Annual Report PNE AG
2023

HIGH PERFORMANCE IN ANY WEATHER

PNE
pure new energy

CLEAN ENERGIES

We are a leading **Clean Energy Solutions Provider** to markets and industries, regionally, nationally and internationally. Our core competencies are the development and operation of renewable energy projects. We also drive 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.

781.8
MW/MWp
completed, under construction or sold in 2023

369.8
MW
own operations

> 2,900
MW
order volume in operational management

695
GWh
of green electricity produced in 2023

~523,000
TONNES OF CO_2
saved in 2023

19,101
MW/MWp
in the pipeline of wind energy onshore and PV

THE PNE GROUP AT A GLANCE

PNE Group key figures

in million euro	1.1. – 31.12. 2023	1.1. – 31.12. 2022	1.1. – 31.12. 2021
Total aggregate output	267.8	243.3	252.0
Revenues	121.5	126.2	117.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	39.9	35.4	32.7
Operating profit (EBIT)	5.7	6.2	9.3
Result before taxes (EBT)	-8.6	23.9	3.0
Net income	-9.6	14.9	25.1
Basic earnings per share (euro)	-0.13	0.20	0.33
Average number of shares (million)	76.3	76.3	76.3

in million euro	31.12.2023	31.12.2022	31.12.2020
Equity as at 31.12.	208.1	232.2	221.8
Equity ratio as at 31.12. (%)	18.9	25.2	26.8
Balance sheet total as at 31.12.	1,101.7	920.3	827.0

CONTENTS

FOREWORD OF THE BOARD OF MANAGEMENT

Markus Lesser
Chief Executive Officer

Jörg Klowat
Chief Finance Officer

Harald Wilbert
Board Member

Dear Shareholders

We have delivered, and we are moving forward. With the "Scale up" strategy, we have initiated the further development of PNE AG into a Clean Energy Solutions Provider in 2017. The aim was to broaden the range of business segments, both in terms of technology and of geography. Among other things, we have opened up new markets, integrated photovoltaics into project development and built up know-how in the hydrogen sector. But above all, we have established our own portfolio of wind farms. The goals we set ourselves for 2023 over the course of seven years were ambitious. Now we can see that we have achieved or, in some cases, significantly exceeded all those goals. We are very proud of that. For example, we have come in significantly ahead of our target of having wind farms with an output of 500 megawatts (MW) in operation or under construction by the end of 2023. At the end of the year, wind farms with 651 MW were in operation or under construction. We are also well on track to achieving our "Scale up 2.0" strategy expansion goals. An indication of this: Despite realizations and sales, we were able to increase our project pipeline to a new record level of 19,101 MW/MWp.

EBITDA guidance met despite challenging market environment

We were also able to achieve a very pleasing financial result in fiscal 2023. For example, we met the EBITDA guidance of euros 30 to 40 million at 39.9 million euros in the upper range. We have also achieved the goal of keeping the project pipeline at least at the level of 2022. We even clearly exceeded this.

At the end of 2023, we reported liquidity of around euro 90 million in the Group.

We are very satisfied with this result, especially in the context of the challenging market environment. Projects that we originally aimed to complete or sell in 2023 have been moved into 2024. Delayed transport permits and delivery difficulties for manufacturers, both regarding machinery and materials, were the causes of the delays. The effects of the war in Ukraine, the Middle East conflict and the aftermath of the coronavirus pandemic also led to higher costs. This was partly offset by a temporary increase in the price of electricity, even if electricity prices did not reach the level of the previous years.

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.

Well on track with “Scale up 2.0”

After achieving the goals of the “Scale up” strategy, we are now working hard to also reach the goals of the “Scale up 2.0” strategy development. As a reminder: By 2027, we want to significantly increase our own portfolio of wind farms and PV plants. We want to manage 1,500 MW/MWp in operation or under construction. We also plan to increase the project pipeline to over 20 GW/GWp by the end of 2027. In the “services” segment, we want to become one of the relevant “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. As our figures show, we are well on our way to this.

We are not afraid of the challenges we face, whether it be the geopolitical situation or well-known issues such as the duration of permits, delayed transport permits or problems with suppliers. On the contrary, they are what drives us forward. So far, we have been able to handle this well because our actions have been forward-looking. This is facilitated by our resilient business model, in which we can plan projects for construction and operation at an early stage through our own project development. For example, we ordered material such as cables or substations early on or secured favourable conditions from KfW. As a company, we will continue to evolve and, of course, change so that we can continue to act quickly and efficiently and respond to market demands. We will work on our structure and culture, and we will continually review our market and technology orientation. Changes and innovations are moving us forward. We have made big plans and have achieved significant progress. For example, the PNE Group is now certified according to ISO 9001. Further certifications for occupational health and safety and environmental protection are in progress and the digitization of PNE has intensified. Preparations are also underway for KRITIS certification, because the PNE Group is a critical infrastructure operator of energy farms with extensive services. These investments will amount to a figure in the middle range of single-digit euro millions.

PNE shares included in TecDAX

Unfortunately, PNE shares did not perform as well in the course of 2023 as in the previous year. In our view, one of the reasons for this is the announcement by our main shareholder that they were no longer interested in selling. As a result, the price had fallen significantly as the shareholders who had speculated on the sale left. After that, the price of our share stabilized again.

On the other hand, it is gratifying that PNE shares were included in TecDax in July 2023 and are now one of the 30 largest German technology companies. This proves that the shareholders recognize our strategic development to become a Clean Energy Solutions Provider. Our company is gaining further attention in the capital market through its inclusion in the TecDAX.

> “For me, a successful time is coming to an end. We achieved excellent EBITDA and have successfully completed the first part of ‘Scale up’ together. Thank you for Your loyalty.”

Jörg Klowat
Chief Finance Officer

Expansion of wind farms in operation or construction above target

The declared aim of the Company's strategy is to expand its portfolio of internally operated projects. After the completion and acquisition of further wind farms, the nominal capacity of the wind farms operated by the Company in 2023 increased from 318.9 MW to 369.8 MW. Further wind farms (around 281.3 MW in total) are under construction in Germany and France and could be taken over into our own operations. We have thus significantly exceeded our interim target of having 500 MW in operation or under construction by the end of 2023 and are very optimistic about achieving the further expansion to 1,500 MW/MWp in construction or operation by the end of 2027 in accordance with "Scale up 2.0".

In addition, we want to further optimise the performance of our wind farms and those of our customers using artificial intelligence. That's why, in 2023, we acquired the majority stake in the British technology company Bitbloom Ltd. and thus gained access to this technology. We use Artifical Intelligence (AI) for performance analysis and monitoring.

> "Our summary for the 2023 financial year: We have delivered, and we are moving forward. Because we have achieved or even exceeded the goals of our corporate strategy. Further growth has been successfully initiated with 'Scale up 2.0'."
>
> **Markus Lesser**
> Chief Executive Officer

Project pipeline continues to reach record growth

At the end 2023, the companies of the PNE Group were working on onshore wind farm projects with 9,177 MW (prior year: 7,587 MW) of nominal output, which are 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.

The project pipeline of photovoltaic projects was again significantly expanded in the reporting period. The pipeline includes photovoltaic projects with a nominal capacity of 7,424 MWp (prior year: 4,296 MWp).

The project pipeline was thus further expanded and increased to a record level of 19,101 MW/MWp in total. This is the basis for the further development of the PNE Group, especially in times of scarce areas for the expansion of wind and photovoltaic projects.

PV project sales in international markets

In Italy and especially in Romania, PNE achieved operational success in 2023 on international markets. At the end of the year, the PNE Group in Italy sold a package with a total of 12 PV projects and a total output of 114 MWp to an infrastructure fund. With its experienced team, PNE will now seek to further expand its development of photovoltaics operations in Italy as well as investing in its own portfolio in the medium term.

Two sales of PV projects were recorded in Romania. In the middle of the year, PNE sold a package of five projects to the French energy group TotalEnergies. Together, the PV systems have an output of 208 MWp and, as agri-PV systems, allow the further agricultural use of the site. In the south of the country, a local company also bought a PV project with an output of 61.5 MWp at the end of the year.

We are still in negotiations regarding the sale of our US business.

More assets under management in the service business

The further expansion of our service business also further increases the share of steady earnings in our company. This is why the growth of the "services" segment is a declared component of the "Scale up 2.0" strategy. The PNE Group is broadly positioned in the market with its services. We were able to further expand the national and international business of operations management and technical services in 2023. Overall, the nominal capacity of the wind farms we manage rose to more than 2,900 MW. More than 1,000 plants are now in operational management.

In addition, we are extremely successful with our service in the brokerage of short- and long-term power purchase agreements (PPAs). In the meantime, we are supporting more than 100 projects. In 2023 alone, we completed PPAs for 39 wind and PV project companies with a total output of over 337 megawatts.

With the Minister of Economic Affairs in Turkey and the Federal President in Vietnam

Once again, we were part of two business delegations that accompanied the travels of important politicians. In November we were in Turkey together with the German Federal Minister for Economic Affairs and Climate Protection, Dr. Robert Habeck. As a company, PNE is active in numerous projects here.

At the beginning of this year, by the invitation followed from the German Federal President, Dr. Frank Walter Steinmeier, to join the business delegation for a trip to Vietnam. Both invitations show how important PNE is now in Berlin and how much we are valued as a player in the energy transition. The Vietnam trip was all the more important because PNE has applied with an offshore project with up to 2,000 MW of potential total output.

Energy-related environment promotes renewable energies

Against the background of the shift away from fossil fuels and the desire for a secure energy supply, the renewable energy economy is developing further. The pressure is on, driving further reductions in emissions and compliance with climate targets. As a Clean Energy Solutions Provider, the PNE Group offers solutions with its services and products and can serve the desire for clean energy.

In Germany and Europe, the general conditions for the expansion of renewable energies continue to be positive. The Federal Government has 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.

> "I am looking forward to the new task at the PNE Group. The Group is very well positioned, has motivated employees and a clear goal that we will tackle together."
>
> **Harald Wilbert**
> Board Member

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 should be covered by renewable energies. Climate neutrality is to be achieved by 2045.

Since 2022, the EU has faced the challenge of putting the consequences of the war in Ukraine, including the disappearance of Russian energy supplies and the resulting aggravation of the energy price crisis, and thus, in particular, energy security at the centre of the Green Deal. The European Parliament adopted the amended version of the Renewable Energy Directive (RED III) in September 2023. It is characterised above all by different objectives compared to RED II. For example, the share of renewables in the EU's final energy consumption is to be increased to 42.5 percent by 2030, with Member States trying to reach an increase to 45 percent.

EBITDA increased

Based on the successful operating performance, the Group recorded total aggregate output of euro 267.8 million (prior year: euro 243.3 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 39.9 million (prior year: euro 35.4 million), operating profit (EBIT) of euro 5.7 million (prior year: euro 6.2 million) and undiluted earnings per share of euro -0.13 (prior year: euro 0.20) 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 wind farm portfolio in own operations, "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 208.4 million were eliminated at Group level by the end of 2023 in total, of which euro 31.4 million in the reporting period (prior year: euro 42.5 million). EBITDA adjusted for the "hidden reserves" created in the financial year thus amounted to euro 71.4 million (prior year: euro 77.9 million).

Dividend proposed

For the 2023 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 2023 fiscal year be distributed from PNE AG's retained earnings totalling euro 273,129,231.11. The remaining retained earnings shall be carried forward to a new account.

Change in Board of Management

After many years of continuity, a change is currently taking place in the Board of Management. While Markus Lesser was reappointed by the Supervisory Board as Chairman of the Board of Management of PNE AG in August 2023 until the end of 2027, CFO Jörg Klowat decided to leave the Board of Management at his own request at the end of March 2024 and to remain at the company's disposal for a transitional period. This allows him to finish ongoing projects. Harald Wilbert was found as the successor. He has been a member of the Board of Management without a special department since October 2023. As of April 1, 2024, he will take over the function of Chief Financial Officer of Jörg Klowat. Harald Wilbert is very familiar with the energy industry and the renewable energy sector. Most recently, he was a member of the Board of BayWa r.e. AG as well as its CFO.

Non-financial report

PNE AG submitted its first separate non-financial report for the 2023 financial year. This describes our developments and progress in the area of sustainability. In addition to environmental aspects, this also includes our social commitment and responsible corporate governance. Sustainability is a major part of PNE's business model and is firmly anchored in the enterprise. As a Clean Energy Solutions Provider, we promote the use of renewable energies. With this sustainable business model, we make an important contribution to climate protection. At the same time, we are committed to responsible corporate governance along our entire value chain. In our day-to-day business, we take into account not only economic interests but also environmental, social and societal concerns. The non-financial report is part of this annual report.

Positive outlook

PNE is making good progress with the implementation of the further development of the "Scale up 2.0" strategy. The growth course has been set and the defined targets are achievable. We are motivated to meet the challenges that lie along our path. The necessary changes in the organization have started, and we are thus making rapid progress. Our foundation for the future is in place. The project pipeline has reached another record high.

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.

Our overall business benefits from the synergies arising from the three segments "project development", "electricity generation" and "service products".

In fiscal 2024, 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 40 to 50 million in respect of our guidance for the 2024 fiscal year.

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	Jörg Klowat	Harald Wilbert
Chief Executive Officer	Chief Finance Officer	Board Member

REPORT OF THE SUPERVISORY BOARD

from left: Per Hornung Pedersen (Chairman), Dr. Susanna Zapreva, Christoph Oppenauer (Deputy Chairman), Marc van't Noordende, Roberta Benedetti, Marcel Egger, Alberto Donzelli

Dear Shareholders

Fiscal year 2023 was successful for PNE AG. The Company has successfully met the geopolitical challenges posed by the war in Ukraine and the conflict in the Middle East, as well as more market-specific challenges such as delays in transport permits or delivery difficulties on the part of manufacturers. The positive Group performance (EBITDA) resulting from the business performance is particularly pleasing for this reason. The inclusion in the TecDAX in July should also be emphasized. This demonstrates once again that the further development from wind power project developer to clean energy solutions provider is being recognized by shareholders. 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, CFO Jörg Klowat and since October 2023 Harald Wilbert has also continued to work successfully on the implementation of the Group's "Scale up 2.0" strategy. The strategic orientation provides for the significant expansion of the portfolio of internally operated wind farms and PV plants, the increased development of photovoltaic projects in Spain, Germany and Romania, 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 cover, 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.

In the middle of the year, the Supervisory Board appointed Markus Lesser as Chairman of the Board of Management for a further four years. We are thus achieving continuity on the Board of Management and can continue the successful realignment of the PNE Group. By mutual agreement with Jörg Klowat, there was no new appointment as Chief Financial Officer. Jörg Klowat will continue to support the PNE Group in an advisory role after the end of his contract term on March 31, 2024. We would like to thank Jörg Klowat for his many successful years as CFO of PNE AG and wish him all the best for his future professional and personal path. The Supervisory Board was able to engage Harald Wilbert as the new CFO. He has already been appointed as a member of the Board of Management without a specific department since October 15, 2023, and will take over the duties of the CFO on April 1, 2024. We warmly welcome him to PNE AG and look forward to working with him in the future.

The Supervisory Board held a total of twelve ordinary meetings in fiscal 2023, on January 13 (in person/video conference), March 10 (video conference), March 15 (in person), May 8 (in person), May 9 (in person/video conference), May 23 (video conference), June 6 (video conference), June 7 (video conference), June 21 (in person / video conference), July 28 (video conference), September 5 (in person) and December 6, 2023 (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 also two meetings and Christoph Oppenauer three meetings.

One focus of the Supervisory Board's activities in 2023 was the continuous exchange of information with the Board of Management on corporate governance issues in the time of the geopolitical challenges, rising interest rates and strained supply chains, in particular, developments on the energy markets and their potential impact on the Company.

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

The general meeting of shareholders on May 9, 2023, took place in Cuxhaven as an in-person event. The general meeting of shareholders resolved the official approval of the actions of the Supervisory Board members for the 2022 fiscal year. To ensure the efficient performance of its duties, the Supervisory Board has set up a Personnel Committee, an Appointments Committee and an Audit Committee.

The Personnel Committee held its meetings jointly with the Appointments Committee. They held six meetings in fiscal 2023 on February 21 (video conference), February 23 (video conference), March 14 (video conference), March 20 (in person / video conference), June 1 (video conference) and August 1 (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 negotiations of a new Management Board service agreement with Markus Lesser,
- → filing the position of the Chief Financial Officer and negotiating a Management Board service agreement with Harald Wilbert,
- → the remuneration system as well as the preparation of remuneration reports for the Board of Management and the Supervisory Board,
- → the adjustment of the organisational structure to support the strategic "Scale up" programme.

The Audit Committee met in six meetings on March 14 (in person), May 5 (video conference), August 8 (video conference), October 18 (video conference), November 8 (video conference) and November 15, 2023 (in person). All committee members participated in the meetings. The topics of these meetings were the audit of the annual financial statements as at December 31, 2022, the discussion of the half-yearly financial report and the quarterly statements of 2023 as well as the related recommendations to the Supervisory Board for the adoption of relevant resolutions. Another focus of the committee was the selection process for the recommendation of a new auditor for the Group.

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 2023 fiscal year was on:

- the reports and discussions concerning the annual and the consolidated financial statements as at December 31, 2022,
- 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 9, 2023,
- 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 9, 2023,
- the adoption of the new remuneration system for the Board of Management, which were submitted to the general meeting of shareholders for approval on May 9, 2023,
- the continuous exchange of information with the Board of Management regarding corporate governance in the time of the energy crisis,
- 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,
- the resolution to recommend a new auditor to the Annual General Meeting based on the recommendations of the Audit Committee.

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 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 9, 2023, 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 2023 financial statements on November 13, 2023, 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 2023 fiscal year.

The financial statements of PNE AG, the consolidated financial statements, the combined management and group management report of PNE AG for fiscal 2023, 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, 2024. The documents were comprehensively examined and discussed by the members of the Supervisory Board at the meeting of the Audit Committee on March 14, 2024, 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, 2023 of PNE AG and the consolidated financial statements as at December 31, 2023. 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.

PNE AG has to prepare a separate non-financial report for the first time for the 2023 fiscal year. The Supervisory Board dealt with the separate non-financial report prepared by the Board of Management as at December 31, 2023. Following its review, the Supervisory Board had no objections.

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 2023 fiscal year.

Cuxhaven, March 19, 2024

Per Hornung Pedersen

HIGH PERFORMANCE IN ANY WEATHER

We supply solutions for clean energy

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

- Onshore and offshore wind energy
- 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

Our integrated business model provides growth and resilience

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. Don't forget: the stable earnings we generate through the "electricity generation" segment.

approx. three to six years — more than 20 years

1. Development
- Acquisition of land
- Analysis (wind/sun)
- Selection of wind turbines
- Approval

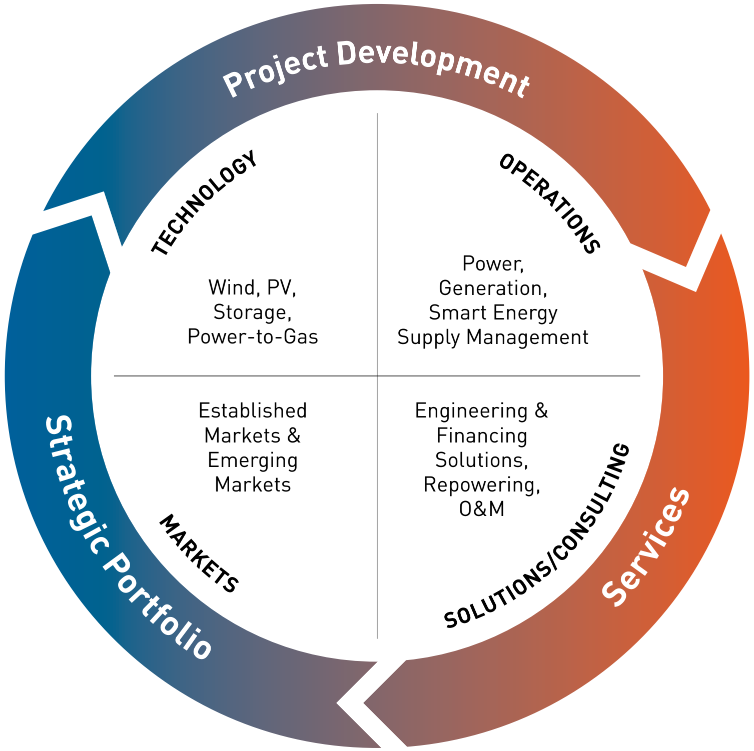
2. Financing
- Financial analysis
- Legal concept
- Sales/marketing
- Project financing

3. Construction
- Grid connection
- Infrastructure
- Installation
- Commissioning

4. Sale/IPP
- Utility companies
- Infrastructure funds
- Insurance companies
- Electricity generation (IPP)

5. Service
- Technical and commercial operations management

Wind — **PV** — **Storage** — **Power-to-X**



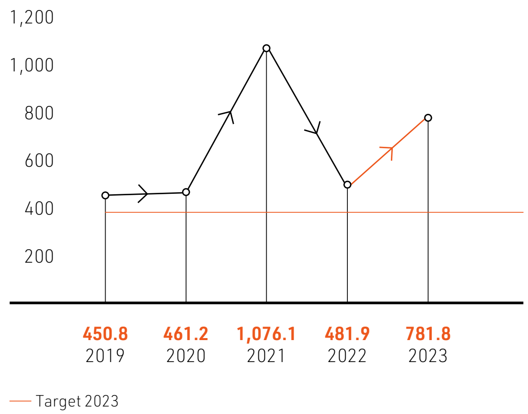
All "Scale up" targets achieved or exceeded

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

- We have grown profitably through the increase in volume in project development and wind farm management and reduction in 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 currently and in the future, for example by adding PV and building up expertise in hydrogen.
- We have significantly reduced volatility and increased predictability through the significant increase in stable, recurring income and cash flows through organic as well as inorganic growth and the expansion of our internal portfolio.

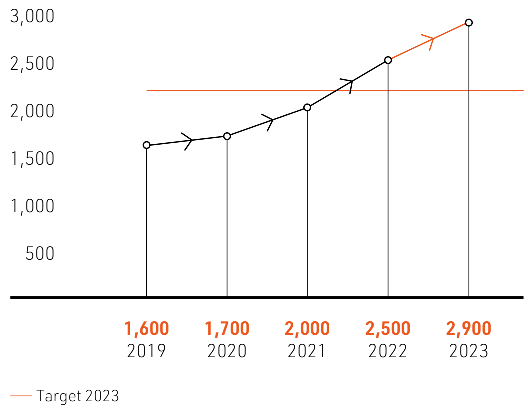
Project output

in MW



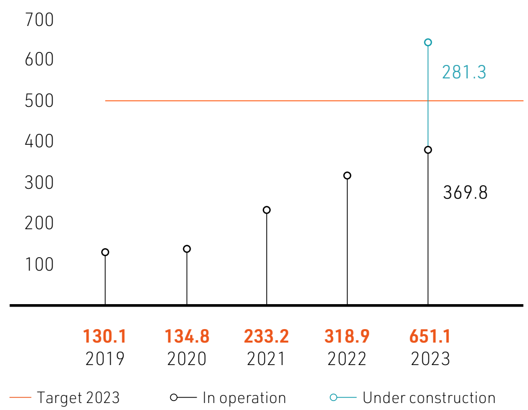
Operations management

in MW



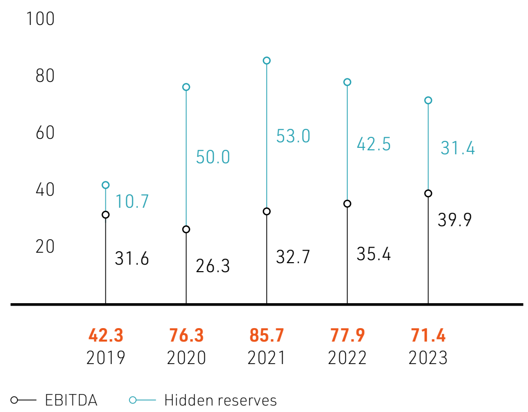
IPP portfolio

in MW



EBITDA adj.

in million euro



"Scale up 2.0" makes us even more high-performing

With "Scale up", we set the right course early on. And we delivered in spite of sometimes difficult conditions.

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. 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 photovoltaics, 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.

Our goals until 2027

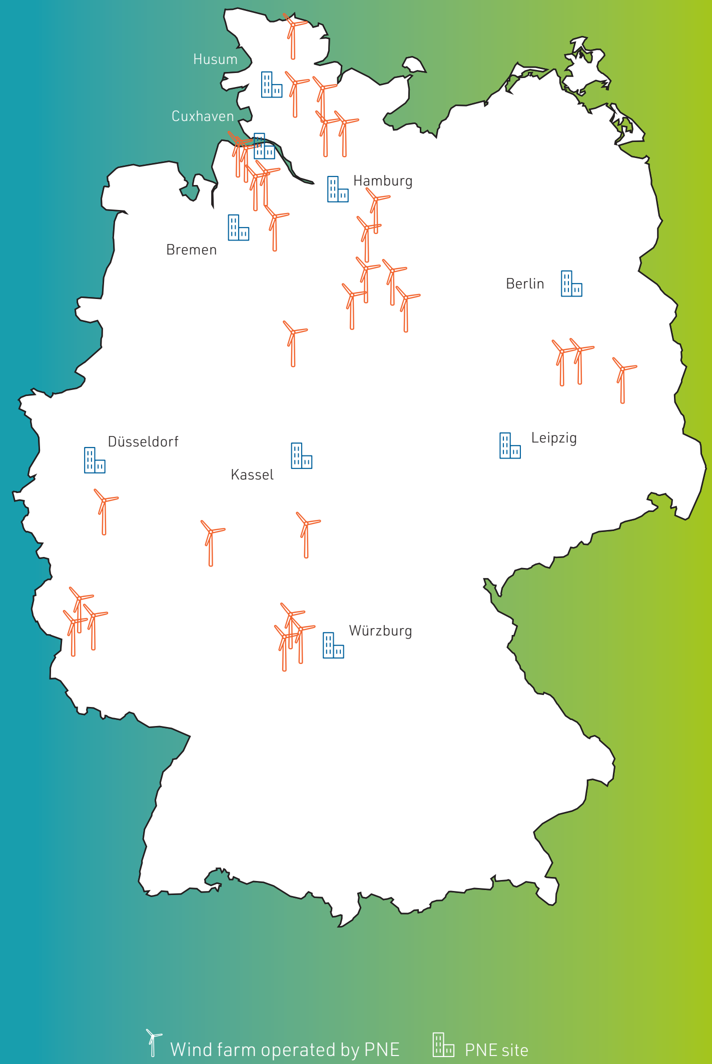
>150 million euro
EBITDA

1,500 MW/MWp
IPP portfolio

>20,000 MW/MWp
Pipeline

>3,500 MW
MW O&M

Our wind farms in Germany



OWN OPERATIONS: MANSBACH WIND FARM

In April 2023, we commissioned the Mansbach wind farm in Hesse.

FIVE
WIND TURBINES

28.5 MW
RATED POWER

PV PLANT "ORADEA" (ROMANIA)
81 MW capacity, sold in 2021.

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 pushing ahead with the development of offshore wind energy projects abroad. And 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.

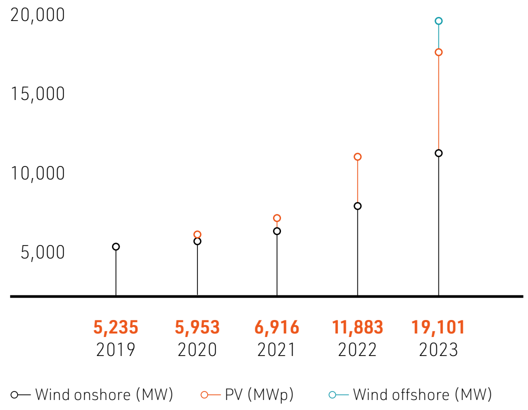
Integrating new technologies

We strengthen our commitment to future technologies such as

- projects for power-to-liquid (e.g. e-fuels such as methanol, ammonia and 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.

Pipeline in total

MW/MWp



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

REPOWERING: PAPENRODE WIND FARM

In Lower Saxony, 15 wind turbines will be replaced by nine new more powerful ones.

POWER PRODUCTION:
APPROX. 180,000
MWh PER YEAR

CO_2-SAVINGS:
APPROX. 135,500
TONS PER YEAR

We offer all manner of services

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 2,900 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 also via Power Purchase Agreements (PPAs)
- optimisation of wind and PV projects
- life cycle management of projects
- engineering services, e.g. island solutions based on clean energies

both in Germany and abroad.

PPA MANAGEMENT FOR OUR GERDAU WIND FARM

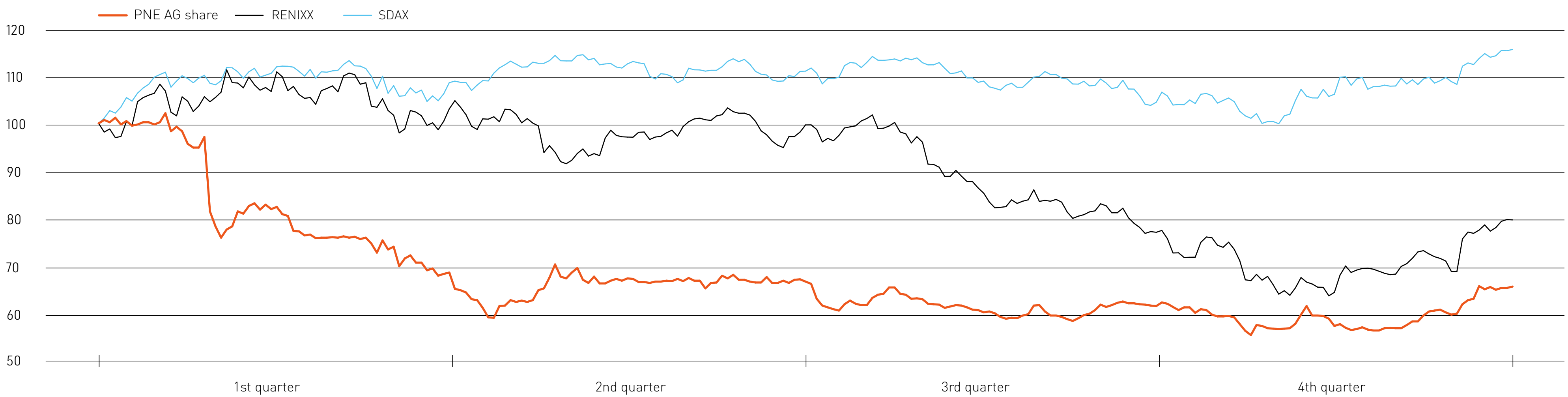
We have concluded a PPA with Gerresheimer AG for the wind farm for own operations.

LONG
TERM

CURRENT CONSUMPTION:
35 GWh
PER YEAR

CAPITAL MARKET INFORMATION

PNE share vs. RENIXX and SDAX indexed to 100%



SHARE

The PNE AG shares started the fiscal year on January 2, 2023 with an opening price of euro 21.05. The termination of the preliminary discussions conducted by Morgan Stanley Infrastructure/Photon Management GmbH regarding a complete sale of the shareholding held by Photon Management GmbH in the Company led to a negative reaction in the share price in the first quarter as the speculative shareholders had exited. In remainder of the year, the price stabilised and then predominantly fluctuated between euro 12.50 and euro 14.50. On December 29, 2023, the last trading day of the reporting period, the closing price was 13.84 percent. This corresponds to a market capitalisation of approx. euro 1.06 billion.

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 to improve the financing structure and to finance measures of external and internal growth as well as to use it for general business purposes. 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 2022/27 has traded above 100 percent at most times, but fell slightly in the final quarter. The price was 95.50 percent at the end of the reporting period on December 29, 2023.

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 31,8 percent as at December 31, 2023.

SHAREHOLDER STRUCTURE

At the end of the reporting period on December 31, 2023, the total number of shares issued by PNE AG amounted to 76,603,334. Based on published notifications relating to voting rights and directors' dealings, the shareholder structure at the end of the reporting period was as follows:

Shareholder	Share
Morgan Stanley	44.20%
Active Ownership Fund SCS	11.99%
Samson Rock	5.24%
ENKRAFT	4.96%
Goldman Sachs Group	3,04%*

*Thereof 3.02 percent of the voting rights over instruments.

GENEREL MEETING OF SHAREHOLDERS

The general meeting of shareholders of PNE AG took place as an event with personal attendance in Cuxhaven on May 9, 2023.

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 also a special dividend of 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 to the actions of the Supervisory Board. There were no elections to the Supervisory Board in 2023.

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

The shareholders approved several amendments to the Articles of Association, including the amendment to be able to hold general meetings of shareholders as a purely virtual event in the future.

The necessary 75 percent majority was not reached for the proposal to create new Authorised Capital.

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

KEY SHARE DATA (AS AT DECEMBER 31, 2023)

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

FINANCIAL CALENDAR

May 8, 2024	Publication of quarterly report Q1 2024
May 30, 2024	Annual General Meeting 2024
August 8, 2024	Publication of quarterly report Q2 2024
November 7, 2024	Publication of quarterly report Q3 2024
November 2024	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.

NON-FINANCIAL REPORT

WIND FARM GROSS OESINGEN
put into operation in 2022.

On this non-financial report

In this non-financial report (NFB), we report on developments and progress in the field of sustainability in fiscal year 2023 in accordance with the legal requirements according to Section 289c-e HGB in conjunction with Section 315b-c HGB and Article 8 of the Taxonomy Regulation (EU) 2020/852.This non-financial report is subject to approval by the Board of Management and Supervisory Board of the PNE Group. Reporting is based on the reporting standards of the Global Reporting Initiative (GRI). The GRI Content Index is located at the end of the NFB and provides a detailed overview of where the relevant GRI disclosures can be found in the PNE Annual Report.

Unless otherwise indicated, all information refers to the entire PNE group. The NFB is not subject to any audit by an auditor.

With this NFB, we disclose our sustainability-related performance in environmental, social and employee matters, respect for human rights, and the fight against corruption and bribery. The chapter structure as well as the report focuses are derived from the topics identified as essential.

Topics for the non-financial report [1]

Legal aspects according to Section 289c para. 2 HGB	Key topics
Respect for human rights	Sustainability standards in the supply chain
Fighting corruption and bribery	Corporate ethics Anti-corruption, compliance and data protection
Environmental concerns	Climate change Biodiversity Sustainable energy supply
Employee concerns	Knowledge management First-class employer
Social issues	Stakeholder dialogue Regional value creation and corporate citizenship

[1] In addition to the key issues that meet the legal requirements, the PNE Group voluntarily reports on the topic of promoting sustainable energy systems.

Business model

The PNE Group is a developer and operator of projects in Renewable Energies. Our project development, electricity generation and services segments cover a significant part of the renewables value chain. For more information on our business model, see the chapter ↗ **"Our integrated business model provides growth and resilience"**.

The PNE Group currently has more than 600 employees in 15 countries in Europe, South Africa, North America and Asia. As a Clean Energy Solutions Provider for regional markets and industries, both nationally and internationally, we always keep an eye on the entire Renewable Energies value chain. In addition to wind energy and photovoltaics, particularly power-to-X solutions are essential components of the corporate strategy. This will enable us to enter the mobility, heating and supply sectors with raw materials from clean energies (hydrogen and derivatives, sector coupling). It includes extending the value chain to include power-to-X projects in connection with wind farms, photovoltaic systems and energy storage systems. In order to supply the sectors with energy safely, we also develop isolated solutions, i.e. self-sufficient clean energy plants that are independent of the electricity grid. We utilise our knowledge gained from our global projects in order to generate energy at a local level in the most efficient and socially sustainable way. More information can be found in the chapter ↗ **"Social responsibility"**.

We aspire to be a pioneer and thought leader in the industry. This always makes us look for new solutions. Our vision is climate-neutral energy supply. Our "Scale up 2.0" growth strategy describes our contribution to this. You can find more information on our website www.pne-ag.com/unternehmen/about-us/ and in the chapter ↗ **"All "Scale up" targets achieved or exceeded"**.

ESG strategy & management

Sustainability is in the nature of PNE's business model and is firmly anchored in the enterprise. As a Clean Energy Solutions Provider in the fields of wind energy, photovoltaics, storage solutions and power-to-X technology with a focus on hydrogen, we promote the use of renewable energies. With this sustainable business model, we make an important contribution to climate protection. At the same time, we are committed to responsible corporate governance along our entire value chain. In our day-to-day business, we take into account not only economic interests but also environmental, social and societal concerns.

