H2 APEX GROUP

ANNUAL REPORT **2023**

H2APEX GROUP SCA

(UNTIL 18 JANUARY 2024 "EXCEET GROUP SCA")

GROUP MANAGEMENT REPORT

MAKING GREEN HYDROGEN ACCESSIBLE

1. FUNDAMENTAL INFORMATION ABOUT THE GROUP

1.1. STRUCTURE & REPORTING

H2APEX Group SCA (until 18 January 2024: "exceet Group SCA" and hereafter the "Company") is a company existing as a "Société en Commandite par Actions" under the laws of Luxembourg and listed on the regulated market of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155) in the Prime Standard segment. Since the business combination with APEX Nova Holding GmbH (hereafter "APEX"), which has been closed on 19 January 2023, the investment focus is on developing projects for the decentralized supply of green hydrogen.

On 18 January 2024 the shareholders decided at the Extraordinary General Meeting (EGM), that the former exceet Group SCA will be renamed to H2APEX Group SCA. With the renaming a common branding with APEX Group is finalized.

H2APEX Group SCA is managed by H2APEX Management S.à r.l. (until 18 January 2024 "exceet Management S.à r.l." and hereafter the "General Partner"), a limited liability company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)), the shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each).

The H2APEX Group SCA Group (hereafter the "Group" or "H2APEX") currently consists of 17 companies.

With the merger agreement between the Company and APEX, the accounting policies of the Company continued. According IFRS 10, the transaction has been recorded as "reverse acquisition". For accounting purposes, APEX Group was determined to be the economic acquirer in this "reverse acquisition". Consequently, these consolidated financial statements of the Company represent the continuation of the consolidated financial statements of APEX Nova Holding GmbH and its subsidiaries ("APEX Group") with the exemption of the capital structure, which has been adjusted to reflect the capital structure of H2APEX Group SCA as ultimate parent company.

As of 19 January 2023 the Company entered into a definitive merger agreement with APEX and its shareholders. APEX, together with its subsidiaries, is a leading developer, manufacturer and operator of green hydrogen plants for the de-carbonization of the industry and infrastructure.

Under the merger agreement, the Company agreed (i) to acquire 20.8% of the APEX shares for a cash consideration in the amount of EUR 25,000,000 and (ii) to exchange the remaining 79.2% shares in Apex for shares in the Company by way of a contribution in kind. For this purpose, the Company agreed to utilize its authorized capital and increase its share capital from EUR 311,960.18 by EUR 252,424.73 to EUR 564,384.91 by issuing 16,285,467 new shares to the shareholders of APEX. In addition, the Company agreed to adopt a long-term equity incentive plan for the Board members and key employees of the combined group allowing for the issuance of up to 3,640,000 stock options which, subject to meeting the agreed strike price and vesting conditions, entitle the beneficiaries to subscribe to 3,640,000 new shares.

On 12 September 2023, the Company published a securities prospectus (the “Prospectus”) relating to the listing of certain shares (the “New Shares”) of the Company on the Frankfurt Stock Exchange (Prime Standard). The New Shares had been created by way of a capital increase through contribution in kind in connection with the business combination with APEX Nova Holding GmbH earlier this year. Prior to its publication, the Prospectus was approved by the Luxembourg Financial Supervisory Authority (Commission de Surveillance du Sector Financier (“CSSF”)) on the same day. The New Shares were admitted to trading on the Frankfurt Stock Exchange with simultaneous admission to the Prime Standard, the sub-segment with additional post-listing requirements, on 13 September 2023 and were included into the existing quotation of H2APEX shares on 15 September 2023.

On 1 March 2023, Endurance GmbH & Co. KG, a limited partnership established under German law with a business address at Körnerstr. 1, c/o Atlan Family Office GmbH, 22301 Hamburg, Germany, entered in the commercial register of the District Court of Hamburg under HRA 128782 ("Bidder") has pursuant to Sections 35 (2), 14 (2) sentence 1, (3) of the Securities Acquisition and Takeover Act ("WpÜG") by publication of the offer document within the meaning of Sections 39, 11 WpÜG ("Offer Document") a mandatory offer ("Offer" or "Mandatory Offer") to the shareholders of the Company (and together with its subsidiaries pursuant to Section 2 para. 6 WpÜG the Group) delivered. On 29 March 2023, the offer terminated and 1,510,538 of Company’s shares has been transferred by acceptance, representing 4.15% of share capital and voting rights of the Company at that time.

1.2. THE GROUP’S BUSINESS MODEL

While the Group finished the business year 2022 as an empty shell without operating companies, starting 2023 the business model is now focused on developing, manufacturing and operating of green hydrogen plants for the de-carbonization of the industry and infrastructure. The operating business is driven by the acquired APEX Group.

APEX focuses on hydrogen plants with an electrolysis capacity of less than 1 Giga Watt. These are used to decarbonize industrial value chains and to produce green hydrogen and hydrogen derivatives such as LOHC (liquid organic hydrogen carriers) and e-fuels. They are used, for example, in the steel, chemical and cement industries as well as other energy intensive industries. In addition, APEX offers facilities for infrastructure and logistics, especially for industrial use in warehouses, ports and production facilities.

APEX is a greentech innovator and a pioneer in the green hydrogen market in Germany with its headquarters in Rostock-Laage. APEX is one of very few companies in the market that owns and operates a grid-connected sector-coupled green hydrogen plant. This reference plant is based at its industrial park in Rostock-Laage and demonstrates the production of green hydrogen powered by APEX’s own 11.5 MWp photovoltaic park, the storage of hydrogen in fiber composite pressure tanks as well as various possible uses for green hydrogen, including reconversion to electricity in a fuel cell, a combined heat and power unit, refueling infrastructure for different types of vehicles and a trailer filling station for the transport of hydrogen. With regards to this pioneer project, APEX is concluding offtake agreements with customers. APEX believes that upon start of operations in test mode at its green hydrogen plant in May 2021, this was one of the first projects of this type in Europe, and APEX has gained vast experience in the set-up, operation and maintenance of hydrogen plants in general.

Based on its track record and the industrial park, APEX intends to establish itself as an owner and operator of additional hydrogen plants in the future.

In addition to the afore-mentioned activities, APEX currently acts as general contractor and system integrator for turnkey third-party green hydrogen power plants.

As a complementary business line, APEX has a separate team active in the development and sale of hydrogen storage solutions. In contrast to production and conversion, the storage of hydrogen is still one of the key challenges in the hydrogen ecosystem and APEX is at the forefront of technological advancement. APEX intends to scale up its production for its pressure tanks in a small series production line in Rostock-Laage in the short-term, with full capacity to be reached end of 2024. APEX's current R&D focus lies on chemical storage solutions, for which it has made significant progress in the recent past and has submitted three international patent applications.

The business activities are reported according to the following segments, which represent the reporting structure: project development, operations and storage.

PROJECT DEVELOPMENT

Project Development Segment includes all work related to project development and system integration for third-party hydrogen plants. The turnkey solutions for the supply of hydrogen are modular, tech-agnostic and tailor-made to comply with complex and diverse customer requirements.

The Group is one of the few players in this market in Germany. The Group can cover a wide range of different project and plant types, from industrial parks and other industrial solutions, grid and network solutions to residential and mobility solutions.

The Group covers the entire project phase, from (pre-)feasibility studies and approval planning to design, engineering, construction and commissioning. Following the conclusion of the contract, the basis of the project is established, including the development of a concept. In a next step, the design phase (typically divided into a preliminary, final and detailed design) as well as the approval planning with the securing of regional permits and green energy begin. During this phase, orders for the main components of the plant are also typically placed. Two major project milestones are the provision of the planning results relevant for the approvals and interfaces as well as the preparation of the execution planning. Once the design and planning phase is completed, the Group and its customer agree in writing on a design freeze, i.e., design and planning specifications are fixed and no more fundamental changes are permitted. Following the receipt of major approvals, the construction begins. Due to the size of the projects, in which the Group is involved, it usually takes several months before main components can be installed and the assembly can start. In addition to the integration of components from other manufacturers, the Group can provide its customers with a self-developed energy management system, which is particularly valuable for decentralized energy solutions with fluctuating power production and high storage requirements. Functional tests, including tests under operating conditions, are carried out once the machinery is installed. In a final step, the plant is inspected and approved by the customer and commissioned. For small and mid-size projects, the entire project phase from pre-feasibility studies to commissioning takes approximately 28 months.

OWN OPERATIONS

Own Operations Segment includes the production and selling of green hydrogen as well as the "derivatives" electricity and heat generated at its own hydrogen plants.

In the "own operations" model, the Group produces and sells green hydrogen as well as the "derivatives" electricity and heat generated at its own hydrogen plants. Through the successful establishment of the industrial park in Rostock-Laage, the Group has demonstrated its capabilities regarding the installation and operation of a grid-connected hydrogen plant with various possible hydrogen uses and has already concluded its first offtake agreements with customers. This reference plant is the nucleus for the Group's planned future portfolio of own hydrogen production plants, and the realization of an additional hydrogen plant on the same site with the help the EU Important Project of Common European Interest (UPCEI) funding applied for and provides the basis for the launch of this pillar of the business model. In addition, the Group seeks to gain access to the "own operations" market through its project development business in order to build credibility, improve the skillset and generate cash for future growth. It also benefits from the ongoing retrofitting of existing gas pipelines, which are expected to be available for hydrogen transport from 2027 on and which the Group would also feed into.

The Group intends to develop and build further own hydrogen plants, which it will operate to benefit from a contracted and resilient revenue stream. It expects to at least partially rely on joint venture partners, including utility companies or offtakers, for the financing and construction of the plants and is already in initial discussions in this regard. While these projects will require a significant amount of capital expenditure, the Group expects to generate a majority of its revenues with this pillar of its business model in the mid- to long-term.

STORAGE

Storage Segment includes the development and manufacturing of different hydrogen storage systems.

The Group has developed stationery and portable tanks. While the stationary tanks, which the Group developed and designed, are manufactured by third parties and are no longer offered by the Group, these portable tanks are produced in-house. Both the stationery and the portable pressure tank are type IV tanks, i.e., fiber composite tanks with plastic lining used in distribution and mobility.

1.3. BRANCHES

The Company is only acting through its subsidiaries. Besides these legal entities, there are no branches.

1.4. OBJECTIVES AND STRATEGIES

The strategy of the Group is defined in four targets:

GROW PROJECT DEVELOPMENT BUSINESS

Building on its track record from projects won in 2022 and 2023, respectively, the Group intends to grow its business in the project development area by capitalizing on its pipeline of hydrogen projects for third parties (e.g., steel plants or other energy/ emission intensive industries). While the Goup is looking to gradually expand own hydrogen production capacity, thereby increasing revenue contribution from more resilient hydrogen offtake contracts, it believes that the third-party project development operations will be a key pillar to achieve this business shift and have a symbiotic relationship, mainly for the following reasons: (i) third party projects create profits and positive cash flows from an early stage, which is rare among hydrogen companies, helping to reduce the cash burn from development of large-scale own production capacity, which do not generate revenues until commissioning and operation, (ii) they provide the blueprints and required skillset to efficiently scale-up own production plants, while reducing execution risk for the Group and stakeholders involved in the projects (e.g., shareholders, debt providers, power suppliers, offtakers, governmental entities), and (iii) most customers in the third-party project development area pursue a staggered approach of building-up hydrogen capacities, usually starting with a smaller (e.g., 10 MW) plant, which gets subsequently expanded. At the same time, most customers are not interested in owning and operating a large-scale hydrogen plant. Consequently, the Group expects that many project development customer relationships will offer follow-on revenue potential and the opportunity of (co-)owing and operating the expansion plants.

The Group's project pipeline includes several smaller (up to 10 MW) and mid-size (10-50 MW) projects, which are mostly in an early stage (i.e., pre-feasibility study phase) or in an advanced development stage (i.e., detail planning phase). However, some of them are more mature and already in the tender phase, so the Group is optimistic that it will be awarded with further significant work soon. By leveraging on its experience and first-mover advantage, in particular against the background of its industrial park in Rostock-Laage, the Group also intends to tackle larger-scale projects with attractive margins.

FOCUS ON EXPANDING PRODUCTION CAPACITY AND SALE OF GREEN HYDROGEN

The Group has developed and commissioned one of the first European grid-connected green hydrogen power plants, which demonstrates the mechanism and impact of sector coupling (Power-to-X) through different use cases, including a fuel cell, a combined heat and power unit, a refueling infrastructure for buses, trucks and cars and a trailer filling station. On the back of this pioneer project, the Group plans to establish itself as an owner-operator of sizeable hydrogen plants in the next three to five years, thereby covering the entire hydrogen project value chain from developing through building, operating (and ensuring maintenance), owning (either on a standalone basis or together with a partner) and marketing (i.e., securing offtake). Its current project development business mainly encompasses the "building" phase and some aspects of the development phase, but the Group intends to capitalize on its EPC track record and the relationships it has built in the past years, in particular with regard to the capabilities required for these critical phases of a hydrogen project. While the construction will be intense in terms of capital expenditure, the Group will shift its financial profile towards recurring and stable revenue generation from the offtake agreements in connection with the operation of its own plants, in contrast to the one-off fees that the Group receives for the system integration of third-party plants.

The Group is exploring various avenues to fund its own plants. It wants to make use of its perceived growing appetite for credit providers to invest in hydrogen projects. In addition, the Group intends to partner with third parties as joint venture (JV) partners, such as utility companies, offtakers or other financial investors, and is already in advanced conversations with several parties. In addition, by tapping into the "owner-operator" market for hydrogen plants, it intends to counter a potential commoditization and subsequent downward price pressure in the project development business. In the mid- to long-term, the Group, therefore, expects to generate a majority of its revenues with this business line.

KICK OFF SERIAL PRODUCTION FOR VARIOUS STORAGE SOLUTIONS

The Group has a particular focus on the development of different storage solutions. While production and conversion of green hydrogen are, by and large, well explored and rather straightforward, transport and storage continue to be key challenges in the (green) hydrogen ecosystem. Since pipelines will not connect each and every location, efficient transport solutions are constantly being investigated. The same applies to storage solutions as they are especially complicated in urban environments, which require high safety standards. Following the development of stationary and portable pressure-based storage solutions together with long-term partners, including the Fraunhofer Institute in Rostock, the Group has started the production of such storage solutions in small numbers at its own facilities and is searching for a strategic partner to enter into serial production for these solutions in larger numbers (up to 55,000 tanks per year). In addition, the Group focuses on research in chemical storage solutions, in particular in cooperation with the Leibniz-Institut for Katalyse e.V. (LIKAT). The carrier that the Group investigates together with LIKAT for its chemical storage solution is non-toxic, unlike other carriers. The Group's research is at an advanced stage and also focuses on identifying additional fields of application. LIKAT has already developed a prototype, which shall be scaled-up in size going forward.

EXPAND GEOGRAPHICAL FOOTPRINT AND GROW EMPLOYEE BASE ORGANICALLY AND THROUGH ACQUISITIONS AND ENGAGE IN EXCLUSIVITY AGREEMENTS WITH ELECTROCHEMICAL ENGINEERING COMPANIES

The Group has grown rapidly in the past few years and is currently involved in a significant number of award processes, which could result in capacity constraints should the Group win many of them. The Group heavily relies on the profound know-how of its key personnel for its project development business and requires qualified professionals and industry experts. In addition to design and engineering personnel, the Group also needs to find additional sales team members to scale up its operations and to attract expertise with regard to project financing and contracting for the planned expansion of its "own operations" business line.

The Group has significantly grown its employee base organically in 2023 and intends to further intensify its efforts to attract qualified employees. However, since qualified personnel is often hard to find outside of metropolitan areas, the Group will also focus on growing its employee basis by opening new offices in strategic locations. The Group believes that this approach will enhance its market share in the green hydrogen industry and, through its extended geographical footprint, the Group expects to be able to also provide a broader geographical market coverage in Germany.

1.5. INTERNAL MANAGEMENT SYSTEM

The aim of H2APEX management is to sustainably increase the Group's corporate value and thus the value for shareholders. It is important that revenue growth is linked to above-proportional profitability and that H2APEX is able to enhance its financial strength for investments and further, including inorganic growth. To achieve this goal, an internal control system is used.

The following aspects are in the foreground:
- Growth through the acquisition of projects and customers
- Project profitability
- Improvement of operational cash flow through efficient working capital
- Liquidity for upcoming growth through sufficient financing

The relevant key figures are in particular: revenue, EBITDA, net debt and operating cash flow. In addition to standardized controlling, these key figures are monitored in regular meetings with regard to upcoming projects, tender modalities, ongoing projects and financing options. At the same time, the cost items are subject to regular budget control. At the end of each year, revenue and cost items are budgeted for the following year. These budgeted values are then compared with the actual values every month and deviations are analyzed. H2APEX works with a dynamic budget model, which means that changes in one position can be directly accompanied by any necessary adjustments in other budgeted positions in order to ensure planned profitability.

1.6. RESEARCH AND DEVELOPMENT ("R&D")

The Group relies heavily on Research and Development(R&D) for its hydrogen storage solutions business. Therefore, the Group does not invest in fundamental research but focuses on the advancement of products and solutions to reinforce its competitive advantage in this important sub-sector of the hydrogen ecosystem. Its targeted investments in R&D over the past years have resulted in several innovations and patents. The Group has an R&D department, which is mostly financed through public funding and includes five dedicated employees. This R&D team is located in Rostock-Laage. Through the acquisition of Plant Engineering GmbH (Plant Engineering), the Group has not only nearly doubled its capacities in the engineering department. It has also secured further expertise in the field of hydrogen technology.

The Group recently has been and is currently involved in four main R&D projects, which all relate to cost and energy efficient storage:

- **E2MUT:** In the multidisciplinary project "E2MUT", the partners explore emission-free electric mobility for maritime urban transport (i.e., navigation in coastal sea waters, inland waterways and large lakes). The Group participates in research regarding the development of maritime infrastructure for the refueling of ships on a hydrogen basis at the quayside. This project will run until 31.8.2024.

- **H2Cycle:** Currently used hydrogen storage methods often do not meet the requirements from the industry. Other methods, such as certain chemical storage methods, are still immature. In this project, a plant concept for a CO2-neutral hydrogen storage system based on formats and bicarbonates, and a test and demonstration plant will be built for further research. In the completed project, a prototype for the chemical storage of hydrogen was successfully built and put into operation. For this purpose, a suitable catalytic process was effectively developed with the cooperation partner, which represents an efficient and CO2-neutral cycle.

- **SuME:** The third project is a joint research project with LIKAT, Fraunhofer-Institut für Keramische Technologien und Systems (IKTS), Technische Universität Bergakademie Freiberg and other partners, in which the Group and LIKAT co-develop a chemical synthesis route towards efuels. The role of the Group is to provide hydrogen through electrolysis for the synthesis of methanol. The methanol is further refined through additional steps, which also involve utilizing the oxygen from electrolysis, to produce an e-fuel. The Group will either directly submit the developments as its own patents or will become the owner of the background IP that is developed in the course of this joint project. This project will run until 31 January 2026.

- **MuWIN:** The goal of MuWIN with the main partners University of Rostock and Großmann Ingenieur Cnsult GmbH (GICON), is to develop a modular, standardized, and scalable platform design that can be adapted for various floating offshore wind sites across Europe. The substation consists of a a daily parameterdependent load profiles (Tagesparameterabhängige Lastprofile (TLP)) substructure, an interface station, and a topside station, each serving three different functions: conversion of alternating current, conversion of alternating current to direct current and generation, storage and transport of hydrogen. This project will run until September 30, 2025.

In addition to its close cooperation with LIKAT, where the Group even has its own laboratory and offices, the Group also enjoys close relationships with other universities and research institutions, such as the Fraunhofer Institute for Large Structure in Production Engineering (IGP), the University of Rostock, the Wismar University of Applied Sciences and the Stralsund University of Applied Sciences.

2. FUNDAMENTALS OF H2APEX SHARES

The Company's share capital amounts to Euro 564,384.91, represented by 36,359,162 Ordinary Shares and one unlimited share with no par value. The Ordinary Shares are publicly traded on the Frankfurt stock exchange.

H2APEX shares trading started into the reporting year from a price level of Euro 5.00, recorded on 30 December 2022. Based on this share price, the market capitalization of H2APEX amounted to EUR 100.4 million. During 2023 H2APEX shares traded between EUR 4.56 and EUR 7.20. The share trading volume amounted to 1,290,000 shares at XETRA (2022: 356,134 shares) On 29 December 2023, the last trading day of the year 2023, the share price closed with EUR 4.56, the market capitalization of H2APEX amounted to Euro 167.3 million.

The trading volume on the Xetra trading platform accumulated to 1,290,000 shares in 2023 compared to 356,134 in 2022.

During 2023 H2APEX share price outperformed against TECDAX and DAX until November 2023. With the upcoming discussion about governmental household financing the share price dropped down significantly based on the uncertainty about subsidies and support for hydrogen projects. During January 2024 the share price recovered up to Euro 5.85 which represents a market capitalization above Euro 200 million.

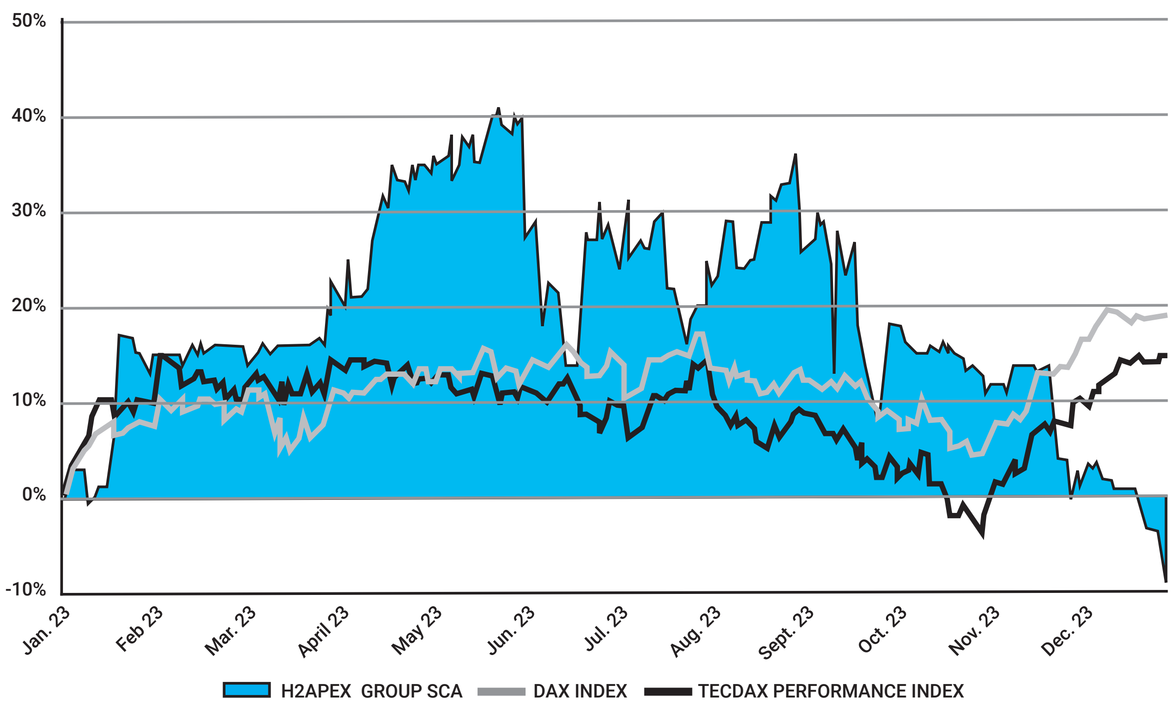
3. REPORT ON ECONOMIC POSITION

3.1. MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

MACROECONOMIC ENVIRONMENT

Economic in the Euro area influenced by financing conditions and Inflation
Several downward revisions to forecasts and negative economic surprises confirm a weak economic outlook with substantial downside risks.

Share price development 2023



The ECB/Eurosystem staff macroeconomic projections as well as other official and private sector forecasts were revised downwards for several quarters in a row, reflecting a worsened global economic environment, tighter financial conditions, lower aggregate demand and lower credit supply. Weak foreign demand and receding fiscal support are weighing on activity, too. According IMF outlook for the Euro area the GDP growth is expected to come in at 0.5% in 2023 and 0,9% in 2024. Eventually, the Euro area economy remains weak. Recent information suggests that manufacturing output has continued to fall. Subdued foreign demand and tighter financing conditions are increasingly weighing on investment and consumer spending. The services sector is also weakening further. This is mainly because of weaker industrial activity is spilling over to other sectors, the impetus from reopening effects is fading and the impact of higher interest rates is broadening. But as inflation falls further, household real incomes recover and the demand for euro area exports picks up, the economy should strengthen over the coming years.

As the energy crisis fades, governments should continue to roll back the related support measures. This is essential to avoid driving up medium-term inflationary pressures, which would otherwise call for even tighter monetary policy. Fiscal policies should be designed to make the euro area economy more productive and to gradually bring down high public debt. Structural reforms and investments to enhance the euro area’s supply capacity – which would be supported by the full implementation of the Next Generation EU programme – can help reduce price pressures in the medium term, while supporting the green and digital transitions. To that end, the reform of the EU’s economic governance framework should be concluded before the end of this year and progress towards a capital markets union and the completion of the banking union should be accelerated.

Most measures of underlying inflation continue to decline. At the same time, domestic price pressures are still strong, reflecting also the growing importance of rising wages. Measures of longer-term inflation expectations mostly stand around 2%. Nonetheless, some indicators remain elevated and need to be monitored closely.

Economic output in Germany down further

The German economy is still navigating through choppy waters. Economic output declined slightly in the third quarter of 2023. According to the Federal Statistical Office’s estimate, real gross domestic product (GDP) was a seasonally adjusted 0.1% lower that in previous quarter, during which it had increased somewhat, according to revised data. Industry also suffered in the third quarter from the weak foreign demand and the fallout from the prior energy price shock. Increasing financing costs continued to dampen investments. Furthermore, the order backlog decreased further. The Federal Constitutional Court (“the Court”) issued a far-reaching ruling on the debt brake enshrined in Germany’s Basic Law. The ruling concerns central government’s second supplementary budget 2021. It was up to the fiscal policymakers to adjust their plans with this in mind. The expectation 2024 will be significantly influenced by the upcoming effects based on the decisions for the German state household, which has been significantly impacted by this decision of the court about the revised refinancing and expenditures.

Change in Labor Market

EU’s economic activity has so far been supported by the strength of the labour market. The unemployment rate stood at a historical low of 6.4% in August 2023 and ending by 5.9% at year end. The robust labor market in Germany continued to stabilise economic activity. Despite the slight decline in economic output, employment remained at a high level. The number of vacancies declined slightly, but remained at a high level. That does mean that the still very tight situation in the labor market – expressed by the ratio of vacancies to unemployed persons – eased only slightly. Negotiated wages were up even more sharply. The most recent wage agreements again contained large pay rises for the most part of employees. The trade unions also made high wage demands for the sectors that were in negotiations at the end of 2023..

Capital Markets

Following Reuters, investment banks and asset managers have wildly varying stock market and currency calls for 2024, reflecting deep division over whether the U.S. economy will enter a long-heralded recession and drag the world with it. The lack of consensus among forecasters is a stark contrast to a year ago, when most predicted a U.S. recession and rapid rate cuts that failed to materialise. The world's largest economy expanded by 3.1% in the year 2023.

The big picture, which Schwab Center of Finacial Research ("Schwab") foresees for 2024 a shallow U-shaped recovery in global economic and earnings growth, rather than the V-shape seen in the last two global recessions of the financial years 2008-09 and 2020.

Global economic and earnings growth ultimately may be sluggish for much of next year. That could mean stock prices are more determined by valuations than earnings.

As with the economic picture, looking too closely at the performance of just a few U.S. stocks can keep investors from seeing the bigger picture of international outperformance. As the global economy transitions to a new cycle, markets are experiencing new leadership. In 2023, the average international stock outpaced the average U.S. stock through late November. The reason many investors haven't noticed the outperformance of international stocks is that the seven mega-cap stocks, which make up about 30% of the cap-weighted S&P 500, have prevented the S&P 500 index from underperformance in 2023.

Schwab does not expect a V-shaped economic recovery, nor do they expect an inverted V-shape due to the path for interest rates, so they continue to favor "quality" companies with strong cash flow. Stocks with low price-to-cash flow ratios may continue to outperform in 2024.

