2024

Annual Report

Multi-year overview of Group key figures

Results of operations

	2024	2023	2022	2021	2020
	TEUR	TEUR	TEUR	TEUR	TEUR
Net sales	375,608	365,065	312,627	266,348	246,729
Change vs. Previous year	2.9%	16.8%	17.4%	8.0%	4.4%
Total operating revenue	364,849	371,028	338,838	268,926	254,206
Earnings before interest, tax, depreciation and amortization (EBITDA)	41,105	34,298	26,634	21,868	20,110
Earnings before interest and tax (EBIT)	33,350	27,641	21,962	17,927	16,446
Finacial result	-476	-636	-393	-206	-169
Operating result (EBT)	32,834	27,075	21,657	17,843	16,477
Consolidated profit	**23,672**	**17,988**	**16,372**	**12,640**	**11,957**
Sales distribution					
Foreign share	44.4%	35.6%	40.4%	39.0%	38.3%
Service share	44.8%	45.2%	47.4%	43.4%	37.8%
Profitability					
EBITDA margin	10.9%	9.4%	8.5%	8.2%	8.2%
EBIT margin	8.9%	7.6%	7.0%	6.7%	6.7%
Return on equity	16.2%	14.5%	15.1%	13.4%	15.3%
Return on investment	12.0%	12.2%	10.4%	10.6%	11.2%
ROCE[1]	22.7%	21.8%	20.2%	18.9%	20.6%
Order situation					
Order backlog as of December 31	189,211	156,169	177,330	152,724	111,249
Book-to-Bill-Ratio[2] as of December 31	1.15	0.84	1.14	1.25	0.97
Expense structure					
Cost of materials	217,549	238,301	224,130	171,265	167,255
Costs of materials ratio*	59.6%	64.2%	66.1%	63.7%	65.8%
Personnel costs	72,993	64,340	57,026	49,357	44,277
Average number of employees	972	921	842	763	723
Personnel costs ratio*	20.0%	17.3%	16.8%	18.4%	17.4%
Other operating expenses	37,656	36,903	35,264	29,738	24,627
Other operating expenses ratio*	10.3%	9.9%	10.4%	11.1%	9.7%
Depreciation and amortization	7,755	6,658	4,672	3,941	3,664
Income tax	9,162	9,086	7,083	5,080	4,305
Tax ratio[3]	27.9%	33.6%	32.7%	28.5%	26.1%

* Related to total output | ** Related to total assets | [1] EBIT/(Fixed assets + Working capital) | [2] Order intake/new plants net sales
[3] Income tax/EBT | [4] Current assets – Current liabilities | [5] Cashflow from operating activities – investments in plants
[6] Based on year-end Xetra closing price | [7] Proposal to the Annual General Meeting | [8] Dividends/Consolidated profit | [9] Values as after share split for comparability

Financial position

	2024	2023	2022	2021	2020
	TEUR	TEUR	TEUR	TEUR	TEUR
Total assets	**278,472**	**227,454**	**211,595**	**169,702**	**146,559**
Asset structure					
Fixed assets	60,054	38,740	31,893	27,118	26,718
Tangible fixed assets to total assets ratio**	17.4%	12.5%	12.7%	13.3%	15.6%
Current assets	214,038	185,687	176,227	139,620	117,256
Inventory turnover ratio					
Inventories	4.2	3.3	3.0	3.7	4.1
Receivables	5.5	6.2	5.5	6.1	5.9
Capital structure					
Equity	146,189	123,991	108,615	94,540	78,312
Equity ratio	52.5%	54.5%	51.3%	55.7%	53.4%
Share capital	17,940	17,940	17,940	4,485	4,430
Provisions	24,399	24,414	21,440	17,661	13,387
Bank borrowings	6,896	8,306	6,333	5,316	5,465
Working capital[4]	**87,181**	**87,822**	**77,035**	**67,858**	**53,176**
Net working capital	**74,583**	**110,864**	**94,556**	**72,297**	**62,883**
Financing					
Cash inflow/cash outflow from					
operating activities	53,348	11,724	4,982	8,863	9,785
relative of net sales	14.4%	3.2%	1.6%	3.3%	4.0%
investing activities	-11,542	-11,381	-9,749	-1,856	-2,104
financing activities	-5,405	-1,212	-1,617	1,617	-7,372
Fixed assets	11,863	8,187	9,551	4,851	2,731
Free cash flow[5]	41,485	3,537	-4,569	4,011	7,054
relative of net sales	11.0%	1.0%	-1.5%	1.5%	2.9%
Dividends	3,050	2,512	2,243	2,018	1,994
Change in liquidity	36,402	-870	-6,384	8,624	309
Liquidity as of December 31	49,475	12,283	13,252	19,677	10,992

2G share

	2024	2023	2022	2021	2020
	EUR	EUR	EUR	EUR	EUR
Number of shares (≙ share capital in EUR)	17,940,000	17,940,000	17,940,000	4,485,000 (17,940,000[9])	4,430,000 (17,720,000[9])
Share price[6]	23.00	22.70	23.45	103.20 (25.80[9])	89.80 (22.45[9])
Earnings per share	1.32	1.00	0.91	2.82 (0.70[9])	2.70 (0.67[9])
Dividend per share	0.20[7]	0.17	0.14	0.50 (0.125[9])	0.45 (0.1125[9])
Dividend yield[6]	0.9%	0.7%	0.6%	0.5%	0.5%
Payout ratio[8]	15.2%	17.0%	15.3%	17.7%	16.7%
Price-earnings ratio[6]	17.4	22.6	25.7	36.6	33.3
Price-cashflow ratio[6]	7.7	34.7	84.4	52.2	40.7

Highlights **2024**

Heat pump production in Heek

With the addition of its own heat pumps to 2G's product portfolio, the options for combining electricity generation and heat production have been multiplied many times over. This enables individually tailored system solutions for a wide variety of applications, attuned to local conditions.

From Heek to St. Augustine, USA

Tim Wieling is in the second year of his vocational training as an industrial clerk at 2G. He is also completing an additional qualification as a European Assistant. His internship took him to 2G's subsidiary in the USA – a unique opportunity to gain international professional experience. Tim Wieling: "I am grateful for 2G's support and look forward to putting what I have learned into practice in my work."

Anniversary: 10 years of 2G Rental

For more than 10 years, 2G has been offering system rental solutions through its subsidiary, 2G Rental GmbH. With over 250 projects completed, this business unit has become a key pillar, having grown steadily and profitably. Naturally, 2G's heat pumps can also be leased or rented. Thomas Gawlowski, who has now been running the company as its Managing Director for many years, has been part of the business since its inception. The rental service is particularly in demand with biogas systems as well as among utilities and municipalities.

Marketing: successful online campaigns

How can municipalities and utilities decarbonize their heat requirements in the future? There is strong demand for cost-effective solutions that integrate local energy infrastructure such as photovoltaics, wind power and ambient heat. In over 40 online seminars with nearly 3,000 participants, and through numerous mailings, 2G presented its smart system solutions. This serves as a blueprint for international online marketing, which will be strategically intensified starting in 2025.

MY2G: CHP and heat pumps in a single app

We are driving digitalization forward with determination, especially in the operation and control of power plants and heat pumps. Functionalities and user-friendliness are continuously refined. As a result, a growing number of 2G modules manage themselves through AI data analyses with IRIS and Predictive Maintenance, while 78% of maintenance is now conducted online.

READY FOR H_2

Focus on H_2 and the energy transition

In November 2024, we welcomed representatives of the Japanese District Heat Association (DHCA) to the 2G campus in Heek. The discussions focused on integrating hydrogen technology into local heating networks and on the gas infrastructure in both countries. We had a lively exchange on the specific characteristics of the energy transition in Japan and Germany.

Trade fairs in North America: 2G solutions for microgrids, biogas and hydrogen

In North America, trade shows play an important role in our sales activities, customer relations, and communication with local partners.
From California to New York and into Canada, our colleagues presented key topics such as microgrids, biogas and hydrogen at 24 trade shows, informing attendees about suitable 2G products and available funding opportunities.

USA: Biogas CHP project wins 2024 award

H2B2 USA LLC, a hydrogen solutions company, and 2G Energy, Inc. have been named winners of the "CHP Project of the Year Award 2024" in the United States. The awarded project: SoHyCal. Green hydrogen is produced via an electrolyzer, powered entirely by electricity generated from biogas. This electricity is supplied in island mode by a 2G avus 1000plus with an electrical output of 1 MW.

Content

Handover in dynamic and challenging times

Energy markets around the world are undergoing rapid transformation. Growing electricity demand – rising by 4% annually according to the IEA – and the continued expansion of renewables are putting increasing pressure on existing grids. 2G provides relief and supply security with its decentralized, integrated power plants and large-scale heat pumps. CEO Christian Grotholt and CSO Pablo Hofelich explain 2G's perspective and its competitive strategy.

Christian Grotholt, CEO

Mr. Grotholt, Mr. Hofelich, it is rare to read about a partnership-based transition from the outgoing CEO to the designated new CEO – as we are currently experiencing at 2G. How did it come about, what are the motivations behind all this?

Christian Grotholt: We had already initiated the CEO succession process two years ago. As founders, it is important to Ludger Gausling and myself that the 2G DNA is retained under the new CEO. This should be an experienced manager who, given the international growth potential,

Pablo Hofelich, designated CEO

has already been responsible for business on at least a similar scale. In our opinion, this is what Pablo Hofelich brings to the table. In his last post, he was responsible for sales of up to 800 million euros and a peak figure of 4,000 employees at ThyssenKrupp. Although he comes from a corporate background, he is an entrepreneur through and through. Consequently, we are convinced that we have found the right person in him.

Pablo Hofelich: After the initial introductory meetings, both sides wanted the transition phase to proceed as intensively as possible. On the one hand, to determine the extent to which we are on the same wavelength in terms of culture and contents. And secondly, so as to ensure the smoothest possible transition. We must not forget that 2G is growing strongly in a dynamic environment, which means that we cannot afford to stall! After six months, we all agree that this approach serves the cause tremendously. The commitment is there from both sides. I am delighted with the thorough induction and to be able to put myself at the service of 2G with such enthusiasm on the day of the Annual General Meeting.

Mr. Grotholt, Mr. Hofelich, let's take a look back at the 2024 financial year. What were the defining characteristics?

Christian Grotholt: First of all: As expected, our new heat pump product was off to a good start in the reporting year, weighing in with incoming orders of around EUR 5 million. The newly assembled sales team had done a good job. In terms of CHP orders, 2024 was divided into two parts: In the first half of the year in particular, investment reticence prevailed among our customers in the core Western European markets. In Germany, the lack of planning certainty contributed to this, which fortunately has brightened up again at the beginning of 2025 with the adoption of the biomass package and the extension of the CHP Act. Outside of the Western European core markets, the already pleasing order intake of the first six months was significantly accentuated in the second half of the year. Major orders from the USA and Eastern Europe, and particularly from Ukraine, were most notable.

Pablo Hofelich: I was impressed by how much we can accomplish in a short time with our teams. Looking ahead, this will be a significant asset if the rising demands for electricity develop as we expect. We also used the year to press ahead with many internal issues, from the digitalization of products and services to the reorganization of IT systems and the Group structure itself. At the same time, we have prepared investments such as the production capacity expansion at the Heek site, possible acquisitions in the services sector and further partnerships.

> *I was impressed by how much we can accomplish in a short time with our teams.*
>
> *Pablo Hofelich, CSO*

Christian Grotholt: All in all, 2024 once again demonstrated that 2G is resiliently positioned with its diversified business model in terms of internationality, fuels and products. In the current volatile market environment, it is also crucial that we are able to mobilize resources and set priorities at short notice thanks to our flexibility as a medium-sized company and our standardized processes. For the first time, the foreign share of new system sales exceeded 50%. Earnings before interest and tax (EBIT) increased by around 21% to reach EUR 33.3 million. This corresponds to a profit margin of 8.9%. We also perceive a significant improvement in free cash flow compared to the prior year.

What dynamics do you see as having a significant impact on the energy markets in the medium term?

Pablo Hofelich: On the one hand, we are seeing a strong increase in demand for electricity in the key markets for 2G, propelled by new data centers, electric mobility and the electrification of the heating supply. On the other hand, electricity supplies will become significantly more volatile with the further expansion of renewables. As a result, the electricity grids are under stress, and actually overloaded in some cases. This means that, on the one hand, additional and, on the other hand, very flexible capacities will be needed to stabilize the supply – ideally also in a decentralized manner. That plays to our strengths.

Christian Grotholt: Precisely, because supply-dependent renewables absolutely need flexible generators as a backbone. 2G has the right solutions to smooth out price peaks, or even better, to prevent them from occurring in the first place. Heat pumps can be operated cost-effectively on windy and/or sunny days, thanks to the increasing number of dynamic electricity tariffs now on offer. During periods of low wind and low sunlight, the CHP plant comes into play. In this way, 2G products ensure an affordable, reliable, and environmentally friendly energy supply for our customers.

Pablo Hofelich: Put simply, this means that both the 2G heat pump with a low electricity price and the classic 2G CHP system with a corresponding gas and high electricity price are "in the black". In terms of the 2G business model, this means that we are well positioned for the future thanks to the diversification of our products – regardless of the current electricity price scenarios.

Diversification is a good keyword. When will the already announced peak load unit be launched?

Pablo Hofelich: We will be actively marketing the demand-response aggregate this year, initially in the USA. In that market, system quality and low exhaust emissions are decisive. Our product with up to 650 kW of electrical power is configured for this purpose. Primary use cases will comprise peak load coverage with annual operating times of between a few hundred and up to 2,000 hours for energy suppliers, municipal utilities, microgrids, data centers, universities and industrial districts. Our aggregates are very well suited for short-term relief of the grids or for handling price peaks. This holds great potential worldwide in all markets with rapidly growing demand for electricity or increasing shares of renewable energies.

In which areas and products can 2G deploy artificial intelligence and what impact will this have?

Christian Grotholt: AI is already in use in our plant service as part of predictive maintenance. In this way, we want to drive the predictive maintenance and servicing of machines forward. The objective remains that we let the power plants and heat pumps manage themselves by way of our software solutions, which include AI. Teaming up with RWTH Aachen University, we are developing the "2G Conductor" – a kind of conductor that orchestrates the locally organized resources such as heat pumps, CHP units, buffer storage tanks as well as the power-to-heat systems, etc. – depending on weather conditions and the electricity exchange prices. This results in a highly attractive combination reconciling economic efficiency, supply security and decarbonization. We will continue to invest in AI so as to score points worldwide as a solution provider distinguished by efficiency and intelligence.

> *AI is already in use in our plant service as part of predictive maintenance.*
>
> *Christian Grotholt, CEO*

Pablo Hofelich: In particular, 2G is also directly linked to AI enablement: AI requires tremendous volumes of electricity in the corresponding data centers, which grids can no longer supply in many places today. In addition to the sheer amount of electricity, we are also experiencing tremendous and rapid load jumps with AI solutions. Gas engines can provide very fast, easily scalable and, in connection with hydrogen, sustainable solutions. We are currently seeing surges in demand, particularly in the USA and Western Europe, in order to achieve the stellar expansion targets for data centers.

In addition, we are already experiencing the benefits of AI solutions for greater efficiency in internal processes and administrative work. The topic is also being very well received thanks to our still very young management team with an average age of under 38.

Let's stay on the subject of engine technology. There is frequent mention of "2G's own engines". Sounds exciting. Can you explain that?

Christian Grotholt: Our expertise and innovations are at the heart of every 2G reciprocating piston drive, the core of our power plants: We supply our components, some of which are protected by patents, to the assembly line of an engine manufacturer. We have been equipping the engines with our own solutions since 2008. Thanks to our growing expertise in gas engine construction, we are now ranking as a market leader. The lowest possible life cycle costs and the associated economic advantages ensure the customer benefits of our applications. In the class up to 1 MW, there is a close partnership in place with Liebherr, in which both sides contribute components. You could say that we have become secondary engine manufacturers. All further value creation and distribution, however, are the sole responsibility of 2G. This reciprocating piston drive – with its own nameplate and IP – is not available anywhere else.

Battery storage systems are currently a big buzzword. Won't the increasingly affordable battery technology make the backbone function of CHP superfluous?

Pablo Hofelich: I can give you a definite no. CHP works all year round to support the grid as an active, highly flexible producer of electricity and heat. Batteries, on the other hand, are designed to handle a few hours of bridging power. One should also keep in mind that batteries are not power generators themselves. This means that the more cost efficient option is generally a solution that uses as little battery power as possible, while maintaining grid stability. This is another reason why we are convinced of decentralized energy generation combined with electricity market-oriented control concepts, also in conjunction with batteries.

Christian Grotholt: We believe that hydrogen will become increasingly significant in the future, both for grid stability and as a long-term supply reserve. It is likely that the new transformer stations to be built for PV and wind farms will be equipped with electrolyzers that may produce 40 to 60 MW of hydrogen and feed it into storage facilities or existing infrastructure. In this way, hydrogen will be available for months as a renewable fuel to safely supply people and the economy. 2G CHP systems, in turn, convert hydrogen into electricity and heat with high efficiency and in line with demand.

Pablo Hofelich: The hydrogen capability of our power plant solutions is increasingly paying off. We are participating in tenders for peaker/reserve power plants, such as those provided for in Germany's power plant strategy. Therefore, we are very confident that power plant types with a larger number of medium-sized H_2-ready units will also be implemented in the coming years. And once again, we have just the right products!

How do you assess the competitive situation in the CHP market? According to the latest survey by the newspaper "Energie & Management", four companies have emerged that serve the majority of the market.

Christian Grotholt: That is indeed the case, and the consolidation in the industry is progressing. For us, this offers the opportunity – with the necessary commercial caution – to look for companies whose performance portfolios suit us, particularly in the area of services. We are pursuing the goal of broadening our position in Germany and Europe. To help you understand our competitive position, I would like to briefly recapitulate how we have risen to the top league of combined heat and power generation. I am convinced that this is largely due to our own reciprocating piston drive concept – which is our unique selling point. The 2G systems are not only H_2-capable, but also offer customers significant added value thanks to maximum efficiency, high power density, long maintenance intervals and their digital equipment. This has helped us tremendously in asserting ourselves internationally. We have been selling to Japan for over 20 years – and believe me, they have a keen perception for efficient, innovative and durable products.

And so we have consistently grown into the larger performance range. After all, we now offer 2G's own solutions for outputs of up to 1,000 kW. This not only helps us to grow in the area of new installations, but also to achieve different margins in the service business over the long term.

How do you see the energy transition progressing internationally?

Pablo Hofelich: In conjunction with the latest political volatility, we are seeing an energy transition at different speeds, depending on the market. The USA is obviously increasingly reverting to oil and natural gas, meaning that we could definitely benefit from our gas engines in the US market. And with a higher LNG export share, natural gas prices on the global market should be significantly less prone to wild fluctuations than in recent years.

The energy transition continues to advance in Europe and Asia. But here, too, we are seeing adjustments. In Germany, for example, we will probably see a new federal government with an energy policy that is more open to technology, if only for budgetary reasons, which we welcome. Of course, this still includes our biogas and hydrogen solutions. In addition, natural gas remains a viable H_2-ready bridge solution for certain areas of strategic economic importance, such as backup power plants and the rapid ramp-up of data centers. We will continue to live in such a field of tension for a while – but it can be managed well with pragmatic approaches and investments in sustainable solutions. Therefore, we also assume that the H_2 core network will continue to be built in order to replace natural gas with blue and green hydrogen molecules in the medium term.

Christian Grotholt: And we are increasingly receiving feedback from customers that securing their own power supply takes a high strategic priority. The mere fear that stressed grids could lead to supply bottlenecks is prompting companies to rely on decentralized solutions as a preventive measure. This is not only the view of Europe's most valuable technology group from the Netherlands, which we had the pleasure of supplying, but also that of numerous energy suppliers in the USA who are investing in decentralized supply structures. This means that we are currently receiving more and more tangible evidence that decentralized energy generation is being demanded for stabilization, thereby relieving stressed grids.

Mr. Grotholt, you represent over 30 years of 2G: from a two-man undertaking to a successful, internationally active medium-sized company. What are your plans after your "active" time?

Christian Grotholt: The entrepreneurial development that 2G has undergone would be inconceivable without strong teams and personalities who are both integrative and leaders. I would like to take this opportunity to thank two people in particular: Ludger Gausling, who made it possible for us to get started in the first place and has supported us ever since with his entrepreneurial advice and network. And we also owe a great deal to Ludger Holtkamp, who is leaving the Executive Board. Without him, 2G would not be in such a good position today. He and his teams have systematically advanced many of our unique selling points in project management, procurement, container construction and production with their clever solutions. Our ability to deliver and our adherence to delivery dates are a genuine asset in the industry.

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In Germany, we will see an energy policy that is more open to technology, which we welcome.

Christian Grotholt, CEO

I will remain closely associated with the company, but in a new role. Pablo Hofelich will make the business decisions with his colleagues on the Executive Board, while I will be active on the advisory side. Otherwise, I will try to get by with a 40-hour week in the future. Let's see if that works.

Mr. Hofelich, in concluding, let's look ahead. Can you outline 2G's corporate goals for the next two years?

Pablo Hofelich: We want to continue to grow strongly across all areas – using our own resources and in collaboration with our sales partners. Specifically: 10 to 15% sales growth plus further gains from possible acquisitions. Our aim is to establish ourselves among the top 3 competitors in all the markets in which we operate.

To this end, we want to position ourselves more strategically. In addition to CHP, we want to be recognized as a manufacturer of power plants, as a manufacturer of heat pumps as stand-alone solutions, and as a system provider. Consequently, in future, communication and marketing will therefore focus on electricity generation, heat generation and the combination of both. We will also pay a lot of attention to our service portfolio,

which is set to grow internationally at least as fast as the new installations business. Because also in five years' time, a modern range of services for sales work and system operations will continue to offer our customers substantial added value – the best argument at any negotiating table.

Report by the Supervisory Board

Dear shareholders,

In the 2024 financial year elapsed, the Supervisory Board of 2G Energy AG performed the monitoring and advisory duties incumbent on it in accordance with the law, the company's Articles of Association and the rules of procedure with great care and prudence. The Supervisory Board supported the Management Board in the management of the company and the 2G Group in an advisory capacity, monitored its management and supported the strategic development of the company and individual measures of significance. The Supervisory Board also took social and environmental factors into account as part of the company's interests and discussed sustainability issues with the Management Board. The Supervisory Board was informed regularly, promptly and comprehensively by the Management Board in written and verbal form about the situation and business performance of the company and its subsidiaries. To this end, the Supervisory Board received detailed information from the Management Board on key company matters in accordance with statutory requirements. The Management Board provided quarterly reports on the net assets, the financial position and the results of operations. Other pertinent reports and documents provided included all the relevant information on key issues relating to strategy and corporate planning, the position and development of the company and the Group, the risk situation and risk management, as well as the internal control system, compliance and significant business transactions.

The members of the Supervisory Board always had adequate and regularly scheduled opportunity to critically examine the reports and proposed resolutions submitted by the Management Board, to exchange views on individual points and to contribute their own suggestions. Consequently, the Supervisory Board was informed about important questions relating to business policy, as well as about relevant forthcoming decisions, and was able to support the Management Board in its work and accompany with a critical stance as expedient. The formation of committees was not required.

The Supervisory Board Chairman was also in contact with the Management Board outside the scope of meetings, engaging in a regular exchange of information and ideas. In addition to current business developments, questions were discussed relating to the global IT project, company organization, Management Board matters, the development of incoming orders, sales markets and potential company investments and cooperation activities.

Personnel continuity on the Supervisory Board and Management Board in the reporting year

There were no changes to the composition of the Supervisory Board in the reporting year. The members of the Supervisory Board in the year under review included Dr. Lukas Lenz (Chairman), Dr. Jürgen Vutz (Deputy Chairman) and Prof. Dr. Christof Wetter. The length of tenures of the members of the Supervisory Board is listed in the notes to the consolidated financial statements. The 2G Energy AG Supervisory Board consists of three members. Consequently, the formation of separate supervisory board committees is not considered justifiable or expedient. This also applies to an audit committee, whose tasks are performed by the plenary Supervisory Board as before.

In the opinion of the Supervisory Board, its members currently cover all areas of expertise that are necessary for the Supervisory Board to work efficiently in the interests of the company. The members of the Supervisory Board hold extensive knowledge of legal issues and topics (capital market), sustainable corporate governance, energy and environmental technology as well as mechanical engineering. In addition, all members of the Supervisory Board have experience of Supervisory Board work gained in connection with comparable mandates in other companies.

Throughout the 2024 financial year, the company's Management Board comprised Christian Grotholt as Chairman, Ludger Holtkamp, Friedrich Pehle and Frank Grewe.

Supervisory Board consultations and resolutions

Five ordinary Supervisory Board meetings were held in the 2024 financial year. The members of the Supervisory Board convened ordinary Supervisory Board meetings on March 12, April 18, June 3, September 17 as well as on December 3. All Supervisory Board members always attended the meetings in person.

The Supervisory Board discussed with the Management Board the transactions requiring its approval pursuant to the law and the company's bylaws, and reviewed and approved them unanimously in all cases. At the meetings, the Supervisory Board utilized the reports and documents submitted by the Management Board, including those pursuant to Section 90 (1) to (4) of the German Stock Corporation Act (AktG), to conduct consultations on the company's business and financial position, its operational and strategic development, its business divisions and its subsidiaries both in Germany and abroad. In addition, the Supervisory Board discussed with the Management Board the further development of international sales and individual foreign markets, the new product groups of large heat pumps and demand-response units, possible company takeovers or participations, additional "Lead to Lean" projects and the achievement of targets in terms of annual planning. The Supervisory Board requested accounts and information on significant specific questions relating to the company, the risk position and investment and expansion planning at the company's Heek location and consulted on these issues accordingly.

The following topics were discussed in detail at the individual meetings:

At the Supervisory Board meeting held on March 12, 2024, the Management Board and Supervisory Board discussed planned changes to the Group structure and the associated personnel policy decisions, including considerations regarding the sustainable filling of key management positions. This included a discussion on the organization of the domestic and foreign sales and service companies. The Management Board reported on the progress of the development of the new heat pump product line, specialized sales and the integration of the Dutch company NRGTEQ B. V., which had been acquired in the previous year. Subsequently, the Supervisory Board was informed about the status of various projects in Germany and abroad and discussed individual matters with the Management Board, such as project planning for sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD).

The Supervisory Board meeting held on April 18 focused on the annual financial statements, the management report, the consolidated financial statements, the Group management report and the respective audit reports of the auditor for the 2023 financial year. Two representatives of the auditors and the Management Board were available to the Supervisory Board to respond to questions. All the questions raised by the Supervisory Board were answered comprehensively and to its satisfaction. After duly examining the aforementioned documents submitted to it, the Supervisory Board raised no objections and consequently approved the annual financial statements and the consolidated financial statements for 2023 unanimously. The annual financial statements were thereby adopted. The Supervisory Board concurred with the Management Board's proposal for the application of unappropriated profit to be submitted to the Annual General Meeting. The committee also unanimously approved the Supervisory Board's report to the Annual General Meeting.

The proposed resolutions for the 2024 Annual General Meeting were among the other items on the agenda of the Supervisory Board meeting. The Supervisory Board also granted the Management Board approval for transactions that required its approval. Furthermore, the Supervisory Board approved the declaration of compliance with the German Corporate Governance Code voluntarily submitted by the Management and Supervisory boards. The Supervisory Board also dealt with the reports, submissions and explanations of the Management Board in accordance with Section 90 (1) Nos. 1 to 4 of the German Stock Corporation Act (AktG) on the intended business policy and other fundamental issues of corporate planning, the profitability of the company, as well as the course of business and transactions that may be of considerable importance for the profitability or liquidity of the company. The Supervisory Board was also informed about individual international projects. Without the participation of the Management Board, the Supervisory Board also discussed its own work and the quality of the audit.

On June 3 of the reporting year, the Management Board reported to the Supervisory Board on business progress and new order intake trends in the first half of the year, and also provided an outlook on the anticipated full-year trends. The Supervisory Board also discussed issues pertaining to the Group structure and the associated personnel decisions with the Management Board. Moreover, the Management Board and Supervisory Board discussed the list of transactions requiring approval in accordance with the rules of procedure for the Management Board, which the Supervisory Board subsequently adopted unanimously. Finally, the committee discussed individual projects in Germany and abroad.

On September 17, the Management Board reported on the course of business in accordance with Section 90 (1) Nos. 3 and 4 of the German Stock Corporation Act (AktG) and discussed issues concerning operating performance, earnings and longer-term sales planning, as well as the liquidity situation and planning with the Supervisory Board. The Supervisory Board acknowledged and approved the reports of the Management Board. This was followed by discussions focusing on the 2025 investment plan, which essentially envisages the construction of a new production hall and office building and was approved by the Supervisory Board. The Supervisory Board and Management Board discussed the orders and the business environment for the delivery of CHP power plants to Ukraine and production capacity utilization in detail. The Supervisory Board was also informed by the Management Board on the order situation, particularly in Germany and Western Europe, as well as on the current status of the ERP project.

