Half-year report

2021

Content

Foreword of the Management Board

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

Ladies and gentlemen,
Dear shareholders,

In the first half of 2021, 2G recorded new order intake in a volume of EUR 91.7 million. A total of 44% of this volume was driven by foreign business, particularly from Europe and North America. This represents a further confirmation of our focus on international markets and underlines our long-standing strategy of making the 2G business model more independent of local markets. With the foundation of 2G Energy International GmbH in April 2021, we are placing the further expansion of our foreign business on a solid foundation. Sales and service thereby receive structured processes for international market development, and to support partners and international customers. The aim is to work more intensively especially on those export markets that have not yet been served by a separate national company, and to identify further attractive foreign markets. This will help us to achieve our long-term sales targets of EUR 330 million by 2024 and EUR 400 million by 2026. The partnership agreement we signed recently with Japanese company Yanmar Energy System Co., Ltd., is in alignment with this objective. With Yanmar, we have gained a further strong partner for our sales and service in Asia, the Middle East and North Africa.

For the first time, 2G achieved net sales in excess of EUR 100 million during the first half-year period, reflecting year-on-year growth of 25% and reaching a level of EUR 106.9 million. Sales of new CHP systems rose by 36% year-on-year in Germany and by 23% abroad. Service sales also rose sharply, by 20%, to EUR 55 million. We see the stabilization of sales activity – which is particularly visible between the fourth quarter of 2020 and the first quarter of 2021 – as a clear indication that we are making good progress in implementing industrial processes within the company, and that we can realize efficiency gains. Earnings before interest and taxes (EBIT) of EUR 2.3 million were in line with our expectations against the backdrop of the slightly lower total operating performance of EUR 111.5 million due to COVID-19.

Our hydrogen expertise is attracting worldwide attention. It not only provides a top reference attesting our technological expertise, but also helps us to convince partners and customers of the key role that gas-fired CHP plays in the energy revolution. This includes, firstly, our systems' H_2-readiness, thereby avoiding "stranded investments" in our customers' energy supplies. Secondly, we highlight CHP's function within cross-sector energy supplies of the future. A CHP system is the natural partner to PV plants thanks to its complementary mode of operation. And, in power-to-gas systems, CHP plants can re-electrify wind and solar energy stored in the gas system in a highly efficient manner. Efficiencies up to 98% are achieved by harnessing the waste heat. These represent good arguments.

The Service division, with its recurring, plannable and largely non-cyclical sales revenues, forms our second strong sales pillar, accounting for a 38% share of net sales (as of December 31, 2020). Having completed the acquisition of the entirety of HJS Motoren GmbH in the first half-year, we have further strengthened our service expertise. HJS specializes in the maintenance and repair of gas operated CHP systems. The company has around 400 turbines in service, most of which do not originate from 2G and whose engines will reach the end of their technical service life over the next few years. This will lead to additional earnings and sales contributions for 2G, and we expect complementary sales potential for our own systems, such as the agenitor series. Overall, this first corporate acquisition strengthens our high-margin service business and expands 2G Service's expertise to include engine expertise from renowned, international third-party suppliers.

With the aura 408 and aura 412 natural gas CHP units, 2G is launching a new engine series on the market. As a consequence, 2G offers two new "clean machines" in the medium and upper power range, which have a 15% higher specific output compared to conventional systems with the same displacement, achieve high thermal efficiencies, and implement 2G's well-known reliable, service-friendly engine concept. These systems are particularly attractive for customers in large cities and conurbations because of their low exhaust emissions. With less than 50 mg NO_x, they meet rising global requirements for low nitrogen oxide limits. And – we can almost say "of course" – these plants will be delivered to customers "H_2-ready". This means they can be converted to run on up to 40%, or 100%, hydrogen at any time. From the customer's point of view, our long-life CHP units thereby create investment security in relation to sustainable energy supplies.

With the dynamic growth in the new equipment and service business as well as the internationalization, the company organization, the employees, the teams as well as managers are continuously faced with new tasks and challenges – not only in their own workplace but also increasingly beyond team and department dimensions. In order to address these dynamics and complexities in a structured and motivated manner, we are strengthening our cross-departmental process orientation as well as the internal bonding of our teams at all levels. Together we agree on goals, raise awareness in relation to cost-conscious action, and relate the joint success of our company to each individual's contribution to efficient work processes, product quality, customer focus and innovative spirit. We are striving to strengthen the sense of togetherness within the 2G community in order to promote and call upon each individual's motivation, commitment, willingness to perform, and quality orientation for the company in the best possible way within an appreciative and meaningful working environment. The sustainability of our business activities, our products and our commitment to customer benefits, our employees, the climate, the environment and society form a key guiding principle of this development.

Efforts to reduce greenhouse gas emissions by companies and governments are continuing worldwide. The EU's "Fit for 55" program, the ambitions of the US government and the Japanese government's decarbonization program are just three examples of the short timeframe, capacity targets and measures that will see fossil primary energy sources relinquish their dominant role over the past two centuries as suppliers of electricity and heat. In turn, demand for climate and environmentally compatible generation capacity will continue to grow at the same breathtaking pace, if not even more rapidly. As a consequence, demand is also rising for technologies for decentralized energy concepts that can efficiently integrate fluctuating renewable energies into controllable capacity in a way that serves the system. This is the only way to ensure economic and secure supplies for consumers.

Gas-fired combined heat and power systems perform precisely this task with all the desirable characteristics such as low emissions, efficiency, decentralization, digitalization, availability, flexibility and rapid implementation. Highly efficient 2G systems also feature a globally available service network, low total cost of ownership and guaranteed conversion to operation with hydrogen. Any customer that utilizes 2G power systems thereby buys a future-proof and economic energy supply. The feedback we receive from our sales operations and from customers on these special features and performance characteristics encourages us to continue on this path. H_2-ready is gaining in importance because hydrogen is paving the way for decarbonized energy supplies.

We are convinced that the most efficient industrially-available type of power plant is and will remain, for a long time to come, combined heat and power – driven by regenerative power from a reciprocating piston drive. Among various energy conversion and energy storage technologies, this makes our technology an important building block for a resilient electricity and heating market design that reliably serves the growing demands of modern industrial and service companies.

The cogeneration of electricity and heating is increasingly regarded as the backbone technology of the energy revolution, with potentially emission-free base load capacity and flexibilities to integrate fluctuating supplies from wind and solar power generators. The continuing, growing breadth of new order intake and demand for 2G hydrogen CHP worldwide has clearly demonstrated this, despite the still noticeable adverse effects of the COVID-19 pandemic.

Overall, we are justifiably optimistic as we enter the second half of the year with a dynamic order intake and an order backlog of EUR 150 million. Although the current distortions on the procurement market will continue to accompany us, from today's perspective they do not jeopardize our production targets. In view of the already accelerating output in recent weeks, we continue to expect total operating performance for the year as a whole to be at least on a par with the previous year and – as previously announced – to generate sales of between EUR 250 and 260 million and an EBIT margin of between 6.0% and 7.5%.

We also raised our medium-term forecast for 2024 in June to EUR 330 million (previously EUR 300 million) in sales with an unchanged target EBIT margin target of 10%.

Heek, in September 2021

2G Energy AG

Yours sincerely

Christian Grotholt
Management Board Chairman
(CEO)

Ludger Holtkamp
Management Board
member

Friedrich Pehle
Management Board
member

Frank Grewe
Management Board
member

2G share consolidates at a high level

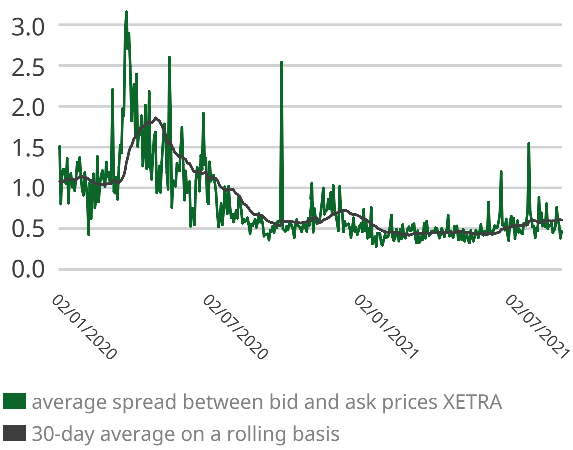
After reaching a new all-time high of EUR 106 at the beginning of February, the 2G share consolidated during the course of the first half of 2021. The sideways movement from the end of February was recorded approximately in a range of EUR 85 to EUR 95. The share price touched its low of EUR 80.90 at the end of March. At the end of the reporting period, the 2G share stood at EUR 96.50, reflecting a gain of 3.3% during the first six months of 2021 (previous year: 46.0%).

The market capitalization of 2G Energy AG thereby rose to around EUR 430 million as of the reporting date (previous year: EUR 300 million). It should be noted that in January 2021 the company increased its share capital by EUR 55,000.00, from EUR 4,430,000.00 to EUR 4,485,000.00, by issuing 55,000 new no-par value bearer shares. The share price performance was supported by positive company news on the 2020 financial year results, a good start to the 2021 financial year, and further growth in new order intake, particularly from abroad.

For the first time following two years of outperformance, the 2G share thereby underperformed the selective indices. The DAX rose by 13.4% in the period under review. The Scale30 selection index, to which 2G belongs, had gained 13.1% by the end of June. The DAXsubsector All Renewable Energies and the DAXsector All Industrial also appreciated by 2% and 13% respectively over the same period.

Turnover in the 2G share on XETRA, tradegate and regional stock exchanges averaged around 15,000 shares per day during the first half of the year (H1 2020: 22,900). Around 67% (H1 2020: 53%) of the turnover in 2G shares was traded through XETRA, 27% (37%) via tradegate, and 6% (10%) through the German regional stock exchanges. With the continued solid liquidity of the share during the period under review, the average spread between the bid and ask prices stabilized at a good level of 0.5% in stock market trading, as shown in the chart below. These positive trading fundamentals continue to make the 2G share attractive to both institutional and private investors.