DZ-Bank expects that the weak economy and competition from bonds will continue to influence prices in 2024. Despite of, new records for the major indices are possible. "Investor sentiment is at its lowest point. If the bad news clears up just a little, there is enormous potential for positive surprises. This speaks in particular for favorable European cyclicals". Despite the positive outlook for stocks, there is no promise of success across the board: "The targeted regional and sectoral stock selection becomes a success factor in the investment strategy." At the industry level, DZ BANK Research recommends energy stocks and insurers.

SECTOR-SPECIFIC ENVIRONMENT

The Group develops, builds and operates green hydrogen electrolysis plants for the decarbonization of industry, infrastructure and mobility and therefore covers the entire hydrogen plant value chain. The global hydrogen generation market in terms of revenue was estimated analysts to be worth about USD 160bn in 2022 and is poised to reach about USD 260bn by about 2027, growing at a CAGR of 10.5% from 2022 to 2027.

Green hydrogen is hydrogen generated by renewable energy or from low-carbon power. Green hydrogen has significantly lower carbon emissions than grey hydrogen, which is produced by steam reforming of natural gas, which makes up the bulk of the hydrogen market. Green hydrogen can help decarbonise sectors such as shipping and transportation, where it can be used as a fuel, as well as in manufacturing industries such as steel and chemicals, where it can constitute an important raw material as well as a fuel.

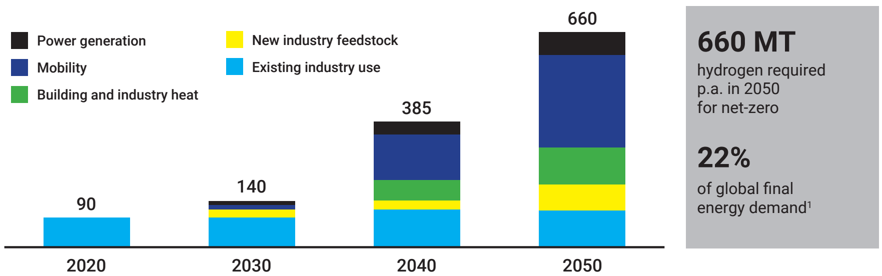
The major factors driving the hydrogen generation market growth is mostly due to ongoing unprecedented revolutions under the net zero emissions scenario, where global output of hydrogen is expected to reach 200 million metric tons in 2030. In 2030, around 70% of the hydrogen production is projected to be done through low carbon technologies such as electrolysis. By 2050, the production of hydrogen is estimated to increase to about 500 million metric tons. The increase in the investment of the government toward different technologies to improve the efficiency of hydrogen extraction is projected to drive the market growth.

Energy efficiency, electrification, renewable energy, hydrogen and hydrogen based fuels, and carbon, capture, utilization and storage are some of the major technology pillars to decarbonize the world energy system.

Hydrogen is a central component of the strategy for achieving the EU climate targets for 2030 and is particularly relevant for Germany as an industrial hub. Within this framework, by 2030 at least 40 GW of electrolysis capacity is to be available in the EU and up to 10 million tons of green hydrogen are to be produced annually in the EU. The investment volume for this is estimated at around EUR 300 billion and will be supported to a considerable extent by state subsidies. In Germany, 10 GW of electrolysis capacity is to be created by 2030 – subsidies amounting to EUR 9 billion have already been pledged for hydrogen technology.

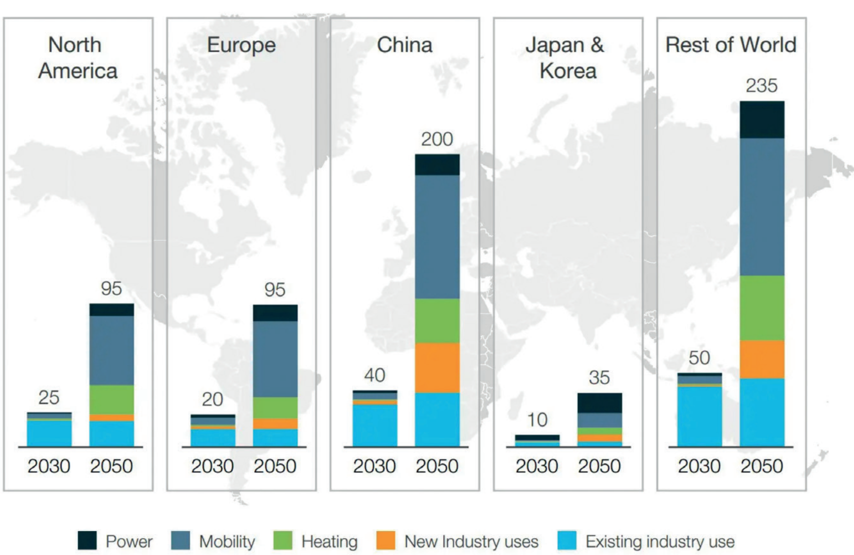
Global hydrogen demand is expected to grow to 140 Mt in 2030 (i.e., 4.5% compound annual growth rate since 2021). After 2030, the demand for hydrogen is expected to grow significantly in particular in the mobility segment. In 2050, the largest hydrogen markets together, i.e., China, Europe, and North America, are expected to account for 60% of the global hydrogen demand, which is expected to amount to 660 Mt. Due to the losses of energy in the supply chain as stated above, to fulfill this demand 690 Mt of hydrogen will be needed.

The expected global hydrogen demand by segment until 2050 is shown in the following diagram[1)]:



1. IEA net-zero scenario with 340 EJ final energy demand in 2050. HHV assumed. Excluding power. HHV: Higher Heating Value

The following graphic shows the expected hydrogen demand by region in 2030 and 2050[1)]:



[1] Source: McKinsey & Hydrogen Council, Hydrogen for Net-Zero

3.2. COURSE OF BUSINESS

With signing and closing the business combinaton agreement with APEX on 19 January 2023, the Company started with new operating business. APEX Group is a leading developer and operator of "green" hydrogen electrolysis plants for the decarbonization of industry, infrastructure and mobility.

APEX's goal is to become an internationally established developer and operator of hydrogen plants. In its core business, APEX develops, builds, and sells or operates green hydrogen electrolysis plants for the decarbonization of industry, infrastructure and mobility, covering the entire value chain for hydrogen plants. Water (H2O), with energy of renewable origin such as photovoltaics or wind power, is separated into hydrogen (H2) and oxygen (O2) in APEX's electrolysis plants. This "green" hydrogen, obtained exclusively from renewable energies, can then be stored, used directly as a source of energy or transported to the place of use. Hydrogen electrolysis thus solves the core problems of renewable energies by making them storable, transportable and being available in a versatile energy carrier.

Overview key figures:

(in EUR 1.000, expenses in parentheses)	January - December	
	2023	2022
Income Statement		
Net Sales	15,3	3,8
Gross Profit	1,2	1,3
EBITDA *	(18,0)	(9,2)
EBIT	(22,2)	(10,5)
Net Loss for the period	(24,6)	(13)
- per ordinary share Euro	*0,7*	*0,4*
Adj EBITDA *	(16,1)	(9,2)
	31.Dec 23	**31. Dec 22**
Backlog in Mio EUR **	34	34
Employees (Average headcount) ***	*81*	*46*

Rounding differences can occur
* Unaudited
** Fixed orders
*** Without employees of General Partner

3.3. RESULT OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

3.3.1 RESULT OF OPERATIONS

H2APEX Group SCA financials has been integrated into APEX Group financials. Comparative figures reflect the history of APEX Group only.

Revenue increased in the financial year 2023 to EUR 15.3 million (2022: EUR 3.8 million) due to proceeds from the project development segment, while in prior year the revenues were mainly caused by the sale of a filling station. Other income increased to EUR 1.0 million (2022: EUR 0.5 million). The directly attributable costs related to these revenues amounted to EUR 14.1 million (2022: EUR 3.1 million). Gross Profit remained stable with EUR 1.2 million (2022: EUR 1.3 million).

Personnel costs and other operating expenses increased due to the ramp-up of the business and hiring employees. The number of employees as of 31 December 2023 was 81 employees (Headcount) (31 December 2022: 46 employees (Headcount)). Personnel costs subsequently increased to EUR 6.9 million in 2023 (2022: EUR 3.7 million). Other operating expenses in 2023 amounted to EUR 13.8 million compared to EUR 6.8 million in 2022 mainly caused by the increase of legal and consulting costs by EUR 2.2 million and research costs by EUR 1.9 million and Stock Option Program (SOP) costs of EUR 1.6 million. Depreciation and amortization increased 2023 to EUR 4.2 million (2022: EUR 1.3 million) because of higher investments in property, plant and equipment during the year. The financial result in 2023 amounted to EUR -1.8 million (2022: EUR -3.4 million). The financial result includes interests received for deposits and interest expenses for financing loans.

Unaudited EBITDA in 2023 amounted to EUR -18.0 million (2022: EUR -9.2 million), unaudited Adj EBITDA amounted to EUR -16.1 million for 2023, reflecting the elimination of the expenses for the SOP in an amount of EUR 1.9 million in 2023 (2022: nil).

The net loss in 2023 amounted to EUR 24.6 million (2022: loss of EUR 13.0 million).

The calculation of basic earnings per share (EPS) on 31 December 2023 is based on the net loss attributable to the shareholders of H2APEX Group SCA.

		2023	2022
Profit / (Loss) for continued operations for the year (EUR 1,000) attributable to equity holders of the Company	Ordinary Shares	(24,635)	(12,953)
Weighted average number of ordinary shares outstanding	Ordinary Shares	35,556,043	20.073.695
Basic earnings / (loss) per share (Euro/share) on total group	Ordinary Shares	(0.69)	(0.65)
Diluted weighted average number of ordinary shares outstanding	Ordinary Shares	36,470,016	20,073,695
Diluted earnings / (loss) per share (Euro/share) on total group	Ordinary Shares	(0.69)	(0.65)

3.3.2 FINANCIAL POSITION

(in million EUR)	**31.12.2023**	31.12.2023
Balance sheet		
Non-current Assets	60.8	38.2
Current Assets	61.7	23.5
Equity	57.9	8.0
Non-current liabilities	34.6	51.6
Current liabilities	30	18.2

As of 31 December 2023, the total assets amounted to EUR 125.5 million , compared to EUR 61.7 million as of 31 December 2022. The significant increase is related to the higher cash position, as a result of the consolidation of the Company within the financial statements of APEX Group based on reverse acquisition accounting principles. The figures as of 31 December 2022 only reflect APEX Group.

Non-current assets increased by EUR 22.6 million to EUR 60.8 million (31 December 2022: EUR 38.2 million). The significant increase results from tangible assets related to additional land and buildings, which were acquired in 2023 respectively first time consolidated. Deferred tax assets amounted to EUR 1.1 million (31 December 2022: EUR 1.1 million).

Current assets amounted to EUR 61.7 million, compared to EUR 23.5 million at year-end 2022. The increase of the cash position from EUR 0.2 million as of 31 December 2022 up to EUR 44.5 million as of 31 December 2023 has the strongest effect, while other current receivables decreased to EUR 0.9 million (31 December 2022: EUR 13.4 million) because of first time consolidation of RLG GmbH & Co. KG in 2023 and consequently the consolidation of intercompany transactions.

Contract assets increased by EUR 3.2 million to EUR 5.9 million (31 December 2022: EUR 2.7 million). This is due to the advance payments made as part of project development.

In addition, inventories decreased by EUR 1.8 million to EUR 4.7 million (31 December 2022: EUR 6.5 million). Trade receivables increased to EUR 5.7 million (31 December 2022: EUR 0.7 million) in line with increasing revenue during the last quarter of 2023.

At the end of the reporting period, H2APEX Group’s equity amounted, to EUR 57.9 million, versus EUR -8.0 million as of 31 December 2022. This translates into an equity ratio of 46.7% as at 31 December 2023. The share capital represents the share capital of H2APEX Group SCA with EUR 0.6 million as of 31 December 2023 (31 December 2022: EUR 0.03 million related to Apex Group). The increase reflects the capital increase of H2APEX Group SCA based on the transaction with APEX Group according to the capital increase by contribution in kind. The number of shares increased by 16,285,467 shares, the capital amounts to EUR 564,385 (31 December 2022: EUR 311,960). The amount of the share premium includes effects from reverse acquisition in the amount of EUR 40.4 million.

The non-current liabilities decreased to EUR 34.6 million (31 December 2022: EUR 51.6 million). While other non-current financial liabilities decreased to an amount of EUR 33.1 million (31 December 2022: EUR 41.1 million) because of becoming current liabilities and the bond has been repaid completely (31 December 2022: EUR 9.1 million). Deferred tax liabilities amounted to EUR 1.1 million (31 December 2022: EUR 1.1 million).

The increase of the current liabilities to EUR 30.0 million as of 31 December 2023 (31 December 2022: EUR 18.2 million) is mainly due to the decrease of non-current financial liabilities by EUR 8.0 million and the increase of other current financial liabilities by EUR 1.3 million. Trade payables amounted to EUR 5.2 million as of 31 December 2023 (31 December 2022: EUR 6.0 million), while other current liabilities increased to EUR 2.1 million (31 December 2022: EUR 0.3 million). Provisions increased to EUR 10.9 million (31 December 2022: EUR 1.2 million) mainly due to provision for outstanding invoices by EUR 8.0 million.

Financial situation

As of 31 December 2023, the cash and cash equivalents amounted to EUR 44.5 million (31 December 2022: EUR 0.2 million). The cash position increased due to the cash, which former exceet Group contributed as a result of the business combination with APEX.
Financial liabilities summed up to EUR 43.7 million (31 December 2022: EUR 61.0 million). The decrease in 2023 is based on the repayment of APEX's bond and financial loans. The net cash position amounted to EUR 0.7 million as of 31 December 2023, while as of 31 December 2022 net cash position was EUR -60.8 million.

3.4. FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

The Group is controlled by financial and non-financial key performance indicators:

FINANCIAL INDICATORS

Revenue

Revenue is currently the most important indicator to show the growth of the business, supported by backlog.

EBITDA

EBITDA is the important performance measure for the profitability of the business and to monitor the cost structure. EBITDA is defined as: Earnings before interest, taxes, depreciation and amortization.

Net Debt

Net Debt is used to monitor the liquidity of the company and to assist in presenting the Group's financial capacities at balance sheet date. Net Debt is calculated as financial debt adjusted for cash and cash equivalents.

Operating Cashflow

Operating Cashflow is the measure for cash generation out of the business, which can be used for investments and improving the financing situation. Operating Cashflow is derived from the cashflow statement.

ENVIRONMENT

Corporate responsibility

H2APEX contributes actively to environmental protection through its careful handling of natural resources as well as the avoidance or recycling of waste. Additionally the business model at all is set up to improve the environment by replacing oil and gas energy usage though hydrogen energy.

SOCIAL RESPONSIBILITY

Sustainability

With its Group portfolio, H2APEX provides and targets innovative products and solutions worldwide that secure sustainable success for its customers and therefore, contributes continuously to global sustainable development. This is based on a responsible corporate management geared to long-term value creation. Recent investment in green hydrogen underpins this strategy.

Development and technology investments

The availability of qualified development capacities and state-of-the-art production technologies is crucial for the sustainable business development of H2APEX's business activities. Focus was and is strongly technology oriented.

Social responsibility

Social responsibility is important for the management and the employees of H2APEX Group, not only in the area of customers and sustainable products.

Corruption

With regards to corruption and bribery the Group has a zero-tolerance approach. Since the Group is mainly active in countries with a stable political and regulatory environment (Switzerland, Germany, Luxembourg), corruption is not regarded as a priority issue.

Internal Control System

The Supervisory Board and the General Partner are aware that a well-functioning internal control system including a regular detailed reporting essentially helps to prevent and detect cases of corruption and bribery.

4. REPORT ON EXPECTED DEVELOPMENTS AND ON OPPRTUNITIES AND RISKS

H2APEX is providing an outlook for the year 2024 for the expected business development. Nevertheless H2APEX is exposed to different risks and opportunities in connection with its business activities. The terms "opportunity" and "risk" include all influences, factors and developments that can potentially influence the achievement of H2APEX's corporate goals. The basic principle is that inherent opportunities should outweigh inherent risks. H2APEX's risk policy is intended to ensure that opportunities that arise are realized promptly in a way that increases the company's value, while at the same time reducing risks through countermeasures. Risks that threaten the continued existence of the company must be avoided. In addition to IT finance and controlling, risk identification and risk control also extend to the areas of sales, project management, development and operational security.

H2APEX adopts a comprehensive risk management strategy through the Group for early detection and control of risks and to benefit from opportunities resulting from operating activities and improved market conditions. A balanced risk profile is observed in every decision-making instance. The risk policy is oriented on the objective of securing and enhancing H2APEX's position in its markets in order to achieve a long-term increase in the Group's value. The General Partner and the Supervisory Board have established an internal control system for the diverse organizational, technical and commercial processes within the Group which is documented by regular reporting. A central component of H2APEX's risk policy is to take risks only if there is a high probability that the associated business activities will provide added value for the Group. The underlying requirement is that the risks must always remain transparent and manageable.

4.1. REPORT ON EXPECTED DEVELOPMENTS

Hydrogen is a central component of the strategy for achieving the EU climate targets for 2030 and is particularly relevant for Germany as an industrial hub. Within this framework, by 2030 at least 40 GW of electrolysis capacity is to be available in the EU and up to 10 million tons of green hydrogen are to be produced annually in the EU. The investment volume for this is estimated at around EUR 300 billion and will be supported to a considerable extent by state subsidies. In Germany, 10 GW of electrolysis capacity is to be created by 2030 – subsidies amounting to EUR 9 billion have already been pledged for hydrogen technology. Green hydrogen is of particular importance here: it contributes to the decarbonization of the economy and the decreasing costs for hydrogen electrolysis plants due to economies of scale make hydrogen an attractive option for industry, infrastructure and mobility.

For the current fiscal year 2024, the Group expects its growth course to continue and to more than double its revenue from the previous year in a range between EUR 35 million to EUR 40 million. This development will be supported by revenues from the planning and construction of hydrogen plants for third-party companies, from the operation of hydrogen plants and from the sale of hydrogen storage tanks, for which fully automated series production will begin in the fiscal year 2024. The majority of the revenues expected in 2024 have already been contractually secured.

The Group's strategy remains focused on achieving profitable growth as quickly as possible, which is reflected in two medium-term target figures communicated by the Management Board: H2APEX expects to generate a positive operating cash flow starting in the fiscal year 2025 and a positive adjusted EBITDA starting in the fiscal year 2026.
The EU funding approved in February 2024 for our 100 MW H2ERO plant, for which the company has applied for funding totaling EUR 167 million, confirms our leading position in the planning and construction of large-scale plants. Further growth potential is in the EU's funding approval for the IPCEI hydrogen projects because these projects will require project developers such as H2APEX to implement them.

4.2. RISK REPORT

4.2.1 RISKS

SECTOR- AND MARKET-RELATED RISKS

Sustained weak economic development or a downturn of the economy as well as upcoming trade barriers can have a negative impact on H2APEX's business or strategy. This would result in decreasing sales and margin pressure on companies. H2APEX counters these risks by way of constantly monitoring the situation and evaluating comprehensive activities. In addition, H2APEX is constantly working on strictly managing its costs and focussing on the core competences of its activities.

The sector and market risks are dedicated to the hydrogen business and are depending on the development in this sector, which is driven by governmental support to proceed with climate change policy. The current use of hydrogen in the fight against global warming is very limited. Therefore, the hydrogen market and in particular the market for green hydrogen produced by water electrolysis with renewable electricity on which H2APEX is focused, is an emerging market with limited volumes as of today. Growth assumptions and estimates may not be correct and, as a result, the global hydrogen market may grow slower and/ or smaller than expected due to a number of factors beyond H2APEX's control.

One of the key steps in the development of the market for green hydrogen is the further reduction in the costs for green hydrogen, so that it becomes equivalent or lower than that for grey hydrogen and other sources of energy which green hydrogen could substitute. The major cost driver for green hydrogen is the price for electrolysers, which is expected to decrease with the growth in production due to economies of scale and technical progress. However, there is no guarantee that production volumes of electrolysers will increase as long as the demand for green hydrogen does not grow.

Another key factor for the production of green hydrogen from renewable electricity is the development and access to such electricity. State support for the development of renewable energy sources may expire and may even intensify the lack of renewable energy which may lead to higher prices and consequently also increase the price of green hydrogen. In parallel, this also applies to the Group's customers for which the Group develops and integrates hydrogen production plants in case there is no direct connection to a wind or solar farm or such electricity does not cover the demand.

Moreover, the development of a centralized hydrogen market requires the establishment of a transport infrastructure to connect the place of hydrogen production with its consumers, which may represent a significant investment. While in the short term a decentralized approach to industrial hydrogen supply may suffice, with growing demand the hydrogen consuming industrial plants will have to be connected to a broader hydrogen network infrastructure. In order to transport hydrogen by pipeline with the same energy density as gas, a very high pressure is required due to the low density of hydrogen. Such pressure can only be generated by compressors installed along the pipelines if sufficient hydrogen is available.

Furthermore, the industrial transition from fossil energy to green hydrogen may require substantial investments for the construction of production, transport, distribution and delivery tools. Financing sources may be public or private. Hydrogen market players likely will compete with other players in renewable energy for access to these financings and may not be able to secure sufficient financial resources for the development of a vibrant market for green hydrogen.

Green hydrogen technology may be outperformed and replaced by other (new) technological solutions based on other energy carriers. Competing technology may be superior in terms of energy-efficiency, may be easier to implement on an industrial scale and, ultimately, be more profitable.

In the mid-term, H2APEX, via its operational subgroup APEX, business is focused on the market for green hydrogen in Germany. Since many countries across the world committed to keep the increase in the global average temperature below 2°C above pre-industrial levels and to pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels at the UN Climate Change Conference in Paris, France, in 2015 ("Paris Agreement") or acceded to the Paris Agreement since 2015, many countries try to reduce their greenhouse gas emissions by shifting their energy sources from fossil fuels to alternative sources. Especially huge economies with strong demand for energy may not be able to satisfy such demand with their own local energy sources and may, therefore, also elaborate national import strategies. In Germany, for example, decision-makers are currently considering strategies to import green hydrogen rather than focusing on technologies for own production facilities. In case green hydrogen can be imported in large quantities on favorable prices, it may become less attractive to invest into local production sites in Germany like APEX does. As a result, H2APEX, via its operational subgroup APEX, business (apart from its storage business) may, to some extent, become redundant in import nations, such as Germany.

BUSINESS RISK

In order to successfully grow its business in the evolving market for green hydrogen, H2APEX relies on its ability to recognize evolving market trends early and further develop its technologies to address these trends with its products and services properly and in a timely manner. The absorption of such growth, which cannot be assured, depends, in part, on H2APEX's ability to anticipate and manage its growth efficiently.

Future growth may require the implementation or development of advanced internal controlling measures in order to ensure proper risk management, adequate business planning and reliable financial reporting. In the event such internal controls fail or are not progressed in line with business growth, H2APEX may, among other things, not be able to prevent or detect errors, such as miscalculations of resources and capacities and accounting errors, or fraud.

If H2APEX cannot manage its growth properly, it may be unable to take advantage of market opportunities, execute its business strategies or respond to competitive pressures. Any failure to effectively manage H2APEX's growth could materially and adversely affect H2APEX's business and prospects.

The evolving green hydrogen industry is competitive and, due to H2APEX's diversified business model, H2APEX faces competition by different market players depending on the respective business area. Some of H2APEX's current and potential competitors may be larger and may have substantially greater resources than H2APEX has and expects to have in the future. They may also be able to devote greater resources to the development of their current and future technologies or the promotion of their offerings or offer lower prices. The supervisory board and the GP are taking the risk into consideration while defining the strategy for the Group.
H2APEX acts as a developer and system integrator for large third-party green hydrogen projects. H2APEX covers the entire project phase, from (pre-)feasibility studies and approval planning to design, engineering, construction and commissioning. During the entire project phase, which can take up to approximately 28 months for small and mid-size projects, H2APEX devotes significant time to its projects and allocates financial resources to these activities.

During such projects, H2APEX may encounter difficulties inherent in any large projects, such as unexpectedly long delivery times for, or shortages of, key equipment, parts and materials, labor disputes and work stoppages, health, safety and/or environmental accidents/incidents or other safety hazards, disputes with suppliers, adverse weather conditions or any other force majeure events, and delay in obtaining regulatory approvals or permits. These difficulties, among other things, could result in delays or additional costs that could make projects less lucrative than initially planned. H2APEX could also be exposed to contractual penalties for failure to complete the project in a timely manner.

Similar risks may also arise in the course of H2APEX's own operations, such as the construction of an up to 600 MW green hydrogen plant in Lubmin at the Baltic Sea near the German-Polish border, which will be operated by H2APEX itself on site after its planned completion in 2027. In particular, H2APEX may be unable to identify adequate locations for additional own green hydrogen plants, which shall be close to the hydrogen end-user, on the one hand, and, on the other hand, suitable for the production of or access to sufficient renewable energy required for the electrolysis.

The business risks are controlled by project management and financial controlling. In regular management meetings and supervisory board meetings business risks and risk controlling are monitored.

LEGAL RISKS

Legal risks in connection with acquisitions, divestments, product liability, warranties or employment law are comprehensively analysed by management and, where required, with external specialist consultants. H2APEX is thus in a position to adequately counter potential risks in a timely manner. Despite these measures, the outcome of current or future actions cannot be predicted with certainty.

H2APEX relies upon a combination of the intellectual property protections afforded by patent, copyright, trademark and trade secret laws in Germany, as well as contractual protections, to establish, maintain and enforce rights in H2APEX's proprietary technologies. Despite H2APEX's efforts to protect its proprietary rights, third parties may attempt to copy or otherwise obtain and use H2APEX's IP without its consent.

If H2APEX is not able to establish or adequately protect IP, in order to prevent infringements, it may have to file infringement claims. However, there can be no assurance that any such claims will be successful. Unauthorized use of IP may seriously harm H2APEX's business, damage its reputation and decrease the value of its property.

There can be no assurance that H2APEX's know-how and trade secrets will provide H2APEX with any competitive advantage, as the know-how and trade secrets may become known to or be independently developed by others, including H2APEX's competitors, regardless of measures taken to try to preserve the confidentiality.

H2APEX is subject to several regulations surrounding the security of supply and pricing of electricity as well as regulations relating to chemical and hazardous substances. In particular, regulation on the production, storage, distribution, and sale of green hydrogen and access to renewable energy sources to produce this hydrogen is currently evolving and H2APEX may face risks associated with changes to these regulations.

From time to time, H2APEX may be involved in legal, governmental or arbitration proceedings related to the ordinary course of business, including personal injury litigation, intellectual property litigation, contractual litigation, environmental litigation, or tax as well as other proceedings. Such disputes may be time-consuming and may entail significantly higher operating expenses by additional legal and other related costs.

H2APEX has a own legal department to avoid, mitigate and control legal risks, supported by external advisors.

TECHNOLOGY RISKS

H2APEX cannot guarantee that it will be able to develop commercially viable storage solutions for hydrogen and large-scale green hydrogen production facilities in the timetable anticipated, or at all. In its storage business, the Group has developed and designed a pressure tank which has not been put into serial production yet. In addition, the Group is currently developing a chemical storage solution. However, only a prototype exists so far and marketability has yet to be confirmed. The Group may not be able to develop the technology or achieve its commercialization.

In addition, before the Group releases any product to market, it needs to subject it to numerous field tests. These tests may encounter problems and delays for a number of reasons, many of which are beyond the Group's control. If these tests reveal technical defects or reveal that the Group's products do not meet performance goals, including reliability, the commercialization schedule could be delayed, and potential customers may refrain from purchase or use of the Group's systems and products.

Since the Group offers highly customized green hydrogen production plant solutions in the course of its project development business, the Group envisages the development of a mass market only in its storage business with regard to pressure tanks, which may never develop, or not within the expected timeframe. If a mass market fails to develop or develops more slowly than anticipated, the Group may be unable to recover the losses it will have incurred in the development of its hydrogen tanks and may never achieve profitability in this business area.

The Group's solutions for the supply of green hydrogen are modular, tech-agnostic and tailor-made to comply with complex customer requirements. Due to the complexity and novelty of the developed projects, the Group's concepts may contain miscalculations, misjudgments, design mistakes and other errors. Errors and defects may also occur during the integration phase. Once the electrolysis plant is fully operational, the Group may fail to properly maintain and service it, which may lead to defects. Furthermore, customers may claim contractual penalties or compensation for damages. The Group may be liable under product liability laws.

Controlling and mitigating technology risks is the main task of the developing department and after development mainly the task of quality ensurance.

CUSTOMER RISKS

H2APEX's business success depends to a large degree on, among other things, entering into customer contracts with large companies. H2APEX's negotiating power with new customers may be limited and, therefore, H2APEX may be unable to enter into customer contracts on favorable terms with appropriate prices.

