
Status as at 31.12.2020	**264.340**	**109.849**	**374.189**
Carrying amount as at 1.1.2020	1.820.512	250.808	2.071.320
Book value as at 31.12.2020	**3.763.769**	**212.807**	**3.976.576**

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

The main additions in 2021 relate to development costs for ongoing internal projects that will be completed in subsequent years and then amortised over the expected useful life, usually five years. Patents are amortised over a useful life of fifteen years, software and trademarks over an expected useful life of five years. At the beginning of 2021, the costs of 9 projects were capitalised; of these, three projects were completed during 2020 and seven new projects were started. In 2021, 4 projects were completed and 6 were newly started.

A total amount of TEUR 3,330 (previous year: TEUR 2,208) was recognised in the income statement as other own work capitalised.

(2) Property, plant and equipment

Property, plant and equipment break down as follows in 2021:

Acquisition or production costs	Land and buildings	Plant and machinery	Operating and business equipment	Payments on account and assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
Status as of 1.1.2021	**2.288.215**	**769.839**	**209.455**	**28.861**	**3.296.370**
Access	3.389.666	1.096.816	435.725	16.647.911	21.570.118
Disposals	0	0	-21.797	0	-21.797
Transfers	0	0	2.973	0	2.973
Status as at 31.12.2021	**5.677.881**	**1.866.655**	**626.357**	**16.676.772**	**24.847.665**
Accumulated depreciation					

	EUR	EUR	EUR	EUR	EUR
Status as of 1.1.2021	**100.641**	**263.529**	**62.430**	**0**	**426.600**
Scheduled depreciation	111.312	214.959	100.920	0	427.192
Transfers	28.051	3.026	0	0	31.077
Disposals	0	0	-21.797	0	-21.797
Status as at 31.12.2021	**240.004**	**481.514**	**141.553**	**0**	**863.072**
Book value as at 31.12.2020	2.187.574	506.310	147.025	28.861	2.869.770
Book value as at 31.12.2021	**5.437.876**	**1.385.141**	**484.803**	**16.676.772**	**23.984.593**

The main additions in 2021 relate to investments in buildings and in technical equipment and machinery at Enapter S.r.l and land and advance payments and assets under construction at Enapter Immobilien GmbH.

The series production that exists today in Pisa, Italy, was further expanded and the production capacities increased. Another building was added to the site to be used for chemical production, 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 for this was essentially completed at the beginning of 2022.
Work on the Enapter campus in Saerbeck began with the groundbreaking ceremony in mid-September 2021. The asset under construction, including the land, is valued at acquisition and production cost and amounts to EUR 17,535,000 as of 31 December 2021 (previous year: EUR 0,000).

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. Depreciation for the MLA amounted to TEUR 22 in the financial year (previous year: TEUR 8).

Composition and development of property, plant and equipment in 2020:

Acquisition or production costs	**Land and buildings**	**Plant and machinery**	**Operating and business equipment**	**Gelei-steady number-ungen**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Status as at 1.1.2020	**824.323**	**521.754**	**120.225**	**0**	**1.466.302**
Access	1.461.996	248.085	89.230	28.861	1.828.172
Disposals	0	0	0	0	0
Transfers	1.896	0	0	0	1.896
Status as at 31.12.2020	**2.288.215**	**769.839**	**209.455**	**28.861**	**3.296.370**
Accumulated depreciation					
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Status as of 1.1.2020	**56.637**	**140.540**	**24.395**	**0**	**221.572**
Scheduled depreciation	44.004	122.989	38.035	0	205.028
Disposals	0	0	0	0	0
Status as at 31.12.2020	**100.641**	**263.529**	**62.430**	**0**	**426.600**

Carrying amount as at 1.1.2020	767.686	381.214	95.830	0	1.244.730
Book value as at 31.12.2020	**2.187.574**	**506.310**	**147.025**	**28.861**	**2.869.770**

(3) Rights of use

The Enapter Group leases various assets, mainly buildings and company cars, usually with fixed lease payments. The average lease term is approximately 3 years for company cars and approximately 3 to 9 years for buildings (taking into account the predominantly probable utilisation of renewal options). The Enapter Group has no purchase options to acquire certain buildings at predetermined amounts at the end of the lease term. 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 and for administration in the municipality of Saerbeck has been and will be rented.

Taking into account the additions and disposals and the depreciation in the 2021 financial year, the rights of use developed as follows as at the balance sheet date:

Acquisition or production costs	**Land and buildings**	**Maintenance expenses**	**Operating and business equipment**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Status as of 1.1.2021	**788.960**	**442.484**	**17.740**	**1.249.184**
Access	179.162	910	35.181	215.253
Disposals	-33.297	0	0	-33.297
Status as at 31.12.2021	**934.825**	**443.394**	**52.921**	**1.431.140**
Accumulated depreciation				
	EUR		**EUR**	**EUR**
Status as of 1.1.2021	**132.280**	**73.303**	10.348	**215.931**
Scheduled depreciation	115.535	37.402	7.673	160.610
Disposals	0	0	0	0
Status as at 31.12.2021	**247.816**	**110.705**	**18.021**	**376.542**
Book value as at 31.12.2020	656.680	369.181	7.392	1.033.253
Book value as at 31.12.2021	**687.009**	**332.689**	**34.900**	**1.054.599**

Acquisition or production costs	**Land and buildings**	**Maintenance expenses**	**Operating and business equipment**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Status as of 1.1.2020	**760.888**	**437.000**	**17.740**	**1.215.628**
Access	28.072	5.484	0	33.556

Disposals	0	0	0	0
Status as at 31.12.2020	**788.960**	**442.484**	**17.740**	**1.249.184**

Accumulated depreciation

	EUR		EUR	EUR
Status as at 1.1.2020	**55.872**	**36.402**	**4.435**	**96.709**
Scheduled depreciation	76.408	36.901	5.913	119.222
Disposals	0	0	0	0
Status as at 31.12.2020	**132.280**	**73.303**	**10.348**	**215.931**
Carrying amount as at 1.1.2020	705.016	400.598	13.305	1.118.919
Book value as at 31.12.2020	**656.680**	**369.181**	**7.392**	**1.033.253**

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

Amounts recognised in the consolidated income statement:

Amortisation of rights of use: TEUR 161 (previous year: TEUR 119)
Interest expense on lease liabilities: KEUR 20 (previous year: KEUR 21)

The total cash outflows from leases in the reporting year include TEUR 113 (previous year: TEUR 107).

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

There are no 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.

(4) Other financial assets

In the reporting year and the previous year, non-current financial assets of EUR 32,000 (previous year: EUR 22,000) consisted of security deposits with banks for the rented production and office space in Italy.

(5) Deferred tax assets

Deferred tax assets amounting to TEUR 40 (previous year: TEUR 16) consist of temporary differences.

Current assets

(6) Inventories

Inventories are composed as follows:

	31.12.2021	31.12.2020
	EUR	**EUR**
Raw materials and supplies	2.600.900	837.152
Work in progress	751.856	300.440
Finished products	251.071	162.171
	1.002.928	462.611
	3.603.827	**1.299.763**

The increase in inventories from EUR 1,300,000 to EUR 3,604,000 resulted in particular from the increase in production and from delays in the wake of the COVID 19 pandemic, as not all existing orders could be delivered on time and were still partially in inventory as of 31 December 2021.

