Half-year report

2019

Contents

Foreword of the Management Board

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

Ladies and gentlemen,
Dear shareholders,

The half-year figures as of June 30, 2019 and our current new order intake give us every reason to remain confident. Our strategy of diversification across countries, gas types and services as well as the consistent implementation of our lead projects provide 2G with a solid foundation on which we can operate flexibly and develop markets. We grew our net sales by almost 14 % to EUR 95.8 million (previous year: EUR 84.1 million) and our operating result (EBIT) at an even faster rate of 158 % to reach EUR 2.9 million (EUR 1.1 million). In addition to further efficiency enhancements as part of our Lead-to-Lean project, the Service division also contributed to this positive performance, accounting for almost 45 % of our net sales.

In addition to our employees, our success is based above all on our continuous investment in research and development. The 2G hydrogen CHP unit, which we developed on the basis of a standard natural gas module and which is now ready for series production, offers a good example in this context.

With the technological expertise in stationary, gas-powered combustion engines that we have acquired over many years, we have achieved a significant unique selling proposition in some areas. The efficiency- and emission-optimized combustion engine concepts developed by 2G are also in demand in the OEM business. We have concluded a contract with one of the leading international heating system manufacturers to supply key components in the 250 to 360 kW output range. This is not only recognition of the high standard of our combustion engine technology in cogeneration but also forms the basis for our further business success. Other CHP providers in Germany and abroad are showing high interest in using 2G power plants and complementary software solutions in their projects.

We aim to further anchor the unique selling propositions of 2G products and services internationally with decision-makers and energy managers. Since the summer of this year, 2G has had new, modern premises for events and training courses in the 2G Campus at its headquarters in Heek, which enables the advantages of 2G CHP technology and the associated wide range of applications to be presented to audiences up to 80 individuals. The focus is on national and international partners as well as industry representatives, engineers and planners. The global energy revolution is creating new applications for CHP systems in combination with other regenerative power plants. We aim to explain this to our target groups in a comprehensible way and persuade them of the benefits of 2G technology and solution concepts.

The 2G Online Shop has made a convincing start in Germany. This shop already generated around EUR 1 million of sales in 2018. 2G customers can easily order on a 24/7 basis the appropriate spare parts for their combined heat and power units. This applies to 2G cogeneration units as well as to external aggregates. It appears that this year we will also report a significant increase in sales. For this reason, we have decided to also go live with the shop in Great Britain, France and Italy. This contributes to customer loyalty and strengthens our service.

2G must become even more compelling in the North American CHP market. While potentially significant, a market that is very heterogeneous overall has some particularities. With the personnel-based and organizational strengthening of sales and service through establishing two new offices in the states of Maryland (USA) and Ontario (Canada) at the end of the last year, we have invested in this market and sent out clear signals. 2G aims to extend its penetration of the North American CHP market by a decentralized orientation of its sales, service and after sales. After the first almost nine months of the current financial year, we can say that the service teams – which are growing in terms of personnel and geography - are operating at full capacity and that new order intake in the amount of USD 13.5 million by the end of August is gathering momentum. This confirms our long-term growth strategy with its now decentralized focus in North America. We aim to generate annual sales of between EUR 40 million and EUR 60 million medium-term.

In recent years, 2G has developed a number of technical solutions for its CHP systems that significantly reduce emissions during operation and generate highly efficient electrical and thermal energy. Examples include our Lambda-1 technology, our SCR catalytic converter technology, as well as gas treatment, sound capsules and our aura series. As a company, we underwent early certification in accordance with environmental and energy management systems.

We have always been committed to the protection of the climate and the environment. We doubt that the proposals of the Climate Cabinet's position paper of 20 September 2019 will have a noticeable steering function through the determination of individual subsidies and prices.

On the other hand, the CHP industry is pleased with the intention formulated in the position paper to further develop and comprehensively modernize the use of combined heat and power in Germany. The paper states that it is intended to promote cogeneration compatible with the expansion of renewable energies on the electricity and heat sides, since modern CHP systems secure the electricity and heat supply and support the integration of renewable energies through a flexible and system-oriented mode of operation. The CHP subsidy is therefore also to be further developed in the public supply sector and extended until 2030.

Those companies that remain innovative and technologically at the leading edge can benefit. 2G is one of them, and its more than 600 employees worldwide work every day for system-compatible, efficient and clean cogeneration systems. We all agree that climate protection is non-negotiable and that the climate must be protected now, rather than in twenty years' time. 2G is ready to make a significant contribution.

Heek, in September 2019
2G Energy AG

Kind regards,

Christian Grotholt
Management Board Chairman (CEO)

Ludger Holtkamp
Management Board member

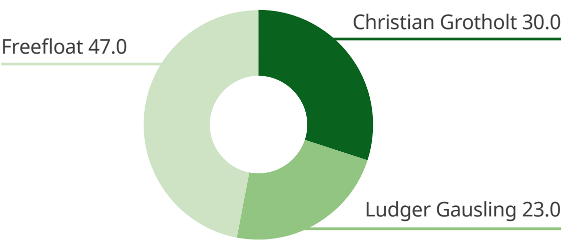
Friedrich Pehle
Management Board member

2G Energy AG share price continues to rise

In the first half of 2019, the 2G share continued its positive performance of the end of the previous year. The share started the stock market year at a price of EUR 21.50 and reached a high of EUR 43.10 at the end of June. In the first half of the year, the share price and consequently the market capitalization of 2G Energy AG doubled to over EUR 190 million (previous year: EUR 91 million). Positive corporate news concerning the 2018 financial year results, the Handelsblatt Energy Award, a 7 % higher dividend and a continued solid order book position in Germany and abroad supported this performance.

The 2G share thereby significantly outperformed the overall market. The DAX gained 17.4 % in the period under review. The Scale30 selection index, of which 2G is a member, had gained just 12.5 % by the end of June. The Scale All Share Index, which comprises all companies listed in the Scale Segment of Deutsche Börse AG, was up by 5.8 %.

2G Energy AG shareholder structure Share %



As of June 30, 2019

Turnover in the 2G share on XETRA, Tradegate and regional stock exchanges averaged around 11,400 shares per day during the first half of the year (H1 2018: 4,300). Around 66 % of the turnover in 2G shares was traded through XETRA, 25 % via Tradegate, and 9 % through the German regional stock exchanges. The significant increase in the share's liquidity was accompanied by a narrowing of the average spread between bid and offer prices in exchange trading, as shown in diagram 1. The 2G share also strengthened its position within the upper half of the Scale30 selection index.

Trend in average spreads between bid and ask prices

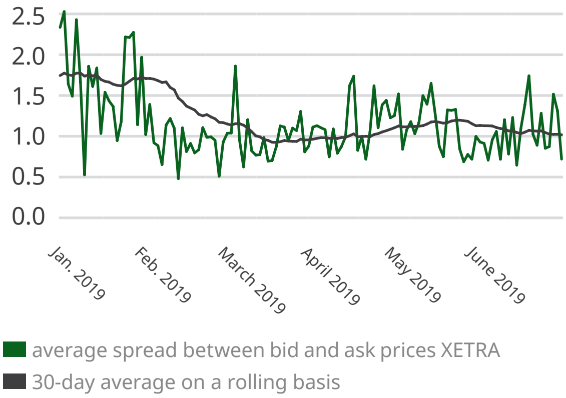
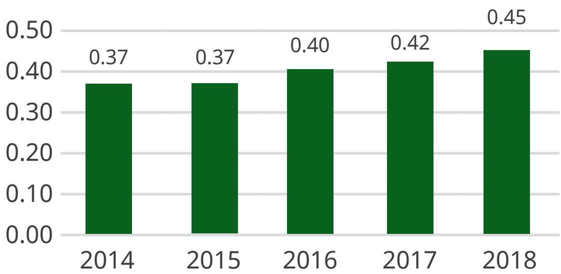


Diagram 1: Trend in average spreads between bid and ask prices in H1 2019.
Source: Pareto Securities, 2G calculations, August 2019

At the Ordinary AGM on June 25, 2019, a large majority of the shareholders approved the payout of a EUR 0.45 dividend for the 2018 financial year (previous year: EUR 0.42). 2G thereby underscores its confidence in its earnings potential. The Management Board continues to pursue a sustainable and stable dividend policy. Dividends should be based on earnings, and should avoid distributions from the company's net assets in order to maintain the company's financial and innovative strength for further growth. Attendance at the AGM amounted to around 72.1 % of the share capital (previous year: 71.6 %).

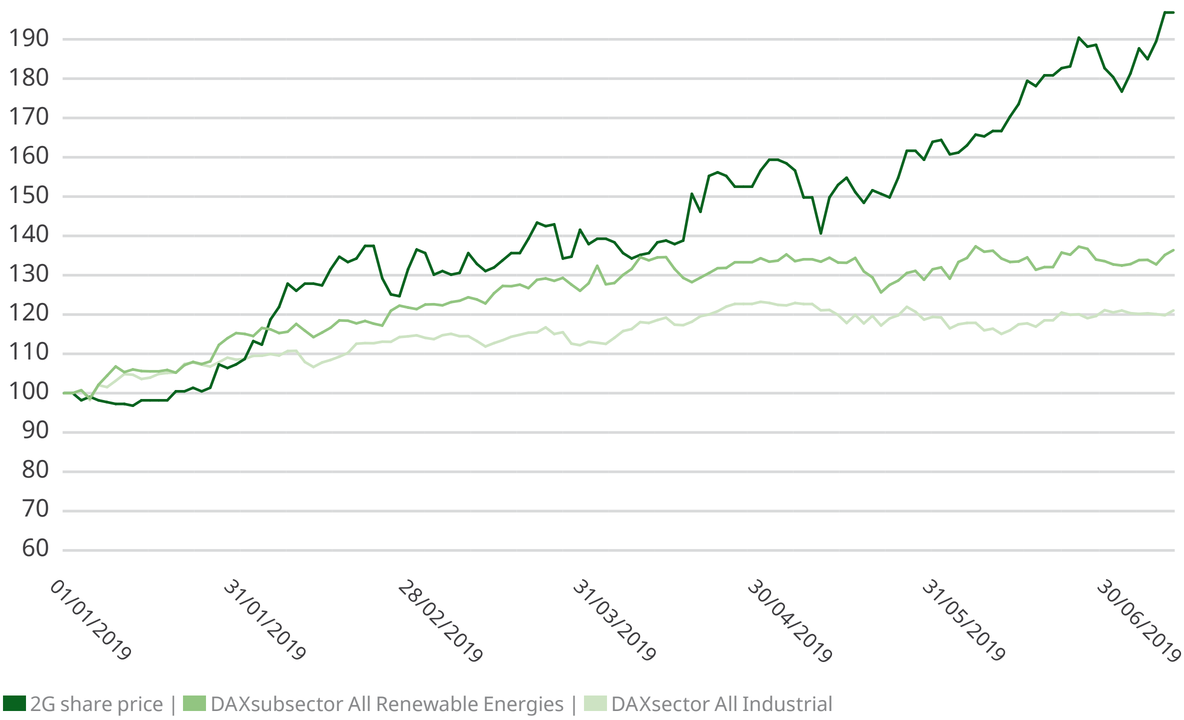
Dividends for the financial years 2014 – 2018

EUR



2G share price performance and comparative indices 01/01 to 30/06/2019 (indexed)

in %



2G. Group management report.