In the project development business, the Group develops and offers highly customized solutions, which may not meet potential customers' demand.

Moreover, even if H2APEX enters into lucrative customer agreements, customers may not comply with payment terms resulting in payment default. Competitive pressure and challenging markets may increase credit risk through sales to financially weak customers, extended payment terms and sales into new and immature markets. H2APEX's internal policies, procedures and controls relating to customer credit risk management and outstanding customer receivables may prove to be insufficient or not be adjusted properly in line with the growth of the business. If H2APEX is unable to collect outstanding amounts payable, this may result in write-offs. Furthermore, capital reserves may turn out to be insufficient.

For mitigating customer risks sales department and legal department are working together to define possible risk factors. Payment default will be monitored by controlling and fiance department based on external ratings and other sources.

SUPPLIER RISKS

H2APEX's business activities depend significantly on a limited number of third-party suppliers for key components, such as electrolysers, including stacks, aggregates for water purification and components for the compression of hydrogen for filling or transportation purposes. Since the green hydrogen market is about to develop, only few suppliers exist worldwide. Its reliance on the few existing suppliers exposes H2APEX to volatility in the prices and availability of supply.

If any of H2APEX's suppliers cannot or do not meet their obligations under purchase orders or supply agreements, including due to production capacity limitations, supply chain bottlenecks, obligations to other customers or otherwise, or if supply chains are disrupted due to natural disasters or military conflicts, H2APEX may be unable to locate suitable alternative supply sources or channels, may be forced to pay higher prices to obtain the necessary components from other suppliers or via different logistic routes on short notice or change suppliers and logistic providers. Should H2APEX not be able to obtain the necessary components in time, non-performance by its suppliers may also result in contractual penalties of H2APEX, cancelation of projects or loss of reputation.

Moreover, cyber incidents or suppliers' financial difficulties or insolvencies may cause supply chain disruptions.

H2APEX controls the risk by staying in touch with the supplier to be informed about changes in the supply chain. Second source policy is implemented and will be practiced as much as possible.

PERSONNEL RISKS

H2APEX’s success depends to a certain extent on the continued service of its management and other key personnel, including employees with extensive know-how in hydrogen technology and related research and development (“R&D”) expertise as well as know-how in the development and design of green hydrogen plants. The loss of the services of one or more members of H2APEX’s management team or other key personnel could have an adverse effect on its business.

H2APEX’s success also depends on its continuing ability to attract, retain and develop highly qualified personnel, including scientists and engineers with the requisite technical background. Competition for such skilled personnel is intense. There can be no assurance that efforts to retain and motivate management and key employees or attract and retain other highly qualified personnel in the future will be successful, also in light of the Group’s operational being in Rostock-Laage, a town in a rural area in the northeast of Germany. If the Group is unable to attract and retain such personnel in the future, this may have a material adverse effect on its business, results of operations and prospects.

There is a process for hiring qualified people by using different approaches. Key employees are mainly searched with the support of external advisors. H2APEX is supporting employees as much as possible, who wants to work (partly) from home office or by using flexible working hours. A good team spirit in the Company is an additional advantage to retain the employees.

IT RISKS

The availability and efficiency of IT infrastructure and applications is crucial for the economic performance of H2APEX’s companies. IT risks consist of the possible failure of operational and administrative IT systems which could impair business transactions.

H2APEX’s IT systems are critical for its business and its planning and design processes. Moreover, IT systems facilitate its sourcing, enterprise resource management, controlling, finance, customer relations, and quality and order management, among other things. H2APEX may face significant challenges in maintaining the security and integrity of its systems, the security of third-party systems used in its business and the data stored on, or processed by, these systems.

In addition, a breach of H2APEX’s IT security protocols or cyber-attacks (phishing attack, intrusion into information systems, etc.) could lead to a personal data breach within the meaning of the applicable regulations or could lead to the theft of sensitive data, exposing H2APEX to the risk of administrative, criminal or financial sanctions, and a significant loss of confidence in the security of its information systems on the part of customers but also by suppliers and subcontractors. Unauthorized access by third parties, the misuse or unintended disclosure of confidential data by H2APEX’s employees to disclose sensitive information in order to gain access to sensitive data may result not only in the disclosure of business secrets, but also violate privacy provisions, and, thus, constitute administrative or criminal offences and subject H2APEX to damage claims and lead to administrative fines.

Keeping a strong IT environment and investing in IT security is one of the main targets to mitigate such risks.

FINANCIAL RISKS

a) Market risks (Interest, Currency, Price risk)

As part of the financing of its projects, H2APEX uses a leverage effect to limit its equity capital contribution.

If a project company, or its holding company, were to fail to meet its payment obligations under its financing agreements or fail to comply with certain minimum debt service coverage ratios, such default could render the project debt immediately due. In the absence of a waiver or a restructuring agreement on the part of the lenders, the lenders may be entitled to seize the assets or securities pledged as collateral (including H2APEX’s interest in the subsidiary that holds the facility).

H2APEX’s business and growth plan require significant financing and refinancing through the use of equity and external debt. In particular, H2APEX will have to invest significantly in connection with the awarded contracts. The ability to raise additional funds will depend on financial and economic conditions, as well as other factors, which may be beyond H2APEX’s control.

In the EU, and particularly in Germany, several projects support the decarbonization through green hydrogen. In Germany, for example, green hydrogen flagship projects are supported with a EUR 700 million funding volume, being the largest funding initiative ever provided by the German Federal Ministry of Education and Research (Source: BMBF, National Projects). On EU level, Important Projects of common European interest (“IPCEI“) are promoted, including several green hydrogen projects. In the context of the hydrogen hub “doing hydrogen”, an initiative which seeks to connect different hydrogen projects throughout Germany to form a hub linking production, transport, storage and consumption of hydrogen, the Group has applied for IPCEI funding in an amount of EUR 166 million. However, the Group may only partially be granted the amount of public funding applied for, if any. Instead, the Group’s competitors could benefit from public funding. This could adversely affect the Group’s competitive position, business, and prospects. In case the Group is granted public funding, such funding may be significantly delayed and, as a result, the Group may have to bear significant costs when they occur before receiving any public funds. Further, the granting of public funding may be conditional and require compliance with certain obligations, and it may also restrict The Group in the use of funds. In case the Group does not comply with such conditions, it may have to return granted fundings, in part or in whole.

In the past, APEX has received subsidies in the form of funding for personnel expenses for the development of a chemical hydrogen storage solution and has applied for further public funds. Applications are reviewed on a case-by-case basis by the authorities to determine the feasibility of the underlying project. Aids or grants are the subject of a contract between APEX and the public entity and are systematically subject to objective criteria, such as the relevance of the project throughout the contract concluded or compliance with certain elements of profitability. If APEX were to accept a refusal in its request for aid, this could also call into question the viability of a project and lead to its abandonment.

Moreover, existing public policies could be changed or even reversed, due to a law or a regulatory or administrative regulation which seeks to favor certain traditional sources of energy or alternative renewable energy sources or because of budget constraints entailing a reduction in public funds available for the implementation of such policies which support decarbonized solutions, including green hydrogen.

b) Credit risk

Credit risks exist regarding financial institutions and customers. The credit risk with respect to financial institutions predominantly arises from liquid funds. In order to minimize a possible risk of default, financial instruments are mainly entered into with counterparties with prime credit ratings.

The credit risk with respect to customers consists of granting terms of credit and the associated risk of default. Credit risk is managed on a group-wide basis. Credit risks arise from cash and cash equivalents, and deposits with banks and financial institutions. Credit exposures to customers, including outstanding receivables and committed transactions, are managed by the individual group companies. The monitoring of the credit risks is supported by an internal monthly reporting.

c) Liquidity risk

Cash requirements have so far been assured through tools such as shareholder loans, bank borrowing, capital increases, issuance of bonds and conditional grants and advances. With regard to short-term debt financing, H2APEX is exposed to the risk of changes in interest rates in the event of a renewed short-term financing, which could increase its financing cost and, under certain circumstances, lead to a reduction of its return on capital. It cannot be ruled out that credit institutions may in general limit their willingness to grant H2APEX such short-term financing due to several different developments.

Furthermore, equity raisings by H2APEX, such as the issue of new shares to shareholders and new investors may not be successful or feasible on favorable terms.

Lack of ability to obtain sufficient funding in the future could have a material adverse effect on H2APEX's growth opportunities, business and financial condition and could, in the future, result in insolvency or liquidation of H2APEX.

EVALUATION OF THE OVERALL RISK SITUATION

Risks that could threaten the continued existence of the Group are currently not present.

4.2.2 RISK MANAGEMENT SYSTEM

H2APEX manages company risks with a group-wide risk management system, which is an integral component of the business processes and a significant element of the decision-making in the Company. This allows timely identification of potential risks arising in connection with business activities, as well as risk monitoring and limitation using suitable control measures. At the same time, the risk management system serves as a tool to help seize opportunities in the best possible manner in terms of the Group strategy. The risks relevant can be divided into external, i.e. market and sector-specific risks, as well as internal risks. The latter include strategic, financial, operational and company-related risks. The risks defined are documented in the regular reporting of the Companies. If relevant, adhoc reporting is defined and specific measures will be implemented. Additionally, defining investment opportunities and selecting the possible investments is controlled and monitored in detail, too.

H2APEX's core objective is the capital management to safeguard the ability to continue to perform its core activities of the development of end to end customized green hydrogen and power solutions, maintaining a solvent, reasonable and optimal capital structure, reducing the cost of capital and also ensuring the sustainability of its activities in the long term, providing returns to shareholders and benefiting the remaining interest groups with which H2APEX interacts. H2APEX is in a growth phase and is building up the business. This is financed by collecting equity and borrowed capital. The Company is managed according to liquidity aspects.

Adaptation of the systems to H2APEX's risk profile is managed individually by specifically analyzing each of the risks and their conditioning factors and taking into consideration their nature, origin, possibility and probability of occurrence and the significance of their impact. Management measures (such as hedges, mitigation, opportunity, etc.)

that are viable for each risk are also considered. Controls are based on the approval of management policies and include mechanisms to set and control operational limits, as well as authorization and supervision processes, together with operational procedures.

4.3 REPORT ON OPPORTUNITIES

FIRST MOVER ADVANTAGE BASED ON HYDROGEN INDUSTRIAL PARK IN ROSTOCK-LAAGE

In contrast to many other hydrogen companies, the Group has more than 20 years of experience in the renewables energy market and has specifically concentrated on the hydrogen market for several years. Its own grid-connected hydrogen power plant, which was inaugurated in 2020 and became fully operational (in test mode) in May 2021 is one of the first fully integrated and sector-coupled green hydrogen production facilities in an MW scale in Germany (and Europe). The Group's management believes that this track record of being a first mover in the hydrogen space has, to a certain degree, set the Group apart from most of its competitors, as the gathered experience and operational data collected has created a unique selling proposition and provides credibility that the Group has the capabilities to successfully complete projects in a nascent market.

ATTRACTIVE GROWTH MARKET UNDERPINNED BY SOLID FUNDAMENTALS

With green hydrogen demand expected to reach a market share of 20% by 2030 (Source: McKinsey & Hydrogen Council, Hydrogen for Net-Zero), the Group is active in an attractive growth market. While grey hydrogen had a share in the overall hydrogen production of 98% in 2020 (Source: Alpha report), it is bound to be phased out in the next decades due to several trends and activities. Governmental decarbonization efforts result in increasingly stringent regulations, such as emission trading schemes or the carbon border adjustment mechanism, an EU mechanism for payments on imports of carbon-intensive products. Aiming in the same direction, public support schemes bolster the development of green hydrogen deployment through funding, e.g., the IPCEI on hydrogen, which was initiated in December 2020, or REPowerEU, a set of measures proposed by the EU Commission to reduce energy consumption, generate renewable energy and diversify European energy production. Such support schemes do not only exist in the EU, but also in the US and China. The anticipation of funding has led to strong recent growth in the hydrogen market, in particular regarding capacity announcements, the maturing of hydrogen projects and the deployment of electrolyzers. (Source: McKinsey & Hydrogen Council, Hydrogen Insights)

In addition to the megatrend relating to decarbonization and the increased use of renewable energy sources, the decline of electrolyzer costs will also foster the market growth in the green hydrogen market. Electrolyzers are a key component for the production of green hydrogen and the costs of electrolyzers are a major expense item. Scaling and automation of electrolyzer production is expected to result in a significant decline of electrolyzer costs even though there might be shortages of electrolyzers in the mid-term.

The hydrogen market itself is also developing positively due to new hydrogen-related technologies and applications. The market is still very dynamic, especially with regard to the storage and transport segment. With regards to applications, the green hydrogen market is currently primarily focused on the chemicals, ammonia and refining industry (Source: IEA, Global Hydrogen Review), which are also focus segments of APEX. However, other end-use segments are entering the green hydrogen market, such as the power segment (regarding mid- and long-term storage), road mobility and export (requiring reliable transport solutions) (Source: Alpha report). While it remains to be seen how likely a shift to green hydrogen for these segments will be, a diversification could be an opportunity, in particular for small and mid-sized project developers.

ADVANTAGEOUS LOCATION AND GEOGRAPHIC FOCUS TO CAPTURE GROWTH

The Group's operational headquarters and its industrial park are located in Rostock-Laage in the north of Germany at the Baltic Sea coastline. Due to the access to the Baltic Sea and the high capacities regarding onshore and offshore wind energy generation, this region offers multiple sources for the production of green energy. The federal state Mecklenburg-Western Pomerania, to which Rostock belongs, is one of the pioneers with its green energy and green hydrogen strategy, providing financial support for research institutions and companies. In addition to green energy, water is the base material for the production of green hydrogen and is readily available in high quality both at the Group's operational headquarters and at the locations where the Group is doing business. As the Group will continue to focus on the EU for its operations in the mid-term, there is a very low risk that high-quality water will become scarce in the geographies where the Group currently is and intends to be present in the mid-term. Moreover, while sea water is not yet used for electrolysis purposes, first pilot lines exist for the use of sea water in hydrogen production, so the close proximity of the Group's location to the Baltic Sea is also a long-term advantage, in particular as desalination costs are expected to have a low impact on overall hydrogen production costs (Source: Hydrogen Council, Sufficiency, sustainability, and circularity of critical materials for clean hydrogen).

The Rostock region is also a node for gas pipelines. For example, the Nordstream twin pipeline system ends in Lubmin, which is just 130 km away from Rostock and where the Group is currently in the draft planning stage for an own grid injection plant with an electrolysis capacity of up to 600 MW. The existing pipelines, which are currently used for the transport of natural gas, can be retrofitted for the transport of hydrogen, so that the Group can rely on an existing infrastructure and an economically viable solution also for long-distance transmission. There are already several projects for the conversion of existing hydrogen pipelines, which are in different development stages, with the first retrofitted pipelines expected to be available for hydrogen transport from 2027 on. One of these projects is "Flow – making hydrogen happen", which intends to create a north-south transport route for green hydrogen from Lubmin to Stuttgart, thereby connecting large areas in Eastern Germany, including the Halle/Leipzig chemical triangle as well as the Rhine-Main and the Rhine-Neckar region. With its expected feed-in capacity of up to 20 GW, such pipelines are designed to create additional supply security, especially for consumers with large hydrogen requirements.

5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM RELEVANT FOR THE CONSOLIDATED FINANCIAL REPORTING PROCESS

The internal control system (ICS) is an integral part of the H2APEX Group's corporate risk management system. The internal control system refers to the principles, regulations and procedures introduced by management and aimed at the organizational implementation of management decisions. What must be ensured is the protection of assets from loss, misuse and damage, the achievement of organizational goals, the ensuring of proper, economical, efficient and effective processes, the reliability of operational information, in particular the reliability of accounting, and compliance with laws and regulations including accounting standards.

The ICS has both a preventive and an audit function and supports the flow of company processes. The ICS is implemented through work instructions as well as through the establishment of processes and controls. These processes can be manual, IT-supported or completely IT-led. When introducing and implementing the ICS, the cost/benefit effect must be taken into account; risk and control must be in balance. The following principles generally apply: transparency, the “four-eyes principle”, separation of functions and minimum information. The management of all group companies is obliged to comply with these requirements and to align the relevant internal processes accordingly. Internal and external audits document compliance and violations and evaluate potential for improvement.

The reporting, management and controlling of risks are structured hierarchically. The Finance department implements the requirements of the accounting process. Risks of errors in accounting are largely eliminated or minimized through the following processes:

- Uniform IFRS accounting guidelines, supported by standardized reporting forms or files that are mandatory when collecting data and consolidating them. Consolidation software is used significantly here.

- The authorization concept for the central accounting systems is uniformly regulated. Access to the systems and the competence regulations are limited.

- Group reports are reviewed within the Finance department and additionally by other internal and external persons before they come to attention of the management board or supervisory board for second level review.

- Expert external persons are consulted for complex issues such as option programs, purchase price allocations or other accounting issues.

The ICS is still under development at H2APEX, as growing business and higher complexity of the business increase the need for an efficient ICS and the demands on the ICS. H2APEX strives to continue to implement standardized processes and specifications, which are largely IT-based or at least IT-supported.

6. SUSTAINABILITY

In the journey for a sustainable tomorrow, the world's energy landscape is undergoing a profound transformation. At the forefront of this evolution in Germany stands H2APEX, a visionary leader in the sector of hydrogen.
Sustainability isn't merely a buzzword for us; it is the cornerstone of our existence. We recognize the pressing need to transition to a low carbon economy to mitigate the environmental challenges facing our planet. Hydrogen, with its unparalleled potential as a clean energy carrier, emerges as a beacon of hope in this transition. However, harnessing the power of hydrogen must be accompanied by a steadfast dedication to sustainability at every step of the journey.
As we embark on the path towards a hydrogen-powered future, we invite you to join us in our pursuit of sustainability excellence. Together, let us chart a course towards a cleaner, brighter tomorrow, where the promise of hydrogen fuels not only our energy needs but also nurtures the vitality of our planet and its inhabitants.

SUSTAINABILITY THROUGH GOVERNANCE: THE INCEPTION OF ESG & COMPLIANCE MANAGEMENT

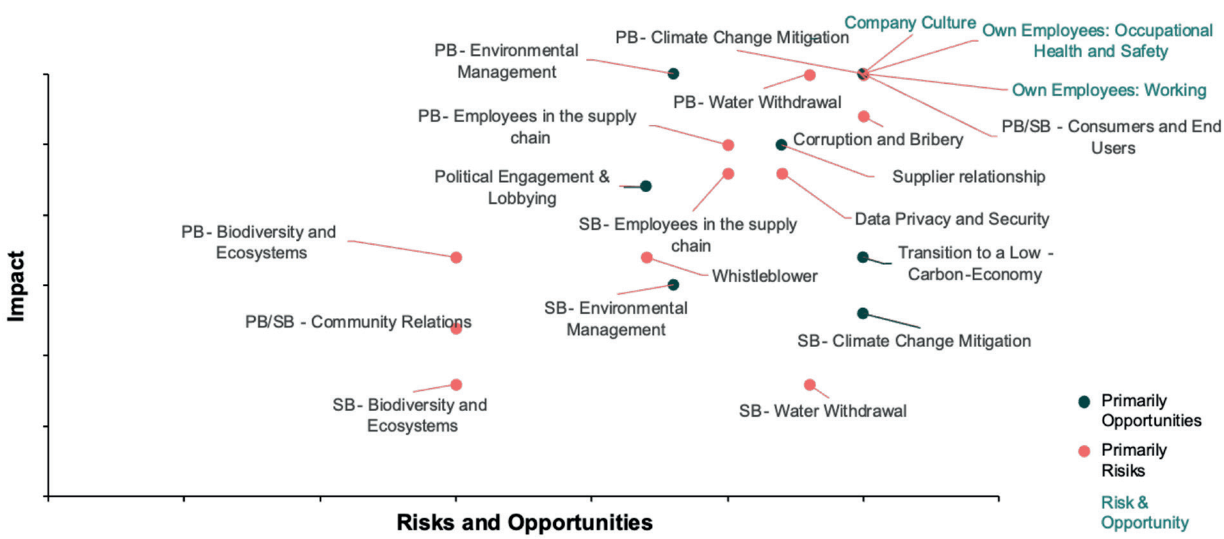
In the pursuit of embedding sustainability and ethical governance into the core of our operations, the past year marked a significant milestone for our organization. In September 2023 we established the position of ESG & Compliance Manager, a role specifically designed to navigate the complex terrain of environmental, social, and governance (ESG) issues. This strategic decision underscores our commitment to not only adhere to the legal frameworks governing stock exchange listings but also to exceed the expectations of our stakeholders, particularly our customers, who hold us to the highest standards of ethical conduct.
Reporting directly to the Chief Financial Officer (CFO), the ESG & Compliance Manager is tasked with the role of integrating a state-of-the-art sustainability and compliance management system. This system is not a response to regulatory demands; it reflects our culture of transparency, accountability, and ethical business practices.
A cornerstone achievement in this journey was the communication of the Group-wide Code of Conduct in October 2023. This document guides our employees in making decisions that align with our ethical, social, and environmental values. Complementing this, the introduction and communication of the whistleblower system in October 2023 represents our commitment to transparency and integrity. Since its inception, no significant incidents were reported, reinforcing the trust and confidence placed in us by our employees and stakeholders.
Looking ahead, we are dedicated to further strengthening our foundation of ethical excellence. A comprehensive compliance training program is set to be rolled out in early 2024, covering critical areas such as anti-corruption, antitrust law, conflict of interest, and information security. This initiative reflects our holistic approach to ESG and compliance, ensuring that all employees are not only informed but empowered to uphold our standards of integrity.

TURNING DNA INTO ACTIONS: THE ROAD TO OUR ESG STRATEGY

In 2023, we embarked on our sustainability journey, translating our deeply ingrained commitment to sustainability into tangible actions. Our first pivotal step involved crafting a materiality matrix, a comprehensive process that involved identifying, assessing, and prioritizing the most pressing environmental, social, and governance (ESG) issues pertinent to our operations. This endeavour was characterized by a collaborative effort, engaging both internal and external stakeholders to ensure a holistic perspective.

Adhering to the emerging Corporate Sustainability Reporting Directive (CSRD), we adopted a double materiality approach, meticulously examining risks, opportunities, and impacts. Our inclusive approach extended beyond mere consultation, as we actively involved our management team and department leaders in the discussions. This dual engagement strategy ensured that our analysis benefited from both top-down strategic insights and bottom-up operational perspectives. Through this concerted effort, we laid the groundwork for informed decision-making and strategic alignment as we charted our course towards a more sustainable future.

Materiality Matrix



With our sustainability strategy firmly grounded in three key pillars—environmental responsibility, being an engaged employer, and being a trustworthy business partner—we have formulated strategic goals that will serve as guiding lights for our sustainability program in the years ahead.

- Environmental Responsibility: Our commitment to environmental stewardship drives us to minimize our ecological footprint and maximize our positive impact on the planet.
- Being an engaged employer: We recognize that our employees are our most valuable asset, and fostering an inclusive, supportive, and empowering work environment is paramount to our success.
- Being a trustworthy partner: As a responsible corporate citizen, we are committed to upholding the highest standards of integrity, transparency, and ethical conduct in all our dealings.

Environment

Material Topic	Strategic Goal*
Climate Change Mitigation (incl. Energy)	Developing a climate strategy to reach net-zero emissions
Water Withdrawal	Implementation of resource-efficient concepts group wide
Environmental Management	Development and implementation of an effective environmental strategy
Biodiversity and Ecosystems	Reducing the effects of company activities on biodiversity, through sustainable company practices

Social

Material Topic	Strategic Goal*
Own Employees: Working	High employee satisfaction and long-term engagement
Own Employees: Occupational Health and Safety	Decreasing occupational health and safety risks
Employees in the supply chain	Development of a Supply-Chain-Compliance-Management-System
Community Relations	Open and transparent communication with impacted communities
Consumers and End Users	Achieving and maintaining of high customer satisfaction

Governance

Material Topic	Strategic Goal*
Company Culture	Positive and supportive corporate culture
Corruption and Bribery	Zero-Tolerance towards bribery and corruption
Whistleblower	Guarantee, protect and support whistleblowers
Political Engagement and Lobbying	Active participation in committees and associations
Supplier relationships	Fostering long-term supplier relationships
Data Privacy and Security	Developing a data protection and information security system
Transition to a Low-Carbon-Economy	Promote and support the transition to a Low-Carbon-Economy

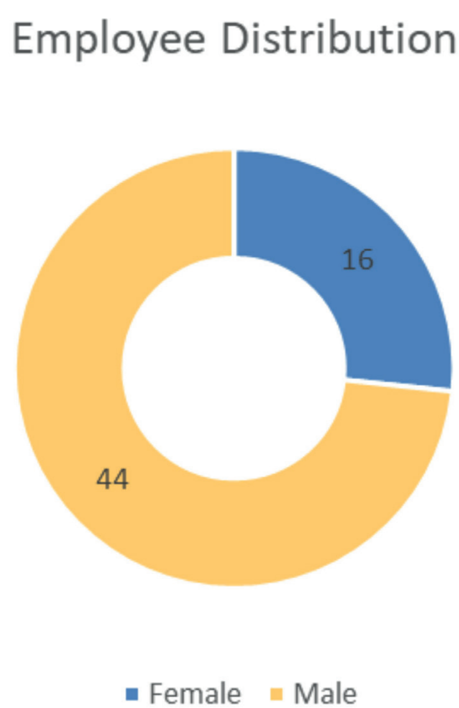
By aligning our sustainability strategy with these three pillars and setting clear, actionable goals within each, we are poised to make meaningful progress towards a more sustainable and responsible future, while simultaneously driving value for our company and stakeholders.

ENVIRONMENTAL RESPONSIBILITY: THE PATH TO A GREEN FUTURE

In the realm of environmental stewardship, our commitment to a sustainable future expands to every aspect of our operations. As a company that produces green hydrogen, we rely 100% on electricity coming from renewable sources. In 2023 our total energy consumption at our headquarter location in Laage, Germany was 0,88897 GWh for both production and office consumption.
Through our Apex Solarpark, located also in Laage, we achieved the generation of 1,511 GWh in 2023. This output not only satisfied our internal energy needs but also enabled us to distribute surplus energy to our clients or back to the grid, contributing to a more sustainable and resilient energy ecosystem. Furthermore in 2023, we used 87128,70 m3 of natural gas for heating purposes. In the upcoming year, we are looking at enhancing our environmental management protocols by embarking on the implementation of a comprehensive system aligned with ISO 14001 standards. Concurrently, we are formulating our climate strategy, which includes a meticulous assessment of our scope 1, 2, and 3 emissions, reaffirming our steadfast commitment to mitigating our environmental footprint and advancing sustainability practices.

BEING AN ENGAGED EMPLOYER AND A TRUSTWORTHY PARTNER FOR OUR SUPPLIERS

Our employees play a pivotal role not only in developing our business but also in advancing our sustainability agenda. By fostering a workplace culture that prioritizes employee well-being, professional development, and inclusivity, we demonstrate our dedication to nurturing a workforce that is not only passionate about our mission but also empowered to drive positive change within our organization and beyond.
As a company experiencing rapid growth and set to continue on this trajectory in the coming years, we acknowledge the dual dynamics of significant workforce expansion and a notable fluctuation rate. In response to these evolving dynamics, we have chosen to report on average metrics rather than absolute numbers, providing a more accurate reflection of our workforce trends amidst our growth journey. Additionally, we remain committed to understanding and addressing the factors contributing to our fluctuation rate, ensuring a stable and engaged workforce that drives our collective success. Based on comprehensive feedback gathered through our 2023 employee survey, we are pleased to report an engagement score of 72%, a result that validates our organizational efforts to being an engaged employer.
In the year 2023, our organization employed an average of 60 individuals, a testament to our dedication to growth and productivity. 16 of these were female employees, highlighting our proactive efforts to foster gender diversity and inclusion within an industry historically challenged in attracting and retaining female talent. Furthermore, we have seen 12 departures in the last year.