Our overall goal is to achieve sustainable value for the company and for all our stakeholders: customers, employees, investors and suppliers, local communities and for our planet. We are transparent and fact-focused across all areas. We set clear goals against which we can be measured. Sustainability is integrated into our core processes. We systematically implement clearly defined measures to achieve our goals. Our Environment, Social, Governance (ESG) strategy sets out how we want to achieve our overarching goal and contribute to sustainable development.

Key topics and description of the materiality analysis

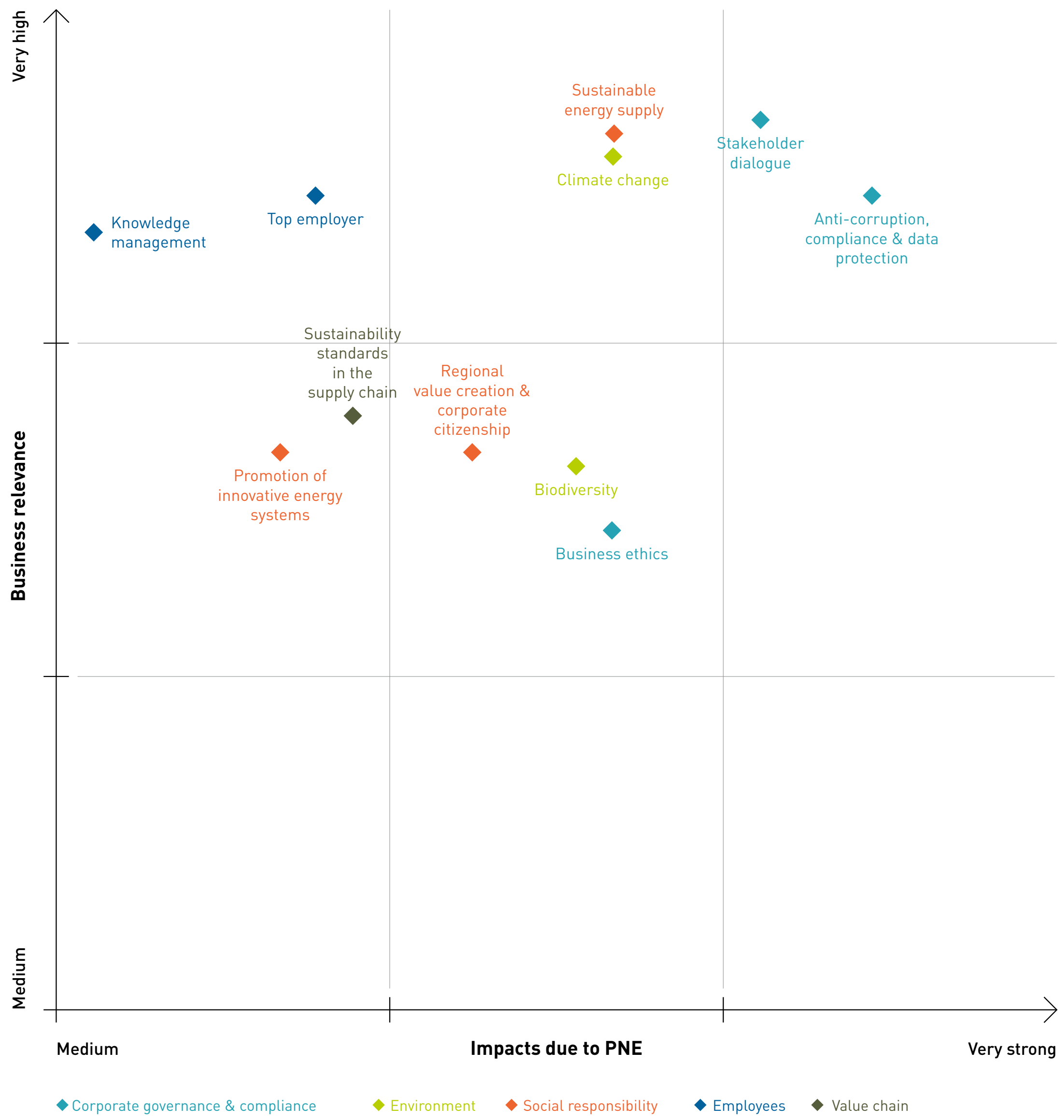
The materiality analysis forms the basis for our ESG strategy. In 2021, we carried out a multi-stage process to identify the main topics. First, we created an extensive catalogue of topics. This included industry-relevant issues, requirements of legal regulations, aspects of current frameworks (e.g. Global Reporting Initiative) and issues identified by competitors. In the next step, the catalogue was further condensed into the five overarching fields of action "Governance", "Value Chain", "Employees", "Environment" and "Social Responsibility".

These were then evaluated and prioritised by the managers and employees from various departments of the PNE Group, The perspective of external stakeholders was taken into account, among other things through a peer group analysis. and the results subsequently transferred into a materiality matrix.

Based on the materiality analysis, we identified eleven key topics in the five fields of action. 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.

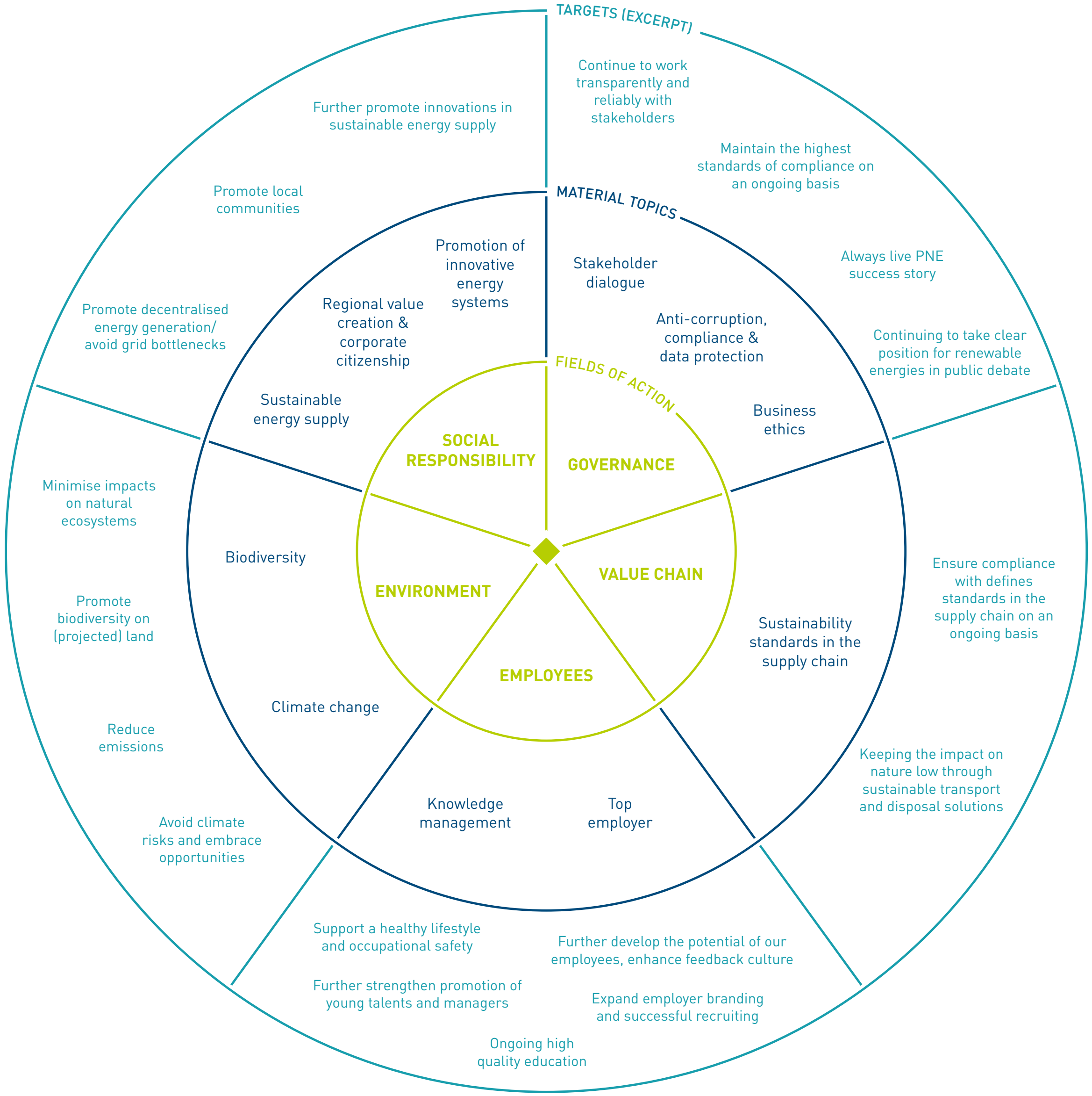
The five fields of action, each with one to three subtopics, form the five pillars of our ESG strategy and are covered in the following chapters.

The results of the materiality analysis were validated in 2023.



ESG strategy and goals

As part of our ESG strategy, goals and measures were defined for each of the fields of action. The graph shows an excerpt of the goals:



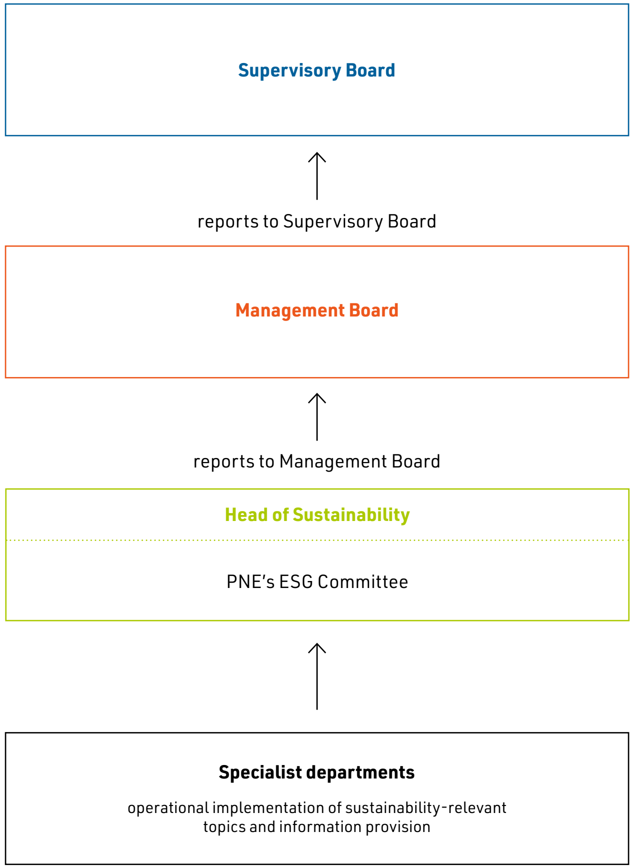
Our sustainability management

The Board of Management of the PNE Group has overall responsibility for the implementation of our ESG strategy and the achievement of the objectives set out in this strategy. The Board of Management deals with the development of the ESG strategy during the year and reports to the Supervisory Board once a year.

In 2023, we introduced the **PNE ESG Committee**, which is headed by the Head of Sustainability, as an independent body for ESG and sustainability matters. This committee consists of ten people from different specialist areas. It meets regularly once a quarter and additionally if the need arises. Its tasks include the management and coordination of sustainability-relevant topics as well as sustainability reporting and internal and external sustainability communication. The Head of Sustainability reports the results to the Board of Management. Based on the preliminary work of the ESG Committee, the Board of Management makes key strategic decisions for the sustainable development of the company and monitors progress.

The ESG Committee is in dialogue with all divisions to manage sustainability measures and to take into account the information requirements of our stakeholders. The sustainability-relevant topics are operationally implemented decentrally in the various departments and branches.

The overall organization is shown below:



Governance

Good corporate governance is a matter of course for the PNE Group. This also includes corporate ethics. We expect our fundamental ethical values to be respected and sustainable action to be taken by both our own employees and our business partners and suppliers.

Corporate ethics

The PNE Code of Conduct sets out the most important basic rules that we have imposed on ourselves. In addition to the basic rules of conduct, the PNE Code of Conduct also addresses the issues of handling business partners and third parties, avoiding conflicts of interest, handling information, environmental issues, health and safety, as well as the culture of conflict and dealing with complaints. In addition, we follow the recommendations of the German Corporate Governance Code as outlined in the Declaration of Conformity and have drawn up a Business Partner Policy for the establishment of rules along our value chain. In particular, the Business Partner Policy defines the procedure for Business Partner Screening and the measures to be taken in the event of an increased compliance risk.

PNE success picture

In 2021, we created a "success picture" for the entire PNE Group, which we updated in 2023. It defines our concept of success and shows how we want to act as a company based on common goals and values. In order to deeply integrate our concept of success into our daily business and corporate culture, we have developed focus measures. These include, for example, the implementation of leadership standards, the improvement of our resource management as well as continuous process optimisation.

Human rights

As an internationally active company, we see 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. This voluntary commitment was decided at Board level and enshrined in the Code of Conduct.

We generally only purchase products and services from companies that commit themselves to respect for human rights and ensure this through our Business Partner Policy. The Business Partner Policy refers to the European Convention on Human Rights, the UN Convention on the Rights of the Child and the UN Guiding Principles on Business and Human Rights. In addition, we use software solutions to check our business partners for negative news in the press and entries in sanction lists.

Anti-corruption, compliance and data protection

We are convinced that we cannot be successful without binding regulations and conduct that complies both with the rules and with the corporate principles. We achieve compliance through an open and trusting working environment and an efficient compliance management system tailored to our needs, which is coordinated by a senior Compliance Officer and compliance officers in every subdivision of the PNE Group. These roles are exercised by the Head of Legal & Compliance and other legal staff who are certified compliance officers. The Head of Legal & Compliance reports directly to the CFO. Compliance Risk Management is integrated into Group Risk Management and is thus part of Controlling. Coordination is carried out by employees from the Legal department. Here, too, there is a direct reporting channel to the Board of Management.

In order to ensure that conflicts of interest are avoided and mitigated, we check as part of our contract management whether contracts are customary in the market and whether corresponding comparison offers have been obtained. The Board of Management and the Supervisory Board are obliged to disclose possible conflicts of interest and not to participate in the relevant decisions. Any other activities, offices and interests of Supervisory Board members and members of the Board of Management are presented in the ↗ **Annual Report**. Personal conflicts of interest of employees are also subject to disclosure. This obligation is laid down in the Anti-Corruption Directive.

Code of Conduct

In order to incorporate our obligations to conduct business responsibly into all activities and business relationships, the PNE Group describes the principles of responsible business conduct in its Code of Conduct. Key business partners are informed about this via the Business Partner Compliance Statement and must commit to these principles. Within the PNE Group, the Board of Management reports on its activities in regular messages in the PNE app and, in this context, also about the overall responsibility of the PNE Group and each individual employee with regard to the environment and society.

In accordance with the conditions for the approval of renewable energy projects, we take measures under nature conservation law to compensate for any negative environmental impacts that the PNE Group causes or contributes to causing. We also offer citizen participation models, such as subsidies for electricity costs or the promotion of non-profit projects. In order to prevent negative impacts on the environment, we place great importance on the careful use of resources in the workplace.

In 2023, we revised the Code of Conduct and our competency regulations, which set out the responsibilities of contracting to mitigate contract risk. In addition, we have adapted other existing guidelines to the requirements of our international locations, set up an internal audit team and supported citizen participation models. In the future, country-specific annexes to the compliance guidelines will be developed and country-specific compliance training will be offered to meet the country-specific requirements. The biggest challenges in compliance include cyber crime prevention, anti-corruption prevention, and business partner review. To meet these challenges, employees are made aware of the topic of cybercrime by means of information in the PNE app as well as emails. In addition, based on the quality management system according to DIN EN ISO 9001:2015 certified in November 2023, an information security management system according to DIN EN ISO/IEC 27001:2022 will be set up, which will be certified at Energy consult GmbH starting in March 2024 and will be rolled out to the entire group in the future. To mitigate anti-corruption risks, we are currently adjusting several processes. This includes, for example, the mandatory involvement of the Compliance department before donations are granted. In the future, targeted measures such as the development of a Supplier Code of Conduct will be promoted.

The PNE whistleblower system

The PNE Group has an internal whistleblower system, which can be used in German or English. It complies with the requirements of the Whistleblower Protection Act. All employees can contact this system at any time via a web link and have the option to submit information anonymously. It is also possible to report information about possible violations of, for example, anti-corruption law, antitrust law or insider law by email. The incoming information is reviewed by the hotline officer and the facts are examined in accordance with the presumption of innocence. Depending on the case, consequences will be initiated in consultation with the specialist departments. If serious violations occur via the whistleblowing system, they are reported to the Board of Management and, if necessary, to the Supervisory Board or to the Chairman of the Supervisory Board in cases relating to members of the Supervisory Board. Possible consequences of violations include separate training, changes in work and control processes, and warnings or dismissal. Stakeholders have the opportunity to provide feedback on the design, review, application, and improvement and effectiveness of the complaint procedures in regular, non-specialist team meetings and feedback meetings. In 2023, there were no violations of which the Board of Management or the Supervisory Board had to be informed. Furthermore, there were no incidents of discrimination in the reporting period.

Political commitment, compliance training, and data protection

The PNE Group is aware of its social commitment in the regions in which it operates and is taking advantage of it by supporting, in addition to various social purposes, political democratic parties through donations and sponsorship activities (↗ **"Regional Value Creation and Corporate Citizenship"**). Since donations and sponsorship in connection with public officials, particularly in ongoing projects, pose a risk of corruption, the compliance officers examine donations and sponsorship activities and provide advice to their colleagues.

We place great importance on our employees attending compliance training courses in addition to professional or personal training. Basic compliance training, which is mandatory for all employees at PNE when they start with us, is offered several times a year and includes information on anti-corruption policies and procedures. In addition, there are event-related training courses, for example in the event of changes to the law. Among other things, such training formats ensure that employees are informed about policies and practices for responsible business conduct. The members of the Supervisory Board will also receive anti-corruption training and will be informed of the organization's anti-corruption policies and procedures upon taking office.

PNE also complies with the applicable legal provisions such as the GDPR when it comes to data protection. The Data Protection Officer reports to the Management Board at regular intervals. In addition, the Legal department and external specialist lawyers offer assistance on this topic. Data protection forms part of basic employee training.

The PNE Group did not violate any laws or regulations during the reporting period and was not involved in any legal proceedings on compliance issues such as anti-competitive behaviour or antitrust and monopoly violations.

Stakeholder dialogue

As designers of wind farms and photovoltaic systems and suppliers of clean energy solutions, we place great importance on transparent exchange with various stakeholders. For example, in the context of authorization procedures, in particular public participation, we are in close contact with citizens as well as public interest institutions. We are also in close contact with our stakeholders in the context of environmental impact assessments or in the development of citizen participation models. This dialogue enables us to recognise trends at an early stage, to enter into new partnerships and to establish a broad acceptance for our projects.

We also ensure the involvement of vulnerable groups. For example, a "Memorandum of Understanding" was signed in Canada in 2023, which guarantees cooperation with the First Nations and their involvement in infrastructure projects. Similarly, in Sweden, the minority of SAMs will be involved in project development.

We have identified the following groups of people as our most important stakeholders:

- Employees
- Society and the public
- Asset Management customers
- Analysts and investors
- Suppliers and service providers
- Authorities
- Media
- Competitors
- Political conditions
- Local communities
- Business and industry associations
- Network operators
- Non-governmental organizations (NGOs)
- Science and research

Contact with these interest groups is maintained via various communication channels. In addition to telephone and email for internal stakeholders, this also includes the PNE app and MS teams, as well as contact forms on the website for external stakeholders, trade fairs, conferences and events.

As one of the most experienced developers in the renewable energy sector, we are actively involved in the political discourse. PNE is a member and in some cases also on the board of various interest groups via representatitves. The German associations include the German Association of Energy and Water Industries, the German Association of Wind Power Plants, the German Wind Energy Association and the Federation of German Industry. Internationally, PNE is represented in the following associations: Wind Europe, GWEC, Frech Wind Energy Association and Romania Wind Energy & Photovoltaic Industry Association."

Employees

Our employees are the PNE Group'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.

First-class employer

As part of the sustainability strategy, the PNE Group has consciously set itself the goal of being a first-class employer.

Promoting health and safety at work

That is why we promote a healthy lifestyle and the occupational safety of our employees. In order to do this even more systematically, a management system according to DIN EN 45001 is currently being introduced throughout the PNE Group; certification is planned for 2024. Meetings of the Occupational Safety and Health Committee are already being held four times a year. In order to identify work-related hazards and assess risks, the occupational safety officer visits at least once a year. If necessary, the company doctor may also conduct visits. The contact details of the company doctor are available to all employees. The company doctor can be contacted whenever possible hazards are identified and should be reported. These measures help to minimize risks to health at work.

Only a very limited number of occupational accidents occur at PNE. In 2023, at PNE AG in Germany, there were three work accidents. The rate of recordable work-related injuries (calculated for first time) was 7.86 per one million working hours. All employees have access to relevant information on the subject of occupational safety via the intranet and via an HSE (Health Safety Environment) portal. All employees in Germany receive an induction to occupational safety and accidents at work from the HR department at the start of their work. The HSC portal continues to provide annual occupational safety training (basic induction) as well as health training at the computer workstation and for company vehicle drivers.

In addition, the PNE Group offers preventive medical examinations for employees with computer workstations. Personnel Management is responsible for occupational safety. They are supported by external service providers.

In order to promote employee health outside of work, the PNE Group in Germany offers all staff the opportunity to lease bicycles. In addition, PNE provides financial support for fitness offerings and organizes two health days each year, where employees can take advantage of further fitness offerings and try out classes.

Strengthening employer branding and successful employee recruitment

In addition to the major topic of health and safety at work, PNE is actively working on expanding employer branding and successfully hire new employees. The basic benefits offered by the PNE Group to the employees of PNE AG include financial support for the company pension scheme. PNE AG also has a group accident insurance policy, which can be utilised by employees. There is also a social counselling service via famPLUS, which offers advice on parenthood, care, health and work-family balance. It is important to us that employees have the opportunity to balance their private and professional lives in the best possible way. As far as their position allows, we offer employees the opportunity to organise their working hours flexibly and to choose their workplace freely within the framework of mobile working. If employees decide to take parental leave, we support them in gradually returning to part-time work afterwards.

Employee structure of the PNE Group at the end of the year*

	2023	2022	Differenz
Female employees (full-time)	168	149	+ 13%
Male employees (full-time)	354	307	+ 15%
Female employees (part-time)	86	69	+ 25%
Male employees (part-time)	21	17	+ 24%
Total number of employees	629	542	+ 16%

* Figures as of December 31, without board members

Strengthening feedback culture and increasing employee satisfaction

The processes that the PNE Group has created to promote employee satisfaction are also audited as part of the quality management system. We are also planning to expand our feedback culture in 2024. In addition to creating systematic feedback opportunities directly to managers, a tool for recording employee satisfaction will also be introduced. Regular coaching sessions for managers are already taking place. In addition, every employee is given the opportunity to receive – and give – feedback in the annual feedback and development meeting.

In order to promote diversity within the company, PNE AG has set itself the goal of empowering women in leadership positions. By 2025, at least 16 percent of the first management level positions should be held by women. At second management level below the Board of Management, this proportion should be at least 30 percent by 2025. In the Board of Management and Supervisory Board, we are guided by legal requirements. The current distribution is shown in the table below.

Women in leading positions

	2023	2022
Supervisory Board	29%	29%
Board of Management	0%	0%
First management level under the Board of Management*	10%	14%
Second management level under the Board of Management*	33%	31%

*Figures rounded, refer to PNE AG (not the Group)

In order to fully integrate diversity in our corporate culture, an Equal Opportunities Officer has been in place for several years. An Inclusion Officer will be appointed in 2024.

Knowledge management

In order to support the employees of the PNE Group in their further development, the company attaches great importance to knowledge management. We want to actively promote junior staff and managers in particular and strengthen the feedback culture within the company. PNE has been offering high-quality training opportunities for years. It is planning to continue this in the future.

Knowledge management is systematically organised via the PNE Academy. The latter was introduced in 2022 and has been further expanded since then. The first step was to use the PNE Academy to provide detailed information about the organisation in general and about the product areas more particularly. There is a one-hour online event for each topic, which is also available as a recording afterwards. In future, the PNE Academy's programme will be expanded to include additional content.

The PNE Group offers both mandatory and voluntary training programmes. Compliance training is essential for all employees. Employees in the HR department also receive annual training in labour and social security law. The PNE Group is active globally. All employees are offered the opportunity to take English lessons. Depending on individual needs, Spanish lessons may also be offered.

High-quality further training for junior staff and managers

Managers have the opportunity to take advantage of coaching from an external service provider every four weeks. Topics include leadership, team building and feedback discussions with employees. The coaching can also be customised as required.

Further training requirements for employees are determined and organised by the respective manager. External service providers are also used to organise training courses. For example, training courses on all aspects of project development in Germany are organised by the German Wind Energy Association.

The PNE Group also supports longer-term training programmes. In the year under review, seven trainees worked at PNE, completing their training as office management assistants or IT specialists for system integration. In addition, two dual students were hired in 2023. PNE also finances further training as a commercial specialist for employees.

Environment

Climate change

For PNE as a Clean Energy Solution Provider, climate protection and the consistent use of renewable energies are the central concerns. With the projects developed and operated by the PNE Group, 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 contribute, both nationally and internationally, to the reduction of damaging climatic gases and the protection of humans and the environment.

Since our business model is based on offering solutions for the energy transition, ours is a growth market. Climate change is now widely recognised at local, national and international political level as a threat that requires immediate action. Furthermore, at least in Germany, awareness of the economic opportunities associated with climate policy measures such as economic decarbonisation has increased in recent years. The opportunities include becoming less dependent on naturally limited supplies of fossil fuels and conserving them.

Climate policy and increased social awareness of the need for climate protection measures are generating investment security and growing demand for our industry. The climate objectives of the respective federal states and the necessity of increasing the security of supply thus require the accelerated expansion of renewable energy projects both on land and at sea, including storage solutions. With our sustainable business model in the areas of wind energy, photovoltaics, storage solutions and power-to-X technology focused on hydrogen, we are in a position to meet these requirements to an increasing extent. This will enable us to continuously increase our contribution to protecting people, the environment and nature from the effects of climate change over the coming years.

Nevertheless, our business activities and those in our supply chains also produce greenhouse gases that are harmful to the climate and have a negative impact on people and the environment. This includes emissions from the production, transport and construction of the systems we use. We avoid and reduce these emissions by implementing energy efficiency measures at our locations, such as switching to energy-saving LED lighting and using motion detectors. We are also working to minimise the environmental footprint of projects and services across the entire supply chain. This includes sourcing the turbines for wind farms as regionally as possible so that transport routes are short and emissions are correspondingly low (more on this in ↗ **the section on the supply chain**). To this end, we have 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 CO_2 emissions from the company car fleet. This has already led to initial successes: Around 45 percent of the vehicles registered in Germany in the reporting year were electric vehicles or plug-in hybrids.

We consider our exposure to physical risks due to climate impacts such as extreme weather events to be low. The PNE Group does not have its own production facilities, but the wind power turbines we operate may be affected by the effects of climate change in the form of storm damage or other factors. However, technical downtime of wind turbines, for example, are covered by full service contracts, in this case with the turbine manufacturers. We counter risks arising from climate impacts such as extreme weather events with supplementary insurance.

"Scale up 2.0": Our plan for more climate protection and growth

We want to seize the opportunity to advance the energy transition by expanding and extending our business model. Our "Scale up 2.0" strategy describes the goals we have set ourselves for this purpose and how we intend to achieve them. Growth should continue to take place in all of our business areas. One of our goals is to expand our position as an independent power producer and to operate our own portfolio of wind farms and photovoltaic systems of at least 1,500 MW/MWp by the end of 2027. To achieve this, we plan to invest more than euro 1.6 billion in our generation portfolio in the period from 2023 to 2027 and to make further investments in new markets and technologies. You can find out more about the goals and measures of "Scale up 2.0" in the ↗ **Annual Report from p.16.**

Our actions for more climate protection

As part of our "Scale up 2.0" strategy, we completed, sold or started construction of wind farm and photovoltaic projects with a capacity of approx. 781.8 MW/MWp in the reporting year (previous year: 481.9 MW/MWp). Since its foundation, the PNE Group has realised projects with a total nominal output of more than around 7,000 MW/MWp. Despite the realisation and sale of individual projects, the "pipeline", i.e. the number of projects in the various phases of development, increased significantly year-on-year from 11,883 MW/MWp to 19,101 MW/MWp, thus reaching a new record level.

With the generation of electricity from renewable energies, PNE is already making an important contribution to sustainable and climate-friendly energy supply in Germany. In the reporting year, we were able to increase the nominal output of our own wind farms to 369.8 MW (previous year: 318.9 MW) by completing and taking over further wind farms. In total, 695 GWh was generated in 2023 (previous year: 509 GWh). This means that roughly 187,000 3-person households per year can be supplied with electricity from renewable energies (source: BDEW). Measured against the German electricity mix, this energy produced in-house, taking into account the upstream chains and external auxiliary energy, represents an emission avoidance of approx. 523,000 tons of CO_2e for the year 2023, compared to approx. 383,000 tonnes of CO_2e in 2022 (source: BWE calculator). According to the Federal Environment Agency, this is due to the concrete substitution of the fossil fuels hard coal, natural gas and lignite.

We contribute internationally to their smooth operation with our services for the operational management of wind farms in Germany, France, Poland, Sweden as well as other European markets as well as wind measurements, technical inspections and tests worldwide. In total, the order volume currently managed by PNE covers wind farms in Germany and abroad with a nominal capacity of more than 2,900 MW (prior year: 2,500 MW). This was another way in which we made a contribution to protecting people, the environment and nature from the effects of climate change during the operating year.

Our emissions in the reporting year

When calculating our carbon footprint, we are guided by the international standard of the Greenhouse Gas Protocol and the quality criteria of relevance, completeness, consistency, transparency and accuracy formulated therein. As required by the standard, all relevant greenhouse gases are recorded as CO_2 equivalents (CO_2e) in relation to their global warming potential.

In our first greenhouse gas balance for the 2023 financial year, we analysed CO_2-e emissions in Scope 1 (direct emissions from sources owned or controlled by the company) and Scope 2 (indirectly generated emissions resulting from the use of purchased energy). In accordance with the operational control approach, we have recorded the mileage of our company-owned vehicle fleet (Scope 1) and the consumption of electricity and heating energy in the company buildings at the German PNE sites (Scope 2). Since not all primary data for energy consumption in the buildings from 2023 were available at the time of the report, calculations were made partly on the basis of the key figures from the operating cost statements of 2022 and the assumption of constant consumption and projections per square meter. In addition, the emissions attributable to our electricity consumption were recognised both on a market basis (based on specific information from our direct energy suppliers) and on a location basis (based on the German electricity mix from 2022). According to the report, we were able to save almost 300 tonnes of greenhouse gases and reduce our total emissions by more than 20 percent by purchasing 100 percent green electricity at our sites alone compared to the average German electricity consumption.

Carbon footprint - Scope 1 and 2 emissions (in tonnes of CO_2 equivalents)

	2023
Scope 1 (direct emissions)[1]	
Vehicle fleet (leased vehicles)	884.6
Scope 2 (indirect emissions)[2]	
Electricity	
market-based	28.0
location-based	326.1
Heating	
Gas	168.6
Oil	22.8
Total emissions (market-based)	**1,104.0**

[1] Calculated on the basis of DEFRA (BEIS) and UBA emission factors.
[2] Calculated on the basis of the UBA emission factors (incl. upstream chain emissions) and on the basis of the operating cost statement from 2022 and assumptions regarding corresponding changes in the respective building areas in 2023.

From the coming fiscal year, we plan to include PNE's international sites in the balance sheet. In future, we also want to subject our Scope 3 emissions (further indirect emissions that arise in the upstream and downstream value chain) to a separate materiality analysis and include significant categories in the greenhouse gas balance.

We have not included the emissions avoided by the wind turbines we operated in the reporting year in the analysis of our Scope 1 emissions in accordance with the GRI criteria.

Key to success: Our dialogue with stakeholders

PNE is also aware of the great importance of experienced partners to the success of our projects 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.

As a project developer of wind farms and photovoltaic systems, transparent dialogue with our stakeholders is also particularly important to us in order to achieve broad acceptance for our projects. You can find out more about our corresponding measures in the context of approval procedures, environmental impact assessments or public participation in the section ↗ **"Stakeholder dialogue".**

Biodiversity

One issue often discussed by society in connection with the construction of renewable energy plants is the impact on nature. The PNE Group is aware of this fact. We are constantly striving to minimise our impact on the quality and diversity of animal and plant habitats, while encouraging biodiversity at wind farms and photovoltaic plants developed by us. In addition, renewable energy systems have a positive impact on climate protection and thus indirectly on species conservation. Nevertheless, it cannot be completely ruled out that the construction and operation of the plants as part of our business activities may have negative direct and indirect effects on biodiversity.

Possible impacts of renewable energy plants on biodiversity

The construction of wind turbines and PV systems can potentially impair and reduce the availability of natural habitats for various species, as areas have to be utilised for the construction of the turbines and the associated infrastructure. In addition, there may be isolated bird strikes due to flying collisions with rotor blades.

The PNE Group has set itself the goal of avoiding these direct and indirect negative effects on biodiversity as far as possible. Where this is not completely possible, it is important to minimise and compensate for them. In this way, we want to ensure that biodiversity is not unduly jeopardised or impaired. The PNE Group of course observes the high legal requirements that apply in the countries in which PNE operates.

We have developed and implemented appropriate measures and systems to avoid and minimise these risks and potential adverse effects (see also ↗ **"Promoting innovative energy systems"**).

Detailed studies for the protection of biodiversity

As part of project development, we carry out extensive investigations into possible negative impacts on biodiversity. These are specified by legal regulations within the Scope of the approval procedures. As part of the approval process for renewable energy plants, PNE works closely with experts who analyse the planned site in detail. From this, we derive measures for the placement and operation of the plants that minimise negative impacts on biodiversity. The key tool used in this context is the choice of location or the specific positioning of individual systems on site. Together with the authorities, we review the consultants' reports to ensure that all the necessary environmental requirements and protective measures have been met.

The consultants' investigations generally include:

1. a detailed analysis of the protected areas and habitats at the site and in the vicinity of the planned facilities. These comprise bird and bat surveys, studies on migratory bird activity and on breeding and nesting sites, flight routes and bat roosts. In this way, possible collisions with wind turbines can be minimised.

2. a balancing of all interventions in nature in the form of a landscape conservation plan in order to determine the necessary compensation requirements.

3. In many cases, a formal environmental impact assessment (EIA) is also carried out. This assesses the potential impact on biodiversity. Our wind farms and PV plants are located outside of dedicated protected areas and areas of high value for biodiversity. However, if projects are planned in the vicinity of protected areas from the European Union's network of protected areas, known as Natura 2000 sites, the potential impact of the planned project on the area is also assessed. This is done as part of a so-called FFH impact assessment, which is based on the EU's Fauna-Flora-Habitat Directive.

In addition to legally required studies conducted as part of the approval process, PNE also aims to record the flora and fauna in and around the renewable energy plants in order to understand the impact on the environment and take appropriate measures. To this end, we cooperate with nature conservation organisations in individual projects or take their advice into account, for example as part of joint nature conservation plans and environmental studies or the joint promotion of sustainability initiatives. This also increases the acceptance of our projects in the region. One example is our active support for the LIFE EUROKITE research project, which takes the form of sponsorship. As part of this project, red kites are fitted with transmitters in order to identify the main reasons for their mortality and derive appropriate measures.

Avoid and minimise environmental damage

The detailed investigations carried out as part of the approval process enable us to select a site that avoids or minimises the negative impact of the construction and operation of our plants on biodiversity. We also know from the investigations whether and which further site-specific measures we need take for this purpose during construction and operation.

In the case of wind turbines, for example, collisions with birds and bats can be reduced by avoiding operations at certain times. Technologies to prevent bird collisions, known as anti-collision systems (ACS), can also be used. These detect approaching birds automatically and try to divert them from their course towards the system by means of acoustic signals and light times. If this is not successful, the systems switch off temporarily. In the reporting year, PNE tested such a bird detection system at the "Mansbach" wind farm in order to optimise electricity production from wind energy in harmony with bird protection. During the reporting period, an expert report was prepared as part of a trial carried out in 2022 for a wind energy project in Schleswig-Holstein, which confirmed the applicability of the tested system for the bird species red kite, white stork and white-tailed eagle.

Wind turbines, as highly complex technical devices, cannot be operated completely without pollutants such as lubricants. If these pollutants enter ecosystems, their discharge can cause damage to habitats and species. Chemicals, heavy metals and other substances that do not occur naturally can disrupt food chains and affect biodiversity in the long term. We avoid and minimise potential damage caused by discharges of pollutants by arranging for our technical experts to work with the system manufacturers to ensure that the requirements for protection against discharges into the environment are strictly observed.