Group management report of 2G Energy AG

Reservation in relation to forward-looking statements

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

A. The 2G Group

Business activity and corporate structure

The 2G Energy AG Group is an internationally leading manufacturer and provider of decentralized energy supply systems. With the development, production and technical installation as well as digital grid integration of combined heat and power plants, the company offers comprehensive solutions in the growing market for highly efficient combined heat and power (CHP) systems. After-sales and maintenance services comprise an important additional performance criterion. In particular, the product range includes CHP modules with an electric output range between 20 kW and 2,000 kW, for operation harnessing natural gas, biogas and other lean gases (e. g. landfill, sewage and mine gases) as well as hydrogen. All systems work highly efficiently, in a resource-saving, sustainable manner that mitigates or neutralizes the emission of climate-damaging carbon dioxide or nitrogen oxide through combined energy generation and modern emission gas cleaning systems. Worldwide, more than 5,500 installed 2G systems in various applications supply electrical energy, heating and cooling internationally to a broad customer range, including companies in the housing industry, agriculture, commercial and industrial companies, public energy utilities, and municipal and local government authorities.

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

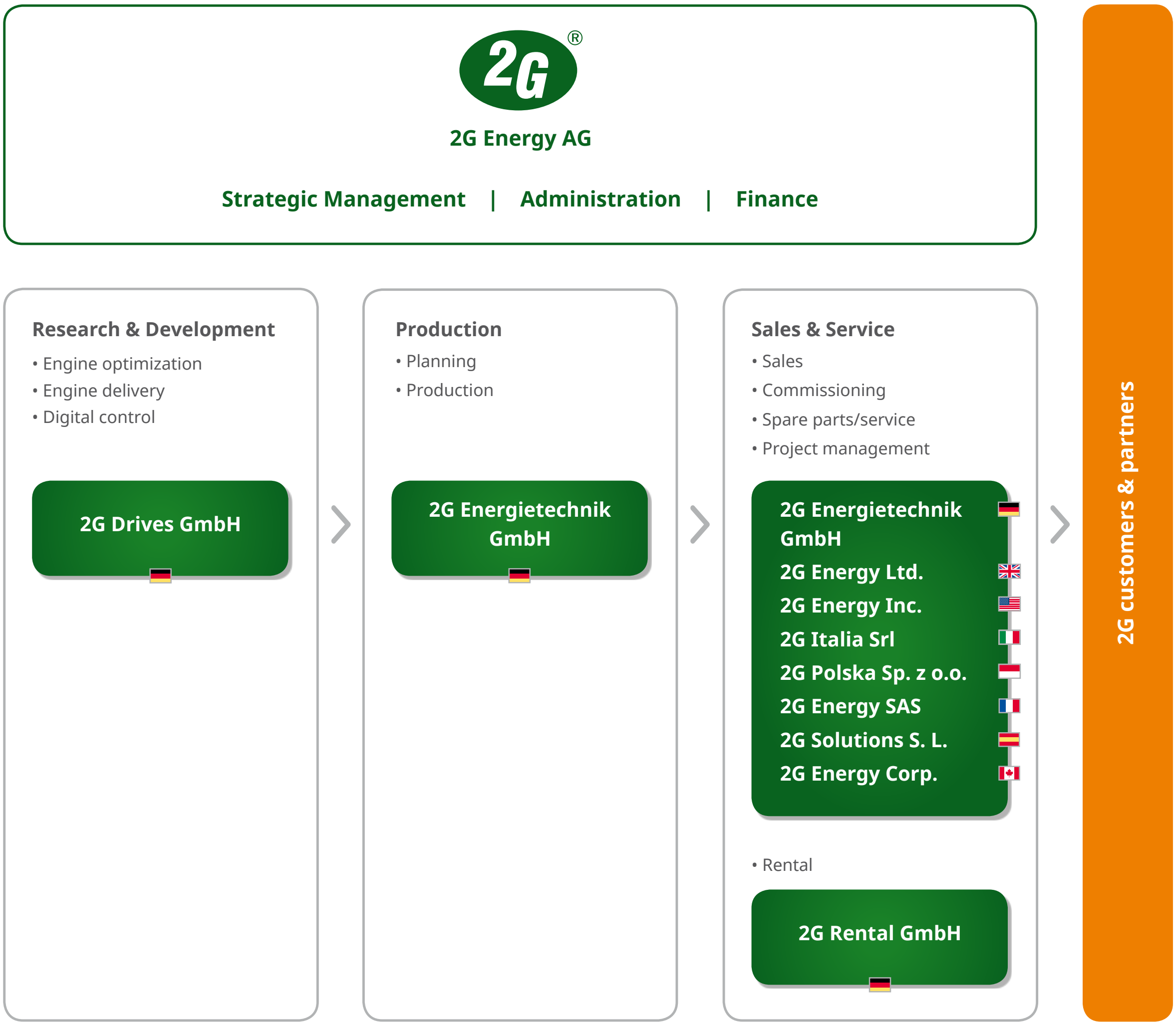


Diagram 2: 2G Energy AG corporate structure, subsidiaries' business purposes and value chain (as of: June 30, 2019).

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

In the rest of Europe, 2G is represented with independent sales and service companies in France, the United Kingdom, Italy, Spain and Poland. Outside Europe, 2G is present with a sales and service site in the USA, as well as in Canada. In addition, important conurbation areas and industrial markets are secured through sales partnerships in countries and regions such as Japan, Southeast Asia, Australia, Russia as well as in the Maghreb states.

B. Economic environment/Macroeconomic situation

In the first half of 2019, economic momentum in Germany slowed further. According to the Kiel Institute for the World Economy (IfW), the German economy is in a downturn and companies are much more pessimistic about the future, probably not least due to the high level of uncertainty worldwide surrounding economic policies. With regard to the second quarter, the experts expect gross domestic product (GDP) to grow at a rate of just over zero percent. In their economic forecast published in mid-June 2019, the economic researchers downgraded GDP growth for 2019 to 0.6 % (previously 1.0 %). According to the German Engineering Federation (VDMA), mechanical engineering companies in Germany recorded a significant drop in order books in the first six months of 2019, with decline in new order intake of nine percent in real terms compared to the previous year.

The IfW researchers also expect lower GDP growth for the Eurozone economy than in the past. It is expected to expand by 1.2 % in 2019, while to date experts have anticipated 1.7 %. The economic slowdown mainly reflected weaker impulses from the international environment. Despite a clear deterioration in corporate confidence – especially in the industrial area – overall economic production is likely to increase moderately, as the economy is supported by low interest rates and a slightly expansive financial policy.

According to the IfW, although production reported a fairly strong increase at the start of the year, the pace of expansion probably overstated the underlying dynamics of the global economy. Global uncertainty remains high, and sentiment indicators continue to point downwards, so that a weaker increase in production can be expected in the coming months, according to the economic experts. For 2019, the forecast for global production growth was reduced by 0.1 percentage points to 3.2 % compared with the autumn forecast.

Sector trends

The statements made on pages 38 to 49 of the 2018 Annual Report continue to be valid for sector trends in Germany and in foreign markets. Overall, the market for combined heat and power generation systems is growing. Expanding demand for energy worldwide, the better availability of natural and liquid gas, and rising requirements in terms of avoiding emissions and strengthening climate protection offer the general, overarching preconditions on a global scale. With a look to the Spark Spread (see page 16) – the relationship between the electricity price and the gas price which determines the economic viability of CHP systems – a beneficial picture continues to prevail in the regions where 2G is represented directly via subsidiaries or indirectly via sales partners.

Although decentralized CHP systems can provide the flexible generation capacities required in the electricity market of the future, the increase in capacity in Germany and Europe has remained fairly constant at an average rate of around 10 % over the past four years. A lack of decisions relating to EU notification of important statutory regulations in the German Cogeneration Act (KWK-G) and in the German Renewable Energies Act (EEG) repeatedly brought additional uncertainties in Germany, either making investment decisions difficult or leading to their postponement. It was not until the end of 2018 that the German government finally created legal certainty for the privileged treatment of natural gas CHP systems commissioned after August 1, 2014, by means of the so-called "Energiesammelgesetz" (EnSaG). Overall conditions have also been established for the further flexibilization of biogas CHP systems, enabling a further dynamic increase in output.

Repowering and flexibilization determine gas business in Germany

During the first half of 2019 in Germany, 2G continued to sell predominantly biogas driven CHP systems in connection with making existing biogas systems more flexible and boosting installed input. In addition to the legal framework described above, the demand arises from the numerous CHP modules that 2G installed at customers in 2006 and beyond, as well as from new customers that are replacing their old systems with highly efficient, flexible 2G systems. The systems are gradually reaching their regular operating duration (around 60,000 operating hours, an average of eight years).

As of June 30, 2019, the company recorded orders for biogas driven CHP systems in Germany comprising a total contract volume of EUR 28.1 million (previous year: EUR 53.1 million). The decline over the previous year mainly represents a normalization compared to a year that was characterized by a special economic situation. Orders in 2018 reflected accelerated purchasing effects triggered by an unclear regulation on the rigid flex cap at 1.35 GW for the flexibilization of equipment. Only with the German "Energiesammelgesetz" (EnSaG) passed at the end of 2018 was a clear planning horizon created. Although the flex cap was lowered to 1,000 MW, entitlement to the flex premium does not end until 16 months after the flex cap has been reached. Experts assume that this waiting period will last until the end of autumn 2020. Theoretically, an arbitrary increase can be achieved during this time. For details, please refer to the Annual Report 2018, page 47. For 2G's market share of the German biogas market, which was 23.5 % in 2018, please refer to diagram 3.

