



ACCELERATING GROWTH

Annual Report PNE AG
2022

THE PNE GROUP AT A GLANCE

PNE Group key figures

<u>in million euro</u>	<u>1.1. – 31.12. 2022</u>	<u>1.1. – 31.12. 2021</u>	<u>1.1. – 31.12. 2020</u>
Total aggregate output	243.3	252.0	151.7
Revenues	126.2	117.7	109.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	35.4	32.7	26.3
Operating profit (EBIT)	6.2	9.3	8.2
Result before taxes (EBT)	23.9	3.0	-2.7
Net income	14.9	25.1	1.6
Basic earnings per share (euro)	0.20	0.33	0.02
Average number of shares (million)	76.3	76.3	76.3

<u>in million euro</u>	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
Equity as at 31.12.	232.2	221.8	200.6
Equity ratio as at 31.12. (%)	25.2	26.8	30.2
Balance sheet total as at 31.12.	920.3	827.0	663.8

CLEAN ENERGIES

We are a leading **Clean Energy Solutions Provider** for markets and industries, both regionally, nationally and internationally. Our core competencies are the development and operation of renewable energy projects. We are also driving forward the storage of renewable energies and power-to-X technologies. In this way, we are consistently pursuing the goal of a secure, sustainable and profitable energy supply generated 100 percent from renewables.

482

MW / MWp
 completed, under construction or sold in 2022

318.9

MW
 own operations

> 2,500

MW
 order volume in operational management

509

GWh
 of green electricity produced in 2022

~345,000

TONNES OF CO₂
 saved in 2022

11,883

MW / MWp
 in the pipeline of wind energy onshore and PV

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FOREWORD OF THE BOARD OF MANAGEMENT

Dear Shareholders,

2022 was an important and a highly successful year for the PNE Group. We achieved exceptionally good results and exceeded our guidance. To this end, we have come a major step closer to our strategic goal of building up a large internally operated portfolio of wind farms and photovoltaic plants, we have further set the course for significant growth in the coming years with the further development of our "Scale up 2.0" strategy, and we were admitted to the SDAX in June 2022. In addition, despite sales and project realisations, we succeeded in increasing our project pipeline to the record level of 11,883 MW/MWp.

EBITDA guidance exceeded

We were also able to close the 2022 fiscal with a very pleasing result in financial terms. We exceeded the EBITDA guidance of euro 20 to 30 million, achieving euro 35.4 million, generated a clearly positive net result and increased equity.

This success is remarkable because we have invested heavily in the construction of our own wind turbines and in the implementation of our strategy expansion by means of the "Scale up" concept. All business areas contributed positively to the result: national and international project development, electricity generation, and the service segment with operations management and our other service products.

This development is very encouraging, because, in addition to the familiar challenges of our business, such as lengthy approval procedures, a shortage of skilled workers and restrictions due to the Corona pandemic, the consequences of the war in Ukraine were added in 2022. These manifested themselves primarily in higher costs and longer delivery times for machinery and materials.

Increasing growth with "Scale up 2.0"

PNE continues to have great plans. After we had already achieved almost all the targets from the "Scale up" program in 2022, it was the right time to look ahead. With the further development of the corporate strategy to "Scale up 2.0," we have now set ourselves ambitious goals. By 2027, we want to significantly increase our own portfolio of wind farms and PV plants. The target is to have 1,500 MW/MWp in operation or under construction in the Company's own portfolio, including 1,000 MW of wind and 500 MWp of photovoltaic (PV) projects. This will make us an important IPP (Independent Power Producer). We will invest around euro 1.6 billion for this purpose, which will be made up of external project financing and own funds.



Markus Lesser
Chief Executive Officer

Jörg Klowat
Chief Finance Officer

We also plan to increase the project pipeline to over 20 GW/GWp by the end of 2027. 8 GWp of PV projects will be added to the planned 10 GW of onshore wind farm projects. A further 2 GW is contributed by offshore wind projects. The "service products" segment is also expected to see some changes. We want to become one of the leading operational management companies in Europe. This means that we want to manage wind and PV projects with a total capacity of more than 3,500 MW/MWp.

Extremely successful on the trading floor

The PNE share was included in the SDAX in June. Throughout the past year, the share price developed very well, and the capital market acknowledges our achievements. As the share with the best performance of all companies in the DAX family (according to FOCUS online), we were able to create proper added value for our shareholders. Our market capitalisation increased by euro 988 million to approx. euro 1.6 billion during the year. The share price rose by 147 percent during this period. We are very proud of that. After the announcement of the end of our main shareholder's intention to sell at the beginning of 2023, the share price temporarily fell by around 20 percent. This is certainly also a consequence of the exit of shareholders who had speculated on a sale. In the meantime, the share price has taken a positive turn again and is at euro 16.00 (February 28, 2023).

A further proof of our investors' confidence in the PNE Group and its strategy is the successful placement of a corporate bond 2022/27 with a volume of euro 55 million in June 2022. The aim of this measure was, in particular, the early refinancing of the 2018/23 bonds due in May 2023. This enabled us to secure low interest rates for the long term. The proceeds are part of the basis for financing our strategy and thus the organic and inorganic growth of PNE AG.

Significant expansion of internally operated portfolio

The declared aim of the Company's strategy is to expand its portfolio of own operations. After the completion and acquisition of further wind farms, the nominal capacity of the wind farms operated by the Company increased from 233.2 MW to 318.9 MW. Further wind farms intended for own operation (totalling about 200 MW) are under construction or in the approval phase. So we are nearing the finishing line. This is also the foundation for further expansion according to "Scale up 2.0" to 1,500 MW/MWp by the end of 2027.

Project pipeline breaks record

At the end 2022, the companies of the PNE Group were working on onshore wind farm projects with 7,587 MW (prior year: 5,706 MW) of nominal output to be installed, in different phases of the multi-year development process. This expansion compared with the previous year was achieved despite the ongoing realisation and sale of projects.

Particularly noteworthy is the positive development regarding national and international photovoltaic projects, which made a proper contribution to the increase in the overall project pipeline last year. The project pipeline of photovoltaic projects was again significantly expanded in the reporting period. The pipeline includes PV projects with a nominal capacity of 4,296 MWp (prior year: 1,210 MWp). The acquisition of a majority stake of 51 percent in the Spanish company Coliaenergia ESPAÑA, S.L. (KOLYA) in July 2022 played a major role in this growth.

As a result, the project pipeline, i.e. the stock of projects under development, was further expanded and increased to a record level of 11,883 MW/MWp in total. The project pipelines are the basis for the further development of PNE Group.

Mastering logistical challenges

The Ukraine war and China's handling of the Corona pandemic provided logistical challenges. Both events had an impact on supply chains and resulted in higher costs for materials and machinery. We had to deal with this and find new ways. One of these is the change in our procurement strategy. Now, we also order machines and materials independently of projects, so to speak in stock. The advantage is, we can secure prices and avoid longer delivery times. For example, we ordered nine substations in advance. Of course, we also take a certain risk with this strategy should projects not be able to be developed as planned. But thanks to our many years of experience and our large development pipeline, we can assess the situation well and minimise the risk.

In the Chancellor's delegation

Twice, we were able to be part of the business delegation that accompanied Chancellor Olaf Scholz on trips abroad. In May, the Chancellor travelled to South Africa. The focus was on intensifying energy-related cooperation regarding the production of green hydrogen. In addition, in November, we were part of the delegation talking about offshore wind projects in Vietnam. It was a great honour to be able to represent PNE's interests in this setting.

PNE is involved with projects in both countries. In Vietnam, PNE has applied with an offshore project with up to 2,000 MW of potential total capacity and has signed a letter of intent with the responsible province. Further steps depend on inclusion in Vietnam's national Power Development Plan. In South Africa, too, the local commitment has borne fruit. At the beginning of 2023, the PNE Group signed a letter of intent with a chemical group for cooperation in the production of green hydrogen and ammonia in South Africa.


Progress in the expansion of our service business

Once again, we have further expanded our expertise in wind turbine services. The PNE Group is well established in the market in the fields of safety technology for wind power turbines and industrial plants, aviation obstruction markers for wind power turbines and rope access technology.

With operations management contracts for wind farms in Germany, France, Poland and Sweden, the PNE Group is also well established internationally in this area. Overall, the nominal capacity of the wind farms we manage rose to more than 2,500 MW. This represents growth of approx. 25 percent compared with the previous year.

Changes in the energy industry environment

Global efforts to reduce CO₂ emissions from the combustion of fossil fuels to protect the climate continue. In addition, in the wake of the Ukraine war, there is a growing desire to quickly become less dependent on fossil energy imports. Renewable energies will therefore continue to grow in importance. In many areas, they are not only competitive, often these also provide lower energy prices. As a Clean Energy Solutions Provider, the PNE Group offers solutions with its services and products and can serve the desire for clean energy.



“2022 was a highly successful year for us. With ‘Scale up 2,0’ we have further set the course for significant growth in the coming years.”

Markus Lesser
Chief Executive Officer

In Germany and Europe, the general conditions for the expansion of renewable energies continue to change positively. The federal government has set higher targets than before for the expansion of wind energy and photovoltaics in particular. It is planned to designate two percent of the country's land area for the use of onshore wind energy by 2033. The capacities for offshore wind energy are to be significantly increased to at least 30 GW by 2030, to 40 GW by 2035 and to 70 GW by 2045. The expansion target for photovoltaics by 2030 was increased to approx. 215 GWp. To achieve this, the approval procedures are to be accelerated.

With the aim of ending fossil fuel dependence on Russia in the energy sector, the European Union launched a large bundle of legislative projects to support the European Green Deal and the REPower EU package, which is intended to strengthen climate protection ambitions in Europe. On December 30, 2022, an EU emergency regulation came into effect to support the urgent need to accelerate the development of clean energy projects in all EU countries. This will provide further impetus for the urgent expansion of renewable energies.

Positive results for the financial year with increased EBITDA

Based on the successful operating performance, the Group recorded total aggregate output of euro 243.3 million (prior year: euro 252.0 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 35.4 million (prior year: euro 32.7 million), operating profit (EBIT) of euro 6.2 million (prior year: euro 9.3 million) and undiluted earnings per share of euro 0.20 (prior year: euro 0.33) in the reporting period.

The results are strongly influenced by the establishment of PNE's own wind farm portfolio. As profits from projects owned by the Company are eliminated at Group level, the consolidated results in the Group do not show a complete picture of the performance of the enterprise. With the establishment of our own wind farm portfolio, "hidden reserves" were created that are not immediately recognisable. As a result of the investments in PNE's own projects, pre-tax profits of euro 177.1 million were eliminated at Group level by the end of 2022 in total, of which euro 42.5 million in the reporting period (prior year: euro 53.0 million). EBITDA adjusted for the "hidden reserves" created in the financial year thus amounted to euro 77.9 million (prior year: euro 85.7 million).

“We combine climate protection and the expansion of clean energies with economic success.”

Jörg Klowat
Chief Finance Officer

Dividend proposed

For the 2022 fiscal year, the Board of Management and the Supervisory Board propose that a dividend of euro 0.04 as well as a special dividend of euro 0.04 for each no-par value share entitled to a dividend in the 2022 fiscal year be distributed from PNE AG's retained earnings totalling euro 251,571,002.25. The remaining retained earnings shall be carried forward to a new account.

Positive outlook

PNE considers itself well prepared for its further development. Our foundation for the future is in place. The project pipeline is at record level and the results are also impressive. With our new "Scale up 2.0" strategy, we are focusing on growth. The goals are ambitious, but achievable.

In the coming years, we will continuously expand our own portfolio and increasingly become an independent power producer (IPP). This is based on our long-standing core business, which is the project development. In the future, the majority of our earnings will come from the "electricity generation" segment.

At the same time, we will systematically drive forward the expansion of services, technologies and markets. Our overall business benefits from the synergies arising from the three segments "project development," "electricity generation" and "service products".

In fiscal 2023, as in previous years, we will have further upfront expenditure in the low single-digit million range for the strategic expansion of the business model. We expect Group EBITDA of euro 30 to 40 million in respect of our guidance for the 2023 fiscal year.

We are increasing the value of the enterprise

The PNE Group is well positioned. We offer solutions for the challenges of our time. In doing so, we have the opportunity to combine climate protection and the expansion of clean energies with economic success. This positive basic set-up drives us.

We have a sound strategy with clear goals, which we will be committed to implementing in the coming years. In doing so, we create added value for our shareholders and protect the climate. We invite you to accompany us on this journey.

Maintain your confidence in us!
Kind regards

The Board of Management



Markus Lesser
Chief Executive Officer



Jörg Klowat
Chief Finance Officer

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Fiscal year 2022 was successful for PNE AG. The Company has successfully met the challenges of the Ukraine war and the Corona pandemic that still prevails. The positive Group performance (EBITDA) resulting from the business performance is particularly pleasing for this reason. A particular highlight was the inclusion in the SDAX in June and an exceptionally good development of the share price. According to FOCUS online, no company in the DAX family performed better in 2022. Operationally, PNE AG has developed further through the continuous realisation of wind farm projects, the expansion of its own operation of wind farms, the increased development of photovoltaic projects in several countries as well as the expansion of the range of services relating to clean energy projects. Important operational successes were the sale of wind and photovoltaic projects as well as the completion of various wind farms both in Germany and abroad. Internally, the Board of Management has further developed the new structures in order to rapidly advance the expansion of the business model.

The Board of Management with CEO Markus Lesser and CFO Jörg Klowat also worked on the implementation of the Group's expanded strategy. The strategic orientation was further set on a growth course with "Scale up 2.0" and filled with further goals until 2027. This includes the significant expansion of the portfolio of internally operated wind farms and PV plants, through which independent power production (IPP) is becoming strategically more important. In addition, this includes the increased development of photovoltaic projects in Spain, Germany, Romania and the USA, the expansion of the service sector and the development of power-to-X solutions. Internal measures to increase efficiency and to enhance cooperation were

also initiated. These covered, among other things, the implementation of management training for executives, the further standardisation of processes, the introduction of new process control systems and the communication of a company-wide image of success, which defines guidelines for internal and external corporate conduct.

Based on the successful development of wind farm projects, which is still the Company's core business, PNE AG has developed into a "Clean Energy Solutions Provider".

The Supervisory Board held a total of eleven ordinary meetings in fiscal 2022, on January 19 (in person/video conference), March 11 (video conference), March 16 (in person), March 25 (video conference), May 17 (in person/video conference), May 18 (in person/video conference), September 22 (in person), September 23 (in person), October 21 (video conference), November 21 (video conference) and December 7, 2021 (in person/video conference). With the exception of Alberto Donzelli, Marc van't Noordende and Christoph Oppenauer, the members of the Supervisory Board attended all meetings. Alberto Donzelli was unable to attend two meetings, Marc van't Noordende one meeting and Christoph Oppenauer also one meeting.

One focus of the Supervisory Board's activities in 2022 was the continuous exchange of information with the Board of Management on corporate governance issues in the time of the Corona pandemic and the Ukraine war, in particular, developments on the energy markets and their potential impact on the Company.



Per Hornung Pedersen
Chairman of the Supervisory Board

In accordance with the recommendation of the German Corporate Governance Code (GCGC), the Supervisory Board has enough independent members. The Supervisory Board has obtained confirmation that all members in office are independent.

In May 2022, the Supervisory Board determined, in accordance with Section 111 (5) sentence 1 of the German Stock Corporation Act (AktG), that the target figure for the proportion of women on the Supervisory Board shall be two sevenths, which is to be achieved by the end of the general meeting of shareholders that resolves on the official approval of the Supervisory Board's actions for the 2026 fiscal year. The target of women representing two sevenths of the Supervisory Board members was fulfilled with the composition of the Supervisory Board.

In accordance with the special legal regulations due to the Corona pandemic, the general meeting of shareholders on May 18, 2022 took place in digital form without the physical presence of shareholders or their proxies. The general meeting of shareholders resolved to increase the number of Supervisory Board members from six to seven. At the general meeting of shareholders, Christoph Oppenauer and Marcel Egger were re-elected to the Supervisory Board. The election of the Supervisory Board members Christoph Oppenauer and Marcel Egger was in each case for the

period until the end of the general meeting of shareholders, which resolves on the approval of the Board's actions for the financial year 2026. Roberta Benedetti and Marc van't Noordende were newly elected to the Supervisory Board. The election of the Supervisory Board members Roberta Benedetti and Marc van't Noordende was in each case for the period until the end of the general meeting of shareholders, which resolves on the approval of the Board's actions for the financial year 2026. Florian Schuhbauer stepped down from the Supervisory Board at the end of the general meeting of shareholders on May 18, 2022. The members of the Supervisory Board were elected by a large majority. The general meeting of shareholders resolved the official approval of the actions of the Supervisory Board members for the 2021 fiscal year. To ensure the efficient performance of its duties, the Supervisory Board has set up a Personnel Committee, an Appointments Committee, an Audit Committee and a Special Committee (MSIP sales process).

The Personnel Committee held its meetings jointly with the Appointments Committee. They held three meetings in fiscal 2022 on March 15 (in person), March 28 (video conference) and December 6, 2022 (in person/video conference). All committee members participated in the meetings.

The topics discussed at the meetings included

- the target agreements for the members of the Board of Management,
- the remuneration system as well as the preparation of remuneration reports for the Board of Management and the Supervisory Board,
- the organisational structure to support the strategic "Scale up" programme,
- the preparation of proposals for elections to the Supervisory Board.

The Audit Committee met in four meetings on March 15 (in person), May 6 (video conference), August 8 (video conference) and November 7, 2022 (video conference). All committee members participated in the meetings. The topics of these meetings were the audit of the annual financial statements as at December 31, 2021, the discussion of the half-yearly financial report and the quarterly statements of 2022 as well as the related recommendations to the Supervisory Board for the adoption of relevant resolutions.

In the 2022 fiscal year, the Special Committee (MSIP sales process) met on December 5, 2022 (video conference). All committee members participated in the meeting. The Special Committee dealt with the intended complete sale by Morgan Stanley or Photon Management GmbH of the shareholding held by Photon Management GmbH in the Company. The Special Committee formed was tasked with advising the Board of Management during the process and reporting to the full Supervisory Board.

The Supervisory Board undertook the tasks for which it is responsible in accordance with the law, the articles of association and the internal regulations. It regularly advised the Board of Management concerning the management of the Company and supervised its activities. The Supervisory Board was directly included in all decisions of major importance for the Company. The Supervisory Board was punctually and fully informed in writing and at its meetings through written and verbal reports from the Board of Management about the current business developments and the asset, earnings and financial situation of the Company as well as about the planned business policy and the additional key questions of corporate planning, especially regarding financial, investment and personnel planning. These various topics were discussed extensively by the Board of Management and the Supervisory Board. Furthermore, the Supervisory Board inspected and reviewed the books, documents and the schedules of assets. Particular emphasis was given to future liquidity planning and the financing structure of PNE AG and

the Group. Moreover, the Supervisory Board was kept informed via its Chairman regularly in the context of individual meetings with the Board of Management.

The Supervisory Board examined in detail all transactions and measures requiring its consent due to the legal provisions, the articles of association and the internal regulations of the Board of Management and adopted relevant resolutions.

The focus of the Supervisory Board's activities and topics during the 2022 fiscal year was on:

- the reports and discussions concerning the annual and the consolidated financial statements as at December 31, 2021,
- the developments on the energy markets, in particular due to the effects of the war in Ukraine,
- the preparation of the general meeting of shareholders on May 18, 2022, including the resolution to hold it as a virtual general meeting,
- the adoption of the remuneration reports for the Board of Management and the Supervisory Board, which were submitted to the general meeting of shareholders for approval on May 18, 2022,
- the continuous exchange of information with the Board of Management regarding corporate governance in the time of the Corona pandemic,
- the medium-term corporate planning of the PNE Group,
- the reports on the development of current and planned business transactions,
- the reports and discussions concerning the further strategic development of the Company and the analysis of the shareholder structure,
- the discussions regarding the effects resulting from the changes in markets for renewable energies,
- the determination of the targets relevant for performance-related compensation of the members of the Board of Management,
- the resolution on the issuing of the declaration of compliance with the German Corporate Governance Code.

In particular, the Supervisory Board addressed the strategic alignment of the Company and the future direction of the business model.

No conflicts of interest regarding the Board of Management and Supervisory Board members were reported in the year under review, nor did such conflicts become apparent.

The Supervisory Board also adopted the declaration of compliance.

The annual financial statements of PNE AG, the consolidated financial statements as well as the management report of PNE AG and of the Group were drawn up on schedule by the Board of Management. The auditors, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed by the general meeting of shareholders on May 18, 2022, audited these statements and the accounting documents and issued an unqualified audit opinion on the annual financial statements and the consolidated financial statements as well as on the combined management and group management report.

In addition, the Board of Management prepared a report on the Company's relations with affiliated companies, which it presented, together with the audit report prepared by the auditors, to the Supervisory Board. The auditors issued the following opinion on the report:

"In accordance with our due audit and assessment, we herewith confirm that

- 1. the factual information contained in the report is correct,
- 2. the payments made by the Company in connection with the legal transactions stated in the report were not unreasonably high."

The Supervisory Board issued the mandate for the audit of the 2022 financial statements on November 21, 2022, following submission of the required declaration of independence.

The Supervisory Board informed the auditors about the main topics for the audit of the annual financial statements of PNE AG and of the Group for the 2022 fiscal year.

The financial statements of PNE AG, the consolidated financial statements, the combined management and group management report of PNE AG for fiscal 2022, the report on the Company's relations with affiliated companies and the audit reports of the auditors were made available on schedule to all Supervisory Board members prior to the meeting on the financial statements on March 15, 2023. The documents were comprehensively examined and discussed by the members of the Supervisory Board at the meeting of the Audit Committee on March 14, 2023 and at the meeting on the financial statements. The Chairman of the Audit Committee gave a report on the treatment of the financial statements and the consolidated financial statements as well as of the report on relations with

affiliated companies, including the audit report, by the Audit Committee to the full Supervisory Board at the meeting on the financial statements. Representatives of the auditors participated in the meeting on the financial statements and reported on the significant results of the audits with a special focus on the key audit matters and the audit measures performed. There were no objections. All questions of the Supervisory Board were answered fully following the reports from the Board of Management and the auditors. The Supervisory Board, after its own comprehensive examination of the annual financial statements, the consolidated financial statements, the combined management and group management report and the report on the relations with affiliated companies (including the final declaration of the Board of Management) as well as based on the recommendations of the Audit Committee, consented to the result of the audits by the auditors.

The Supervisory Board approved the annual financial statements as at December 31, 2022 of PNE AG and the consolidated financial statements as at December 31, 2022. The financial statements were thus adopted. The proposal of the Board of Management regarding the appropriation of profits was reviewed and approved by the Supervisory Board in accordance with the interests of the Company and the shareholders. In addition, the Supervisory Board accepted the final declaration of the Board of Management in the report on the Company's relations with affiliated companies.

The regulations and obstacles which could impede the takeover of and exercise of control over the Company by third parties were reviewed and analysed by the Supervisory Board. The Supervisory Board does not consider any changes to be necessary in this respect.

The Supervisory Board wants to thank the members of the Board of Management as well as all employees of PNE AG for their outstanding commitment and responsible and successful work during the 2022 fiscal year.

Cuxhaven, March 15, 2023



Per Hornung Pedersen

WELL POSITIONED FOR THE NEXT PHASE

With the projects we develop and operate, we make an important contribution to avoiding climate-damaging emissions. With our complete range of services in the areas of wind energy and photovoltaics, we ensure that the expansion of clean energies moves forward a step faster – for a better climate worldwide. In addition, we will cover the markets of the future. In this way, we are consistently pursuing the goal of a secure, sustainable and profitable energy supply generated 100 percent from renewables.



PROJECT DEVELOPMENT

- Wind energy on land and at sea
- Photovoltaics (PV)
- Hybrid solutions (wind, PV and/or battery/hydrogen storage)



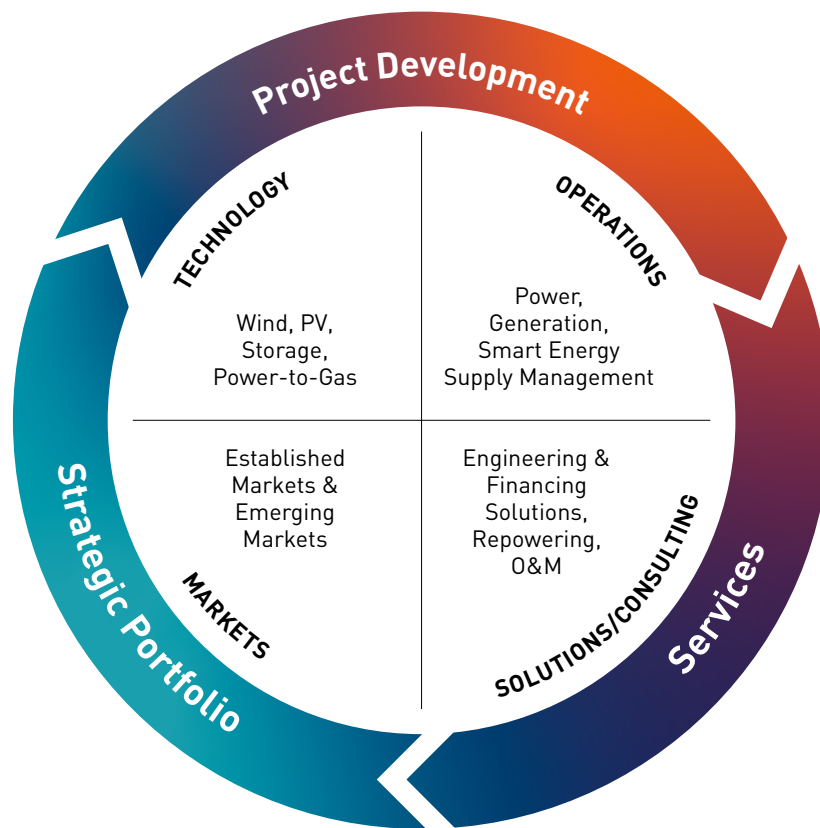
ELECTRICITY GENERATION

- Establishment and operation of our own strategic generation portfolio



SERVICES

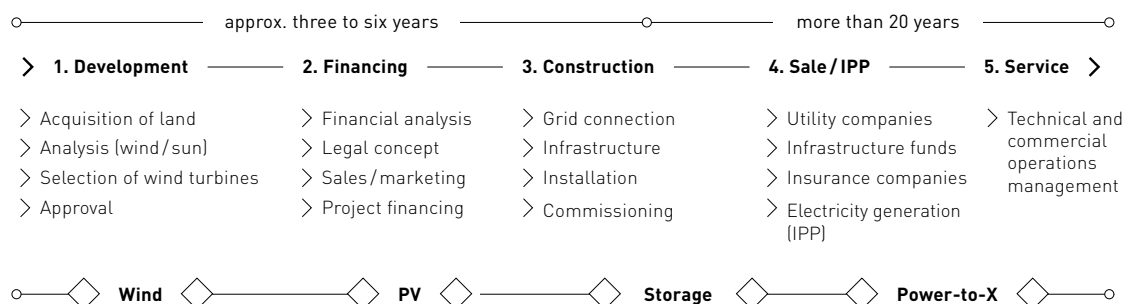
- Technical and commercial management
- Construction management and grid connection
- Financial services
- Technical tests
- Energy supply services



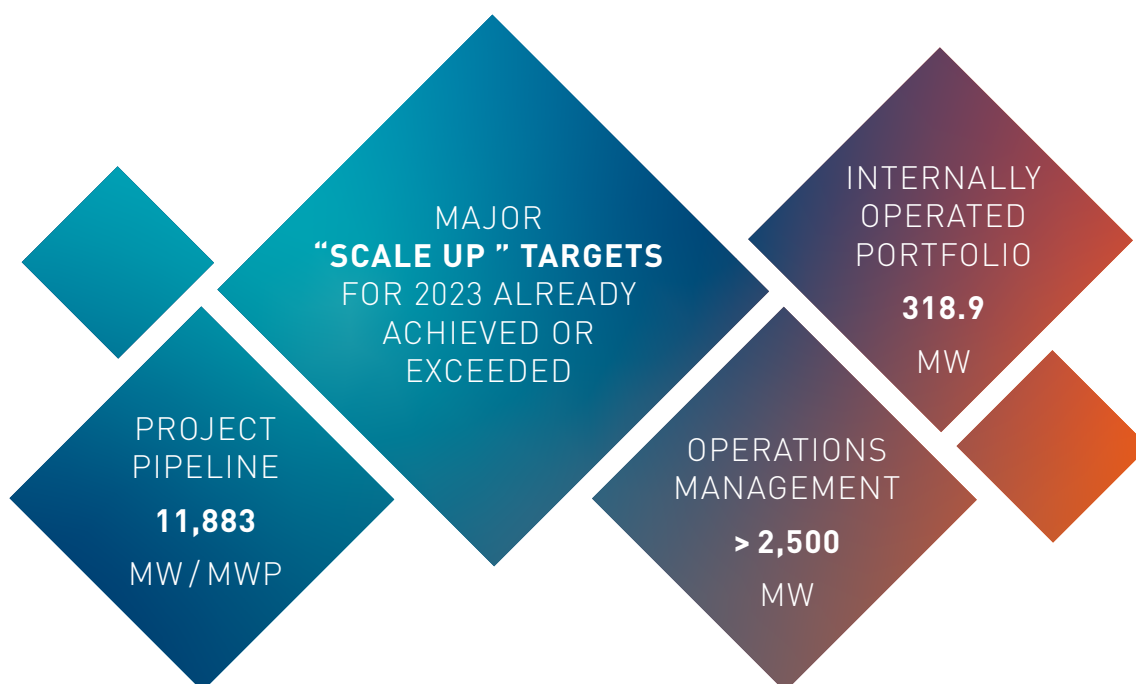
Growth through integrated business model

Our “project development”, “electricity generation” and “service products” segments cover a significant part of the renewables value chain. Through the integrated business model, the segments can benefit from each other, generate synergies and thus offer significant growth potential for the enterprise. In addition, our business model is diversified across multiple technologies and markets, making it robust and resilient to risks.

In the “project development” segment, we have access to projects from the first project phase onwards and can build up our own electricity generation portfolio independently of the market without having to buy in projects at high cost. By offering solutions for all phases of the value chain, we remain involved even after the projects have been sold. In this way, we generate additional income. In turn, our services open up access to new repowering projects. Not to forget: the stable earnings we generate through this segment.



"SCALE UP" IS A COMPLETE SUCCESS



Since 2017, we have successfully evolved from a project developer in the field of wind energy to a "Clean Energy Solutions Provider" – thanks to our corporate strategy "Scale up".

SCALE is the abbreviation for:

- Solutions:** provide clean energy solutions
- Core:** grow our core business
- Adapt:** optimise our structures
- Leverage:** leverage our expertise
- Expand:** expand along the value chain

We have already achieved or exceeded the key targets for 2023 set out in our "Scale up" corporate strategy. The transformation of our business model is complete:

We have grown profitably

by increasing volumes in project development and wind farm management and reducing costs through economies of scale.

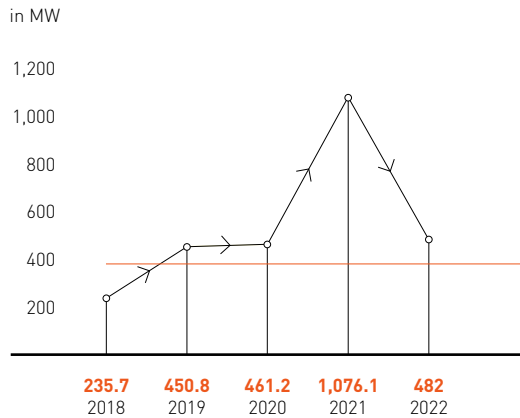
We have positioned ourselves more broadly

by increasing technology-related and geographical diversification and deepening value creation to secure attractive margins, for example by adding PV and building up expertise in hydrogen.

We have significantly reduced volatility and increased predictability

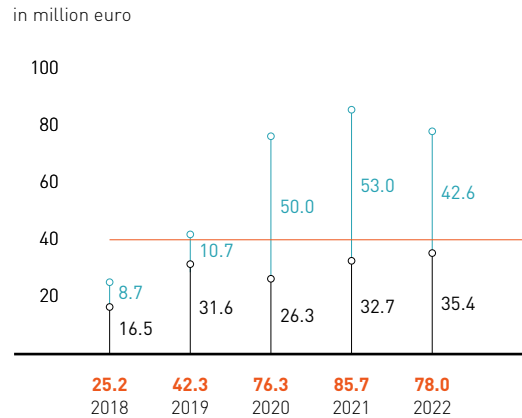
by significantly increasing stable recurring earnings and stable cash flows through organic as well as inorganic growth in the "service products" segment and the expansion of our internally operated portfolio.

Project output



— "Scale up" benchmark

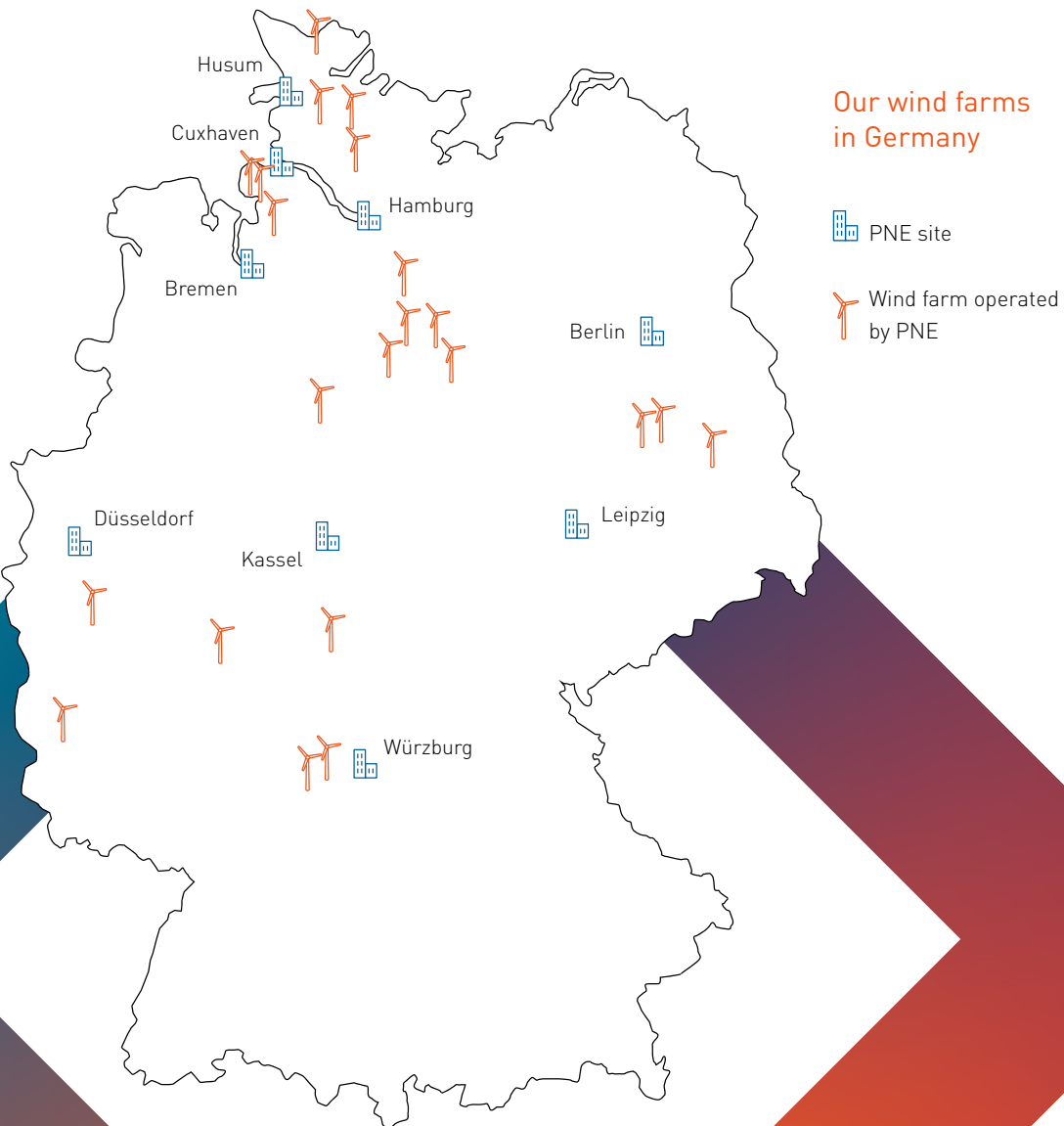
EBITDA adj.



— "Scale up" benchmark ○ EBITDA ○ Hidden reserves

With "Scale up," we set the right course early on. And we delivered. Today we are independent and financially well positioned. With highly qualified employees, we plan and implement premium projects and expand the

number of projects operated by ourselves. Our business model is resilient. This is because we can compensate for volatile project development with stable earnings from "service products" and "electricity generation". Best conditions to plan the next steps.



CHALLENGES MOTIVATE US

The Ukraine war and the energy crisis are affecting our markets. They are highly dynamic, but offer challenges as well as opportunities. The current market environment is clearly accelerating the energy transition.

Factors influencing our markets:

- Ambitious political goals (COP27)
- Striving for independence from energy imports
- ESG trend
- People's desire for ecological and affordable energy
- Growing demand for clean energy solutions and the accelerated expansion of renewable energies
- Accelerated electrification in Europe
- Acceleration of alternative gases
- Approval and grid bottlenecks
- Higher electricity prices
- Political uncertainty
- Rising material and capital costs
- Volatilities on the energy markets
- Competition risks

Profitable growth

2022 was already a strong year for us as regards electricity generation and project development. 481.9 MW/MWp of renewable energy projects were sold, commissioned or under construction. However, the Ukraine war and Corona effects led to unstable supply chains and higher raw material prices. The higher number of wind turbines in operation, combined with high electricity prices, compensated for the additional expense for increased material costs.

In 2022, our own operations included 20 wind farms, with which we produced 509 GWh of green electricity in 2022. Further wind farms are under construction.

The total project pipeline for onshore wind energy grew to 7,587 MW in 2022, and the PV pipeline to 4,296 MWp. We also made good progress in the area of offshore wind. For example, a project in Vietnam with 2,000 MW has moved forward.

In the "service products" segment, we increased the technical and commercial management of projects to a volume of over 2,500 MW.

ESG

Shaping the future

The clean energy market is growing and will continue to grow strongly. New technologies offer opportunities in the market. Our focus is also on the value chain in addition to electricity generation.

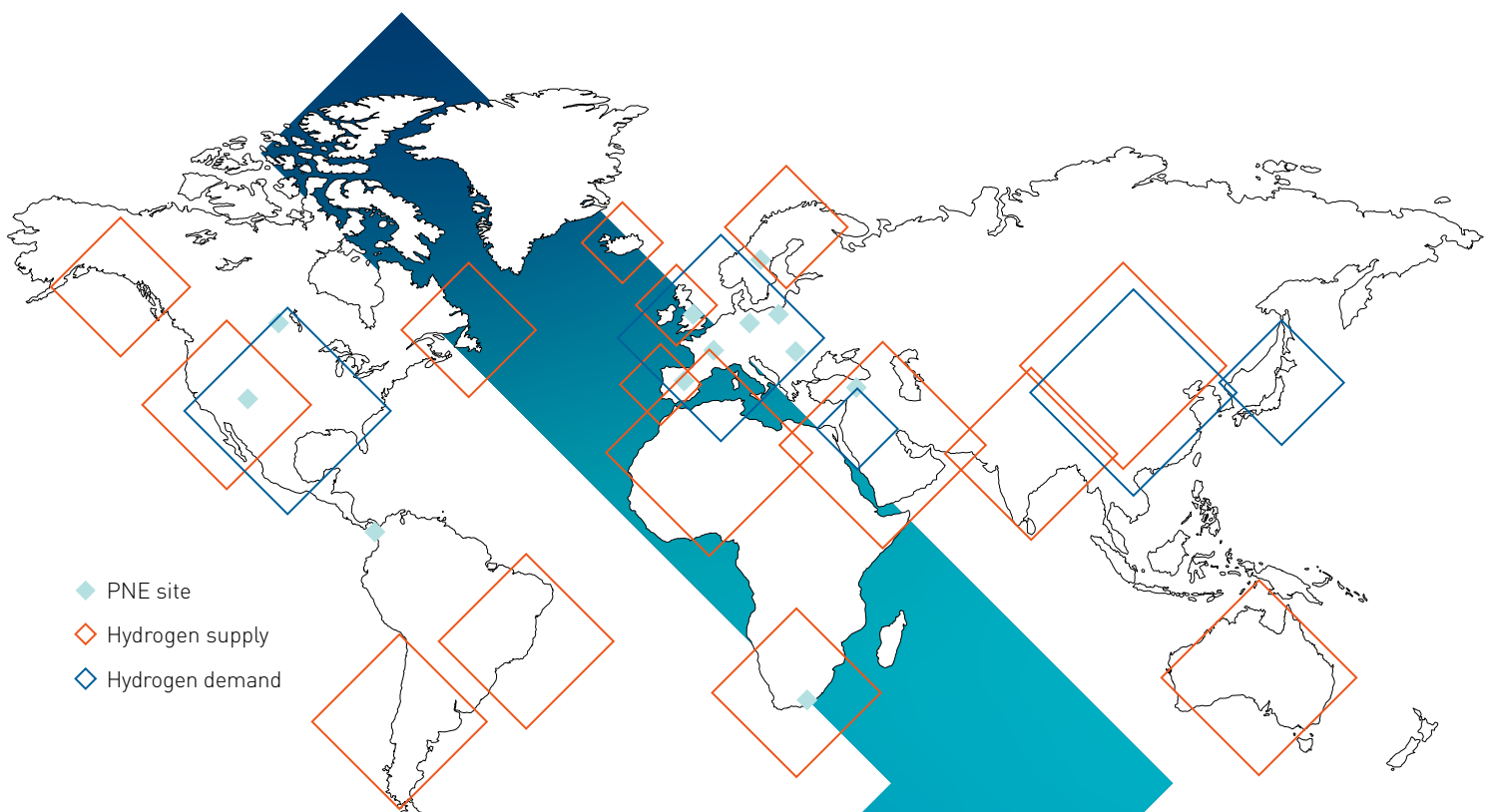
A technology of the future is green hydrogen. We are in the process of building up expertise in this area. The production of green hydrogen will increase sharply in the coming years. This requires a significant expansion of renewable energy capacity in electricity generation. That's where we come in: Europe will be an important demand hub for hydrogen. And we are positioned in the right markets with our projects.

BIODIVERSITY

The topic of biodiversity has a high priority for us. Therefore, we conduct detailed environmental studies to minimise the impact of wind energy and PV plants on biodiversity.

Where interventions in nature occur, they must be compensated or offset. We always advocate compensation in the form of mitigation and replacement measures – taking into account the concerns of official nature protection and involving the local nature protection associations. In the course of our "Langstedt" project, for example, compensatory planting was carried out and new trees were planted along roads and on playgrounds in the municipal area. Within the framework of our "Boitzenhagen" project, ecological construction monitoring, the planning of shut-down periods when bats or birds are present, mowing management and extensification of areas, tree protection and the planting of hedges and trees were carried out, among other things.

Hydrogen activities worldwide



WE WILL ACCELERATE OUR GROWTH

With "Scale up 2.0", we are starting the next phase of the Company's development: in the coming years, we will continue to expand and extend our proven and successful business model. We want to improve in all areas. We plan to invest over euro 1.6 billion in our generation portfolio by 2027 and to make further investments in new markets and technologies.



EBITDA
GROWTH
2022-2027:
TO MORE THAN
EURO

150

MILLION

TARGET
FOR 2027:
IPP PORTFOLIO

1,500

MW / MWP¹

¹ In operation or under construction

We want to exploit the market opportunities of the expansion of clean energies while minimising the risks. Our goal is to establish and expand a stable, plannable and increasing profit stream at low cost and to continuously increase the value of the Company in this way.

Massive expansion of our own electricity generation

We will continue to build up and expand our generation portfolio from our own project development. In the areas of onshore wind energy and PV, we want to increase our own electricity generation capacity to up to 1,500 MW/MWp in operation and under construction (1,000 MW onshore wind energy, 500 MWp PV). The markets for this are Germany, France and Poland as well as Italy and Spain, the last two countries exclusively PV.

We want to continuously optimise all our plants in order to ensure high technical availabilities and a stable earnings structure as well as to sell green power at the best possible prices.



PROTECTION OF EMPLOYEES

We responded to the Corona crisis from the beginning with a variety of measures to protect employees, but also to secure projects and deliveries. With market-oriented concepts based on internal processes and the organisational structure, which has been improved to a high level in recent years, we have quickly adapted to this situation. This included mobile working, investment in technical infrastructure such as laptops, the introduction of preventative measures, the provision of disinfectants and masks, and the organisation of a vaccination facility for staff. It was and is important to us that all measures were in line with the mechanisms and processes anchored in the internal control system, even during the periods of mobile working. Not least due to these measures, our business model has proven largely resistant to the Corona pandemic.



WHAT DOES MWP MEAN?

MWp stands for "megawatts peak". This describes the peak power of a photovoltaic system, which it can achieve under standard conditions, also called nominal capacity. In technological terms, it corresponds to a direct current output.

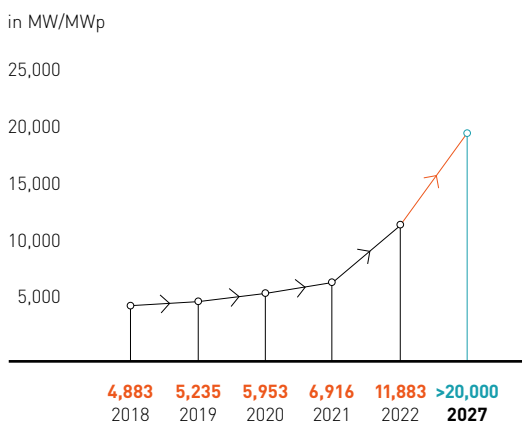
Driving project development forward

The project pipeline will grow in the areas of onshore and offshore wind energy and PV. The number of greenfield and repowering projects is to be massively increased. We are also pushing ahead with the development of offshore wind energy projects abroad.

We want to create opportunities to expand the project pipeline through "hybrid projects". "Hybrid projects" are combinations of wind energy or PV plants and manufacturing plants for new technologies such as power-to-X or e-fuels.

By 2027, our project pipeline is expected to have grown to over 20 GW/GWp, of which approx. 10 GW in onshore wind energy, approx. 8 GWp in PV and 2 to 3 GW in offshore wind energy.

Pipeline in total



Integrating new technologies

We strengthen our commitment to future technologies such as

- projects for power-to-liquid (e.g. e-fuels such as methanol, ammomnia or kerosene)
- projects for power-to-gas (hydrogen as an alternative to the electricity market)
- storage (e.g. battery storage)
- renewable energy power plants/island solutions
- power-to-heat solutions for the replacement of old power plants

The PNE Group sees itself in an optimal position to develop combinations of renewable energies with P-to-X and energy solutions. The focus is on commercial and economically sustainable projects in promising markets. Initial developments have been initiated in South Africa, Germany and Poland. Further projects are being evaluated in Spain and Canada.



VISION OF SUCCESS

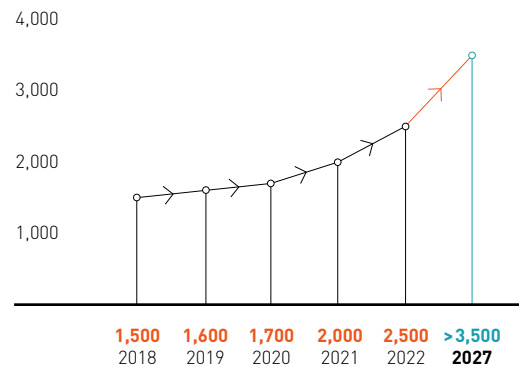
In 2021, we developed and introduced a "vision of success" for the entire PNE Group and rolled it out in the Group in 2022. It describes our declared values and goals and illustrates how we want to act together.

As a project developer of wind farms and photovoltaic plants, transparent dialogue with our stakeholders is particularly important to us. For example, we work in close contact with our stakeholders regarding approval procedures, environmental impact assessments or public participation. This enables us to recognise trends at an early stage, to enter into new partnerships and to establish a broad acceptance for our projects.

We intensified the dialogue with stakeholders in 2022, including through association work and on-site information events.