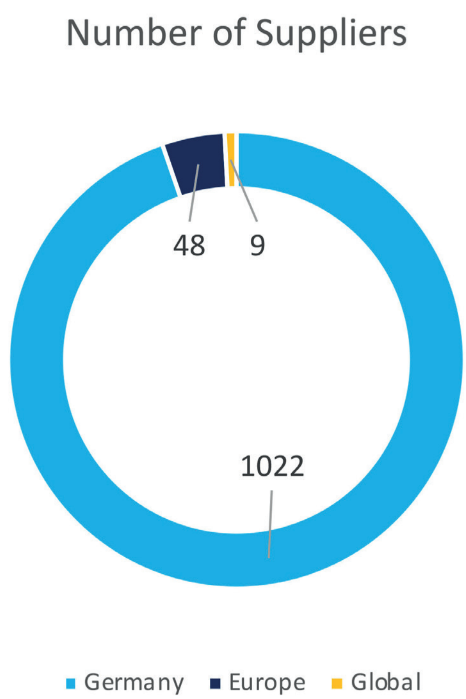


Occupational health and safety of our employees holds great importance within our organization, as such, we carefully monitor key performance indicators related to occupational health and safety, recognizing their pivotal role in safeguarding our employees and maintaining a secure work environment. In 2023, we had 2 reported injuries that resulted in a lost time injury rate of 17,1 (calculated on 1 mil working hours) and 3 absentee days.

In the upcoming year, we're focusing on strengthening our employee program by prioritizing development opportunities and enhancing our employer brand. In parallel we implemented an Occupational Health and Safety Management System aligned with ISO 45001 standards to ensure the well-being of our workforce and gained certification in October 2023.

DEEPENING SUPPLY CHAIN INTEGRITY

A significant focus for our future sustainability endeavors will be the establishment of a robust supply chain compliance management system. In a voluntary commitment to the principles of the German Supply Chain Act, we recognize the importance of ensuring that our supply chain operations reflect our values and standards. This commitment will materialize through the introduction of various measures designed to foster transparency, accountability, and ethical practices among our suppliers. Initiatives such as the Supplier Code of Conduct, supplier self-assessments, and compliance audits will be instrumental in this process. Our approach will be risk-based, concentrating on strategically relevant suppliers to maximize impact and efficiency.



GOVERNANCE: STRENGTHENING ETHICAL FOUNDATIONS AND COMPLIANCE

In the domain of governance, our commitment to establishing and maintaining the highest standards of ethical conduct and compliance has been unwavering. This dedication is reflected in the significant strides we have made in reinforcing our governance frameworks, particularly through the implementation of our compliance management system, a robust whistleblower system and comprehensive compliance training for all employees. The implementation of our whistleblower system marks a significant step forward in enhancing our governance structure. While the absence of reported compliance incidents since its inception could be seen in various lights, it's essential to focus on the system's role in cultivating a secure and transparent environment for raising concerns. This initiative reflects our dedication to fostering an organizational culture where integrity and ethical business conduct are paramount, and

every employee feels supported and empowered to voice concerns without fear of reprisal. Our emphasis is on the system's accessibility and the robustness of the processes in place for addressing and investigating concerns, demonstrating our unwavering commitment to ethical standards and accountability.
Understanding the importance of not just establishing but also ingraining ethical practices in our daily operations, we have rolled out mandatory compliance training for all employees. This training encompasses critical topics such as anti-corruption, bribery, antitrust law, data privacy, and information security. By covering these areas, we aim to equip our workforce with the knowledge and tools they need to navigate complex legal and ethical landscapes, thereby ensuring that our business practices not only comply with legal requirements but also exceed them.

OUTLOOK

FUTURE DIRECTIONS IN SUSTAINABILITY: AN INTEGRATED ESG OUTLOOK

As we look to the future, our commitment to sustainability and responsible business practices remains steadfast. Our approach is both proactive and comprehensive, ensuring that we not only meet but exceed the expectations set forth by our stakeholders and regulatory frameworks. In line with this commitment, the forthcoming period will publish several key ESG policies that will further solidify our dedication to environmental stewardship, employee well-being, and ethical conduct. These policies will encompass critical areas such as environmental protection, health and safety, diversity and inclusion, and the management of hazardous substances.

IMPLEMENTING A COMPREHENSIVE ESG STRATEGY

The implementation of our ESG strategy represents a cornerstone of our future sustainability efforts. Central to this strategy is the development and execution of a climate strategy that aligns with global efforts to combat climate change. Moreover, we are dedicated to enhancing our corporate culture and operational environment through a far-reaching employee program. This program will introduce 25 individual measures aimed at improving working conditions, fostering employee development, and positively influencing our corporate culture.

ADVANCING INFORMATION SECURITY AND DATA PROTECTION

Recognizing the evolving landscape of risks and challenges, particularly in projects related to critical infrastructure, the further development of our systems in terms of information security and data protection will be a priority. We are acutely aware of the increased risks and are committed to implementing rigorous measures to safeguard our data and information systems. This commitment not only reflects our dedication to operational excellence but also our responsibility towards our stakeholders and the communities we serve.

LOOKING AHEAD WITH RESPONSIBILITY AND INNOVATION

As we move forward, our sustainability journey will be characterized by a continuous commitment to innovation, responsibility, and ethical business practices. Our proactive approach to ESG, from enhancing supply chain integrity to implementing strategic sustainability initiatives, will drive our efforts to create lasting value for our stakeholders and contribute positively to the global community.

7. CORPORATE GOVERNANCE STATEMENT

The Company recognizes the importance of corporate governance. The corporate governance rules of the company are based on Luxembourg law (the "Law") and its articles of association (the "Articles").

Electronic copies of the Articles can be downloaded from the website of H2APEX Group SCA:

https://ir.h2apex.com/fileadmin/downloads/ir/corp_govern/2024-01-18_H2APEX_Group_SCA_Koordinierte_Satzung.pdf

The main characteristics of H2APEX's internal control and risk management systems, as far as the establishment of financial information is concerned, can be found under section 5 of this report.

THE SUPERVISORY BOARD AND THE GENERAL PARTNER

The Supervisory Board is responsible for the supervision of all transactions of the Company and assumes the function of the audit committee of H2APEX. In particular, the Supervisory Board is to provide opinions on any matters which the General Partner may submit to it and to resolve matters exceeding the scope of the General Partner's powers, such as related party transactions. The members of the Supervisory Board are Roland Lienau (Chairman), Jan Klopp and Georges Bock. The management of the business as such is ensured by the General Partner.

The role of H2APEX Management S.à r.l. as General Partner is to manage the Company whereby, subject to applicable laws and the Articles, the General Partner is vested with the broadest power to act in the name of the Company and to take any action necessary or useful to fulfil the Company's corporate purpose.

The authority and the responsibilities of the Supervisory Board and the General Partner are further set out in the Articles. The Company has no diversity policy in place. The company currently does not have a diversity policy in place. It operates in an environment that is highly concentrated in terms of experts in the hydrogen area, i.e., there is only a small number of specialists who might be engaged for the company's business purposes. However, the company is actively seeking to diversify its workforce in the future, contingent upon suitable candidates being available.

The Supervisory Board is composed by the following members:

- Roland Lienau (Chairman)
- Georges Bock
- Florian Schuhbauer
- Thomas Terschluse
- Prof. Dr. Matthias Beller
- Prof. Dr. Heinz Jörg Fuhrmann (since January 2024)

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has appointed an Audit Committee, which is responsible for oversight of the financial reporting process and audit matters, selection of the independent auditor, and receipt of audit results both internal and external. The Audit Committee is chaired by Georges Bock.

AUDITOR

BDO Audit, Société Anonyme, Luxembourg, represented by lead auditor Anke Schelling, has been the statutory and group auditor of H2APEX Group SCA and the H2APEX Group, respectively, since the financial year 2022. The auditor is elected by the annual general meeting of the shareholders of the Company for the term of office of one year.

8. LUXEMBOURG LAW ON TAKEOVER BIDS

The following disclosures are made in accordance with article 11 of the Luxembourg Law of 19 May 2006 on takeover bids, as amended (the "Takeover Law"):

SHARES AND STRUCTURE OF SHARE CAPITAL

The Company's issued share capital as of 31 December 2023 was set at EUR 311,960.18 and represented by 20,073,696 voting shares including one unlimited share kept by H2APEX Management S.à r.l. As of 19 January 2023, following a share capital increase, the share capital has been increased by EUR 252,424.73 to EUR 564,384.91 and is accordingly represented by 36,359,163 voting shares and one registered unlimited share (the "Unlimited Share") held by the General Partner, with the Unlimited Share having a veto right in case of shareholder resolutions affecting the interest of the Company vis-à-vis third parties or on the amendment of the Articles. The Ordinary Shares are freely transferable and admitted to trading on the regulated market of the Frankfurt Stock Exchange within the "Prime Standard" segment, whereas the Unlimited Share is a registered share, and cannot be freely traded, requiring, for the transfer and resulting replacement of the General Partner, a majority of 85% of the votes validly cast at a general meeting convened for such purpose.

The Company is a partnership limited by shares (société en commandite par actions (SCA)). The general partner of the SCA is H2APEX Management S.à r.l., a limited liability company under the laws of Luxembourg (société à responsabilité limitée (S.à r.l.)), the shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each).

A copy of the Articles can be accessed at https://ir.h2apex.com/fileadmin/downloads/ir/corp_govern/2024-01-18_H2APEX_Group_SCA_Koordinierte_Satzung.pdf

RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each Share entitles the holder thereof to one vote, with the Unlimited Share having a veto right with respect to decisions regarding the interests of the Company vis-à-vis third parties and with respect to changes to the Articles. All Shares carry equal rights as provided for by Law and as set forth in the Articles, including rights to receive dividends (if declared) or liquidation proceeds.

RESTRICTIONS ON VOTING RIGHTS

The Unlimited Share has a veto right in the general meeting with respect to resolutions regarding the interest of the Company vis-à-vis third parties, and amendments of the Articles.

The Articles do not provide for any voting restrictions. Shareholders' votes are exercisable by the persons who are shareholders on the record date as further set out in article 12 of the Articles, and proxies must be received by the Company a certain time before the date of the relevant shareholder meeting, as set out in article 11.8 of the Articles. In accordance with the provisions of the Articles, the General Partner may determine any such other conditions to be fulfilled by the shareholders willing to take part in any meeting of shareholders of the Company in person or by proxy.

The Company recognizes only one holder per Share. In case a Share is owned by several persons, they must designate a single person to be considered as the sole owner of such Share in relation to the Company. The Company is entitled to suspend the exercise of all rights attached to a Share held by several owners until one owner has been designated.

In accordance with article 28 of the Transparency Law the exercise of voting rights related to the Shares exceeding the fraction that should have been notified under the respective provisions as set out above is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the relevant notification.

SPECIAL CONTROL RIGHTS

The Unlimited Share is held by the General Partner, who is vested with the broadest power to act in the name of the Company and to take any action necessary or useful to fulfil the Company’s corporate purpose, with the exception of the powers reserved by Law or by the Articles to the general meeting of shareholders.

The following actions and transactions in relation to the Company’s daily management require an express decision of the General Partner:

(i) any listing or public transactions in relation to the Company or its affiliates; and
(ii) any material change to the business or activities of the Company or its affiliates, including entering into material new lines of business, discontinuing of a material activity or adopting any material change in strategic direction.

The general meeting of shareholders may only adopt or ratify acts affecting the interests of the Company vis-à-vis third parties or amend the Articles with the consent of the General Partner.

There are no special control rights attached to the Ordinary Shares.

SHARE TRANSFER RESTRICTIONS

The Ordinary Shares of the Company are freely transferable, subject to the provisions of the Law and the Articles. The Unlimited Share is only transferable to a new unlimited shareholder liable for all liabilities of the Company which cannot be met out of the assets of the Company. All rights and obligations attached to any Share are passed to any transferee thereof.

The transfer of the registered Unlimited Shares becomes effective towards the Company and third parties either (i) through a declaration of transfer recorded in the register of shares, signed and dated by the transferor and the transferee or their representatives, or (ii) upon notification of a transfer to, or upon the acceptance of the transfer by the Company, both being subject to the aforementioned approval of 85% of the votes validly cast at the general meeting convened for such purpose.

AUTHORISATIONS REGARDING OPERATIONS ON SHARES

On 16 May 2019, the general meeting of the shareholders of the Company (at the time in the form of an SE) has granted (at the time) the board of directors, the authorisation to repurchase a maximum of shares issued by the Company not exceeding 10% of the total number of shares composing the issued share capital at the time of the acquisition in accordance with the conditions set forth in article 430-15 of the law of 10 August 1915 on commercial companies, as amended, for a purchase price to range between the nominal value per share and ten percent (10%) above the average listing price per share during the calendar month preceding the relevant buy-back transactions, with such authorization remaining in place for 5 years.

Under the authorised share capital, which has been approved by the extraordinary shareholder meeting on 29 June 2022 pursuant to article 5.4

of the Articles of Association of the Company, the General Partner is authorised to issue ordinary shares to persons and terms as they shall see fit and specificalls to proceed to such issue without reserving a preferential right to subscribe to the shares issued for the existing shareholders.

CONTRACTUAL TRANSFER RESTRICTIONS

Other than the restrictions set out in the Articles as aforementioned, H2APEX Group SCA is not aware of any factors, including agreements between shareholders, which may result in restrictions on the transfer of Shares or voting rights attached thereto.

SIGNIFICANT SHAREHOLDINGS

At 31 December 2023, the following shareholders kept 5% at least of the Shares:

Active Ownership Fund SICAV-SIFSCA	33,63%
APEXAFO GmbH & Co. KG	21,50%
Eundurance GmbH & Co. KG	8,21%

The direct and indirect ownership of the Company and, as the case may be, the control over voting rights attaching to the Ordinary Shares, in each case, to the extent it is of at least 5%, is available at https://ir.h2apex.com/en/voting-meetings/notification-of-voting-rights under "Voting & Meetings". "Notifications of Voting Rights" and is updated regularly. The information made available by the Company in that respect is solely based on information provided to the Company by its shareholders for the purpose of Articles 8, 9, 12 and 12bis of the Luxembourg Law of 11 January 2008 on transparency requirements for issuers, as amended.

CONTRACTUAL TRANSFER RESTRICTIONS

On the Annual General Meeting on 2 May 2023 the shareholders approved a Stock Option Program amounting to 3,640,000 shares of the Company, with each Stock Option corresponding to one share.

As of 31 December 2023, 2,200,000 of Stock Options have been already granted as follows:

- 1,000,000 Stock Options have been granted to the Chairman of the Supervisory Board.

As consideration for Roland Lienau’s (Chairman of the Supervisory Board) contribution to the business combination between the Company and the German APEX Group (in particular, the deal sourcing, relationship management, support of the key negotiations and your laborious assistance throughout the entire M&A process), 660,000 Stock Options have been granted to Lien HoldCo (related party to Roland Lienau). The Exercise Price for each of these Options shall be EUR 5.50. These Stock Options are fully vested as of the acceptance and must be exercised until 31 December 2027 ("Expiry Date").

In addition, as consideration for Roland Lienau’s continuing to hold the office of chairman of the supervisory board, 340,000 Stock Options have been granted to Lien HoldCo, too. The Exercise Price for each of these Options shall be EUR 5.50. These Options shall be considered fully vested on 31 December 2025 (accelerated vesting) and cannot be exercised before 15 July 2024.

- 1,200,000 Stock Options have been granted to key employees. The Exercise Price for each of these Options shall be EUR 5.50. These Options shall be considered vested over a four-year period (1/16 for each full quarter).

APPOINTMENT AND REMOVAL OF THE GENERAL PARTNER AND SUPERVISORY BOARD MEMBERS, AMENDMENTS TO THE ARTICLES

The General Partner may be removed as general partner at any time by a decision of the general meeting of shareholders approved by a majority of at least eighty-five percent (85%) of the votes validly cast at such general meeting. The sole General Partner may only be removed if a replacement general partner is appointed at the same time.

The appointment and replacement of the members of the Supervisory Board are governed by Law and article 19 of the Articles. The Supervisory Board is composed of a minimum of 3 members which are appointed by the general meeting of shareholders, with one member being selected from a list of candidates proposed by Active Ownership Investments Limited. The members may be removed at any time, with or without cause, by decision of the general meeting of shareholders at a majority of two thirds of the votes validly cast at such meeting.
The Articles are amended in accordance with the Law and article 14 of the Articles, i.e. the amendment requires a majority of at least two-thirds of the votes validly cast at a general meeting where at least half of the share capital present or represented plus the affirmative vote of the General Partner. In case the quorum is not met, a second meeting may be convened in accordance with the Law, which may deliberate regardless of the proportion of the capital represented and at which resolutions are taken at a majority of at least two-thirds of the votes validly cast plus the affirmative vote of the General Partner.

POWERS OF THE SUPERVISORY BOARD

The Supervisory Board may be consulted by the General Partner of the Company on such matters as the General Partner may determine and may authorise any action that may, pursuant to Law or regulation or under article 19 of the Articles, exceed the powers of the General Partner. In particular, the Supervisory Board has to sign off on any decision of the General Partner regarding any transaction between the General Partner and the Company, or between the Company and an affiliate of the
General Partner (for the avoidance of doubt, excluding the Company and its subsidiaries) before the General Partner itself brings such matter to the vote.

EFFECT OF A TAKEOVER BID ON SIGNIFICANT AGREEMENTS

The Company is not party to any significant agreements which terminate upon a change of control of the Company following a takeover bid. No other significant agreements are known which take effect, alter or terminate in that case.

The Group follows the Frankfurt Stock exchange and insider trading policy in regard to the disclosure of insider dealing, which require all Board Members to notify the Company with regards to all transaction in the shares in the Company. Following the rules of the notrificaiton, the Company notifes both stock exchanges via appropriate regulatory filing.

AGREEMENTS WITH DIRECTORS AND EMPLOYEES PROVIDING COMPENSATION

No agreements exist between H2APEX Group SCA and the members of its Supervisory Board or its employees that provide for compensation if the members of the Supervisory Board or employees resign or are made redundant without valid reason, or if their employment ceases due to a takeover bid for the Company. The remuneration policy for the Management Board and the Supervisory Board does not include such compensation, too.

RESPONSIBILITY STATEMENT

In accordance with article 3(2) c) of the Transparency Law the undersigned declares that, to the best of his knowledge, the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the undertakings included in the consolidation taken as a whole. The undersigned further declares that, to the best of his knowledge, the Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

Grevenmacher, 29 April 2024

H2APEX Management S.à r.l. in its capacity as General Partner

Klaus Röhrig, Jan Klopp

On behalf of the Board of Managers of H2APEX Management S.à r.l.

H2APEX Group SCA

FORWARD-LOOKING STATEMENTS

This Annual Report contains statements that refer to the future. Forward-looking statements are generally characterized by terms such as "could", "will", "should", "potential", "intend", "expect", "seek", "attempt", "predict", "estimate", "overestimate", "underestimate", "believe", "may", "forecast", "continue", "plan", "project" or similar terms and formulations. Forward-looking statements are based on certain assumptions, outline future expectations, describe future plans and strategies, contain predictions on the earnings and financial position or express other forward-looking information. The possibilities of predicting results or the actual effects of forward-looking plans and strategies are limited. Even though the company assumes that the expectations expressed by these forward-looking statements are based on appropriate assumptions, the actual results and developments may deviate significantly from the information presented in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties and depend on other factors, based on which the actual results in future periods may deviate significantly from the forecast results or communicated expectations. The company does not intend, nor shall it undertake, to update the forward-looking statements on a regular basis, as these are based solely on the conditions present at the date of publication.

FINANCIAL CALENDAR

Date	Publication
28 May	Q1 Quarterly Statement 2024
13 June	Annual General Meeting of H2APEX Group SCA in Luxembourg
29 August	Interim First Half Year Report 2024
28 November	Q3 Quarterly Statement 2024

H2APEX GROUP SCA

(UNTIL 18 JANUARY 2024 “EXCEET GROUP SCA”)

All comments within the accompanying notes are in EUR 1,000, if not stated otherwise.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in EUR 1,000)	Notes	31.12.23	31.12.22
ASSETS			
Non-current assets			
Intangible Assets	**6**	3,922	2,521
Property, Plant and equipment	**7**	52,414	33,530
Right-of-use assets	**7**	885	0
Investments	**8, 9**	2,474	1,100
Deferred tax assets	**10**	1,106	1,096
Total non-current assets		**60,802**	**38,247**
Current assets			
Inventories	**11**	210	6,498
Contract assets	**12**	5,941	2,740
Trade and other receivables	**13**	5,641	724
Other loans and receivables	**13**	5,395	13,375
Cash and cash equivalents	**14**	44,466	149
Total current assets		**61,652**	**23,487**
Total assets		**122,454**	**61,734**
EQUITY AND LIABILITIES			
Equity			
Share Capital	**15**	564	312
Share Premium	**15**	111,204	20,570
Retained earnings	**15**	(29,336)	(15,962)
Profit for the year	**15**	(24,689)	(12,939)
		57,742	**(8,020)**
Non-controlling interests	**15**	127	3
Total Equity		**57,869**	**(8,017)**
Non-current liabilities			
Financial liabilities	**16**	0	192
Financial liabilities bonds	**16, 17**	0	9,131
Other financial liabilities	**16**	33,109	41,140
Other non-current liabilities	**18**	340	0
Deferred tax liabilities	**10**	1,106	1,096
Total non-current liabilities		**34,556**	**51,560**
Current liabilities			
Financial liabilities	**16**	163	1,606
Other Financial liabilities	**16**	10,448	9,077
Provisions	**19**	10,949	1,179
Trade payables	**16, 20**	5,176	6,000
Contract Liabilities	**21**	1,284	0
Other current liabilities	**24**	2,010	329
Total current liabilities		**30,029**	**18,191**
Total liabilities		**64,585**	**69,751**
Total equity and liabilities		**122,454**	**61,734**

CONSOLIDATED INCOME STATEMENT

(in EUR 1,000)	Notes	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Revenues	25	15,297	3,848
Own work capitalized		50	0
Other Income		1,041	532
Cost of materials	26	(13,684)	(3,118)
Employee benefits expense	27	(6,889)	(3,746)
Depreciation, amortisation and impairment expense	6, 7	(5,237)	(2,080)
Other expenses	28	(12,732)	(5,960)
Financial results			
Income/Loss from equity investments	8	(275)	0
Income from other securities, interest and similar income	29	679	513
Interest and similar expenses	30	(2,456)	(3,877)
		(2,052)	**(3,364)**
Income taxes	10	(429)	935
Profit / (Loss) for the year		**(24,635)**	**(12,953)**
Total comprehensive income attributable to:			
- Owners of the Company		(24,689)	(12,944)
- Non-Controlling Interests		54	(9)
Profit / (Loss) for the year		**(24,635)**	**(12,953)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR 1,000)	**2023**	**2022**
Profit/(Loss) for the period	(24,635)	(12,953)
Items not to be reclassified to income statement:		
Expenses directly offset with equity (related to capital increase)	(1,092)	0
Currency translation differences	(1,281)	0
Items not to be reclassified to income statement	**(2,373)**	**0**
Items to be reclassified to income statement:		
Expenses directly offset with equity (stock option program)	1,946	0
Items to be reclassified to income statement	**1,946**	**0**
Total comprehensive income for the period	**(25,062)**	**(12,953)**
Attributable to:		
Shareholders of the parent company	(25,185)	(12,956)
Minority interests	124	3
Total comprehensive income for the period	**(25,062)**	**(12,953)**

CONSOLIDATED STATEMENT OF CASH FLOW

(in EUR 1,000)	audited 01.01. - 31.12.2023	audited 01.01. - 31.12.2022
Profit / (Loss) before income tax	**(24,206)**	**(13,888)**
Adjustment for non-cash transactions		
Amortisation and impairment on intangible and tangible assets	4,188	1,280
Change of provisions	6,670	828
Financial expenses	2,052	3,364
Other non-cash expenses	3,554	2,401
Operating net cash before changes in net working capital	**(7,742)**	**(6,015)**
Changes to net working capital		
- inventories	6,288	(3,868)
- receivables	(3,127)	(654)
- accrued income and contract assets	(4,636)	0
- liabilities	(1,783)	(2,688)
- accrued expenses and contract liabilities	(1,222)	0
Tax paid	(429)	(114)
Interest paid	(2,159)	(1,942)
Cashflows from operating activities	**(14,810)**	**(15,281)**
Acquisition of subsidiaries, net of cash acquired	88,277	0
Purchase of tangible assets	(11,677)	(1,592)
Cash paid for granted loan, net	0	(2,070)
Acquisition of financial assets	(154)	0
Cashflows from investing activities	**76,446**	**(3,662)**
Proceeds/(Repayments) of borrowings	(9,395)	18,511
Proceeds/(Repayments) of financial liabilities	(8,031)	0
Cash payments related to increase in majority Stake	0	2
Cashflows from financing activities	**(17,426)**	**18,513**
Net changes in cash and cash equivalents	**44,210**	**(430)**
Cash and cash equivalents at the beginning of the period	**149**	**579**
Net changes in cash and cash equivalents	44,210	(430)
Effect of exchange rate gains	107	0
Cash and cash equivalents at the end of the period	**44,466**	**149**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR 1,000)	Issued and paid-in share capital	Capital reserves	Retained earnings	Subtotal	Non-controlling interests	"sharehol-ders of the parent company"
BALANCES AT 1 JANUARY 2023	312	20,570	(28,902)	(8,020)	3	(8,017)
Profit / (Loss) for the period	0	0	(24,689)	(24,689)	54	(24,635)
Other comprehensive income:						
Expenses directly offset with equity (related to capital increase)	0	0	(1,092)	(1,092)	0	(1,092)
Expenses directly offset with equity (stock option program)	0	0	1,946	1,946	0	1,946
Currency translation differences	0	0	(1,281)	(1,281)	0	(1,281)
Effects from reverse acquisition	0	40,634	0	40,634	0	40,634
Effects from change in scope of consolidation	0	0	(8)	(8)	70	62
Capital increase	252	0	0	252	0	252
Changes in capital reserves	0	50,000	0	50,000	0	50,000
BALANCES AT 31 DECEMBER 2023	**564**	**111,204**	**(54,025)**	**57,742**	**127**	**57,869**

BALANCES AT 1 JANUARY 2022	**312**	**13,713**	**(15,958)**	**(1,933)**	**12**	**(1,921)**
Profit / (Loss) for the period	0	0	(12,944)	(12,944)	(9)	(12,953)
Changes in share premium convertible debt	0	6,857	0	6,857	0	6,857
BALANCES AT 31 DECEMBER 2022	**312**	**20,570**	**(28,902)**	**(8,020)**	**3**	**(8,017)**

1. GENERAL INFORMATION

H2APEX Group SCA and its subsidiaries (until 18 January 2024 “exceet Group SCA” and hereafter the “Group” or “H2APEX”) is a company existing as a “Société en Commandite par Actions” under the law of Luxembourg and listed on the regulated market of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155) in the Prime Standard segment. Since the business combination with APEX Nova Holding GmbH (hereafter “APEX Group”), which has been closed 19 January 2023, the business objective of the Group is to develop projects for the decentralized supply of green hydrogen.

H2APEX Group SCA is established for an unlimited period of time and moved its registered office from 17, rue de Flaxweiler, L-6776 Grevenmacher to 19, rue de Flaxweiler, L-6776 Grevenmacher (Luxembourg) in November 2023 and is registered with the Register of Commerce and Companies of Luxembourg under the section B number 148.525.

On 18 January 2024 the shareholders decided at the Extraordinary General Meeting(“EGM”), that the former exceet Group SCA will be renamed into H2APEX Group SCA. With the renaming a common branding with APEX Group is finalized.

The Articles of Association have been modified on 18 January 2024 for the last time.

H2APEX Group SCA is managed by H2APEX Management S.à r.l. (until 18 January 2024 “exceet Group S.à r.l. and hereafter the “General Partner”), a limited liability company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)), the shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Roehrig (50% each).

The Group’s purpose is the investing and developing of projects for the decentralized supply of green hydrogen. The Group develops and operates green hydrogen production plants, as well as offers solutions for adjacent areas such as storage, district heating, and mobility. The Group serves customers in Germany and Luxembourg.

With the merger agreement between H2APEX and APEX Group, the accounting policies of H2APEX did not change. According IFRS 10 the transaction has been recorded as “reverse acquisition”. Based on this, exceet Group SCA as the legal acquirer has been identified as the acquiree. The reverse acquisition is accounted for using the acquisition method. Consequently, the consolidated financial statements of H2APEX represent the continuation of the consolidated financial statements of APEX Group with the exception of the capital structure, which has been adjusted to reflect the capital structure of H2APEX as ultimate parent company. The figures as of 31 December 2022 reflect APEX-Group only.

The acquisition transaction between exceet Group SCA (as from 18 January 2024: H2 APEX Group S.C.A.) and Apex Nova Holding GmbH has been accounted as reverse acquisition.

2. BASIS OF PREPARATION

a STATEMENT OF COMPLIANCE

The consolidated financial statements of H2APEX are based on the financial statements of the individual group companies drawn up according to uniform accounting principles at 31 December 2023. They were drawn up in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union ("IFRS-EU") as well as the interpretations issued by the IFRS Interpretations Committee ("IFRIC") applicable to the companies reporting under IFRS and comply with Luxembourg law.