Compensate for interventions where they occur

To compensate for an intervention in nature and the landscape, both functional and spatial compensation measures are planned which will be closely orientated towards the intervention and replacement measures. The PNE Group constantly endeavours to implement compensation measures for wind energy and PV projects as close as possible to the impact site.

The PNE Group strictly complies with the legal requirements, such as the German Federal Nature Conservation Act (BNatSchG), both in terms of impact regulation and species protection. We work closely with nature conservation authorities and often also with regionally active nature conservation organisations to implement them.

The individual measures vary depending on the local requirements, type of intervention and species affected in the individual projects. With the help of external experts, we determine the impact significance and the measures required for both the species protection measures and the compensation measures.

When designing individual measures, we take into account all current and scientifically established practices. For example, we have already implemented the following measures in practice:

1. Grazing: The grazing of green spaces by sheep, goats or other farm animals can help to create habitats for certain animal species and promote biodiversity.

2. Creation of biotopes: In some cases, biotopes are specifically created or restored in order to improve the habitats for native flora and fauna.

3. Flowering meadows/flower strips: Planting flower meadows with native flowers and plants can provide food for bees, butterflies and other pollinating insects.

4. Reforestation, planting hedges and planting individual trees: We also regularly use these measures in our projects. On the one hand, they serve to replace specific losses of woodland due to construction, and on the other hand, these measures are also structural elements within the framework of intervention regulation or as species protection measures.

Value chain

The PNE Group not only assumes responsibility within the Scope of its own business activities, we also implement sustainability standards in the value chain.

Sustainability standards in the supply chain

Purchasing

Suppliers are selected and evaluated according to strict environmental and social criteria. The PNE Group strives to establish or maintain a business relationship only with those individuals and companies who share and live the same values. A standardized review of the business partners, the background of their business conduct and their business relationship with the PNE Group is carried out using our Business Partner Policy in a three-step process: risk classification, pre-audit and integrity review, and compliance measures.

This selection is managed by our centrally organised Purchasing department and the Implementation/Network areas. Wind turbines are our strategically most important product group, accounting for around 75 percent of the purchasing volume of a complete wind farm. The majority of purchasing activities therefore focus on this product group. In addition, there are purchasing specialists for medium-voltage cables, substations and PV purchasing. In addition, we work together with suppliers for night markings, some of which are also purchased directly from the wind turbine manufacturers. The most important services provided by the PNE Group include legal, wind, noise and shadow reports, as well as avifaunistic, landscape conservation and geotechnical reports.

It is also our aim to keep the ecological footprint of our projects and services as small as possible. This depends on more than just our own business activities. That is why we prefer to work with suppliers who, in addition to price, quality and delivery time, are also certified in accordance with the ISO 14001 environmental management system. This is also the case with our core suppliers, who include the largest wind turbine manufacturers in Europe. In addition to ISO certification, they pursue sustainability strategies and report publicly on their sustainability progress.

At project level in particular, we work together with regional material suppliers and the construction companies carrying out the work on the construction sites wherever possible. In addition to the positive impact this has on local communities and value chains, we also help to avoid long transport routes and thus reduce CO_2 emissions. In cooperation with our suppliers, we carry out transport studies in this context, to identify the most environmentally friendly transport routes possible.

In 2023, no conflict minerals were known in the products purchased from the PNE Group.

Waste management

Waste management also plays a role both in our own organisation and in the supply chain. Within the PNE Group, all waste, in particular packaging materials, grease and oil, household waste and plastic, is separated by type and collected in waste skips on all wind farm construction sites and also in the individual office wings of the parent companies Cuxhaven and Husum and in all subsidiaries and regional branches. When it comes to waste management, we work with certified specialist companies that dispose of or recycle waste properly.

Recycling plays a particularly important role in connection with repowering, i.e. the replacement of older wind turbines or parts thereof with modern and more powerful turbines. Repowering often allows large wind farms with older turbines to be replaced by new wind farms with fewer turbines. PNE is also utilising this opportunity to increase the efficiency of wind farms. Dismantling companies and certified recycling companies are commissioned for the realisation of repowering projects and the dismantling of wind turbines. In many cases, the old systems are sold on and the careful removal of these is organised by the buyer. In some cases, old systems are rebuilt elsewhere or key components are reused as spare parts. Preventing the penetration of oils and other liquids into the soil is the main focus during dismantling. The greatest challenge in establishing a circular economy for wind turbines is currently posed by how to recycle rotor blades. To simplify this, manufacturers are developing rotor blades that can be broken down into their individual components and processes for utilising the rotor blade material.

We plan to include the indirect emissions caused by activities in our upstream and downstream value chain (so-called Scope 3 emissions) in our carbon footprint from 2025 at the latest.

Human rights in the value chain

As the PNE Group is an internationally operating company, respect for human rights is a key requirement for our business activities – both in our company and in our value chain. We reject any form of child, forced or compulsory labour, human trafficking or modern slavery and are committed to social and fair cooperation at every stage of our value chain. In this context, we prefer to work with suppliers who are certified, e.g. to SA8000. We have defined processes for the standardised review of our suppliers in our business partner guidelines. More information is provided in chapter ↗ **"Corporate ethics"**.

Social responsibility

The promotion of a sustainable energy supply forms the core of PNE's business. Through its business activities, the PNE Group contributes to the realisation of social goals such as Germany's nuclear phase-out, the reduction of greenhouse gas emissions and the energy transition towards renewable energies.

Sustainable energy supply

We see the creation, implementation and adaptation of regulations and the political promotion of renewable energies, for example through accelerated approval procedures, as the greatest levers for achieving these social goals more quickly. We are actively committed to this within the framework of interest groups (see ↗ **"Stakeholder dialogue"**).

We also consider the development of solutions in the field of electricity storage technologies and the use of hydrogen to be crucial for a sustainable energy supply. That is why we are driving development in this area through our innovation projects and participation in research projects. More information can be found in the chapter ↗ **"Promoting innovative energy systems"**.

Increasing demand on the energy grid, for example due to electromobility, heat pumps, electricity-driven industrial processes and the change electricity mix as well as the expansion of cross-border electricity trading, can intensify grid bottlenecks. As part of our political involvement in interest groups, we are therefore also campaigning for an accelerated expansion of the grid. Our innovations in the field of power-to-X and energy storage also create solutions for potential grid bottlenecks.

Regional value creation and corporate citizenship

As a partner for the communities at our locations, we offer secure and attractive jobs and promote the continuous training and qualification of young people on site. As far as possible, we consider local companies when awarding contracts. In addition, the municipalities benefit from trade tax revenues of the operating companies. Our projects thus achieve positive effects in local communities, which are particularly beneficial in structurally weak regions and support regional value creation.

We are also involved at the level of citizen and municipal participation (see ↗ **"Stakeholder dialogue"**). This relates to wind farms in which local people are given the opportunity to participate financially. We also support the financing and operational management of the systems. And we offer local people a wide range of other support programmes.

Example wind farm Bebensee:

It is important to us to realise our wind farm projects together with local people. We organise citizen participation through various individual concepts. For example, we try to involve local companies, e.g. for construction or mowing work, in order to generate added value in the local region. We very much welcome the fact that Section 6 of the Renewable Energy Sources Act (EEG) 2023 has created the opportunity of enabling 11 affected municipalities to participate financially in the wind farm project. It is therefore part of our philosophy to offer the affected municipalities a voluntary subsidy of 0.2 cents per kilowatt hour generated, provided that the legal requirements are met in the respective project. The subsidy is granted to all municipalities whose municipal area lies within a 2.5 kilometre radius of the centre of the tower of a wind turbine. The cost of modern wind turbines is around euro 30,000 to 40,000 per year and turbine. In addition, the participating landowners have founded a development association to support local charitable projects.

Citizen participation:

We have further intensified our commitment to communities. In all topics and tasks, the maximum benefit for the stakeholders – such as landowners, residents and communities – is a particular concern for us. In this, we develop, plan and construct civil wind farms and support their financing and operation. In addition, we develop concepts that put the interests of the affected local people and their community at the centre. We develop creative ideas for additional advantages that benefit everyone in the community - from the establishment of an energy education trail to funding for institutions.

Through initiatives such as the construction of an energy trail, we promote local institutions and support local educational programmes. In this way, too, we contribute to the common good.

In the countries and especially at the locations where we are active, we make a contribution to social, cultural and ecological coexistence. In addition to our work, we also do this by supporting various sports clubs, social and cultural institutions, and local charitable projects in the form of support and donations. Specifically, PNE donates to regional sports clubs that are active in the youth sector, to social and cultural institutions, schools and daycare centres as well as organisations that are involved in sea rescue.

Promoting innovative energy systems

As a Clean Energy Solution Provider, PNE Group is consistently pursuing the goal of a secure, sustainable and profitable energy supply, which is powered 100 percent by renewable energies. To achieve this goal, it is essential that we drive innovation, new technologies and offer new solutions.

Technical innovation projects are primarily managed by our Technology department. This currently focuses on the areas of power-to-X, digital and automated asset monitoring, avifaunistic detection systems and night lighting of wind turbines. We are currently pursuing innovative projects of a non-technical nature in the area of finance, for example with regard to services relating to power purchase agreements.

Focus on hydrogen-based storage solutions

The importance of power-to-X solutions as a key component of our corporate strategy is growing. This will enable us to enter the mobility, heating and supply sectors with raw materials from clean energies (hydrogen and derivatives, sector coupling). It involves extending the value chain to include power-to-X projects in connection with wind farms, PV plants and hydrogen-based energy storage systems. Projects are planned along transport infrastructure in order to supply industries safely with energy and raw materials. In rural areas, these can also include power plants and stand-alone solutions, i.e. self-sufficient clean energy systems that are independent of the electricity grid.

We plan holistic, sustainable future projects such as storage solution concepts or sector coupling projects. One of the PNE Group's focal points in this context is the conversion of electricity to hydrogen. OMNIA GROUP LTD. and the South African PNE subsidiary WKN Windcurrent 2023 have signed a letter of intent to explore the production of green hydrogen and ammonia in South Africa. This was the first step for the project partners to start the joint planning and design of the green ammonia plant (see Corporate News). The S.E.T. Select Energy GmbH (SET) and the PNE Group have also signed a declaration of intent. This specifies the plan to jointly produce and market synthetic fuels from renewable energy (e-fuels) in South Africa. The cooperation is expected to produce up to 500,000 tonnes of e-fuels per year, which will be obtained from green hydrogen produced via electrolysis (see Corporate News).

In 2023, we participated in two research projects with Fraunhofer Institutes to advance power-to-X solutions. In one project, we investigated the feasibility of producing hydrogen on platforms directly at offshore wind farms. In another research project, we analysed the potential of the interaction between wind power, PV, hydrogen and heat at our "Niederkrüchten" energy farm together with a Fraunhofer Institute.

Innovations for more efficient systems

Increased efficiency through artificial intelligence

Another research focus is on innovations to increase the efficiency of existing wind farms and PV systems. For example, we are testing digital methods of analysing data during operations to determine the operating parameters of our wind turbines. This involves identifying any incorrect settings and other sub-optimal operating parameters and eliminating them with the help of the original equipment manufacturers (OEMs). We implement these performance analyses and monitoring processes with specially developed software using digital methods such as artificial intelligence (AI). In 2023, we acquired a majority stake in Bitbloom Ltd. and thus secured access to this technology.

Avifaunistic detection systems

We are also working with partners to develop avifaunistic detection systems. These systems recognise approaching birds and can therefore shut down wind turbines as required to reduce the risk of bird strikes and then start them up again. This replaces otherwise generalised and longer shutdowns, which substantially increases the efficiency of wind farms (see ↗ **"Biodiversity"**).

Demand-driven night lighting

We have implemented a similar innovation project in relation to demand-driven night lighting of wind farms. With the solution first developed at our wind farm in Kührstedt-Alfstedt, wind turbines are only illuminated by a signal as required by air traffic regulations for the duration of a flyover and only when an aircraft is in the immediate vicinity of the wind farm. Together with partners, we have developed the corresponding system to maturity and rolled this out to other wind farms.

Innovative services for the accelerated expansion of renewable energies

As a result of an innovation project of a non-technical, financial nature, we have been offering "Power Purchase Agreements (PPA) as a Service" since 2019. With this service, we support plant operators in concluding PPAs or electricity supply contracts with electricity consumers. We act as an intermediary and provide support e.g. in the search for suitable marketers and in the conclusion of pre-negotiated contracts. This enables system operators to enter into both short-term and long-term agreements with electricity consumers, and us to guarantee our customers a stable and predictable income while creating planning security even in volatile market phases. Particularly smaller renewable energy projects can be realised more easily in this way.

EU taxonomy

Background

As part of the EU Action Plan on Sustainable Finance, the redirection of capital flows into sustainable investments is a key objective. Against this background, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the Taxonomy Regulation) entered into force in mid-2020, establishing a uniform and legally binding classification system to stipulate which economic activities in the EU are considered "environmentally sustainable". We distinguish between taxonomy capability and taxonomy compliance.

An economic activity is considered eligible for taxonomy if it can potentially contribute to achieving at least one of the six environmental objectives defined in Article 9 of the Taxonomy Regulation:

1. climate protection;
2. adaptation to climate change;
3. the sustainable use and protection of water and marine resources;
4. the transition to a circular economy;
5. the prevention and reduction of environmental pollution;
6. the protection and restoration of biodiversity and ecosystems.

An economic activity is only considered ecologically sustainable, i.e. taxonomy-compliant ("aligned"), if it fulfils all of the following conditions:

- making a significant contribution to one of the environmental objectives,
- compliance with the DoNoSignificantHarm (DNSH) criteria, which are intended to prevent significant harm to one or more other environmental objectives,
- compliance with frameworks for minimum protection with regard to occupational safety and human rights (minimum safeguard).

The commitment to disclose a non-financial statement obliges the PNE Group to apply the regulatory requirements of the Taxonomy Regulation. For the 2023 reporting year, the PNE Group reports on the taxonomy-capable shares of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) in accordance with the six environmental targets. Based on this, the PNE Group is obliged to provide additional information on taxonomy compliance for the 2023 reporting year in accordance with the two environmental objectives "climate protection" and "adaptation to climate change". The amounts used to calculate the revenue, CapEx and OpEx figures are therefore based on the figures reported in the consolidated financial statements. The Scope of consolidation corresponds to the financial reporting. For detailed information, please refer to the chapter ↗ **"Scope of Consolidation"** in the notes to the consolidated financial statements.

Methodology

The PNE Group's business model was extensively analysed in order to identify the activities eligible for taxonomy. In addition to the definitions in the Delegated Climate Act, the taxonomy FAQs and the NACE codes were also used. The PNE Group reports in the three segments "Project Development", "Electricity Generation" and "Services". The PNE Group was able to identify five taxonomy-eligible economic activities from the "Energy" and "New Construction" sectors.

- 4.1. Electricity generation using photovoltaic technology
- 4.3. Power generation from wind power
- 4.9. Transmission and distribution of electricity
- 4.20. Combined heat, power and cooling with bioenergy
- 7.6. Installation, maintenance and repair of renewable energy technologies

During the identification process, particular emphasis was placed on clearly distinguishing activities 4.1 and 4.3 from activities 4.9 and 7.6. The subsidiaries of the PNE Group, which operate in the "Services" segment, were analysed in detail and the income from commercial services was excluded from the taxonomy. The company PNE WIND Netzprojekt GmbH was allocated to economic activity 4.9.

The IFRS accounting principles of PNE were transferred to taxonomy reporting. It should be noted here that when a wind farm is created, it is always initially recorded on the balance sheet in inventories. Accordingly, additions to inventories are not recognised as CapEx. The company only recognises a wind farm as an addition to property, plant and equipment if it is not sold and taken over for its own use. Accordingly, there are no CapEx schedules. The taxonomy compliance of allocated KPIs is checked on the basis of the financial information for each subsidiary and segment allocation. These include the income statement, the statement of changes in non-current assets, investments and other operating expenses.

A policy and checklist to review the technical assessment criteria were established to verify taxonomy compliance. These were enriched with information from the taxonomy FAQs as well as information from additional research activities. For economic activity 4.1, the review is carried out for each photovoltaic project and for economic activity 4.3, for each wind farm. The climate risk and vulnerability analysis was carried out on a site-by-site basis. The review of economic activities in 4.9, 4.20 and 7.6 was carried out at Group level for the companies concerned. The verification of compliance with the minimum protection is ensured by means of central guidelines and business partner declarations. In addition, regular checks of business partners are carried out. Since the majority of business activities are provided in Germany and the European Union, there is no significant risk of human rights violations. With our Compliance Management System and internal control system, we ensure compliance with our policies.

Performance indicators in accordance with the EU Taxonomy Regulation

The economic activities relevant to the PNE Group are presented below, together with the financial performance indicators (turnover, capital expenditure, operating expenditure) to be reported in accordance with Article 8 of the Taxonomy Regulation.

in %	Taxonomy-compliant	Taxonomy-capable	Non-taxonomic
Revenues	90.2	96.4	3.6
CapEx	86.1	100	0
OpEx	96.0	100	0

Revenues

The turnover ratio is the ratio of the turnover from taxonomy-capable or taxonomy-compliant economic activities in a financial year to the total turnover of that financial year. The numerator of the sales indicator is the portion of net sales associated with taxonomy-compliant activities. In the "Project Development" segment, this includes revenues from the sale of the developed wind farms and photovoltaic plants; in the "Power Generation" segment, this is revenues from the sale of electricity generated in onshore wind farms and a wood-fired power plant; and in the "Services" segment, it is revenues generated by technical services.

Total revenues of euro 121,533,644 for the 2023 financial year are the denominator of the sales key figure and can be taken from the ↗ **consolidated income statement**. Total revenues are examined across all Group companies to determine whether they were generated as taxonomy-capable or taxonomy-compliant. A detailed analysis of the items included in revenues is used to allocate the respective revenue to taxonomy-capable and taxonomy-compliant economic activities. This results in a taxonomy-capable key revenue figure of euro 117,142,449 and 96.4 percent respectively, as well as a taxonomy-compliant key revenue figure of euro 109,676,653 and 90.2 percent respectively.

Capital Expenditure (CapEx)

CapEx measures indicate the proportion of capital expenditure that relates either to assets or processes associated with a taxonomy-capable and taxonomy-compliant economic activity or to the acquisition of products and services from a taxonomy-capable and taxonomy-compliant economic activity.

Capital expenditures (CapEx) are based on additions to property, plant and equipment, intangible assets and rights of use during the financial year under consideration before depreciation and any revaluations for the financial year in question.

Total capital expenditure according to the EU Taxonomy Regulation identifies the figure for PNE Group for the reporting year as euro 95,999,116.

Based on the project description of additions, an analysis is carried out regarding taxonomy capability and taxonomy compliance. The sum of additions that reflect a taxonomy-capable investment is the numerator of the CapEx figure. Investments related to land, technical equipment and machinery, advance payments and equipment under construction, concessions, industrial property rights, leases for land and cars together form the denominator.

This results in a taxonomy-capable CapEx figure of euro 95,994,521 and 100 percent respectively, which in turn gives us a taxonomy-compliant CapEx figure of euro 82,629,429 and 86.1 percent respectively.

Operating Expenditure (OpEx)

Key OpEx figures indicate the proportion of capital expenditure that relates either to assets or processes associated with a taxonomy-capable and taxonomy-compliant economic activity, form part of a CapEx schedule to expand a sustainable economic activity or to the acquisition of products and services from a taxonomy-capable and taxonomy-compliant economic activity.

The numerator of the OpEx measure corresponds to the repair and maintenance expenses included in the denominator, which relate to assets or processes associated with taxonomy-capable economic activities. Repair and maintenance from the composition of other operational applications is the denominator of the OpEx key figure.

This results in a taxonomy-capable OpEx figure of euro 7,248,079 and 100 percent respectively, which in turn gives us a taxonomy-compliant OpEx figure of euro 6,959,079 and 96.0 percent respectively.

Double counting was avoided in so far as the sales, CapEx and OpEx were only attributable to one economic activity.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, year 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		in thousand euro	**in %**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation using solar photovoltaic technology	CCM 4.1	20,060,435	16.5%	Y	N						Y			Y	Y	Y		
Electricity generation from wind power	CCM 4.3	76,846,734	63.2%	Y	N						Y	Y		Y	Y	Y		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	12,769,484	10.5%	Y	N						Y						E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**109,676,653**	**90.2%**	**90.2%**	**0.0%**													
Of which enabling		12,769,484	10.5%	10.5%	0.0%												E	
Of which transitional																		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**									
Transmission and distribution of electricity	CCM 4.9	4,104,345	3.4%	EL	EL	N/EL	N/EL	N/EL	N/EL									
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	3,361,452	2.8%	EL	EL	N/EL	N/EL	N/EL	N/EL									
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**7,465,797**	**6.1%**	**6.1%**	**0.0%**													
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**117,142,449**	**96.4%**	**96.4%**	**0.0%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy non-eligible activities (B)		**4,391,194**	**3.6%**															
TOTAL		**121,533,644**	**100.0%**															

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Category enabling activity (19)	Category transitional activity (20)
		in thousand euro	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation using solar photovoltaic technology	CCM 4.1	7,733,705	8.1%	Y	N						Y			Y	Y	Y		
Electricity generation from wind power	CCM 4.3	73,621,264	76.7%	Y	N						Y	Y		Y	Y	Y		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1,274,460	1.3%	Y	N						Y						E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**82,629,429**	**86.1%**	**86.1%**	**0.0%**													
Of which enabling		1,274,460	1.3%	1.3%	0.0%												E	
Of which transitional																		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Transmission and distribution of electricity	CCM 4.9	13,278,119	13.8%	EL	EL	N/EL	N/EL	N/EL	N/EL									
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	86,973	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL									
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**13,365,092**	**13.9%**	**13.9%**	**0.0%**													
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		**95,994,521**	**100.0%**	**100.0%**	**0.0%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non eligible activities (B)		**4,595**	**0.0%**															
TOTAL		**95,999,116**	**100.0%**															

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**PProportion of OpEx, year 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		in thousand euro	**in %**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation using solar photovoltaic technology	CCM 4.1	1,869,063	25.79%	J	N						J			J	J	J		
Electricity generation from wind power	CCM 4.3	5,064,842	69.88%	J	N						J	J		J	J	J		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	25,174	0.35%	J	N						J						E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**6,959,079**	**96.0%**	**96.0%**	**0.0%**													
Of which enabling		25,174	0.3%	0.3%	0.0%												E	
Of which transitional																		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**									
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	289,000	3.99%	EL	EL	N/EL	N/EL	N/EL	N/EL									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**289,000**	**4.0%**	**4.0%**	**0.0%**													
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		**7,248,079**	**100.0%**	**100.0%**	**0.0%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non eligible activities (B)		**0**	**0.0%**															
TOTAL		**7,248,079**	**100.0%**															

GRI CONTENT INDEX

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2023

Statement of use	PNE AG has reported with reference to the GRI Standards for the period from January 1 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Comment
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 55-57, p. 123	
	2-2 Entities included in the organization's sustainability reporting	p. 26	
	2-3 Reporting period, frequency and contact point	p. 26, p. 193	
	2-4 Restatements of information		As PNE AG is publishing a non-financial report with reference to the GRI Standards for the first time this year, there is no information that has been corrected or restated.
	2-5 External assurance	p. 26	
	2-6 Activities, value chain and other business relationships	p. 27	
	2-7 Employees	p. 33-34	
	2-9 Governance structure and composition	p. 166-167	
	2-10 Nomination and selection of the highest governance body	p. 166-167	
	2-11 Chair of the highest governance body	p. 166-167	

GRI Standard	Disclosure	Location	Comment
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	p. 30	
	2-13 Delegation of responsibility for managing impacts	p. 30	
	2-14 Role of the highest governance body in sustainability reporting	p. 30	
	2-15 Conflicts of interest	p. 30-31	
	2-16 Communication of critical concerns	p. 32	
	2-17 Collective knowledge of the highest governance body	p. 30	
	2-18 Evaluation of the performance of the highest governance body		Remuneration system for the members of the Board of Management 2023 (German): ir.pne-ag.com/fileadmin/IR/PDF/Corporate_Gouvernance/Verguetungssystem/PNE_Verguetungssystem_Vorstand_2023.pdf
	2-19 Remuneration policies		Remuneration system for the members of the Board of Management 2023 (German): ir.pne-ag.com/fileadmin/IR/PDF/Corporate_Gouvernance/Verguetungssystem/PNE_Verguetungssystem_Vorstand_2023.pdf
	2-20 Process to determine remuneration		Remuneration system for the members of the Board of Management 2023 (German): ir.pne-ag.com/fileadmin/IR/PDF/Corporate_Gouvernance/Verguetungssystem/PNE_Verguetungssystem_Vorstand_2023.pdf
	2-21 Annual total compensation ratio		
	2-22 Statement on sustainable development strategy	p. 29	Further information on the ESG strategy can be found on the PNE website: www.pne-ag.com/en/company/sustainability/
	2-23 Policy commitments		Declaration on Corporate Governance pursuant to §289f and §315d HGB (German Commercial Code) Status: 2023: ir.pne-ag.com/fileadmin/IR/PDF/Corporate_Gouvernance/Erklaerung_Unternehmensfuehrung/Erklaerung_zur_Unternehmensfuehrung_2023_EN.pdf
	2-24 Embedding policy commitments	p. 30	
	2-25 Processes to remediate negative impacts	p. 30, p. 32	
	2-26 Mechanisms for seeking advice and raising concerns	p. 30, p. 32	
	2-27 Compliance with laws and regulations	p. 31-32	
	2-28 Membership associations	p. 32-33	
	2-29 Approach to stakeholder engagement	p. 32-33	

GRI Standard	Disclosure	Location	Comment
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 28	
	3-2 List of material topics	p. 28	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 31-32	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 31-32	
	205-2 Communication and training about anti-corruption policies and procedures	p. 31-32	
	205-3 Confirmed incidents of corruption and actions taken	p. 31-32	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 31-32	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 31-32	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 37	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	p. 37	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 36-37	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 36-37	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 36-37	
	305-3 Other indirect (Scope 3) GHG emissions	p. 36-37	
	305-4 GHG emissions intensity	p. 36-37	

GRI Standard	Disclosure	Location	Comment
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 40	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 40	
	306-2 Management of significant waste-related impacts	p. 40	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 39-40	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 39-40	
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 39-40	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 33-34	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 33-34	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 33-34	

GRI Standard	Disclosure	Location	Comment
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 33	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 33	
	403-2 Hazard identification, risk assessment, and incident investigation	p. 33	
	403-3 Occupational health services	p. 33	
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 33	
	403-5 Worker training on occupational health and safety	p. 33	
	403-6 Promotion of worker health	p. 33	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 33	
	403-8 Workers covered by an occupational health and safety management system	p. 33	
	403-9 Work-related injuries	p. 33	
	403-10 Work-related ill health	p. 33	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 33-35	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 34	

GRI Standard	Disclosure	Location	Comment
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 32	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 32	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 32-33	
GRI 413: Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	p. 32-33, p. 37	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 39-40	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 39-40	

COMBINED MANAGEMENT AND GROUP MANAGEMENT REPORT

1. FUNDAMENTALS OF THE GROUP

During the 2023 fiscal year, the corporate structure changed versus December 31, 2022 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 active PNE Group is one of the longest-standing planners of projects for clean energies on land and at sea and operators of power generation plants in the field of renewable energies on land (own stock portfolio). At the end of 2023, the PNE Group operated in 15 countries on four continents.

The business 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 business activities of the companies of the PNE Group are divided into the segments "project development", "electricity generation" and "services".

"Project development" segment

The "project development" segment comprises the development, project planning, financing and realization of onshore wind farms (wind power onshore), with the company once again distinguishing between the areas of onshore wind power nationally and onshore wind power internationally, as well as the project planning of offshore wind farms (wind power offshore) in Germany and abroad and the development of photovoltaic projects in Germany and abroad.

The core operating activity in this segment is securing suitable locations for wind farm and photovoltaic projects and their subsequent development and project planning, as well as their turnkey construction, especially for onshore projects in Germany and partly in France.

The PNE Group sells both individual projects and several wind farms bundled into a portfolio to investors or takes over the projects for its own operation.

Wind power onshore sub-division national

The development, project planning and realization of onshore wind farms in Germany is the origin of the business activities of the PNE Group and is still a significant part of its core business.

Within the scope of its activities in the field of wind power onshore nationally, the PNE Group pursues the primary objective of developing and planning wind farms on the German mainland as continuously as possible until approval in accordance with BImSchG, in order to then build or have them built and put into operation as general contractor via subcontractors, before any sale to an investor is completed or the project is taken over into for own operation.

Repowering

Repowering is a special case in the planning of wind farms, which is becoming increasingly important. Repowering also involves the development, project planning and implementation of a new wind farm in the manner described above. But it is special in that the new wind farm replaces an existing wind farm.

Wind power onshore sub-division international

The activities of the PNE Group in the field of wind power onshore are not limited to Germany. The PNE Group is also active in France and Poland as well as in Italy, Canada, Panama, Romania, Sweden, South Africa, Turkey, USA and the United Kingdom. In total, the PNE Group is currently represented in eleven foreign markets in this area.

As part of its activities in the onshore wind power sector internationally, the PNE Group has the primary objective of developing and planning wind farms and generally selling the shares in the operating company to investors before the construction of the wind farm project.

Photovoltaics sub-division

In addition to the project planning of onshore wind turbines, the PNE Group is also developing photovoltaic projects in Germany and in selected international markets. In the development of photovoltaic projects in Germany, the PNE Group focuses on both EEG and PPA projects. Generally speaking, the PNE Group follows the business model across the entire value chain, from the acquisition of land to the subsequent operational management of running photovoltaic systems.

Wind power offshore sub-division national and international

In the wind power offshore sub-division, the PNE Group operates the licensing and technical development of offshore wind farm projects abroad. If the project areas are awarded by means of tenders or auctions, the development also includes the completion of the steps previously required, depending on the design of the tender. In the event of a successful award, the further approval steps can then be completed and applied for.

Sub-division other projects

In addition to the project planning of wind and photovoltaic projects, PNE sees good development opportunities in the area of power-to-X solutions, among others. PNE expects additional business opportunities, especially in the combination of project planning with wind power and photovoltaic projects.

"Electricity generation" segment

In the "electricity generation" segment, the PNE Group operates as a so-called Independent Power Producer (IPP) and operator of wind farms. The electricity generation segment combines all activities of the PNE Group, which are engaged directly in the production of electricity from renewable energy.

Following the development of wind farms for the sale to customers over many years, the PNE Group is also working to develop a portfolio of wind farms and photovoltaic parks of up to 1,500 MW/MWp under construction or in operation by the end of 2027. The completed projects, which are not sold, but are held in the company's own business, are to generate continuous income in the Group through the sale of electricity. The development of its own portfolio thus ensures that the naturally volatile cash flows of the project development are maintained.

The Company's own portfolio is to be further expanded mainly by taking over internally developed projects. In addition to the takeover of internally developed and built projects, there is the general option to expand the Company's own portfolio by purchasing operational wind farms and photovoltaic plants, purchasing repowering projects, repowering existing in-house projects, and optimizing and increasing the efficiency of existing projects.

In addition to wind farms, the "electricity generation" segment includes the wood-fired combined heat and power plant in Silbitz with a capacity of around 5.6 MW and shares in limited partnerships in which future projects are to be implemented.

"Services" segment

In the "services" segment, the PNE Group offers all internally required services for project development, including to external customers. Under the term "Life Cycle Services", PNE offers all services along the life cycle of a wind or photovoltaic park to its customers nationally and internationally. The "services" segment is a one-stop shop for all services, from project development and operations to dismantling or repowering.

The "services" segment comprises the following services

In the field of Wind and Sites Services, the focus is on appraisal activities (accredited appraisals) for successful project development as well as other services in connection with wind measurement technology.

In the field of Energy Supply Services, the main focus of external business is the brokering of contracts that secure the sale of electricity after the end of the subsidy under the EEG ("POST EEG PPA contracts") between the plant operator and the electricity consumer. Other tasks and services include electricity marketing for national and international projects outside the scope of funding, hedging transactions for existing installations within the EEG, as well as electricity market analysis, auctions and tenders.

Financial services include financing concepts, the procurement of equity and debt financing, new and restructuring of existing financing, project sales and monitoring of project audits, and buyer and vendor due diligence.

The construction management division offers the following services to customers: Taking over the overall project management from development to commissioning, purchasing the "turnkey" infrastructure, preparing the execution planning and the tender documents, negotiating and awarding the construction/partial services, project and construction supervision as well as coordinating other engineering and testing services during the construction phase.

Furthermore, the range of services includes the grid connection of an energy park, from the preparation of the application documents for grid connection, the creation of grid concepts and connection solutions, the planning of the complete electrical infrastructure as well as the planning and implementation of substations, transfer stations, transformer and switching stations.

The range of services offered by technical operation management includes 24/7-remote monitoring with its own control station, monitoring of individual wind turbines and wind farm operations, permanent optimisation of operations as well as monitoring deadlines and permit requirements. In the area of commercial operational management (asset management), the main areas of focus are finance and accounting, reporting and controlling, compliance and shareholder management.

The technical services offered in the "services" segment include technical reports and technical tests required for operational safety, as well as obtaining the operating permit and the technical condition of a wind power or photovoltaic plant.

Other services with a focus on occupational safety include, in particular, equipment testing, wind turbine safety technology, as well as the creation of access and rescue concepts and training courses with occupational safety-related content.

1.2 Objectives and strategy

As part of the "Scale up 2.0" strategy, the PNE Group is continuously expanding its own operating portfolio as well as its product and service offerings. The focus is also on other technologies and lucrative markets. By the end of 2027, the portfolio of wind farms and photovoltaic systems is to be expanded to 1,500 MW/MWp in construction or operation. 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. Against the background of changes in the markets and the increasing complexity caused by, for example, stricter permit requirements or higher competition, the service portfolio and the scope of the development of the proprietary portfolio are regularly reviewed and, if necessary, adjusted.

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. In addition, early operating indicators such as announcements of interest rate changes 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 2023.

The PNE Group has exceeded its goal of significantly expanding its own wind farm operations and establishing an internal wind farm portfolio of 500 megawatts under construction or in operation by the end of 2023. As of December 31, 2023, wind farms with an output of 369.8 MW were in operation. In addition, wind farms with a capacity of 281.3 MW were under construction. Together, 651.1 MW are already in operation or under construction. Some of these projects, with a current output of around 281.3 MW, will be operated in-house after commissioning and other projects could be sold in 2024 or 2025. The final allocation of the wind farms to our own operations or sale will be made after the wind farms are commissioned.

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 "services" reflects the current status of the Group's activities.

The guidance for Group EBITDA of euro 30 to 40 million in the 2023 fiscal year was achieved. The Group generated EBITDA of approx. euro 39.9 million in the 2023 fiscal year (prior year: approx. euro 35.4 million).

The "project pipeline" target was to keep the pipeline for onshore wind energy and photovoltaics at least constant in the Group in fiscal 2023. 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 by the end of 2023 compared to the previous year by 1,590 MW from 7,587 MW to 9,177 MW for onshore wind energy and by 3,128 MWp from 4,296 MWp to 7,424 MWp for photovoltaics. In addition, 2,500 MW of wind energy comes from offshore.

At the level of PNE AG, the annual guidance, i.e. positive EBT in the mid double-digit million range, was achieved in the 2023 fiscal year with EBT of approx. euro 34.3 million (prior year: approx. euro 37.6 million).

2.2 General economic and industry-specific framework conditions

Renewable energies, especially wind energy and photovoltaics, have become one of the most important pillars of electricity generation. 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 2013 to 2022. In this period, worldwide installed wind energy capacity increased from 300,052 MW to 898,856 MW and installed photovoltaic capacity from 141,417 MWp to 1,061,632 MWp. This increase has continued in 2023. For Germany, the federal government has already set significantly higher expansion targets for photovoltaics and onshore and offshore wind energy in the coalition agreement so that the expansion in Germany is continuing. 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 2023, the German wind energy market recorded a 48 percent increase in onshore capacity compared with previous years. Offshore, 27 wind turbines fed into the grid for the first time, compared to 38 in 2022. At the end of 2023, wind power turbines with a total nominal capacity of approx. 69,475 MW (prior year: 66,242 MW) were in operation - of which 61,010 MW (prior year: 58,106 MW) onshore and a further 8,465 MW (prior year: 8,136 MW) offshore. 745 wind turbines (prior year: 551) with a nominal capacity of 3,567 MW (prior year: 2,403 MW) were commissioned onshore. At the same time, 423 (prior year: 246) old wind power turbines with a nominal capacity of 534 MW (prior year: 266 MW) were discontinued.[2]

The German photovoltaics market in 2023 recorded an increase in capacity compared to the previous year: Approx. 1,033,349 photovoltaic installations (prior year: 374,000) with a nominal capacity of 14.6 GWp (prior year: 7.2 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

In the first year after the energy crisis, the expansion of renewable energies has continued to accelerate. Some of the immediate burdens of the global energy crisis have subsided, but energy markets, geopolitics, and the global economy are unstable and the risk of further disruptions is constantly present. Fossil fuel prices have fallen from their 2022 highs, but markets remain tense and volatile. Macroeconomic sentiment is subdued, with falling but still in parts relevant inflation, higher financing costs, and high debt.