(7) Trade receivables

Trade receivables amounted to TEUR 2,638 as at the balance sheet date (previous year: TEUR 184). Value adjustments to a significant extent were not necessary and were therefore not made. Of the trade receivables, the following were due as at the balance sheet date:

	31.12.2021	31.12.2020
Days	**%**	**%**
Not due	61,9%	87,9%
Overdue		
< 30 days	26,0%	5,5%
31 - 60 days	10,2%	-
61 - 120 days	0,2%	0,3%
> 120 days	1,7%	6,4%
	100%	**100%**

The increase in trade receivables by EUR 2,454,000 is the result of the series production in Italy in the fourth quarter of 2021 and the associated sales of electrolysers and related components. The receivables have a remaining term of less than one year. As at 31 December 2021, neither specific nor general bad debt allowances were made. There were no bad debts. Due to the general terms and conditions of the order, which generally provide for a 60 % down payment after order confirmation and a 40 % down payment before delivery/shipment, the risk of bad debts is considered low.

(8) Other assets

Other assets mainly consist of current financial assets and other assets:

	31.12.2021	31.12.2020
	EUR	**EUR**
Other financial assets		
Deposits	28.904	25.524
Demands on employees	19.475	24.436
	48.380	49.960
Other assets		
Foreign tax subsidies	1.161.253	345.068
Prize money and funding	575.976	0
Value added tax	1.881.724	404.314
Income tax receivables	175	135
Creditors with debit balances	180.368	59.623
Prepaid expenses	178.349	38.304
Other	47.127	3.753
	4.024.972	851.196
	4.073.351	**901.157**

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 can use the credit to offset liabilities (such as contributions, withholdings and other taxes/levies) once a certificate to this effect has been obtained from an auditor. We also refer to our explanations on "Accruals and deferred income" in section III.A.(17).

The other financial assets, the receivables from prize money (KEUR 293; previous year: KEUR 0) and subsidies (KEUR 283; previous year: KEUR 0) assets), tax receivables and other assets have a remaining term of up to one year.

(9) Cash and cash equivalents

Bank balances in euros in Germany and Italy, as well as in foreign currency (roubles) in Russia (KEUR 18; previous year: KEUR 0) are reported.

Liabilities

Equity

(10) Subscribed capital

The subscribed capital of Enapter AG amounts to EUR 24,405,647.00 (previous year: EUR 22,269,300) as of 31 December 2021 after the implementation of the capital increases described below and is divided into 24,405,647 ordinary bearer shares (no-par value shares) with a notional value of EUR 1.00. The shares are admitted to the regulated market of the Frankfurt and Hamburg stock exchanges. The ISIN for the listed shares (International Securities Identification Number) is DE000A255G02, the WKN (securities identification number) is A255G0 and the stock exchange symbol is H20.

By resolutions of 16 February 2021 (resolution on the utilisation of the Authorised Capital 2020) and on 17 March 2021 (resolution on the determination of the volume of the capital increase from the Authorised Capital 2020), the Executive Board of the Company, with the consent of the Supervisory Board of 16 February 2021, had resolved a further capital increase of EUR 832,000.00 to EUR 23,101,300.00 from the Authorised Capital 2020, the implementation of which was entered in the Commercial Register of the Company on 6 April 2021.

By resolution of the Annual General Meeting of the Company on 6 May 2021, the Executive Board was authorised, with the consent of the Supervisory Board, to increase the share capital of the Company in the period up to 5 May 2026 once or several times by a total of up to EUR 11,550,650.00 by issuing up to 11,550,650 new no-par value bearer shares against cash contributions and/or contributions in kind (Authorised Capital 2021). The corresponding amendment to Article 4 (5) of the Articles of Association was entered in the Commercial Register of the Mannheim District Court on 4 October 2021.

The Executive Board had resolved on 28/29 October 2021, with the approval of the Supervisory Board on 28 October 2021, to increase the share capital of the Company by EUR 1,304,347.00 by issuing 1,304,347 new no-par value bearer shares, each with a notional interest in the share capital of the Company of EUR 1.00 ("New Shares"). The New Shares shall carry full dividend rights from 1 January 2021. Each New Share grants one vote at the General Meeting. They shall participate in any liquidation proceeds in proportion to their arithmetical share in the share capital. The New Shares will be issued against cash contribution at an issue price of EUR 1.00 per New Share. The subscription price is EUR 23.00 per New Share. The increase of the share capital was entered in the commercial register of the Company on 9 November 2021 and accordingly now amounts to EUR 24,405,647.00.

The authorisation of the Executive Board by resolution of the Annual General Meeting of 6 May 2021 to increase the share capital of the Company by up to EUR 11,550,650.00 (Authorised Capital 2021) is amended. After partial utilisation, the authorised capital still amounts to EUR 10,246,303.00.

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 9,2450,520 (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, as the case may be, to issue up to 2,310,130 options to current and future employees and members of the Executive Board of the Company as well as to employees and members of the management bodies of currently or future affiliated companies. The share capital of the Company shall thereby be conditionally increased by up to EUR 2,310,130.00 by issuing up to 2,310,130 no-par value bearer shares (Conditional Capital SOP 2021). In the 2021 financial year, 322,900 shares were issued to employees, 50,000 of which were issued to members of the Executive Board. The conditional capital increase will only be carried out to the extent that the holders of the issued options exercise their right to subscribe to shares in the company.

(11) Capital reserve

The capital reserve amounts to EUR 37,615,442 as at 31 December 2021 (previous year: EUR - 6,770,947) and results in 2021 mainly from the premium paid in the course of the cash capital increases (see above), the other contributions made in 2020 and the effects of the transactions under common control (cf. also the explanations in II.D).

In connection with the issue of the new shares in the 2021 financial year, costs of EUR 2,237,000 (previous year: EUR 75,000) were incurred, which were directly offset against the capital reserve.

The increase in equity through the issue of options for employees amounts to TEUR 456 as at 31 December 2021 (previous year: TEUR 0).

(12) Retained earnings

Retained earnings include the accumulated results and amount to EUR - 15,418,145 as at the balance sheet date (previous year: EUR - 6,716,482).

(13) Other reserves

The other reserves contain expenses from the revaluation of defined contribution plans for former employees and amount to EUR - 83,114 (previous year: EUR - 37,197) as at the balance sheet date.

Long and short-term debt

(14) Other financial liabilities

The other financial liabilities are composed as follows:

	31.12.2021	31.12.2020
	EUR	**EUR**
Long and medium term		
Bank loan	2.708.028	0
Other loans	0	21.000
	2.708.028	**21.000**
short term		
Loans to related parties	700.000	1.312.000
Bank loan	367.166	4.189
Other loans	118.459	98.423
	1.185.625	**1.414.612**
	3.893.653	**1.435.612**

Enapter S.r.l. was granted a bank loan of EUR 2.5 million with a term of 72 months by Banco BPM S.p.a. in April 2021 as part of 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. Under its terms, the loan can only be used for wages and all other operational costs (e.g. suppliers, investments), but is otherwise not subject to covenants or conditions. Furthermore, in the wake of the Corona crisis, Bank SIMEST S.p.a., Rome, Italy, on behalf of the Italian government, granted Enapter S.r.l. a concessional loan of EUR 600,000 in August 2021 (maturity 31 December 2027, interest rate 0.565%, two years grace period, one-off processing fee 2%). The loan was granted to promote exports, but is otherwise not tied to any requirements or conditions. The exact repayment terms depend on the development of Enapter S.r.l.'s equity and foreign sales. The bank loans are unsecured.