The consolidated financial statements have been prepared under the historical cost.

The accounting principles applied to the consolidated financial statements at 31 December 2023 have been amended to comply with all new and revised IFRS standards and interpretations adopted by the European Union (EU) with effective date in 2023.

The consolidated financial statements of the H2APEX as of 31 December 2023 were approved for issuance by the Supervisory Board and the General Partner of H2APEX Group SCA on 30 April 2024.

b GOING CONCERN

The General Partner has considered the Group's ability to continue as a going concern in the foreseeable future. The General Partner highlights the financial stability of the Group as well as the expected development of its business which provides predictable cash flows in a regulatory environment. The General Partner adopted the going concern basis in preparing these consolidated financial statements.

c COMPARATIVE INFORMATION

In accordance with IAS 1, for comparison purposes the information contained in these notes to the consolidated financial statements for 2023 is presented alongside similar information for 2022. Based on reverse acquisition accounting principles, the comparative information and figures 2022 refer to APEX Group consolidated financial statements as of 31 December 2022.

d SIGNIFICANT ACCOUNTING ESTIMATES AND KEY ASSUMPTIONS AND JUDGEMENTS WHEN APPLYING ACCOUNTING POLICIES

The General Partner needs to apply relevant accounting estimates, judgements and assumptions based on the Group's accounting principles when preparing the consolidated financial statements in line with IFRS-EU. A summary of the items requiring a greater degree of judgement, or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated financial statements is as follows:

IMPAIRMENT OF NON-CURRENT ASSETS (SEE NOTES 2. F)

In accordance with applicable accounting regulations, the Group performs annual impairment tests of its cash generating units to identify impairment indicators. These impairment tests imply an estimation of the future evolution of the businesses and of the most appropriate discount rates used in each case. The Group believes that its estimates in this regard are adequate and consistent with the current economic situation and that they reflect its investment plans and the best available estimate of its future income and expenses and considers that its discount rates adequately reflect the risks corresponding to each cash generating unit.

USEFUL LIFE OF TANGIBLE ASSETS AND INTANGIBLE ASSETS (SEE NOTES 2.2 D AND E)

The General Partner determines the estimated useful lives and corresponding depreciation and amortization for its tangible assets and intangible assets. This estimate is based on the expected duration of each of the Group's tangible assets and intangible assets and the forecast life cycles of the products it sells. The General Partner will modify the depreciation charges for these items when the useful lives are considered to differ from the lives previously estimated and will depreciate or derecognize technically obsolete or non-strategic assets that have been abandoned or sold.

INCOME TAX/ DEFERRED TAX ASSETS (SEE NOTE 2.2 O, NOTE 8)

Due to the legal status of the tax regulation applicable to the Group companies, certain calculations are estimates and the ultimate quantification of the tax is uncertain. Tax is calculated based on Management's best estimates according to the current status of the tax legislation and taking into account its foreseeable evolution.

When the ultimate taxable income amount is different to the amounts initially recorded, the effect of these differences is recognized in income tax in the year in which they are determined.

PROVISIONS FOR RISKS AND EXPENSES (SEE NOTE 2.2M, NOTE 7)

Despite the fact that these estimates have been made based on the best information available at the close of the year ended 31 December 2023 and until to the end of the subsequent event period, it is possible that events may take place afterwards which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

e THE ACCOUNTING PRINCIPLES APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023 HAVE BEEN AMENDED TO COMPLY WITH ALL NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION (EU) WITH EFFECTIVE DATE IN 2023

IFRS 17 INSURANCE CONTRACTS

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts; IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

DEFINITION OF ACCOUNTING ESTIMATES - AMENDMENTS TO IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amendments had no impact on the Group's consolidated financial statements.

DISCLOSURE OF ACCOUNTING POLICIES - AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION – AMENDMENTS TO IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.
The amendments had no impact on the Group's consolidated financial statements.

INTERNATIONAL TAX REFORM—PILLAR TWO MODEL RULES – AMENDMENTS TO IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

f STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

LEASE LIABILITY IN A SALE AND LEASEBACK - AMENDMENTS TO IFRS 16

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT - AMENDMENTS TO IAS 1

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT - AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

It aims to clarify its requirements on determining whether a liability is current or non-current, and requires new disclosures for non-current liabilities that are subject to future covenants. The amendments are effective from annual reporting periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group's financial statement.

SUPPLIER FINANCE ARRANGEMENTS - AMENDMENTS TO IAS 7 AND IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statement.

LACK OF EXCHANGEABILITY – AMENDMENTS TO IAS 21

The Effects of Changes in Foreign Exchange Rates require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. They apply to annual reporting periods beginning on or after 1 January 2025 and can be applied earlier.
The amendments are not expected to have a material impact on the Group's financial statements.

g FUNCTIONAL AND PRESENTATION CURRENCY

The figures disclosed in these consolidated financial statements are expressed in Euro ("EUR"), the Group's functional and presentation currency, rounded off to the nearest thousand, unless otherwise stated.

The following FX rates are assumed:

	31/12/2023	Average 2023	31/12/2022	Average 2022
1 CHF	1.08	1.03	1.02	1.00
1 USD	0.90	0.92	0.94	0.95

Items contained in the subsidiaries' financial statements are recognized in the currency of the primary economic environment in which the respective subsidiary operates ("Functional Currency"). Each entity within the Group determines its own functional currency. In principle, the functional currencies of the subsidiaries included in the consolidated financial statements are their respective local currencies. Since exceet Group AG, Switzerland, sold its last remaining subsidiary by end of 2021 and remained without operating business the subsidiary exceet Group AG decided to change its functional currency from Swiss Franc to Euro in 2022.

Transactions in foreign currencies are translated at the exchange rate of the functional currency prevailing on the date of the transaction. All resulting foreign exchange differences are recognized in the consolidated income statement.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange rate differences are recorded in the consolidated income statement. Non-monetary assets and liabilities are translated at the historical rate.

h SCOPE OF CONSOLIDATION

The following are the entities included in the parent's company scope of consolidation:

Ref.	Company	Country	Year of acquisition / first time consolidation	Segment	Activity	Directly controlled by (use numbers from 1st column)	Share in the capital	Share of the votes
1	H2APEX Group SCA	LUX	2023	C&O	Holding	N/A	N/A	N/A
2	exceet Holding S.à r.l.	LUX	2023	Holding	Corporate	1	100%	100%
3	exceet Group AG	SUI	2023	Holding	Corporate	2	100%	100%
4	RLG Holding GmbH	GER	2023	Holding	Corporate	1	100%	100%
5	RLG GmbH & Co.KG	GER	2023	Holding	Corporate	4	100%	100%
6	Northern Hydrogen Properties GmbH	GER	2023	Holding	Corporate	5	100%	100%
7	APEX Capital GmbH	GER	2023	Holding	Corporate	4	100%	100%
8	APEX Nova Holding GmbH	GER	2019	Holding	Holding	1	100%	100%
9	HydroExceed GmbH	GER	2022	Storage	Production of pressure tanks	8	100%	100%
10	AKROS Energy GmbH	GER	2020	Storage	Development of chemical storage solutions	8	100%	100%
11	GHS 1 GmbH	GER	2020	Own Operations	Hydrogene Powerplant Laage	8	100%	100%
12	GHS 2 GmbH	GER	2020	Own Operations	Hydrogene Powerplant IPCEI	8	100%	100%
13	GHS 3 GmbH	GER	2020	Own Operations	Hydrogene Powerplant Laage (extention)	8	100%	100%
14	GHS 4 GmbH (*)	GER	2023	Own Operations	Hydrogene Powerplant Lubmin	8	100%	100%
15	APEX Energy GmbH	GER	2006	Project Developmet	Customer Projects	8	100%	100%
16	HYSENC Entwicklungsgesellschaft mbH	GER	2021	Own Operations	Hydrogene Powerplant control software	15	100%	100%
17	Plant Engineering GmbH	GER	2023	Project Developmet	Customer Projects	15	90%	90%

* Still registered as Titan 128.VVG GmbH (renamed after balance sheet date)

The following are the changes the Group's scope of consolidation:

Ref.	Company	Share in the capital	Share of the votes	Company	Share in the capital	Share of the votes
Year of acquisition / first time consolidation 2022 and before						
9	HydroExceed GmbH	100%	100%	HydroExceed GmbH	86%	86%
10	AKROS Energy GmbH	100%	100%	H2 Automations GmbH	100%	100%
11	GHS 1 GmbH	100%	100%	GHS 1 GmbH & Co. KG	100%	100%
12	GHS 2 GmbH	100%	100%	GHS 2 GmbH & Co. KG	100%	100%
13	GHS 3 GmbH	100%	100%	GHS Verwaltungs GmbH	100%	100%
15	APEX Energy GmbH	100%	100%	APEX Energy Teterow GmbH	100%	100%
16	HYSENC Entwicklungsgesellschaft mbH	100%	100%	HYSENC Entwicklungsgesellschaft mbH	51%	51%
Year of acquisition / first time consolidation 2023						
1	H2APEX Group SCA	N/A	N/A	N/A	N/A	N/A
2	exceet Holding S.à r.l.	100%	100%	N/A	N/A	N/A
3	exceet Group AG	100%	100%	N/A	N/A	N/A
4	RLG Holding GmbH	100%	100%	N/A	N/A	N/A
5	RLG GmbH & Co.KG	100%	100%	N/A	N/A	N/A
6	Northern Hydrogen Properties GmbH	100%	100%	N/A	N/A	N/A
7	APEX Capital GmbH	100%	100%	N/A	N/A	N/A
8	APEX Nova Holding GmbH	100%	100%	N/A	N/A	N/A
14	GHS 4 GmbH	100%	100%	N/A	N/A	N/A
17	Plant Engineering GmbH	90%	90%	N/A	N/A	N/A

i ACQUISITION OF BUSINESS

i1 REVERSE ACQUISITION OF EXCEET GROUP S.C.A.

The merger agreement between exceet Group S.C.A. (as from 18 January 2024: "H2APEX Group S.C.A.") and Apex Nova Holding GmbH has been accounted as reverse acquisition: On 19 January 2023, exceet Group S.C.A. acquired 100 % of the voting shares of APEX Nova Holding GmbH, an unlisted company with registered office in Rostock, Germany, which is a one of the leading German providers for green hydrogen projects and business. The objective of the acquisition is to participate in the expected growth for this market.

Under the merger agreement, exceet Group S.C.A. agreed (i) to acquire 20.8% of the APEX shares for a cash consideration in the amount of EUR 24,999,802 and (ii) to exchange the remaining 79.2% shares in Apex for shares in exceet by way of a contribution in kind (the "Transaction"). For this purpose, exceet Group S.C.A. agreed to utilise its authorised capital and increase its share capital from EUR 311,960.18 by EUR 252,424.73 to EUR 564,384.91 by issuing 16,285,467 new shares to the shareholders of APEX.

Based on this Transaction, exceet Group S.C.A. has been identified as acquired company from accounting perspective ("accounting acquiree") and the legal subsidiary APEX Nova Holding GmbH is identified as accounting acquirer as by exchanging shares, APEX Nova Holding GmbH obtained the control over exceet Group S.C.A.. We considered the fact that the former shareholders of APEX Nova Holding GmbH received the largest portion of the voting rights in the new combined entity and that the relative size of APEX Nova Holding GmbH is significantly greater than that of exceet Group S.C.A. In addition, members of the management of APEX Nova Holding GmbH were nominated to the governing body of the combined entity as well the operative management is led by the former management of APEX Nova Holding GmbH.

The partial consideration transfer in cash does not to prevent the accounting treatment as reverse acquisition as the 79.2% of shares in Apex were exchanged against shares exceet Group S.C.A. which is the majority of the consideration of this Transaction.

The accounting acquiree exceet Group S.C.A. is not considered to be a business in accordance with IFRS 3.B7 as its activities mainly consisted of managing cash balances as part of its holding activity ('listed shell company'). Therefore, IFRS 3 does not apply and following the IFRIC March 2023 agenda decision, management applied IAS 8 "Accounting Policies, Changes in Accounting Policies and Errors" to define this Transaction as a reverse acquisition in analogy of IFRS 3 and in accordance with IFRS 10. The reverse acquisition is accounted for using the acquisition method. The transaction price is allocated to the identifiable assets and liabilities of the listed shell company on the basis of their fair values at the date of purchase. Any excess of the transaction price over the fair value of the assets and liabilities of the listed shell company represents a cost for obtaining a listing. This is accounted for as an expense as it does not represent an asset under IFRS, and no goodwill is recognised.

For purposes of the Transaction, exceet Group S.C.A. was valued with its net cash position of approx. EUR 117,100,000 (corresponding to EUR 5.83 per exceet share) and the APEX Group with an equity value of approx. EUR 120,000,000. Acquisition related expenses amounted to KEUR 2,993 (accrued already in 2022) and were fully expensed as other operating expenses. Share issuance costs of KEUR 307 were recorded in equity.

Additionally, this Transaction was completed by a share-based payment transaction. The equity-settled transaction has been measured at fair value of the services provided by Lien Management & Holding GmbH, which is controlled by Roland Lienau, Chairman of the supervisory board, that received in July 2023 fully vested 660,000 stock options at an exercise price of EUR 5.50. This was a compensation for his contribution to the business combination, in particular deal sourcing and assistance throughout M&A process.

From the date of the acquisition, the former exceet Group S.C.A. contributed KEUR 0 to the revenues and expenses of KEUR 4,169 to the EBITDA of the Group.

i2 BUSINESS COMBINATIONS

(in EUR 1,000)	APEX Capital and RLG GmbH & Co.KG	Plant Engineering GmbH
Current assets		
Cash and cash equivalents	10	185
Trade receivables	32	249
Contracted assets	0	105
Prepaid expenses, accrued income, other assets	169	272
Total current assets	**210**	**811**
Non-current assets		
Property, plants & equipment	12,730	64
Right of use assets	0	0
Intangible assets	0	1
Total non-current assets	**12,730**	**65**
Total Assets	**12,940**	**876**
Current liabilities		
Trade payables	918	41
Accrued expenses, deferred income and other liabilities	12,021	19
Provisions	0	160
Total current liabilities	**12,940**	**220**
Non-current liabilities		
Contract liabilities	0	31
contract liabilities	**0**	**31**
Total liabilities	**12,939**	**250**
Total identifiable net assets at fair value	1	625
90% Plant Engineering GmbH		563
Goodwill arising on the acquisition	0	3,746
Purchase consideration transferred	**1**	**4,309**
Analysis of cash flows from the acquisition		
Cash acquired with the subsidiary	10	185
Cash paid	1	4,309
Net cash inflow (included in Cash flow from investing activities)	**9**	**(4,124)**

APEX CAPITAL GMBH AND RLG GMBH & CO. KG (RLG GROUP):

The acquisition is accounted for using the acquisition method. Goodwill is recognised as an asset from the acquisition date and is measured as the excess of the consideration transferred over the interest in the net fair value of the identifiable net assets acquired.

The “trade receivables” relate to operational business as property company.

The position “prepaid expenses, accrued income and other assets” mainly comprises accruals associated with the ownership and leasing of property.

The position “property, plant and equipment” includes land in an amount of KEUR 5,441 and buildings in an amount of KEUR 7,289. The difference between acquisition costs and book value of net assets acquired amounted to KEUR 473 and has been allocated to the book value of land to come to the fair value.

“Trade payables” include liabilities from operational business.

“Accrued expenses, deferred income and other liabilities include operative costs, which refer to 2022 and have not been paid at year end 2022.

From the date of the acquisition, the RLG Group contributed KEUR 0 to the revenues and KEUR minus 36 to the EBITDA of the Group.

Acquisition-related costs of EUR 0 were recorded as other operating expenses in financial year 2023.

Acquisition of the APEX Capital GmbH and RLG GmbH & Co. KG
On January 19, 2023, exceet Group SCA acquired the shares in APEX Capital GmbH and RLG GmbH & Co. KG. RLG GmbH & Co. KG business is to invest in properties, which are rented to affiliates or third parties companies. APEX Capital GmbH is the General Partner of RLG GmbH & Co KG.

The purchase price allocation has been defined still as preliminary.

The consideration transferred for 100% in both companies amounted to EUR 1,402.

PLANT ENGINEERING GMBH:

The acquisition is accounted for using the acquisition method. Goodwill is recognised as an asset from the acquisition date and is measured as the excess of the consideration transferred over the interest in the fair value of the identifiable net assets acquired.

The “trade receivables” with KEUR 249 refer to operational business.

The position “prepaid expenses, accrued income and other assets” with KEUR 272 mainly comprises clearing accounts associated with the former main shareholder and tax receivables.

Contract assets with KEUR 105 include performed work related to customer contracts which are not yet invoiced. The contracted assets are valued with fair value.

The position “property, plant and equipment” includes KEUR 64 for office and IT equipment and intangibles, KEUR 1 for software licenses. The book values represent the fair values.

“Trade payables” include KEUR 41 from operations.

“Accrued expenses, deferred income and other liabilities” with KEUR 19 mainly include receivables due to VAT and operative costs, which refer to 2022 and have been not paid yet.

“Provisions” with KEUR 160 are due to expenses which refer to 2022 and have been not paid yet.

From the date of the acquisition, Plant Engineering GmbH contributed KEUR 166 to the revenues and minus KEUR 130 to the EBITDA. Since Plant Engineering GmbH has been already consolidated since January 2023, the revenues would have been increased by KEUR 3,085 and the EBITDA impact would have been minus KEUR 640.

Acquisition-related costs of EUR 109 thousand were recorded as other operating expenses in financial year 2023.

Acquisition of the Plant Engineering GmbH
With share purchase agreement as of May 16, 2023, APEX Energy GmbH acquired 90% of the shares in Plant Engineering GmbH, Leutesdorf. Plant engineering is an engineering and consulting company skilled in the development and the design of energy plants.

The purchase price allocation is preliminary. Currently, the difference between consideration paid and book value of net assets is accounted as goodwill. Especially the valuation of intangible assets as customer list, technology and backlog[1] is still in progress.

The consideration transferred for 90% amounted to EUR 4,308 thousand.

2.2 MATERIAL ACCOUNTING POLICIES

a SCOPE OF CONSOLIDATION

Investments in subsidiaries are fully consolidated. These are entities over which H2APEX directly or indirectly exercises control. The Group controls an entity when the Group is exposed to, or has rights to receive, variable returns as a result of its involvement in it and has the ability to influence such return through the power it exercises over the entity.

Group companies acquired during the year are included in the consolidation from the date on which control over the acquired entity is transferred to the Group, and are excluded from the consolidation as of the date the Group ceases to have control over the entity. For the consolidated entities, 100% of assets, liabilities, income and expenses are included. Intercompany balances and transactions are eliminated in full.

When a Group company loses control of a Group company, their assets and liabilities and any minority interest that may be held are derecognized. The resulting gains or losses are recognized in the consolidated statement of comprehensive income. Shareholdings in subsidiaries for which control is no longer held are measured at fair value on the date on which control was lost. Gains or losses on purchases of minority interests in companies in which a controlling interest is held, as well as sales of shareholdings without loss of control, are charged or credited to reserves.

The subsidiaries' accounting policies have been adapted to Group accounting policies for transactions and other events in similar circumstances.

b BUSINESS COMBINATIONS

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred, including contingent consideration, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in other operating expense in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

The Group recognizes the assets acquired, the liabilities assumed and any non-controlling interest at their acquisition-date fair value. The excess, if any, between the business combination cost, plus the value given to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognized as goodwill.

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units. Such units represent the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs.

In a reverse acquisition, the company issuing securities (the legal acquirer) is identified as the acquired company for accounting purposes. The entity whose equity shares were acquired (the legally acquired entity) must be the acquirer for accounting purposes in order for this transaction to be considered a reverse acquisition.

In a reverse business acquisition, the balance sheet acquirer generally does not spend any consideration for the acquired company. Instead, the company acquired on the balance sheet usually issues its equity shares to the owners of the balance sheet acquirer.

The consolidated financial statements show a continuation of the financial statements of the legal subsidiary with the exception of the capital structure. Consolidated financial statements prepared after a reverse company acquisition reflect the equity of the legal parent company (the company acquired on the balance sheet). Comparative information presented in these consolidated financial statements is also adjusted retrospectively to reflect the legal equity of the legal parent (acquired entity).

In addition, it applies that:

- the assets and liabilities of the legal subsidiary (the balance sheet acquirer) were recognized and valued at their book values valid before the merger;
- the assets and liabilities of the legal parent company (the acquired company) have been recognized and measured in accordance with this IFRS.

C FAIR VALUE MEASUREMENT

The Group measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling

it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

d INTANGIBLE ASSETS

INITIAL RECOGNITION

Intangible assets acquired separately are measured on initial recognition at cost or deemed cost. Expenses for research activities are recognized through the consolidated income statement in the period in which they are incurred. Development expenditures on the individual project are recognized as intangible assets from the date the group can demonstrate:

- the product or process is technically and commercially feasible so that the asset will be available for use or sale
- the Group has the ability and intention to use or sell the asset.
- a future economic benefit is probable.
- the Group has sufficient resources to complete the development and
- the development costs can be measured reliably.

The costs capitalized include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in line item other intangible assets as internally generated intangible assets.
Other development costs are expensed as incurred.

SUBSEQUENT MEASUREMENTS

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment loss.

AMORTIZATION

The useful lives of intangible assets are assessed by the General Partner of the Group as either finite or indefinite.

Intangible assets with finite lives are amortized over the expected useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired or at least annually. When there are no foreseeable limits to the period over the assets for generating net cash inflows, the assets are recognized assets with indefinite use life. Those assets are not amortized but tested for impairment loss at least annually.

The estimated useful life for current and comparative year as following:

	Patents, licenses, trademarks and similar rights	**Computer software**
Useful lifes	Finite	Finite
Amortisation method used	Amortised on a straight-line basis over the period of use	Amortised on a straight-line basis over the period of use
Internally generated or acquired	Acquired	Acquired
Amortisation period	8-10 years	8-10 years

Intangible assets under development are reported at cost and are allocated to intangible assets when they are completed and put into operational use, from which point onwards they are depreciated.

The Group reviews the residual value, useful life and amortization method of intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

e PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are recognized at cost or deemed cost. Production costs and interests which related to the financing of acquisitions of tangible assets are capitalized in the consolidated financial statements.

SUBSEQUENT MEASUREMENT

After initial recognition of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalized. The carrying amount of parts that are replaced is derecognized. Costs of day-to-day servicing are recognized in consolidated statement of comprehensive income as incurred.

DEPRECIATION

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset less its residual value.

The following useful lifes are assumed:

	Depreciation Method	**Estimated years of useful life**
Buildings	Straight-line	25 -40
Technical installations and machinery	Straight-line	5 - 20
Other installations, equipment and furniture	Straight-line	4 - 12

Assets under construction are reported at cost and are allocated to tangible assets when they are completed and put into operational use, from which point onwards they are depreciated.

The Group reviews residual values, useful lifes and depreciation methods on a regularly basis or by triggering events. Changes to initially established criteria are accounted for as a change in accounting estimates.

f LEASES

The Group leases various offices, equipment and cars. Rental contracts are typically agreed for fixed periods of 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased property assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leases asset is available for use by the Group. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the leases liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between liability and finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles and other equipment 3 to 4 years
- Office Space 2 to 5 years

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (lease term of 12 month or less) and leases of low-value assets (below EUR 5,000) are recognized on a straight-line basis as an expense in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy for owned assets. If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

g IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortization or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests intangible assets not yet available for use for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of assets is the higher of fair value less costs of retirement or disposal and value in use.

Negative differences arising from comparison of carrying amounts of assets with their recoverable amounts are expensed, except in those cases in which the non-current asset is recorded at the revalued amount.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. Impairments losses on goodwill may not be reversed. Impairment losses on assets other than goodwill are reversed if, and only if, there has been a change in the estimates used to calculate the asset's recoverable amount.

A reversal of an impairment loss is recognized in the consolidated statement of comprehensive income except when the non-current assets is recorded at its restated amount. The increase of the carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

h FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as the Group becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, H2APEX uses the transaction date as the date of initial recognition or derecognition. Upon initial recognition, financial instruments are measured at fair value.

FINANCIAL ASSETS

Classification and measurement

The Group classifies and measures its financial assets, both current and non-current, as follows:

Assets at amortized cost

This category includes the financial assets that meet the following conditions:

- The asset is held within the framework of a business model whose purpose is to hold financial assets in order to obtain contractual cash flows, and

- The contractual conditions of the financial asset give rise, on specified dates, to cash flows constituting solely payments of principal plus interest on the outstanding principle.

These assets are initially measured at fair value, plus any transaction costs, and then subsequently at amortized cost. The interest accrued is taken to the consolidated statement of comprehensive income applying the effective interest method. Nonetheless, financial assets falling due one year or less without a contractual interest rate are initially and subsequently measured at their nominal amount, if the effect of upgrading the cash flows is insignificant.

Impairment of financial assets at amortized cost

The Group recognizes value adjustments relating to expected credit losses on financial assets measured at amortized cost and contract assets.

The Group applies the simplified approach of calculating the expected credit loss of its financial assets.

The simplified approach considers expected credit losses for lifetime plus any additional provisioning if additional indicators for credit losses were indicated. The Group assumes that the credit risk of a financial instrument has not increased significantly since its initial recognition if the financial instrument has a low credit risk at the closing date.

(i) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 180 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (i) above)

- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

(iii) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment losses and reversals of impairment losses on trade receivables and contract assets are recognized in depreciation, amortisation and impairment expenses in the consolidated statement of comprehensive income. Impairment losses and reversals of impairment losses on other financial assets at amortized cost are recognized in depreciation, amortisation and impairment expenses the consolidated statement of comprehensive income.

SUBSEQUENT MEASUREMENT

Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership are considered to have been transferred.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in other comprehensive income, is recognized in consolidated statement of comprehensive income.

FINANCIAL LIABILITIES

Classification and measurement of financial liabilities

Financial liabilities are classified at initial recognition and initially measured at fair value, plus or minus any transaction costs, and then subsequently at amortized cost using the effective interest rate method.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition of financial liabilities

Financial liabilities are derecognized where they are extinguished, i.e., when the obligation deriving from the liability has been discharged or cancelled, or it has expired. When there is an exchange of debt instruments between the Group and the counterparty, provided that they have substantially different conditions, the original financial liability is eliminated, and the new financial liability is recognized. Similarly, any substantial modification to the current conditions affecting a financial liability is recognized.

i CONTRACT BALANCES

CONTRACT ASSETS

A contract asset is initially recognised for revenue earned from customer projects because the receipt of consideration is conditional on successful completion of the project. Upon completion of the project and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

CONTRACT LIABILITIES

Contract liabilities are recognized in relation to prepayments of customers where the delivery of the related service will happen over time.

j GOVERNMENT GRANTS

Government grants are recognized at fair value if there is reasonable assurance that the grant will be received, and group will comply with all attached conditions. Government grants include short allowance for the employee and non-repayable subsidy granted by the government whose purpose is to finance intangible assets.
Grants awarded for the purchase or the production of fixed assets (grants related to assets) are generally offset against the acquisition or production costs of the respective assets and reduce future depreciations accordingly. Grants awarded for other than non-current assets (grants related to income) are reported in the consolidated statements of comprehensive income under the same functional area as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

In the financial year government grants are recognized in other income KEUR 484 (2022: KEUR 238) using the income approach.

k EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

The Group recognizes the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Company. The amount of the contributions accrued is recognized as an employee benefits expense.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are different from termination benefits that are expected to be settled in full before 12 months after the end of the reporting period in which the employees render the related services.

The Group recognizes the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

REDUNDANCY INDEMNITIES

Pursuant to current employment law, in certain circumstances the Group is liable to pay redundancy indemnities to employees whose services are discontinued.

I SHARE-BASED PAYMENTS

Under the Stock Option Program ("SOP") 2023, stock options are granted in 2023 to the following groups of participants:

i. member of the supervisory board of the Company;
ii. members of the management of affiliated companies; and
iii. key employees of affiliated companies

Stock options granted to a participant will vest in instalments over a four-year vesting period as follows: The stock options shall vest by 1/16 for each full quarter of a year following the grant date subject to the condition that a period of twelve (12) months following the grant date (the "cliff period") has expired (each date on which stock options vest, a "vesting date"). The Company granted 1,740,000 stock options in 2023 under these terms and conditions.

Any time period in which the participant does not work for H2APEX Group and H2APEX Group does not owe the whole compensation agreed under the employment or service agreement to the participant, as applicable (e.g., in the case of extended periods of illness, uncompensated release from duty to work, parental leave, excluding for the avoidance of doubt, maternity leave) shall suspend the vesting of stock options for that time period and the four-year vesting period will be extended accordingly.