[1] Renewable Capacity Statistics 2023

[2] Deutsche WindGuard: Status of Land-based Wind Energy Development in Germany 2023/Status of Offshore Wind Energy Development in Germany 2023

Against this background, the renewable energy economy is developing at a rapid pace. Investments in clean energy have increased by 40 percent since 2020. On the one hand, pressure is driving further reductions in emissions and compliance with climate targets. Energy security is another argument for the development and expansion of clean energy technology. Many countries continue to pursue energy sovereignty and pushing for clean energy development to reduce dependence on energy imports at high fossil fuel prices. The energy transition also offers the opportunity to create thousands of jobs in the clean energy sector.

The International Energy Agency (IEA), an autonomous body of the Organisation for Economic Cooperation and Development (OECD), publishes a report every year on the expansion of global renewable energies. In its October 2023 report, the IEA reports that greenhouse gas emissions are still at record levels and that physical climate risks are rising enormously. At the same time, there are clear signs of accelerating the energy system's transition to clean energy. Trends in the introduction of photovoltaics, electric vehicles, batteries and heat pumps are encouraging, and the overall balance of investment is shifting toward clean energy. Today, for every US dollar spent on fossil fuels, US dollar 1.8 is spent on a number of clean energy technologies and related infrastructure. Five years ago, this ratio was 1:1. The increase in spending is concentrated in the industrialized countries and China. In order to achieve the Sustainable Development Goals, including access to energy, as well as global climate and energy security goals, a much broader flow of clean energy projects, based on stronger national policies and international financial support, is essential.

EU targets

With its 27 member states, the European Union is one of the largest emitters of greenhouse gas emissions. This is not the only reason why Europe has set itself the goal of becoming the first climate-neutral economic zone in the world.

The shaping of European climate and energy policy is crucial to achieving this fundamental change and will have a decisive impact on the extent to which greenhouse gas emissions can be reduced in order to achieve the international climate targets set within the specified time frame.

In recent decades, the EU has taken increasingly ambitious policies to combat climate change. This includes the European Green Deal, presented by the European Commission in 2019, which aims to achieve climate neutrality by 2050 at the latest as a model for Europe's economic development. This means that all the Member States of the European Union are embarking on an energy transition based on a more economical use of energy, the rapid development of renewable energies and the gradual abandonment of fossil fuels. However, there are always significant conflicts over the question of internal differences within the EU, particularly between the ambitious Member States of North-Western Europe and the less ambitious governments of Central-Eastern Europe. This was also reflected in the negotiations on a greenhouse gas neutrality target by 2050 and the tightening of the target mark for emission reductions by 55 percent compared with 1990 by 2030.

Since 2022, the EU has faced the challenge of putting the consequences of the war in Ukraine, including the disappearance of Russian energy supplies and the resulting aggravation of the energy price crisis, and thus, in particular, energy security at the centre of the Green Deal. It will have to continue working with its international partners to bring the most important decisions of the Paris Climate Agreement to life, while at the same time linking the reorientation of foreign and security policy interests with it. The cost of security crisis management is likely to increase political pressure to defer those Fit-for-55 projects that do not directly reduce the independence of fossil fuels.

Following the adoption by the European Parliament of the amended version of the Renewable Energy Directive (RED III) on September 12, 2023, the European Council gave its assent to this component of the Fit-for-55 on October 9, 2023. Compared to the previous version (RED II) and the draft originally submitted by the EU Commission, RED III is characterized above all by different objectives. For example, the share of renewables in the EU's final energy consumption is to be increased to 42.5 percent by 2030, with Member States trying to reach an increase to 45 percent. RED III provides for the acceleration of approval procedures for renewable energy projects. For example, the permit period for installations in so-called priority areas should not exceed 12 months. For installations outside these areas, a maximum duration of 24 months is planned for the permit. In the transport sector, Member States will in future have the choice of reducing greenhouse gas emission intensity by 14.5 percent by 2030 or ensuring a share of renewable energy in final energy consumption of at least 29 percent within the same period. In the industrial sector, the use of renewable energy must be increased by 1.6 percent per year. Member States must ratify the new RED III requirements in national law within 18 months of the Directive entering into force.

Following the energy crisis caused by Russia's war of aggression against Ukraine, the European Council in December 2022 launched a package of emergency measures on the basis of proposals from the EU Commission. The aim of these new regulations was to promote solidarity between Member States, accelerate the development of renewable energy and protect EU citizens from excessive energy prices. The so-called Solidarity Regulation expired on December 31, 2023, while the Market Correction Mechanism and Authorisation Regulations expire on January 31, 2024 and June 30, 2024 respectively. In view of the ongoing situation in the energy sector, the EU Commission had already reached political agreement on the important extension of the validity of the three emergency regulations on December 19, 2023.

From PNE's point of view, the extension of the regulation establishing a framework for the accelerated expansion of renewable energies until June 30, 2025 is particularly important in order to be able to apply and implement the new regulations currently being applied for the simplification and acceleration of approval procedures in the RE sector, to achieve the climate targets and for further independence from fossil fuels in a targeted manner.

Germany

Onshore wind energy

In 2023, the federal government again focused on climate protection and the energy transition. 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 include speeding up planning and approval procedures and measures to reduce bureaucracy.

As part of the "Easter Package", the amended EEG 2023 came into force at the beginning of 2023. Other relevant laws include the Wind-on-Land Act, the Wind Energy Area Requirements Act in conjunction with the EU Emergency Regulation and the Energy Security Act. 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 coalition parties have set targets for the expansion of renewable energies and ratified them in law. 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.

There were four tender rounds for onshore wind energy in 2023 with a total volume of 9,829 MW (previous year: 4,572 MW), with all tenders in 2023 resulting in a clear signature. For 2024, the tender volume is 10,000 MW. For 2024, the maximum value for tenders for wind energy on land was again set at 7.35 ct/kWh.

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 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 amendments to the law came into force on January 1, 2023.

Through the Wind Energy at Sea Act, projects already developed have been transferred to the planning and development authority of the Federal Maritime and Hydrographic Office, which also affects PNE projects.

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 was increased to around 215 GWp in the current Renewable Energy Sources Act (EEG 2023). For solar systems on open spaces, the quantity put out to tender in three tender rounds in 2023 was 5,850 MW. The tender volume in 2024 is 8,100 MW. The maximum allowable value in 2024 was still 7.37 ct/kWh.

France

France is a core market for the PNE Group. This country is planning a significant expansion of renewable energies. Although the objective, which has been in force since 2015, of reducing the share of nuclear energy from over 70 percent to 50 percent by 2023, was abolished in 2035 and the expansion of new nuclear energy beyond 2035 was confirmed, the prospects for renewable energies remain positive: In 2023, a law to accelerate renewable energies was passed. As a first result, President Macron signed a regulation to simplify the network planning revision and anticipate the work identified as one of the biggest bottlenecks. Tenders for the award of tariffs for wind power, photovoltaics and technology-neutral plants are now being carried out. This allows for a significant increase in the tariffs. The tendering system has been adapted to partially compensate for increased electricity production costs such as investment costs, interest etc. Another subsidy similar to the German correction factor is also being discussed. The approval procedures for wind power projects in France take about five to seven years due to the usual legal procedures.

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

According to the Italian government's energy plan, the share of renewable energy in Italy is expected to rise sharply in the coming years. Due to the low power generation costs, the focus is on expanding PV projects (35 GWp by 2030). The most recent draft of the Ministerial Decree "Aree Idonee" (suitable areas) envisages an increase of 80 GWp from 2024 to 2030 (about 72 GWp from 2023 to 2030) in new renewable energies (mainly PV and wind) and sets targets for the regions, to achieve regional distribution in the coming years (burden sharing). A new FER X decree is also expected to provide a CFD mechanism for PV projects in appropriate areas. The Ministerial Decree "Are Idonee" has not yet been published due to disagreements between the MASE (Environment Minister) and the regions. Recent months have seen intense discussions on this topic.

Canada

Given the climate, the size of the country and the energy-intensive primary industry, Canada has one of the highest per capita electricity consumption among the G7 nations. 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 CO_2 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.

Latvia

In light of the Ukraine war, Germany and the three Baltic countries Estonia, Latvia and Lithuania want to strengthen their energy sovereignty and cooperate more closely. For this purpose, hybrid interconnectors will also be implemented across countries, into which offshore wind farms feed their energy and which can also be used efficiently and in line with the market for European electricity trading. Latvia intends to auction a cross-border project coordinated by the state in 2024/25 and to allow further private offshore wind planning.

The necessary legislation is currently in the consultation process, and publication is expected in 2024.

PNE has acquired a stake in an early-stage project that has a good chance of positioning itself successfully in a selection process due to a number of factors. The project is currently being further developed in cooperation with a partner.

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

The Polish market offers considerable opportunities for expansion in the fields of wind power and photovoltaics. This is driven by the increasing promotion of renewable energies by the new government, which wants to reduce coal-fired power stations, and the rising demand for electricity in the medium term. Challenges include a strained network situation in some regions and increasing competitive pressure. In order to compensate for network bottlenecks, solutions such as cable pooling and the direct supply of industrial plants were introduced in the market and are now being used by PNE in the development of future projects.

Romania

According to the new directives of the European Union, Romania wants to increase the share of renewable energies in its gross final energy consumption to 42 percent by 2030. In accordance with national objectives, the objective in the final version of the draft of Planul în Integrat Național domeniul Energiei și Schimbărilor Climatice (PNIESC) has already been increased to 36 percent. According to the latest available data, the share of renewable energies in the gross final energy consumption in Romania was 23.6 percent. In line with the PNIESC guidelines, the Romanian Government is in the process of creating the necessary legal framework for the development of renewable energy (Battery Energy Storage Systems or BESS, offshore wind, green hydrogen) and of adopting new laws to speed up the development process (e.g. land use change). Since 2022, it has been possible to conclude private PPAs. In addition, it was announced that CFD (Contract for Difference) auctions will take place next year. The development of PV projects is being promoted with the aim of exploiting the resulting increasing interest of investors and utilising windows of time for the sale of projects.

Sweden

In Sweden, the substantial expansion of wind power projects is expected to continue in the coming years. The objective of meeting the electricity demand with renewable energies by 2040 has now been replaced by the objective of climate neutrality by 2045, which will lead to a softening of the expansion target for renewable energies by including nuclear power. However, the continued increase in energy demand can only be met in the short term by renewable energies. The well-established PPAs markets for companies and energy wholesalers promote the development of wind power projects, although the framework conditions for wind power permits remain difficult (including the veto rights of local authorities and the military). Therefore, PV projects of increasing size are being built.

PNE is well established on the Swedish market with its joint venture VKS and PNE Sverige and has successfully completed the development of several wind farms.

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 attractive 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 South African Government's Integrated Resource Plan (IRP), which was updated at the beginning of January 2024 and released for public opinion, continues to provide for a significant expansion of renewable energy projects through regular public tenders. This expectation is based in particular on the existing high energy demand in South Africa and the need to significantly reduce the number of coal-fired power stations by 2030 and beyond. After a five-year interruption of the government's Renewable Energy Independent Power Producer Procurement Program (REIPPPP), it resumed in August 2021 with round 5. Another call for tender (round 6) took place in October 2022, and round 7 is scheduled for April 2024.

Since 2021, private-sector PPAs can also be concluded, initially with a capacity limitation of up to 100 MW per project, but now without any restrictions. The development of "green field" wind projects, which are partly delayed by grid bottlenecks, will continue with the aim of taking advantage of this positive market development. PV projects have also become increasingly important for business in South Africa. Here too, the PNE Group is consistently continuing to expand its pipeline. In light of increasing network bottlenecks in some regions, the geographical focus of new business development is regularly reviewed. Projects for green hydrogen applications, such as e-fuels, are also being planned.

In South Africa, the activities of the PNE Group are organized through a 80/20-joint venture with local partner WKN Windcurrent, which also covers large parts of the national land security activities.

Turkey

Turkey is a tendering market with currently increased political risks, but with favourable macroeconomic conditions for renewable energies, which suggest a steady and significant expansion of wind projects. However, the latest YEKA call for tenders has shown that the terms of the call for tenders still need to be adjusted in order to create attractive conditions for the development of projects in Turkey. The aim of PNE is to develop a project that has been awarded in an earlier tender process up to ready-to-build and to successfully participate in the expected tenders for wind projects in the coming years with the already developed projects (wind measurements). In addition, a strategic cooperation with a local partner will be sought in order to expand the sales opportunities for the developed projects.

USA

The policy framework for renewable energy in the U.S. changed significantly in 2022 with the adoption of the Inflation Reduction Act (IRA). The details and implications of the law have been further clarified, particularly with regard to the USD 369 billion earmarked for climate and clean energy programs. The more favourable environment for the renewable energy sector, which offers a more stable structure for planning, is expected to lead to a new clean electricity generation of 525 to 550 GW by 2030. Some signs of the positive effects are already evident.

According to the EIA, solar energy produced 22 percent more energy than in 2022 and 130 percent more than five years ago. Solar capacity now accounts for about 58 percent of the clean energy market pipeline in the U.S. Energy storage has gained significant importance, with installations by the third quarter (13,518 MWh) exceeding the total for the full year 2022 (11,976 MWh). Standalone storage projects (as opposed to hybrid projects) are becoming increasingly popular, which is directly related to the ability to claim the investment tax credit created by the IRA.

The development of transmission networks and the modernization of the network are crucial to achieving the objectives of this IRA. Project development has often been delayed or hampered by backlogs in securing interconnection queues for the grid connection. Several reforms have been proposed to approve projects to reduce administrative and bureaucratic challenges, but to date, they have not been transposed into a law by Congress.

Renewable energy standards imposed by the majority of U.S. states continue to be an important driving force for the demand for clean energy. These stipulate that utilities must produce a certain percentage of energy from renewable sources. Although many of these requirements or objectives have already been met, demand continues to exist and is supported by the strong consumer preference and lower costs. The demand of commercial and industrial companies for renewable energies remains an important factor, driven by financial considerations and strong ESG commitment (environment, social and corporate governance).

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.

On the 26th UN Climate Change Conference (COP26), the Vietnamese government in 2021 committed to achieving ambitious targets, including climate neutrality by 2050. The required expansion of the national power plant park and electricity grid is defined in corresponding Power Development Plans ("PDPs"). For the latest PDP8, PNE has applied with an offshore project with up to 2,000 MW of potential total output. 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. The PDP 8 for the period 2021-2035, with an outlook for 2050, was published in May 2023. The more detailed implementation plans (Decisions and Decrees) necessary for project development are still pending and are expected in the second half of 2024. The revision also includes the regulations on marine spatial planning and the approval of offshore environmental and subsoil surveys. Irrespective of this, PNE is continuing to develop the project in areas that are independent of these regulatory steps.

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. Overall, the framework conditions for the expansion of renewable energies must also be viewed positively in the light of the World Climate Summit in Dubai (UAE), at which the transition away from fossil fuels was shelled. The general conditions for the economic expansion of photovoltaics are in place in selected markets such as Germany, France, Italy, Poland, Romania and Spain. 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 2023 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 expanded, thus making its own contribution to environmentally friendly electricity generation under economically sustainable conditions.

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

In 2023, PNE's market environment was affected by the war in Ukraine and the Middle East conflict, as well as supply problems for wind turbine and component manufacturers. The aforementioned factors also contributed to high or rising raw material prices, which led to higher prices for wind turbines, modules and other trades. 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.

In total, the PNE Group completed, sold or started construction of wind farm and photovoltaic projects with a capacity of approx. 781.8 MW/MWp in the reporting period (previous year: 481.9 MW/MWp).

In the reporting period, PNE received permits for a total of 21 wind farm and photovoltaic projects with an output of approx. 1,675.2 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 1,590 MW from 7,587 MW to 9,177 MW for onshore wind energy and by 3,128 MWp from 4,296 MWp to 7,424 MWp for photovoltaics. In addition, 2,500 MW of wind energy comes from offshore. This brings the project pipeline to a record level of 19,101 MW/MWp (as at December 31, 2022: 11,883 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 369.8 MW in the reporting period (prior year: 318.9 MW).

As at December 31, 2023, twelve wind farms were under construction in Germany and Sweden (as at December 31, 2022: seven wind farms). A total of 50 wind turbines (prior year: 27) with a nominal capacity of 287.9 MW (prior year: 154.6 MW) will be erected at these wind farms. For projects already sold with a capacity of 6.6 MW (prior year: 66.6 MW), PNE is active as a service provider for the buyers.

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 same period of the previous year, more favourable wind conditions but higher electricity prices were recorded in 2023. The combination of the increased number of wind turbines in operation, the improved wind supply and lower electricity prices in the "power generation" segment resulted in a slight increase in revenue compared to the previous year.

The development of national and international photovoltaic projects was again significantly expanded in the reporting period. The project pipeline includes PV projects with a nominal capacity of 7,424 MWp (prior year: 4,296 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 managed by PNE covers wind farms in Germany and abroad with a nominal capacity of more than 2,900 MW (prior year: 2,500 MW). In total, this is more than 1,000 wind turbines.

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 by the Group's own projects ("hidden reserves") will be disclosed progressively over the useful life of the projects, based on the Group's lower depreciation assessment base. This disclosure ("hidden reserves") leads to an improvement in earnings over the term and, depending on the amount disclosed, to an improvement in the Group's equity ratio. The total amount of values disclosed until December 31, 2023 is euro 27.2 million (as at December 31, 2022: euro 17.2 million), of which euro 9.9 million was disclosed in the reporting period (prior year: euro 8.5 million). As a result of the investments in PNE's own projects, pre-tax profits of euro 31.4 million (prior year: euro 42.5 million). As a result, there are "hidden reserves" at Group level totalling euro 208.4 million as at December 31, 2023 (as at December 31, 2022: euro 177.1 million) (taking account of the disclosure of "hidden reserves").

The operating activities, including the establishment of the Company's own portfolio, resulted in Group EBITDA of euro 39.9 million (prior year: euro 35.4 million). The guidance for the Group EBITDA (euro 30 to 40 million) for fiscal 2023 was achieved (see ↗ **explanations in section 2.5 "Earnings, financial and asset position"**).

At the level of PNE AG, the EBIT was 34.3 million in the 2023 fiscal year (prior year: euro 37.6 million).

The development of the individual segments

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

"Project development" segment

Wind energy and photovoltaics onshore

Although the effects on the economy caused by Russia's war of aggression and the aftermath of the coronavirus pandemic also have certain implications for PNE AG, the development and realisation of onshore wind farm and photovoltaic projects were continued steadily in the 2023 fiscal year, both in Germany and in the foreign markets, in which the PNE Group operates through subsidiaries or joint ventures. The project pipeline grew to 9,177 MW (prior year: 7,587 MW) for onshore wind energy and to 7,424 MWp (prior year: 4,296 MWp) for photovoltaics.

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.

Overview of the status of onshore wind energy project activities of the PNE Group as at December 31, 2023 in MW:

Land	Phase I – II	Phase III	Phase IV	Total MW	Sold/ Service Provider
Germany	1,812	499	271	2,582	95
Romania	0	0	0	0	78
Turkey	629	71	0	700	0
United Kingdom	0	43	0	43	0
USA	577	169	0	746	0
Canada	505	0	0	505	0
Panama	224	68	0	292	0
Italy	0	0	0	0	0
France	330	198	11	539	0
Poland	1,221	0	0	1,221	0
South Africa	2,021	30	0	2,051	140
Sweden	300	0	0	300	0
Spain	198	0	0	198	0
Total	**7,817**	**1,080**	**281**	**9,177**	**313**

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, 2023 in MWp:

Land	Phase I – II	Phase III	Phase IV	Total MWp	Sold/ Service Provider
Germany	712	119	0	831	0
Romania	756	49	0	805	208
USA	1,372	0	0	1,372	0
Canada	405	0	0	405	0
Italy	340	48	0	388	114
France	156	10	0	166	0
Poland	394	125	0	519	0
South Africa	1,895	0	0	1,895	0
Spain	1,041	3	0	1,044	582
Total	**7,070**	**354**	**0**	**7,424**	**904**

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. 2,582 MW (prior year: 2,024 MW) in the various phases of project development as at December 31, 2023.

The development of photovoltaic projects was intensified significantly so that projects with a total output of 831 MWp (prior year: 437 MWp) were being processed in Germany at the end of the reporting period.

The “Mansbach” wind farm (28.5 MW) in Hesse and the “Hamwarde” (11.4 MW) and “Stuvenborn Ia” (10.2 MW) wind farms in Schleswig-Holstein were completed in the reporting period.

With the commissioning of the German wind farms “Mansbach”, “Stuvenborn” and “Hamwarde”, three additional wind farms were transferred to operation in 2023. This means that fewer projects have been implemented on time than planned. These delays are primarily due to transport permits issued by the authorities up to ten weeks late and capacity bottlenecks at suppliers and network operators. The remaining wind farms planned for 2023 are expected to all be connected to the grid in the first quarter of 2024.

At the end of the reporting period, ten wind farms with a nominal capacity of 270.5 MW and one service project with a nominal capacity of 6.6 MW were under construction in Germany.

In addition, PNE received permits in accordance with the Federal Immission Control Act (BImSchG) for four further wind farms in Germany with a possible nominal output of 31.4 MW in the last quarter of 2023.

Photovoltaics and wind energy onshore – international

The PNE Group continued its core business of project development and realisation of wind energy and photovoltaics abroad. At the end of the 2023 fiscal year, the PNE Group had wind farms with a nominal capacity of approx. 6,595 MW (prior year: 5,563 MW) in the various phases of project development in foreign markets. In addition, photovoltaic projects with 6,593 MWp (previous year: 3,859 MWp) were under development in the foreign markets at the end of the reporting period.

France

As at December 31, 2023, wind projects with a nominal capacity of approx. 539 MW (prior year: 522 MW) were underway in France in various phases of project development. The portfolio of projects under development was maintained at a high level. Construction of a French project began at the end of 2023. PNE received approvals for two projects (30 MW in total) in the first and second quarters of 2023. Five wind projects from PNE received a CFD for a total of 57.6 MW as part of the wind tender. In addition, photovoltaic projects with a capacity of approx. 166 MWp (prior year: 142 MWp) were under development in France.

United Kingdom

In the reporting period, PNE continued to work on the Scottish wind farm "Sallachy". The project will be developed by ready-to-build and will then be placed on the market.

Italy

With the aim of participating in market growth, the local PV presence, which was newly established in 2022, will be further strengthened, and the development of the PV project pipeline based on greenfield projects will be promoted, complemented by cooperation with land developers (site finders) and early stage developers (co-development). As at December 31, 2023, projects with approx. 388 MWp were already under development. The first projects with a performance of 114 MWp were sold in 2023, which are still being developed by PNE until ready-to-build.

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. Political and economic stability, a wealth of raw materials, a solid financial sector and the European-Canadian Economic and Trade Agreement provide attractive investment and business opportunities. As at December 31, 2023, wind projects with approx. 505 MW and photovoltaic projects with approx. 405 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 68 MW are currently in the sales process. In Panama, PNE is focusing on the emerging market for renewable energies. The projects will be developed by ready-to-build and will then be placed on the market.

Poland

PNE has further expanded its market presence in recent years, which is visible in the growing pipeline, and will use this position to develop further wind and PV capacities in the coming years. Project development activities in the wind sector were strengthened in 2023. As at December 31, 2023, projects with approx. 1,221 MW were under development (prior year: 838 MW). The development of photovoltaic projects was intensified. At the end of the reporting period, projects with around 519 MWp (prior year: 308 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 2023. As at December 31, 2023, projects with approx. 805 MWp were under development (prior year: 565 MWp). Projects with a total of up to 49 MWp are already at a very advanced stage of development. The PNE Group sold five photovoltaic projects with a total output of 208 MWp to the French energy group TotalEnergies in the reporting period. PNE managed the projects as developer through to ready-to-build.

Sweden

During the reporting period, construction of the "Hultema" as service provider with a nominal output of approx. 60 MW was completed. Further wind farm projects with a nominal output of 300 MW were under development at the end of 2023.

Spain

At the end of 2023, photovoltaic projects with a nominal output of 1,044 MWp (previous year: 863 MWp) and wind farm projects of 198 MW (previous year: 184 MW) were under development. In addition, PNE was active as a service provider for photovoltaic projects of 582 MWp (prior year: 840 MWp). Based on the European Union's hydrogen initiative, PNE is investigating business opportunities in Spain in this context.

South Africa

In South Africa, wind farm projects with a nominal capacity of up to 2,051 MW (prior year: 1,752 MW) were processed in various phases of project development as at December 31, 2023.

The development of photovoltaic projects is also progressing. At the end of the reporting period, projects with around 1,895 MWp were under development (prior year: 988 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 around 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 influence in the "Köseler" project, the change to the alternative project site "Kayislar" 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-license applications. In addition, the approval procedure for the "Köseler/Kayislar" project is being pursued.

USA

In the increasingly competitive market, PNE has pursued a diversification strategy and excelled 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 around 746 MW and around 1,372 MWp 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. For example, there are very high financing requirements for participation in calls for tenders for grid connections. These can sometimes 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, the sale of the USA business was initiated. If there are changes in strategy and/or a positive market perspective for PNE, this can also lead to continued business.

Project development of onshore wind energy and photovoltaics in total

As at December 31, 2023, the companies of the PNE Group were working on wind farm projects with approx. 9,177 MW of nominal output (prior year: 7,587 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 7,424 MWp (prior year: 4,296 MWp). In addition, the PNE Group is active as a service provider in wind projects already sold with around 313 MW and in photovoltaic projects with 904 MWp.

This is the basis for the future development in the sector of onshore wind energy and photovoltaics.

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 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. The "Gode Wind 3" project, which brings together the former "Gode Wind 3" and "Gode Wind 4" projects, is under construction and is scheduled to go into operation in 2024.

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 for generating electricity from other energy carriers such as hydrogen at sea. In this context, a research project on hydrogen production using offshore wind energy and its transport was completed in the second quarter of 2023. Based on the results, further offshore wind project activities may be undertaken if the outlook is positive.

Two companies of the Group had filed constitutional complaints against the Offshore Wind Energy Act (WindSeeG) in previous years. In the Senate decision of the Federal Constitutional Court of June 30, 2020, it was confirmed that parts of the WindSeeG are unconstitutional. As part of the implementation of the Federal

Constitutional Court's decision by the legislator in the sense of the WindSeeG 2020, only these two subsidiaries of PNE AG with projects in zone two can expect reimbursement for project planning services already provided. The affected subsidiaries of PNE AG have submitted applications for compensation in accordance with Section 10a of the WindSeeG in good time and have each received a declaratory decision from the Federal Maritime and Hydrographic Agency (BSH) in the first half of 2023. In the meantime, the BSH has issued cost reimbursement notices for approx. euro 2.5 million. This amount resulted in an income for the Group in the second quarter.

The two subsidiaries concerned are currently considering how to proceed. The amount of compensation paid by the German government under Section 10a WindSeeG is lower than what PNE AG considers appropriate for the development services provided (a low double-digit million amount). PNE AG therefore reserves the right to have the cost reimbursement notices reviewed by the administrative courts on behalf of the two subsidiaries concerned. As part of these proceedings, the constitutionality of Section 10a WindSeeG may also be reviewed, e.g., by a referral from the administrative courts to the Federal Constitutional Court. Overall, PNE expects further 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.

Wind energy offshore – international

In the reporting period, the Company made further efforts to start the development of marine wind farms abroad.

In Vietnam, PNE is preparing the project development of offshore wind farms. The project covers a capacity of 2,000 MW and is to be developed in three phases. For this, a memorandum of understanding was signed by PNE for the province that is designated to supply energy in the future. The future course of the project depends on the further development of the regulatory framework.

Another project approach in the size of 1,000 MW is situated before the coast in Latvia and is in an early development phase. For this purpose, a 50:50 joint venture with the Swedish company Eolus was founded at the start of 2023. PNE's share of the project is 500 MW.

Results of the "project development" segment

The operative achievements listed above have led to the following results in the "project development" segment in the 2023 reporting period.

In the 2023 fiscal year, the "project development" segment achieved

- total aggregate output of euro 217.6 million (prior year: euro 210.7 million),
- EBITDA of euro 17.9 million (prior year: euro 26.8 million) and
- EBIT of euro 15.4 million (prior year: euro 24.3 million).

"Electricity generation" segment

This "electricity generation" segment includes primarily the wind farms operated by the PNE Group with a total nominal capacity as of December 31, 2023 of 369.8 MW (prior year: 318.9 MW) and the Silbitz biomass power plant with 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

Slightly higher wind results were recorded in the 2023 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 usually 20 years. Statistically speaking, this means that high and low wind supply will balance each other out in the course of the operating period.

Another important factor in the "electricity generation" segment is the development of the electricity prices at which the generated energy is sold. This applies both to the monthly wind-to-land market values calculated by transmission system operators, which are to be used in the context of the encouraged direct marketing, and to developments in the futures markets for short- and medium-term power purchase agreements (PPAs). The price level fell sharply in 2023, after being above average in 2022, when the war in Ukraine had a strong impact on prices. Nonetheless, PNE succeeded, even in 2023, to conclude PPAs and fixed-price agreements for the Company's own wind farms, some of which secure higher remuneration even in the following years.

With the generation of electricity from renewable energies, PNE making an important contribution to sustainable and climate-friendly energy supply in Germany. In 2023, PNE's own operating portfolio grew to around 370 MW of installed capacity. With the amount of green electricity generated from this, approx. 600,000 tons of CO_2 are saved each year (source: BWE CO_2 calculator). In total, around 695 GWh was generated in 2023 (previous year: 509 GWh). This means that roughly 187,000 3-person households per year can be supplied with electricity from renewable energies. The increase in 2023 compared to the previous year is due, on the one hand, to the further expansion of the company's own operating portfolio and, on the other hand, to the better wind year 2023.

Compared to the same period of the previous year, more favourable wind conditions but higher electricity prices were recorded in

2023. The combination of the increased number of wind turbines in operation, the improved wind supply and lower electricity prices in the "power generation" segment resulted in a slight increase in revenue compared to the previous year.

Largely due to higher wood prices for the Silbitz wood-fired power plant, external services in the "electricity generation" segment increased from euro 2.1 million to euro 3.9 million compared to the same period last year.

Compared with the previous year, depreciation and amortisation in the "electricity generation" segment increased due to the higher number of wind turbines in operation and thus the also higher number of MW.

With the increased number of MW in operation, other operating expenses also rose from euro 12.3 million to euro 13.1 million in the "electricity generation" segment.

The war in Ukraine led to a sharp increase in electricity prices last year due to the potential shortage of gas. Thanks to the relaxation in the entire energy market, this effect has largely normalized. Nevertheless, there was still a negative impact in 2023 on the supply chains of manufacturers and service providers.

In mid-2023, the PNE Group acquired a 51 percent stake in the British digital company Bitbloom Ltd. Bitbloom is a renowned provider of data analysis software, wind turbine monitoring software and services. AI-based analysis and monitoring products enable plant operation to be optimized. PNE expects this to lead to an increase in earnings from its own investments.

Results of the "electricity generation" segment

In the 2023 fiscal year, the "electricity generation" segment achieved

- total aggregate output of euro 79.0 million (prior year: euro 73.8 million),
- EBITDA of euro 60.3 million (prior year: euro 57.7 million) and
- EBIT of euro 32.1 million (prior year: euro 34.5 million).

"Services" segment

In 2023, the PNE Group continued to implement its strategy of achieving strong growth in the services sector over the entire project lifecycle, in addition to project development.

Further significant order intake from third-party customers, both in the core market of Germany and internationally, again further strengthened the independence in operations management through projects developed by PNE. Operational management is becoming increasingly important in European markets outside Germany. This can be seen, among other things, from the fact that over 50 percent of the growth of more than 1,000 MW of capacity under operational management in the last three years has already been generated by the international markets (particularly Poland and Sweden).

Against the backdrop of the current crises, activities and competencies in the field of cyber security have been strengthened and will continue to be intensified in 2024.

The division of wind and sites services further expanded its market presence in the 2023 fiscal year and was increasingly commissioned to perform wind measurements including yield assessments based on them and expert opinions in the field of wind farm planning. In addition, the number of LiDAR verifications on its own 200m wind measuring mast was doubled, thus taking on a market leading role in Europe. The site quality verification required by the EEG after five, ten or 15 years of operation of wind turbines can be carried out by wind and sites services division according to an accredited standard since 2022. The division is therefore one of the few accredited testing laboratories listed by the German Wind Energy Promotion Agency for the application of Technical Guideline No. 10. This means that the range of services will be expanded to meet customer requirements in a targeted manner, even into the operational phase.

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 remained high against the backdrop of still high market prices. Accordingly, power marketing solutions for a further 39 external wind and solar farms with a total capacity of 337.6 MW were sold in the 2023 fiscal year. In the area of corporate PPAs, PNE has achieved success and has concluded long-term contracts directly or indirectly with large industrial customers.

In the field of technical inspections and tests, the conclusion of important framework contracts and contracts with major customers has enabled an increase in the sustainable basic capacity utilization from 2023 up to 2025.

In fiscal year 2023, the "services" segment contributed positively to the Group's earnings. Furthermore, the biggest challenge in a rapidly growing market remains the availability of qualified personnel to provide the products and services.

Results of the "services" segment

In the 2023 fiscal year, the "services" segment achieved

- total aggregate output of euro 30.8 million (prior year: euro 25.4 million),
- EBITDA of euro 6.5 million (prior year: euro 6.1 million) and
- EBIT of euro 3.1 million (prior year: euro 2.6 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 2023 fiscal year, the PNE Group achieved a total aggregate output of euro 267.8 million (prior year: euro 243.3 million) in accordance with IFRS. Of this, euro 121.5 million is attributable to revenues (prior year: euro 126.2 million), euro 136.4 million to changes in inventories (prior year: euro 111.7 million) and euro 9.9 million to other operating income (prior year: euro 5.5 million).

The change in revenues in the group compared to the previous year is mainly due to the increase in revenues from the "electricity generation" segment as a result of the higher number of wind turbines in operation and from the "services" segment.

In the 2023 fiscal year:

- In the "project development" segment, the Company generated internal revenues of euro 155.9 million (prior year: euro 177.2 million), including for general contractor and project development services for the Company's own wind farms, as well as external revenues of euro 26.3 million (prior year. euro 34.7 million), including from project sales in France and general contractor services in Poland.

- In the "electricity generation" segment, external revenues of euro 73.8 million were generated in the reporting period (prior year: euro 73.1 million). These revenues were mainly attributable to PNE's own wind farm portfolio with euro 70.4 million (prior year: euro 66.7 million) and the revenues from the "Silbitz" biomass power plant of euro 3.4 million (prior year: euro 6.4 million). Compared to the same period of the previous year, more favourable wind conditions but higher electricity prices were recorded in 2023. The combination of the increased number of wind turbines in operation, the improved wind supply and lower electricity prices in the "power generation" segment resulted in a slight increase in revenue compared to the previous year.

- In the "services" segment, the Company billed external revenues of euro 21.4 million (prior year: euro 18.4 million) and internal revenues of euro 8.5 million (prior year: euro 5.9 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.

  Explanation: As the Group's own wind farms were operated and used for electricity generation by the Group itself, irrespective of their current or future shareholder structure, they 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" of the statement of comprehensive income. The decision whether to sell a wind farm under construction to external investors or to operate it internally is usually made after the wind farm has been commissioned. The decision-making process must take into account current economic project and market conditions, current investor enquiries and further strategic direction in relation to the Group's long-term liquidity planning.

Other operating income includes the release of provisions related to the construction of wind farm projects, individual value adjustments and cost allocations.

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 non-monetary balance sheet items and items in the statement of comprehensive income are included in other operating expenses. In the 2023 fiscal year, a positive result from the net position of monetary items of euro 0.7 million was recorded, which is included in other operating income in the "project development" segment (previous year: euro 1.3 million). Furthermore, compensation payments of euro 3,318 thousand (previous year: euro 0 thousand), of which euro 2,459 thousand for compensation in accordance with Section 10a WindSeeG due to a ruling by the Constitutional Court that parts of the WindSeeG are unconstitutional, are recognised in other operating income ("project development" segment).

