

Q3
2023

QUARTERLY RELEASE

January 1 to September 30, 2023



SFC
ENERGY

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The figures presented in this quarterly release have been rounded in accordance with standard commercial practice. As a result, individual figures may not add up to the totals shown.

The financial figures for the first nine months of 2023 and 2022 are unaudited and are not subject to an auditor's review.

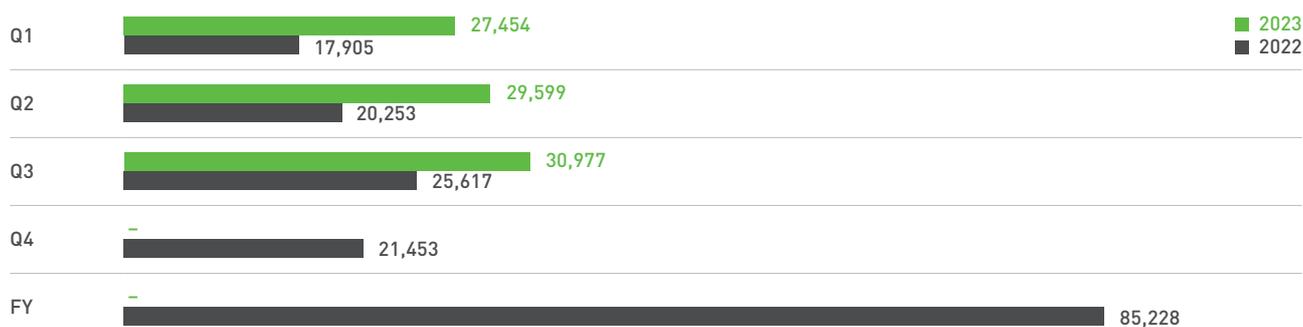
SFC ENERGY AG - AT A GLANCE

CONSOLIDATED KEY FIGURES

	2023		Change	2022		Change
	01/01-09/30	07/01-09/30		01/01-09/30	07/01-09/30	
Sales	88,030	30,977	38.0%	63,776	25,617	20.9%
Gross profit	33,321	11,445	42.6%	23,368	9,905	15.5%
Gross margin	37.9%	36.9%		36.6%	38.7%	
EBITDA	11,564	4,776	18.6%	9,754	6,694	-28.7%
EBITDA margin	13.1%	15.4%		15.3%	26.1%	
Adjusted EBITDA	11,931	4,610	62.0%	7,366	4,254	8.4%
Adjusted EBITDA margin	13.6%	14.9%		11.5%	16.6%	
EBIT	7,194	3,371	17.4%	6,126	5,468	-38.3%
EBIT margin	8.2%	10.9%		9.6%	21.3%	
Adjusted EBIT	7,561	3,205	102.3%	3,737	3,028	5.9%
Adjusted EBIT margin	8.6%	10.3%		5.9%	11.8%	
Consolidated net income for the period	6,495	3,168	23.6%	5,254	4,885	-35.2%
Earnings per share, undiluted	0.37	0.18	7.7%	0.35	0.32	-43.3%
Earnings per share, diluted	0.36	0.18	7.9%	0.34	0.32	-43.0%

SALES BY QUARTER

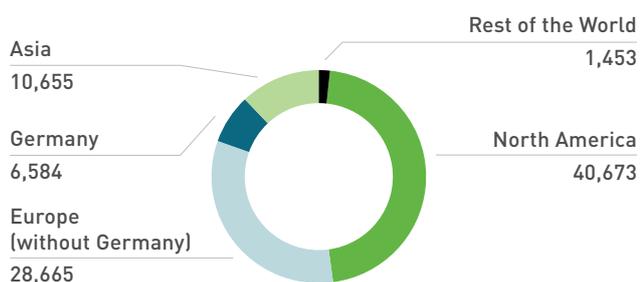
in EUR thousand



SALES BY REGION

01/01-09/30/2023

in EUR thousand



SALES BY SEGMENT

01/01-09/30/2023

in EUR thousand



INTERIM RELEASE ON BUSINESS DEVELOPMENT AS OF SEPTEMBER 30, 2023

Brunnthal, November 15, 2023

SFC Energy AG (ISIN: DE0007568578), a leading supplier of fuel cell solutions for stationary and mobile applications based on hydrogen (PEM) and direct methanol (DMFC) technology, announced its business performance and key events today as part of the publication of its Q3 quarterly release for the period from January 1, 2023, to September 30, 2023.

SFC Energy AG ("SFC AG") together with its subsidiaries forms an internationally active Group of companies ("SFC" or "Group") in the fuel cell sector. In addition to the parent company SFC Energy AG (Germany), the consolidated Group includes the subsidiaries SFC Energy B.V. (Netherlands) ("SFC B.V.") and its subsidiary SFC Energy Power SRL (Romania), SFC Energy Ltd. (Canada) ("SFC Ltd."), SFC Energy UK Ltd. (United Kingdom) ("SFC UK Ltd."), SFC Energy India Pvt. Ltd. (India) ("SFC Pvt. Ltd.") and SFC Clean Energy SRL (Romania). The Group is active in various business fields, which are divided into segments and business units.