Trend in average spreads between bid and ask prices in %

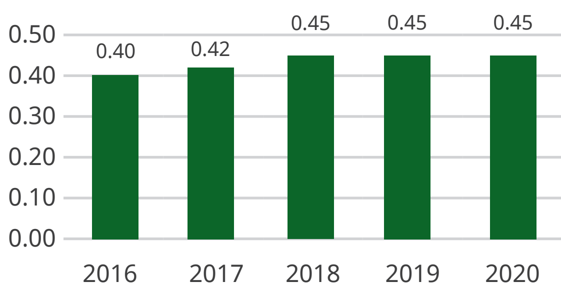


Trend in average spreads between bid and ask prices 2020 to July 2021.
Source: Pareto Securities, 2G calculations, July 2021

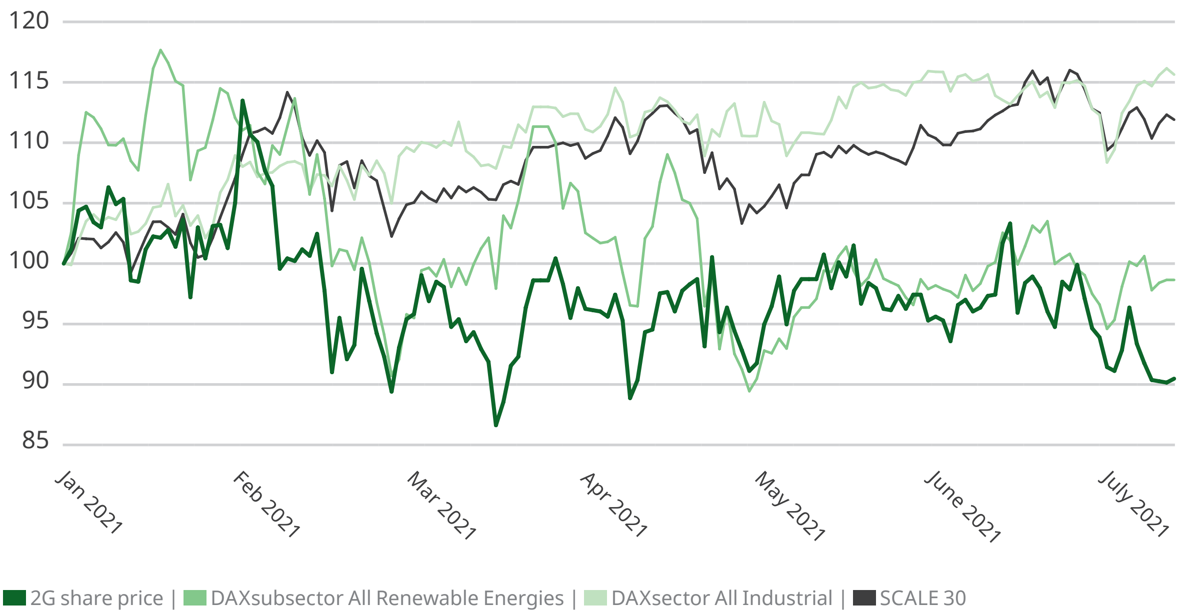
At the virtual Ordinary AGM held on June 15, 2021, a large majority of the shareholders approved the payout of a EUR 0.45 dividend for the 2020 financial year (previous year: EUR 0.45). Given the COVID-19 pandemic, the constant dividend compared to the previous year was again a clear sign that 2G wishes to remain stable and predictable in its dividend policy. Despite the higher profitability in the 2020 financial year, the Management and Supervisory boards have refrained from proposing a higher dividend for reasons of commercial prudence. In principle, the dividend policy is unchanged: dividends are to be based on sustainable profitability and should avoid distributions from the company's net assets, in order to maintain the company's financial and innovative strength for further growth.

Attendance at the virtual AGM amounted to around 58% of the share capital (previous year: 64%).

Dividends for the financial years 2016 bis 2020 EUR



2G share price performance and comparative indices in the first half of 2021 (indexed) in %



2G share price performance and comparative indices from Januar 4 to July 30, 2021 (indexed) in %.
Source: Pareto Securities, 2G calculations, August 2021

2G. Group management report.

Condensed interim Group management report

Reservation in relation to forward-looking statements

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

A. The 2G Group

Business activity and corporate structure

The 2G Energy AG Group is an internationally leading manufacturer and provider of decentralized energy supply systems. Active in the development, production and technical installation as well as digital grid integration of cogeneration plants, the company offers comprehensive solutions in the growing market for highly efficient combined heat and power (CHP) systems. After-sales and maintenance services comprise an important additional performance criterion. In particular, the product range includes CHP modules with an electric output range between 20 kW and 4,500 kW, for operation harnessing natural gas, biogas, other lean gases and hydrogen. All plants operate highly efficiently, conserve resources, and reduce or neutralize emissions of climate-damaging CO_2 or NO_x through combined power generation, a variety of digital and mechanical innovations in the power generation process, and advanced exhaust gas purification systems. Worldwide, more than 7,000 installed 2G systems in various applications supply electrical and thermal energy to a broad spectrum of customers, including companies in the housing industry, agriculture, commercial and industrial companies, public energy utilities, and municipal and local government authorities.

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

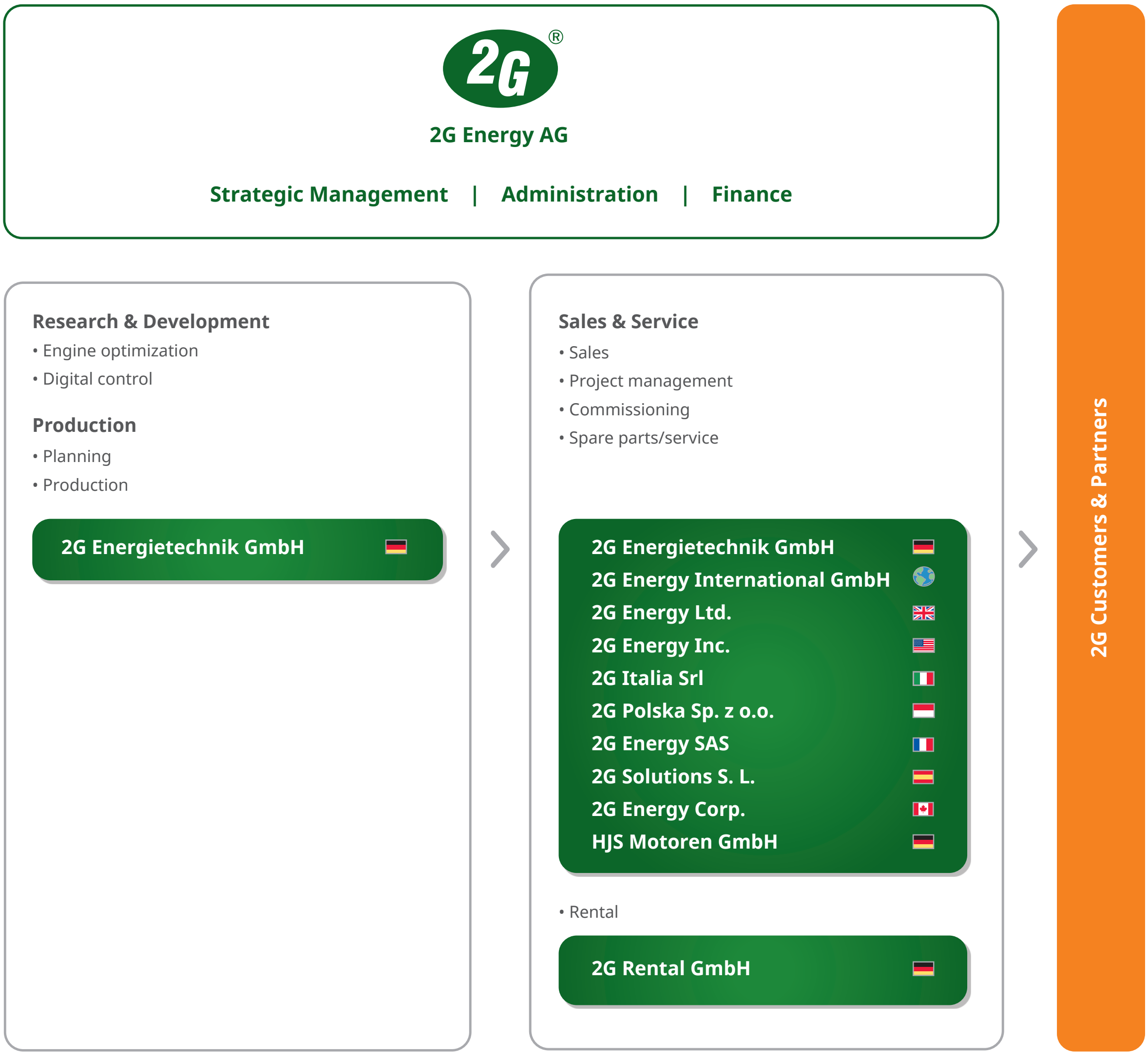


Diagram 1: 2G Energy AG corporate structure, subsidiaries' business purposes and value chain (as of August, 2021).

2G Energietechnik GmbH (2GE), which is based at the Group headquarters in Heek, in Germany's western Münster region, comprises the main operating entity. The company combines the planning, production, commissioning and ongoing service of 2G systems. Moreover, 2G has dependent branch operations in Schonstett near Munich, in Hamburg, in Halle/Saale, and in Berlin. 2G Energy International GmbH, based in Heek, is responsible for international sales.

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

B. Economic and business environment

Macroeconomic situation

According to the global economic report published in mid-June 2021 by the Kiel Institute for the World Economy (IfW), the economic trend since the outbreak of the coronavirus pandemic has been significantly shaped by the protective measures that have been adopted – both nationally and internationally. As a consequence, production that would have been marketable under normal circumstances has been lost to a significant extent. By contrast, economic activity is recovering rapidly wherever pandemic-related restrictions are being lifted. The IfW assumes that the global economy will remain on an uptrend in the first months of 2021, despite renewed pandemic-related restrictions. The effects of the pandemic were largely confined to the service sectors, while industrial production and world trade continued to report strong growth. However, the IfW's economists note that the upturn in industrial production and world trade has slowed recently due to supply bottlenecks and logistics problems. Tensions in the global economic structure are reflected not least in sharp price increases for raw materials, intermediate goods and transport services, which have already contributed to a tangible rise in consumer prices. The IfW notes that the continuation of significantly expansive monetary policy and considerable impulses from fiscal policy in both the USA and the Eurozone are driving the economy. In their economic forecast, the IfW's economists assume that global gross domestic product (GDP) will expand by 6.7% in 2021.