Additionally, the Company granted 660,000 stock options to the Chairman of the Supervisory Board, which have been vested immediately at grant date. These stock options have to be exercised until 31 December 2027.

The exercise price for each of the granted stock options shall be EUR 5.50.

The fair value of the stock options is estimated at the grant date using the binomial option pricing model, taking into account the terms and conditions on which the stock options were granted. The stock options can be exercised after the vesting period. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these stock options.

The Group accounts for the stock options as an equity-settled plan. The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognized as an expense with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

m PROVISIONS

Provisions are recognized when the Group has a present obligation, legal or constructive arising of from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amounts recognized in the consolidated statement of financial position as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognized as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is determined before taxes, considering money temporary value, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date.

Single obligations are valued by the individual outcome that is most probable.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The reversal is made against the Consolidated statement of comprehensive income items in which the corresponding expense was recorded and the excess, if any, is recognized under other income.

Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized but only disclosed in the notes to the consolidated financial statements.

n RECOGNITION OF REVENUE

The Group is in the business of providing services and products in the field of regenerative energies. Revenue from contract with customers is recognized when control of the goods and project services are transferred to the customers. The Group assesses whether a transaction is comprised of different components, in order to apply the appropriate income recognition criteria to each one. Revenue from providing service and selling goods are recognized at the fair value of the consideration received or receivable.

REVENUE FROM PROJECT DEVELOPMENT

The Group recognises revenue from project development over time any other use of the developed project would burden the contractor with considerable losses, no alternative use outside of the intended use can be attested for the service. The agreements made in project development contracts guarantee the Group appropriate remuneration for the services rendered in each case.

The Group uses an input method in measuring progress input-orientated according to the cost-to-cost method. The cost-oriented approach to performance measurement is based on the ratio of the fulfilment costs incurred up to the assessment date to the total costs expected for the provision of the services owed.

The Group regularly checks if the contract is onerous and make provision where appropriate.

REVENUE FROM OWN OPERATIONS

Revenue from own operations is recognized at the point in time when the delivery is made to the customer.

o BORROWING COSTS

Borrowing cost directly attributable to the acquisition, construction or production of assets that necessarily takes a substantial period to get ready for its intended use are capitalized as part of the cost of the assets. All other borrowing cost are expensed in the period in which they occur.

p INCOME TAX

The year's income tax expense or benefit comprises current tax and deferred tax. Current and deferred tax are recognized as income or an expense and included in the Consolidated statement of comprehensive income, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity, or from a business combination.

The Group recognizes deductions for investment by applying the recognition and measurement criteria of the assets for current or deferred tax, unless they have the nature of a grant. If the deductions have the nature of a grant, they are recognized, presented and valued by applying the corresponding accounting policy. For these purposes, the Group considers that the deductions whose application is independent of the existence of a positive integral fee and that have substantive operational conditions additional to the realization or maintenance of the investment are subsidized.

CURRENT TAX

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to tax authorities using the tax rates and tax laws enacted or substantially enacted at the reporting date where the consolidated entity is domiciled. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Companies of the H2APEX Group are subject to German income tax respectively Luxembourg income tax.

DEFERRED TAX

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are the amounts payable in the future as income tax related to taxable temporary differences while deferred tax assets are the amounts to be recovered as income tax due to the existence of deductible temporary differences, taxable negative tax bases or deductions pending application. For these purposes, a temporary difference is understood as the difference between the book value of assets and liabilities and their tax base.

RECOGNITION OF DEFERRED TAX LIABILITIES

The Group recognizes deferred tax liabilities in all cases except if:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;
- they correspond to differences related to investments in subsidiaries, associates and joint ventures over which the Group has the ability to control the time of its reversal and it is not probable that its reversal will occur in the foreseeable future.

RECOGNITION OF DEFERRED TAX ASSETS

The Group recognizes deferred tax assets as long as:

- it is probable that sufficient taxable income will be available against which they can be utilized or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. However, the assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and at the date of the transaction does not affect either the accounting result or the taxable income, are not recognized; and they correspond to temporary differences related to investments in subsidiaries, associates and joint ventures insofar as the temporary differences will revert in the foreseeable future and positive future fiscal gains are expected to offset the differences.

It is considered probable that the Group has sufficient tax profits to recover deferred tax assets, provided there are temporary differences taxable in sufficient amount, related to the same tax authority and to the same taxpayer, the reversal of which is expected in the same fiscal year in which the deductible temporary differences are expected to reverse or in years in which a tax loss, arising from a deductible temporary difference, can be offset by previous or subsequent earnings.

In order to determine future tax profits, the Group takes into account tax planning opportunities, provided that it intends to adopt them or is likely to adopt them.

OFFSETTING OF TAX ASSETS AND LIABILITIES

The Group only offsets current tax assets and liabilities if there is a legal right against the tax authorities and intention to settle the resulting tax due at their net amount or to realize the assets and settle the liability simultaneously.

q CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT

The Group presents the consolidated statement of financial position classifying assets and liabilities between current and non-current. For these purposes, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realized or there is an intention to sell or consume them during the normal operating cycle of the Group, they are kept mainly for negotiation purposes, they are expected to be carried out within a period of twelve months after the closing date or it is cash or cash equivalents, except in those cases where they cannot be exchanged or used to settle a liability, at least within twelve months after the reporting date.
- All other assets are classified as non-current assets.
- Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group, they are kept mainly for trading, they must be settled within a period of twelve months from the reporting date, or the Group does not have the unconditional right to defer the settlement of the liabilities during the twelve months following the reporting date.
- Financial liabilities are classified as current when they must be settled within twelve months after the reporting date, even if the original term is for a period of more than twelve months and there is a refinancing or restructuring agreement for long-term payments that has concluded after the reporting date and before the consolidated financial statements are authorized for issue.
- All other liabilities are classified as non-current liabilities.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

PROJECT DEVELOPMENT

The Project Development Segment includes all project development and system integration for third-party hydrogen plants. The turnkey solutions for the supply of hydrogen are modular, tech-agnostic and tailor-made to comply with complex and diverse customer requirements.

OWN OPERATIONS

The Own Operations Segment includes the production and selling of green hydrogen as well as the "derivatives" electricity and heat generated at its own hydrogen plants.

STORAGE SEGMENT

The Storage Segment includes the development and manufacturing of different hydrogen storage systems.

OTHERS

Others Includes costs for the holding and property companies and the acquisition and management of properties mainly in connection with the production of green hydrogen.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Consolidated statement of profit and loss and other disclosures by segment:

01.01.2023-31.12.2023 (in EUR 1,000)	Notes	Project Develop-ment	Own Opera-tions	Storage	Other	Adjust-ments and elimina-tions	Consolidated
Revenues	25	15,851	477	0	0	(1,032)	15,297
own work capitalized		50	0	0	0	0	50
Other Income		1,015	10	185	108	(277)	1,041
Cost of materials	26	(13,717)	(463)	(8)	0	503	(13,684)
Employee benefits expense	27	(5,903)	0	(670)	(316)	0	(6,889)
depreciation and amortisation expense	6, 7	(2,555)	(1,350)	(46)	(237)	0	(4,188)
other expenses	28	(7,555)	(229)	(622)	(5,889)	513	(13,781)
Financial results							
Income/Loss from equity investments	8	(275)	0	0	0	0	(275)
Income from other securities, interest and similar income	29	137	55	0	19,302	(18,815)	679
Interest and similar expenses	30	(4,909)	0	(26)	(1,313)	3,793	(2,456)
		(5,048)	**55**	**(26)**	**17,989**	**(15,022)**	**(2,052)**
Income taxes	10	(49)	0	0	(380)	0	(429)
Net income		(17,911)	(1,499)	(1,185)	11,275	(15,314)	(24,635)
Total assets		94,757	7,281	5,148	363,519	(348,250)	122,454
Total liabilities		113,890	4,070	2,798	31,089	(87,262)	64,585
CAPITAL EXPENDITURES		**722**	**4,729**	**4,373**	**1,854**	**0**	**11,677**

01.01.2022-31.12.2022 (in EUR 1,000)	Notes	Project Develop-ment	Own Opera-tions	Storage	Other	Adjust-ments and elimina-tions	Consolidated
Revenues	25	3,780	189	0	0	(120)	3,848
own work capitalized		0	0	0	0	0	0
Other Income		550	9	0	0	(27)	532
Cost of materials	26	(3,095)	(143)	(1)	0	120	(3,118)
Employee benefits expense	27	(3,722)	0	(24)	0	0	(3,746)
depreciation and amortisation expense	6, 7	(1,279)	0	(0)	0	0	(1,280)
other expenses	28	(4,440)	(875)	(13)	(1,457)	26	(6,760)
Financial results							
Income/Loss from equity investments	8	0	0	0	0	0	0
Income from other securities, interest and similar income	29	284	0	0	2,535	(2,306)	512
Interest and similar expenses	30	(5,081)	0	0	0	1,205	(3,877)
		(4,798)	**0**	**0**	**2,535**	**(1,101)**	**(3,364)**
Income taxes	10	935	0	0	0	0	935
Net income		(12,069)	(821)	(38)	1,078	(1,102)	(12,953)
Total assets		56,889	2,721	9	65,958	(63,842)	61,734
Total liabilities		84,302	3,341	24	43,819	(61,735)	69,751
CAPITAL EXPENDITURES		**81**	**1,510**	**1**	**0**	**0**	**1,592**

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

ADJUSTMENTS AND ELIMINATIONS

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

All revenues originate from Germany.

There are four customers (2022: 2), each with a share of over 10% in the Project Development segment. There is 1 customer (2022: 1) with a share of over 10% in the Own operations segment.

4. EARNINGS PER SHARE

Earnings per share (EPS) is calculated by dividing the profit attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period excluding ordinary shares purchased by the Company and held as Treasury Shares.

BASIC EARNINGS PER SHARE

The calculation of basic EPS at 31 December 2023 is based on the profit attributable to the owners of the parent and the weighted average number of Ordinary Shares outstanding of 36,359,162 Class A Shares (2022: 20,073,695 Class A Shares).

BASIC EARNINGS PER SHARE		2023	2022
Profit / (Loss) for continued operations for the year (EUR 1,000) attributable to equity holders of the Company	Ordinary Shares	(24,689)	(12,953)
Weighted average number of ordinary shares outstanding	Ordinary Shares	35,556,043	20,073,695
Basic earnings / (loss) per share (Euro/share) on total group	**Ordinary Shares**	**(0.69)**	**(0.65)**
Diluted weighted average number of ordinary shares outstanding	**Ordinary Shares**	**36,470,016**	**20,073,695**
Diluted earnings / (loss) per share (Euro/share) on total group	**Ordinary Shares**	**(0.69)**	**(0.65)**

DILUTIVE EARNINGS PER SHARE

Diluted EPS are calculated by increasing the average number of shares outstanding by the total number of potential shares arising from option rights. The Group has outstanding 2,400,000 share options from the Stock Option Program (SOP).

Should the share options of the Stock Option Program (SOP) be exercised, the total number of ordinary Shares would increase by 2,400,000 to 38,759,162 Ordinary Shares, having minor impact on the EPS. Share options from the SOP not exercised within the contractual time frame expire without any redemption and have no dilutive impact on the EPS.

5. FAIR VALUE MEASUREMENT

The Group measures financial instruments at fair value at each balance sheet date.
The fair value of non-financial assets is determined for the purpose of the impairment test and for disclosure purposes. As per IFRS 13 definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The lifetime credit loss of trade receivables was determined for each customer based on data from an external rating agency.

The fair value measurement hierarchy as at 31 December 2023 as follows:

(IN EUR 1,000)	Date of valuation	At cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)	Total
FINANCIAL ASSETS						
Other financial investments	31 December 2023	2,749	0	0	2,475	2,474
Trade receivables	31 December 2023	5,673	0	5,641	0	5,641
Other financial assets	31 December 2023	558	0	554	0	554
Cash and cash equivalents	31 December 2023	44,466	0	44,466	0	44,466
Non-financial assets						
Prepayments	31 December 2023	4,669	0	4,574	0	4,574
Inventories	31 December 2023	912	0	210	0	210
Contract assets	31 December 2023	5,984	0	5,941	0	5,941
Total assets		**65,028**	**0**	**61,385**	**2,474**	**63,859**
Financial liabilities						
Debts with credit institutions	31 December 2023	164	0	163	0	163
Trade and other payables	31 December 2023	5,176	0	5,176	0	5,176
Financial liabilities	31 December 2023	43,557	0	43,557	0	43,557
Total liabilities		**48,896**	**0**	**48,896**	**0**	**48,896**

There were no transfers between Level 1 and Level 2.

6. INTANGIBLE ASSETS

The composition and movements in intangible assets during year ended 31 December 2023 and 2022 are as follows:

(IN EUR 1,000)	Patents, licenses, trade-marks and similar rights	Computer software	Intangible assets under development	Goodwill	Total
COST:					
Balance at 1 January 2022	**109**	**302**	**1,792**	**0**	**2,203**
Additions	14	0	572	0	587
Disposals	0	0	0	0	0
Transfers	38	0	(38)	0	0
Balance at 31 December 2022	**161**	**302**	**2,327**	**0**	**2,789**
Balance at 1 January 2023	**161**	**302**	**2,327**	**0**	**2,789**
Additions	6	25	0	3,771	3,802
Change in consolidation scope	100	51	0	0	151
Disposals	0	0	817	0	817
Transfers	0	0	0	0	0
Balance at 31 December 2023	**268**	**378**	**1,509**	**3,771**	**5,925**

(IN EUR 1,000)	Patents, licenses, trade-marks and similar rights	Computer software	Intangible assets under development	Goodwill	Total
ACCUMULATED AMORTISATION:					
Balance at 1 January 2022	**99**	**91**	**0**	**0**	**190**
Amortisation	8	70	0	0	78
Disposals	0	0	0	0	0
Transfers	0	0	0	0	0
Balance at 31 December 2022	**107**	**161**	**0**	**0**	**269**
Balance at 1 January 2023	**107**	**161**	**0**	**0**	**269**
Additions	(0)	75	0	0	75
Change in consolidation scope	108	42	0	0	150
Impairment	0	0	1,509	0	1,509
Disposals	0	0	0	0	0
Transfers	0	0	0	0	0
Balance at 31 December 2023	**216**	**278**	**1,509**	**0**	**2,003**
Carrying amounts:					
Balance at 31 December 2022	**54**	**140**	**2,327**	**0**	**2,521**
Balance at 31 December 2023	**52**	**100**	**0**	**3,771**	**3,922**

On 31 December 2023, the Group has no commitments to acquire intangible assets.

TRANSFER TO RESEARCH EXPENSES.

Due to a clarification from public funding providers, KEUR 817 were reclassified from intangible assets under construction to development costs in the financial year 2023.

IMPAIRMENT ON INTANGIBLE ASSETS

The Impairment on intangible assets in the financial year 2023 is KEUR 1,509 which relate to assets that no longer meet the criterion of IAS 38.57 (c).

7. PROPERTY, PLANT AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS)

The composition and movements in tangible assets during the year ended 31 December 2023 are as follows:

(in EUR 1,000)	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Right of use Assets	Total
COST:							
Balance at 1 January 2022	**91**	**5,743**	**379**	**2,702**	**27,938**	**0**	**36,854**
Additions	**0**	54	4	67	1,124	0	1,248
Disposals	**0**	0	0	0	1,953	0	1,953
Transfers	**0**	0	24,571	0	(24,571)	0	0
Balance at 31 December 2022	**91**	**5,796**	**24,954**	**2,769**	**2,538**	**0**	**36,148**
Balance at 1 January 2023	**91**	**5,796**	**24,954**	**2,769**	**2,538**	**0**	**36,148**
Additions	**1,854**	925	5,201	333	496	1,218	10,026
Change in consolidation scope	**4,968**	5,872	593	338	958	0	12,728
Disposals	**0**	0	0	0	0	0	0
Transfers	**0**	0	0	0	0	0	0
BALANCE AT 31 DECEMBER 2023	**6,912**	**12,593**	**30,748**	**3,441**	**3,991**	**1,218**	**58,903**

(in EUR 1,000)	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Right of use Assets	Total
ACCUMULATED DEPRECIATION:							
Balance at 1 January 2022	**0**	652	336	434	0	0	1,422
Depreciation during the year	**0**	228	644	325	0	0	1,196
Disposals	**0**	0	0	0	0	0	0
Transfers	**0**	0	0	0	0	0	0
Balance at 31 December 2022	**0**	**879**	**980**	**759**	**0**	**0**	**2,618**
Balance at 1 January 2023	**0**	**879**	**980**	**759**	**0**	**0**	**2,618**
Depreciation during the year	**0**	423	1,592	256	0	333	2,604
Change in consolidation scope	**0**	90	11	281	0	0	382
Disposals	**0**	0	0	0	0	0	0
Transfers	**0**	0	0	0	0	0	0
Balance at 31 December 2023	**0**	**1,392**	**2,583**	**1,295**	**0**	**333**	**5,604**
Carrying amounts:							
AS AT 31 DECEMBER 2022	**91**	**4,917**	**23,973**	**2,011**	**2,538**	**0**	**33,530**
AS AT 31 DECEMBER 2023	6,912	**11,202**	**28,164**	**2,145**	**3,991**	**885**	**53,299**

INSURANCE

The Group has agreed an insurance contract to cover the risk of damage to its tangible assets. The insured asset value of industrial installations, office buildings and electronic equipment amounts to KEUR 10,000 (2022: KEUR 10,000). In addition, there is automatic insurance coverage for damages for the hydrogen powerplant including the hydrogen filling station of KEUR 9,803 (2022: KEUR 9,803) and an automatic insurance coverage for damages for the photovoltaic power plant of KEUR 6,398 (2022: KEUR 6,398).

TANGIBLE ASSETS PLEDGED AS COLLATERAL

The Group does have tangible assets as at 31 December 2023 of KEUR 9,541 (2022: KEUR 9,541) that are pledged as collateral for investor and bank debts.

CAPITALIZED INTERESTS

The carrying amount as of the balance sheet date includes total interest capitalized amounting to KEUR 2,799 (2022: 2,943) which was incurred during construction and calculated with an average capitalization rate of 7.42%.

IMPAIRMENT ON TANGIBLE ASSETS

The annual impairment test was performed with the result that no impairment indicators were identified.

RIGHT-OF-USE ASSETS

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group’s obligations under its leases are secured by the lessor’s title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

8. OTHER FINANCIAL INVESTMENTS

NAME OF ASSOCIATE	Registered office	Activity	% ownership	Amount of investment 31/12/2023	Amount of investment 31/12/2022
Nuventura GmbH	Berlin	Technology development	< 10%	825	1,100
Play Ventures Fund II	Singapore	Investment Fund	< 10%	1,649	0
Total				**2,474**	**1,100**

In the financial year of 2023, the Group recognized an impairment loss of 25% of its investment in Nuventura GmbH.

The investment in Play Ventures Fund II is presented for the first time in these consolidated financial statements based on the reverse acquisition as of 19 January 2023. The total investment in this fund is committed for USD 2,500,000 and is called by tranches.

9. FINANCIAL ASSETS

Classification of financial assets by category:

(in EUR 1,000)	31/12/2023	31/12/2022
FINANCIAL ASSETS		
Other financial investments	2,474	1,100
Trade receivables	5,641	724
Other financial assets	554	12,092
Cash and cash equivalents	44,466	149
Total	**53,134**	**14,065**

Cash and cash equivalents, trade receivables, loan and other financial assets are measured at initially fair value while the subsequent measurement is at amortised cost. During the year ended 31 December 2023, Impairment of KEUR 307 were recognized (2022: EUR 0.00).

Trade receivables have developed in line with revenue growth.

The lifetime credit loss of trade receivables was determined for each customer based on data from an external rating agency.

10. INCOME TAX/ DEFERRED TAX ASSETS

The Group entities are taxable according to their applicable tax regulations. During the year ended 31 December 2023, the Company, is subject to the German statutory income tax rate of 27.69 % (2022: 30.18 %). The companies which are subjects to Luxembourg income tax rate of 24.94% (2022: 24.94%). The main tax expenses accrue within the companies under German tax law.

The income tax expense is presented follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
CURRENT TAX		
Current period	429	114
Total current tax expense	**429**	**114**
DEFERRED TAX		
Source and reversal of temporary differences		
Intanible assets	103	(112)
Tangible assets	40	68
Right-of-use assets	(240)	0
Finance costs	0	89
PoC	88	(96)
Other	(1)	4
Deferred tax assets	10	1,096
Total deferred tax expense	0	1,049
Income tax benefit / (expense), net	**(429)**	**935**

The tax reconciliation using the German tax rate of 27.69 % (2022: 30.18 %) is as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Consolidated income (loss) before income tax	(24,206)	(13,888)
German tax at 27.69 % (2022: 30.18%)	(6,703)	(4,191)
Not usable	6,392	4,077
Luxembourg tax at 24.94% (2022: 24.94%)	(10)	0
Other tax adjustments	(128)	0
Deferred taxes	0	1,049
Non-recognition of deferred taxes	0	0
Income tax (expense)/benefit	**(301)**	**935**

The company H2APEX has the main applicable taxes open to inspection by the German taxation authorities for the years that are not statute barred.

The other Group companies have all years open to inspection in Germany that are applicable to each individual company in accordance with current local legislation.

Due to the existing loss carryforwards, the deferred tax liabilities will not have any future effect on income tax. For this reason, deferred tax assets were capitalised in line with IAS12.35 in the amount of the deferred tax liabilities.

During the year, there are unrecognized deferred tax assets of KEUR 15,931 (31/12/2022: KEUR 6,897). The unrecognized deferred tax assets come from KEUR 62,380 tax loss (corporation tax) and KEUR 63,038 tax loss (trade tax) during the years 2018-2023 on which the necessary conditions were not met for future tax deductibility.

The declared tax loss carryforwards as of the dates indicated are as follows:

(in EUR 1,000)	31/12/2023	31/12/2022
DOMESTIC TAX LOSS CARRYFORWARDS		
corporate tax loss carryforwards	62,380	22,498
trade tax loss carryforwards	63,038	23,180

11. INVENTORIES

The inventories are entirely composed of goods and prepayments. The fair values of inventories do not differ significantly from their carrying amount.

The classification of Inventories by category and class at 31 December 2023 and 2022 is as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Goods	210	3,835
Prepayments	0	2,663
	210	**6,498**

12. CONTRACT ASSETS

Details of contract assets are as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Contract assets	5,941	2,740

Total contract assets are due to revenue from projects which are recognized over time by reference to the percentage of completion of the project.

During the year ended 31 December 2023 an impairment of KEUR 43 was recognized (31/12/2022: EUR 0.00).

13. TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES

Details of trade receivables are as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Trade Receivables	5,641	724

Trade receivables are measured at amortised cost. During the year ended 31 December 2023 impairments of KEUR 32 were recognized (31/12/2022: EUR 0.00).

OTHER CURRENT RECEIVABLES

Details of other current assets are as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Project related advance payments done	4,478	0
Receivables from shareholders	506	506
Grants	166	78
Security and other deposits	47	8
Loan receivable	0	10,900
VAT receivable	0	850
Accrued interest	0	678
other	197	354
total	**5,395**	**13,375**

Other receivables are measured at amortized cost. However, due to their short-term nature, the carrying value of these items approximates their fair value.

The movement of the loan receivable for the years ended 31 December 2023 and 2022 is explained by the fact that RLG GmbH & Co. KG has been consolidated for the first time in 2023. For that reason the loan receivable has been eliminated as an intercompany receivable during the year ended 31 December 2023 as part of the initial consolidation of the RLG GmbH & Co. KG.

14. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

(in EUR 1,000)	31/12/2023	31/12/2022
Cash on hand	2	1
Cash on bank	44,464	148
Total	**44,466**	**149**

As of 31 December 2023 EUR 9,683,353.50 (2022: EUR 0.00) cash and cash equivalents were restricted.

15. EQUITY

Under the merger agreement, H2APEX agreed (i) to acquire 20.8% of the APEX shares for a cash consideration in the amount of EUR 25,000,000 and (ii) to exchange the remaining 79.2% shares in Apex for shares in H2APEX by way of a contribution in kind. For this purpose, H2APEX agreed to utilise its authorised capital and increase its share capital from EUR 311,960.18 by EUR 252,424.73 to EUR 564,384.91 by issuing 16,285,467 new shares to the shareholders of APEX.

Development of the share capital:

	Euro
Balance at 1 January 2023	**311,960.18**
Issuance of Ordinary Shares - 19 January 2023	252,424.73
Balance at 31 December 2023	**564,384.91**
Balance at 1 January 2022	**311,960.18**
Balance at 31 December 2022	**311,960.18**

The numbers of shares are as follows:

	Total Shares	Unlimited Shares	Ordinary Shares
Number of shares issued as at 1 January 2023	**20,073,696**	**1**	**20,073,695**
Issuance of Ordinary Shares - 19 January 2023	16,285,467	0	16,285,467
Number of shares issued as at 31 December 2023	**36,359,163**	**1**	**36,359,162**
Number of shares issued as at 1 January 2022	**20,073,696**	**1**	**20,073,695**
Number of shares issued as at 31 December 2022	**20,073,696**	**1**	**20,073,695**

The Company's share capital as of 31 December 2023 amounts to EUR 564,384.91 (2022: EUR 311,960.18), represented by 36,359,162 Ordinary Shares (2022: 20,073,095) and one unlimited Share with no par value. The unlimited Share is held by the General Partner. Ordinary Shares are listed in the Prime Segment of the Frankfurt stock exchange.

Each share entitles the holder thereof to one vote. Each Share shall be entitled to receive the same amount. The Ordinary Shares are freely transferable, the Unlimited Share are only transferrable to unlimited shareholders jointly and severally liable for all liabilities of the Company which cannot be met out of the assets of the Company All rights and obligations attached to any share are passed to any transferee thereof.

Electronic copies of the Articles can be downloaded from the website of H2APEX Group SCA: https://ir.h2apex.com/fileadmin/downloads/ir/corp_govern/2024-01-18_H2APEX_Group_SCA_Koordinierte_Satzung.pdf

On the extraordinary shareholder meeting on 29 June 2022, the shareholders approved an authorised capital in an amount of EUR 2,807,640, excluding the issued share capital, and to grant the authorisation to the General Partner to issue up to 184,715,055 Ordinary Shares.

On 19 January 2023 the shareholder approved the contribution in kind of the Company's Subscribed capital by an amount of EUR 252,425 from EUR 311,960 to EUR 564,385 and of Share Premium by EUR 94,747,975 from EUR 103,578,029 to EUR 198,326,004 by issuing 16,285,467 new shares to the shareholders of APEX.

Based on the transaction of Contribution in Kind, the authorised capital decreased by EUR 252,425 to EUR 2,555,215.27.

On the Annual General Meeting on 2 May 2023 the shareholders approved the allocation of prior year results to the profit brought forward for an amount of EUR 13,877,538 and an allocation to the legal reserve amounting to EUR 22,437.

LEGAL RESERVE

Under Luxembourg law, 5% of the net profit of the year, net of any losses brought forward, must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

During the year, the Company has not acquired/sold any own shares.

16. FINANCIAL LIABILITIES BY CATEGORY

Classification of liabilities by category

Below are their fair values and carrying amounts of the Group financial liabilities as at 31 December 2023 and as at 31 December 2022:

31/12/2023 (in EUR 1,000)	Non-current Carrying Amount	Non-current Fair Value	Non-current Total	Current Carrying Amount	Current Fair Value	Current Total	Grand total
Financial liabilities from bond issue	0	0	0	0	0	0	0
Debts with credit institutions	0	0	0	163	0	163	163
Trade and other payables	0	0	0	5,176	0	5,176	5,176
Financial liabilities	33,109	0	33,109	10,448	0	10,448	43,557
Total financial liabilities	**33,109**	**0**	**33,109**	**15,787**	**0**	**15,787**	**48,896**

31/12/2023 (in EUR 1,000)	Non-current Carrying Amount	Non-current Fair Value	Non-current Total	Current Carrying Amount	Current Fair Value	Current Total	Grand total
Financial liabilities from bond issue	9,131	0	9,131	0	0	0	9,131
Debts with credit institutions	192	0	192	1,606	0	1,606	1,798
Trade and other payables	0	0	0	6,000	0	6,000	6,000
Financial liabilities	41,140	0	41,140	9,077	0	9,077	50,217
Total financial liabilities	**50,464**	**0**	**50,464**	**16,683**	**0**	**16,683**	**67,147**

The carrying amount of current liabilities approximates their fair value.