The fifth ordinary meeting of the Supervisory Board held on December 3 focused on the Management Board's report on the course of business in accordance with Section 90 (1) Nos. 3 and 4 of the German Stock Corporation Act (AktG). Among other things, the Management Board and Supervisory Board discussed issues relating to operational development, as well as the liquidity situation and planning. The Management Board also provided an updated overview of incoming orders, particularly from the USA and Ukraine, production capacity utilization and the ERP project. Following an explanation and discussion, the Supervisory Board approved the Management Board resolutions on personnel planning and earnings planning for 2025 as well as the reorganization of the Dutch subsidiaries.

No conflicts of interest arose among the members of the Supervisory Board during the year under review.

Annual and consolidated financial statements for the 2024 financial year

In accordance with statutory provisions, PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Osnabrück, was elected as the auditor by the Annual General Meeting on June 04, 2024.

The Management Board prepared the annual financial statements, the consolidated statements and the Group management report for 2G Energy AG for the financial year from January 1 to December 31, 2024, in accordance with the regulations stipulated in the German Commercial Code (HGB). The auditor audited the separate financial statements, the consolidated financial statements and Group management report of 2G Energy AG for the 2024 financial year, including the financial accounting, and awarded them unqualified audit certificates. The audit focus for the 2024 financial year was on the valuation of investments and inventories, the recognition and measurement of inventories and provisions and the recognition of revenue as of the reporting date. The auditor issued an unqualified audit opinion for both the single-entity and consolidated financial statements.

The annual financial statements, consolidated financial statements and the Group management report, as well as the related auditors' reports, were submitted on time before the financial accounts meeting to all Supervisory Board members. At the Supervisory Board meeting held on April 28, 2025, the auditor reported on the main audit findings and explained them to the Supervisory Board, providing comprehensive answers to the Supervisory Board.

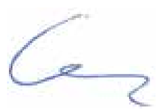
The Supervisory Board acknowledged the audit reports with approval. Following the final result of its own due examination, the Supervisory Board concurred with the auditor’s findings and declared that there were no objections to be raised. The separate annual financial statements pursuant to Section 172 of the German Stock Corporation Act (AktG) have thereby been adopted.

The Supervisory Board agreed with the Management Board's proposal on the appropriation of net retained profits to distribute a dividend of EUR 3,588,000.00, i.e. EUR 0.20 per share, from the net retained profits of EUR 18,426,688.54 and to allocate the remaining net retained profits of EUR 14,838,688.54 to other revenue reserves.

On behalf of the Supervisory Board, I would like to thank the Management Board, the managing directors of the subsidiaries and all employees of the 2G Group for their achievements. Their commitment represents the driving force for the new and further development of innovative products and services and consequently forms the foundation for the global success of 2G Energy AG.

Heek, April 28, 2025

The Supervisory Board



Dr. Lukas Lenz
Supervisory Board Chairman

2G share with moderate gains in a challenging market environment

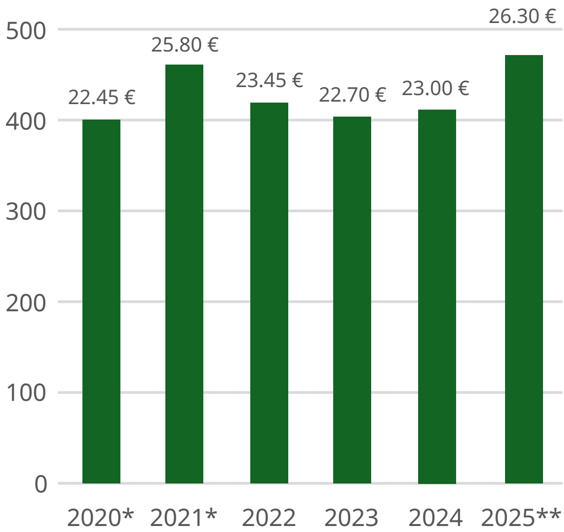
2024 was a turbulent but successful year on the stock market, as the FAZ sums up market events. The positive economic developments in the US, the topics of artificial intelligence and technology as well as less restrictive monetary policies proved the main drivers. Overall, the highly capitalized stocks benefited from this. In the USA, the familiar indices once again recorded a strong increase, compared to the record levels of the previous year, with significant price rises. Germany's leading index, the DAX, also posted a substantial increase in value. As in the two previous years, however, smaller companies and the corresponding small cap indices trailed the heavyweights. The Nasdaq 100 was up by 24.9% (previous year: +53.8%), the MSCI World Index trended by 17.0% (previous year: +21.8%) upwards. In Germany, the DAX40 rose by 18.8% (previous year: +20.3%), whereas the SDAX put in a weak 1.8% (previous year: +17.1%). The Scale30, to which 2G belongs, posted slightly negative performance of 1.1% in the reporting year (previous year: -15.7%), moving sideways. The DAXsector All Industrial, the sector-specific index for 2G, rose by 23.2% (previous year: +21.1%), while the DAXsubsector All Renewable Energies shed 35.4% (previous year: -26.1%), once again losing considerable ground.

The 2G share successfully bucked the malaise among second-line stocks in the year under review and – on a Xetra closing price basis – still achieved a small price gain of 1.3% (previous year: -3.2%). The share price performance in the reporting year was once again quite volatile. The share started the first trading day of the 2024 stock market year at an opening price of EUR 22.90. By the beginning of May, the share price had risen in two waves to its apex of EUR 27.20. In the course of the following three months, the share price dropped to a low of EUR 18.40. The share subsequently recovered to EUR 23.00 by the end of the year. The spread between the highest price and the lowest price was 47.8% (previous year: 45.5%).

The noticeable upward trend in the second half of 2024 is, in our view, primarily attributable to the company's consistently positive news flow. Particularly noteworthy are the developments in order intake and backlog, especially from international markets – in contrast to the generally declining mechanical and plant engineering sector in Germany. In addition, the positive revenue and earnings performance and the expansion of the business model to include large-scale heat pumps and demand-response units have contributed to this trend. Last but not least, the service business has also continued to develop positively – despite ongoing market volatility.

Given unchanged share capital of EUR 17,940,000.00, the market capitalization of 2G Energy AG advanced to EUR 412.6 million (previous year: EUR 407.2 million) at the end of 2024 compared to the previous year's reporting date. 2G has neither approved nor implemented any capital measures during the period under review.

Market capitalization and closing price EUR millions

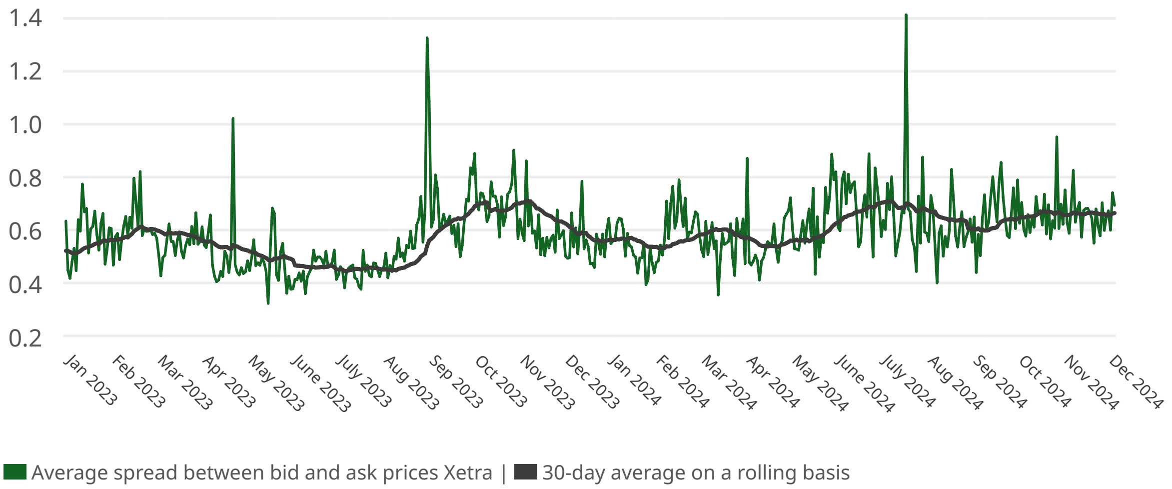


* Values as after share split (for comparability)
** Xetra closing price on April 17, 2025: EUR 26.30;
Market capitalization 2020 to 2024 to December 30, Xetra closing prices

2G share liquidity stable at a high level

Despite the second-line stocks languishing in the doldrums, the trading liquidity of the 2G share improved by around 7% in the reporting year, compared to the prior year. Average daily volumes on the Xetra and tradegate platforms as well as on the German regional stock exchanges amounted to a total of around 33,900 shares (previous year: around 31,400 shares). Around 58% (previous year: 60%) of the turnover in the 2G share was traded via Xetra. The average spread between bid and ask prices, as illustrated in the diagram below for the years 2023 and 2024, has moved towards a value of around 0.62% (previous year: 0.56%). According to Deutsche Börse, the 2G share was the most traded share in the Scale segment on the Frankfurt Stock Exchange and Xetra with a trading volume of EUR 110 million. This once again created a technically positive

Trend in average spreads between bid and ask prices 2023 to 2024 in %



Trend in average spreads between bid and ask prices 2023 to 2024 in %
Source: M.M.Warburg & CO, 2G calculations, January 2025

environment for trading in the 2G share in the reporting year. In our view, this means that the 2G business model, the operating performance and the economic prospects with the expanded product portfolio are attractive for investors. They recognize that – as opposed to many other small and mid-cap shares – they have fair trading conditions for entering and exiting the 2G share. Our share will benefit from this strength over the long term.

Continuous, ongoing capital market communication

Dialog with capital market participants and continuous, transparent and reliable communication focusing on relevant corporate events, the corporate strategy and developments in the divisions remained binding guidelines for 2G Energy AG's investor relations work in the 2024 financial year. The aim is to keep the interest in the development of 2G Energy AG vibrant on the markets, to expand the perception of the company as an attractive investment and to win over new shareholders. In addition to detailed written reports, we maintain direct contact with our institutional and private shareholders and analysts.

In conducting our IR work, we endeavor to explain the 2G business model and the resulting earnings potential, the capital allocation and the national and international growth prospects on the targeted power plant and large heat pump markets to all capital market players in a readily comprehensible manner – and within the context of the dynamically changing energy markets. The aim is to not only further strengthen trust and confidence in the company's financial and technological profile, but also to create the transparency required to enable analysts, shareholders and potential investors to appraise and evaluate the company on an adequate and readily comprehensible basis.

In one-on-one talks or group discussions at investor roadshows and numerous conferences, members of company management answered questions raised by investors and financial analysts on the 2G Energy AG business strategy and development. The main topics of discussions with institutional and private investors revolved around the impacts of energy price developments, changes to the legal framework and the role of CHP plants within the context of supply security for electricity and heat – and not least the two new 2G product families: large heat pumps and demand-response units. To this end, the Management Board presented the 2G business model of an integrated solution provider for the decentralized energy supply of heat and electricity by way of a multitude of investor approach formats.

The dates for investor conferences and capital market events in 2025 are always made available in the financial calendar on the Investor Relations website: https://2-g.com/de/investor-relations

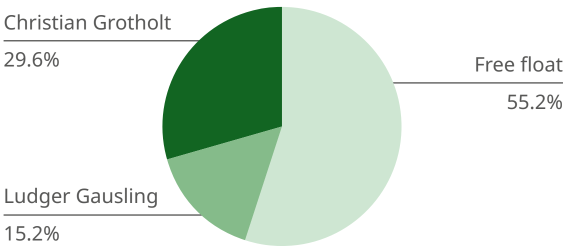
Analysts taking optimistic view of business model and share price performance

First Berlin, SMC Research, Pareto Securities and Metzler are four institutes that continuously monitor and evaluate the company's development and performance. The Management Board maintains a regular exchange with the analysts. All of the analysts identified further upside potential for the 2G share based on their valuation models, with all four having issued "Buy" recommendations in connection with price targets of EUR 31.00 to EUR 39.00.

Stable shareholder structure

The two company founders of 2G Energy AG are long-term anchor investors with their shares of around 45%. The free float includes a number of larger institutional investors, primarily from Germany and Europe.

2G Energy AG shareholder structure Share %



As of December 31, 2024

Higher dividend of EUR 0.20 proposed

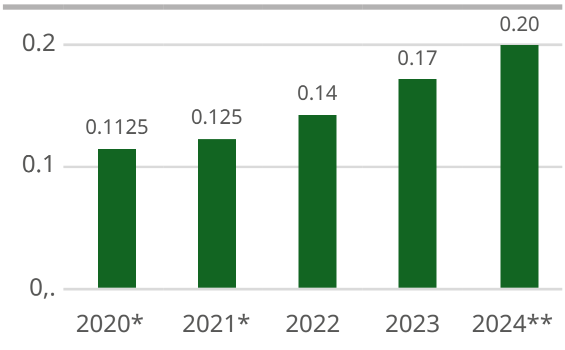
2G Energy AG pursues the objective of its shareholders participating continuously and long-term in the company's success and profitability by way of a stable dividend. At the same time, the company's financial and innovative strength is to be maintained and strengthened so as to achieve further growth. Consequently, value and growth-oriented investors are set to benefit over the long term from the continuous appreciation in the company's value. By reinvesting the cash flows generated profitably and at adequate returns in further growth, we are constantly expanding 2G's productive capital stock – meaning that all our shareholders benefit from this operational compound interest effect.

Within the context of this dividend policy, we see a balance between the wishes of many shareholders for higher dividends and ensuring continued strong internal financing for the continued dynamic growth of the 2G Group.

In light of the successful financial year 2024, the Management Board and Supervisory Board have decided to propose to the Annual General Meeting on June 12, 2025 a dividend of 20 cents per share for the past financial year, which is 17.6% higher than in the previous year.

Based on the 2024 year-end closing price of EUR 23.00, this dividend would correspond to a yield of 0.87% (previous year: 0.75%) and a payout ratio of 15.2% (previous year: 17.0%).

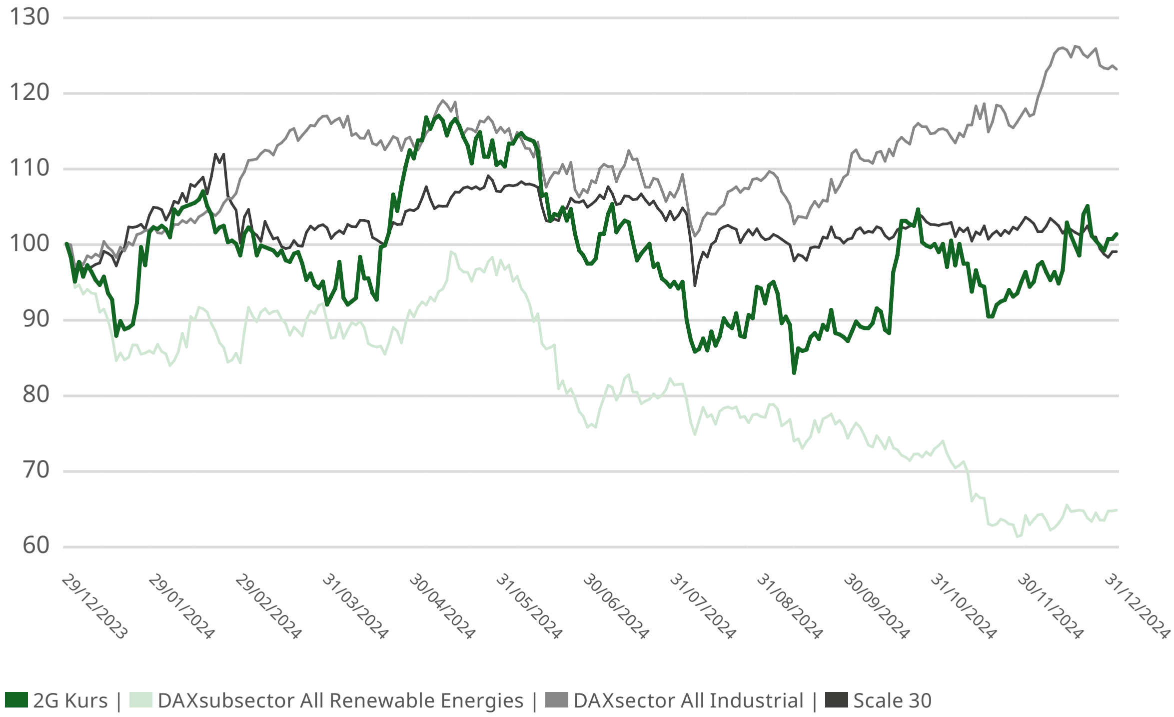
Dividends for the financial years 2020 to 2024 EUR



* Values as after share split (for comparability)
** Proposal to the Annual General Meeting for the distribution for the 2024 financial year

All capital market-relevant information about 2G Energy AG can be accessed promptly on our website and is continuously updated. In addition

2G share price performance and comparative indexes
January to December 2024 (indexed) in %



2G share price performance and comparative indexes, January to December 2024 (indexed) in %
Source: M.M.Warburg & CO, 2G calculations, January 2025

to the financial reports, company presentations and announcements, recordings of the conference calls for the annual and half-year reports, relevant press reports on 2G and the latest analyst opinions are also available there.

2G Energy AG Share Master Data

ISIN	DE000A0HL8N9
WKN (German Securities Code)	A0HL8N
Ticker symbol	2GB
Reuters ticker	2GBG.DE
Bloomberg ticker	2GB GY
Share type	Ordinary share
Share class	Bearer share
Initial listing	31/07/2007
Market	Open Market
Market segment	Scale
Sector	Industrial
Subsector	Renewable Energies
Index membership	Scale30, Scale All Share, DAXsector All Industrial, DAXsubsector All Renewable Energies
Number of shares	17,940,000
Nominal value	Ordinary shares with no par value, each representing a pro rata amount of EUR 1.00 in the share capital
Share capital	17,940,000.00 €
Accounting standard	HGB (German Commercial Code)
ISS ESG rating	C+

2G Energy AG Share Performance Data 2020 to 2024

	2024	2023	2022	2021[1]	2020[1]
Closing price as of December 31, in EUR[2]	23.00	22.70	23.45	25.80	22.45
Number of shares	17,940,000	17,940,000	17,940,000	17,940,000	17,720,000
Market capitalization in EUR million	412.62	407.24	420.69	462.85	397.81
Highest share price in EUR	27.20	30.05	33.25	31.60	22.45
Lowest share price in EUR	18.40	20.65	18.62	19.43	7.38
High-low spread in %	47.83%	45.52%	78.57%	62.68%	204.41%
Average annual share price[3]	22.45	24.10	24.96	23.90	15.28
Average daily trading volume on Xetra/ per trading day (rounded)	19,700	19,050	12,900[5]	8,900[5]	11,350[5]
Average daily trading turnover on Xetra, in TEUR[3]	442	465	662	858	683
Price/earnings ratio (P/E ratio)	17.4	22.6	25.7	36.6	33.3
Price/cash flow ratio	7.7	34.7	84.4	52.2	40.7
Dividend per share in EUR	0.20[4]	0.17	0.14	0.125	0.1125
Dividend yield[4]	0.9%	0.7%	0.6%	0.5%	0.5%
Payout ratio[4]	15.2%	17.0%	15.3%	17.7%	16.7%

[1] Values as after share split (for comparability)
[2] Based on Xetra closing price
[3] Source: Bloomberg
[4] As proposed to the Annual General Meeting 2025
[5] Value not adjusted to share split

Sustainability report

Climate change, the protection of human rights and the transition to renewable energies – combined with the need to secure the supply of electricity and heat – are becoming increasingly crucial and pivotal challenges on our planet. 2G recognizes the need for global climate action and is committed to the 2015 Paris Agreement target of limiting temperature increases to 1.5 degrees Celsius in relation to pre-industrial levels as far as possible. 2G is keenly aware that the company can play a key role in addressing these challenges through its products and system solutions. At the same time, we are striving to achieve a high degree of sustainability in our own operating processes. At 2G, we regard sustainability as responsible corporate action encompassing a long-term perspective. This includes the spheres of the environment and climate, the principles of good corporate governance, responsibility for employees and society, as well as the interests of stakeholders, shareholders and customers. Our actions today should have a lasting positive impact in the future.

2G is a diversified industrial company with a global presence. As a matter of principle, the company complies with all applicable laws and regulations in the regions in which it operates, while at the same time adhering to the relevant international standards. The business practices and Group strategy are based on our corporate values. We are well aware that sustainable action determines the economic value of our company, shaping our commitment to technological innovations and product developments, impacting on the quality and reliability of our products, while promoting the motivation of all employees and enabling our customers to contribute more efficiently and sustainably to greater resource conservation and climate protection. From the customer's point of view, this is already applicable today: Climate protection with CHP systems and large heat pumps from 2G is well worthwhile, as the systems are highly attractive in economical terms.

Our ambition is to harness such an approach in order to generate growing demand for our products, and convincing potential customers of their quality and future viability with regard to other suppliers' products. This can translate into market share gains and rising profit margins for 2G. Consequently, we endeavor to incorporate sustainability into all our business decisions, while weighing up the related risks and opportunities. Sustainability forms as much a part of the 2G brand as our claim to be the global technology leader for gas-operated CHP systems and (energy) solutions.

We are not satisfied with the fact that the technological standard of our products and services is already very high and that our CHP systems with efficiencies of up to 90% and the large heat pumps with COP (coefficient of performance) values of between 3 and 5 are extremely efficient. Within its corporate organization, 2G is also working towards a resilient energy supply, a comprehensive waste and recycling system, durable and resource-conserving products, environmentally friendly and material-efficient production, responsible procurement and logistics as well as efficient service. In order to achieve this, we apply two key principles: the Kaizen approach of continuous improvement geared to increasing customer benefits and the aspiration to focus on people as an appreciative employer and to enable them to make meaningful and effective contributions through their work. This is flanked in the value creation processes by our ISO certifications for quality management, energy and environmental management and information security, which have been regularly confirmed for many years. In order to tap additional potential in these areas, an energy and environmental management team consisting of a member of the Management Board and management from the areas of production, sales, regulatory affairs and quality assurance meet on a quarterly basis.

We have made our commitment externally visible and binding by joining the United Nations Global Compact. The annual progress report is published on the UN Global Compact website (unglobalcompact.org). As a listed company, we are increasingly in the focus of institutional investors who base their investment decisions on ESG (environment, social, governance) criteria. In many cases, the data for such ESG criteria are obtained from service providers. Institutional Shareholder Services Inc. (ISS) is one such service provider. In the year under review, 2G was again awarded Prime Status by ISS, placing it among the top 20% in the relevant "Industry" peer group.

Corporate ESG Performance
Prime
RATED BY
ISS ESG

In 2024, 2G entered into a structured process to meet the future legal requirements for sustainability reporting, such as the EU reporting standard (ESRS), and to develop a sustainability strategy.

Sustainability strategy embedded in CHP system development and service

2G aims to continuously reduce the ecological footprint of its systems and services. The cogeneration of electrical and thermal energy makes CHP technology more efficient and far more climate compatible than conventional energy production methods. The solutions achieve efficiencies of 90% and more, so that the fuel consumed is almost completely utilized. Compared with conventional power and heat generation, CHP systems save up to 25% of primary energy in a resource-conserving manner. CHP systems powered by natural gas already offer a 40% to 50% reduction in greenhouse gas emissions compared to conventional energy generation from coal; biogas-fired CHP plants save up to 90%. Ultimately, the use of hydrogen will trim greenhouse gas emissions by around 95%.

CHP systems are the backbone of the energy transition

As the backbone technology for the energy transition, natural gas CHP systems are indispensable for supply security as complementary technology to fluctuating generators harnessing wind and solar. This is because the flexibility requirements for generation plants are rising sharply as the expansion of fluctuating renewables progresses. At the same time, the operating hours in which the controllable output is still required are trending downwards, making large gas-

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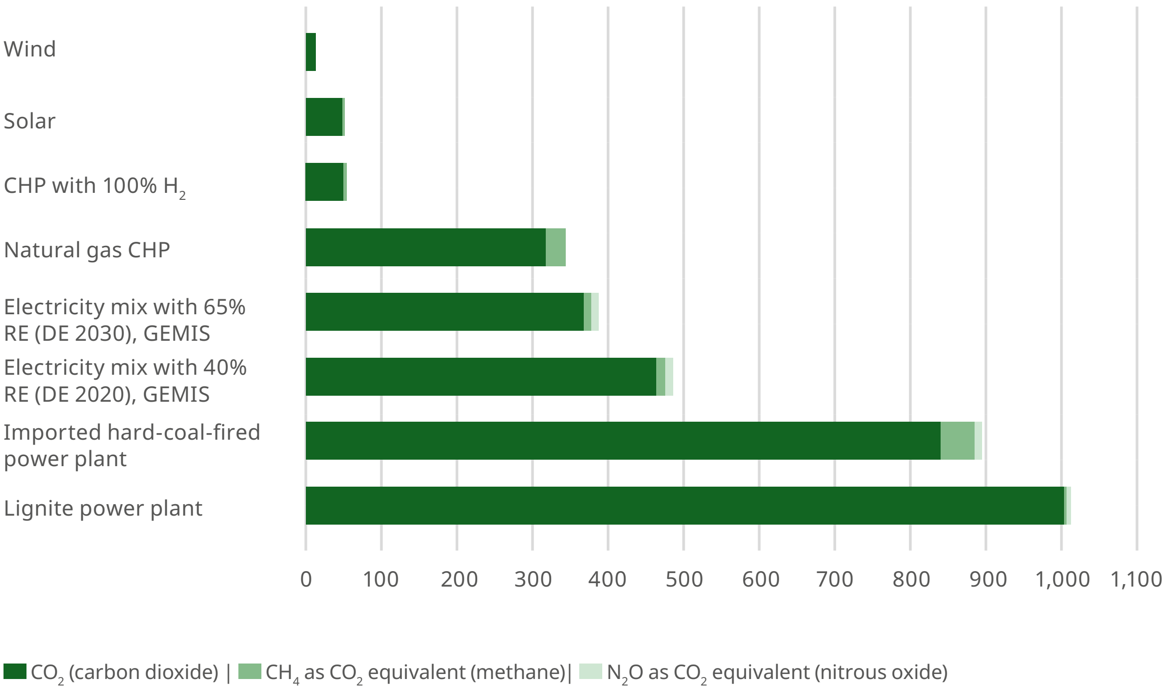
Colophon

Greenhouse gas emissions of different types of electricity generation incl. upstream chain emissions

in g CO_2 eq/kWh$_{el}$



Greenhouse gas emissions of different types of electricity generation incl. upstream emissions in grams of CO_2 equivalent per kWh of electricity (g CO_2 eq per kWh$_{el}$); the bar "Electricity mix with 40% renewables (Germany 2020)" shows the amount of emissions released for electricity generation in Germany with a share of 40% renewables in 2020. Source: 2G Energy AG, 2021

fired power plants economically unattractive for operators. A decentralized energy supply is associated with major advantages both in economic and business terms. This is because CHP systems – unlike large-scale power plants – provide the residual load in a highly flexible and demand-oriented manner when wind power and solar energy are not available. In addition, decentralized CHP systems are rotating masses in the electrical system and secure grid frequency. What's more, there is no need for lengthy planning and approval procedures, and in complementary cooperation with photovoltaic systems and heat pumps, local supply systems can be set up at individual facilities to the benefit of the overall system. They also reduce the need for cost-intensive expansions of the transmission grid and eliminate transportation losses. For this reason, they represent a secure investment in climate-neutral energy supplies – today and tomorrow.

The role of CHP systems for secure and climate-friendly energy supplies is changing on several levels. 2G has prepared for this at an early stage. On the one hand, this includes operating with climate-friendly gas types such as lean gases, biomethane and hydrogen. All new

CHP systems supplied by 2G in the 100 kW to 1 MW output range can also be converted to run on 100% hydrogen as part of regular maintenance. What is more, they are technically more efficient and flexible CHP systems that can be combined with peripheral components such as heat storage units, cooling absorption systems, ORC systems as well as teaming up with heat pumps and buffer storage units. CHP systems are genuine green team players. This also elevates the significance of digital equipment for operational control and maintenance. To this end, 2G is continuously investing in its own systems such as the MY2G platform and AI-supported applications. The 2G Conductor enables efficient control of all connected energy system components depending on weather conditions and exchange electricity prices so as to ensure the most cost efficient operation possible.

2G is a manufacturer of large heat pumps

Heat pump technology is one of the key technologies for decarbonizing the heating sector. The proven functional principle achieving efficiencies of between 300 and 500% enables the highly efficient supply of regenerative heat in industrial, commercial, municipal and residential areas. Based on our own production of large heat pumps for industry and municipal utilities, we are consistently positioning ourselves as a provider of climate-friendly heat generation and supplementing our product portfolio as a full-service provider for decentralized energy supply concepts.

2G is developing and marketing water-to-water as well as air-to-water heat pumps delivering thermal outputs of 89 kW to 2,700 kW. We also anticipate increasing sales potential for the combination of CHP systems and heat pumps from a single source. With the GreenCube, we are offering our customers a complete turnkey solution. As a standardized container solution, we are capable of implementing complete energy centers for customers within just a few months: large heat pumps, CHP systems and heat storage tanks from a single source. We also supply the digital interfaces and smart control software. Depending on the weather and the current electricity exchange price, heat can be provided cost-effectively, climate-friendly and safely. The best conditions for accelerating the energy transition with intelligent standard products exploiting the potential resources on site.