The Eurozone reported a subdued start to 2021. First-quarter production levels were 5.1% lower than the pro-corona level at the end of 2019. According to the IfW, however, the signs for the rest of the year are pointing to a strong recovery: infection rates are clearly on the decline due to the now rapidly advancing vaccination campaigns, seasonality, and infection control measures throughout Europe. This will enable governments to gradually withdraw the remaining measures. The upturn in industry, by contrast, is likely to gather momentum only gradually. The economy will continue to be supported by extremely expansive monetary and fiscal policy for the time being. With a look to the current year, economists are forecasting an overall increase in gross domestic product in the Eurozone of 5.3%.

After the resurgence of the coronavirus pandemic had brought the economic recovery to a standstill in the winter half-year, the economy in Germany picked up again in the first half of the year. The IfW's economists paint a bright picture: "The German economy is picking up speed again. Demand, additionally fueled by pent-up purchasing power and government economic stimulus programs, is encountering supply that is also limited by delivery bottlenecks. All in all, the signs are pointing to a strong expansion. However, this is driving up prices where production capacities cannot yet keep pace with rising demand." The IfW expects that Germany's gross domestic product (GDP) will grow by 3.9% in 2021.

With regard to the first half of 2021, the German Engineering Federation (VDMA) has recorded an overall increase in new order intake of 29% in real terms compared to the previous year. The growth in orders from abroad was significantly higher than from Germany. According to the VDMA, reticence among customers during the peak phase of coronavirus has clearly been overcome. “Investment in equipment, machinery and services stands at the top of the agenda globally,” the association noted when publishing its data for the first half of 2021.

Sector trend varies across the globe

The coronavirus pandemic also had a significant impact on global economic growth and demand for CHP systems in the period under review. According to 2G’s assessment, the measures against the COVID-19 pandemic, and the easing of such measures during the first half of 2021, have had varying effects on investment decisions in submarkets internationally. Whereas in Germany, Europe and North America the onset of spring and the start of vaccinations led to a marked revival in demand for CHP systems as capital investments, the Asian region has continued to reflect a noticeable reluctance to make investment decisions. The structural fundamentals that support investments in modern, climate-compatible energy supplies continue to exist globally. Overall, demand for cogeneration systems is driven by rising energy demand and the need to significantly cut greenhouse gas emissions in order to limit climate change. Demand also exists for technologies that can efficiently integrate fluctuating renewable generators into a controllable capacity in order to ensure economic and secure supplies to consumers. Further details can be found on pages 42 to 45 of the Annual Report 2020.

Dynamic new order intake from European and American markets

In the German market, new order intake was robust at EUR 47.3 million (previous year: EUR 56.0 million). Deliveries of natural gas systems continued to report significant growth, and now exceed deliveries of biogas systems several times over. The biogas segment was characterized by a sideways movement as a consequence of positive but extensive legislative modifications and only recorded significant growth again towards the end of the first half of the year, as expected. The warranty given by 2G that systems can be converted to run on hydrogen leads to greater investment security for operators, thereby supporting demand not only in Germany but also internationally.

In European countries outside Germany, growth in new order intake of around 59% was achieved. The UK, in particular, contributed in this context with a 45% increase in new order intake.

The most dynamic recovery following the measures against the pandemic in the first half of 2020 was recorded by the North and Central America region. New order intake rose by more than 400% to almost EUR 11 million in the first half of 2021.

The restrictive measures taken against the corona virus, including curfews and the closure of many production facilities, have continued to fuel uncertainty in the Asian region, delaying official approvals for the recommencement of operations and postponing investment decisions, among other effects. This led to a significant decrease in new order intake in the reporting period. The value of orders reduced from EUR 7.3 million in the first half of 2020 to EUR 1.9 million.

In the first half of 2021, which was marked by extreme conditions due to the pandemic, it became apparent that 2G, with its diversified international positioning with its own subsidiaries and its certified partners concept, is operating well and robustly in the market. The share of new order intake from abroad rose significantly from around one third (34.6%) in the prior-year period to almost 50%. In order to focus to an even greater extent on international market development and support, 2G Energy International GmbH, based in Heek, was founded in April. The task of this new sales company is to address export markets even more intensively, especially those that have not yet been served by a separate national company. At the same time, the interests and concerns of export markets that do not have their own national companies are to be better bundled and structured internally.

Decisions to invest in 2G products and services for energy supplies for municipalities and private investors from the industrial, commercial and housing sectors are guided by long-term considerations, and often form part of the provision of public services. Grid supply quality (grid fluctuations) and supply security (power outages, load deactivation) as well as low-emission power generation are also being increasingly applied as investment criteria. 2G CHP systems offer custom-fit, future-oriented solutions for all of these factors. Overall, order intake in the first half of the year rose by 7% to EUR 91.7 million.

Spark spread remains at attractive level

Generally, potential 2G customers face an economic decision as to whether to invest in a gas operated CHP power system and thereby become largely more independent of public supplies and save energy and emission costs, or to remain with conventional energy supplies. The ratio between the price of electricity and the price of natural gas, the so-called spark spread, is the decisive metric for the economic efficiency of CHP systems. Consequently, a particular focus is placed on monitoring the trend in this spread.

Natural gas prices, as measured by the Dutch TTF Natural Gas Forward, moved dynamically upwards during the period under review, continuing a trend that began in July 2020. The collapse of energy prices in the wake of the coronavirus pandemic was recorded at its lowest point at this time. From January 1 to June 30, 2021, the gas price doubled to 33.72 EUR/MWh, as shown in the graph. Market observers identify various reasons for this: gas storage facilities in Europe are only filled to low levels, LNG deliveries from overseas have been decreasing for several months, and an artificial shortage in connection with the dispute over the Nord Stream 2 gas pipeline. Market observers also expect gas prices to remain stable until the year-end. In Germany, a so-called CO_2 tax has also been in place since the start of the year, which imposes a CO_2 price on fossil fuels used for heating generation and transportation purposes.

Electricity prices have also been rising steadily since July 2020. The industrial electricity price will amount to EUR 191 per MWh this year, including all levies, according to an analysis by the German Association of Energy and Water Industries (BDEW). This is around EUR 13, or 7.3%, more than in the previous year. The average electricity price for small to medium industrial enterprises (excluding electricity tax) increased by 8.1 per cent or 1.32 ct/kWh to 17.55 ct/kWh in January to May 2021 compared to the annual average in 2020. According to market observers, the uptrend in the price of CO_2, has contributed to the price increase by 82%, as has a rapid rise in raw materials prices. Moreover, the phase-out of nuclear and coal is now having an impact in Germany, which is reducing electricity production capacities.

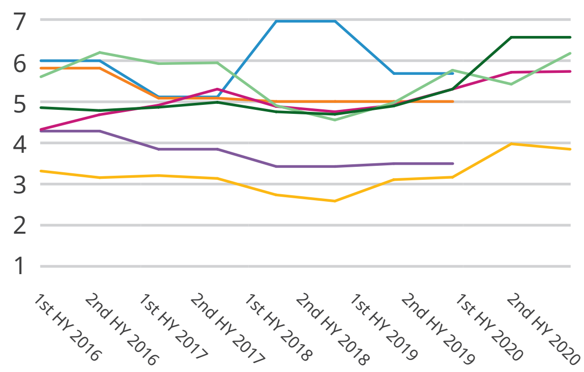
Dutch TTF Natural Gas Forward 2018 to August 2021 in EUR/MWh

Diagram 2: Dutch TTF Natural Gas Forward 2018 to August 2021 in EUR/MWh.
Source: Pareto Securities, 2G calculations, August 2021

The higher level of gas and electricity prices does not significantly impact the spark spread. However, it can lead to companies realigning their procurement strategies due to the resultant increase in energy costs in absolute terms. They do this firstly in order to escape the market power of energy suppliers and, secondly, in order to generate at least part of their base load requirements independently with their own supply units. By operating state-of-the-art gas-fired CHP systems, companies would gain additional generation flexibility, a high level of efficiency through the combined generation of electricity and heating/cooling, as well as various options for climate-compatible generation and thereby relief in terms of (expensive) CO_2 emissions.

With regard to the spark spread, the outlined trend in the gas and electricity markets underscores the economic efficiency of CHP systems. Markets of relevance for 2G continue to report a spark spread of generally three or greater. Accordingly, the basic preconditions for the economically efficient operation of combined heat and power generation continue to exist internationally.

Spark spread ratios in the G7 countries 2016 to 2021



Germany | France | Italy | Canada
UK | USA | Japan

Diagram 3: Spark spread ratios in the G7 countries 2016 to 2021.
Source: German Federal Statistical Office, energy price trend data, Lange Reihen 2005 to July 2021, August 27, 2021; 2G calculations

The first half of 2021 in overview

The Group generated total net sales of EUR 106.9 million as of June 30, 2021 (H1 2020: EUR 85.6 million). The following table provides an overview of the distribution of net sales*:

Breakdown of sales and changes compared with the previous year*

	H1 2021				H1 2020			
	CHP systems	Service	Total	As a %	CHP systems	Service	Total	As a %
Net sales (EUR)	**51.9**	**55.0**	**106.9**	**100.0**	**39.8**	**45.7**	**85.6**	**100.0**
Germany	31.5	39.4	70.9	66.3	23.2	31.6	54.8	64.0
Rest of Europe	12.8	9.9	22.7	21.2	8.4	8.3	16.7	19.5
North/Central America	1.6	2.7	4.3	4.0	8.0	3.3	11.3	13.2
Asia/Australia	4.8	1.1	5.9	5.5	0.0	0.5	0.5	0.6
Rest of the world	1.3	1.9	3.2	3.0	0.3	2.0	2.3	2.7

* Rounding differences can arise.

	in EUR million			As a %		
	CHP systems	Service	Total	CHP systems	Service	Total
Difference	**12.1**	**9.3**	**21.4**	**30**	**20**	**25**
Germany	8.3	7.8	16.1	36	25	29
Rest of Europe	4.4	1.6	6.0	52	19	36
North/Central America	-6.4	-0.6	-7.0	-80	-18	-62
Asia/Australia	4.8	0.6	5.4	-	120	1080
Rest of the world	1.0	-0.1	0.9	333	-5	39

* Rounding differences can arise.

Consequently, 2G boosted its consolidated net sales by a significant rate of 25%. HJS Motoren GmbH, which was fully consolidated for the first time, contributed EUR 4.1 million to (service) sales.