The segmentation of the Group's activities primarily follows the Group's internal organizational and reporting structure by business units. These are based on the technology platforms and the Group's product and services portfolio. The Clean Energy segment comprises the portfolio of products, systems and solutions for stationary and mobile off-grid power supply based on hydrogen and direct methanol fuel cells. The fuel cell solutions are used in the industrial, private and government (public safety) sectors in various markets, such as the markets for telecommunications equipment, security and surveillance technology, remote sensing technology, defense technology, but also in the caravanning and marine markets. The Clean Power Management segment bundles the entire business with high-tech, standardized and semi-standardized power management solutions such as voltage transformers and coils, which are used in equipment for the high-tech industry. The segment also includes the business with frequency converters for the upstream oil and gas industry, some of which are integrated and some of which are sold.

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

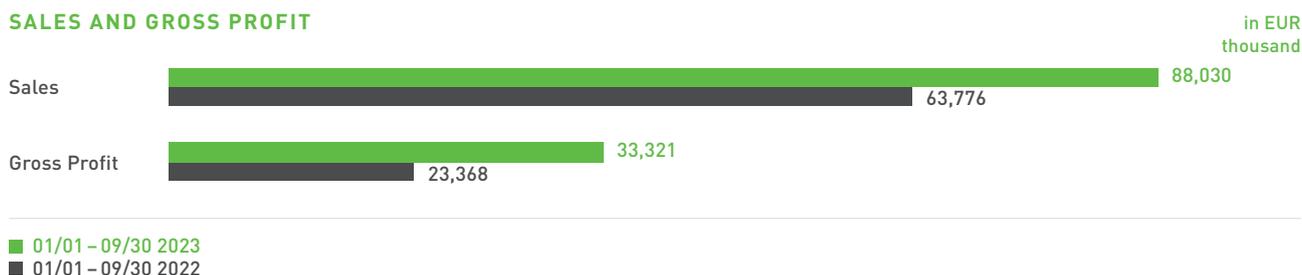
Earnings Position

Compared to the same period of the previous year, the Group achieved extremely strong growth in sales of 38.0% or EUR 24,254 thousand and sales of EUR 88,030 thousand (previous year: EUR 63,776 thousand). This positive development of sales is attributable to both the very strong organic growth in the Clean Energy segment's sales, which increased by 34.1% compared to the previous year, as well as to the extraordinarily strong growth in sales of 46.8% in the Clean Power Management segment.

The Clean Energy segment, whose share of Group sales decreased slightly to 66.9% in the reporting period (previous year: 68.9%), remained the segment with the highest sales. By contrast, the Clean Power Management segment's share of Group sales rose to 33.1% (previous year: 31.1%).

In the period under review, both the overall growth in sales and the increased gross profit margins in both segments led to a significant increase in consolidated gross profit of EUR 9,953 thousand or 42.6% to EUR 33,321 thousand (previous year: EUR 23,368 thousand). The resulting gross profit margin of the Group (gross profit as a percentage of sales) amounted to 37.9% (previous year: 36.6%) was moderately above the previous year's level.

SALES AND GROSS PROFIT



Sales development by segments

The segmentation of sales for the reporting period compared to the previous year is as follows:

SALES BY SEGMENT

	2023		Change	2022		Change
	01/01- 09/30	07/01- 09/30		01/01- 09/30	07/01- 09/30	
Clean Energy	58,877	20,287	34.1%	43,918	17,270	17.5%
Clean Power Management	29,153	10,690	46.8%	19,858	8,347	28.1%
Total	88,030	30,977	38.0%	63,776	25,617	20.9%

Legend: ■ 2023 (green), ■ 2022 (black)

BREAKDOWN OF SALES BY SEGMENT

in %

01/01 - 09/30/2023



Sales development by region

The development of sales by region for the reporting period is as follows:

SALES BY REGION

in EUR thousand

	2023 01/01- 09/30	2022 01/01- 09/30	Change	2023 07/01- 09/30	2022 07/01- 09/30	Change
North America	40,673	27,647	47.1%	13,756	12,072	14.0%
Europe (without Germany)	28,665	24,779	15.7%	9,715	9,035	7.5%
Germany	6,584	5,356	22.9%	2,302	1,553	48.2%
Asia	10,655	5,908	80.4%	4,909	2,956	66.1%
Rest of the World (RoW)	1,453	87	> 100.0%	296	1	> 100.0%
Total	88,030	63,776	38.0%	30,977	25,617	20.9%

BREAKDOWN OF SALES BY REGION

in %

01/01 - 09/30/2023



The regional distribution of sales developed as follows in the reporting period compared to the previous year: North America’s contribution to Group sales increased considerably to 46.2% (previous year: 43.4%) in the reporting period, mainly driven by higher demand for fuel cell solutions for industrial applications, and achieved the highest regional sales growth by posting an increase of EUR 13,026 thousand. By contrast, the relative share of Group sales accounted for by the Europe region (excluding Germany) fell to 32.6% (previous year: 38.9%), however increased in absolute terms by EUR 3,887 thousand. On the other hand, the share of sales generated in Asia increased solidly to 12.1% (previous year: 9.3%).

In the reporting period, the region of Germany contributed 7.5% (previous year: 8.4%) to Group sales, while the RoW region generated 1.7% (previous year: 0.1%) of Group sales.

Reconciliation of adjusted EBITDA and adjusted EBIT

Adjusted EBITDA and adjusted EBIT are reported in order to neutralize distortions caused by non-recurring effects that both increase and decrease the operating result for the reporting period in the presentation of financial performance indicators and to ensure comparability of these performance indicators between periods. In this context, the effects of the non-recurring effects listed below included in the respective functional costs and in other operating income are eliminated in the reporting period as part of a reconciliation to adjusted EBITDA and adjusted EBIT.

In the reporting period, non-recurring effects included expenses for the increase in provisions and capital reserve for obligations under the long-term variable share-price-based remuneration programs ("LTI programs"), as well as expenses associated with potential strategic transactions.