Operations management

in MW



Services of all kinds

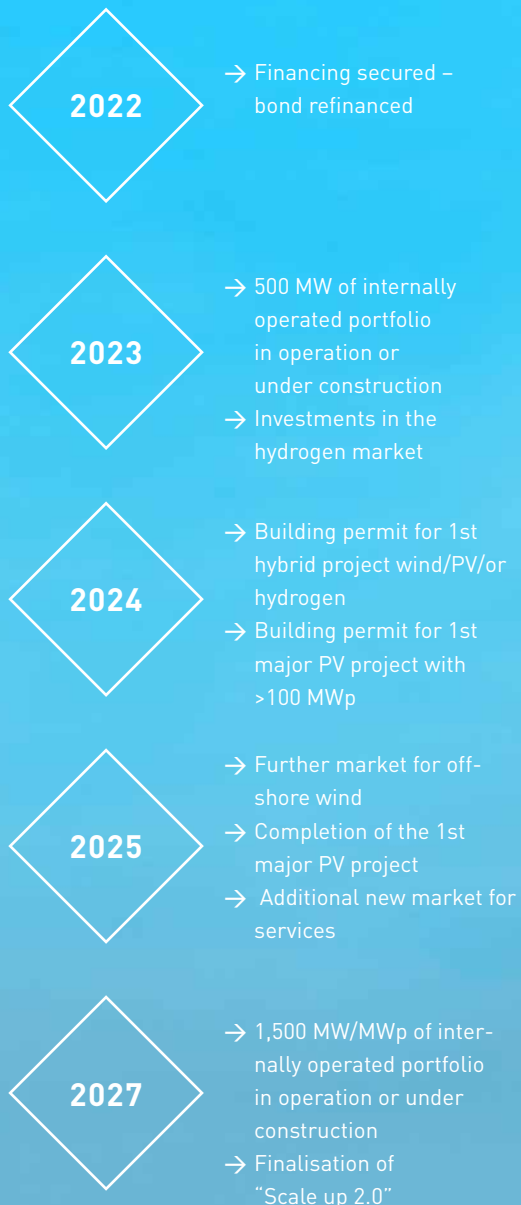
We manage the entire life cycle of a project and aim to become one of the leading operational management companies in Europe. Our aim is to provide additional, recurring, high-margin services and to offer new recycling opportunities at the end of the life cycle, for example through repowering. Along with this, the volume of wind energy and PV projects for which we provide our services is expected to grow from the current 2,500 MW to over 3,500 MW.

We intend to provide additional services in the areas of

- marketing of electricity, gas and heat from clean energies,
- optimisation of wind and PV projects,
- life cycle management of projects and
- engineering services, e.g., island solutions based on clean energies both in Germany and abroad.

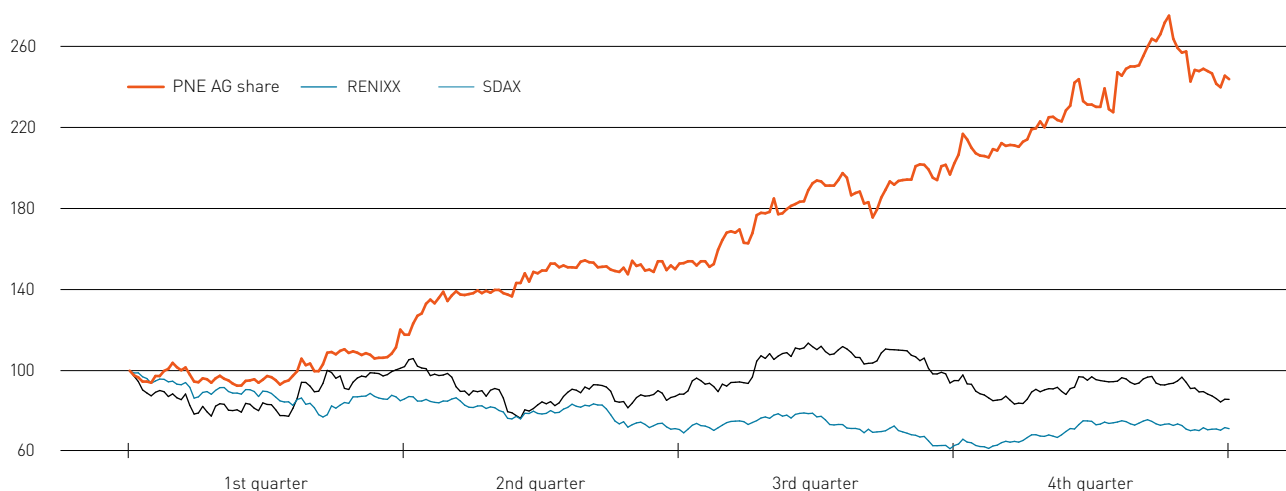
Off we go

We have big plans! Our goals are ambitious and should be achieved within a reasonable time. But we have the know-how and the means to implement our "Scale up 2.0" strategy. For a liveable future with clean energies.



CAPITAL MARKET INFORMATION

PNE share vs. RENIXX and SDAX indexed to 100%



SHARE

The PNE AG share started the fiscal year on January 3, 2022 with an opening price of euro 8.63. In the first quarter, the share traded in a range between euro 8.00 and 9.00. At the beginning of April, the share then broke out of this range to the upside and subsequently rose significantly, reaching its high for the reporting period of euro 24.10 on December 9, 2022. On December 30, 2022, the share closed at euro 21.35, which corresponds to a market capitalisation of approx. euro 1.64 billion and an increase of +147 percent compared with the beginning of the year. The benchmark indices were also significantly outperformed.

The strong performance of the shares led to PNE AG being included in the SDAX and listed in the index since June 20, 2022. The PNE share shows the best performance of all companies listed in the DAX, MDAX or SDAX over the year.

The termination of the preliminary discussions conducted by Morgan Stanley/Photon Management GmbH regarding a complete sale of the shareholding held by Photon Management GmbH in the Company led to a reaction in the share price, as the speculative shareholders had exited. The share price has again taken a positive development and stabilised at euro 16.00 (February 28, 2023).

CORPORATE BOND 2022/27

In June 2022, PNE AG successfully placed a new corporate bond 2022/27 (ISIN: DE000A30VJW3) with a volume of euro 55 million and a coupon of 5.00 percent. The aim of this measure was, in particular, the early refinancing of the 2018/23 bonds due on May 2, 2023. In addition, the proceeds serve to finance the organic

and inorganic growth of PNE AG. The bonds have been trading on the Open Market of the Frankfurt Stock Exchange since June 23, 2022. In the reporting period since the start of trading, the corporate bond 2022/2027 has traded above 100 percent at most times. The price was 100.0 percent at the end of the reporting period on December 30, 2022.

The corporate bond has an annual interest rate of 5.0 percent. This percentage increases by 0.50 percent if the "consolidated equity ratio according to the bond conditions" (calculation: (consolidated equity plus defined "hidden reserves") / (consolidated total assets plus defined "hidden reserves")) is less than 20 percent on December 31 of a fiscal year. The Group equity ratio calculated according to these conditions was approximately 37.3 percent as at December 31, 2022.

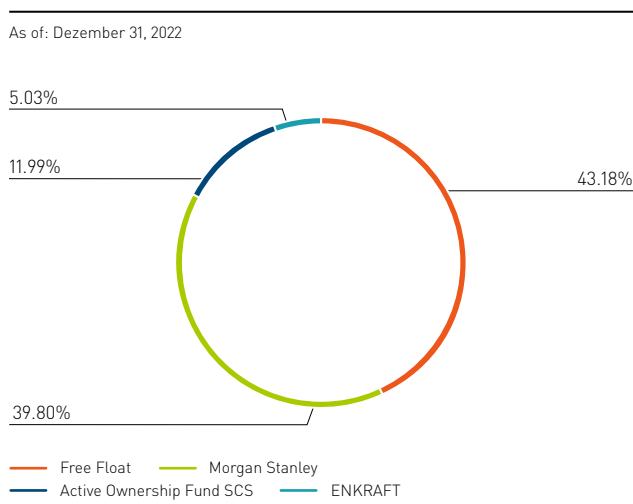
CORPORATE BOND 2018/23

The corporate bond 2018/23 issued by PNE AG had a volume of euro 50 million with an annual interest of 4.00 percent. In the context of the placement of the 2022/27 bond, bondholders of the 2018/23 bond had the opportunity to exchange their existing bonds for bonds from the new placement. This offer was accepted by the bondholders in the amount of euro 32,073,000.00. For the remaining 2018/23 bonds with a volume of euro 17,927,000.00, PNE AG exercised its right on June 29, 2022 to call all outstanding bonds of the 2018/23 bond early with effect from July 29, 2022, in compliance with the minimum notice period of 30 days and the maximum notice period of 60 days. The redemption of the outstanding 2018/23 bonds took place on August 1, 2022.

SHAREHOLDER STRUCTURE

At the end of the reporting period on December 31, 2022, the total number of shares issued by PNE AG amounted to 76,603,334.

According to published notifications relating to voting rights and directors' dealings, Morgan Stanley/Photon Management GmbH held 39.80 percent of the shares, Active Ownership Fund SCS 11.99 percent of the shares, and ENKRAFT 5.03 percent of the shares on December 31, 2022. All other shareholdings were therefore classified as other free float. After the reporting date, Morgan Stanley/ Photon Management GmbH reported a total shareholding of 44.20 percent by way of a published notification. This results in the following shareholder structure at the end of the reporting period:



GENERAL MEETING OF SHAREHOLDERS

PNE AG's general meeting of shareholders was held on May 18, 2022 in the form of a virtual general meeting without the physical presence of shareholders or their proxies.

The shareholders voted overwhelmingly in favour of the proposal of the Board of Management and Supervisory Board to distribute a dividend of Euro 0.04 and a special dividend of also Euro 0.04 per eligible share.

The shareholders clearly consented to the proposed resolution to give formal approval of the actions of the members of the Board of Management Markus Lesser (CEO) and Jörg Klowat (CFO). In addition, the shareholders decided with a clear majority to give formal approval of the actions of the Supervisory Board. The term of office of the Supervisory Board members Christoph Oppenauer, Marcel Egger and Florian Schuhbauer ended at the end of the general meeting of shareholders. The general meeting of shareholders resolved to expand the Supervisory Board to seven members.

Christoph Oppenauer and Marcel Egger were re-elected to the Supervisory Board. Roberta Benedetti and Marc van't Noordende were elected as new members to the Supervisory Board.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, was elected as the auditor of the financial statements and consolidated financial statements by a large majority.

The necessary 75 percent majority was not achieved for the proposals to create new Authorised Capital, new Conditional Capital and a new authorisation to issue bonds with conversion and/or option rights.

The general meeting of shareholders approved the remuneration report by a large majority.

KEY SHARE DATA (AS AT DECEMBER 31, 2022)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	76,603,334
Market segment	Prime Standard
Indices	SDAX, CDAX, MSCI Small Cap Index
Designated Sponsors	ODDO BHF, Baader Bank
Reuters	PNEGn
Bloomberg	PNE3

FINANCIAL CALENDAR

9.5.2023	Publication of financial report Q1
9.5.2023	General Meeting of Shareholders
10.8.2023	Publication of financial report Q2
13.11.2023	Publication of financial report Q3
November 2023	Analyst Conference/Frankfurt

ADDITIONAL INFORMATION

On the website www.pne-ag.com, you will find extensive information on PNE AG and a comprehensive presentation of the business model as well as current data concerning the shares in the section "Investor Relations". Furthermore, financial and quarterly reports, press announcements and background information on PNE AG can be accessed and downloaded from there.

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1. FUNDAMENTALS OF THE GROUP

During the 2022 fiscal year, the corporate structure changed versus December 31, 2021 due to the first-time consolidation of companies and the deconsolidation of companies sold. For detailed information, please refer to the chapter "Scope of Consolidation" in the notes to the consolidated financial statements.

1.1 Business model

The internationally operating PNE Group is an operator of onshore renewable energy projects (own portfolio) and one of the longest-standing project developers of clean energy projects on land and at sea. At the end of 2022, the PNE Group operated in 14 countries on four continents.

The focus is on wind energy and photovoltaic projects. This combines economic success with ecological responsibility. The projects developed are sold to external customers or integrated into the rapidly growing portfolio of wind farms operated by the Company itself. The PNE Group offers services covering the entire value chain, ranging from the development, planning, financing, realisation to the sale and operation of clean power plants using wind, sun and storage solutions as well as substations and repowering, i.e. the replacement of older wind power turbines by new modern equipment. This is also how the products are defined: project development wind energy, project development photovoltaics and project development hybrid solutions. The PNE Group is also involved in the development of power-to-X solutions.

In addition to project development, a wide range of services is available for projects as well as for the supply of clean electricity to customers. These services include technical and commercial operations management, technical inspections and tests, construction management, grid and transformer station services, wind planning and wind measurements, electricity marketing management, energy supply services and similar services. In this field, PNE is a strong partner to its customers throughout the entire life cycle of wind and photovoltaic farms. This is an element of the strategic orientation to develop into a "Clean Energy Solutions Provider".

Following the successful development of wind farms for sale to customers over many years, the PNE Group is currently working on developing a portfolio of wind farms with up to 500 MW under construction and in operation, initially by the end of 2023. The completed wind farms will be operated by the Company itself to generate ongoing income and long-term positive operating results from the sale of electricity in the long term.

1.2 Objectives and strategy

The PNE Group is continuously expanding its own portfolio as well as its products and services. As part of the "Scale up 2.0" strategy, the focus is increasingly on the expansion of technologies, markets and the significantly expanded range of services, as well as the increased expansion of a portfolio with up to 1,500 MW/MWp under construction or in operation for the Company's own portfolio by the end of 2027. With this strategic orientation, the Board of Management aims to achieve both an improvement in and a stabilisation of the usually very volatile results in the project business. This can be primarily measured in terms of earnings before interest, taxes, depreciation and amortisation (EBITDA), since the bundling of wind farms into portfolios means that the projects are continuously held in own operation until a possible sale and the own operation of project will be further expanded. PNE AG concluded profit and loss transfer agreements with important companies of the Group so that a high level of income from investments is reported at PNE AG. For this reason, PNE AG uses earnings before taxes (EBT) as a key indicator. Another key indicator of the achievement of the objectives is the number of national and international projects in progress ("project pipeline"), which will be consistently expanded. Success is also measured by how the PNE Group succeeds in entering new markets and new technologies and implementing its business model there. Finally, the expansion of the services offered is an important milestone in achieving the corporate goals.

1.3 Controlling system

The control of the PNE Group is based on regular discussions between the Board of Management and the corporate units. The internal controlling system covers all areas of the Company. As a result, short reaction times to changes in all areas and at all decision-making levels of the PNE Group can be guaranteed. Any changes with a significant effect on the results are reported immediately to the Board of Management. Meetings of the Board of Management take place regularly.

The starting point for controlling the overall Group and the corporate units is the targets set by the Board of Management, which are derived from the vision, mission and the overall strategy of the PNE Group. A key instrument for the implementation of the targets and objectives is the totality of the internal regulations of the PNE Group.

The corporate units report monthly on the current developments and deviations from the targets. Moreover, early operating indicators are continuously analysed.

A regular exchange takes place between the Board of Management and the business divisions to give an overview of the most recent market and project situation. In addition, major topics, such as the determination of the strategy and its systematic implementation within the context of the annual and medium-term planning as well as the including agreements and their achievement, are discussed during the course of the year.

The activities of the operating units are controlled using the stated performance indicators; in this context, the earnings figure EBITDA, against the backdrop of the portfolio expansion, is of particular importance, since the Board of Management believes that this is the appropriate indicator for assessing the earnings power of the PNE Group. Furthermore, the project pipeline is used as a non-financial control parameter in the Group (see "Overview of the status of onshore project activities of the PNE Group in MW and MWp"). Using the Group-wide key performance indicators EBITDA (consolidated earnings (EBIT) plus depreciation and amortisation of intangible fixed assets and property, plant and equipment as well as goodwill) and the project pipeline and, at PNE AG, EBT (earnings before income taxes and other taxes), PNE AG and the PNE Group perform a comparison of the forecast with the actual course of business.

2. ECONOMIC REPORT

2.1 Overall statement of the Board of Management

Business developed highly positively in 2022.

The PNE Group has come closer to its goal of significantly expanding its own wind farm operations and establishing an internal wind farm portfolio of up to 500 megawatts under construction or in operation by the end of 2023. With the expansion of the internally operated wind farm portfolio to 318.9 MW (as at December 31, 2021: 233.2 MW), the portfolio has grown by 85.7 MW in 2022.

In line with the claim "pure new energy", the PNE Group has developed the Company beyond wind energy into a broadly positioned "Clean Energy Solutions Provider". In addition to the core business of project development of onshore and offshore wind farms, PNE intensified the development of photovoltaic projects nationally and internationally and designed solutions in the power-to-X sector.

The segment reporting of the three segments "project development", "electricity generation" and "service products" reflects the current status of the Group's activities.

The guidance for Group EBITDA of euro 20 to 30 million in the 2022 fiscal year was exceeded. The Group generated EBITDA of approx. euro 35.4 million in the 2022 fiscal year (prior year: approx. euro 32.7 million).

The "project pipeline" target was to keep the project pipeline figures for onshore wind energy and photovoltaics at least constant in the Group in fiscal 2022. An expansion was achieved despite the realisation and sale of projects, since the "pipeline", i.e. the existing portfolio of wind farm and photovoltaic projects in the various phases of development, has been increased (MW and MWp, respectively) by the end of 2022 compared to the previous year by 1,881 MW from 5,706 MW to 7,587 MW for onshore wind energy and by 3,086 MWp from 1,210 MWp to 4,296 MWp for photovoltaics.

At the level of PNE AG, the annual guidance, i.e. positive EBT in the mid double-digit million range, was achieved in the 2022 fiscal year with EBT of approx. euro 37.6 million (prior year: approx. euro 76.2 million).

2.2 General economic and industry-specific framework conditions

Renewable energies, especially wind energy and photovoltaics, have developed into an important pillar of electricity generation in recent years. Since 2000, cumulative installed capacity of renewable energies has grown continuously. This is demonstrated especially by the development of wind energy and photovoltaics. According to the International Renewable Energy Agency (IRENA)¹, total renewable energy capacity installed worldwide developed very positively in the period from 2012 to 2021. In this period, worldwide installed wind energy capacity increased from 266,918 MW to 824,874 MW and installed photovoltaic capacity from 104,312 MWp to 849,473 MWp. This increase has continued in 2022. For Germany, the federal government has set significantly higher expansion targets for photovoltaics and onshore and offshore wind energy in the coalition agreement so that the expansion in Germany is likely to continue. It is planned to designate two percent of the country's land area for the use of onshore wind energy. The capacities of offshore wind energy are to be increased to at least 30 GW by 2030, to 40 GW by 2035 and to 70 GW by 2045. The expansion target for photovoltaics by 2030 was set at around 215 GWp.

In 2022, the German wind energy market recorded a 25 percent increase in onshore capacity compared with previous years. 47 wind turbines were erected at sea, while no offshore turbines were built in 2021. At the end of the year, wind power turbines with a total nominal capacity of approx. 66,242 MW (prior year: 63,924 MW) were in operation – of which 58,106 MW (prior year: 56,130 MW) onshore and a further 8,136 MW (prior year: 7,794 MW) offshore. 551 wind turbines (prior year: 484) with a nominal capacity of

¹Renewable Capacity Statistics 2022

2,403 MW (prior year: 1,925 MW) were commissioned onshore. At the same time, 246 (prior year: 233) old wind power turbines with a nominal capacity of 266 MW (prior year: 230 MW) were dismantled.²

The German photovoltaics market in 2022 recorded an increase in capacity compared to the previous year: Approx. 374.00 photovoltaic installations (prior year: 240,000) with a nominal capacity of 7.2 GWp (prior year: 5.2 GWp) were put into operation.

In order to be in an optimum position in the global markets, the PNE Group concentrates on the development and construction as well as the sale and operation of wind farms and photovoltaic parks in selected core markets. In addition, the first hybrid projects, in which wind and photovoltaics are combined, are being developed.

2.3 General political conditions

Globally, the energy crisis in 2022 has led to an acceleration in the expansion of renewable energy. Many countries are pursuing energy sovereignty and pushing for clean energy development to reduce dependence on energy imports at rising fossil fuel prices. According to the latest report on the renewable energies sector, the IEA (International Energy Agency) expects global renewable power capacity to grow by 2,400 gigawatts (GW) in its baseline forecast for the period from 2022 to 2027. This means that the increase is 30 percent higher than the amount of growth that was forecast just a year ago. According to the report, renewable energies are set to account for over 90 percent of global electricity expansion over the next five years. At the same time, high global energy demand has also driven coal consumption to new highs in 2022. European countries, with their increased demand for fossil fuels, were a key driver.

According to the IEA report, PNE markets have again developed differently in 2022, with photovoltaics and onshore wind being the cheapest options for electricity generation in a significant majority of countries. In the U.S., for example, the forecast for renewable energy growth is pointing upward, especially since the U.S. has been very quick to introduce policy regulations and market reforms in response to the energy crisis. The European countries, which have been slow to introduce reforms to accelerate the expansion of renewables, announced the so-called European Industrial Plan at the World Climate Conference in Davos at the beginning of 2023, with which the European Commissioner aims to make Europe the clean tech world leader. The aim is to issue permits for new wind energy and photovoltaic plants more quickly and to accelerate the modernisation of existing plants.

EU targets

The Russian war of aggression on Ukraine and its influence on the energy markets had a strong impact on the past year. Due to sharp increases in gas prices, the electricity prices have risen drastically during the year. With the aim of ending fossil fuel dependence on Russia in the energy sector, the EU launched a large bundle of legislative projects to support the European Green Deal and the REPower EU package, which is intended to strengthen climate protection ambitions in Europe. In 2023, new regulations for the permitting procedures applicable to renewable energies will be negotiated as part of the revision of the Renewable Energies Directive.

On December 30, 2022, an EU emergency regulation came into effect to support the urgent need to accelerate the development of clean energy projects in all EU countries. With the adoption of this regulation, the principle that renewables are of overriding public interest throughout the EU has been applicable since the end of 2022. To accelerate repowering projects, the regulation provides for a maximum deadline of 6 months applicable to the permit-granting process. Another milestone for accelerated expansion was introduced in this regulation by Germany. Member States are given the opportunity to simplify the species protection assessments in the permit-granting process of renewable energy projects. In dedicated renewable acceleration areas, the environmental impact assessment and the species protection assessment in the permit-granting process can therefore be waived for the period of validity of the EU regulation, provided that the areas have been subject to a strategic environmental assessment when dedicated as such. The EU emergency regulation applies for a period of 18 months.

However, in view of the turbulence on the energy markets in 2022, the EU also launched measures last year that affect the European path of the Green Deal. For example, the phasing out of fossil-fuel subsidies from EU funds was suspended, and, on the other hand, some states have postponed or completely reversed coal exit as a reaction to rising prices.

As a result of the sharp price increases on the energy markets, discussions began in the third quarter of 2022 about a system change on the energy markets, including decoupling power prices from natural gas prices and skimming off so-called "windfall profits" resulting from the sharp price increases on the energy markets. On October 6, an EU regulation required EU member states to impose a cap on market revenues and to pass on the revenues of operators to final customers to relieve the burden on households and enterprises. According to the EU regulation, natural gas and hard coal-fired power plants are excluded from the levy. Based on this regulation, the so-called Electricity Price Brake Act was introduced in Germany at the end of 2022. According to this law,

²Deutsche WindGuard: Status of Land-based Wind Energy Development in Germany 2022/Status of Offshore Wind Energy Development in Germany 2022

electricity producers are obliged to pay out 90 percent of their surplus values as of a fixed reference value. Initially, this measure shall apply for the period from December 1, 2022 to June 30, 2023. This measure can be extended until April 30, 2024. Furthermore, in view of energy prices for fossil fuels, other measures were adopted at the European level, such as savings obligations for fossil gas and electricity, a one-time excess profit tax for fossil companies of 33 percent, and minimum filling quantities for gas storage facilities.

In addition to the emergency measures mentioned above, half of the total nineteen energy and climate laws from the EU's Fit for 55 climate protection package have since been adopted. For example, no passenger cars or light-duty trucks with a fossil-fuel combustion engine will be allowed after 2035, a new carbon reduction target will further tighten Europe's 2030 climate goal, and the EU Emissions Trading Scheme will be expanded to include several sectors (e.g., shipping and waste incinerators) and emissions categories (e.g., non-CO₂ effects of aviation on emissions).

Germany

Onshore wind energy

The federal government has set a focus for the legislative period on climate protection and the energy transition. The federal government will take on the major task of leading and advancing the country in an economically sensible and expeditious manner within the framework of the climate agreements. The expansion of renewable energies such as wind energy and photovoltaics as well as the development of hydrogen technology has high priority and is being greatly accelerated. This should also include the significant acceleration of planning and approval procedures.

At the beginning of 2022, the new Federal Minister for Economic Affairs and Climate Action, Robert Habeck, presented a review of Germany's climate protection efforts and, on this basis, submitted an immediate programme with concrete political measures to accelerate the energy transition as early as from the second quarter of 2022. The relevant legislation, including the Onshore Wind Energy Act, the Wind Energy Area Requirements Act and the Energy Security Act, have been in force or formally announced since 2022 and, as the EEG 2023, entered into force on January 1, 2023, as will the EEG 2023. The concrete measures focus on a significant increase in and acceleration of the expansion of renewable energies, especially with regard to the planning and permit-granting procedures as well as the provision of the necessary areas, in particular for onshore wind energy.

The federal government parties have set targets for the expansion of renewable energies. It is planned to designate two percent of the country's land area for the use of onshore wind energy. The capacities for onshore wind energy are to be significantly increased to at least 115 GW by 2030, and for offshore wind energy to 30 GW. The expansion target for photovoltaics by 2030 was set at 215 GWp. By 2030, 80 percent of the electricity consumed in Germany is to be covered by renewable energies; climate neutrality is to be achieved by 2045.

This political focus on the expansion of renewable energies can have a positive effect on the business model of the PNE Group as well as on the entire industry.

For onshore wind energy, there were four tender rounds in 2022 with a total volume of 4,572 MW (prior year: 4,235 MW), whereby the first tender in 2022 was slightly oversubscribed by 28 MW; the other three tenders were significantly undersubscribed. For 2023, the tender volume was significantly increased to 12,840 MW.

Wind energy offshore

The legal framework for the expansion of offshore wind energy in Germany is defined by the Offshore Wind Energy Act as amended in 2022. The defined expansion targets of 20 gigawatts (GW) by 2030 and 40 GW by 2040 were increased to at least 30 GW by 2030, 40 GW by 2035 and 70 GW by 2045 in this Act. The Act entered into force on January 1, 2023.

With the compensation regulation according to Section 10a WindSeeG, which was created by the legislator after the implementation of the ruling of the Federal Constitutional Court, PNE continues to expect reimbursements for project planning services already provided in the past, which can have a corresponding positive effect on the Group's figures in the future.

Photovoltaics

The target for the expansion of photovoltaic plants is set at 100 GWp in 2030 in the current Renewable Energy Sources Act (EEG 2021). With the EEG 2023, the federal government has increased this volume to approx. 215 GWp.

France

France continues to support the rapid expansion of renewable energies. As part of France's support schemes for electricity from renewable energy, the European Commission approved the new French onshore renewable energy tender for the period 2021 to 2026 in July 2021.

France has instructed its grid operators and administrations to support the accelerated deployment of the most advanced wind and photovoltaic projects by the winter, as gas and especially electricity from the country's nuclear fleet are in short supply. Other immediate measures are aimed at ensuring the commissioning of wind power projects that are scheduled to be connected to the grid by the end of 2024. In particular, they should be given the opportunity to sell on the market on a transitional basis before activating their CfDs (Contracts for Difference).

At the end of 2022, a so-called Renewable Energy Acceleration Act was discussed in the French Parliament in order to achieve a rapid review phase and increase local acceptance.

At the end of September 2022, France had 20.4 gigawatts (GW) of wind energy, including the first offshore wind farm (0.48 GW), and 15.8 GWp of photovoltaic installations connected to the grid.

The Act on Energy and Climate Programming is expected to be passed by July 2023 to initiate a decade of transition.

United Kingdom

In the UK, electricity from wind power is marketed directly on the electricity exchange. Additional compensation payments are awarded by way of tender processes. Sites with particularly strong winds are already competitive without any subsidies as regards conventional electricity generation.

Italy

Since 2012, Italy has used an obligatory direct marketing system with additional incentives being awarded through a competitive auction system. The Italian government's Integrated National Plan for Energy and Climate (PNIEC) aims to increase the share of clean energy in electricity generation to 55 percent by 2030. This plan was also adopted by the current government in almost unchanged form. Further tenders for wind energy and photovoltaic projects are planned. In addition, direct power purchase agreements (PPAs) with companies at attractive conditions are also possible.

Canada

In Canada, the regulatory requirements for approval procedures regarding the erection of wind power turbines are manifold and regulated differently in the individual Canadian provinces. These approval procedures mainly relate to construction-site policy, environmental issues and grid connection. Across the provinces, the clean energy market is being driven by the CO₂ tax introduced by the Canadian federal government as well as the Investment Tax Credit policy introduced in November 2022.

The climate policy agreements to which the Canadian government has committed internationally, most recently at the United Nations Climate Change Conference (COP27), also strengthen the importance of renewable energies in Canada.

Panama

Based on Law 8 of March 25, 2015 and the National Energy Plan 2015-2050, Panama has set itself a target for electricity generation from renewable energies (excluding hydropower) by 2050. Solar, wind and biomass sources are expected to account for 20 percent of the country's power generation capacity by 2030 and 30 percent by 2050. Panama's goal is to achieve a reduction in greenhouse gas emissions with the help of renewable energies.

To support the achievement of these goals, Panama has created tax incentives for the construction, operation and maintenance of renewable energy projects.

Poland

In Poland, the expansion of renewable energies is regulated by tenders. The EU targets for climate protection and the economic perspectives support a further expansion of clean renewable energies in Poland. A change in the approval procedures is expected, which should promote this expansion.

The Polish Energy Policy 2040 (PEP2040) provides for an expansion of photovoltaic capacity of approx. 16 GWp by 2030. In 2022, photovoltaic plants with approx. 10 GWp were connected to the grid.

Romania

The Romanian government has formulated the goal of achieving a share of renewable energies in electricity generation of almost 31 percent by 2030 – a further increase in accordance with EU targets is under discussion and is expected to be adjusted to 38 percent in 2023. In order to achieve this goal, an auction

procedure is currently being discussed, which can compensate for the difference between the tender price and the market price for electricity from renewable energies ("CfD tendering"). This is to be implemented before the end of 2023. The free conclusion of PPAs has been permitted since the beginning of 2022. Rising energy demand and good economic growth lead us to expect higher electricity prices. This would mean considerable potential for renewable energies.

Sweden

The remuneration achieved in Swedish wind farm projects is essentially based on earnings from electricity sales. Direct marketing of green electricity via electricity supply contracts, so-called "corporate PPAs", is permitted and very well established in Sweden. The new Swedish government supports the further expansion of wind energy.

Spain

Spain is a "high volume" market, which offers opportunities both in the wind and solar areas but also provides for a long-term approach to hydrogen, asset management and repowering. In Spain, renewable energies are receiving a lot of support from the general public and politicians. The market is still attractive for market entry, because the expansion targets for renewable energies set by the Spanish government are high. In addition, the power grid is to be massively expanded by 2030 and 2050, respectively. A number of offtake opportunities and an established PPA market offer a positive outlook. Spain has a strong banking sector and, with an A-Fitch rating, is in the upper third on the country scale in global comparison.

South Africa

The government has introduced a competitive tender system under the Renewable Energy Independent Power Producer Programme (REIPPP), in which long-term power purchase agreements are auctioned. In 2019, the government adopted the "Integrated Resource Plan" (IRP 2019), which provides for 1,600 MW of annual installed capacity for wind power turbines from 2022 to 2030. The first auctions under the IRP 2019 took place in 2021 and 2022.

Turkey

The wind energy market in Turkey is based on a system of state-guaranteed feed-in tariffs and tenders. In addition, a licensing system for grid connection capacity was presented in 2013, which allows access to the individual grid connection points through an auction procedure.

2017, two tenders were held for wind energy with a volume of 3,000 MW (YEKDEM tender) and 1,000 MW (YEKA tender). PNE was awarded the contract for a 71 MW project in a regional tender with a total of 260 MW. Additional tenders for onshore and offshore wind energy in the YEKA area are planned, although the dates have not yet been officially announced. Furthermore, the government is in the process of introducing the corporate PPA market. This would open the way for PNE to develop projects without participating in tenders.

PNE continues to see good reasons for Turkey to promote and rapidly expand renewable energies, especially wind energy. The government sees the use of renewable energies as an important instrument for reducing the external trade deficit and the dependence on oil and gas. The preparations for further tenders for clean energies by the Turkish authorities support this assessment.

USA

The policy framework for renewable energy in the U.S. changed significantly in 2022 with the adoption of the Inflation Reduction Act. The comprehensive bill includes \$369 billion for climate and clean energy programmes as well as several key provisions that create a more favourable environment for the renewable energy industry. For the first time, it provides a stable structure for future planning and investment. The government's two main support programmes, the Production Tax Credit (PTC) and the Investment Tax Credit (ITC), will be extended for wind and solar projects that start construction by 2035 and have been extended to stand-alone storage projects. A new tax credit scheme has been created to support the introduction of green hydrogen. The Act also includes \$2 billion in loans for new transmission facilities, a key requirement to achieve the projected 525-550 GW of new clean power generation by 2030.

Demand for clean energy continues to be driven by the state's renewable energy standards, which mandate that utilities generate a certain percentage of energy from renewable sources. Although there have been some adjustments to the timetable for decommissioning coal-fired (and nuclear) power plants in response to the war in Ukraine, the general trend towards replacing coal in particular remains positive. The demand of enterprises for renewable energies remains an important factor, led by financial considerations and strong ESG (environmental, social and governance) commitments.

Vietnam

Vietnam shows a special political interest in renewable energies, caused and intensified by supply shortages and an increasing energy demand. The political goals of the five-year plans for wind energy envisage a continuous expansion. The electricity generated must be purchased by the state energy suppliers and remunerated according to the feed-in tariffs.

The required expansion of the national electricity grid is defined in Power Development Plans ("PDPs"). Inclusion in the PDP is the basis for further approvals for each project. For the latest PDP8, PNE has applied with an offshore project with up to 2,000 MW of potential total output. The PDP is expected to be published in 2023.

Assessment of the market development

Overall, the international markets are still undergoing changes which require the PNE Group to adapt its activities accordingly in order to minimise the risks and develop new opportunities. In general, the framework conditions for the expansion of wind energy can be regarded as positive against the background of the recent UN Climate Change Conference in Sharm-el Sheikh (Egypt). The general conditions for the economic expansion of photovoltaics are in place in selected markets such as Germany, France, Italy, Poland, Romania and the USA. The Board of Management is confident that the expanded corporate strategy and further internationalisation, including in Europe and in new markets such as Latin America and Vietnam, will promote the positive development of the Group.

2.4 Development of business

Summary of operating performance

The operational business of the PNE Group in the 2022 fiscal year was characterised by the development, realisation and operation of onshore wind farms as well as the development and expansion of photovoltaic projects in various countries. In addition, the portfolio of internally operated wind turbines was significantly expanded, thus making a contribution to environmentally friendly electricity generation under economically sustainable conditions.

The operating business is divided into the segments "project development", "electricity generation" and "service products".

In 2022, PNE's market environment was characterised by the effects of the Corona pandemic and the consequences of the Ukraine war. Based on past experience, the Company has been able to adapt to these challenges to protect employees against Corona infections and ensure the realisation of projects and deliveries. Nevertheless, the impact on the manufacturers' supply chains has been and continues to be felt and is reflected in longer delivery times. Added to this are the higher raw material prices, which have led to an increase in wind turbine prices. So far, the rising prices have been partially or fully offset by higher electricity prices and plants that are more efficient. In addition, substations and cables were ordered independently of projects for future projects in order to secure prices and delivery times. The good liquidity position gives the Company sufficient leeway to be able to cope well with longer-term restrictions.

In total, the PNE Group completed, sold or started construction of wind farm and photovoltaic projects with a capacity of approx. 481.9 MW/MWp in the reporting period (previous year: 1,076.1 MW/MWp). PNE was able to sell the project rights for the French wind farm "Chantonnay" with a nominal output of approx. 9 MW and the Italian wind farm "Castellani" with a nominal output of 39.6 MW.

In the reporting period, PNE received permits for a total of ten wind farm and photovoltaic projects with an output of approx. 225.5 MW/MWp. In spite of the realisation and the sale of projects, the "pipeline", i.e. the existing portfolio of wind farm and photovoltaic projects in the various phases of development, has been increased significantly (MW and MWp, respectively) compared to the previous year by 1,881 MW from 5,706 MW to 7,587 MW for wind energy and by 3,086 MWp from 1,210 MWp to 4,296 MWp for photovoltaics. This brings the project pipeline to a record level of 11,883 MW/MWp (as at December 31, 2021: 6,916 MW/MWp) and ensures the further development of the Company in the medium and long term.

Due the completion and acquisition of further wind farms, the nominal capacity of the wind farms operated by the Company increased to 318.9 MW in the reporting period (prior year: 233.2 MW). Other wind farms for the internal portfolio are under construction and in approval processes.

As at December 31, 2022, seven wind farms were under construction in Germany and Sweden (as at December 31, 2021: ten wind farms). A total of 27 wind turbines (prior year: 63) with a nominal capacity of 154.6 MW (prior year: 235.1 MW) will be erected at these wind farms. Two of these projects with 66.6 MW were sold. PNE is active in these projects as a service provider as part of construction management.

As a portfolio holder, PNE AG is increasingly dependent on the wind supply but also on the development of the electricity price. As the nominal output in the Group's own portfolio increases, changing wind conditions will have an impact on the financial indicators of the "electricity generation" segment and also on the financial indicators of the Group. Compared to the prior-year reporting period, there was an improved wind supply in 2022, which, in combination with the increased number of wind turbines in operation and higher electricity prices in the "electricity generation" segment, resulted in a significant year-on-year increase.

The development of national and international photovoltaic projects was again significantly expanded in the reporting period. Among other things, this was also achieved through the acquisition of 51 percent of the Spanish company Coliaenergia ESPAÑA, S.L. (KOLYA). The project pipeline includes PV projects with a nominal capacity of 4,296 MWp (prior year: 1,210 MWp).

With contracts for the operational management of wind farms in Germany, France, Poland and Sweden as well as the execution of wind measurements, technical inspections and tests worldwide, the services belonging to the PNE Group are internationally positioned. In total, the order volume currently managed by PNE covers wind farms in Germany and abroad with a nominal capacity of more than 2,500 MW (prior year: 2,000 MW). Furthermore, more than 2,500 (prior year: 1,500) inspections and tests were carried out nationally and internationally in 2022.

PNE has also created values ("hidden reserves") that are not readily apparent. Due to the investments in our own wind farm projects, pre-tax profits have been eliminated by the Company at Group level, which the Company defines as "hidden reserves". These "hidden reserves" thus correspond to the intercompany profits from the sale of wind farms between companies in the consolidated group, which were eliminated in the preparation of the consolidated financial statements. Whether these profits, as currently calculated, can be achieved in the future in the event of a sale depends on whether or not the assumed market conditions of the project calculations (e.g. folder return expectations of investors) will change (refer to the explanations in chapter 8 "Report on opportunities and risks"). The values created from the Group's own projects ("hidden reserves") will be gradually disclosed over the useful life of the projects, based on the lower depreciation assessment basis in the Group. This disclosure of values ("hidden reserves") leads to improvements in earnings over the term and, corresponding to the amount of the disclosure, to an improvement in the Group's equity ratio. The total amount of values disclosed until December 31, 2022 is euro 17.2 million (as at December 31, 2021: euro 8.7 million), of which euro 8.5 million was disclosed in the reporting period (prior year: euro 4.0 million). As a result of the investments in PNE's own projects, pre-tax profits of euro 42.5 million (prior year: euro 53.0 million) were eliminated at Group level in the reporting period. As a result, there are "hidden

reserves" at Group level totalling euro 177.1 million as at December 31, 2022 (as at December 31, 2021: euro 134.6 million) (taking account of the disclosure of "hidden reserves").

The successful operating activities, including the establishment of the Company's own portfolio, resulted in Group EBITDA of approx. euro 35.4 (prior year: approx. euro 32.7 million). The guidance for the Group EBITDA (euro 20 to 30 million) for fiscal 2022 was achieved (see explanations in section 2.5 "Earnings, financial and asset position").

At the level of PNE AG, the EBIT was approx. euro 37.6 million in the 2022 fiscal year (prior year: approx. euro 76.2 million).

The development of the individual segments

The following segment results are presented before consolidation at Group level.

"Project development" segment

The "project development" segment reports on the following sub-divisions: onshore wind power - national and international, offshore wind power - national and international, photovoltaic projects - national and international, as well as other projects.

Wind energy and photovoltaics onshore

Although the effects on the economy caused by the Corona pandemic and the Ukraine war also have certain implications for PNE AG, the development and realisation of onshore wind farm and photovoltaic projects were continued steadily in fiscal 2022, both in Germany and in the foreign markets in which the PNE Group operates through subsidiaries or joint ventures. Despite the ongoing realisation and sale of projects, the project pipeline for onshore wind energy, i.e. the portfolio of projects being developed by the PNE Group, was expanded to 7,587 MW (prior year: 5,706 MW) and the project pipeline for photovoltaics to 4,296 MWp (prior year: 1,210 MWp).

In recent years, photovoltaic installations have become increasingly cost-effective, efficient and also more marketable in the area of electricity generation. In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic orientation of PNE's business model. New markets are currently being examined in detail and rights are being secured in markets already selected.

Overview of the status of onshore wind energy project activities of the PNE Group as at December 31, 2022 in MW:

Country	Phase I – II	Phase III	Phase IV	Total MW	Sold/Service Provider
Germany	1,348	587	89	2,024	7
France	325	197	0	522	0
United Kingdom	0	43	0	43	0
Italy	0	0	0	0	0
Canada	505	0	0	505	0
Panama	224	60	0	284	0
Poland	838	0	0	838	0
Romania	0	0	0	0	103
South Africa	1,722	30	0	1,752	140
Sweden	300	0	0	300	60
Spain	184	0	0	184	43
Turkey	629	71	0	700	0
USA	266	169	0	435	0
Total	6,341	1,157	89	7,587	353

Phase I – II = Exploration & Development
 Phase III = Planning
 Phase IV = Implementation
 Sold/service provider = This column shows projects already sold, for which PNE is currently providing construction management services.

Overview of the status of photovoltaic project activities of the PNE Group as at December 31, 2022 in MWp:

Country	Phase I – II	Phase III	Phase IV	Total MWp	Sold/Service Provider
Germany	437	0	0	437	0
France	142	0	0	142	0
Italy	140	0	0	140	0
Canada	154	0	0	154	0
Poland	308	0	0	308	0
Romania	503	62	0	565	0
USA	700	0	0	700	0
South Africa	988	0	0	988	0
Spain	863	0	0	863	840
Total	4,234	62	0	4,296	840

Phase I – II = Exploration & Development
 Phase III = Planning
 Phase IV = Implementation
 Sold/service provider = This column shows projects already sold, for which PNE is currently providing construction management services.

Wind energy onshore and photovoltaics – national

In Germany, the PNE Group worked on wind farms with a nominal output of approx. 2,024 MW (prior year: 1,907 MW) in the various phases of project development as at December 31, 2022.

The German wind farms "Groß Oesingen" (32.4 MW), "Kuhstedt II" (22.0 MW), "Adensen West" (3.5 MW) and "Adensen Ost" (3.5 MW) in Lower Saxony, "Wahlsdorf" (19.4 MW) in Brandenburg and "Gnutz I" (8.4 MW) in Schleswig-Holstein were completed in the reporting period. With the exception of the "Adensen West" project, which was built as a service for a customer, the German wind farms have been transferred to the Company's own operations.

The Company has also made significant progress in setting up the internal wind farm portfolio in the Group. Due to the commissioning and acquisition of wind farms, the portfolio increased significantly to 318.9 MW (prior year: 233.2 MW).

At the end of the reporting period, five wind farms with a nominal capacity of 89.0 MW and one service project with a nominal capacity of 6.6 MW were under construction in Germany.

In addition, in the last quarter of 2022, PNE received approvals in accordance with the German Federal Immission Control Act (BImSchG) for two further wind farms in Germany with a potential nominal capacity of 84.6 MW.

The development of photovoltaic projects was intensified so that projects with a total output of 437 MWp were being processed in Germany at the end of the reporting period.

Photovoltaics and wind energy onshore - international

The PNE Group also successfully continued its core business of project development and realisation of wind energy and photovoltaics abroad. At the end of the 2022 fiscal year, the PNE Group had wind farms with a nominal capacity of approx. 5,563 MW in the various phases of project development in foreign markets. In addition, photovoltaic projects with 3,859 MWp (previous year: 798 MWp) were under development in the foreign markets at the end of the reporting period.

France

As at December 31, 2022, projects with a planned nominal capacity of approx. 522 MW (prior year: 530 MW) were underway in France in various phases of project development. The portfolio of projects under development was maintained at a high level. In France, the Company successfully completed the sale of a wind farm with three turbines and a nominal capacity of 9.0 MW in the first quarter. Another sold wind farm with 13.2 MW was connected to the grid in the fourth quarter. In addition, PNE obtained approvals for two additional projects (11.7 and 9.4 MW) in the second and fourth quarters of 2022, respectively.

In addition, photovoltaic projects with a capacity of approx. 142 MWp are under development in France.

United Kingdom

In the reporting period, PNE continued to work on the Scottish wind farm "Sallachy", which had been rejected by the Energy Minister in 2015 despite broad support from communities and politicians. The construction of the "Sallachy" wind farm with a nominal capacity of approx. 42.9 MW was approved in the 2022 fiscal year.

Italy

Following the successful sale of the previously developed rights to wind farm projects, the PNE Group in Italy is now concentrating on the development of photovoltaic projects. The reason for this new direction was the slow pace of tenders for wind farms. Therefore, the market is still considered to be difficult. The development of photovoltaic projects progressed very rapidly in 2022. As at December 31, 2022, projects with approx. 140 MWp were already under development. The market entry has thus been successful.

Canada

In Canada, project development was expanded into further provinces following positive market investigations. Wind energy and photovoltaic projects are being developed that will be put out to tender in the future or will be able to sell electricity on the free market.

The PNE Group is working on several wind energy and photovoltaic projects, which are still at an early stage of development. Project approaches for the direct supply of industrial companies are also being pursued. As a result of the energy partnership established between Germany and Canada in August 2022, the business opportunities for PNE in this context will be explored. As at December 31, 2022, wind projects with approx. 505 MW and photovoltaic projects with approx. 154 MWp were already under development.

Panama

PNE entered the Latin American renewable energy markets in 2019. Five wind energy projects were taken over in Panama via subsidiaries. They have been further developed and optimised ever since. Projects with a total of up to 60 MW are already at a very advanced stage of development.

In Panama, PNE is focusing on the emerging market for renewable energies. The electricity is to be marketed via the electricity market exchange.

Poland

Construction of the "Krzecin" and "Kuslin" projects (total of 58.8 MW) was successfully completed when the respective licenses were obtained.

In Poland, project development in the wind sector continued in 2022. Projects with approx. 838 MW were under development as at December 31, 2022 (previous year: 404 MW).

The development of photovoltaic projects was also intensified. At the end of the reporting period, projects with around 308 MWp (prior year: 98 MWp) were in progress.

Romania

In Romania, PNE focused on the development of photovoltaic projects during the reporting period. The pipeline was successfully expanded further in 2022. As at December 31, 2022, projects with approx. 565 MWp were under development (prior year: 112 MWp). Projects with a total of up to 62 MWp are already at a very advanced stage of development.

Sweden

During the reporting period, construction of the "Hulterna" wind farm with a nominal output of approx. 60.0 MW continued. This wind farm was already sold and will be managed by the PNE Group on behalf of the buyer during the construction phase. Start of operation is scheduled for the first half of 2023.

In Sweden, wind farm projects with a nominal capacity of 300 MW were developed by the end of 2022.

Spain

In Spain, PNE acquired a 51.0 percent share in Coliaenergia ESPAÑA, S.L. (KOLYA) in July.

At the end of 2022, photovoltaic projects with a nominal capacity of 863 MWp and wind farm projects of 184 MW were under development. In addition, KOLYA was active as a service provider for photovoltaic projects of 840 MWp and for wind farm projects of 43 MW.

South Africa

In South Africa, wind farm projects with a nominal capacity of up to 1,752 MW (prior year: 660 MW) were processed in various phases of project development as at December 31, 2022.

The development of photovoltaic projects is also progressing. At the end of the reporting period, projects with around 988 MWp were under development (prior year: 105 MWp).

Turkey

As in the previous year, the PNE Group in Turkey is working on wind farm projects with a nominal capacity to be installed of 700 MW in various project development phases.

At the end of 2017, the state-owned grid operator TEİAŞ carried out the second part of a tender for 3,000 MW wind capacity. In the tender, PNE was awarded a contract for the "Köseler" project (71.4 MW). In August 2018, PNE received the pre-licence from the Energy Regulatory Authority EPDK. This secured feed-in capacity and the project area. Due to a radar issue at "Köseler", the change to the alternative project site "Kayıstar" was applied for, and it was approved by the competent authorities. The period for project development up to readiness for construction was extended accordingly.

As before, the aim is to further develop the PNE project portfolio to prepare for participation in future tenders and to submit corresponding pre-licence applications. In addition, the approval procedure for the "Köseler/Kayıstar" project is being pursued.

USA

In the increasingly competitive market, PNE has pursued a diversification strategy and excelled in the market through its multi-technology approach. The projects, which are in various stages of development, include wind power, PV plants, storage power plants and hybrid plants. In response to demand and opportunities, photovoltaics now make up a larger share of the project mix. In anticipation of changing market dynamics in the future, each project includes, as an option, a strategy to incorporate green hydrogen.