In terms of total net sales, domestic sales rose to EUR 16.1 million (+29%) – partly due to the first-time consolidation of HJS GmbH – representing a considerably faster rate than the rate of growth in foreign sales, which, however, also performed well, reporting an increase of EUR 5.2 million, or 17%.

As far as the various business areas are concerned, business with new CHP systems was particularly buoyant, rising by EUR 12.1 million year-on-year to EUR 51.9 million. Service sales grew year-on-year by EUR 9.3 million, or by 20%, to reach EUR 55.0 million.

In the first half of 2021, 2G thereby continued the recent financial years' positive trend overall. During the reporting period, new order intake amounting to EUR 91.7 million was acquired, corresponding to an increase of around 7% over the previous year. As far as new order intake is concerned, 2G has thereby withstood the effects of the coronavirus crisis extremely successfully, at least from a current perspective.

C. Results of operations

Posting net sales of EUR 106.9 million (H1 2020: EUR 85.6 million, + 25%) and increases in inventories of EUR 4.6 million (H1 2020: EUR 29.7 million), total operating revenue in the first half of the year amounted to EUR 111.5 million (H1 2020: EUR 115.5 million, including own work capitalized of EUR 0.1 million).

On the production side, the first half of the year was again dominated by coronavirus protection measures. For infection control reasons, at the beginning of the year 2G had extended the works holidays by one week. In addition, organizational measures are still in place which to date have successfully prevented the coronavirus pandemic from spreading to the entire workforce. In addition to purely internal measures, such as working within clearly defined teams, the significantly reduced recourse to external labor deserves particular mention. The second quarter was characterized by increasingly noticeable bottlenecks in procurement markets, which necessitated constant rescheduling in order to be able to maintain the high level of final invoices submitted. Timely stockpiling and a high level of flexibility within the workforce have to date prevented promised customer appointments from having to be postponed. Under these difficult conditions, total operating revenue decreased by 3.4% (and by 6.9% after adjusting for the contribution from HJS).

In line with the continued lower total operating revenue as of the reporting date, the cost of materials decreased year-on-year from EUR 80.2 million to EUR 72.6 million, corresponding to a cost of materials ratio of 65.1% (H1 2020: 69.5%). Of this, approximately one percentage point is attributable to the reduced recourse to external labor in favor of increased employment of the company's own personnel. Gross profit stood at EUR 38.9 million in the reporting period (H1 2020: EUR 35.3 million).

Personnel costs rose to EUR 25.1 million in the past half-year (H1 2020: EUR 22.0 million, +14.5%). Among other effects, the first-time full consolidation of HJS GmbH with personnel expenses of EUR 1.1 million must be taken into consideration here, as well as the transfer of former temporary employees to permanent employment, and an increase in sales and service personnel at individual foreign companies.

Depreciation and amortization increased slightly year-on-year from EUR 1.8 million to EUR 2.0 million.

Other operating expenses were up by EUR 1.2 million to EUR 11.2 million. Higher commission and sales expenses due to the very sharp rise in sales accounted for EUR 0.5 million, working from home offices and other measures in the hardware and software area required additional expenditure of EUR 0.3 million, and HJS contributed EUR 0.4 million to the absolute increase in costs.

As of the half-year reporting date, 2G reported EBIT at the previous year's level of EUR 2.3 million, corresponding to an EBIT margin of 2.1% (previous year: 2.7%).

After the net financial result of EUR -0.1 million (H1 2020: EUR -0.2 million) and an income tax expense of EUR 0.7 million (H1 2020: EUR 0.7 million) the Group reports a net profit for the first half of the year of EUR 1.5 million (H1 2020: EUR 1.5 million).

D. Financial position

Cash flow statement

		30/06/2021	30/06/2020
		TEUR	TEUR
	EBIT	**2,268**	**2,338**
+	Depreciation and amortization	1,989	1,812
=	**EBITDA**	**4,257**	**4,151**
±	Cash flow relating to net change in working capital	5,522	200
±	Change in other provisions	910	-2,304
±	Change in other assets as well as miscellaneous assets that are not allocable to investing or financing activities	-2,957	-2,864
±	Change in other liabilities as well as miscellaneous liabilities that are not allocable to investing or financing activities	-1,479	-123
±	Loss/gain on fixed asset disposals	-1,100	-30
-	Income from associated companies	0	121
±	Income tax payments	-93	-102
=	**Cash flow from operating activities**	**5,060**	**-952**
	Cash flow from investing activities	**154**	**-1,188**
	Cash flow from financing activities	**2,228**	**-2,335**
	Liquid funds as of June 30	**18,363**	**6,127**

Operating cash flow in the first half of the year amounted to EUR 5.1 million (H1 2020: EUR 1.0 million). The higher level of funds tied up in inventories (EUR 78.2 million, EUR +17.4 million) is offset by an increase in prepayments received of EUR 13.6 million. In addition, receivables reduced by EUR 7.1 million compared with December 31, 2020, so that overall a positive cash flow from changes within net working capital of EUR 5.5 million was generated (previous year: EUR 0.2 million).

An amount of around EUR 2.1 million was invested in tangible fixed assets as part of investing activities. Of this amount, around EUR 0.6 million was invested in new vehicles, EUR 0.3 million in a new photovoltaic system at the company's site in Heek and EUR 0.3 million in the purchase of an office and warehouse property from 2G Energy Corp.

Liquid funds of EUR 5.3 million were received in connection with the capital increase implemented in the first quarter. A total of EUR 0.8 million was spent on the scheduled repayment of financial liabilities; in addition, a dividend of EUR 2.0 million was distributed in June. Overall, cash flow from financing activities amounted to EUR 2.3 million.

The company reports cash and cash equivalents of EUR 18.4 million as of the half-year balance sheet date, after taking currency-related changes in cash into consideration. Moreover, free credit lines in the amount of EUR 15.3 million were available as of June 30.

E. Net assets

Overview of the net asset position of the 2G Group as of June 30, 2021*:

Assets

	30/06/2021	31/12/2020
	TEUR	TEUR
A. Fixed assets	27,181	26,718
B. Current assets	136,937	117,256
C. Prepayments and accrued income	1,591	610
D. Deferred tax assets	1,877	1,975
Total assets	**167,587**	**146,559**

* Rounding differences can arise.

Equity and liabilities

	30/06/2021	31/12/2020
	TEUR	TEUR
A. Equity	83,094	78,312
B. Provisions	14,808	13,387
C. Liabilities	69,686	54,861
I. Bank borrowings	5,908	5,465
II. Other liabilities	63,778	49,396
Total equity and liabilities	**167,587**	**146,559**

* Rounding differences can arise.

Compared with December 31, 2020, total assets have expanded by around EUR 21.0 million, or by 14.4%, to a level of EUR 167.6 million. The first-time consolidation of HJS Motoren GmbH had an effect of EUR 6.0 million on the total assets.

Overall, inventories, in particular, increased by EUR +17.4, as well as cash and cash equivalents by EUR +7.4 million, while trade receivables decreased by EUR 7.1 million.

Overall statement on the business situation

Business performance in the current financial year is satisfactory overall. A constantly high level of new order intake during the first half of the year ensures that the order books remain full, with net sales already significantly higher than in the previous year. Although the total operating revenue as of the half-year reporting date still stands around EUR 3.9 million below the previous year's figure for the aforementioned reasons, it nevertheless represents a good result. For the year as a whole, however, the Management Board still expects to lift net sales to between EUR 250 million and EUR 260 million and thereby achieve an EBIT margin of between 6.0% and 7.5%.

F. Non-financial performance indicators

Pages 28 to 37 of the 2020 Annual Report (Sustainability Report) provide a presentation of non-financial performance indicators. We briefly address research & development for the January to June 2021 period.

Research & development

Thanks to consistent and intensive research and development efforts, 2G has established a leading technological position in the market for combined heat and power generation systems in the 50 kW to 550 kW output class in recent years. In addition to engine mechanics, service areas include engine control, software and electronic component development, the optimization of peripheral equipment such as post-electricity generation (ORC), and the optimization of efficiency for various gas types such as natural gas, lean gases and hydrogen. 2G's product portfolio also includes its own exhaust gas purification systems. All product solutions developed by 2G have in common that they reduce or neutralize the emission of climate-damaging CO_2 or NO_X through combined power generation, and significantly reduce resource consumption.

2G drives digitalization of services and operational control

In the service area, 2G continues to focus on efficiency gains and cost reductions through digital processes the company develops in-house. These include, as a basis, the 2G Power Plant for remote diagnosis, remote control and remote maintenance, as well as the my.2-g.com platform. This platform is a digital customer and partner portal that is accessible worldwide via the Internet, in which technical, administrative and commercial processes as well as data and reports are intelligently networked. With the development of the I.R.I.S. software (Intelligent Report Information System platform), 2G has attained a further milestone on its course towards predictive maintenance. With this platform, system and sensor values are intelligently evaluated in real time and interlinked in order to draw logical conclusions concerning the current or future behavior of CHP systems. During the coronavirus lockdowns, 2G successfully performed remote commissioning over the Internet for the first time utilizing its augmented reality technology.

With regard to the second half of the year, 2G is intensively preparing the introduction of its own digital platform, the CPQ, for sales. This acronym stands for "Creator, Price, Quotation", a program that can be used by sales and potential customers to greatly simplify the preparation of quotations, and as a product configurator. The CPQ bundles all the necessary information, all the interfaces to be included, and clarifies specific project requirements at an early stage. The aim is to significantly improve the quality and speed of sales both in Germany and abroad.

G. Corporate responsibility

Risk report

Pages 56 to 66 of the 2020 Annual Report provide a presentation of opportunities and risks. Compared with the assessments at that time, no significant changes have occurred to 2G Energy Group's position in relation to opportunities and risks. This also applies to the assessment of the risks and opportunities associated with the COVID-19 pandemic.