These programs are stock appreciation rights ("SARs") and stock option programs ("SOP") for the Management Board and for certain employees (managers) of Group companies. The expenses for these programs amounted to EUR 326 thousand (previous year: EUR 360 thousand) in the reporting period ("special expenses"). Income from the reversal of provisions for the LTI programs in the amount of EUR 397 thousand (previous year: EUR 2,768 thousand) ("special income") was recognized in the reporting period. This income resulted, among other factors, from the reversal of provisions already recognized for the SARs through profit or loss that were higher than the payout for the amounts received in cash in the current reporting period.

Expenses associated with potential strategic transactions in the amount of EUR 437 thousand (previous year: EUR 19 thousand) are included in non-recurring effects ("special expenses").

In total, the non-recurring effects are shown as a net expense in the amount of EUR 367 thousand (previous year: net income of EUR 2,389 thousand) for the reporting period in EBIT and EBITDA.

Expenses for the LTI programs of the members of the Management Board currently in office are included in both selling expenses and general and administrative expenses. Expenses for the LTI programs for certain employees (managers) are included in selling expenses and research and development expenses. Expenses associated with transaction efforts are included in general and administrative expenses. Income from the reversal of SARs provisions is included in other operating income.

The reconciliation to adjusted EBITDA and adjusted EBIT (= adjusted operating profit) and the allocation of non-recurring factors to the income statement items are accordingly as follows:

NON-RECURRING EFFECTS	in EUR thousand	
	2023 01/01-09/30	2022 01/01-09/30
Expenses for the LTI programs	-326	-360
Income from SARs	397	2,768
Expenditure for potential strategic transactions	-437	-19
Total net income / net expense	-367	2,389
of which included as expense in selling expenses	-153	-175
of which included as expense in research and development expenses	0	0
of which included as expense in general and administrative expenses	-610	-205
of which included as income in other operating income	397	2,768

Gross profit

As with Group sales, gross profit increased particularly strongly by 42.6% to EUR 33,321 thousand (previous year: EUR 23,368 thousand) compared to the same period of the previous year and thus rose by EUR 9,953 thousand. This significant increase was mainly due to the above-mentioned strong organic sales growth in combination with a margin expansion, also as a result of the effectiveness of improved pricing and a more attractive product mix.

The gross profit margin of the Group (gross profit as a percentage of sales) resulting from the development of sales was at 37.9% (previous year: 36.6%), slightly above the level of the same period of the previous year as well as the gross profit margin for fiscal year 2022 (36.8%). Whereas the gross profit margin in the Clean Energy segment, which generates higher sales and margins, amounted to 44.1% (previous year: 42.1%) and was thus noticeably above the level of the same quarter of the previous year as well as the level of fiscal year 2022 (42.6%), the Clean Power Management segment recorded a gross profit margin of 25.2% (previous year: 24.5%) and thus a moderate increase in the margin.

Selling expenses

Selling expenses in the reporting period increased by 19.6% to EUR 11,685 thousand (previous year: EUR 9,769 thousand). Likewise, selling expenses adjusted for the non-recurring effects described above increased by 20.2% to EUR 11,532 thousand (previous year: EUR 9,594 thousand). This was mainly due to higher personnel expenses as well as higher advertising and travel expenses, among other reasons as a result of the growth in sales.

Group-wide, however, adjusted selling expenses as a percentage of sales were, due to the growth in sales, at 13.1% (previous year: 15.0%), they were noticeably lower than in the previous year.

Research and development expenses

Research and development expenses recognized in the Consolidated Statement of Income increased significantly in the reporting period by 14.8% to EUR 4,161 thousand (previous year: EUR 3,624 thousand).

Adjusted for the non-recurring effects listed above and including the development expenses capitalized in the reporting period and grants received totaling EUR 2,370 thousand (previous year: EUR 1,907 thousand), the total research and development expenses of the Group amounted to EUR 6,530 thousand (previous year: EUR 5,531 thousand) and were thus 18.1% above the previous year's figure. The higher total expenses in the reporting period resulted mainly from significantly increased personnel expenses and the higher costs of the materials used in the development department, as well as significantly higher depreciation and amortization.

The overall development ratio of the Group (research and development expenses adjusted for non-recurring effects and including capitalized development costs and grants as a percentage of sales) decreased slightly to 7.4% (previous year: 8.7%) due to the growth in sales, despite higher expenses overall.

In the reporting period, impairment losses on capitalized development expenses amounting to EUR 614 thousand (previous year: EUR 0 thousand) were recognized in research and development expenses of SFC Energy AG. These resulted from the planned early discontinuation of an accessory product.

General administrative expenses

General and administrative expenses in the reporting period amounted to EUR 11,335 thousand (previous year: EUR 7,538 thousand) and were significantly higher than in the same period of the previous year. After adjustment for the aforementioned non-recurring effects amounting to EUR 610 thousand (previous year: EUR 205 thousand), general and administrative expenses increased by 46.3% to EUR 10,725 thousand (previous year: EUR 7,333 thousand). The increase is mainly attributable to higher personnel expenses in both segments, higher recruitment and higher IT expenses.

Other operating income

Other operating income in the reporting period declined by approximately half compared to the same period of the previous year and amounted to EUR 2,096 thousand (previous year: EUR 4,042 thousand). The main reason for this is the income from the reversal of SARs provisions through profit or loss as mentioned above, which amounted to EUR 397 thousand (previous year: EUR 2,768 thousand) and was thus significantly lower than in the same period of the previous year. The item also includes income from exchange rate differences amounting to EUR 1,071 thousand (previous year: EUR 1,189 thousand).