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

(15) Leasing liabilities

The following maturity analysis of the payments from the leases and the reconciliation of the maturities of the lease liabilities can be found in the table below:

	31.12.2021	31.12.2020
	EUR	**EUR**
Maturity analysis		
Due in one year	176.452	112.794
Due between two and five years	360.057	323.318

Due in more than five years	284.133	315.350
	820.642	**751.462**
Less interest income not yet realised	-90.541	-74.430
Present value of lease payments	**730.100**	**677.032**
Reported in the consolidated financial statements:		
Long and medium-term leasing liabilities	575.434	568.018
Current lease liabilities	154.666	109.014
	730.100	**677.032**

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

(16) Provisions

The (non-current) provisions consist of benefit obligations arising from the termination of employment relationships and are made up as follows:

Benefits on the occasion of the termination of employment relationships	**2021**	**2020**
	EUR	**EUR**
Status as of 1.1.	**278.424**	**165.085**
Current service cost	192.972	102.148
Interest expenses	934	1.271
Revaluations		
due to change in financial assumptions	13.267	8.786
due to adjustments based on experience	38.610	22.457
Payments made	-12.049	-21.323
Status as at 31.12.	**512.158**	**278.424**

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. The TFR was introduced in Italy in 1982 by Law 297 and is regulated by Art. 2120 of the Italian Civil Code. This type of benefit is specific to private sector workers. The TFR is paid by the employer to the employee upon termination of employment, irrespective of the reason for termination, and is considered as "deferred" remuneration as it is calculated as a percentage of the salary earned (salaries, bonuses or commissions). TFR is generally paid as a lump sum at the end of the employment relationship. Under certain circumstances, the employee has the right to request an advance on the money accumulated up to that point. This right can only be exercised by employees with more than 8 years of service up to a maximum of 70% of the accumulated fund and for very specific financial needs, e.g. extraordinary medical expenses for the employee or a family member or the purchase of a first home, either for the employee's own use or for the use of the employee's children.

The amount of the benefit depends on the length of service. For each year of service, 7.41% of the annual gross salary flows into the individual TFR fund. The employee can choose whether to leave the TFR in his employer's account or have it paid into a private pension fund. A component of 0.5% of this provision is deducted to fund the "Fondo di Garanzia", which is managed by INPS (the Italian National Social Security Institution). The INPS acts as a guarantor if the private company defaults. Each year the individual fund is revalued and, if necessary, compounded to maintain the purchasing power of the nominal benefit. The revaluation percentage of each year is the sum of a fixed component of 1.5% and a variable component of 75% of the current inflation rate. A tax of 17 % is deducted from the annual revaluation.

For the calculation, the projected unit credit method (PUCM) is used to calculate the present value of the defined benefit obligations and the related current service cost and, if applicable, the past service cost. The Italian mortality table "ISTAT 2016" was used to calculate the mortality probability. The accounting interest rate was derived using recognised financial mathematical methods and amounts to 0.98% for 2021 and 0.34% for 2020. The inflation rate assumed in the calculation is 1.79% (previous year: 1%) and the assumed inflation-adjusted salary increase for 2021 and 2020 is 1% in each case.

The analysis carried out as part of a sensitivity analysis for the most important parameter showed that - in the event of a reduction in the accounting interest rate by 50 base percentage points - an increase in the defined benefit obligation of KEUR 38 (previous year: KEUR 11) would result.

The actuarial losses recognised directly in equity are calculated as follows in 2021 and 2020:

Actuarial gains / losses recognised directly in equity (-)	**2021**	**2020**
	EUR	**EUR**
Status as of 1.1.	**-37.197**	**-13.453**
Reassessment of benefits on the occasion of the termination of employment relationships	-51.877	-31.242
less deferred taxes thereon	5.960	7.498
Status as at 31.12.	**-83.114**	**-37.197**

The (current) provisions are composed as follows:

	01.01.2021	**Consumption**	**Resolution**	**Feed**	**31.12.2021**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Human Resources	63.767	63.767	-	184.590	184.590
Capital market costs	99.000	99.000	-	125.000	125.000
Acquisition and audit costs	74.600	74.600	-	136.335	136.335
Supervisory Board Remuneration	-	-	-	-	-
Other provisions	2.060	0	603	68.093	69.550
	239.426	**237.367**	**603**	**514.018**	**515.474**

	01.01.2020	**Consumption**	**Resolution**	**Feed**	**31.12.2020**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Human Resources	33.913	33.913	-	63.767	63.767
Preparation of securities prospectus	-	-	-	99.000	99.000
Acquisition and audit costs	14.500	14.500	-	74.600	74.600
Supervisory Board Remuneration	12.907	-	12.907	-	-
Other provisions	903	303	-	1.460	2.060
	62.222	**48.716**	**12.907**	**238.827**	**239.426**

The increase in (current) provisions as at 31 December 2021 is mainly due to the estimated additional expenses for the preparation and audit of the annual and consolidated financial statements as well as for outstanding invoices for capital market and other costs. The previous year's amounts were essentially used in the 2021 financial year. The increase in provisions in the personnel area is essentially due to the increase in employees of the Enapter Group compared to the previous year.

The Supervisory Board remuneration of TEUR 54 for 2021 was paid at the end of the 2021 financial year. In the previous year, these were essentially dissolved.

(17) Passive accruals

The accrued liabilities result from deferred income from government grants awarded to Enapter S.r.l. in Italy by the government for research and development (R&D) 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 chosen to recognise the expected tax benefits and offsets from other charges and levies only after the completion of the projects or to amortise them over the useful life of the capitalised development costs.

Deferred income (current and non-current) recognises grants for completed R&D projects that receive government funding in Italy. Deferred income totalling TEUR 1,548 mainly includes 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 accruals on the liabilities side developed as follows.

	01.01.2021	Transfers	Feed	Resolution	31.12.2021
	EUR	EUR	EUR	EUR	EUR
Long-term	485.752	56.986	885.668	-	1.428.406
Short-term	221.200	-56.986	-	44.897	119.317
	706.952	0	**885.668**	**44.897**	**1.547.723**

	01.01.2020	Transfers	Feed	Resolution	31.12.2020
	EUR	EUR	EUR	EUR	EUR
Long-term	501.544	40.722	209.538	184.608	485.752
Short-term	232.229	-40.722	-	51.751	221.200
	733.773	**0**	**209.538**	**236.358**	**706.952**

(18) Trade payables

This item mainly includes trade payables. The increase in current liabilities as of 31 December 2021 is largely due to the increase in trade payables by EUR 5,440,000, which in turn is mainly due to services used for the construction of the Enapter Campus in Saerbeck. The trade payables and other liabilities have a remaining term of up to one year.

(19) Other liabilities

Other liabilities include advance payments received and other liabilities:

	31.12.2021	31.12.2020
	EUR	EUR
Advance payments received	**985.690**	**754.526**
Other liabilities		
Wages and salaries	640.258	357.851
Social security	154.299	160.920
Fees	45.230	150.440
Income and other taxes	12.669	68.116
Wages and church tax	131.551	1.046
Other	64.923	27.510
	1.048.931	**765.884**
	2.034.621	**1.520.410**

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) Revenues

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 electrolysers. 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.