The Group's project development activities 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 141.1 million (prior year: euro 137.3 million). The year-on-year change in the cost of materials ratio (cost of materials in relation to total output) in the Group from 56 percent in the previous year 53 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 construction of wind farms for the Group's own portfolio has a negative impact on the cost of materials ratio, as the Group's total output only includes the capitalisation of external production costs and no profits from these project implementations. On the other hand, increasing revenues from the Group's own wind farms have a positive impact on the Group's cost of materials ratio. In the case of the wind farms in operation, the main expense items are 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 51.8 million in the 2023 fiscal year and thus increased by euro 9.2 million compared to the level of the prior year period (euro 42.6 million). The number of employees in the Group as at December 31, 2023 increased to 632 (as at December 31, 2022: 544 employees). On average, 608 people (prior year: 514 people) were employed in the Group during the year. These figures include the 3 members of the Board of Management (prior year: 2 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 37.3 million (prior year: euro 30.0 million),
- "electricity generation" with euro 1.8 million (prior year: euro 1.6 million) and
- "services" with euro 12.7 million (prior year: euro 11.0 million).

The write-downs of intangible fixed assets, property, plant and equipment as well as right-of-use assets increased by euro 4.9 million to euro 34.2 million compared to the previous year (euro 29.2 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 2.5 million),
- "electricity generation" with euro 28.2 million (prior year: euro 23.3 million) and
- "services" with euro 3.5 million (prior year: euro 3.5 million).

The other operating expenses in the Group totalling euro 35.1 million (prior year: euro 28.1 million) are above the level of the previous year and are primarily attributable to the following items:

in million euro	2023	2022
Legal and consulting costs	7.4	4.3
Repair and maintenance expenses	7.2	5.2
Advertising and travel expenses	3.3	2.7
Rental and leasing expenses and incidental rental costs	2.8	3.7
Vehicle costs	2.3	1.8
Insurance premiums and contributions	1.6	1.5
Financial statement and auditing costs, incl. tax advice and external accounting	1.5	1.2
IT costs	1.4	1.1
Expenses unrelated to the period	1.3	0.5
Addition to individual value adjustments on receivables	0.8	0.3
Supervisory Board remuneration	0.4	0.4
Skimming of profits (StromPBG)	0.1	1.5

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

- "project development" with euro 22.4 million (prior year: euro 16.8 million),
- "electricity generation" with euro 13.1 million (prior year: euro 12.3 million) and
- "services" with euro 4.6 million (prior year: euro 3.6 million).

Due to the continued construction and operation of the wind farms owned by the Group, the repowering projects (wind) and the "Silbitz" biomass power plant ("electricity generation" segment), other operating expenses changed, in particular in the items "repair and maintenance expenses" and "rental and leasing expenses and incidental rental costs". A further significant change was recorded under "legal and consulting costs", as the further development of the Group with the "Scale up 2.0" strategy entails one-off, larger expenses for e.g. digitization, certification and legal or accounting requirements (e.g. EU taxonomy, sustainability report, etc.).

Other interest and similar income changed from euro 33.8 million in the prior-year period to euro 11.9 million in the reporting period. The change is mainly due to the valuation of interest rate swaps used for 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 6.5 million (prior year: euro 17.7 million) in the Group ("electricity generation" segment) in the 2023 reporting period. A "financial PPA" was concluded and evaluated for an ongoing wind farm in its own operation. This evaluation led to interest income totalling euro 2.8 million (prior year: euro 0.0 million). In addition, income of euro 0.6 million (prior year: euro 14.9 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. In the previous year, this was a high effect due to the sharp rise in interest rates, particularly as a result of the war in Ukraine and rising inflation in the reporting period. 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.

Interest and similar expenses for the Group increased to euro 26.3 million from euro 16.2 million in the same period of the previous year. In the 2023 reporting period, valuations of individual interest rate swaps led to interest expenses of euro 1.1 million (previous year: euro 1.2 million) and the necessary subsequent measurement of liabilities to banks led to interest expenses of euro 9.7 million (previous year: euro 3.2 million). Otherwise, interest and similar expenses were incurred mainly in connection with

- the 2022/2027 bond (euro 2.8 million),
- the equity and debt financing of wind farm projects and the portfolio GmbHs (euro 8.3 million),
- the application of IFRS 16 "Leases" (euro 2.8 million) and
- other factors, such as the financing of the building at the headquarters in Cuxhaven or the use of working from capital and guarantee credits (euro 1.6 million).

In order to counteract the effects of fluctuations in market interest rates, interest rate swaps and floating-rate loans (so-called hedged items) are designated as hedging instruments in hedge accounting for the first time as of October 1, 2023. Changes in the value of the effective part of the cash flow hedge are reported in the amount of euro 9.7 million (previous year: euro 0.0 million) in other comprehensive income (OCI), after calculating deferred taxes. The non-effective portion of hedge accounting in the amount of euro 0.8 million (previous year: euro 0.0 million) was recognised in the income statement as interest and similar expenses.

Explanation: For financial liabilities for which the interest rate was agreed 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 income of euro 0.9 million in the fiscal year (prior year: euro 9.6 million).

In the period under review, the following results were achieved at the Group level in the 2023 fiscal 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 39.9 million (prior year: euro 35.4 million),

→ operating profit (EBIT = corresponds to the value stated in line "Operating result" of the statement of comprehensive income) of euro 5.7 million (prior year: euro 6.2 million).

The consolidated net income after non-controlling interests amounted to euro -9.6 million (prior year: euro 14.9 million). The basic earnings per share for the Group amounted to euro -0.13 (prior year: euro 0.20) and the diluted earnings per share for the Group amounted to euro -0.13 (prior year: euro 0.20).

Taking into account the business result and the dividend distribution, the unappropriated profit in the Group changed in the reporting period to euro 65.6 million (prior year: euro 81.9 million). In fiscal 2023, a dividend of euro 6.1 million was distributed.

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

Euro 99.0 million (prior year: euro 147.3 million) of the Group's total aggregate output was attributable to PNE AG. The total aggregate output of PNE AG consists of revenues of euro 77.3 million (prior year: euro 148.3 million), changes in inventories of euro 8.6 million (prior year: euro -3.6 million) and other operating income of euro 13.1 million (prior year: euro 2.6 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, compensation payments, amounts charged on, and income from the reversal of individual value adjustments and income from the disposal of tangible assets.

Other operating income includes the milestone payment from the sale of the shares in PNE Atlantis I GmbH as income from the disposal of property, plant and equipment in the amount of euro 5.0 million (prior year: euro 0.0 million).

In the separate financial statements of PNE AG, the cost of materials amounted to euro 64.8 million in the past fiscal year (prior year: euro 106.2 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 22.0 million in the 2023 fiscal year (prior year: euro 18.3 million). The number of employees of PNE AG as at December 31, 2023 changed to 240 (as at December 31, 2022: 188 employees). The personnel figures include the 3 members of the Board of Management (prior year: 2 members).

In the separate financial statements of PNE AG, the other operating expenses totalled euro 15.8 million in the 2023 fiscal year (prior year: euro 12.9 million).

PNE AG reported earnings before taxes of euro 34.3 million in the 2023 fiscal year (prior year: euro 37.6 million).

Income from profit transfer agreements changed compared to the previous year from euro 26.1 million to euro 29.5 million. This change results primarily from the profit transfer agreement with WKN GmbH, based on which the profit of WKN GmbH of approx. euro 26.5 million (prior year: euro 23.1 million) was allocated to PNE AG.

Interest and similar expenses at PNE AG changed compared to the previous year and amounted to euro 3.3 million (prior year: euro 3.7 million); they were mainly incurred for the interest on the 2022/2027 bond.

As at December 31, 2023, the retained earnings of PNE AG totalled euro 273.1 million (prior year: euro 251.6 million). The net income of PNE AG amounted to euro 27.7 million (prior year: euro 26.6 million). The basic earnings per share of PNE AG amounted to euro 0.36 (prior year: euro 0.35) and the diluted earnings per share to euro 0.36 (prior year: euro 0.35).

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 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, 2023, 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, 2023, the Group companies had available liquidity of euro 219.0 million, including credit lines for interim project financing, of which euro 3.8 million is pledged to banks (as at December 31, 2022: euro 168.7 million, of which euro 2.1 million pledged).

The available liquidity is broken down as follows:

- → cash and cash equivalents in the amount of euro 90.4 million (as at December 31, 2022: euro 121.6 million),
- → freely available working capital lines of euro 9.3 million (as at December 31, 2022: euro 12.1 million) and
- → freely available project interim debt financing available of euro 119.3 million (December 31, 2022: euro 35.0 million).

As at December 31, 2023, the Group had working capital facilities totalling euro 20.1 million (as at December 31, 2022: 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 38.2 million (as at December 31, 2022: euro 40.0 million).

As at December 31, 2023, the Group had used euro 10.8 million of the working capital facilities (as at December 31, 2022: euro 3.0 million) and euro 10.7 million of the guarantee and contract fulfilment credit lines as at December 31, 2023 (as at December 31, 2022: euro 6.3 million).

Furthermore, there is a framework agreement with a bank for a purchasing pre-financing credit line in the amount of euro 50 million, which can be used e.g. for wind turbine orders. The purchasing pre-financing credit line can be drawn in the form of loans or guarantees. A first tranche of loans of euro 1.9 million had been drawn up from the framework agreement as of December 31, 2023.

The cash flow from operating activities shown in the statement of cash flows of euro -166.2 million (prior year: euro -9.0 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 -27.7 million (prior year in total: euro -98.1 million). The investments in property, plant and equipment in the 2023 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 (“services” segment).

Outgoing payments relating to the sale and purchase of financial assets or consolidated entities of euro -2.2 million in the reporting period (prior year: euro -0.5 million). The payments mainly relate to the purchase prices for the shares in Kurzeme Offshore SIA. Riga, Latvia (share purchase of 50.0 percent) and in Bitbloom Ltd, Bristol, United Kingdom (share purchase of 51.0 percent).

During the reporting period, the cash flow from financing activities of euro 155.1 million (prior year: euro 79.2 million) was influenced primarily by

- the taking of bank loans of euro 197.0 million (prior year: 111.2 million), which are mainly used for the project financing of the wind farm projects owned by the Group,
- the redemption of income totalling euro 25.2 million (prior year: euro 21.7 million),
- the redemption of lease liabilities totalling euro 10.6 million (prior year: euro 7.8 million) (pursuant to IFRS 16 to be recorded as outflow of funds in the cash flow from investing activities) and
- the dividend payment totalling euro 6.1 million (prior year: euro 6.1 million).

As at December 31, 2023, the share capital of PNE AG amounted to euro 76,603,334.00 (as at December 31, 2022: euro 76,603,334.00).

As at the reporting date of December 31, 2023, the Group had liquid funds of euro 90.4 million, of which euro 3.8 million is pledged to banks (as at December 31, 2022: euro 121.6 million, of which euro 2.1 million pledged).

Developments in PNE AG (HGB)

As at December 31, 2023, PNE AG had liquidity of euro 46.5 million (as at December 31, 2022: euro 60.7 million, of which euro 1.2 million were pledged), which is pledged to credit institutions in the amount of euro 2.2 million.

The financial situation of PNE AG in fiscal 2023 was marked, in particular, by

- the positive cash flow from investing activities of euro 47.7 million (prior year: euro 38.1 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 -55.6 million (prior year: euro -61.4 million), which is mainly due to the increase in receivables from affiliated companies and
- the negative cash flow from financing activities of euro -6.2 million (prior year: euro -3.3 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	**31.12.2023**	**31.12.2022**
Assets		
Total long-term assets	**651.6**	**585.4**
Intangible assets	64.9	64.9
Property, plant and equipment	398.4	353.7
Right-of-use assets	92.8	87.3
Long-term financial assets	17.5	14.2
Deferred taxes	78.0	65.3
Total short-term assets	**450.1**	**334.9**
Inventories	281.3	147.4
Receivables and other assets	73.0	63.9
Tax receivables	5.4	2.0
Cash and cash equivalents	90.4	121.6
Total liabilities and equity	**1,101.7**	**920.3**

On the reporting date, the consolidated total assets amounted to euro 1,101.7 million. This means that the consolidated balance sheet total increased by around 20 percent compared to December 31, 2022 (euro 920.3 million).

Total long-term assets increased from euro 585.4 million at the end of 2022 to euro 651.6 million at the end of 2023.

As at December 31, 2023, intangible assets totalled euro 64.9 million, which primarily include goodwill of euro 64.4 million (as at December 31, 2022: euro 64.4 million). As at December 31, 2023, the goodwill was attributable to the segments as follows:

- "project development": euro 54.0 million (as at December 31, 2022: euro 54.0 million),
- "electricity generation": euro 0.0 million (as at December 31, 2022: euro 0.0 million) and
- "services": euro 10.4 million (as at December 31, 2022: euro 10.4 million).

In the same period, property, plant and equipment changed by euro 44.7 million to euro 398.4 million (December 31, 2022: euro 353.7 million). This item primarily includes

- land and buildings: euro 12.9 million (as at December 31, 2022: euro 13.2 million),
- transformer stations owned or under construction: euro 21.0 million (as at December 31, 2022: euro 18.9 million),
- technical equipment and machinery of the Company's own wind farms: euro 352.8 million (as at December 31, 2022: euro 305.0 million) and
- other plant and machinery, fixtures and fittings: euro 9.5 million (as at December 31, 2022: euro 5.9 million).

The change in property, plant and equipment is mainly due to the "growing" wind farm portfolio with related schedule depreciation on property, plant and equipment of the wind farms and the application of the effective interest rate method (see explanation for ↗ **"Interest and similar expenses"**) due to KfW subsidies.

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. Accordingly, lessees account for the right of use of a leased item (so-called right-of-use asset) either in fixed assets under the balance sheet item "Rights of use" or under the balance sheet item "Inventories". 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, 2023, the Group recognised right-of-use assets of euro 92.8 million under the fixed assets (as at December 31, 2022: euro 87.3 million).

As at December 31, 2023, the right-of-use assets were attributable to the segments as follows:

- "project development": euro 10.5 million (as at December 31, 2022: euro 10.5 million),
- "electricity generation": euro 77.6 million (as at December 31, 2022: euro 71.8 million) and
- "services": euro 4.8 million (as at December 31, 2022: euro 5.0 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. The Board of Management is of the opinion that there are no indications that the value of the reported goodwill as at December 31, 2023 might be impaired.

Non-current financial assets increased to euro 17.5 million as at December 31, 2023 (as at December 31, 2022: euro 14.2 million). This item includes the pro rata long-term loan receivables of euro 10.4 million from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2022: euro 12.0 million). Further pro rata loan receivables from SWAP transactions are included in the amount of euro 0.7 million (as at December 31, 2022: euro 0.8 million) in the short-term assets (receivables and other assets).

Short-term assets changed in the reporting period from euro 334.9 million (December 31, 2022) to euro 450.1 million on December 31, 2023. This change is mainly attributable to the increase in inventories (euro +133.9 million) taking into account the decrease in cash and cash equivalents. Of the short-term assets, euro 37.8 million is attributable to trade receivables (on December 31, 2022: euro 38.1 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 110.1 million (on December 31, 2022) to euro 190.5 million. The increase in inventories is mainly attributable to the wind farm projects in the implementation phase.

Work in progress is divided as follows:

- onshore projects Germany: euro 148.3 million (as at December 31, 2022: euro 83.3 million),
- onshore projects abroad: euro 42.2 million (as at December 31, 2022: euro 26.8 million).

The inventories included right-of-use assets of euro 52.5 million as at December 31, 2023 (as at December 31, 2022: euro 18.2 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 37.0 million (as at December 31, 2022) by euro 53.5 million to euro 90.5 million.

Cash and cash equivalents amounted to euro 90.4 million as at December 31, 2023, of which euro 3.8 million is pledged to banks (as at December 31, 2022: euro 121.6 million, of which euro 2.1 million pledged).

As at December 31, 2023, cash and cash equivalents were attributable to the segments as follows:

- "project development": euro 57.3 million (as at December 31, 2022: euro 76.7 million),
- "electricity generation": euro 31.8 million (as at December 31, 2022: euro 43.7 million) and
- "services": euro 1.2 million (as at December 31, 2022: euro 1.2 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	31.12.2023	31.12.2022
Liabilities		
Equity	208.1	232.2
Deferred subsidies from public authorities	0.6	0.6
Provisions	13.0	9.8
Long-term liabilities	730.7	547.7
Short-term liabilities	136.9	101.5
Deferred revenues	12.1	28.5
Total liabilities and equity	**1,101.7**	**920.3**

Group equity changed to euro 208.1 million as at December 31, 2023 from euro 232.2 million (December 31, 2022). The equity ratio of the Group was approx. 19 percent as at December 31, 2023 (as at December 31, 2022: approx. 25 percent).

The treasury stock has not changed in the reporting period and amounted to 266,803 shares as at December 31, 2023.

The interest rate swaps and floating-rate loans (so-called hedged items) were designated as hedging instruments for the first time as at October 1, 2023 as part of hedge accounting. From this date, the changes in value of the effective portion of the cash flow hedge in the amount of euro -9.7 million (as at December 31, 2022: euro 0.0 million) are recognised in the cash flow hedge reserve in equity.

The long-term liabilities changed from euro 547.7 million (as at December 31, 2022) to euro 730.7 million. The item consists mainly of long-term financial liabilities totalling euro 712.9 million (as at December 31, 2022: euro 530.6 million).

The long-term liabilities are attributable primarily to

- the 2022/2027 bond issued in the 2022 fiscal year with a carrying amount of euro 53.9 million (as at December 31, 2022: euro 53.8 million),
- long-term liabilities to banks of euro 495.2 million (as at December 31, 2022: euro 363.8 million) and
- liabilities from leases of euro 156.1 million (as at December 31, 2022: euro 111.2 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, 2023, the liabilities to banks were attributable to the segments as follows:

- "project development": euro 17.8 million (of which long-term, euro 3.2 million),
- "electricity generation": euro 531.1 million (of which long-term, euro 492.0 million),
- "services": euro 0.0 million (of which long-term, euro 0.0 million).

Mainly due to IFRS 16 "Leases", approx. euro 156.1 million (as at December 31, 2022: euro 111.2 million) for lease liabilities is reported under long-term liabilities and approx. euro 7.5 million (as at December 31, 2022: euro 5.8 million) under short-term liabilities as at December 31, 2023.

The liabilities from leases are attributable to the following segments as at December 31, 2023:

- "project development": euro 11.2 million (of which long-term, euro 9.6 million),
- "electricity generation": euro 143.3 million (of which long-term, euro 138.8 million),
- "services": euro 9.2 million (of which long-term, euro 7.7 million).

In the 2023 fiscal year, the short-term liabilities changed from euro 101.5 million (December 31, 2022) to euro 136.9 million. The short-term liabilities to banks, included in this item, changed from euro 35.4 million (as at December 31, 2022) to euro 53.7 million. In the reporting period, trade liabilities changed from euro 44.6 million (as at December 31, 2022) to euro 59.7 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.

During the 2023 reporting period, the Company raised approx. euro 175.1 million of non-recourse financing, approx. euro 9.1 million of the available project equity bridge loan, approx. euro 10.9 million of the working capital lines, and approx. 1.9 in purchasing refinancing loans which contributed to the above changes in short-term and long-term liabilities to banks.

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

in million euro	Valued per 31.12.2023	Of which long-term 31.12.2023
Non-recourse project financing of wind farms	563.7	535.2
Interim equity financing of wind farm portfolios	45.8	33.8
Working capital facilities in the Group	10.9	0.0
Purchase prefinancing line	1.9	0.0
Other loans (incl. financing of the company headquarters in Cuxhaven)	3.5	3.1

The project funds were provided, in part, by public KfW loans 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 76.9 million (as at December 31, 2023) 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, 2023 amounted to euro 685.1 million (as at December 31, 2022: net debt of euro 451.2 million).

Developments in PNE AG (HGB)

in million euro	31.12.2023	31.12.2022
Assets		
Intangible assets	0.4	0.2
Property, plant and equipment	9.2	9.4
Financial assets	147.1	156.9
Inventories	83.6	49.2
Receivables and other assets	294.9	234.3
Liquid funds	46.5	60.7
Deferred tax assets	0.2	3.5
Total liabilities and equity	**581.9**	**514.2**

The fixed assets consist of intangible assets of euro 0.4 million (as at December 31, 2022: euro 0.2 million), property, plant and equipment of euro 9.2 million (as at December 31, 2022: euro 9.4 million) and financial assets of euro 147.1 million (as at December 31, 2022: euro 156.9 million).

The changes in financial assets are mainly due to

- Payments into the capital reserve of PNE Portfolio 2 GmbH for the payment of equity into wind farm projects (euro 8.5 million) and the repayment from the capital reserve of PNE Portfolio 2 GmbH (euro -2.1 million),
- Payments into the capital reserve of PNE West Europe GmbH for the payment of equity into wind farm projects (euro 0.3 million) and the repayment from the capital reserve of PNE WIND West Europe GmbH (euro -17.2 million),

- Payments into the capital reserve of PNE Power Generation GmbH for the purchase of wind farm projects for repowering (euro 1.2 million) and the repayment from the capital reserve of PNE Power Generation GmbH (euro -1.3 million) and
- Payments for the establishment of subsidiaries such as PNE Offshore Ausland GmbH (euro 0.6 million) and PNE Offshore Vietnam Eins GmbH (euro 0.1 million).

The current assets consist of inventories of euro 83.6 million (as at December 31, 2022: euro 49.2 million), of which work in progress totalling euro 22.7 million (as at December 31, 2022: euro 14.1 million) and prepayments made totalling euro 61.0 million (as at December 31, 2022: euro 35.1 million) as well as receivables and other assets of euro 294.5 million (as at December 31, 2022: euro 234.3 million). Of the receivables and other assets, euro 1.9 million is attributable to trade receivables (as at December 31, 2022: euro 2.1 million), euro 285.0 million for receivables from affiliated companies (as at December 31, 2022: euro 224.9 million) and euro 7.6 million (as at December 31, 2022: euro 7.3 million) for other assets.

On the assets side, deferred tax assets of euro 0.2 million (as of December 31, 2022: euro 3.5 million), mainly from the use of loss carryforwards.

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 46.5 million as at December 31, 2023 (as at December 31, 2022: euro 60.7 million).

in million euro	31.12.2023	31.12.2022
Liabilities		
Equity	408.6	387.0
Special item for investment subsidies	0.6	0.6
Provisions	25.0	24.3
Liabilities	147.7	102.3
Deferred income	0.0	0.0
Total liabilities and equity	**581.9**	**514.2**

The shareholders' equity of PNE AG amounted to euro 408.6 million as at December 31, 2023 (December 31, 2022: euro 387.0 million). The equity ratio of PNE AG was approx. 70 percent as at December 31, 2023 (as at December 31, 2022: approx. 75 percent). Equity changed mainly due to the net income for the year (euro 27.7 million) and the dividend payment in the 2023 fiscal year (euro -6.1 million).

As at December 31, 2023, the total number of shares issued by PNE AG was 76,603,334 (December 31, 2022: 76.603.334). On December 31, 2023, 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 147.7 million (as at December 31, 2022: euro 102.3 million). These are attributable as follows:

- the 2022/2027 bond issued in the 2022 fiscal year with a carrying amount of euro 55.0 million (as at December 31, 2022: euro 55.0 million),
- liabilities to banks of euro 9.6 million (as at December 31, 2022: euro 6.4 million),
- prepayments received on orders totalling euro 69.7 million (as at December 31, 2022: euro 30.2 million),
- trade liabilities of euro 5.1 million (as at December 31, 2022: euro 2.8 million),
- the liabilities to affiliated companies of euro 6.7 million (as at December 31, 2022: euro 6.3 million) and
- other liabilities of euro 1.7 million (as at December 31, 2022: euro 1.7 million).

The main components of provisions relate to outstanding invoices in respect of wind farm projects totalling euro 19.7 million (as at December 31, 2022: euro 18.9 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives totalling euro 3.9 million (as at December 31, 2022: euro 3.5 million).

3. SALES AND MARKETING

The marketing of renewable energy power plants erected on land is based on direct sales to individual and large investors. PNE has had 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 is dedicated to providing services as a product as an agent at an early stage and offers, for example, 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 further potential for new business in this area in the future, as the EEG funding for numerous old wind farms is phasing out and the brokerage of PPAs for external wind farms is therefore needed.

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 2023, there were 608 employees in the Group on an annual average basis, including members of the Board of Management (prior year: 514). Of these employees (including the members of the Board of Management and trainees), an annual average of 226 employees (prior year: 186) were working at PNE AG.

As at December 31, 2023, the Group employed 632 persons, including the members of the Board of Management (as at December 31, 2022: 544 persons). Of these,

- 240 employees (as at December 31, 2022: 188 employees) were employed directly by PNE AG and
- 392 employees (as at December 31, 2022: 356 employees) by the subsidiaries of PNE AG.

When distinguished between Germany and abroad,

- 485 employees (as at December 31, 2022: 429 employees) were employed by domestic and
- 147 employees (as at December 31, 2022: 115 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

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.

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 section ↗ **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 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, attention is paid to the consistent separation of incompatible activities. Appropriate control margins have also been introduced. Furthermore, we place a high value on the non-overlapping of responsibilities, with the stipulation that tasks, competence and responsibility are combined. Simultaneously, controls are integrated 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 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. Generally speaking, the risk strategy is based on an evaluation of the risks within the framework of the risk management system and a recording and evaluation of the opportunities associated with the risks in the context of strategy discussions.

Risk assessments are an essential part of the business decisions. In doing so, PNE endeavours to avoid entering into risks that could jeopardise the Company's existence. In the core competency areas of the Group and of the Company, appropriate, manageable and controllable risks are taken if they are expected to yield an appropriate return at the same time or are unavoidable. In doing so, PNE ensures that appropriate countermeasures are taken and implemented. In certain cases, risks in supporting processes are transferred 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. The risks are initially assessed 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 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	25	15
Medium	> 25	50	38
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)

IMPACT (in thousand euro) / PROBABILITY	Very low (0% – 5%)	Low (> 5% – 25%)	Medium (> 25% – 50%)	High (> 50% – 100%)
	Classification			
Very high (> 10,000 – 100,000)	Medium	High	High	High
Considerable (> 3,000 – 10,000)	Medium	Medium	High	High
Moderate (> 1,000 – 3,000)	Low	Medium	Medium	High
Low (> 500 – 1,000)	Low	Low	Medium	Medium

The overall risk position is evaluated 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.

At PNE, the risk-bearing capacity is derived by comparing the calculated, aggregated total risk position with the financial means available to cover the risk, the so-called cover masses. 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.

PNE believes that it has 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

Overall, the scope and hazard potential of the risks have not changed significantly compared to December 31, 2022, in the opinion of the Board of Management, with the exception of the changes mentioned in the following text, with the exception of the risks no longer contained or the significantly reduced risks in terms of value, which are listed in the further course of the text. 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, 2023, 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 medium. In addition, the business model and the positioning of PNE have proved to be largely resistant to pandemics and the effects of the war in Ukraine. Thus, from the viewpoint of the Board of Management, there are no risks threatening the existence of the Company. In the view of the Board of Management, it is not possible to foresee a development that would endanger the company's existence, even with regard to the interaction of various individual risks.

The risk "Offshore Wind Farm Project Atlantis I" is no longer listed as a risk compared to December 31, 2022, as the outstanding milestone payment of euro 5 million from the project sale in September 2023 was received by the Group.

There are tax risks from the corporate, trade and sales tax field audit at WKN GmbH for the years from 2010 to 2013 compared to December 31, 2022. With regard to the open opposition proceedings from 2010 to 2013, an agreement with the appellate body was negotiated in December 2023 in the low single-digit million euro range (as at December 31, 2022: upper single-digit million euro range) was negotiated and the objections were withdrawn in January 2024.

There is a risk regarding "offshore project planning" in Germany". As part of the implementation of the Federal Constitutional Court's decision by the legislator of 30 June 2020 in the sense of the WindSeeG 2020, these two subsidiaries of PNE AG can expect reimbursement for project planning services already provided. The affected subsidiaries of PNE AG have submitted applications for reimbursement in accordance with Section 10a of the WindSeeG in good time and have each received a declaratory decision from the BSH in the first half of 2023. Based on the subsequent cost reimbursement notices from the BSH, the Group has received around euro 2.5 million.

The two subsidiaries concerned are currently considering how to proceed. The amount of the above-mentioned settlement paid by the German government under Section 10a WindSeeG is lower than what PNE AG considers appropriate for the development services provided (a low double-digit million amount). PNE AG therefore reserves the right to have the cost reimbursement notices reviewed by the administrative courts on behalf of the two subsidiaries concerned. As part of these proceedings, the constitutionality of Section 10a WindSeeG may also be reviewed, e.g., by a referral from the administrative courts to the Federal Constitutional Court. Overall, PNE expects further 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.

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, 2022. 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

The most important risks arising from the risk management system of the PNE Group are explained below. Unless otherwise specified, the individual risks described below are classified as green or yellow in the risk matrix. If an individual risk is classified as red in the risk matrix, this is specifically indicated.

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. For example, in the USA market, there is the risk that, in order to obtain network connection commitments, high securities will have to be deposited that would not be refundable if the project were not implemented. 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. In the field of offshore Vietnam, in addition to the above-mentioned general risks, changes in the regulatory framework and the policy objectives for the expansion of offshore wind energy are more difficult to calculate than in established markets, and as a result, high development costs already incurred in advance may be lost, If an approval is not obtained and the corresponding sales proceeds cannot be obtained. Through comprehensive project controlling, PNE 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, PNE 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 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 or in future also PV portfolios. 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 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 2023 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. PNE 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 plants. For the profit situation of a wind farm or photovoltaic plant, 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 plants 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.

Group companies, in particular PNE AG, provide short-term and long-term loans to each other. These have a fixed interest rate. This also applies to loans to associates and joint ventures. Therefore, no material impact on the earnings situation of the respective companies is to be expected for the loan terms from variable interest rates.

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 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 international markets. The Board of Management of PNE AG is of the opinion that wind farms and photovoltaic plants 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 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. Generally speaking, these can have a wide range of effects on economic development, global supply chains and raw material prices, and thus also have an impact on the procurement market of the PNE Group, for example. However, the current war in Ukraine and the Middle East conflict presently do not pose any immediate risks to the PNE, as there are no business activities in or with Russia or Ukraine, nor with countries that affect the Middle East conflict.

Health risks

Health risks such as epidemics or pandemics 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. However, the Company only expects delays in planned projects and thus postponements within one year or from one year to the next. 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.

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 2024 cannot be ruled out in the event of postponement of project sales ("project development" segment) or of revenues in the "services" 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 COVID-19 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 2014 to 2016 and 2017 to 2020. The above-mentioned audits have not yet been completed. There are no audit findings to date. The tax assessments for the years 2010 to 2013 in accordance with the completed tax audit are not yet legally binding. With regard to the open opposition proceedings from 2010 to 2013, an agreement with the appellate body was negotiated in December 2023 in the low single-digit million euro range was negotiated and the objections were withdrawn in January 2024. The tax burden resulting from the agreement, including the additional payment interest, will be taken into account as a tax provision at WKN GmbH level as of December 31, 2023.

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. Relevant laws are currently being drafted to safeguard and increase information security. We are expanding our organisational measures to take this into account: In addition, we are continuously expanding our IT security management by introducing guidelines, appointing an information security officer, introducing IT security risk management and technical security measures (risk-based) to protect against unintentional data loss, data theft and all forms of cybercrime. Our employees are trained to recognise potential threats and to close any security gaps. As part of continuous process monitoring, both the technical and the organisational measures are continuously checked for their effectiveness.

Personnel-related risks

It is becoming increasingly difficult to find new employees in the required numbers and with the necessary qualifications. Due to the shortage of skilled labour and the inflation rate, applicants' salary demands have risen sharply in recent years. Recruitment and the long-term retention of employees have become very cost-intensive as a result. The opportunities arising on the labour market mean that applicants and employees can choose their employer to some extent, meaning that employees can change employer in many cases without any major risks. The PNE Group counteracts this risk by utilising experienced service providers in the area of personnel recruitment as well as the use of non-monetary additional offers for applicants and employees. The Group offers services such as flexible working time models, mobile working, team events, e-bike leasing and social counselling. A new onboarding process has been implemented that accompanies new employees from the first hour until the end of their probationary period. Furthermore, feedback discussions with employees are intensified in order to find out their needs and ideas and to be able to realise these as common goals. These offers are intended to positively influence the emotional loyalty and identification of employees with the company.

Opportunities

As a developer of onshore and offshore wind farms as well as of photovoltaic plants 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 course of the Climate Change Conferences, most recently in Dubai in 2023, 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. 369.8 MW, which had already been completed and commissioned by the end of 2023, were bundled. For the time being, PNE will remain directly involved and will thus benefit from future earnings as 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. 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 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. Another project is under construction and is scheduled to go into operation in 2024. We have developed a high level of competence in the area of offshore project development, which can also be transferred to our international markets. PNE is 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 2023 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 services 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. Power-to-X as conversion into green hydrogen or derivatives addresses a significant additional market. Hydrogen is used to decarbonise entire branches of industry, both as an energy source and as a raw material. Sector coupling in the mobility and heating segments from clean energies is another field.

Power-to-X projects are being developed to produce green hydrogen or derivatives on an industrial scale, but also to convert electricity into heat. Power plants are created from wind farms, photovoltaic systems and storage facilities, also as stand-alone solutions. The energy is transported as a molecule and is therefore independent of the electricity grid, but requires other suitable infrastructure such as gas networks or shipping routes. In addition, energy systems are being developed in combination with various storage systems and energy sources, particularly with partners.

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 continued 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 hydrogen from clean energies. The first Power Purchase Agreements (PPAs) have already been concluded for most of 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 adequacy and effectiveness of the overall internal control system and risk management system

In accordance with the recommendations of the German Corporate Governance Code 2022 (DCGK 2022), the Board of Directors has dealt in) detail with the adequacy and effectiveness of the internal control system and the risk management system and has not identified any significant complaints.

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" program, 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 energy. 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" program was to have wind farms with a capacity of 500 MW in operation or construction by the end of 2023. The PNE Group has not only achieved this goal, but has exceeded it with 651 MW in operation or under construction. Together with the expansion of the service business, a large own operations portfolio contributes to increasing the share of steady earnings and positive cash flows from the current operations phase. 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. From the perspective of the Board of Management, 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 already further developed this successful strategy since 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 and sale of operationally planned projects in Germany and abroad (onshore, offshore, photovoltaics), both from the service business and from the electricity generation business.

In fiscal 2024, as in previous years, PNE 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 40 to 50 million for the guidance for the 2024 fiscal year. However, due to the war in Ukraine and the conflict in the Middle East as well as supply problems for wind farm and component manufacturers, there might be postponements of project right sales and project implementations from 2024 to 2025 in the operating business. The aforementioned factors might also contribute to high or rising raw material prices, which could lead to higher prices for wind turbines, modules and other trades. These can, however, be partially offset by higher statutory feed-in tariffs for future projects.

The figures of the project pipeline for onshore wind energy (as at December 31, 2023: approx. 9.2 GW) and photovoltaics (as at December 31, 2023: approx. 7.4 MWp) are expected to remain constant throughout the Group in the 2024 fiscal year, at least compared to December 31, 2023.

PNE AG manages the operating units based on the EBT. Based on the planned operative project developments for the 2024 fiscal year, 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). 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, 2023, 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 2023."

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

Capital situation

As at December 31, 2023, PNE AG had 76,603,334 registered shares with a nominal value of euro 1.00 per share. As at December 31, 2023, the proportion of non-reportable free float shares (holdings of less than 3 percent of the share capital) amounted to approx. 33.6 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, 2023.

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, 2023, 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.

As at December 31, 2023, the Company had no authorisation in respect of Authorised or Conditional 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, PNE Power Generation GmbH and WKN Wertewind Betriebsgesellschaft mbH

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, since the end of December 31, 2023, one member of the Board of Management still has 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. However, the contractual agreement of this special right of termination expires on March 31, 2024. Afterwards, no member of the Board of Management has a special right of termination in the event of a change of control.

10.5 Non-financial statement

The non-financial statement to be made in accordance with Sections 289b and 315b HGB is available as a combined separate non-financial report in a separate chapter of the Annual Report 2023 (https://ir.pne-ag.com/en/publications#section83).

