

# 2G Energy AG

Germany / Cleantech  
 Primary exchange: Frankfurt  
 Bloomberg: 2GB GR  
 ISIN: DE000A0HL8N9

H1 figures

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 31.00**

Return Potential 30.3%  
 Risk Rating Medium

## GOOD H1 DESPITE DIFFICULT ENVIRONMENT

2G's most impressive half-year figure in our view is total output. This rose by 24% y/y to €138m. Thanks to inventory build-up and increased production efficiency, 2G achieved this record figure despite an environment characterised by supply chain problems. Another positive is the increase in the lower end of the sales guidance from €280m to €290m. A record order book of €221m (+48% y/y) ensures full capacity utilisation well into next year. Expansion investments (acquisition of two plots of land) enable further growth in production and service on site at Heek. High gas prices make highly efficient and thus primary energy-saving CHP plants attractive compared to the uncoupled production of electricity and heat. We confirm our price target of €31 and upgrade our recommendation from Add to Buy (upside potential now >25%).

**Growth in sales, total output, and EBIT** Due to customer delays in the new plants business, sales (+7% y/y to €114m) did not grow as strongly as total output (+24% y/y to €138m). Despite this, 2G managed to increase EBIT by 13% y/y to €2.6m (see figure 1 overleaf). As usual at 2G, a large part of sales and earnings will be generated in Q4.

**Lower end of sales guidance raised** 2G has raised the lower end of full-year guidance by €10m and is now assuming sales of between €290 - €310m. The EBIT margin guidance remains at 6% - 8% as the situation on the procurement side remains very fluid.

**Record order book** The order backlog increased by 48% y/y to €221m thanks to a strong order intake in Q2 (€61m) and delayed commissioning & final settlements. We estimate that the order backlog will ensure full capacity utilisation until ca. mid-2023.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	236.40	246.73	266.35	296.60	335.34	385.64
Y-o-y growth	12.7%	4.4%	8.0%	11.4%	13.1%	15.0%
EBIT (€m)	15.46	16.43	17.93	20.69	30.19	38.56
EBIT margin	6.5%	6.7%	6.7%	7.0%	9.0%	10.0%
Net income (€m)	10.31	11.97	12.61	13.91	20.33	26.11
EPS (diluted) (€)	0.58	0.68	0.77	0.78	1.13	1.46
DPS (€)	0.11	0.11	0.13	0.14	0.19	0.21
FCF (€m)	-3.14	7.07	4.01	6.98	11.41	13.15
Net gearing	-0.2%	-7.1%	-15.5%	-18.2%	-22.8%	-25.9%
Liquid assets (€m)	10.70	11.03	19.93	24.67	33.57	43.31

### RISKS

The main risks include regulatory changes, internationalisation, high natural gas and low electricity prices.

### COMPANY PROFILE

2G Energy AG is a leading producer of combined heat and power (CHP) plants. The company offers a wide product range of plants with a capacity from 20 kW to 4.5 MW and addresses the natural gas, weak gases, and hydrogen markets. 2G is headquartered in Heek, Germany, and has distribution and service sites in various countries.

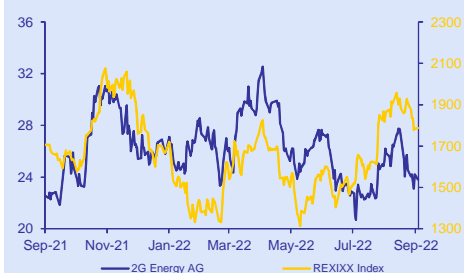
### MARKET DATA

As of 05 Sep 2022

Closing Price	€ 23.80
Shares outstanding	17.94m
Market Capitalisation	€ 426.97m
52-week Range	€ 20.70 / 32.55
Avg. Volume (12 Months)	35,583

Multiples	2021	2022E	2023E
P/E	33.9	30.7	21.0
EV/Sales	1.6	1.4	1.2
EV/EBIT	23.1	20.0	13.7
Div. Yield	0.5%	0.6%	0.8%

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 19.93m
Current Assets	€ 139.62m
Intangible Assets	€ 4.48m
Total Assets	€ 169.70m
Current Liabilities	€ 54.10m
Shareholders' Equity	€ 94.54m