Other operating expenses

Other operating expenses in the reporting period amounted to EUR 1,043 thousand (previous year: EUR 353 thousand) and resulted from expenses arising from exchange rate differences.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Earnings before interest, taxes, depreciation and amortization (EBITDA) of the Group increased particularly sharply in the reporting period to EUR 11,564 thousand (previous year: EUR 9,754 thousand), resulting in an EBITDA margin (EBITDA in relation to sales) of 13.1% (previous year: 15.3%).

EBITDA adjusted for non-recurring effects (adjusted EBITDA), the key financial performance indicator used to manage the operating business, amounted to EUR 11,931 thousand (previous year: EUR 7,366 thousand) and, at EUR 4,566 thousand, recorded a rather significant increase over the previous year's figure. The adjusted EBITDA margin also rose by 2.0 percentage points and stood at 13.6% (previous year: 11.5%), considerably above the level of the previous year.

The increase in adjusted EBITDA was mainly due to strong growth in sales with a relatively lower increase in functional costs, combined with the marked improvement in the gross profit margin.

Operating result (EBIT)

The Group's earnings before interest and taxes (EBIT) increased significantly to EUR 7,194 thousand in the reporting period (previous year: EUR 6,126 thousand) despite the EUR 742 thousand increase in depreciation and amortization compared to the previous year. Nevertheless, the EBIT margin (EBIT in relation to sales) still declined slightly to 8.2% (previous year: 9.6%).

EBIT adjusted for non-recurring effects (adjusted EBIT) amounted to EUR 7,561 thousand (previous year: EUR 3,737 thousand) and, in contrast to unadjusted EBIT, was thus EUR 3,823 thousand higher than in the previous year. This resulted in a significantly higher adjusted EBIT margin of 8.6% (previous year: 5.9%).

Interest and similar income

Due to higher interest rates and the higher average level of cash and cash equivalents in the reporting period, interest and similar income amounted to EUR 541 thousand (previous year: EUR 0 thousand).

Interest and similar expenses

Interest and similar expenses amounted to EUR 519 thousand (previous year: EUR 304 thousand).

Consolidated net income for the period

The reporting period ended with a clearly positive consolidated net result for the period of EUR 6,495 thousand (previous year: EUR 5,254 thousand).

Earnings per share

Undiluted and diluted earnings per share according to IFRS amounted to EUR 0.37 and EUR 0.36 (previous year: EUR 0.35 respectively EUR 0.34) in the reporting period.

Order intake and order backlog

Order intake in the reporting period amounted to EUR 89,678 thousand. Correspondingly, the Group's order backlog as of the reporting date, September 30, 2023, increased to EUR 75,345 thousand (December 31, 2022: EUR 74,176 thousand). SFC AG accounted for EUR 17,748 thousand (December 31, 2022: EUR 19,522 thousand), SFC B.V. for EUR 29,491 thousand (December 31, 2022: EUR 34,937 thousand) and SFC Ltd. for EUR 28,106 thousand (December 31, 2022: EUR 19,717 thousand) of this amount.

Clean Energy

This segment generated sales of EUR 58,877 thousand in the period under review (previous year: EUR 43,918 thousand) and thus recorded a significant increase of EUR 14,959 thousand or 34.1% compared to the same period of the previous year.

The segment's sales growth was primarily driven by the continued high demand for fuel cell solutions for industrial applications, which account for around 63% of segment sales, and increased demand from the government sector (public safety). Sales to the segment's industrial customers increased by approximately 26% compared to the same period of the previous year. By contrast, sales to customers in the private applications sector decreased sharply.

The segment's gross margin of 44.1% (previous year: 42.1%) in the reporting period was slightly above the level of the same period of the previous year, both due to a more attractive product mix and the effectiveness of improved pricing. In line with the significant increase in sales and the improved gross margin, gross profit in the reporting period was up by EUR 7,462 thousand to EUR 25,967 thousand (previous year: EUR 18,505 thousand).

The segment's selling expenses adjusted for the above-mentioned non-recurring effects amounting to EUR -153 thousand (previous year: EUR -175 thousand) amounted to EUR 9,920 thousand (previous year: EUR 8,188 thousand) were 21.1% and thus considerably above the level of the previous year. The increase is mainly attributable to higher personnel expenses and advertising and travel expenses.

The segment's general and administrative expenses, adjusted for the above-mentioned non-recurring expenses of EUR 610 thousand (previous year: EUR 205 thousand), increased significantly in the reporting period by 53.8% to EUR 7,769 thousand (previous year: EUR 5,050 thousand) and were thus significantly above the level of the previous year. The increase is mainly attributable to higher personnel expenses, consulting costs and IT costs.

As a result of the significant increase in gross profit, EBITDA adjusted for non-recurring effects also improved substantially in the reporting period to EUR 9,634 thousand (previous year: EUR 6,983 thousand), resulting in a moderate increase in the adjusted EBITDA margin of the segment to 16.4% (previous year: 15.9%).

Clean Power Management

Compared to the previous year's figure, the Clean Power Management segment recorded exceptionally high sales growth of 46.8% to EUR 29,153 thousand (previous year: EUR 19,858 thousand). Segment sales in the previous year were particularly impacted by a challenging procurement environment and supply bottlenecks, which only gradually eased in the second half of 2022. The easing of supply bottlenecks continued in the reporting period and, partly on the basis of this trend, segment sales increased significantly in the first nine months of fiscal year 2023.