The pipeline has grown significantly to over 1.1 GW/GWp and is also geographically diversified. The strategic focus is on areas where demand for renewable energy is strong in the long term. In addition to the general challenges that exist with every approval and implementation of a project, specific circumstances in the USA also play a significant role. The government's measures also mean that the expansion of the electricity grid must be promoted to a considerable extent. For example, there are very high financing requirements for participation in tenders for grid connection, which can exceed the investment sums of the projects. Margins are achieved to a large extent with completed projects through the minimisation of risks and lie less in project development. In addition, the future buyers of the electricity later generated by a project also demand extremely comprehensive contractual safeguards. Against this background, PNE has recently started fundamental considerations regarding the perspective of the US business, which also includes the possibility of selling this business altogether.

Project development of onshore wind energy and photovoltaics in total

As at December 31, 2022, the companies of the PNE Group were working on wind farm projects with approx. 7,587 MW of nominal output (prior year: 5,706 MW) in various phases of the multi-year development process in Germany and in the foreign markets, in which they are active via subsidiaries or joint ventures. The pipeline of photovoltaic projects was expanded to 4,296 MWp (prior year: 1,210 MWp). This is the basis for the future development in the sector of onshore wind energy. In addition, the PNE Group is active as a service provider in projects with 353 MW that have already been sold.

Wind energy offshore

Wind energy offshore – national

PNE's high level of competence in offshore project development is reflected in the fact that eight offshore wind farm projects were sold after their realisation in recent years. These include the projects "Atlantis I" as well as the "Borkum Riffgrund" and "Gode Wind" projects of the project cluster.

Four offshore wind farms, which were developed by PNE and sold after approval was granted, have since been erected and commissioned by the purchasers: "Borkum Riffgrund 1", "Gode Wind 1" and "Gode Wind 2" and finally in 2019 "Borkum Riffgrund 2" with a total nominal capacity of 1,344 MW.

Since 2017, the Offshore Wind Energy has regulated the planning of future projects and, in combination with the tendering system introduced, represents a high hurdle for PNE for future project developments in German waters.

In the offshore wind energy segment, the PNE Group also examines opportunities of generating electricity from other energy carriers such as hydrogen at sea. Fundamental calculations and examinations are carried out for this purpose, which, if positive, can form the basis of further project activities in this respect.

Wind energy offshore – international

In the reporting period, the Company made further efforts to start the development of marine wind farms abroad. In particular, it is currently examining the possibilities of planning offshore wind farms in Vietnam. An office was opened for this purpose in Ho Chi Minh City.

In Vietnam, the required expansion of the national electricity grid is defined in Power Development Plans ("PDPs"). Inclusion in the PDP is the basis for further approvals for each project. For the latest PDP8, PNE has applied with an offshore project with up to 2,000 MW of potential total output. The release of the PDP8 has been delayed and is expected for 2023. Irrespective of this,

a memorandum of understanding was signed at the level of the province that is designated to feed the energy in the future.

In the reporting period, the Company made further efforts to start the development of marine wind farms with a capacity of 1,000 MW in the Baltic region. In the process, an initial project approach was identified. This provides for a 50 percent stake in a project in Latvia, which is at an early stage of development. The corresponding contracts were concluded at the beginning of January 2023.

Results of the “project development” segment

The operative achievements listed above have led to the positive results in the “project development” segment in the 2022 reporting period. The current Corona pandemic has had impact on the business activities of the “project development” segment in the form of project postponements. These shifts had only minor effects on the results of the “project development” segment in the period under review.

In the 2022 fiscal year, the “project development” segment achieved

- total aggregate output of euro 210.7 million (prior year: euro 267.5 million),
- EBITDA of euro 26.8 million (prior year: euro 62.7 million) and
- EBIT of euro 24.3 million (prior year: euro 60.2 million).

“Electricity generation” segment

The “electricity generation” segment combines all activities of the Group companies that are engaged directly in the production of electricity from clean energies.

This division includes primarily the wind farms operated by the PNE Group with a total nominal capacity of currently approx. 318.9 MW (prior year: approx. 233.2 MW) and the Silbitz biomass power plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

Until the successful sale and delivery of wind farms to the operators, the “electricity generation” segment will include the revenues of these projects as part of segment reporting.

Weaker wind results were recorded in the 2022 fiscal year compared to the long-term average. Wind availability fluctuates from year to year. The projects held in PNE’s own portfolio are calculated based on two independent wind resource assessments. These wind forecasts refer to an annual average value that will be achieved with a defined probability over the course of 20 years. Statistically speaking, this means that high and low wind supply will balance each other out in the course of the operating period. However, this was offset by

the positive development of electricity prices for the generation of electricity from renewable energies. In 2022, these were significantly higher than the forecasts, both for wind farms marketed under the subsidised direct marketing scheme pursuant to the Renewable Energy Sources Act (EEG) and, in some cases, for wind farms that had entered into a fixed-price agreement or a power purchase agreement (PPA) before 2022. These price effects more than compensated for the lack of generation volumes in 2022. It should be noted that the law passed by the federal government to skim off “windfall profits” (Electricity Price Brake Act, StromPBG) was implemented in December 2022. This resulted in a “profit absorption” of approx. euro 1.5 million in relation to the Group portfolio companies.

Compared to the previous year, depreciation and amortisation in the “electricity generation” segment increased due to the higher number of MW in operation.

The continuing Corona crisis has had no impact on the business activities of the “electricity generation” segment. However, the Ukraine war, with the accompanying potential gas shortage, has led to a sharp increase in electricity prices, which has a positive effect on earnings. There was also a negative impact on the supply chains of manufacturers and service providers.

Results of the “electricity generation” segment

In the 2022 fiscal year, the “electricity generation” segment achieved

- total aggregate output of euro 73.8 million (prior year: euro 33.0 million),
- EBITDA of euro 57.7 million (prior year: euro 23.1 million) and
- EBIT of euro 34.5 million (prior year: euro 5.3 million).

“Service products” segment

The “service products” segment reports in summary on services. These include technical and commercial operations management of wind farms and substations, technical inspections and tests, construction management, wind & sites services, electricity marketing management, and other services.

In the Polish wind farms “Kuslin” and “Krzecin”, the French “Nanteuil” wind farm as well as the Swedish wind farm “Hulterna”, which were developed and sold by PNE, Group companies provided construction management services in the 2022 fiscal year until commissioning and will take over further services (operations management and technical inspections) in the subsequent operating phase.

With these projects, the PNE Group continued to successfully implement its strategy of providing services over the entire life cycle in these projects in addition to project development.

Further significant order intake from third party customers, both in the core market of Germany and internationally in Sweden, Poland and Lithuania, further strengthened the independence in operations management through projects developed by PNE.

The division of wind & sites services further expanded its market presence in the 2022 fiscal year and was increasingly commissioned to perform wind measurements including yield assessments based on them. In addition, a more than 100 percent increase in LiDAR verifications performed on the Company's own 200 m wind measurement mast was achieved. The site quality verification required by the EEG after 5, 10 or 15 years of operation of wind turbines can be carried out by wind & sites services division according to an accredited standard since 2022. The division is thus one of nine accredited testing laboratories listed by the Fördergesellschaft für Windenergie for the application of Technical Guideline Part 10.

The demand for transaction advisory services, including the brokerage of power purchase agreements (PPAs) for plants no longer subsidised, and for marketing solutions regarding short-term hedging products for projects within the market premium model remains high against the backdrop of the current high market prices. Accordingly, power marketing solutions for a further 26 external wind farms with a total capacity of 300 MW were sold in the 2022 fiscal year. The high level of regulatory uncertainty surrounding the introduction of the electricity price brake and the revenue absorption system had a dampening effect.

In the area of technical inspections and tests, the conclusion of an important framework agreement with a major customer enabled a sustainable basic utilisation to be achieved. In addition, through its subsidiary energy consult Prüfgesellschaft GmbH, the PNE Group now offers efficient and high-quality drone-based visual inspections and lightning protection tests on wind turbine rotor blades in this field. This is effected with PNE's own drone and personnel, as the selected solution eliminates the need for specialised pilots for the first time. The downtime of the wind turbines and thus also the loss of yield for the operator can be halved in this way, since the rotor blade inspections can be combined with inspections on the nacelle and tower. In particular, the non-contact lightning protection measurement sets new standards in the market.

In general, the "service products" segment was able to provide its planned contribution to earnings, despite a strained personnel situation. This also results in the biggest challenge for further growth in 2023, i.e. the availability of qualified personnel.

Results of the "service products" segment

In the 2022 fiscal year, the "service products" segment achieved

- total aggregate output of euro 25.4 million (prior year: euro 21.9 million),
- EBITDA of euro 6.1 million (prior year: euro 5.1 million) and
- EBIT of euro 2.6 million (prior year: euro 1.9 million).

2.5 Earnings, financial and asset position

The figures in the text and in the tables were rounded, and small rounding differences are possible.

2.5.1 Earnings

Developments in the Group

In the 2022 fiscal year, the PNE Group achieved a total aggregate output of euro 243.3 million (prior year: euro 252.0 million) in accordance with IFRS. Of this, euro 126.2 million is attributable to revenues (prior year: euro 117.7 million), euro 111.7 million to changes in inventories (prior year: euro 129.8 million) and euro 5.5 million to other operating income (prior year: euro 4.5 million).

The change in revenues versus the previous year is mainly attributable to the type of revenues in the project business and the increase in revenues from the "electricity generation" segment due to the higher number of wind turbines in operation. If the Group sells its projects on a turnkey basis, high revenues are achieved, also due to the purchase of wind power turbines. In the event of a sale of project rights, the Group generates lower revenues compared to "turnkey" revenues. Particularly in international markets, the sale of project rights is preferred for reasons of risk minimisation. However, the operating results of both types of revenues are close together, since the main performance of the Group companies is achieved by project development. In addition, the realisation of wind farms for the Company's own portfolio has an impact on sales revenues, as these sales are not reported at Group level. When considering the nominal capacity of the projects in the Group that have been completed, sold or for which construction has begun, the initiated investment volume in 2022, with 481,9 MW for wind energy projects and an assumed average investment volume of approx. euro 1.4 to 1.8 million per installed MW of nominal capacity for wind energy projects, totalled approx. euro 0.7 to 0.9 billion.

In the 2022 fiscal year:

- In the “project development” segment, the Company generated internal revenues of euro 177.2 million (prior year: euro 168.2 million), including for general contractor and project development services for the Company’s own wind farms, as well as external revenues of euro 34.7 million (prior year: euro 68.9 million), including from project sales in France and general contractor services in Poland.
- In the “electricity generation” segment, external revenues of euro 73.1 million were generated in the reporting period (prior year: euro 31.7 million). These revenues were mainly attributable to PNE’s own wind farm portfolio with euro 66.7 million (prior year: euro 27.9 million) and the revenues from the “Silbitz” biomass power plant of euro 6.4 million (prior year: euro 3.8 million). A major reason for the higher revenues is that, in the 2022 reporting period, a higher number of wind power turbines in operation generated electricity and that higher electricity prices were achieved compared with the prior-year period.
- In the “service products” segment, the Company billed external revenues of euro 18.4 million (prior year: euro 17.1 million) and internal revenues of euro 5.9 million (prior year: euro 4.1 million). The main revenues were generated
 - from commercial and technical operations management,
 - from construction management services,
 - from wind planning services/wind measurements,
 - from electricity marketing management,
 - from activities in the area of service, maintenance and inspection of operating equipment, training for specialists and servicing of, for example, obstruction lighting systems as well as
 - from transformer station services.

The increase in revenues compared to the same period of the previous year is due, among other things, to the additional services in the construction management sector for projects that have already been sold and the increase in renewable energy projects under commercial and technical operations management.

In this context, it is noteworthy that a significant part of the internal services/revenues helped to avoid external costs within the Group.

In the 2022 financial year, as in the previous year, the work performed for projects owned by the Group was shown under changes in inventories.

Explanation: Since the company-owned wind farms were operated by the Company itself regardless of their current or future shareholder structure and used to generate electricity, the wind farms were classified as fixed assets from the date of sale within the Group in accordance with IAS 16. The reclassification from Group inventories to Group fixed assets is carried out without affecting the statement of comprehensive income and, therefore, has not resulted in a change in the item “increase/decrease in unfinished goods and work in process” in the statement of comprehensive income.

Other operating income includes, inter alia, the reversal of provisions in connection with the construction of wind farm projects, individual value adjustments as well as cost allocations.

The activities of the Group in the area of project development in Germany and abroad, both onshore and offshore, are reflected in the expense items. The share of cost of materials in the Group’s total aggregate output amounts to euro 137.3 million (prior year: euro 161.6 million). The year-on-year change in the cost of materials ratio (cost of materials in relation to total output) in the Group from 64 percent in the previous year 56 percent is partly due to the way in which projects were sold in the financial year, either as “turnkey” projects (high cost of materials) or as project rights (low cost of materials) (please also refer to the explanation on the increase in revenues). The implementation of wind farms for the Group’s own portfolio has a negative impact on the cost of materials ratio, as the Group’s total aggregate output only includes the capitalisation of external production costs and no profits from these project implementations. By contrast, the rising sales revenue from the Group’s own wind farms had a positive impact on the Group’s cost of materials ratio. In the case of the wind farms in operation, the main expense items relate to current depreciation and amortisation and other operating expenses. As a result, very low cost of materials ratios can be expected in these companies.

The Group’s personnel expenses amounted to euro 42.6 million in the 2022 fiscal year and thus increased by euro 4.1 million compared to the level of the prior year period (euro 38.5 million). The number of employees in the Group as at December 31, 2022 increased to 544 (as at December 31, 2021: 491 employees). On average, 514 people (prior year: 470 people) were employed in the Group during the year. These figures include the two members of the Board of Management (prior year: two members). The increase in the number of employees is part of the strategy that the Group is pursuing with the “Scale up” programme. Another reason for the higher personnel expenses is the rise in starting salaries and the variable remuneration for employees, which must be paid for qualified personnel in line with the market conditions.

Personnel expenses are attributable to the segments as follows:

- "project development" with euro 30.0 million (prior year: euro 27.7 million),
- "electricity generation" with euro 1.6 million (prior year: euro 1.1 million) and
- "service products" with euro 11.0 million (prior year: euro 9.7 million).

The write-downs of intangible fixed assets, property, plant and equipment as well as right-of-use assets increased on a year-on-year basis by euro 5.8 million to euro 29.2 million (prior year: euro 23.4 million). The increase resulted primarily from the higher average number of wind power turbines in the Group ("electricity generation" segment) compared to the prior-year period. Depreciation and amortisation of intangible fixed assets, property, plant and equipment as well as right-of-use assets are attributable to the segments as follows:

- "project development" with euro 2.5 million (prior year: euro 2.4 million),
- "electricity generation" with euro 23.3 million (prior year: euro 17.8 million) and
- "service products" with euro 3.5 million (prior year: euro 3.2 million).

The other operating expenses in the Group totalling euro 28.1 million (prior year: euro 19.3 million) are above the level of the previous year and are primarily attributable to the following items:

in million euro	2022	2021
Repair and maintenance expenses	5.2	4.4
Legal and consulting costs	4.3	3.6
Rental and leasing expenses and incidental rental costs	3.7	1.2
Advertising and travel expenses	2.7	1.6
Vehicle costs	1.8	1.6
Skimming of profits (StromPBG)	1.5	0.0
Insurance premiums and contributions	1.5	1.3
Financial statement and auditing costs, incl. tax advice and external accounting	1.2	1.2
IT costs	1.1	0.9
Expenses unrelated to the period	0.5	0.4
Supervisory Board remuneration	0.4	0.4
Addition to individual value adjustments on receivables	0.3	0.0
Losses from the disposal of assets	0.0	0.3

Other operating expenses, before consolidation effects, are distributed among the segments as follows:

- "project development" with euro 16.8 million (prior year: euro 12.1 million),
- "electricity generation" with euro 12.3 million (prior year: euro 8.1 million) and
- "service products" with euro 3.6 million (prior year: euro 2.8 million).

Due to the continued construction and ongoing operation of the wind farms owned by the Group, the "Papenrode" and "Helenenberg" repowering projects as well as the HKW "Silbitz" ("electricity generation" segment), other operating expenses increased, in particular, in the item "repair and maintenance expenses" and as regards "rental and leasing expenses and incidental rental costs". In the case of "rental and leasing expenses and incidental rental costs", the increase is mainly due to the variable lease payments in connection with the high electricity revenues generated by the ongoing operational wind farms and the Silbitz HKW in the 2022 fiscal year. Due to the Act on the Introduction of an Electricity Price Brake (StromPBG), expenses in the amount of approx. euro 1.5 million were recorded in the Group.

Other interest and similar income changed from euro 4.4 million in the prior-year period to euro 33.8 million in the reporting period. The change is mainly due to the valuation of the interest swaps concluded as part of the project financing. In the valuation of interest rate swaps, rising market interest rates have led to interest income, which was recognised in the amount of euro 17.7 million (prior year: euro 3.5 million) in the Group ("electricity generation" segment) in the 2022 reporting period. In addition, income of euro 14.9 million (prior year: euro 0.0 million) was recognised in the statement of income under other interest and similar income in the reporting period due to the necessary subsequent measurement of liabilities to banks. This is an exceptionally high effect, which is due to the sharp rise in interest rates in recent months, particularly as a result of the Ukraine war and rising inflation. Due to this increase, the assumptions regarding the previously expected interest payment flows after the expiry of the fixed-interest periods had to be adjusted. For the period after expiry of the fixed-interest period, correspondingly higher interest payments have been budgeted for this reason. In addition, the expected effective interest rate was adjusted to market expectations. Although the interest rates determined for the variable cash flows and the discounting will change to a comparable extent, there is no change in the actual cash flows in the fixed-interest period, which in some cases still lasts up to nine years. However, due to the change in the effective interest rate, these comparatively low cash flows are also discounted at the new, significantly higher effective interest rate until the fixed interest rate expires. This effect mainly results in the income to be recognised. Thereafter, correspondingly higher interest expenses than previously assumed will be recognised over the remaining term of the loans, calculated on the basis of the

effective interest method. These calculated interest expenses do not correspond to the actual interest payments, which may still be significantly below the expense to be recognised, particularly during the fixed-interest period.

Interest and similar expenses in the Group changed from euro 10.8 million in the prior year period to euro 16.2 million in the reporting period. In the 2022 reporting period, valuations of individual interest rate swaps resulted in interest expense of euro 1.2 million (prior year: euro 0.9 million). Interest and similar expenses were incurred mainly in connection with

- the 2018/2023 bond (euro 1.6 million),
- the 2022/2027 bond (euro 1.4 million),
- the equity and debt financing of wind farm projects and the portfolio GmbHs (euro 6.1 million),
- the application of IFRS 16 "Leases" (euro 2.0 million),
- the valuation of interest swaps concluded as part of the project financing for wind farm projects (euro 1.2 million) and
- other factors, such as building financing at the headquarters in Cuxhaven or effective interest on financial liabilities (euro 1.1 million).

Explanation: In the case of financial liabilities for which the interest rate was concluded on special terms (e.g. due to KfW subsidies), the market interest rate that would apply to a comparable instrument with a similar credit rating is to be used. The difference is spread over the term of the underlying instrument using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through the expected life to the net carrying amount. Using the effective interest rate method, interest income or expense is amortised over the term of the financial liability based on all expected cash flows. The effective interest rate method is applied after the agreed financing has been drawn down in full and the projects financed thereby have been put into operation. Subsequent measurements are performed using the effective interest rate method in the Group if the Group's regular reviews of market expectations indicate that these have changed significantly.

The Group reported tax expense of euro 9.6 million in the fiscal year (prior year: tax income of euro 21.8 million). The tax income in the prior year mainly results from the recognition of deferred taxes on tax loss carry-forwards.

At Group level, the following results were achieved in the 2022 financial year:

- earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation/depreciation of intangible assets, property, plant and equipment as well as right-of-use assets and goodwill) of euro 35.4 million (prior year: euro 32.7 million),
- operating profit (EBIT = corresponds to the value stated in line "Operating result" of the statement of comprehensive income) of euro 6.2 million (prior year: euro 9.3 million).

The consolidated net income after non-controlling interests amounted to euro 14.9 million (prior year: euro 25.1 million). The basic earnings per share for the Group amounted to euro 0.20 (prior year: euro 0.33) and the diluted earnings per share for the Group amounted to euro 0.20 (prior year: euro 0.33).

Taking into account the business result and the dividend distribution, the unappropriated profit in the Group changed in the reporting period to euro 81.9 million (prior year: euro 73.4 million). In fiscal 2022, a dividend of euro 6.1 million was distributed from the available retained earnings.

Developments in PNE AG (figures pursuant to the HGB separate financial statements)

Euro 147.3 million (prior year: euro 104.4) of the Group's total aggregate output was attributable to PNE AG. The total aggregate output of PNE AG consists of revenues of euro 148.3 million (prior year: euro 89.0 million), changes in inventories of euro -3.6 million (prior year: euro -1.5 million) and other operating income of euro 2.6 million (prior year: euro 16.9 million).

As in the previous year, revenues were generated primarily from the implementation and sale of turnkey projects.

Other operating income includes the reversal of provisions as well as other income, such as credit notes, amounts charged on and income from the reversal of individual value adjustments as well as – in the previous year – income from the disposal of property, plant and equipment.

The income from the disposal of property, plant and equipment in the previous year included the milestone payment received from the earlier sale of the "Gode Wind 4" offshore project in the amount of euro 15.0 million.

In the separate financial statements of PNE AG, the cost of materials amounted to euro 106.2 million in fiscal 2021 (prior year: euro 46.2 million). The cost of materials consists mainly of the costs for the wind power turbines and the construction costs for the infrastructure of the wind farm projects realised or under construction.

In the separate financial statements of PNE AG, the personnel expenses totalled euro 18.3 million in the 2022 fiscal year (prior year: euro 16.5 million). The number of employees of PNE AG as at December 31, 2022 changed to 188 (as at December 31, 2021: 190 employees). The personnel figures include the two members of the Board of Management (prior year: two members).

In the separate financial statements of PNE AG, the other operating expenses totalled euro 12.9 million in the 2022 fiscal year (prior year: euro 13.6 million).

PNE AG reported earnings before taxes of euro 37.6 million in the 2022 fiscal year (prior year: euro 76.2 million).

Income from profit transfer agreements changed compared to the previous year from euro 46.8 million to euro 26.1 million. This change results primarily from the profit transfer agreement with WKN GmbH, based on which the profit of WKN GmbH of approx. euro 23.1 million (prior year: euro 44.4 million) was allocated to PNE AG.

Interest and similar expenses changed at PNE AG compared to the previous year and amounted to euro 3.7 million (prior year: euro 2.6 million); they were mainly incurred for the interest on the 2018/2023 bond and the 2022/2027 bond.

As at December 31, 2022, the retained earnings of PNE AG totalled euro 251.6 million (prior year: euro 231.1 million). The net income of PNE AG amounted to euro 26.6 million (prior year: euro 81.2 million). The basic earnings per share of PNE AG amounted to euro 0.35 (prior year: euro 1.06) and the diluted earnings per share to euro 0.35 (prior year: euro 1.06).

2.5.2 Financial situation

The figures in the text and in the tables were rounded, and small rounding differences are possible.

Developments in the Group

Finance management of PNE AG and of the PNE Group is concentrated on providing sufficient liquidity

- for financing the ongoing operations,
- to create the prerequisites for implementing the strategy and to
- counteract the risks of project business.

This financing will be provided at the level of the relevant project companies by way of loans, and at the level of PNE AG by the way of emission of bonds. Derivative financial instruments such as interest swaps will only be used at the level of the project companies to secure interest risks of variable-interest loans. As at December 31, 2022, there were derivative financial instruments in relation to several project financing transactions for wind farms in the Group.

The statement of cash flows provides information on the liquidity situation and the financial position of the Group. As at December 31, 2022, the Group companies had available liquidity of euro 168.7 million, including credit lines for interim project financing, of which euro 2.1 million is pledged to banks (as at December 31, 2021: euro 228.0 million, of which euro 1.9 million pledged).

The available liquidity is broken down as follows:

- cash and cash equivalents in the amount of euro 121.6 million (as at December 31, 2021: euro 149.6 million),
- freely available working capital lines of euro 12.1 million (as at December 31, 2021: euro 15.1 million) and
- freely available project interim debt financing available of euro 35.0 million (December 31, 2021: euro 63.3 million).

The Group concluded an agreement (letter of intent) with a bank for further interim equity financing of projects of up to euro 27.1 million, on the basis of which separate interim equity financing agreements can be concluded after the commissioning of the projects. As at December 31, 2022, an amount of euro 23.1 million had been used.

As at December 31, 2022, the Group had working capital facilities totalling euro 15.1 million (as at December 31, 2021: euro 15.1 million) and credit lines for guarantee and contract fulfilment obligations (excluding guarantee lines granted by banks in connection with ongoing project financing) of euro 40.0 million (as at December 31, 2021: euro 34.2 million). As at December 31, 2022, the Group had used euro 3.0 million of the working capital facility (as at December 31, 2021: euro 0.0 million) and euro 6.3 million of the guarantee and contract fulfilment credit lines as at December 31, 2022 (as at December 31, 2021: euro 4.8 million).

The cash flow from operating activities shown in the statement of cash flows of euro -9.0 million (prior year: euro 23.8 million) was primarily attributable to

- the consolidated results in the reporting year,
- the expenses for the further development of the project pipeline and the realisation of wind farm projects, which are reflected in the changes in the inventories, receivables and liabilities and were mainly financed by project interim funds (see Cash flow from financing activities).

The cash flow from investing activities in the reporting period included outgoing and incoming payments for investments in Group property, plant and equipment, non-current financial assets and intangible assets totalling euro -98.1 million (prior year: euro -82.0 million). The investments in property, plant and equipment in the 2022 fiscal year and the previous year related mainly to investments in the realisation of wind farms for the wind farm portfolio being established ("electricity generation" segment) and in transformer stations for these wind farm projects ("service products" segment).

Incoming and outgoing payments relating to the sale and purchase of financial assets or consolidated entities totalled euro -2.5 million in the reporting period (prior year: euro 30.3 million). The main payments made stem from the purchase price for 51.00% of the shares in Coliaenergia ESPAÑA, S.L. (euro 2.0 million) (prior year: payments received from the sale of shares in Polish and Romanian wind farm companies).

During the reporting period, the cash flow from financing activities of euro 79.2 million (prior year: euro 112.0 million) was influenced primarily by

- the taking of bank loans of euro 111.2 million, which are mainly used for the project financing of the wind farm projects owned by the Group,
- the repayment of credit liabilities of euro 21.7 million,
- the issue of the 2022/2027 bond in the amount of euro 55.0 million with transaction costs of euro 1.3 million, and the total repayment of the 2018/2023 bond in the amount of euro 50.0 million,
- the repayment of lease liabilities totalling euro 7.8 million (pursuant to IFRS 16 to be recorded as outflow of funds in the cash flow from investing activities) and
- the payment of the dividend of euro 6.1 million.

As at December 31, 2022, the share capital of PNE AG amounted to euro 76,603,334.00 (as at December 31, 2021: euro 76,603,334.00).

As at the reporting date of December 31, 2022, the Group had liquid funds of euro 121.6 million, of which euro 2.1 million is pledged to banks (as at December 31, 2021: euro 149.6 million, of which euro 1.9 million pledged).

Developments in PNE AG

As at December 31, 2022, PNE AG had liquidity of euro 60.7 million, of which euro 1.2 million is pledged to banks (as at December 31, 2021: euro 87.3 million, of which euro 0.7 million pledged).

The financial situation of PNE AG in fiscal 2022 was marked, in particular, by

- the positive cash flow from investing activities of euro 38.1 million (prior year: euro 26.4 million), mainly due to the interest income and profit transfer amounts received from the previous year and
- the negative cash flow from operating activities of euro -61.4 million (prior year: euro 11.1 million), which is mainly due to the increase in receivables from affiliated companies and
- the negative cash flow from financing activities of euro -3.3 million (prior year: euro -9.3 million), which is attributable to the dividend payment, the repayment of financial loans and interest payments.

The cash flows from operating activities were determined using the indirect method and the cash flows from investing and financing activities were determined using the direct method.

2.5.3 Statement of financial position

Developments in the Group

in million euro	31.12.2022	31.12.2021
Assets		
Total long-term assets	585.4	463.5
Intangible assets	64.9	64.0
Property, plant and equipment	353.7	273.5
Right-of-use assets	87.3	64.7
Long-term financial assets	14.2	2.6
Deferred taxes	65.3	58.7
Total short-term assets	334.9	363.5
Inventories	147.4	163.7
Receivables and other assets	63.9	49.5
Tax receivables	2.0	0.7
Cash and cash equivalents	121.6	149.6
Total liabilities and equity	920.3	827.0

On the reporting date, the consolidated total assets amounted to euro 920.3 million. This is a change of approx. 11 percent in comparison with December 31, 2021 (euro 827.0 million).

Total long-term assets increased from euro 463.5 million at the end of 2021 to euro 585.4 million on the reporting date.

As at 31 December 2022, intangible assets totalled euro 64.9 million, which mainly includes goodwill of euro 64.4 million (as at 31 December 2021: euro 63.3 million). The change in goodwill stems from the purchase of 51 percent of the shares in Coliaenergia ESPAÑA, S.L. and its initial consolidation in the Group. As at December 31, 2022, the goodwill was attributable to the segments as follows:

- "project development": euro 54.0 million (as at December 31, 2021: euro 52.9 million),
- "electricity generation": euro 0.0 million (as at December 31, 2021: euro 0.0 million) and
- "service products": euro 10.4 million (as at December 31, 2021: euro 10.4 million).

In the same period, property, plant and equipment changed by euro 80.2 million to euro 353.7 million (as at December 31, 2021: euro 273.5 million). This item primarily includes

- land and buildings: euro 13.2 million (as at December 31, 2021: euro 13.0 million),
- transformer stations owned or under construction: euro 18.9 million (as at December 31, 2021: euro 18.6 million),
- technical equipment and machinery of the Company's own wind farms: euro 305.0 million (as at December 31, 2021: euro 234.9 million) and
- other plant and machinery, fixtures and fittings: euro 5.9 million (as at December 31, 2021: euro 4.1 million).

The change in property, plant and equipment is mainly due to the "growing" wind farm portfolio with related depreciation on property, plant and equipment of the wind farms and the application of the effective interest rate method due to KfW subsidies.

Explanation: In the case of financial liabilities for which the interest rate was concluded on special terms (e.g. due to KfW subsidies), the market interest rate that would apply to a comparable instrument with a similar credit rating is to be used. The difference is spread over the term of the underlying instrument using the effective interest rate method. The effective interest rate method is applied after the agreed financing has been drawn down in full and the projects financed thereby have been put into operation. At that point in time, the amount is offset against the acquisition cost of the wind power turbines constructed using these funds.

This resulted in a change in property, plant and equipment as at December 31, 2022 by euro -46.6 million and in the reported liabilities to banks by euro -54.8 million. The difference results from the subsequent measurement of financial liabilities (see "Interest and similar income" under "Revenues and earnings").

IFRS 16 specifies how to account for leases. According to the standard, the lessee is generally obliged to recognise rights and obligations arising from leases. Therefore, lessees must recognise the right of use relating to a leased asset ("right-of-use asset") either under fixed assets in the balance sheet item "right-of-use assets" (long-term assets such as wind farms in own operation or wind farms planned for own operation) or under the balance sheet item "inventories" (short-term assets such as wind farm projects to be sold during or after construction). The "right-of-use assets" in the PNE Group include rights under leasing agreements (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease contracts (e.g. in connection with the wind farms operated by PNE or wind farms under construction). As at December 31, 2022, the Group recognised right-of-use assets of euro 87.3 million under the fixed assets (as at December 31, 2021: euro 64.7 million).

As at December 31, 2022, the right-of-use assets were attributable to the segments as follows:

- "project development": euro 10.5 million (as at December 31, 2021: euro 9.7 million),
- "electricity generation": euro 71.8 million (as at December 31, 2021: euro 49.7 million) and
- "service products": euro 5.0 million (as at December 31, 2021: euro 5.3 million).

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment (IAS 16) and investment property measured at cost (IAS 40)), the reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. Although the effects on the economy caused by the Corona pandemic and the Ukraine war also have certain implications for PNE AG, the Board of Management is of the opinion that there are no indications that the value of the reported assets as at December 31, 2022 might be impaired.

Non-current financial assets increased to euro 14.2 million as at December 31, 2022 (as at December 31, 2021: euro 2.6 million). This item includes the pro rata long-term loan receivables of euro 12.0 million from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2021: euro 0.5 million). Further pro rata loan receivables from SWAP transactions are included in the amount of euro 0.8 million (as at December 31, 2021: euro 0.0 million) in the short-term assets (receivables and other assets).

Short-term assets changed in the reporting period from euro 363.5 million (December 31, 2021) to euro 334.9 million on December 31, 2022. This change is mainly due to the decrease in cash and cash equivalents as well as inventories. Of the short-term assets, euro 38.1 million is attributable to trade receivables (on December 31, 2021: euro 29.5 million), mainly from project invoices for project development and general contractor services for wind farms and milestone receivables at the end of the year.

The work in progress shown under the inventories changed from euro 122.5 million (on December 31, 2021) to euro 110.1 million. The reduction in inventories is mainly due to the implementation of the Group's own wind farm projects.

Work in progress is divided as follows:

- Onshore projects/national: euro 83.3 million (as at December 31, 2021: euro 100.4 million),
- Onshore projects/international: euro 26.8 million (as at December 31, 2021: euro 22.1 million).

The inventories included right-of-use assets of euro 18.2 million as at December 31, 2022 (as at December 31, 2021: 42.1 million), which are attributable to the "electricity generation" segment.

The prepayments made in connection with onshore projects under construction, which are included in the inventories item, changed from euro 40.9 million (as at December 31, 2021) by euro 3.9 million to euro 37.0 million.

Cash and cash equivalents amounted to euro 121.6 million as at December 31, 2022, of which euro 2.1 million is pledged to banks (as at December 31, 2021: euro 149.6 million, of which euro 1.9 million pledged).

As at December 31, 2022, cash and cash equivalents were attributable to the segments as follows:

- "project development": euro 76.7 million (as at December 31, 2021: euro 126.2 million),
- "electricity generation": euro 43.7 million (as at December 31, 2021: euro 22.3 million) and
- "service products": euro 1.2 million (as at December 31, 2021: euro 1.1 million).

Parts of the cash and cash equivalents reported in the "electricity generation" segment are project financing funds that have already been drawn down and are required for the further development of the projects.

in million euro	31.12.2022	31.12.2021
Liabilities		
Equity	232.2	221.8
Deferred subsidies from public authorities	0.6	0.7
Provisions	9.8	6.7
Long-term liabilities	547.7	495.2
Short-term liabilities	101.5	77.4
Deferred revenues	28.5	25.2
Total liabilities and equity	920.3	827.0

Group equity changed to euro 232.2 million as at December 31, 2022 from euro 221.8 million (December 31, 2021). The equity ratio of the Group was approx. 25 percent as at December 31, 2022 (as at December 31, 2021: approx. 27 percent).

The treasury stock has not changed in the reporting period and amounted to 266,803 shares as at December 31, 2022.

The long-term liabilities changed from euro 495.2 million (as at December 31, 2021) to euro 547.7 million. The item consists mainly of long-term financial liabilities totalling euro 530.6 million (as at December 31, 2021: euro 488.8 million).

In the reporting period, PNE AG placed a bond 2022/2027 with a volume of euro 55.0 million on the market. In the context of the placement of the 2022/2027 bond, bondholders of the 2018/2023 bond had the opportunity to exchange their existing bonds for bonds from the new placement. This offer was accepted by the bondholders in the amount of euro 32,073,000.00. For the remaining 2018/2023 bonds with a volume of euro 17,927,000.00, PNE AG exercised its right on June 29, 2022 to call all outstanding bonds of the 2018/2023 bond early with effect from July 29, 2022, in compliance with the minimum notice period of 30 days and the maximum notice period of 60 days. The redemption of the outstanding 2018/2023 bonds took place on August 1, 2022.

The long-term liabilities mainly consist of

- the 2018/2023 bond issued in the 2018 fiscal year with a carrying amount of euro 0.0 million (as at December 31, 2021: euro 49.5 million),
- the 2022/2027 bond issued in the 2022 fiscal year with a carrying amount of euro 53.8 million (as at December 31, 2021: euro 0.0 million),
- long-term liabilities to banks of euro 363.8 million (as at December 31, 2021: euro 330.4 million) and
- liabilities from leases totalling euro 111.2 million (as at December 31, 2021: euro 103.7 million).

The significant long-term liabilities to banks relate to the “non-recourse” project financing of wind farm projects operated by the Company in its own portfolio (“electricity generation” segment).

As at December 31, 2022, the liabilities to banks were attributable to the segments as follows:

- “project development”: euro 12.3 million (of which long-term euro 8.0 million),
- “electricity generation”: euro 386.9 million (of which long-term euro 355.8 million),
- “service products”: euro 0.0 million (of which long-term 0.0 million).

Mainly due to “IFRS 16 Leases”, approx. euro 111.2 million (as at December 31, 2021: euro 103.7 million) for lease liabilities is reported under long-term liabilities and approx. euro 5.8 million (as at December 31, 2021: euro 6.9 million) under short-term liabilities as at December 31, 2022.

The liabilities from leases are attributable to the following segments as at December 31, 2022:

- “project development”: euro 11.1 million (of which long-term euro 9.6 million),
- “electricity generation”: euro 99.7 million (of which long-term euro 96.1 million),
- “service products”: euro 6.2 million (of which long-term euro 5.4 million).

In the 2022 fiscal year, the short-term liabilities changed from euro 77.4 million (December 31, 2021) to euro 101.5 million. The short-term liabilities to banks, included in this item, changed from

euro 21.3 million (as at December 31, 2021) to euro 35.4 million. In the reporting period, trade liabilities changed from euro 34.4 million (as at December 31, 2021) to euro 44.6 million. These mainly originate from project invoices that are issued by subcontractors for wind farms at the end of the year and that are expected to be settled for the most part at the time of receipt of the corresponding trade receivables from the wind farm companies.

The Company used “non-recourse” financing of approx. euro 91.2 million and approx. euro 16.7 million from the available project equity bridge loan during the 2022 reporting period, which contributed to the above-mentioned changes in short-term and long-term liabilities to banks.

The liabilities to banks (long-term and short-term) mainly include:

in million euro	Valuted per 31.12.2022	Of which long-term 31.12.2022
Non-recourse project financing of wind farms	408.6	334.1
Interim equity financing of wind farm portfolios	38.7	26.8
Syndicated credit facilities in the Group	3.0	0.0
Other loans (incl. financing of the company headquarters in Cuxhaven)	3.7	3.7

The project funds were provided, in part, by public KfW loans, in some cases at an interest rate below the market rate. The difference between the fair value and the nominal value of the loan in the amount of euro 54.8 million (as at December 31, 2022) was set off against the acquisition or production costs of the corresponding assets and is recognised over the useful life of these assets.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at December 31, 2022 amounted to euro 451.2 million (as at December 31, 2021: net debt of euro -368.8 million).

Developments in PNE AG

in million euro	31.12.2022	31.12.2021
Assets		
Intangible assets	0.2	0.1
Property, plant and equipment	9.4	9.7
Financial assets	156.9	142.7
Inventories	49.2	54.1
Receivables and other assets	234.3	184.8
Liquid funds	60.7	87.3
Deferred tax assets	3.5	10.1
Total liabilities and equity	514.2	488.8

The fixed assets consist of intangible assets of euro 0.2 million (as at December 31, 2021: euro 0.1 million), property, plant and equipment of euro 9.4 million (as at December 31, 2021: euro 9.7 million) and financial assets of euro 156.9 million (as at December 31, 2021: euro 142.7 million).

The changes in financial assets are mainly due to

- contributions to the capital reserve of PNE Portfolio 2 GmbH for the payment of equity into wind farm projects (euro 16.4 million) and
- the repayment from the capital reserve of PNE WIND West Europe GmbH (euro -1.5 million).

The current assets consist of inventories of euro 49.2 million (as at December 31, 2021: euro 54.1 million), of which work in progress totalling euro 14.1 million (as at December 31, 2021: euro 17.7 million) and prepayments made totalling euro 35.1 million (as at December 31, 2021: euro 36.4 million) as well as receivables and other assets of euro 234.3 million (as at December 31, 2021: euro 184.8 million). The receivables and other assets include trade receivables of euro 2.1 million (as at December 31, 2021: euro 1.9 million), receivables from affiliated companies totalling euro 224.9 million (as at December 31, 2021: euro 176.1 million) and euro 7.3 million (as at December 31, 2021: euro 6.4 million).

The assets also include deferred tax assets of euro 3.5 million (as at December 31, 2021: euro 10.1 million), mainly from the utilisation of loss carry-forwards.

The increase in receivables from affiliated companies is mainly due to loans granted to wind farm project companies as well as to project development services invoiced but not yet settled on the reporting date.

The liquid funds amounted to euro 60.7 million as at December 31, 2022 (as at December 31, 2021: euro 87.3 million).

in million euro	31.12.2022	31.12.2021
Liabilities		
Equity	387.0	366.6
Special item for investment subsidies	0.6	0.7
Provisions	24.3	18.4
Liabilities	102.3	103.1
Deferred income	0.0	0.0
Total liabilities and equity	514.2	488.8

The shareholders' equity of PNE AG amounted to euro 387.0 million as at December 31, 2022 (December 31, 2021: euro 366.6 million). The equity ratio of PNE AG was approx. 75 percent as at December 31, 2022 (as at December 31, 2021: approx. 75 percent). Equity changed mainly due to the net income for the year (euro 26.6 million) and the dividend payment in the 2022 fiscal year (euro -6.1 million).

As at December 31, 2022, the total number of shares issued by PNE AG was 76,603,334 (December 31, 2021: 76.603.334). On December 31, 2022, the Company held 266,803 treasury shares (prior year: 266,803), which it acquired in 2018 by using its authorisation existing at that time, based on a share repurchase offer directed to all shareholders.

The major items on the liability side are liabilities of euro 102.3 million (as at December 31, 2021: euro 103.1 million). These are attributable as follows:

- the 2018/2023 bond issued in the 2018 fiscal year with a carrying amount of euro 0.0 million (as at December 31, 2021: euro 50.0 million),
- the 2022/2027 bond issued in the 2022 fiscal year with a carrying amount of euro 55.0 million (as at December 31, 2021: euro 0.0 million),
- liabilities to banks of euro 6.4 million (as at December 31, 2021: euro 3.6 million),
- prepayments received on orders totalling euro 30.2 million (as at December 31, 2021: euro 38.2 million),
- trade liabilities of euro 2.8 million (as at December 31, 2021: euro 1.1 million),
- the liabilities to affiliated companies of euro 6.3 million (as at December 31, 2021: euro 8.7 million) and
- other liabilities of euro 1.7 million (as at December 31, 2021: euro 1.6 million).

The main components of provisions relate to outstanding invoices in respect of wind farm projects totalling euro 18.9 million (as at December 31, 2021: euro 12.7 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives totalling euro 3.5 million (as at December 31 2021: euro 3.1 million).

3. SALES AND MARKETING

The marketing of renewable-energy power plants erected on land is based successfully on direct sales to individual and large investors. PNE has had positive experience with this direct sales model for many years and will continue to follow this proven sales channel for this reason.

Direct sales is a business model that is gaining in importance in the service sector. The increasingly broad positioning of the PNE Group in this segment requires greater efforts to reach customers directly and to inform them about the Group's own offers. This is mainly done by presenting the range of services on websites, via social media and at trade fairs. The measures also include traditional advertising and printed product information. PNE AG dedicated itself to services as a product at an early stage and, for example, offers as a broker tailor-made PPA models (PPA = Power Purchase Agreement) for electricity marketing outside the EEG. These are of particular interest for wind power turbines that are no longer eligible for fixed remuneration under the Renewable Energy Sources Act (EEG subsidies).

PNE sees additional potential for new business in this field in the future, as the EEG support for numerous old wind farms will expire and the brokerage of PPAs for external wind farms is needed for this reason.

4. DEVELOPMENT AND INNOVATION

There were no research and development activities outside the operative business purpose of "project development" in the PNE AG Group during the reporting period.

5. EMPLOYEES

During the fiscal year 2022, there were 514 employees in the Group on an annual average basis, including members of the Board of Management (prior year: 470). Of these employees (including the members of the Board of Management and trainees), an annual average of 186 employees (prior year: 182) were working at PNE AG.

As at December 31, 2022, the Group employed 544 persons, including the members of the Board of Management (as at December 31, 2021: 491 persons). Of these,

- 188 employees (as at December 31, 2021: 190 employees) were employed directly by PNE AG and
- 356 employees (as at December 31, 2021: 301 employees) by the subsidiaries of PNE AG.

When distinguished between Germany and abroad,

- 429 employees (as at December 31, 2021: 393 employees) were employed by domestic and
- 115 employees (as at December 31, 2021: 98 employees) by foreign companies of the Group.

The existing number of staff is reviewed regularly in order to be prepared for the Group's future developments.

6. INTANGIBLE ASSETS/ SUSTAINABLE DEVELOPMENT

The fight against climate change is one of the greatest challenges of our time. With its activities relating to the development, operation and service of renewable energy power plants, the PNE Group has made a significant contribution for around three decades to ensuring efficient and sustainable electricity generation and limiting the consequences of climate change. The vision is climate-neutral energy supply throughout the world. As a matter of course, sustainability is at the heart of PNE's business model and is deeply anchored in all business areas.

Success in the development of onshore and offshore wind farm projects and of onshore photovoltaic projects is based to a large extent on the knowledge and expertise of long-standing qualified employees as well as on trustful cooperation with all parties involved in a project. This also applies to the operation of renewable energy plants. Here, the employees are particularly challenged: Their creative and individual approaches are frequently required to find solutions to complex problems which arise during the development and operation of a wind farm or photovoltaic park. The value of a project, on which the commercial success of PNE AG and the Group depends, is created primarily in the planning phase until the approval is obtained. Likewise, the corporate success depends on the safe and professional operation of renewable energy projects. In this respect, the PNE Group can rely on the skills and experience of its employees, who have generally been with the Company for many years. They not only have excellent expertise in the sector, but also maintain very good professional

networks. It is thus ensured that one can rely on a high degree of professional competence in all phases and areas of the development, realisation and marketing as well as the operation of wind farm and photovoltaic projects.

Furthermore, PNE place great importance on ensuring that the potential of its employees can be utilised optimally through an effective internal organisational structure and a high degree of self-responsibility. Regular assessments of employees and their tasks make it possible to continually adjust requirement profiles that are performance-oriented and specifically tailored to the respective tasks. In this way, high standards can be achieved and maintained in the most varied areas of tasks. By ensuring the qualification and further training of employees as well as the ongoing optimisation of process procedures, the expertise and efficiency shall be further strengthened. PNE also attaches importance to the exchange of experience and the strengthening of internal communication across our sites, which is supported within the Group by a software tool for more efficient team communication and an employee app.

Based on its practical work, PNE has transferred many years of experience in project development into processes that enable the Company to plan, implement and complete all phases of wind farm project planning successfully in a targeted and intensive manner, from site acquisition through turnkey construction and operation of wind farms to repowering, i.e. the replacement of old wind power turbines with modern systems.

PNE is aware of the great importance of experienced partners in the context of both the international expansion and the strategic extension of the business model to include other clean energies, storage technologies and power-to-X solutions. Therefore, the principle applies that PNE will only enter new markets if this can be done together with partners who are well networked there. Here, too, the principle of professional, qualified and trustworthy cooperation with the project partners and participants in a project applies.

ESG strategy and management

Sustainability is a major part of PNE's core business and is firmly anchored in the enterprise. As a "Clean Energy Solutions Provider", PNE makes an important contribution to climate protection and promotes the use of renewable energies. The sustainable business model in the areas of wind energy, photovoltaics, storage solutions and power-to-X technology with a focus on hydrogen is both an aspiration and an obligation for PNE. At the same time, PNE is committed to responsible corporate governance along the entire value chain. In the day-to-day business, PNE takes into account not only economic interests but also environmental, social and societal

concerns. PNE strives to create sustainable value for customers, employees, investors and suppliers, for local communities and for the planet.

Areas of action and key issues

With the newly developed ESG strategy (Environment, Social, Governance), the PNE Group makes its contribution to sustainable development. In the five fields of action "governance", "value chain", "employees", "environment" and "social responsibility", PNE has identified eleven key topics. These reflect where the PNE Group has an impact on the environment, people or society through its business activities, or where ESG-relevant issues will influence business success in the long term.

To determine the material topics, PNE carried out a multi-stage process and first drew up a comprehensive catalogue of topics. This included industry-relevant issues, requirements of legal regulations, aspects of current frameworks and issues identified by competitors. As a next step, the catalogue was further condensed into primary topic areas. These were then evaluated and prioritised by PNE's managers and employees from various departments, and the results subsequently transferred into a materiality matrix.

PNE pursues a strategic, holistic and integrated approach: All activities are carried out in a transparent and fact-oriented manner. PNE integrates ESG into its core processes and systematically implements clearly defined measures to achieve its goals. The overriding aim is to achieve an increase in value for all stakeholders and the Company.