As already stated above under III.A.(19), the general terms and conditions of order generally provide for a 60% down payment after order confirmation and a 40% down payment before delivery/shipment. Invoices for deliveries and services are always issued in euros and ex works. In accordance with the manufacturer's warranty stipulated in the general terms and conditions of order, Enapter warrants that each product purchased from Enapter shall be free from defects in material and/or workmanship for a minimum period of 1 year and a maximum period of 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 in 2021 and 2020 by product category is as follows:

Enapter

	2021	2020
	EUR	**EUR**
Sale of electrolysers and energy management systems	8.437.580	2.044.725
Service and services	4.600	25.419
	8.442.180	**2.070.144**

Sales revenues were generated in the following geographical areas:

	2021	2020
	EUR	**EUR**
Germany	4.329.400	548.248
Rest of European Union	1.350.836	772.269
Rest of the world	2.761.944	749.627
	8.442.180	**2.070.144**

The majority of turnover was generated with German customers (51%; previous year: 27%), with European customers excluding Germany (16%; previous year: 37%) and with customers in the rest of the world (33%; previous year: 36%).

(2) Other operating income

Other operating income is made up as follows:

	2021	2020
	EUR	**EUR**
Investment and other grants	858.276	443.348
Prize money	292.689	0
Income from the sale of securities held as current assets	0	96.863
Remuneration in kind	10.748	10.784
Income from currency translation	5.264	0
Reimbursement Expenditure Compensation Act	11.842	4.049
Income from the derecognition of liabilities and reversal of provisions	603	12.907
Other	187.180	37.547
	1.366.602	**605.496**

Other operating income of EUR 1,367,000 (previous year: EUR 605,000) includes non-repayable grants of EUR 858,000 (previous year: EUR 443,000). These consist mainly of public subsidies and grants that were posted to income in accordance with the projects completed in the financial year or when the purpose associated with the subsidies was fulfilled. In this context, we refer to the explanations in III.A(8) and III.A.(17).

(3) Cost of materials

The cost of materials is made up as follows:

	2021	2020
	EUR	**EUR**
Expenses for raw materials, consumables and supplies	7.654.664	2.181.183
Expenses for purchased services	218.989	138.518
	7.873.653	**2.319.701**

(4) Personnel expenses

Personnel expenses for an average of 151 (previous year: 81) employees, including the managing directors of the subsidiaries, break down as follows:

	2021	2020
	EUR	**EUR**
Wages and salaries	5.885.319	2.529.183
Social security contributions and expenses for pensions and other employee benefits	1.710.738	826.872
	7.596.056	**3.356.055**

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

	2021 (average)	**31.12.2021** (reference date)	**2020** (average)	**31.12.2020** (cut-off date)
Research & Development	70	83	36	44
Production	53	68	25	30
Administration	24	32	15	18
Marketing & Business Development	4	6	6	8
	151	**189**	**81**	**100**

Share-based payment

Enapter AG has set up an option programme for management, executives and other key employees. As part of this, the company has issued employee options in two tranches for the first time in 2021. According to IFRS 2, the employee options are treated as equity-settled share-based payment transactions. The option programme contains a non-market performance condition, which is that the costs for the electrolysers produced by Enapter AG must reach a certain level by the end of the 2023 financial year at the latest. In addition, the options must be earned over a period of three years. Therefore, the expense is recognised on a straight-line basis over this vesting period.

For equity-settled share-based payment programmes, there is generally no remeasurement at subsequent balance sheet dates. The non-market performance condition is taken into account in the quantity structure. Therefore, a reassessment is made at subsequent balance sheet dates for the achievement of the performance target. The valuation of the options is based on the Black-Scholes model.

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

	2021
Exercisable as of 1 January	-
Newly granted during the year	322.900
Expire during the year	-
Exercised during the year	-
Expired during the year	-
Exercisable as at 31 December	-
Still outstanding as at 31 December	447.144

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

	2021	
Tranche	2021-I	2021-II
Valuation date	31 May	15 November
Fair value per option	EUR 13.44	EUR 11,10
Share price[14]	EUR 24,00	EUR 22,30

[14]Closing price on the Frankfurt Stock Exchange

Exercise price	EUR 22,00	EUR 21.04
Duration[15]	7.5 years	
Risk-free interest rate[16]	-0,36%	-0,42%
Expected volatility[17]	54,75%	48,23%
Expected dividend yield	0,00%	

As of 31 December 2021, the management of Enapter AG estimates a fluctuation rate of 10.00% p.a. and a probability of achieving the performance target of 75.00%.

The expense from the share option programme for 2021 is shown in the following table:

	2021
Total expenditure	EUR - 456,011.10

The increase in equity through the issue of the options amounts to EUR 456,011.10 as at 31 December 2021.

(5) Other operating expenses

Other operating expenses are made up as follows:

	2021	**2020**
	EUR	**EUR**
Expenses for external services	788.577	337.685
Software Development and Management Services Related Parties	1.807.000	391.667
Sales, distribution and marketing costs (incl. travel expenses)	516.763	197.072
R&D expenditure	378.806	226.952
Software, EDP	332.482	173.427
Operating supplies	155.265	0
Incidental rental and service charges	122.019	0
Costs of external warehouses	28.088	0
Capital market and investor relations costs	321.155	178.576
Legal and consulting fees	311.298	117.391
Accounting, closing and audit costs	189.032	201.478
Supervisory Board	54.000	0
Advisory Board	144.000	0
Further education	53.558	0
Insurances, contributions and fees	168.733	0

[15] As there is a possibility that employees exercise their options early, it was assumed that the options will be exercised on average after 7.5 years due to a lack of indications from history.

[16] The risk-free interest rate was derived from German government bonds with equivalent maturities.

[17] The expected volatility was determined on the basis of the historical volatility of the Enapter AG share and the industry volatility.

Currency conversion	22.678	0
Other	434.857	544.590
	5.828.311	**2.368.838**

(6) Financial result

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

	31.12.2021	**31.12.2020**
	EUR	**EUR**
Financial income		
Interest income from short-term bank deposits	220	113
Dividends	0	1.375
	220	**1.488**
Financial expenses		
Interest expenses for interest-bearing liabilities	67.156	391
Interest expenses from leasing liabilities	20.106	20.692
Interest expenses from benefit obligations arising from the termination of employment relationships	934	1.271
	88.196	**22.354**
Financial result	**-87.977**	**-20.866**

(7) Income tax expense

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

At Enapter AG, no deferred tax assets were recognised for domestic corporate tax loss carryforwards of kEUR 13,867 (previous year: kEUR 8,867) and trade tax loss carryforwards of kEUR 14,388 (previous year: kEUR 9,379), also due to a lack of sufficient certainty for their realisation with regard to the share transfers that took place in 2020. The foreign loss carryforwards, for which no deferred tax assets were capitalised either, amounted to TEUR 9,526 (previous year: TEUR 3,416) as of the balance sheet date.

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

		31.12.2021	**31.12.2020**
		EUR	**EUR**
Reconciliation of income tax expense			
Group result before income taxes		-8.709.296	-3.565.209
Theoretical tax expense	30%	-2.612.789	-1.069.563
Effects from tax rate differences		68.364	32.095

non-deductible expenses	1.210	580
Non-capitalised deferred taxes on tax loss carryforwards	2.544.425	1.037.468
Other tax effects	6.423	-3.986
Income tax expense according to consolidated income statement	**7.633**	**-3.406**

(8) Non-controlling interests

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

(9) Earnings per share

The result attributable to the shareholders of the parent company amounts to TEUR 8,701 in 2021 (previous year: TEUR 3,568). The weighted average number of shares for the calculation of basic and diluted earnings per share is 23,105,338 shares in 2021 (previous year: 2,911,609). The issue of share options for employees (see section III.B.(4)) has no dilutive effect on earnings per share.