The gross profit of the Clean Power Management segment also increased, even at a slightly higher rate than sales, to EUR 7,355 thousand (previous year: EUR 4,863 thousand). The slightly higher gross margin of the segment compared to the same period of the previous year of 25.2% (previous year: 24.5%) was attributable to both the product mix and good price enforcement.

The segment's selling expenses, which do not include any non-recurring effects, amounted to EUR 1,612 thousand (previous year: EUR 1,406 thousand) and were significantly higher than in the previous year. This was due in particular to higher personnel expenses and increased advertising and travel costs.

The segment's general and administrative expenses in the reporting period amounted to EUR 2,956 thousand (previous year: EUR 2,283 thousand) and were with EUR 673 thousand considerably higher than in the previous year, mainly due to higher personnel expenses.

The segment's EBITDA does not include any non-recurring effects either. Due to the higher gross profit margin in particular in connection with significantly higher sales, segment EBITDA improved significantly to EUR 2,297 thousand (previous year: EUR 383 thousand) in the reporting period. Compared to the same period of the previous year, the segment's EBITDA margin also increased significantly to 7.9% (previous year: 1.9%).

Asset and financial position

Capital structure

Equity increased by EUR 6,949 thousand in the reporting period and amounted to EUR 110,386 thousand as of September 30, 2023 (December 31, 2022: EUR 103,437 thousand).

The increase in shareholders' equity was mainly due to the Group profit for the period generated over the course of the year in the amount of EUR 6,495 thousand (previous year: EUR 5,254 thousand).

Cash and cash equivalents

As of the reporting date, freely available cash and cash equivalents amounted to EUR 56,766 thousand (December 31, 2022: EUR 64,803 thousand). The net change in cash and cash equivalents amounted to EUR -8,021 thousand (previous year: EUR 39,519 thousand).

Total liabilities to banks decreased by EUR 143 thousand to EUR 3,912 thousand in the reporting period compared to the end of fiscal year 2022 (December 31, 2022: EUR 4,055 thousand).

The net financial position (freely available cash and cash equivalents less liabilities to banks) declined in the reporting period by EUR 7,894 thousand to EUR 52,854 thousand (December 31, 2022: EUR 60,748 thousand).

Cash flow and investments

CASH FLOW	in EUR thousand	
	01/01-09/30/2023	01/01-09/30/2022
Operating profit before changes in working capital	12,164	7,451
Cash flow from		
Operating activities	-1,644	-8,214
Investing activities	-4,401	-2,819
Financing activities	-1,976	50,551

Operating cash flow and cash flow from operating activities

Operating cash flow before changes in net working capital and income taxes (operating profit before changes in working capital) in the reporting period amounted to EUR 12,164 thousand (previous year: EUR 7,451 thousand) and was thus significantly higher than in the previous year.

After taking the change in net working capital, which increased by EUR 12,761 thousand (previous year: EUR 15,436 thousand) and income tax payments into account, cash flow from operating activities was negative in the amount of EUR -1,644 thousand (previous year: EUR -8,214 thousand).

With regard to the main changes in net working capital, trade receivables increased by EUR 10,767 thousand with an effect on liquidity in the period under review and inventories increased by EUR 2,379 thousand. The aforementioned increase was offset by the cash-effective increase in trade payables by EUR 3,080 thousand during the same period. Other current liabilities also increased by EUR 422 thousand in the same period. Together with the other items of net current assets, this resulted in an increase in net current assets and thus a cash outflow of EUR 12,761 thousand (previous year: EUR 15,436 thousand) in the reporting period.

Cash flow from investing activities and investments

Cash outflows from investing activities in the reporting period totaled EUR -4,401 thousand (previous year: EUR -2,819 thousand). The payments for the acquisition of intangible assets in the amount of EUR 1,237 thousand (previous year: EUR 191 thousand) and investments in plant and office equipment amounting to EUR 1,465 thousand (previous year: EUR 1,032 thousand) included in this figure are the main reasons for the increase. Investments in research and development (capitalized development expenses) amounted to EUR 2,082 thousand (previous year: EUR 1,596 thousand).

These investments were made from the company's own funds or under the current loan agreements.

Cash flow from financing activities

The markedly low (negative) cash flow from financing activities in the reporting period compared to the same period of the previous year, amounting to EUR -1.976 thousand (previous year: EUR 50,551 thousand) was at the relatively low level mainly due to the cash inflow from the capital increase carried out in the third quarter of 2022.

Asset position

As of September 30, 2023, total assets amounted to EUR 157,692 thousand (December 31, 2022: EUR 147,171 thousand) and thus increased by 7.1% or EUR 10,521 thousand in the reporting period, whereby the increase is also due to the Group net profit for the period of EUR 6,495 thousand (previous year: EUR 5,254 thousand).

On the assets side, current assets in particular increased by EUR 7,584 thousand. On the liabilities side, current liabilities increased by EUR 4,525 thousand. Non-current liabilities decreased slightly by EUR 953 thousand. The equity ratio remained stable at 70.0% (December 31, 2022: 70.3%).

On the current assets side, trade receivables in particular increased significantly by 62.1%, mainly due to the pleasing growth in sales, to EUR 29,356 thousand (December 31, 2022: EUR 18,110 thousand).

Inventories, on the other hand, increased only slightly by 5.4% to EUR 26,278 thousand (December 31, 2022: EUR 24,921 thousand).