H. Outlook

Further economic growth depends on the course of the COVID-19 pandemic

The IfW's economists are very upbeat in their global economic forecast from June 2020. World trade is currently characterized by supply bottlenecks and logistics problems, which are reflected not least in sharp price hikes for raw materials, intermediate goods and transport services. For example, the recovery has recently been slowed by supply bottlenecks and logistical problems. According to the IfW, however, a continuation of significantly expansive monetary policy and considerable impulses from fiscal policy in the USA, as well as in the Eurozone, should fuel the economy in the forecast period. As the pandemic abates and the measures undertaken to contain it are withdrawn, economic activity is expected to pick up over the course of the summer in the regions where it had meanwhile contracted. Thanks to increasing progress in vaccination and the associated reduction in the risk of infection, a progressive normalization of general conditions is to be expected. Overall, the global economy is moving into a boom phase following last year's historic slump, according to economists. The IfW expects global production to grow by 6.7% in 2021 and by 4.8% in 2022, thereby outpacing the medium-term trend rate in both years. By way of caveat, the IfW notes that they have downgraded their forecast for output growth in emerging markets this year from 8.0% to 7.6%. Due to the negative impact of increased COVID-19 infections and an unexpectedly subdued rate of economic expansion in China at the start of the year, lower growth rates are now likely, particularly in the

Asian region, while the outlook for Latin America and Africa has improved.

According to the IfW's forecast, economic output in the Eurozone is likely to report strong growth and exceed its pre-crisis level by the end of 2021. This is because, according to the IfW, infection rates are visibly on the decrease thanks to the now rapidly advancing vaccination campaigns, seasonality, and infection control measures throughout Europe. This will enable governments to gradually withdraw the remaining measures. The lion's share of the expected overall economic production growth over the summer is likely to come from service sectors that have been particularly impacted to date. The upturn in industry, by contrast, is likely to gather momentum only gradually. The economy is being supported by fiscal policy which remains extremely expansive for the time being. With a look to the current year, the IfW is forecasting an overall increase in gross domestic product of 5.3%, while next year expansion by 4.4% is anticipated. In 2022, a large part of the economic normalization will have unfolded, with production growth during the year then being much more moderate and gradually approaching the growth of production potential, according to the economists.

Overall, the economists assess the outlook for the German economy as positive. They assume that overall economic production will expand at a rapid pace over the further course of the year and exceed its pre-crisis level again. With the removal of pandemic-related measures, activity will pick up rapidly, especially in those areas that were previously under particular restriction. However, the recovery in industry will be delayed for the time being, according to the IfW's economists. The strong global recovery has brought with it multi-layered supply bottlenecks that are significantly hampering production at many companies. With frictions on the production side, pressure on prices has also risen. Prices for raw materials, intermediate goods and transport services have recently been on a broad upward trend. All in all, the IfW forecasts that gross domestic product will increase by 3.9% this year and by 4.8% in 2022.

2G assumes that the factors for a further increase in international demand for CHP systems in the medium term are intact. In some regions, the COVID-19 pandemic may continue to lead to a temporary reluctance to invest. For the European and American markets, 2G continues to expect a normalization. A broad roll-out of COVID-19 vaccinations in Asian countries should also lead to a recovery in economic activity and a revival in demand for capital goods over the next few quarters. Rising global demand for energy, better availability of natural gas and liquefied petroleum gas, and the increasing requirements with regard to eliminating emission and advancing climate protection offer good overall conditions for CHP systems worldwide.

In its home market of Germany, 2G – subject to renewed restrictions to contain the COVID-19 pandemic – expects to stay on a solid track over the next few years, and thereby remain on the growth path it has recorded to date. In addition, opportunities for 2G arise especially from greater awareness among industrial and commercial companies with regard to modern energy supplies offering low CO_2 emission levels, prudent resource utilization, and a high level of independence and supply security. Gas-fired CHP power plants enable such an approach to be realized very well, and to be implemented rapidly.

We are already seeing companies realigning their procurement strategies to reflect their rising energy costs (raw materials, CO_2 price, electricity). Independently securing at least part of their energy requirements is a key factor here. By operating state-of-the-art gas-fired CHP systems, companies would gain additional flexibility in generation, a high level of efficiency through the combined generation of electricity and heating/cooling, as well as various options for climate-compatible generation and thereby relief from the increasingly expensive levies or certificates for CO_2 emissions.

As far as biogas CHP systems are concerned, 2G anticipates a slight decrease in shipments in Germany. Following a revision of the German Renewable Energies Act (EEG), which came into force only at the start of January 2021, the Bundestag decided at the end of June this year to reinstate the flexibility surcharge for biogas plants. This applies both to existing plants with a flex surcharge of 50 EUR/kW and to additionally installed capacity at 65 EUR/kW. The EEG amendment from January also provides for an increase in the tender volume to 600 MW per year for biogas plants (plus 150 MW per year for biomethane). As a consequence, electricity generation from biomass can reach a level of 42 TWh by 2030. This is in line with the target scenario of the German government's 2030 climate protection program, which envisages bioenergy plant installations delivering 8.4 GW of installed capacity (2020e: 5.0 GW).

Also at the end of June, necessary amendments were adopted following the approval under state aid law of the German Cogeneration Act (KWKG), which will help to ensure planning and investment security for natural gas operated CHP systems for a period up to 2026. This also applies to projects already planned and commissioned in 2020 with a power spectrum between 500 kW and 1MW, which should be subject to a tendering regime in the short term. Only retroactively has a transitional period until the end of 2022 now been approved, so that turbines between 500 kW and 1 MW that have already been ordered by the end of 2020 can still be commissioned until the end of next year, including without a tender surcharge. The German CHP Association (BKWK) commented: "With the legal certainty surrounding the German Cogeneration Act (KWKG), which is valid until 2026, confidence is growing that CHP will experience an upturn. The phase-out of coal and the raising of climate protection targets strengthen the role of high-efficiency CHP technology in its important function of covering residual loads in the future energy system based on renewable energies, as CHP technology is always able to flexibly adapt to other fuels. This advantage is often overlooked. However, it plays an important role in underpinning the security of the future energy system." With regard to renewable heat, in particular, the association identifies significant untapped potential that would help to increase the share of renewable heat significantly and quickly through improved regulation, and more funds for both CHP tenders and innovative CHP.

At EU level, climate protection targets were raised in mid-July. The EU Commission's so-called "Fit for 55" program envisages a 55%

reduction in greenhouse gas emissions by 2030 compared to 1990, and climate neutrality by 2050. The target for the production of energy from renewable sources has been increased to 40% by 2030. Energy efficiency, in turn, is to rise from 32.5% to 36%. A few days earlier, the German Federal Ministry for Economic Affairs and Energy (BMWi) revised its estimate of future electricity consumption, and now assumes that electricity demand in 2030 will stand around 15% higher than previously calculated. Given this, 2G assumes that the transition in the European energy market will accelerate once again. This will logically require the rapid expansion and development of reliable backbone technology to offset the volatility of renewable generators and integrate them into a secure supply system. 2G power systems offer all the prerequisites for providing precisely this power plant capacity with hydrogen or biogas on a basis that is decentralized, reliable and climate-neutral.

In order to advance international market development and service in a dynamic and structured manner, 2G has founded the company 2G International GmbH, headquartered in Heek. The task of this new sales company is to tap further export markets and enhance presence in individual regions with certified partners. To this end, the company will identify attractive foreign markets and systematically plan market entries. At the same time, the interests of export markets without their own national companies are to be better bundled and structured internally. Overall, the next step in the expansion of the foreign share of sales to well over 50% is to be systematically implemented.

COVID-19 pandemic effects continue to be managed well

To date, the special circumstances surrounding the COVID-19 pandemic have exerted only a limited impact on 2G operations. With the exception of individual markets, order intake remained virtually unchanged at a high level and was 7% higher than in 2020. On the production side, Corona protection measures and the increasing distortions on the procurement markets in the second quarter impacted overall performance. However, the countermeasures introduced give the Management Board confidence that the annual targets can still be achieved.

The progressive vaccination of the population in Europe and North America gives reason to believe that the economically and socially most difficult phase of the COVID-19 pandemic may lie behind us. Government stimulus packages that have already been adopted, and those to come, as well as the expansive monetary policy that central banks are pursuing, will continue to help stimulate investment. Part of the solution will involve investments in climate protection and sustainability. The need for this has been made very clear once again by the extreme weather events that occurred worldwide in the summer months of 2021.

Management Board confirms upgraded forecast

In light of the dynamic start to the year, the Management Board is confident that it will be able to achieve the revenue forecast of EUR 250 million to EUR 260 million, which was raised on

June 9, 2021 (previously: EUR 245 million to EUR 260 million). The earnings forecast for the 2021 financial year remains unchanged at an EBIT margin of between 6.0% and 7.5%. The order book position amounts to EUR 149.5 million as of the end of July (previous year: EUR 159.5 million). However, it cannot be completely ruled out that the Corona pandemic will have an impact, particularly in the form of supply bottlenecks and logistical problems, which could affect the development of sales and earnings.

The Management Board has raised its medium-term forecast to EUR 330 million (previously EUR 300 million). The EBIT margin remains unchanged at a target level of 10%. Efficiency gains from the leading projects, margin contributions from the service business, and economies of scale are anticipated to contribute in this context.

Heek, September 3, 2021
2G Energy AG

Christian Grotholt
Management Board Chairman (CEO)

Ludger Holtkamp
Management Board member

Friedrich Pehle
Management Board member

Frank Grewe
Management Board member

2G. Consolidated financial statements.