Trend in 2G's market share in German biogas CHP market 2014 – 2018 in %

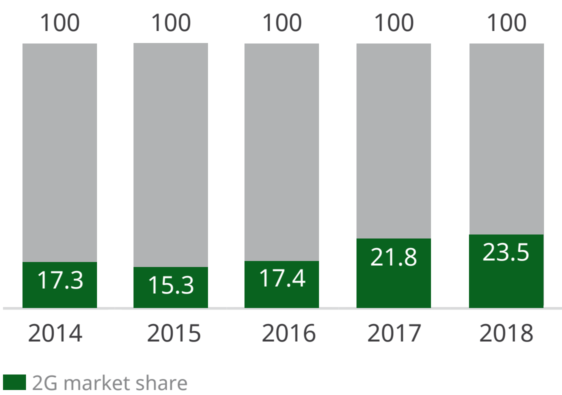


Diagram 3: Trend in 2G's market share in German biogas CHP market 2014 – 2018 for biogas operated CHP power plants across all performance ranges.
Source: 2G Energy AG, 2G calculations, German Biogas Association, July 2019

In markets outside Germany, during the reporting period, 2G sold biogas driven CHP systems mainly in Japan, France, the Benelux countries and Eastern Europe. The strongest foreign market in the first half of 2019 was France with new order intake of EUR 4.8 million.

Natural gas is an important pillar of the energy revolution

In 2G's view, natural gas is assuming an important bridging role for sustainable energy supplies as part of the energy revolution. Natural gas applications combined with renewable energies offer a very good basis to function as a bridge to almost carbon dioxide-free energy generation.

The well-established benefits of natural gas include its comparatively environmentally compatible characteristics, high flexibility, availability, the harnessing of electricity and heat generation as well as the existing storage and distribution infrastructure. 2G has already shown in practice that the power-to-gas method enables economic utilization of inexpensively available (surplus) electricity generated from wind and solar power plants. This combines renewable energies, CHP technology, gas grids, and local and district heating applications in a manner that is beneficial, complimentary, and in line with systems.

Prospectively, natural gas will be gradually replaced in the gas grid by green gases (hydrogen, methane), thereby becoming significantly more climate-neutral. With its innovative gas engine technology, 2G is making important contributions to the economic utilization of these resources.

Preliminary figures from the German Federal Office of Economics and Export Control (BAFA) for 2018 dated July 1, 2019 are not yet sufficiently complete, so that reference is made to the 2018 Annual Report, page 43, for the 2G market share in Germany for natural gas-operated systems.

In the first half of 2019, business in Germany with natural gas operated CHP systems continued to be characterized at first by reticence on the part of both manufacturers and investors. However, the clarification of the application of the EEG mandatory levy for own electricity consumption for new CHP systems installed as of August 2014 and the elimination of reservations under state aid law with regard to the promotion of existing systems in the German Cogeneration Act (KWKG) have led to a revival in demand, which is especially reflected in a renewed increase in the number of offers submitted. New order intake as of June 30, 2019 amounted to EUR 9.9 million (previous year: EUR 9.7 million).

New order intake from markets outside Germany was up for natural gas operated CHP plants in the reporting period. Overall, new order intake abroad rose from EUR 20.5 million to EUR 23.3 million.

Gas prices only slightly changed

Global natural gas reserves of which we are aware today are still sufficient for a period of around 55 years. The gas market is becoming increasingly global due to the marked expansion of liquefying capacities (LNG, Liquid Natural Gas) and distribution logistics (primarily port terminals) over recent years. This helps considerably to establish a liquid gas market worldwide and to keep the supply situation relatively secure and attractively priced. Gas prices worldwide have been on a downtrend since 2014.

This is also reflected in price trends in Germany, as diagram 4 shows. In the second quarter, in particular, prices for sales to industry and power plants fell significantly below their 2018 averages. As a consequence, the gas price has also decoupled itself from the oil price trend and the previous so-called oil price link. The price of oil (Brent) rose by 20.8 % to USD 66.72 per barrel in the first half of 2019.

Gas price trends for industry, trade and commerce, power plants in Germany
(Index 2015 = 100)

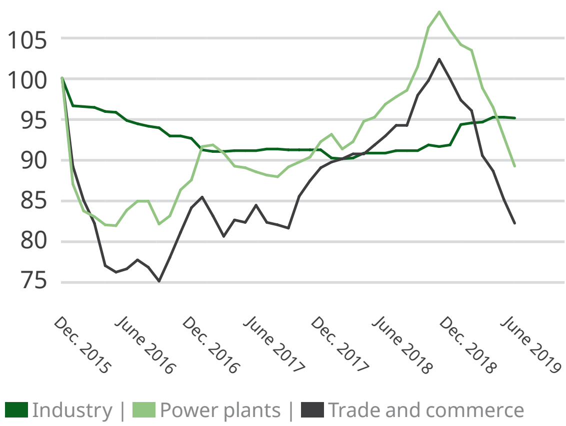


Diagram 4: Gas price trends for industry, trade and commerce, power plants (incl. the housing industry) in Germany.
Source: German Federal Statistical Office, Development of Energy Prices, July 2019

Electricity prices rise further

Average electricity prices for medium-sized industrial operations will increase by around 2.7 % compared with 2018, according to an electricity price study published in July 2019 by the German Association of Energy and Water Industries (BDEW). Overall, the BDEW assumes an electricity price (including electricity tax) of 18.44 ct/kWh (previous year: 17.96 ct/kWh) for industry in 2019. Higher prices for procurement, grid fees and sales accounted for a significant share of this increase. For the first time, they partly offset lower taxes, levies and surcharges imposed by the state. The EEG levy, for example, will fall by 5.7 % to 6.405 ct/kWh. Diagram 5 presents the individual components of the total electricity price.

Overall, it can be noted that electricity prices for medium-sized industry as an electricity consumer

Average electricity price for industrial customers (incl. electricity tax) 2015 – 2019

Euro Cent per kWh

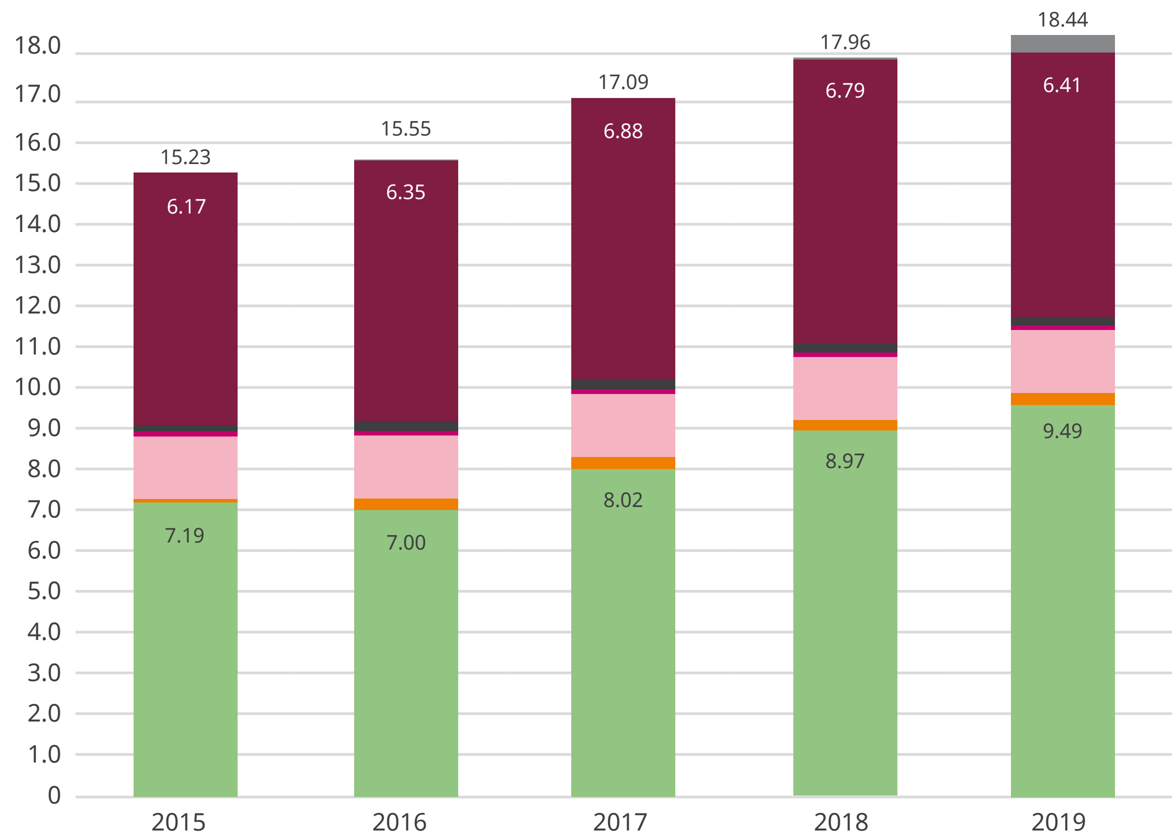


Diagram 5: Average electricity price for industry 2015 – 2019 (including electricity tax) in Germany in Euro Cent per kWh (annual consumption 160 to 20,000 MWh), medium voltage supplies (intake 100 kW/1,600 h to 4,000 kW/5,000 h).
Source: BDEW Electricity Price Analysis 2018, July 23, 2019

have risen further from the high level since 2011. No trend turnaround towards falling prices has been identifiable to date, including during the course of the current reporting year.

As far as the Spark Spread (the relationship between electricity price and the natural gas price) is concerned, the outlined development in the gas and electricity markets in 2018 (more up-to-date data of 2019 are not yet available) underscores the economic viability of CHP systems. Foreign markets of relevance for 2G continue to report a Spark Spread of generally three or greater. Accordingly, the basic preconditions for the economically efficient operation of combined heat and power generation continue to exist internationally.