Financial liabilities as at 31 December 2023 are due to loans and interests from Related parties KEUR 33,109 (31/12/2022: KEUR 31,313).

Financial liabilities include accumulated interest which were not paid as at 31 December 2023 of in KEUR 1,337 (31/12/2022: KEUR 2,042).

17. FINANCIAL LIABILITIES FROM BOND ISSUANCE

At 31 December 2023, the liabilities from bonds and notes issue are comprised of:

(in EUR 1,000)	31/12/2023	31/12/2022
Bonds and notes outstanding, nominal	0	8,900
Unamortized issue costs	0	0
Net carrying amount	**0**	**8,900**
Effective interest rate	0	0
Accrued interest	0	231
Total	**0**	**9,131**

Movement of financial liabilities from Bond issuance during the year ended 31 December 2023 is as follows:

(IN EUR 1,000)	31/12/2022	Issue incl. Interests	conversion into equity	Reim-bursement	31/12/2023
Bonds	9,131	534	0	9,666	0

18. OTHER NON-CURRENT LIABILITIES

Details of other non-current liabilities are as follows:

(in EUR 1,000)	31/12/2023	31/12/2022
Lease liabilities	340	0
Total	**340**	**0**

19. PROVISIONS

Details of provisions are as follows:

(in EUR 1,000)	31/12/2023	31/12/2022
Provision for outstanding supplier invoices	8,009	0
Provision for outstanding other invoices	1,000	0
Tax provisions	628	297
Other provisions with personnel	538	43
Other provisions for legal disputes	390	690
Other provisions	383	149
Total Provisions	**10,949**	**1,179**

Movement of provisions during the year ended 31 December 2023 is as follows:

(IN EUR 1,000)	Provision for out-standing invoices	Tax provisions	Other provisions with personnel	Other provisions for legal disputes	Other provisions	Total
As at 31 December 2022	**0**	**297**	**43**	**690**	**149**	**1,179**
Charges	9,009	628	538	225	383	10,784
Reversals	0	0	0	25	0	25
Use	0	297	43	500	149	989
Balance at 31 December 2023	**9,009**	**628**	**538**	**390**	**383**	**10,949**

The charge in other provisions with personnel is mainly due to deferred bonus payments.

Movement of provisions during the year ended 31 December 2022 is as follows:

(IN EUR 1,000)	Provision for out-standing invoices	Tax provisions	Other provisions with personnel	Other provisions for legal disputes	Other provisions	Total
As at 31 December 2021	**0**	**183**	**71**	**0**	**98**	**351**
Charges	0	297	43	690	149	1,179
Reversals	0	0	0	0	0	0
Use	0	183	71	0	98	351
Balance at 31 December 2022	**0**	**297**	**43**	**690**	**149**	**1,179**

20. TRADE PAYABLES

Details of trade payables are as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Trade payables	5,176	6,000

21. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

(in EUR 1,000)	**31/12/2023**	**31/12/2022**
Contract liabilities	1,284	0

22. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

MARKET RISK

As part of the financing of its projects, H2APEX uses a leverage effect to limit its equity capital contribution.

If a project company, or its holding company, were to fail to meet its payment obligations under its financing agreements or fail to comply with certain minimum debt service coverage ratios, such default could render the project debt immediately due. In the absence of a waiver or a restructuring agreement on the part of the lenders, the lenders may be entitled to seize the assets or securities pledged as collateral (including H2APEX's interest in the subsidiary that holds the facility).

H2APEX's business and growth plan require significant financing and refinancing through the use of equity and external debt. In particular, H2APEX will have to invest significantly in connection with the awarded contracts. The ability to raise additional funds will depend on financial and economic conditions, as well as other factors, which may be beyond H2APEX's control.

Cash requirements have so far been assured through tools such as shareholder loans, bank borrowing, capital increases, issuance of bonds and conditional grants and advances. With regard to short-term debt financing, H2APEX is exposed to the risk of changes in interest rates in the event of a renewed short-term financing, which could increase its financing cost and, under certain circumstances, lead to a reduction of its return on capital. It cannot be ruled out that credit institutions may in general limit their willingness to grant H2APEX such short-term financing due to several different developments.

Furthermore, equity raisings by H2APEX, such as the issue of new shares to shareholders and new investors may not be successful or feasible on favorable terms.

Lack of ability to obtain sufficient funding in the future could have a material adverse effect on H2APEX's growth opportunities, business and financial condition and could, in the future, result in insolvency or liquidation of H2APEX.

In the EU, and particularly in Germany, several projects support the decarbonization through green hydrogen. In Germany, for example, green hydrogen flagship projects are supported with a EUR 700 million funding volume, being the largest funding initiative ever provided by the German Federal Ministry of Education and Research (Source: BMBF, National Projects). On EU level, important projects of common European interest ("IPCEI") are promoted, including several green hydrogen projects. In the context of the hydrogen hub "doing hydrogen", an initiative which seeks to connect different hydrogen projects throughout Germany to form a hub linking production, transport, storage and consumption of hydrogen, H2APEX has applied for IPCEI funding in an amount of EUR 166 million,. However, H2APEX may only partially be granted the amount of public funding applied for, if any. Instead, H2APEX competitors could benefit from public funding. This could adversely affect H2APEX competitive position, business, and prospects. In case H2APEX is granted public funding, such funding may be significantly delayed and, as a result, H2APEX may have to bear significant costs when they occur before receiving any public funds. Further, the granting of public funding may be conditional and require compliance with certain obligations, and it may also restrict H2APEX in the use of funds. In case H2APEX does not comply with such conditions, it may have to return granted fundings, in part or in whole.

In the past, H2APEX has received subsidies in the form of funding for personnel expenses for the development of a chemical hydrogen storage solution and has applied for further public funds. Applications are reviewed on a case-by-case basis by the authorities to determine the feasibility of the underlying project. Aids or grants are the subject of a contract between H2APEX and the public entity and are systematically subject to objective criteria, such as the relevance of the project throughout the contract concluded or compliance with certain elements of profitability. If H2APEX were to accept a refusal in its request for aid, this could also call into question the viability of a project and lead to its abandonment.

Moreover, existing public policies could be changed or even reversed, due to a law or a regulatory or administrative regulation which seeks to favor certain traditional sources of energy or alternative renewable energy sources or because of budget constraints entailing a reduction in public funds available for the implementation of such policies which support decarbonized solutions, including green hydrogen.

CREDIT RISK

Credit risks exist regarding financial institutions and customers. The credit risk with respect to financial institutions predominantly arises from liquid funds. In order to minimize a possible risk of default, financial instruments are mainly entered into with counterparties with prime credit ratings. The credit risk with respect to customers consists of granting terms of credit and the associated risk of default. Credit risk is managed on a group-wide basis. Credit risks arise from cash and cash equivalents, and deposits with banks and financial institutions. Credit exposures to customers, including outstanding receivables and committed transactions, are managed by the individual group companies. The monitoring of the credit risks is supported by an internal monthly reporting.

The tables below show the ageing analysis of financial assets as at 31 December 2023:

31/12/2023 (IN EUR 1,000)	Less than 3 months	More than 3 months and less than 6 months	Between 6 months and less than 1 year	More than 1 year	Total
Trade and other receivables	838	3,830	972	0	5,641
Other current financial assets	554	0	0	0	554
Cash and cash equivalents	44,466	0	0	0	44,466
Total assets	**45,858**	**3,830**	**972**	**0**	**50,660**

Trade and other receivables are over about 20 debtors, while the biggest debtor amounts to KEUR 3,218.

The tables below show the ageing analysis of financial assets as at 31 December 2022:

31/12/2022 (IN EUR 1,000)	Less than 3 months	More than 3 months and less than 6 months	Between 6 months and less than 1 year	More than 1 year	Total
Trade and other receivables	724	0	0	0	724
Other current financial assets	826	0	1,641	9,625	12,092
Cash and cash equivalents	149	0	0	0	149
Total assets	**1,699**	**0**	**1,641**	**9,625**	**12,965**

LIQUIDITY RISK

Liquidity risk arises from the Group’s management of working capital and the finance charges and principal repayments on its debt instruments. It represents the risk that the group will encounter difficultly in meeting its financial obligation as they are fall due. The monitoring of the Liquidity risks is supported by an internal monthly reporting.

The table below provides a maturity of the Group's non-derivative third party financial liabilities as at 31 December 2023 and 2022. The amounts disclosed in the table are the contracted undiscounted cash flows.

31/12/2023 (IN EUR 1,000)	Less than 1 year	Between 1 to 5 years	Over 5 years	Total
Debt with credit institutions	163	0	0	163
Trade and other payables	5,176	0	0	5,176
Bonds and notes issued:	0	0	0	0
Other financial liabilities	10,448	7,500	25,609	43,557
Total liabilities	**15,787**	**7,500**	**25,609**	**48,896**

31/12/2022 (IN EUR 1,000)	Less than 1 year	Between 1 to 5 years	Over 5 years	Total
Debt with credit institutions	1,606	192	0	1,798
Trade and other payables	6,000	0	0	6,000
Bonds and notes issued:	0	9,131	0	9,131
Other financial liabilities	9,077	41,140	0	50,217
Total liabilities	**16,683**	**50,464**	**0**	**67,147**

The Board of Managers of the General Partner assesses and monitors cash flows of the Group to ensure the Group has sufficient cash on demand to meet expected normal operational expenses, including the servicing of financial obligations.

Interest rate risk

The group currently has no interest rate risk. T he debt with credit institution were paid in full in February 2024. Currently all the borrowing are agreed at fixed interest rate over the entire term. In general, interest rate risk could arising from if future long term borrowings intersts would fluctuate because of changes in market interest rates.

Foreign exchange risk

The Group companies operate mostly in Euro (EUR). In general foreign currencies are only kept if future payments are expected to be made in a particular currency. The Group is exposed to foreign exchange risks especially with regards to CHF/EUR and USD/EUR based on bank deposits or intercompany loans in foreign currency.

23. OTHER FINANCIAL OBLIGATIONS/COMMITMENTS AND CONTINGENCIS

23.1 RENTAL AND LEASE CONTRACTS

Description of rental and lease contracts (short term and below EUR 5)

(in EUR 1,000)	2023	2022
OPERATING LEASE OBLIGATIONS (RENTAL) AS OF 31 DECEMBER		
< 1 year	0	0
> 1 - 5 years	0	0
More than 5 years	0	0
Total	**0**	**0**

(in EUR 1,000)	2023	2022
FINANCE LEASE OBLIGATIONS AS OF 31 DECEMBER		
< 1 year	18	0
> 1 - 5 years	0	0
More than 5 years	0	0
Total	**18**	**0**
Future finance charges on finance lease	0	0
Present value of finance lease liabilities	**18**	**0**

The present value of finance lease liabilities is as follows:

(in EUR 1,000)	2023	2022
< 1 year	18	0
> 1 - 5 years	0	0
More than 5 years	0	0
Present value of future finance lease liabilities	**18**	**0**

In the financial year 2023, the rental and leasing expenses for short term (up to 12 month) are KEUR 18 (2022: KEUR 0).

23.2 LETTER OF GUARANTEE

In connection with the sale of its subsidiary exceet Secure Solutions GmbH in 2021, the Company granted to the purchaser an independent guarantee to fulfil any and all payment claims of the purchaser against the seller (being the indirect subsidiary exceet Group AG) under the share purchase agreement up to an amount of EUR 4,912,409 in case the seller has not paid such claims to the purchaser when due and payable under the share purchase agreement. The guarantee expires seven years after the closing date, which was 30 April 2021.

24. OTHER CURRENT LIABILITIES

Details of other current liabilities are as follows:

(in EUR 1,000)	31/12/2023	31/12/2022
Tax liabilities other than income taxes	897	0
Lease liabilities	528	0
Deposits received	384	0
Social security, wages and salaries	168	249
Other liabilities	32	80
Total other current liabilities	**2,010**	**329**

25. REVENUE

Details of revenues by category of activity are as follows:

(in EUR 1,000)	2023	2022
Revenue from project development - PoC	14,819	3,476
Revenue from own operations - Point of time	478	372
Total revenue	**15,297**	**3,848**

The increase in revenue from project development can be attributed to the start of processing 3 additional projects as well as the project progress within the ongoing projects in the financial year ended 31 December 2023.

26. MATERIAL COSTS

Details of material costs by category of activity are as follows:

(in EUR 1,000)	**2023**	**2022**
Material and external services	12,410	3,061
Personnel costs for project	1,270	0
Other supplies	3	57
Total material costs	**13,684**	**3,118**

The increase in material costs correlates with the development of sales in the financial year ended 31 December 2023.

27. PERSONNEL COSTS

Details of employee benefits expense are as follows:

(in EUR 1,000)	2023	2022
Wages and salaries	6,679	3,180
Other social charges and taxes	1,155	566
Stock Option Program 2023	316	0
Other employee welfare expenses	9	0
Thereof Personnel costs for projects	(1,270)	0
Total personnel costs	**6,889**	**3,746**

The average headcount by category of the Group employees for the year ended 31 December 2023, is 81 (31 December 2022: 46).

28. OTHER OPERATING EXPENSES

Details of other operating expenses are as follows:

(in EUR 1,000)	**2023**	**2022**
Legal and consulting fees	4,516	2,297
Research costs	1,967	76
Supervisory Board fees	1,933	0
Bank and other fees	939	0
Marketing costs	860	827
Building and premises costs	817	670
Costs for settlement agreement	643	525
Repairs and maintenance	582	305
Operational Leasing	0	149
Insurance premiums	150	142
Other expenses	325	968
Total other operating expenses	**12,732**	**5,960**

The fees for the audits of annual accounts and consolidated financial statements for the financial year 2023 amount to KEUR 200 and for the assurance-related services to KEUR 31.

29. FINANCIAL INCOME

Details of financial income are as follows:

(in EUR 1,000)	**2023**	**2022**
Interest bank accounts	345	0
FX gains	80	0
Other financial income	254	513
Total financial income	**679**	**513**

30. FINANCIAL EXPENSES

Details of financial expenses are as follows:

(in EUR 1,000)	2023	2022
FX losses	109	0
Interest on amounts owed to credit institutions	79	231
Interest on other Financial liabilities	2,160	3,253
Interest on bonds issued	0	231
Reversal of capitalized Interests	0	160
Other financial charges	108	1
Total finance expenses	**2,456**	**3,876**

Reversal of capitalized interests is due to transfer assets from construction to inventory which no longer satisfy of the requirement of capitalized interest cost.

31. RECONCILIATION OF FINANCIAL LIABILITIES FROM FINANCING ACTIVITIES

Movement in liabilities classified as financing activities in the consolidated statement of cash flows, excluded from the equity headings, for the years ended 31 December 2023 and 2022, is as follows:

(IN EUR 1,000)	31/12/2022	Issue incl. Interests	conversion into equity	Payments	31/12/2023
Bonds	9,131	534	0	9,666	0
Contract liabilites and capital grants	47,538	0	0	3,981	43,557
Bank borrowings	1,798	0	0	1,635	163
Total	**58,468**	**534**	**0**	**15,282**	**43,721**

(IN EUR 1,000)	31/12/2022	Issue incl. Interests	conversion into equity	Payments	31/12/2023
Bonds	0	9,131	0	0	9,131
Contract liabilites and capital grants	40,616	25,322	6,600	11,800	47,538
Bank borrowings	5,941	0	0	4,143	1,798
Total	**46,558**	**34,454**	**6,600**	**15,943**	**58,468**

32. RELATED PARTIES

Ultimate controlling parties and related-parties transactions

As of 31 December 2023 H2APEX has not been informed by any shareholder, that a shareholder has interests of more than 50%.

H2APEX Group S.C.A. is managed by H2APEX Management S.à r.l. (hereafter the "General Partner"), a limited liability company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)), the shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each).

RELATED ENTITIES

The following entities are to be considered related parties:
H2APEX Management S.à r.l. (General Partner)
Active Ownership Fund SICAV-SIF SCS
Active Ownership Capital S.à r.l.
Active Ownership Corporation S.à r.l.
Active Ownership Investments Ltd.
Active Ownership Advisors GmbH
Active Ownership L.P.
Active Ownership Management Ltd.
APEX AFO GmbH & Co.KG
APEX AFO Series C GmbH & Co. KG
Endurance GmbH & CO. KG
Atlan Capital GmbH
Atlan Management GmbH
Atlan GP GmbH
Endurance Fund Ltd

RELATED PERSONS

Supervisory Board H2APEX Group SCA (as from 23 January 2020)

Due to the change of the legal form of the Company to a partnership limited by shares under the laws of Luxembourg (Société en Commandite par Actions (SCA)), the extra ordinary general meeting on 23 January 2020 appointed the following members of the Supervisory Board of the Company:

- Roland Lienau (Chairman)
- Georges Bock
- Florian Schuhbauer (as of 02 May 2023)
- Thomas Terschluse (as of 02 May 2023)
- Prof. Dr. Matthias Beller (as of 02 May 2023)

MEMBERS OF THE MANAGEMENT BOARD

On 23 January 2020 the extraordinary general meeting of H2APEX Group S.A. adopted the change of the legal form of the Company to a partnership limited by shares under the laws of Luxembourg Société en Commandite par Actions (S.C.A.)) and the creation and issuance of one unlimited share to the general partner H2APEX Management S.à r.l. The Managers of H2APEX Management S.à r.l. are Klaus Röhrig, Jan Kopp and Bastian Bubel.
The remuneration of members of the Supervisory Board and the Board of Managers of the General Partner is disclosed in note 32.

Details of account balances with related parties by category are as follows:

(in EUR 1,000)	31/12/2023	31/12/2022
Assets		
Loans and accrued interests on shareholder loans	0	11,064
Other receivables	506	827
Total	**506**	**11,891**

(in EUR 1,000)	31/12/2023	31/12/2022
Liabilities		
Loans and accrued interests on shareholder loans	33,109	31,313
Other payables	0	320
Total	**33,109**	**31,633**

The following are income and expense items with related parties:

(in EUR 1,000)	2023	2022
Income		
Interest on shareholder loans	0	346
Rent income	0	18
Other income	0	39
Total	**0**	**403**

(in EUR 1,000)	2023	2022
Expense		
Interest on loans from shareholders	1,128	1,227
Other expenses associates	0	50
Total	**1,128**	**1,277**

MANAGEMENT AT THE LEVEL OF THE COMPANY

The Company did not grant any emolument, loans or advances to members of its management during the year ended.

Transactions other than ordinary business or under terms differing from market conditions carried out by the management of the company.

During the year, the managers of the Company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or with other companies in the Group.

CONFLICTS OF INTEREST CONCERNING THE MANAGEMENT

The managers of the Company and their related parties have had no conflicts of interest requiring disclosure.

CONTINGENT LIABILITIES TOWARDS RELATED PARTIES

No contingent liabilities towards related parties (2022: EUR 0).

33. KEY MANAGEMENT PERSONNEL EXPENSES

The Company is managed by H2APEX Management S.à r.l. (hereafter the "General Partner"), a limited company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)). For the financial year 2023, an amount of EUR 303,126 (2022: EUR 0) has been recognized in the consolidated statement of comprehensive income for remuneration of the Supervisory Board. The amount of KEUR 180 (2022: EUR 0) has been recognized in the consolidated statement of comprehensive income as a management fee for the General Partner.

Share-Based Payments

On the Annual General Meeting on 2 May 2023 the shareholders approved a Stock Option Program amounting to 3,640,000 shares of the Company, with each Stock Option corresponding to one share.

As of 31 December 2023, 2,200,000 of Stock Options have been already granted as follows:

- 1,000,000 Stock Options have been granted to the Chairman of the Supervisory Board (see Note 15).

- 1,200,000 Stock Options have been granted to key employees. The Exercise Price for each of these Options shall be EUR 5.50. These Options shall be considered vested over a four-year period (1/16 for each full quarter).

As consideration for Roland Lienau's (Chairman of the Supervisory Board) contribution to the business combination between the Company and the German APEX Group (in particular, the deal sourcing, relationship management, support of the key negotiations and your laborious assistance throughout the entire M&A process), 660,000 Stock Options have been granted to Lien HoldCo (related party to Roland Lienau). The Exercise Price for each of these Options shall be EUR 5.50. These Stock Options are fully vested as of the acceptance and must be exercised until 31 December 2027 ("Expiry Date").

In addition, as consideration for Roland Lienau's continuing to hold the office of chairman of the Supervisory Board, 340,000 Stock Options have been granted to Lien HoldCo, too. The Exercise Price for each of these Options shall be EUR 5.50. These Options shall be considered fully vested on 31 December 2025 (accelerated vesting) and cannot be exercised before 15 July 2024.

The expenses recognized for stock option services during the year is shown in the following table:

(in EUR 1,000)	2023	2022
Expenses arising from equity-settled transactions	**1,946**	**0**

There were no cancellations of modifications to the awards in 2023.

The following table illustrates the number and exercise prices of stock options granted, the movements in share options during the year:

(in EUR)	2023 Number	2023 excercise price	2022 Number	2022 excercise price
Outstanding at 1 January	**0**	**5.50**	**0**	**0**
Granted during the year	2,400,000	5.50	0	0
Forfeited during the year	0	5.50	0	0
Exercised during the year	0	5.50	0	0
Expired during the year	0	5.50	0	0
Outstanding at 31 December	**2,400,000**	**5.50**	**0**	**0**
Exercisable at 31 December	660,000	5.50	0	0

The weighted average remaining contractual life for the stock options outstanding at 31 December 2023 was 2.6 years.

The exercise prices for all outstanding stock options at the end of the year was EUR 5.50.

The following table lists the inputs to the model used:

	Model inputs
Weighted average fair values at the measurement date	1.81
Dividend yield (%)	0%
Expected volatility (%)	40%
Risk-free interest rate (%)	3.29%
Expected life of options (years)	4
Share Price Grant Date	6.65
Model used	Binomial
weighted average remaining contractual life	2.66

The expected life of stock options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

34. EVENTS AFTER THE REPORTING PERIOD

On 18 January 2024 the shareholders decided at the EGM (Extraordinary General Meeting), that the former exceet Group S.C.A. will be renamed into H2APEX Group S.C.A.. With the renaming a common branding with APEX Group is finalized.

There are no other subsequent events after 31 December 2023 to be reported.

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Shareholders of
H2APEX Group SCA
19, rue de Flaxweiler
L-6776 Grevenmacher

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of H2APEX Group SCA (until 18 January 2024 "exceet Group SCA") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "*réviseur d'entreprises agréé*" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reverse acquisition

a) Why the matter was considered to be one of most significant in the audit?

We refer to the Note 2.i1 “Basis of preparation - Reverse acquisition of exceet Group SCA” in the consolidated financial statements of H2APEX Group SCA.

On 19 January 2023, exceet Group SCA acquired Apex Nova Holding GmbH (unlisted entity incorporated in Germany). The accounting for the reverse acquisition is a key audit matter due to the effect of the arrangement which is accounted for as Apex Nova Holding GmbH being the accounting acquirer of exceet Group SCA as legal acquirer in accordance with IFRS 10 and in analogy with IFRS 3. As part of this accounting treatment, the General Partner needed to assess whether the transaction is a business or asset acquisition. In addition, as part of the consideration of the transaction, the legal acquirer issued a share-based payment for the assets acquired in the Company and listing status.

Determining the accounting treatment for this transaction as well as the fair value of consideration is complex and incorporates numerous assumptions and parameters (notably determination of accounting acquirer and accounting acquiree, the exchange value of shares as part of the consideration for the acquisition as well as the calculation of the share-based payment) relevant to measurement that involve considerable estimation uncertainties and judgment.

There is a risk that the estimates and judgements made in the recognition of the transaction as a reverse acquisition may be inappropriate and the exchange of shares in Apex Nova Holding GmbH for shares in exceet Group SCA and by way of a share-based payment, when aggregated, could result in a material misstatement.

b) How the matter was addressed during the audit?

Our audit procedures on the accounting of the reverse acquisition as disclosed in Note 2.i1 of the consolidated financial statements included, but were not limited to:

- We obtained an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or asset acquisition.
- We assessed management’s proposed accounting treatment in accordance with applicable IFRS accounting standards.
- We checked the calculation of the purchase consideration and considered the legally required report on the contribution in kind in accordance with article 420-10 of the amended Law of 10 August 1915 on commercial companies that indicated that the value of consideration corresponds at least to the number and nominal value per shares of the shares that were issued in consideration of this acquisition.
- We involved our own valuation expert and considered the appropriateness and consistency of the assumptions used by management in the valuation of the share-based payment and challenged the underlying key assumptions and parameters against comparable transactions and market data.
- Further we assessed the adequacy and completeness of the acquisition journals at acquisition date and of the disclosures of this reverse acquisition in the notes to the consolidated financial statements are in accordance with the Basis of preparation as disclosed in note 2.i1 for the reverse acquisition.

Other information

The General Partner is responsible for the other information. The other information comprises the information included in the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of "*réviseur d'entreprises agréé*" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the General Partner and Those Charged with Governance for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the General Partner determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The General Partner is responsible for presenting the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the General Partner is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the consolidated financial statements

The objectives of our audit 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 to issue a report of "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.

- Conclude on the appropriateness of General Partner's 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 our report of *"réviseur d'entreprises agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Group to cease 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 represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé*" by the General Meeting of the Shareholders on 2 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;

- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in in the ESEF Regulation.

In our opinion, the consolidated financial statements of H2APEX Group SCA as at 31 December 2023, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 30 April 2024

BDO Audit
Cabinet de révision agréé
represented by

Anke Schelling

H2APEX GROUP SCA

(UNTIL 18 JANUARY 2024 “EXCEET GROUP SCA”)

MANAGEMENT REPORT

PRESENTATION OF THE COMPANY

H2APEX Group SCA (until 18 January 2024: “exceet Group SCA” and hereafter the “Company”) and is a company incorporated as a “Société en Commandite par Actions” under the law of Luxembourg and listed on the regulated market of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155) in the Prime Standard segment. Since the business combination with APEX Nova Holding GmbH, which has been completed on 19 January 2023, the investment focus is on developing projects for the decentralized supply of green hydrogen.

On 18 January 2024 the shareholders decided at the Extraordinary General Meeting (EGM), that the former exceet Group SCA will be renamed into H2APEX Group SCA. With the renaming, a common branding with APEX Group is finalized.

H2APEX Group SCA is managed by H2APEX Management S.à r.l. (until 18 January 2024 “exceet Management S.à r.l.” and hereafter the “General Partner”), a limited liability company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)), the shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each).

OBJECTIVES & BUSINESS STRATEGY

H2APEX Group SCA is a listed holding company. The managing directors of the subsidiaries have the operational freedom to realize the targets agreed within the framework of H2APEX’s reporting and risk management system. This allows the fast recognition of operational and strategic tendencies, which might have to be discussed and followed up with H2APEX Group SCA management. This stringent process will allow for organic growth or new acquisitions.

Finally, for H2APEX Group SCA the increase of its share price is considered to be a key indicator for rising shareholder value.

For further details please refer to the H2APEX Group Management Report and the articles of the association of H2APEX Group SCA [1].

The Company is the parent company of the operating group APEX Nova Holding focussing on the business development of the underlying group: For the current fiscal year 2024, the Company expects a growth course of its subsidiaries (together forming the “H2APEX group”) to continue and to more than double their revenues of the financial year 2023 to between EUR 35 million and EUR 40 million. This development will be supported by the operating revenues from the planning and construction of hydrogen plants for third-party companies, from the operation of hydrogen plants and from the sale of hydrogen storage tanks, for which fully automated series production will begin in the fiscal year 2024. The majority of the revenues of the subsidiaries of the Company expected in 2024 have already been contractually secured.

The strategy of the subsidiaries held by the company remains focused on achieving their profitable growth as quickly as possible, which is reflected in two medium-term target figures already communicated by the Management Board: H2APEX expects to generate a positive operating cash flow starting in the fiscal year 2025 and a positive adjusted EBITDA starting in the fiscal year 2026.

[1] *https://ir.h2apex.com/fileadmin/downloads/ir/corp_govern/2024-01-18_H2APEX_Group_SCA_Koordinierte_Satzung.pdf*

MAJOR EVENTS DURING REPORTING PERIOD

As of 19 January 2023, the Company entered into a definitive merger agreement with APEX Nova Holding GmbH ("APEX") and its shareholders. APEX, together with its subsidiaries, is a leading developer, manufacturer and operator of green hydrogen plants for the de-carbonization of the industry and infrastructure.