Cuxhaven, March 19, 2024

The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2023

in thousand euro (differences due to rounding possible)	**Notes**	**2023**	**2022**
1. Revenues	VI.1.	121,534	126,171
2. Increase in finished goods and work in process	V.5.	136,355	111,671
3. Other operating income	VI.2.	9,948	5,504
4. Total aggregate output		**267,837**	**243,346**
5. Costs of materials		-141,059	-137,315
6. Personnel expenses	VI.3.	-51,778	-42,561
7. Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets	IV.2./V.1./ V.2./V.12.	-34,172	-29,221
8. Other operating expenses	VI.4.	-35,081	-28,051
9. Impairment expense – goodwill	IV.3./V.1.	-10	-26
10. Operating result		**5,738**	**6,173**
11. Income from participations		325	150
12. Other interest and simlilar income	VI.5.	11,887	33,797
13. Income from assumption of profits of associates		0	60
14. Depreciation on financial assets		0	-125
15. Expenses from assumption of losses of associates		-269	-24
16. Interest and similar expenses	VI.6.	-26,280	-16,169
17. Result before Taxes		**-8,599**	**23,862**
18. Taxes on income	VI.7.	895	-9,627
19. Other taxes		-471	-141
20. Consolidated net profit/loss before non-controlling interests		**-8,176**	**14,094**
21. Non-controlling interests in the result	V.8.	1,378	-809
22. Consolidated net profit/loss		**-9,554**	**14,903**

in thousand euro (differences due to rounding possible)	**Notes**	**2023**	**2022**
Other comprehensive income/items that may be reclassified in the future in the profit and loss account			
23. Foreign currency translation differences		-154	3,344
24. Cash flow hedge reserve		-9,730	0
25. Others		287	-91
26. Other comprehensive income for the period (net of tax)		**-9,597**	**3,254**
27. Total comprehensive income for the period		**-17,773**	**17,348**
Consolidated profit/loss for the period attributable to:			
Owners of the parent company		-9,554	14,903
Non-controlling interests		1,378	-809
		-8,176	**14,094**
Total comprehensive income for the period attributable to:			
Owners of the parent company		-19,151	18,156
Non-controlling interests		1,378	-809
		-17,773	**17,348**
Weighted average of shares in circulation (undiluted) (in thousands)	VI.8.	76,337	76,337
Undiluted earnings per share from continuing operations in euro		-0.13	0.20
Weighted average of shares in circulation (diluted) (in thousands)	VI.8.	76,337	76,337
Diluted earnings per share from continuing operations in euro		-0.13	0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

of PNE AG, Cuxhaven, as at December 31, 2023

Assets

in thousand euro (differences due to rounding possible)	**Notes**	**Status as at 31.12.2023**	**Status as at 31.12.2022**
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		468	462
2. Goodwill		64,386	64,396
		64,854	**64,858**
II. Property, plant and equipment	IV.2./ IV.3./V.2.		
1. Land and buildings including buildings on third party land		12,940	13,172
2. Technical equipment and machinery		362,078	324,534
3. Other plant and machinery, fixtures and fittings		9,462	5,907
4. Prepayments and plant under construction		13,891	10,184
		398,370	**353,798**
III. Right-of-use Assets	IV.4./V.3.	**92,842**	**87,333**
IV. Long term financial assets	IV.5./V.4.		
1. Shares in affiliated companies		421	474
2. Shares in associates		2,449	515
3. Shares in participations		800	804
4. Other loans		180	424
5. Other long term loan receivables		13,674	11,986
		17,524	**14,203**

in thousand euro (differences due to rounding possible)	**Notes**	**Status as at 31.12.2023**	**Status as at 31.12.2022**
V. Deferred tax assets	IV.6./VI.7.	**78,029**	**65,309**
B. Current assets			
I. Inventories	IV.7./V.5.	**281,263**	**147,371**
II. Receivables and other assets	IV.9./V.6.		
1. Trade receivables		37,823	38,152
2. Other short term loan receivables		90	90
3. Receivables from affiliated companies		13,983	9,673
4. Receivables from associated companies and from other investments		711	221
5. Other assets		20,354	15,751
		72,962	**63,888**
III. Tax receivables		**5,445**	**1,993**
IV. Cash and cash equivalents	IV.8.	**90,403**	**121,582**
		1,100,692	**920,336**

Liabilities

in thousand euro (differences due to rounding possible)	**Notes**	**Status as at 31.12.2023**	**Status as at 31.12.2022**
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		**-3,190**	**-3,036**
VI. Cash flow hedge reserve	IV.10./V.9.	**-9,730**	**0**
VII. Retained consolidated profit		**65,588**	**81,886**
VIII. Non-controlling interests	V.8.	**-3,430**	**-5,590**
		208,137	**232,160**
B. Long term liabilities			
I. Other provisions	IV.11./V.12.	**0**	**0**
II. Deferred subsidies from public authorities	IV.13./V.9.	**573**	**620**
III. Long term financial liabilities	IV.12./V.13.		
1. Bonds		53,892	53,754
2. Liabilities to banks		495,216	363,848
3. Other financial liabilities		7,733	1,761
4. Liabilities from leasing contracts		156,099	111,207
		712,940	**530,571**

in thousand euro (differences due to rounding possible)	**Notes**	**Status as at 31.12.2023**	**Status as at 31.12.2022**
IV. Deferred tax liabilities	IV.6./VI.7.	**18,026**	**17,134**
C. Current liabilities			
I. Provisions for taxes	V.11.	**6,617**	**3,782**
II. Other provisions	IV.11./V.12.	**6,354**	**6,047**
III. Short term financial liabilities	IV.12./V.13.		
1. Bonds		0	0
2. Liabilities to banks		53,666	35,356
3. Other financial liabilities		1,325	1,078
4. Liabilities from leasing contracts		7,547	5,803
		62,538	**42,238**
IV. Other liabilities	IV.12./V.14.		
1. Trade payables		59,744	44,572
2. Liabilities to affiliated companies		191	333
3. Liabilities to associated companies and to other investments		635	646
4. Deferred revenues		12,150	28,548
5. Deferred liabilities		5,995	7,373
6. Other liabilities		7,452	6,281
		86,166	**87,754**
V. Tax liabilities		**340**	**30**
		1,101,692	**920,336**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2023

	in thousand euro (differences due to rounding possible)	**Notes**	**2023**	**2022**
	Consolidated net result		**-8,176**	**14,094**
-/+	Income tax benefit and expense	VI.7.	-895	9,627
-/+	Income tax paid and received		-3,527	-5,678
-/+	Interest income and expense	VI.5./VI.6.	14,393	-17,628
-	Interest paid		-11,145	-8,867
+	Interest received		1,997	642
+/-	Amortization and depreciation of intangible assets, property, plant and equipment, right-of-use assets and long-term financial assets		34,182	29,371
+/-	Increase/decrease in provisions	V.11./V.12.	3,142	3,110
-/+	Non-cash effective income/expenses		769	64
-	Profit from the disposal of fixed assets and from final consolidation	III.2.	-5,035	145
+/-	Decrease/increase of inventories and other assets	IV.7./V.5.	-232,649	-39,170
+/-	Decrease/increase of trade receivables and stage of completion accounting	IV.7./IV.9./ V.3./ V.6.	14,642	20,248
+/-	Increase/decrease of trade liabilities and other liabilities	IV.12./ V.13./V.14.	26,146	-14,968
	Cash flow from operating activities		**-166,157**	**-9,011**
+	Inflow of funds from intangible assets		0	0
+	Inflow of funds from disposal of items of property, plant and equipment		2,625	12

	in thousand euro (differences due to rounding possible)	**Notes**	**2023**	**2022**
+	Inflow of funds from disposal of financial assets		89	0
+	Inflow from sale of consolidated units	III.2.	4,849	3
-	Outflow of funds for investments in property, plant, equipment and intangible assets	V.1./V.2.	-25,483	-95,637
-	Outflow of funds for investments in financial assets		-2,214	-455
-	Outflow of funds for investments in consolidated entities		0	-2,003
	Cash flow from investing activities		**-20,134**	**-98,080**
+	Inflow of funds from the issue of bonds		0	55,000
+	Inflow of funds from financial loans	V.13.	197,010	111,167
-	Outflow of funds for the redemption of bonds		0	-50,000
-	Outflow of funds for bond transaction costs		0	-1,314
-	Outflow of funds for the redemption of financial loans	V.13.	-25,221	-21,717
-	Outflow of funds for the redemption of lease liabilities		-10,570	-7,828
-	Outflow of funds for dividend		-6,107	-6,107
	Cash flow from financing activities		**155,112**	**79,201**
	Cash effective change in liquid funds		-31,179	-27,891
+	Change in liquid funds due to changes in scope of consolidation		0	-153
+	Liquid funds at the beginning of the period	IV.8./VII.1.	121,582	149,625
	Liquid funds at the end of the period*	IV.8./VII.1.	**90,403**	**121,582**
	* of which are pledged to a bank as security guaranteed credit lines	V.13.	3,830	2,123

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2023

in thousand euro (differences due to rounding possible)	**Capital subscribed**	**Capital reserve**	**Treasury shares**	**Profit reserves**	**Foreign exchange reserve**	**Cash flow hedge reserve**	**Retained results**	**Shareholders' equity before non-controlling interests**	**Non-controlling interests**	**Total shareholders' equity**
Status as at December 31, 2022	**76,603**	**82,953**	**-707**	**51**	**-3,109**	**0**	**73,384**	**229,175**	**-7,382**	**221,793**
First application of IAS 29 because of "Turkey"	0	0	0	0	-3,272	0	0	-3,272	0	-3,272
Status as at January 1, 2022	**76,603**	**82,953**	**-707**	**51**	**-6,381**	**0**	**73,384**	**225,903**	**-7,382**	**218,521**
Consolidated net result	0	0	0	0	0	0	14,903	14,903	-809	14,094
Other result	0	0	0	0	3,344	0	-91	3,254	0	3,254
Total result 2022	**0**	**0**	**0**	**0**	**3,344**	**0**	**14,812**	**18,157**	**-809**	**17,348**
Dividend	0	0	0	0	0	0	-6,107	-6,107	0	-6,107
Other changes	0	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**	**0**	**81,886**	**237,750**	**-5,590**	**232,160**
Status as at January 1, 2023	**76,603**	**82,953**	**-707**	**51**	**-3,036**	**0**	**81,886**	**237,750**	**-5,590**	**232,160**
Consolidated net result	0	0	0	0	0	0	-9,554	-9,554	1,378	-8,176
Cash flow hedge reserve	0	0	0	0	0	-9,730	0	-9,730	0	-9,730
Other result	0	0	0	0	-154	0	287	133	0	133
Total result 2023	**0**	**0**	**0**	**0**	**-154**	**-9,730**	**-9,267**	**-19,151**	**1,378**	**-17,773**
Dividend	0	0	0	0	0	0	-6,107	-6,107	0	-6,107
Other changes	0	0	0	0	0	0	-924	-924	781	-143
Status as at December 31, 2023	**76,603**	**82,953**	**-707**	**51**	**-3,190**	**-9,730**	**65,588**	**211,568**	**-3,430**	**208,138**

CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2023

in thousand euro (differences due to rounding possible)	Acquisition and manufacturing costs							Accumulated amortization and depreciation					Book values	
	Status as at 1.1.2023	Changes in scope of consolidation	Additions	Re-classifi-cations	Disposals	Exchange differences	Status as at 31.12.2023	Status as at 1.1.2023	Additions	Disposals	Exchange differences	Status as at 31.12.2023	Status as at 31.12.2023	Status as at 31.12.2022
I. Intangible assets														
1. Franchises, trademarks and similar rights as well as licences to such rights	9,788	0	237	0	105	0	9,920	9,325	231	105	1	9,452	468	462
2. Goodwill	148,912	0	0	0	0	0	148,912	84,516	10	0	0	84,526	64,386	64,396
	158,700	**0**	**237**	**0**	**105**	**0**	**158,832**	**93,841**	**241**	**105**	**1**	**93,978**	**64,854**	**64,858**
II. Property, plant and equipment														
1. Land and buildings including buildings on third party land	22,000	0	263	0	0	0	22,263	8,827	496	0	0	9,323	12,940	13,172
2. Technical equipment and machinery	410,948	0	67,312	-6,816*	1,322	-52	470,070	86,414	22,518	902	-38	107,992	362,078	324,534
3. Other equipment, fixtures and furnishings	12,125	0	7,281	9	2,219	-5	17,191	6,218	2,153	631	-11	7,729	9,462	5,907
4. Prepayments and plant under construction	10,185	-587	14,013	-8,678	1,037	-4	13,891	0	0	0	0	0	13,891	10,184
	455,258	**-587**	**88,868**	**-15,486**	**4,577**	**-61**	**523,414**	**101,460**	**25,167**	**1,533**	**-49**	**125,044**	**398,370**	**353,798**

*Correction of euro 15,486 thousandagainst contract liabilities

in thousand euro (differences due to rounding possible)	Acquisition and manufacturing costs: Status as at 1.1.2023	Changes in scope of consolidation	Additions	Re-classifi-cations	Disposals	Exchange differences	Status as at 31.12.2023	Accumulated amortization and depreciation: Status as at 1.1.2023	Additions	Disposals	Exchange differences	Status as at 31.12.2023	Book values: Status as at 31.12.2023	Status as at 31.12.2022
III. Right-of-use assets														
Right-of-use assets (IFRS 16)	105,542	0	6,796	5,459	0	0	117,798	18,209	6,747	0	0	24,956	92,842	87,333
	105,542	**0**	**6,796**	**5,459**	**0**	**0**	**117,798**	**18,209**	**6,747**	**0**	**0**	**24,956**	**92,842**	**87,333**
IV. Financial assets														
1. Shares in affiliated companies	7,146	0	32	0	85	0	7,092	6,672	0	0	0	6,672	421	474
2. Shares in associates	806	0	2,182	0	249	0	2,740	291	0	0	0	291	2,449	515
3. Shares in participations	862	0	0	0	4	0	857	58	0	0	0	58	800	804
4. Other loans	462	-242	0	0	0	-1	218	38	0	0	0	38	180	424
	9,275	**-242**	**2,214**	**0**	**338**	**-1**	**10,908**	**7,059**	**0**	**0**	**0**	**7,059**	**3,849**	**2,217**
	728,776	**-830**	**98,115**	**-10,026**	**5,021**	**-62**	**810,952**	**220,569**	**32,155**	**1,638**	**-49**	**251,037**	**559,915**	**508,206**

CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2022

in thousand euro (differences due to rounding possible)	**Acquisition and manufacturing costs**							**Accumulated amortization and depreciation**					**Book values**	
	Status as at 1.1.2022	**Changes in scope of consolidation**	**Additions**	**Re-classifi-cations**	**Disposals**	**Exchange differences**	**Status as at 31.12.2022**	**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**
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	8,934	447	54	-2	9,325	462	689
2. Goodwill	147,765	0	1,147	0	0	0	148,912	84,490	26	0	0	84,516	64,396	63,275
	157,387	**0**	**1,369**	**0**	**54**	**-3**	**158,700**	**93,423**	**473**	**54**	**-2**	**93,841**	**64,858**	**63,964**
II. Property, plant and equipment														
1. Land and buildings including buildings on third party land	21,357	0	643	0	0	0	22,000	8,325	503	0	0	8,827	13,172	13,032
2. Technical equipment and machinery	321,100	0	85,107	4,739	2	5	410,948	67,250	19,165	2	0	86,414	324,534	253,849
3. Other equipment, fixtures and furnishings	9,204	2	3,146	0	235	8	12,125	5,061	1,377	223	3	6,218	5,907	4,142
4. Prepayments and plant under construction	2,502	0	7,686	0	4	0	10,185	4	0	4	0	0	10,184	2,499
	354,163	**2**	**96,581**	**4,739**	**241**	**14**	**455,258**	**80,640**	**21,045**	**229**	**3**	**101,460**	**353,798**	**273,523**

in thousand euro (differences due to rounding possible)	Acquisition and manufacturing costs: Status as at 1.1.2022	Changes in scope of consolidation	Additions	Re-classifi-cations	Disposals	Exchange differences	Status as at 31.12.2022	Accumulated amortization and depreciation: Status as at 1.1.2022	Additions	Disposals	Exchange differences	Status as at 31.12.2022	Book values: Status as at 31.12.2022	Status as at 31.12.2021
III. Right-of-use assets														
Right-of-use assets (IFRS 16)	76,631	0	3,630	26,485	1,205	0	105,542	11,899	6,310	0	0	18,209	87,333	64,732
	76,631	**0**	**3,630**	**26,485**	**1,205**	**0**	**105,542**	**11,899**	**6,310**	**0**	**0**	**18,209**	**87,333**	**64,732**
IV. Financial assets														
1. Shares in affiliated companies	6,913	14	219	0	0	0	7,146	6,672	0	0	0	6,672	474	242
2. Shares in associates	628	0	179	0	0	0	806	166	125	0	0	291	515	461
3. Shares in participations	1,266	0	0	0	404	0	862	58	0	0	0	58	804	1,208
4. Other loans	226	0	236	0	0	0	462	38	0	0	0	38	424	188
	9,033	**14**	**634**	**0**	**405**	**0**	**9,275**	**6,934**	**125**	**0**	**0**	**7,059**	**2,217**	**2,099**
	597,214	**16**	**102,214**	**31,224**	**1,903**	**11**	**728,776**	**192,897**	**27,953**	**282**	**2**	**220,569**	**508,206**	**404,317**

CONSOLIDATED SEGMENT REPORTING (IFRS)

of PNE AG, Cuxhaven, for the fiscal year 2023

	Project development		Electricity generation		Service products		Consolidation		PNE AG Group	
in thousand euro (differences due to rounding possible)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External sales	26,300	34,661	73,809	73,111	21,425	18,399	0	0	121,534	126,171
Inter-segment sales	155,862	177,239	3,710	301	8,481	5,888	-168,053	-183,427	0	0
Change in inventories	27,875	-6,336	0	0	0	0	108,481	118,007	136,355	111,671
Other operating income	7,564	5,097	1,528	355	857	1,112	0	-1,060	9,948	5,504
Total aggregate output	**217,600**	**210,661**	**79,047**	**73,767**	**30,762**	**25,399**	**-59,572**	**-66,480**	**267,837**	**243,346**
Earnings before interest, taxes, depreciation and amortization	**17,949**	**26,790**	**60,323**	**57,744**	**6,521**	**6,086**	**-44,872**	**-55,200**	**39,920**	**35,420**
Depreciation and amortization	2,534	2,482	28,189	23,270	3,459	3,495	0	0	34,182	29,247
Operating result	**15,414**	**24,308**	**32,133**	**34,475**	**3,063**	**2,591**	**-44,872**	**-55,200**	**5,738**	**6,173**
Other interest and similar income	18,235	8,879	10,453	33,260	805	551	-17,605	-8,891	11,887	33,798
Interest and similar expenses	-21,502	-12,233	-20,932	-11,873	-1,451	-954	17,605	8,891	-26,280	-16,169
Tax expense and income	-3,011	9,971	6,421	16,758	736	662	-5,041	-17,763	-895	9,627
Investments	1,269	2,932	8,441	83,051	17,987	12,112	0	0	27,697	98,095
Segment assets	724,506	639,731	945,277	723,584	76,264	60,136	-644,356	-503,115	1,101,691	920,335
Segment liabilities	472,279	380,101	836,923	619,794	60,919	46,257	-476,567	-357,976	893,554	688,175
Segment equity	252,227	259,630	108,354	103,790	15,345	13,879	-167,789	-145,139	208,137	232,160

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

der PNE AG, Cuxhaven, zum 31. Dezember 2023

	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	1,060	50 [1]	31.12.98
2	PNE Biomasse GmbH	Cuxhaven	100.00	100.00	223	-26 [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	53	27 [1]	29.12.04
5	PNE WIND Grundstücks GmbH	Cuxhaven	100.00	100.00	252	26 [1]	01.12.00
6	PNE Erneuerbare Energien Offshore II GmbH	Cuxhaven	100.00	100.00	-13	-16 [1]	24.11.16
7	PNE WIND Atlantis II GmbH	Cuxhaven	100.00	100.00	-24	-3 [1]	18.06.13
8	PNE WIND Atlantis III GmbH	Cuxhaven	100.00	100.00	-24	-3 [1]	18.06.13
9	PNE WIND Verwaltungs GmbH	Cuxhaven	100.00	100.00	78	21 [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-Alfstedt A GmbH & Co. KG	Husum	100.00	100.00	10,523	1,774 [1]	01.04.13
13	PNE WIND Park Kührstedt Alfstedt GmbH & Co. KG	Husum	100.00	100.00	6,228	1,651 [1]	31.03.17
14	PNE WIND Park Schlenzer GmbH & Co. KG	Husum	100.00	100.00	1,897	720 [1]	25.04.18
15	PNE WIND Park Wahlsdorf GmbH & Co. KG	Husum	100.00	100.00	10,293	1,191 [1]	25.04.18
16	PNE WIND Park XVI GmbH & Co. KG	Husum	100.00	100.00	1,454	691 [1]	01.07.19
17	PNE WIND Park XIX GmbH & Co. KG	Husum	100.00	100.00	7,804	1,820 [1]	01.04.18
18	PNE WIND Park Calau II B GmbH & Co. KG	Cuxhaven	100.00	100.00	-43	-4 [1]	01.04.13

Company		Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
19	PNE WIND Ausland GmbH	Cuxhaven	100.00	100.00	-29,969	-23,460 [1]	16.11.07
20	PNE USA Inc.	Chicago, USA	100.00	100.00	-35,182	-8,623 [1]	27.10.08
21	PNE Development LLC	Chicago, USA	100.00	100.00	-2,560	-582 [1]	29.07.11
22	Chilocco WIND FARM LLC	Chicago, USA	100.00	100.00	-652	0 [1]	01.10.12
23	PNE Solar USA LLC	Chicago, USA	100.00	100.00	-3,885	-907 [1]	01.01.19
24	Gladstone New Energy LLC	New Mexico, USA	100.00	100.00	-429	0 [1]	01.01.19
25	PNE Canada Inc.	New Brunswick, Canada	100.00	100.00	2,121	-1,567 [1]	26.01.10
26	PNE WIND Yenilenebilir Enerjiler Ltd.	Ankara, Turkey	100.00	100.00	-1,006	-1,127 [1]	08.12.17
27	PNE WIND Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-3,632	-1,772 [1]	20.02.15
28	PNE WIND Bati Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-1,075	-831 [1]	16.09.15
29	PNE WIND Güney Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-973	-706 [1]	16.09.15
30	PNE WIND Kuzey Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	100.00	100.00	-998	-699 [1]	10.10.16
31	S.C. PNE WIND Romania Energy Holding S.R.L	Bucharest, Romania	100.00	100.00	-1,886	1,616 [1]	10.05.12
32	PNE WIND Bulgaria EOOD	Sofia, Bulgaria	100.00	100.00	46	0 [1]	09.11.10
33	PNE Santa Cruz GmbH	Cuxhaven	100.00	100.00	113	5 [1]	09.08.18
34	PNE Central America I GmbH	Cuxhaven	100.00	100.00	104	2 [1]	04.07.18
35	Pure New Energy LATAM S.A.	Panama City, Panama	100.00	100.00	-1,098	-429 [1]	01.01.19
36	Santa Cruz Wind S.A.	Panama City, Panama	100.00	100.00	-1,871	-354 [1]	01.10.19
37	Altiplano Power S.A.	Panama City, Panama	100.00	100.00	-252	-18 [1]	01.10.19
38	Los Pinos Power S.A.	Panama City, Panama	100.00	100.00	-302	-20 [1]	01.10.19
39	Las Honduras S.A.	Panama City, Panama	100.00	100.00	-42	-8 [1]	01.10.19
40	Los Manglares Power S.A.	Panama City, Panama	100.00	100.00	-54	-11 [1]	01.10.19

	Company	Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
41	HKW Silbitz GmbH & Co. KG	Silbitz	100.00	100.00	2,268	-2,078 [1]	01.09.09
42	WKN GmbH	Husum	100.00	100.00	62,546	0 [1,3]	04.07.13
43	WKN Italia s.r.l.	Catania/Sicily, Italy	100.00	100.00	1,146	-2,380 [1]	04.07.13
44	Aero Sol s.r.l	Catania/Sicily, Italy	100.00	100.00	30	-4 [1]	04.07.13
45	ATS Energia s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	-12	-82 [1]	04.07.13
46	WKN France S.A.S.U.	Nantes, France	100.00	100.00	1,949	-2,187 [1]	04.07.13
47	Sevivon Sp. z o.o.	Koszalin, Poland	100.00	100.00	-25,850	4,693 [1]	04.07.13
48	VKS Vindkraft Sverige AB	Motala, Sweden	80.00	80.00	0	-672 [1]	04.07.13
49	WKN Windcurrent SA (Pty) Ltd.	Wilderness, South Africa	80.00	80.00	-2,929	-2,220 [1]	04.07.13
50	NordStrom New Energy GmbH	Husum	100.00	100.00	823	0 [1,4]	04.07.13
51	NordStrom Solar GmbH	Husum	100.00	100.00	598	33 [1]	04.07.13
52	BGZ Fondsverwaltung GmbH	Husum	100.00	100.00	207	0 [1,4]	04.07.13
53	WKN Sallachy Ltd.	Glasgow, Great Britain	100.00	100.00	-1,952	-289 [1]	01.07.15
54	Windpark Gerdau-Schwienau GmbH & Co. KG	Cuxhaven	91.03	91.03	-136	-20 [1]	01.10.16
55	Windpark Pülfringen GmbH & Co. KG	Cuxhaven	100.00	100.00	-3,105	-15 [1]	01.10.16
56	PNE WIND West Europe GmbH	Husum	100.00	100.00	12,606	-1,525 [1]	12.06.17
57	PNE WIND West Europe Verwaltungs GmbH	Husum	100.00	100.00	25	3 [1]	10.07.17
58	PNE Power Generation GmbH	Cuxhaven	100.00	100.00	3,528	1,652 [1]	01.01.19
59	PNE WIND Türkei HoldCo I GmbH	Cuxhaven	100.00	100.00	3,348	2 [1]	30.05.17
60	Pavana GmbH	Husum	100.00	100.00	2,933	1,263 [1]	30.09.17
61	MEB Safety Services GmbH	Bremen	100.00	100.00	72	0 [1,7]	01.11.18
62	WKN WERTEWIND GmbH	Husum	100.00	100.00	9,436	-52 [1]	30.06.18
63	WKN Windpark Kittlitz III GmbH & Co. KG	Husum	100.00	100.00	6,951	2,186 [1]	01.07.18

	Company	Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
64	WKN Wertewind Betriebsgesellschaft mbH	Husum	100.00	100.00	1,482	-725 [1]	30.03.20
65	WKN Wertewind Verwaltungs GmbH	Husum	100.00	100.00	13	2 [1]	30.03.20
66	WKN WERTEWIND Windpark Langstedt GmbH & Co. KG	Husum	100.00	100.00	3,329	-72 [1]	30.03.20
67	WKN WERTEWIND Windpark Lentföhrden GmbH & Co. KG	Husum	100.00	100.00	2,351	22 [1]	30.03.20
68	WKN Windkraft Nord GmbH & Co. Windpark Kleinbüllesheim KG	Husum	100.00	100.00	1,796	90 [1]	30.03.20
69	PNE WIND Park XVIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-6	-3 [1]	30.03.20
70	WKN Wertewind Bürgerbeteiligungsgesellschaft mbH	Husum	100.00	100.00	17	-1 [1]	30.06.20
71	WKN Wertewind Bürgerprojekt GmbH	Husum	100.00	100.00	17	-1 [1]	30.06.20
72	PNE WIND Park XVII GmbH & Co. KG	Husum	100.00	100.00	8,858	-35 [1]	31.08.20
73	SAS Parc Eolien d'Ermenonville de la Grande	Nantes, France	100.00	100.00	819	33 [1]	30.09.20
74	PNE Sverige AB	Malmo, Sweden	100.00	100.00	148	-571 [1]	30.09.20
75	Sachsenkraft Plus GmbH	Dresden	50.50	50.50	230	-66 [1]	20.11.20
76	WKN Windpark Zahrenholz GmbH und Co. KG	Husum	100.00	100.00	9,256	721 [1]	01.12.20
77	PNE WIND Park XXIV GmbH & Co. KG	Husum	100.00	100.00	8,374	79 [1]	01.04.21
78	PNE WIND Park XXV GmbH & Co. KG	Cuxhaven	100.00	100.00	7,947	-222 [1]	01.07.21
79	PNE WIND Park XXVII GmbH & Co. KG	Husum	100.00	100.00	8,211	186 [1]	01.07.21
80	PNE WIND Park XXIX GmbH & Co. KG	Cuxhaven	100.00	100.00	2,460	30 [1]	01.04.21
81	WKN WERTEWIND Windpark Gnutz Eins GmbH Co. KG	Husum	100.00	100.00	2,071	73 [1]	01.04.21
82	WKN WERTEWIND Windpark Holstentor GmbH Co. KG	Husum	100.00	100.00	4,278	51 [1]	01.01.21
83	Energy Consult Polska Sp.z.o.o.	Koszalin, Poland	100.00	100.00	303	183 [1]	01.07.21
84	Energy Consult Sverige AB	Malmo, Sweden	100.00	100.00	11	-204 [1]	01.07.21
85	PNE RO PV Holding S.R.L.	Bucharest, Romania	80.00	80.00	10,476	9,350 [1]	30.09.21
86	PNE Portfolio 2 GmbH	Husum	100.00	100.00	26,938	-1,388 [1]	14.10.21
87	PNE Portfolio 2 Verwaltungs GmbH	Husum	100.00	100.00	20	0 [1]	15.11.21
88	WKN Windkraft Nord GmbH & Co. Windpark Hamwarde KG	Husum	100.00	100.00	-143	-139 [1]	01.12.21
89	Pavana Polska Sp.z o.o. (vorher Sevivon Renewables 6 Sp. z o.o)	Koszalin, Poland	100.00	100.00	477	52 [1]	01.04.22
90	PNE WIND Park XXVIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-4	-1 [1]	01.04.22
91	PNE WIND Park XXXI GmbH & Co. KG	Cuxhaven	100.00	100.00	-6	-3 [1]	01.04.22

Company		Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
92	Coliaenergia ESPAÑA, S.L.	Albacete, Spain	51.00	51.00	297	-413 [1]	01.07.22
93	Garmo Renovables 2020 IV, S.L.	Albacete, Spain	100.00	100.00	177	-2 [1]	01.07.22
94	Garmo Renovables 2020 V, S.L.	Albacete, Spain	100.00	100.00	478	-4 [1]	01.07.22
95	Garmo Renovables 2020 I, S.L.	Albacete, Spain	51.00	51.00	-3	-1 [1]	01.07.22
96	Garmo Renovables 2020 III, S.L.	Albacete, Spain	50.00	50.00	14	7 [1]	01.07.22
97	PNE Offshore Ausland GmbH	Cuxhaven	100.00	100.00	695	-1 [1]	01.07.22
98	PNE WIND Park XXII GmbH & Co. KG	Cuxhaven	100.00	100.00	-7	-3 [1]	01.07.22
99	PNE Windpark Papenrode Repowering GmbH & Co. KG	Cuxhaven	100.00	100.00	-4	-1 [1]	01.10.22
100	WKN WERTEWIND WP Heidmoor GmbH & Co. KG	Husum	100.00	100.00	13,916	-4 [1]	01.10.22
101	PNE WIND Park XXI GmbH & Co. KG	Cuxhaven	100.00	100.00	2	3 [1]	01.01.23
102	PNE WIND Park XXIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-4	-1 [1]	01.01.23
103	PNE Windpark Großer Mittelberg GmbH & Co. KG	Cuxhaven	100.00	100.00	-4	-4 [1]	01.01.23
104	PNE Offshore Lettland GmbH	Cuxhaven	0.00	100.00	598	-2 [1]	28.02.23
105	WKN Windpark Stuvenborn GmbH & Co. KG	Husum	100.00	100.00	-76	-71 [1]	01.01.23
106	WKN Windkraft Nord GmbH & Co. Windpark Bebensee KG	Husum	100.00	100.00	-7	-2 [1]	01.01.23
107	WKN WERTEWIND Windpark Gnutz Zwei GmbH & Co. KG	Husum	100.00	100.00	8,722	-4 [1]	01.01.23
108	WKN Windpark Neu Benthen GmbH & Co. KG	Husum	100.00	100.00	-3	-4 [1]	01.01.23
109	PNE Windpark Sundern-Allendorf GmbH & Co. KG	Cuxhaven	100.00	100.00	-4	-5 [1]	01.07.23
110	WKN Ausland GmbH (vorher: WKN Portfoliomanagement I GmbH)	Husum	0.00	100.00	99	-120 [1]	01.07.23
111	PNE Offshore Vietnam Eins GmbH	Cuxhaven	0.00	100.00	98	-2 [1]	04.07.23
112	Energy consult France SAS	Nantes, France	0.00	100.00	50	0 [1]	31.12.23
113	PARC EOLIEN DE SAINT-AUBIN-DU-PLAIN S.A.S.U.	Nantes, France	100.00	100.00	-216	-305 [1]	01.07.23