As the “Hafenwärme Papenburg” project shows: Together with a buffer storage tank, CHP system and heat pump complement each other in a particularly energy-efficient, economical and system-friendly way.

All in all, the 2G Group is transforming itself from a CHP provider into a manufacturer of decentralized power plants, heat pumps and a combination of the two. This also positions us as a provider of integrated solutions for decentralized, highly efficient energy supply systems.

Comprehensive lifecycle management

In refining our innovative CHP and heat pump series, we pay keen attention to a variety of economic, ecological and social criteria. The focus is on materials selection, service and maintenance optimization, service life, emissions, recyclability and life cycle management. These include, for example, the compact design, the interface management, the modular structure of the CHP systems and heat pumps, a high degree of standardization and a high share of common parts, repowering options, the reduction of oil consumption, the conversion of refrigerants to a natural basis such as ammonia or propane gas, as well as the reduction of noise immissions and exhaust emissions, while also comprising smooth integration into existing infrastructures.

We are systematically advancing digitalization, including our MY2G and I.R.I.S. online platforms (including predictive maintenance), which we developed in-house, in addition to augmented reality applications. As a result, we are reducing service and maintenance costs and achieving higher availability of the CHP systems and heat pumps.

The measures mentioned are based at a minimum on the prevailing legal requirements and standards. But above all, we are aligning development with our aim of continuously reducing the total cost of ownership for operators over and beyond market standards. This strengthens our competitive position and ensures the economic attractiveness of our product portfolio for our customers.

In product development and product equipment and features, 2G consistently opts for materials with a long service life. This applies equally to CHP modules and heat pump construction. At the end of their application cycle, the products used are reprocessed and redeployed in the same function – as far as possible. Ideally, this occurs more than once. In pursuing this “long-life” approach, 2G has established resource-conserving reconditioning for central components such as motors and generators, as well as for the usual wearing parts such as filters, spark plugs and electronic components. We can offer our customers attractive prices with the refurbished systems from the “ReFit” program, while at the same time reducing the consumption of raw materials and materials.

R&D boosts system efficiency

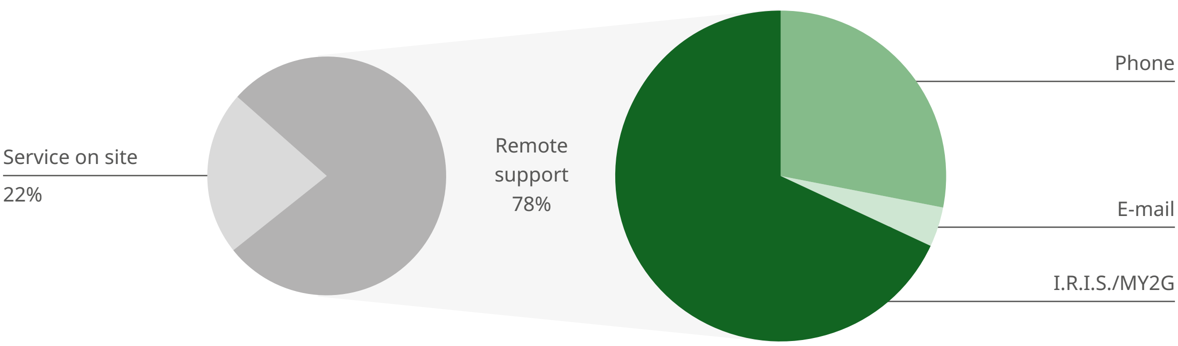
Our own Research & Development department with 40 employees continuously optimizes engine and pump technology, peripheral devices and exhaust gas aftertreatment systems such as catalytic converter technology. The second area of responsibility comprises the further development of the integration of control software into the CHP systems, the heat pumps and the portfolio of services. The development of the hydrogen-powered CHP system based on a standard natural gas CHP plant is certainly one outstanding example of the R&D team’s successful work. The development of a peak-load genset for the US market in particular is a second salient example. With its gas engine expertise, 2G has succeeded in designing the engine configuration within just 36 months so as to meet the stringent technical requirements such as

100% load activation in less than 10 seconds and the strict emission standards during operation.

Other examples include the internally developed MY2G platform for intelligent plant management and our innovative I.R.I.S. software solution, which detects faults before they occur. 2G combines state-of-the-art AI support and personalized service options geared to individualizing system management for customers and providing access to data, services and tools at all times. The continuous monitoring and control of a large number of system parameters effectively increases machine availability. Our service technicians are now able to carry out many maintenance and repair tasks quickly and easily via remote access – which is already accounting for 78% of all fault reports. This significantly increases the efficiency of service and maintenance work. We are also developing operating software for the heat pumps, which is configured so as to closely interlink with the other 2G systems.

In the case of large heat pumps, the focus is on the further technical development of systems with higher thermal output ranges, higher flow temperatures and natural refrigerants. We are now using R290, R717 and R1234ze as standard refrigerants which all have low GWP (Global Warming Potential, measures the global warming potential of a substance).

Efficient online troubleshooting, 2024



78% of faults reported digitally or manually were resolved by way of remote maintenance in 2024, while on-site service was required in only 22% of cases.

2G’s proprietary development: The large afilia C90 heat pump is operated with the natural refrigerant ammonia (NH_3), has a flow temperature of 90 °Celsius and generates a thermal output of around 1,200 kW.

We are also constantly putting proven technologies and products on the testbench. For example, we have evaluated options for increasing performance for all CHP series. Over the next few years, we will achieve performance gains of 20 to 35% across all series by increasing engine strokes, among other things. Increased performance is also required for CHP systems for operation with LPG gas (propane gas). Following the revision, the systems will be offered delivering 40% more electrical output. With regard to the agenitor series, we have also developed an integrated, compact SCR catalytic converter system for exhaust gas aftertreatment of nitrogen oxide emissions for series production. This reduces nitrogen oxide emissions from 100 mg down to less than 50 mg.

Certified in accordance with quality, environmental and energy management standards

We continuously review and improve our processes as part of the integrated management system (IMS). Consequently, the central companies (2G Heek GmbH and 2G Energietechnik GmbH) are certified in accordance with the ISO 9001 (quality), ISO 14001 (environment) and ISO 50001 (energy) standards. The focus is on identifying and implementing measures to increase customer satisfaction, reduce environmental impact, continuously improve energy efficiency, while complying with legal obligations and increasing employees' environmental awareness. In terms of energy management, 2G is committed to the continuous improvement of energy-related performance and more efficient use. At the beginning of 2025, 2G was recertified for all three standards.

This also applies to the ISO 27001 information security standard, which is the leading international standard for information security management systems and therefore an important cybersecurity certification. At its core, the standard pursues three basic objectives: confidentiality, availability and integrity. On this foundation, we continue to optimize processes and structures with vigor. ISO 27001 was also successfully recertified at the parent company 2G Energy AG.

2G invests in energy efficiency

We record our Scope 1 and Scope 2 CO_2 emissions in a structured manner as part of the process to fulfill the legal requirements for sustainability reporting in accordance with the CSRD, which are expected to apply as from the 2027 reporting year. By taking stock since 2021, we are laying the foundations for identifying operational areas of action in order to achieve stronger climate protection and greater sustainability.

We continue to report individual key figures on carbon dioxide emissions. As in the previous year, no environmentally relevant incidents occurred in the reporting year. The largest sources of consumption in the company are fuels, followed by heat and electricity. In general, the production of power plants and heat pumps at 2G is not particularly energy-intensive compared to other industrial goods companies. The added value lies in innovative components, design, project management and digitalization. Engineering, on the other hand, is more energy-intensive. In other words, the development and extensive testing of components through to new products such as the demand-response unit, for example. Although testing consumes a high share of the certified green gas purchased, we also use the electricity and waste heat generated for our own supply, including by way of a buffer storage tank. The intensive work on the demand response unit in particular raised heat consumption (= natural gas consumption) in the reporting year well above the level of previous years.

Around a third of the electricity consumption is met by a 595 kWp photovoltaic system on the roof of a production hall and by the company's own electricity from the test rigs. With regard to the electricity requirements that 2G cannot cover itself, we have contracted electricity from renewable sources from a supplier. In addition, 2G has invested in energy efficiency measures such as a new lighting concept in another production hall and the modernization of the heating system in another hall.

Some of the surplus electricity from the power plant test rigs is also available for charging electric vehicles. These sources primarily supply the charging stations for the company's own electric cars and the employees' cars. As in the previous year, 2G operates 24 charging stations on the company premises. This offering totaling 104,000 kWh of charging capacity (previous year: 82,000 kWh) was actively accepted by the employees and corresponds to a CO_2 emission saving of 26.5 tons. The fuel consumption of our vehicle fleet continued to decline slightly despite an increase in the number of vehicles due to the use of electrically powered vehicles and more efficient driving styles. In spite of the expansion of business activities in the reporting year, 2G – excluding the special effect of the demand-response aggregate – has tended to reduce its

Energy consumption 2021 to 2024, in t CO_2e

CO_2 consideration				
Metric tons of CO_2 equivalents (t CO_2e)	2024	2023	2022	2021
Scope 1	**3,249**	**2,672**	**3,052**	**3,007**
Heat consumption	1,323	693	1,072	1,023
Fuel consumption	1,926	1,979	1,981	1,984
Direct emissions from industrial processes	0	0	0	0
Scope 2	**184**	**187**	**166**	**246**
Power consumption	184	187	166	246
District heating/cooling	0	0	0	0

Scope 1 and 2 emissions and continued to invest in energy efficiency.

2G documents good corporate governance

Good corporate governance forms the foundation of 2G's business activities. In the year under review, the Supervisory and Management boards issued, on a voluntary basis, a declaration of compliance with the German Corporate Governance Code (DCGK) pursuant to Section 161 of the German Stock Corporation Act (AktG). With this declaration, the Management and Supervisory boards underline their commitment to securing the company as a going concern and to its sustainable value creation in the interests of the company, its shareholders and the public, in accordance with the principles of the social market economy. The Corporate Governance Report, together with several accompanying documents, is published on our website at www.2-g.com in the Investor Relations section.

Social commitment with a regional focus

2G perceives itself as a responsible member of society. This is why we play an active role regionally and support projects both in monetary form and through donations in kind. In doing so, we try to ensure that the help reaches those affected directly. We support local sports associations and social facilities within the Münsterland region, for example. This includes the "Super Helden Fabrik" initiative, which provides all primary school children in the Borken district with standardized, multi-step assertiveness and resilience training. The aim is to systematically banish bullying from schools. In India, we are supporting a project that focuses on the education of women at a school. We are also providing humanitarian aid to Ukraine through various channels. Moreover, 2G supports employees in their social engagement, such as through flexible working time regulations. We also promote knowledge exchange in the academic and scientific community. For example, we offer students the opportunity to write their seminar papers, bachelor's or master's theses within the context and framework of 2G topics.

Public company tours score a total success

2G is attracting a great deal of interest from the general public, whether through its products, its regional roots or its stock market listing. We have taken this on board and offer public tours of the company premises in Heek at regular intervals. We are receiving requests from companies, sports clubs, neighborhoods as well as many individuals. The four tours offered in the reporting year were fully booked in no time at all, with a total of 200 places.

Political commitment to CHP, large heat pumps and supply security

Our social commitment also includes political support for the development of decentralized, renewable energy supplies. Our political compass is clearly aligned in two respects: On the one hand, the targeted triad of supply security, climate neutrality and economic efficiency should be the focus of all energy policy decisions. On the other hand, not only will green electrons contribute to an economically successful energy transition. Green molecules will also be a central pillar of the future energy mix. 2G has set itself the task of building and maintaining a network across party lines in order to influence the design of legislation and funding frameworks in the interests of CHP and heat pump technologies as a green team player. The essential role that CHP systems and heat pumps should play as part of a decentralized energy supply is an issue that we repeatedly emphasize to political decision-makers and industry associations at local, national and EU level with convincing arguments.

Accompanying this, we are also highlighting the benefits of innovative 2G technologies, our successful R&D work and the growing number of jobs and apprenticeships benefiting society and the environment. In the year under review, we welcomed Mr Jens Spahn, Member of the German Bundestag and deputy head of the CDU parliamentary group, to our headquarters in Heek. We also took part in two delegation trips to Portugal and the USA with Mrs Mona Neubaur, the Minister of Economic Affairs of North Rhine-Westphalia. At the E-world energy & water trade fair at the end of February 2024, the meeting place for the European energy industry, we welcomed numerous political delegations. In the course of intensive discussions, we were able to explain the economic potential of our products and their significance for the sustainability of the energy transition.

In this way, 2G is making a constructive contribution toward educating political bodies and decision-makers about the technology and potentials of combined heat and power generation and heat pumps. The aim of our communication is to ensure that natural gas-fired combined heat and power generation is recognized as a secure, decentralized power plant capacity in the first step of the transformation phase towards climate-neutral electricity and heating systems and is taken into account across the board. In the second step, gas-fired CHP systems running on biogas, sewage and landfill gases, biomethane and hydrogen will make fundamental contributions to supply security as climate-neutral producers of electricity and heat and anchors of stability in combination with fluctuating renewables. With regard to the interaction with large heat pumps, we have further powerful arguments at our disposal in our political work in terms of sector coupling. The decarbonization of the heating sector will not succeed without sufficient renewable electricity being available.

Company representatives are involved in various initiatives promoting the use of hydrogen, in initiatives advancing CHP, and in political work geared to decarbonizing energy supply. For example, 2G is represented on the Board of the NRW Renewable Energies Association (LEE), the Board of the German Renewable Energies Association (BEE), the Board of COGEN Europe and the Executive Committee of the German Combined Heat and Power Association. A tangible expression of this commitment is the annual "political" cycle tour "Energiewende erFAHREN" initiated by 2G and participants. The

The participants of the "Energiewende erFAHREN" 2024 at the finish line in Brussels.

aim is to illustrate the interaction between the various players in the energy transition and to experience the energy transition along the way through the projects and people visited. In 2024, the route led to Brussels in the run-up to the European elections.

Compliance culture with whistleblower system

A uniform corporate culture with shared values is crucial for 2G in order to unleash the value-adding potential of teams and individuals within the company. 2G promotes such a culture. A Code of Conduct has been in place for the 2G Group since 2015. In it, 2G clearly subscribes to complying with all applicable laws and regulations. The Code of Conduct sets out the values and principles for our business activities and our dealings with each other and with customers. The code's contents include a ban on discrimination, protection against corruption, fair competition, the right of all employees to fair treatment, and the treatment of insider information. The code of conduct and the corporate guidelines contain binding compliance regulations that apply across the entire Group. Within this regulatory framework, one important element of our corporate culture lies in reinforcing the culture of compliance. 2G strives to quickly identify and investigate possible misconduct within the company and to take the necessary remedial action. 2G employees and external parties, such as contractors, service providers or business partners, can contact a whistleblower system that has been in place since 2022, also anonymously. This system complies with the EU Whistleblower Directive EU 2019/1937. It is managed by our external data protection officer and can be found on the 2G homepage.

In 2020, the code was expanded to include a separate code for 2G's suppliers. It defines 2G's principles and requirements for its suppliers of goods and services with respect to their responsibility for people and the environment. These include, among others, respect for the fundamental rights of employees, a total ban on child labor, freedom of association, as well as the prohibition of corruption and bribery, frugal use of water and energy, and the avoidance of waste.

2G as an attractive employer

2G employees are the driving force behind the company's success. Around 1,000 employees in Germany and abroad are united behind the slogan "2G – Better together". The willingness to work together across all levels and locations is epitomized by this "we" brand. It promotes new approaches to teamwork and has an internal and external impact on customers and partners.

The 2G Energy AG "we" brand

This includes a sustainable staffing policy, attractive and fair working conditions, the training of young technical staff, and internal and external further training for employees as well as intercultural and technical exchange within the Group and its partner network.

Our success as a global company is founded on a corporate culture that champions the self-motivation, satisfaction, further education, health and diversity of our workforce. The aim is to achieve a high level of employee identification with our products, after-sales services and corporate culture. Our products form part of the solution on the path to a sustainable economy and society, playing a key role in the energy transition and proving themselves indispensable for supply security. These are strong arguments holding powerful appeal. These are good prerequisites for our efforts to create an appreciative working atmosphere with meaningful assignments and a diverse, stimulating and safe working environment. Based on this framework of values enshrined in the Group, we are convinced that 2G is an attractive employer with sound prospects for financial security and a strong career. 2G provides its employees with various voluntary social benefits and support.

For example, these include special payments and days off for the birth of children, followed by subsidies of up to 50% toward childcare costs. A model for childcare during vacation periods was tested in the reporting year. The company also promotes health and fitness among its employees. For example, all employees at German facilities have the option of obtaining company bicycles through 2G via a salary conversion scheme. If employees wish to join a fitness studio forming part of the Wellpass association, 2G contributes part of the membership fee. 2G also contributes to the cost of computer glasses as well as prescription safety glasses forming part of PPE.

Flexible working time models and part-time offers are given high priority in order to provide employees with various options for structuring their work. In the year under review, 133 employees made use of such options (2023: 118). The balance of work and family life is becoming increasingly important for many employees. 2G basically enables all employees outside of production to work from home with technical equipment, software and IT support.

The training of young people in different production areas and administrative departments is held in high standing at 2G. We regularly participate in various training fairs and events to inform potential employees about our training opportunities, career prospects and our product portfolio. This is one way of securing qualified and motivated employees. In 2024, 14 young people (2023: 15) started their training at 2G. A total of 41 young people (2023: 44) were undergoing vocational training. From the graduating class of 2024, we offered 11 trainees (2023: 14) an employment contract.

We open up attractive career prospects for all employees with further training programs and qualifications for managers. At the 2G Campus, we offer a wide range of internal training courses and individual development opportunities for professional and personal development. This also includes online and classroom training and qualifications for employees of foreign subsidiaries and network partners.

Key employee figures (as of December 31,2024)

	2024	2023
Employees	1,005	949
of which female	181	167
Use of part-time offers	133	118
Employees at foreign subsidiaries	175	175
Share of female senior executives in %	14.75	13.59
Age structure of employees in Germany in years	38.6	37.8
Fluctuation ratio in %	5.87	5.83
Health ratio in %	95	95
Accidents per 100 employees	3.4	4.0
Participants in the job bike agreement (total)	339	285
Participants in the Wellpass association	137	68
New trainees	14	15
of which female	3	3
Trainees/dual university system	41	44
of which female	11	11

Number of employees per business division

	31/12/2024	31/12/2023
	Number of employees (of which part-time)	Number of employees (of which part-time)
Service	374 (19)	350 (14)
Purchasing, warehouse, production	248 (24)	244 (21)
Administration	139 (59)	122 (55)
Project management	90 (8)	88 (3)
Sales & marketing	90 (15)	85 (15)
Research & development	40 (6)	33 (4)
Quality management	24 (2)	27 (6)
Total	**1,005 (133)**	**949 (118)**

Service strengthens growth and profitability

Good reasons to further strategically develop the service business

Sound industrial companies master their service business. With a high proportion of its sales coming from services, 2G Energy AG is precisely such a company. Together with our certified partner companies, we support more than 9,000 systems in the field worldwide. The recurring service income means that a large share of our earnings can be reliably planned – making our business development less volatile.

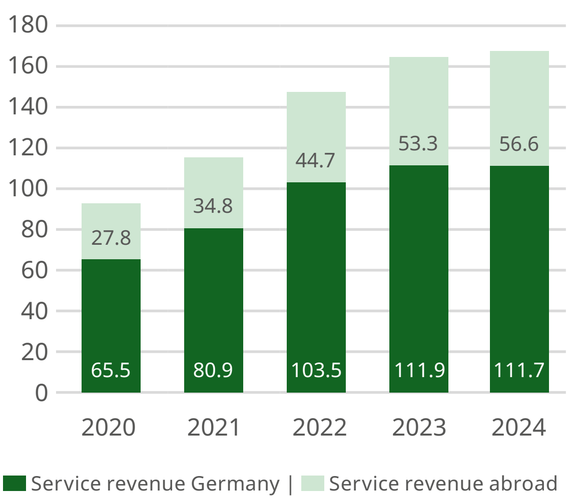
> 9,000

systems are managed by 2G worldwide together with certified partner companies.

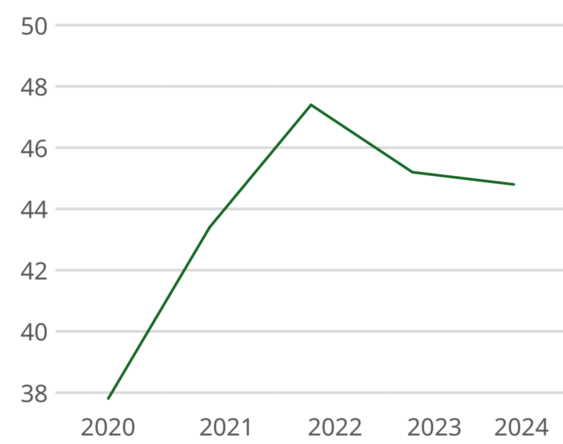
Service is a key product and quality criterion for 2G. It is essential for the work of the sales department, for system and maintenance management during operation, for customer benefits and therefore for customer satisfaction. We are working consistently to further expand our service as a unique selling point internationally. Because

- operational excellence in service is the basis for profitable growth,
- customer satisfaction is the No. 1 factor for recurring orders,
- we can optimize the sales and earnings potential over the entire lifetime of the power plant and heat pump products,
- loyal customers buy more frequently and are less price-sensitive,
- regular customers are the best, free advertising for 2G with maximum credibility.

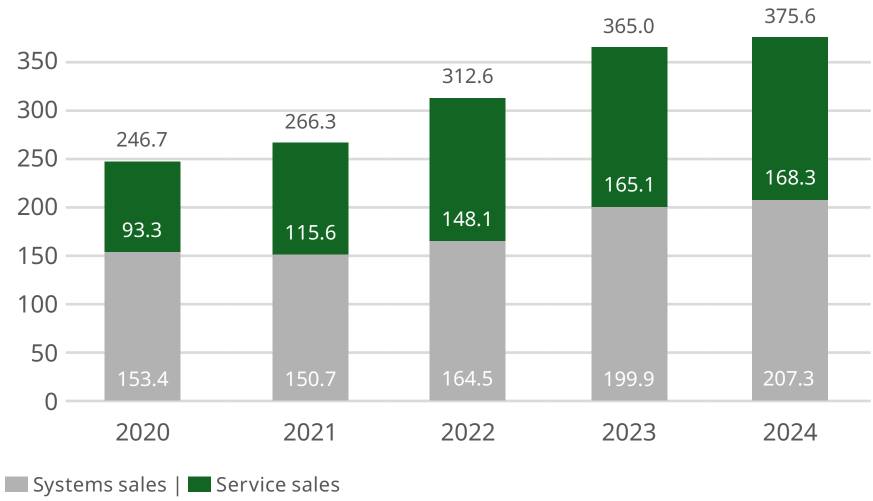
Service revenue in Germany and abroad in million EUR



Share of service in total sales in %



Group revenue development – Service and systems in million EUR



The guiding principle for 2G service is as follows: The first system is sold by Sales, the second is sold by Service. This is true in two respects. On the one hand, high customer satisfaction with the service is a decisive criterion for a follow-up order. On the other hand, a high level of customer satisfaction with our service is a decisive criterion for a follow-up order. Consequently, there are good reasons to further expand our service business as a unique selling point – in terms of offering, quality, response time, and efficiency. Reducing the total cost of ownership has a direct impact on our customers' return on investment. On the other hand, as a company, we ensure adequate margins. On the following pages, we present the key growth drivers for the service business in the upcoming years and explain how we will increase cost efficiency with our proprietary digital tools and artificial intelligence (AI).

With its expertise in retrofitting third-party systems to 2G standards, KWK-tec makes an important contribution to the integration of such systems into the 2G service.

Hiring through targeted acquisitions

High-quality services are inconceivable without the expertise of well-trained service technicians. This is due to their bidirectional activities: As a customer service centre, they are responsible for the smooth operation of the supported systems, and they are 2G representatives for the system operators on site and therefore a key intermediary for further product and service sales. Particularly against the background of the declining number ofof available skilled labor, it is important for 2G to be well positioned regionally both in Germany and internationally. Consequently, we want to further expand the manpower and quality of our service portfolio in a targeted manner by acquiring companies or parts of companies. In addition to additional, well-trained employees and direct access to the customers served – regardless of the manufacturer of the CHP systems –, this represents an opportunity to acquire additional technical expertise.

The investment in KWK-tec GmbH is a salient example in case. With regard to third-party systems that were not built by 2G, the aim is always to integrate them into the 2G service. In addition to a a comprehensive range of spare parts and customized service concepts, the sophisticated system control plays an important role. KWK-tec specializes in control system conversions and uses this expertise to help us configure the control systems of third-party systems to 2G standards. This makes onboarding into our processes and subsequent smooth system operation much easier.

Technik für Kraft-Wärme-Kopplung

Growth through more regionality also abroad

We identified additional growth potential, particularly abroad. The strategic focus comprises the onboarding of third-party systems, targeted acquisitions, strengthening regional partners, and the expansion of 2G's own service portfolio. We will continue to expand the service departments of our subsidiaries in foreign markets. Service volumes are trending upwards, particularly in countries with a large population of systems that are entering the second part of their life cycle. We want to participate in this through our own service staff as well as through targeted, additional support for local partners. In this way, we are strengthening our strategy of further expanding our service regionally and to anchor partners in the 2G system via centralized services such as IT infrastructure and qualifications.

This will be accompanied by the build-up of a stock of spare parts in order to ensure the shortest possible delivery times. Our certified partners remain an important pillar of our regionally focussed growth strategy in the service business.

It is not the case, however, that we have to invest in a company every time in order to be able to integrate third-party systems into our 2G service offerings. On the contrary: The quality of service, spare parts supply and digital connectivity are appreciated by an increasing number of customers. In the last five years, we have added more than 500 third-party systems to the 2G service network. The spectrum ranges from smaller plants to the large power plants of competitors.

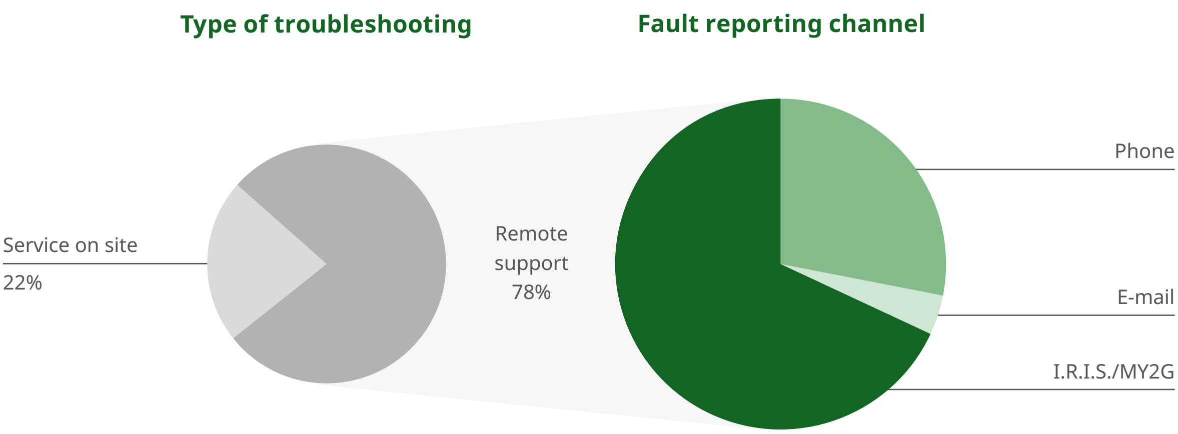
>500

third-party systems have been added to the 2G service network in the last five years.

Growing beyond our own system portfolio

With the targeted expansion of our service network in Germany and abroad and the acquisition of third-party systems, we generate economies of scale and reduce our costs per service unit. This benefit is particularly significant for the digitally supported services that we license to customers and operators. Based on the customer's electricity and heat requirement profile, we provide sound arguments for investing in further 2G products such as heat pumps or system solutions like the GreenCube. Our CPQ configurator enables us to provide customers with reliable scenario and profitability calculations in real time. Thanks to this strategy, we are creating promising potential for increasing sales figures for power plants and heat pumps and thereby advancing capacity utilization in production.

AI-supported service functions driving customer benefits and profitability



Personal service on site is important for long-term customer relationships. It is, however, also relatively cost-intensive. Therefore, AI-supported service and control functions play a major role in reducing service costs: Our MY2G platform allows all systems to be integrated online into the 2G network. Deploying the intelligent I.R.I.S. (Intelligent Report Information System) fault prediction system, we are increasingly moving towards systems that manage themselves. As many as 78% of all incoming fault reports are resolved by remote maintenance at the Heek service center.

More efficiency in the service vehicle

The monitoring of the systems by way of I.R.I.S. also supports – based on the digitally available master data – the predictive planning of the service technicians' deployment trips. The introduction of the FieldService software represents another building block for greater efficiency in service activities. This ONE-platform strategy guides the service staff in stocking the service vehicle with spare parts, carrying out maintenance work and invoicing, and ensures a permanent inventory in the vehicles. This enables us to measurably reduce reactive power in service.