Governance

Good corporate governance and compliance are not just a matter of course for PNE but are firmly anchored in its daily activities. PNE is convinced that the enterprise cannot be successful without binding regulations and conduct that complies both with the rules and with the corporate principles. PNE expects compliance with applicable laws and internal regulations, respect for ethical values, and sustainable conduct from its own employees as well as from its business partners and suppliers. This is based on the PNE Code of Conduct, the recommendations of the German Corporate Governance Code and the Business Partner Guideline along the value chain. Conduct in violation of the rules is not only incompatible with the values of the PNE Group, but can also lead to great financial damage and jeopardise PNE's reputation.

PNE achieves compliance through an open and trusting working environment and an efficient compliance management system tailored to PNE's needs, which is coordinated by a senior Compliance Officer and compliance officers in every subdivision of the PNE Group. Any violations of the Code of Conduct or PNE guidelines, such as on anti-corruption law, antitrust law or insider law, can be reported anonymously via a whistleblower system.

In 2021, we created a "success picture" for the entire PNE Group. It represents how PNE wants to act as an enterprise based on common goals and values. Accompanying this, PNE has developed focus measures to enable the "success picture" to be deeply anchored in its daily business. The measures include, for example, the implementation of leadership standards, the improvement of our resource management as well as continuous process optimisation.

As a project developer of wind farms and photovoltaic plants and a provider of clean energy solutions, transparent dialogue with PNE's stakeholders is of particular importance. For example, PNE always works in close contact with its stakeholders regarding approval procedures, environmental impact assessments or public participation. This dialogue enables the Company to recognise trends at an early stage, to enter into new partnerships and to establish a broad acceptance for the projects of the PNE Group.

Value chain

PNE takes responsibility for the value chain and aims for sustainable cooperation with all its business partners. This includes the selection and evaluation of suppliers based on high environmental and social criteria, the procurement of more sustainable input materials and products as well as regional purchasing to promote local value creation. As an internationally active company, respect for human rights is a basic condition for our business activities. PNE rejects any form of child, forced or compulsory labour, human trafficking or modern slavery and is committed to social and fair cooperation at every stage of its value chain.

It is also particularly important to PNE to keep the ecological footprint of its projects and services as small as possible. For this reason, PNE prefers to procure the turbines for its wind farms from suppliers certified to the ISO 14001 environmental management system. Procurement that is as local as possible helps to reduce long transport routes and the associated CO₂ emissions.

Employees

The employees are PNE's most valuable resource. Their competence, motivation, loyalty and commitment enable the Company to be successful on the market in the long term and to grow the business steadily. The PNE Group wants to be a first-class employer and focuses on people. It attaches great importance to the professional development of its employees and the equal opportunity development of their potential. PNE supports its employees with numerous initiatives and programmes, ranging from talent and personnel development programmes to executive coaching. In this way, PNE wants to enable employees to take on key positions in the PNE Group in the short to medium term. Within the framework of systematic personnel development, PNE identifies its internal high potentials, discusses career opportunities and jointly determines the next steps within the framework of individual development plans. In addition, PNE does its best to create an appreciative, attractive, safe and healthy working environment.

Through the PNE Academy and systematic onboarding, qualification and training measures, the PNE Group creates the framework in which learning and further training are part of everyday working life for its employees. The culture of lifelong learning is based on mandatory basic training courses on typical topics such as compliance and occupational safety, specific training courses for certain employee groups such as purchasing or sales and individual learning opportunities for further training outside the company. The PNE Academy comprises a series of training courses carried out by internal experts on the various business areas and important organisational topics. In this way, PNE enables everyone to develop continuously at the same time, to fill the strategic agenda with life in their daily work and thus to contribute to the long-term success of the PNE Group.

Environment

For PNE as a "Clean Energy Solutions Provider", climate protection and the consistent use of renewable energies are the central concerns. With the projects we develop and operate, we make an important contribution to reducing climate-damaging emissions and driving forward the energy transition. With the wind

farms planned and operated by us and our future projects for clean energies, we are making a substantial contribution, both nationally and internationally, to the reduction of damaging climatic gases and the protection of people, the environment and nature. Generation of electricity from clean energies such as wind power or photovoltaics not only makes positive contributions to the environment, but it also contributes to saving the limited reserves of fossil fuels. From an economic point of view, it has the positive effect that electricity is increasingly generated from renewable energies, thus reducing and avoiding expensive imports of energy sources. Value is added where electricity is generated from clean energies. As a result, the projects developed and operated by us are ensuring that the generation of electricity is done in an ecologically meaningful and economically correct manner.

With its full range of services in the fields of wind energy and photovoltaics, PNE helps to ensure that the expansion of clean energies moves forward one step faster – for a healthier climate worldwide. In this way, PNE is consistently pursuing the goal of a secure, sustainable and profitable energy supply that is powered 100 percent by renewable energies.

Within its value chain, PNE promotes the careful and efficient use of resources, participates in environmental and species protection studies and implements energy efficiency measures at all its sites. The overriding goal is to reduce the carbon footprint of the business activities in order to minimise the impact on the environment.

One issue often discussed by society in connection with the construction of renewable energy plants is the impact on the natural environment. The PNE Group is constantly striving to minimise its impact on the quality and diversity of animal and plant habitats, while encouraging biodiversity at wind farms and photovoltaic plants developed by PNE.

The PNE Group is also committed to protecting the environment at its various sites. To this end, PNE recently added a special provision for electric and hybrid vehicles in its company car policy. In the future, the aim is to reduce the use of fossil fuels for PNE vehicles and avoid them as far as possible. The new directive provides benefits for the use of electric mobility with the aim of reducing CO₂ emissions from the company car fleet.

	2022	2021
Projects completed, sold or under construction (in MW/MWp)	481.9	1,076.1
Wind farms under development (in MW)	7,587	5,706
PV projects under development (in MWp)	4,296	1,210
Wind farms in own operation (in MW)	318.9	233.2
Green electricity generated by internal portfolio (in GWh p.a.)	509	295
Tonnes of CO ₂ saved (p.a.)*	~ 345,000	~ 200,000

*PNE estimate

Social responsibility

Accepting social responsibility and shaping a climate-neutral energy supply in a sustainable manner is part of PNE's corporate identity. With its business model, PNE promotes the development of innovative energy systems, advocates the use of new technologies and supports local value creation. The PNE Group sees itself as a partner for the communities at its locations, offers secure and attractive jobs and promotes the continuous training and qualification of young people on site. PNE wants to make its contribution as a good corporate citizen to social, cultural and ecological coexistence, especially in the countries and at the sites where PNE is active. For this reason, PNE supports various sports clubs, social and cultural institutions, and local charitable projects in the form of support and donations.

It is also important to maintain the network of partners and supporters of our business, which we have built up over many years. Since the planning and development of wind farms and of photovoltaic projects are based mainly on general regulatory conditions, we cooperate closely and intensely with industry associations and maintain constant dialogue. In addition, the project managers of PNE seek and maintain direct dialogue with all those involved in a project, from the landowners and local residents to municipal politicians and the authorities involved.

The PNE Group has also further intensified its commitment at the level of citizen participation. PNE has taken on the development, planning and construction of citizens' wind farms and also supports the financing and operational management of the plants. In addition to the planning and implementation of the wind farm projects, PNE supports local people with additional subsidies of various kinds. PNE plans holistic, sustainable projects for the future (including storage solution concepts and sector coupling projects), promotes local institutions or supports local educational opportunities, for example, through the construction of an energy nature trail.

UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) are 17 specific goals set by the United Nations to make the world a more sustainable and equitable place for everyone. The SDGs cover areas such as reducing poverty, protecting the planet, ensuring peace, and promoting prosperity for all. By 2030, politicians, society and business should work together to implement these goals.

As an internationally active company with around 500 employees, PNE is aware of its responsibility and fully supports the SDGs. As part of the ESG strategy, the PNE Group has currently identified six goals where it can make a significant contribution as a "Clean Energy Solutions Provider".



7. SUPPLEMENTARY REPORT

The supplementary report regarding significant events after the end of the reporting period is included in the notes to the financial statements in chapter X. Other disclosures "8. Events after the reporting date".

8. REPORT ON OPPORTUNITIES AND RISKS

Description of the key characteristics of the ICS/RMS of the parent company and the entire Group

Internal control system (ICS)

The goal of the methods and measures set up by us is to secure the assets of the Company and to increase operating efficiency. The reliability of the accounting and reporting systems as well as compliance with the internal guidelines and legal regulations should be guaranteed by the internal control system (ICS) in place.

As part of the ICS, we have subjected the individual functional departments of the Company and of the Group to a detailed analysis and evaluated accordingly the probability and the possibility of the occurrence of any damage.

We have organised the structure of the individual units based on the knowledge gained and the evaluations made. Moreover, we have adapted our work processes as a result of the findings obtained. For example, we pay attention to a consistent separation of incompatible activities and we also have introduced appropriate control ranges. Furthermore, we place a high value on the non-overlapping of responsibilities, with the stipulation that tasks, competence and responsibility are combined. Simultaneously, we have integrated controls into the work processes.

The above-mentioned key characteristics of the ICS are applied in all functional areas of the parent company and the total Group. The implementation of the organisational and procedural controls in the area of the ICS ensures the integrity of the data which are included in the financial reports during the accounting process.

Apart from the controls implemented in the system, the individual functional departments are also monitored by managers.

Key characteristics of the accounting-related internal control and risk management system

The objective of the internal control and risk management system regarding the (Group) accounting process is to ensure that accounting is performed in a uniform manner and in compliance with the legal requirements, the principles of proper accounting and the International Financial Reporting Standards (IFRS) as well as internal (Group) guidelines and that the recipients of the consolidated and separate financial statements are provided with accurate and reliable information. To this end, PNE has set up an accounting-related internal control and risk management system comprising all relevant guidelines, procedures and measures.

The internal control system consists of the control and audit departments.

The Board of Management and the Supervisory Board (in this respect in particular the Audit Committee) are an integral part of the internal monitoring system with audit measures independent of the process.

The Group accounting department serves as the central contact point for special technical questions and complex reporting matters. If necessary, external experts (auditors, qualified actuaries, etc.) will be consulted.

Moreover, the accounting-related controls are carried out by the controlling department of the Group. All items and key accounts of the statement of comprehensive income and the statement of financial position of the consolidated accounts and the companies included in the scope of consolidation are monitored at regular intervals with regard to their correctness and plausibility. The controls are carried out either on a monthly or quarterly basis, depending on how the accounting-related data are drawn up by the accounting department.

The accounting-related risk management system is an integral part of the risk management of the Group. The risks relevant for the correctness of the accounting-related data are monitored by the person responsible for risks for the risk area of finance and are identified, documented and assessed quarterly by the risk management committee. Suitable measures have been set up by the risk management of the Group for the monitoring and risk optimisation of accounting-related risks.

Risk management

The risk policy of the Group and of the Company forms part of the corporate strategy and is aimed at securing the substance of the Group as well as the Company and simultaneously at increasing

their value systematically and continuously. The risk management system is integrated largely into the existing corporate organisation. This helps to avoid double activities and parallel organisational, decision-making and reporting structures. It also ensures that the significant risks are dealt with on a regular basis at the management levels.

Depending on the perception and positioning of the risk, different risk strategies and specific countermeasures derived from these may be the result. Fundamentally, the risk strategy is based on a valuation of the risks as well as the opportunities related thereto.

Risk assessments are an essential part of our business decisions. In doing so, we endeavour to avoid entering into risks that could jeopardise the Company's existence. In the core competency areas of the Group and of the Company, we consciously take appropriate, manageable and controllable risks if they are expected to yield an appropriate return at the same time or are unavoidable. In doing so, we ensure that appropriate countermeasures are taken and implemented. In certain cases, we transfer risks in supporting processes to other risk areas. Other risks, which have no connection with core and/or support processes, are avoided as far as possible. In addition, the majority of the risks are project-specific and/or region-specific risks, which are predominantly dealt with on a decentralised basis in the respective departments and divisions and – where significant risks are involved – are also reported to the Board of Management.

The Group has formulated the general conditions for a qualified and future orientated risk management system in its "Risk Management Handbook". This handbook regulates the specific processes in risk management. It aims to systematically identify, document, assess, manage and report risks. In this context, risks to the business areas, the operating units, the major associated companies and the central units are identified in clearly defined categories and quantitatively assessed with regard to their probability of occurrence and potential amount of damage. We initially assess the risks without taking into account the countermeasures currently being implemented (gross assessment). Subsequently, as part of the net assessment, the residual risk is considered, taking into account the existing countermeasures. The task of the risk officers is also to develop and, if necessary, initiate measures for the further avoidance, reduction and hedging of risks, and to ensure their implementation.

The reporting is controlled by value limits defined by the management. The individual risks are classified as part of internal risk reporting within the Group based on the probability of occurrence and potential impact. The following qualitative and quantitative limits for the classification of impact and probabilities of occurrence were derived for the PNE Group. The reference figure for the impact classes is the EBITDA.

Classification of probability of occurrence

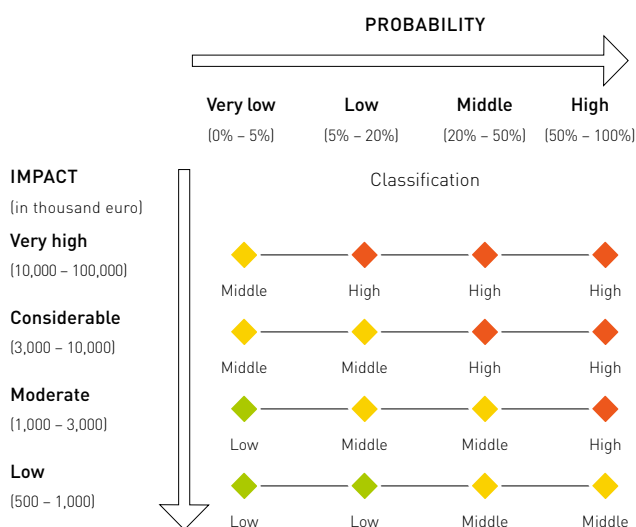
Description	Minimum (%)	Maximum (%)	Mean value (%)
Very low	0	5	3
Low	5	20	13
Medium	20	50	35
High	50	100	75

Classification according to the degree of impact

in thousand euro	Minimum	Maximum	Mean value
Low	500	1,000	750
Moderate	1,000	3,000	2,000
Considerable	3,000	10,000	6,500
Very high	10,000	100,000	55,000

By determining the probability and impact limits, the risks are classified according to the traffic light model into red, yellow and green areas. The basic need for action and reporting to management are derived from this classification.

Risk matrix (probabilities of occurrence and classes of impact)



We determine the overall risk position using suitable quantitative methods (Monte Carlo simulation). In this way, a frequency distribution and thus a realistic range of future cash flows, profits and earnings is shown, i.e. the planning reliability or the extent of possible deviations from the plan.

PNE derives the risk-bearing capacity by comparing the determined, aggregated total risk position with suitable risk cover funds, which are available to PNE AG to cover possible effects of its risks on the result and liquidity. If necessary, relevant financial covenants are taken into account accordingly as part of the analysis.

The key risks and the counter-measures introduced are monitored at regular intervals. Central risk management reports regularly on the identified risks to the Board of Management and the Supervisory Board. In addition to regular reporting, there is an immediate intra-Group reporting requirement for risks that arise unexpectedly. The risk management enables the Board of Management to recognise risks at an early stage and to introduce counter-measures.

Overall, risk management is integrated into the company's routine processes. Reporting takes place from the employee level up to the Board of Management. Potential risks are thus already identified at working level and promptly discussed and evaluated in the teams, departments and divisions. Where appropriate, measures to deal with the respective risks are already decided at this level. If necessary, any issues regarding the handling of risks are submitted to the Board of Management or by the latter to the Supervisory Board. In addition, in the case of fundamental and cross-divisional risks, working groups consisting of in-house experts are formed in order to work out solutions to such issues in regular consultations or as required.

The key characteristics of the risk management system described above are applied throughout the Group. With regard to the processes in the consolidated accounting, this means that the identified risks are examined and evaluated in the corresponding financial reports especially in respect of their possible effects on the reporting. Through this, important information is generated at an early stage about potentially possible fair value changes of assets and liabilities, pending losses of value are identified, and important information is gained for the assessment of the necessity for the setting up/release of provisions.

The appropriateness and the effectiveness of risk management and the associated control systems are reviewed at Board level and adjusted accordingly. Due to the particular importance of exemplary conduct in all business matters, responsible employees receive targeted training in risk management issues.

Finally, it should be noted that neither the ICS nor the RMS can give absolute security with regard to the achievement of the associated objectives. Like all discretionary decisions, also those for the development of appropriate systems can in principle be wrong. Controls can be ineffectual as a result of simple mistakes or errors in individual cases or changes in environmental variables can be recognised at a late stage in spite of corresponding monitoring.

We believe that we have an appropriate and effective risk management system in place.

In particular, the following individual risks are currently being monitored intensively within the context of the risk management process:

- The effects of a possible sale of the shares by Photon Management GmbH with the risk of a takeover bid by a new investor. This might lead to the possibility of exercising termination rights of financing agreements if the thresholds are exceeded due to a change of control of 50 percent.
- Risks that may arise from ongoing tax audits.
- Possible risks which may arise from the lack of grid capacities in Germany and abroad.
- Possible technical risks which may arise from our own operation of wind farms and which could negatively influence the expected results.
- Particular importance is given to compliance with the regulations of the German Corporate Governance Code as amended. However, risks may also arise from non-compliance with the regulations and the internal guidelines by individuals.

Assessment of risks and opportunities

In the opinion of the Board of Management, the scope and the potential of risks have not changed significantly versus December 31, 2021, except for the changes mentioned below. From the Board of Management's viewpoint, the prospects for the development of the Group and PNE AG are good in light of the global development of climate protection and the expansion of wind and photovoltaic energy as well as the well-filled project pipeline for wind energy and photovoltaic projects. A positive development of the Company can thus be expected in the coming fiscal years according to the estimates of the Board of Management. Based on the positive economic situation as at December 31, 2022, no individual risk represents a significant threat to the Group, even though the risk from the tax audit at WKN GmbH could have a financial impact in the upper single-digit range or the exercise of termination rights under financing agreements (due to a change of control with a shareholding of more than 50 percent) could have an impact in the lower double-digit range, and is therefore classified as high. In

addition, the business model and the positioning of PNE AG have proved to be largely resistant to the Corona pandemic and the effects of the Ukraine war. Thus, from the viewpoint of the Board of Management, there are no risks threatening the existence of the Company.

There is a risk regarding "offshore project planning in Germany". In the Senate decision of the Federal Constitutional Court of June 30, 2020, it was confirmed that parts of the WindSeeG are unconstitutional and that, with the implementation of the decision of the Federal Constitutional Court by the legislator in terms of the WindSeeG 2020, PNE can expect reimbursements for project planning services already rendered. In its decision of January 18, 2022, the Federal Constitutional Court did not accept the constitutional complaint of subsidiaries of PNE AG and other project developers against the inadequate compensation regulation of Section 10a WindSeeG (file no. 1 BvR778/21) for decision without further justification. With the non-acceptance, the Federal Constitutional Court has not made a decision on the question as to whether the form of the compensation claim pursuant to Section 10a WindSeeG is compatible with the Basic Law. The affected subsidiaries of PNE AG have already filed applications for compensation in accordance with Section 10a WindSeeG in due time and have received corresponding declaratory notices from the BSH in a letter dated January 25, 2023.

The notices are not yet legally binding and the subsidiaries concerned are currently reviewing how to proceed. Since the amount of the compensation payments of the federal government in accordance with Section 10a WindSeeG (a low double-digit million amount is expected) falls short of what PNE AG considers adequate, PNE AG or its affected subsidiaries reserve the right to take legal action against this before the competent administrative courts. Within the framework of such proceedings, the constitutionality of Section 10a WindSeeG can also be reviewed. Overall, PNE expects reimbursements for project planning services already provided in the past on the basis of the compensation regulation of Section 10a WindSeeG, which may then have a correspondingly positive effect on the Group figures in the future.

For the offshore wind farm project "Atlantis I" sold by PNE AG, there is only the risk of the outstanding milestone payment from the project sale. Based on the Offshore Wind Energy Act and the expansion targets of the federal government for offshore wind energy, the PNE Group estimates that it is highly probable that the "Atlantis I" project will be realised. Therefore, the Board of Management currently assumes that the expected milestone payment will accrue to PNE AG.

General factors

As a result of its business activities, the Group and the individual consolidated companies are exposed to risks which are inseparable from its entrepreneurial activities. Through our internal risk management system, we minimise the risks associated with our business activity and invest only if a corresponding benefit can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. Based on the analysis of the existing core processes, the identified risks are evaluated. A risk report is submitted regularly to the Board of Management and to the Supervisory Board. Unless otherwise indicated below, the assessment of the risks has not changed significantly compared to December 31, 2021. The implementation of the strategic expansion of the business model to include other clean energies and storage technologies as well as the expanded portfolio of internally managed projects may entail additional risks.

General explanations on the assessment of risks

Unless otherwise stated below, the relevant risk is classified with a very low to low probability and a low to moderate impact on the future net assets, financial position and results of operations of PNE AG and the Group. The occurrence of such a risk would have an impact of euro 1 to 3 million on the net assets, financial position and results of operations. These risks would have to be classified as low to medium according to the risk classification. The main risks are described at the beginning of each chapter.

Risks from operating activities

A typical risk is the approval risk of projects both in established and in new markets. In the event of time delays regarding permits, the negative outcome of tenders or significant shifts in the demand/supply relationship due to market-based support mechanisms, this can lead to postponements in the flow of liquidity, higher prepayment requirements as well as the loss of planned inflows of funds. Furthermore, projects can become uneconomical in such cases, which can lead to the write-off of work in progress which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of receivables. Risks may also arise regarding the balance sheet values of onshore and offshore projects in Germany and abroad if projects become uneconomical or realisation is not possible. However, the operative opportunities in the area of project development of onshore and offshore wind farm or photovoltaic plants on land can only be realised if such entrepreneurial risks are taken.

Delays in project implementation may arise, inter alia, due to the intensive environmental impact assessments required, the uncertain timing of the granting of approvals and grid connection commitments, possible appeals/complaints against approvals already issued or collective actions, the timely availability of wind power turbines or photovoltaic panels or the timely availability of other necessary preconditions and components required for the construction of a wind farm or photovoltaic park. Through comprehensive project controlling, the Company attempts to take these complex requirements into consideration at the right time.

The number of suitable sites in Germany for the construction of "clean energy projects" is limited. In the future, this might result in increased competition for these sites and thus higher acquisition costs as well as higher operating costs, such as compensation for use of sites, which would reduce the achievable contribution margin accordingly.

Within the context of project realisation, the Company must rely on its ability to cover its capital requirements resulting from the liabilities arising in the future or which may become due in the future. Furthermore, additional capital requirements might arise if and to the extent that PNE AG should be required to honour guarantees granted by it indirectly or directly or to fulfil comparable commitments or if other risks described in this section materialise.

As with all enterprises that develop projects with clean energies, a risk for future development lies in the financing and sale of projects. In order to counter this risk, PNE has relied on the sales channel of "individual and large investors" for several years as well as on the erection and distribution of portfolios of already commissioned wind farms. However, negative effects from rising rates of interest on project marketing cannot be ruled out, since rising interest rates lead to higher project costs. In addition, rising capital market interest rates can simultaneously lead to declining sales prices, since the requirements of the individual and large investors for a return on the project may increase in this case. Risks in respect of project realisation could result from a financial crisis and the reluctance resulting therefrom on the part of the banks with regard to project financing.

A supplier risk exists in the wind power turbine sector due to the worldwide demand in relation to the available capacities. Supply bottlenecks due to increasing international demand occurred in 2022 and cannot be ruled out in the future. Such supply bottlenecks

could lead to delayed realisation and increased prices in the procurement of wind farm projects. The Company therefore attaches great importance to concluding delivery contracts with well-known manufacturers of wind power turbines and sub-suppliers (e.g. of foundations) as early as possible and to agreeing on timely delivery. This also applies to the photovoltaics sector, although there are lower supplier risks in this field. Country-specific and seasonal module bottlenecks, for example, are largely known and depend mainly on the size of the plant and the time available for structural completion.

There are joint venture companies within the PNE Group, which may represent risks, since they have already started or will start activities abroad in the future. There is the risk that cooperation with partners of existing joint ventures fails, for example, if a joint venture partner withdraws so that the relationships and skills of the joint venture partner regarding the relevant foreign market can no longer be leveraged or that foreign wind farm projects already commenced come to a halt or fail. Legal disputes with the joint venture partner could also arise, particularly if the projects worked on by the joint venture company cannot be realised as initially planned. This may result in write-downs on the value of the shareholdings or on the inventories of the respective joint venture company in the balance sheet of the PNE Group. All of this may significantly complicate the activity of the Company in the relevant foreign market and, in the worst case, lead to a complete failure of the activity in this country.

The evaluation of projects for the use of renewable energies also depends on the assessment of the future development of electricity prices in target countries. Changes in the development of electricity prices can lead to changes in the market situation.

There are risks from the internal operation of wind farms and photovoltaic parks. For the profit situation of a wind or photovoltaic park, the site-specific wind situation or the sunshine hours are the decisive variables. Besides the well-known seasonal fluctuations, variations can also occur over the years. It cannot be ruled out that the economic viability of a project will deteriorate in the long term due to several years of low wind or low sun. This risk is particularly relevant to the "electricity generation" segment. Lower yields due to years of weak wind or sun have a direct impact on the revenues and earnings situation in the "electricity generation" segment and in the Group. This risk is taken into account by including appropriate safety margins in the cash flow calculations of the wind farms and photovoltaic parks over the entire term. Other reasons for lower results of operations can be subsequently imposed environmental conditions during ongoing operations as well as possible lawsuits. If the effects are greater than the planned safety margins, this could have an impact on the Group's net assets and results of operations.

PNE publishes forecasts for the corporate goals of the Group. These forecasts are created on the basis of the Group's business plans. Should planning assumptions change over time, the published forecast may not be reached. This could have adverse consequences for the Company or its share price.

The goodwill included in the balance sheet must be reviewed for impairment losses at the end of each year by way of an impairment test. If an impairment should arise in the future, this would have an impact on the net assets and results operations of the Company.

There is a risk that subsequent examinations by the Federal Financial Supervisory Authority (BaFin) may result in measurement methods for reported values in relation to retrospective and, as a consequence, for future reporting dates, which might differ from those applied by the Board of Management and audited by the auditors. This might have an impact on the net assets and results of operations of the Group.

Interest rate, financing and currency risks

The Group is exposed to interest rate risks, since the Group companies borrow funds at fixed and variable interest rates. The Group manages the risk by maintaining an appropriate ratio between fixed and variable borrowings. This is done using interest rate swaps. The hedging measures are assessed regularly in order to match them to expected interest rates and the readiness to take risks. The hedging strategies are selected on this basis.

The Group grants short-term and long-term loans. All loans granted have a fixed interest rate. This also applies to loans granted to associated companies and joint ventures so that no material effects on the earnings situation of the Company are to be expected for the terms of the loans.

From the issue of the 2022/2027 bond and the covenants concerning the equity ratio included in the bond conditions, increased interest payments could arise prior to the scheduled maturity in the event of a breach of the covenant. The bond will be due for repayment in June 2027.

At the end of the reporting period, Photon Management GmbH, which is controlled by the US company Morgan Stanley, held more than 30 percent, but less than 50 percent of the shares (voting rights) in PNE AG. If an investor were to acquire more than 50 percent of the shares, this would result in further termination options for the lenders under loan agreements for debt financing.

The Group is exposed to a counterparty default risk from its operating business and certain financing activities. The default risk arising from financial assets is recognised through appropriate valuation adjustments, taking existing collateral into account. In order to reduce the default risk relating to non-derivative financial instruments, the Group takes various hedging measures, such as obtaining collateral and guarantees where it appears appropriate as a result of creditworthiness checks.

A part of the funds provided to the PNE Group is subject to variable interest rates which are primarily linked to the 3-month EURIBOR. The companies have only partially hedged against rising short-term interest rates.

Part of the liquid funds available to the PNE Group might be subject in future to negative interest on the companies' bank accounts. The companies try to avoid negative interest by investing money in short- and medium-term investments, some of which do not generate a negative return.

In order to ensure the Group's ability to pay its debts at any time and its financial flexibility, revolving liquidity plans are prepared, which show the inflow and outflow of liquidity both in the short term and in the medium and long terms. Liquidity risks for the financing of the operating business during the course of the year exist, in particular, if the closing of project sales through direct sales to external investors is delayed.

Foreign exchange risks in the financing area are attributable to financial liabilities in foreign currency and loans in foreign currency, which are granted to Group companies for financing purposes. At the end of the year, the Group had short-term trade liabilities denominated in foreign currencies, which do not result in a material risk from the viewpoint of the Company.

The projects in the international sector may entail medium- and long-term currency risks. In the operating field, foreign currency risks result primarily from the fact that planned transactions are undertaken in a currency other than the euro. With regard to investments, foreign currency risks may arise mainly from the acquisition or divestment of foreign companies. The Group companies aim to settle transactions in euro as far as possible.

Otherwise, they intend to hedge, as far as feasible and economically sensible, major foreign currency transactions outside the Group by means of currency hedging transactions in good time before the date of the respective transactions.

Political risks/market risks

Incalculable risks can also affect the market from outside. These include, in particular, sudden changes in the general legal conditions in Germany or in PNE's foreign markets. The Board of Management of PNE AG is of the opinion that wind farms and photovoltaic parks can be developed and operated economically based on fees that are currently applicable or achievable in tenders and based on the legal framework. The general conditions in the countries in which PNE is active or plans to become active in the future are reviewed regularly in order to be able to react promptly to possible changes and to minimise risks.

In the context of tendering procedures under the German Renewable Energies Act and other comparable procedures abroad, there is always a risk of not being awarded a contract in the respective tender rounds. This may result in the affected projects not being realised or not being realised in the planned time frame. As a result, the project development costs incurred up to that point would have been spent in vain. PNE AG counteracts this risk by closely monitoring the market environment and calculating the bids on this basis.

Political and market risks abroad could affect the planned realisation of projects during the next few years. PNE AG and its subsidiaries are intensively observing the current developments abroad in order to recognise changes in the market situation or the political landscape as early as possible and to introduce any measures at the right time. In the event of sudden changes in the remuneration systems and retrospective intervention by the legislator, risks for the PNE Group may arise due to the project development cycles of several years.

Political risks also include risks that may arise from acts of war. In principle, these can have a wide range of effects on economic development, global supply chains and raw material prices. The current conflict in Ukraine does not result in any direct risks for PNE AG, as there are no business activities in or with Russia or in or with Ukraine.

Health risks

Health risks such as epidemics or pandemics (currently the Corona pandemic) can impact operations by causing delays in approval processes and project realisation. In extreme cases, this can lead to the loss of approvals or tender awards due to delays. At present, however, the Company only expects delays in planned projects and thus postponements within 2023 or from one year to the next (2023 to 2024). Should such events have a significant impact on the general economic and financial situation, this may also lead to investor risks and higher demands on return on the part of investors.

Specifically, the Company has received notifications from various wind turbine manufacturers that the delivery of wind power turbines or spare parts could be postponed.

The Group is currently in such a good financial position that possible delays or loss of earnings would have no significant impact on the short- and medium-term continuation of business operations (going concern). However, a possible impact on the Group guidance for 2023 cannot be ruled out in the event of postponement of project sales ("project development" segment) or of revenues in the "service products" segment.

The Company keeps itself continuously informed about existing or future health risks and responds to possible effects on employees. There is also the possibility of working from home. In individual cases, travel to countries with a high risk of infection can be prohibited and orders issued to avoid large crowds.

All recognisable risks arising from the Corona virus currently present worldwide are still continually assessed by the Company regarding the possible effects on the net assets, financial position and results of operations as well as the well-being of the employees and are taken into account in the annual report and the outlook.

Legal and compliance risks

All recognisable legal risks are constantly reviewed and are taken into consideration in this report as well as in corporate planning. These also include risks from proceedings that have not yet been finally concluded.

Violations of legal regulations and internal guidelines can damage PNE's reputation and cause significant damage to the Company, e.g. in the form of liability risks, fines or criminal sanctions. The PNE Group counteracts this risk with its compliance system, in particular through the continuous monitoring of legal requirements, regular adaptation of compliance guidelines and employee training.

Tax risks

There are tax risks from the corporate, trade and sales tax field audit at WKN GmbH for the years from 2010 to 2013 and 2014 to 2016. In addition, an audit was announced for the years 2017 to 2020. The tax assessments for the years 2010 to 2013 in accordance with the completed tax audit are not yet legally binding. Based on the discussions between the management of WKN GmbH and its tax advisors on the one hand and the tax authorities on the other, there are different views regarding the tax treatment of individual items of the years 2010 to 2013. Corresponding appeals against significant parts of the corporate income tax and trade tax assessments were filed. A stay of execution was granted by the tax authority. The tax audit for the years 2014 to 2016 is still ongoing. Possible findings of the tax audit for 2010 to 2013 might have an impact on the net assets, financial position and results of operations of WKN GmbH and the PNE Group in the single-digit million range. Based on the current state of knowledge, the Board of Management of PNE AG continues to assume that the tax-related presentation of the issues is accurate. Taxes were paid for individual selected issues addressed in the context of the tax audit. However, for the economically predominant part of the issues raised during the tax audit for 2010 to 2013, the Board of Management still sees no reason to recognise a provision in the consolidated statement of financial position as at December 31, 2022. Even if a provision were formed covering all aspects of the tax audit, this would have no effect on the published guidance for the 2022 fiscal year, as possible effects on earnings would be reported under tax and interest expenses and thus outside EBITDA. The probability of occurrence is still regarded as low, but the impact of occurrence as significant. The occurrence of such a risk would have an impact of up to a further euro 7 million, in addition to the provisions already made, on the net assets, financial position and results of operations. The risk can therefore be classified as "medium" in accordance with the risk management definition.

PNE AG and its subsidiaries as well as other consolidated companies are currently operating in countries on four continents and are therefore subject to a variety of tax laws and regulations. Changes in these areas could lead to higher tax expenses and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on tax receivables and tax liabilities as well as on deferred tax assets and deferred tax liabilities. PNE operates in countries with complex tax regulations, which could be interpreted in different ways. Future interpretations and developments of tax laws and regulations could have an influence on tax liabilities, profitability and business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the relevant countries and are analysing the current tax situation.

Information technology risks

The confidentiality, integrity and availability of information, data and systems are threatened by increasing cybercrime. For this reason, we are continuously expanding our technical security measures to protect against unintentional data loss, data theft and all forms of cybercrime. As an organisational measure, our employees are trained to recognise potential threats and to close any security gaps. As part of our process monitoring, both the technical and the organisational measures are continuously checked for their effectiveness.

We classify the risk of material damage and data loss due to cybercrime as a medium risk.

Personnel-related risks

It is becoming increasingly difficult to find new employees in the required numbers and with the necessary qualifications. In addition, salary expectations are rising, particularly for highly skilled individuals, making recruitment and long-term retention more expensive. The PNE Group counters this risk by using experienced service providers in the area of personnel recruitment as well as by offering working time models and other services that can positively influence the emotional commitment to and identification of employees with the Company.

Opportunities

As a developer of onshore and offshore wind farms as well as of photovoltaic parks on land, PNE is active in an international growth market. Independent studies predict continuing high rates of growth for wind energy and photovoltaics in the coming years due to the finite nature of fossil fuels, the pressure to reduce climate pollutants and the need for safe, environmentally friendly energy sources. The successful course of the Climate Change Conferences, most recently in Glasgow in 2021, has shown that the need for an energy revolution has been recognised worldwide.

From their many years of activity in the market, the companies of the PNE Group have the prerequisites and experience needed to benefit over the long term from this development.

PNE AG has continued the constant development of its business model, among other things, with subsidiaries in which onshore wind farms with a total output of approx. 318.9 MW, which had already been completed and commissioned by the end of 2022, were bundled. For the time being, PNE will remain directly involved and will thus benefit from future earnings as well as operations management services.

Particular opportunities are offered by the Group's foreign activities and by potential new markets as well as the expansion of the business model to include additional clean energies and storage technologies as well as new markets. PNE is already active in a number of attractive growth markets. The focus of expansion is primarily on countries with stable political conditions and reliable remuneration and promotion regulations or on countries with relatively high market potential. This also includes new markets with significantly rising electricity requirements. In order to sufficiently take into consideration the corresponding local conditions, the market introduction mostly takes place in cooperation with a local partner. This type of internationalisation has proved itself to be a cost-efficient and promising strategy. PNE will continue to pursue this proven policy of selective international expansion and will decisively exploit existing market opportunities.

PNE's core competence lies in the project development, construction, operation and repowering of wind farms as well as the project development of photovoltaic parks at a high international level. These skills can be leveraged in other foreign markets offering potential for expansion. These markets are therefore monitored continuously and opportunities for a possible market entry are carefully examined.

In addition to the opportunities of internationalisation, the established German market for wind energy, both onshore and offshore, as well as for photovoltaic projects on land, offers a range of perspectives. The climate objectives of the German government and the necessity of increasing the security of supply require the accelerated expansion of renewable energy projects both on land and at sea. PNE is distinguished by the fact that it has already realised six offshore wind farm projects through the whole process up to approval by the Federal Office for Shipping and Hydrographics. Four of these wind farms have already been completely built and put into operation by the purchasers. We have developed a high level of competence in the area of offshore project development,

which can also be transferred to our international markets. We are therefore examining the possibilities of developing offshore wind farms in other countries.

The wind energy market offers a wide range of prospects for the provision of services over the entire life cycle of wind farms. The PNE Group is making increasing use of these opportunities and sees itself as a reliable partner for the developers and operators of wind farms. This area of services has been expanded in a focused manner. One focus is on the technical and commercial operations management of wind farms and substations. The Company also provides services in construction management, for wind measurements, electricity marketing management and other areas related to the planning, construction and operation of wind turbines.

The international operations management business was expanded in 2022 in the markets of France, Poland and Sweden, with further contracts won independently of the Group's project pipeline. In addition, PNE has further expanded its expertise in the range of services relating to clean energy projects. The Company created further structural prerequisites and successfully continued the process of integrating the individual areas into a life cycle service provider. It has already become apparent that this successful growth will continue independent of internal project development.

Rising electricity prices may also have a positive impact on the service products offered by the PNE Group, such as power purchase agreements (PPAs), although any government revenue levies will in turn reduce the positive effect.

The current conflict in Ukraine could further increase and accelerate the efforts of Western governments to make energy supplies independent of (uncertain) energy imports. This would have a positive impact on the expansion of renewable energies in Germany and Europe.

Optimised strategy

The long-standing success of our work in these business areas is a good basis for the strategic optimisation of the Group's activities.

The demand for clean energies and a secure power supply is growing worldwide. PNE responds to these developments by expanding its operational business and, as a "Clean Energy Solutions Provider", exploits the opportunities arising from the transformation of the markets. The strategic further development encompasses almost the entire value chain of clean renewable energies. Based on the extensive experience gained from the successful development, planning and realisation of wind farms

on land and at sea and of photovoltaic plants, the Company will also develop and realise projects and solutions for the planning, construction and operation of power plants for clean energies.

Project development and portfolio

Project development continues to be the core business. This includes the development of quality projects in wind energy and photovoltaics, the successful establishment of PNE's own portfolio of wind and PV farms and cross-technology projects.

Technologies

In addition to wind energy and photovoltaics, storage and power-to-X solutions will be key components of the corporate strategy in the future. This will be the first step into the segments of mobility and heating from clean energies (sector coupling), which also covers the development of power-to-X projects, including for the generation of hydrogen. Based on the combination of wind farms, photovoltaic systems and storage solutions, PNE also wants to develop power plants and island solutions, i.e. self-sufficient clean energy systems that are independent of the electricity grid, in the future.

Services

Additional services such as operations management and other financing solutions for clean energy projects also represent an expansion of PNE's activities. Inorganic growth through cooperation agreements, investments or acquisitions of companies in the service, photovoltaic, battery and storage industry is also possible.

The agenda includes the optimisation of wind farms as well as services for offshore projects, the expansion of operations management for wind farms and transformer stations to include photovoltaic projects, and the development of cross-technology know-how.

In addition, we want to tap further margin potential by optimising the sale of electricity and gas from clean energies. The first power purchase agreements (PPAs) have already been concluded for the Company's own wind farms and for customers.

Realisation/Smart Development

PNE has experienced and specialised staff to implement the strategy. With an integrated project approach, business opportunities with new products and in new markets are already being developed. The aim is to combine various clean energies and storage technologies, accelerate entry into and exit from new markets, shorten the time to project success and avoid high upfront expenditure in projects.

Risk minimisation and new potentials

With this strategy, PNE can minimise market risks and open up new growth potential. In the medium term, this should lead to a significant increase in the EBITDA and a further stabilisation of earnings.

Opinion on the appropriateness and effectiveness of the entire internal control system and risk management system

In accordance with the recommendations of the GCGC 2022, the Board of Management has examined in detail the appropriateness and effectiveness of the internal control system and the risk management system and has not identified any significant objections.

9. FORECAST REPORT

PNE AG is a "Clean Energy Solutions Provider" for markets and industries regionally, nationally and internationally. Core competences are project planning and the operation of renewable energy projects. In addition, the storage of renewables and power-to-X technology are promoted. With the projects developed and operated, the PNE Group is making an important contribution to avoiding climate-damaging emissions and, with its full service in the areas of wind energy and photovoltaics, is ensuring that the expansion of clean energies moves forward one step faster – for a better climate worldwide. In this way, the PNE Group is consistently pursuing the goal of a secure, sustainable and profitable energy supply, which is powered 100 percent by renewable energies.

With the "Scale up" programme, the PNE Group has been continuously advancing its strategic development from a wind farm project developer to a "Clean Energy Solutions Provider" since 2017. With this strategy, the PNE Group is responding to changes in the clean energy markets. The expertise from the successful development, project planning and realisation of onshore and offshore wind farms was transferred to other fields. The operating business was placed on a significantly broader basis both nationally and

internationally in order to establish PNE as a specialist in photovoltaic projects and a broadly positioned provider of clean energy solutions, in addition to being a specialist in wind well as. Key elements of the strategy are the expansion of the range of services and the development of new markets and technologies.

A central component of the "Scale up" programme is the objective of expanding the Company's own portfolio to up to 500 MW/MWp by the end of 2023. Together with the expansion of the service business, this is designed to contribute to further increasing the share of steady earnings. With this broader positioning, market risks will be minimised, new potential and markets will be opened up and, above all, the results, which were volatile in the past, will be stabilised in the medium term. In this way, the PNE business model is continuously gaining in stability and future viability. In this way, the PNE Group has reached a completely new dimension and would like to continue to grow in the future. This makes PNE more and more valuable for investors and partners and also offers employees attractive long-term prospects.

With "Scale up 2.0", PNE has further developed this successful strategy in 2022 and set the course for a phase of accelerated growth. The medium-term targets defined envisage the expansion of the own-operations portfolio to 1,500 MW/MWp, growth of the project pipeline to more than 20 GW/GWp and an increase in Group EBITDA to more than euro 150 million by the end of 2027.

The following forecasts are based on the results from the implementation of operationally planned projects in Germany and abroad (onshore, offshore, photovoltaics), both from the service business and from the electricity generation business.

In fiscal 2023, as in previous years, we will have further upfront expenditure in the low single-digit million range for the strategic expansion of the business model. The Board of Management is expecting positive Group EBITDA of euro 30 to 40 million for the guidance for the 2023 fiscal year. However, due to the Ukraine war, unstable supply chains and the effects of the ongoing Corona pandemic, there might be postponements of project right sales and project implementations from 2023 to 2024 in the operating business. In addition, these factors will lead to high or rising raw material prices, which result in higher pricing for wind turbines, modules and other trades. However, these can be partially compensated by higher statutory remuneration.

The figures of the project pipeline for onshore wind energy (as at December 31, 2022: approx. 7.6 GW) and photovoltaics (as at December 31, 2022: approx. 4.3 MWp) are expected to remain constant throughout the Group in the 2023 fiscal year, at least compared to December 31, 2022.

PNE AG manages the operating units based on the EBT. Based on the planned operative project development activities, PNE AG is expecting a positive result in the mid double-digit million range on an EBT basis (earnings before income taxes and other taxes) for the 2023 fiscal year. This result also includes the expected results from the profit and loss transfer agreements with subsidiaries (including WKN GmbH).

10. OTHER DISCLOSURES

10.1 Transactions with related companies and persons

For information about transactions with related parties, see point 3 in chapter "X. Other disclosures" in the notes to the consolidated financial statements.

10.2 Management declaration (Section 289f and Section 315d of the German Commercial Code (HGB))

The management declaration, summarised with the declaration pursuant to Section 289f HGB, in accordance with Section 315d HGB is published on our internet site www.pne-ag.com under "Investor Relations" in the Corporate Governance section and can be downloaded there.

10.3 Report of the Board of Management on the relations with affiliated companies

In accordance with Section 312 of the German Stock Corporation Act (AktG), the Board of Management prepared a report on the relations with affiliated companies for the period from January 1 to December 31, 2022, which includes the following final declaration: "We declare that PNE AG did not perform any reportable transactions in relation to the controlling company or any of its affiliated companies in fiscal year 2022."

10.4 Supplementary information in accordance with Section 289a and Section 315a of the German Commercial Code (HGB) (Takeover Directive Implementation Act)

Capital situation

As at December 31, 2022, PNE AG had 76,603,334 registered shares with a nominal value of euro 1.00 per share. As at December 31, 2022, the proportion of non-reportable free float shares (holdings of less than 3 percent of the share capital) amounted to approx. 43.2 percent. Two shareholders (Morgan Stanley/Photon Management GmbH and Active Ownership Fund SCS) reported a shareholding of more than 10 percent of the voting rights as of December 31, 2022.

Restrictions concerning the voting rights or the transfer of shares are not specified in the articles of association and exist only in legally determined cases. Shares with special rights giving a controlling function do not exist. There is no control of voting rights through the participation of employees in the capital.

Shareholders' rights and obligations

Shareholders have pecuniary and administrative rights.

The pecuniary rights include the right to participate in profits in accordance with Section 58 (4) AktG, to participate in liquidation proceeds in accordance with Section 271 AktG and the subscription rights on shares in the event of capital increases in accordance with Section 186 AktG.

Administrative rights include the right to attend the general meeting of shareholders and the right to speak there, to ask questions, to propose motions and to exercise voting rights.

Each share grants the holder one vote at the general meeting of shareholders.

Statutory regulations and provisions of the articles of association with regard to the appointment and removal of members of the Board of Management and amendments to the articles of association

The appointment and removal of members of the Board of Management are governed by Sections 84 and 85 AktG. The Company's articles of association do not contain any regulations that go beyond Section 84 AktG.

An amendment of the articles of association requires a resolution of the general meeting of shareholders in accordance with Section 179 AktG. Pursuant to Section 15 paragraph 2 of the articles of association, resolutions of the general meeting of shareholders are adopted with a simple majority of votes cast, unless otherwise stipulated by law, and in cases where a majority of capital is required by law in addition to a majority of votes, with a simple majority of the share capital represented during the vote. Thus, amendments to the articles of association pursuant to Section 179 AktG in conjunction with Section 15 (2) of the articles of association generally require a resolution of the general meeting of shareholders with a simple majority of votes; in certain cases, however, a majority of 75 percent is required for amendments to the articles of association.

In accordance with Section 10, paragraph 7 of the articles of association, the Supervisory Board is authorised to make amendments to the articles of association that relate solely to their wording.

Authorisation of the Board of Management, in particular in respect of the possibility of issuing or repurchasing shares

The general meeting of shareholders of May 22, 2019 authorised the Company's Board of Management to purchase up to May 21, 2024 on one or several occasion treasury shares in a volume of up to 10 percent of the share capital existing at the time the relevant resolution becomes effective or - if this amount is lower - of the share capital existing at the time this authorisation is exercised, for one or more permissible purposes within the scope of the statutory restrictions in accordance with the following provisions. The shares acquired because of this authorisation, together with other treasury shares that the Company has already acquired and that are owned by or attributable to the Company, may not at any time account for more than 10 percent of the share capital. The acquisition may be carried out by the Company, by dependent companies or companies owned by the Company or by third parties acting for the account of such companies or of the Company if the legal requirements, in particular pursuant to Section 71 (2) of the German Stock Corporation Act (AktG), are met. Pursuant to the authorisation, the acquisition shall be effected at the discretion of the Board of Management via the stock exchange or by means of a public purchase offer addressed to all shareholders or by

means of a public invitation to all shareholders to submit offers to sell or by granting rights to tender. In the event of an acquisition via the stock exchange, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the share price determined by the opening auction in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange on the day the obligation to purchase is entered into. In the event of an acquisition based on a public purchase offer, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the first publication of the offer. In the event of an acquisition based on an invitation to submit sales offers or acquisition by granting rights to tender, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the day of acceptance of the sales offers or the day of granting the rights to tender. If, after the publication of a public purchase offer or a public invitation to shareholders to submit sales offers or after the granting of rights to tender, there are significant deviations from the relevant share price, the offer, the invitation to submit sales offers or the rights to tender may be adjusted. In this case, the closing price in the XETRA trading system on the last trading day prior to the publication of the adjustment shall be decisive; the 10 percent limit is to be applied to this amount. The volume of a public purchase offer or a public invitation to submit sales offers (collectively "public purchase offer") can be limited. If the total number of shares tendered for a public purchase offer exceeds the volume of the shares, the acquisition may be effected in proportion to the number of shares tendered (tender quotas); in addition, a preferential acceptance of small numbers (up to 50 shares per shareholder) and rounding in accordance with commercial principles may be provided for in order to avoid fractional amounts of shares. Any further rights of shareholders to tender shares in accordance

with the participation quotas are excluded. The total volume of tender rights may also be limited in the case of the granting of rights to tender. If shareholders are granted preemptive rights for the purpose of acquiring shares, these are allocated to the shareholders in proportion to their shareholdings in accordance with the relationship of the volume of shares to be repurchased by the Company to the outstanding share capital. Fractions of rights to tender do not have to be allocated; in this case, any partial rights to tender are excluded. The Board of Management determines the details of the respective acquisition, in particular, of a purchase offer or invitation to submit sales offers. This also applies to the details of any rights to tender, in particular in respect of the term and, if applicable, their tradability. In this context, capital market law and other legal restrictions and requirements must also be observed.