	Company	Seat	Participation previous year (%)	Participation (%)	Equity (thousand euro)	Net income (thousand euro)	Date of first consolidation
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	1,108	-18 [1]	01.10.16
4	Kurzeme Offshore. SIA	Marupe, Latvia	0.00	50.00	3	0 [2]	06.01.23
5	Bitbloom Ltd	Bristol, England	0.00	51.00	-223	-313 [2]	14.07.23
III. Non-consolidated companies due to minor significance							
1	Alderson Renewable Energy Corporation	Alberta, Canada	0.00	100.00	k.A.	k.A. [5]	
2	Walker Creek Wind, LLC	Saskatoon, Canada	0.00	100.00	k.A.	k.A. [5]	
3	STEAG ve PNE WIND Rüzgar Enerjisi Üretim A.S.	Ankara, Turkey	50.00	50.00	k.A.	k.A. [5]	
4	PNE Hon Trau Mot, LLC	Binh Dinh, Vietnam	0.00	100.00	k.A.	k.A. [5]	
5	PNE RO Solar 3 SRL	Bucharest, Romania	100.00	100.00	k.A.	k.A. [5]	
6	PNE RO STAR ENERGY 14 S.R.L.	Bucharest, Romania	0.00	80.00	k.A.	k.A. [5]	
7	PNE RO Sunrise 4 SRL	Bucharest, Romania	100.00	100.00	k.A.	k.A. [5]	
8	PNE RO SUNLIGHT 6 SRL	Bucharest, Romania	100.00	100.00	k.A.	k.A. [5]	
9	PNE RO SUNLAND 8 SRL	Bucharest, Romania	100.00	100.00	k.A.	k.A. [5]	
10	PNE RO SUNSPOT 9 SRL	Bucharest, Romania	100.00	100.00	k.A.	k.A. [5]	
11	PNE RO Sun POWER 11 SRL	Bucharest, Romania	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
12	PNE RO SUN VALLEY 15 S.R.L.	Bucharest, Romania	0.00	80.00	k.A.	k.A. [5]	
13	PNE RO SUNSHINE 16 S.R.L.	Bucharest, Romania	0.00	80.00	k.A.	k.A. [5]	
14	PNE RO SOLARCITY 17 S.R.L.	Bucharest, Romania	0.00	80.00	k.A.	k.A. [5]	
15	PNE RO MEGA POWER 18 S.R.L.	Bucharest, Romania	0.00	80.00	k.A.	k.A. [5]	
16	Black Diamond Renewable Energy Corporation	Calgary, Alberta, Canada	0.00	100.00	k.A.	k.A. [5]	
17	WKN PE Piombino s.r.l.	Catania/Sicily, Italy	74.90	74.90	k.A.	k.A. [5]	
18	WKN PE Polidon s.r.l.	Catania/Sicily, Italy	100.00	100.00	k.A.	k.A. [5]	
19	Red Butte Solar LLC	Chicago, USA	100.00	100.00	k.A.	k.A. [5]	
20	Mountain City Solar LLC	Chicago, USA	100.00	100.00	k.A.	k.A. [5]	
21	Old Geyser Solar, LLC	Chicago, USA	0.00	100.00	k.A.	k.A. [5]	
22	Sand Tank Solar, LLC	Chicago, USA	0.00	100.00	k.A.	k.A. [5]	
23	Dinosaur Solar, LLC	Chicago, USA	0.00	100.00	k.A.	k.A. [5]	
24	Yampa Valley Wind LLC	Chicago, USA	0.00	100.00	k.A.	k.A. [5]	
25	Ambrosia Lake Wind, LLC	Chicago, USA	0.00	100.00	k.A.	k.A. [5]	
26	Walker Creek Wind, LLC	Chicago, USA	0.00	100.00	k.A.	k.A. [5]	
27	POCRI Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k.A.	k.A. [5]	
28	ANTÓN Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k.A.	k.A. [5]	
29	EL COCO Energy S.A.	Ciudad de Panama, Panama	100.00	100.00	k.A.	k.A. [5]	
30	EL ENCANTO Energy S.A.	Ciudad de Panama, Panama	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
31	PNE WIND Park Nordleda A GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
32	PNE WIND Park Nordleda B GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
33	PNE WIND Park XIV GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
34	PNE WIND Park XV GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
35	PNE WIND Park XX GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
36	PNE Windpark Gardelegen Repowering GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
37	PNE Windpark Herzhausen GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
38	PNE Windpark Schellin Repowering I GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
39	PNE Windpark Seelow-Repowering GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
40	PNE Windpark Odensachsen GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
41	PNE Windpark Sundern-Allendorf GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
42	PNE Windpark Welsche Lied GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
43	PNE Windpark Mümling-Grumbach GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
44	PNE Solar Park I GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
45	PNE Solar Park II GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
46	PNE Solar Park III GmbH & Co. KG	Cuxhaven	100.00	100.00	k.A.	k.A. [5]	
47	PNE Windpark Kemberg IV GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
48	PNE Windpark Schenklengsfeld III GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
49	PNE Windpark Sontra II GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
50	PNE Windpark Bosseborn GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
51	PNE Windpark Holzthaleben II GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
52	PNE Windpark Kuhstedt III GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
53	PNE Windpark Helenenberg Repowering I GmbH & Co. KG	Cuxhaven	0.00	100.00	k.A.	k.A. [5]	
54	Flat Top Solar LLC	Delaware, USA	100.00	100.00	k.A.	k.A. [5]	
55	Kishwaukee Solar Farm LLC	Delaware, USA	100.00	100.00	k.A.	k.A. [5]	
56	Moon Hills Solar LLC	Delaware, USA	100.00	100.00	k.A.	k.A. [5]	
57	Tenmile Creek Solar Farm LLC	Delaware, USA	100.00	100.00	k.A.	k.A. [5]	
58	PNE New Energy Offshore Vietnam, LLC	Ho Chi Minh City, Vietnam	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
59	WKN Turkey GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
60	WKN Windkraft Nord Beteiligungs-GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
61	Windpark Meerhof Verwaltungsgesellschaft mbH	Husum	100.00	100.00	k.A.	k.A. [5]	
62	Zukunftsenergien Beteiligungs-GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
63	WKN Windkraft Nord GmbH & Co. Windpark Immenrode KG	Husum	100.00	100.00	k.A.	k.A. [5]	
64	WKN Windkraft Nord GmbH & Co. Windpark Weinstraße II KG	Husum	100.00	100.00	k.A.	k.A. [5]	
65	WKN Windpark Beerfelde GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
66	WKN Windpark Zinndorf II GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
67	WKN Windpark Zinndorf III GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
68	WKN Windpark Lütau GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
69	WKN Windpark Großenehrich GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
70	WKN Windpark Cornberg GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
71	WKN Windpark Karstädt IV GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
72	WKN Windpark Parum Dümmer GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
73	WKN WERTEWIND Windpark Gnutz Drei GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
74	WKN WERTEWIND Windpark Gresse GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
75	WKN Windpark Woltersdorf II GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
76	NordStrom Beteiligungsgesellschaft mbH	Husum	100.00	100.00	k.A.	k.A. [5]	
77	REE GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
78	GREENWIND GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
79	Innovative Wind Concepts GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
80	WKN Portfoliomanagement I GmbH	Husum	100.00	100.00	k.A.	k.A. [5]	
81	WKN Windpark Gebstedt GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. [5]	
82	PNE Portfolio 3 GmbH	Husum	0.00	100.00	k.A.	k.A. [5]	
83	PNE Portfolio 3 Verwaltungs GmbH	Husum	0.00	100.00	k.A.	k.A. [5]	
84	WKN Windpark Gerdshagen II GmbH & Co. KG	Husum	0.00	100.00	k.A.	k.A. [5]	
85	WKN Windpark Wulfsdorf A GmbH & Co. KG	Husum	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
86	WKN Windpark Wulfsdorf B GmbH & Co. KG	Husum	0.00	100.00	k.A.	k.A. [5]	
87	Market Lake Solar LLC	Idaho, USA	100.00	100.00	k.A.	k.A. [5]	
88	Windfarm Polska IV Sp. z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
89	Windfarm Polska V Sp. z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
90	Windfarm Zomar Sp. z o.o.	Koszalin, Poland	74.00	74.00	k.A.	k.A. [5]	
91	SEVIVON Renewables 1 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
92	SEVIVON Renewables 2 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
93	SEVIVON Renewables 3 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
94	SEVIVON Renewables 4 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
95	SEVIVON Renewables 7 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
96	SEVIVON Renewables 8 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
97	SEVIVON Renewables 9 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
98	SEVIVON Renewables 10 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
99	PV Krzecin Sp. zo.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
100	Sevivon Windpark 3 Sp.z o.o	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
101	Sevivon Windpark 4 Sp.z o.o	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
102	Res Project 1 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
103	Res Project 2 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
104	Res Project 3 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
105	Res Project 4 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
106	Res Project 5 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
107	Res Project 6 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
108	Res Project 7 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
109	Res Project 8 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
110	Res Project 9 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
111	Res Project 10 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
112	Res Project 11 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
113	Res Project 12 Sp.z o.o.	Koszalin, Poland	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
114	Res Project 13 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
115	Res Project 14 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
116	Res Project 15 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
117	Res Project 16 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
118	Res Project 17 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
119	Res Project 18 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
120	Res Project 19 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
121	Res Project 20 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
122	Res Project 21 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
123	Res Project 22 Sp.z o.o.	Koszalin, Poland	100.00	100.00	k.A.	k.A. [5]	
124	Res Project 23 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
125	Res Project 24 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
126	Res Project 25 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
127	Res Project 26 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
128	Res Project 27 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
129	Res Project 28 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
130	Res Project 29 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
131	Res Project 30 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
132	Res Project 31 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
133	Res Project 32 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
134	Res Project 33 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
135	Res Project 34 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
136	Res Project 35 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
137	Res Project 36 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
138	Res Project 37 Sp.z o.o.	Koszalin, Poland	0.00	100.00	k.A.	k.A. [5]	
139	Solar PV 1 S.r.l.	Milan, Italy	100.00	100.00	k.A.	k.A. [5]	
140	Solar PV 5 S.r.l.	Milan, Italy	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
141	Solar PV 6 S.r.l.	Milan, Italy	100.00	100.00	k.A.	k.A. [5]	
142	Solar PV 7 S.r.l.	Milan, Italy	100.00	100.00	k.A.	k.A. [5]	
143	Solar PV 8 S.r.l.	Milan, Italy	100.00	100.00	k.A.	k.A. [5]	
144	WKN PE Polidon s.r.l. (i.L)	Milan, Italy	100.00	100.00	k.A.	k.A. [5]	
145	WKN PE Piombino s.r.l. (i.L)	Milan, Italy	74.90	74.90	k.A.	k.A. [5]	
146	Solar PV 9 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
147	Solar PV 15 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
148	Solar PV 16 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
149	Solar PV 17 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
150	Solar PV 18 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
151	Solar PV 19 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
152	Solar PV 20 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
153	Solar PV 21 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
154	Solar PV 22 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
155	Solar PV 23 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
156	Solar PV 24 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
157	Solar PV 25 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
158	Solar PV 26 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
159	Solar PV 27 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
160	Solar PV 28 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
161	Solar PV 29 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
162	Solar PV 30 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
163	Solar PV 31 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
164	Solar PV 32 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
165	Solar PV 33 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
166	Solar PV 34 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
167	Solar PV 35 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
168	Solar PV 36 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
169	Solar PV 37 S.r.l.	Milan, Italy	0.00	100.00	k.A.	k.A. [5]	
170	Vindpark Odensvi i Köping AB	Motala, Sweden	80.00	80.00	k.A.	k.A. [5]	
171	Vindpark Västerlisa i Norrtälje AB	Motala, Sweden	80.00	80.00	k.A.	k.A. [5]	
172	Vindpark Sjönnebol i Säffle AB	Motala, Sweden	80.00	80.00	k.A.	k.A. [5]	
173	Vindpark Tronserud i Bengtsfors AB	Motala, Sweden	80.00	80.00	k.A.	k.A. [5]	
174	SAS la Haie Perron	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
175	SAS Parc Eolien de La Fosse Descroix	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
176	SAS Parc Eolien de Pierre-Morains	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
177	SAS Parc Eolien de Vill´Aire	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
178	SAS Parc Eolien des Hauts Poiriers	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
179	Parc Eolien de Monts de Châlus S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
180	SAS Parc Eolien de la Cote des Moulins	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
181	SAS Parc Eolin de la Coutanciere	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
182	AIRE PARC S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
183	PARC EOLIEN DE CHABROL S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
184	PARC EOLIEN DE LA VALLEE BLEUE S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
185	PARC EOLIEN DE L'ARGONNE MEUSIENNE S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
186	PARC EOLIEN DES CHAUMES CARREES S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
187	PARC EOLIEN DE SAINT PALAIS S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. [5]	
188	Parc solaire d'Usseau S.A.S.U.	Nantes, France	0.00	100.00	k.A.	k.A. [5]	
189	Parc Eolien des Grenouillettes S.A.S.U.	Nantes, France	0.00	100.00	k.A.	k.A. [5]	
190	Parc Eolien de la Vève SAS	Nantes, France	0.00	100.00	k.A.	k.A. [5]	
191	Parc Solaire de Trotte Baril	Nantes, France	0.00	100.00	k.A.	k.A. [5]	
192	Parc Solaire de Faverolles	Nantes, France	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
193	Pilger Wind Farm Inc.	New Brunswick, Canada	100.00	100.00	k.A.	k.A. [5]	
194	Climax Wind Farm Inc.	New Brunswick, Canada	100.00	100.00	k.A.	k.A. [5]	
195	Watson Wind Farm Inc.	New Brunswick, Canada	100.00	100.00	k.A.	k.A. [5]	
196	Wadena Wind Farm Inc.	New Brunswick, Canada	100.00	100.00	k.A.	k.A. [5]	
197	Eston Wind Farm Inc.	New Brunswick, Canada	100.00	100.00	k.A.	k.A. [5]	
198	Whiska Wind Farm Inc.	New Brunswick, Canada	100.00	100.00	k.A.	k.A. [5]	
199	Netzanschluss Genthin GbR	Nielebock	52.00	52.00	k.A.	k.A. [5]	
200	ATS Energia PE Valle s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	k.A.	k.A. [5]	
201	Banna Ba Pifhu Wind Farm (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
202	Highlands North Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
203	Highlands South Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
204	Highlands Central Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
205	Paulputs Wind Energy Facility South (RF) (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
206	Paulputs Wind Energy Facility North (RF) (Pty) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
207	Soutrivier 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
208	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]	
209	Canopus Wind Energy Facility (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
210	Doringbaai Wind Energy Facility (RF) (Pty) Ltd)	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
211	Bonsmara Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
212	Lengana Solar PV (RF) (PTY) Ltd.	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
213	Brandberg Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
214	Khauta West Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
215	Taaibos North Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
216	Khauta e Nyane Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
217	Soutrivier Central Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
218	Khauta North Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
219	Soutrivier South Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
220	Soutrivier North Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
221	Taaibos South Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	100.00	100.00	k.A.	k.A. [5]	
222	Khauta South Solar PV (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
223	Kabbo Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k.A.	k.A. [5]	
224	Seelo Alpha Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k.A.	k.A. [5]	
225	Seelo Beta Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k.A.	k.A. [5]	
226	Seelo Charlie Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k.A.	k.A. [5]	
227	Phadima Solar PV (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k.A.	k.A. [5]	
228	Ukhanda Wind Energy Facility (RF) (Pty) Ltd	Wilderness, South Africa	0.00	100.00	k.A.	k.A. [5]	
229	Highveld Solar PV (RF) PTY) LTD	Wilderness, South Africa	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	33.33	33.33	4	-2 [2]	
7	POMERGY Sp.z o.o.	Koszalin, Poland	0.00	50.00	k.A.	k.A. [5]	
8	POMWIND 1 Sp.z o.o	Koszalin, Poland	0.00	50.00	k.A.	k.A. [5]	

1 per the financial statements as at December 31, 2023
2 per the provisional financial statements as at December 31, 2023
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, 2022
7 after profit transfer to Energy Consult GmbH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of PNE AG, Cuxhaven, for the 2023 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 para. 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, 2023, were approved at the meeting of the Board of Management on March 4, 2024 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2023 are filed with the operator of the Federal Gazette (Bundesanzeiger).

During the 2023 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	(expected) Application obligation in the EU
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– 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

Standard/Interpretation	Date of EU endorsement	(expected) Application obligation in the EU
Amendments to IAS 12: Income Taxes – International Tax Reform – Säule 2 Model Rules	November 8, 2023	January 1, 2023
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

In the 2023 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:

Standard/Interpretation	Date of EU endorsement	(expected) Application obligation in the EU
Amendments to IAS 1 (January 2020): Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	December 19, 2023	January 1, 2024
Amendments to IAS 1 (October 2022): Long-term debts with ancillary conditions	December 19, 2023	January 1, 2024
Amendments to IFRS 16 (September 2022): Lease Liability in a Sale and Leaseback	November 20, 2023	January 1, 2024
Amendments to IAS 21: Effects of exchange rate changes – lack of exchangeability	Not yet endorsed	January 1, 2024
Amendments to IAS 7: Cash flow statements and IFRS 7: Financial assets: Details - Supplier Funding Agreements	Not yet endorsed	January 1, 2024

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 2023.

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. PNE WIND Park XXI GmbH & Co. KG, Cuxhaven (100 percent), (first consolidation on January 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

2. PNE WIND Park XXIII GmbH & Co. KG, Cuxhaven (100 percent), (first consolidation on January 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

3. PNE Windpark Großer Mittelberg GmbH & Co. KG, Cuxhaven (100 percent), (first consolidation on January 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

4. WKN Windpark Stuvenborn GmbH & Co. KG, Husum (100 percent), (first consolidation on January 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

5. WKN Windkraft Nord GmbH & Co. Windpark Bebensee KG, Husum (100 percent), (first consolidation on January 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

6. WKN WERTEWIND Windpark Gnutz Zwei GmbH & Co. KG, Husum (100 percent), (first consolidation on January 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

7. WKN Windpark Neu Benthen GmbH & Co. KG, Husum (100 percent), (first consolidation on January 1, 2023, “electricity generation” segment), (reclassified from “non-consolidated companies due to minor significance”),

8. PNE Windpark Sundern-Allendorf GmbH & Co. KG, Husum (100 percent), (first consolidation on July 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

9. PARC EOLIEN DE SAINT-AUBIN-DU-PLAIN S.A.S.U. Nantes, France (100 percent), (first consolidation on July 1, 2023), “electricity generation” segment, (reclassified from “non-consolidated companies due to minor significance”),

10. PNE Offshore Lettland GmbH, Cuxhaven (100 percent), (first consolidation on February 28, 2023), “project development” segment, (established),

11. PNE Offshore Vietnam Eins GmbH, Cuxhaven (100 percent), (first consolidation on July 4, 2023), “project development” segment, (established),

12. PNE Ausland GmbH, Husum (100 percent), (first consolidation on July 1, 2023), “project development” segment, (established),

13. Energy consult France SAS, Nantes, France, (100 percent), (initial consolidation as of December 31, 2023), “services” segment, (established).

The object of companies no. 1–9 is the construction and operation of wind power turbines in the form of wind farms and the sale of electricity.

The object of companies no. 10–11 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 company no. 12 is to carry on the business of a managing holding company for the onshore 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.

The object of company no. 13 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.

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. 1-13 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 Group company was liquidated:

Windkraft Nord USA Inc., 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, 2023 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, 2023 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:

80 percent of the shares in PNE RO PV NAZ S.R.L., Bucharest (Romania) (discontinued from the "project development" segment).

The sale price for 100 percent of the Company's shares in the listed company amounted to euro 4.8 million euros plus the repayment of shareholder loans of euro 0.8 million.

Due to the deconsolidation of the Company, assets totalling approx. euro 0.9 million as well as liabilities and provisions of approx. euro 1.1 million were eliminated at the Group level. The payment received and the deconsolidation of the Company resulted in profit of approx. euro 4.8 million, in relation to the sale of 100 percent of the Company shares. The payment received in 2023 for the sale of the company amounted to approx. euro 0.2 million. The remaining payment of around euro 4.6 million and the repayment of the shareholder loan of around euro 0.8 million is contractually planned for 2024. The Company's funds eliminated from the balance sheet as a result of the transaction amounted to approx. euro 0.0 million. The gain on disposal is included in the consolidated revenues.

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, 2023 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.11.**), 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. Immaterielle Vermögenswerte

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 25
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 rights of use are listed on the assets page under "III. Rights of use" and are accounted for at amortized acquisition or production 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 leasing 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 12 subtenants have rented approx. 40 percent of the building's usable space. The subtenants are five companies of the PNE Group, two companies of the WKN Group and five 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 269 thousand (prior year: euro 24 thousand) and income totalling euro 0 thousand (prior year: euro 60 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, 2023 or January 1, 2023, 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. Derivatives in hedge accounting

PNE uses forward interest rate swaps to hedge future cash flows of variable-interest loans (so-called hedged items). The loans are connected to the financing of the wind farms and relate to contracts that receive variable interest rates after the end of the fixed-interest period. This covers the period 2026 to 2045.

These transactions will be designated for the first time as hedging instruments in hedge accounting as of October 1, 2023. Hedge accounting requires a clear relationship between the hedged item and the hedging instrument to be documented and effectiveness to be demonstrated. When hedging future cash flows (cash flow hedges), the hedging instrument is valued at fair value. Changes in the value of the effective portion of the cash flow hedge are recognized in other comprehensive income (OCI) with no effect on income and the non-effective portion is recognized immediately in profit or loss.

Inefficiencies are mainly due to interest rate swaps being designated as hedging instruments under hedge accounting in accordance with IFRS 9 for the first time as of October 1, 2023, while the contracts for the transactions were concluded in previous years. Accordingly, changes in the market value of interest rate swaps have so far been recognized in profit or loss.

For details, please refer to the explanations in ↗ **section V.9. Disclosures on hedge accounting**.

11. 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.

12. 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; al list of contingent liabilities existing on the reporting date is provided in ↗ **chapter X.1**.

13. 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.

14. Statement of comprehensive income

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

15. 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.

16. 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.

17. Hyperinflation

Turkey has been classified as a hyperinflationary economy under IAS 29 since June 30, 2022. PNE therefore applies IAS 29 in the consolidated financial statements as at December 31, 2023 for the included financial statements of Turkish subsidiaries. The application of IAS 29 resulted in a gain on the net monetary position of euro 652 thousand (prior year: euro 1,312 thousand) recognised in other operating income in the 2023 fiscal year. The consumer price index of the Statistics Institute of Turkey was used to adjust the purchasing power effects. As at January 1, 2023, this was 1,128 basis points and increased to 1,859 basis points as at December 31, 2023.

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 64,386 thousand (prior year: euro 64,396 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 10.25 percent for the detailed planning phase and for the subsequent period (prior year: 11.75 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 10.09 percent for the detailed planning phase and for the subsequent period (prior year: 11.56 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 7.42 percent for the detailed planning phase and for the subsequent period (prior year: 8.60 percent).

Key assumptions for the calculation of the fair values less cost to sell of the business units as at December 31, 2023 and December 31, 2022:

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 4.60 percent (prior year: 6.06 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 10 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 "project development", the Board of Management "assumes that a 5 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 18,812 thousand. With regard to the CGU "service", 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 1,469 thousand.

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

	Project development	Electricity generation	Service products	Total
in thousand euro	**2023**	**2023**	**2023**	**2023**
Carrying amount of goodwill	54,001	0	10,385	64,386

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

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 76,930 thousand (prior year: euro 54,818 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 92,842 thousand is recognised in the statement of financial position as at December 31, 2023 (prior year: euro 87,333 thousand). In addition, further right-of-use assets amounting to euro 52,477 thousand (prior year: euro 18,200 thousand), during the implementation phase until completion of the projects, are reported under inventories as at December 31, 2023.

4. Long-term financial assets

In addition to the Company's investments in associated companies (including joint ventures) amounting to euro 2,449 thousand (prior year: euro 515 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 421 thousand (prior year: euro 474 thousand). The Company does not intend to sell the investments in the long term. In addition, the item includes loans of euro 180 thousand (prior year: euro 424 thousand). Furthermore, the item "other long-term loan receivables" includes the pro rata long-term loan receivables of euro 10,439 thousand from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2022: euro 11,986 thousand).

In the 2023 fiscal year, no write-downs (prior year: euro 125 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 on Windpark Altenbruch GmbH and Bitbloom Ltd. as significant associated companies of the Group can be found in the following tables:

Associated companies	**Core business**	**Seat**	**Shareholding and voting rights**	
			31.12.2023	**31.12.2022**
Windpark Altenbruch GmbH	Electricity generation from wind energy	Cuxhaven	50%	50%
Bitbloom Ltd.	IT services	Bristol, United Kingdom	51%	0%
Kurzeme Offshore SIA	Offshore project development	Riga, Lettland	50%	0%

Reconciliation account of the above summarised financial information to the carrying amount of the following participations in the consolidated financial statements:

Windpark Altenbruch GmbH

in thousand euro	**31.12.2023**	**31.12.2022**
Net assets of the joint venture	1,108	1,076
Shareholding of the Group	50%	50%
Goodwill	0	0
Dividend received	-96	-32
Book value of the shareholding	**458**	**506**

Windpark Altenbruch GmbH

in thousand euro	**31.12.2023**	**31.12.2022**
Short-term assets	393	318
Long-term assets	770	770
Short-term debts	-55	-12
Long-term debts	0	0

Windpark Altenbruch GmbH

in thousand euro	**2023**	**2022**
Revenues	21	21
Net income from continuing operations	-21	-18
Post-tax result from discontinued operations	0	0
Net income	-21	-18
Other result	0	0
Total result	-21	-18
Dividend received from the associated company	96	32

Bitbloom Ltd.

in thousand euro	31.12.2023	31.12.2022
Short-term assets	275	0
Long-term assets	3,081	0
Short-term debts	-1,434	0
Long-term debts	0	0

Bitbloom Ltd.

in thousand euro	2023	2022
Revenues	356	0
Net income from continuing operations	-313	0
Post-tax result from discontin-ued operations	0	0
Release of hidden reserves	-143	0
Net income	-456	0
Other result	0	0
Total result	-456	0
Dividend received from the associate	0	0

Bitbloom Ltd.

in thousand euro	31.12.2023	31.12.2022
Net assets of the joint venture	1,923	0
Shareholding of the Group	51%	0%
Goodwill	500	0
Amortization of hidden reserves	0	0
Dividend received	1,481	0
Book value of the shareholding	**1,481**	0

Kurzeme Offshore SIA

in thousand euro	31.12.2023	31.12.2022
Net assets of the joint venture	3	0
Shareholding of the Group	50%	0%
Goodwill	499	0
Amortization of hidden reserves	0	0
Book value of the shareholding	**501**	0

Kurzeme Offshore SIA

in thousand euro	31.12.2023	31.12.2022
Short-term assets	490	0
Long-term assets	0	0
Short-term debts	-487	0
Long-term debts	0	0

Kurzeme Offshore SIA

in thousand euro	2023	2022
Revenues	0	0
Net income from continuing operations	0	0
Post-tax result from discontinued operations	0	0
Release of hidden reserves	0	0
Net income	0	0
Other result	0	0
Total result	0	0
Dividend received from the associated company	0	0

Summarised information about associated companies that are of minor significance:

in thousand euro	31.12.2023	31.12.2022
Total of book values of the Group's shares in these companies	10	9

5. Inventories

in thousand euro	31.12.2023	31.12.2022
Raw materials, consumables and supplies	251	285
Work in progress	190,515	110,083
Finished goods and merchandise	4	2
Prepayments made	90,493	37,001
	281,263	**147,371**

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, 2023, right-of-use assets totalling euro 52,477 thousand (prior year: euro 18,200 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 1,604 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 2023 fiscal year, an amount of euro 2,436 thousand (prior year: euro 8,264 thousand) in respect of write-downs of inventories to the net realisable value was recognised as an expense in the changes in inventories. Euro 30 thousand (prior year: euro 3,296 thousand) is attributable to Germany and euro 2,406 thousand (prior year: euro 4,968 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 136,355 thousand (prior year: euro 111,671 thousand).

Work in progress includes assets of euro 51,672 thousand (prior year: euro 36,002 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 148,301 thousand (prior year: euro 83,290 thousand),
- onshore projects abroad: euro 42,214 thousand (prior year: euro 26,793 thousand).

Work in progress changed from euro 110,083 thousand (December 31, 2022) to euro 190,515 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 0.7 million from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2022: euro 0.8 million).

No collateral was agreed for the other financial assets.

In November 2023, PNE concluded a contract with a customer for the financial settlement of electricity generated from renewable energies for the purpose of hedging electricity prices (Financial Power Purchase Agreement; in short: FPPA).

This contract is classified as a derivative financial instrument. The contract term is 7 years, starting on 1 January 2024. The market value on the balance sheet date was euro 2,819 thousand, which was recognised in full in profit or loss.

The FPPA is measured using a recognised net present value model that also uses unobservable input factors (Level 3). The market value development of the derivative depends in particular on the development of the EPEX spot price (represented in the net present value model by corresponding futures prices) and also on the development of the relevant discount rate and other technical parameters.

A 10 percent increase in electricity price expectations (expressed as a 10 percent increase in future prices in all planning periods) would have led to a reduction in the value of the FPPA by euro 1,430 thousand as at the balance sheet date. A 10 percent reduction in electricity price expectations would have resulted in an increase in the value of the FPPA of euro 1,430 thousand. An increase in the cost of capital of 1 percent would have led to a reduction in the value of the FPPA of euro 116 thousand. A 1 percent reduction in electricity price expectations would have resulted in an increase in the value of the FPPA of euro 124 thousand. All of the effects presented would be recognised in full in profit or loss.

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:

	General Approach				
in thousand euro	**Level 1**	**Level 2**	**Level 3**	**Simplified Approach**	**Total**
Balance on 1.1.2022	**-**	**-**	**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	-	-	-	326	326
Reversals	-	-	-	-33	-33
Balance on 31.12.2022/1.1.2023	**-**	**-**	**3,174**	**792**	**3,966**
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	-	-	-	4	4
Reversals	-	-	-	-754	-754
Exchange-rate-related changes and other changes	-	-	-	-	-
Balance on 31.12.2023	**-**	**-**	**3,174**	**42**	**3,216**

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.

	General Approach				
in thousand euro	**Level 1**	**Level 2**	**Level 3**	**Simplified Approach**	**Total**
Balance on 1.1.2022	**7,366**	**-**	**3,174**	**29,958**	**40,498**
Transfer to level 1	-	-	-	-	-
Transfer to level 2	-	-	-	-	-
Transfer to level 3	-	-	-	-	0
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 31.12.2022/1.1.2023	**9,984**	**-**	**3,174**	**38,911**	**52,069**
Transfer to level 1	-	-	-	-	-
Transfer to level 2	-	-	-	-	-
Transfer to level 3	-	-	-	-	-
Newly originated or purchased financial assets and derecognised financial assets	4,800	-	-	-1,088	3,712
Exchange-rate-related changes and other changes	-	-	-	-	-
Balance on 31.12.2023	**14,784**	**-**	**3,174**	**37,823**	**55,781**

The gross carrying amounts of trade receivables and other financial assets by credit risk rating class are as follows:

	General Approach			
in thousand euro	**Level1**	**Level 2**	**Level 3**	**Simplified Approach**
Credit risk rating class 1	14,784	-	-	37,823
Credit risk rating class 2	-	-	-	-
Credit risk rating class 3	-	-	3,174	-
Total	**14,784**	**0**	**3,174**	**37,823**

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 31.12.2023			
Short-term financial assets			
Cash and cash equivalents	AC	90,403	90,403
Trade receivables	AC	37,823	37,823
Other short-term loan receivables	AC	90	90
Trade receivables from affiliated companies	AC	13,983	13,983
Trade receivables from affiliated companies and those in which an investment is held	AC	711	711
Long-term financial assets			
Shares in affiliated companies	FVOCI	421	421
Shares in companies in which an investment is held	FVOCI	800	800
Other borrowings	AC	180	180
Other long-term loan receivables	AC	13,674	13,674
		158,086	**158,086**
Total AC		**156,865**	**156,865**
Total FVOCI		**1,220**	**1,220**

AC = measured at amortised costs
FVOCI = measured at fair value (changes in value recognised in OCI

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**

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 are valued at euro 1,220 thousand (December 31, 2022: euro 1,278 thousand) cost of acquisition, which represents a suitable 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 754 thousand (prior year: euro 326 thousand) relates to impairments reported under other operating expenses, and net income of euro 428 thousand (prior year: euro 44 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, 2023 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

The Company currently has no authorized capital. Authorisations previously granted through the creation of authorized capital have expired.

Conditional capital

The Company currently has no conditional capital. Authorisations previously granted through the creation of conditional capital have expired.

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, 2023, 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 2023 fiscal year.

Capital reserve

The capital reserve includes the premium on the shares issued and the equity portion of convertible bonds from which conversion rights have been exercised. The capital reserve has not changed during the 2023 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 2023, 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 2023 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 2023 fiscal year be distributed from PNE AG's retained earnings totalling euro 273,129,231.11. 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 2023 fiscal year and past fiscal years resulted in cumulative "non-controlling interests" totalling euro -3,430 thousand (prior year: -5,590 thousand).

Name of subsidiary	**Seat**	**Shareholding and voting rights of non-controlling interests**		**Profit/loss attributable to non-controlling interests**		**Cumulative non-controlling interests**	
in Tsd. Euro		**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
WKN sub-group							
of which ATS Energia s.r.l.	Italy	30.00%	30.00%	-25	-18	-6,095	-6,071
of which VKS Vindkraft Sverige	Sweden	20.00%	20.00%	-134	-131	350	484
of which WKN Windcurrent S.A.	South Africa	20.00%	20.00%	-444	-593	-3,053	-2,609
Coliaenergia ESPAÑA, S.L.	Spain	49.00%	49.00%	147	7	2,877	2,608
PNE RO PV Holding, SRL	Romania	20.00%	20.00%	1,871	0	2,473	0
Others				-37	-74	18	-2
Total of non-controlling interests				**1,378**	**-809**	**-3,430**	**-5,590**

There are no significant non-controlling interests in the Group's non-100 percent subsidiaries.

9. Disclosures on hedge accounting

Disclosure on hedging instruments

Interest rate swaps are concluded to hedge the risks of variable-interest loans arising from fluctuating interest rates, with the main features such as nominal amount, residual maturity and other interest terms being similar to those of the underlying transaction (Critical Terms Match). The designation under hedge accounting took place for the first time as of October 1, 2023, so that no figures for the previous year are available. The interest rate swaps are included in cash flow hedges, except for two. The nominal amounts of the hedging instruments amount to a total of euro 425,192 thousand with a maturity until the beginning of 2045. The carrying amounts of the interest rate swaps correspond to the fair values and are recognised in other financial assets in the amount of euro 11,012 thousand and in other financial liabilities in the amount of euro 7,956 thousand. Market values of derivatives were determined on the basis of the market data of the reporting date and appropriate valuation methods. The change in fair value to determine ineffectiveness amounts to euro -14,516 thousand.

Gains or losses from changes in fair value are at euro -13,900 thousand in equity and at euro -617 thousand recorded in the income statement. Deferred taxes recognized in the OCI on this basis are euro 4,170 thousand.

Disclosures on hedged items

Forward interest rate swaps refer to future floating rate loans. The dollar offset method (in this case, the "hypothetical derivatives method") was used to examine the retrospective hedging effect. This compares the (cumulative) changes in the value of the hedged item, expressed in monetary units, with those of the hedged item. Fair value changes on the basis of which ineffectiveness is recognized amounted euro 15,752 thousand.

Further disclosures on hedging relationships

The cash flow hedge reserve developed as follows in the financial year:

in thousand euro	**31.12.2023**
Status on 1.1.2023	**0**
Recognized hedging gains/losses	13,900
Deferred taxes	-4,170
Status on 31.12.2023	**9,730**

10. 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.

11. Provisions for taxes

The tax provisions include current taxes on income, which were set up for past fiscal years and the 2023 fiscal year.

There are tax risks from the corporate, trade and sales tax field audit at WKN GmbH for the years from 2014 to 2016 and 2017 to 2020. The above-mentioned audits have not yet been completed. There are no audit findings to date. The tax assessments for the years 2010 to 2013 in accordance with the completed tax audit are legally binding. The resulting tax burden, including the additional payment interest, will be taken into account as a tax provision at WKN GmbH level as of December 31, 2023.

12. Other providions

The other provisions developed as follows:

in thousand euro	1.1.2023	Consumption	Reversal	Addition	31.12.2023
Other	6,047	1,109	642	2,058	6,354
	6,047	**1,109**	**642**	**2,058**	**6,354**

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.

13. 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 31.12.2023						
Trade liabilities	AC	59,744	59,744	0	0	59,744
Fixed-interest-bearing						
Bonds	AC	53,892	0	53,892	0	52,525
Liabilities to banks	AC	536,084	40,472	182,748	312,864	613,014
Other financial liabilities	AC	1,033	908	125	0	1,033
Lease liabilities	AC	163,646	7,547	26,586	129,513	163,646
Variable-interest-bearing						
Liabilities to banks	AC	12,798	12,798	0	0	12,798
Derivatives						
Interest rate swap	FVPL	8,025	417	1,669	5,939	8,025
		835,221	**121,886**	**265,020**	**448,315**	**910,784**
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**

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 11,145 thousand (prior year: euro 9,117 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 1,121 thousand (prior year: euro 1,156 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 31.12.2023					
Trade liabilities	59,744	59,744	0	0	59,744
Bond	67,642	2,750	53,892	0	53,892
Liabilities to banks	703,965	62,295	208,576	433,094	548,882
Other financial liabilities	1,079	939	140	0	1,033
Lease liabilities	217,870	10,606	41,570	165,694	163,646
Interest rate swap	8,025	417	1,669	5,939	8,025
	1,058,325	**136,750**	**305,847**	**604,727**	**835,221**
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**

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

During the reporting period, the Company held the corporate bond 2022/2027, which developed as follows:

Corporate Bond 2018/2023

in thousand euro	2023	2022
Status on 1.1.	0	49,521
Issued	0	0
Interest accrued	0	479
Repaid	0	50,000
Status on 31.12.	**0**	**0**

Corporate Bond 2022/2027

in thousand euro	2023	2022
Status on 1.1.	53,754	0
Issued	0	53,686
Interest accrued	138	68
Repaid	0	0
Status on 31.12.	**53,892**	**53,754**
Total	**53,892**	**53,754**

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 2023, the relevant interest rates ranged between 4.47 percent and 16.52 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 2045.

As at December 31, 2023, an amount of euro 613,014 thousand of the reported liabilities to banks (prior year: euro 451,017 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. Security assignment of all rights arising from contracts in connection with the wind farms Adensen Ost, BEBENSEE, Boitzenhagen, Bokel, Gerdau Repowering, GNUTZ 1, GNUTZ 2, Groß Oesingen, HAMWARDE, Heidmoor, Heitzelberg, Autumn Life, Holstentor, Kittlitz, Kleinbüllesheim, Kührstedt A, Kührstedt B, Kührstedt Bederkesa, Kuhstedt II, LANGSTEDT, LentfÖHRDEN, Mansbach, Neuenwalde, Papenrode Repowering, Schenklengsfeld II, Schenklengsfeld II B, Schlenzer, Stuvenborn, Wahlsdorf, Zahrenholz and assignment of all claims of this wind farm or these wind farm companies,
3. 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,
4. 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)

in thousand euro	Valued amount 2023	Valued amount 2022
Wind farms under construction or own operations (2)	563,721	408,587
Interim equity financing of wind farm portfolios (4)	44,244	36,196
Other credit lines in the Group	13,011	3,305
Land charge for company headquarters in Cuxhaven (1)	3,266	3,433
Interim equity financing of wind turbines for repowering (4)	1,569	2,501

As at December 31, 2023, the Group also had

- working capital facilities of euro 20.1 million (prior year: euro 15.1 million), of which euro 10.8 million was used as at December 31, 2023 (prior year: euro 3.0 million),
- credit lines for project debt capital financing of euro 119.3 million (prior year: euro 35.0 million).