Thanks to a high degree of digitalization, we are able to make our services far more efficient, while extending the intervals between maintenance units. All data generated by the systems every second and aggregated by I.R.I.S. also helps us to train our systems by way of AI – fully interlinked with our own ERP system tailored to the respective services. The efficiency gains that can be sustainably achieved in this way clearly set us apart from many of our competitors.

Heat pumps and demand-response units increase service volume

We also set up a service unit for 2G large heat pumps in the reporting year and have been able to recruit many of our employees from our own ranks. We rely on a high share of 70% identical parts in the design. What's more, the heat pumps are also equipped with our own control software and digitally integrated via the MY2G platform – including all I.R.I.S. functionalities. This means that our unique selling points in service also apply to every 2G heat pump at work in the field: fast, effective on-site service and digital connection with remote maintenance and all the AI and predictive maintenance functionalities.

70%

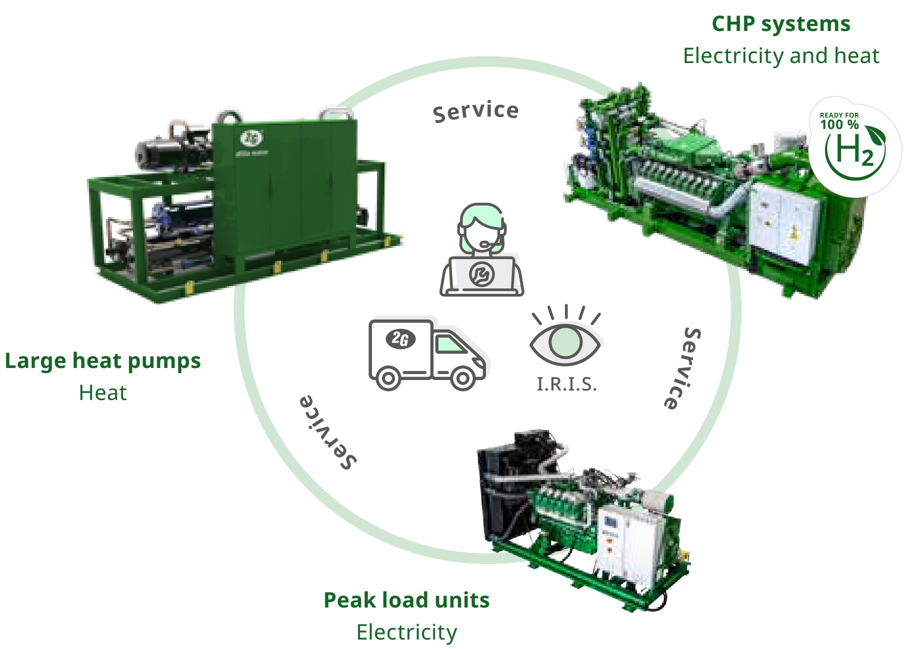
In the design, 2G relies on a high share of identical parts.

We are currently preparing service to bring the third product of the 2G family on board: the demand-response unit covering peak loads in the electricity market. The highly dynamic, low-emission gas engine, which we are initially launching on the US market, fits seamlessly into the attributes of our unique selling points in service.

Although the maintenance costs for the demand-response unit are significantly lower due to the markedly lower operating time of beween 100 and 500 hours per year, the availability requirements are much higher. Predictive maintenance and remote maintenance with a high level of troubleshooting expertise are therefore far more important. Thanks to MY2G and I.R.I.S., we are in an excellent position. In addition, establishing 2G service centers in regions with a high density of data centers can pay off quickly.

Engine expertise and AI functions are the foundation for growth and profitability

For 2G's service offering for power plants and heat pumps, the following holds true: Thanks to our engine expertise and the rapidly growing number of systems operating in the field, we are leveraging synergies and reducing our costs through economies of scale. This applies in particular to integration via our MY2G platform and the AI-driven I.R.I.S. functionalities designed to enable autonomous system management. The aggregated data allows us to quickly optimize both the systems and the associated service portfolio, setting new standards in the process.



Thanks to our 2G service offerings, our customers benefit from extremely high system availability, optimum performance over the entire life cycle and consequently a further reduction in the total cost of ownership. For 2G, service provides resilience to our business model while – as a unique selling point – offering strong international growth potential and increasingly attractive margin contributions.

Group management report

Group management report

Reservation with regard to forward-looking statements

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

A. The 2G Group

Operating activities and corporate structure

The 2G Energy AG Group is an internationally leading manufacturer and provider of decentralized energy supply systems. The company develops, produces and installs comprehensive solutions in the expanding market for high-efficiency power plants, large heat pumps and CHP systems. The digital grid integration and system control of the three types of energy generators are further decisive performance criteria, as are the service and maintenance offerings. 2G is constantly expanding its technology through continuous research and development work in power plant and heat pump technologies, as well as in specific software development for service and maintenance activities and for complex digital control functionalities. The latter includes direct control of the systems and interaction with the existing energy infrastructure.

The product range includes CHP systems from 20 kW to 4,500 kW electrical output for operation with hydrogen, natural gas, biogas and other lean gases, as well as large heat pumps in the range from 89 kW to 2,700 kW. CHP systems are capable of operating with efficiencies of 90% and more. The sector coupling that is necessary for the success of the energy transition is reflected in the 2G portfolio. Worldwide, more than 9,000 installed 2G plants and systems are at work in various applications, providing electrical and thermal energy for customers active in the housing sector, agriculture, commercial and industrial companies, as well as energy suppliers, municipal and community utilities.

2G Energy AG is a holding company combining thirteen operating subsidiaries under its management. It primarily provides general holding services to subsidiaries.

2G Energietechnik GmbH (2GE), based at the Group headquarters in Heek, in Germany’s western Münster region, comprises the main operating entity. The company combines the sales, planning, production, commissioning and ongoing service of 2G systems. Moreover, 2GE operates non-independent branches in Griesstätt near Munich, in Hamburg, in Halle/Saale and in Berlin. There are no other branches.

Moreover, outside of Germany, 2G is represented by independent sales and service companies in the USA, Canada, France, the UK, Spain, Italy and Poland. 2G Energy International GmbH, based in

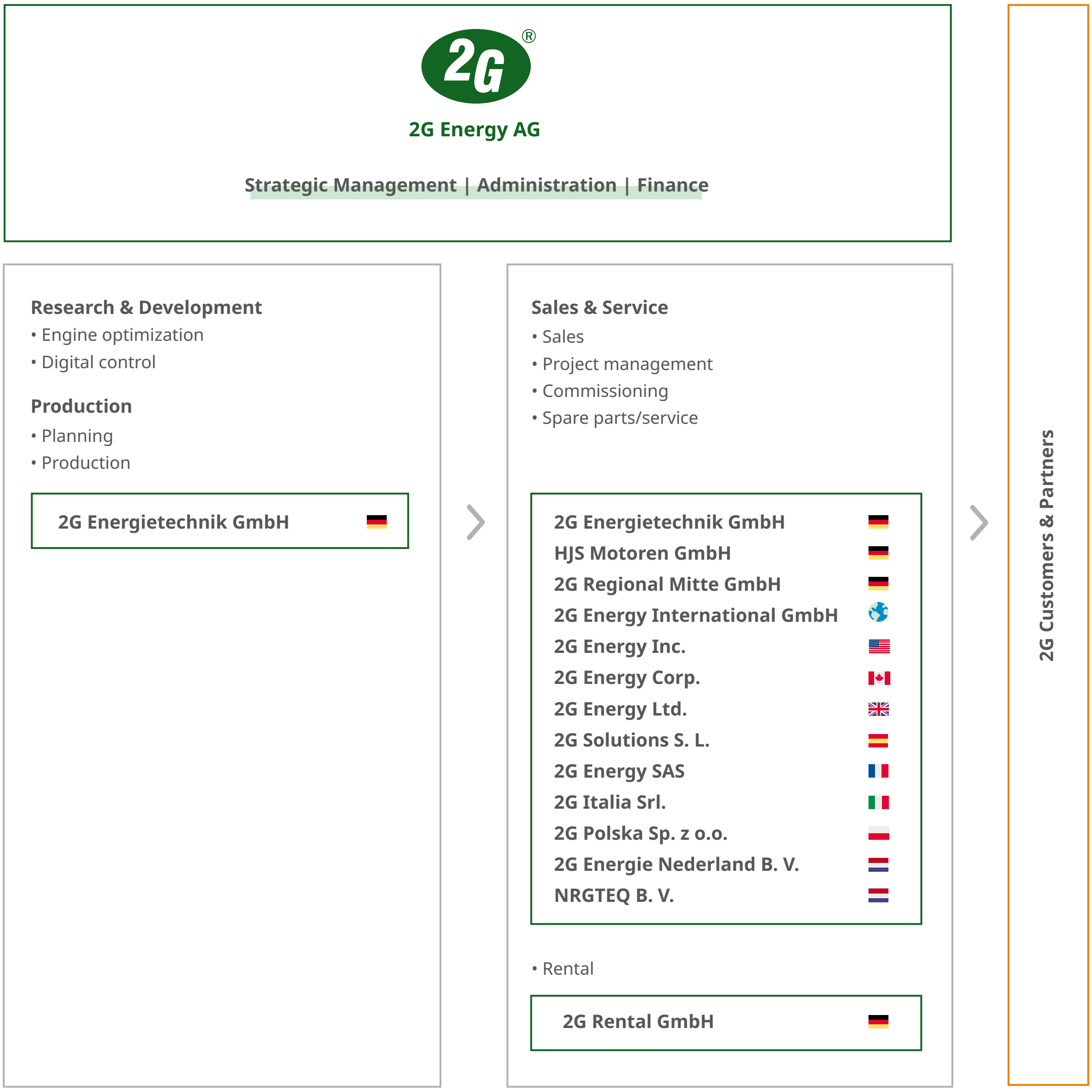


Diagram 1: 2G Energy AG corporate structure, subsidiaries' business purposes and value chain (as of December 31, 2024)

Heek, is responsible for international sales. These sales and service companies open up attractive markets in Eastern Europe, Japan, South East Asia, Australia and South America, for example, through sales partnerships.

B. Economic and business environment

Overall economic situation

Global economy only expanding at a moderate pace

In the Kiel Economic Reports presented in mid-December 2024, the Kiel Institute for the World Economy (IfW) predicts moderate global economic growth for the reporting year. While the economy in the United States continued to expand strongly, production in the other advanced economies barely advanced. Expansion in China also remained subdued. According to IfW experts, global industrial production picked up noticeably in the first half of the year, only to lose momentum again in the second half. Despite the interest rate cuts by central banks since summer 2024 and a potential upturn in private consumption, economic policy uncertainties and structural problems in particular are putting the brakes on significantly stronger global economic expansion, according to the IfW. Economic experts therefore expect global production to increase by 3.2% in 2024 (previous year: 3.3%).

With a look to the eurozone, the IfW experts anticipate only weak economic momentum in the reporting year. This is reflected in numerous indicators, such as industrial production and business and consumer sentiment. Although private consumption is likely to pick up thanks to rising real wages, and the expected easing of monetary policy is improving financing conditions, the ongoing weakness in the manufacturing sector, the loss of fiscal stimulus and a number of economic policy uncertainties are having a clouding effect. These include, in particular, risks impacting on foreign trade due to possible tariffs in the United States. According to the IfW, the growth rate of gross domestic product (GDP) in the eurozone is likely to increase only slightly by 0.9% in 2024 (previous year: 0.5%).

The German economy was unable to evade stagnation – and there were hardly any signs of a noticeable economic upturn, according to the IfW. On the contrary, there are increasing indications that the economic weakness is primarily structural in nature rather than cyclical. According to IfW experts, companies have therefore no longer been able to keep pace with global trade due to deteriorating competitive strengths. Overall, the IfW analyzes in its report that considerable uncertainty about the direction of future economic policies in Germany is weighing on German companies, which is inhibiting their propensity to invest, in particular, and is also weighing on consumer sentiment. Against this backdrop, the institute has adjusted its annual forecast downwards compared to the autumn and expects GDP to dip by 0.2% in the reporting year (previous year: decrease of 0.3%).

According to surveys by the VDMA, the overall results of orders in the mechanical and plant engineering sector was disappointing in the reporting year. All in all, orders were down 8% on the previous year in real terms. Domestic mechanical engineering companies recorded a 13% drop in orders in 2024, while orders from abroad were down by 5%. This is the second year in a row that companies have recorded a significant drop in orders across the board, the VDMA commented: “The wait for a turnaround continues. We are lacking momentum in important sales markets, and especially better sentiment in Germany."

Global framework conditions and industry development

Decentralized power plants and heat pumps as elementary components in the future energy mix

Global warming is a crucial issue for mankind. Supranational organizations and governments have put these issues on their agenda as an urgent field of action. This is confirmed by the International Energy Agency (IEA) in its annual survey: The share of clean energies in the energy mix has increased faster than ever before. According to the World Energy Outlook, renewable capacities increased by 560 GW in 2023 alone. However, the expansion was technologically heterogeneous and differed significantly from country to country. According to the IEA, almost 2 trillion US dollars have been invested in clean energy projects, while barely more than half of this amount has been committed to expanding the supply of oil, gas and coal. In 2023, however, not only the expansion of clean energy reached new records, but also energy-related CO_2 emissions. The Global Carbon Budget 2024 report estimates some 37.4 billion tons. It is therefore not surprising that two thirds of the increase in global energy demand is still covered by fossil fuels. Overall, the share of global energy produced from fossil fuels such as oil, gas and coal remains at around 80%. Although the expansion of renewables is progressing rapidly, they are not yet replacing hydrocarbons. The reason is obvious: According to the IEA, energy demand is currently rising by 4% annually, compared to 2.5% in 2023. New data centers for AI applications, some of which are highly concentrated, rising electromobility and the power consumption of an increasing number of air conditioning systems are the drivers . They cause significant, short-term, major fluctuations in forecast electricity consumption in the regional markets and require stressed grids to be stabilized.

In our view, this makes a number of questions all the more pressing in terms of the Paris Climate Protection Agreement: How quickly and efficiently can new renewable energy capacities be integrated into the electricity systems? Are approval times keeping pace with developments? Is grid expansion in line with the growing number of fluctuating energy sources?

Although the "energy transition" refers to the need to switch from fossil fuels to renewable energies, it does not comprise any instructions on how this transition should be implemented. In practice, it can be difficult to reconcile the (target) triangle of economic efficiency (amortization and affordability), environmental compatibility and security of supply. For example, the impressive 63.5 GW of installed onshore wind energy capacity in Germany may well meet the goals of economic efficiency and environmental compatibility, but at present, these capacities alone do not contribute to the goal of supply security – even though they would correspond to 45 modern nuclear power plants in mathematical terms. This is due to the fact that the output of these capacities depends on the weather and can hardly be controlled. The same calculation can also be applied to other primary producers. The conversion and new construction of the transmission and distribution infrastructure for the integration of a growing number of decentralized, renewable generators must also be taken into account with regard to the question of economic efficiency. At the same time, the grid must be able to cope with rising demands for electricity and the gradual shutdown of conventional, centralized large-scale power plants. The example of Germany shows that ongoing energy transition lacking an appropriate infrastructure, sufficient storage capacity and decentralized producers can result in companies facing rising energy costs.

In our view, the key lies in decentralized energy producers that balance the mix of conventional, base-load power plants and fluctuating, supply-dependent producers. They are capable of providing energy flexibly at short notice where it is needed regionally – something that large, centralized coal and gas-fired power plants cannot do. Decentralized energy producers can convert storage media, such as hydrogen, back into electricity and heat – something that conventional power plants cannot do either. And decentralized energy producers can translate the market price signals into generation type and storage priorities in a cost-efficient manner – something that sluggish large-scale power plants cannot achieve either. This leads us to the conclusion: Decentralized solutions stabilize the grids.

We at 2G are convinced that today's combined heat and power (CHP) technology provides exactly the coordination functions needed to meet these challenges. We see its strengths in:

- high levels of efficiency and the efficient use of resources,
- the use of renewable fuels such as hydrogen and biogas,
- the natural complement to solar and wind energy,
- significant reductions in CO_2 emissions,
- an H_2-ready configuration,
- the grid-supporting provision of energy for residual loads and
- the possibility of coupling sectors with heat pumps, among other things.

Put in a nutshell: In our view, CHP forms the backbone of the energy transition. The CHP systems are integrated into the local energy infrastructure by way of a high degree of digitalization in order to produce energy as economically as possible and deliver strong and decisive customer benefits. Furthermore, from an economic perspective, they help to reduce the costs of the energy transition and maintain the pace and momentum as more renewables can be integrated. Decentralized power plants, with and without combined heat and power generation, can be used to connect urgently needed additional capacities to the grid at short notice – as provided for in Germany, for example, by the Power Plant Security Act – in order to relieve the grid via backup functions and strengthen it with flexible capabilities. In this way, the construction of large overland power lines can be reduced to a minimum. Likewise, time-consuming planning and approval procedures, as are accustomed for large power plants or overland routes, are not necessary. Ultimately, additional decentralized power plants will help to meet the steep rise in global electricity demand.

2G strengthens competitive position with expanded product portfolio

Drawing on its products and in-depth project and system expertise, 2G defines itself as a system provider for decentralized energy supply solutions. We are expanding our product portfolio to include large heat pumps and peak load units (demand-response) and have stepped up the output of the CHP systems. In this way, we are continuing our diversification strategy in order to minimize our dependence on individual products, markets and regulations and to tap into entrepreneurial opportunities. Fielding our heat pumps and demand-response units, we are targeting structural growth markets, while at the same time offering our customers highly efficient system solutions that combine the advantages of CHP systems and heat pumps.

By entering the heat pump business in 2023 in the thermal output range from 89 kW to 2,700 kW, 2G has set itself the goal of establishing

System portfolio heat pumps

Product group	Heat output in kW	Max. temperature in °C	COP eff. (COP according to EN 14511[1])	Refrigerant safety group[2]	GWP[3]
afilia air C-sl - R4S4B	122 to 464	60	up to 4.46	R454B-A2L	466
afilia air C-r - R290	103 to 333	55	up to 4.34	R290-A3	3
afilia air M-I - R290	89 to 890	70	up to 4.01	R290-A3	435
afilia water C-B-r series RS13A-VSD	120 to 280	80	W10°-W80° 2.75	R513A-A1	631
afilia water C-E-sl series R454B	130 to 490	55	W10°-W55° 3.47	R454B-A2L	466
afilia water C-E-sc series R1234ze	150 to 1,000	80	W30°-W80° 2.81	R1234ze-A2L	7
afilia water C-S-r series R717-VSD	600 to 2,600	90	W35°-W90° 4.01	R717-B2L	0
afilia water C-G-r series R717-VSD	1,400 to 2,700	95	W38°-W95° 4.10	R717-B2L	0

[1] COP in accordance with DIN EN14511: The efficiency of heat pumps is determined by the COP (coefficient of performance). It is defined by the ratio between the heat output generated and the electrical drive current consumed by a heat pump. The higher this figure is, the better the efficiency. The coefficient of performance is determined in accordance with DIN EN 14511.
[2] Refrigerant safety group: R454B (HFO (hydrofluoroolefin) refrigerant), R290 (propane gas), R513A (HFO refrigerant), R717 (ammonia), R1234ze (HFO refrigerant)
[3] GWP Global Warming Potentials: the GWP concept is used to compare the climate impact of greenhouse gases. The impact is assessed over a defined time horizon (e.g., 20, 100, or 500 years) and expressed relative to carbon dioxide, so that all emissions are presented in so-called carbon dioxide equivalents.

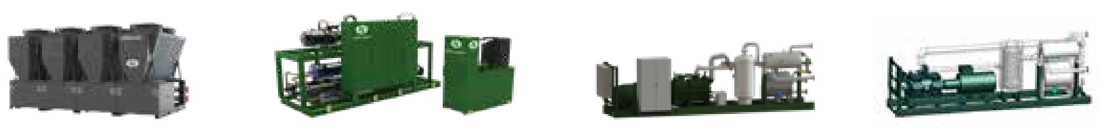


Diagram 2: Overview of the 2G heat pump system portfolio

a second mainstay in the renewable heat sector. We are convinced that the heat pump will be the key instrument for decarbonizing thermal energy.

We used the reporting year to build up our sales organization for heat pumps, prepare our service for the partially expanded requirements and integrate heat pumps into our MY2G operating platform. In addition, we have extended the performance range of air-to-air and air-to-water heat pumps from 89 kW to 2,700 kW and equipped the systems with future-oriented refrigerants such as propane gas and ammonia. Last but not least, we have invested heavily in adapting the design of the heat pumps through cross-departmental development work. Just as established with our CHP systems, the construction is designed so that heat pumps can be delivered in a standardized, compact design based on as many identical parts as possible, ready for connection to the customer's infrastructure.

Sector development in Germany

Incoming orders halted by uncertainty

In Germany, sales of CHP power plants remained weak in the reporting year due to persistent economic weakness and political uncertainties. Lengthy legislative processes, such as the Power Plant Safety Act and, most recently, the budget crisis entailing significant budget cuts, have led to noticeable uncertainty among customers. This has resulted in marked investment reticence. However, bottlenecks specific to the energy transition, such as the availability of transformers, skilled staff or grid connection permits, also led to longer lead times on the customer side. 2G has felt the impact of this in its domestic market. Sales from new equipment business were down by 19.0% to EUR 69.7 million (previous year: EUR 86.0 million). Incoming orders for new systems powered by natural gas amounted to EUR 35.3 million (previous year: EUR 34.8 million). With regard to natural gas projects, 2G received orders from municipal and private companies that focused on supplying heat to neighborhoods by way of local heating networks. By contrast, typical industrial and commercial customers were reluctant to invest. A majority of 60% of the natural gas systems ordered are now being delivered as H_2-ready configurations.

Sales figures in the market for biogas-powered systems gradually declined over the course of the reporting year. The momentum from the previous year, particularly for biogas plant flexibilization projects and the modernization of older existing plants, decelerated noticeably. According to the German Biogas Association, the lack of economic perspectives for biogas plant operators contributed to this. From the second half of the year, operators were also unsettled by complex regulations and new legislative proposals such as the Heat Storage Act and the so-called biomass package, resulting in further purchasing restraint. Sales from new equipment business contracted by 31.5 % to EUR 34.4 million (previous year: EUR 50.2 million).

One of the consequences of this for the CHP market is the fact that market consolidation in Germany is progressing steadily. In an annual survey conducted by the specialist magazine Energie & Management, the increasingly complex regulatory framework and individual laws, such as the Building Energy Act (GEG) or the Technical Instructions on Air Quality Control (TA Luft), are perceived as a hurdle by many competitors. The rising demands made on the flexibility of system operation, grid integration and digital equipment also pose challenges and require additional investment that not all companies are capable of shouldering. Reliable service offerings are also a key component of holding a leading market position, which is increasingly served by predictive maintenance. Such concepts generate additional benefits for customers and quickly establish themselves as the market standard, which not everyone can follow.

In the reporting year, customers focused more strongly on projects for local, climate-neutral heat supply with large heat pumps and the combination of CHP systems and large heat pumps 2G offers. 2G markets the combination solution under the GreenCube name. The legislator has created an improved framework for this with the Heat Planning Act (WPG) – known as municipal heat planning – and amendments made to the Building Code. In the year under review, 2G sold its first heat pumps with an order value recorded in the single-digit million range.

Foreign markets: vibrant developments in Eastern Europe and America

2G accesses markets outside Germany not only through its own subsidiaries but also through its own global network of certified partners. 2G Energy International GmbH, which was founded in the year under review, is pursuing the particular aim of working more intensively on export markets that have not yet been served by a separate national company.

At EUR 98.0 million, total incoming orders from other European countries in the period from January to December 2024 came in at 176.2% above the previous year. The submarkets, however, showed very different developments under very different conditions. The strong growth emanated primarily from Eastern Europe. Against the backdrop of the ongoing geopolitical tensions in the region, decentralized CHP power plants are convincing due to their self-sufficiency. In our opinion, the key selling points in these markets were the technological maturity of the products and the comparatively short and reliable delivery times. The contractual partners involved comprised individual industrial companies, public clients and sales partners from the region.

In Western Europe, the market environment remained very challenging and, as in the previous year, partially overclouded, but also presenting some prospering markets. In many developed submarkets, the economic weakness, uncertainties concerning the specific shape and design of energy policies and the achievement of the most climate-neutral energy generation possible played a key role in putting the brakes on investment. Incoming orders from the UK, France and Italy were in some cases significantly below the levels of 2023 (EUR 12.7 million, previous year: EUR 22.3 million).

Inflation Reduction Act drives North American market

The US market overcame the restraint that had prevailed in the previous year and put in extraordinary growth. The favorable framework conditions for investments in decentralized energy generation created by the Inflation Reduction Act (IRA) took full effect for 2G CHP systems and – in conjunction with a reinforced sales team – resulted in a five-fold increase in incoming orders to EUR 48.6 million in the reporting period (previous year: EUR 9.5 million). In particular, natural gas-fired power plants – some of which have been developed as customer projects for years – have been commissioned in order to secure the benefits from the IRA program, which expired at the end of 2024. One example of this is an order to provide 32 nursing homes in California with "H_2-ready" CHP systems. In our opinion, 2G has prevailed against its competitors with strong arguments: hydrogen-capable engines, low exhaust gas emission values thanks to our Lambda-1 catalytic converter technology, certified earthquake safety in accordance with OSHPD/HCAi, stand-alone operation capability of the CHP systems and the comprehensive, full maintenance service offerings. This provides nursing homes with an efficient, environmentally friendly and secure electricity and heat supply, both in continuous operation and in the event of a power failure. In addition to incoming orders, there was a significant increase in project inquiries for the power supply of data centers in the reporting period.

Business in Canada remained at the prior year level. In the Caribbean, the decarbonization of the energy supply is ensuring a solid order intake for LNG (liquefied natural gas) powered CHP systems to replace diesel generators. Overall, the order intake for natural gas and biogas CHP systems emanating from South America was pleasing. The persistent attempts in gaining footholds in the markets over the past few years are showing increasing success. The insufficient grid stability in many regions is driving the market, which makes emergency power and stand-alone operation solutions attractive.

Subdued business development in Asia and Australia

In the reporting year, our developments recorded in Asia and Australia fell short of expectations. In addition to the sluggish economy, this was due to lengthy approval processes and higher construction costs on the customer side. The politically driven restructuring of the energy supply also lacked specifics for new investment decisions. Most of the orders went to biogas-fired CHP systems for waste-to-energy applications and the food industry. Sales from new equipment business contracted by 58.9% to EUR 9.0 million (previous year: EUR 21.9 million). 2G has received its first orders for biogas CHP power plants from India. They are being used to supply municipal wastewater treatment plants with their own electricity.

Foreign business more than compensates for subdued development in Germany

In total, 2G acquired an order volume of EUR 237.6 million in the reporting year. The company achieved an unprecedented record level, largely supported by sales successes in North America and Eastern Europe. The ratio of incoming orders from Germany to those from abroad has shifted significantly in favor of international markets, reaching a total of 69.7% (previous year: 49.1%), and confirms the trend of increasing international shares observed in previous years. Across all foreign markets, 2G boosted incoming orders in the reporting year by almost 100% to EUR

165.5 million (previous year: EUR 82.9 million). 2G benefited from its early and continuously expanded regional diversification – hand in hand with the internationally established partner concept for sales and service. This structure makes us resistant to economic downturns or regulatory blockades in individual markets.

Price development for gas and electricity raises the profitability of CHP systems

Basically, potential 2G customers are faced with the economic decision of staying with the conventional energy supply or investing in their own gas-fired power plant. A similar pattern also applies to the use of heat pumps.

Two components are decisive for the economic efficiency of CHP systems. One is the ratio between the price of natural gas and the price of electricity, the so-called spark spread. The absolute level of prices for gas, electricity and heat, however, ranks as the most important factor. This is because the higher the price level, the lower the expenses for servicing and depreciation of the systems will be weighted. On the output side, however, the yields for thermal and electrical energy are gaining in significance. Under the assumptions of the merit order model, gas and electricity prices are correlated in the electricity market. In other words, if the price of gas rises/falls, the price of electricity rises/falls to a similar extent, albeit with a time lag. This correlation always applies when total electricity demand cannot be covered by the supply from renewable sources, so that the shortfall must be covered by processing a fossil primary energy source, as is the rule in the winter months in Germany.

The economic viability of heat pumps is also largely linked to electricity prices. In many applications, high electricity prices drive the production costs of heat above the desired levels of efficiency and independence. With the GreenCube – the combination of CHP system and heat pump –, 2G is offering a solution that, in our opinion, makes the cost factor of electricity manageable by means of dynamic rates and ensures adequate production costs for the heat.