As of September 30, 2023, intangible assets increased to EUR 19,723 thousand (December 31, 2022: EUR 18,576 thousand). The increase mainly resulted from the acquisition of technologies from Johnson Matthey for the production of membrane electrode assemblies (MEAs) for direct methanol fuel cells.

Property, plant and equipment increased slightly to EUR 14,486 thousand (December 31, 2022: EUR 13,396 thousand). Investments in property, plant and equipment excluding including investments in rights of use in connection with the application of IFRS 16 amounted to EUR 1,465 thousand (previous year: EUR 1,032 thousand).

The noticeable increase in current liabilities by EUR 4,525 thousand in the reporting period to EUR 31,116 thousand (December 31, 2022: EUR 26,591 thousand), resulted mainly from the sharp increase in trade payables by EUR 3,128 thousand to EUR 12,174 thousand (December 31, 2022: EUR 9,046 thousand).

The decrease in liabilities from the LTI programs included in non-current liabilities, which amounted to EUR 2,490 thousand (December 31, 2022: EUR 4,047 thousand) as of the reporting date caused the moderate decline in non-current liabilities in the reporting period to EUR 16,189 thousand (December 31, 2022: EUR 17,142 thousand).

Financial liabilities decreased by EUR 143 thousand to EUR 3,912 thousand (December 31, 2022: EUR 4,055 thousand) in the reporting period and are exclusively of a short-term nature. These are the working capital lines of SFC Energy B.V., SFC Power SRL and SFC Energy Ltd.

The composition and development of net financial debt are as follows:

NET FINANCIAL DEBT		in EUR thousand	
	09/30/2023	12/31/2022	Change
Liabilities to banks	3,912	4,055	-143
thereof SFC Energy AG	0	0	0
thereof SFC Energy B.V.	3,595	3,306	290
thereof SFC Energy Ltd.	316	749	-433
Less			
Freely available cash and cash equivalents ^a	56,766	64,803	-8,037
Total (net financial position)	52,854	60,748	-7,894

a) Cash and cash equivalents less restricted cash and cash equivalents

Overall, the share of debt in total capital amounted to 30.0% (December 31, 2022: 29.7%).

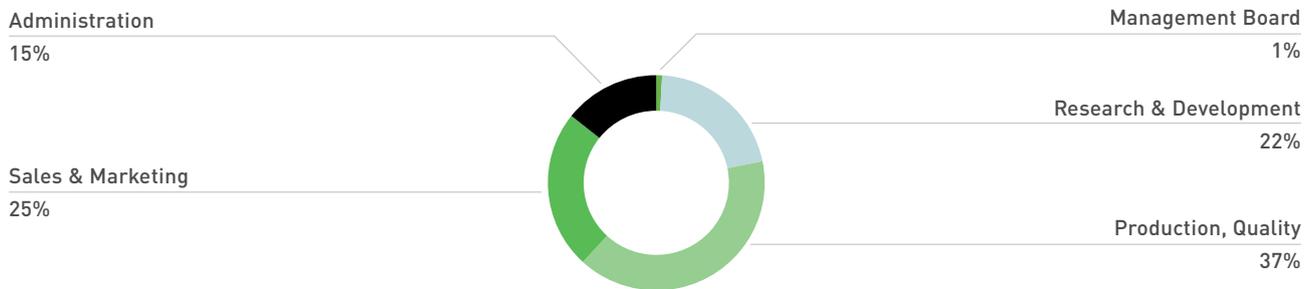
The Group's equity increased to EUR 110,386 thousand in the reporting period (December 31, 2022: EUR 103,437 thousand). The equity ratio remained unchanged at 70.0% (December 31, 2022: 70.3%). With regard to the development of equity, reference is made to the Consolidated Statement of Changes in Equity in the supplementary financial information.

Employees

The number of permanent employees as of September 30, 2023, was as follows:

EMPLOYEES			
	09/30/2023	12/31/2022	Change
Management Board	3	3	0
Research and development	83	68	15
Production, logistics, quality management	143	137	6
Sales and marketing	95	88	7
Management	57	58	-1
Permanent employees	381	354	27

EMPLOYEES BY FUNCTIONAL AREA



As of September 30, 2023, the Group employed 381 permanent employees worldwide (December 31, 2022: 354).

FORECAST

The Group forecast for the 2023 financial year was first published on February 14, 2023, and specified on August 22, 2023. Given the continued solid growth trend and favorable earnings, both also shown in the third quarter of 2023, the upper end of the forecast is now being adjusted and specified again in this quarterly statement.

The continued strong demand for SFC's products and solutions, which we believe is also due to positive developments of the energy transition in several regions, continues to have a general positive impact on SFC's financial performance. The relevance of SFC's product platforms is becoming increasingly important in the current market environment.

SFC continues to work consistently on efficient cost structures to improve its competitiveness in all regions, among other things. However, the regional expansion in particular will initially result in additional expenses that could have a negative impact on earnings in the fourth quarter. In addition to a possible decline in sales volumes, which would simultaneously lead to a lower dilution of production overheads, a significantly weaker Euro would also have a particularly negative impact on the operating result.

Due to the economic uncertainties summarized above, our forecasts (including the following key indicators) are subject to a certain degree of uncertainty. We are closely monitoring further developments and will adjust our expectations accordingly if necessary.

Sales

In view of the positive business performance in the first nine months of 2023, the expected deliveries and current order backlog for the fourth quarter of 2023, we now expect to exceed our previous revenue forecast for the current 2023 financial year. We are therefore raising the range for expected revenue to approximately EUR 115,000 thousand to EUR 117,000 thousand (previously: EUR 107,000 thousand to EUR 111,000 thousand).