Spark Spread ratios in the G7 countries 2014 – 2018

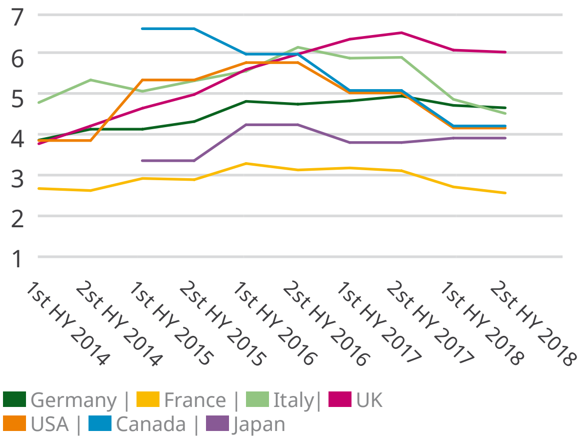


Diagram 6: Spark Spread trends in the G7 countries 2014 – 2018.
Source: German Federal Statistical Office, energy price trend data, June 2019; UK Department of Energy & Climate Change, Industrial Electricity & Gas Prices in the IEA, June 2019; 2G calculations

CO_2 certificate prices have risen sharply

The energy sector is of outstanding importance for the reduction of greenhouse gases. According to the German Environment Agency (BUA), energy-related emissions (heat and power generation) accounted for around 94 % of CO_2 emissions in Germany in 2017. In order to achieve the climate protection targets, it would consequently be obvious that low-CO_2 forms of energy production should offer a price or market incentive compared to CO_2-intensive forms of energy production. This would also increase the incentive for companies to invest in low-emission energy production technologies.

For further details, please refer to the 2018 Annual Report, pages 46 and 47. Since the beginning of 2019, prices for CO_2 certificates have continued to rise steadily to well over EUR 25 at the end of the reporting period.

CO_2 certificate price trends in EUR

Diagram 7: CO_2 certificate price trends, EEX.
Source: www.finanzen.net/rohstoffe/co2-emissionsrechte, Leipziger Strombörse EEX, July 2019

EEG and KWKG deliver advantageous changes for combined heat and power generation

At the end of June 2019, the German Bundestag approved two major modifications to the German Renewable Energies Act (EEG) and the German Cogeneration Act (KWKG). The background to this is the ruling of the European Court of Justice (ECJ) of March 28, 2019, in which the ECJ ruled that the EEG support scheme did not constitute aid. The Bundestag followed this view by reassessing the notification obligation not only for the EEG but also for the KWKG.

The amendments to the EEG for CHP systems with an electrical output of more than 1 MW and up to 10 MW mean that these systems will have to pay a uniform EEG levy of only 40 % retroactively from January 1, 2019. The regulations that have been criticized entailing a limitation of the proportionate EEG levy to 3,500 full utilization hours per year and the claw-back mechanism for all CHP systems commissioned from August 1, 2014 no longer apply to all systems using gaseous fuels, with retroactive effect from January 1, 2019.

In addition, the KWKG no longer contains any reservations under state aid law regarding the promotion of existing systems. As a result, support for existing CHP systems was suspended for 2019. With the abolition of the permit reservation, the support for existing systems can now be paid out. The reservation of approval for the extension of the KWKG has also been lifted, so that the period of validity of the KWK Act is fixed until December 31, 2025.

The first half of 2019 in overview

The Group generated total net sales of EUR 95.8 million as of June 30, 2019 (H1 2018: EUR 84.1 million). The following table provides an overview of the distribution of net sales:

Composition of sales revenues and additional key indicators*

	H1 2019			H1 2018		
	Germany	Abroad	Total	Germany	Abroad	Total
Net sales (EUR)	59.2	36.6	95.8	53.9	30.2	84.1
CHP systems	29.4	23.9	53.2	24.4	20.8	45.2
of which biogas	22.1	14.0	36.1	19.4	13.3	32.7
of which natural gas	6.9	9.9	16.8	5.0	7.5	12.5
of which hydrogen	0.3	0.0	0.3	0.0	0.0	0.0
Service	29.8	12.8	42.6	29.5	9.4	38.9
CHP systems Units	120	59	179	112	54	166
CHP systems Ø Value per unit (EUR/unit)	244,755	404,718	297,481	218,101	385,813	272,658
Electric capacity sold in kW			68,680			52,770
Electric capacity sold Ø kW per unit			384			318

* rounding differences can arise

The partner concept, which the company has continued to pursue with consistency, as well as internationalization led to a further significant increase of 14 % in net sales in the first half of 2019.

At EUR 6.4 million (+21 %), sales generated abroad continued to significantly outpace the rate of growth in domestic sales (EUR +5.3 million, +10 %). As a consequence, 2G generated 38 % of its sales abroad (H1 2018: 36 %), which especially reflects considerably higher service sales generated abroad of EUR 12.8 million (H1 2018: EUR 9.4 million, +36 %).

Sales of new systems rose by 18 % from EUR 45.2 million to EUR 53.2 million. Both domestic business at EUR 29.4 million (H1 2018: EUR 24.4

million, +20 %) and foreign business at EUR 23.9 million (H1 2018: EUR 20.8 million, +15 %) contributed in this context.

In the first half of 2019, 2G thereby continues the recent financial years' positive trend overall. New orders of EUR 72.3 million were acquired during the period under review. As expected, this figure fell short of the previous year's figure (EUR 98.0 million), which was achieved especially thanks to a special economic situation nationally due to the flexibilization of biogas plants. However, it lies clearly above the level for 2017 (EUR 58.2 million) and well above the long-term average.

C. Results of operations

2G grew its net sales by EUR 11.7 million year-on-year, from EUR 84.1 million to EUR 95.8 million. After an increase of unfinished goods of EUR 11.6 million (H1 2018: EUR 9.9 million) and own work capitalized of TEUR 14 (H1 2018: EUR 0.5 million), total operating revenue in the first half of the year was EUR 107.4 million (H1 2018: EUR 94.5 million), 14 % higher than in the same period of the previous year.

The cost of materials rose from EUR 64.6 million to EUR 74.6 million in line with the higher level of total operating revenue. The renewed increase in unfinished goods led to a slightly higher cost of materials ratio of 69.5 % (H1 2018: 68.4 %). Gross profit stood at EUR 32.8 million in the reporting period (H1 2018: EUR 29.9 million). The personnel cost ratio improved further year-on-year from 18.1 % to 17.9 %.

At EUR 1.8 million, depreciation and amortization remained virtually unchanged from the previous year. Other selling & marketing, operating, and

Results of operations — in EUR million

		30/06/2019	30/06/2018
	Net sales	95.8	84.1
+	Increase/decrease in work-in-progress and finished goods	11.6	9.9
+	Own work capitalized	0.0	0.5
=	Total operating revenue	107.4	94.5
+	Other operating income	1.2	0.5
-	Cost of materials	74.6	64.6
-	Personnel costs	19.3	17.1
-	Depreciation and amortization	1.8	1.8
-	Other operating expenses	10.0	10.4
=	EBIT	2.9	1.1

administrative expenses decreased by EUR 0.3 million compared with the previous year.

As of June 30, 2019, 2G again reported a significantly improved EBIT of EUR 2.9 million, corresponding to an EBIT margin of 3.0 %. This reflects an increase of 158 % compared with the previous year, in which a positive EBIT of EUR 1.1 million was achieved for the first time since 2012.

After the net financial result of EUR -0.2 million (H1 2018: EUR -0.2 million) and an income tax expense of EUR 1.2 million (H1 2018: EUR 0.3 million), the Group reports a net profit for the first half of the year of EUR 1.5 million (H1 2018: EUR 0.6 million).

D. Financial position

The Group parent company in Germany performs central liquidity management within the 2G Group by supplying the individual Group companies with corresponding liquidity as required. The following condensed cash flow statement presents the 2G Group's financial position:

Cash flow statement

	30/06/2019	30/06/2018
	TEUR	TEUR
EBIT	**2,865**	**1,112**
Depreciation and amortization	1,822	1,797
Change in provisions	-1,736	853
Change in inventories	-14,682	-5,358
Change in trade receivables that are not allocable to investing or financing activities	-335	3,087
Change in trade payables and other liabilities that are not allocable to investing or financing activities	4,982	8,052
Loss/gain on fixed asset disposals	-15	11
Miscellaneous	-885	-653
Cash flow from operating activities	**-7,984**	**8,900**
Cash flow from investing activities	**-3,395**	**-4,193**
Cash flow from financing activities	**5,236**	**1,839**
Liquid funds on June 30**	**7,442**	**22,621**

** reported excluding short-term bank overdraft drawdowns

Despite the good profitability, operating cash flow in the first half of 2019 was EUR -8.0 million (H1 2018: EUR 8.9 million), primarily due to the significant EUR 14.7 million increase in inventories. In addition to a higher level of work in progress, raw materials and supplies also increased by EUR 10.1 million to EUR 48.4 million. This reflects a deliberately higher inventory of motors, which gives 2G a competitive edge thanks to the short delivery times this enables.

An amount of EUR 1.9 million was invested in tangible fixed assets as part of investing activities. 2G spent a total of around EUR 0.6 million on conversion measures and the expansion of storage space at the company's site in Heek, while 2G Energietechnik GmbH invested EUR 0.4 million in new vehicles.

Around EUR 1.4 million was spent on the acquisition of minority interests in 2G Drives GmbH by 2G Energy AG (acquisition effective January 1, 2019).

Financial liabilities of EUR 0.6 million were repaid during the first half of the year. Short-term money market loans totalling EUR 8.0 million were taken out to cover the increased working capital requirements deriving from the planned increase in inventories of engines.

As a consequence, the company reports cash and cash equivalents of EUR 7.4 million as of the half-year balance sheet date, after taking currency-related changes in cash into consideration. In addition, as of June 30, free credit lines in the amount of EUR 19.0 million were available.