Prices for natural gas and electricity at a structurally higher level

The price of natural gas in Europe – as measured by the Dutch TTF Natural Gas Forward – trended upwards significantly in the reporting year. Over the course of the year, the gas futures contract climbed by 65.7% and concluded the year at EUR 50.0/MWh, back at the level seen at the end of August 2021. The average forward natural gas price in the reporting period stood at EUR 34.6/MWh and was therefore significantly higher than the figures for 2018 to 2020. The lowest forward price in the last five years was quoted on 29/05/2020 at EUR 3.625/MWh. Consequently, our analysis shows that the price of natural gas has become structurally more expensive – even if the major volatilities and price peaks are excluded. Declines in the price of natural gas seem unlikely for the time being, as the supply of natural gas has been more fragmented and cost-intensive since 2022 – with imports from Norway, among others – and as liquefied natural gas (LNG) supplies are being sourced mainly from the USA instead of via pipelines from Russia. A gas transit agreement for the remaining Russian deliveries via pipeline to the EU, which regulated deliveries via pipelines through Ukraine to

Austria, the Czech Republic and Slovakia, expired at the end of 2024. In the reporting year, Russian supplies accounted for around 15% of EU gas imports. Europe also has to compete with Asian customers for LNG supplies. The result is that the European gas price is more susceptible to fluctuations than it was when Europe was buying large volumes of gas via Russian pipelines. According to commodity experts, however, a multitude of new LNG projects are expected to be launched on the markets in the next few years, which could ease the price situation. In the USA alone, which, according to the U.S. Energy Information Agency has eight export terminals operational as of the end of 2023, seven more are under construction and will come onstream by 2027, thereby doubling the current export capacities to around 33 billion cubic feet.

The US gas market was characterized by an initial oversupply in the reporting period. Gas production was adjusted over the course of the year, leading to rising prices.

Although electricity prices in Germany fell significantly over the course of the reporting year compared to the extreme price levels of previous years, they remain noticeably above pre-2022 levels. According to the BDEW electricity price analysis, the average electricity price for new contracts for industrial companies (160 to 20,000 MWh, incl. electricity tax) trended downwards by 30.5% to EUR 169.90/MWh in the reporting year compared to 2023. Falling costs for procurement, grid fees, sales and a noticeable reduction in electricity tax contributed significantly in this context. By comparison with 2021, however, procurement costs (26.0%) are still significantly higher. Electricity price trends in the EU 27 have followed a similar pattern over the past few years. In the reporting year, the average price across all countries for companies (annual

Dutch TTF Natural Gas Forward, January 2020 to February 2025 in EUR/MWh

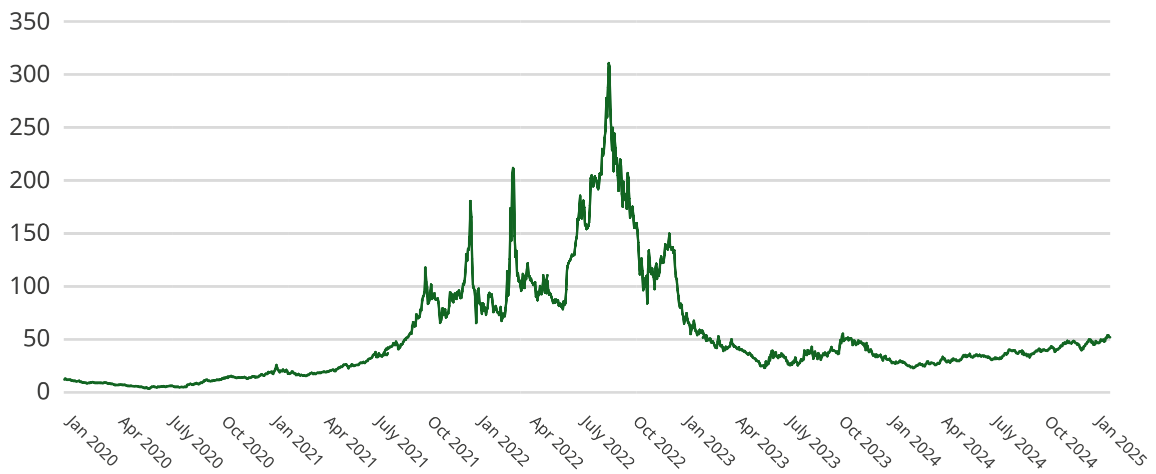


Diagram 3: Dutch TTF Natural Gas Forward, January 2020 to February 2025 in EUR/MWh.
Source: M.M.Warburg & CO, 2G calculations, February 2025

consumption between 500 and 2,000 MWh, excl. applicable taxes) stood at EUR 15.6/MWh. This corresponds to a decrease of 19.5% compared to the previous year, but is around twice as high as in the years prior to 2022.

The price of electricity also continued to rise in the USA in the reporting period, albeit at a more moderate rate.

From these outlined price developments for gas and electricity, we derive a key insight for sales success: High energy prices generally increase the profitability of power plants, heat pumps and CHP systems. This is because higher energy prices mean higher costs on the input side, but also tend to generate higher revenues on the output side for the electricity generated and, where applicable, for the thermal energy. At the same time, the hourly machine rate remains basically unchanged. According to our own calculations, the contribution margin per hour can therefore increase on this basis and lead to the system reaching the profit zone with – possibly significantly – fewer annual operating hours.

Electricity price determinants change in line with flexibilization requirements

The fluctuating renewables require flexibly controllable power plants alongside them to ensure a secure and reliable energy supply at all times. In terms of the role of gas-fired CHP systems within the overall energy system, this means that their operation will shift further away from base-load mode and become more closely aligned with electricity market demand. Flexibility requirements and merit order price signals enable more attractive and profitable operation. In the future, the profitability calculation for an investment in CHP systems will comprise additional components such as a price for flexibility. This applies globally to all countries that are increasingly converting their energy supply to renewable sources. 2G power plants offer flexible energy supply and can operate as peak-load units, responding to both demand and price signals. Their range of use is designed for a few hundred hours a year. Typical applications include covering peak loads on the volume and price side.

The financial year in review

2G boosts net sales and posts disproportionately higher growth in profitability

2G was off to the 2024 financial year with an order backlog of EUR 156.2 million. Thanks to a rapid pick-up in the order intake in the second half of the year, especially in the USA and Eastern Europe, 2G has now expanded its capacity utilization significantly, reaching an order level of over EUR 220 million. This more than made up for transitory declines in the order intake in some established markets in Western Europe, including Germany. In spite of regulatory and political imponderables in some sub-markets, our unswerving diversification strategy in terms of the product portfolio and geographical coverage proved its worth in securing our growth trajectory on a sustained and lasting basis.

New systems business in the USA and Eastern Europe, in particular, turned out to be the growth driver in the second half of the reporting year. At home and in Western Europe, revenues failed to

2G Group
Turnover, order intake,
EBIT margin

EUR million
in %

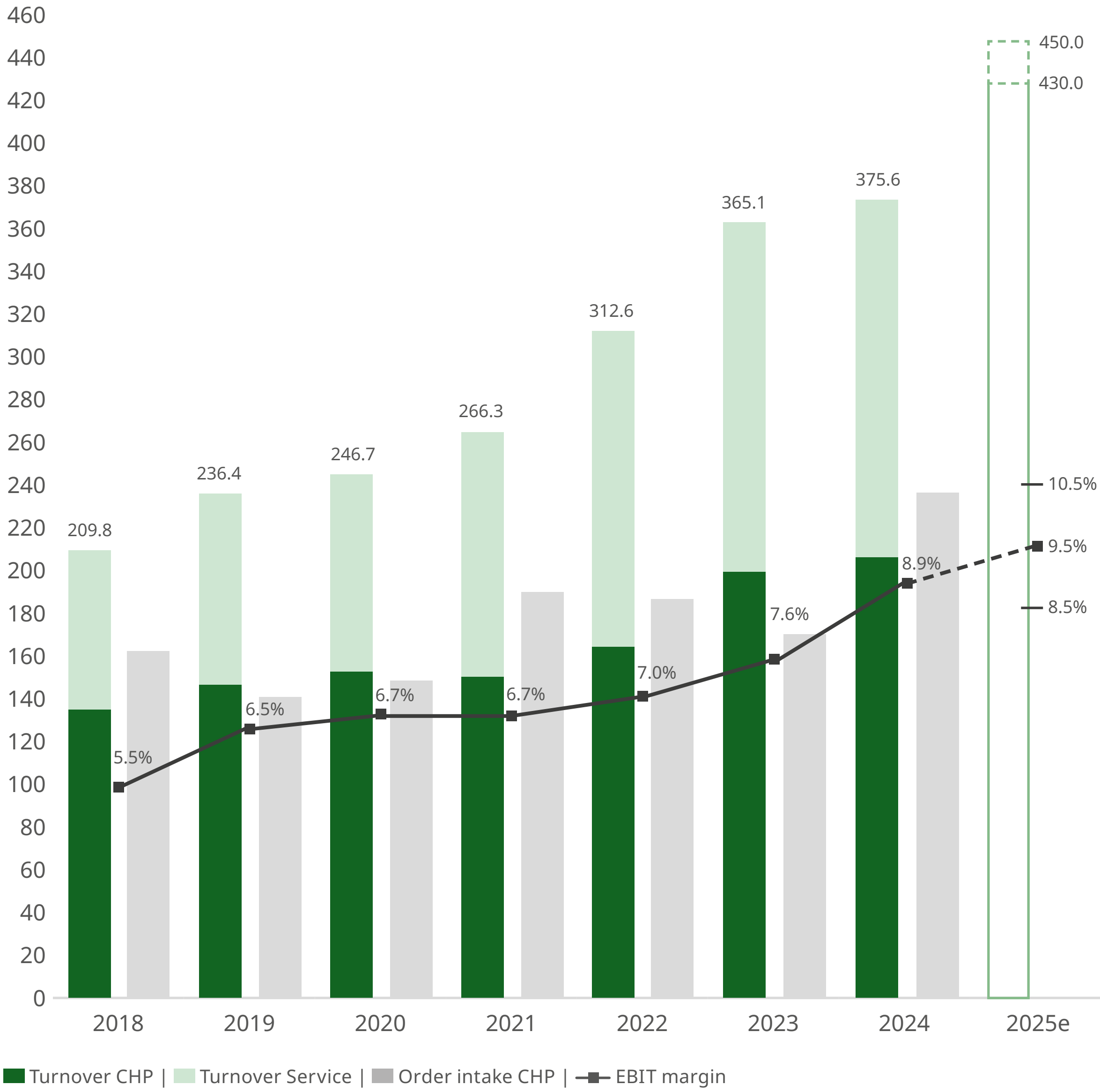


Diagram 4: Trends in sales, order intake and EBIT margin of 2G Energy AG, 2018 to 2024 and 2025 forecast

meet expectations due to a weak economy and numerous outstanding questions regarding energy policy. Production and deliveries of new CHP systems were also delayed in the first half of the year due to customers' tardiness in approving projects. We countered the ensuing under-utilization of capacity in these months by reducing the deployment of temporary staff and contractors. Thanks to stepping up our efforts on all levels of the value chain in the second half of the year – particularly for power plants destined for fast delivery to Ukraine – we succeeded in boosting new systems revenue by comparison with the previous year, with the result that total annual revenue in this division exceeded the figure for the previous year by 3.7% (EUR 207.3 million, previous year: EUR 199.9 million).

Including the Service division (EUR 168.3 million, +1.9%), consolidated sales revenues stood at EUR 375.6 million, a year-on-year increase of 2.9% (previous year: EUR 365.1 million), and therefore in the middle of the forecast range of EUR 360 to 390 million. Thanks to normalizing material prices during the reporting year and reduced reliance on temporary staff and contractors, the cost of materials ratio improved significantly to 59.6% (previous year: 64.2%). As a result, the EBIT margin rose disproportionately to revenue, reaching 8.9% (previous year: 7.6%) – and thus fell within the projected range of 8.5% to 10.0% – despite an increase in the personnel cost ratio to 20.0%.

C. Results of operations

The key financial reporting figures are sales revenue and earnings before interest and tax (EBIT).

Sales revenue and total operating revenue

In the 2024 financial year, 2G was able to increase consolidated revenue slightly by 2.9% to EUR 375.6 million, in spite of delays on the part of customers, especially in the first half of the year. While we were therefore able to eradicate the year-on-year net sales deficit as of the half-year reporting date, this was not the case for total operating revenue. Total operating revenue for the year stood at EUR 364.8 million (previous year: EUR 371.0 million, -1.7%), reflecting a reduction in work in progress (EUR -12.3 million) as well as own work capitalized in an amount of EUR 1.6 million.

Own work capitalized relates essentially to the customizing of the new ERP system or implementation work performed by our own staff, as well as expenditure on the production of a heat pump test chamber for 2G Energietechnik GmbH.

Distribution of net sales

The following table shows the distribution of net sales in both absolute and relative figures*:

	2024				2023			
	New systems	Service	Total	Share	New systems	Service	Total	Share
Net sales (million EUR)	**207.3**	**168.3**	**375.6**	**100.0%**	**199.9**	**165.1**	**365.1**	**100.0%**
Germany	97.3	111.7	209.0	55.6%	123.1	111.9	235.0	64.4%
Rest of Europe	56.0	36.9	92.9	24.7%	50.2	34.2	84.4	23.1%
North/Central America	23.1	11.6	34.8	9.3%	9.6	10.7	20.3	5.6%
Rest of the world	30.8	8.1	38.9	10.4%	17.0	8.4	25.4	7.0%

* Rounding differences may occur

Changes compared with the previous year (absolute and as a %) are also shown in the following table*:

	Absolute change (million EUR)			Relative change		
	New systems	Service	Total	New systems	Service	Total
Net sales	**7.3**	**3.2**	**10.5**	**3.7%**	**1.9%**	**2.9%**
Germany	-25.8	-0.2	-26.0	-20.9%	-0.2%	-11.1%
Rest of Europe	5.8	2.7	8.6	11.6%	8.0%	10.1%
North/Central America	13.5	0.9	14.4	139.9%	8.8%	71.0%
Rest of the world	13.8	-0.3	13.6	81.3%	-3.1%	53.4%

* Rounding differences may occur

The trends in net sales in 2024 were characterized by the following factors:

1. Sales revenues from the sale of new systems increased slightly year on year to EUR 207.3 million (previous year: EUR 199.9 million). The temporary dip in Germany was therefore eliminated, particularly as a result of increased revenues in North/Central America (EUR +13.5 million) and the rest of the world (EUR +13.8 million). Overall, the share of new systems revenue generated abroad stood at around 53%.

2. Sales revenues in the Service division also grew slightly to EUR 168.3 million (previous year: EUR 165.1 million). This meant that, once again, around 45% of consolidated sales revenues were generated by services and the sale of spare parts. Most of this revenue continues to come from the domestic market (EUR 111.7 million or around 66%).

Group results

2G succeeded in boosting earnings before interest and tax in the past financial year disproportionately to revenue to their current level of EUR 33.3 million (previous year: EUR 27.6 million, +20.7%), corresponding to an EBIT margin of 8.9% (previous year: 7.6%).

The main reason for the significantly higher earnings was the marked improvement in the year-on-year cost of materials ratio of 59.6% (previous year: 64.2%) which benefited as expected from the normalization of the ratio of input prices to list prices. By comparison with the previous year, the reduction in inventories – or the ratio of sales revenues to total operating revenue – also had an impact, as the earnings components tied up in work in progress are only realized when sales are made.

Derivation of EBIT*

		2024	2023
		TEUR	TEUR
	Consolidated profit for the year	**23,672**	**17,988**
+	Taxes on income	9,162	9,086
+	Interest and similar expenses	734	621
-	Other interest and similar income	218	55
=	**EBIT***	**33,350**	**27,641**

* Rounding differences may occur

The personnel expense ratio rose to 20.0% (previous year: 17.3%), partly because temporary capacity adjustments in the first half of the year were made solely by reducing temporary staff and contractors. As a result, permanent staff contributed more to total operating revenue in relative terms. The majority of our own workforce also enjoyed an appreciable pay rise as of 01/01/2024 by way of a general pay-scale adjustment. In addition, we continued to prudently expand our expertise and capacity, particularly in the area of heat pumps, but also in our international business. The average number of employees in the reporting year increased from 921 to 972, while personnel expenditure – in absolute figures – grew by EUR 8.7 million to EUR 73.0 million (previous year: EUR 64.3 million).

Other operating income was up year-on-year by EUR 1.5 million to EUR 4.6 million. This rise is primarily due to allowances in connection with the Research Allowances Act (EUR 0.9 million, previous year: EUR 0.1 million) as well as income from the reduction in bad debt allowances (EUR 0.7 million, previous year: EUR 0.3 million).

Depreciation and amortization increased to EUR 7.8 million (previous year: EUR 6.7 million), primarily due to a rise in goodwill amortization of EUR 1.0 million resulting from the acquisition of NRGTEQ B. V., effective September 1 of the previous year.

Other operating expenses grew moderately by EUR 0.8 million, corresponding to a cost/income ratio of 10.3% (previous year: 9.9%). By comparison with the previous year, the main increases related, in particular, to expenses for licenses and IT services (EUR +0.8 million, +88.0%), lease expenses for machinery (EUR +0.4 million, +41.8%), vehicle costs (EUR +0.3 million, +10.3%) and travel expenses (EUR +0.3 million, +8.9%). These increases were offset by lower warranty costs (EUR -0.6 million, -14.2%) and lower bad debts and expenses relating to other periods (EUR -0.6 million, -77.8%).

After a finance and investment result of EUR -0.5 million (previous year: EUR -0.6 million), resulting essentially from guarantee commissions and loan interest, as well as taxes on income in an amount of EUR 9.2 million (previous year: EUR 9.1 million), consolidated net profit for the year was up 31.6% to EUR 23.7 million (previous year: EUR 18.0 million). The tax rate fell to 27.9% (previous year: 33.6%), partly due to the reversal of valuation allowances for deferred tax assets on loss carryforwards at 2G Energy Inc.

D. Financial position

The following condensed cash flow statement presents the Group's financial position:

Consolidated cash flow statement*

		2024	2023
		TEUR	TEUR
	EBIT	**33,350**	**27,641**
+	Depreciation of fixed assets	7,755	6,658
=	**EBITDA**	**41,105**	**34,298**
±	Cash flow from change in net working capital	19,645	-16,279
±	Change in other provisions	2,676	-1,501
±	Change in other assets and assets that are not allocable to investing or financing activities	-2,250	-1,310
±	Change in other liablities and liabilities that are not allocable to investing or financing activities	3,744	2,561
±	Loss/gain on fixed asset disposals	-203	-4
-	Result from associated companies	-39	72
±	Income tax payments	-11,330	-6,114
=	**Cash flow from operating activities**	**53,348**	**11,724**
	Cash flow from investing activities	**-11,542**	**-11,381**
	Cash flow from financing activities	**-5,405**	**-1,212**
	Currency-related change in cash and cash equivalents	**696**	**-100**
	Consolidation-related changes in cash and cash equivalents	**95**	**0**
	Cash and cash equivalents as at December 31	**49,475**	**12,283**

* Rounding differences may occur

The operating cash flow jumped very significantly by EUR 41.6 million to EUR 53.3 million (previous year: EUR 11.7 million) in the reporting year. Besides EBITDA, which was up EUR 6.8 million (EUR 41.1 million, previous year: EUR 34.3 million), this development results, in particular, from a marked reduction in net working capital as of the reporting date (EUR -19.6 million, previous year: increase of EUR 16.3 million).

This reduction is primarily due to advance payments received from orders, which rose very sharply toward the end of the year (EUR +26.6 million), as well as the fall in work in progress (EUR -12.3 million). This is offset by an increase in trade receivables in an amount of EUR 10.2 million (previous year: increase of EUR 1.2 million), as well as the reduction in trade payables in an amount of EUR 7.3 million (previous year: EUR 3.9 million).

Cash flow from investing activities amounted to EUR -11.5 million (previous year: EUR -11.4 million). After deducting subsidies received, a total of EUR 11.8 million (previous year: EUR 8.2 million) was expended on investments in tangible and intangible assets, consisting of the following items:

- EUR 3.3 million for advance payments in connection with the global ERP system
- EUR 2.5 million for the (service) vehicle fleet
- EUR 0.9 million for finalizing the CHP system construction project in Puerto Rico
- EUR 0.7 million for investments in buildings at the company headquarters in Heek and corresponding building facilities
- EUR 0.6 million for factory and office equipment by 2G Energietechnik GmbH
- EUR 0.5 million for tools
- EUR 0.5 million for a test chamber for heat pumps
- EUR 0.4 million for IT equipment

As part of financing activity, bank loans totaling EUR 1.4 million were taken out, principally by 2G Energietechnik GmbH to refinance fleet investments. A total of EUR 3.0 million was expended to repay financial liabilities (of which with a residual term < 1 year as of 31/12/2024: EUR 2.5 million). In addition, a dividend of EUR 3.0 million was distributed to shareholders of 2G Energy AG in June. After interest payments of EUR 0.7 million (previous year: EUR 0.6 million), cash flow from financing activities amounted to EUR -5.4 million (previous year: EUR -1.2 million).

Ultimately, this results in liquidity in the form of bank deposits (less short-term current account drawdowns) of EUR 49.5 million (previous year: EUR 12.3 million) as of the balance sheet date. Free credit lines with banks were, and are, available as required for guarantees, sureties, letters of credit and as a potential liquidity reserve. Free lines amounting to EUR 17.3 million were available as of December 31 (previous year: EUR 23.7 million). The decline by comparison with the previous year is due to greater use of the surety lines provided in connection with the significant rise in the order book. No significant changes occurred to lending conditions.

E. Net assets

Overview of the 2G Group's net asset position:

Assets*

	31/12/2024 TEUR	31/12/2023 TEUR
Fixed assets	60,054	38,740
Current assets	214,038	185,687
Prepayments and accrued income	1,624	1,328
Deferred tax assets	2,756	1,699
Total assets	**278,472**	**227,454**

* Rounding differences may occur

Liabilities*

	31/12/2024 TEUR	31/12/2023 TEUR
Equity	146,189	123,991
Provisions	24,399	24,414
Liabilities	106,851	79,050
Bank borrowings	6,896	8,306
Advance payments received	73,408	40,387
Other liabilities	26,547	30,356
Deferred income	**75**	**0**
Deferred tax liabilities	**958**	**0**
Total liabilities	**278,472**	**227,454**

* Rounding differences may occur

Total assets expanded by 22.4% or EUR 51.0 million to reach EUR 278.5 million as of the 31/12/2024 reporting date. The following factors, in particular, contributed to this rise in assets:

- Fixed assets were up by a total of EUR 21.3 million to EUR 60.1 million. The main reason for this marked increase is the investment for the systems construction project in Puerto Rico. In this context, the project was reclassified in the reporting year from work in progress (EUR 16.9 million as of 31/12/2023) to fixed assets. The background to this development was the decision taken in the reporting year not to sell these systems to an external investor, but to operate them ourselves for the purpose of claiming investment subsidies. Electrical and thermal energy will be sold through a long-term supply contract to a private company which operates several production facilities in Puerto Rico.

- In intangible assets, the advance payments made in connection with the ERP project increased by EUR 3.4 million, although this was offset by amortization of goodwill (EUR 2.2 million).

- Going hand in hand with the significant increase in fixed assets, inventories fell to EUR 88.7 million (previous year: EUR 109.8 million) as of 31/12/2024. Work in progress fell by EUR 29.2 million to EUR 43.1 million (previous year: EUR 72.3 million), in particular as a result of the reduction in inventories at 2G Energietechnik GmbH as well as the above-mentioned reclassification to fixed assets.

- Trade receivables increased to EUR 68.7 million (previous year: EUR 58.5 million) due to a proportionately high final billing volume in December.

- Other assets increased to EUR 6.1 million (previous year: EUR 4.0 million), particularly due to receivables from research allowances and input tax refunds abroad.

- Cash and cash equivalents increased to EUR 50.0 million (previous year: EUR 12.6 million) due, in particular, to a healthy order intake in the last quarter, combined with some high advance payments by customers.

Liabilities show the following movements:

- As of 31/12/2024, equity rose to EUR 146.2 million (previous year: EUR 124.0 million) due to the consolidated net income of EUR 23.7 million with a simultaneous dividend payment in June of the reporting year (EUR 3.0 million), as well as taking account of a positive change in the currency translation difference (EUR +1.6 million). Due to the above-average rise in total assets, the Group's equity ratio stands at 52.5% (-2.0 percentage points, previous year: 54.5%).

- Provisions remained unchanged from the previous year at EUR 24.4 million. The tax provisions, which had been influenced in the previous year by the outstanding tax payment for 2022, fell to EUR 3.8 million (previous year: EUR 6.0 million), partly due to higher advance tax payments during the year for the current assessment. Other provisions increased by EUR 2.2 million to EUR 20.6 million, in particular due to higher provisions for outstanding purchase invoices and residual work for completed projects (EUR +2.6 million).

- In spite of new loans taken out in an amount of EUR 1.4 million, liabilities to banks declined by a total of EUR 1.4 million to EUR 6.9 million as a result of scheduled and unscheduled repayments.

- Advance payments received on orders and recognized under liabilities rose significantly to EUR 73.4 million (previous year: EUR 40.4 million) due to a healthy order book combined with high, initial down payments in some cases.

- The “Other liabilities” item declined by EUR 3.8 million to EUR 26.6 million (previous year: EUR 30.4 million). Trade payables fell to EUR 9.5 million (previous year: EUR 17.1 million) by the end of the year, as a result of increased payment runs. This was offset by an increase in other liabilities (in particular due to a rise in VAT liabilities) to EUR 17.1 million (previous year: EUR 13.2 million).

Net working capital declined as of the reporting date to EUR 74.6 million (previous year: 110.9 million), accompanying a drop in inventories as well as an increase in advance payments received for orders.

Overall statement on the business situation

Business trends during the year under review proved satisfactory once again. In spite of comparatively low revenue growth of 2.9%, profitability expanded further, while EBIT enjoyed a disproportionately high boost (+20.7%). At the same time, the order intake for the year reached record levels, with the result that the order backlog of almost EUR 190 million laid a solid foundation for a successful financial year 2025.

Sound growth prospects – with a product portfolio in new systems business expanded to include large heat pumps and peak load generators, combined with a service business that continues to grow – form the basis for continuing to increase consolidated sales revenues in the coming years within the target range of “ten percent plus inflation” and further expanding the EBIT margin in the process.

F. Corporate responsibility

Business and entrepreneurial activities are inseparably connected with risks. Corporate success is characterized by the fact that – after giving due in-depth consideration to all important decisions – the respective opportunities outweigh the risks entailed. The controlled, rule-based handling of risks should enable 2G to safeguard and further develop existing structures and processes, exploit opportunities and increase the value of the company.

2G interprets risk in the broadest sense as the risk of failing to achieve technological, financial and operational targets as planned, and within the narrowest bounds as the risk of jeopardizing the company as a going concern. In this meaning, risk management forms an element of all decisions and business processes. Potential negative effects on the company's success should be kept to a minimum by maintaining at least a balance between opportunities and risks.

Management of risk and opportunities

The Management Board, the managing directors of all 2G companies, and relevant department heads have all been defined as risk managers in the company-wide risk management process. These risk managers reappraise the areas that they manage and their risk situations at regular intervals, reporting identified risks to the next highest level in the hierarchy, or as part of their regular Group-wide reporting duties. Significant changes in the assessment of known risks, as well as new significant risks are reported immediately. Risks are assessed in order to determine whether they have a significant impact on the existence, economic situation and achievement of corporate goals. The assessment of risks is based on a period of two years from the last reporting date. Opportunities are events or commercial possibilities that can positively influence business development. In this way, the deliberate and controlled handling of opportunities and risks forms a central management element in the 2G Group. The Supervisory Board receives important key data for business trends and risk evaluation in connection with quarterly reporting.

2G continuously identifies and evaluates new challenges and opportunities arising from internationalization, supply chain security, the EU Taxonomy, digitalization, optimization of vertical integration, and service offerings such as the rental of 2G power systems. The continuous endeavor to consistently conserve resources, avoid waste and emissions, and advance the efficiency of 2G power systems forms part of the identity of all business units. Above all, securing our employee base, training junior staff and promoting talent for management roles form the basis for our quality standards in all areas of the company and are intended to increase the value creation potential for 2G. The continuous optimization of power plant and heat pump technology, software and digitalization solutions, external interfaces and service costs are geared to improving economic efficiency, reducing the total cost of ownership for system operators and increasing customer benefits. The identification of opportunities and new business possibilities in terms of products, sales and service is equally important for the further development and growth of the 2G Group.

With regard to the business activities of 2G Energy AG, the management has assessed the risks listed below as relevant for the company's further development and measured them as to their event probability and loss level. This mainly entails listing risks whose materialization would incur significantly negative impacts on the company's financial position and performance. 2G is potentially exposed to further risks, although these are not yet known, or are currently not yet gauged as significant. The following risks were identified, in declining order of significance, as of the reporting date and as of the date of the preparation of this management report, taking existing management and controlling measures into account. At the time of producing this report, the management was not aware of any risks that might jeopardize the 2G Group as a going concern.

Sector-related risks/sales risks

The 2G Group's total sales and earnings are based on the various 2G products and service offerings in different performance classes, application areas and operating gas types, as well as on a large number of global markets. With the addition of large heat pumps, 2G has expanded its product portfolio to complement the CHP systems, thereby expanding the number of potential customers and markets. Diversification is intended to help reduce risk, as the national and international markets differ significantly in terms of their structure, their legal framework for the energy market, their targets and measures for decarbonizing the economy and their economic cycles, and are subject to a high degree of dynamism. As a result, the sales potential for both new systems and services may change constantly in individual markets.