Consolidated balance sheet of 2G Energy AG

Assets

	30/06/2021 EUR	31/12/2020 EUR
A. Fixed assets		
I. Intangible fixed assets		
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	459,779.18	508,268.68
Goodwill	3,659,426.19	2,324,979.96
Prepayments rendered	461,911.00	115,099.25
	4,581,116.37	**2,948,347.89**
II. Tangible fixed assets		
Land, land rights and buildings, including buildings on third-party land	11,195,428.60	12,610,674.47
Plants and machinery	1,108,437.50	1,116,262.35
Other factory and office equipments	9,872,766.51	9,093,207.11
Prepayments rendered and plants under construction	413,731.47	56,856.84
	22,590,364.08	**22,877,000.77**
III. Financial fixed assets		
Participating interests in associated companies	0.00	883,123.60
Other participating interests	10,000.00	10,000.00
	10,000.00	**893,123.60**
	27,181,480.45	**26,718,472.26**
B. Current assets		
I. Inventories		
Raw materials and supplies	54,441,216.93	41,849,024.33
Work in progress	43,126,755.61	38,192,006.51
Prepayments rendered	5,165,354.91	2,542,622.76
Prepayments received for orders	-24,539,017.70	-21,789,979.78
	78,194,309.75	**60,793,673.82**
II. Receivables and other assets		
Trade receivables	35,093,425.60	42,155,589.43
Receivables due from participating interests	0.00	379,386.46
Other assets	5,253,212.92	2,897,782.86
	40,346,638.52	**45,432,758.75**

Assets

	30/06/2021	31/12/2020
	EUR	EUR
III. Cash in hand, bank balances	18,396,456.42	11,029,909.57
	136,937,404.69	**117,256,342.14**
C. Prepayments and accrued income	**1,590,608.15**	**609,520.32**
D. Deferred tax assets	**1,877,365.03**	**1,975,148.78**
Total	**167,586,858.32**	**146,559,483.50**

Equity and liabilities

	30/06/2021	31/12/2020
	EUR	EUR
A. Equity		
I. Subscribed share capital	4,485,000.00	4,430,000.00
II. Capital reserve	16,438,300.00	11,235,300.00
III. Other retained earnings	62,501,574.95	57,899,375.82
IV. Consolidated net income	616,246.74	5,838,729.06
V. Minority interests	9,663.34	-57,109.05
VI. Equity difference from currency translation	-957,231.35	-1,034,309.05
	83,093,553.68	**78,311,986.78**
B. Provisions		
Tax provisions	1,761,053.89	1,250,570.64
Other provisions	13,046,520.41	12,136,424.75
	14,807,574.30	**13,386,995.39**
C. Liabilities		
Bank borrowings	5,907,915.57	5,464,901.93
Prepayments received for orders	40,929,813.54	30,058,923.23
Trade payables	14,997,618.85	10,007,755.22
Other liabilities	7,850,382.38	9,328,920.95
	69,685,730.34	**54,860,501.33**
Total	**167,586,858.32**	**146,559,483.50**

Consolidated profit and loss account of 2G Energy AG

	01/01/ to 30/06/2021	01/01/ to 30/06/2020	01/01/ to 31/12/2020
	EUR	EUR	EUR
Net sales	**106,920,605.61**	**85,574,712.72**	**246,728,599.29**
Decrease/increase in work in progress and finished goods	4,619,305.11	29,749,985.08	7,364,008.90
Other own work capitalized	0.00	143,130.49	113,121.69
	111,539,910.72	**115,467,828.29**	**254,205,729.88**
Other operating income	1,797,150.45	1,057,994.21	2,262,453.48
	113,337,061.17	**116,525,822.50**	**256,468,183.36**
Costs of materials			
a) Costs of raw materials and supplies, and for purchased merchandise	56,195,888.57	64,004,605.30	134,026,996.04
b) Costs of purchased services	16,429,754.68	16,205,400.61	33,227,682.17
	72,625,643.25	**80,210,005.91**	**167,254,678.21**
Personnel costs			
a) Wages and salaries	20,989,618.45	18,428,339.67	36,937,200.50
b) Social security, pensions and other benefits	4,138,982.89	3,525,095.14	7,339,925.38
	25,128,601.34	**21,953,434.81**	**44,277,125.88**
Depreciation and amortization applied to tangible and intangible fixed assets	1,988,707.69	1,812,468.03	3,663,984.91
Other operating expenses	11,212,597.22	10,000,582.73	24,626,671.81
Income from associated companies	0.00	-121,090.48	14,654.02
Income from other participating interests	0.00	500.00	500.00
Other interest and similar income	42,817.33	62,781.84	214,280.79
Interest and similar expenses	144,261.88	232,555.34	397,966.21
Taxes on income	701,758.39	702,999.63	4,305,209.16
Profit after tax	**1,578,308.73**	**1,555,967.41**	**12,171,981.99**
Other taxes	113,569.53	90,366.13	214,879.22
Consolidated profit for the year	**1,464,739.20**	**1,465,601.28**	**11,957,102.77**
Share of profit attributable to other shareholders	-66,772.39	-358.01	14,417.16
Consolidated net profit	**1,397,966.81**	**1,465,243.27**	**11,971,519.93**
Retained earnings	5,838,729.06	630,403.04	630,403.04
Dividend payment	-2,018,250.00	-1,993,500.00	-1,993,500.00
Allocation to other retained earnings	-4,602,199.13	-4,769,693.91	-4,769,693.91
Consolidated net income	**616,246.74**	**-4,667,547.60**	**5,838,729.06**
Earnings before interest and taxes (EBIT)	**2,267,942.14**	**2,337,874.41**	**16,445,997.35**

Derivation of EBIT

		01/01/ to 30/06/2021	01/01/ to 30/06/2020	01/01/ to 31/12/2020
		EUR	EUR	EUR
	Consolidated profit for the year	**1,464,739.20**	**1,465,601.28**	**11,957,102.77**
+	Taxes on income	701,758.39	702,999.63	4,305,209.16
+	Interest and similar expenses	144,261.88	232,555.34	397,966.21
−	Other interest and similar income	42,817.33	62,781.84	214,280.79
=	**Earnings before interest and tax (EBIT)**	**2,267,942.14**	**2,338,375.41**	**16,445,997.35**

Notes to the consolidated financial statements of 2G Energy AG

A. General information about the consolidated statements

1. Basic information

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

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

These consolidated financial statements of 2G Energy AG represent the reporting period from January 1 to June 30, 2021. Last years' figures relate to the balance sheet at the end of the previous year (December 31, 2020) as well as the profit and loss account of the corresponding prior fiscal year period (January 1 to June 30, 2020).

The interim financial statements and the interim management report as at June 30, 2021 have not been audited in accordance with Section 317 of the German Commercial Code (HGB) and have not been reviewed by an external auditor. The consolidated financial statements and the management report of the company as at December 31, 2020 were audited by an auditor in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) and have been issued an unqualified opinion.

2. Line of business

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

3. Accounting policies

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

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

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

B. Consolidation methods

1. Consolidation scope and shareholdings

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

Subsidiary

	Interest in %	Subscribed capital in TEUR	Equity in TEUR	Profit/loss for year in TEUR	Initial consolidation
2G Energietechnik GmbH* Heek, Germany	100	1,000	6,943	0	30/06/2007
2G Rental GmbH, Heek, Germany	100	50	410	139	31/12/2014
2G Energy International GmbH, Heek, Germany	100	25	-263	-287	01/04/2021
HJS Motoren GmbH, Amtzell, Germany	100	25	299	274	01/01/2021
2G Solutions of Cogeneration S.L., Vic Barcelona, Spain	90	3	-150	668	31/01/2008
2G Energie SAS, Sainte-Luce-sur-Loire (Nantes), France	100	200	1,468	155	24/08/2016
2G Italia Srl, Vago di Lavagno (Verona), Italy	100	10	950	-570	15/03/2011
2G Energy Ltd., Cheshire, United Kingdom**	100	1	1,155	321	19/09/2011
2G Polska Sp. z o.o., Bielsko-Biała, Poland**	100	1	-91	4	07/11/2011
2G Energy Inc. St. Augustine (FL), USA**	100	1	1,376	-706	27/02/2012
2G Energy Corp. Fergus (ON), Canada**	100	205	-260	-116	01/01/2019

* On July 5, 2007, a control and profit assumption agreement was contracted with 2G Energietechnik GmbH.
** Converted at reporting date's exchange rate.

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

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

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

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

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

All companies are included as subsidiaries in the consolidated financial statements due to the parent company owning the majority of voting rights.

In the fiscal year, 2G Energy AG acquired the remaining 50% of the shares in HJS Motoren GmbH. HJS Motoren GmbH is initially fully consolidated in the consolidated financial statements in the 2021 financial year; previously the company was included ‘at equity’ in the consolidated financial statements in exercising the option for joint ventures.

2. Consolidation methods applied

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

The consolidated financial statements are based on the separate financial statements of 2G Energy AG and the financial statements of the subsidiaries included in the consolidation scope. The financial statements are prepared as of the June 30, 2021 closing date.

Capital consolidation

Capital is consolidated according to the revaluation method pursuant to Section 301 (1) of the German Commercial Code (HGB). All balance sheet items at subsidiary level are recognized at fair value on the first-time consolidation date. Share acquisition costs are offset subsequently against revalued proportionate equity. The residual differential amount from capital consolidation (goodwill) is capitalized and amortized, as it applies to the core business of 2G Energy AG, straight-line over a prospective 20-year useful life pursuant to Section 309 (1) of the German Commercial Code (HGB).

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

Consolidation of liabilities

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

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

Treatment of unrealized results of intragroup transactions

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

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

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

Consolidation of income and expenses

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

Equity valuation

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

Shares in associated companies are valued at the level of their proportioned equity plus a goodwill acquired for a consideration pursuant to Section

312 of the German Commercial Code (HGB). The equity valuation was carried out using the book value method at the time of acquisition in the consolidated financial statements.

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

C. Information about accounting policies

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

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

Valuation methods were applied unchanged compared with the previous year.

Valuation details are as follows:

1. Intangible fixed assets

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

Intangible fixed assets

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

Prepayments rendered are recognized at normal value.

2. Tangible fixed assets

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

Tangible fixed assets

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

Prepayments rendered are recognized at normal value.

3. Financial fixed assets

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

4. Inventories

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

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

Prepayments rendered are recognized at nominal value.

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

5. Receivables and other assets

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

6. Cash in hand and bank balances

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

7. Prepayments and accrued income

Prepayments and accrued income include payments received before the balance sheet date as far as they represent costs for a particular time period after that date.

8. Deferred tax

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

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

9. Equity

Equity is measured at nominal value.

10. Tax provisions

Tax provisions are recognized at the settlement amounts and include taxes relating to the reporting year that have not yet been assessed.

11. Other provisions

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

12. Liabilities

Liabilities are recognized at the settlement amounts.

13. Prepayments received

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

14. Currency translation

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

D. Notes to the consolidated balance sheet

1. Fixed assets

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

Fixed assets include TEUR 2,297 (previous year: TEUR 2,531) of rental plants from the operating activities of 2G Rental GmbH.

2. Receivables and other assets

Specific and general valuation allowances of TEUR 4,746 (previous year: TEUR 4,215) were applied to trade receivables.

As in the previous year, receivables due from participating interests relate to trade receivables in full.