The Board of Management is also authorised to use the shares acquired on the basis of the aforementioned or previously granted authorisation for the following purposes: The shares may be sold via the stock exchange or, with the approval of the Supervisory Board, in accordance with the principle of equal treatment through a public offer to all shareholders pro-rata to their shareholding quota. In the event of a public offer to all shareholders, the subscription right for fractional amounts may be excluded. In addition, the shares may be sold, with the approval of the Supervisory Board, otherwise against payment of a cash purchase price per share which is not significantly lower than the stock price of listed shares of the same class and type at the time of sale. The proportionate amount of the share capital attributable to the total number of shares sold under this authorisation may not exceed 10 percent of the share capital existing at the time this authorisation becomes effective or – if this value is lower – of the share capital existing at the time this authorisation is exercised. In addition, with the approval of the Supervisory Board, acquired treasury shares may also be offered and transferred in return for non-cash contributions, in particular as (partial) consideration for the acquisition of companies, parts of companies or participations in companies or of other assets, including rights and receivables – also against the Company – or of rights to the acquisition of assets, or in connection with business combinations. Furthermore, acquired treasury shares may be used to service purchase rights to shares of the Company from or in connection with bonds with conversion and/or option rights issued by the Company or a direct or indirect

100 percent holding company. Furthermore, acquired treasury shares may be redeemed, with the approval of the Supervisory Board, without the redemption or the implementation requiring a further resolution of the general meeting of shareholders. The redemption results in a capital reduction. However, in accordance with Section 237 (3) no. 3 AktG, the Board of Management may determine that the share capital shall not be reduced, but that the proportion of the remaining shares in the share capital shall be increased in accordance with Section 8 (3) AktG. In this case, the Board of Management is authorised in accordance with Section 237 (3) no. 3, second half-sentence, AktG to adjust the number of shares specified in the articles of association. All the above-mentioned authorisations to sell or otherwise use or redeem acquired treasury shares may be exercised on one or more occasions, in whole or in part, individually or collectively. Shareholders' subscription rights were excluded to the extent that treasury shares are used in accordance with the authorisations described above.

In addition, the general meeting of shareholders of May 22, 2019 authorised the Supervisory Board of the Company to use treasury shares acquired on the basis of the authorisation described above or on the basis of previous authorisations to commit or transfer the shares to current and/or future members of the Company's Board of Management as a remuneration component in the form of a share bonus to the extent permitted by law. This must be subject to the condition that the further transfer of the shares by the respective member of the Board of Management within a period of at least four years from the commitment or transfer (lock-up period) and the conclusion of hedging transactions by which the economic risk from the price trend is transferred in part or in full to third parties for the duration of the lock-up period are not permitted. The commitment or transfer of shares is to be based in each case on the current stock exchange price, using an average assessment to be determined by the Supervisory Board. This authorisation may also be exercised once or several

times, in whole or in part, individually or jointly. In addition, the shareholders' subscription right is excluded to the extent that treasury shares are used in accordance with the authorisation granted by the Supervisory Board.

In the reporting period, neither the Board of Management nor the Supervisory Board made use of the authorisation to acquire and use treasury shares, which was granted by the general meeting of shareholders on May 22, 2019.

On December 31, 2022, the Company held 266,803 treasury shares (prior year: 266,803), which it acquired in 2018 by using its authorisation existing at that time, based on a share repurchase offer directed to all shareholders.

The general meeting of shareholders of May 31, 2017 authorised the Company's Board of Management by May 30, 2022 to issue, with the approval of the Supervisory Board, bearer or registered convertible and/or option bonds (together the "bonds") on one or several occasions. Pursuant to this authorisation, the bonds can have a total nominal amount of up to euro 80,000,000.00 and a maximum term of 20 years. The holders or creditors of the bonds can be granted conversion and/or option rights for a total of up to 20,000,000 no-par value registered shares of the Company corresponding to a pro rata amount of euro 20,000,000.00 of the share capital. At the same time, the Company's share capital was increased conditionally by up to a further euro 20,000,000.00 (Conditional Capital 2017). In the reporting period, the Board of Management did not make use of the authorisation granted in the context of Conditional Capital 2017, which expired without replacement on May 30, 2022.

Furthermore, by a resolution of the general meeting of shareholders of May 31, 2017, the Board of Management was authorised to increase the Company's share capital, with the approval of the Supervisory Board, in the period up to May 30, 2022, on one or several occasions to a total of up to euro 38,250,000.00 (Authorised Capital 2017) by issuing new no-par value registered shares against contributions in cash or in kind. In the reporting period, the Board of Management made no use of this authorisation, which also expired without replacement on May 30, 2022.

As at December 31, 2022, the Company therefore had no authorisation in respect of Authorised Capital.

Key agreements that are subject to the condition of a change of control resulting from a takeover bid as well as compensation agreements of the Company, which have been concluded with the members of the Board of Management or employees for the event of a takeover bid

Corporate bond 2022/2027

In the case of a change of control, each bondholder has the right, in accordance with the bond terms and conditions, to demand early repayment of bonds from PNE AG as the issuer. In this connection, a change of control is deemed to have occurred if the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of such a number of the issuer's shares, which represent 50 percent or more of the voting rights. Such a change of control in accordance with the bond terms and conditions did not occur at PNE AG in the reporting period.

IKB loan agreements with PNE WIND West Europe GmbH, PNE Portfolio 2 GmbH and PNE Power Generation GmbH

If a change of control occurs within the sense of the agreements, IKB Deutsche Industriebank AG as the lender is entitled to terminate the respective loan agreement for good cause without giving notice in accordance with the terms of the loan agreements. According to the agreements, change of control means that PNE AG, as guarantor of the respective loan agreement, no longer directly or indirectly holds the majority of the shares or the voting rights in the borrower or that Morgan Stanley no longer directly or indirectly holds at least 30.1 percent of the voting shares in PNE AG, unless no natural person or legal entity holds more than 30.1 percent of the voting shares in PNE AG.

Debt financing agreements for wind farm projects and guarantee credit lines in the Group

A change of control as defined by the agreements, if the limit of 50 percent is exceeded, grants the lenders a right of termination under certain debt financing agreements for wind farm projects and guarantee credit lines of PNE AG and WKN GmbH.

Other agreements

Apart from that, neither PNE AG nor the companies included in the consolidated financial statements have concluded any other significant agreements which are subject to the condition of a change of control as a result of a takeover offer. In the event of a change of control at the Company, the members of the Board of Management have a special right of termination, which they can exercise during the two months following the occurrence of the change of control (excluding the month in which the change of control occurred), with a notice period of 14 days to the end of the relevant month. A change of control event granting a special right of termination occurs if a third party notifies the Company in accordance with Section 33 WpHG that it has reached or exceeded a participation of 50 percent in the voting shares of the Company. If the special right of termination is exercised, the Board of Management members are entitled to their fixed salary pursuant to the relevant employment contract for the remainder of the contract term; this is to be paid out at the end of the contract in one amount, which shall not be discounted. In the event of a change of control, the members of the Board of Management, should they exercise their special right of termination, are also entitled to a special bonus of 100 percent of the management bonus to be expected up to the end of the contract. In any case, however, the payments to be made to the members of the Board of Management are limited to 150 percent of the severance payment cap (twice the amount of the total remuneration actually received by the respective Board member in the last full fiscal year – including the bonus payments made in this fiscal year for previous fiscal years – plus the provisions/liabilities formed for long-term bonus components).

Cuxhaven, March 15, 2023

The Board of Management

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2022

in thousand euro (differences due to rounding possible)	Notes	2022	2021
1. Revenues	VI.1.	126,171	117,728
2. Increase in finished goods and work in process	V.5.	111,671	129,819
3. Other operating income	VI.2.	5,504	4,480
4. Total aggregate output		243,346	252,027
5. Costs of materials		-137,315	-161,554
6. Personnel expenses	VI.3.	-42,561	-38,499
7. Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets	IV.2./V.1./ V.2./V.12.	-29,221	-23,389
8. Other operating expenses	VI.4.	-28,051	-19,294
9. Impairment expense – goodwill	IV.3./V.1.	-26	-26
10. Operating result		6,173	9,265
11. Income from participations		150	135
12. Other interest and similar income	VI.5.	33,797	4,414
13. Income from assumption of profits of associates		60	27
14. Depreciation on financial assets		-125	0
15. Expenses from assumption of losses of associates		-24	-24
16. Interest and similar expenses	VI.6.	-16,169	-10,790
17. Result before Taxes		23,862	3,028
18. Taxes on income	VI.7.	-9,627	21,848
19. Other taxes		-141	-212
20. Consolidated net profit/loss before non-controlling interests		14,094	24,664
21. Non-controlling interests in the result	V.8.	-809	-463
22. Consolidated net income		14,903	25,127

in thousand euro (differences due to rounding possible)	Notes	2022	2021
Other comprehensive income/items that may be reclassified in the future in the profit and loss account			
23. Foreign currency translation differences		3,344	-417
24. Others		-91	0
25. Other comprehensive income for the period (net of tax)		3,254	-417
26. Other comprehensive income for the period (net of tax)		17,348	24,247
Consolidated profit/loss for the period attributable to:			
Owners of the parent company		14,903	25,127
Non-controlling interests		-809	-463
		14,094	24,664
Total comprehensive income for the period attributable to:			
Owners of the parent company		18,156	24,710
Non-controlling interests		-809	-463
		17,348	24,247
Weighted average of shares in circulation (undiluted) (in thousands)	VI.8.	76,337	76,337
Undiluted earnings per share from continuing operations in EUR		0.20	0.33
Weighted average of shares in circulation (diluted) (in thousands)	VI.8.	76,337	76,337
Diluted earnings per share from continuing operations in EUR		0.20	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

of PNE AG, Cuxhaven, as at December 31, 2022

Assets

in thousand euro (differences due to rounding possible)	Notes	Status as at 31.12.2022	Status as at 31.12.2021
A. Long term assets			
I. Intangible assets	IV.1./IV.3./V.1.		
1. Franchises, trademarks, licences and other similar rights as well as licences from such rights		462	689
2. Goodwill		64,396	63,275
		64,858	63,964
II. Property, plant and equipment	IV.2./IV.3./V.2.		
1. Land and buildings including buildings on third party land		13,172	13,032
2. Technical equipment and machinery		324,534	253,849
3. Other plant and machinery, fixtures and fittings		5,907	4,142
4. Prepayments and plant under construction		10,184	2,499
		353,798	273,523
III. Right-of-use Assets	IV.4./V.3.	87,333	64,732
IV. Long term financial assets	IV.5./V.4.		
1. Shares in affiliated companies		474	242
2. Shares in associates		515	461
3. Shares in participations		804	1,208
4. Other loans		424	188
5. Other long term loan receivables		11,986	499
		14,203	2,598
V. Deferred tax assets	IV.6./VI.7.	65,309	58,713
B. Current assets			
I. Inventories	IV.7./V.5.	147,371	163,711
II. Receivables and other assets	IV.9./V.6.		
1. Trade receivables		38,152	29,492
2. Other short term loan receivables		90	1,204
3. Receivables from affiliated companies		9,673	6,000
4. Receivables from associated companies and from other investments		221	162
5. Other assets		15,751	12,595
		63,888	49,453
III. Tax receivables		1,993	680
IV. Cash and cash equivalents	IV.8.	121,582	149,625
		920,336	827,000

Liabilities

in thousand euro (differences due to rounding possible)	Notes	Status as at 31.12.2022	Status as at 31.12.2021
A. Shareholders' equity	V.7.		
I. Capital subscribed		76,603	76,603
II. Capital reserve		82,953	82,953
III. Treasury shares		-707	-707
IV. Retained earnings			
1. Legal reserve		5	5
2. Other retained earnings		46	46
		51	51
V. Foreign exchange reserve		-3,036	-3,109
VI. Retained consolidated profit		81,886	73,384
VII. Non-controlling interests	V.8.	-5,590	-7,382
		232,160	221,793
B. Long term liabilities			
I. Other provisions	IV.10./V.11.	0	0
II. Deferred subsidies from public authorities	IV.12./V.9.	620	667
III. Long term financial liabilities	IV.11./V.12.		
1. Bonds		53,754	49,521
2. Liabilities to banks		363,848	330,421
3. Other financial liabilities		1,761	5,124
4. Liabilities from leasing contracts		111,207	103,719
		530,571	488,784
IV. Deferred tax liabilities	IV.6./VI.7.	17,134	6,454
C. Current liabilities			
I. Provisions for taxes	V.10.	3,782	1,549
II. Other provisions	IV.10./V.11.	6,047	5,198
III. Short term financial liabilities	IV.11./V.12.		
1. Bonds		0	0
2. Liabilities to banks		35,356	21,332
3. Other financial liabilities		1,078	1,426
4. Liabilities from leasing contracts		5,803	6,862
		42,238	29,620
IV. Other liabilities	IV.11./V.13.		
1. Trade payables		44,572	34,398
2. Liabilities to affiliated companies		333	290
3. Liabilities to associated companies and to other investments		646	923
4. Deferred revenues		28,548	25,189
5. Deferred liabilities		7,373	6,849
6. Other liabilities		6,281	5,250
		87,754	72,899
V. Tax liabilities		30	38
		920,336	827,000

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2022

in thousand euro (differences due to rounding possible)	Notes	2022	2021
Consolidated net result		14,094	24,664
-/+ Income tax benefit and expense	VI.7.	9,627	-21,848
-/+ Income tax paid and received		-5,678	-4,918
-/+ Interest income and expense	VI.5./VI.6.	-17,628	6,376
- Interest paid		-8,867	-6,556
+ Interest received		642	309
+/- Amortization and depreciation of intangible assets, property, plant and equipment, right-of-use assets and long-term financial assets		29,371	23,415
+/- Increase/decrease in provisions	V.10.	3,110	2,219
-/+ Non-cash effective income/expenses		64	-527
- Profit from the disposal of fixed assets and from final consolidation	III.2.	145	425
+/- Decrease/increase of inventories and other assets	IV.7./V.5.	-39,170	-85,384
+/- Decrease/increase of trade receivables and stage of completion accounting	IV.7./IV.9./V.3./V.6.	20,248	41,549
+/- Increase/decrease of trade liabilities and other liabilities	IV.11./V.11./V.12.	-14,968	44,052
Cash flow from operating activities		-9,011	23,778
+ Inflow of funds from intangible assets		0	1
+ Inflow of funds from disposal of items of property, plant and equipment		12	525
+ Inflow of funds from disposal of financial assets		0	3
+ Inflow from sale of consolidated units	III.2.	3	30,447
- Outflow of funds for investments in property, plant, equipment and intangible assets	V.1./V.2.	-95,637	-112,828
- Outflow of funds for investments in financial assets		-455	-139
- Outflow of funds for investments in consolidated entities		-2,003	0
Cash flow from investing activities		-98,080	-81,991
+ Inflow of funds from the issue of bonds		55,000	0
+ Inflow of funds from financial loans	V.12.	111,167	143,699
- Outflow of funds for the redemption of bonds		-50,000	0
- Outflow of funds for bond transaction costs		-1,314	0
- Outflow of funds for the redemption of financial loans	V.12.	-21,717	-21,520
- Outflow of funds for the redemption of lease liabilities		-7,828	-7,152
- Outflow of funds for dividend		-6,107	-3,053
Cash flow from financing activities		79,201	111,974
Cash effective change in liquid funds		-27,891	53,761
+ Change in liquid funds due to changes in scope of consolidation		-153	-15,754
+ Liquid funds at the beginning of the period	IV.8./VII.1.	149,625	111,618
Liquid funds at the end of the period*	IV.8./VII.1.	121,582	149,625
* of which are pledged to a bank as security guaranteed credit lines	V.12.	2,123	1,858

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2022

in thousand euro (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained results	Shareholders' equity before non-controlling interests	Non-controlling interests	Total share-holders' equity
Status as at									
January 1, 2021	76,603	82,953	-707	51	-2,692	51,425	207,634	-7,070	200,564
Consolidated net result	0	0	0	0	0	25,127	25,127	-463	24,664
Other result	0	0	0	0	-417	0	-417	0	-417
Total result 2021	0	0	0	0	-417	25,127	24,710	-463	24,247
Dividend	0	0	0	0	0	-3,053	-3,053	0	-3,053
Other changes	0	0	0	0	0	-115	-115	151	36
Status as at									
December 31, 2021	76,603	82,953	-707	51	-3,109	73,384	229,175	-7,382	221,793
First application of IAS 29 because of Turkey	0	0	0	0	-3,272	0	-3,272	0	-3,272
Status as at									
January 1, 2022	76,603	82,953	-707	51	-6,381	73,384	225,903	-7,382	218,521
Consolidated net result	0	0	0	0	0	14,903	14,903	-809	14,094
Other result	0	0	0	0	3,344	-91	3,254	0	3,254
Total result 2022	0	0	0	0	3,344	14,812	18,157	-809	17,348
Dividend	0	0	0	0	0	-6,107	-6,107	0	-6,107
Other changes	0	0	0	0	0	-203	-203	2,601	2,398
Status as at									
December 31, 2022	76,603	82,953	-707	51	-3,036	81,886	237,750	-5,590	232,160

CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2022

Acquisition and manufacturing costs							
in thousand euro (differences due to rounding possible)	Status as at 1.1.2022	Changes in scope of con- solidation	Additions	Re- classifications	Disposals	Exchange differences	Status as at 31.12.2022
I. Intangible assets							
1. Franchises, trademarks and similar rights as well as licences to such rights	9,622	0	222	0	54	-3	9,788
2. Goodwill	147,765	0	1,147	0	0	0	148,912
	157,387	0	1,369	0	54	-3	158,700
II. Property, plant and equipment							
1. Land and buildings including buildings on third party land	21,357	0	643	0	0	0	22,000
2. Technical equipment and machinery	321,100	0	85,107	4,739	2	5	410,948
3. Other equipment, fixtures and furnishings	9,204	2	3,146	0	235	8	12,125
4. Prepayments and plant under construction	2,502	0	7,686	0	4	0	10,185
	354,163	2	96,581	4,739	241	14	455,258
III. Right-of-use assets							
Right-of-use assets (IFRS 16)	76,631	0	3,630	26,485	1,205	0	105,542
	76,631	0	3,630	26,485	1,205	0	105,542
IV. Financial assets							
1. Shares in affiliated companies	6,913	14	219	0	0	0	7,146
2. Shares in associates	628	0	179	0	0	0	806
3. Shares in participations	1,266	0	0	0	404	0	862
4. Other loans	226	0	236	0	0	0	462
	9,033	14	634	0	405	0	9,275
	597,214	16	102,214	31,224	1,903	11	728,776

Accumulated amortization and depreciation					Book values		
Status as at 1.1.2022	Additions	Disposals	Exchange differences	Status as at 31.12.2022	Status as at 31.12.2022	Status as at 31.12.2021	
8,934	447	54	-2	9,325	462	689	
84,490	26	0	0	84,516	64,396	63,275	
93,423	473	54	-2	93,841	64,858	63,964	
8,325	503	0	0	8,827	13,172	13,032	
67,250	19,165	2	0	86,414	324,534	253,849	
5,061	1,377	223	3	6,218	5,907	4,142	
4	0	4	0	0	10,184	2,499	
80,640	21,045	229	3	101,460	353,798	273,523	
11,899	6,310	0	0	18,209	87,333	64,732	
11,899	6,310	0	0	18,209	87,333	64,732	
6,672	0	0	0	6,672	474	242	
166	125	0	0	291	515	461	
58	0	0	0	58	804	1,208	
38	0	0	0	38	424	188	
6,934	125	0	0	7,059	2,217	2,099	
192,897	27,953	282	2	220,569	508,206	404,317	

CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2021

in thousand euro (differences due to rounding possible)	Acquisition and manufacturing costs						Status as at 31.12.2021
	Status as at 1.1.2021	Changes in scope of con- solidation	Additions	Re- classifications	Disposals	Exchange differences	
I. Intangible assets							
1. Franchises, trademarks and similar rights as well as licences to such rights	9,538	-1	123	0	35	-3	9,622
2. Goodwill	147,765	0	0	0	0	0	147,765
	157,303	-1	123	0	35	-3	157,387
II. Property, plant and equipment							
1. Land and buildings including buildings on third party land	21,317	-19	59	0	0	0	21,357
2. Technical equipment and machinery	211,792	0	55,202	54,984	887	9	321,100
3. Other equipment, fixtures and furnishings	7,082	0	2,585	0	478	15	9,204
4. Prepayments and plant under construction	3,071	-329	5,573	-5,717	94	-1	2,502
	243,262	-348	63,419	49,266	1,458	23	354,163
III. Right-of-use assets							
Right-of-use assets (IFRS 16)	45,395	0	18,245	14,235	1,243	0	76,631
	45,395	0	18,245	14,235	1,243	0	76,631
IV. Financial assets							
1. Shares in affiliated companies	6,823	322	130	0	360	-1	6,913
2. Shares in associates	601	0	27	0	1	0	628
3. Shares in participations	1,266	0	0	0	0	0	1,266
4. Other loans	216	0	10	0	0	0	226
	8,905	322	167	0	361	-1	9,033
	454,865	-27	81,954	63,501	3,097	18	597,214

Accumulated amortization and depreciation					Book values		
Status as at 1.1.2021	Additions	Disposals	Exchange differences	Status as at 31.12.2021	Status as at 31.12.2021	Status as at 31.12.2020	
8,510	460	34	-2	8,934	689	1,029	
84,464	26	0	0	84,490	63,275	63,301	
92,974	486	34	-2	93,423	63,964	64,330	
7,821	504	0	0	8,325	13,032	13,496	
54,677	13,029	459	3	67,250	253,849	157,115	
4,419	1,104	468	6	5,061	4,142	2,663	
3	8	8	1	4	2,499	3,068	
66,921	14,645	935	9	80,640	273,523	176,341	
6,269	5,630	0	0	11,899	64,732	39,125	
6,269	5,630	0	0	11,899	64,732	39,125	
6,708	0	36	0	6,672	242	115	
166	0	0	0	166	461	434	
58	0	0	0	58	1,208	1,208	
38	0	0	0	38	188	178	
6,969	0	36	0	6,934	2,099	1,936	
173,133	20,761	1,004	8	192,897	404,317	281,732	

CONSOLIDATED SEGMENT REPORTING (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2022

	Project development		Services	
in thousand euro	2022	2021	2022	2021
(differences due to rounding possible)				
External sales	34,661	68,933	18,399	17,142
Inter-segment sales	177,239	168,197	5,888	4,120
Change in inventories	-6,336	27,553	0	0
Other operating income	5,097	2,782	1,112	607
Total aggregate output	210,661	267,465	25,399	21,869
Earnings before interest, taxes, depreciation and amortization	26,790	62,666	6,086	5,073
Depreciation and amortization	2,482	2,426	3,495	3,180
Operating result	24,308	60,240	2,591	1,893
Other interest and similar income	8,879	6,365	551	450
Interest and similar expenses	-12,233	-8,241	-954	-680
Tax expense and income	9,971	-4,385	662	504
Investments	2,932	4,738	12,112	5,406
Segment assets	639,731	613,232	60,136	55,650
Segment liabilities	380,101	345,448	46,257	42,447
Segment equity	259,630	267,785	13,879	13,203

Electricity generation		Consolidation		PNE AG Group	
2022	2021	2022	2021	2022	2021
73,111	31,653	0	0	126,171	117,728
301	240	-183,427	-172,557	0	0
0	0	118,007	102,266	111,671	129,819
355	1,091	-1,060	0	5,504	4,480
73,767	32,984	-66,480	-70,291	243,346	252,027
57,744	23,125	-55,200	-58,184	35,420	32,680
23,270	17,810	0	0	29,247	23,415
34,475	5,315	-55,200	-58,184	6,173	9,265
33,260	4,154	-8,891	-6,554	33,798	4,415
-11,873	-8,423	8,891	6,554	-16,169	-10,790
16,758	329	-17,763	-18,296	9,627	-21,848
83,051	102,823	0	0	98,095	112,967
723,584	581,821	-503,115	-423,703	920,335	827,000
619,794	526,343	-357,976	-309,030	688,175	605,207
103,790	55,478	-145,139	-114,673	232,160	221,793

LIST OF THE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND LIST OF SHAREHOLDINGS

of PNE AG, Cuxhaven, as at December 31, 2022

Company	Seat	Participation previous year [%]	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation	
I. List of the companies included in the consolidated financial statements							
1	PNE WIND Betriebsführungs GmbH	Cuxhaven	100.00	100.00	1,009	19 ¹	31.12.98
2	PNE Biomasse GmbH	Cuxhaven	100.00	100.00	250	-8 ¹	23.04.00
3	PNE WIND Netzprojekt GmbH	Cuxhaven	100.00	100.00	866	0 ^{1,3}	01.01.02
4	PNE WIND Laubuseschbach GmbH & Co. KG	Cuxhaven	100.00	100.00	26	121 ¹	29.12.04
5	PNE WIND Grundstücks GmbH	Cuxhaven	100.00	100.00	226	18 ¹	01.12.00
6	PNE Erneuerbare Energien Offshore II GmbH	Cuxhaven	100.00	100.00	3	-17 ¹	24.11.16
7	PNE WIND Atlantis II GmbH	Cuxhaven	100.00	100.00	-21	-5 ¹	18.06.13
8	PNE WIND Atlantis III GmbH	Cuxhaven	100.00	100.00	-21	-5 ¹	18.06.13
9	PNE WIND Verwaltungs GmbH	Cuxhaven	100.00	100.00	119	22 ¹	21.11.12
10	energy consult GmbH	Cuxhaven	100.00	100.00	332	0 ^{1,3}	11.12.13
11	energy consult Prüfgesellschaft GmbH	Husum	100.00	100.00	172	0 ^{1,7}	11.08.17
12	PNE WIND Park Kührstedt-Alf- stedt A GmbH & Co. KG	Husum	100.00	100.00	12,749	1,354 ¹	01.04.13
13	PNE WIND Park Kührstedt Alfstedt GmbH & Co. KG	Husum	100.00	100.00	6,928	1,111 ¹	31.03.17
14	PNE WIND Park Schlenzer GmbH & Co. KG	Husum	100.00	100.00	1,927	197 ¹	25.04.18
15	PNE WIND Park Wahlsdorf GmbH & Co. KG	Husum	100.00	100.00	11,703	1,413 ¹	25.04.18
16	PNE WIND Park XVI GmbH & Co. KG	Husum	100.00	100.00	1,663	773 ¹	01.07.19
17	PNE WIND Park XIX GmbH & Co. KG	Husum	100.00	100.00	9,034	1,002 ¹	01.04.18
18	PNE WIND Park Calau II B GmbH & Co. KG	Cuxhaven	100.00	100.00	-39	-5 ¹	01.04.13
19	PNE WIND Ausland GmbH	Cuxhaven	100.00	100.00	-6,510	-990 ¹	16.11.07
20	PNE USA Inc.	Chicago, USA	100.00	100.00	-27,620	-8,675 ¹	27.10.08
21	PNE Development LLC	Chicago, USA	100.00	100.00	-2,056	-332 ¹	29.07.11
22	Chilocco WIND FARM LLC	Chicago, USA	100.00	100.00	-674	-95 ¹	01.10.12

Company	Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation	
23	PNE Solar USA LLC	Chicago, USA	100.00	100.00	-3,096	-794 ¹	01.01.19
24	Gladstone New Energy LLC	New Mexico, USA	100.00	100.00	-443	0 ¹	01.01.19
25	PNE Canada Inc.	New Brun- swick, Canada	100.00	100.00	1,722	-1,203 ¹	26.01.10
26	PNE WIND Yenilenebilir Enerjiler Ltd.	Ankara, Turkey	100.00	100.00	-220	-480 ¹	08.12.17
27	PNE WIND Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-3,715	-1,095 ¹	20.02.15
28	PNE WIND Bati Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-709	-376 ¹	16.09.15
29	PNE WIND Güney Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-701	-326 ¹	16.09.15
30	PNE WIND Kuzey Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-750	-370 ¹	10.10.16
31	S.C. PNE WIND Romania Energy Holding S.R.L	Bucharest, Romania	100.00	100.00	-3,513	-541 ¹	10.05.12
32	PNE WIND Bulgaria EOOD	Sofia, Bulgaria	100.00	100.00	46	-10 ¹	09.11.10
33	PNE Santa Cruz GmbH	Cuxhaven	100.00	100.00	107	3 ¹	09.08.18
34	PNE Central America I GmbH	Cuxhaven	100.00	100.00	103	4 ¹	04.07.18
35	Pure New Energy LATAM S.A.	Panama City, Panama	100.00	100.00	-700	-303 ¹	01.01.19
36	Santa Cruz Wind S.A.	Panama City, Panama	100.00	100.00	-1,496	-442 ¹	01.10.19
37	Altiplano Power S.A.	Panama City, Panama	100.00	100.00	-243	-15 ¹	01.10.19
38	Los Pinos Power S.A.	Panama City, Panama	100.00	100.00	-292	-17 ¹	01.10.19
39	Las Honduras S.A.	Panama City, Panama	100.00	100.00	-35	-8 ¹	01.10.19
40	Los Manglares Power S.A.	Panama City, Panama	100.00	100.00	-45	-9 ¹	01.10.19
41	HKW Silbitz GmbH & Co. KG	Silbitz	100.00	100.00	4,345	2,290 ¹	01.09.09
42	WKN GmbH	Husum	100.00	100.00	62,546	0 ^{1,3}	04.07.13
43	Windkraft Nord USA, Inc.	Chicago, USA	100.00	100.00	-315	-18 ¹	04.07.13

Company	Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation	
44	WKN Italia s.r.l.	Catania/Sicily, Italy	100.00	100.00	-688	-981 ¹	04.07.13
45	Aero Sol s.r.l.	Catania/Sicily, Italy	100.00	100.00	12	-63 ¹	04.07.13
46	ATS Energia s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	70	-61 ¹	04.07.13
47	WKN France S.A.S.U.	Nantes, France	100.00	100.00	4,135	-496 ¹	04.07.13
48	Sevion Sp. z o.o.	Koszalin, Poland	100.00	100.00	-28,534	-4,697 ¹	04.07.13
49	VKS Vindkraft Sverige AB	Motala, Sweden	80.00	80.00	432	-654 ¹	04.07.13
50	WKN Windcurrent SA (Pty) Ltd.	Wilderness, South Africa	80.00	80.00	-3,677	-2,964 ¹	04.07.13
51	NordStrom New Energy GmbH	Husum	100.00	100.00	823	0 ^{1,4}	04.07.13
52	NordStrom Solar GmbH	Husum	100.00	100.00	565	15 ¹	04.07.13
53	BGZ Fondsverwaltung GmbH	Husum	100.00	100.00	207	0 ^{1,4}	04.07.13
54	WKN Sallachy Ltd.	Glasgow, Great Britain	100.00	100.00	-1,607	-561 ¹	01.07.15
55	Windpark Gerdau-Schwiebau GmbH & Co. KG	Cuxhaven	91.03	91.03	-116	-16 ¹	01.10.16
56	Windpark Pülfringen GmbH & Co. KG	Cuxhaven	100.00	100.00	-3,090	145 ¹	01.10.16
57	PNE WIND West Europe GmbH	Husum	100.00	100.00	31,052	-1,003 ¹	12.06.17
58	PNE WIND West Europe Verwaltungs GmbH	Husum	100.00	100.00	22	2 ¹	10.07.17
59	PNE Power Generation GmbH	Cuxhaven	100.00	100.00	1,916	-1,344 ¹	01.01.19
60	PNE WIND Türkei HoldCo I GmbH	Cuxhaven	100.00	100.00	3,347	3 ¹	30.05.17
61	Pavana GmbH	Husum	100.00	100.00	1,670	377 ¹	30.09.17
62	MEB Safety Services GmbH	Bremen	100.00	100.00	72	109 ^{1,7}	01.11.18
63	WKN WERTEWIND GmbH	Husum	100.00	100.00	10,183	-32 ¹	30.06.18
64	WKN Windpark Kittlitz III GmbH & Co. KG	Husum	100.00	100.00	7,615	554 ¹	01.07.18
65	WKN Wertewind Betriebsgesellschaft mbH	Husum	100.00	100.00	8,547	-1,182 ¹	30.03.20
66	WKN Wertewind Verwaltungs GmbH	Husum	100.00	100.00	11	-8 ¹	30.03.20
67	WKN WERTEWIND Windpark Langstedt GmbH & Co. KG	Husum	100.00	100.00	5,951	1,496 ¹	30.03.20
68	WKN WERTEWIND Windpark Lentförden GmbH & Co. KG	Husum	100.00	100.00	4,030	1,700 ¹	30.03.20
69	WKN Windkraft Nord GmbH & Co. Windpark Kleinbüllesheim KG	Husum	100.00	100.00	2,056	362 ¹	30.03.20

Company	Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation	
70	PNE WIND Park XVIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-3	4 ¹	30.03.20
71	WKN Wertewind Bürgerbeteili- gungsgesellschaft mbH	Husum	100.00	100.00	18	-3 ¹	30.06.20
72	WKN Wertewind Bürgerprojekt GmbH	Husum	100.00	100.00	18	-3 ¹	30.06.20
73	PNE WIND Park XVII GmbH & Co. KG	Husum	100.00	100.00	10,093	949 ¹	31.08.20
74	SAS Parc Eolien d'Ermenonville de la Grande	Nantes, France	100.00	100.00	796	37 ¹	30.09.20
75	PNE Sverige AB	Malmo, Sweden	100.00	100.00	85	-913 ¹	30.09.20
76	Sachsenkraft Plus GmbH	Dresden	50,50	50,50	183	-143 ¹	20.11.20
77	WKN Windpark Zahrenholz GmbH und Co. KG	Husum	100.00	100.00	10,034	484 ¹	01.12.20
78	PNE WIND Park XXIV GmbH & Co. KG	Husum	100.00	100.00	10,094	1,857 ¹	01.04.21
79	PNE WIND Park XXV GmbH & Co. KG	Cuxhaven	100.00	100.00	-1	2 ¹	01.07.21
80	PNE WIND Park XXVII GmbH & Co. KG	Husum	100.00	100.00	-35	-30 ¹	01.07.21
81	PNE WIND Park XXIX GmbH & Co. KG	Cuxhaven	100.00	100.00	2,430	109 ¹	01.04.21
82	WKN WERTEWIND Windpark Gnutz Eins GmbH Co. KG	Husum	100.00	100.00	3,098	922 ¹	01.04.21
83	WKN WERTEWIND Windpark Holstentor GmbH Co. KG	Husum	100.00	100.00	6,026	1,090 ¹	01.01.21
84	Energy Consult Polska Sp.z.o.o.	Koszalin, Poland	100.00	100.00	105	103 ¹	01.07.21
85	Energy Consult Sverige AB	Malmo, Sweden	100.00	100.00	10	-115 ¹	01.07.21
86	PNE RO PV Holding S.R.L.	Bucharest, Romania	80.00	80.00	3,007	3,566 ¹	30.09.21
87	PNE RO PV NAZ S.R.L.	Bucharest, Romania	80.00	80.00	-127	-66 ¹	30.09.21
88	PNE Portfolio 2 GmbH	Husum	100.00	100.00	21,935	-979 ¹	14.10.21
89	PNE Portfolio 2 Verwaltungs GmbH	Husum	100.00	100.00	20	-1 ¹	15.11.21
90	WKN Windkraft Nord GmbH & Co. Windpark Hamwarde KG	Husum	100.00	100.00	-4	-1 ¹	01.12.21
91	Pavana Polska Sp.z o.o. (vorher Sevicon Renewables 6 Sp. z o.o.)	Koszalin, Poland	100.00	100.00	13	14 ¹	01.04.22
92	PNE WIND Park XXVIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-3	2 ¹	01.04.22
93	PNE WIND Park XXXI GmbH & Co. KG	Cuxhaven	100.00	100.00	-3	-4 ¹	01.04.22

Company	Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
94	Coliaenergia ESPAÑA, S.L. Albacete, Spain	0.00	51.00	-229	-413 ¹	01.07.22
95	Garmo Renovables 2020 IV, S.L. Albacete, Spain	0.00	100.00	91	-3 ¹	01.07.22
96	Garmo Renovables 2020 V, S.L. Albacete, Spain	0.00	100.00	4	-3 ¹	01.07.22
97	Garmo Renovables 2020 I, S.L. Albacete, Spain	0.00	51.00	-4	-2 ¹	01.07.22
98	Garmo Renovables 2020 III, S.L. Albacete, Spain	0.00	50.00	-32	-28 ¹	01.07.22
99	PNE Offshore Ausland GmbH Cuxhaven	0.00	100.00	96	-4 ¹	01.07.22
100	PNE WIND Park XXII GmbH & Co. KG Cuxhaven	100.00	100.00	-4	-4 ¹	01.07.22
101	PNE Windpark Papenrode Repowering GmbH & Co. KG Cuxhaven	100.00	100.00	-3	-4 ¹	01.10.22
102	WKN WERTEWIND WP Heidmoor GmbH & Co. KG Husum	100.00	100.00	-5	-6 ¹	01.10.22

II. List of joint ventures and associated companies included in the consolidated financial statements

1	PNE WIND Infrastruktur Calau II GmbH Cuxhaven	25.00	25.00	11	-2 ¹	01.04.13
2	PNE WIND Park III GmbH & Co. KG Cuxhaven	25.00	25.00	17	27 ¹	01.04.13
3	Windpark Altenbruch GmbH Cuxhaven	50.00	50.00	1,076	-18 ¹	01.10.16

III. Non-consolidated companies due to minor significance

1	Pilger Wind Farm Inc. New Bruns- wick, Canada	100.00	100.00	k. A.	k. A. ⁵	
2	Climax Wind Farm Inc. New Bruns- wick, Canada	100.00	100.00	k. A.	k. A. ⁵	
3	Watson Wind Farm Inc. New Bruns- wick, Canada	100.00	100.00	k. A.	k. A. ⁵	
4	Wadena Wind Farm Inc. New Bruns- wick, Canada	100.00	100.00	k. A.	k. A. ⁵	
5	Eston Wind Farm Inc. New Bruns- wick, Canada	100.00	100.00	k. A.	k. A. ⁵	
6	Whiska Wind Farm Inc. New Bruns- wick, Canada	100.00	100.00	k. A.	k. A. ⁵	
7	PNE RO Solar 3 SRL Bucharest, Romania	80.00	80.00	k. A.	k. A. ⁵	
8	PNE RO Sunrise 4 SRL Bucharest, Romania	80.00	80.00	k. A.	k. A. ⁵	
9	PNE RO Sungate 5 SRL Bucharest, Romania	80.00	80.00	k. A.	k. A. ⁵	
10	PNE RO SUNLIGHT 6 SRL Bucharest, Romania	80.00	80.00	k. A.	k. A. ⁵	

Company		Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
11	PNE RO SUNSET 7 SRL	Bucharest, Romania	80.00	80.00	k. A.	k. A. ⁵	
12	PNE RO SUNLAND 8 SRL	Bucharest, Romania	100.00	100.00	k. A.	k. A. ⁵	
13	PNE RO SUNSPOT 9 SRL	Bucharest, Romania	0.00	100.00	k. A.	k. A. ⁵	
14	PNE RO SUN ENERGY 10 SRL	Bucharest, Romania	0.00	100.00	k. A.	k. A. ⁵	
15	PNE RO Sun POWER 11 SRL	Bucharest, Romania	0.00	100.00	k. A.	k. A. ⁵	
16	PNE RO SUNRAY 12 SRL	Bucharest, Romania	0.00	100.00	k. A.	k. A. ⁵	
17	Netzanschluss Genthin GbR	Nielebock	52.00	52.00	10	36 ²	
18	ATS Energia PE Valle s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	-4	-8 ⁶	
19	WKN PE Piombino s.r.l.	Catania/Sicily, Italy	74.90	74.90	15	-8 ⁶	
20	WKN PE Polidon s.r.l.	Catania/Sicily, Italy	100.00	100.00	15	-8 ⁶	
21	SAS la Haie Perron	Nantes, France	100.00	100.00	-86	-8 ⁶	
22	SAS Parc Eolien de La Fosse Descroix	Nantes, France	100.00	100.00	-27	-7 ⁶	
23	SAS Parc Eolien de Pierre-Morains	Nantes, France	100.00	100.00	-39	-15 ⁶	
24	SAS Parc Eolien de Vill'Aire	Nantes, France	100.00	100.00	-27	-7 ⁶	
25	SAS Parc Eolien des Hauts Poiriers	Nantes, France	100.00	100.00	-27	-6 ⁶	
26	Parc Eolien de Monts de Châlus S.A.S.U.	Nantes, France	100.00	100.00	-125	-103 ⁶	
27	SAS Parc Eolien de la Cote des Moulins	Nantes, France	100.00	100.00	-45	-8 ⁶	
28	SAS Parc Eolien de la Coutanciere	Nantes, France	100.00	100.00	-53	-16 ⁶	
29	AIRE PARC S.A.S.U.	Nantes, France	100.00	100.00	-25	-9 ⁶	
30	PARC EOLIEN DE CHABROL S.A.S.U.	Nantes, France	100.00	100.00	-20	-6 ⁶	
31	PARC EOLIEN DE LA VALLEE BLEUE S.A.S.U.	Nantes, France	100.00	100.00	-21	-7 ⁶	
32	PARC EOLIEN DE L'ARGONNE MEUSIENNE S.A.S.U.	Nantes, France	100.00	100.00	-20	-6 ⁶	
33	PARC EOLIEN DE SAINT-AUBIN-DU-PLAIN S.A.S.U.	Nantes, France	100.00	100.00	-20	-6 ⁶	

Company	Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
34	PARC EOLIEN DES CHAUMES CARREES S.A.S.U. France	100.00	100.00	-121	-100 ⁶	
35	PARC EOLIEN DE SAINT PALAIS S.A.S.U. France	100.00	100.00	-14	-7 ⁶	
36	Windfarm Polska IV Sp. z o.o. Koszalin, Poland	100.00	100.00	-435	-74 ⁶	
37	Windfarm Polska V Sp. z o.o. Koszalin, Poland	100.00	100.00	-220	-22 ⁶	
38	Windfarm Zomar Sp. z o.o. Koszalin, Poland	57.00	74.00	k. A.	k. A. ⁵	
39	PV Krzecin Sp. zo.o. Koszalin, Poland	100.00	100.00	-16	-4 ⁶	
40	Sevion Windpark 3 Sp.z o.o. Koszalin, Poland	100.00	100.00	-19	-9 ⁶	
41	Sevion Windpark 4 Sp.z o.o. Koszalin, Poland	100.00	100.00	-15	-7 ⁶	
42	Res Project 1 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
43	Res Project 2 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
44	Res Project 3 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
45	Res Project 4 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
46	Res Project 5 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
47	Res Project 6 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
48	Res Project 7 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
49	Res Project 8 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
50	Res Project 9 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
51	Res Project 10 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
52	Res Project 11 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
53	Res Project 12 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
54	Res Project 13 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
55	Res Project 14 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
56	Res Project 15 Sp.z o.o. Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	

Company		Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
57	Res Project 16 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
58	Res Project 17 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
59	Res Project 18 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
60	Res Project 19 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
61	Res Project 20 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
62	Res Project 21 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
63	Res Project 22 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k. A.	k. A. ⁵	
64	SEVIVON Renewables 1 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
65	SEVIVON Renewables 2 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
66	SEVIVON Renewables 3 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
67	SEVIVON Renewables 4 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
68	SEVIVON Renewables 7 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
69	SEVIVON Renewables 8 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
70	SEVIVON Renewables 9 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
71	SEVIVON Renewables 10 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k. A.	k. A. ⁵	
72	Vindpark Odensvi i Köping AB	Motala, Sweden	80.00	80.00	k. A.	k. A. ⁵	
73	Vindpark Västerlisa i Norrtälje AB	Motala, Sweden	80.00	80.00	k. A.	k. A. ⁵	
74	Vindpark Sjönebol i Säffle AB	Motala, Sweden	80.00	80.00	k. A.	k. A. ⁵	
75	Vindpark Tronserud i Bengtstors AB	Motala, Sweden	80.00	80.00	k. A.	k. A. ⁵	
76	Banna Ba Pifhu Wind Farm (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
77	Highlands North Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
78	Highlands South Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
79	Highlands Central Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	

Company	Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
80 Paulputs Wind Energy Facility South (RF) (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
81 Paulputs Wind Energy Facility North (RF) (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
82 Soutrivier Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
83 Kwezi Solar PV (RF) Pty Ltd (vormals: Taaibos Wind Energy Facility (RF) (PTY) Ltd.)	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
84 Canopus Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
85 Doringbaai Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
86 Bonsmara Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k. A.	k. A. ⁵	
87 Lengana Solar PV (RF) (PTY) Ltd.	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
88 Brandberg Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
89 Khauta West Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
90 Taaibos North Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
91 Khauta e Nyane Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
92 Soutrivier Central Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
93 Khauta North Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
94 Soutrivier South Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
95 Soutrivier North Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
96 Taaibos South Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
97 Khauta South Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k. A.	k. A. ⁵	
98 WKN Turkey GmbH	Husum	100.00	100.00	-427	-16 ⁶	
99 WKN Windkraft Nord Beteiligungs-GmbH	Husum	100.00	100.00	53	27 ⁶	
100 Windpark Meerhof Verwaltungsgesellschaft mbH	Husum	100.00	100.00	23	2 ⁶	
101 Zukunftsenergien Beteiligungs-GmbH	Husum	100.00	100.00	0	-1 ⁶	
102 WKN Windkraft Nord GmbH & Co. Windpark Immenrode KG	Husum	100.00	100.00	k. A.	k. A. ⁵	

Company	Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
103	WKN Windkraft Nord GmbH & Co. Windpark Weinstraße II KG Husum	100.00	100.00	k. A.	k. A. ⁵	
104	WKN Windpark Beerfelde GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
105	WKN Windpark Zinndorf II GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
106	WKN Windpark Zinndorf III GmbH & Co. KG Husum	0.00	100.00	k. A.	k. A. ⁵	
107	WKN Windkraft Nord GmbH & Co. Windpark Bebensee KG Husum	100.00	100.00	-5	-6 ¹	
108	WKN Windpark Lüttau GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
109	WKN Windpark Großenehrich GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
110	WKN Windpark Cornberg GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
111	WKN Windpark Karstädt IV GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
112	WKN Windpark Parum Dümmer GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
113	WKN WERTEWIND Windpark Gnutz Zwei GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
114	WKN WERTEWIND Windpark Gnutz Drei GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
115	WKN WERTEWIND Windpark Gresse GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
116	WKN Windpark Woltersdorf II GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
117	WKN Windpark Neu Benthen GmbH & Co. KG Husum	100.00	100.00	-6	-5 ¹	
118	NordStrom Beteiligungs- gesellschaft mbH Husum	100.00	100.00	53	3 ⁶	
119	REE GmbH Husum	100.00	100.00	74	3 ⁶	
120	GREENWIND GmbH Husum	100.00	100.00	49	1 ⁶	
121	EWEG Europäische Windenergie- Entwicklungsgesellschaft mbH Husum	100.00	100.00	18	0 ⁶	
122	Innovative Wind Concepts GmbH Husum	100.00	100.00	k. A.	k. A. ⁵	
123	WKN Portfoliomanagement I GmbH Husum	100.00	100.00	209	13 ⁶	
124	WKN Windpark Gebstedt GmbH & Co. KG Husum	100.00	100.00	k. A.	k. A. ⁵	
125	WKN Windpark Stukenborn GmbH & Co. KG Husum	100.00	100.00	-5	-6 ¹	
126	PNE WIND Park Nordleda A GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
127	PNE WIND Park Nordleda B GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	

Company	Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
128	PNE WIND Park XIV GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
129	PNE WIND Park XV GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
130	PNE WIND Park XX GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
131	PNE WIND Park XXI GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
132	PNE WIND Park XXIII GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
133	PNE Windpark Gardelegen Repowering GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
134	PNE Windpark Großer Mittelberg GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
135	PNE Windpark Herzhausen GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
136	PNE Windpark Schellin Repowering I GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
137	PNE Windpark Seelow- Repowering GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
138	PNE Windpark Odensachsen GmbH & Co. KG Cuxhaven	0.00	100.00	k. A.	k. A. ⁵	
139	PNE Windpark Sundern- Allendorf GmbH & Co. KG Cuxhaven	0.00	100.00	k. A.	k. A. ⁵	
140	PNE Windpark Welsche Lied GmbH & Co. KG Cuxhaven	0.00	100.00	k. A.	k. A. ⁵	
141	PNE Windpark Mümling- Grumbach GmbH & Co. KG Cuxhaven	0.00	100.00	k. A.	k. A. ⁵	
142	PNE Solar Park I GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
143	PNE Solar Park II GmbH & Co. KG Cuxhaven	100.00	100.00	k. A.	k. A. ⁵	
144	PNE Solar Park III GmbH & Co. KG Cuxhaven	0.00	100.00	k. A.	k. A. ⁵	
145	Solar PV 1 S.r.l. Milan, Italy	100.00	100.00	k. A.	k. A. ⁵	
146	Solar PV 2 S.r.l. Milan, Italy	100.00	100.00	k. A.	k. A. ⁵	
147	Solar PV 3 S.r.l. Milan, Italy	100.00	100.00	k. A.	k. A. ⁵	
148	Solar PV 4 S.r.l. Milan, Italy	100.00	100.00	k. A.	k. A. ⁵	
149	Solar PV 5 S.r.l. Milan, Italy	0.00	100.00	k. A.	k. A. ⁵	
150	Solar PV 6 S.r.l. Milan, Italy	0.00	100.00	k. A.	k. A. ⁵	

Company	Seat	Participation previous year (%)	Participation [%]	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
151	Solar PV 7 S.r.l.	Milan, Italy	0.00	100.00	k. A.	k. A. ⁵
152	Solar PV 8 S.r.l.	Milan, Italy	0.00	100.00	k. A.	k. A. ⁵
153	POCRI Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k. A.	k. A. ⁵
154	ANTÓN Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k. A.	k. A. ⁵
155	EL COCO Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k. A.	k. A. ⁵
156	EL ENCANTO Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k. A.	k. A. ⁵
157	Red Butte Solar LLC	Ciudad de Panama, Panama	0.00	100.00	k. A.	k. A. ⁵
158	Mountain City Solar LLC	Ciudad de Panama, Panama	0.00	100.00	k. A.	k. A. ⁵
159	Market Lake Solar LLC	Idaho, USA	0.00	100.00	k. A.	k. A. ⁵

IV. Non-consolidated associated companies due to minor significance

1	Windpark Köhlen GmbH	Oldenburg	50.00	50.00	1,351	-54 ²
2	Elbe-Weser-Windkraft GmbH	Cuxhaven	50.00	50.00	5	-3 ²
3	EVN Energieversorgung Nord GmbH & Co. KG	Husum	50.00	50.00	-324	-11 ⁶
4	Windpark Gebstedt GmbH & Co. KG	Husum	50.00	50.00	k. A.	k. A. ⁵
5	Quantec Operations energy consult GmbH	Husum	40.00	40.00	93	25 ²
6	MERMA ALMODOVAR S.L.	Albacete, Spain	0.00	33.33	4	-2 ²

¹ per the financial statements as at December 31, 2022

² per the provisional financial statements as at December 31, 2022

³ after profit transfer to PNE AG

⁴ after profit transfer to WKN GmbH

⁵ operating activities not yet started

⁶ per the financial statements as at December 31, 2021

⁷ after profit transfer to Energy Consult GmbH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of PNE AG, Cuxhaven, for the 2022 fiscal year

I. COMMERCIAL REGISTER AND OBJECT OF THE COMPANY

PNE AG (hereinafter also referred to as the "Company") has its registered office at Peter-Henlein-Straße 2-4, Cuxhaven, Germany. The Company is entered under number HRB 110360 in the commercial register at the District Court of Tostedt. The fiscal year is the calendar year.