### SHAREHOLDERS

Christian Grotholt	29.6%
Ludger Gausling	15.5%
Free Float	54.9%

**Figure 1: Reported figures versus forecasts**

All figures in €m	H1/22A	H1/22E	delta	H1/21A	delta
Sales	114.0	118.0	-3%	106.9	7%
Total output	137.8	128.0	8%	111.5	24%
EBIT	2.6	2.7	-4%	2.3	13%
EBIT margin	2.3%	2.3%	-	2.2%	-

Source: First Berlin Equity Research, 2G Energy AG

**Strong service business more than offsets weaker equipment business** Sales in the service segment increased by 23% y/y to €67.7m, while the new plant business declined (-11% y/y to €46.3m, see figure 2). The service business benefitted from not being affected by supply chain problems. The main reason for the weakness in the new plant business is delays in the construction progress on the customer side. In H2, we expect a significant acceleration in the new plant business, as many CHPs are already on customer construction sites and the high energy prices offer a strong incentive to connect CHPs to the grid as quickly as possible.

**Figure 2: Reported segment figures**

All figures in €m	H1/22A	H1/21A	Delta
CHP Plants	46.3	51.9	-11%
Service	67.7	55.0	23%
<b>Total</b>	<b>114.0</b>	<b>106.9</b>	<b>7%</b>

Source: First Berlin Equity Research, 2G Energy AG

**Foundation laid for further growth** In order to expand its existing factory premises in Heek, 2G has bought an adjoining neighbouring property of 6.000 sqm and a commercial space of 17.000 sqm in the same commercial area (Heek West). We estimate the combined price of the plots at €2.5m.

**Pricing power helps against inflation** On average, 2G has increased prices for its CHP systems by around 10% in the current year. 2G should thus be able to largely offset higher prices for primary products.

#### **Threat of heat and power shortages drive demand for highly efficient CHP solutions**

The threat of heat and power shortages caused by the gas shortage is driving demand for CHP systems. In addition to electricity, CHP systems also produce heat, which is particularly valuable in winter. Highly efficient combined heat and power systems pay off especially during gas shortages because they consume significantly less primary energy (up to ca. 25%) than uncoupled electricity and heat production. Both the issue of supply security and the hydrogen suitability of its CHPs are helping 2G. In the biogas sector, demand for CHPs is rising, because additional capacity (instead of a CHP output of 0.5 MW for a 0.5 MW biogas plant, e.g. a CHP output of 1 MW) increases flexibility on timing of the electricity feed-in. The biogas plant operator can then feed in more power at times of high electricity prices.

**Estimates and price target confirmed, rating upgraded to Buy** Risks such as supply chain problems, the war in Ukraine, inflation, and the pandemic remain. However, after the strong overall performance and the raising of the lower end of the sales guidance range, we believe that 2G is well on track to reach our sales estimate (€297m) and our EBIT margin forecast of 7.0%. An updated DCF model still yields a price target of €31. As the upside potential is now >25%, we upgrade our rating to Buy.



## VALUATION MODEL

Figures in €m	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	296.60	335.34	385.64	443.49	510.01	576.31	639.70	697.28
Growth y/y	11%	13%	15%	15%	15%	13%	11%	9%
EBIT	20.69	30.19	38.56	44.35	51.00	57.63	63.97	69.73
EBIT margin	7.0%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
NOPLAT	14.28	20.83	26.61	31.04	35.70	40.34	44.78	48.81
+ depreciation & amortis. (excl. GW)	4.16	4.69	5.24	6.65	7.65	8.64	9.60	10.46
= net operating cash flow	18.44	25.52	31.85	37.70	43.35	48.99	54.37	59.27
- total investments (Capex and WC)	-11.09	-13.60	-18.20	-18.82	-21.40	-24.56	-24.81	-24.28
<i>capital expenditure</i>	-7.90	-5.40	-5.40	-6.65	-7.65	-8.64	-9.60	-10.46
<i>working capital</i>	-3.19	-8.20	-12.80	-12.16	-13.75	-15.91	-15.21	-13.82
+/- others (incl. adj. on net int., provisions, etc)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
= Free cash flow (FCF)	7.35	11.92	13.65	18.88	21.95	24.43	29.56	34.99
PV of FCFs	7.19	10.68	11.20	14.18	15.10	15.38	17.05	18.47

€m	
PVs of FCFs explicit period (2022E-35E)	225.09
PVs of FCFs in terminal period	309.47
Enterprise Value (EV)	534.56
Net cash / (Net debt)	13.64
Minorities	-0.02
Shareholder value	548.18
No. of shares outstanding (m)	17.94
Fair value per share (€)	30.56