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

3. Deferred tax assets

Deferred tax receivables of TEUR 1,877 (previous year: TEUR 1,975) arise from tax loss carryforwards (TEUR 211) at 2G Polska Sp. z o.o. and 2G Energy Corp. No deferred tax assets were formed in relation to the loss carryforwards of 2G Solutions S.L., 2G Italia Srl. and 2G Energy Inc. due to their having generated net losses in previous years. In this context, a cautious approach was adopted that does not take into account positive expectations arising from current structural changes. In addition, deferred taxes were formed in relation to eliminated intragroup gains on fixed assets (TEUR 506) and inventories (TEUR 811) deriving from intragroup deliveries and services as of the balance sheet date, and on temporary differences (TEUR 349). These temporary differences arise mainly from recognizing differing valuations for inventories and provisions in the financial statements and in the tax accounts.

It is assumed with sufficient probability that the tax benefits connected with the loss carryforwards can be realized over the coming financial years.

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

4. Consolidated equity

The share capital amounts to TEUR 4,485 (previous year: TEUR 4,430), and is divided into 4,485,000 ordinary bearer shares each with a nominal value of EUR 1.

Capital reserves of TEUR 16,438 (previous year: TEUR 11,235) arise mainly from share premiums from capital increases at 2G Energy AG.

In a resolution passed at the Annual General Meeting on June 23, 2020, the Management Board was authorized to increase the company's subscribed share capital during the period until June 22, 2025, with Supervisory Board approval, once or on several occasions, by up to a total of TEUR 2,215 by issuing new shares against cash or non-cash capital contributions (Approved Capital 2020).

Notional dividend payout restrictions exist in relation to deferred taxes of TEUR 1,877.

An amount of TEUR 61,240 is available to shareholders for distribution in the year under review. No restricted amounts that cannot be distributed exist in the separate financial statements of 2G Energy AG.

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

On January 27, 2021, the authorization to increase the subscripted capital once or several times (Approved Capital 2020) was used by issuing 55,000 shares and increase the company's subscribed share capital from TEUR 4,430 to TEUR 4,485.

5. Other provisions

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

Other provisions, in TEUR

	30/06/2021	31/12/2020
Warranty commitments	4,513	4,143
Residual work on completed plants/outstanding invoices	3,119	3,489
Amounts owed to staff	3,518	2,703
Taxable fringe benefits	872	872
Professional cooperative contributions	303	350
Costs of preparing and auditing financial statements	185	183
AGM and annual report	67	67
Litigation costs	47	47
Archiving of business documents	20	20
Misc. other provisions	403	262
Total	**13,047**	**12,136**

6. Liabilities

Liabilities consist of the following:

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

	Up to 1 year	More than 1 year	Thereof more than 5 years	Total
Bank borrowings	1,752 (1,297)	4,156 (4,168)	369 (821)	5,908 (5,465)
Prepayments received for orders	40,930 (30,059)	0 (0)	0 (0)	40,930 (30,059)
Trade payables	14,998 (10,008)	0 (0)	0 (0)	14,998 (10,008)
Other liabilities	7,850 (9,329)	0 (0)	0 (0)	7,850 (9,329)
Total	**65,529** **(50,693)**	**4,156** **(4,168)**	**369** **(821)**	**69,686** **(54,861)**

The following collateral instruments are connected with bank borrowings:

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

Other liabilities comprise tax liabilities of TEUR 3,387 (previous year: TEUR 5,356), and social security liabilities of TEUR 175 (previous year: TEUR 124).

E. Notes to the consolidated profit and loss account

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

1. Net sales

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

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

	Germany	Abroad	Total
CHP/ After sales	31,451 (23,279)	20,440 (16,282)	51,891 (39,561)
Service	39,382 (31,613)	15,648 (14,400)	55,030 (46,014)
Total	**70,833 (54,982)**	**30,088 (30,683)**	**106,921 (85,575)**

2. Other operating income

Other operating income comprises TEUR 210 (previous year: TEUR 685) of income related to other accounting period that consists mainly of insurance compensation payments and loss compensation payments (TEUR 164).

Other operating income includes income of TEUR 382 (previous year: TEUR 105) from currency translation.

3. Other operating expenses

Other operating expenses consist of the following:

Other operating expenses, in TEUR

	01/01/ to 30/06/2021	01/01/ to 30/06/2020
Operating expenses	4,724	4,118
Administration expenses	1,888	1,585
Sales and marketing expenses	3,257	2,771
Miscelleneous	1,343	1,526
Total	**11,213**	**10,001**

Other operating expenses comprises TEUR 224 (previous year: TEUR 155) of expenses related to other accounting periods that consists mainly of non-period credits and losses incurred on receivables.

Other operating expenses include expenses of TEUR 38 (previous year: TEUR 549) from currency translation.

4. Personnel costs

Social security contributions and pension and benefit expenses include TEUR 246 (previous year: TEUR 228) of pension expenses.

5. Depreciation and amortization

Depreciation and amortization applied to tangible and intangible assets includes amortization of goodwill in the amount of TEUR 218 (previous year: TEUR 210).

6. Other interest and similar income

Other interest and similar income includes income from the discounting of provisions in the amount of TEUR 7 (previous year: TEUR 9).

7. Taxes on income

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

Income from deferred taxes, in TEUR

	01/01/ to 30/06/2021	01/01/ to 30/06/2020
Deferred tax income	374	0
Deferred tax expenses	-471	-570
of which attributable to loss carryforwards (net balance	-30	-6
Income from deferred taxes	**-97**	**-570**

F. Additional information

1. Consolidated cash flow statement

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

Additional subtotals have been added voluntarily within the cash flow from operating activities.

Cash and cash equivalents shown in the cash flow statement include cash at banks and in hand, less short-term liabilities of TEUR 33 (previous year: TEUR 27).

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

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

3. Events of key significance after the reporting date

Risks and opportunities in connection with the COVID-19 pandemic

Worldwide, companies and the population are directly and indirectly affected by the COVID-19 pandemic in their economic and professional lives through considerable restrictions. The expected decline in economic output in all economies in many sectors is caused by the partially draconian measures to curb the COVID-19 pandemic and the arising uncertainty, the lack of demand, the partial decline in production and the decommissioning of service providers and a broad reluctance to invest. Only by vaccinating a high proportion of the world's population it will be possible to push back the pandemic to the point where the radical isolation measures and (partial) lockdowns can be permanently lifted.

2G sees the COVID-19 pandemic primarily as risks for the areas of "sales risks", "availability of products" and "personnel" that are discussed in the risk and opportunity report. We refer to our comments in the group management report.

From today's perspective, no risks to the continued existence of 2G are discernible.

4. Derivative financial instruments

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

Financial instruments, in TEUR

	Scope	Maturity	Fair value
Forward exchange transaction EUR – GBP	1,079	30/07/2021	-12
Forward exchange transaction EUR – GBP	1,723	30/07/2021	-39
Forward exchange transaction EUR – GBP	1,331	01/09/2021	29
Forward exchange transaction EUR – GBP	415	01/09/2021	11
Forward exchange transaction EUR – GBP	1,160	01/09/2021	33
Forward exchange transaction EUR – GBP	318	10/09/2021	4
Forward exchange transaction EUR – USD	150	30/09/2021	-2
Forward exchange transaction EUR – GBP	808	15/10/2021	26
Forward exchange transaction EUR – GBP	284	15/10/2021	6
Forward exchange transaction EUR – GBP	803	25/10/2021	16
Forward exchange transaction EUR – USD	721	29/10/2021	-18
Forward exchange transaction EUR – USD	876	29/10/2021	-21
Forward exchange transaction EUR – USD	616	29/10/2021	-15
Forward exchange transaction EUR – USD	352	29/10/2021	-9
Forward exchange transaction EUR – USD	1,758	29/10/2021	-43
Forward exchange transaction EUR – USD	495	29/10/2021	-12
Forward exchange transaction EUR – GBP	1,675	15/02/2022	51
Forward exchange transaction EUR – USD	848	15/02/2022	-24
	15,411		**-17**

As the conditions for these transactions are met, valuation units are formed according to section 254 of German Commercial Code (HGB) (micro hedge). Accordingly, provisions for anticipated losses with regard to the negative market value of the transactions were not required. The counteracting cash flows are offset on maturity of the underlying transactions, which are corresponding to the maturity of the hedging transactions. The effectiveness of the valuation unit is based on the consistency between the terms and conditions of the underlying and the hedging transaction. The so-called freezing method is used for financial reporting of the effective parts of the valuation units.

5. Contingent liabilities

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

6. Other financial obligations

Other financial obligations existed in relation to contracts as follows:

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

	Up to 1 year	1 to 5 years	Total
Permanent rental contracts*	723 (711)	0 (0)	723 (711)
Fixed-term rental contracts	162 (146)	184 (263)	446 (409)
Lease contracts	251 (219)	378 (322)	629 (540)
Total	**1,136** **(1,076)**	**662** **(584)**	**1.798** **(1,660)**

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

7. Average number of employees during the financial year

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

Number of employees

	2021	2020
Industrial workers	408	384
Commercial employees	362	339
	770	**723**
of whom part-time employees	87	83

8. Management Board

The Management Board is currently composed as follows:

Management Board

	Since	Appointed until
Mr. Dipl.-Ing. Christian Grotholt (Chairman) Ahaus-Alstätte CEO of 2G Energy AG Strategy and Sales	17/07/2007	16/07/2022
Mr. Ludger Holtkamp Gronau COO of 2G Energy AG Procurement, Production and Project Management	17/07/2007	16/07/2022
Mr. Dipl.-Betriebsw. (BA) Friedrich Pehle Soest CFO of 2G Energy AG Finance, Investor Relations, Controlling, Human Resources, Law and IT	01/12/2017	30/11/2023
Mr. Dipl.-Ing. Frank Grewe Vreden CTO of 2G Energy AG Service, Research and Development	01/07/2020	30/06/2023

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

9. Supervisory Board

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

Supervisory Board

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

The Supervisory Board members are appointed until the end of the AGM that passes a resolution concerning the discharge of the directors for the 2021 financial year.

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

10. Directors' compensation

Compensation of TEUR 673 (previous year: TEUR 481) was paid to the Management Board in the financial year under review, and compensation of TEUR 50 (previous year: TEUR 20) to the Supervisory Board.