During the year under review, the business activities of the Company consisted primarily of the planning, construction and operation of wind farms and transformer stations for the generation of electricity, the development of photovoltaic parks and the servicing of wind power turbines as well as other services related to renewable energy projects.

II. GENERAL ACCOUNTING PRINCIPLES

1. Going Concern

Accounting is carried out on a going concern basis. The combined management and Group management report of the Company specifies the risks that might endanger the continued existence of the Company.

2. Consolidated financial statements

The consolidated financial statements of PNE AG are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the European Union. New standards adopted by the IASB are in principle applied as from the time of their becoming effective, as they are to be taken into consideration in the EU.

These consolidated financial statements are prepared in euro (euro) unless otherwise stated and, generally, are rounded to thousands of euro (euro thousand). Due to this rounding, it is possible that individual figures will not add up exactly to the stated sum in the presentations in these IFRS consolidated financial statements.

The consolidated financial statements correspond to the requirements of Section 315e (1) of the German Commercial Code (HGB).

The consolidated financial statements are based on uniform accounting and valuation principles. The consolidated financial statements were prepared on the basis of historical cost of acquisition or production. This does not include individual financial instruments that were valued at their fair value on the balance sheet date.

The consolidated financial statements and the combined management and group management report, prepared by the Board of Management as at December 31, 2022, were approved at the meeting of the Board of Management on March 6, 2023 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2022 are filed with the operator of the Federal Gazette (Bundesanzeiger).

During the 2022 fiscal year, the Group applied the following amendments to IFRS standards for the first time. Unless indicated otherwise below the table, this has not resulted in any effect on the consolidated financial statements.

Standard/Interpretation	Date of EU endorsement	Application obligation in the EU	Standard/Interpretation	Date of EU endorsement	(expected) Application obligation in the EU
Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework	June 28, 2021	January 1, 2022	Amendments to IAS 1 (January 1, 2021): Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	Not yet endorsed	January 1, 2024
Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	June 28, 2021	January 1, 2022	Amendments to IAS 1 (October 1, 2022): Non-current Liabilities with Covenants	Not yet endorsed	January 1, 2024
Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	June 28, 2021	January 1, 2022	Amendments to IFRS 16 (September 2022): Lease Liability in a Sale and Leaseback	Not yet endorsed	January 1, 2024
Annual Improvements (2018 – 2020 Cycle): Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	June 28, 2021	January 1, 2022	IFRS 17, Amendments to IFRS 17 (June 2020): Insurance Contracts	November 19, 2021	January 1, 2023
			IFRS 17, Amendments to IFRS 17 (December 2021): Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information	September 8, 2022	January 1, 2023
			Amendments to IAS 1, IFRS Practice Statement 2: Disclosure of Accounting Policies	March 2, 2022	January 1, 2023
			Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	March 2, 2022	January 1, 2023
			Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	August 11, 2022	January 1, 2023

In the 2022 fiscal year, the following new or amended accounting standards, which have already been adopted by the IASB, but some of them not yet endorsed by the EU, were not taken into account, since there was no obligation to apply them:

The application obligation in the EU shows the date on which the new accounting regulation is expected to be taken into account at PNE AG for the first time. The Group did not apply any new standard, interpretation or amendment to a standard early in 2022.

We do not include any further details regarding new or amended standards or interpretations, since the effects of their initial application on the asset, financial and earnings situation of the Group are expected to be insignificant.

III. PRINCIPLES OF CONSOLIDATION

1. Scope of consolidation

All companies over which the Group parent company exercises control are included in the consolidated financial statements on the basis of full consolidation. Control of an investment company is achieved when an investor is exposed or has rights to fluctuating returns from its investment in the investment company and has the ability to influence those returns through its control of the investment company. The scope of consolidation also includes wind and solar farm operating companies that are controlled by the parent company or its affiliated companies on the basis of these criteria.

During the reporting period, the following companies were included for the first time in the consolidated financial statements (in brackets: date of first consolidation, percentage holding and segment category):

1. Coliaenergia ESPAÑA, S.L., Albacete (51 percent), (first-time consolidation as at July 1, 2022), "project development" segment, (purchased),
2. Garmo Renovables 2020 IV, S.L., Albacete (100 percent), (first-time consolidation as at July 1, 2022), "project development" segment, (purchased),
3. Garmo Renovables 2020 V, S.L., Albacete (100 percent), (first-time consolidation as at July 1, 2022), "project development" segment, (purchased),
4. Garmo Renovables 2020 I, S.L., Albacete (51 percent), (first-time consolidation as at July 1, 2022), "project development" segment, (purchased),
5. Garmo Renovables 2020 III, S.L., Albacete (50 percent), (first-time consolidation as at July 1, 2022), "project development" segment, (purchased),
6. PNE Offshore Ausland GmbH, Cuxhaven (100 percent), (first-time consolidation as at July 1, 2022), "project development" segment, (established),
7. PNE WIND Park XXXI GmbH & Co. KG, Cuxhaven (100 percent), (first-time consolidation as at July 1, 2022), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),

8. PNE WIND Park XXVIII GmbH & Co. KG, Cuxhaven (100 percent), (first-time consolidation as at April 1, 2022), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
9. PNE WIND Park XXXI GmbH & Co. KG, Cuxhaven (100 percent), (first-time consolidation as at April 1, 2022), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
10. PNE Windpark Papenrode Repowering GmbH & Co. KG, Cuxhaven (100 percent), (first-time consolidation as at October 1, 2022), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
11. WKN WERTEWIND Windpark Heidmoor GmbH & Co. KG, Husum (100 percent), (first-time consolidation as at October 1, 2022), "electricity generation" segment, (reclassified from "non-consolidated companies due to minor significance"),
12. Pavana Polska Sp.z.o.o. (previously Sevicon Renewables 6 Sp.z.o.o.), Koszalin, Poland, (100 percent), (first-time consolidation as at April 1, 2022), "service products" segment, (reclassified from "non-consolidated companies due to minor significance").

The object of companies no. 1– 5 is the construction and operation of photovoltaic and wind power plants in the form of photovoltaic parks and wind farms as well as the sale of electricity.

The object of company no. 6 is to carry on the business of a managing holding company for the offshore energy sector abroad, in particular the establishment, acquisition and management of companies operating in the energy and environmental sector as well as the development and project planning of energy and environmental technology plants based on renewable energies, in particular offshore wind farms.

The object of companies no. 7– 11 is the construction and operation of wind power turbines in the form of wind farms and the sale of electricity.

The object of company no. 12 is the provision of services in the field of renewable energies abroad as well as all transactions directly or indirectly related to the above-mentioned services, which might serve the purpose of the Company.

With the purchase of the shares in company no. 1, long-term assets totalling euro 0.0 million, short-term assets totalling euro 0.2 million, of which cash and cash equivalents of euro 0.0 million, liabilities of euro 0.4 million as well as deferred tax liabilities of euro 0.0 million were included in the Group for the first time.

The purchase price of the shares in Company no. 1 amounted to euro 3.9 million. This comprises a cash component of euro 2.0 million and further earn-out purchase price payments. The further earn-out purchase price payments, which are linked to defined development targets of the existing project pipeline, may lead to further payments in the future and were taken into account at the fair value of euro 1.9 million. The transaction costs of the acquisition of the shares of companies no. 1-5 amounted to a total of euro 0.2 million in the financial year. The amount of euro 0.2 million was recognised as an expense in the 2022 fiscal year under "other operating expenses".

The acquisition of the shares in Coliaenergia ESPAÑA, S.L. resulted in goodwill of euro 1,147 thousand from the preliminary purchase price allocation. The value is determined as follows:

	in thousand euro
Purchase price of 51.00% of the shares in Coliaenergia ESPAÑA, S.L.	3,860
Less the fair values of assets and liabilities acquired (100%)	-5,320
Non-controlling shares (49.00%)	2,607
Goodwill	1,147

The goodwill is based on synergies with the project development business of PNE AG and the employees taken over. Goodwill is not deductible for tax purposes.

The non-controlling shares are determined as follows:

	in thousand euro
Non-controlling shares (book values taken over)	-29
Non-controlling shares (adjustment to fair values)	3,765
Non-controlling shares (deferred taxes)	-1,130
Total	2,607

With the purchase of the shares in company no. 1, companies no. 2-5 were also included in the Group for the first time as subsidiaries of company no. 1.

Upon the consolidation of companies no. 1-5 in the Group, long-term assets of euro 1.2 million, short-term assets of euro 8.1 million (book value: euro 0.4 million, of which cash and cash equivalents of euro 0.1 million), liabilities of euro 3.6 million and deferred tax liabilities of euro 2.4 million (book value: euro 0.1 million) were taken over.

The acquired assets and liabilities of companies no. 1-5 are recognised at fair value at the date of acquisition. The fair values were determined using methods based on the net present value. The present values are derived from future payments or cash flows. The initial consolidation in accordance with IFRS 3 "Business Combinations" took place on July 26, 2022, using the purchase method in accordance with the partial goodwill method.

The acquisition of the shares in companies no. 1-5 resulted in a cash outflow of euro 1.9 million in the financial year:

	in thousand euro
Cost of acquisition of the shares	3,860
Recognition of a current purchase price liability	-1,857
Part of the purchase price consisting of cash and cash equivalents	2,003
Cash acquired with the acquisition	-61
Actual cash outflow	1,942

The reclassification of subsidiaries from "non-consolidated companies due to minor significance" to full consolidation is generally made as soon as at it is clear that the business activity or the project planning/implementation phase will begin in the near future.

The book values and fair values of the identifiable assets and liabilities of companies no. 1-12 were insignificant for the asset, financial and earnings position on the date of first-time consolidation.

In the reporting period, there were no changes in shareholdings held in companies which are or were included previous year in the scope of consolidation.

In the reporting period, the following companies included in the Group were liquidated:

1. PNE WIND Central States LCC, Minnesota, USA, (100 percent), previously "project development" segment,
2. Underwood Windfarm LCC, Minnesota, USA, (100 percent), previously "project development" segment,
3. Butte Windfarm LCC, Minnesota, USA, (100 percent), previously "project development" segment,
4. Burleigh Wind LLC, Chicago, USA, (100 percent), previously "project development" segment.

The liquidation had no significant impact on the consolidated financial statements.

Accordingly, apart from PNE AG, the scope of consolidation as at December 31, 2022 comprised the other companies presented in chapter "List of the companies included in the consolidated financial statements and list of shareholdings" under no. I. "List of the companies included in the consolidated financial statements" and under no. II. "List of joint ventures and associated companies included in the consolidated financial statements".

Companies that were not included in the scope of consolidation as at December 31, 2022 are shown in chapter "List of the companies included in the consolidated financial statements and list of shareholdings" under no. III. "Non-consolidated companies due to minor significance" and under no. IV. "Non-consolidated associated companies due to minor significance".

2. Disposals of shares

In the reporting period, the following companies and/or shares in the company were sold:

1. 100 percent of the shares in PNE WIND Park XXX GmbH & Co. KG, Cuxhaven (disposal from the "electricity generation" segment).

The sales price for 100 percent of the shares in the aforementioned company amounted to euro 0.0 million.

Due to the deconsolidation of the company, assets totalling approx. euro 7.7 million as well as liabilities and provisions of approx. euro 7.5 million were eliminated at the Group level. The payment received and the deconsolidation of the company resulted in loss of approx. euro 0.1 million. The payment received for the sale of the companies amounted to approx. euro 0.0 million. The Company's funds eliminated from the balance sheet as a result of the transaction amounted to approx. euro 0.2 million. The loss on disposal is included in the Group's cost of materials.

In the context of the sale of project companies, existing project financing agreements are part of the purchase agreement.

3. Consolidation methods

The basis of the consolidated financial statements is the separate financial statements of the companies included in the Group, prepared as at December 31, 2022 pursuant to uniform accounting and valuation principles and, in part, audited by the auditors.

The capital consolidation of subsidiaries is performed in accordance with the acquisition method of accounting by offsetting the acquisition costs of the business combination against the proportionate equity capital attributable to the parent company at the acquisition date. The equity capital is determined as the balance of the fair values of assets and liabilities at the acquisition date (full new valuation).

Non-controlling interests are measured at the acquisition date with their share in the identifiable net assets of the company acquired. If the ownership interest in already consolidated companies (without gain or loss of control) increases or decreases, this is effected with no impact on income through a credit or charge to the non-controlling interests within the shareholders' equity.

If the Group loses control over a subsidiary, the assets and liabilities of the subsidiary and all associated, non-controlling shares and other components in equity are eliminated. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at the fair value on the date of loss of control.

The Group's interests in financial assets that are recognised "at equity" comprise shares in associated companies and in joint ventures.

Associated companies are entities in which the Group has significant influence, but not control or joint control in respect of the financial and operating policy. The Group has significant influence over an associated company generally through a holding of between 20 percent and 50 percent. A joint venture refers to an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, instead of having rights to the assets and obligations for the liabilities of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities are made jointly.

In the case of investments that are included "at equity" in the consolidated financial statements, the book value is increased or decreased annually by the changes in shareholders' equity corresponding to the Group's capital share. Upon the first-time inclusion of investments at equity, differences resulting from initial consolidation are treated in accordance with the principles of full consolidation. The changes in pro-rated equity which are recognised in profit or loss, including impairment losses on goodwill, are shown in the results from at equity investments. Intercompany profits and losses were insignificant in these companies.

Material intragroup sales, expenses and income as well as receivables and liabilities between the companies to be consolidated are eliminated. Intercompany results, provided that they are material, are eliminated and taken into account in deferred taxes.

IV. ACCOUNTING AND VALUATION PRINCIPLES

The accounting at all companies of the Group is performed exactly in accordance with national legal regulations as well as the complementary generally accepted accounting principles.

The financial statements of all consolidated companies are included on the basis of uniform accounting and valuation methods. The annual financial statements prepared in line with the applicable national regulations (HB I) are reconciled to annual financial statements in conformity with IFRS (HB II). The accounting and valuation regulations were applied in the same way as in the previous year by applying the amendments to IFRS standards (see chapter II.1.).

The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made and estimates be used for certain items that affect the amounts and the presentation of assets and liabilities, income and expenses reported as well as of contingent liabilities.

Assumptions and estimates relate, in particular, to the determination of the useful economic lives of property, plant and equipment (see chapter V.2.), the measurement of inventories (see chapter V.5.), the accounting and measurement of provisions (see chapter V.10.), the possibility of realising future tax benefits (see chapter VI.7.) as well as the determination of cash flows, growth rates and discounting factors in connection with impairment tests of goodwill (see chapter V.1.).

The assumptions and estimates used are based on experience gained during the past business activity of the PNE Group and follow relevant expectations publicly available in the corresponding market. Consequently, the assumptions and estimates used, as a rule, cannot deviate from general market expectations and, for forward-looking values, from price developments recognisable in the market. The maximum risk of a full value deviation is represented by the book values of intangible and tangible as well as financial assets shown in the balance sheet. For a presentation of the historical development of asset values resulting from the assumptions and estimates used, please refer to the schedule of fixed assets.

However, the actual values and their development may differ from the assumptions and estimates made. Such changes will be recognised in profit or loss at the time when better knowledge becomes available.

1. Intangible assets

Concessions, intellectual property rights and licences are stated at their cost of acquisition and incidental acquisition costs. Due to their finite useful lives, they are amortised over the expected useful life using the straight line method. The useful life is usually two to four years. Special write-downs are charged where required, and these are subsequently reversed if the original grounds for the write-down no longer apply. No extraordinary value adjustments (decreases or increases) were required in the year under review.

Pursuant to IFRS 3, goodwill resulting from capital consolidation is not amortised over its expected useful life. Where necessary, extraordinary write-downs in accordance with IAS 36 ("impairment only approach") are made.

2. Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition or production, less scheduled straight-line depreciation, in accordance with IAS 16. No impairment losses pursuant to IAS 36 were to be recognised.

The items of property, plant and equipment are depreciated over their useful lives as follows:

	in years
Buildings, including buildings on third-party land	20 to 50
Technical plant and machinery	5 to 20
Other plant and machinery, fixtures and fittings	3 to 10

No material residual values were to be taken into consideration when calculating the depreciation amount.

Borrowing costs are, as a rule, charged to the statement of comprehensive income. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

3. Impairment of intangible assets and property, plant and equipment

At the end of each reporting period, the Group assesses whether there is any indication for a need to recognise an impairment loss on the assets shown in the statement of financial position. If any such indication exists or if an annual impairment test of an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to determine the recoverable amount of individual assets, assets used in combination are summarised to cash generating units for which the cash flows can be estimated. The recoverable amount is the higher of the fair value of an asset or a cash generating unit, less costs to sell and value in use. In assessing the value in use, the estimated future cash flows from the asset or the cash generating unit are discounted to their present value using a risk-adjusted pre-tax discount rate. Write-downs of goodwill, recognised in profit or loss, are stated separately in the statement of comprehensive income under the item "Impairment expense - goodwill".

A reversal of an impairment loss recognised in profit or loss in prior years for an asset (except for goodwill) is made whenever there is any indication that the impairment no longer exists or might have decreased. The reversal amount is recognised as income in the statement of comprehensive income. The value increase or impairment decrease of an asset is recognised only to the extent that it does not exceed the carrying amount that would have been determined, subject to write-down effects, had no impairment loss been recognised for the asset in prior years. Any impairment loss recognised in the context of impairment tests of goodwill must not be reversed.

Goodwill is tested for impairment at least once a year on December 31 or more frequently when there is any indication that the carrying amount may be impaired. Any impairment loss is recognised directly in profit or loss as a part of write-downs.

To determine the need for impairment of goodwill and of intangible assets with indefinite useful life, the carrying amount of the cash generating unit to which the goodwill is allocated is compared with the recoverable amount of the cash generating unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. Lease contracts

According to IFRS 16, a lease is an agreement under which the lessor conveys the right to control the use of an identified asset to the lessee for an agreed period of time in exchange for consideration. On principle, PNE as the lessee recognises a right of use in the leased asset and a corresponding lease liability for all leases. PNE uses the simplified measurement approach for leases of low-value assets and for short-term leases (lease term of twelve months or less, excluding real estate). PNE does not apply the standard to leases of intangible assets. The lease payments of the leases for which PNE makes use of simplified measurement approach are recognised as lease expenses on a straight-line basis in accordance with the simplified approach.

The lease liability is measured as the present value of the future lease payments. The measurement of the lease liability includes the fixed lease payments less any lease incentives receivable as well as lease payments that depend on an index or a (interest) rate. In addition, amounts expected to be payable under residual value guarantees and payments due to purchase options deemed reasonably certain as well as lease payments due to extension and termination options that are deemed reasonably certain are also taken into account. If possible, the interest rate implicit in the lease contracts is used to determine the present value. If this rate cannot be determined, as is normally the case at PNE, the lessee's incremental borrowing rate is used. The incremental borrowing rate is determined using the so-called build-up approach, whereby the risk-free interest rate is used as the base rate and is adjusted for the lessee's credit risk. Further adjustments relate to those for the term of the lease and the currency of the lease contract. Depending on their maturity, the lease liabilities are reported under long-term and short-term financial liabilities. In subsequent periods, lease liabilities are measured at amortised cost using the effective interest rate method, i.e. the lease instalments are divided into payments for principal and interest portions. The interest portion is recognised in financial expenses.

The amount of the right of use generally corresponds to the amount of the liability at the time of addition. Differences may result from taking account of initial costs incurred in connection with concluding the lease contract, any prepayments made and incentives received before the commencement date of the lease as well as any restoration costs. The right-of-use assets are recognised in the Assets under "III. Right-of-use assets" and carried at amortised cost. If the right-of-use assets relate to lease liabilities in connection with a wind or photovoltaic project in progress, they are reported under inventories until the project is completed. Depreciation of the rights of use is effected on a straight-line basis over the expected useful life or, if shorter, over the lease term. If the exercise of a purchase option is deemed reasonably certain, depreciation is effected over the useful life of the underlying asset.

Lease contracts often include a combination of lease and non-lease components. PNE allocates the transaction price between these components on the basis of relative stand-alone prices. An exception is lease contracts for vehicles. In these cases, PNE makes use of the option not to split between lease and non-lease components, but to account for the entire contract as a lease contract.

PNE is exposed to possible future increases in variable lease payments, which may result from a change in an index or (interest) rate. These possible changes in lease payments are taken into account at the point in time in which the change takes effect. Once the changes in an index or a (interest) rate affect the lease payments, the lease liability is adjusted.

Extension and termination options are taken into account in determining the lease term, when the exercise of the options is considered reasonably certain. When determining the term of the contract on the provision date, all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option are taken into account. The initially determined lease term is reassessed where a significant event or change in circumstances occurs that is within the control of the lessee and may affect the initial assessment. The assessment is reviewed at the latest when an extension option is actually exercised (or not exercised).

PNE acts as a lessor in the context of the sublease of an office and administration building. A total of 15 subtenants have rented approx. 45 percent of the building's usable space. The subtenants are five companies of the PNE Group, two companies of the WKN Group and eight companies outside the Group.

The leases where PNE is the lessor as sublessor are classified as operating and finance leases in accordance with the requirements in IFRS 16. A finance lease exists if substantially all the risks and rewards incidental to ownership of an asset or PNE's right-of-use assets are transferred to the lessee. In the case of finance leases, a lease receivable at an amount equal to the net investment in the lease is recognised at the commencement date instead of the right-of-use asset. The net investment in the lease is equal to the sum of the lease payments receivable by PNE and any unguaranteed residual value, discounted at the interest rate implicit in the lease or, if this is not available, at the interest rate resulting from the main lease. Subsequent measurement is based on the effective interest method. For this purpose, the lease payments to PNE are divided into interest income (reported in financial income) and repayments of the lease receivable. In the case of operating leases, the right-of-use assets continue to be accounted for by PNE.

5. Long-term financial assets

Long-term financial assets are stated mainly at acquisition cost, if appropriate less extraordinary depreciation to the lower fair value, since they are investments in equity instruments for which no quoted market price exists.

Loans are measured at their amortised acquisition cost and non-interest bearing and low-interest loans are recognised at their present value.

Shares in associated companies and joint ventures are included at equity in the Group.

The associated companies resulted in expenses from the assumption of losses totalling euro 24 thousand (prior year: euro 24 thousand) and income totalling euro 60 thousand (prior year: euro 27 thousand).

6. Deferred taxes

Deferred taxes are recognised pursuant to the "liability method" in accordance with IAS 12 on temporary differences between the balance sheet for tax purposes and the consolidated financial statements. No deferred tax liability is recognised for the non-tax-deductible amortisation of goodwill arising from capital consolidation.

Deferred tax assets and deferred tax liabilities are calculated on the basis of the laws and regulations applicable on the reporting date. Deferred taxes on valuation adjustments are determined generally at the national tax rates for the individual group companies.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available for offsetting.

Deferred tax assets and liabilities are netted in the consolidated statement of comprehensive income, provided that an enforceable right exists to offset the actual tax debt and that the deferred taxes relate to the same tax subject and the same tax authority.

7. Inventories

Inventories are generally stated at the lower of cost of acquisition or production and net realisable value. The cost of production includes direct material costs, direct production costs and adequate portions of production-related overhead costs. In addition, borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised. The net realisable value is the estimated selling price that can be obtained in the ordinary course of business, less all estimated costs incurred up to completion and estimated costs necessary to make the sale.

8. Cash and cash equivalents

Cash and cash equivalents reported in the statement of financial position include cash on hand and in banks and short-term deposits with original maturities of less than three months.

9. Financial assets

Financial assets consist of trade receivables, loan receivables, acquired equity instruments, cash and cash equivalents as well as derivatives with positive fair values, if applicable.

Purchases or sales of financial assets are recognised using the trade date accounting method, i.e. on the date on which the entity assumed the obligation to purchase or to sell the asset.

Financial assets are classified and measured on the basis of the business model and the characteristics of the cash flows. The Group generally classifies its financial assets in the following measurement categories:

- Amortised cost (AC): Assets that are held to collect the contractual cash flows and for which these cash flows represent solely payments of interest and principal are measured at amortised cost.
- Fair value through other comprehensive income (FVOCI): Assets that are held to collect the contractual cash flows and to sell the financial assets and for which the cash flows represent solely payments of interest and principal are measured at fair value with no effect on income. The changes in the carrying amount are recognised in other comprehensive income, except for impairment gains or losses.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria of the categories measured at "amortised cost" or "FVOCI" are measured in the category "at fair value through profit or loss".

For shares in affiliated companies not held for trading purposes and shares in companies in which an investment is held, the Group exercises the option of measuring these irrevocably at fair value (FVOCI) without affecting income. These are essentially strategic financial investments, and the Group considers this classification to be more informative. Changes in fair value recognised directly in equity are not reclassified to the statement of comprehensive income at the time of the sale.

Shares in affiliated companies classified as FVOCI and shares in companies in which an investment is held are valued at cost of acquisition, which represents a suitable estimate of fair value. On the reporting date, there was no intention of selling these.

For financial assets recognised at amortised cost, a provision for expected credit losses is recognised in the balance sheet.

The Group applies the simplified approach under IFRS 9 for **trade receivables** to determine the expected credit losses; accordingly, the credit losses expected over the term are used for all trade receivables. To measure expected credit losses, trade receivables were grouped together on the basis of common credit risk characteristics and days past due.

The expected default rates result from the payment profiles of the revenues over a period of 36 months prior to December 31, 2022 or January 1, 2022, respectively, and the corresponding historical default rates in these periods. The historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors that could affect the ability of customers to pay their receivables.

If, after a reasonable assessment, trade receivables can no longer be recovered, they are eliminated from the accounts. Indicators for this assessment include a debtor's failure to commit to a repayment plan with the Group or to make contractual payments for more than 30 days past due.

The trade receivables relate primarily to the project planning business and to service companies. The receivables from the project planning business show loss ratios of zero, as a wind farm is only sold to investors with a secured equity or borrowed capital base over the entire term of the wind farm. The loss ratios for trade receivables attributable to service companies are very low.

Other financial assets that are measured at amortised cost are considered to be "low credit risk"; therefore, the impairment recognised in the period is limited to the 12-month expected credit losses. Instruments are considered to be "low credit risk" if the risk of default is low and the issuer is able at all times to meet its contractual payment obligations at short notice.

For **other financial assets**, PNE considers the probability of a default occurring at the time of the initial recognition of assets and always assesses whether there is a significant increase in the credit risk. In order to assess whether the credit risk has increased significantly, the asset's credit risk on the reporting date is compared with its risk at the time of initial recognition. This comparison takes account of appropriate and reliable forward-looking information. In particular, internal (and, if applicable, external) credit assessments, actual or expected significant changes in the borrower's earnings position and significant increases in the credit risk of other financial instruments of the same borrower are used as indicators.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the financial assets have been transferred with substantially all risks and rewards.

Interest income is deferred in the corresponding period based on the effective interest method.

Financial liabilities consist of bonds liabilities to banks, trade liabilities, other financial liabilities as well as derivatives with negative fair values.

Financial liabilities are measured at amortised cost, unless they are recognised at fair value, such as derivatives with a negative fair value or liabilities for contingent consideration in connection with business combinations.

Financial liabilities are derecognised when the contractual obligations have been met, cancelled or expired.

Financial instruments measured at fair value can be classified based on the significance of the input factors and information relevant to their measurements and allocated to (measurement) levels. The allocation of a financial instrument to a level is based on the significance of its input factors for the entire measurement, i.e. the lowest level whose input is relevant for the measurement in its entirety. The measurement levels are divided hierarchically based on their input factors:

Level 1 – quoted prices for identical assets or liabilities in active markets (unadjusted)

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs that are not based on observable market data for the measurement of the asset or the liability (unobservable inputs)

The determination of fair values of all financial instruments recognised in the statement of financial position and explained in these notes is based on information and input factors of level 2. Through the use of observable market parameters, the valuation does not differ from general market assumptions. The fair values of Level 2 instruments were determined in accordance with generally accepted valuation methods.

Other financial instruments recognised have neither prices quoted in markets nor comparable transactions that can be used for a reliable valuation so that they are shown at (historical) cost.

For details, we refer to the explanations on the relevant items in the statement of financial position.

10. Provisions

Provisions are formed for all external obligations, if it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the provision. Provisions for imminent losses for onerous contracts are formed in accordance with the regulations of IAS 37.

In measuring the provision, the most probable value and, with a range of varying values, its expected value is used. Determination and measurement are effected, where possible, using contractual agreements; otherwise the calculations are based on past experience and estimates of the Board of Management.

Long-term provisions are recognised at their present values; discounting is effected at market interest rates that correspond to the risk and the period up to settlement.

Apart from legal pension obligations, the Group has a very low volume of defined contribution pension plans. Payments for defined contribution plans are recognised as an expense when they are due.

Provisions for expected dismantling obligations are components of the cost of acquisition or production of the associated assets. Upon its initial recognition, the provision is formed without an impact on income.

11. Liabilities

Liabilities are generally stated at amortised cost. Liabilities under finance leases are recognised at the inception of the lease at the present value of future leasing payments during the non-terminable basic lease term.

Liabilities with a remaining term of more than one year bear interest at market conditions.

Contingent liabilities are not shown in the statement of comprehensive income. Contingent liabilities comprise primarily guarantees; a list of contingent liabilities existing on the reporting date is provided in chapter X.2.

12. Deferred subsidies from public authorities

Government grants are recognised at their nominal amount in a separate item on the date they are received, without affecting profit or loss, and they are reversed through profit or loss based on the write-downs of the assets supported.

13. Statement of comprehensive income

The statement of comprehensive income is based on the expenditure type of presentation.

14. Revenues

PNE recognises revenue when control of distinct goods or services is transferred to the customer, i.e. when the customer has the ability to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits from them. A prerequisite for this is that a contract with enforceable rights and obligations exists and that it is probable that the consideration will be collected. The revenue corresponds to the transaction price to which PNE expects to be entitled.

Variable consideration is included in the transaction price if it is highly probable that its inclusion will not result in a significant reversal in the future when the uncertainty has been subsequently resolved. The amount of the variable consideration is determined either according to the expected value method or with the most probable amount, depending on which value estimates the variable consideration most accurately.

If the interval between the transfer of the goods or services and the payment date exceeds twelve months and a significant benefit results from the financing for the customer or PNE, the consideration is adjusted for the time value of money.

Where a contract has multiple performance obligations, these are sold at their standalone selling prices. For each performance obligation, revenue is recognised either at a point in time or over time. Upon the conclusion of a contract, it is determined whether revenue is to be recognised at a point in time or over time.

Revenues from the project planning of wind and photovoltaic plants (“project development” segment)

PNE plans and erects wind power turbines on land and at sea as well as photovoltaic plants on land. Revenue from the erection of wind power and photovoltaic plants recognised over time if one of the criteria of IFRS 15.35 is met. In these cases, revenue is recognised over time in accordance with the Percentage-of-Completion method. The percentage of completion is determined based on the work performed, which is compared with the entire expected volume of work. Work provided by subcontractors is taken into account in the determination of the percentage of completion. The percentage of completion is determined for each individual project based on the work provided. In applying the percentage-of-completion method, the assessment of the stage of completion is of particular importance; it may also include estimates of the scope of supplies and services required to meet contractual obligations, which means that changes in estimates may increase or decrease revenue.

If none of the criteria specified in IFRS 15.35 is met, revenue from the construction of wind farms or photovoltaic parks is recognised when control of the wind farm or photovoltaic park is passed to the customer. Revenue from these sales is recognised at the price specified in the contract.

Payment of the transaction price is due immediately if the customer acquires the wind or photovoltaic farm and accepts it upon delivery.

Revenues from services and transformer station fees (“service products” segment)

PNE provides management and other services for wind power turbines. Revenue from the provision of services is realised on a straight-line basis over a certain period. Advance payments received (max. one year) are reported under liabilities in the item “deferred revenues” and are released on a straight-line basis. If a contract contains a fixed hourly rate, revenue is recognised to the extent that PNE is entitled to receive an invoice.

Revenues from transformer stations result from transformer station connection fees and transformer station usage fees.

Transformer station connection fees are paid in advance by the customer for a period of approx. 20 to 25 years, and the revenues are recognised on a straight-line basis over the term of the contract, taking into account a financing component. Revenues from transformer station usage fees are billed and generated monthly in the amount of the contractually agreed sums.

Invoicing and payment for transformer station connection fees are largely made in advance for the entire term of the contract. These prepayments are reported as deferred revenues under liabilities.

Invoices for transformer station usage fees and for other services are issued in accordance with the terms of the contract, with payment terms usually providing for standard market payment terms within 30 days of invoicing.

Revenues from the generation of electricity (“electricity generation” segment)

The Group generates electricity from the ongoing operation of wind farms and a biomass power plant, feeds this electricity into power grids and receives revenues in return.

Revenue from electricity supply is recognised over the period using the output-based measurement method on an ongoing basis in line with the volume of supply. Since the amount invoiced corresponds to the service provided, PNE applies the simplification rule of recording sales at the amounts invoiced.

Invoices to customers are issued in accordance with the terms of the contract and usually provide for standard market payment terms within 30 days after invoicing.

15. Foreign currency conversion

The items contained in the separate financial statements of the individual Group companies are valued using the relevant functional currency. The consolidated financial statements are prepared in euro, which is the reporting and the functional currency of the parent company.

Transactions in foreign currencies are converted into the relevant functional currency using the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid on the reporting date. Exchange differences are recognised in profit or loss and stated in the statement of comprehensive income under "Other operating income" or "Other operating expenses". Non-monetary assets and liabilities that were measured at historical cost in a foreign currency are converted at the rate prevailing on the day of the transaction.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of a net investment in a foreign operation and which are recognised in the reserve for currency exchange differences are recognised through profit or loss upon disposal of the net investment. Shareholders' equity is converted at historical rates.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are to be converted into euro using exchange rates prevailing on the reporting date. Income and expense items are converted at the average exchange rate for the period. The resulting exchange differences are transferred to the reserve for currency conversion as part of the shareholders' equity. On the disposal of a foreign operation, these amounts are recognised through profit or loss. Shareholders' equity is converted at historical rates.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments are treated as assets or liabilities of the foreign operation and converted at the rate of exchange prevailing on the reporting date.

16. Hyperinflation

Turkey has been considered a hyperinflationary economy in accordance with IAS 29 since June 30, 2022. PNE therefore applies IAS 29 for the first time in the consolidated financial statements as at December 31, 2022 for the included financial statements of Turkish subsidiaries. The effect resulting from the retrospective first-time application of IAS 29 recognised in equity as at January 1, 2022 amounted euro to -3,272 thousand. The application of IAS 29 resulted in a gain on the net monetary position of euro 1,312 thousand recognised in other operating income in the 2022 fiscal year. The consumer price index of the Statistics Institute of Turkey was used to adjust the purchasing power effects. As at January 1, 2022, this was 687 basis points and increased to 1,128 basis points as at December 31, 2022. In accordance with IAS 21, the prior-year figures in the consolidated financial statements have not been adjusted.

V. STATEMENT OF FINANCIAL POSITION

With regard to the composition and development of the individual items of fixed assets, we refer to the consolidated schedule of fixed assets. With regard to disposal restrictions relating to items of fixed assets, we refer to chapter V.2. "Property, plant and equipment".

1. Intangible assets

Of the intangible assets, euro 64,396 thousand (prior year: euro 63,275 thousand) relate to goodwill from the first-time consolidation of the subsidiaries included in the consolidated financial statements.

Impairment of goodwill

Items of goodwill acquired in the context of business combinations are allocated to the corresponding cash generating units for the purpose of impairment testing.

The future recoverable amount was defined as the fair value less costs to sell.

For the impairment test of goodwill of the cash generating unit "project development", the future cash flows were derived from the detailed plans for the next three years (hierarchy level 3). No growth discount was taken into account for the period thereafter. The weighted average cost of capital before taxes used to discount the forecast cash flows was 11.75 percent for the detailed planning phase and for the subsequent period (prior year: 8.26 percent).

For the impairment test of goodwill of the cash generating unit "service products", the future cash flows were derived from the detailed plans for the next three years (hierarchy level 3). No growth discount was taken into account for the period thereafter. The weighted average cost of capital before taxes used to discount the forecast cash flows was 11.56 percent for the detailed planning phase and for the subsequent period (prior year: 8.28 percent).

For the impairment test of goodwill of the cash generating unit "electricity generation", the future cash flows were derived from the detailed plans for the next three years (hierarchy level 3). For

the period thereafter, a cumulative planning over the relevant expected remaining useful life up to 2027 was taken as the basis. The weighted average cost of capital before taxes used to discount the forecast cash flows was 8.60 percent for the detailed planning phase and for the subsequent period (prior year: 4.34 percent).

Key assumptions for the calculation of the fair values less cost to sell of the business units as at December 31, 2022 and December 31, 2021:

Project Development

Budgeted gross profit margins: The gross profit margins are determined based on the average gross profit margins achieved in prior fiscal years, increased for expected efficiency improvements.

To establish future cash flows, the expected operating costs are deducted from the gross profits determined in this manner. Financing costs and taxes are not taken into account. The remaining amount forms the basis of discounting.

Weighted average cost of capital: The cost of equity is determined using the Capital Asset Pricing Model (CAPM). The borrowing costs before taxes were included at an interest rate of 6.06 percent (prior year: 2.82 percent).

Results of impairment tests and sensitivities

The recoverable amount of the Laubuseschbach cash generating unit (CGU) ("electricity generation") was below the carrying amount of the CGU's assets so that an impairment loss of euro 26 thousand was recognised for this wind farm.

No need for impairment was identified for the two CGUs "project development" and "service products". With regard to the CGU "service products", the Board of Management is of the opinion that no reasonable change in the fundamental assumptions that are used to determine the recoverable amount will lead to impairment losses. With regard to the CGU "project development", the Board of Management assumes that a 3 percent change in the interest rate would have the effect that the total of book values would exceed the recoverable amount of the CGU by euro 6,451 thousand.

Carrying amounts of goodwill allocated to the relevant cash-generating units:

	Project development	Service products	Electricity generation	Total
in thousand euro	2022	2022	2022	2022
Carrying amount of goodwill	54,001	10,385	10	64,396

	Project development	Service products	Electricity generation	Total
in thousand euro	2021	2021	2021	2021
Carrying amount of goodwill	52,854	10,385	36	63,275

2. Property, plant and equipment

In the fiscal years since 2017, the Company constructed and commissioned company-owned wind farms/portfolio projects. Since these projects were operated by the Company itself regardless of their current or future shareholder structures and used to generate electricity, these wind farms were classified as fixed assets from the date of sale within the Group in accordance with IAS 16. Until a decision is made regarding the external sale or internal operation, they were recognised in the inventories pursuant to IAS 2. The reclassification from Group inventories to Group fixed assets was carried out without affecting the statement of comprehensive income and, therefore, has not resulted in a reduction in the "change of inventories" item.

The wind farm projects were financed, in part, by public KfW loans. These loans were measured using the effective interest method upon acquisition. The difference between the fair value and the nominal value of loans of currently euro 54,819 thousand (prior year: euro 12,820 thousand) is recognised through profit or loss over the term of the loans.

As in the previous year, there are restrictions on disposal with regard to the administration building including land in Cuxhaven, for which a land charge of euro 4,170 thousand is registered (prior year: euro 4,170 thousand).

3. Rights of use

The PNE Group has accounted for leases in accordance with the requirements of IFRS 16. Due to the recognition of right-of-use assets, an amount of euro 87,333 thousand is recognised in the statement of financial position as at December 31, 2022 (prior year: euro 64,732 thousand). In addition, further right-of-use assets amounting to euro 18,200 thousand (prior year: euro 42,138 thousand), during the implementation phase until completion of the projects, are reported under inventories as at December 31, 2022.

4. Long-term financial assets

In addition to the Company's investments in associated companies (including joint ventures) amounting to euro 515 thousand (prior year: euro 461 thousand), long-term financial assets include shares in affiliated companies that are not fully consolidated in the consolidated financial statements due to their minor significance, which amount to euro 474 thousand (prior year: euro 242 thousand). The Company does not intend to sell the investments in the long term. In addition, the item includes loans of euro 424 thousand (prior year: euro 188 thousand). Furthermore, the item "other long-term loan receivables" includes the pro rata long-term loan receivables of euro 11,986 thousand from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2021: euro 499 thousand).

In the 2022 fiscal year, write-downs of euro 125 thousand (prior year: euro 0 thousand) were made on long-term financial assets.

Please refer to chapter IV.5. for the categorisation and valuation of financial instruments.

Interests in **joint ventures** are accounted for using the equity method. It is a joint venture because there is joint control on the basis of contractual agreements.

Investments in **associated companies** are accounted for in the consolidated financial statements using the at-equity method.

The summarised information below represents amounts shown in the associated companies' financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

Details regarding the Group's material associated companies are indicated in the following tables:

Associated companies	Core business	Seat	Shareholding and voting rights	
			31.12.2022	31.12.2021
Windpark Altenbruch GmbH	Electricity generation from wind energy	Cuxhaven	50%	50%

Reconciliation account of the above summarised financial information to the carrying amount of the interest in Windpark Altenbruch GmbH in the consolidated financial statements:

Windpark Altenbruch GmbH

in thousand euro	31.12.2022	31.12.2021
Net assets of the joint venture	1,076	925
Shareholding of the Group	50%	50%
Goodwill	0	0
Dividend received	-32	-16
Book value of the shareholding	506	447

Windpark Altenbruch GmbH

in thousand euro	31.12.2022	31.12.2021
Short-term assets	318	162
Long-term assets	770	770
Short-term debts	-12	-7
Long-term debts	0	0

Windpark Altenbruch GmbH

in thousand euro	2022	2021
Revenues	21	21
Net income from continuing operations	-18	-10
Post-tax result from discontinued operations	0	0
Net income	-18	-10
Other result	0	0
Total result	-18	-10
Dividend received from the associated company	32	16

Summarised information about associated companies that are of minor significance:

in thousand euro	31.12.2022	31.12.2021
Total of book values of the Group's shares in these companies	9	15

5. Inventories

in thousand euro	31.12.2022	31.12.2021
Raw materials, consumables and supplies	285	289
Work in progress	110,083	122,529
Finished goods and merchandise	2	2
Prepayments made	37,001	40,891
	147,371	163,711

In the fiscal years since 2017, the Company constructed and commissioned company-owned wind farms/portfolio projects. Since these projects were operated by the Company itself regardless of their current or future shareholder structures and used to generate electricity, the wind farms were classified as fixed assets from the date of sale within the Group in accordance with IAS 16. The assets were reclassified from Group inventories to Group fixed assets.

As at December 31, 2022, right-of-use assets totalling euro 18,200 thousand (prior year: euro 42,138 thousand) were recognised under the inventories. These right-of-use assets relate to wind or photovoltaic projects currently in the implementation phase. These right-of-use assets are recognised under inventories until completion of the projects and subsequently reclassified from Group inventories to Group right-of-use assets. Impairment losses of euro 1,418 thousand were recognised on the right-of-use assets, which are reported in the consolidated statement of comprehensive income under amortisation of intangible assets and depreciation of property, plant and equipment and right-of-use assets in analogy to those of the right-of-use assets held as fixed assets.

In the 2022 fiscal year, an amount of euro 8,264 thousand (prior year: euro 5,041 thousand) in respect of write-downs of inventories to the net realisable value was recognised as an expense in the changes in inventories. Euro 3,296 thousand (prior year: euro 110 thousand) is attributable to Germany and euro 4,968 thousand (prior year: euro 4,931 thousand) to foreign countries. The write-downs were made primarily because circumstances such as extended approval periods, appeals against planned projects or changed framework conditions related to the respective project have led to the fact that some projects can no longer be realised profitably under the previously calculated conditions and the existing assets had to be written down.

The total cost of inventories recognised as an expense was euro 111,671 thousand (prior year: euro 129,819 thousand).

Work in progress includes assets of euro 36,002 thousand (prior year: euro 24,826 thousand) that are expected to be realised or fulfilled after more than twelve months.

Work in progress is divided as follows:

- onshore projects Germany: euro 83.3 million (prior year: euro 100.4 million)
- onshore projects abroad: euro 26.8 million (prior year: euro 22.1 million)

Work in progress changed from euro 122,529 thousand (December 31, 2021) to euro 110,083 thousand as a result of the implementation of projects.

6. Receivables and other assets

Trade receivables

Trade receivables and impairment losses on these receivables relate exclusively to receivables from contracts with customers.

No loan-loss provisions were formed for non-impaired receivables (level 2), since the trade receivables mainly relate to fully financed wind farm or photovoltaic park operating companies (for receivables resulting from project development or general contracting) or to wind farms or photovoltaic parks in operation (receivables from services) with ongoing income.

Reservation of title was agreed to the customary extent for trade receivables; no other collateral was agreed upon.

Other financial assets

Other financial assets comprise other short-term loan receivables and receivables from affiliated companies, associated companies and companies in which an investment is held.

The other short-term loan receivables include loans issued by PNE AG and WKN GmbH to wind farm project companies that have been sold.

Receivables from affiliated companies, associated companies and companies in which an investment is held include short-term other financial receivables, which consist primarily of loan receivables.

No loan-loss provisions were formed for non-impaired loans (levels 1 and 2), since these loans relate to non-consolidated, fully financed wind farm operating companies or wind farms with ongoing income. Existing impairment losses on loans (level 3) result from past changes in the legal framework of certain countries in which the borrowing companies operate, resulting in lower than expected income. All impairment losses were recognised in prior periods, and there are currently no indications that similar regulatory changes could occur that would result in an impairment of existing loans.

The other assets include the pro rata loan receivables of euro 12.0 million from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2021: euro 0.5 million).

No collateral was agreed for the other financial assets.