IV. other information and explanations

A. Other financial obligations and contingent liabilities

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

	31.12.2021	31.12.2020
	EUR	EUR
Maturity analysis		
Due in one year	176.452	112.794
Due between two and five years	360.057	323.318
Due in more than five years	284.133	315.350
	820.642	**751.462**

The amount of other financial obligations as of 31 December 2021 is approximately EUR 30 million and consists mainly of the contractual agreements for the Saerbeck campus.

The Company has entered into a licence agreement for the electrolyser software. The monthly charge amounted to TEUR 85 in 2021 and was paid to a related party. These services will be provided by a related company in the future. The term of the contract is one year. The contract is automatically renewed if neither party has terminated the contract 60 days before the end of the year.

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

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

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

B. Capital management

Capital management is focused on equity and loan financing. Equity amounted to EUR 46,519,830 on the balance sheet date (previous year: EUR 8,744,674). As a start-up in the field of research and development of and around hydrogen systems, capital management concerns in particular the increase of resources to finance future growth. After the successful completion of the first projects, the funds generated will be used to strengthen the capital and drive further development.

C. Risk management and financial instruments

(1) Credit risks

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

In the Enapter group, credit risks can arise in particular in the form of default risks. Default risks can arise on other financial assets if borrowers are unable to settle their obligations on time. The maximum default risk is reflected by the value of unimpaired financial receivables in the amount of TEUR 2,670 (previous year: TEUR 206) (see section III.A.(4)). The Enapter Group considers the default risks to be low and not material.

Maturities and overdues are continuously monitored by the management.

The additional default risks for cash and cash equivalents and other receivables are considered to be very low or have already been reduced by value adjustments. The maximum default risk is reflected by the respective book value.

(2) Liquidity risks

The management regularly monitors investment needs and ensures adequate financing, taking into account the safeguarding of liquidity.

Liquidity risk describes the risk of not being able to meet obligations arising from financial liabilities. As of 31 December 2021, current assets exceed current liabilities. In order to further expand business activities while ensuring the Enapter Group's solvency, two capital increases with gross proceeds of approximately EUR 46.1 million were carried out in 2021. Furthermore, loans in the amount of EUR 3.1 million were taken out in 2021 as a Corona support measure at the Italian subsidiary. A further capital increase is planned for spring 2022 with financial investors and strategic partners. The company is in advanced discussions with strategic investors in this regard. The company also plans to raise bank loans totalling approximately EUR 70 to 90 million after the capital increase. The Enapter Group has commissioned an external service provider to support it with the bank financing. Due to the increase in equity through capital increases, which took place at the beginning of 2021 and most recently at the beginning of November 2021, as well as the expanding sales and the equity-financed property acquisition and possible default guarantees for up to 80% of the loan volume by the state of North Rhine-Westphalia, about which talks have been initiated with the state, the company considers the possibility of obtaining further debt capital in the form of bank loans to be high.

There can be no guarantee that the planned financing measures can be implemented to the extent that sufficient funds are available for - from the Company's point of view - necessary investments. There is also a risk that the company will not be able to raise the necessary funds elsewhere or at reasonable conditions. The Executive Board is confident that it will succeed in closing the gap. However, should this not succeed, the Enapter Group might not be able to implement its business activities as planned.

(3) Market risks
(a) Currency risks

Currency risks can arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature. As the operating company Enapter S.r.l. has its registered office and a large part of its customers in the euro area and invoices mostly in euros, there is currently less foreign currency risk in the Group from operating activities. Enapter LLC, St. Petersburg, only performs intra-group activities. The equity capital measures carried out so far and the planned equity capital measures and loans granted to finance the Enapter Group are to be carried out in euros, so that there are only insignificant or no currency risks.

(b) Interest rate risks
There is currently no interest rate risk in the loan agreements for loans with related parties, as these are non-interest bearing.

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

In the course of the Corona crisis, Enapter S.r.l. received a concessionary loan of EUR 600,000 from an Italian bank on behalf of the Italian government in August 2021 (term until 31 December 2027, interest rate 0.565%, two years grace period, one-off processing fee 2%). The loan was granted to promote exports, but is otherwise not tied to any requirements or conditions. The exact repayment terms depend on the development of Enapter S.r.l.'s equity and foreign sales. An interest rate risk does not arise from the fixed interest rate for the term of the loan.

D. Additional disclosures on financial instruments

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

	Carrying amount 31.12.2021/ 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 31.12.2021/ 31.12.2020 EUR
31.12.2021					
Assets					
Cash and cash equivalents	19.604.079	19.604.079			19.604.079
Debt instruments					
Trade receivables and other receivables	3.012.463	3.012.463			3.012.463
Other financial assets	32.027	32.027			32.027
Liabilities					
Debt instruments					
Trade payables and other liabilities	7.022.887	6.988.781		34.106	7.022.887
Other financial liabilities					
Loan	3.893.653	3.893.653			3.893.653
Leasing liabilities	730.100	730.100			730.100
31.12.2020					
Assets					
Cash and cash equivalents	4.248.024	4.248.024			4.248.024
Debt instruments					
Trade receivables and other receivables	234.067	234.067			234.067
Other financial assets	21.782	21.782			21.782
Securities					
Other financial assets					
Liabilities					
Debt instruments					
Trade payables and other liabilities	1.701.983	1.701.983			1.701.983
Other financial liabilities					
Loan	1.435.612	1.435.612			1.435.612
Leasing liabilities	677.032	677.032			677.032

With the exception of one financial instrument for an interest rate hedge in 2021, which was allocated to Level 2, all recognised financial assets and liabilities are allocated to Level 3 in the classification of the fair value measurement, 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 non-current 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**
2021	**EUR**	**EUR**	**EUR**	**EUR**
Interest income	220	-	-	220
Interest expenses	-	-	-87.730	-87.730
Dividends	-	-	-	-
Impairments / reversals of impairments	-	-	-	-
Net result	**220**	**-**	**-87.730**	**-87.510**

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial liabilities measured at amortised cost	**Total**
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
Net result	**113**	**-1.375**	**-21.083**	**-19.595**

E. Cash flow statement

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

The financial resources consist of bank balances and cash in hand.

The cash flow from operating activities eliminates non-cash expenses and income. The cash flow from operating activities is presented using the indirect method.

The cash flow from investing activities contains the cash-effective investments and disinvestments in property, plant and equipment and financial assets. The cash flow from investing activities is presented using the direct method.

Cash flow from financing activities includes borrowings and repayments of financial liabilities as well as proceeds from the capital increases at Enapter AG. Cash flow from financing activities is presented using the direct method.