Terminal growth	3.0%
Terminal EBIT margin	10.0%

WACC	9.2%
Cost of equity	9.5%
Pre-tax cost of debt	4.0%
Normal tax rate	30.0%
After-tax cost of debt	2.8%
Share of equity	95.0%
Share of debt	5.0%
Price Target (€)	31.00

Sensitivity analysis

WACC		Terminal EBIT margin						Fair value per share (€)
		8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	
12.2%		15.29	16.50	17.70	18.90	20.10	21.31	22.51
11.2%		17.58	18.94	20.31	21.67	23.03	24.40	25.76
10.2%		20.54	22.11	23.68	25.25	26.82	28.39	29.96
9.2%		24.52	26.36	28.21	<b>30.56</b>	31.90	33.74	35.59
8.2%		30.10	32.32	34.55	36.78	39.00	41.23	43.46
7.2%		38.42	41.21	44.01	46.80	49.59	52.39	55.18
6.2%		52.08	55.80	59.51	63.23	66.94	70.66	74.37

\* for layout purposes the model shows numbers only to 2029, but runs until 2035



## INCOME STATEMENT

All figures in €m	2019	2020	2021	2022E	2023E	2024E
<b>Revenues</b>	<b>236.4</b>	<b>246.7</b>	<b>266.3</b>	<b>296.6</b>	<b>335.3</b>	<b>385.6</b>
Change in inventories	-10.3	7.4	2.6	0.0	0.0	0.0
Own work	0.0	0.1	0.0	0.1	0.1	0.1
<b>Total output</b>	<b>226.1</b>	<b>254.2</b>	<b>268.9</b>	<b>296.7</b>	<b>335.4</b>	<b>385.7</b>
Material costs	-146.8	-167.3	-171.3	-191.0	-214.6	-246.8
<b>Gross profit</b>	<b>79.4</b>	<b>87.0</b>	<b>97.7</b>	<b>105.7</b>	<b>120.8</b>	<b>138.9</b>
Personnel expenses	-39.0	-44.3	-49.4	-53.0	-58.0	-64.5
Other operating income	2.0	2.3	3.4	3.0	3.4	3.9
Other operating expenses	-23.1	-24.6	-29.7	-30.5	-31.0	-34.2
<b>EBITDA</b>	<b>19.2</b>	<b>20.1</b>	<b>21.9</b>	<b>24.9</b>	<b>34.9</b>	<b>43.8</b>
Depreciation and amortisation	-3.7	-3.7	-3.9	-4.2	-4.7	-5.2
<b>Operating income (EBIT)</b>	<b>15.5</b>	<b>16.4</b>	<b>17.9</b>	<b>20.7</b>	<b>30.2</b>	<b>38.6</b>
Net financial result	-0.4	-0.2	-0.2	-0.5	-0.7	-0.7
<b>Income before taxes &amp; minority interests</b>	<b>15.1</b>	<b>16.3</b>	<b>17.7</b>	<b>20.2</b>	<b>29.5</b>	<b>37.8</b>
Other income / expenses	0.0	0.0	-1.8	0.0	0.0	0.0
Income taxes	-4.8	-4.3	-5.1	-6.3	-9.1	-11.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income / loss</b>	<b>10.3</b>	<b>12.0</b>	<b>12.6</b>	<b>13.9</b>	<b>20.3</b>	<b>26.1</b>
<b>EPS in €</b>	<b>0.58</b>	<b>0.68</b>	<b>0.77</b>	<b>0.78</b>	<b>1.13</b>	<b>1.46</b>
<b>Diluted EPS (in €)</b>	<b>0.58</b>	<b>0.68</b>	<b>0.77</b>	<b>0.78</b>	<b>1.13</b>	<b>1.46</b>
<b>Ratios</b>						
Gross margin	33.6%	35.2%	36.7%	35.6%	36.0%	36.0%
EBIT margin	6.5%	6.7%	6.7%	7.0%	9.0%	10.0%
EBITDA margin	8.1%	8.1%	8.2%	8.4%	10.4%	11.4%
Net income margin	4.4%	4.9%	4.7%	4.7%	6.1%	6.8%
Tax rate	31.8%	26.5%	28.7%	31.0%	31.0%	31.0%
<b>Expenses as % of revenues</b>						
Personnel expenses	16.5%	17.9%	18.5%	17.9%	17.3%	16.7%
Other operating expenses	9.8%	10.0%	11.2%	10.3%	9.2%	8.9%
Depreciation and amortisation	1.6%	1.5%	1.5%	1.4%	1.4%	1.4%
<b>Y/Y growth</b>						
Revenues	12.7%	4.4%	8.0%	11.4%	13.1%	15.0%
Operating income	35.0%	6.2%	9.1%	15.4%	45.9%	27.8%
Net income / loss	37.1%	16.1%	5.3%	10.4%	46.1%	28.4%