Other information about financial assets pursuant to IFRS 7

Credit losses on trade receivables measured using the simplified approach and on other financial assets measured using the general approach developed as follows:

in thousand euro	General Approach			Simplified Approach	Total
	Level 1	Level 2	Level 3		
Balance on 1.1.2021	-	-	3,174	499	3,673
Transfer to level 1	-	-	-	-	-
Transfer to level 2	-	-	-	-	-
Transfer to level 3	-	-	-	-	-
Financial assets derecognised in the reporting period	-	-	-	-	-
Write-downs	-	-	-	41	41
Reversals	-	-	-	-74	-74
Balance on 31.12.2021/1.1.2022	-	-	3,174	466	3,640
Transfer to level 1	-	-	-	-	-
Transfer to level 2	-	-	-	-	-
Transfer to level 3	-	-	-	-	-
Financial assets derecognised in the reporting period	-	-	-	-	-
Newly originated or purchased financial assets	-	-	-	-	-
Write-downs	-	-	-	326	326
Reversals	-	-	-	-33	-33
Exchange-rate-related changes and other changes	-	-	-	-	-
Balance on 31.12.2022	-	-	3,174	759	3,933

The following table shows the development of the gross carrying amounts of trade receivables and of the other financial assets in the year under review.

in thousand euro	General Approach				Simplified Approach	Total
	Level 1	Level 2	Level 3			
Balance on 1.1.2021	3,477	-	3,174		40,670	47,321
Transfer to level 1	-	-	-		-	-
Transfer to level 2	-	-	-		-	-
Transfer to level 3	-	-	-		-	0
Newly originated or purchased financial assets and derecognised financial assets	3,889	-	-		-10,712	-6,823
Exchange-rate-related changes and other changes	-	-	-		-	-
Balance on 31.12.2021/1.1.2022	7,366	-	3,174		29,958	40,498
Transfer to level 1	-	-	-		-	-
Transfer to level 2	-	-	-		-	-
Transfer to level 3	-	-	-		-	-
Newly originated or purchased financial assets and derecognised financial assets	2,618	-	-		8,953	11,571
Exchange-rate-related changes and other changes	-	-	-		-	-
Balance on 31.12.2022	9,984	-	3,174		38,911	52,069

The gross carrying amounts of trade receivables and other financial assets by credit risk rating class are as follows:

in thousand euro	General Approach			Simplified Approach
	Level 1	Level 2	Level 3	
Credit risk rating class 1	9,984	-	-	38,911
Credit risk rating class 2	-	-	-	-
Credit risk rating class 3	-	-	3,174	-
Total	9,984	0	3,174	38,911

Financial instruments with risk rating class 1 are not subject to any significant credit risk.

Financial instruments with risk rating class 2 are subject to a higher credit risk.

Financial instruments with risk rating class 3 comprise impaired financial instruments.

The following table shows the carrying amounts and fair values of all **financial assets** by category:

in thousand euro	Category acc. to IFRS 9	Total	Fair value
As at 31.12.2022			
Short-term financial assets			
Cash and cash equivalents	AC	121,582	121,582
Trade receivables	AC	38,152	38,152
Other short-term loan receivables	AC	90	90
Trade receivables from affiliated companies	AC	9,673	9,673
Trade receivables from affiliated companies and those in which an investment is held	AC	221	221
Long-term financial assets			
Shares in affiliated companies	FVOCI	474	474
Shares in companies in which an investment is held	FVOCI	804	804
Other borrowings	AC	424	424
Other long-term loan receivables	AC	11,986	11,986
		183,406	183,406
Total AC		182,128	182,128
Total FVOCI		1,278	1,278
As at 31.12.2021			
Short-term financial assets			
Cash and cash equivalents	AC	149,625	149,625
Trade receivables	AC	29,492	29,492
Other short-term loan receivables	AC	1,204	1,204
Trade receivables from affiliated companies	AC	6,000	6,000
Trade receivables from affiliated companies and those in which an investment is held	AC	162	162
Long-term financial assets			
Shares in affiliated companies	FVOCI	242	242
Shares in companies in which an investment is held	FVOCI	1,208	1,208
Other borrowings	AC	188	188
Other long-term loan receivables	AC	499	499
		188,620	188,620
Total AC		187,170	187,170
Total FVOCI		1,450	1,450

AC = measured at amortised costs

FVOCI = measured at fair value (changes in value recognised in OCI)

Shares in affiliated companies classified as FVOCI and shares in companies in which an investment is held were measured at cost of euro 1,278 thousand (December 31, 2021: euro 1,450 thousand), which is an appropriate estimate of fair value. Currently, there are no net results and dividends attributable to the "FVOCI" category.

The carrying amounts of financial assets in the category "measured at amortised cost" (AC) approximate their fair values on the reporting date. Net income of euro 326 thousand (prior year: euro 41 thousand) relates to impairments reported under other operating expenses, and net income of euro 44 thousand (prior year: euro 76 thousand) to interest income reported under the financial result.

Other assets

Other assets include primarily value added tax receivables.

7. Equity capital

Subscribed capital

The Company's share capital as of January 1, 2022 amounted to euro 76,603,334.00 (prior year: euro 76,603,334.00), divided into 76,603,334 (prior year: 76,603,334) no-par value registered shares with a notional value of 1.00 euro per share in the share capital.

The Company's share capital has not changed in the reporting period. Accordingly, the Company's share capital on the reporting date amounted to euro 76,603,334.00, divided into 76,603,334 no par value registered shares with a notional share of euro 1.00 per share in the share capital.

Authorised Capital 2017

The general meeting of shareholders of May 31, 2017 authorised the Board of Management to increase the Company's share capital, with the approval of the Supervisory Board, in the period up to May 30, 2022, on one or several occasions to a total of up to 38,250,000.00 (Authorised Capital 2017) by issuing new no par value registered shares against contributions in cash and/or in kind.

The Board of Management made no use of Authorised Capital 2017, which expired without replacement on May 30, 2022 due to the lack of a new corresponding authorisation.

Conditional Capital 2017

The general meeting of shareholders of May 31, 2017 also resolved a conditional increase of the share capital of the Company by up to a further euro 20,000,000.00 (Conditional Capital 2017) and at the same time authorised the Board of Management until May 30, 2022 to issue bearer or registered convertible bonds and/or bonds with warrants on one or more occasions with the consent of the Supervisory Board.

The Board of Management made no use of the authorisation for Conditional Capital 2017, which expired without replacement on May 30, 2022 due to the lack of a new corresponding authorisation.

Treasury shares

The general meeting of shareholders of May 22, 2019 authorised the Company's Board of Management to purchase up to May 21, 2024 on one or several occasion treasury shares in a volume of up to 10 percent of the share capital existing at the time the relevant resolution becomes effective or – if this amount is lower – of the share capital existing at the time this authorisation is exercised, for one or more permissible purposes within the scope of the statutory restrictions in accordance with the following provisions. The shares acquired because of this authorisation, together with other treasury shares that the Company has already acquired and that are owned by or attributable to the Company, may not at any time account for more than 10 percent of the share capital. The acquisition may be carried out by the Company, by dependent companies or companies owned by the Company or by third parties acting for the account of such companies or of the Company if the legal requirements, in particular pursuant to Section 71 (2) of the German Stock Corporation Act (AktG), are met. Pursuant to the authorisation, the acquisition shall be effected at the discretion of the Board of Management via the stock exchange or by means of a public purchase offer addressed to all shareholders or by means of a public invitation to all shareholders to submit offers to sell or by granting rights to tender. In the event of an acquisition via the stock exchange, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the share price determined by the opening auction in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange on the day the obligation to purchase is entered into. In the event of an acquisition based on a public purchase offer, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the

Frankfurt Stock Exchange during the last three trading days prior to the first publication of the offer. In the event of an acquisition based on an invitation to submit sales offers or acquisition by granting rights to tender, the purchase price per share (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the non-weighted average closing price of the share in the XETRA trading system (or in a successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the last three trading days prior to the day of acceptance of the sales offers or the day of granting the rights to tender. If, after the publication of a public purchase offer or a public invitation to shareholders to submit sales offers or after the granting of rights to tender, there are significant deviations from the relevant share price, the offer, the invitation to submit sales offers or the rights to tender may be adjusted. In this case, the closing price in the XETRA trading system on the last trading day prior to the publication of the adjustment shall be decisive; the 10 percent limit is to be applied to this amount. The volume of a public purchase offer or a public invitation to submit sales offers (collectively "public purchase offer") can be limited. If the total number of shares tendered for a public purchase offer exceeds the volume of the shares, the acquisition may be effected in proportion to the number of shares tendered (tender quotas); in addition, a preferential acceptance of small numbers (up to 50 shares per shareholder) and rounding in accordance with commercial principles may be provided for in order to avoid fractional amounts of shares. Any further rights of shareholders to tender shares in accordance with the participation quotas are excluded. The total volume of tender rights may also be limited in the case of the granting of rights to tender. If shareholders are granted preemptive rights for the purpose of acquiring shares, these are allocated to the shareholders in proportion to their shareholdings in accordance with the relationship of the volume of shares to be repurchased by the Company to the outstanding share capital. Fractions of rights to tender do not have to be allocated; in this case, any partial rights to tender are excluded. The Board of Management determines the details of the respective acquisition, in particular, of a purchase offer or invitation to submit sales offers. This also applies to the details of any rights to tender, in particular in respect of the term and, if applicable, their tradability. In this context, capital market law and other legal restrictions and requirements must also be observed.

The Board of Management is also authorised to use the shares acquired on the basis of the aforementioned or previously granted authorisation for the following purposes: The shares may be sold via the stock exchange or, with the approval of the Supervisory Board, in accordance with the principle of equal treatment through a public offer to all shareholders pro-rata to their shareholding quota. In the event of a public offer to all shareholders, the subscription right for fractional amounts may be excluded. In addition, the shares may be sold, with the approval of the Supervisory Board, otherwise against payment of a cash purchase price per share which is not significantly lower than the stock price of listed shares of the same class and type at the time of sale. The proportionate amount of the share capital attributable to the total number of shares sold under this authorisation may not exceed 10 percent of the share capital existing at the time this authorisation becomes effective or – if this value is lower – of the share capital existing at the time this authorisation is exercised. In addition, with the approval of the Supervisory Board, acquired treasury shares may also be offered and transferred in return for non-cash contributions, in particular as (partial) consideration for the acquisition of companies, parts of companies or participations in companies or of other assets, including rights and receivables – also against the Company – or of rights to the acquisition of assets, or in connection with business combinations. Furthermore, acquired treasury shares may be used to service purchase rights to shares of the Company from or in connection with bonds with conversion and/or option rights issued by the Company or a direct or indirect 100 percent holding company. Furthermore, acquired treasury shares may be redeemed, with the approval of the Supervisory Board, without the redemption or the implementation requiring a further resolution of the general meeting of shareholders. The redemption results in a capital reduction. However, in accordance with Section 237 (3) no. 3 AktG, the Board of Management may determine that the share capital shall not be reduced, but that the proportion of the remaining shares in the share capital shall be increased in accordance with Section 8 (3) AktG. In this case, the Board of Management is authorised in accordance with Section 237 (3) no. 3, second half-sentence, AktG to adjust the number of shares specified in the articles of association. All the above-mentioned authorisations to sell or otherwise use or redeem acquired treasury shares may be exercised on one or more occasions, in whole or in part, individually or collectively. Shareholders' subscription rights were excluded to the extent that treasury shares are used in accordance with the authorisations described above.

In addition, the general meeting of shareholders of May 22, 2019 authorised the Supervisory Board of the Company to use treasury shares acquired on the basis of the authorisation described above or on the basis of previous authorisations to commit or transfer the shares to current and/or future members of the Company's Board of Management as a remuneration component in the form of a share bonus to the extent permitted by law. This must be subject to the condition that the further transfer of the shares by the respective member of the Board of Management within a period of at least four years from the commitment or transfer (lock-up period) and the conclusion of hedging transactions by which the economic risk from the price trend is transferred in part or in full to third parties for the duration of the lock-up period are not permitted. The commitment or transfer of shares is to be based in each case on the current stock exchange price, using an average assessment to be determined by the Supervisory Board. This authorisation may also be exercised once or several times, in whole or in part, individually or jointly. In addition, the shareholders' subscription right is excluded to the extent that treasury shares are used in accordance with the authorisation granted by the Supervisory Board.

In the reporting period, neither the Board of Management nor the Supervisory Board made use of the authorisation to acquire and use treasury shares, which was granted by the general meeting of shareholders on May 22, 2019.

On December 31, 2022, the Company held 266,803 treasury shares (prior year: 266,803), which it acquired in 2018 by using its authorisation existing at that time, based on a share repurchase offer directed to all shareholders. No treasury shares were used in the 2022 fiscal year.

Capital reserve

The capital reserve includes the premium paid on the shares issued and the equity portion of the convertible bonds. The capital reserve has not changed during the 2022 fiscal year.

Foreign currency reserve

Exchange differences relating to the conversion of the functional currency of foreign operations into the Group's presentation currency are included in the foreign currency reserve.

Consolidated retained earnings

Profits and losses are accumulated in the consolidated retained earnings. As part of the dividend payment 2022, a dividend in the amount of euro 3,053 thousand (euro 0.04 per share) as well as a special dividend in the amount of euro 3,053 thousand (euro 0.04 per share) were distributed to the shareholders from the retained earnings reported in the annual financial statements of PNE AG under commercial law.

For the 2022 fiscal year, the Board of Management and the Supervisory Board propose that a dividend of euro 0.04 as well as a special dividend of euro 0.04 for each no-par value share entitled to a dividend in the 2022 fiscal year be distributed from PNE AG's retained earnings totalling euro 251,571,002.25. The remaining retained earnings shall be carried forward to a new account.

8. Non-controlling interests

The capital consolidation of entities as well as the results from the 2022 fiscal year and past fiscal years resulted in cumulative "non-controlling interests" totalling euro -5,590 thousand (prior year: -7,382 thousand).

The following table shows details of the Group's non-wholly owned subsidiaries that have material non-controlling interests.

Name of subsidiary	Seat	Shareholding and voting rights of non-controlling interests		Profit/loss attributable to non-controlling interests		Cumulative non-controlling interests	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in thousand euro							
WKN sub-group							
of which ATS Energia s.r.l.	Italy	30.00%	30.00%	-18	-7	-6,071	-6,052
of which VKS Vindkraft Sverige	Sweden	20.00%	20.00%	-131	-148	484	615
	South Africa						
of which WKN Windcurrent S.A.	Africa	20.00%	20.00%	-593	-306	-2,609	-2,017
of which Coliaenergia ESPAÑA, S.L.	Spain	49.00%	0.00%	7	0	2,608	0
Others				-74	-2	-2	72
Total of non-controlling interests				-809	-463	-5,590	-7,382

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information represents amounts before intragroup eliminations.

WKN sub-group

in thousand euro	31.12.2022	31.12.2021
Short-term assets	105,780	95,700
Long-term assets	126,317	163,355
Short-term debts	78,477	76,547
Long-term debts	91,199	121,444
Share in equity attributable to the shareholders of the parent company	70,617	68,517
Non-controlling interests	-8,196	-7,453

WKN sub-group

in thousand euro	2022	2021
Total aggregate output	81,765	176,647
Expenses	80,260	181,394
Net income	1,505	-4,747
of which:		
Net income attributable to the shareholders of the parent company	2,247	-4,303
Net income attributable to the non-controlling interests	-742	-444
Other income attributable to the shareholders of the parent company	0	0
Other income attributable to the non-controlling interests	0	0
Other income	0	0
Total income attributable to the shareholders of the parent company	2,247	-4,303
Total income attributable to the non-controlling interests	-742	-444
Total income	1,505	-4,747

WKN sub-group

in thousand euro	31.12.2022	31.12.2021
Dividends paid to non-controlling interests	0	0
Net cash flows from operating activities	-1,183	53,890
Net cash flows from investing activities	-26,269	-91,610
Net cash flows from financing activities	8,951	36,433
Total net cash flows	-18,501	-1,287

9. Deferred subsidies from public authorities

Since 2000, the Company has received investment grants in the total amount of euro 1,746 thousand for the construction of an office building, the extension of the business building and for fixtures and fittings.

The reversal of the investment grants is based on the useful life of the underlying assets. During the reporting period, a total amount of euro 47 thousand (prior year: euro 47 thousand) was reversed.

10. Provisions for taxes

The tax provisions include current taxes on income, which were set up for past fiscal years and the 2022 fiscal year.

There are tax risks from the corporate, trade and sales tax field audit at WKN GmbH for the years from 2010 to 2013 and 2014 to 2016. In addition, an audit was announced for the years 2017 to 2020. The tax assessments for the years 2010 to 2013 in accordance with the completed tax audit are not yet legally binding. Based on the discussions between the management of WKN GmbH and its tax advisors on the one hand and the tax authorities on the other, there are different views regarding the tax treatment of individual items of the years 2010 to 2013. Corresponding appeals against significant parts of the corporate income tax and trade tax assessments were filed. A stay of execution was granted by the tax authority. The tax audit for the years 2014 to 2016 is still ongoing. Possible findings of the tax audit for 2010 to 2013 might have an impact on the net assets, financial position and results of operations of WKN GmbH and the PNE Group in the single-digit million range. Based on the current state of knowledge, the Board of Management of PNE AG continues to assume that the tax-related presentation of the issues is accurate. Taxes were paid for individual selected issues addressed in the context of the tax audit. However, for the economically predominant part of the issues raised during the tax audit for 2010 to 2013, the Board of Management still sees no reason to recognise a provision in the consolidated statement of financial position as at December 31, 2022. Even if a provision were formed covering all aspects of the tax audit, this would have no effect on the published guidance for the 2022 fiscal year, as possible effects on earnings would be reported under tax and interest expenses and thus outside EBITDA. The probability of such risks occurring is still regarded as low, but the impact of occurrence as serious. The occurrence of such a risk would have an impact of up to a further euro 7 million, in addition to the provisions already made, on the net assets, financial position and results of operations. The risk can therefore be classified as "medium" in accordance with the risk management definition.

11. Other provisions

The other provisions developed as follows:

in thousand euro	1.1.2021	Consumption	Reversal	Addition	31.12.2022
Litigation costs	15	15	0	0	0
Other	5,183	478	791	2,133	6,047
	5,198	493	791	2,133	6,047

The other provisions relate primarily to dismantling obligations for the wind farms owned by the Company; the remaining amount is attributable to other short-term provisions.

12. Financial liabilities

The values shown are attributable to corporate bonds, liabilities to banks, other financial liabilities, liabilities from leasing contracts as well as derivatives.

The book values of financial liabilities have the following remaining terms or the following fair values:

in thousand euro	Category acc. to IFRS 9	Total	up to 1 year	1 to 5 years	more than 5 years	Fair value
As at 31.12.2022						
Trade liabilities	AC	44,572	44,572	0	0	44,572
Fixed-interest-bearing						
Bonds	AC	53,754	0	53,754	0	55,000
Liabilities to banks	AC	396,198	32,350	132,902	230,947	451,017
Other financial liabilities	AC	1,683	1,018	665	0	1,683
Lease liabilities	AC	117,010	5,803	20,500	90,708	117,010
Variable-interest-bearing						
Liabilities to banks	AC	3,006	3,006	0	0	3,006
Derivatives						
Interest rate swap	FVPL	1,156	60	240	856	1,156
		617,380	86,809	208,061	322,510	673,445
As at 31.12.2021						
Trade liabilities	AC	34,398	34,398	0	0	34,398
Fixed-interest-bearing						
Bonds	AC	49,521	0	49,521	0	50,250
Liabilities to banks	AC	351,711	21,290	101,543	228,878	364,531
Other financial liabilities	AC	1,066	1,066	0	0	1,066
Lease liabilities	AC	110,580	6,862	18,809	84,909	110,580
Variable-interest-bearing						
Liabilities to banks	AC	42	42	0	0	42
Derivatives						
Interest rate swap	FVPL	5,484	360	1,431	3,693	5,484
		552,801	64,017	171,304	317,480	566,350

AC = measured at amortised costs

FVPL = measured at fair value through profit or loss

The **fair values** of financial instruments listed in the tables were derived from market information available on the reporting date and the methods and assumptions presented below. The fair value is determined in line with generally accepted pricing models based on discounted cash flow analyses and using observable current market prices for similar instruments (level 2). As in the previous year, there were no transfers between the hierarchy levels in the current fiscal year.

The fair values of liabilities to banks and other financial liabilities are determined using current interest rates at which similar loans with identical maturities could have been taken out on the reporting date.

The determination of the fair values of bonds is based on the observable price quotations as at the reporting date.

The fair values of interest rate swaps are calculated using forward interest rates (observable yield curves on the reporting date) and the estimated contractual interest rates, which were discounted on the reporting date using the yield curve.

The valuation of trade liabilities and other financial liabilities is based on the assumption that the fair values correspond to the carrying amounts of these financial instruments in view of their short remaining terms.

Net results from financial liabilities carried at amortised cost consist exclusively of interest totalling euro 9,117 thousand (prior year: euro 6,321 thousand), which is included in financial expenses.

The net result from financial liabilities measured at fair value is derived from the subsequent measurement at fair value in the amount of euro 1,156 thousand (prior year: euro 5,484 thousand). The figures are recognised in the statement of comprehensive income under the items "other interest and similar income" as well as "interest and similar expenses".

The following table analyses the financial liabilities of the Group by the relevant maturity bands:

in thousand euro	Total contractual cash flows	up to 1 year	1 to 5 years	more than 5 years	Carrying amount
As at 31.12.2022					
Trade liabilities	44,572	44,572	0	0	44,572
Bond	67,504	2,750	64,754	0	53,754
Liabilities to banks	510,770	41,670	151,883	317,217	399,204
Other financial liabilities	1,814	1,069	745	0	1,683
Lease liabilities	140,022	7,699	27,991	104,332	117,010
Interest rate swap	1,156	60	240	856	1,156
	765,838	97,820	245,613	422,405	617,380
As at 31.12.2021					
Trade liabilities	34,398	34,398	0	0	34,398
Bond	54,184	1,995	52,189	0	49,521
Liabilities to banks	411,894	26,819	118,556	266,519	351,753
Other financial liabilities	1,098	1,098	0	0	1,066
Lease liabilities	128,419	8,405	24,778	95,236	110,580
Interest rate swap	5,484	360	1,431	3,693	5,484
	635,476	73,074	196,954	365,448	552,801

The table analyses the financial liabilities of the Group by the relevant maturity bands, based on their **contractual terms** for:

- (a) all non-derivative financial liabilities and
- (b) derivative financial instruments that are settled on a net basis and whose contractual maturities are material to an understanding of the timing of cash flows.

The amounts shown in the table are the contractual non-discounted cash flows. Balances due within twelve months correspond to their carrying amounts, as the effect of discounting is not significant. In the case of interest rate swaps, the cash flows were estimated using the forward interest rates applicable at the end of the reporting period.

Bonds

In the reporting period, the Company had the corporate bond 2018/2023 and the corporate bond 2022/2027, which developed as follows:

Corporate Bond 2018/2023

in thousand euro	2022	2021
Status on 1.1.	49,521	49,183
Issued	0	0
Interest accrued	479	338
Repaid	50,000	0
Status on 31.12.	0	49,521

Corporate Bond 2022/2027

in Tsd. Euro	2022	2021
Status on 1.1.	0	0
Issued	53,687	0
Interest accrued	68	0
Repaid	0	0
Status on 31.12.	53,755	0
Total	53,755	49,521

Corporate bond 2018/2023

In May 2018, PNE AG issued a corporate bond with a volume of euro 50,000,000.00, bearing interest of 4 percent p.a., for the further development of the business model and the establishment of a new European wind farm portfolio for the financing of investments to expand the value chain and for general corporate financing. The bonds from the 2018/2023 corporate bond have been included in the over-the-counter market at the Frankfurt Stock Exchange since May 2, 2018.

Based on a public exchange offer made in May/June 2022 to the holders of the bonds of the 2018/2023 corporate bond, PNE AG has offered to exchange these bonds for bonds under the 2022/2027 corporate bond. Units of the 2018/2023 bond in the aggregate principal amount of euro 32,073,000.00 were tendered for exchange under the exchange offer valid from May 23, 2022 to June 13, 2022.

By notice dated June 29, 2022, PNE AG exercised its right, pursuant to § 4 no. 2 of the bond terms and conditions of the 2018/2023 corporate bond, to prematurely call all of the bonds still outstanding and not submitted for exchange, which amounted to an aggregate principal amount of euro 17,927,000.00, with effect as of the end of July 29, 2022. The repayment of the outstanding bonds from the 2018/2023 corporate bond took place on August 1, 2022 at an amount of 101 percent of the nominal amount plus accrued and unpaid interest until July 31, 2022 (inclusive). As a result of the repayment, all liabilities of PNE AG arising from the corporate bond 2018/2023 had been settled, and legal relationships between the issuer and the bondholders no longer exist in connection with the corporate bond 2018/2023.

Corporate bond 2022/2027

To improve its financing structures and to finance measures of external and internal growth as well as for general business purposes, PNE AG issued a corporate bond with a volume of euro 55 million in June 2022. The bonds from the 2022/2027 corporate bond have been included in the open market at the Frankfurt Stock Exchange since June 23, 2022.

The bonds from the 2022/2027 corporate bond bear interest of 5 percent p.a. on their nominal amount with effect from June 23, 2022 (inclusive) to June 23, 2027 (exclusive). Interest is payable in arrears on June 23 of each year. According to the bond terms and conditions, the interest rate may increase by up to 0.5 percentage points depending on the equity ratio resulting from the Company's consolidated balance sheet.

PNE AG is obliged to repay the bonds on June 23, 2027 at the nominal amount, insofar as they have not been fully or partially repaid or bought back and invalidated earlier. According to the bond terms and conditions, PNE AG also has the right to repay bonds with a total nominal value of at least euro 5 million as of June 23, 2025 at the earliest, in which case the repayment amount is higher than the nominal value.

In the case of a change of control, each bondholder has the right, in accordance with the bond terms and conditions, to demand early repayment of bonds from PNE AG as the issuer. In this connection, a change of control is deemed to have occurred if the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 [5] of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of such a number of the issuer's shares, which represent 50 percent or more of the voting rights.

Liabilities to banks

The interest rates for fixed interest liabilities to banks range between 0.79 percent and 3.91 percent. The Company is exposed to an interest rate risk in respect of its variable interest liabilities to banks. In 2022, the relevant interest rates ranged between 2.85 percent and 14.89 percent (overdraft interest rate). Variable interest rates are adjusted at intervals of less than one year. The liabilities to banks have terms to maturity up to 2042.

As at December 31, 2022, an amount of euro 451,017 thousand of the reported liabilities to banks (prior year: euro 364,479 thousand) is secured by:

1. Registered mortgage of euro 4,170 thousand and the assignment of rental income from the property Peter-Henlein-Str. 2-4, Cuxhaven,
2. Assignment as security of all rights under contracts in connection with the Pülfringen wind farm and assignment of all receivables of this wind farm,
3. Assignment as security of all rights under contracts in connection with the wind farms Gerdau-Repowering, Kittlitz III, Kleinbüllesheim, Kührstedt A, Kührstedt B, Kührstedt Bederkesa, Neuenwalde and Schlenzer as well as assignment of all receivables of these wind farms,
4. Assignment as security of all rights under contracts in connection with the wind farms Adensen Ost, Boitzenhagen, Kuhstedt II and Zahrenholz and assignment of all receivables of these wind farms,

5. Assignment as security of all rights under contracts in connection with the wind farms Langstedt, Lentförden and Holstentor as well as assignment of all receivables of these wind farms,
6. Assignment as security of all rights under contracts in connection with the wind farms Windpark Gnutz 1, Groß Oesingen, Hamwarde, Mannsbach, Schenklengsfeld II, Schenklengsfeld II B and Wahlsdorf as well as assignment of all receivables of these wind farms,
7. Assignment as security by pledging the shares in PNE Power Generation GmbH as part of the pro rata interim equity financing of wind power turbines,
8. Assignment as security by pledging the shares in PNE WIND West Europe GmbH, PNE Portfolio 2 GmbH and WKN Wertewind Betriebsgesellschaft mbH as part of the pro rata interim equity financing of wind farm portfolios.

Security reason (no. for listing)

<u>in thousand euro</u>	<u>Valued amount 2022</u>	<u>Valued amount 2021</u>
Wind farms Adensen Ost, Boitzenhagen, Kuhstedt II and Zahrenholz (4)	134,844	93,257
Wind farms Gnutz 1, Groß Oesingen, Hamwarde, Mannsbach, Schenklengsfeld II, Schenklengsfeld II B and Wahlsdorf (6)	107,357	64,113
Wind farms Kührstedt A, Kührstedt B, Kührstedt Bederkesa, Kittlitz III, Gerdau Repowering, Neuenwalde, Schlenzer, Kleinbüllesheim (3)	106,953	115,007
Wind farms Langstedt, Lentförden and Holstentor (5)	59,433	61,127
Interim equity financing of wind farm portfolios (8)	36,196	22,966
Land charge for company headquarters in Cuxhaven (1)	3,433	3,594
Other credit lines in the Group	3,305	92
Interim equity financing of wind turbines for repowering (7)	2,501	3,827
Wind farm Pülfringen (2)	0	588

As at December 31, 2022, the Group also had

- working capital facilities of euro 15.1 million (prior year: euro 15.1 million), of which euro 3.0 million was used as at December 31, 2022 (prior year: euro 0.0 million),
- credit lines for project debt capital financing of euro 35.0 million (prior year: euro 63.3 million).

The Group concluded an agreement (letter of intent) with a bank for further interim equity financing of projects of up to euro 27.1 million, on the basis of which separate interim equity financing agreements can be concluded after the commissioning of the projects. As at December 31, 2022, an amount of euro 23.1 million had already been used.

In addition, the Group had credit lines for guarantee and contract fulfilment obligations (excluding guarantee lines granted by banks in connection with ongoing project financing) of euro 40.0 million on December 31, 2022 (as at December 31, 2021: euro 34.2 million). The Group had used euro 6.3 million of the credit lines for guarantee and contract fulfilment as at December 31, 2022 (prior year: euro 4.8 million).

There were no defaults or other performance failures regarding interest or redemption on the reporting date and it is not expected that the securities will be used.

Other financial liabilities

The other financial liabilities include derivatives (interest rate swaps) totalling euro 1.2 million (prior year: euro 5.5 million).

There were no defaults or other performance failures regarding interest or redemption on the reporting date.

Lease liabilities

PNE has applied the standard IFRS 16 Leases as of January 1, 2019.

Carrying amounts in connection with leases

in thousand euro	2022	2021
Recognised in right-of-use assets		
Rights of use for land, buildings and similar assets	86,048	63,339
Rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	1,285	1,393
	87,333	64,732
Recognised in inventories		
Rights of use for land, buildings and similar assets recognised in inventories	18,200	42,138
	18,200	42,138
Recognised in financial assets		
Long-term financial liabilities	111,207	103,719
Short-term financial liabilities	5,803	6,862
	117,010	110,580
Additions to rights of use		
of which rights of use for land, buildings and similar assets	5,629	17,553
of which rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	788	701
of which rights of use for land, buildings and similar assets recognised in inventories	8,609	24,990
	15,026	43,244

Expenses and income in connection with leases

in thousand euro	2022	2021
Scheduled depreciation on rights of use for land, buildings and similar assets	5,413	4,608
Scheduled depreciation on rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	897	1,022
Scheduled depreciation on rights of use for land, buildings and similar assets recognised in inventories	1,418	2,654
Impairment on rights of use	0	0
Interest expenses from lease liabilities	1,988	1,665
Expenses	9,716	9,949
Income from subleasing of rights of use	361	365
Income	361	365
The total payments for leases in the fiscal year amounted to	7,828	7,152

The payments for the interest portion resulting from lease liabilities are presented in the cash flow from operating activities. The payments for the principal portion of lease liabilities are presented in the cash flow from financing activities.

PNE has rented various office buildings and plots of land for the operation of wind farms and photovoltaic parks as well as vehicles. Rental agreements are usually concluded for fixed periods of two years to 25 years, taking into account the usual extension options for the operation of wind farms and photovoltaic parks.

There were no effects due to the Corona pandemic in the form of rental concessions during the reporting period.

Reconciliation of debts from financing activities

The following reconciliation shows the changes between the opening balance sheet value and the closing balance sheet value of liabilities from financing activities - both cash and non-cash changes.

in thousand euro	Non-cash changes						Closing balance on 31.12.2022
	Opening balance on 1.1.2022	Cash flow (cash change)	Acquisition of companies	Changes in fair value	Interest-related changes	Other	
Bonds	49,521	5,000	-	-	547	-1,314	53,754
Liabilities to banks	351,753	89,152	299	-	-41,999	-	399,205
Other financial liabilities	6,549	-3,709	-	-	-	-	2,840
Lease liabilities	110,580	-7,828	-	-	-	14,258	117,010
Liabilities from financing activities	518,403	82,615	299	0	-41,452	12,944	572,809

in thousand euro	Non-cash changes						Closing balance on 31.12.2021
	Opening balance on 1.1.2021	Cash flow (cash change)	Acquisition of companies	Changes in fair value	Interest-related changes	Other	
Bonds	49,183	-	-	-	338	-	49,521
Liabilities to banks	239,246	122,179	-	-	-9,672	-	351,753
Other financial liabilities	8,681	-2,132	-	-	-	-	6,549
Lease liabilities	75,014	-7,152	-	-	-	42,718	110,580
Liabilities from financing activities	372,124	112,895	0	0	-9,334	42,718	518,403

13. Other liabilities

Deferred revenues

The item of euro 28,548 thousand (prior year: euro 25,189 thousand) is attributable primarily to prepayments made by wind farm operating companies for the use of transformer stations. These deferred revenues correspond to contract liabilities in accordance with IFRS 15 and are released to income over the term of the usage contracts (20 to 25 years).

Other liabilities

The other liabilities include mainly value added tax liabilities of approx. euro 1.2 million (prior year: euro 2.0 million).

14. Financial instruments and principles of risk management

Apart from default risks and liquidity risks, the Group's assets, liabilities and planned transactions are exposed to risks from changing exchange rates and interest rates. The objective of financial risk management is to limit these risks through ongoing activities at the operational and financial level.

In respect of the market price risks, the Group uses derivative financial instruments depending on the assessment of risk. Derivative financial instruments are used solely for hedging purposes, i.e. they are not used for trading or other speculative purposes. The Group does not make use of hedge accounting.

The main elements of financial policy are determined by the Board of Management and are monitored by the Supervisory Board. The Finance and Controlling department is responsible for implementing financial policy and ongoing risk management. Certain transactions require the prior approval of the Board of Management, which is kept informed at regular intervals about the scope and the amount of the current risk exposure. The principles of risk management have not changed compared to the previous year.

Risk categories within the meaning of IFRS 7

Credit risk

The Group is exposed to a counterparty default risk from its operating business and certain financing activities. The default risk arising from financial assets is recognised through appropriate valuation adjustments, taking existing collateral into account. In order to reduce the default risk relating to non-derivative financial instruments, the Group takes various precautionary measures, such as obtaining collateral or guarantees where it appears appropriate as a result of creditworthiness checks. The default risk is considered minimal for the financial assets which are neither past due nor impaired.

The maximum default risk is reflected primarily by the carrying amounts of the financial assets stated in the statement of financial position (including derivative financial instruments with a positive market value). On the reporting date, there were no material agreements reducing the maximum default risk (e.g. netting arrangements).

Liquidity risk

In order to guarantee the Group's ability to pay its debts at any time and its financial flexibility, revolving liquidity plans are prepared, which show the inflow and outflow of liquidity both in the short term and in the medium and long terms.

The analysis of maturities of financial liabilities with their contractual terms to maturity is shown in chapter V.12. "Financial liabilities".

Market risk

In the area of market price risks, the Group is exposed to currency risks, interest rate risks and other price risks.

Currency risks

The Group's currency risks result primarily from its operating activity and investments. Risks from foreign exchange rates are hedged insofar as they have a material influence on the cash flows of the Group.

In the operating area, the foreign exchange risks are attributable primarily to the fact that transactions recognised in the statement of financial position and planned transactions are processed in a currency other than the functional currency (euro).

Foreign exchange risks in the financing area are attributable to financial liabilities in foreign currency and loans in foreign currency, which are granted to Group companies for financing purposes. At the end of the year, the Group had short-term trade liabilities denominated in foreign currencies, which do not result in a material risk from the viewpoint of the Company.

In the investment area, foreign currency risks arise mainly from the acquisition or disposal of investments in foreign companies.

To hedge against significant foreign exchange risks, the Group will use currency derivatives in the form of forward exchange transactions and foreign currency option contracts, if necessary. These currency derivatives secure the payments up to a maximum of one year in advance. On the reporting date, the Group was not exposed to significant foreign exchange risks in the operating area. For this reason, hedging transactions against foreign currency risks had not been concluded as at the reporting date.

In accordance with IFRS 7, the Group prepares sensitivity analyses in respect of market price risks in order to establish the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of the financial instruments on the reporting date. It is assumed that the volume of the financial instruments on the reporting date is representative for the year as a whole.

Due to the low level of assets and liabilities in foreign currencies, the Group is not exposed to a material currency risk. Currencies other than the euro that are relevant for the Group were denominated in insignificant amounts in US dollars on the reporting date.

Interest risks

The Group is exposed to interest risks mainly in the Euro zone. Taking the actual and the planned debt structure into account, the Group uses generally interest derivatives (interest rate swaps, interest caps) to counteract interest rate risks.

In the year under review, interest rate swaps were concluded in connection with new loans taken out because, from a business policy perspective, the time was right for the conclusion of the interest rate swaps.

In accordance with IFRS 7, interest rate risks are presented by means of sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other items included in the results and, if applicable, on the shareholders' equity. Interest rate sensitivity analyses are based on the following assumptions:

→ Changes in the interest rate of non-derivative fixed interest bearing financial instruments affect profit or loss only if these instruments are measured at fair value. Accordingly, all fixed interest financial instruments carried at amortised cost are not exposed to interest rate risks within the meaning of IFRS 7.

→ Changes in market interest rates have an effect on the interest result of non-derivative variable-interest financial instruments whose interest payments are not designated as underlying transactions in the context of cash flow hedges hedging against interest rate changes, and they are therefore taken into account in sensitivity analyses relating to the results.

→ Changes in market interest rates of interest derivatives which are not integrated into a hedging relationship pursuant to IAS 39 have an effect on the interest result (valuation result from the adjustment of the financial assets to the fair value), and they are therefore taken into account in sensitivity calculations relating to the results.

If the market interest level on December 31, 2022 had been higher (lower) by 100 basis points, no effects would have occurred with regard to a revaluation reserve in the shareholders' equity. In addition, the interest result would have been euro 11 thousand lower/higher (prior year: euro 55 thousand).

Other price risks

In order to represent market risks, IFRS 7 also requires information on how hypothetical changes in other price risk variables can have an effect on the prices of financial instruments. In particular stock market prices or indices are relevant risk variables.

On December 31, 2022 and on December 31, 2021, the Company had no material financial instruments in its portfolio that were exposed to other price risks.

Risk concentration

Beyond the general (capital) market risks, there is no significant risk concentration from the management's point of view.

Fair values

The Group's financial instruments which are not carried at fair value include mainly cash equivalents, trade receivables, trade liabilities and other financial liabilities, overdrafts and long-term loans.

The book value of cash equivalents and overdrafts is very close to their market value due to the short term of these financial instruments. As regards receivables and liabilities which are based on standard trade credit conditions, the book value based on historical cost is also very close to the market value.

The fair value of long-term liabilities is based on the currently available interest rates for outside capital borrowed with the same maturity and credit rating profile.

Depending on the market value on the reporting date, derivative financial instruments are reported as other asset (with positive market value) or other liability (with negative market value).

Capital management

The objectives of the Company's capital management are

- ensuring the continued existence of the Company,
- guaranteeing adequate interest yield on shareholders' equity and
- maintaining an optimum capital structure that minimises capital costs as much as possible.

In order to maintain or to modify the capital structure, the Company issues new shares as required, assumes liabilities or disposes of assets to redeem liabilities.

The capital structure is monitored using the debt/equity ratio, which is calculated from the ratio of net borrowed capital to total capital. The net borrowed capital consists of short- and long-term financial liabilities (liabilities to banks, bonds, liabilities to leasing companies, other financial liabilities) less cash and cash equivalents. The total capital consists of shareholders' equity plus net borrowed capital.

Individual companies of the "electricity generation" segment are subject to liquidity reserve requirements from banks, which are taken into account in monitoring the capital structure, but in total have no significant impact on the capital structure and its availability at the Group level.

The strategy of the Company is to maintain a debt/equity ratio of no more than 70 to 80 percent in order to ensure continued access to borrowed capital at reasonable cost by maintaining a good credit rating.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at December 31, 2022 amounted to euro -451.2 million (December 31, 2021: net debt of euro -368.8 million).

in thousand euro	31.12.2022	31.12.2021
Financial liabilities	572,809	518,403
./. Cash and cash equivalents	121,582	149,625
= Net borrowed capital	451,227	368,778
+ Shareholders' equity	232,147	221,793
= Total capital	683,374	590,571
Debt ratio	66.03%	62.44%

The strategy for monitoring the capital structure, which was unchanged compared with the previous year, has again fulfilled its objectives insofar as both the debt/equity ratio was not exceeded and as all external requirements for securing liquidity were met.

VI. NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

1. Revenues

Revenues are broken down according to product and service areas within the Group. In the reporting period, revenues were generated primarily from the segments "project development" (project planning of wind farm and photovoltaic projects) and "service products" (management and servicing of wind power and photovoltaic plants as well as revenues from transformer station usage fees). In the "electricity generation" segment, revenues were achieved primarily by the sale of electricity from ongoing operations of wind farms and of the Silbitz biomass power station..

in thousand euro	2022	2021
Revenues from contracts with customers	112,796	102,287
Other sources of revenues	13,375	15,441
Total revenues	126,171	117,728

The Group generates revenues from the transfer of goods and the provision of services, both over a period of time and at a point in time, in the following key product and service areas and geographical regions:

in thousand euro	2022				
	Project development				
	Germany	Abroad	Services	Electricity generation	Total
Revenues from contracts with customers	4,425	16,861	18,399	73,111	112,796
Other revenues	1,432	11,943	0	0	13,375
Revenues	5,857	28,804	18,399	73,111	126,171
Time of revenue recognition					
at a point in time	4,425	16,861	0	0	21,286
over time	0	0	18,399	73,111	91,510

in thousand euro	2021				
	Project development				
	Germany	Abroad	Services	Electricity generation	Total
Revenues from contracts with customers	1,325	52,167	17,142	31,653	102,287
Other revenues	1,412	14,029	0	0	15,441
Revenues	2,737	66,196	17,142	31,653	117,728
Time of revenue recognition					
at a point in time	1,325	52,167	0	0	53,492
over time	0	0	17,142	31,653	48,795

Other sources of income relate, in particular, to gain on disposal, recognised pursuant to IFRS 10, from the sale of shares in entities that operate in the project business.

Contractually agreed revenue volumes from services, which were attributable to performance obligations not yet fulfilled as at December 31, 2022, are expected to be recognised as revenue, net of expected sales deductions, as follows:

in thousand euro	2022	2021
Outstanding transaction price as at December 31	68,116	65,780
of which recognised as revenue within 1 year	6,266	6,845
of which recognised as revenue after 1 up to 5 years	19,218	16,959
of which recognised as revenue after more than 5 years	42,632	41,976

The changes in deferred revenues (contract liabilities) between January 1, 2022 and December 31, 2022 result from the following factors:

in thousand euro	2022	2021
Contract liabilities as at January 1	25,189	21,965
Additions	5,108	4,805
Revenue recognised in the reporting period that was included in contract liabilities as at January 1	-1,749	-1,581
Contract liabilities as at December 31	28,548	25,189

Contract liabilities arise primarily from advance payments made by wind farm operating companies for the use of transformer stations and from advance payments for services.

2. Other operating income

Other operating income includes mainly the following effects:

- Insurance compensation, mainly in connection with wind farm projects and the Silbitz biomass power plant amounting to euro 85 thousand (prior year: euro 750 thousand).
- In the 2022 fiscal year, deferred liabilities of euro 296 thousand (prior year: euro 452 thousand) were reversed, since the reasons for their recognition as a liability no longer existed.
- The reversal of impairment losses on receivables of euro 33 thousand (prior year: euro 74 thousand).
- Since June 2022, Turkey has been classified as a hyperinflationary economy within the meaning of IAS 29. The effects of the purchasing power adjustment of the non-monetary balance sheet items and the items in the statement of comprehensive income are recognised in other operating income. In the 2022 fiscal year, there was a positive result from the net position of monetary items of euro 1,312 thousand.

3. Personnel expenses

Personnel expenses are made up as follows:

in thousand euro	2022	2021
Wages and salaries	36,422	32,886
Social security and pension expenses	6,138	5,612
	42,561	38,499
Average annual number of employees	514	468
Personnel expenses per employee	83	82

The expenses for defined contribution plans pursuant to IAS 19 in the 2022 fiscal year amounted to euro 2,064 thousand (prior year: euro 1,927 thousand).

4. Other operating expenses

Other operating expenses include mainly the following items:

in thousand euro	2022	2021
Repair and maintenance expenses	5,169	4,424
Legal and consulting costs	4,346	3,601
Rental and leasing expenses and incidental rental costs	3,699	1,203
Advertising and travel expenses	2,723	1,622
Vehicle costs	1,811	1,573
Skimming of proceeds	1,538	0
Insurance premiums and contributions	1,463	1,293
Financial statement and auditing costs, incl. tax advice and external accounting	1,183	1,210
IT costs	1,147	852
Expenses unrelated to the period	508	394
Supervisory Board remuneration	442	409
Addition to individual value adjustments on receivables	326	41
Losses from the disposal of assets	4	340

5. Other interest and similar income

Other interest and similar income changed from euro 4,415 thousand in the prior-year period to euro 33,798 thousand in the reporting period. The change is mainly due to the valuation of the interest swaps concluded as part of the project financing. In the valuation of interest rate swaps, rising market interest rates have led to interest income, which was recognised in the amount of euro 17,691 thousand (prior year: euro 3,530 thousand) in the Group ("electricity generation" segment) in the 2022 reporting period. In addition, income of euro 14,935 thousand (prior year: euro 17 thousand) was recognised in the statement of income under other interest and similar income in the reporting period due to the necessary subsequent measurement of liabilities to banks. This is an exceptionally high effect, which is due to the sharp rise in interest rates in recent months, particularly as a result of the Ukraine war and rising inflation. Due to this increase, the assumptions regarding the previously expected interest payment flows after the expiry of the fixed-interest periods had to be adjusted. For the period after expiry of the fixed-interest period, correspondingly higher interest payments have been budgeted for this reason. In addition, the expected effective interest rate was adjusted to market expectations. Although the interest rates determined for the variable cash flows and the discounting will change to a comparable extent, there is no change in the actual cash flows in the fixed-interest period, which in some cases still lasts up to nine years. However, due to the change in the effective interest rate, these comparatively low cash flows are also discounted at the new, significantly higher effective interest rate until the fixed interest rate expires. This effect mainly results in the income to be recognised. Thereafter, correspondingly higher interest expenses than previously assumed will be recognised over the remaining term of the loans, calculated on the basis of the effective interest method. These calculated interest expenses do not correspond to the actual interest payments, which may still be significantly below the expense to be recognised, particularly during the fixed-interest period.

In addition, interest income includes interest on loans and overdrafts of euro 44 thousand (prior year: euro 76 thousand).

6. Interest and similar expenses

Interest and similar expenses include primarily

- interest on the 2018/2023 bond of euro 1,617 (prior year: euro 1,987 thousand),
- interest on the 2022/2027 bond of euro 1,439 thousand (prior year: euro 0 thousand),
- interest on loans and overdrafts of approx. euro 6,061 thousand (prior year: euro 4,334 thousand),

- interest accrued on the transaction costs for bonds of euro 547 thousand (prior year: euro 338 thousand),
- changes in the value of derivative financial instruments (including changes resulting from SWAPs disposed during the year) of euro 1,156 thousand (prior year: euro 891 thousand),
- subsequent measurement of loans payable to banks of euro 3,169 thousand (prior year: euro 842 thousand),
- interest accrued pursuant to IFRS 16 Leases of euro 1,988 thousand (prior year: euro 1,665 thousand).

7. Taxes on income

Income tax expense (prior year: income tax income) is made up as follows:

in thousand euro	2022	2021
Current taxes	7,904	5,977
Deferred taxes		
from consolidation effects	-12,811	-15,944
from separate financial statements and HB II adjustments	14,535	-11,881
	1,724	-27,825
	9,627	-21,848

Current taxes include the corporation tax plus solidarity surcharge and the trade tax for the domestic companies as well as comparable taxes on income for the foreign companies.

For the domestic companies, the corporation tax amounted to 15 percent; the solidarity surcharge remained unchanged at 5.5 percent on corporation tax. Including the trade tax, the total tax liability of the domestic companies was approximately 30 percent.

The individual tax rates for the relevant countries provide the basis for the foreign companies.

There were no major changes in tax expense due to changes in the relevant national tax rates.