The following reconciliation shows the development of financial liabilities in relation to the cash flow from financing activities in the 2021 financial year:

	Stand at 01.01.2021 EUR	Payment effective Changes EUR		Non-payable effective Changes EUR	Stand at 31.12.2021 EUR
		Recordings	Repayments		
Other financial liabilities	1.435.612	3.075.194	-612.000	-5.153	3.893.653
Leasing liabilities	677.032	0	-113.140	166.208	730.100

	Stand at 01.01.2020 EUR	Payment effective Changes EUR		Non-payable effective Changes EUR	Stand at 31.12.2020 EUR
		Recordings	Repayments		
Other financial liabilities	935.998	1.414.612	-175.000	-739.998	1.435.612

The non-cash changes in the financial year 2021 in the amount of KEUR 6 result from deferred interest expenses and in 2020 in the amount of KEUR 740 from the conversion of loan liabilities into equity.

F. Executive Board and Supervisory Board

Board of Directors:

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

If the executive board consists of one person, it shall represent the company alone. If the Executive Board consists of more than one person, the Company shall be legally represented by one member of the Executive Board if the Supervisory Board has granted him/her the authority to represent the Company individually.

The Company has granted both members of the Executive Board sole power of representation.

members of the Executive Board in the 2021 financial year:

- 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).

Mr Sebastian-Justus Schmidt and Mr Gerrit Kaufhold did not hold any memberships in supervisory boards or other supervisory bodies within the meaning of Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG) during their appointments as members of the Executive Board in the 2021 financial year in addition to their activities as members of the Executive Board of Enapter AG.

During his appointment to the Executive Board in the 2021 financial year, Mr Hansjörg Plaggemars held the following memberships in supervisory boards and other supervisory bodies within the meaning of section 125 (1) sentence 5 of the AktG in addition to his activities as an Executive Board member:

- 4basebio UK PLC, Cambridge/United Kingdom, Non-Executive Director,
- Altech Chemicals Limited, Subiaco/Australia, Non-Executive Director,
- Azure Minerals Ltd, West Perth/Australia, Non-Executive Director,
- CARUS AG, Heidelberg, Deputy Chairman of the Supervisory Board (until 28 June 2021),
- Gascoyne Resource Limited, West Perth/Australia, Non-Executive Director (since 01.07.2021),
- HW Verwaltungs AG, Halberstadt, Deputy Chairman of the Supervisory Board,
- Kin Mining NL, Mount/Australia, Non-Executive Director,
- PNX Metals Limited, Rose Park/Australia, Non-Executive Director,
- South Harz Potash Limited, Perth/Australia, Non-Executive Director,
- The Grounds Real Estate, Berlin, Member of the Supervisory Board (until 27.08.2021)
- Wiluna Mining Corporation Ltd, West Perth/Australia, Non-Executive Director (since 21.07.2021).

The Executive Board member Mr Schmidt does not receive any direct remuneration from Enapter AG, his settlement is made within the framework of a contractually agreed management remuneration to BluGreen Company Ltd, Hong Kong (BluGreen), which also includes other employees of BluGreen and does not contain any factors affecting profit or loss. In the 2021 financial year, the Supervisory Board tendered 50,000 options at a subscription price of EUR 22.00 per share to Mr Schmidt from the authorisation granted by the company's Annual General Meeting on 6 May 2021 to implement a 2021 share option plan.

Remuneration of KEUR 50 (previous period KEUR 30) was paid to the Executive Board member Mr Plaggemars and KEUR 140 (previous period KEUR 0) to Mr Kaufhold in the financial year. Profit-sharing, subscription rights and other share-based payments were not granted to the aforementioned Executive Board members in the 2021 financial year.

No loans were granted to the members of the Executive Board during the financial year.

Supervisory Board:

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

members of the Supervisory Board in the 2021 financial year:

- Armin Steiner (Chairman of the Supervisory Board), Hanover, business economist;
- Oswald Werle (Deputy Chairman of the Supervisory Board), Feldkirch (Austria), industrial engineer;
- Ragnar Kruse, Hamburg, Managing Director.

In the financial year from 1 January to 31 December 2021, Mr Armin Steiner held the following memberships in supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence of the German Stock Corporation Act (AktG) in addition to his position as Chairman of the Supervisory Board of Enapter AG:

- Member of the Supervisory Board of EASY SOFTWARE AG, Mülheim an der Ruhr
- Member of the Board of Directors, Beta Systems Software of North America, Inc, McLean, USA

Mr Steiner received Supervisory Board remuneration of KEUR 24 in the 2021 financial year (previous year: KEUR 0).

In the financial year from 1 January to 31 December 2021, Oswald Werle held the following memberships in supervisory boards and other supervisory bodies within the meaning of Section 125 (1) sentence of the German Stock Corporation Act (AktG) in addition to his activities as a member of the supervisory board of Enapter AG:

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

In the 2021 financial year, Mr Werle received Supervisory Board remuneration of TEUR 18 (previous year: TEUR 0) and TEUR 108 (previous year: TEUR 0) for his work as a member of the Advisory Board.

In the financial year from 1 January to 31 December 2021, Mr Ragnar Kruse was also a member of the Advisory Board of Enapter AG and Blugreen Company Limited, Hong Kong, in addition to his activities as Chairman of the Supervisory Board.

Mr Kruse received supervisory board remuneration of KEUR 12 in the 2021 financial year (previous year: KEUR 0).

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

G. Information on relationships with related persons and companies

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 and Advisory Board of Enapter AG and BluGreen Company Ltd.	
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 also refer to section IV.F. above.

BluGreen Company Limited, based in Hong Kong ("BluGreen"), is the majority shareholder of Enapter AG with approximately 74% of the share capital as of 31 December 2021. 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 had granted non-interest-bearing loans to Enapter S.r.l. in several tranches. Of the loan of EUR 1,312,000 from BluGreen to Enapter S.r.l. existing as at 31 December 2020, a partial amount of EUR 612,000 was repaid in the 2021 financial year, resulting in a loan liability of EUR 700,000 as at 31 December 2021.

Enapter AG has concluded a Consultancy Agreement with BluGreen. In this agreement, BluGreen undertook to provide management personnel as consultants, in particular the board member Sebastian-Justus Schmidt. For this, a monthly payment of EUR 35,000 is to be made 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 of 31 December 2021, there was no liability to BluGreen from the consultancy contract (previous year: KEUR 35).

Mr Jan-Justus Schmidt received remuneration of TEUR 120 (previous year: TEUR 120) for his work as a director at Enapter S.r.l. , managing director at Enapter GmbH and Enapter Immobilien GmbH in 2021.

Enapter AG has concluded a consultancy agreement with Mr Oswald Werle. 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 expenses or accommodation costs, among other things, will be reimbursed up to a maximum amount 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.

Enapter AG has entered into a Consultancy Agreement with Enapter Co Ltd. ("Enapter Thailand") under a consultancy agreement. In this agreement, Enapter Co. Ltd. undertook to provide consulting services against payment of TEUR 30 per month. The consulting services include software services, which are created and continuously maintained in the form of interactive dashboards for corporate control and management information, as well as corporate design services. These monthly advance payments are adjusted annually. This is done on the basis of recalculations. These recalculations 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 31 December 2021, there was no liability to Enapter Co. Ltd. from the consultancy contract (previous year: KEUR 30).