E. Net assets

Overview of the net asset position of the 2G Group as of June 30, 2019:

Assets*

	30/06/2019	31/12/2018
	TEUR	TEUR
A. Fixed assets	27,824	27,527
B. Current assets	103,631	93,656
C. Prepayments and accrued income	757	838
D. Deferred tax assets	2,457	2,776
Total assets	**134,669**	**124,796**

* rounding differences can arise

Equity and liabilities*

	30/06/2019	31/12/2018
	TEUR	TEUR
A. Equity	59,690	61,556
B. Provisions	15,435	17,170
C. Liabilities	59,544	46,070
I. Bank borrowings	15,783	7,290
II. Other liabilities	43,761	38,779
Total assets	**134,669**	**124,796**

* rounding differences can arise

Compared with December 31, 2018, total assets have grown by around EUR 9.9 million to EUR 134.7 million as of the half-year balance sheet date. This increase in total assets reflects the EUR 14.7 million expansion in inventories, while cash and cash equivalents decreased by EUR 5.1 million.

Equity amounted to EUR 59.7 million as of June 30, 2019, having reduced by EUR 1.9 million compared with December 31. In addition to the dividend distribution for the past 2018 financial year of around EUR 2.0 million, which was paid out for the first time before the half-year reporting date, the acquisition of the minority interests in 2G Drives GmbH contributed in this context. Please refer to page 42 of the notes to the financial statements.

Overall statement on the business situation

In the past half-year, 2G reported a further significant increase in both its net sales to EUR 95.8 million (H1 2018: EUR 84.1 million) and EBIT to EUR 2.9 million (H1 2018: EUR 1.1 million), thereby clearly confirming the recent financial years' positive sales and earnings trends. Business performance in the current 2019 financial year is very satisfactory overall. The consistently high level of new order intake ensures full order books and a two-shift utilization of production capacity until at least summer 2020.

The Management Board sees this as confirmation of the consistent implementation of the three lead projects and expects to further increase the 2G Group's sales-generating power and profitability in the future on this basis.

F. Non-financial performance indicators

Pages 54 to 59 of the 2018 Annual Report provide a presentation of non-financial performance indicators. We briefly address research & development and personnel trends.

Research & development

Through consistent and intensive research and development efforts, 2G has developed a leading technological position in the market for combined heat and power generation systems in the 50 kW to 550 kW output class in recent years. Service areas offered not only include engine mechanics but also engine controls, software and electric component development as well as the optimization of efficiencies for various gas types such as natural gas, lean gases and hydrogen.

2G underpins gas engine technology leadership with hydrogen CHP units

2G's most recent proprietary development of modifying a standard gas engine and operating it with pure hydrogen is also in line with this self-concept, and goes a decisive step further. In combination with wind and solar energy, "green" hydrogen can be generated in situ through a power-to-gas system. The hydrogen is stored either in the natural gas grid or in pressurized tanks, quickly and flexibly converted back into electricity, and provided as heating as required. In combination with renewable energies, 2G technology thereby qualifies as both residual and balancing energy. It will form an integral part of green energy, combining supply security and cost effectiveness.

2G hydrogen technology is not only suited to pure hydrogen but also to high hydrogen content gases and gas mixtures with natural gas. By contrast with fuel cells, the engine is not sensitive to contaminants in the gas, and can thereby also be operated with hydrogen that is not highly pure, such as is created as a byproduct from chemical processes.

Employees

As of June 30, 2019, the Group employed 659 members of staff (H1 2018: 638), of whom 70 (H1 2018: 58) were employed part-time and 29 were trainees (H1 2018: 28). This nominal hiring occurred mainly through strengthening the service and sales units for CHP systems at the foreign branches prospectively also offering growth. Examples during the first half of 2019 included the subsidiaries in the USA and in Canada with two new sales offices, one in Maryland (USA) and the other in Ontario (Canada).

G. Corporate responsibility

Risk report

Pages 60 to 68 of the 2018 Annual Report provide a presentation of opportunities and risks. Compared with the assessments at that time, no significant changes have occurred to the position of opportunities and risks of the 2G Energy Group.

H. Outlook

Further economic trends characterized by uncertainty

The IfW's experts assume a moderate economic growth rate of 3.3 % for the world economy in the coming year. They note that in advanced economies, capacity utilization is no longer increasing, and central banks' monetary policy is more likely to be relaxed again. They also believe that uncertainty concerning future economic policy conditions will probably remain high in the forecast period. A further intensification of the trade conflict between the United States and China or its extension to trade relations with the European Union pose a significant downside risk for the world economy, according to the IfW.

With a look to the Eurozone, the IfW's experts continue to expect an economic slowdown, mainly due to weaker impulses from the international environment. Despite a clear deterioration in corporate confidence – especially in the industrial area – overall economic production should continue to grow moderately. Low interest rates and an expansive monetary policy will continue to support the economy in the future. Provided the global trade conflicts do not intensify and assuming that the United Kingdom does not leave the European internal market in a chaotic manner, production growth should increase slightly to 1.5 % in 2020, according to the Kiel-based experts.

The IfW expects the economy in Germany to continue to cool down. In addition to cyclical factors, global political uncertainty has also dampened economic momentum. Overall economic capacity utilization is decreasing and export-oriented industry is showing clear signs of weakness. For 2020, researchers expect GDP growth of 1.6 %.

Hydrogen CHP opens up new markets

As a medium-sized company with employees who are as committed as they are qualified, and thanks to its largely standardized products, 2G can move quickly and successfully in markets and respond to changes. Continuous research and development work conducted by the company's own machine and software engineers creates the basis for innovative products, efficiency enhancements, emission reductions and connectivity to digital applications. The growing export share in the CHP business and diversification across performance classes and gas types also enables numerous business options and growth opportunities above and beyond this. 2G is actively exploiting this trend as opportunities arise.

A good example of pioneering achievements is the hydrogen CHP that 2G has developed. The module can be operated with pure hydrogen or with gas mixtures. 2G's R&D team has rapidly succeeded in adapting a standard natural gas CHP so that hydrogen (H_2) is harnessed to generate electricity and heat on a comparatively feasible basis economically, as well as being highly efficient in operational terms and generating almost no CO_2 emissions. 2G has brought its hydrogen CHP to production stage thanks to deploying standard components. 2G offers H_2 CHPs in the output range from 80 kW to 280 kW at prices already comparable to those for natural gas systems. And demand shows that 2G can offer the right products at the right time.

For example, 2G recently received an order from Siemens AG for a hydrogen-powered CHP system. The 2G agenitor 412 forms part of a project in Dubai to produce hydrogen by means of a solar powered electrolysis plant. In early July, 2G received another order for a hydrogen-powered CHP system in Germany. In addition, the first inquiries from abroad have already been received. 2G is encountering active and broad interest in its hydrogen expertise. As a consequence, the Management Board is optimistic that it will be able to further expand its technological leadership in this area and broaden its product range.

2G is focusing on things it can influence itself: the development of reliable and durable products and the continuous expansion of the 2G network both in Germany and abroad. It is the constantly growing number of sales and service partners that expertly and persuasively distribute our products worldwide 24/7 that form the basis that enables the company to look to the future with confidence.

2G supplies pivotal technology for the energy revolution

According to the status of knowledge today, the economic rationale for the combined heat and power generation product based on gas engines will remain in place over the coming years. Given low prices for gas as a fuel and a further uptrend in electricity prices, the Spark Spread will remain attractive. Consequently, 2G power plants can be operated economically in many different industries and applications even without subsidies.

Moreover, in many countries where 2G does business, the status of the energy revolution points to two issues: firstly, the integration of fluctuating wind and solar generators into existing structures is only possible to a very limited extent. Keywords in this context include the lack of electricity grid capacities and concerns about grid instabilities. Secondly, it is becoming clear that the existing, centrally oriented supply infrastructures are largely unsuited to the new requirements. Storage facilities are lacking and the (necessary) extension of the energy revolution to the heating supply and mobility sectors is raising complexity.

From 2G's perspective, the energy revolution thereby brings with it a compelling need for decentralized generation solutions for electricity and heat, which can also work systemically in conjunction with other renewable energy producers via intelligent, digital connections. And this is precisely what CHP units deliver in the medium power range.

And there is another important argument in favor of CHP that is very conducive to the success of the energy revolution: social acceptance. This is because – unlike solar and wind parks, geothermal plants and cable routes – medium-sized CHP systems do not interfere with public-sector assets or other assets requiring protection. They are realized without public planning and approval procedures, without appraisals for the conservation of soil, birds, species and monuments, and without sound insulation studies, mediation procedures, or citizens' initiatives. It is not about planning horizons measured in decades, but rather about private-sector energy management and a production time of three to four months.

Overall good business prospects in the German CHP market

Based on these positive conditions, 2G anticipates that 2G CHP solutions will continue to perform well. Nothing significant has changed with regard to the assessment of the future sector situation compared with the last published set of consolidated financial statements. Please refer to pages 68 to 73 of the 2018 Annual Report. By 2024, 2G assumes that with its own natural gas, lean gas and hydrogen driven systems the company will be able to tap 10 % of the world market for CHP systems that is relevant today. This would correspond to net sales of EUR 300 million.

The Management Board believes that the market for natural gas driven CHP systems in Germany will reflect a modest performance at least until the end of 2019. In the course of the second half of the year, however, demand should at least begin to pick up thanks to the facts clarified in the "Energiesammelgesetz" (EnSaG) for the EEG and the KWKG.

With the German Renewable Energies Act 2017 (EEG 2017), the conditions for the biogas CHP market in Germany are good overall. Biogas system operators are adjusting their units to future electricity market requirements through investments in combined heat and power plants, which enable biogas generation to be aligned flexibly to fluctuating solar and wind electricity production. 2G can benefit in full from this, as many system operators are replacing their units with new systems offering better performance. 2G expects demand from flexibility projects to remain high well into 2020.

Exploiting opportunities in international markets

2G has worked to become increasingly independent from individual markets over recent years. The partner network makes an important contribution in this context. It makes it easier to enter markets in new countries and to provide service locally. The subsidiaries in Europe and North America are performing well.

2G's declared objective is to become a fully globalized leading provider of CHP systems and CHP solutions. This means that 2G aims to further increase its sales generated abroad. We are concentrating on the markets in North

America, Central Europe, Japan and Australia. The energy revolution is being implemented there, and medium-sized corporate investors exist that wish to invest in new and decentralized energy solutions. As of the half-year balance sheet date, the foreign share of CHP and service sales amounted to around 38 % (as of June 30, 2018: 36 %). 2G is well positioned in a market with growing demand in many parts of the world for cogeneration technology.