Heek, September 3, 2021

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

Consolidated statement of changes in fixed assets

	Cost						
	01/01/2021	Currency translation	Change in scope of consolidation	Additions	Transfers	Disposals	30/06/2021
Intangible fixed assets							
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	2,867,699.28	609.90	21,584.80	74,234.47	0.00	9,743.32	2,954,385.13
Goodwill	8,431,787.58	0.00	0.00	1,552,093.17	0.00	0.00	9,983,880.75
Prepayments rendered	115,099.25	0.00	4,158.00	342,653.75	0.00	0.00	461,911.00
	11,414,586.11	**609.90**	**25,742.80**	**1,968,981.39**	**0.00**	**9,743.32**	**13,400,176.88**
Tangible fixed assets							
Land, land rights and buildings, including buildings on third-party land	15,674,803.93	91,189.49	0.00	354,407.01	0.00	1,854,427.48	14,265,972.95
Plants and machinery	2,390,839.71	25,522.98	47,967.14	48,196.63	0.00	48,898.78	2,463,627.68
Other factory and office equipments	23,409,457.51	141,714.30	1,040,015.82	1,297,095.05	843.89	710,432.40	25,178,694.17
Prepayments rendered and plants under construction	56,856.84	0.00	0.00	357,718.52	-843.89	0.00	413,731.47
	41,531,957.99	**258,426.77**	**1,087,982.96**	**2,057,417.21**	**0.00**	**2,613,758.66**	**42,322,026.27**
Financial fixed assets							
Participating interests in associated companies	883,123.60	0.00	0.00	0.00	0.00	883,123.60	0.00
Other participating interests	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00
	893,123.60	**0.00**	**0.00**	**0.00**	**0.00**	**883,123.60**	**10,000.00**
Total	**53,839,667.70**	**259,036.67**	**1,113,725.76**	**4,026,398.60**	**0.00**	**3,506,625.58**	**55,732,203.15**

Depreciation and amortization						Book value	
01/01/2021	Currency translation	Change in scope of consolidation	Additions	Disposals	30/06/2021	30/06/2021	31/12/2020
2,359,430.60	331.55	6,803.80	128,040.00	0.00	2,494,605.95	459,779.18	508,268.68
6,106,807.62	0.00	0.00	217,646.94	0.00	6,324,454.56	3,659,426.19	2,324,979.96
0.00	0.00	0.00	0.00	0.00	0.00	461,911.00	115,099.25
8,466,238.22	**331.55**	**6,803.80**	**345,686.94**	**0.00**	**8,819,060.51**	**4,581,116.37**	**2,948,347.89**
3,064,129.46	12,281.83	0.00	266,455.63	272,322.57	3,070,544.35	11,195,428.60	12,610,674.47
1,274,577.36	16,719.02	17,682.14	91,348.55	45,136.89	1,355,190.18	1,108,437.50	1,116,262.35
14,316,250.40	82,500.82	213,964.82	1,285,216.57	592,004.95	15,305,927.66	9,872,766.51	9,093,207.11
0.00	0.00	0.00	0.00	0.00	0.00	413,731.47	56,856.84
18,654,957.22	**111,501.67**	**231,646.96**	**1,643,020.75**	**909,464.41**	**19,731,662.19**	**22,590,364.08**	**22,877,000.77**
0.00	0.00	0.00	0.00	0.00	0.00	0.00	883,123.60
0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**10,000.00**	**893,123.60**
27,121,195.44	**111,833.22**	**238,450.76**	**1,988,707.69**	**909,464.41**	**28,550,722.70**	**27,181,480.45**	**26,718,472.26**

Foreword of the Management Board

2G Energy AG share

1. Half-year 2021

Group management report

A. The 2G Group

B. Economic environment

C. Results of operations

D. Financial position

E. Net assets

F. Non-financial performance indicators

G. Corporate responsibility

H. Outlook

Consolidated financial statements

Colophon

Consolidated cash flow statement

		01/01/ to 30/06/2021	01/07/ to 31/12/2020	01/01/ to 30/06/2020
		EUR	EUR	EUR
	Consolidated profit for the year	**1,464,739.20**	**10,491,500.62**	**1,465,601.28**
+	Taxes on income	701,758.39	3,602,210.40	702,999.63
+	Interest and similar expenses	144,261.88	165,410.87	232,555.34
-	Other interest and similar income	-42,817.33	-151,498.95	-62,781.84
=	**Earnings before interest and tax (EBIT)***	**2,267,942.14**	**14,107,622.94**	**2,338,374.41**
+	Depreciation and amortization applied to tangible and intangible fixed assets	1,988,707.69	1,851,516.88	1,812,468.03
=	**Earnings before interest, tax, depreciation and amortization (EBITDA)***	**4,256,649.83**	**15,959,139.82**	**4,150,842.44**
±	Change in raw materials and supplies	-12,592,192.60	7,311,790.19	-747,725.95
±	Change in work-in-progress	-4,934,749.10	22,414,153.45	-29,749,985.08
±	Change in prepayments rendered on inventory	-2,622,732.15	2,734,194.32	-3,996,895.36
±	Change in prepayments received for orders	13,619,928.23	-21,514,498.69	26,833,831.39
±	Change in trade receivables	7,062,163.83	-11,510,707.68	6,385,242.31
±	Change in trade payables	4,989,863.63	-5,196,587.77	1,475,723.27
±	**Cash flow from change in operative net working capital***	**5,522,281.84**	**-5,761,656.18**	**200,190.58**
±	Change in other provisions	910,095.66	351,621.04	-2,304,133.40
±	Change in other assets and assets that are not allocable to investing or financing activities	-2,957,131.43	1,082,527.51	-2,863,703.48
±	Change in other liablities and liabilities that are not allocable to investing or financing activities	-1,478,538.57	3,134,133.95	-123,372.58
±	Loss/gain from fixed asset disposals	-1,100,223.97	-136,759.45	-30,420.65
-	Income from associated companies	0.00	-135,244.50	120,590.48
±	Income tax payments	-93,491.39	-3,756,326.12	-102,104.78
=	**Cash flow from operating activities**	**5,059,641.97**	**10,737,436.07**	**-952,111.39**

	01/01/ to 30/06/2021 EUR	01/07/ to 31/12/2020 EUR	01/01/ to 30/06/2020 EUR
+ Proceeds from fixed asset disposals	2,814,261.54	-8,350.64	420,940.42
- Payments for investments in intangible fixed assets	-416,888.22	-198,916.56	-171,613.10
- Payments for investments in tangible fixed assets	-2,057,417.21	-859,005.18	-1,501,434.46
+ Proceeds from profit distributions from non-consolidated companies	818,497.73	0.00	0.00
- Payments for acquisition of consolidated companies	-1,047,458.68	0.00	0.00
+ Interest received	42,817.33	150,998.95	63,281.84
= Cash flow from investing activities	**153,812.49**	**-915,273.43**	**-1,188,825.30**
+ Proceeds from additions to equity through issuance of new shares	5,258,000.00	0.00	0.00
+ Proceeds from raising of loans	71,306.40	13,045.68	4,549,136.28
- Outgoing payments for redemption of loans	-938,472.31	-4,884,018.86	-4,658,565.35
- Interest paid	-144,261.88	-165,410.87	-232,555.34
- Dividends paid to parent company shareholders	-2,018,250.00	0.00	-1,993,500.00
= Cash flow from financing activities	**2,228,322.21**	**-5,036,384.05**	**-2,335,484.41**
= Net change in cash and cash equivalents	**7,441,776.67**	**4,785,778.59**	**-4,476,421.10**
± Currency-related change in cash and cash equivalents	-70,125.75	79,043.41	46,930.46
+ Cash and cash equivalents at start of period	10,991,752.45	6,126,930.45	10,556,421.09
= Cash and cash equivalents at end of period	**18,363,403.37**	**10,991,752.45**	**6,126,930.45**

* Voluntarily included sub-totals.

	30/06/2021 EUR	31/12/2020 EUR	30/06/2020 EUR
Composition of cash and cash equivalents			
Cash in hand, bank balances	18,396,456.42	11,029,909.57	6,153,882.86
Short-term bank borrowings	-33,053.05	-38,157.12	-26,952.41
	18,363,403.37	**10,991,752.45**	**6,126,930.45**

Consolidated statement of changes in equity

Consolidated statement of changes in equity, in EUR

	Parent company				
	Subscribed share capital	Capital reserves	Other retained earnings	Equity difference from currency translation	Consolidated net income attributable to the parent company
Balance on 01/01/2020	**4,430,000.00**	**11,235,300.00**	**53,129,681.91**	**-860,688.13**	**630,403.04**
Allocation to other retained earnings	0.00	0.00	4,769,693.91	0.00	-4,769,693.91
Currency translation	0.00	0.00	0.00	-173,620.33	0.00
Dividends	0.00	0.00	0.00	0.00	-1,993,500.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	11,971,519.93
Balance on 31/12/2020	**4,430,000.00**	**11,235,300.00**	**57,899,375.82**	**-1,034,308.46**	**5,838,729.06**
Balance on 01/01/2021	**4,430,000.00**	**11,235,300.00**	**57,899,375.82**	**-1,034,308.46**	**5,838,729.06**
Capital increase	55,000.00	5,203,000.00	0.00	0.00	0.00
Allocation to other retained earnings	0.00	0.00	4,602,199.13	0.00	-4,602,199.13
Currency translation	0.00	0.00	0.00	77,077.11	0.00
Dividends	0.00	0.00	0.00	0.00	-2,018,250.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	1,397,966.81
Balance on 30/06/2021	**4,485,000.00**	**16,438,300.00**	**62,501,574.95**	**-957,231.35**	**616,246.74**

	Minority interests			Consolodated equity
Total	Minority interests before equity differences from currency translation and profit	Profit/loss attributable to other shareholders	**Total**	
68,564,696.82	**300.60**	**-42,992.21**	**-42,691.61**	**68,522,005.21**
0.00	0.00	0.00	0.00	0.00
-173,620.33	0.00	0.00	0.00	-173,620.33
-1,993,500.00	0.00	0.00	0.00	-1,993,500.00
11,971,519.93	0.00	-14,417.44	-14,417.44	11,957,102.49
78,369,096.42	**300.60**	**-57,409.65**	**-57,109.05**	**78,311,987.37**
78,369,096.42	**300.60**	**-57,409.65**	**-57,109.05**	**78,311,987.37**
5,258,000.00	0.00	0.00	0.00	5,258,000.00
0.00	0.00	0.00	0.00	0.00
77,077.11	0.00	0.00	0.00	77,077.11
-2,018,250.00	0.00	0.00	0.00	-2,018,250.00
1,397,966.81	0.00	66,772.39	66,772.39	1,464,739.20
83,083,890.34	**300.60**	**9,362.74**	**9,663.34**	**83,093,553.68**

Colophon

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