Adjusted EBITDA

Adjusted EBITDA is one of our key financial performance indicators for managing the operating business. Taking into account the positive sales trend, the results achieved in the first nine months of the financial year and the developments described above, we are specifying our forecast for adjusted EBITDA at the upper end of the previous forecast and narrowing the range to approximately EUR 13,000 thousand to EUR 14,100 thousand (previously: EUR 10,500 thousand to EUR 14,100 thousand).

Adjusted EBIT

In line with the results realized in the first nine months of the financial year and the expectations described above, we are also specifying the forecast for EBIT adjusted and narrowing the range to approximately between EUR 7,500 thousand and EUR 8,600 thousand, which is at the upper end of the previous forecast (previously: EUR 5,000 thousand to EUR 8,600 thousand).

SUPPLEMENTARY FINANCIAL INFORMATION

Consolidated Statement of Income

FROM JANUARY 1 TO SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	2023 01/01-09/30	2022 01/01-09/30
Sales	88,029,703	63,776,005
Cost of goods sold and services rendered to generate revenue	-54,708,332	-40,407,988
Gross profit	33,321,371	23,368,017
Selling expenses	-11,685,368	-9,768,776
Research and development expenses	-4,160,693	-3,624,238
General administrative expenses	-11,335,179	-7,537,768
Other operating income	2,096,085	4,041,507
Other operating expenses	-1,042,695	-353,131
Operating result (EBIT)	7,193,521	6,125,611
Interest and similar income	540,630	4
Interest and similar expenses	-519,290	-303,632
Earnings before taxes	7,214,861	5,821,983
Taxes on income and earnings	-719,689	-567,701
Consolidated net income for the period	6,495,171	5,254,282
Attributable to the owners of SFC Energy AG	6,501,170	5,254,282
Attributable to non-controlling interests	-5,999	0
Earnings per share		
undiluted	0.37	0.35
diluted	0.36	0.34

Consolidated Statement of Comprehensive Income

FROM JANUARY 1 TO SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	2023 01/01-09/30	2022 01/01-09/30
Consolidated net income for the period	6,495,171	5,254,282
Differences from the translation of foreign subsidiaries	161,071	616,152
Changes in value recognized directly in equity (Total other comprehensive income)	161,071	616,152
Total comprehensive income for the period	6,656,242	5,870,434
Attributable to the owners of SFC Energy AG	6,664,247	5,870,434
Attributable to non-controlling interests	-8,005	0

There are no deferred tax effects on the changes in value recognized directly in equity.

Consolidated Statement of Financial Position

ASSETS AS OF SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	09/30/2023	12/31/2022
Current assets	120,729,672	113,145,754
Inventories	26,277,843	24,921,204
Trade receivables	29,355,733	18,110,324
Assets from contracts with customers	2,193,348	1,265,883
Other assets and receivables	5,851,128	3,660,591
Cash and cash equivalents	56,766,001	64,802,825
Restricted cash and cash equivalents	285,620	384,927
Non-current assets	36,961,916	34,025,247
Intangible assets	19,722,991	18,576,279
Property, plant and equipment	14,485,742	13,396,044
Other non-current assets	618,998	0
Deferred tax assets	2,134,185	2,052,924
Assets	157,691,588	147,171,001

Consolidated Statement of Financial Position

LIABILITIES AND EQUITY AS OF SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	09/30/2023	12/31/2022
Current liabilities	31,116,458	26,591,389
Tax provisions	256,786	568,439
Other accrued liabilities	1,724,623	1,495,468
Liabilities to banks	3,911,854	4,054,845
Liabilities from advance payments	305,072	498,154
Trade payables	12,173,544	9,045,990
Leasing liabilities	1,998,431	2,009,259
Liabilities from contracts with customers	1,536,451	601,841
Other liabilities and PRAP	9,209,699	8,317,393
Non-current liabilities	16,189,301	17,142,494
Other accrued liabilities	2,104,579	1,882,784
Leasing liabilities	8,812,406	8,551,813
Other liabilities	3,152,160	4,644,125
Deferred tax liabilities	2,120,156	2,063,772
Equity	110,385,829	103,437,118
Non-controlling interestsl	-4,336	0
Equity attributable to the owners of SFC Energy AG	110,390,165	103,437,118
Subscribed capital	17,363,691	17,363,691
Capital reserve	168,551,075	168,262,275
Other changes in equity not affecting net income	-585,027	-748,104
Results carried forward	-81,440,744	-83,460,869
Consolidated net income for the period	6,501,170	2,020,125
Liabilities	157,691,588	147,171,001

Consolidated Statement of Cash Flows

FROM JANUARY 1 TO SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	2023 01/01-09/30	2022 01/01-09/30
Cash flow from operating activities		
Earnings before taxes	7,214,861	5,821,983
+ Interest result	-21,340	303,628
+ Amortization of intangible assets and depreciation of property, plant and equipment	4,370,791	3,628,337
+/- Expenses/income from LTI programs	-70,278	-2,407,633
+ Change in the valuation allowance	702,610	104,766
+/- Losses/gains on the disposal of non-current assets	-1,589	50,919
+/- Other non-cash income and expenses	-30,595	-51,211
Operating cash flow before changes in working capital	12,164,459	7,450,789
+/- Increase / decrease in provisions	436,342	-223,411
-/+ Increase / decrease in trade receivables	-10,767,460	-3,154,332
-/+ Increase / decrease in inventories	-2,378,991	-10,786,345
-/+ Increase / decrease in other receivables and assets	-3,553,378	-3,461,724
+/- Increase / decrease in trade payables	3,080,026	2,681,939
+/- Increase / decrease in other liabilities	422,123	-491,744
Cash flow from operating activities before income taxes	-596,879	-7,984,828
+/- Income tax refunds / payments	-1,047,244	-228,769
Cash flow from operating activities	-1,644,124	-8,213,597