The Management Board and the workforce are continuing to work intensively on the three leading projects of “Partner Concept/ Internationalization”, “Lead-to-Lean” and “Digitalization”. These represent ongoing tasks that motivate us every day to become better. With “Lead-to-Lean”, 2G is aligning its corporate organization and working processes on a significantly more economic basis. The aim is to develop manufacturing company structures oriented to industrial standards in both production and administration. The “Lead-to-Lean” lead project and associated efficiency gains are generating significant profitability enhancements on the cost side. With its “Digitalization” lead project, 2G is extending its technology leadership claim to extend above and beyond engine mechanics to include software. Today, both are inseparably combined in terms of highly efficient and economic CHP systems. The focus is on boosting system efficiency and availability, the lowest possible emissions as well as a reduction in operational and service running costs. For our customers, a sustainably low “total cost of ownership” per kWh of thermal and electrical energy and the lowest possible emissions are the two factors that make 2G systems so attractive. With this in mind, 2G continues to work on its lead projects and pursues the goal of setting international standards for gas engine CHP systems.

Order book position continues to be positive both in Germany and abroad

In the current financial year, 2G has built on the previous year‘s good results with net sales of EUR 209.8 million and an EBIT margin of 5.5 %. The continuing brisk demand both in Germany and abroad with a total order intake of EUR 91.4 million after the first eight months continues to ensure full order books.

Order intake CHP plants as at 31/08/2019 — in EUR million

Country	
Germany	52.2
USA	7.0
France	7.1
United Kingdom	4.3
Japan	3.1
Rest of the World	17.7
Total	**91.4**

The order backlog at the end of August 2019 amounted to EUR 150.6 million (previous year: EUR 161.6 million), of which 41.6 % was attributable to international business and 58.4 % to domestic business. This means that production in 2-shift operation will be fully utilized until summer 2020. 2G continues to expect brisk demand both at home and abroad and especially expects demand for natural gas plants in Germany to pick up in the coming month.

Against the backdrop of the solid new order intake from Germany and abroad and the Group-wide efficiency and standardization successes from the aforementioned lead projects, at the end of July the Management Board already specified its forecast for net sales for the 2019 financial year in the upper half of the range from EUR 210 million to EUR 230 million (net sales 2018: EUR 209.8 million). At the same time, the Management Board confirms its estimate concerning achieving an EBIT margin of between 5.5 % and 7 %. In the long term, the Management Board aims to achieve an EBIT margin of 10 % by 2024 on net sales of around EUR 300 million.

Heek, in September 2019
2G Energy AG

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

The CHP – backbone of the energy transition

2G. Consolidated financial statements.

Consolidated balance sheet of 2G Energy AG

Assets

	30/06/2019	31/12/2018
	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	547,530.06	537,592.07
Goodwill	2,985,742.51	3,257,758.66
Prepayments rendered	9,333.00	9,333.00
	3,542,605.57	**3,804,683.73**
II. Tangible fixed assets		
Land, land rights and buildings, including buildings on third-party land	12,614,050.20	12,711,333.72
Plant and machinery	1,196,019.34	1,081,672.01
Other factory and office equipment	8,837,377.14	8,973,175.69
Prepayments rendered and plant under construction	694,231.91	64,720.95
	23,341,678.59	**22,830,902.37**
III. Financial fixed assets		
Participating interests in associated companies	929,949.34	881,030.44
Other participating interests	10,000.00	10,000.00
	939,949.34	**891,030.44**
	27,824,233.50	**27,526,616.54**
B. Current assets		
I. Inventories		
Raw materials and supplies	48,416,471.32	38,341,343.64
Work-in-progress	52,763,493.02	41,146,465.40
Prepayments rendered	1,927,669.96	4,320,388.12
Prepayments received for orders	-42,307,338.58	-37,689,584.15
	60,800,295.72	**46,118,613.01**
II. Receivables and other assets		
Trade receivables	30,869,818.88	31,891,190.00
Receivables due from participating interests	322,038.29	322,038.29
Other assets	3,129,223.56	1,691,341.10
	34,321,080.73	**33,904,569.39**

Assets

	30/06/2019	31/12/2018
	EUR	EUR
III. Cash in hand, bank balances	**8,509,513.69**	**13,632,458.25**
	103,630,890.14	**93,655,640.65**
C. Prepayments and accrued income	**756,825.02**	**837,847.07**
D. Deferred tax assets	**2,457,210.77**	**2,775,782.08**
Total	**134,669,159.43**	**124,795,886.34**

Equity and liabilities

	30/06/2019	31/12/2018
	EUR	EUR
A. Equity		
I. Subscribed share capital	4,430,000.00	4,430,000.00
II. Capital reserve	11,235,300.00	11,235,300.00
III. Other retained earnings	53,129,681.91	40,299,580.49
IV. Consolidated net income	-8,139,924.41	5,835,705.09
V. Minority interests	-50,374.28	662,602.70
VI. Equity difference from currency translation	-914,752.19	-907,255.47
	59,689,931.03	**61,555,932.81**
B. Provisions		
Tax provisions	2,822,828.81	2,821,619.73
Other provisions	12,612,616.69	14,348,780.41
	15,435,445.50	**17,170,400.14**
C. Liabilities		
Bank borrowings	15,782,718.82	7,290,399.38
Prepayments received for orders	24,504,211.05	21,429,055.25
Trade payables	13,660,329.79	10,631,818.53
Other liabilities	5,596,523.24	6,718,280.23
	59,543,782.90	**46,069,553.39**
Total	**134,669,159.43**	**124,795,886.34**

Consolidated profit and loss account of 2G Energy AG

	01/01 to 30/06/2019 EUR	01/01 to 30/06/2018 EUR	01/01 to 31/12/2018 EUR
Net sales	**95,810,077.64**	**84,142,366.16**	**209,782,529.63**
Increase/decrease in work-in-progress and finished goods	11,617,027.62	9,890,761.65	10,834,452.53
Other own work capitalised	13,776.59	496,268.38	532,430.56
	107,440,881.85	**94,529,396.19**	**221,149,412.72**
Other operating income	1,213,071.46	549,582.67	1,764,175.69
	108,653,953.31	**95,078,978.86**	**222,913,588.41**
Cost of materials			
a) Costs of raw materials and supplies, and for purchased merchandise	58,641,491.79	51,067,254.06	120,228,940.11
b) Costs of purchased services	15,989,371.10	13,571,148.57	28,509,611.62
	74,630,862.89	**64,638,402.63**	**148,738,551.73**
Personnel costs			
a) Wages and salaries	16,137,562.49	14,328,820.80	29,451,816.08
b) Social security, pension and other benefits	3,125,906.35	2,773,870.10	5,857,901.81
	19,263,468.84	**17,102,690.90**	**35,309,717.89**
Depreciation and amortization applied to tangible and intangible fixed assets	1,822,445.68	1,796,548.11	3,917,683.47
Other operating expenses	10,045,893.84	10,355,446.95	23,189,625.62
Income from associated companies	48,918.89	0.00	-130,339.66
Income from other participating interests	500.00	0.00	200.00
Other interest and similar income	27,860.68	33,773.85	59,563.72
Interest and similar expenses	213,310.47	217,116.43	454,685.67
Taxes on income	1,155,807.63	297,993.32	3,450,478.81
Profit after taxes	**1,599,443.53**	**704,554.37**	**7,782,269.28**
Other taxes	75,560.59	74,345.14	174,659.76
Consolidated net profit/loss for the year	**1,523,882.94**	**630,209.23**	**7,607,609.52**
Share of net profit/loss attributable to other shareholders	15,688.56	-20,564.22	-90,040.23
Consolidated net profit/loss	**1,539,571.50**	**609,645.01**	**7,517,569.29**
Retained earnings	5,835,705.09	178,735.80	178,735.80
Dividend payment	-1,993,500.00	0.00	-1,860,600.00
Allocation to other retained earnings	-13,521,701.00	0.00	0.00
Consolidated net retained earnings	**-8,139,924.41**	**788,380.81**	**5,835,705.09**

Derivation of EBIT

		01/01 to 30/06/2019	01/01 to 30/06/2018	01/01 to 31/12/2018
		EUR	EUR	EUR
	Other interest and similar income	**1,523,882.94**	**630,209.23**	**7,607,609.52**
+	Taxes on income	1,155,807.63	297,993.32	3,450,478.81
+	Interest and similar expenses	213,310.47	217,116.43	454,685.67
−	Other interest and similar income	28,360.68	33,773.85	59,563.72
=	**Earnings before interest and tax**	**2,864,640.36**	**1,111,545.13**	**11,453,210.28**

Notes to the consolidated financial statements of 2G Energy AG

A. General information about the consolidated statements

1. Basic information

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

2. Line of business

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

3. Accounting policies

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

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

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

B. Consolidation methods

1. Consolidation scope and shareholdings

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

Subsidiary

	Interest in %	Subscribed capital in TEUR	Equity in TEUR	Profit/loss for year in TEUR	Initial consolidation
2G Energietechnik GmbH* Heek, Germany	100	1,000	2,832	0	30/06/2007
2G Drives GmbH, Heek, Germany	100	25	4,011	525	24/03/2010
2G Home GmbH, Heek, Germany	100	125	561	-13	31/12/2007
2G Rental GmbH, Heek, Germany	100	50	-34	40	31/12/2014
HJS Motoren GmbH, Amtzell, Germany	50	25	738	430	01/07/2018
2G Solutions of Cogeneration S.L., Vic Barcelona, Spain	90	3	-760	- 224	31/01/2008
2G Energie SAS, Sainte-Luce-sur-Loire (Nantes), France	100	200	39	-173	24/08/2016
2G Italia Srl, Vago di Lavagno (Verona), Italy	100	10	637	3	15/03/2011
2G Energy Ltd., Cheshire, United Kingdom **	100	1	199	6	19/09/2011
2G Polska Sp. z o.o., Bielsko-Biala, Poland**	100	1	-58	1	07/11/2011
2G Energy Inc. St. Augustine (FL), USA**	100	1	-164	-946	27/02/2012
2G Energy Corp. Fergus (ON), Canada**	100	1	-548	-530	01/01/2019

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

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

The purpose of the subsidiary company 2G Drives GmbH is to optimize 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.

In the financial year 2018, 2G Energy AG acquired 50% of the shares in HJS Motoren GmbH. The object of the subsidiary HJS Motoren GmbH is the development, sales and service of combustion engine systems.

