



Q1

Quarterly statement PNE AG
2023

THE PNE GROUP AT A GLANCE

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

PNE Group key figures

<u>in million euro</u>	<u>1.1. – 31.3. 2023</u>	<u>1.1. – 31.3. 2022</u>
Total aggregate output	45.3	37.9
Revenues	32.2	29.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8.6	15.8
Operating profit (EBIT)	0.8	9.2
Result from ordinary activities (EBT)	-4.0	12.8
Net income	-5.8	10.0
Basic earnings per share (euro)	-0.08	0.13
Average number of shares (million)	76.3	76.3

<u>in million euro</u>	<u>31.3.2023</u>	<u>31.12.2022</u>
Equity on the reporting date	224.7	232.2
Equity ratio on the reporting date (%)	25.0	25.2
Balance sheet total on the reporting date	900.4	920.3

FOREWORD OF THE BOARD OF MANAGEMENT

Dear Shareholders

PNE AG closed the year 2022 very successfully in operational terms. We were able to carry this positive momentum into 2023 despite the still challenging market environment, which was characterised by the effects of the Ukraine war. We were very successful in the first three months with permits for new wind farms and with tenders for the remuneration of the electricity generated. We have also significantly increased the project pipeline to a record level. The expansion of our business is therefore proceeding according to plan. At present, we are also preparing sales to external parties in our international markets. The negotiations have already reached a high degree of maturity. We assume that the sale transactions will be realised in the coming months. However, the first quarter was also characterised by special developments compared to the previous year, in particular lower wind supply and lower electricity prices. In addition, the electricity price brake had an impact on our EBITDA.

Wind and PV project pipelines almost doubled

Surface areas are currently a scarce commodity. They form the basis for future business. We are therefore pleased that we have succeeded in massively expanding the project pipeline. Overall, our pipeline for wind and photovoltaic projects increased by 6,613 MW/MWp from 7,201 MW/MWp in the same period last year to 13,814 MW/MWp. We therefore believe that we are well positioned for further development in our core business of project development. The pipeline of onshore wind energy projects that we are currently working on in the various phases of project development was expanded to 8,414 MW despite the continuous realisation of wind farms. There was also further progress in the first quarter in the development of photovoltaic projects. In this field, we were able to expand our pipeline of projects in progress to 5,400 MWp.

In Germany alone, we worked on wind farms with a nominal capacity of approx. 2,349 MW (Q1 2022: 1,957 MW). Eight wind farms with a nominal capacity of 140.8 MW were under construction in Germany, including one service project. A wind farm erected on behalf of a customer is under construction in Sweden. The development of other projects was further advanced both nationally and internationally.

Expansion of internal portfolio continued

The wind farm portfolio operated by PNE had a capacity of 321 MW at the end of the first quarter (Q1 2022: 233.2 MW). After the end of the quarter, we expanded our wind farm portfolio to 349.5 MW with the commissioning of further wind farm. We expect to be able to commission further wind farms for our own portfolio this year. A total of 178.5 MW is currently under construction or in the construction preparation phase for our own operations. The approval procedures for further projects are underway.

With our own operations, we aim to reduce the volatility of earnings and to stabilise earnings and sales at a high level. At the same time, we are making a contribution to climate protection and energy security: In the first quarter, we produced approx. 204 GWh (Q1 2022: 170 GWh) of clean electricity, saving around 132,000 tonnes of CO₂ (Q1 2022: 110,000 tonnes). Wind supply was below average.

Service business remains stable

By expanding our service business, we also help to further increase the share of steady earnings. In the first quarter of 2023, we were able to expand the international business of operations management as well as technical inspections and tests with additional services. This resulted in an increase of the order volume we manage in operations management to over 2,400 MW (Q1 2022: 2,200 MW). This represents growth of approx. 9 percent compared with the previous year.

Positive changes in the political framework

Global efforts to reduce emissions from fossil fuels to protect the climate continue, and the world's hunger for energy is growing. At the latest since the start of the Ukraine war, it has been clear to all political decision-makers that energy security and energy self-sufficiency can only be achieved with renewable energies. Accordingly, the framework conditions for the expansion of renewable energies in Germany and Europe have changed positively. Our industry is currently receiving a tailwind in our home market of Germany from the federal government's "Easter Package" and "Summer Package" presented last year. They provide for an increase in expansion targets in the wind and photovoltaic sectors and contain measures that are also intended to accelerate the expansion. Climate protection and energy security are also political priorities in the European Union (EU). This will give a further boost to the expansion of renewable energies. In addition, Germany took the last three nuclear power plants off the grid in mid-April this year. The age of renewable energies has finally begun.

Good quarterly result as the basis for the entire year

Based on these business developments, the Group generated in the reporting period total aggregate output of euro 45.3 million (prior year: euro 37.9 million), sales revenues of euro 32.2 million (prior year: euro 29.5 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 8.6 million (prior year: 15.8 million) and undiluted earnings per share of euro -0.08 (prior year: euro 0.13).

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

PNE is on track and excellently positioned for its further development. We are optimistic about the future.

We would like to express our very sincere gratitude – including on behalf of our employees – for your support to date.

Maintain your confidence in us in the future!