Consolidated Statement of Cash Flows

FROM JANUARY 1 TO SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	2023 01/01-09/30	2022 01/01-09/30
Cash flow from investing activities		
Investments in intangible assets from development projects	-2,082,389	-1,595,882
+ Investments in other intangible assets	-1,237,449	-190,585
+ Investments in property, plant and equipment and rights of use	-1,637,184	-1,032,200
Interest and similar income received	422,505	5
Deposits from the purchase of restricted bank balances	99,307	-1
Sale of fixed assets	33,842	0
Cash flow from investing activities	-4,401,368	-2,818,663
Cash flow from financing activities		
- Repayment of financial liabilities	0	-239,870
+/- Change in current account liabilities	-143,018	1,256,539
- Repayment of lease liabilities	-1,347,740	-1,434,536
- Interest paid and similar expenses	-485,179	-303,632
Cash flow from financing activities	-1,975,937	50,551,024
Effect of exchange rate changes and other changes on cash and cash equivalents	-15,395	29,055
Cash and cash equivalents at the beginning of the reporting period	64,802,825	24,622,648
Cash and cash equivalents at the end of the reporting period	56,766,001	64,170,467
Net change in cash and cash equivalents	-8,021,429	39,518,764

Group segment reporting

FROM JANUARY 1 TO SEPTEMBER 30, 2023 (UNAUDITED)

in EUR

	Clean Energy		Clean Power Management		Group	
	2023	2022	2023	2022	2023	2022
Sales	58,877,058	43,918,240	29,152,645	19,857,765	88,029,703	63,776,005
Cost of goods sold and services rendered to generate revenue	-32,910,304	-25,413,051	-21,798,028	-14,994,937	-54,708,332	-40,407,988
Gross profit	25,966,754	18,505,189	7,354,617	4,862,828	33,321,371	23,368,017
Selling expenses	-10,073,008	-8,362,929	-1,612,360	-1,405,847	-11,685,368	-9,768,776
Research and development expenses	-2,728,239	-1,994,929	-1,432,454	-1,629,309	-4,160,693	-3,624,238
General administrative expenses	-8,379,396	-5,255,038	-2,955,783	-2,282,730	-11,335,179	-7,537,768
Other operating income	2,047,652	3,974,618	48,433	66,889	2,096,085	4,041,507
Other operating expenses	-1,000,686	-340,866	-42,009	-12,265	-1,042,695	-353,131
Operating result (EBIT)	5,833,076	6,526,046	1,360,445	-400,434	7,193,521	6,125,612
Adjustments to EBIT	367,005	-2,388,338	0	0	367,005	-2,388,338
Adjusted EBIT	6,200,081	4,137,708	1,360,445	-400,434	7,560,526	3,737,274
Depreciation	-3,433,956	-2,845,148	-936,835	-783,189	-4,370,791	-3,628,337
EBITDA	9,267,032	9,371,194	2,297,280	382,755	11,564,312	9,753,949
Adjustments to EBITDA	367,005	-2,388,338	0	0	367,005	-2,388,338
Adjusted EBITDA	9,634,037	6,982,856	2,297,280	382,755	11,931,317	7,365,611
Financial result					21,340	-303,628
EBT					7,214,861	5,821,984
Taxes on income and earnings					-719,689	-567,701
Consolidated net income for the period					6,495,171	5,254,282

SUPPLEMENTARY REPORT

Up to the date of preparation of the financial statements, no events of particular significance have occurred that are expected to have a material effect on the asset, financial and earnings position of the Group.

Brunnthal, November 15, 2023

The Management Board



Dr. Peter Podesser
Chief Executive Officer (CEO)



Daniel Saxena
Member of the
Management Board (CFO)



Hans Pol
Member of the
Management Board (COO)

FINANCIAL CALENDAR 2023

NOVEMBER 15, 2023

NOVEMBER 27 – NOVEMBER 29, 2023

Q3 2023 QUARTERLY RELEASE

GERMAN EQUITY FORUM,

FRANKFURT/MAIN

SHARE INFORMATION

Bloomberg symbol

Reuters symbol

German securities identification number (WKN)

International securities identification number (ISIN)

Number of shares outstanding
(September 30, 2023)

Type of shares

Stock exchange segment

Stock exchange

Designated Sponsor

F3C

CXPNX

756857

DE0007568578

17,363,691

No-par value shares

Prime Standard, Renewable Energies

Frankfurt, FWB

mwb fairtrade Wertpapierhandelsbank AG

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Photo credit:
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Responsible: SFC Energy AG
Editing: SFC Energy AG
Concept and Design:
CROSS ALLIANCE communication GmbH

This quarterly statement contains forward-looking statements and information – that is statements about future, not past, events. These forward-looking statements can be identified based on terms such as “expect,” “intend,” “plan,” “believe,” “aim,” “estimate” or similar wording. Such forward-looking statements are based on our current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. A variety of factors, many of which are beyond SFC Energy AG’s control, affect SFC Energy AG’s business activities, performance, business strategy and results. These factors could cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. SFC Energy AG assumes no obligation to update forward-looking statements.