Apart from HJS Motoren GmbH, 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.

HJS Motoren GmbH is included “at equity” in the consolidated financial statements.

2. Consolidation methods applied

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

The consolidated financial statements are based on the separate financial statements of 2G Energy AG and the financial statements of the subsidiaries included in the consolidation scope. The financial statements are prepared as of the June 30, 2019 closing date.

Capital consolidation

Capital is consolidated according to the revaluation method pursuant to Section 301 (1) of the German Commercial Code (HGB). All balance sheet items at subsidiary level are recognized at fair value on the first-time consolidation date. Share acquisition costs are offset subsequently against revalued proportionate equity. The residual differential amount from capital consolidation (goodwill) is capitalized and amortized, as it applies to the core business of 2G Energy AG, straight-line over a prospective 20-year useful life pursuant to Section 309 (1) of the German Commercial Code (HGB). Increases and decreases (transactions without a change of control) are mapped as capital transactions.

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.

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).

Consolidation of income and expenses

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

Equity valuation

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

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

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

The elimination of unrealized results of intragroup transactions in the context of the equity valuation was waived due to its minor significance in accordance with Section 312 (5) sentence 3 of the German Commercial Code (HGB).

C. Information about accounting policies

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

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

Valuation methods were applied unchanged compared with the previous year.

Valuation details are as follows:

1. Intangible fixed assets

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

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. Prepayments rendered are recognized at normal value.

3. Financial fixed assets

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

4. Inventories

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

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

Merchandise is recognized at the lower of cost or fair value.

Prepayments rendered are recognized at nominal value.

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

5. Receivables and other assets

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

6. Cash in hand and bank balances

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

7. Prepayments and accrued income

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

8. Deferred tax

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

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

9. Equity

Equity is measured at nominal value.

10. Tax provisions

Tax provisions include taxes relating to the reporting year that have not yet been assessed.

11. Other provisions

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

12. Liabilities

Liabilities are recognized at the settlement amounts.

13. Prepayments received

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

14. Currency translation

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

D. Notes to the consolidated balance sheet

1. Fixed assets

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

Fixed assets include TEUR 3,534 (previous year: TEUR 3,755) of rental plants from the operating activities of 2G Rental GmbH.

Participating interests in associated companies include a difference between the book value and the equity of the associated company in the amount of TEUR 561 (previous year: TEUR 663), which is attributable in full to the acquired goodwill.

2. Receivables and other assets

Specific and general valuation allowances of TEUR 4,284 (previous year: TEUR 4,458) were applied to trade receivables.

Receivables due from participating interests relate to trade receivables in full.

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

3. Deferred tax assets

Deferred tax receivables of TEUR 2,457 (previous year: TEUR 2,776) arise from tax loss carryforwards (TEUR 63) at 2G Rental GmbH and 2G Energy Ltd. No deferred tax assets were formed in relation to the loss carryforwards of 2G Solutions S.L., 2G Italia Srl. and 2G Energy Inc. due to their having generated net losses in previous years. In this context, a cautious approach was adopted that does not take into account positive expectations arising from structural changes. In addition, deferred taxes were formed in relation to eliminated intragroup gains on fixed assets (TEUR 990) and inventories (TEUR 1,319) deriving from intragroup deliveries and services as of the balance sheet date, and on temporary differences (TEUR 85). These temporary differences arise mainly from recognizing differing valuations for inventories and provisions in the financial statements and in the tax accounts.

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

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

4. Consolidated equity

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

Capital reserves of EUR 11,235 arise mainly from share premiums from capital increases at 2G Energy AG.

In the course of the acquisition of the minority interests in 2G Drives GmbH by 2G Energy AG with effect from January 1, 2019, the purchase was shown as a capital transaction in accordance with DRS 23. The acquisition costs of the additional shares were offset against the share of other shareholders in equity (TEUR 697). The difference (TEUR 692) was offset against consolidated equity by other retained earnings.

In a resolution passed at the Annual General Meeting on July 8, 2015, the Management Board was authorized to increase the company's subscribed share capital during the period until July 7, 2020, with Supervisory Board approval, once or on several occasions, by up to a total of TEUR 2,215 by issuing new shares against cash or non-cash capital contributions (Approved Capital 2015).

Notional dividend payout restrictions exist in relation to deferred taxes of TEUR 2,457.

An amount of TEUR 42,533 is available to shareholders for distribution in the year under review. No restricted amounts that cannot be distributed exist in the separate financial statements of 2G Energy AG.

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

5. Other provisions

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

Other provisions, in TEUR

	30/06/2019	31/12/2018
Warranty commitments	5,800	6,177
Residual work on completed plants/outstanding invoices	3,151	4,586
Amounts owed to staff	2,025	1,865
Taxable fringe benefits	872	872
Professional cooperative contributions	208	292
Costs of preparing and auditing financial statements	257	154
Litigation costs	80	80
AGM and annual report	50	49
Archiving of business documents	20	19
Misc. other provisions	150	255
Total	**12,613**	**14,349**

6. Liabilities

Liabilities consist of the following:

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

	Up to 1 year	More than 1 year	Thereof more than 5 years	Total
Bank borrowings	10,301 (1,219)	5,482 (6,071)	1,828 (2,151)	15,783 (7,290)
Prepayments received for orders	24,504 (21,429)	0 (0)	0 (0)	24,504 (21,429)
Trade payables	13,660 (10,632)	0 (0)	0 (0)	13,660 (10,632)
Other liabilities	5,597 (6,718)	0 (0)	0 (0)	5,597 (6,718)
Total	**54,062** **(39,998)**	**5,482** **(6,071)**	**1,828** **(2,151)**	**59,544** **(46,070)**

The following collateral instruments are connected with bank borrowings:

- EUR 2.8 million land charge, Siemensstraße 20, Heek
- EUR 2.63 million land charge, Benzstraße 3, Heek
- EUR 0.31 million land charge, Siemensstraße 10, Heek
- Collateral assignment of a lease claims

Other liabilities comprise tax liabilities of TEUR 1,964 (previous year: TEUR 4,251), and social security liabilities of TEUR 65 (previous year: TEUR 93).

E. Notes to the consolidated profit and loss account

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

1. Net sales

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

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

	Germany	Abroad	Total
CHP systems/ After Sales	29,371 (24,427)	23,878 (20,834)	53,249 (45,261)
Service	29,792 (29,459)	12,769 (9,423)	42,561 (38,881)
Total	**59,163 (53,886)**	**36,647 (30,256)**	**95,810 (84,142)**

2. Other operating income

Other operating income comprises TEUR 683 (previous year: TEUR 135) of income related to other accounting periods that consist mainly of insurance compensation payments and loss compensation payments (TEUR 357), written-off receivables (TEUR 276) and the reduction of individual and general value adjustments to receivables (TEUR 46).

Other operating income includes income of TEUR 290 (previous year: TEUR 152) from currency translation.

3. Other operating expenses

Other operating expenses consist of the following:

Other operating expenses, in TEUR

	01/01 to 30/06/2019	01/01 to 30/06/2018
Operating expenses	3,735	3,474
Administration expenses	1,632	1,363
Sales and marketing expenses	3,187	2,713
Miscellaneous	1,492	2,806
Total	**10,046**	**10,355**

Other operating expenses comprise TEUR 346 (previous year: TEUR 1,103) of expenses related to other accounting periods that consist mainly of allocations to individual and general value adjustments on receivables (TEUR 307) and from credits and losses on receivables unrelated to the accounting period (TEUR 37).

Other operating expenses include expenses of TEUR 436 (previous year: TEUR 26) from currency translation.

4. Personnel costs

Social security contributions and pension and benefit expenses include TEUR 221 (previous year: TEUR 199) of pension expenses.

5. Income from associated companies

Income from associated companies consist of the following:

Income from associated companies, in TEUR

	01/01 to 30/06/2019	01/01 to 30/06/2018
Partial result	215	0
Depreciation of goodwill	166	0
Total	**49**	**0**

6. Other interest and similar income

Other interest and similar income includes income from the discounting of provisions in the amount of TEUR 7 (previous year: TEUR 11).

7. Taxes on income

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

Income from deferred taxes, in TEUR

	01/01 to 30/06/2019	01/01 to 30/06/2018
Deferred tax income	0	664
Deferred tax expenses	-319	-122
of which attributable to loss carryforwards (net balance)	-14	-122
Income from deferred taxes	**-319**	**542**

F. Additional information

1. Consolidated cash flow statement

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

Cash and cash equivalents shown in the cash flow statement include cash at banks and in hand, less short-term liabilities of TEUR 1,067 (previous year: TEUR 21).

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

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

3. Events of key significance after the reporting date

After the balance sheet date, no events occurred that are material to the assessment of the net assets, financial position and results of operations of the company.

4. Derivative financial instruments

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

Type, in TEUR

	Scope	Maturity	Fair value
Forward exchange transaction EUR - GBP	283	26/07/2019	-6
Forward exchange transaction EUR - USD	1,906	31/07/2019	-53
Forward exchange transaction EUR - USD	875	15/08/2019	-34
Forward exchange transaction EUR - GBP	881	30/08/2019	-22
Forward exchange transaction EUR - USD	522	30/09/2019	-14
Forward exchange transaction EUR - GBP	721	30/09/2019	-7
Forward exchange transaction EUR - GBP	214	31/10/2019	2
Forward exchange transaction EUR - USD	822	29/11/2019	-20
Forward exchange transaction EUR - USD	922	15/01/2020	-12
Forward exchange transaction EUR - USD	3,375	31/01/2020	-35
	10,521		**-201**

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

5. Contingent liabilities

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

6. Other financial obligations

Other financial obligations existed in relation to contracts as follows:

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

	Up to 1 year	1 to 5 years	Total
Permanent rental contracts*	468 (369)	0 (0)	468 (369)
Fixed-term rental contracts	333 (125)	586 (157)	919 (282)
Lease contracts	94 (186)	132 (145)	226 (331)
Total	**895 (680)**	**718 (302)**	**1,613 (983)**

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

7. Average number of employees during the financial year

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

Number of employees

	01/01 to 30/06/2019	01/01 to 30/06/2018
Wage earners	345	303
Salaried staff	308	303
	653	**606**
of whom part-time employees	81	54

8. Management Board

The Management Board is currently composed as follows:

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

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
Dr. Lukas Lenz (Chairman) Lawyer, Hamburg	17/07/2007
Mr. Heinrich Bertling (Deputy Chairman) Tax adviser, Gronau	28/08/2012
Mr. Wiebe Hofstra Senior Manager van der Wiel Holding BV, Drachten/NL	17/07/2007

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

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

10. Directors' compensation

Compensation of TEUR 600 (previous year: TEUR 421) was paid to the Management Board in the first half of the financial year under review, and compensation of TEUR 15 (previous year: TEUR 15) to the Supervisory Board.