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 38.2 million on December 31, 2023 (as at December 31, 2022: euro 40.0 million). The Group had used euro 10.7 million of the credit lines for guarantee and contract fulfilment as at December 31, 2023 (prior year: euro 6.3 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 8.0 million (prior year: euro 1.2 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	2023	2022
Recognised in right-of-use assets		
Rights of use for land, buildings and similar assets	90,667	86,048
Rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	2,175	1,285
	92,842	**87,333**
Recognised in inventories		
Rights of use for land, buildings and similar assets recognised in inventories	52,477	18,200
	52,477	**18,200**
Recognised in financial assets		
Long-term financial liabilities	156,099	111,207
Short-term financial liabilities	7,547	5,803
	163,646	**117,010**

Carrying amounts in connection with leases

in thousand euro	2023	2022
Additions to rights of use		
of which rights of use for land, buildings and similar assets	4,981	5,629
of which rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	1,809	788
of which rights of use for land, buildings and similar assets recognised in inventories	41,763	8,609
	48,553	**15,026**

Expenses and income in connection with leases

in thousand euro	2023	2022
Scheduled depreciation on rights of use for land, buildings and similar assets	5,674	5,413
Scheduled depreciation on rights of use for technical equipment and machinery, other equipment, fixtures and furnishings	1,073	897
Scheduled depreciation on rights of use for land, buildings and similar assets recognised in inventories	2,028	1,418

Expenses and income in connection with leases

in thousand euro	2023	2022
Impairment on rights of use	0	0
Interest expenses from lease liabilities	2,755	1,988
Expenses	**11,530**	**9,716**
Income from subleasing of rights of use	311	361
Income	**311**	**361**
The total payments for leases in the fiscal year amounted to	10,570	7,828

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 coronavirus 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.

			Non-cash changes				
in thousand euro	**Opening balance on 1.1.2023**	**Cash flow (cash change)**	**Acquisition of companies**	**Changes in fair value**	**Interest-related changes**	**Other**	**Closing balance on 31.12.2023**
Bonds	53,754	-	-	-	138	-	53,892
Liabilities to banks	399,205	171,789	-	-	-22,112	-	548,882
Other financial liabilities	2,840	6,218	-	-	-	-	9,058
Lease liabilities	117,010	-10,570	-	-	-	57,206	163,646
Liabilities from financing activities	**572,809**	**167,437**	**0**	**0**	**-21,974**	**57,206**	**775,478**

			Non-cash changes				
in thousand euro	**Opening balance on 1.1.2022**	**Cash flow (cash change)**	**Acquisition of companies**	**Changes in fair value**	**Interest-related changes**	**Other**	**Closing balance on 31.12.2022**
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**

14. Other liabilities

Deferred revenues

The item of euro 12,150 thousand (prior year: euro 28,548 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 1.2 million).

15. 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 makes 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 contractual terms to maturity is shown under ↗ **V.13. 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, 2023 had been higher (lower) by 100 basis points, effects would have occurred with regard to a revaluation reserve in the shareholders' equity. Equity capital would have been euro 80 thousand lower/higher (prior year: euro 11 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, 2023 and on December 31, 2022, 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, 2023 amounted to euro -685.1 million (December 31, 2022: net debt of euro -451.2 million).

in thousand euro	31.12.2023	31.12.2022
Financial liabilities	775,478	572,809
./. Cash and cash equivalents	90,403	121,582
= Net borrowed capital	**685,075**	**451,227**
+ Shareholders' equity	208,137	232,147
= Total capital	**893,212**	**683,374**
Debt ratio	**76.70%**	**66.03%**

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	2023	2022
Revenues from contracts with customers	114,667	112,796
Other sources of revenues	6,867	13,375
Total revenues	**121,534**	**126,171**

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					**2023**
	Project development				
	Germany	**Abroad**	**Electricity generation**	**Service products**	**Total**
Revenues from contracts with customers	4,205	15,228	73,809	21,425	114,667
Other revenues	165	6,702	0	0	6,867
Revenues	**4,370**	**21,930**	**73,809**	**21,425**	**121,534**
Time of revenue recognition					
at a point in time	4,205	15,228	0	0	19,433
over time	0	0	73,809	21,425	95,234

in thousand euro					**2022**
	Project development				
	Germany	**Abroad**	**Electricity generation**	**Service products**	**Total**
Revenues from contracts with customers	4,425	16,861	73,111	18,399	112,796
Other revenues	1,432	11,943	0	0	13,375
Revenues	**5,857**	**28,804**	**73,111**	**18,399**	**126,171**
Time of revenue recognition					
at a point in time	4,425	16,861	0	0	21,286
over time	0	0	73,111	18,399	91,510

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, 2023, are expected to be recognised as revenue, net of expected sales deductions, as follows:

in thousand euro	2023	2022
Outstanding transaction price as at December 31	**61,261**	**68,116**
of which recognised as revenue within 1 year	5,963	6,266
of which recognised as revenue after 1 up to 5 years	18,240	19,218
of which recognised as revenue after more than 5 years	37,058	42,632

The changes in deferred revenues (contract liabilities) between 1 January 2023 and December 31, 2023 result from the following factors:

in thousand euro	2023
Contract liabilities as at January 1	13,062*
Additions	1,022
Revenue recognised in the reporting period that was included in contract liabilities as at January 1	-1,934
Contract liabilities as at December 31	**12,150**

* Contains an adjustment of euro 15,486 thousand against contractual liabilities

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:

- Compensation of euro 3,318 thousand (previous year: euro 0 thousand), of which euro 2,459 thousand for compensation according to Section 10a WindSeeG on the basis of a decision of the Constitutional Court that parts of the WindSeeG are unconstitutional.
- Insurance compensation, mainly in connection with wind farm projects and the Silbitz biomass power plant amounting to euro 26 thousand (prior year: euro 85 thousand).
- In the 2023 fiscal year, deferred liabilities of euro 2,240 thousand (prior year: euro 296 thousand) were reversed, since the reasons for their recognition as a liability no longer existed.
- The reversal of impairment losses on receivables of euro 88 thousand (prior year: euro 33 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 and expenditure. In the 2023 fiscal year, there was a positive result from the net position of monetary items of euro 652 thousand (prior year: euro 1,312 thousand).

3. Personnel expenses

Personnel expenses are made up as follows:

in thousand euro	2023	2022
Wages and salaries	44,021	36,422
Social security and pension expenses	7,757	6,138
	51,778	**42,561**
Average annual number of employees	608	514
Personnel expenses per employee	85	83

The expenses for defined contribution plans pursuant to IAS 19 in the 2023 fiscal year amounted to euro 2,478 thousand (prior year: euro 2,064 thousand).

4. Other operating expenses

Other operating expenses include mainly the following items:

in thousand euro	2023	2022
Legal and consulting costs	7,388	4,346
Repair and maintenance expenses	7,248	5,169
Advertising and travel expenses	3,315	2,723
Rental and leasing expenses and incidental rental costs	2,760	3,699
Vehicle costs	2,284	1,811
Insurance premiums and contributions	1,592	1,463
Financial statement and auditing costs, incl. tax advice and external accounting	1,526	1,183
IT costs	1,426	1,147
Expenses unrelated to the period	1,328	508
Addition to individual value adjustments on receivables	754	326
Supervisory Board remuneration	455	442
Skimming of proceeds(StromPBG)	148	1,538

5. Other interest and similar income

Other interest and similar income changed from euro 33,798 thousand in the prior-year period to euro 11,887 thousand in the reporting period. The change is mainly due to the valuation of interest rate swaps used for project financing. In order to counteract the effects of fluctuations in market interest rates, interest rate swaps and floating-rate loans (so-called hedged items) are designated as hedging instruments in hedge accounting for the first time as of October 1, 2023. Up to that point in time, the changes in the value of interest rate swaps in the amount of euro 6,512 thousand were recognized in profit or loss in fiscal year 2023 (previous year: euro 17,691 thousand). In addition, income of euro 559 thousand (prior year: euro 14,935 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. In the previous year, this was a high effect due to the sharp rise in interest rates, particularly as a result of the war in Ukraine and rising inflation in the reporting period. 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.

A "financial PPA" was concluded and evaluated for an ongoing wind farm in its own operation. This evaluation led to interest income totalling euro 2,819 thousand (prior year: euro 0 thousand).

6. Interest and similar expenses

Interest and similar expenses include primarily

- interest on the 2022/2027 bond of euro 2,750 (prior year: euro 1,439 thousand),
- interest on loans and overdrafts of approx. euro 8,395 thousand (prior year: euro 6.061 thousand),
- interest accrued on the transaction costs for bonds of euro 138 thousand (prior year: euro 547 thousand),
- changes in the value of derivative financial instruments (including changes resulting from SWAPs disposed during the year) of euro 1,121 thousand (prior year: euro 1,156 thousand),
- subsequent measurement of loans payable to banks of euro 9,798 thousand (prior year: euro 3,169 thousand),
- interest accrued pursuant to IFRS 16 Leases of euro 2,755 thousand (prior year: euro 1,988 thousand).

In order to counteract the effects of fluctuations in market interest rates, interest rate swaps and floating-rate loans (so-called hedged items) are designated as hedging instruments in hedge accounting for the first time as of October 1, 2023. Changes in the value of the effective part of the cash flow hedge are reported in the amount of euro 9.7 million (previous year: euro 0.0 million) in other comprehensive income (OCI), after calculating deferred taxes. The non-effective portion of hedge accounting in the amount of euro 0.8 million (previous year: euro 0.0 million) was recognised in the income statement as interest and similar expenses.

7. Taxes on income

Income tax expense (prior year: income tax income) is made up as follows:

in thousand euro	2023	2022
Current taxes	**6,673**	**7,904**
Deferred taxes		
from consolidation effects	-9,465	-12,811
from separate financial statements and HB II adjustments	1,897	14,535
	-7,568	**1,724**
	-895	**9,627**

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 7 million (prior year: euro 25 million) in Germany and of approx. euro 121 million (prior year: approx. euro 111 million) abroad, which can be offset against future profits. A deferred tax asset of euro 1 thousand (prior year: euro 3.5 thousand) was recognised for these losses and adjusted in the amount of euro 0 thousand (prior year: euro 0 thousand). 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 6 million (prior year: euro 11 million) and abroad of euro 121 million (prior year: euro 111 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	2023	2022
Consolidated earnings before taxes on income	**-9,070**	**23,722**
Tax rate	30.0%	30.0%
Income tax expense – calculated	**-2,721**	**7,117**
Different tax rate	-204	-430
Additions/reductions (trade tax)	1,106	-607
Formation of deferred taxes on loss carry-forwards	0	0
Unrecognised deferred taxes	11,367	7,272
Utilisation of loss carry-forwards	-2,317	-3,003
Tax-free gain on disposal and other tax-free income	-8,678	-2,695
Tax expense/income unrelated to the period	-1,034	265
Non-deductible expenses	-14	-212
Tax effects of fiscal unity	1,600	1,919
Other consolidation effects	0	1
Reported taxes	**-895**	**9,627**

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:

	31.12.2023		**31.12.2022**	
in thousand euro	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Receivables and other assets	0	-4,722	0	-6,462
Inventories	25,402	-3,857	13,869	-3,948
Property, plant and equipment	60,626	-2,342	58,661	-1,540
Intangible assets	12,897	-40	3,411	-76
Other assets	3,292	-6,225	9	-3,834
Liabilities	1,994	-27,714	581	-16,819
Other provisions	1,422	-888	866	0
	105,633	**-45,788**	**77,397**	**-32,679**
Losses carried forward	158	0	3,457	0
Other consolidation effects incl. value adjustments	0	0	0	0
	105,791	**-45,788**	**80,854**	**-32,679**
Portion that can be offset	-27,762	27,762	-15,545	15,545
Deferred taxes	**78,029**	**-18,026**	**65,309**	**-17,134**

8. Earnings per share

Basic earnings per share

In 2023, 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 -0.13 per share (prior year: euro 0.20 per share).

	2023	2022
Consolidated net income (in thousand euro)	-9,554	14,903
Weighted average number of shares issued (in thousands)	76,337	76,337
Earnings per share (in euro)	**-0.13**	**0.20**

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2023	2022
Consolidated net income before elimination of dilution effects (in thousand euro)	-9,554	14,903
- Interest expense on convertible bond (in thousand euro)	0	0
Result after elimination (in thousand euro)	**-9,554**	**14,903**
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)	**-0.13**	**0.20**

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, 13. Financial liabilities"**.

3. Non-cash effects

The statement of cash flows (net presentation) includes non-cash effects of euro 769 thousand (prior year: euro 64 thousand). This value consists primarily of

- currency differences totalling euro -44 thousand (prior year: euro 73 thousand) and
- others totalling euro 813 thousand (prior year: euro -9 thousand).

In the 2023 fiscal year, the application of IFRS 16 "Leases" resulted in a change in previously non-cash liabilities from leases by euro 46.6 million (prior year: euro 6.4 million) to euro 163.6 million (prior year: euro 117.0 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 2023 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 2023 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.

Long-term assets are attributable to the following regions:

in thousand euro	31.12.2023	31.12.2022
Germany	570,680	517,897
Other countries	2,909	2,295
	573,589	**520,192**

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 0 thousand (prior year: euro 60 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	31.12.2023	31.12.2022
Various wind farm and photovoltaic projects	168,713	114,179
Other	1,972	720
	170,685	**114,899**

The main contingent liabilities of euro 76.8 million (prior year: euro 55.9 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 93.9 million (prior year: euro 59.0 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 129.4 million (prior year: euro 34.4 million). The obligations under order commitments are fully due within the next two years.

Other financial obligations of euro 1.1 million (prior year: euro 1.6 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 15 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 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 has exceeded the target of the "Scale up 1.0" strategy by the end of 2023 with a portfolio of wind farms with up to 500 MW under construction or in operation. As of December 31, 2023, wind farms with an output of 369.8 MW were in operation. In addition, wind farms with a capacity of 281.3 MW were under construction. Together, 651.1 MW are already in operation or under construction. Some of these projects, with a current output of around 281.3 MW, will be operated in-house after commissioning and other projects could be sold in 2024 or 2025. The decision whether to sell a wind farm under construction to external investors or to operate it internally is usually made after the wind farm has been commissioned. The decision-making process must take into account current economic project and market conditions, current investor enquiries and further strategic direction in relation to the Group's long-term liquidity planning.

On the basis of the "Scale up 2.0" strategy, the PNE Group has formulated the next goal, which is to achieve a portfolio of wind farms and photovoltaic systems in the construction or operation of up to 1,500 MW/MWp in its own operation by the end of 2027. The completed projects, which are not sold, are to generate continuous income in the Group through the sale of electricity in-house.

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 coronavirus 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, Vienna, member of the management board of VERBUND AG, Vienna, Austria

- Ms Roberta Benedetti, Milan, Italy, an independent management consultant in the energy sector

- 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

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 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 (until December 31, 2023)
- Supervisory Board Stadtwerke Garbsen GmbH, Garbsen (until December 31, 2023)
- Supervisory Board Stadtwerke Wunstorf GmbH, Wunstorf (until December 31, 2023)
- Supervisory Board of CropEnergies, Mannheim

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):

- Independent non-executive Advisory Board member, Societa Gasdotti Italia S.p.A., Milan, Italy
- Independent non-executive Advisory Board member, Infrastrukture S.p.A., Milan, Italy (until June 28, 2023)
- Independent non-executive Advisory Board member, Rubicon S.p.A., Milan, Italy
- Independent non-executive Advisory Board member, Enura S.p.A., Milan, Italy (since July 21, 2023)
- Independent non-executive Advisory Board member, REC Silicon ASA, Lysaker, Norway
- Chairman of the Board of Management, independent, not executive, Innovo Renewables S.p.A., Milan, Italy (since July 21, 2023)

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 Management (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 (until June 29, 2023)

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., Member of the Board of Management, Milan, Italy (until November 31, 2023)
- 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 (bis zum 3,4,2023)
- North Haven Infrastructure Holdings III Ltd., Board Member, London, United Kingdom
- North Haven Infrastructure Holdings IV Ltd., Board Member, London, United Kingdom

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

Total remuneration paid to the Supervisory Board in fiscal year 2023 amounted to approx. euro 453 thousand (prior year: approx. euro 442 thousand), of which approx. euro 380 thousand (prior year: approx. euro 380 thousand) was fixed remuneration and approx. euro 73 thousand (prior year: approx. euro 62 thousand) was attendance fees.

Of the members of the Supervisory Board, Mr. Marcel Egger held 4,500 shares in the Company on December 31, 2023.

Board of Management

- Markus Lesser, Korschenbroich (Chairman)
- Jörg Klowat, Cuxhaven (CFO)
- Mr. Harald Wilbert, Munich (Member of the Board of Management)

For their activity during the fiscal year 2023, the members of the Board of Management received total remuneration (including accrued liabilities for bonuses) of euro 2,262 thousand (prior year: euro 2,099 thousand), or corresponding provisions were formed. Of this amount, approx. euro 838 thousand (prior year: approx. euro 771 thousand) related to non-performance-related remuneration including fringe benefits. In addition, euro 1,423 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, 2023.

Additional disclosures for German parent companies in the IFRS consolidated-financial statements in accordance with Section 315e para. 1 of the German Commercial Code (HGB)

5. Group auditors' fees

The fees of the group auditors in the 2023 fiscal year were as follows:

in thousand euro	
Audit of annual financial statements (separate and consolidated)	828[1)]
Other attestation services	10
Tax advisory services	0
Other services	5
	843

[1)] Of which for the prior fiscal year: euro 0 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 covenant audits in 2023.

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 2023.

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	2023	2022
Executives (excluding Board of Management of PNE AG)	81	76
Salaried employees	509	446
Wage earners	16	20
	606	**542**

8. Events after the reporting date

On March 15, 2024, the Chairman of the Board of Management of PNE AG, Mr. Markus Lesser, informed the Supervisory Board of his intention to resign from his position as a member and Chairman of the Board of Management of PNE AG with effect from the end of July 2024 for personal reasons. No other events have occurred since the end of the period under report which have significant effects on the earnings, financial and asset situation. With regard to the potential impact of the war in Ukraine and the conflict in the Middle East, please refer to the combined management and Group management report (↗ **section 8 "Report on opportunities and risks"**).

Cuxhaven, March 19, 2024

PNE AG

Markus Lesser	**Jörg Klowat**	**Harald Wilbert**
Chairman of the Board of Management	Board of Management	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

Markus Lesser Chairman of the Board of Management	**Jörg Klowat** Board of Management	**Harald Wilbert** Board of Management

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 statement of financial position as at 31 December 2023, 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 2023, 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 2023. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement, 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 combined non-financial report, which is referred to in section "10.5 Non-Financial Statement" of the combined management report, the explanations contained in section "6. Intangible Assets" 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) German Commercial Code (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 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, 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 combined corporate governance statement and the combined non-financial report referred to above, the content of section "6. Intangible Assets" nor the content 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 2023. 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. Recognition 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 6% 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 amounts 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 on the discount rates used and, therefore, is subject to major uncertainties. In the light of the significance of the amount of goodwill involved and due to the complexity of the underlying valuation techniques, we classified this matter as a key audit matter as part of our audit.

The Company's disclosures on goodwill are 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 estimation 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 methodical 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 190.5 (equals 17% 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 148.3 and mEUR 42.2, 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 tenders to secure feed-in tariffs and due to delays. Each of this affects the recoverability of 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 amount of work in progress involved 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 disclosures on the work in progress concerned 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" 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 estimation 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 project inventories disclosed in the consolidated financial statements.

We classified the recoverability of 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 with the executive directors of 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. Recognition 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 121.5. In this context, revenue of mEUR 26.3 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, in part, subject to complex contract arrangements, we considered this matter to be of particular significance in the scope of our audit.

The disclosures 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 are included in section "IV.15 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 generated with 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 estimation 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 over time. Therefore, our audit procedures 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 that is combined with the corporate governance statement pursuant to Section 289f HGB, and 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 separate consolidated non-financial report pursuant to Sections 315b (3) and 315c HGB that is combined with the separate non-financial report pursuant to Sections 289b (3) and 289c to 289e HGB, which is expected to be presented to us after the date of this auditor's report, referred to in section "10.5 Non-Financial Statement" of the combined management report,
- section "6. Intangible Assets" 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 are responsible for the declaration according to Section 161 German Stock Corporation Act (AktG), which is part of the consolidated corporate governance statement that is 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 c1f19030276e6d4d965a0672cdfd-42d5013195a2f0446a43097db612f86b6813, 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 2023 contained in the "Report on the Audit of the Consolidated 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 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 requirements of the IDW Quality Management Standards.

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 of 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 reporting 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 reporting 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 general meeting on 9 May 2023. We were engaged by the supervisory board on 13 November 2023. 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 Dr Jan Fürwentsches.

Hamburg/Germany, 20 March 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Dr Jan Fürwentsches	Niclas Terheyden
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FINANCIAL STATEMENTS OF THE AG

PROFIT AND LOSS ACCOUNT (HGB)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2023

(differences due to rounding possible)	2023 in euro	2022 in euro
1. Revenues	77,339,988.21	148,269,484
2. Increase in work in progress	8,572,108.79	-3,626,945
3. Other operating income	13,059,575.82	2,611,556
4. Total output	**98,971,672.82**	**147,254,095**
5. Costs of materials		
a) Costs of purchased materials	-28,696,129.83	-73,242,896
b) Costs of purchased services	-36,124,216.91	-32,932,975
	-64,820,346.74	**-106,175,871**
6. Personnel expenses		
a) Wages and salaries	-19,290,793.26	-16,131,274
b) Social security contributions	-2,671,843.52	-2,130,879
	-21,962,636.78	**-18,262,153**
7. Amortization and depreciation of intangible assets and items of property, plant and equipment	-878,252.25	-758,129
8. Other operating expenses	-15,843,546.83	-12,897,922
9. Operating result	**-4,533,109.78**	**9,160,020**
10. Income from profit transfer agreements	29,538,008.24	26,071,607
11. Income from participations	220,975.00	48,650
12. Other interest and similar income	12,346,017.15	6,042,447
13. Depreciation of financial assets	-10,000.00	-26,000
14. Interest and similar expenses	-3,272,180.63	-3,721,930
15. Profit before taxes	**34,289,709.98**	**37,574,794**

(differences due to rounding possible)	2023 in euro	2022 in euro
16. Taxes on income and earnings	-6,566,242.70	-10,958,343
17. Profit after taxes	**27,723,467.28**	**26,616,451**
18. Other taxes	-58,315.94	-65,887
19. Net income / net loss	**27,665,151.34**	**26,550,565**
20. Profit carried forward	251,571,002.25	231,127,360
21. Dividend	-6,106,922.48	-6,106,922
22. Retained profit	**273,129,231.11**	**251,571,002**
Earnings per share (undiluted)	0.36 euro	0.35 euro
Average number of shares in circulation (undiluted) (in thousands)	76,337	76,337
Earnings per share (diluted)	0.36 euro	0.35 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, 2023

Assets

(differences due to rounding possible)	Status as at 31.12.2023 in euro	Status as at 31.12.2022 in euro
A. Fixed assets		
I. Intangible assets		
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	397,890.40	220,128
	397,890.40	**220,128**
II. Property, plant and equipment		
1. Land and buildings including buildings on third party land	8,381,014.92	8,730,683
2. Technical equipment and machinery	80,430.21	76,973
3. Other plant and machinery, fixtures and fittings	699,885.09	633,751
	9,161,330.22	**9,441,407**
III. Financial assets		
1. Participations in associated companies	146,259,670.01	156,056,001
2. Loans to associated companies	0.00	0
3. Participations	797,400.00	801,576
	147,057,070.01	**156,857,577**
Total fixed assets	**156,616,290.63**	**166,519,112**

(differences due to rounding possible)	Status as at 31.12.2023 in euro	Status as at 31.12.2022 in euro
B. Current assets		
I. Inventories		
1. Work in progress	22,679,501.13	14,107,392
2. Finished goods	3,895.93	2,621
3. Prepayments	60,951,408.13	35,057,075
	83,634,805.19	**49,167,088**
II. Receivables and other assets		
1. Trade receivables	1,894,021.02	2,051,201
2. Receivables from associated companies	284,959,416.37	224,862,824
3. Receivables from companies in which an investment is held	27,000.00	0
4. Other Assets	7,582,357.19	7,326,816
	294,462,794.58	**234,240,841**
III. Securities		
Other securities	0.00	0
IV. Cash on hand and cash in banks	**46,465,901.84**	**60,685,171**
Total current assets	**424,563,501.61**	**344,093,099**
C. Deferred expenses	**577,416.92**	**172,339**
D. Deferred tax assets	**158,250.00**	**3,457,382**
Total assets	**581,915,459.16**	**514,241,933**

Liabilities

(differences due to rounding possible)	Status as at 31.12.2023 in euro	Status as at 31.12.2022 in euro
A. Shareholders' equity		
I. Subscribed capital		
Subscribed capital	76,603,334.00	76,603,334
Treasury shares	-266,803.00	-266,803
Conditional capital: euro 0,00 (prior year: euro 20,000,000.00)		
II. Capital reserves	**59,094,989.68**	**59,094,990**
III. Retained earnings	**273,129,231.11**	**251,571,002**
Total shareholders' equity	**408,560,751.79**	**387,002,523**
B. Special items for investment grants	**573,367.56**	**620,336**
C. Provisions		
1. Provisions for taxes	30,525.00	413,579
2. Other provisions	24,930,253.71	23,845,295
	24,960,778.71	**24,258,873**

(differences due to rounding possible)	Status as at 31.12.2023 in euro	Status as at 31.12.2022 in euro
D. Liabilities		
1. Bonds	55,000,000.00	55,000,000
2. Liabilities to banks	9,586,607.64	6,438,757
3. Prepayments received on orders	69,665,798.07	30,186,086
4. Trade liabilities	5,065,523.53	2,757,879
5. Liabilities to associated companies	6,739,028.38	6,266,120
6. Other liabilities	1,742,186.48	1,682,966
Total liabilities	**147,799,144.10**	**102,331,807**
E. Deferred income	**21,417.00**	**28,393**
Total liabilities	**581,915,459.16**	**514,241,933**

STATEMENT OF CASH FLOWS (HGB)

of PNE AG, Cuxhaven, for the period from January 1 to December 31, 2023

All figures in thousand euro (differences due to rounding possible)	**2023**	**2022**
Net income	**27,665**	**26,551**
+/- Interest expenses and income	-9,074	-2,321
-/+ Other income / losses from participations and profit (-) / losses from transfer agreements	-29,759	-26,120
+/- Income tax expense and benefit	6,566	10,958
- Income tax payments	-3,652	2,548
+ Amortization and depreciation of intangible assets and items of property, plant and equipment	878	758
+ Depreciation of financial assets	10	26
+/- Increase / decrease in provisions	702	5,883
+/- Other non-cash effective expenses and income	-45	-49
+/- Decrease / increase of inventories and other assets	-91,402	-72,070
-/+ Decrease / increase in trade receivables	157	-129
-/+ Decrease / increase in trade payables and other liabilities	42,313	-7,403
Cash flow from operating activities	**-55,641**	**-61,368**
+ Inflow of funds from disposal of items of property, plant and equipment	1	0
- Outflow of funds for investments in intangible assets and property, plant and equipment	-777	-678
+ Inflow of funds from disposal of items of financial assets	16,964	791
- Outflow of funds for investments in financial assets	-7,174	-14,942
+ Interest received	12,346	6,042
+/- Dividends received / profit transfer / assumption of losses	26,293	46,888
Cash flow from investing activities	**47,653**	**38,101**
+ Inflow of funds from the issue of bonds	0	55,000
+ Inflow of funds from financial loans	6,320	3,006
- Payments to shareholder	-6,107	-6,107
- Outflow of funds from the repayment of bonds	0	-50,000
- Outflow of funds from the repayment of financial loans	-3,172	-161
- Interest paid	-3,272	-3,722
- Outflow of funds from extraordinary items (issue costs bond)	0	-1,314
Cash flow from financing activities	**-6,231**	**-3,298**
Cash effective change in liquid funds (< = 3 months)	**-14,219**	**-26,565**
+ Liquid funds (< = 3 months) as at the beginning of the period	**60,685**	**87,250**
Liquid funds (< = 3 months) as at the end of the period*	**46,466**	**60,685**
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	2,231	1,168

DEVELOPMENT OF SHAREHOLDERS' EQUITY (HGB)

of PNE AG, Cuxhaven, for the fiscal year from January 1 to December 31, 2023

	Capital subscribed			Reserves		
	Capital subscribed	Treasury shares		Capital reserve		
in euro	Ordinary shares	Ordinary shares	Total	according to § 272 (2) No. 1–3 HGB	Retained earnings / loss	Total shareholders' equity
Status as at 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/January 1, 2023	**76,603,334.00**	**-266,803.00**	**76,336,531.00**	**59,094,989.68**	**251,571,002.25**	**387,002,522.93**
Dividend	0.00	0.00	0.00	0.00	-6,106,922.48	-6,106,922.48
Net income 2023	0.00	0.00	0.00	0.00	27,665,151.34	27,665,151.34
Status as at December 31, 2023	**76,603,334.00**	**-266,803.00**	**76,336,531.00**	**59,094,989.68**	**273,129,231.11**	**408,560,751.79**

SCHEDULE OF FIXED ASSETS (HGB)

of PNE AG, Cuxhaven, for the fiscal year 2023

	Acquisition and manufacturing costs				**Accumulated amortization and depreciation**				**Book values**	
in euro (differences due to rounding possible)	**Status as at 1.1.2023**	**Additions**	**Disposals**	**Status as at 31.12.2023**	**Status as at 1.1.2023**	**Additions**	**Disposals**	**Status as at 31.12.2023**	**Status as at 31.12.2023**	**Status as at 31.12.2022**
I. Intangible assets										
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	932,872.63	208,548.81	104,554.75	1,036,866.69	712,744.30	30,786.74	104,554.75	638,976.29	397,890.40	220,128.33
	932,872.63	**208,548.81**	**104,554.75**	**1,036,866.69**	**712,744.30**	**30,786.74**	**104,554.75**	**638,976.29**	**397,890.40**	**220,128.33**
II. Property, plant and equipment										
1. Land and buildings including buildings on third party land	17,196,024.09	49,224.48	0.00	17,245,248.57	8,465,341.52	398,892.13	0.00	8,864,233.65	8,381,014.92	8,730,682.57
2. Technical equipment and machinery	231,903.88	11,714.87	0.00	243,618.75	154,931.37	8,257.17	0.00	163,188.54	80,430.21	76,972.51
3. Other plant and machinery, fixtures and fittings	2,816,961.10	507,799.23	292,942.72	3,031,817.61	2,183,209.68	440,316.21	291,593.37	2,331,932.52	699,885.09	633,751.42
	20,244,889.07	**568,738.58**	**292,942.72**	**20,520,684.93**	**10,803,482.57**	**847,465.51**	**291,593.37**	**11,359,354.71**	**9,161,330.22**	**9,441,406.50**
III. Financial assets										
1. Shares in associated companies	159,218,956.68	7,173,760.25	16,960,091.61	149,432,625.32	3,162,955.31	10,000.00	0.00	3,172,955.31	146,259,670.01	156,056,001.37
2. Loans to associated companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Participations	801,575.78	0.00	4,175.78	797,400.00	0.00	0.00	0.00	0.00	797,400.00	801,575.78
	160,020,532.46	**7,173,760.25**	**16,964,267.39**	**150,230,025.32**	**3,162,955.31**	**10,000.00**	**0.00**	**3,172,955.31**	**147,057,070.01**	**156,857,577.15**
	181,198,294.16	**7,951,047.64**	**17,361,764.86**	**171,787,576.94**	**14,679,182.18**	**888,252.25**	**396,148.12**	**15,171,286.31**	**156,616,290.63**	**166,519,111.98**

SCHEDULE OF LIABILITIES (HGB)

of PNE AG, Cuxhaven, as at December 31, 2023

in euro (differences due to rounding possible) (prior years in brackets)	**Remaining maturities** **Up to one year**	**One to five years**	**More than five years**	**Total amount**	**Securities**
Type of liabilities					
1. Bonds	0.00	55,000,000.00	0.00	55,000,000.00	None
	(0.00)	(55,000,000.00)	(0.00)	(55,000,000.00)	
2. Liabilities to banks	6,487,193.44	765,520.16	2,333,894.04	9,586,607.64	1. Registered mortgage of euro 4,170 thousand on the property at Peter-Henlein-Str. 2-4, Cuxhaven. As at 31.12.2023 euro 3,266 thousand had been drawn down. 2. Assignment of the rental income from the property at Peter-Henlein-Str. 2-4, Cuxhaven.
	(3,173,081.79)	(729,626.23)	(2,536,048.67)	(6,438,756.69)	
3. Prepayments received on orders	69,665,798.07	0.00	0.00	69,665,798.07	None
	(30,186,085.74)	(0.00)	(0.00)	(30,186,085.74)	
4. Trade liabilities	5,065,523.53	0.00	0.00	5,065,523.53	No customary retention of title exists with regard to items delivered.
	(2,757,878.65)	(0.00)	(0.00)	(2,757,878.65)	
5. Liabilities to associated companies	6,739,028.38	0.00	0.00	6,739,028.38	None
	(6,266,120.18)	(0.00)	(0.00)	(6,266,120.18)	
6. Other liabilities					None
of which from taxes: euro 257,621.04 (prior year: euro 200 thousand)	1,742,186.48	0.00	0.00	1,742,186.48	
of which from social security: euro 0.00 (prior year: euro 0 thousand)	(1,682,966.16)	(0.00)	(0.00)	(1,682,966.16)	
Total	**89,699,729.90**	**55,765,520.16**	**2,333,894.04**	**147,799,144.10**	
	(44,066,132.52)	**(55,729,626.23)**	**(2,536,048.67)**	**(102,331,807.42)**	

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 Chairman of the Board of Management	Jörg Klowat Board of Management	Harald Wilbert Board of Management

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 2023, and the statement of profit and loss for the financial year from 1 January to 31 December 2023, 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 2023. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement, 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 combined non-financial report, which is referred to in section "10.5 Non-Financial Statement" of the combined management report, the explanations contained in section "6. Intangible Assets" 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 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 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 combined corporate governance statement and the combined non-financial report referred to above, the content of section "6. Intangible Assets" nor the content 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 German Commercial Code (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 2023. 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 84,279 are disclosed under the balance sheet item "Shares in affiliated companies". This corresponds to the acquisition cost and accounts for 14% 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 income to be capitalised being derived from the budget of WKN GmbH and being adjusted based on assumptions about long-term growth rates. Discounting was based on the specific cost of equity.

The result of this valuation highly depends on the executive directors' estimation on future income of WKN GmbH and the discount rate used and, therefore, is subject to major uncertainties. In the light of the significance of the amount of the shares involved and due to the complexity of the underlying valuation techniques, we classified this matter as a key audit matter as part of our audit.

The disclosures provided by the executive directors on the valuation of the financial assets are 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 estimation 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 methodical approach used to conduct the impairment test and to determine the discount rate. Furthermore, in order to assess the future income, we compared the future income 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 77.3. In this context, revenue of mEUR 72.9 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 partly results from complex contract arrangements. Consequently, and due to the major effects on the annual financial statements, the recognition of this revenue is a matter of particular significance.

The disclosures provided by the executive directors on the revenue generated with the planning and construction as well as the sale of wind farm projects are 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" 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 with PNE AG. In assessing the recoverability of the entire engagement at 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. The entire engagement in offshore wind farm project companies amounts to mEUR 8.2 as at 31 December 2023 (1.41% of the balance sheet total), mEUR 0.2 and mEUR 8.0 of which relate 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 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 estimation 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 regular 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 of 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 that is 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,
- the separate consolidated non-financial report pursuant to Sections 315b (3) and 315c HGB that is combined with the separate non-financial report pursuant to Sections 289b (3) and 289c to 289e HGB, which is expected to be presented to us after the date of this auditor's report, referred to in section "10.5 Non-Financial Statement" of the combined management report,
- section "6. Intangible Assets" 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 that is 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 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 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 cf4858355cc314785f635b505185121e6df8b53a2798d06d2bbf5163e1d4aef5, 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 requirements of the IDW Quality Management Standards.

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 of 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 9 May 2023. We were engaged by the supervisory board on 13 November 2023. 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 Dr Jan Fürwentsches.

Hamburg/Germany, 20 March 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Dr Jan Fürwentsches
Wirtschaftsprüfer
(German Public Auditor)

Signed: Niclas Terheyden
Wirtschaftsprüfer
(German Public Auditor)

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Roland Horn, Berlin (page 16)
Conenergy (page 17)
bewegtbild (page 18)
bewegtbild (page 19)
Roland Horn, Berlin (page 20)
Roland Horn, Berlin (page 26)

This annual report is also available in English translation. In case of discrepancies, the German version of the annual report takes precedence over the English translation. 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..

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