Enapter AG has entered into a software licence agreement with Nevapter LLC, Russia (Nevapter). 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 fee under the licence agreement was EUR 85 thousand per month until 30 September and EUR 95 thousand per month from 1 October 2021. 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. In the future, it is planned that the software development will be provided by the subsidiary Enapter LLC, St. Petersburg, which was established on 3 November 2021. To this end, Enapter LLC has taken over Nevapter's operations, including its employees, at the end of 2021. So far, the Russia-Ukraine war has had no direct impact on the cooperation with Enapter LLC and the Enapter Group. Of the total of 35 software developers in the Enapter Group, 29 employees work in St. Petersburg. A large number of these employees have left Russia. The employees continue to work for the Enapter Group at different locations or from home offices. Enapter AG and its subsidiaries pursue a strict policy of compliance with the sanctions imposed as a result of the invasion. To this end, an internal compliance check has been set up before taking on customers or other contractual partners. It cannot be ruled out that Russia will take countermeasures to the sanctions imposed by the EU, the USA and the UK, which could lead to further restrictions on the exchange of goods and services as well as capital movements and even to the nationalisation of Enapter LLC.

G. Employees

The Enapter Group employed an average of 151 (previous year: 81) employees in the financial year 2021, 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).

H. Final examination

MSW GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Berlin was appointed as auditor of the financial statements and consolidated financial statements for the 2021 financial year. For the financial year, fees for auditing services amounting to EUR 59,000 (previous year: EUR 42,000), for other certification services amounting to EUR 65,000 (previous year: EUR 5,000) and for other services amounting to EUR 5,000 (previous year: EUR 0) were charged.

I. Proposal for the appropriation of profits at Enapter AG

The net loss of Enapter AG for the financial year 2021 in the amount of EUR - 5,038,798.15 will be carried forward.

J. Information on the Declaration on the Corporate Governance Code

The corporate governance statement pursuant to §§ 289f and 315d of the German Commercial Code (HGB) is permanently available on the company's website at https://enapterag.de/corporate-governance/.

K. Notifications pursuant to the German Stock Corporation Act or the German Securities Trading Act

Notification of voting rights pursuant to section 40 (1) WpHG of 18 January 2021

- Mr Wilhelm Konrad Thomas Zours, has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, fell below the threshold of 3% on 15 January 2021 and amounted to 2.99% (this corresponds to 668,023 voting rights) on that date. 2.99% of the voting rights are to be attributed to Wilhelm Konrad Thomas Zours pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: Deutsche Balaton Aktiengesellschaft, VV Beteiligungen Aktiengesellschaft, Delphi Unternehmensberatung Aktiengesellschaft.

Correction of voting rights notification pursuant to section 40 (1) WpHG of 18 January 2021

- Mr Wilhelm Konrad Thomas Zours, reported a correction to the voting rights notification of 18.01.2021 on 19.01.2021. The notification date was corrected from 18.01.2021 to 19.01.2021.

Notification of voting rights pursuant to section 40 (1) WpHG of 19 March 2021

- Mr Sergei Storozhenko, has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, exceeded the threshold of 3% on 16 March 2021 and amounted to 3.57% (this corresponds to 794,169 voting rights) on that day.

Notification of voting rights pursuant to section 40 (1) WpHG of 8 November 2021

Mr Sebastian-Justus Schmidt has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, amounted to 72.62% (this corresponds to 16,776,772 voting rights) on 2 November 2021. 72.62% of the voting rights are to be attributed to Mr Sebastian-Justus Schmidt pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: BluGreen Company Limited.

Notification of voting rights pursuant to section 40 (1) WpHG of 11 November 2021

Mr Sebastian-Justus Schmidt, has notified us pursuant to section 33 (1) WpHG that on 9 November 2021 his percentage of voting rights in Enapter AG, Heidelberg, amounted to 68.74% (this corresponds to 16,776,772 voting rights). 68.74% of the voting rights are to be attributed to Mr Sebastian-Justus Schmidt pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: BluGreen Company Limited.

Notification of voting rights pursuant to section 40 (1) WpHG of 11 November 2021

- Mr Wilhelm Konrad Thomas Zours, has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, exceeded the threshold of 3% on 4 November 2021 and amounted to 3.44% (this corresponds to 795,118 voting rights) on that date. 3.44% of the voting rights are to be attributed to Wilhelm Konrad Thomas Zours pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: Deutsche Balaton Aktiengesellschaft, VV Beteiligungen Aktiengesellschaft, Delphi Unternehmensberatung Aktiengesellschaft, 2invest AG.

Notification of voting rights pursuant to section 40 (1) WpHG of 12 November 2021

- mwb fairtrade Wertpapierhandelsbank AG has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, exceeded the threshold of 5% on 9 November 2021 and amounted to 5.34% (representing 1,304,347 voting rights) on this date. This acquisition of voting rights took place in the context of the settlement of a capital measure.

Notification of voting rights pursuant to section 40 (1) WpHG of 27 December 2021

- mwb fairtrade Wertpapierhandelsbank AG, has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Enapter AG, Heidelberg, fell below the threshold of 5% on 22 December 2021 and amounted to 0.00% (this corresponds to 0 voting rights) on this date.

Notification of voting rights pursuant to section 40 (1) WpHG of 28 December 2021

Mr Sebastian-Justus Schmidt, has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, amounted to 73.98% (this corresponds to 18,055,491 voting rights) on 23 November 2021. 73.98% of the voting rights are to be attributed to Mr Sebastian-Justus Schmidt pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: BluGreen Company Limited.

Correction of the voting rights notification pursuant to section 40 (1) WpHG of 27 December 2021

- On 29.12.2021, mwb fairtrade Wertpapierhandelsbank AG, reported a correction to the voting rights notification of 27.12.2021. Accordingly, the date of the threshold contact was corrected to 23.12.2021.

Notification of voting rights pursuant to section 40 (1) WpHG of 30 December 2021

- Mr Wilhelm Konrad Thomas Zours has notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Enapter AG, Heidelberg, fell below the threshold of 3% on 23 December 2021 and amounted to 2.85% (this corresponds to 694,918 voting rights) on that date. 2.89% of the voting rights were attributed to Wilhelm Konrad Thomas Zours pursuant to section 34 para. 1 sent. 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in Enapter AG amount to 3% or more: Deutsche Balaton Aktiengesellschaft, VV Beteiligungen Aktiengesellschaft, Delphi Unternehmensberatung Aktiengesellschaft, 2invest AG.

L. Events after the balance sheet date

The invasion of sovereign Ukraine by Russian forces on 24 February 2022 represents a drastic event that will also leave clear traces in the global economy and thus in corporate accounting. The reactions were immediately noticeable on the goods and financial markets, and the democratic states united in imposing harsh sanctions against Russia. The consequences for Russia, but also for the imposing states, are already becoming immediately apparent, but will also have considerable consequences for the global economy in the long term. Statements on the temporal extension of the crisis, which may also be exacerbated by further actions by Russia, are hardly possible at present. The direct and indirect effects of the war are to be classified as value-justifying for transactions on key dates before 24 February 2022.[18]

The war is a tragedy for the people, especially in Ukraine.

We are required by law to report on the uncertainties surrounding the economic impact of the war on the Company and the Enapter Group.

Of the total of 35 software developers in the Enapter Group, 29 employees work in St. Petersburg. A large number of these employees have left Russia. The employees continue to work for the Enapter Group at

[18] IDW Technical Note on the Impact of the Ukraine War on Accounting dated 8 March 2022

different locations. In our opinion, there is currently no significant economic risk for the Enapter Group and thus for the company.

The indirect consequences of the war can lead to business disruptions and interruptions, declines in demand, delivery failures and / or increases in costs. In particular, there is a risk that existing supply chains will be interrupted. Some of the Enapter Group's customers/suppliers experienced delays in internal processes, resulting in delayed order placement.