Heek, September 26, 2019

Christian Grotholt
Management Board Chairman (CEO)

Ludger Holtkamp
Management Board member

Friedrich Pehle
Management Board member

Consolidated statement of changes in fixed assets

	Cost				
	01/01/2019	Currency translation	Additions	Disposals	30/06/2019
Intangible fixed assets					
Purchased concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	2,396,173.20	63.60	133,582.29	2,000.00	2,527,819.09
Goodwill	8,431,787.58	0.00	0.00	0.00	8,431,787.58
Prepayments rendered	9,333.00	0.00	0.00	0.00	9,333.00
	10,837,293.78	**63.60**	**133,582.29**	**2,000.00**	**10,968,939.67**
Tangible fixed assets					
Land, land rights and buildings, including buildings on third-party land	14,812,616.89	17,369.91	117,362.18	0.00	14,947,348.98
Plant and machinery	2,098,932.90	1,442.91	195,837.77	0.00	2,296,213.58
Other factory and office equipment	20,355,013.06	7,975.77	975,346.75	249,464.60	21,088,870.98
Prepayments rendered and plants under construction	64,720.95	0.00	629,510.96	0.00	694,231.91
	37,331,283.80	**26,788.59**	**1,918,057.66**	**249,464.60**	**39,026,665.45**
Financial fixed assets					
Participating interests in associated companies	881,030.44	0.00	48,918.90	0.00	929,949.34
Other participating interests	10,000.00	0.00	0.00	0.00	10,000.00
	891,030.44	**0.00**	**48,918.90**	**0.00**	**939,949.34**
Total	**49,059,608.02**	**26,852.19**	**2,100,558.85**	**251,464.60**	**50,935,554.46**

Depreciation and amortization					Book value	
01/01/2019	Currency translation	Additions	Disposals	30/06/2019	31/12/2018	30/06/2019
1,858,581.13	61.42	121,646.48	0.00	1,980,289.03	537,592.07	547,530.06
5,174,028.92	0.00	272,016.15	0.00	5,446,045.07	3,257,758.66	2,985,742.51
0.00	0.00	0.00	0.00	0.00	9,333.00	9,333.00
7,032,610.05	**61.42**	**393,662.63**	**0.00**	**7,426,334.10**	**3,804,683.73**	**3,542,605.57**
2,101,283.17	1,418.30	230,597.31	0.00	2,333,298.78	12,711,333.72	12,614,050.20
1,017,260.89	640.50	82,292.85	0.00	1,100,194.24	1,081,672.01	1,196,019.34
11,381,837.37	2,770.36	1,115,892.89	249,006.78	12,251,493.84	8,973,175.69	8,837,377.14
0.00	0.00	0.00	0.00	0.00	64,720.95	694,231.91
14,500,381.43	**4,829.16**	**1,428,783.05**	**249,006.78**	**15,684,986.86**	**22,830,902.37**	**23,341,678.59**
0.00	0.00	0.00	0.00	0.00	881,030.44	929,949.34
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**	**891,030.44**	**939,949.34**
21,532,991.48	**4,890.58**	**1,822,445.68**	**249,006.78**	**23,111,320.96**	**27,526,616.54**	**27,824,233.50**

Foreword of the Management Board

2G Energy AG share

1. Half-year 2019

Group management report

A. The 2G Group

B. Economic environment

C. Results of operations

D. Financial position

E. Net assets

F. Non-financial performance indicators

G. Corporate responsibility

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Consolidated financial statements

Colophon

Consolidated cash flow statement

		01/01 to 30/06/2019 EUR	01/07 to 31/12/2018 EUR	01/01 to 30/06/2018 EUR
	Consolidated net profit/loss for the year	**1,523,882.94**	**6,977,400.29**	**630,209.23**
+	Depreciation, amortization and fixed asset write-downs	1,822,445.68	2,121,135.36	1,796,548.11
±	Change in provisions	-1,736,163.72	668,335.97	853,163.48
±	Change in inventories	-14,681,682.71	3,205,919.11	-5,358,463.28
±	Change in trade receivables and other assets that are not allocable to investing or financing activities	-335,489.29	-8,546,896.42	3,087,258.75
±	Change in trade payables and other liabilities that are not allocable to investing financing activities	4,981,910.07	-7,943,832.50	8,052,475.47
±	Loss/gain from fixed asset disposals	-15,031.41	825.16	11,016.90
+	Interest and similar expenses	213,310.47	237,569.24	217,116.43
-	Other interest and similar income	-27,860.68	-25,789.87	-33,773.85
-	Other income from participating interests	-49,418.89	130,139.66	0.00
+	Taxes on income	1,155,807.63	3,152,485.49	297,993.32
±	Income tax payments	-836,027.24	-4,002,373.44	-653,127.37
=	**Cash flow from operating activities**	**-7,984,317.15**	**-4,025,081.95**	**8,900,417.19**
+	Proceeds from fixed asset disposals	17,489.23	1,631,389.57	627,503.75
-	Payments for investments in intangible fixed assets	-133,582.29	-82,311.51	-66,109.70
-	Payments for investments in tangible fixed assets	-1,918,057.66	-2,307,260.67	-4,787,954.19
-	Payments for investments in financial fixed assets	0.00	-1,011,370.10	0.00
-	Payments for acquisition of consolidated companies	-1,388,888.00	0.00	0.00
+	Interest received	28,360.68	25,989.87	33,773.85
=	**Cash flow from investing activities**	**-3,394,678.04**	**-1,743,562.84**	**-4,192,786.29**

	01/01 to 30/06/2019 EUR	01/07 to 31/12/2018 EUR	01/01 to 30/06/2018 EUR
+ Proceeds from raising of loans	8,000,000.00	0.00	2,800,000.00
- Outgoing payments for redemption of loans	-557,601.10	-1,122,343.58	-743,898.84
- Interest paid	-213,310.47	-237,569.24	-217,116.43
- Dividends paid to parent company shareholders	-1,993,500.00	-1,860,600.00	0.00
= **Cash flow from financing activities**	**5,235,588.43**	**-3,220,512.82**	**1,838,984.73**
= **Net change in cash and cash equivalents**	**-6,143,406.76**	**-8,989,157.61**	**6,546,615.63**
Currency-related change in cash and cash equivalents	-29,458.33	-16,339.45	-18,390.24
+ Cash and cash equivalents at start of period	13,615,190.87	22,620,687.93	16,092,462.54
= **Cash and cash equivalents at end of period**	**7,442,325.78**	**13,615,190.87**	**22,620,687.93**

	01/01 to 30/06/2019 EUR	01/07 to 31/12/2018 EUR	01/01 to 30/06/2018 EUR
Composition			
Liquid assets	8,509,513.69	13,632,458.25	22,641,391.67
Short-term bank borrowings	-1,067,187.91	-17,267.38	-20,703.74
	7,442,325.78	**13,615,190.87**	**22,620,687.93**

Consolidated statement of changes in equity

Consolidated statement of changes in equity, in EUR

	Parent company				
	Subscribed share capital	Capital reserves	Retained earnings	Adjustment item from foreign currency translation	Other accumulated consolidated earnings
Balance on 01/01/2018	**4,430,000.00**	**11,235,300.00**	**40,299,580.49**	**-1,005,335.70**	**6,375.40**
Transfer to retained earnings	0.00	0.00	0.00	0	0.00
Currency translation	0.00	0.00	0.00	98,080.23	0.00
Dividends	0.00	0.00	0.00	0.00	0.00
Miscellaneous changes	0.00	0.00	0.00	0.00	0.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	0.00
Balance on 31/12/2018	**4,430,000.00**	**11,235,300.00**	**40,299,580.49**	**-907,255.47**	**6,375.40**
Balance on 01/01/2019	**4,430,000.00**	**11,235,300.00**	**40,299,580.49**	**-907,255.47**	**6,375.40**
Transfer to retained earnings	0.00	0.00	13,521,701.00	0	0.00
Currency translation	0.00	0.00	0.00	-7,496.72	0.00
Dividends	0.00	0.00	0.00	0.00	0.00
Miscellaneous changes	0.00	0.00	-691,599.58	0.00	0.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	0.00
Balance on 30/06/2019	**4,430,000.00**	**11,235,300.00**	**53,129,681.91**	**-914,752.19**	**6,375.40**

		Minority shareholders			Consolidated equity
Retained earnings	**Total**	Minority interests	Retained earnings attributable to minority interests	**Total**	
172,360.40	**55,138,280.59**	**5,300.60**	**567,261.87**	**572,562.47**	**55,710,843.06**
0.00	0.00	0.00	0.00	0.00	0.00
0.00	98,080.23	0.00	0.00	0.00	98,080.23
-1,860,600.00	-1,860,600.00	0.00	0.00	0.00	-1,860,600.00
0.00	0.00	0.00	0.00	0.00	0.00
7,517,569.29	7,517,569.29	0.00	90,040.23	90,040.23	7,607,609.52
5,829,329.69	**60,893,330.11**	**5,300.60**	**657,302.10**	**662,602.70**	**61,555,932.81**
5,829,329.69	**60,893,330.11**	**5,300.60**	**657,302.10**	**662,602.70**	**61,555,932.81**
-13,521,701.00	0.00	0.00	0.00	0.00	0.00
0.00	-7,496.72	0.00	0.00	0.00	-7,496.72
-1,993,500.00	-1,993,500.00	0.00	0.00	0.00	-1,993,500.00
0.00	-691,599.58	-5,000.00	-692,288.42	-697,288.42	-1,388,888.00
1,539,571.50	1,539,571.50	0.00	-15,688.56	-15,688.56	1,523,882.94
-8,146,299.81	**59,740,305.31**	**300.60**	**-50,674.88**	**-50,374.28**	**59,689,931.03**

Colophon

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