Under the merger agreement, the Company agreed (i) to acquire 20.8% of the APEX shares for a cash consideration in the amount of EUR 25,000,000 and (ii) to exchange the remaining 79.2% shares in Apex for shares in the Company by way of a contribution in kind. For this purpose, the Company agreed to utilize its authorized capital and increase its share capital from EUR 311,960.18 by EUR 252,424.73 to EUR 564,384.91 by issuing 16,285,467 new shares to the shareholders of APEX. In addition, the Company agreed to adopt a long-term equity incentive plan for the board members and key employees of the combined group allowing for the issuance of up to 3,640,000 stock options which, subject to meeting the agreed strike price and vesting conditions, entitle the beneficiaries to subscribe to 3,640,000 new shares.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

H2APEX Group SCA, as a holding company, is subject to operating expenses in nature and does not have any operational profit.

In 2023 the Company made a profit of EUR 12,357,980 (2022: EUR 13,899,975).

The "other external expenses" of the Company amount to EUR 1,353,763 (2022: EUR 945,941). The other external expenses include costs for the Company's General Partner and legal fees, audit fees, investor relations, consulting fees, rent charges, insurance charges, fees for tax compliance, bank charges and travel costs of the Supervisory Board. The increase of other external expenses by EUR 407,822 compared to 2022 is justified by an increase of the management fees of H2APEX Management S.à r.l. as approved on the Annual General Meeting on 2 May 2023.

The "other operating expenses" amounted to EUR 303,126 (2022: EUR 184,251) and resulted from the compensation of the independent directors for their services on its Supervisory Board. The increase by EUR 118,875 is due to the new remuneration policy and the expenses for two additional members of the Supervisory Board.

"Income from other investments and loans forming part of the fixed assets" amounted to EUR 45,560,888 (2022: EUR 16,500,000) and are based on dividend payment, mainly from exceet Holding S.à.r.l. in an amount of EUR 45,500,000.

Following the dividend received from exceet Holding S.à r.l. on 27 July 2023 in the amount of EUR 45,500,000, H2APEX Management S.à.r.l. re-assessed the value of exceet Holding S.à.r.l.. and noted that there was a permanent decrease in value, resulting in an impairment of EUR 31,480,511 which has been booked.

The "Other interest receivable and similar income" amounted to EUR 247,711 (2022: EUR 500,049) due to interest on bank accounts in an amount of EUR 113,118 (2022: EUR 130,783) and foreign currency exchange gains in USD in an amount of EUR 134,593 (2022: EUR 369,266).

The "Interest payable and similar expenses" of EUR 308,403 (2022: EUR 1,965,066) was composed of interests related to intercompany loan of EUR 201,646 (2022: EUR 75,283). In 2022, the interest payable and similar expenses amounted to EUR 1,965,066 which included a loss on divestment of Lucom GmbH Gesellschaft für Elektrokomponenten in an amount of EUR 1,500,000. Additionally in 2023 foreign currency exchange losses in USD have been recorded in an amount of EUR 106,756 (2022: EUR 381,197).

BALANCE SHEET POSITIONS

At 31 December 2023 the Company's balance sheet revealed total assets of EUR 212,401,998 compared to EUR 113,695,650 at the end of the previous year. This increase was mainly the result of the increase in participations based on the acquisition of Apex Nova Holding GmbH.

As a consequence, "Financial assets" amounted to EUR 209,539,097 compared to EUR 108,082,373 at the end of the previous year.

Total "current assets" amounted to EUR 1,213,670 (2022: EUR 5,605,423). The main reason for the decrease was the lower level of cash at bank and in hand compared to prior year.
"Total capital and reserves" increased from EUR 104,338,722 as per 31 December 2022, to EUR 211,697,102 as per 31 December 2023, reflecting the profit for the financial year of EUR 12,357,980 (2022: EUR 13,899,975), but mainly related to the decision of the shareholder meeting on 19 January 2023, where the shareholder approved the contribution in kind of the Company's Subscribed capital by an amount of EUR 252,425 from EUR 311,960 to EUR 564,385 and of Share Premium by EUR 94,747,975 from EUR 103,78,029 to EUR 198,326,004 by issuing 16,285,467 new shares to the shareholders of APEX.

The "trade creditors and other creditors" amounted to EUR 704,896 (2022: EUR 2,666,897). The decrease is related to transaction costs in connection with the acquisition of APEX Group which have been paid in January 2023 after closing the transaction.

In 2023 H2APEX Group SCA was only equity financed. The "amounts owed to affiliated undertakings" which amounted to EUR 6,690,031 as of 31 December 2022 have been fully repaid in 2023.

PRINCIPLE RISKS AND UNCERTAINTIES

The General Partner has the overall responsibility for the oversight of the Company's risk management framework and monitors the Company in light of the risks and uncertainties it faces. The Company is principally exposed to credit risk and liquidity risk.

CREDIT RISK

The Company does not have a significant concentration of credit risk. Cash at bank and in hand are held with high credit quality financial institutions and hence this risk is deemed to be low. The maximum exposure to credit risk at the reporting date amounted to EUR 1.205.228.

LIQUIDITY RISK

In terms of liquidity risk, the Company has procedures in place to maintain sufficient liquidity and monitors the ageing of its payables. As described in Note 6 of the annual accounts, as at 31 December 2023, trade and other payables amounted to EUR 695.265,60 and represented the maximum exposure the Company had at year-end. The Company does not have any other debts with credit institutions and affiliated undertakings.

CASHFLOW RISK

As described above, the Company does not have any debts with credit institutions and affiliated undertakings and has sufficient liquidity to meet its current obligations. Management deems this risk to be low.

OTHER RISKS

As a holding entity, the Company is not subject to currency and price risk and does not have any need to put a hedging strategy in place given its limited operations.

EMPLOYEES

As at 31 December 2023, there were no employees employed by the Company (2022: 0).

DEVELOPMENT AND TECHNOLOGY INVESTMENTS AND BRANCHES

In 2023 and 2022, no development expenditures occurred within the Company. The company does not have any branches. The company will not further invest in areas outside the current business activities. As a long-term investor, the company has today no exit strategy for its investment.

OWN SHARES

The company has not acquired own shares during the year.

OTHER DISCLOSURES

For information regarding:

- Non-financial performance indicators
- Opportunities and risk report
- Report on expected developments
- Corporate Governance
- Takeover Law
- Forward-Looking Statements
- Financial calendar
- Research and development expenditure

Please refer to the H2APEX Group Consolidated Management Report pages 3 to 42.

RESPONSIBILITY STATEMENT

In accordance with article 3(2) c) of the Law of 11th January 2008 on Transparency Requirements for Issuers, the undersigned declares that, to the best of his knowledge, the Annual Accounts in accordance with Luxembourg Law give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. The undersigned further declares that, to the best of his knowledge, the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with the description of the principal risks and uncertainties it faces.

Grevenmacher, 29 April 2024

H2APEX Management S.à r.l. in its capacity as General Partner

Klaus Röhrig, Jan Klopp

On behalf of the Board of Managers of H2APEX Management S.à r.l.

H2APEX Group SCA

H2APEX GROUP SCA

(SOCIETE EN COMMANDITE PAR ACTIONS) (UNTIL 18 JANUARY 2024 “EXCEET GROUP SCA“)

ANNUAL ACCOUNTS 31 DECEMBER 2023

BALANCE SHEET

(in EUR)	Note	31 December 2023	31 December 2022
ASSETS			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	3	209,539,097	106,861,749
Investments held as fixed assets	4	1,649,231	1,220,624
Total fixed assets		**211,188,327**	**108,082,373**
Current assets			
Other debtors			
Becoming due and payable within one year		8,442	445
Cash at bank and in hand		**1,205,228**	**5,604,978**
Total current assets		**1,213,670**	**5,605,423**
Prepayments		**0**	**7,854**
Total assets		**212,401,998**	**113,695,650**
CAPITAL, RESERVES AND LIABILITIES			
Capital and reserves			
Subscribed capital		564,385	311,960
Share premium account		198,326,005	103,578,029
Reserves			
Legal Reserve		22,437	0
Profit or (loss) brought forward		426,296	(13,451,242)
Profit or (loss) for the financial year		12,357,980	13,899,975
Total capital and reserves	5	**211,697,102**	**104,338,722**
Creditors			
Trade creditors			
Becoming due and payable within one year	6	695,266	2,662,082
other creditors		9,630	4,815
Amounts owed to affiliated undertakings			
Becoming due and payable less than one year	7	0	6,690,031
Total creditors		**704,896**	**9,356,928**
Total capital, reserves and liabilities		**212,401,998**	**113,695,650**

The accompanying notes form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT

(in EUR)	Note	01.01.-31.12.2023	01.01.-31.12.2022
Other external expenses	8	(1,353,763)	(945,941)
Other operating expenses	9	(303,126)	(184,251)
Income from participating interest	10	45,560,888	16,500,000
Value adjustments in respect of financial assets and of investments held as current assets	11	(31,480,511)	0
Other interest receivable and similar income	12	*247,711*	*500,049*
Interest payable and similar expenses			
- concerning affiliated undertakings	13	(201,646)	(1,965,066)
- other interest and similar expenses	13	(106,756)	0
Other taxes (net wealth tax)	14	(4,815)	(4,815)
Profit (Loss) for the financial year		**12.357.980**	**13,899,975**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE ANNUAL ACCOUNTS

1. GENERAL INFORMATION

H2APEX Group SCA (until 18 January 2024 "exceet Group SCA", hereafter "H2APEX" or the "Company") is a Luxembourg Company and subject to the Law of 10 August 1915 on commercial companies in Luxembourg as amended. H2APEX is managed by H2APEX Management S.à r.l. (until 18 January 2024 exceet Management S.à r.l.), hereafter the "General Partner" is a limited liability company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)), in which the shares are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each).

The Company is established for an unlimited period of time and moved its registered office from 17, rue de Flaxweiler, L-6776 Grevenmacher to 19, rue de Flaxweiler, L-6776 Grevenmacher (Luxembourg) in November 2023 and is registered with the Register of Commerce and Companies of Luxembourg under the section B number 148.525. The shares are listed on the regulated market of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155) in the Prime Segment.

The Company's purpose is the creation, holding, development and realisation of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio.
The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company and lend funds or otherwise assist any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of companies as the Company.
The Company may borrow in any form and may issue any kind of notes, bonds and debentures and generally issue any debt, equity and/or hybrid securities in accordance with Luxembourg law. The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it may deem useful in accomplishment of these purposes.

The financial year starts on 1 January and ends on 31 December. The Company also prepares consolidated financial statements according IFRS Accounting Standards as adopted by the European Union, which are published according to the provisions of the Luxembourg law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The annual accounts as at 31 December 2023 of the Company are prepared in accordance with current Luxembourg legal and regulatory requirements under the historical cost convention and the going concern assumption.

Accounting policies and valuation rules are, besides the ones laid down by the modified Law of 19 December 2002, determined and applied by the Supervisory Board and General Partner of the Company.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Supervisory Board and General Partner to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Supervisory Board and General Partner believe that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

2.2 FOREIGN CURRENCY TRANSLATION

The Company maintains its accounting records in Euro (EUR). The annual accounts are expressed in this currency.

Transactions denominated in foreign currencies other than EUR are translated separately into EUR at the exchange rates ruling at the date of transaction.

Fixed assets, which are expressed in currencies other than EUR, are translated into EUR at the exchange rate effective at the date of the transaction. No subsequent translation adjustments are recorded at each balance sheet date. At the balance sheet date, these assets remain translated at historical exchange rates.

All other assets, including long term loans disclosed under fixed assets, expressed in currencies other than EUR are valued individually at the lower of their value translated into EUR at historical exchange rates or at exchange rates prevailing at the balance sheet date. Unrealized exchange losses resulting from this conversion are recorded in the profit and loss account of the year. The exchange gains are recorded in the profit and loss account at the time of their realization.

Liabilities expressed in currencies other than EUR are valued individually at the higher of their value translated into EUR at historical exchange rates or at the exchange rates prevailing at the balance sheet date. Realized and unrealized exchange losses resulting from this conversion are recorded in the profit and loss accounts of the year. The exchange gains are recorded in the profit and loss account at the time of their realization.

2.3 FINANCIAL ASSETS

Financial assets, including shares in affiliated undertakings and loans to these undertakings as well as investments held as fixed assets, are valued at their acquisition cost including the expenses incidental hereto. Value adjustments are made in respect of financial assets to recognize a durable reduction in their value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.4 DEBTORS

Debtors are stated at their nominal value. Value adjustments are recorded if the net realizable value is lower than the book value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 PREPAYMENTS

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

2.6 CREDITORS

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.7 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Loans are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.8 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME / INTEREST PAYABLE AND SIMILAR EXPENSES

The other interest receivable and similar expenses / interest payable and similar expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

3. FINANCIAL ASSETS – SHARES IN AFFILIATED UNDERTAKINGS

For financial fixed assets, the movements for the year are as follows:

(in EUR)	
AQUISITION COSTS	
As of 1 January 2023	**106,861,749**
Additions of the year	206,157,859
Reduction of capital	
Repayment of share premium	72,000,000
As of 31 December 2023	**241,019,608**
ACCUMULATED VALUE ADJUSTMENTS	
As of 1 January 2023	**-**
Allocation for the year	31,480,511
Reversal for the year	-
Transfer for the year	-
As of 31 December 2023	**31,480,511**
Net book value as of 1 January 2023	**106,861,749**
Net book value as of 31 December 2023	**209,539,097**

(in EUR)	
AQUISITION COSTS	
As of 1 January 2022	**96,980,511**
Additions of the year	74,281,238
Disposals of the year	(6,500,000)
Repayment of share premium	(57,900,000)
As of 31 December 2022	**106,861,749**
ACCUMULATED VALUE ADJUSTMENTS	
As of 1 January 2022	**-**
Allocation for the year	-
Reversal for the year	-
Transfer for the year	-
As of 31 December 2022	**-**
Net book value as of 1 January 2022	**96,980,511**
Net book value as of 31 December 2022	**106,861,749**

As of 19 January 2023 the Company entered into a merger agreement with APEX Nova Holding GmbH ("APEX") and its shareholders. APEX, together with its subsidiaries, is a leading developer, manufacturer and operator of green hydrogen plants for the de-carbonization of the industry and infra structure.

Under the merger agreement, the Company agreed (i) to acquire 20.8% of the APEX shares for a cash consideration in the amount of EUR 24,998,400 and (ii) to exchange the remaining 79.2% shares in APEX for shares in the Company by way of a contribution in kind valued with an amount of EUR 95,000,400. For this purpose, the Company agreed to utilize its authorized capital and increased its share capital from EUR 311,960.18 by EUR 252,424.73 to EUR 564,384.91 by issuing 16,285,467 new shares to the shareholders of APEX. Additionally, on 19 January 2023 the Company paid EUR 50,000,000 and on 31 July 2023 EUR 18,000,000 as paid in capital into APEX Nova Holding GmbH.

The acquisition costs of APEX of EUR 2,253,238 have been already recorded as financial assets as of 31 December 2022.

RLG Holding GmbH has been acquired as a shell company on 26 October 2022 for an acquisition price of EUR 28,000. At the time RLG Holding GmbH had a subscribed capital in an amount of EUR 25,000 which has been fully paid on. On 27 December 2022 the company invested EUR 72,000,000 as other reserve within the capital. On 5 January 2023 RLG Holding GmbH repaid EUR 72,000,000 out of its other reserves to the Company. On 28 July 2023, the Company invested EUR 14,000,000 as other reserve within the capital of RLG Holding GmbH. On 8 December 2023, the Company invested EUR 1,800,000 as other reserve within the capital of RLG Holding GmbH.

exceet Holding S.à r.l. has been acquired on 03 October 2018, the Company received a dividend distribution from its subsidiary exceet Holding S.à r.l. in the amount of EUR 45,500,000. Following this dividend received from exceet Holding S.à r.l., the Company re-assessed the value of exceet Holding S.à r.l. and noted that there was a permanent decrease in value, resulting in an impairment of EUR 31,480,511 which has been booked.

Undertakings in which the Company holds at least 20% of the share capital are as follows:

Name	Registered Office	Percentage of ownership	Last balance sheet date	Net equity at the balance sheet date of the company concerned* (EUR)	Profit or loss for the last financial year* (EUR)	Net book value of financial assets (EUR)
exceet Holding S.à r.l.	Grevenmacher, Luxembourg	100%	31 December 2023	1,062,352	911,847	1,100,000
RLG Holding GmbH	Frankfurt am Main, Germany	100%	31 December 2023	15,871,278	38,012	15,828,000
APEX Nova Holding GmbH	Laage, Germany	100%	31 December 2023	92,430,653	2,291,639	192,611,097

* according to unaudited annual accounts for exceet Holding S.à r.l. in accordance with current Luxembourg legal and regulatory requirements and for RLG Holding GmbH and APEX Nova Holding GmbH in accordance with current German legal and regulatory requirements

The management has assessed that there is no other permanent decrease in market value and therefore no value adjustment is recorded on those financial assets in annual accounts of the Company.

4. FINANCIAL ASSETS – INVESTMENTS HELD AS FIXED ASSETS

Other financial assets are recorded in which the Company holds less than 20% of the share capital.

The amount is related to investments in a fund, which is investing in online gaming companies. Until 31 December 2023 the Company invested USD 1,816,668 (EUR 1,649,231) (2022: USD 1,375,000 (EUR 1,220,624)). Total investment is committed for USD 2,500,000 and is called by tranches.

The Company received a dividend distribution from its financial assets Play Ventures Investments VCC – Play Ventures Fund II in the amount of EUR 60,888 (USD 66,668), this amount was reinvested as capital in Play Ventures Investments VCC – Play Ventures Fund II.

Name	Registered Office	Percentage of ownership	Last balance sheet date	Net equity (USD)	Profit for the financial year (USD)
Play Ventures Investments VCC - Play Ventures Fund II	Singapore	1.85%	31 December 2022	100,154,483	25,925,774

The management has assessed that there is no permanent decrease in market value and therefore no value adjustment is recorded on those financial assets in annual accounts of the Company.

5. CAPITAL AND RESERVES

Changes in equity are:

(in EUR)	Subscribed capital	Share premium account	Legal Reserve	Profit (loss) brought forward	Profit or (loss) for the financial year	Total capital and reserves
Opening balance 1 January 2023	**311,960**	**103,578,029**	**0**	**(13,451,242)**	**13,899,975**	**104,338,722**
Allocation of prior year result	-	-	22,437	13,877,538	-13,899,975	-
Contribution in kind	252,425	94,747,975	-	-	-	95,000,400
Result for the financial year	-	-	-	-	12,357,981	12,357,980
Closing balance 31 December 2023	**564,385**	**198,326,004**	**22,437**	**426,296**	**12,357,981**	**211,697,102**

Rounding differences can occur

The issued share capital as of 31 December 2023 was set at 36,359,162 (2022: 20,073,095) Ordinary Shares and 1 Unlimited Share, with an accounting par value of EUR 564,384.91 (2022: EUR 311,960.18). The Ordinary Shares are listed on the regulated market of Frankfurt Stock Exchange in the Prime Segment.

On the extraordinary shareholder meeting on 29 June 2022, the shareholders approved an authorised capital in an amount of EUR 2,807,640, excluding the issued share capital, and to grant the authorisation to the General Partner to issue up to 184,715,055 Ordinary Shares.

On 19 January 2023 the shareholder approved the contribution in kind of the Company's Subscribed capital by an amount of EUR 252,425 from EUR 311,960 to EUR 564,385 and of Share Premium by EUR 94,747,975 from EUR 103,578,029 to EUR 198,326,004 by issuing 16,285,467 new shares to the shareholders of APEX.

Based on the transaction of Contribution in Kind authorised capital decreased by EUR 252,425 to EUR 2,555,215.27.

On the Annual General Meeting on 2 May 2023 the shareholders approved the allocation of prior year results to the profit brought forward for an amount of EUR 13,877,538 and an allocation to the legal reserve amounting to EUR 22,437.

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Legal Reserve

Under Luxembourg law, 5% of the net profit of the year, net of any losses brought forward, must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

During the year, the Company has not acquired/ sold any own shares.

6. TRADE CREDITORS

This caption includes amounts for invoices payable to suppliers and for accrued charges for invoices received after the balance sheet date regarding expenses incurred during the financial year ended 31 December 2023. They are becoming due and payable within one year.

(in EUR)	31 December 2023	31 December 2022
Third party invoices payable	19,707	2,318,439
Accruals for tax compliance services	0	5,000
Accruals for audit services	210,000	60,340
Accruals for directors remuneration	298,333	175,000
Accruals for legal services from related parties	37,434	24,664
Accruals for legal services from third parties	95,982	37,506
Other accruals	33,810	41,133
Total	**695,266**	**2,662,082**

7. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

The amounts owed to undertakings included loans from the affiliate exceet Group AG denominated in EUR and USD.

(in EUR)	31 December 2023	31 December 2022
Amounts owed to exceet Group AG	0	6,690,031
Total	**0**	**6,690,031**

The loans have been repaid during the financial year 2023, these beared interest rates between 0.5% and 2% and were unsecured.

8. OTHER EXTERNAL EXPENSES

The other external expenses include costs for the Company's General Partner and legal fees, audit fees, investor relations, consulting fees, rent charges, insurance charges, fees for tax compliance, bank charges and travel costs of the Supervisory Board. The increase of other external expenses by EUR 407,822 compared to 2022 is justified by an increase of the management fees of H2APEX Management S.à r.l. as approved on the Annual General Meeting on 2 May 2023.

9. OTHER OPERATING EXPENSES

The other operating expenses resulted from the compensation of the independent directors for their services on its Supervisory Board. Other operating expenses increased by EUR 118,875 due to the new remuneration policy and the increase by two new members of the Supervisory Board during the financial year 2023.

10. INCOME FROM PARTICIPATING INTEREST

This income amounted to EUR 45,560,888 (2022: EUR 16,500,000) based on dividend payments received:

- of the subsidiary exceet Holding S.à r.l. of EUR 45,500,000, given EUR 30,882,792 as cash and EUR 14,617,208 as offset with existing loan.
- Play Ventures Fund II of EUR 60,888 (USD 66,668), this amount was reinvested as capital in Play Ventures Fund II.

11. VALUE ADJUSTMENT IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Following the dividend received from exceet Holding S.à r.l. on 27 July 2023 in the amount of EUR 45,500,000, H2APEX Management S.à r.l. re-assessed the value of exceet Holding S.à r.l. and noted that there was a permanent decrease in value, resulting in an impairment of EUR 31,480,511 which has been booked.

12. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

The Other interest receivable and similar income amounts to EUR 247,711 (2022: EUR 500,049) due to interest on bank accounts in an amount of EUR 113,118 (2022: EUR 130,783) and foreign currency exchange gains in USD amounting to EUR 134,593 (2022: EUR 369,266).

13. INTEREST PAYABLE AND SIMILAR EXPENSES

The Interest payable and similar expenses of EUR 308,402 (2022: EUR 1,965,066) is composed of interest related to intercompany loans of EUR 201,646 (2022: EUR 75,283). In 2022, the interest payable and similar expenses amounted to EUR 1,965,066 which included a loss on divestment of Lucom GmbH Gesellschaft für Elektrokomponenten in an amount of EUR 1,500,000. Additionally in 2023 foreign currency exchange losses in USD have been recorded in an amount of EUR 106,756 (2022: EUR 381,197).

14. TAXES

The Company is subject in Luxembourg to the applicable general tax regulations.

(in EUR)	2023	2022
Net Wealth Tax	4,815	4,815

15. EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

For 2023 an amount of EUR 303,126 (2022: EUR 175,000) has been recognized in the profit and loss statement for remuneration of the Supervisory Board. EUR 180,000 (2022: EUR 70,200) has been recognized in the profit and loss account as a management fee for the General Partner.

As consideration for Roland Lienau's (Chairman of the Supervisory Board) contribution to the business combination between the Company and the German APEX Group (in particular, the deal sourcing, relationship management, support of the key negotiations and your laborious assistance throughout the entire M&A process), 660,000 Stock Options have been granted to Lien HoldCo (related party to Roland Lienau). The Exercise Price for each of these Options shall be EUR 5.50. These Stock Options are fully vested as of the acceptance and must be exercised until 31 December 2027 ("Expiry Date").

In addition, as consideration for Roland Lienau's continuing to hold the office of chairman of the supervisory board, 340,000 Stock Options have been granted to Lien HoldCo, too. The Exercise Price for each of these Options shall be EUR 5.50. These Options shall be considered fully vested on 31 December 2025 (accelerated vesting) and cannot be exercised before 15 July 2024.

On the Annual General Meeting on 2 May 2023 the shareholders approved a Stock Option Program amounting to 3,640,000 shares of the Company, with each Stock Option corresponding to one share.

As of 31 December 2023, 2,200,000 of Stock Options have been already granted as follows:

- 1,000,000 Stock Options have been granted to the Chairman of the Supervisory Board (see Note 15).
- 1,200,000 Stock Options have been granted to key employees. The Exercise Price for each of these Options shall be EUR 5.50. These Options shall be considered vested over a four-year period (1/16 for each full quarter).

16. OFF-BALANCE SHEET COMMITMENTS

In connection with the sale of its subsidiary exceet Secure Solutions GmbH in 2021, the Company granted to the purchaser an independent guarantee to fulfil any and all payment claims of the purchaser against the seller (being the indirect subsidiary exceet Group AG) under the share purchase agreement up to an amount of EUR 4,912,409 in case the seller has not paid such claims to the purchaser when due and payable under the share purchase agreement. The guarantee expires seven years after the closing date, which was 30 April 2021.

H2APEX Group SCA has provided a direct guarantee of EUR 12,250,000 to APEX Nova Holding and APEX Energy Teterow GmbH.

H2APEX Group SCA has issued a letter of comfort to APEX Nova Holding GmbH for a maximum of EUR 10,000,000. The company is not obliged to provide any further contribution or any support to APEX Nova Holding GmbH in addition. The obligations under this letter of comfort terminate on 31 July 2024.

17. STAFF

During the financial year, the Company had no employees (2022: nil).

18. SUBSEQUENT EVENTS

No other events occurred since the balance sheet date on 31 December 2023 that would require adjustment of assets or liabilities of disclosure.

On 18 January 2024, exceet Group SCA has been renamed into H2APEX Group SCA. The shareholders voted for this renaming at the Extraordinary General Meeting (EGM) to align the branding with APEX Group and starting a common market approach. The Company also appointed Prof. Dr.-Ing. Heinz Jörg Fuhrmann as supervisory board member as of 18 January 2024.

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Shareholders of
H2APEX GROUP SCA
19, rue de Flaxweiler
L-6776 Grevenmacher

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of H2APEX GROUP SCA (until 18 January 2024 "exceet Group SCA", hereinafter the "Company"), which comprise the balance sheet as at 31 December 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of shares in affiliated undertakings and investments held as fixed assets (notes 3 and 4).

a) Why the matter was considered to be one of the most significant?

We refer to the accounting policy 2.3 “Financial assets”, Note 3 “Shares in affiliated undertakings” and Note 4 “Investments held as fixed assets” in the annual accounts.

As at 31 December 2023, the situation is as follows:

Financial fixed assets:

- Shares in affiliated undertakings: EUR 209,539,097 (2022: EUR 106,861,749)
- Investment held as fixed assets: EUR 1,649,231 (2022: EUR 1,220,624)

In total, these positions represent 99.43% of total assets as at 31 December 2023 (2022: 95.06%).

The identification of durable impairment indicators and the determination of a value adjustment requires the application of significant judgment by the General Partner. The significance of the estimates and judgments involved requires specific audit focus in this area.

b) How the matter was addressed during the audit?

Our audit procedures over the valuation of shares in affiliated undertakings and of investments held as fixed assets included, but were not limited to:

- We obtained the financial information of the affiliated undertakings and of the investments held as fixed assets of the Company at year-end and compared the carrying amounts of the affiliated undertakings and of the investments held as fixed assets in the annual accounts of the Company at year-end to the pro-rata net equity of the affiliated undertakings and of the investments held as fixed assets in the financial information.

- In case where the pro-rata net equity of an affiliated undertaking and / or of the investments held as fixed assets was below its carrying amount and the General Partner had not recognized any value adjustment, we challenged the appropriateness of their assessment on the absence of any durable impairment indicator and performed additional procedures over the recoverable amount.

- We assessed the adequacy and completeness of the disclosures in the notes to the annual accounts.

Other information

The General Partner is responsible for the other information. The other information comprises the information stated in the single management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the General Partner and Those Charged with Governance for the annual accounts

The General Partner is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the General Partner determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The General Partner is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, the General Partner is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects in accordance with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.

- Conclude on the appropriateness of General Partner' 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 our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé*" by the General Meeting of the Shareholders on 02 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The single management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is presented on page 38 of the annual report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of H2APEX Group SCA as at 31 December 2023, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 30 April 2024

BDO Audit
Cabinet de révision agréé
represented by

Anke Schelling

IMPRINT

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