In addition, the ongoing spread of the coronavirus, particularly in Italy, led to the disruption of supply chains, which had a significant impact on the production of the electrolyzers. Especially if new, more dangerous coronaviruses spread, there is still a risk of a global economic and financial crisis, which could have a negative impact on the Enapter Group's operations, financial position and results of operations, and thus also on the company. In particular, further or renewed disruptions of supply chains could negatively affect the production of the electrolysers and thus the sales of the Enapter Group.

The Company announced on 7 April 2022 that the first part of the capital increase announced on 6 April 2022 has been successfully placed. Gross proceeds of EUR 30 million were raised in the pre-placement including the backstop by the major shareholder. The offer price per share was set at EUR 19.00. Against this background, the Executive Board, with the approval of the Supervisory Board, decided to increase the share capital by an amount of at least EUR 1,578,948.00 and up to EUR 6,315,789.00 by issuing at least 1,578,948 and up to 6,315,789 new shares ("New Shares") from the authorised capital while granting subscription rights to current shareholders. The total volume of the capital increase is divided into two tranches. The first part comprises the tranche from the pre-placement with gross proceeds of EUR 30 million. A second part with a volume of up to EUR 70 million is intended for subscription by strategic investors with whom Enapter AG is in advanced negotiations on cooperation agreements. BluGreen Company Limited, the main shareholder of Enapter AG with a stake of approximately 71.5% of the share capital, has committed itself in a backstop agreement to participate in the capital increase with an amount of up to EUR 15 million to the extent that the New Shares - apart from the New Shares intended for the strategic investors - are not subscribed otherwise. To enable the pre-placement and the allocation to strategic investors, the major shareholder has waived the exercise of its subscription rights. The existing shareholders have the opportunity to subscribe for shares within the scope of the subscription right. These subscriptions will reduce the amount of the backstop, if any, and thereafter the amount reserved for strategic investors. The total amount of shares placed is therefore not expected to be known until after the completion of the rights offering. The rights offering will commence at a later date and is subject to the approval of the EU Reconstruction Prospectus required for the offering by the German Federal Financial Supervisory Authority ("BaFin") and its publication. The related offer period for the exercise of the respective subscription rights is expected to take place at the beginning of June 2022. The New Shares will be admitted to trading on the regulated market of the Frankfurt Stock Exchange (General Standard) and on the regulated market of the Hanseatic Stock Exchange Hamburg following the Subscription Offer.

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

Heidelberg, 28 April 2022

The Board of Directors Enapter AG

gez. Sebastian-Justus Schmidt

signed Gerrit Kaufhold

Responsibility statement by the legal representatives

(§ 264 para. 2 sentence 3 HGB, § 289 para. 1 sentence 5 HGB and § 297 para. 2 sentence 4 HGB, § 315 para. 1 sentence 5 HGB)

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

Heidelberg, 28 April 2022

The Board of Directors Enapter AG

gez. Sebastian-Justus Schmidt

signed Gerrit Kaufhold

Auditors' Report of the Independent Auditor

To Enapter AG, Heidelberg:

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

Audit Opinions

We have audited the consolidated financial statements of Enapter AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2021 to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the group management report of Enapter AG for the financial year from 1 January 2021 to 31 December 2021. We have not audited the content of the parts of the group management report mentioned in the section "Other information" in accordance with German legal requirements.

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

- the accompanying consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to section 315e (1) HGB and give a true and fair view of the financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in accordance with these requirements; and
- the accompanying group management report as a whole provides a suitable view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our opinion on the group management report does not extend to the parts of the group management report not audited as to substance, which are listed under "Other information".

In accordance with section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the consolidated financial statements and the group management report.

Basis for the audit judgements

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

Material uncertainty related to the going concern assumption

We refer to the disclosures in the section "Report on material risks and opportunities" of the combined management report and in section "D. Use of discretionary decisions and estimates" in the notes to the consolidated financial statements, in which the legal representatives explain that the expansion of the Enapter Campus requires the injection of further capital and that the company's continued existence is at risk if the financial and earnings planning is not met.

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

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

The company expects the losses and associated liquidity outflows to continue until mass production and the associated sales of the electrolyzers have started on a sustainable basis. The operating break-even is expected in 2023 according to current planning. The further financing of the group, in particular of the Enapter campus in Saerbeck, is to be carried out with equity, subsidies and debt capital. Against the background of the associated uncertainty as to how and for how long the running costs can be financed, we consider this to be a particularly important audit matter. The risk for the financial statements is that the company does not adequately present the uncertainty in connection with the continuation of the company's activities.

The risk for the financial statements is also that the Executive Board wrongly assumes a positive forecast for the continuation of the business and that the assets and liabilities are therefore not correctly accounted for.

Audit approach and conclusions

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

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

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

Particularly important audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year from 1 January 2021 to 31 December 2021. In addition to the matter described in the section "Material uncertainty related to going concern", we have not identified any key audit matters to be disclosed in our audit opinion.

Other information

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

- the reference to the group declaration on corporate governance with corporate governance report pursuant to § 315d HGB and the information to which the reference refers,
- the reference to the remuneration report pursuant to § 162 AktG and the information to which the reference refers,
- Responsibility statement by the legal representatives (section 297 (2) sentence 4 HGB, section 315 (1) sentence 5 HGB).

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

In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information and, in doing so, evaluate whether the other information is

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

Responsibility of the legal representatives and the supervisory board for the consolidated financial statements and the group management report

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to § 315e Abs. 1 HGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for accounting on a going concern basis unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of misstatements, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of the arrangements and actions relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to § 315e Abs. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the group to express opinions on the consolidated financial statements and on the group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view of the group's position conveyed by it.
- We perform audit procedures on the forward-looking statements made by management in the group management report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

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

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

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

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the audit of the electronic reproductions of the consolidated financial statements and the group management report prepared for the purpose of disclosure pursuant to section 317 (3a) of the German Commercial Code (HGB)

Audit opinion

Pursuant to section 317 (3a) HGB, we have performed a reasonable assurance engagement to determine whether the reproductions of the consolidated financial statements and the group management report (hereinafter also referred to as "ESEF documents") contained in the file "Enapter AG_ESEF-2021-12-31.zip" and prepared for disclosure purposes comply in all material respects with the requirements of section 328 (1) HGB on the electronic reporting format ("ESEF format").

In accordance with German legal requirements, this audit only covers the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the aforementioned attached file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 (1) HGB regarding the electronic reporting format.

Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2021 to 31 December 2021 contained in the preceding "Report on the audit of the consolidated financial statements and the group management report", we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned attached file in accordance with section 317 (3a) of the German Commercial Code (HGB) and in compliance with the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to section 317 (3a) of the HGB (IDW PS 410).

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

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

The Company's management is responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the group management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB. Furthermore, the Company's management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of section 328 (1) HGB. The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibility for the audit of the ESEF documents

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

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

Other information according to Article 10 EU-APrVO

We were appointed as auditors at the Annual General Meeting on 6 May 2021. We were appointed by the Chairman of the Supervisory Board on 30 December 2021. We have served as the auditor of Enapter AG without interruption since the short fiscal year 2018/2019.

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

OTHER MATTERS - USE OF THE AUDIT OPINION

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

AUDITOR IN CHARGE

The auditor responsible for the audit is Dr Mathias Thiere.

Berlin, 28 April 2022

MSW GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Thiere
German Public Auditor