On the reporting date, the Group had estimated tax loss carry-forwards of approx. euro 25 million (prior year: euro 49 million) in Germany and of approx. euro 111 million (prior year: approx. euro 87 million) abroad, which can be offset against future profits. A deferred tax asset of euro 3.5 million (prior year: euro 10 million) was recognised for these losses and adjusted in the amount of euro 0.0 million (prior year: euro 0.0 million). In view of the loss situation in the past (abroad) and the tax exemption on parts of the

sales of shares in corporations in Germany, deferred tax assets on loss carry-forwards are only capitalised in the amount that can be reliably realised in the future through positive taxable profit differences. Domestic losses can be carried forward for an indefinite period. In respect of the substantial losses in the USA, the use of losses in the USA is limited to 12 or 20 years, respectively. For losses in Poland, a time limit of five years applies. No deferred taxes were recognised for loss carry-forwards in Germany of euro 11 million (prior year: euro 13 million) and abroad of euro 111 million (prior year: euro 87 million).

The following table shows the reconciliation from the calculated tax income to the income reported in the consolidated statement of comprehensive income:

in thousand euro	2022	2021
Consolidated earnings before taxes on income	23,722	2,816
Tax rate	30.0%	30.0%
Income tax expense – calculated	7,117	845
Different tax rate	-430	334
Additions/reductions (trade tax)	-607	-695
Formation of deferred taxes on loss carry-forwards	0	-10,034
Unrecognised deferred taxes	7,272	7,462
Utilisation of loss carry-forwards	-3,003	-8,678
Tax-free gain on disposal and other tax-free income	-2,695	-10,892
Tax expense/income unrelated to the period	265	506
Non-deductible expenses	-212	-77
Tax effects of fiscal unity	1,919	-620
Other consolidation effects	1	1
Reported taxes	9,627	-21,848

Deferred taxes on valuation adjustments are determined generally on the basis of specific national tax rates. Since the significant items involving deferred taxes are domestic, an average tax rate of 30.0 percent (prior year: 30.0 percent) was applied.

Deferred taxes resulting from valuation differences arose in the following balance sheet items:

	31.12.2022		31.12.2021	
in thousand euro	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Receivables and other assets	0	-6,462	20	-5,180
Inventories	13,869	-3,948	8,789	-2,236
Property, plant and equipment	58,661	-1,540	41,189	-1,549
Intangible assets	3,411	-76	2,406	-87
Other assets	9	-3,834	0	0
Liabilities	581	-16,819	1,628	-3,998
Other provisions	866	0	1,243	0
	77,397	-32,679	55,275	-13,049
Losses carried forward	3,457	0	10,034	0
Other consolidation effects incl. value adjustments	0	0	0	0
	80,854	-32,679	65,309	-13,049
Portion that can be offset	-15,545	15,545	-6,596	6,596
Deferred taxes	65,309	-17,134	58,713	-6,454

8. Earnings per share

Basic earnings per share

In 2022, the annual average number of registered shares amounted to 76,337 thousand (prior year: 76,337).

The basic earnings per share thus amounted to euro 0.20 per share (prior year: euro 0.33 per share).

	2022	2021
Consolidated net income (in thousand euro)	14,903	25,127
Weighted average number of shares issued (in thousands)	76,337	76,337
Earnings per share (in euro)	0.20	0.33

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2022	2021
Consolidated net income before elimination of dilution effects (in thousand euro)	14,903	25,127
- Interest expense on convertible bond (in thousand euro)	0	0
Result after elimination (in thousand euro)	14,903	25,127
Weighted average number of shares issued before dilution effects (in thousands)	76,337	76,337
+ weighted average of convertible shares (in thousands)	0	0
Weighted average number of shares issued after dilution effects (in thousands)	76,337	76,337
Diluted earnings per share (in euro)	0.20	0.33

VII. NOTES ON THE STATEMENT OF CASH FLOWS

In the statement of cash flows, the cash flow from operating activities is presented using the indirect method and the cash flows from investing activities and financing activities using the direct method.

1. Liquid funds

The liquid funds correspond to the item "cash and cash equivalents" in the statement of financial position.

2. Reconciliation between amounts in the statement of cash flows and the statement of financial position

The statement of cash flows presents the change in cash and cash equivalents during the reporting period due to the inflow and outflow of funds. In accordance with IAS 7, cash flows are classified as cash flows from operating activities, investing activities and financing activities. The effects of changes in the scope of consolidation have been eliminated.

In accordance with IAS 7, a reconciliation between the opening and closing balance sheet values of liabilities from financing activities is prepared, which is explained in chapter "V. Statement of financial position, 12. Financial liabilities".

3. Non-cash effects

The statement of cash flows (net presentation) includes non-cash effects of euro 64 thousand (prior year: euro -527 thousand). This value consists primarily of

- currency differences totalling euro 73 thousand (prior year: euro -417 thousand) and
- other effects totalling euro -9 thousand (prior year: euro -110 thousand).

In the 2022 fiscal year, the application of IFRS 16 "Leases" resulted in a change in previously non-cash liabilities from leases by euro 6.4 million (prior year: euro 35.6 million) to euro 117.0 million (prior year: euro 110.6 million) in the statement of financial position.

VIII. NOTES ON THE STATEMENT OF CHANGES IN EQUITY

Transaction costs

As in the previous year, no significant transaction costs were incurred.

IX. SEGMENT REPORTING

During the 2022 fiscal year, the Company continued to evolve beyond wind energy into an even more broadly positioned provider of solutions for clean energies. In addition to the core business of project development of onshore and offshore wind farms, PNE intensified the development of onshore photovoltaic projects and continued to work on solutions in the power-to-X sector.

The Company has created the further prerequisites for implementing the "Scale up 2.0" strategy during the reporting period. Since the internal organisational and management structure as well as the internal reporting to the Board of Management and the Supervisory Board form the foundation for determining the segment reporting format of PNE AG, segment reporting consists of the three segments "project development", "electricity generation" and "service products". This structure reflects the current status of the Group's activities.

The operational business of the PNE Group during the 2022 fiscal year was still characterised mainly by wind farm project planning and the strategic further development in the photovoltaics area ("project development" segment) as well as the further expansion of services ("service products" segment). In addition, the internal operation of wind power turbines enables environmentally friendly production of electricity under economically sustainable conditions ("electricity generation" segment).

In detail, the business activities of the PNE Group in the year under review in the individual segments essentially comprised the planning, construction and operation of wind and photovoltaic farms and transformer stations for electricity generation as well as the servicing of renewable energy plants and other services related to renewable energy projects and electricity generation.

In the fiscal years since 2017, the Company has planned and constructed wind farms in Germany, which were initially held in its own portfolio. Since the company-owned wind farms are operated by the Company itself regardless of their current or future

shareholder structure and are used to generate electricity, the wind farms are recognised in the Group's "electricity generation" segment from the date of sale within the Group (the electricity is fed into the public grid).

As a matter of principle, the business relationships between the companies of the PNE Group are based on prices that are also agreed with third parties. Internal reporting, which is based on segment reporting, is based exclusively on the values of the Group's IFRS accounting explained in these consolidated financial statements.

The revenues with external customers of the "service products" and "electricity generation" segments and the segment assets of the "project development", "service products" and "electricity generation" segments are attributable mainly to Germany. No segment realised revenues with external customers, which amounted to more than 10 percent of total revenues.

In the previous year, sales of approx. euro 43.6 million were generated with one customer ("project development" segment), which were assigned to the foreign area and contributed more than 10 percent to consolidated sales.

Long-term assets are attributable to the following regions:

in thousand euro	31.12.2022	31.12.2021
Germany	517,897	402,982
Other countries	2,295	1,835
	520,192	404,817

The share of associated companies accounted for using the at-equity method in the result for the period is included in the "project development" segment (prior year: "electricity generation" segment) with euro 60 thousand (prior year: euro 27 thousand).

X. OTHER DISCLOSURES

1. Contingent liabilities and other financial obligations

On the reporting date, there were contingent liabilities arising from the provision of guarantees for:

in thousand euro	31.12.2022	31.12.2021
Various wind farm and photovoltaic projects	144,179	104,702
Other	720	720
	114,899	105,422

The main contingent liabilities of euro 55.9 million (prior year: euro 59.5 million) relate to guarantees for wind turbine orders and project financing, which will be reduced during the implementation phase of the projects or expire upon completion of the projects. From the current perspective, utilisation is not expected.

Utilisation of the other guarantees issued totalling euro 59.0 million (prior year: euro 46.0 million) is also not expected from today's perspective.

Moreover, there are obligations from order commitments for wind power turbines in the net amount of euro 34.4 million (prior year: euro 63.3 million). The obligations under order commitments are fully due within the next two years.

Other financial obligations of euro 1.6 million (prior year: euro 0.2 million) arise from cooperation activities in respect of project development abroad.

No material risks can be identified from these transactions.

2. Assumptions of the management concerning future developments and other valuation uncertainties

The internationally operating PNE Group is an operator of onshore renewable energy projects (own portfolio) and one of the longest-standing project developers of clean energy projects on land and at sea. The PNE Group currently operates in 14 countries on four continents.

The focus is on wind energy and photovoltaic projects. This combines economic success with ecological responsibility. The projects developed are sold to external customers or integrated into the rapidly growing portfolio of wind farms operated by the Company

itself. The PNE Group offers services covering the entire value chain, ranging from the development, planning, financing, realisation to the sale and operation of clean power plants using wind, sun and storage solutions as well as substations and repowering, i.e. the replacement of older wind power turbines by new modern equipment. This is also how the products are defined: project development wind energy, project development photovoltaics and project development hybrid solutions. The PNE Group is also involved in the development of power-to-X solutions.

Renewable energies, especially wind energy and photovoltaics, have developed into an important pillar of electricity generation in recent years. In some of the world's major economies, annual capacity growth is higher than in any other type of power generation.

In addition to project development, a wide range of services is available for projects as well as for the supply of clean electricity to customers. These services include technical and commercial operations management, technical inspections and tests, construction management, grid and transformer station services, wind planning and wind measurements, electricity marketing management, energy supply services and similar services. In this field, PNE is a strong partner to its customers throughout the entire life cycle of wind and photovoltaic farms. This is an element of the strategic orientation to develop into a "Clean Energy Solutions Provider".

Following the successful development of wind farms for sale to customers over many years, the PNE Group is currently working on developing a portfolio of wind farms with up to 500 MW in its own portfolio, initially by the end of 2023. The completed wind farms will be operated by the Company itself to generate ongoing income and positive operating results from the sale of electricity.

These developments provide evidence of the opportunities ahead for PNE. In order to be in an optimum position in the global markets, the Group concentrates on the development and construction as well as the sale and operation of wind farms and photovoltaic projects in selected core markets. In addition, the first hybrid projects, in which wind and photovoltaics are used in parallel, are being developed.

On the other hand, market changes due to various political developments, but also due to the impact of the Corona pandemic on national economies, have led to uncertainties. For details regarding uncertain future developments and the strategic objectives of PNE AG, we also refer to the explanations in the combined management and group management report, chapter 8 "Report on opportunities and risks".

3. Transactions with related companies and persons

With regard to the financial statements of PNE AG and its subsidiaries included in the consolidated financial statements, please consult the list of shareholdings.

The remuneration and the shareholdings of the members of the Supervisory Board and the Board of Management are explained in chapter X.4.

4. Information on the Supervisory Board and the Board of Management

Supervisory Board

- Mr. Per Hornung Pedersen, Hamburg, self-employed corporate consultant (Chairman)
- Mr. Christoph Oppenauer, Frankfurt am Main, Asset Management Officer at Morgan Stanley Infrastructure Partners, Frankfurt am Main (Deputy Chairman)
- Dr. Susanna Zapreva, Hanover, CEO of enercity AG, Hanover
- Ms. Roberta Benedetti, Milan, Italy, self-employed management consultant in the energy sector (since May 18, 2022)
- Mr. Marcel Egger, Apensen, member of the group management board of the EUROGATE Group
- Mr. Alberto Donzelli, Executive Director/Managing Director of Morgan Stanley Infrastructure Partners, London, United Kingdom
- Mr. Marc van't Noordende, Operating Partner at Morgan Stanley Infrastructure Partners, Amsterdam, Netherlands (since July 14, 2022)
- Mr. Florian Schuhbauer, Frankfurt am Main, managing director of Active Ownership Advisors GmbH, Frankfurt am Main, and of Active Ownership Capital S.à r.l., Luxembourg (until May 18, 2022)

Mr. Per Hornung Pedersen is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Suzlon Energy Ltd., Mumbai, India
- Sea Tower AS, Oslo, Norway
- Swire Energy Services, London, United Kingdom

Mr. Christoph Oppenauer is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- member of the Supervisory Board of VTG AG, Hamburg (until December 9, 2022)
- member of the Supervisory Board of Tele Columbus AG, Berlin

Dr. Susanna Zapreva is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- shareholder committee of Thüga Holding GmbH & Co. KGaA, Munich
- Supervisory Board of Stadtwerke Garbsen GmbH, Garbsen
- Supervisory Board of Stadtwerke Wunstorf GmbH, Wunstorf
- member of the Supervisory Board of CropEnergies, Mannheim (since July 12, 2022)

Ms. Roberta Benedetti is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Advisory Board member, Societa Gasdotti Italia S.p.A., Mailand, Italy
- Advisory Board member, Infrastrutture S.p.A., Mailand, Italy
- Advisory Board member, Rubicon S.p.A., Mailand, Italy
- Advisory Board member, REC Silicon ASA, Lysaker, Norway (since December 22, 2022)

Mr. Marcel Egger is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Member of the Board of Directors (group-internal mandates of the EUROGATE Group) of:
 - NTB North Sea Terminal Bremerhaven GmbH & Co, Bremerhaven
 - MSC Gate Bremerhaven GmbH & Co. KG, Bremerhaven
 - EUROGATE Container Terminal Limassol Limited, Limassol, Cyprus
 - OOO Ust-Luga Container Terminal, Ust-Luga, Russia

Mr. Alberto Donzelli is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Italgas Storage S.p.A., Advisory Board Member, Milan, Italy
- AUC Group LLC, Board Member, Delaware, USA
- Marlin Water Solutions Company, Board Member, Delaware, USA
- Tarpon Water Solutions LTD, Board Member, British Virgin Islands, USA
- Yellowfin Water Solutions Company, Board Member, Delaware, USA
- Seven Seas Water Solutions USA LLC, Board Member, Delaware, USA
- Larus Holding Limited, Board Member, Hamilton, Bermuda
- Hoegh LNG Limited, Board Member, Hamilton, Bermuda
- Hoegh LNG Partners LP, Board Member, Hamilton, Bermuda
- Antwerp Holdco Limited, Board Member, London, United Kingdom (until July 19, 2022)
- Antwerp Investment Limited, Board Member, London, United Kingdom (until July 19, 2022)
- Antwerp Management Limited, Board Member, London, United Kingdom (until July 19, 2022)
- North Haven Infrastructure Holdings III Ltd., Board Member, London, United Kingdom (since August 25, 2022)
- North Haven Infrastructure Holdings IV Ltd., Board Member, London, United Kingdom (since September 1, 2022)

Mr. Marc van't Noordende is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Chairman of the Supervisory Board of Tele Columbus AG, Berlin
- Supervisory Board Member, VTG AG, Hamburg
- Member of the Board, Italgas Storage S.p.A., Italy (until December 11, 2022)
- Chairman of the Board, FastFiber SA, Portugal (until December 11, 2022)
- Member of the Board, Continuum Green Energy Ltd, Singapore (until July 8, 2022)
- Chairman of the Supervisory Board, Berenschot BV, Netherlands (until July 8, 2022)
- Member of the Supervisory Board, ICE Endex Markets BV, Netherlands (until July 8, 2022)

Total remuneration paid to the Supervisory Board in fiscal year 2022 amounted to approx. euro 442 thousand (prior year: approx. euro 409 thousand), of which approx. euro 380 thousand (prior year: approx. euro 365 thousand) was fixed remuneration and approx. euro 62 thousand (prior year: approx. euro 44 thousand) was attendance fees.

Of the members of the Supervisory Board, Mr. Marcel Egger held 4,500 shares in the Company on December 31, 2022.

Board of Management

- Mr. Markus Lesser, Korschenbroich (Chairman) (CEO)
- Mr. Jörg Klowat, Cuxhaven, (CFO)

For their activity during the fiscal year 2022, the members of the Board of Management received total remuneration (including accrued liabilities for bonuses) of euro 2,099 thousand (prior year: euro 2,097 thousand), or corresponding provisions were formed. Of this amount, approx. euro 771 thousand (prior year: approx. euro 769 thousand) related to non-performance-related remuneration including fringe benefits. In addition, euro 1,328 thousand (prior year: euro 1,328 thousand) related in part to long-term and in part to short-term performance-related remuneration.

The members of the Company's Board of Management held no shares of the Company on December 31, 2022.

Additional disclosures for German parent companies in the IFRS consolidated financial statements in accordance with Section 315e (1) of the German Commercial Code (HGB)

5. Group auditors' fees

The fees of the group auditors in the 2022 fiscal year were as follows:

in thousand euro	
Audit of annual financial statements (separate and consolidated)	655 ¹⁾
Other attestation services	98
Other services	14
	767

¹⁾ Of which for the prior fiscal year: euro 19 thousand

The fees for the auditing services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft related mainly to the audit of the consolidated financial statements and the annual financial statements and the combined management and group management report as well as the voluntary audits of annual financial statements of several subsidiaries. They also performed a review of the half-year financial report.

The other services related to agreed investigative actions in connection with the project-based audit of the emergency system in 2022.

6. German Corporate Governance Code

The German Corporate Governance Code is a legal guideline for the monitoring and supervision of listed companies in Germany. It summarises the nationally and nationally recognised standards for responsible business management. The objective of the guideline is to support the confidence of investors, customers, employees and the general public in German business management. Once every year, the Board of Management and the Supervisory Board must issue a declaration, in which they declare to what extent they have complied with the German Corporate Governance Code.

The last declaration of compliance pursuant to Section 161 of the German Stock Corporation Act was issued in September 2022.

The declaration of compliance is published on our website www.pne-ag.com in the "Investor Relations" section under Corporate Governance and can be downloaded there.

7. Information on employees

Average annual number of employees

in thousand euro	2022	2021
Executives (excluding Board of Management of PNE AG)	76	73
Salaried employees	446	378
Wage earners	20	17
	542	468

8. Events after the reporting date

No events have occurred since the end of the period under report which have significant effects on the earnings, financial and asset situation. For information on the potential impact of the current Corona pandemic and the war in Ukraine, please refer to the combined management report and group management report (chapter 8 "Report on opportunities and risks").

Cuxhaven, March 15, 2023

PNE AG



gez. Markus Lesser
 Chairman of the Board
 of Management



gez. Jörg Klowat
 Board of Management

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

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

PNE AG, The Board of Management

PNE AG, Vorstand

The image shows two handwritten signatures in black ink. The signature on the left is for Markus Lesser, and the signature on the right is for Jörg Klawat. Both signatures are written in a cursive, flowing style.

Markus Lesser

Jörg Klawat

INDEPENDENT AUDITOR'S REPORT

To PNE AG, Cuxhaven/Germany

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

Audit Opinions

We have audited the consolidated financial statements of PNE AG, Cuxhaven/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of PNE AG, Cuxhaven/Germany, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement pursuant to Section 315d German Commercial Code (HGB) combined with the corporate governance statement pursuant to Section 289f HGB, which is referred to in section "10.2 Management declaration (Section 289f and Section 315d of the German Commercial Code (HGB))" of the combined management report, the explanations contained in section "6. Intangible Assets / Sustainable Development" of the combined management report as well as the executive directors' statement on the appropriateness and effectiveness of the entire internal controls and risk management system contained in section "8. Report on Opportunities and Risks" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Our audit opinion on the combined management report does not cover the content of the consolidated corporate governance statement combined with the corporate governance statement as referred to above, nor the content of section "6. Intangible Assets / Sustainable Development" nor of the executive directors' statement on the appropriateness and effectiveness of the entire internal controls and risk management system contained in section "8 Report on Opportunities and Risks".

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Goodwill impairment test
2. Recoverability of project inventories
3. Realisation of revenue generated with the planning and construction as well as sale of wind and solar farm projects

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements and in the combined management report)
- b) auditor's response

1. Goodwill impairment test

- a) The item "Intangible fixed assets" in the consolidated statement of financial position includes goodwill in the amount of mEUR 64.4 (equals 7% of total assets). The goodwill is tested for impairment as at 31 December each financial year in accordance with IAS 36. During these impairment tests, the carrying values of the cash-generating units are compared with the recoverable amounts. The executive directors of PNE AG appointed an independent expert to conduct the impairment tests. This independent expert prepared reports pursuant to the requirements of the statement on financial reporting of the Institut der Wirtschaftsprüfer (IDW RS HFA 40). Measurement was based on valuation techniques according to the discounted cash flow method. The result of the measurement highly depends on estimates for the future cash inflows made by the executive directors and for the discount rates used and, therefore, is subject to major uncertainties. In the light of the significance of the involved amount of goodwill and due to the complex underlying valuation techniques, we classified this matter as a key audit matter as part of our audit.

The Company's information on the goodwill is provided in sections "IV.1 Intangible assets", "IV.3 Impairment of intangible assets and property, plant and equipment" and "V.1 Intangible assets" in the notes to the consolidated financial statements.

- b) At the beginning of our audit of the goodwill impairment test, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. As part of our audit of the audit matter, we used the knowledge and audit results gained in previous years. For the purpose of risk assessment, we obtained, among other things, an understanding of the past adherence to the budget. We assessed the operational and organisational structure with respect to appropriateness and effectiveness of the implemented controls regarding the corporate budgeting process. This particularly involves periodical assessments of liquidity as well as of the appropriateness and viability of the corporate budget of the cash-generating units by the executive directors of PNE AG for the purpose of reviewing the recoverability of the goodwill.

We have classified the recoverability of the goodwill as a specific risk. As part of our audit, we used the report prepared by the independent expert appointed by the executive directors of PNE AG. We assured ourselves of the competence, capabilities and objectivity of the expert. As regards the assessment of the appropriateness of the assumptions, techniques and models of the measurement technique, we consulted internal experts of the Valuation Services function, who assisted us in assessing the approach used to conduct the impairment test and the parameters including weighted average cost of capital used to determine the applied discount rates as well as the calculation methods. Furthermore, in order to assess the future cash inflows, we compared the future cash inflows used in the calculation with the current target values specified in the three-year budget adopted and approved by the executive directors and supervisory board, respectively, and examined them for plausibility. As we know that even relatively small changes of the discount rate used can have major effects on the amount of the realisable amount determined in this way for the cash-generating units, we also assessed the sensitivity analyses prepared by the Parent. In addition, we inspected

all minutes of the executive directors' meetings and supervisory board meetings and considered the discussions held and explanations made in such meetings about the business development of the individual cash-generating units for the purpose of plausibility.

2. Recoverability of project inventories

- a) The item "Inventories" in the consolidated statement of financial position includes work in progress of mEUR 110.1 (equals 12% of the Group's total assets) related to wind and solar farm projects under development. In this context, project inventories in Germany and abroad account for mEUR 83.3 million and mEUR 26.8, respectively.

The success of the wind and solar farm projects projected by PNE Group is primarily governed by the corresponding feed-in tariffs, which considerably affect the projects' profitability in the individual countries. Amendments to the regulatory framework have a considerable effect on the measurement of work in progress in the consolidated statement of financial position. In addition, projects can become unprofitable and result in liquidity shortages and endanger the required cash flows due to the lack of approvals, unsuccessful participation in auctions to secure feed-in tariffs and due to delays. Each of this affects the recoverability of the project inventories. The estimate of the recoverability of wind and solar farm projects made by the executive directors of PNE AG is to a great extent subject to the executive directors' judgement.

In the light of the significance of the involved amount of work in progress and the estimate of the recoverability, which, to a great extent, is governed by the executive directors' judgement, we considered this matter to be of particular significance in the scope of our audit.

The Company's information about the concerned work in progress are provided in sections "IV.7 Inventories" and "V.5 Inventories" of the notes to the consolidated financial statements. In addition, the risks related to the recoverability of work in progress are set out in section "8. Report on Opportunities and Risks" and listed there under "Risks from operating activities" of the combined management report.

- b) At the beginning of our audit of the recoverability of project inventories, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. As part of our audit of the audit matter, we used the knowledge and audit results gained in previous years. We assessed the operational and organisational structure related to the measurement of inventories with respect to appropriateness and effectiveness of the implemented controls. This particularly relates to the executive directors' frequent assessment of the recoverability of the project inventories disclosed in the consolidated financial statements.

We classified the recoverability of the project inventories as a specific risk. As part of our audit, we discussed the recoverability of work in progress regarding project inventories with the executive directors of PNE AG and the executive directors with the corresponding group entities.

Moreover, we reviewed the information provided by the executive directors of PNE AG on the viability of projects on a sample basis based on budgets and project calculations prepared by group entities.

Furthermore, we inspected all minutes of executive directors' meetings and supervisory board meetings as well as the minutes of the periodical meetings of the project leaders for any indication for need of impairment.

3. Realisation of revenue generated with the planning and construction as well as sale of wind and solar farm projects

a) The revenue disclosed in the consolidated statement of comprehensive income amounts to mEUR 126.2. In this context, revenue of mEUR 34.7 relates to the planning and construction as well as the sale of wind and solar farm projects.

As the revenue generated with the planning and construction as well as the sale of wind and solar farm projects is subject in part to complex contract arrangements, we considered this matter to be of particular significance in the scope of our audit.

The information provided by the executive directors on the revenue generated with the planning and construction as well as the sale of wind and solar farm projects is included in section "IV.14 Revenues" and "VI.1 Revenues" in the notes to the consolidated financial statements.

b) At the beginning of our audit of the recognition of revenue from the planning and construction as well as the sale of wind and solar farm project companies, we evaluated whether and to what extent the valuation processes of the Company are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. As part of our audit of the revenue, we assessed at Group level the organisational and operational structure of the projection process for appropriateness and effectiveness of the implemented controls by using the knowledge gained during audits in previous years and based on the economic and legal environment of the Company.

In this context, we focused on the analysis of the contract principles and of contract terms taking into account compliance with the requirements for revenue recognition according to IFRS 15 concerning all material transactions. Moreover, we reviewed compliance with the requirements of revenue recognition. Our audit procedures, therefore, were particularly based on the underlying contracts, invoices and customer acceptance protocols and other proof of services rendered as well as records of payment. In addition, we assessed particularly complex matters in consultation with internal IFRS experts for the presentation in the consolidated financial statements in compliance with the requirements under IFRS.

In addition, we audited the completeness and accuracy of the related disclosures made in the notes to the consolidated financial statements.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the consolidated corporate governance statement pursuant to Section 315d HGB combined with the corporate governance statement pursuant to Section 289f HGB referred to in section "10.2 Management declaration (Section 289f and Section 315d of the German Commercial Code (HGB))" of the combined management report,
- section "6. Intangible Assets / Sustainable Development" in the combined management report,
- the executive directors' statement on the appropriateness and effectiveness of the entire internal controls and risk management system contained in section "8. Report on Opportunities and Risks" of the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 HGB and Section 315 (1) sentence 5 HGB, and
- all other parts of the published annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board as well are responsible for the declaration according to Section 161 German Stock Corporation Act (AktG), which is part of the consolidated corporate governance statement combined with the corporate governance statement. Otherwise the executive directors are responsible for the other information.

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

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

→ identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error; design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements

present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 73E02746B53B950991FD66E3B5C6BF9476F87A2D53334DE1DA89B9A417122DC7, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the annual general meeting on 18 May 2022. We were engaged by the supervisory board on 21 November 2022. We have been the Group auditor of PNE AG, Cuxhaven/Germany, without interruption since the financial year 2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Dinter.

Hamburg/Germany, 15 March 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christian Dinter
Wirtschaftsprüfer
(German Public Auditor)

Signed: Jan Fürwentsches
Wirtschaftsprüfer
(German Public Auditor)

FINANCIAL STATEMENTS OF THE AG

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PROFIT AND LOSS ACCOUNT (HGB)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2022

(differences due to rounding possible)	2022 in euro	2021 in thousand euro
1. Revenues	148,269,484.34	88,955
2. Increase in work in progress	-3,626,944.52	-1,504
3. Other operating income	2,611,555.52	16,901
4. Total output	147,254,095.34	104,352
5. Costs of materials		
a) Costs of purchased materials	-73,242,896.19	-13,185
b) Costs of purchased services	-32,932,974.69	-32,967
	-106,175,870.88	-46,153
6. Personnel expenses		
a) Wages and salaries	-16,131,274.24	-14,550
b) Social security contributions	-2,130,879.15	-1,993
	-18,262,153.39	-16,543
7. Amortization and depreciation of intangible assets and items of property, plant and equipment	-758,129.07	-687
8. Other operating expenses	-12,897,922.19	-13,555
9. Operating result	9,160,019.81	27,415
10. Income from profit transfer agreements	26,071,607.47	46,840
11. Income from participations	48,650.00	24
12. Other interest and similar income	6,042,446.80	4,496
13. Depreciation of financial assets	-26,000.00	-26
14. Interest and similar expenses	-3,721,929.77	-2,552
15. Profit before taxes	37,574,794.31	76,196
16. Taxes on income and earnings	-10,958,342.91	5,021
17. Profit after taxes	26,616,451.40	81,217
18. Other taxes	-65,886.89	-65
19. Net income / net loss	26,550,564.51	81,153
20. Profit carried forward	231,127,360.22	153,028
21. Dividend	-6,106,922.48	-3,053
22. Retained profit	251,571,002.25	231,127
Earnings per share (undiluted)	0.35 euro	1.06 euro
Average number of shares in circulation (undiluted) (in thousands)	76,337	76,337
Earnings per share (diluted)	0.35 euro	1.06 euro
Average number of shares in circulation (diluted) (in thousands)	76,337	76,337

BALANCE SHEET (HGB)

of PNE AG, Cuxhaven, as at December 31, 2022

Assets

(differences due to rounding possible)	Status as at 31.12.2022 in euro	Status as at 31.12.2021 in thousand euro
A. Fixed assets		
I. Intangible assets		
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	220,128.33	89
	220,128.33	89
II. Property, plant and equipment		
1. Land and buildings including buildings on third party land	8,730,682.57	9,084
2. Technical equipment and machinery	76,972.51	58
3. Other plant and machinery, fixtures and fittings	633,751.42	511
	9,441,406.50	9,653
III. Financial assets		
1. Participations in associated companies	156,056,001.37	141,284
2. Loans to associated companies	0.00	646
3. Participations	801,575.78	802
	156,857,577.15	142,732
Total fixed assets	166,519,111.98	152,473
B. Current assets		
I. Inventories		
1. Work in progress	14,107,392.34	17,734
2. Finished goods	2,621.01	2
3. Prepayments	35,057,074.59	36,374
	49,167,087.94	54,110
II. Receivables and other assets		
1. Trade receivables	2,051,200.63	1,922
2. Receivables from associated companies	224,862,823.91	176,104
3. Other assets	7,326,816.17	6,385
	234,240,840.71	184,410
III. Securities		
Other securities	0.00	418
IV. Cash on hand and cash in banks	60,685,170.67	87,250
Total current assets	344,093,099.32	326,189
C. Deferred expenses	172,339.37	106
D. Deferred tax assets	3,457,382.00	10,068
Total assets	514,241,932.67	488,835

Liabilities

	Status as at 31.12.2022 in euro	Status as at 31.12.2021 in thousand euro
(differences due to rounding possible)		
A. Shareholders' equity		
I. Subscribed capital		
Subscribed capital	76,603,334.00	76,603
Treasury shares	-266,803.00	-267
Conditional capital: euro 20,000,000.00 (prior year: euro 20,000,000.00)		
II. Capital reserves	59,094,989.68	59,095
III. Retained earnings	251,571,002.25	231,127
Total shareholders' equity	387,002,522.93	366,559
B. Special items for investment grants	620,335.99	667
C. Provisions		
1. Provisions for taxes	413,578.65	1,429
2. Other provisions	23,845,294.68	16,947
	24,258,873.33	18,376
D. Liabilities		
1. Bonds	55,000,000.00	50,000
2. Liabilities to banks	6,438,756.69	3,594
3. Prepayments received on orders	30,186,085.74	38,206
4. Trade liabilities	2,757,878.65	1,141
5. Liabilities to associated companies	6,266,120.18	8,687
6. Other liabilities	1,682,966.16	1,568
Total liabilities	102,331,807.42	103,197
E. Deferred income	28,393.00	36
Total liabilities	514,241,932.67	488,835

STATEMENT OF CASH FLOWS (HGB)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2022

All figures in thousand euro (differences due to rounding possible)	2022	2021
Net income	26,551	81,153
+/- Interest expenses and income	-2,321	-1,944
-/+ Other income/losses from participations and profit (-)/ losses from transfer agreements	-26,120	-46,864
+/- Income tax expense and benefit	10,958	-5,021
- Income tax payments	2,548	1,885
+ Amortization and depreciation of intangible assets and items of property, plant and equipment	758	687
+ Depreciation of financial assets	26	26
+/- Increase/decrease in provisions	5,883	7,518
+/- Other non-cash effective expenses and income	-49	-46
+/- Decrease/increase of inventories and other assets	-72,070	-47,842
-/+ Decrease/increase in trade receivables	-129	764
-/+ Decrease/increase in trade payables and other liabilities	-7,403	20,745
Cash flow from operating activities	-61,368	11,061
+ Inflow of funds from disposal of items of property, plant and equipment	0	409
- Outflow of funds for investments in intangible assets and property, plant and equipment	-678	-465
+ Inflow of funds from disposal of items of financial assets	791	803
- Outflow of funds for investments in financial assets	-14,942	-13,328
+ Interest received	6,042	4,496
+/- Dividends received/profit transfer/assumption of losses	46,888	34,475
Cash flow from investing activities	38,101	26,390
+ Inflow of funds from the issue of bonds	55,000	0
+ Inflow of funds from financial loans	3,006	0
- Payments to shareholder	-6,107	-3,053
- Outflow of funds from the repayment of bonds	-50,000	0
- Outflow of funds from the repayment of financial loans	-161	-3,721
- Interest paid	-3,722	-2,552
- Outflow of funds from extraordinary items (issue costs bond)	-1,314	0
Cash flow from financing activities	-3,298	-9,326
Cash effective change in liquid funds (< = 3 months)	-26,565	28,125
+ Liquid funds (< = 3 months) as at the beginning of the period	87,250	59,125
Liquid funds (< = 3 months) as at the end of the period*	60,685	87,250
Supplementary note: the value of the liquid funds as at 31.12. corresponds to the balance sheet item "cash on hand and cash in banks"		
* of which are pledged to a bank as security guaranteed credit lines	1,168	735

DEVELOPMENT OF SHAREHOLDERS' EQUITY (HGB)

of PNE AG, Cuxhaven, for the fiscal year from January 1 to December 31, 2022

in euro	Capital subscribed			Reserves		
	Capital subscribed	Treasury shares	Total	Capital reserve	Retained earnings / loss	Total shareholders' equity
	Ordinary shares	Ordinary shares		according to § 272 (2) No. 1-3 HGB		
Status as at January 1, 2021	76,603,334.00	-266,803.00	76,336,531.00	59,094,989.68	153,027,989.70	288,459,510.38
Dividend	0.00	0.00	0.00	0.00	-3,053,461.24	-3,053,461.24
Net income 2021	0.00	0.00	0.00	0.00	81,152,831.76	81,152,831.76
Status as at December 31, 2021 / January 1, 2022	76,603,334.00	-266,803.00	76,336,531.00	59,094,989.68	231,127,360.22	366,558,880.90
Dividend	0.00	0.00	0.00	0.00	-6,106,922.48	-6,106,922.48
Net income 2022	0.00	0.00	0.00	0.00	26,550,564.51	26,550,564.51
Status as at December 31, 2022	76,603,334.00	-266,803.00	76,336,531.00	59,094,989.68	251,571,002.25	387,002,522.93

SCHEDULE OF FIXED ASSETS (HGB)

of PNE AG, Cuxhaven, for the fiscal year 2022

	Acquisition and manufacturing costs			
in euro (differences due to rounding possible)	Status as at 1.1.2022	Additions	Disposals	Status as at 31.12.2022
I. Intangible assets				
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	732,787.04	204,926.74	4,841.15	932,872.63
	732,787.04	204,926.74	4,841.15	932,872.63
II. Property, plant and equipment				
1. Land and buildings including buildings on third party land	17,145,740.88	50,283.21	0.00	17,196,024.09
2. Technical equipment and machinery	207,903.88	24,000.00	0.00	231,903.88
3. Other plant and machinery, fixtures and fittings	2,525,637.32	399,179.60	107,855.82	2,816,961.10
	19,879,282.08	473,462.81	107,855.82	20,244,889.07
III. Financial assets				
1. Shares in associated companies	144,420,896.30	14,942,329.00	144,268.62	159,218,956.68
2. Loans to associated companies	646,300.58	0.00	646,300.58	0.00
3. Participations	801,575.78	0.00	0.00	801,575.78
	145,868,772.66	14,942,329.00	790,569.20	160,020,532.46
	166,480,841.78	15,620,718.55	903,266.17	181,198,294.16

Accumulated amortization and depreciation				Book values		
Status as at 1.1.2022	Additions	Disposals	Status as at 31.12.2022	Status as at 31.12.2022	Status as at 31.12.2021	
644,037.87	73,547.58	4,841.15	712,744.30	220,128.33	88,749.17	
644,037.87	73,547.58	4,841.15	712,744.30	220,128.33	88,749.17	
8,062,108.47	403,233.05	0.00	8,465,341.52	8,730,682.57	9,083,632.41	
149,713.82	5,217.55	0.00	154,931.37	76,972.51	58,190.06	
2,014,934.61	276,130.89	107,855.82	2,183,209.68	633,751.42	510,702.71	
10,226,756.90	684,581.49	107,855.82	10,803,482.57	9,441,406.50	9,652,525.18	
3,136,955.31	26,000.00	0.00	3,162,955.31	156,056,001.37	141,283,940.99	
0.00	0.00	0.00	0.00	0.00	646,300.58	
0.00	0.00	0.00	0.00	801,575.78	801,575.78	
3,136,955.31	26,000.00	0.00	3,162,955.31	156,857,577.15	142,731,817.35	
14,007,750.08	784,129.07	112,696.97	14,679,182.18	166,519,111.98	152,473,091.70	

SCHEDULE OF LIABILITIES (HGB)

of PNE AG, Cuxhaven, as at December 31, 2022

in euro (differences due to rounding possible) (prior years in brackets)	Remaining maturities			Total amount
	Up to one year	One to five years	More than five years	
Type of liabilities				
1. Bonds	0.00	55,000,000.00	0.00	55,000,000.00
	(0.00)	(50,000,000.00)	(0.00)	(50,000,000.00)
2. Liabilities to banks	3,173,081.79	729,626.23	2,536,048.67	6,438,756.69
	(161,302.72)	(704,566.93)	(2,728,126.05)	(3,593,995.70)
3. Prepayments received on orders	30,186,085.74	0.00	0.00	30,186,085.74
	(38,206,484.39)	(0.00)	(0.00)	(38,206,484.39)
4. Trade liabilities	2,757,878.65	0.00	0.00	2,757,878.65
	(1,141,021.19)	(0.00)	(0.00)	(1,141,021.19)
5. Liabilities to associated companies	6,266,120.18	0.00	0.00	6,266,120.18
	(8,687,146.86)	(0.00)	(0.00)	(8,687,146.86)
6. Other liabilities	1,682,966.16	0.00	0.00	1,682,966.16
of which from taxes: euro 193,861.42 (prior year: euro 1,956 thousand)	(1,568,272.50)	(0.00)	(0.00)	(1,568,272.50)
of which from social security: euro 0.00 (prior year: euro 0 thousand)				
Total	44,066,132.52	55,729,626.23	2,536,048.67	102,331,807.42
	(49,764,227.66)	(50,704,566.93)	(2,728,126.05)	(103,196,920.64)

Securities

None

1. Registered mortgage of euro 4,170 thousand on the property at Peter-Henlein-Str. 2-4, Cuxhaven.
As at 31.12.2022 euro 3,433 thousand had been drawn down.
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2-4, Cuxhaven.
-

None

No customary retention of title exists with regard to items delivered.

None

None

STATEMENT MADE BY THE LEGAL REPRESENTATIVES

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

PNE AG, The Board of Management



Markus Lesser

Jörg Klowat

INDEPENDENT AUDITOR'S REPORT

To PNE AG, Cuxhaven/Germany

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of PNE AG, Cuxhaven/Germany, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss for the financial year from 1 January to 31 December 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group of PNE AG, Cuxhaven/Germany, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f German Commercial Code (HGB) combined with the consolidated corporate governance statement pursuant to Section 315d HGB, which is referred to in section "10.2 Management declaration (Section 289f and Section 315d of the German Commercial Code (HGB))" of the combined management report, the explanations contained in section "6. Intangible Assets / Sustainable Development" of the combined management report as well as the executive directors' statement on the appropriateness and effectiveness of the entire internal controls and risk management system contained in section "8. Report on Opportunities and Risks" of the combined management report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the

content of the corporate governance statement combined with the consolidated corporate governance statement as referred to above, nor the content of section "6. Intangible Assets / Sustainable Development" nor of the executive directors' statement on the appropriateness and effectiveness of the entire internal controls and risk management system contained in section "8. Report on Opportunities and Risks".

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of the shares in WKN GmbH, Husum/Germany
2. Recognition of revenue generated with the planning and construction as well as sale of wind farm projects
3. Recoverability of the entire engagement at offshore wind farm projects

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements and in the combined management report)
- b) auditor's response

1. Recoverability of the shares in WKN GmbH, Husum/Germany

- a) The shares in WKN GmbH of kEUR 84,423 are disclosed under the balance sheet item "shares in affiliated companies". This corresponds to the acquisition cost and accounts for 16% of the balance sheet total.

The carrying amounts of the shares in WKN GmbH are compared to the fair value in the regular impairment tests for major financial assets. The fair value of the shares in WKN GmbH is determined by an independent expert appointed by the executive directors of PNE AG, who prepared an expert opinion on the impairment test consideration pursuant to the requirements of IDW S 1 (2008) and the statement of the Main Technical Committee of the IDW (IDW RS HFA 10). Within the scope of the statement, the fair value was determined using the income approach, with the future cash inflows to be capitalised being derived from the consolidated budget of WKN GmbH and being adjusted based on assumptions about long-term growth rates. The cash flows were discounted based on the specific cost of equity.

The result of this valuation highly depends on the executive directors' estimation on future cash inflows of WKN GmbH and the discount rate used and, therefore, is subject to major uncertainties. In the light of the significance of the involved amount of the shares and due to the complex underlying valuation techniques, we classified this matter as a key audit matter as part of our audit.

The information provided by the executive directors on the valuation of the financial assets is provided in section "A. Accounting principles" in the notes to the financial statements.

- b) At the beginning of our audit of the recoverability of the shares in WKN GmbH, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity, subjectivity or other inherent risk factors. Furthermore, as part of our audit of the audit matter, we used the knowledge and audit results gained in previous years. For the purpose of risk assessment, we obtained, among other things, an understanding of the past adherence to the budget. We assessed the operational and organisational structure with respect to appropriateness and effectiveness of the implemented controls. This particularly involves periodical assessments of liquidity as well as of the appropriateness and viability of the corporate budget of WKN GmbH by the executive directors of PNE AG and the review of the recoverability of the shares.

As part of our audit, we used the report prepared by the independent expert appointed by the executive directors of PNE AG. We assured ourselves of the competence, capabilities and objectivity of the expert. As regards the assessment of the appropriateness of the assumptions, techniques and models of the measurement technique, we consulted internal experts of the Valuation Services function, who assisted us in assessing the approach used to conduct the impairment test and to determine the discount rates. Furthermore, in order to assess the future cash inflows, we compared the future cash inflows used in the valuation with the current target values specified in the budget of WKN GmbH and examined them for plausibility. Moreover, we inspected all minutes of meetings of the executive board and of the supervisory board.

2. Recognition of revenue generated with the planning and construction as well as sale of wind farm projects

- a) In the statement of profit and loss, revenue amounts to mEUR 148.2. In this context, revenue of mEUR 142.5 relates to the planning and construction as well as the sale of wind farm projects, which have mainly been developed with affiliated companies for the development of the own operating portfolio.

The revenue generated with the planning and construction as well as the sale of wind farm projects is partly due to complex contract arrangements. Consequently and due to the major effects on the annual financial statements, the recognition of related revenue is a matter of particular significance.

The information provided by the executive directors on the revenue generated with the planning and construction as well as the sale of wind farm projects is included in section "B.II.1 Revenue" in the notes to the financial statements. In addition, the risks related to the realisation of projects are set out in section "8. Report on Opportunities and Risks" and listed there under "Risks from operating activities" of the combined management report.

- b) As part of our audit, we assessed the organisational and operational structure of the projection process for appropriateness and effectiveness of the implemented controls by using the knowledge gained during audits in previous years and based on the economic and legal environment of the Company. In addition, we examined compliance with the requirements of revenue recognition with respect to all major transactions based on contracts, invoices and customer acceptance protocols and other proof of services rendered as well as records of payment.

3. Recoverability of the entire engagement at offshore wind farm projects

- a) The Company holds shares in offshore wind farm project companies and has granted loans to these entities to finance project development. In previous years, on the basis of the site development plan issued in 2019, the executive directors have already made a complete write-down for the projects "Nemo", "Nautilus" and "Jules Verne" located in zone 4 and the related shares and loans. In the prior year, the corresponding project companies were merged into PNE AG. In assessing the recoverability of the entire engagement at the offshore wind farm project companies for the projects "Atlantis II" and "Atlantis III" located in zone 3, the executive directors continue to assume a claim for compensation under Sec. 10a German Offshore Wind Energy Act (WindSeeG) and made a new estimate of the recoverability as part of the application made in 2021. This new estimate led to a further impairment of the loan receivables in the financial year 2021. Net of write-downs, the entire engagement in offshore wind farm project companies amounts to mEUR 8.2 as at 31 December 2022 (3% of the balance sheet total), mEUR 0.2 and mEUR 8.0 of which relating to shares and loans, respectively. In the light of the significance of the evaluation of the recoverability of the entire engagement, which, to a great extent, depends on the estimates made by the executive directors, this matter

was of particular significance in the scope of our audit. The risks and rewards concerning the recoverability of the shares and receivables from the remaining offshore engagement are set out in section "8. Report on Opportunities and Risks" in the combined management report and listed there under "Assessment of risks and opportunities".

- b) At the beginning of our assessment of the entire offshore engagement's recoverability, we evaluated whether and to what extent the Company's valuation processes are affected by estimate uncertainties, complexity and subjectivity or other inherent risk factors. We also assessed the organisational and operational structure with regard to the appropriateness and effectiveness of the implemented controls as regards the evaluation of the recoverability of the shares and loan receivables. This particularly relates to the frequent assessment of the recoverability by the executive directors. In this respect, our audit focused on the control of the executive directors' regular assessment of recoverability of the entire engagement.

As part of our audit, we held regular meetings with the executive directors of PNE AG and the employees in charge in PNE AG's offshore segment. For this purpose, we discussed and questioned their estimate of the probability of implementation of the offshore projects in progress or of a compensation claim by the subsidiaries as well as any expected loan recoveries from the project companies based on the legal environment and examined these issues for plausibility. For the legal analysis of the matters and estimates made by the executive directors, we consulted lawyers of Deloitte Legal.

In addition, we audited the completeness and accuracy of the disclosures made in the notes to the financial statements.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the corporate governance statement pursuant to Section 289f HGB combined with the consolidated corporate governance statement pursuant to Section 315d HGB referred to in section "10.2 Management declaration (Section 289f and Section 315d of the German Commercial Code (HGB))" of the combined management report,
- section "6. Intangible Assets / Sustainable Development" in the combined management report,
- the executive directors' statement on the appropriateness and effectiveness of the entire internal controls and risk management system contained in section "8. Report on Opportunities and Risks" of the combined management report,
- the executive directors' confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, and
- all other parts of the published annual report,
- but not the annual financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the corporate governance statement combined with the consolidated corporate governance statement. Otherwise the executive directors are responsible for the other information.

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

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

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

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

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

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 8b70716fb6677751f7f74bf1d636445de8664105a0e9c3791a6e54b984c06881, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the general meeting on 18 May 2022. We were engaged by the supervisory board on 21 November 2022. We have been the auditor of PNE AG, Cuxhaven/Germany, without interruption since the financial year 2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Dinter.

Hamburg/Germany, 15 March 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christian Dinter
Wirtschaftsprüfer
(German Public Auditor)

Signed: Jan Fürwentsches
Wirtschaftsprüfer
(German Public Auditor)

IMPRINT

PNE AG

Peter-Henlein-Straße 2-4
27472 Cuxhaven
Germany

Telephone: + 49 (0) 47 21 – 718 – 06
Telefax: + 49 (0) 47 21 – 718 – 444
E-mail: info@pne-ag.com
www.pne-ag.com

Board of Management

Markus Lesser (CEO),
Jörg Klowat
Registergericht: Tostedt
Registernummer: HRB 110360
As per: March 2023

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Kirchhoff Consult AG
Borselstraße 20
22765 Hamburg, Germany

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This annual report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.



PNE AG

Peter-Henlein-Straße 2-4
27472 Cuxhaven
Germany

pne-ag.com