## BALANCE SHEET

All figures in €m	2019	2020	2021	2022E	2023E	2024E
<b>Assets</b>						
<b>Current assets, total</b>	<b>112.7</b>	<b>119.8</b>	<b>142.6</b>	<b>154.7</b>	<b>173.7</b>	<b>200.3</b>
Cash and cash equivalents	10.7	11.0	19.9	24.7	33.6	43.3
Trade accounts and notes receivables	37.0	42.2	43.4	48.8	53.3	60.2
Inventories	60.4	60.8	72.2	74.2	79.8	89.7
Other current assets	4.6	5.9	7.1	7.1	7.1	7.1
<b>Non-current assets, total</b>	<b>28.2</b>	<b>26.7</b>	<b>27.1</b>	<b>30.9</b>	<b>31.6</b>	<b>31.7</b>
Property, plant and equipment	24.1	22.9	22.6	26.9	28.2	28.9
Goodwill + intangible assets	3.2	2.9	4.5	4.0	3.4	2.8
Financial assets	0.9	0.9	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>140.9</b>	<b>146.6</b>	<b>169.7</b>	<b>185.6</b>	<b>205.3</b>	<b>232.0</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Liabilities, total</b>	<b>72.4</b>	<b>68.2</b>	<b>75.2</b>	<b>79.4</b>	<b>81.3</b>	<b>85.3</b>
Interest bearing debt	10.6	5.5	5.3	5.3	5.3	5.3
Trade accounts payable	13.7	10.0	11.5	15.7	17.6	21.6
Provisions	15.4	13.4	17.7	17.7	17.7	17.7
Other current liabilities	32.7	39.4	40.7	40.7	40.7	40.7
<b>Shareholders equity, total</b>	<b>68.5</b>	<b>78.3</b>	<b>94.5</b>	<b>106.2</b>	<b>124.0</b>	<b>146.7</b>
Share capital*	4.4	4.4	4.5	17.9	17.9	17.9
Capital reserve	11.2	11.2	16.4	3.0	3.0	3.0
Losses carried forward / retained earnings	53.7	63.7	74.3	86.0	103.8	126.5
Other reserves	-0.9	-1.0	-0.7	-0.7	-0.7	-0.7
Minority interests	0.7	0.0	-0.1	0.0	0.0	0.0
<b>Total consolidated equity and debt</b>	<b>140.9</b>	<b>146.6</b>	<b>169.7</b>	<b>185.6</b>	<b>205.3</b>	<b>232.0</b>

\*2022: Aktiensplit

### Ratios

Current ratio (x)	2.2	2.4	2.6	2.7	2.9	3.1
Equity ratio (as %)	48.6%	53.4%	55.7%	57.2%	60.4%	63.2%
Net gearing (as %)	-0.2%	-7.1%	-15.5%	-18.2%	-22.8%	-25.9%
Equity per share (in €)	15.5	17.7	21.1	5.9	6.9	8.2
Net debt	-0.2	-5.6	-14.6	-19.3	-28.3	-38.0
Interest coverage ratio (x)	44	89	87	39	41	53
Av. working capital/sales	22.0%	24.5%	25.4%	24.9%	23.7%	23.4%
Return on equity (ROE)	15.1%	15.3%	13.3%	13.1%	16.4%	17.8%
Return on capital employed (ROCE)	17.1%	17.2%	16.7%	16.8%	21.9%	24.4%
Days of inventory turnover	93	90	99	91	87	85
Days sales outstanding (DSO)	57	62	59	60	58	57
Days payables outstanding (DPO)	34	22	24	30	30	32