This positioning also lends expression to 2G's strategy of becoming an internationally operating company that is independent of national legislation or economic cycles. 2G also integrates its risk management into the processes of sustainable business planning, which is geared to taking appropriate account of environmental and social objectives in addition to long-term economic goals. Potential negative developments, such as changes in customer demand or changes in policy and legislative conditions, are described and evaluated in the risk report. Such an approach enables countermeasures or supportive actions to be initiated promptly whenever actual developments deviate from the plan. This analysis also influences investment and expansion projects.

IT risks

IT risks with an impact on operating results occur if data and information or processes are unavailable or incorrect, unintentionally disclosed, or when processes have been programmed in IT systems in a way that is too inflexible, too complex, or illegal. Security gaps and insufficient emergency planning measures can quickly become incidents affecting the entire company. Cascades of damage such as business interruptions cannot be ruled out either.

Violations of data protection due to incorrect allocation of authorizations or the EU General Data Protection Regulation (GDPR) can have negative external effects or lead to fines. The growing importance of IT and the increasing networking of IT structures, both for the Group and for its products and services, require high expenses for further development and maintenance.

As the complexity of the IT landscape increases, so do the potential risks, despite efficient processing and programming. Significant risk scenarios for 2G are the failure of central IT systems as well as the theft, publication and/or unauthorized use of confidential data from research and development and business development. The same applies to the manipulation of IT systems or cyberattacks targeting the product software of power plants and heat pumps, as well as 2G's internal software and online platforms.

Redundant design of technical components, networks, and locations – combined with appropriate emergency preparedness and a robust IT security architecture – ensures that 2G maintains full availability of its business-critical systems and continuous control over its CHPs in the field, with access to all relevant data at all times. These risks can be further limited with suitable organizational and technical precautions and security measures, such as the regular, periodic review of access controls, access rights, locking concepts and virus and data protection. The aim is to be prepared across several levels, so that the company remains capable of acting in the event of an attack.

2G is currently working on reorganizing its IT architecture. This includes the introduction of new ERP software to which a document management system (DMS) is connected. Product lifecycle management (PLM), HR management and payroll software and customer relationship management (CRM) are also networked. Extensive preparations and security measures were taken to ensure the smooth implementation of the project. The aim was to minimize potential risks during data migration and processing, as well as during the system transition to a new IT organization, and to guarantee reliable operation of internal functionalities, platform features, and interfaces to CHP systems and heat pumps in the field. The data migration itself is also monitored by an external consultant. The modernization, standardization and integration of the IT landscape used in the Group represents a challenge for the project team and all employees. This can lead to load peaks, errors during the migration of data and programs, or uncertainties and errors in the application. Digitally supported processes can also be disrupted or fail. 2G counters these risks with foresighted, careful planning, support from specialized service providers, the creation of extensive redundancies and broad-based internal communication.

IT certification to the ISO 27001 standard was confirmed as part of the first recertification in February 2025. As the leading international standard for information security management systems, it represents a key element of cybersecurity compliance. It includes the secure provision of IT support, the operation of data centers for the production and use of combined heat and power plants and heat pumps, as well as the development of digital customer solutions. 2G ensures that regular reviews and continuous improvement of structures and processes are guaranteed through built-in, integrated monitoring audits and recertifications. Employees are also subject to clear rules of conduct in terms of IT security and receive regular online training to ensure ongoing awareness and a sense of responsibility with regard to IT security. 2G will also implement the new EU Directive NIS 2 (Network and Information Security Directive 2) as soon as the legal framework has been established.

To secure and protect personal data, 2G cooperates with an external data protection officer and follows the recommendations for implementing the EU GDPR.

Political risks

The destabilization of political systems and the potential imposition of trade barriers or changes with regard to legal certainty, as well as fluctuations in currency exchange rates, may result in sales difficulties in certain countries and regions.

The possible import tariffs imposed by the US government also fall under political risks and had differing degrees of impact on the sales opportunities of our various product categories. Our previous main sales drivers in the US market, CHP systems, are characterized by a high local proportion of our customers' investment volume. Our profitability calculations for CHP systems in the USA are correspondingly less sensitive to import duties. In addition, the competitive situation is largely dominated by European manufacturers, few of which – to our knowledge

– maintain any significant production facilities in the United States. Power plant solutions that dispense with the decoupling of thermal energy are becoming increasingly significant. In terms of these products, the local proportion is significantly lower and actual and potential competition from local manufacturers is also more pronounced.

For both product groups, we believe that end users typically calculate the electricity generation costs over the life cycle of the system. However, these electricity generation costs per kWh are primarily driven by fuel costs, which – in the case of US plants – are predominantly of US origin.

Comparatively moderate tariff increases can certainly be compensated for in the overall economic efficiency calculation. A significant increase in customs duties, on the other hand, would impair our competitiveness – particularly in power plants without decoupling thermal energy – and exert a negative impact on our business. If the imposition of tariffs were to dominate the political debate for an extended period of time, this would create political uncertainty, which empirical evidence has shown can impact negatively on the willingness to invest.

It should be possible to mitigate potential negative effects by diversifying regional sales markets, focusing procurement on the DACH region, and building in procurement redundancies. The measures and experience gained during the coronavirus pandemic have shown that 2G's organization in this regard is fundamentally resilient. Entry into developing markets and a withdrawal from saturated sub-markets may be considered in the process. In most cases, political events associated with significant risks take time to come to fruition, allowing management to make sufficient adjustments.

Risks in connection with company growth

2G intends to grow further, in particular through organic growth – also by expanding its product range – and, if appropriate and expedient, through strategic alliances and acquisitions of companies or parts of companies. This inevitably entails integration and success risks, which can essentially include the loss of key employees from the acquired company and impaired business relationships with suppliers and customers. The appointment of suitable managers and employees, the selection of strategic partners, and the raising of the necessary financial resources are all required in order to leverage such opportunities. The meaningful expansion of appropriate organizational structures is also called for, especially in the areas of financial accounting, controlling, personnel, and sales and marketing. At least temporarily, entering new markets can be associated with below-average margins.

Other areas of risk include the failure to achieve the budgeted growth of the acquired company or to realize the synergies envisaged from the transaction. 2G counters these risks with appropriate transaction structures, typically involving the acquisition of smaller units with which the company has already maintained long-standing business relationships. These units are intended to complement 2G's own structures and expand them in a targeted manner within the scope of existing business activities.

This keeps the integration efforts and input manageable and the risks under control. 2G has developed and rolled out an extensive partner concept to minimize the company's own risks in the internationally growing CHP market, as well as its level of capital employed. Consequently, partnerships both in Germany and abroad form a central sales and service model, keeping market entry and market establishment risks as low as possible for the 2G Group.

To avoid potential bottlenecks in production and storage capacities – which could arise in connection with planned company growth and the expansion of the product portfolio – 2G has secured land at the Heek industrial estate. This land is available for development with appropriate industrial buildings or office facilities.

Legal risks

2G is also exposed to risks from legal disputes in the normal course of business. These may include, in particular, risks arising from the areas of product liability, competition and antitrust law, capital market law, patent law, labor law, international tax law and environmental legislation. Risks could also emanate from failure to comply with contractual obligations. As a research-based technology company, 2G owns a portfolio of industrial property rights, such as patents and brand names. These may become the target of attacks and infringements. Consequently, 2G carefully examines all significant corporate actions in order to identify potential legal conflicts. 2G strives to minimize and manage all legal risks across the board. Wherever possible and practical, 2G limits liability and loss risks in the countries in which it operates through contractual agreements and insurance coverage, the type and scope of which are continuously adjusted to meet current requirements. In this context, 2G can already rely on experience gained in numerous countries outside Europe. The company is also able to call upon a country-specific advisory network consisting of auditors, tax consultants and lawyers who attend to the Group's cross-border affairs. Provisions are formed for pernicious legal risks as required.

Latent tax and liability risks exist in the case of cross-border transactions (purchasing and selling), which can arise with formal offenses. Thanks to the requisite specialist knowledge in the relevant divisions, timely and correct tax and legal allocation can be implemented, including the involvement of external experts. Despite process-based precautions, erroneous assessments and processing errors cannot be entirely excluded. Based on an integrated, global insurance program covering all 2G companies, we aim to close coverage and liability gaps as far as possible. Insurance premiums are optimized through appropriate and manageable deductibles. There are currently no significant legal disputes pending or foreseeable that could pose a substantial risk.

Product quality, price and availability risks

As a manufacturer of complex technical systems, 2G is exposed to elevated product liability risks. Ongoing quality controls and documentation along the entire value chain minimize such risks. This begins with the definition of processes in production, service, and administration, as well as with the qualification of suppliers. It continues with comprehensive quality requirements for materials and semi-finished products, long-term strategic cooperation regarding preliminary products, and a personnel policy that is strongly focused on qualification and quality awareness. The ability to make deliveries and supplies delivered to deadline confers a crucial competitive edge.

On the purchasing side, risks arise from potential increases in raw material prices, the availability of intermediate products, and supplier defaults. The aim is to avoid dependencies and to ensure parts availability and delivery capability through order quantity optimization and inventory management. In this reporting year, 2G once again maintained its inventories of motors, pumps and compressors for the most common CHP modules and heat pumps at high levels. In addition, 2G's Purchasing department maintains close relationships with key suppliers to ensure that adverse developments can often be identified early and countermeasures initiated promptly. Moreover, 2G is able to rely on alternative suppliers for almost all components and is geographically focused on the DACH region, so that logistics risks would also appear to be manageable. This also applies to the manufacture of heat pumps. With our common parts strategy, we have set ourselves the goal of installing the majority of the components used in our CHP systems and heat pumps in the same manner. This is geared to strengthening our position vis-à-vis suppliers and reducing complexity in purchasing.

2G does not perceive the processing of the order book position with the existing products and components as being at risk in the foreseeable future. Bottleneck situations in materials, labor or official approvals, which led to project delays particularly during the coronavirus pandemic, are now only encountered – if at all – within the normal scope of business.

Risks in the personnel area

The future performance and growth of all 2G companies is highly dependent on their employees and their know-how. Consequently, the expertise and dedication of employees in all the areas in which 2G operates are decisive for its success. That is why we constantly strive to be perceived as an attractive employer. The regional applicant markets relevant to 2G are characterized by intense competition and upward pressure on wage costs. Competition is additionally intensified by the scarcity of qualified specialists in the areas in which 2G operates and by demographic challenges in global markets. Therefore, personnel risks primarily pertain to the turnover of top performers and the departure of key experts as well as the recruitment of new, professionally qualified staff. The continuing economic weakness in some sectors in Germany and Western Europe is increasingly opening up opportunities for 2G to recruit suitable applicants, also for challenging job profiles. Nevertheless, one of the company's top priorities remains shaping and designing both the recruitment and retention of specialists, managers and talent within the company in a sustainable manner with clear-cut perspectives.

2G promotes the further training and upskilling of its own employees and specialists and endeavors to recruit staff at an early stage, i.e. while they are still training. We pursue the goal of opening up attractive growth prospects, promoting high-potentials and systematically preparing them for more extensive tasks. With a code of conduct that is binding for all employees, we illustrate the values, principles and actions that characterize the entrepreneurial activities of the "Better Together" 2G team culture. In addition, 2G offers its employees a set of voluntary social benefits, further training opportunities and certain flexibility options for the provision of services in order to make the Group even more attractive as an employer.

Research and development risks

Right from the company's inception, innovation has formed a key element of 2G's corporate strategy, with the aim of setting the company apart from its competitors through digital, technological and electrical engineering expertise. This is associated with the latent risk that research and development projects will be delayed, anticipated budgets exceeded, or targets not met. For this very reason, ongoing research and development projects are monitored and regularly discussed and reorganized where appropriate. This applies both to the ongoing work on power plant solutions and heat pump technology as well as the integrated control software and operating platform. Decisions regarding investments in new technologies, for example, are taken with the aim of minimizing risks as far as possible.

Financial risks

As an internationally active company, 2G is exposed to various financial risks. Such risks primarily include liquidity risks, default risks, tax risks, currency risks, customs risks, and market price risks. In order to secure itself as a going concern, a company must at all times be able to fulfill its commitments arising from operational and financial activities. 2G manages its liquidity across the entire Group centrally through its parent company 2G Energy AG in Heek, Germany, in order to minimize any liquidity risks. Default risks may arise both in connection with financial investments, borrowings, financing commitments, or through the rental transfer for utilization of 2G power systems, and in cases of operating receivables. Inherent credit and default risks are hedged as far as possible through an existing credit insurance policy. This also ensures professional ongoing credit monitoring and debt collection.

Overall, 2G minimizes these risks through its stringent prepayment policy. Only a few significant financial transactions entailing credit risk are concluded, and only with banks with sound credit ratings. Moreover, the 2G Group enjoys extremely good liquidity, which significantly reduces its dependency on lenders. As a matter of principle, however, it cannot be excluded that – in markets that are at times changing extremely rapidly – specific trading partners or customers with CHP rental agreements may default, even if such counterparties have shown positive credit ratings.

As a result of its global group structure, 2G will naturally be exposed to currency and interest rate risks, albeit to a limited degree. 2G has minimized currency risks resulting from exchange rate and interest rate fluctuations, especially through forward currency transactions. Financial transactions, outstanding operating receivables, and obligations are primarily hedged against exchange rate fluctuations through forward currency transactions.

Environmental and safety risks

As a company maintaining production operations, 2G is exposed to risks of possible personal injury as well as damage to the environment, its property and its reputation. We minimize these risks by auditing, advising and providing training in matters of environmental protection, as well as occupational health and safety. Safety and occupational safety officers manage these risks both at individual sites and on our customers' building sites in order to safeguard the company's interests. 2G ensures the preservation of its goods and assets by adhering to high technical standards, strict codes of conduct, and all the relevant legal requirements for environmental protection and occupational health and safety. Compliance with, and the continuous optimization of, emission values for combined heat and power plants is also a key focus of our research and development efforts. In addition, 2G itself is committed to conserving resources and maintains a certified energy management system according to ISO 50001:2011, as well as an environmental management system according to ISO 14001. Overall, these instruments serve to implement continuous improvements in terms of environmental and climate protection.

Opportunities for the Group to develop in terms of growth and earnings

2G implements measures in the spirit of Kaizen principles – the pursuit of continuous improvement and increasing customer benefits – which are intended to strengthen the basic conditions for the Group's further growth- and earnings-oriented development. This also serves to recognize and evaluate entrepreneurial opportunities and realize them in a controlled manner. Some of these measures are medium to long-term in orientation and consequently extend over several reporting years, while other measures described here were new ones launched in the year under review. 2G perceives the following opportunities for growth- and earnings-oriented Group development, which are presented in descending order of relevance for the Group:

1. 2G is forging ahead with the expansion of its business activities in the core foreign markets of North America, the United Kingdom, France, Italy and Japan, while further developing its global partner concept. To this end, 2G Energy International GmbH will be developed into a fully-fledged sales, project and service company and will centrally manage activities in promising export markets where there are currently no national sales and service companies in place.

2. The Service division is well positioned for profitability following the organizational optimization of its office services and field sales force, the continuous expansion of the staff base in direct local customer service, as well as the digitalization of the control, maintenance and operational reliability of 2G power systems. What is more, the demand for our services is on the rise in foreign markets. Service expertise and availability represent important performance criteria in customers' investment decisions. The division is fundamentally independent of economic or regulatory influences.

3. 2G is consistently driving the technical development of its solutions forward with over 30 members of staff. These ongoing developments include gas engine solutions that can be operated with both pure and contaminated hydrogen (H_2). We want to increase the economic efficiency with targeted R&D work to ensure that H_2 CHP systems can be operated at nominal load – as is usual when operating with natural gas. 2G offers H_2 CHP systems in the output range from 115 kW to 750 kW at similar prices to those for natural gas systems. In addition, 2G guarantees a conversion to 100% H_2 operation for its natural gas and biogas CHP units thanks to the 2G engine concept, e.g. as part of regular maintenance. In the Management Board's view, this is a strategic key that makes investments in natural gas CHP systems climate-compatible and future-proof for operators.

In the reporting year, R&D work focused on boosting the performance of the model series with the 2G engine concept. The performance-enhancing measures included increasing the engine stroke. In some cases, this has resulted in performance gains of up to 15% and a reduction in specific costs. We have re-equipped the agenitor series for operation with propane gas (LPG, Liquefied Petroleum Gas) in connection with modifications for more power. We see market opportunities for these aggregates, which are mainly deployed in stand-alone operation, in Europe and America.

In addition, the development of the avus 416plus as a 16-cylinder module in its power class with 800 kW and an electrical efficiency of over 43% was brought to market. The module complements the avus 500plus and avus 1000plus modules already on the market. All three modules are characterized by the fact that they are manufactured ready for connection – including the built-in heating unit – and featuring an extremely compact design. With the agenitor series, 2G is responding to the trend towards more powerful power plants. Thanks to the aforementioned options for increasing performance, we are well positioned for future requirements going forward.

4. In our opinion, the US market offers attractive sales potential for a new 2G product, namely the demand-response unit. The gas engine covers peak loads for a few hundred hours a year. Positioned between a classic CHP system and an emergency power generator, the unit impresses with high performance and flexibility. The problem of load and price peaks in electricity supply is particularly pronounced in the USA. In our opinion, the environment there is very receptive to high-quality aggregates. Until the first systems will be delivered in the second half of the current year, we are still working on individual quality assurance optimizations. We are focusing on a standardized, high-volume product business in which we can leverage our technical expertise in gas engine configuration against our competitors.

5. With the acquisition of a manufacturer of large heat pumps in 2023, 2G entered the market for heat pumps. These systems are a key strategic pillar in the decarbonization of the national and international heating sector. The acquisition marks 2G's proactive response to this development. In the year under review, we started marketing the heat pumps in Germany and the Benelux countries. We have substantially

developed the product portfolio, standardized it technically, achieved a far more compact design and equipped the heat pump with forward-looking technologies such as climate-friendly refrigerants. Service offerings have also been prepared for the new tasks ahead. The large heat pumps are the ideal complement to the existing CHP portfolio in terms of their output and are therefore – in addition to stand-alone solutions – compatible with the installation of modular complete systems such as the GreenCube. With this positioning as a solutions provider for decentralized energy supply concepts, 2G is primarily targeting various industrial sectors and municipal utilities that wish to invest in climate-neutral heat generators.

6. The further expansion of rental and lease options and solutions for customers of 2G power systems leverages additional sales potentials. With the pay-per-use solution, 2G is offering the specific utilization of a CHP system as a rental solution. This enables customers to exploit the benefits of CHP technology without having to make their own investments and without long-term commitment. From the customer's perspective, this addresses the important question as to how their investments can be secured financially after legally stipulated subsidy periods expire – depending on the performance class.

7. There are signs that the way thermal energy is generated in European markets is undergoing a fundamental change. The reduction in coal combustion means that tremendous volumes of heat are no longer at hand. Although heat pumps can make up some of the shortfall, they – like the growing number of electric vehicles on the road – will result in an increase in power consumption. The German government and numerous scientific studies assume that consumption in Germany will rise by more than 50% by 2030. It will not be possible to consistently cover this additional consumption by way of variable renewables alone. In other words, new markets and sales opportunities are opening up for CHP for both heating and power supplies in the future.

8. If more and more conventional power plants are decoupled from the grid, the question arises as to which generators will be able to close this capacity gap, while being flexible enough to react to fluctuations in supply and demand at short notice. CHP is ideally suited as a backbone technology for such situations, as it can supply decentralized, base-load capable and grid-supporting energy when wind and solar energy sources are insufficient. At the same time, unlike coal-fired power plants, CHP supplies electricity with significantly lower GHG emissions, also when operated with natural gas.

The combination of technologies and sector coupling generates systemic added value for supply security. We are convinced that this key function will be required over a very long period of time to ensure security of supply – and even if decarbonization is achieved in 2045, CHP systems will be needed to flexibly provide residual load and to convert energy from renewable storage sources such as biogas, hydrogen and methane back into electricity and heat and to operate heat pumps with low emissions, for example by way of electricity generated by hydrogen CHP systems. In other words: CHP technology represents an integral part of energy generation, not only on the way to a virtually CO_2-free energy supply, but also beyond the achievement of the target. This applies likewise to the use of heat pumps as described under 5. and 9. With its CHP technology for operation with natural gas, hydrogen, methane and biogas, 2G is well positioned to take advantage of the foreseeable increase in demand in both phases.

9. 2G is systematically driving forward the digitalization of CHP systems, heat pumps and services for control, maintenance, operational management and integration into existing grid and supply infrastructures. This is intended to strengthen the company's international competitiveness. A central component of this is our internet platform MY2G, which provides essential operator functions online. It also includes I.R.I.S. (Intelligent Report Information System), our proprietary development featuring predictive maintenance capabilities. This enables us to realize a growing degree of self-management in the respective systems. Our customers benefit from reduced service costs, increased availability of the systems and a lower total cost of ownership. The modernization of our IT architecture in the Group should open up new potentials for efficiency gains within the corporate organization and for all systems and applications.

10. Against the backdrop of ongoing geopolitical tensions, the development of a resilient, decentralized energy supply in Europe is set to become much more important. Such a scenario extends beyond the possible reconstruction of the energy supply in Ukraine. In future, decentralizing the secure energy supply will not only represent a sufficient measure for affordable and climate-friendly energy, but also a necessary condition for resilient, multilateral management, also in times of crisis. Decentralized CHP systems are winning the argument due to their self-sufficiency and their diverse gas operating modes, as well as their range of applications from peak load coverage to green continuous operation. Thanks to the technological maturity of its products, comparatively short and reliable delivery times, and available production capacity reserves, 2G would be well positioned to succeed in such market scenarios.

11. The "Lead to Lean" flagship project is gradually resulting in sustainable improvements in production processes. Among other measures, 2G has converted the previously stationary assembly to flow production in the areas of small power system assembly and control cabinet construction. With the help of standardized assembly lines, 2G has succeeded in achieving greater capacitive flexibility while ensuring the respective quality. At the same time, assembly work per unit has been significantly reduced. This step is now also to be mirrored for the production of large heat pumps at the Heek site.

12. Thanks to our stock market listing, the company has access to growth and investment capital where required. The applicable transparency requirements foster customer confidence when deciding to invest in 2G CHP systems and help the company to set itself apart from its competitors based on its reliability and transparency. This goes hand in hand with 2G's commitment to sustainability standards such as the UN Global Compact and sustainability reporting, which enables the company to effectively derive measures for further emission reductions. With regard to the capital markets, 2G regularly

undergoes a sustainability rating by ISS, which awards 2G an above-average “Prime” rating.

Overall, the Management Board identifies attractive opportunities for 2G on both the German and foreign markets. There are two main reasons for this: 1. The further expansion of renewable energies and the dismantling of conventional power plants is resulting in rising volatility in electricity supplies. 2. E-mobility, electrification of the cooling/heating supply, higher levels of prosperity in emerging and developing countries, the growing number of data centers worldwide, and numerous other developments are fueling rising demand for electricity. As a consequence, the demand for reliable and efficient generating units capable of providing flexible power is trending upwards – and 2G is able to deliver from an adequate product portfolio. The value of the heating and savings potential for the carbon credits, which have risen in price, is playing an increasingly significant role in economic efficiency. In combination with heat pumps, CHP systems can respond to electricity market price signals to lower the cost of heat production and, together with storage systems, improve overall economic efficiency. Last but not least, the future viability in connection with the H_2 conversion guarantee is an impressive factor. Consequently, combined heat and power generation represents an important building block in a global energy revolution, ensuring both value for money and supply security for electricity and heat consumers.

Overall statement on the risk and opportunity situation

The risk strategy resembles that of a medium-sized company and is intentionally and specifically opportunity-oriented. Considering the existing control measures, no individual risk is currently seen as a threat to the company’s going concern. Even if several risks were to occur at the same time, no overall going concern risk has been identified. From today’s perspective, it does not identify any such going concern risks for the future either. The risks listed could nevertheless exert a negative effect on the company’s net assets, financial position, the results of operations, and business performance.

Significant changes in the risk situation result from increased IT risks in the form of potential cyberattacks or significant disruptions to IT functionalities. Committing ongoing investments in IT security and standards in accordance with ISO 27001 certification, 2G is continuously adapting its processes and structures to this risk and maintains a high level of awareness in the company organization. With the product portfolio expanded to include heat pumps and the growing internationalization of the sales base, the risks of underperformance by partners or reputational damage are also increasing. At the same time, however, the international diversification strategy and foreign expansion by way of the partner concept are proven methods for 2G to minimize financial and operational risks. In addition, partners are selected according to strict criteria, while sales and service staff are trained to 2G standards and the activities are integrated into 2G's own digital structures.

The persistently high prices for fossil fuels, electricity, and heat – driven by war, geopolitical crises, and potential supply bottlenecks – combined with the urgent need for decarbonization, underscore the importance of safeguarding supply security and grid stability. This requires the targeted expansion of suitable generation technologies such as decentralized power plants, heat pumps, and CHP systems. As substitutes for conventional power plants, renewable energies, efficient technologies such as CHP systems, storage media, decentralized power plants and heat pumps should move to the top of the political and economic priority list. With its large heat pumps available since 2024 in the thermal output range from 89 to 2,700 kW, 2G is serving a new market that is considered a strategic pillar in the decarbonization of the heating sector. At the same time, we see potential in selling decentralized package solutions that combine a CHP system with a compatible heat pump – both integrated into our central control system. As a project specialist drawing on many years of experience, 2G has a unique selling point in the market thanks to such a combination.

For 2G, new opportunities in the market may well arise from its continued delivery strengths, its sound financial position, the many years of transparency provided by its stock market listing, and its established brand. As a result, 2G's overall risk profile remained stable in the reporting year compared to the previous year. The business model, which combines a comprehensive service profile with a broadly covered value chain, is designed to generate diversified, steady cash flows from ongoing service contracts, product and spare parts sales, as well as payments from rental and lease contracts and license fees for the use of IT services.

The company has the capacity to withstand risks thanks to its available and potential financial reserves, solid balance sheet ratios, and a highly sophisticated insurance concept. In our opinion, the business opportunities outweigh the potential risks entailed.

G. Forecast report

The 2G Group outlook takes account of relevant facts and events that were known on the date when the consolidated financial statements were prepared, and which can impact on future business development and growth.

Alignment

2G continues to vigorously pursue the goal of strengthening sales in existing markets, developing selected markets through qualified sales and service partners, refining its power plant and large heat pump technology and winning new customer groups. The aim is to incrementally expand global market share on a profitable basis.

For many years now, we have been pursuing four guiding, overarching projects for the Group's development, from which we derive the following strategic guidelines for the growth and earnings of 2G Energy AG:

1. Innovations
We are optimizing and expanding our product portfolio for electricity and heat production in a structured manner, both through in-house

developments based on existing, specialized technical expertise as well as through acquisitions. We are expanding service efficiency and digital operating and control instruments harnessing smart software tools with the aim of making the systems largely self-managing and continuously optimizing the total cost of ownership.

2. Partner concept

We are tapping into additional potential by accelerating the internationalization of sales of CHP systems, large heat pumps, demand-response modules and our service offerings. We are advancing these efforts both through newly established local subsidiaries and in cooperation with our sales and service partners. The rapid integration of partners is based on the growth-proven, scalable structures in production, sales, service and IT.

3. Digitalization

We are consistently digitalizing the control functionalities of CHP systems and heat pumps. The aim is to create smart solutions for operational management and cross-sector system control for decentralized and economical supply solutions. In the process, we are also aiming to develop our own digital products with additional sales potential and as a loyalty element for partners and customers.

4. Lead to Lean

We aim to continuously reduce costs in our processes while at the same time improving quality and advancing capacity. We aim to achieve this across all products by continuously improving standardized and quality-oriented processes at the Heek production facility, based on the division of labor and digitally anchored across the entire value chain.

These guidelines have shaped the company's actions in recent years and form the foundation for further strategic considerations, which are continuously being developed in response to the rapidly evolving geopolitical and energy policy premises. To this end, we are always open to technology considerations in our strategy discussions and perceive ourselves as an accepted, integrated partner for renewable energies. Organic growth will continue to be driven forward in all target markets.

In order to continue to efficiently drive profitable growth forward in increasingly complex global energy markets with all available resources, 2G is planning to establish a new Group structure by mid-2025. The previous parent company structure will be transformed into an operationally oriented holding structure. The production and procurement activities are to be transferred from the previous 2G Energietechnik GmbH to the newly founded 2G Heek GmbH by way of a spin-off. This new unit will supply the national companies. The remaining 2G Energietechnik GmbH will concentrate on sales, service and project management in Germany and Austria. 2G Energy International GmbH will be developed into a fully-fledged sales, project and service company, responsible for markets where no local subsidiaries have yet been established. The management of these three German companies will be assumed by experienced internal leaders with many years of service at 2G. In addition, the foreign subsidiaries will continue to operate as sales, project and service companies in the USA, Canada, UK, France, Italy, Spain, the Netherlands and Poland.