## CASH FLOW STATEMENT

All figures in €m	2019	2020	2021	2022E	2023E	2024E
<b>Net income</b>	<b>10.3</b>	<b>12.0</b>	<b>12.6</b>	<b>13.9</b>	<b>20.3</b>	<b>26.1</b>
+ Depreciation and amortisation	3.2	3.7	3.9	4.2	4.7	5.2
- Investment in working capital	-11.4	-5.6	-6.4	-3.2	-8.2	-12.8
+/- Others (prov., non cash expenses, interest, etc.)	-0.7	-0.3	-1.3	0.0	0.0	0.0
<b>Operating cash flow</b>	<b>1.4</b>	<b>9.8</b>	<b>8.9</b>	<b>14.9</b>	<b>16.8</b>	<b>18.5</b>
- CAPEX	-4.5	-2.7	-4.9	-7.9	-5.4	-5.4
<b>Free cash flow</b>	<b>-3.1</b>	<b>7.1</b>	<b>4.0</b>	<b>7.0</b>	<b>11.4</b>	<b>13.1</b>
Acquisitions	-1.4	0.0	-1.2	0.0	0.0	0.0
Financial investments	0.1	0.2	0.9	0.0	0.0	0.0
Disposals	0.2	0.4	3.3	0.0	0.0	0.0
<b>Investment cash flow</b>	<b>-5.7</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-7.9</b>	<b>-5.4</b>	<b>-5.4</b>
Change in financial liabilities	3.1	-5.0	-1.3	0.0	0.0	0.0
Dividends paid	-2.0	-2.0	-2.0	-2.2	-2.5	-3.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	5.3	0.0	0.0	0.0
Others	-0.4	-0.4	-0.3	0.0	0.0	0.0
<b>Financial cash flow</b>	<b>0.7</b>	<b>-7.4</b>	<b>1.6</b>	<b>-2.2</b>	<b>-2.5</b>	<b>-3.4</b>
<b>Change in cash</b>	<b>-3.6</b>	<b>0.3</b>	<b>8.6</b>	<b>4.7</b>	<b>8.9</b>	<b>9.7</b>
Exchange rate-related changes	0.0	0.1	0.1	0.0	0.0	0.0
Cash, start of the year	13.6	10.0	10.5	19.7	24.7	33.6
<b>Cash, end of the year</b>	<b>10.0</b>	<b>10.5</b>	<b>19.7</b>	<b>24.7</b>	<b>33.6</b>	<b>43.3</b>
<b>Free cash flow per share in €</b>	<b>-0.71</b>	<b>1.60</b>	<b>0.89</b>	<b>0.39</b>	<b>0.64</b>	<b>0.73</b>
<b>Y/Y growth</b>						
Operating cash flow	-	611.9%	-9.6%	67.9%	13.0%	10.3%
Free cash flow	-	n.a.	-43.3%	74.1%	63.5%	15.2%
Financial cash flow	-	n.a.	n.a.	n.a.	12.0%	35.7%
Free cash flow per share	-	n.a.	-44.0%	-56.5%	63.5%	15.2%

## Imprint / Disclaimer

### First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH  
 Mohrenstr. 34  
 10117 Berlin  
 Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: [info@firstberlin.com](mailto:info@firstberlin.com)

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

**Authored by: Dr. Karsten von Blumenthal, Analyst**

**All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.**

**Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin**

The production of this recommendation was completed on 6 September 2022 at 15:19

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

**Copyright© 2022 First Berlin Equity Research GmbH** No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

### **INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.**

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

### **CONFLICTS OF INTEREST**

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of 2G Energy AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the 2G Energy AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of 2G Energy AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the 2G Energy AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

**INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).**

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

**PRICE TARGET DATES**

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

**AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY**

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

**ASSET VALUATION SYSTEM**

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

**ASSET RECOMMENDATION**

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

**RISK ASSESSMENT**

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

**RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	26 November 2010	€3.30	Buy	€4.50
2...74	↓	↓	↓	↓
75	10 September 2021	€22.80	Add	€28.00
76	15 October 2021	€27.20	Add	€33.00
77	19 November 2021	€27.40	Add	€33.00
78	21 January 2022	€26.40	Buy	€33.00
79	25 February 2022	€94.70	Buy	€30.00
80	11 April 2022	€29.90	Add	€31.00
81	25 April 2022	€28.20	Add	€31.00
82	20 May 2022	€25.55	Add	€31.00
83	Today	€23.80	Buy	€31.00

**INVESTMENT HORIZON**

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.



### UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

### SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

#### Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main**

### EXCLUSION OF LIABILITY (DISCLAIMER)

#### RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

#### RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

#### INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

#### NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

#### NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

#### DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

#### SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

#### APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

#### NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

#### QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

**This report is not intended for distribution in the USA and/or Canada.**