We are convinced that this realignment of the Group structure will enable us to further standardize processes and thereby facilitate more efficient and more clear-cut management. In addition, sales, project and service companies or production units to be established in the future can be easily integrated into the structure. With these measures, we are taking an important step towards being well prepared as a company to leverage our potential on markets worldwide in a structured manner.

Right from the outset, we closely dovetailed the new Group structure with the reorganization and upgrading of our IT architecture. The new IT system is scheduled to go live in the German companies in mid-2025. As a result, the majority of Group entities will therefore operate with standardized, networked processes and IT tools in the future. The cloud-based solutions will enable new business units to be integrated quickly and in line with standards. The new Group structure and the powerful IT backbone are geared to creating both stability and elasticity for the strategically expanding, high-volume business amid international competition.

Future macroeconomic situation

Global economy tending towards losing momentum

In its Kiel Economic Report published in mid-December 2024, the IfW states that economic policy uncertainties and structural problems will continue to prevail in the economically important regions such as Europe and China in 2025. This stands in the way of significant increases in global economic expansion. While it is true that the economy is being boosted by factors such as significantly less restrictive monetary policies, the high level of uncertainty surrounding economic policy in the United States is exerting a negative impact. With regard to the current year, the IfW expects global gross domestic production to expand by 3.1% (previous year: 3.2%) and again by just 3.1% in 2026.

According to the IfW, economic growth in the eurozone is characterized by weak momentum in the ongoing year. Current indicators such as industrial production and business and consumer sentiment reflect this. Although the anticipated easing of monetary policies will improve financing conditions, the ongoing weakness in the manufacturing sector, the loss of fiscal stimulus and a number of economic policy uncertainties – particularly with regard to foreign trade – will put the brakes on. According to forecasts in the IfW economic report, the GDP growth rate is likely to increase to 0.9% (previous year: 0.8%) in 2025 and 1.1% in 2026.

“No upturn in sight.” This is the IfW’s sober assessment of further economic developments in Germany. Instead, there are increasing signs that the economic weakness is primarily structural in nature rather than cyclical, with the result that economic output will not have much scope for improvement in the short term. Additional headwinds loom on the horizon, fueled by protectionist measures enacted by the new US government, which are further hampering exports. One of the few rays of hope is that the ECB’s less restrictive monetary policy is improving financing conditions and may lead to gross fixed capital investment trends gradually bottoming out. The IfW expects GDP to stagnate in the current year (-0.2%), while the experts expect economic output in Germany to increase by 0.9% in the upcoming year.

The 2G product portfolio caters to key global energy supply trends

Despite the generally modest economic outlook, 2G is anticipating a continued or renewed willingness to invest in its markets and product portfolio in developed countries (G7/G20). This assumption is supported by subsidy programs such as the EEG or GEG as well as by government regulations on emission limits or on supply security. Many Asian countries have also set out a path towards climate-friendly energy generation and backed this up with investment incentives. In Germany, too, the widespread uncertainty should gradually ease with a new government in place. In our view, postponing investment decisions is not an option – neither economically nor in terms of climate policy. 2G's products meet the global demand for smart energy management solutions and molecular-based energy storage technologies.

The product portfolio addresses key trends in global energy supply:

1. Global demand for electricity is surging, driven by electricity consumption for additional data centers for artificial intelligence applications, electric mobility and the electrification of the heating/cooling supply. Based on our analysis, this means that the construction of new large-scale power plants and the supply infrastructure will not be able to keep pace with these developments in the foreseeable future. On the other hand, the expansion of volatile renewable generators is putting additional stress on the existing grids. Decentralized 2G power plants provide options for stabilizing the grids. In conjunction with the further expansion of renewables, we offer ready-to-connect, highly efficient solutions. These solutions can be individually configured depending on the given tasks, whether for permanent supply or as flexible residual capacities, and offer opportunities for further grid relief via sector coupling with heat pumps.

2. The scenario described in item 1 on the path to a decarbonized energy supply in the G7 and G20 countries is subjecting the electricity markets to stress: Extreme price fluctuations and supply bottlenecks are already noticeable consequences for consumers today, which are associated with considerable technical (redispatch) and monetary (grid charges) costs, making electricity even more expensive. This shifts the focus of municipal utilities and industrial customers onto projects that can be implemented in the short term for grid-friendly electricity generation and secure (self) supply. Highly flexible CHP systems and demand-response aggregates from 2G, with annual operating times of between a few hundred and up to 3,000 hours, offer a wide range of solutions involving green team players.

3. In Germany, as part of the so-called power plant strategy, new types of power plants are being designed by the major utility companies to provide flexible power using natural gas. Instead of installing large gas turbines, as in the past, they are increasingly relying on cascades with gas-powered electricity generators based

on reciprocating piston drives. This represents a genuine paradigm shift. According to assumptions by the Federal Network Agency, around 50 such gas-fired power plants with a capacity of around 20 GW are required as a residual load reserve. We believe we are well positioned in this area with system sizes like the avus 1000plus, offering over 1 MW of electrical output and a high level of delivery readiness for tenders. Our systems also meet the requirement of being operational with hydrogen.

4. In Germany, the diverse uses of biogas as a flexible provider of heat, electricity or biomethane are gaining in political significance. In particular, the further flexibilization of existing plants and the expansion of (local) heat supply will, in our opinion, further increase the CHP capacities required in this context. In January 2025, the German Parliament passed the so-called biomass package, which basically gives thousands of existing biogas plants a new perspective as a flexible backbone of the renewable energy supply. For 2G, this means that the company will be able to benefit from a renewed increase in demand over the next few years.

5. The hydrogen economy in the EU and the G20 countries is taking shape. Hydrogen produced in a climate-friendly way is set to play a central role in the future economic system alongside electricity from renewable sources, making a significant contribution to avoiding climate-damaging CO_2 emissions. Construction of the hydrogen core network is underway in Germany – and the first sections are due to be completed in 2025. The first underground hydrogen storage facility is also to be connected to the grid by 2027. By 2032, the core network is due to grow to a total of 9,666 kilometers and connect important hydrogen locations in all federal states: ports, production sites and industrial hubs. Billions are also being invested in the USA. Larger pilot projects for the production of green hydrogen in Germany and contracts with overseas producers will ensure an initial, albeit scarce, supply in the future.

Under these conditions, there would basically be large-scale industrial potential for the hydrogen-based production of electrical and thermal energy using appropriate CHP systems. Their particular added value lies in providing energy flexibility at times when wind and sun are not sufficiently available. Even without grid-bound hydrogen, there is potential for stand-alone solutions in which surplus electricity from PV or wind farms, combined with electrolyzers, creates storage capacity for a secure energy supply. Since 2018, 2G has been selling power plants worldwide that can be operated with both pure and contaminated hydrogen. We therefore see ourselves in a very good initial position to set standards with technical solutions in the start-up phase of the market.

6. The importance of sewage gas is on the rise in the EU. The Urban Wastewater Directive, which came into force in 2024, requires member states to equip all wastewater treatment plants with a fourth treatment stage by 2045 and to strive for climate-neutral operation. In our opinion, the most economical and efficient way to meet the rising electricity and heat demand of wastewater treatment plants is to utilize the available sewage gas through CHP systems.

7. We assume that large heat pumps will form the backbone of the decarbonized heat supply of many cities and municipalities in Germany in the future, particularly within the context of municipal heat planning. Due to their economically superior efficiency, this should likewise apply to many other international markets. We are launching a standardized product family with thermal outputs between 89 and 2,700 kW, initially in Germany and the Benelux countries. In 2026, our aim is to tackle further selected markets. Over the long term, we are aiming for sales figures similar to those in our traditional CHP business.

We offer an extensive range of customized system solutions for future-proof and secure energy supplies. And with project management and delivery of the systems as ready-to-connect containers, we offer customers with limited resources significant relief from planning, implementation and coordination tasks, while at the same time ensuring speed and on-time delivery. Last but not least, our service deploys artificial intelligence to support the systems throughout their life cycle. All in all, we strive to achieve high levels of customer benefits and associated customer satisfaction through our products, which will give us a seat at the table once again when the next contracts are awarded.

We believe that a sharp rise in demand for resource-saving, highly efficient power plants and heat pumps is conceivable over a number of years and we are prepared for it.

Incoming orders in America continue

With a look to the North American market, we expect business to remain buoyant at a high level in the current year. Growth is primarily driven by rising demand for electricity due to the construction of new data centers, including for artificial intelligence applications and blockchain mining solutions. We see the USA as a pioneer in these areas and anticipate a further doubling of capacity over the next ten years. Due to limited grid capacity and an already fragile infrastructure in the USA, we are seeing a trend towards local "off-grid" solutions with gas engines. With our systems, we can offer flexible solutions with and without thermal energy extraction.

Although the IRA program expired on December 31, 2024, many projects will not be implemented until the years leading up to 2028. The CHP Alliance industry association is also working intensively on renewing the eligibility of natural gas-fired CHP systems for subsidies. The US government's energy policy direction could be fundamentally positive for this fuel and its applications. Smaller subsidy programs in some states or new regulations governing security of supply and emission limits may also boost demand. One example is the legal requirement (AB 2511) in California for nursing homes to be able to guarantee a self-sufficient energy supply for at least 96 hours. In such configurations, 2G systems offer clear advantages over simple emergency generators. They support stand-alone operation, achieve extremely low emissions thanks to 2G's proprietary Lambda-1 technology, and serve as highly efficient continuous units for electricity and heat generation. In addition to fulfilling the legally required level of energy self-sufficiency, they can also contribute to substantial energy savings. We expect to receive additional orders in this area. We comment on the impacts of possible tariffs on imports into the

USA in the risk report. The Service division's sales and earnings contributions should also improve in America, as we are continuing to build up our own service capacities – in addition to those of our partners – due to the expanding machine population.

Following initial successful projects in Central America, we expect further positive developments over the next two years. In addition to natural gas projects for autonomous electricity supply in the urban centers of Colombia, biogas CHP systems are also being planned for such projects. In the Dominican Republic and Ecuador, self-supply of electricity is also an important market driver. In Chile, the focus is on biogas CHP systems for sewage treatment plants and the food industry. In Mexico, on the other hand, there are signs of lengthy administrative procedures for permits and a reluctance to invest due to the uncertain situation pertaining to economic relations with the USA.

Restrained recovery of Asian business expected

With regard to Asia, 2G and its regional partners are assuming a slight upturn in demand setting in over the next two years. The regulatory environment provides planning security in selected countries, while the funding programs are generally well endowed. Biogas gensets in particular are finding receptive markets in agriculture, food production and waste recycling in Japan, South Korea and Taiwan. Taiwan is phasing out nuclear power and relying on decentralized natural gas CHP systems for security reasons. There is also great interest in our hydrogen CHP systems in Japan and South Korea, and we are hopeful of achieving further sales success here in the future.

In China, 2G's sales approach of working together with sales partners and limiting exports to the genset has generally proved successful to date. In India, we are pursuing a similar sales approach to develop the attractive market: 2G supplies the genset, while the packaging is handled by local partners. We are confident that we will win further orders after the first systems sold in 2024. In the medium term, India – with its highly developed IT and semiconductor industry – also offers promising sales potential for the demand-response genset as an advanced replacement for the diesel emergency power gensets in widespread use.

Growth expected in Germany

With the formation of a new government in Germany and the adoption of the budget, we expect companies to be more willing to invest again. In the biogas market, the so-called biomass package, enacted at the end of January, points to increased plant flexibility and improved economic conditions for operators. In addition to the revenue opportunities from electricity, new sales markets are also emerging for biogas plant operators in connection with municipal heat planning, meaning that solid demand for CHP systems is expected. We are also confident that we will be able to build up an order pipeline for new CHP systems in the market for wastewater treatment plants as part of the EU Municipal Wastewater Directive.

We are cautiously optimistic with regard to natural gas systems for medium-sized manufacturing companies and industrial customers in Germany. At the beginning of 2025, the Bundestag decided to extend the Combined Heat and Power Generation Act (KWKG). The amendment to the law, which is valid until 2030, provides much-needed planning security once again. The B.KWK e. V. association is particularly pleased that attractive subsidy conditions for CHP systems remain in place and that investments in highly efficient systems are being encouraged and rewarded. This also includes the integration of CHP technologies into an increasingly decarbonized energy system. We assume that the investment backlog built up after several years of restraint will gradually dissipate.

Municipal heating planning may also stimulate demand on the natural gas market. Numerous inquiries from planning offices and municipal utilities already point to increasing interest in project solutions from our company. According to the federal subsidy for efficient heating networks (BEW), 75% of the heat must stem from renewable energies. The combination of CHP systems and heat pumps with buffer storage will enable us to serve this attractive growth market in the future, for example for district, residential quarter or insular solutions in commercial areas. With the GreenCube, we are offering our customers the advantage of bringing containerized systems to construction sites as readily available, turnkey solutions.

Europe

With a look to the current and upcoming year, we also view the remaining countries in Western Europe with cautious optimism. The EU Municipal Wastewater Directive may initially generate additional orders for sewage gas CHP systems in southern Europe. The framework conditions for CHP systems remain challenging in the French market. Here, by way of large heat pumps, we are aiming for medium-term sales potential. In the UK, lower costs and CO_2 reductions remain the predominant drivers in the CHP market. We anticipate upbeat business, which will be supplemented by the sale of large heat pumps as from 2026.

With regard to most countries in Western Europe, including Germany, we are seeing the planning and implementation of numerous new data centers, which often rely on additional local power supplies because the grid connection does not provide sufficient capacity. Over the medium term, these data center projects represent additional potential for our power plant solutions.

With a look to Eastern Europe, we expect sales figures to progress at a high level. In addition to Ukraine, demand from industrial companies, public sector clients and sales partners in the Czech Republic and Poland remains high. Key sales arguments will continue to be the decentralization specific to CHP systems, the technological maturity of 2G products and the short, reliable delivery times that we can guarantee, particularly in light of the continuing geopolitical tensions in the region.

Promising interest in 2G large heat pumps and system solutions

Backed by the intensive work carried out in the previous year on the technology and design of the heat pumps and the expansion in sales, we are well prepared for the first full year of marketing activities. After the first few months, it was already apparent that – in addition to the main criteria of long-term energy efficiency and CO_2 savings – customers from local authorities and industrial companies were predominantly requesting solutions with natural refrigerants and thermal outputs of over 1,000 kW. The 2G heat pump portfolio caters to these criteria very well.

In our opinion, demand is supported on the one hand by legal regulations such as the Heat Planning Act (WPG) and on the other hand by government subsidy programs such as the Federal Subsidy for Efficient Buildings (BEG), the Building Energy Act (GEG) and the Federal Subsidy for Energy and Resource Efficiency in the Economy (EEW). The planned introduction of the Emissions Trading System (ETS) 2 as from 2027, however, and the nationwide application of the mandatory 65% renewable energy level in the GEG (from 2026 and 2028) for the building sector are also already being factored into investment decisions.

We are therefore convinced that we have invested in an attractive, structural growth market with the right technologies. With product innovations

Diagram 5: The 2G product portfolio is based on a broad intersection of centrally available, proprietary resources.

and our project management, we have set ourselves the goal of taking the lion's share of market growth over the next few years, also as a latecomer to the market. Overall, we expect incoming orders in the large heat pump projects segment to be recorded in the low double-digit million euro range in the current year. With regard to 2026, we also aim to launch initial sales initiatives and acquire orders in selected markets.

Market launch of Demand-Response (LTP) engine – initially for the American market

The official sales launch for the demand-response units in the American market is scheduled for the end of 2025. We want to ensure that the systems can withstand the technically very demanding operating profile in the field and that we stand out from the competition based on our quality. We believe that this system characteristic, together with the comprehensive range of service offerings, provides 2G with the greatest opportunities to quickly gain market share. We expect to be able to sell sustainable investments in 2026. Market surveys assume that an additional 38 GW of electrical capacity will be installed for peak load coverage in the USA alone by 2028. For 2G, this is a standardized, high-volume product business in which we can leverage technical expertise in gas engine configuration. The demand-response engine holds market potential in many countries that are restructuring their electricity markets.

Expansion of services strengthens customer loyalty and profitability

We are also developing a stable service support system for our large heat pumps, having already carried out the basic development work in the previous year. We will continue to expand the service concept and add digital tools such as a maintenance cost calculator or the CPQ configurator. We will also gradually increase the number of office and field service employees and set up a training concept. And we are continuing to invest in the goal of growing beyond our own system portfolio with service offerings for third-party CHP systems.

Our claim to technology leadership in the sector applies equally to the digital equipment and communication capabilities of 2G power plants. With the digital plant management tool MY2G and I.R.I.S., the intelligent fault management system, we are well positioned on the markets. According to our own analyses, more than 70% of incoming faults are already resolved digitally via remote maintenance. We aim to further bolster this percentage. This integrated system for performance monitoring and predictive maintenance – including automated spare parts ordering and service – is designed to maximize system availability and reduce the operator's total cost of ownership. We expect the new Group IT architecture to facilitate further interfaces and increase efficiencies with the aim of sustainably strengthening our profitability.

2G is well prepared for dynamic growth and expects positive sales and earnings growth

We aim to help shape the profound change in energy generation and in the choice of primary energy sources – and to set standards in the process. Thanks to highly efficient electricity and heat generation and as a link in sector coupling, we are well positioned in dynamically changing international energy markets. We are strengthened in this aim by the simple and compelling arguments that our CHP systems, our large heat pumps and our peak load units can significantly reduce our customers' energy costs and can be optimally integrated into existing energy infrastructures. The expansion of our product portfolio is a good example of how we are making inroads into further structural growth markets, allowing us to efficiently tap into new opportunities. A new production hall with an adjoining office wing will be built in 2025 in Heek in order to create additional production and office capacity. In addition, the current financial year will continue to be dominated on the investment side by the ongoing ERP project. These investments are to be financed primarily from operating cash flow.

With the initiatives geared to expanding the service business and a globally stabilizing order intake, we are looking to the coming years with entrepreneurial confidence and a great deal of self-assurance. In January 2025, we took this optimism as an opportunity to raise our medium-term sales forecast for 2026 to a target range of EUR 440 to 490 million.

With regard to the current financial year, the order book is well filled with EUR 190 million worth of orders at hand at the outset of the year. In view of the current order book, anticipated new orders from the new plant business in Germany and abroad, and growing revenue contributions from the service segment, the Management Board expects consolidated net sales in the range of EUR 430 million to EUR 450 million for the 2025 financial year. As a result of the announced significant increase in sales, we expect EBIT to increase further compared to the reporting year, supported by a stable cost of materials ratio, a slightly improved personnel expenses ratio and a comparable ratio of other expenses.

Overall, the Executive Board expects the EBIT margin to consolidate within a moderately extended range of 8.5% to 10.5% in the 2025 financial year (previously 8.5% to 10.0%). This forecast is based on assumptions, meaning that actual results may differ from current expectations.

Heek, March 31, 2025

Christian Grotholt
Management Board Chairman (CEO)

Ludger Holtkamp
Management Board Member

Friedrich Pehle
Management Board Member

Frank Grewe
Management Board Member

Consolidated financial statements

Consolidated balance sheet

Assets

	31/12/2024	31/12/2023
	EUR	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	753,947.97	990,737.62
Goodwill	4,778,144.25	6,863,319.50
Prepayments rendered	5,812,719.50	2,409,897.55
	11,344,811.72	**10,263,954.67**
II. Tangible fixed assets		
Land, land rights and buildings, including buildings on third-pary land	14,965,216.95	14,777,579.10
Plants and machinery	18,588,283.19	924,951.31
Other factory and office equipments	13,365,149.55	11,904,370.54
Prepayments rendered and plants under construction	1,638,401.36	755,369.59
	48,557,051.05	**28,362,270.54**
III. Financial fixed assets		
Participating interests in associated companies	142,085.98	103,346.15
Other participating interests	10,000.00	10,000.00
	152,085.98	**113,346.15**
	60,053,948.75	**38,739,571.36**
B. Current assets		
I. Inventories		
Raw materials and supplies	61,971,647.72	62,155,789.89
Work in progress	43,111,511.85	72,293,300.80
Prepayments rendered	5,619,983.85	3,713,649.15
Prepayments received for orders	-21,978,894.97	-28,370,749.64
	88,724,248.45	**109,791,990.20**
II. Receivables and other assets		
Trade receivables	68,735,394.75	58,548,850.76
Receivables from associated companies	521,461.07	822,796.54
Other assets	6,087,999.51	3,958,484.82
	75,344,855.33	**63,330,132.12**

Assets

	31/12/2024	31/12/2023
	EUR	EUR
III. Cash in hand, bank balances	**49,968,886.03**	**12,565,221.34**
	214,037,989.81	**185,687,343.66**
C. Prepayments and accrued income	**1,624,169.26**	**1,328,216.97**
D. Deferred tax assets	**2,756,275.32**	**1,698,864.47**
Total	**278,472,383.14**	**227,453,996.46**

Equity and liabilities

	31/12/2024	31/12/2023
	EUR	EUR
A. Equity		
I. Subscribed share capital	17,940,000.00	17,940,000.00
II. Capital reserve	2,983,300.00	2,983,300.00
III. Other retained earnings	89,860,517.96	79,342,183.05
IV. Consolidated net income	34,648,454.71	24,564,950.07
V. Minority interests	9,544.83	2,078.81
VI. Equity difference from currency translation	747,578.59	-841,980.60
	146,189,396.09	**123,990,531.33**
B. Provisions		
Tax provisions	3,830,001.62	6,020,627.91
Other provisions	20,568,831.89	18,392,964.03
	24,398,833.51	**24,413,591.94**
C. Liabilities		
Bank borrowings	6,896,120.65	8,306,085.97
Prepayments received for orders	73,408,155.23	40,387,364.39
Trade payables	9,468,803.44	17,089,287.41
Liabilities to associated companies	15,420.64	24,059.77
Other liabilities	17,062,939.94	13,243,075.65
	106,851,439.90	**79,049,873.19**
D. Deferred Income	**75,166.77**	**0.00**
E. Deferred tax liabilities	**957,546.87**	**0.00**
Total	**278,472,383.14**	**227,453,996.46**

Consolidated profit and loss account

	01/01/ to 31/12/2024	01/01/ to 31/12/2023
	EUR	EUR
Net sales	**375,608,402.39**	**365,064,718.49**
Increase or decrease in work in progress and finished goods	-12,328,311.63	5,753,654.33
Other own work capitalized	1,568,939.59	209,616.36
	364,849,030.35	**371,027,989.18**
Other operating income	4,587,783.29	3,084,721.35
	369,436,813.64	**374,112,710.53**
Costs of materials		
a) Costs of raw materials and supplies, and for purchased merchandise	172,709,213.80	191,846,934.08
b) Costs of purchased services	44,839,581.94	46,454,425.91
	217,548,795.74	**238,301,359.99**
Personnel costs		
a) Wages and salaries	60,987,764.62	53,889,252.27
b) Social security, pensions and other benefits	12,005,515.10	10,450,408.72
	72,993,279.72	**64,339,660.99**
Depreciation and amortization applied to tangible and intangible fixed assets	7,755,183.79	6,657,857.79
Other operating expenses	37,655,859.79	36,902,965.43
Income from associated companies	38,739.83	-72,348.71
Income from other participating interests	1,500.00	2,000.00
Other interest and similar income	217,606.80	54,958.49
Interest and similar expenses	733,642.07	620,675.06
Taxes on income	9,161,510.64	9,086,439.89
Profit after tax	**23,846,388.52**	**18,188,361.16**
Other taxes	173,975.84	199,999.84
Consolidated profit for the year	**23,672,412.68**	**17,988,361.32**
Share of profit attributable to other shareholders	-7,466.02	-38,576.96
Consolidated net profit	**23,664,946.66**	**17,949,784.36**
Retained earnings	10,983,508.05	6,615,165.71
Consolidated net income	**34,648,454.71**	**24,564,950.07**

Derivation of EBIT

		01/01/ to 31/12/2024	01/01/ to 31/12/2023
		EUR	EUR
	Consolidated profit for the year	**23,672,412.68**	**17,988,361.32**
+	Taxes on income	9,161,510.64	9,086,439.89
+	Interest and similar expenses	733,642.07	620,675.06
-	Other interest and similar income	217,606.80	54,958.49
=	**Earnings before interest and taxes (EBIT)**	**33,349,958.59**	**27,640,517.78**

Notes to the consolidated financial statements

A. General information about the consolidated statements

1. Basic information

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

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

2G Energy AG, Heek, prepares the consolidated financial statements for the largest as well as the smallest group of companies. The consolidated financial statements will be submitted electronically to the company register and published via the publication platform.

2. Line of business

The purpose of the Group is the planning, production and sale of combined heat and power systems, heat pumps and other systems for the generation and efficient use of electrical energy and, in addition, the optimization of hull engines for use as gas engines, including their sale, as well as the execution of all transactions that are related to the purpose of the company, including digitalization, and that promote the purpose of the company.

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

Country/Currency per currency unit	Year-end rate		Average rate	
	31/12/2024	31/12/2023	01/01/2024 to 31/12/2024	01/01/2023 to 31/12/2023
Great Britain/Pound (GBP)	0.82918	0.86905	0.84659	0.86991
USA/US-Dollar (USD)	1.03890	1.10500	1.08205	1.08158
Poland/Złoty (PLN)	4.27500	4.33950	4.30575	4.54206
Canada/CA-Dollar (CAD)	1.49480	1.46420	1.48191	1.45958

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 (year-end rate). Equity items are translated at historical rates. Cost and income items are translated at average rates for the year related to the financial year (average rate).

Currency translation differences arising from the translation of financial statements denominated in foreign currencies and from foreign exchange transactions in the commercial balance sheet II are recognized directly in equity under equity difference from currency translation.

B. Consolidation methods

1. Consolidation scope and shareholdings

The consolidated financial statements of 2G Energy AG (parent company) include the financial statements of the following subsidiaries:

Subsidiary

	Interest	Subscribed capital in TEUR	Equity in TEUR*	Profit/loss for year in TEUR*	Initial consolidation
2G Energietechnik GmbH, Heek, Germany***	100%	1,000	7,528	0	30/06/2007
2G Heek GmbH, Heek, Germany	100%	25	24	-1	20/08/2024
2G Rental GmbH, Heek, Germany	100%	50	1,637	419	31/12/2014
2G Energy International GmbH, Heek, Germany	100%	25	926	516	01/04/2021
HJS Motoren GmbH, Amtzell, Germany	100%	25	4,174	848	01/06/2021
2G Regional Mitte GmbH, Schweinfurt, Germany	100%	25	108	29	01/01/2022
2G Solutions of Cogeneration S.L., Vic Barcelona, Spain	90%	3	95	75	31/01/2008
2G Energie SAS, Sainte-Luce-sur-Loire (Nantes), France	100%	200	7,465	1,443	24/08/2016
2G Italia Srl, Vago di Lavagno (Verona), Italy	100%	10	695	4	15/03/2011
2G Energie Nederland B. V., Oldenzaal, Netherlands	100%	25	1	-7	01/01/2023
NRGTEQ B. V., Rosmalen, Netherlands	100%	18	479	27	01/09/2023
2G Energy Ltd., Cheshire, United Kingdom**	100%	0	10,157	2,760	19/09/2011
2G Polska Sp. z o.o., Bielsko-Biała, Poland**	100%	1	-175	-1	07/11/2011
2G Energy Inc., St. Augustine (FL), USA**	100%	0	2,059	1,630	27/02/2012
2G-SPE-1, LLC, San Juan, Puerto Rico**	100%	1	-430	-401	01/01/2024
2G Energy Corp., Fergus (ON), Canada**	100%	205	1,247	266	01/01/2019

* Equity and profit/loss for the year are taken from the annual financial statements prepared for consolidation purposes (so-called HB-II). | ** Converted at reporting date's exchange rate | *** Annual result after profit transfer

The following associated company is accounted using the at-equity method in accordance with Section 312 of the German Commercial Code (HGB):

	KWK-tec GmbH, Mendig, Germany
Interest	40%
Subscribed capital in TEUR	25
Equity in TEUR*	518
Profit/loss for year in TEUR*	218

* Equity and profit/loss for the year are taken from the annual financial statements prepared for consolidation purposes (so-called HB-II).

The purpose of the subsidiaries 2G Energietechnik GmbH, 2G Heek GmbH (founded in 2024), 2G Solutions of Cogeneration S.L., 2G Energie SAS, 2G Italia Srl, 2G Energie Nederland B. V., 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, heat pumps and other systems for the generation and efficient use of electrical energy, trade in components for these systems and provide associated after-sales services.

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

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

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

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

The purpose of 2G Regional Mitte GmbH and KWK-tec GmbH is in particular the sale of all types of energy technology systems.

The purpose of NRGTEQ B. V. is the development, manufacture and sale of large heat pumps.

The purpose of 2G-SPE-1, LLC is the operation of combined heat and power systems for the generation and supply of electrical and thermal energy on Puerto Rico.

All of the companies are included as subsidiaries in the consolidated financial statements due to the parent company owning the majority of their voting rights. Associated companies are accounted for using the equity method in accordance with the option for joint ventures provided under Section 312 of the German Commercial Code (HGB).

In the financial year 2024, the option of Section 296 (2) HGB to exclude 2G-SPE-1, LLC from the consolidation scope can no longer be applied as the company no longer holds a subordinate significance for presenting a true and fair view of the Group's net assets, financial position and results of operations. The company was thus included in the consolidated financial statements for the first time as at 1 January 2024. The goodwill of TEUR 13 resulting from the initial consolidation was offset against the Group’s retained earnings (DRS 23 section 113).

In addition, 2G Energy AG founded the 100% owned subsidiary 2G Heek GmbH. This company will also be included in the consolidated financial statements for the first time in 2024.

The comparability with the previous year's consolidated financial statements is not significantly limited by the above-mentioned first-time consolidations.

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 December 31, 2024 closing date.

Capital consolidation

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

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

In deviation from this, the goodwill on the shares in NRGTEQ B.V. is amortized on a straight-line basis over the expected useful life of three years, as it relates in particular to the know-how of the management and employees as well as existing contractual relationships with them.

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 difference from currency translation.

Treatment of unrealized results of intragroup transactions

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

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

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

Consolidation of income and expenses

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

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

Equity valuation

The equity method is used when a company is classified as an associated company. This means that the parent company can exercise a significant influence on the business and financial policies of the subsidiary. According to Section 311 of the German Commercial Code (HGB), such a significant influence is to be assumed in the case of investments in companies and thus a valuation “at equity” is to be made.

Shares in associated companies are valued at the proportionate equity plus any goodwill acquired by payment in accordance with Section 312 of the German Commercial Code (HGB). The equity valuation was done according to the book value method at the time of acquisition in the consolidated financial statements.

The remaining difference (goodwill) is capitalized in the investments in associated companies and depreciated on a straight-line basis over the expected useful life of three years, as it relates to the acquired know-how of the associated company.

C. Information about accounting policies

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

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

Valuation methods were applied unchanged compared with the previous year.

Valuation details are as follows:

1. Intangible fixed assets

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

	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:

	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	3–21 years

Investment grants are generally recognized using the direct method. They reduce the acquisition costs/production costs of the asset by the amount of the grant. The effect on the income statement is spread over the useful economic life of the investment.

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 in the event of permanent impairment. 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 reasons for a lower carrying amount no longer exist, a write-up must be made 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. The lower fair value, if any, is determined using reference prices as market prices on the balance sheet date. The lower market prices are obtained from the daily rates of the procurement market. In addition, further value reductions were made for inventories of lower quality or limited marketability.

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 administrative overheads 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 risky items. General default and credit risk is reflected through general valuation allowance.

In principle, revenues are realized when the customer accepts the work or in the event of a delay in acceptance. If acceptance is with reservations, the transfer of risk and thus the realization of revenue will be assessed on a case-by-case basis in an overall assessment of the circumstances. A reservation of acceptance of a work ready for acceptance, in which the essential opportunities and risks are transferred to the buyer, does not fundamentally change the fact of acceptance and the associated consequences. Under the mentioned premises, acceptance subject to reservation is thus also considered to be realized in individual cases.

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 made before the balance sheet date as far as they represent costs for a particular time period after that date.

The deferred income include payments received before the balance sheet date as far as they represent income for a particular time period after that date.

8. Deferred tax

In principle, the calculation of deferred taxes was based on an average Group tax rate of 30%.

In deviation from this, an individual tax rate of 21% was used to calculate the deferred taxes of the US tax entity (2G Energy Inc. and 2G-SPE-1, LLC).

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).

Deferred tax assets and liabilities are recognized on an unnetted basis.

9. Equity

Equity is measured at nominal value.

10. Tax provisions

Tax provisions are recognized at the settlement amount.

11. Other provisions

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

12. Liabilities

Liabilities are recognized at the settlement amount.

13. Prepayments received

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

14. Currency translation

Items in the annual financial statements that are based on amounts denominated in foreign currencies are translated at the cash exchange rate in compliance with Section 256a of the German Commercial Code (HGB). At the time of initial recognition, transactions in foreign currencies are generally recorded at the European Central Bank’s reference rate recorded on the Friday of the week preceding the booking date.

D. Notes to the consolidated balance sheet

1. Fixed assets

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

The prepayments reported under the intangible fixed assets mainly relate to expenses for the economic benefit created by customizing a cloud-based software solution.

The combined heat and power systems of 2G-SPE-1, LLC, for the generation of electrical and thermal energy, have been recognized under the item "Plants and machinery" since the 2024 financial year. The carrying amount of these assets was TEUR 17,760 as at the reporting date. The useful life of these CHP units has been set at 15 years.

Fixed assets include TEUR 552 (previous year: TEUR 1,215) of rental plants from the operating activities of 2G Rental GmbH.

The investments in associated companies include a difference (goodwill) of TEUR 0 (previous year: TEUR 81).

2. Inventories

In the 2024 financial year, 2G Energy Inc. sold plants for the generation of electrical and thermal energy to 2G-SPE-1, LLC, where they were capitalized as fixed assets. In the previous year, these assets were still recognized in the work in progress in the amount of TEUR 16,930. Corresponding interim profits were eliminated.

3. Receivables and other assets

Specific and general valuation allowances of TEUR 3,511 (previous year: TEUR 3,519) were applied to trade receivables.

TEUR 124 (previous year: TEUR 187) of the receivables from associated companies result from loan and interest receivables and, as in the previous year, the remaining amount from trade receivables.

An amount of TEUR 638 in other assets relates to grants under the Research Grants Act (Forschungszulagengesetz) that can be expected with sufficient certainty, but had not yet been legally realized as at the reporting date.

Receivables and other assets include receivables with a remaining term of more than one year in the amount of TEUR 60 (previous year: TEUR 120). As in the previous year, the remaining amount has a residual term of less than one year.

4. Deferred tax assets

Deferred tax receivables of TEUR 2,756 (previous year: TEUR 1,699) arise, among others, from tax loss carryforwards at 2G Polska Sp. z o.o. (TEUR 45). Likewise, deferred taxes on the tax loss carryforward of 2G Energy Inc. (TEUR 895) were recognized for the first time due to the positive development of earnings and forecast.

In addition, deferred taxes were formed in relation to eliminated intragroup gains on fixed assets (TEUR 335) and inventories (TEUR 803) deriving from intragroup deliveries and services as of the balance sheet date, and on temporary differences (TEUR 678). The temporary differences arise mainly from adjustments to group accounting and valuation regulations, as well as recognizing differing valuations for inventories and provisions in the financial statements and in the tax accounts.

It is assumed that the tax benefits associated with the capitalized loss carryforwards can be realized with sufficient probability in the next five financial years. Deferred taxes on unutilized tax loss carryforwards were not recognized in the amount of TEUR 7.

In total, the balance of deferred tax assets amounts to TEUR 2,756 (previous year: TEUR 1,699). The change of TEUR 1,057 relates to additions to deferred tax assets in the amount of TEUR 1,355 and disposals in the amount of TEUR 298.

5. Consolidated equity

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

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

In a resolution of the Annual General Meeting of 23 June 2020, the Management Board was authorized, with the approval of the Supervisory Board, to issue convertible and/or option bonds in a total nominal amount of up to TEUR 100,000, with a maximum term of 20 years, during the period up to 22 June 2025. The holders of the convertible and/or option bonds may be granted conversion or option rights to up to 2,215,000 bearer shares of 2G Energy AG, corresponding to a pro rata amount of EUR 2,215 in the share capital (Conditional Capital 2020).

In a resolution of the Annual General Meeting of 3 June 2022, the Management Board was authorized to increase the share capital of the company once or several times in the period up to 2 June 2027, with the approval of the Supervisory Board, by issuing new shares in cash or in kind up to a total of TEUR 8,970 (Authorized Capital 2022).

As of the balance sheet date, an amount of TEUR 108,992, determined from the annual financial statements of the parent company, is available to shareholders for distribution. No restricted amounts that cannot be distributed exist in the separate financial statements of 2G Energy AG.

The consolidated net income breaks down as follows:

Consolidated net income, in TEUR

	31/12/2024	31/12/2023
Consolidated net income (previous year)	24,565	19,050
Dividend payment for previous year	-3,050	-2,512
Allocation to other retained earnings (resolution of AGM)	-10,532	-9,923
Profit carried forward (subtotal)	**10,983**	**6,615**
Consolidated net profit attributable to parent company	23,665	17,950
Consolidated net income	**34,648**	**24,565**

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.

6. Other provisions

The composition of the changes in other provisions on the balance sheet day are shown in the following statement of changes in provisions:

Other provisions, in TEUR

	31/12/2024	31/12/2023
Residual work on completed plants/ outstanding invoices	10,087	7,509
Amounts owed to staff	4,578	4,158
Warranty commitments	3,804	3,975
Contingent purchase price obligations	1,000	1,500
Professional cooperative contributions	428	393
Costs of preparing and auditing financial statements	255	218
AGM and annual report	107	111
Litigation costs	50	50
Archiving of business documents	27	38
Misc. other provisions	233	441
Total	**20,569**	**18,393**

7. 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	2,531 (2,708)	4,365 (5,599)	0 (0)	6,896 (8,306)
Prepayments received for orders	73,408 (40,387)	0 (0)	0 (0)	73,408 (40,387)
Trade payables	9,469 (17,089)	0 (0)	0 (0)	9,469 (17,089)
Liabilities to associated companies	15 (24)	0 (0)	0 (0)	15 (24)
Other liabilities	17,035 (13,243)	28 (0)	0 (0)	17,063 (13,243)
Total	**102,458** **(73,451)**	**4,393** **(5,599)**	**0** **(0)**	**106,851** **(79,050)**

The following collateral instruments relate to bank borrowings:

- EUR 2.2 million land charge, Siemensstrasse 20, Heek
- EUR 1.5 million land charge, Siemenstrasse 9, Heek
- EUR 1.0 million land charge, Röntgenstrasse 2, Heek
- Collateral assignment of rented plants in the amount of EUR 0.7 million and assignment of corresponding rental claims

As in the previous year, liabilities to associated companies arise in full from supplies and services.

Other liabilities comprise tax liabilities of TEUR 10,254 (previous year: TEUR 6,572), and social security liabilities of TEUR 305 (previous year: TEUR 330).

8. Deferred tax liabilities

Deferred tax liabilities on temporary differences were recognized in the amount of TEUR 958 (previous year: TEUR 0). The temporary differences mainly result from different valuations of intangible assets in the financial statement and tax accounts.

The change in deferred tax liabilities in the amount of TEUR 958 is attributable in full to additions to deferred tax liabilities.

E. Notes to the consolidated profit and loss account

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

1. Net sales

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

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

	Germany	Abroad	Total
CHP systems/ After Sales	97,344 (123,139)	109,946 (76,807)	207,290 (199,946)
Service	111,665 (111,868)	56,653 (53,251)	168,318 (165,119)
Total	**209,009 (235,007)**	**166,599 (130,058)**	**375,608 (365,065)**

2. Other operating income

Other operating income comprises TEUR 2,513 (previous year: TEUR 914) of income related to other accounting period that consists mainly of research grants (TEUR 936), the decrease of bad debt allowances (TEUR 665), insurance compensation payments and loss compensation payments (TEUR 376), the disposal of fixed assets (TEUR 319) and the release of provisions (TEUR 213).

Other operating income includes income of TEUR 919 (previous year: TEUR 801) from currency translation.

3. Personnel costs

Social security contributions and pension and benefit expenses include TEUR 806 (previous year: TEUR 696) of pension expenses.

4. Depreciation and amortization

Depreciation and amortization applied to tangible and intangible assets include amortization of goodwill in the amount of TEUR 2,235 (previous year: TEUR 1,256).

Amortization of goodwill is attributable to previous years in the amount of TEUR 17. Due to a subsequent purchase price obligation, goodwill relating to NRGTEQ B. V. was increased by TEUR 150 in the reporting year and a corresponding liability to the seller was recognized. The amortization of goodwill was adjusted in the current account from the date of initial consolidation.

Depreciation of property, plant and equipment in the previous year includes impairment losses of TEUR 941 due to permanent impairment of buildings and outdoor facilities, which were of an exceptional magnitude.

5. Other operating expenses

Other operating expenses consist of the following:

Other operating expenses, in TEUR

	2024	2023
Operating expenses	14,079	13,200
Administration expenses	4,701	4,520
Sales and marketing expenses	12,415	11,407
Miscellaneous	6,461	7,776
Total	**37,656**	**36,903**

Other operating expenses comprise TEUR 494 (previous year: TEUR 1,294) of expenses related to other accounting periods. These mainly result from credit notes and losses on receivables from prior periods, as well as from the allocation to specific and general bad debt allowances.

Other operating expenses include expenses of TEUR 1,043 (previous year: TEUR 1,051) from currency translation.

6. Other interest and similar income

Other interest and similar income include income from the discounting of provisions in the amount of TEUR 17 (previous year: TEUR 15).

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

	2024	2023
Deferred tax income	1,355	274
Deferred tax expenses	-1,255	-579
of which attributable to loss carryforwards (net balance)	890	-143
Total	**100**	**-305**

TEUR 895 of the deferred tax income is related to the first-time recognition of deferred taxes on the tax loss carryforward of 2G Energy Inc., which can be realized with reasonable certainty in the next five financial years due to the positive development of earnings and forecast.

Income taxes include prior-period expenses from payments for previous years in the amount of TEUR 9 (previous year: TEUR 499) and prior-period income from tax refunds for previous years and the reversal of tax provisions in the amount of TEUR 13 (previous year: TEUR 276).

F. Additional information

1. Events of key significance after the reporting date

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

2. Consolidated cash flow statement

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

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

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

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

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

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 – USD	1,076	15/01/2025	-44
Forward exchange transaction EUR – USD	436	28/02/2025	-25
Forward exchange transaction EUR – USD	329	04/04/2025	-22
Forward exchange transaction EUR – USD	329	11/04/2025	-22
Forward exchange transaction EUR – USD	328	17/04/2025	-22
Forward exchange transaction EUR – USD	328	25/04/2025	-22
Forward exchange transaction EUR – CAD	351	30/04/2025	-4
Forward exchange transaction EUR – USD	328	02/05/2025	-22
Forward exchange transaction EUR – USD	328	09/05/2025	-22
Forward exchange transaction EUR – USD	328	16/05/2025	-22
Forward exchange transaction EUR – USD	328	23/05/2025	-23
Forward exchange transaction EUR – USD	328	30/05/2025	-23
Forward exchange transaction EUR – USD	328	06/06/2025	-23
Forward exchange transaction EUR – USD	328	13/06/2025	-23
Forward exchange transaction EUR – USD	197	13/06/2025	-5
Forward exchange transaction EUR – USD	327	20/06/2025	-23
Forward exchange transaction EUR – USD	327	27/06/2025	-23
Forward exchange transaction EUR – USD	329	03/07/2025	-22
Forward exchange transaction EUR – USD	328	11/07/2025	-22
Forward exchange transaction EUR – USD	328	18/07/2025	-22
Forward exchange transaction EUR – USD	361	25/07/2025	-24
Forward exchange transaction EUR – USD	2,413	29/08/2025	-148
Forward exchange transaction EUR – CAD	1,785	29/08/2025	-8
Forward exchange transaction EUR – USD	707	15/10/2025	-23
Total	**12,575**		**-639**

As the conditions for these hedging transactions are met, valuation units are formed in accordance with section 254 of the German commercial Code (HGB) (micro hedge). This ensures that the value-determining factors (nominal value, maturity) for the hedged item and hedging instrument match. The individual hedging relationships are therefore classified as fully effective (critical terms match) for the entire hedging period. As of the balance sheet date, the market value of the hedging transactions is negative at TEUR -639. In the event of a negative market value of the hedging transactions, the formation of a provision for impending losses is waived accordingly. The fully offsetting cash flows are settled upon maturity of the underlying transactions, which correspond to the maturity of the hedging transactions. The effectiveness of the valuation unit is based on the matching of the terms and parameters of the hedged item and the hedging instrument. The so-called freezing method is used to reflect the effective portions of the valuation units formed in the balance sheet.

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	More than 5 years	**Total**
Permanent rental contracts*	1,038 (862)	0 (0)	0 (0)	**1,038** **(862)**
Fixed-term rental contracts	336 (448)	394 (654)	172 (241)	**902** **(1,342)**
Lease contracts	495 (474)	1,249 (1,114)	0 (276)	**1,744** **(1,865)**
Consulting	336 (336)	336 (672)	0 (0)	**672** **(1,008)**
Total	**2,205** **(2,120)**	**1,979** **(2,440)**	**172** **(517)**	**4,356** **(5,076)**

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

The use of rental and lease agreements serves to improve the balance sheet structure and to spread the outflow of liquidity over several periods. The outflow of liquid funds in future periods represents both a risk and an advantage.

The order commitment for investments amounts to EUR 1.4 million as of the balance sheet date.

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

	2024	2023
Industrial workers	445	430
Commercial employees	527	491
Total	**972**	**921**
of whom part-time employees	130	116

8. Management Board

The Management Board is currently composed as follows:

Management Board

	Since	Appointed until
Mr. Dipl.-Ing. Christian Grotholt (Chairman) Ahaus-Alstätte, Germany CEO of 2G Energy AG Strategy, IT and Sales	17/07/2007	31/07/2025
Mr. Ludger Holtkamp Gronau, Germany COO of 2G Energy AG Procurement, Production and Project Management	17/07/2007	31/07/2025
Mr. Dipl.-Betriebsw. (BA) Friedrich Pehle Soest, Germany CFO of 2G Energy AG Finance, Investor Relations, Controlling and Human Resources	01/12/2017	31/12/2027
Mr. Dipl.-Ing. Frank Grewe Vreden, Germany CTO of 2G Energy AG Service and Research & Development	01/07/2020	30/06/2026

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

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

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

10. Directors' compensation

Compensation of TEUR 1,966 (previous year: TEUR 1,886) were paid to the Management Board in the financial year under review, and compensation of TEUR 129 (previous year: TEUR 135) to the Supervisory Board.

11. Auditor's fee

Other operating expenses include the fees expensed for the auditor of the financial statements. The auditor's fee is composed as follows:

Auditor's fee, in TEUR

	2024	2023
Audit services	229	201
Other assurance services	20	2
Total	**249**	**203**

TEUR 80 (previous year: TEUR 71) of the auditor's fees for audit services are attributable to network companies of the Group auditor.

The other certification services relate to the following business audits performed in accordance with ISAE 3000 (Revised):

- Audit of the information in the bonus calculations of the members of the Management Board of 2G Energy AG (TEUR 5)
- Preparatory audit procedures in connection with the audit of the CSRD sustainability reporting (TEUR 15)

12. Proposed appropriation of profits

The Management Board will recommend that the Supervisory Board present the following proposal for the appropriation of profits to the Annual General Meeting for approval:

The unappropriated profit of EUR 18,426,688.54 reported in the annual financial statements of 2G Energy AG as prepared according to the German Commercial Code (HGB), consisting of net profit of EUR 18,426,688.54 for the year and EUR 0.00 of net retained profits, are to be distributed in an amount of EUR 3,588,000.00, and to allocate in an amount of EUR 14,838,688.54 to other retained earnings.

13. Exemption rules

Utilization was made of the exemption in Section 264 (3) of the German Commercial Code (HGB) regarding the obligation to prepare a management report and publish the annual financial statements for the subsidiary 2G Energietechnik GmbH, Heek.

Heek, March 31, 2025

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						
	01/01/2024	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposals	31/12/2024
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Intangible fixed assets							
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	4,408,277.08	1,486.42	0.00	132,163.74	6,637.50	2,920.00	4,545,644.74
Goodwill	15,257,668.17	0.00	0.00	150,000.00	0.00	0.00	15,407,668.17
Prepayments rendered	2,409,897.55	0.00	0.00	3,413,617.45	-6,637.50	4,158.00	5,812,719.50
	22,075,842.80	**1,486.42**	**0.00**	**3,695,781.19**	**0.00**	**7,078.00**	**25,766,032.41**
Tangible fixed assets							
Land, land rights and buildings, including buildings on third-pary land	20,107,043.00	-9,069.40	0.00	364,488.41	404,901.63	0.00	20,867,363.64
Plants and machinery	2,785,375.06	884,003.51	0.00	830,076.96	16,946,668.81	0.00	21,446,124.34
Other factory and office equipments	32,211,295.96	202,959.27	0.00	5,328,789.53	135,664.66	3,275,536.44	34,603,172.98
Prepayments rendered and plants under construction	755,369.59	0.00	0.00	1,440,007.66	-556,975.89	0.00	1,638,401.36
	55,859,083.61	**1,077,893.38**	**0.00**	**7,963,362.56**	**16,930,259.21**	**3,275,536.44**	**78,555,062.32**
Financial fixed assets							
Participating interests in associated companies	103,346.15	0.00	0.00	38,739.83	0.00	0.00	142,085.98
Other participating interests	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00
	113,346.15	**0.00**	**0.00**	**38,739.83**	**0.00**	**0.00**	**152,085.98**
Total	**78,048,272.56**	**1,079,379.80**	**0.00**	**11,697,883.58**	**16,930,259.21**	**3,282,614.44**	**104,473,180.71**

Depreciation and amortization						Book value	
01/01/2024	Currency translation	Changes in scope of consolidation	Additions	Disposals	31/12/2024	31/12/2024	31/12/2023
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
3,417,539.46	1,275.05	0.00	375,801.26	2,919.00	3,791,696.77	753,947.97	990,737.62
8,394,348.67	0.00	0.00	2,235,175.25	0.00	10,629,523.92	4,778,144.25	6,863,319.50
0.00	0.00	0.00	0.00	0.00	0.00	5,812,719.50	2,409,897.55
11,811,888.13	**1,275.05**	**0.00**	**2,610,976.51**	**2,919.00**	**14,421,220.69**	**11,344,811.72**	**10,263,954.67**
5,329,463.90	-546.37	0.00	573,229.16	0.00	5,902,146.69	14,965,216.95	14,777,579.10
1,860,423.75	64,059.90	0.00	933,357.50	0.00	2,857,841.15	18,588,283.19	924,951.31
20,306,925.42	121,171.31	0.00	3,637,620.62	2,827,693.92	21,238,023.43	13,365,149.55	11,904,370.54
0.00	0.00	0.00	0.00	0.00	0.00	1,638,401.36	755,369.59
27,496,813.07	**184,684.84**	**0.00**	**5,144,207.28**	**2,827,693.92**	**29,998,011.27**	**48,557,051.05**	**28,362,270.54**
0.00	0.00	0.00	0.00	0.00	0.00	142,085.98	103,346.15
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**	**152,085.98**	**113,346.15**
39,308,701.20	**185,959.89**	**0.00**	**7,755,183.79**	**2,830,612.92**	**44,419,231.96**	**60,053,948.75**	**38,739,571.36**

Consolidated cash flow statement

		01/01/ to 31/12/2024	01/01/ to 31/12/2023
		EUR	EUR
	Consolidated profit for the year	**23,672,412.68**	**17,988,361.32**
+	Taxes on income	9,161,510.64	9,086,439.89
+	Interest and similar expenses	733,642.07	620,675.06
-	Other interest and similar income	-217,606.80	-54,958.49
-	Income of exceptional magnitude or exceptional significance	0.00	0.00
=	**Earnings before interest and tax (EBIT)***	**33,349,958.59**	**27,640,517.78**
+	Depreciation and amortization applied to tangible and intangible fixed assets	7,755,183.79	6,657,857.79
=	**Earnings before interest, tax, depreciation and amortization (EBITDA)***	**41,105,142.38**	**34,298,375.57**
±	Change in raw materials and supplies	184,142.17	3,353,152.62
±	Change in work in progress	12,251,529.74	-5,247,582.02
±	Change in prepayments rendered on inventory	-1,906,334.70	3,917,537.95
±	Change in prepayments received for orders	26,628,936.17	-13,172,097.93
±	Change in trade receivables	-10,186,543.99	-1,192,807.42
±	Change in trade payables	-7,326,428.31	-3,937,253.45
±	**Cash flow from change in operative net working capital***	**19,645,301.08**	**-16,279,050.25**
±	Change in other provisions	2,675,867.86	-1,500,717.77
±	Change in other assets and assets that are not allocable to investing or financing activities	-2,250,496.34	-1,309,829.54
±	Change in other liablities and liabilities that are not allocable to investing or financing activities	3,744,273.82	2,561,356.21
±	Gain from fixed asset disposals	-203,251.19	-4,054.02
±	Income from associated companies	-38,739.83	72,348.71
±	Income tax payments	-11,330,306.16	-6,114,421.23
=	**Cash flow from operating activities**	**53,347,791.62**	**11,724,007.68**

		01/01/ to 31/12/2024	01/01/ to 31/12/2023
		EUR	EUR
+	Proceeds from fixed asset disposals	655,252.71	235,729.02
-	Payments for investments in intangible fixed assets	-3,842,093.95	-1,430,097.96
-	Payments for investments in tangible fixed assets	-9,739,353.41	-6,728,807.54
-	Payments for investments in financial fixed assets	-28,125.00	-28,125.00
-	Payments for acquisition of consolidated companies	-551,763.78	-3,484,830.75
+	Proceeds from subsidies/grants received	1,746,828.38	0.00
+	Interest received	217,606.80	54,958.49
=	**Cash flow from investing activities**	**-11,541,648.25**	**-11,381,173.74**
+	Proceeds from raising of loans	1,375,572.86	4,420,290.19
-	Outgoing payments for redemption of loans	-2,996,945.77	-2,500,463.45
-	Interest paid	-733,642.07	-620,675.06
-	Dividends paid to parent company shareholders	-3,049,800.00	-2,511,600.00
=	**Cash flow from financing activities**	**-5,404,814.98**	**-1,212,448.32**
=	**Net change in cash and cash equivalents**	**36,401,328.39**	**-869,614.38**
±	Currency-related change in cash and cash equivalents	696,139.28	-99,845.49
±	Consolidation scope-related change in cash and cash equivalents	94,789.43	0.00
+	Cash and cash equivalents at start of period	12,282,567.08	13,252,026.95
=	**Cash and cash equivalents at end of period**	**49,474,824.18**	**12,282,567.08**

* Voluntary included sub-totals

	31/12/2024	31/12/2023
	EUR	EUR
Composition of cash and cash equivalents		
Cash in hand, bank balances	49,968,886.03	12,565,221.34
Short-term bank borrowings	-494,061.85	-282,654.26
	49,474,824.18	**12,282,567.08**

Consolidated statement of changes in equity

	Parent company				
	Subscribed share capital	Capital reserves	Other retained earnings	Equity difference from currency translation	Consolidated net income attributable to the parent company
	EUR	EUR	EUR	EUR	EUR
Balance on 01/01/2023	**17,940,000.00**	**2,983,300.00**	**69,418,947.28**	**-740,728.87**	**19,050,001.48**
Allocation of retained earnings	0.00	0.00	9,923,235.77	0.00	-9,923,235.77
Currency translation	0.00	0.00	0.00	-101,251.73	0.00
Dividends	0.00	0.00	0.00	0.00	-2,511,600.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	17,949,784.36
Balance on 31/12/2023	**17,940,000.00**	**2,983,300.00**	**79,342,183.05**	**-841,980.60**	**24,564,950.07**
Balance on 01/01/2024	**17,940,000.00**	**2,983,300.00**	**79,342,183.05**	**-841,980.60**	**24,564,950.07**
Allocation of retained earnings	0.00	0.00	10,531,642.02	0.00	-10,531,642.02
Currency translation	0.00	0.00	0.00	1,589,559.19	0.00
Dividends	0.00	0.00	0.00	0.00	-3,049,800.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	23,664,946.66
Addition to consolidation scope	0.00	0.00	-13,307.11	0.00	0.00
Balance on 31/12/2024	**17,940,000.00**	**2,983,300.00**	**89,860,517.96**	**747,578.59**	**34,648,454.71**

	Minority interests			Consolidated equity
Total	Minority interests before equity differences from currency translation and profit	Profit/loss attributable to other shareholders	**Total**	
EUR	EUR	EUR	EUR	EUR
108,651,519.89	**300.60**	**-36,798.75**	**-36,498.15**	**108,615,021.74**
0.00	0.00	0.00	0.00	0.00
-101,251.73	0.00	0.00	0.00	-101,251.73
-2,511,600.00	0.00	0.00	0.00	-2,511,600.00
17,949,784.36	0.00	38,576.96	38,576.96	17,988,361.32
123,988,452.52	**300.60**	**1,778.21**	**2,078.81**	**123,990,531.33**
123,988,452.52	**300.60**	**1,778.21**	**2,078.81**	**123,990,531.33**
0.00	0.00	0.00	0.00	0.00
1,589,559.19	0.00	0.00	0.00	1,589,559.19
-3,049,800.00	0.00	0.00	0.00	-3,049,800.00
23,664,946.66	0.00	7,466.02	7,466.02	23,672,412.68
-13,307.11	0.00	0.00	0.00	-13,307.11
146,179,851.26	**300.60**	**9,244.23**	**9,544.83**	**146,189,396.09**

Independent Auditor’s Report

To 2G Energy AG, Heek

Audit Opinions

We have audited the consolidated financial statements of 2G Energy AG, Heek, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of 2G Energy AG for the financial year from 1 January to 31 December 2024.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information.

The other information comprises the annual report, which is expected to be made available to us after the date of the auditor's report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

In connection with our audit, our responsibility is to read the other information mentioned above – as soon as they are available – and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

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

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

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

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Osnabrück, April 1, 2025

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