PNE AG

The Board of Management



Markus Lesser
Chief Executive Officer



Jörg Klowat
Chief Finance Officer

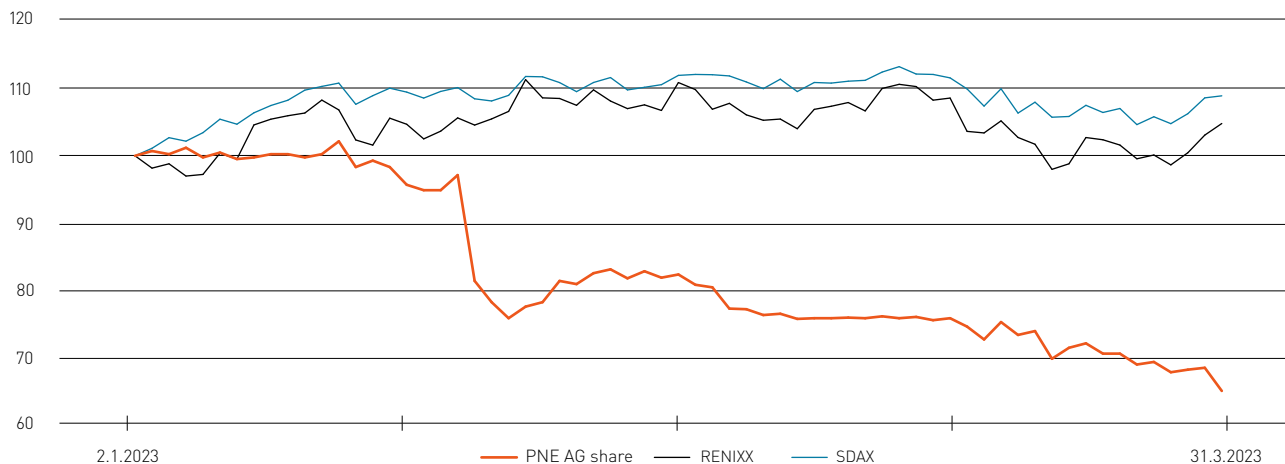
IMPORTANT NOTE ON THE 2023 ANNUAL GENERAL MEETING

At the general meeting of shareholders of PNE AG on May 9, 2023 in Cuxhaven, the Board of Management will speak in detail about the most recent developments and the outlook for the current fiscal year.

Based on the annual financial statements for the 2022 fiscal year, the Supervisory Board examined and endorsed the Management Board's proposal on the appropriation of profits, taking into account the interests of the Company and the shareholders. The Board of Management and the Supervisory Board will propose to the annual general meeting of shareholders on May 9, 2023 that a dividend of euro 0.04 per eligible no-par value share and a special dividend of euro 0.04 per eligible no-par value share be distributed.

CAPITAL MARKET INFORMATION

PNE share vs. RENIXX and SDAX indexed to 100%



SHARE

The PNE AG share started the fiscal year on January 2, 2023 with an opening price of euro 21.05. In the first quarter, the value of the share was in a range between euro 21.50 and 13.74. The termination of the preliminary discussions conducted by Morgan Stanley Infrastructure/Photon Management GmbH regarding a complete sale of the shareholding held by Photon Management GmbH in the Company led to a negative reaction in the share price. While the share price had settled in the area of euro 16 in February, it fell by the end of March and closed at euro 13.74 on March 31, 2023.

CORPORATE BOND 2022/27

In June 2022, PNE AG successfully placed a new corporate bond 2022/27 (ISIN: DE000A30VJW3) with a volume of euro 55 million and a coupon of 5.00 percent. The aim of this measure was to improve the financing structure and to finance measures of external and internal growth as well as to use it for general business purposes. The bonds have been trading on the Open Market of the Frankfurt Stock Exchange since June 23, 2022. In the reporting period since the start of trading, the corporate bond 2022/27 has traded above 100 percent at most times. The price was 101.0 percent at the end of the reporting period on March 31, 2023.

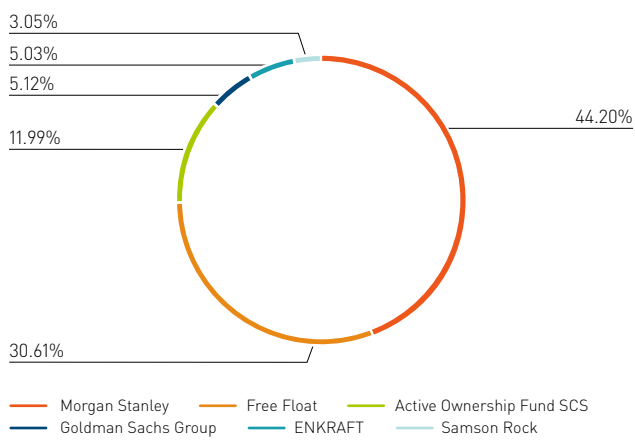
The corporate bond has an annual interest rate of 5.0 percent. This percentage increases by 0.50 percent if the "consolidated equity ratio according to the bond conditions" (calculation: (consolidated equity plus defined "hidden reserves")/(consolidated total assets plus defined "hidden reserves")) is less than 20 percent on December 31 of a fiscal year. The Group equity ratio calculated according to these conditions was approximately 37.1 percent as at December 31, 2022.

SHAREHOLDER STRUCTURE

At the end of the reporting period on March 31, 2023, the total number of shares issued by PNE AG amounted to 76,603,334.

According to published notifications relating to voting rights and directors' dealings, Morgan Stanley/Photon Management GmbH held 44.20 percent of the shares, Active Ownership Fund SCS 11.99 percent, Goldman Sachs Group 5.12 percent, ENKRAFT 5.03 percent and Samson Rock 3.05 percent on March 31, 2023. All other shareholdings were therefore classified as other free float. This results in the following shareholder structure at the end of the reporting period:

As at March 31, 2023



KEY SHARE DATA (AS AT MARCH 31, 2023)

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

FINANCIAL CALENDAR

10.8.2023	Publication of financial report Q2
13.11.2023	Publication of financial report Q3
November 2023	Analyst Conference/Frankfurt

ADDITIONAL INFORMATION

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

1. OVERVIEW OF BUSINESS ACTIVITY

Summary

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

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

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

The development of national and international photovoltaic projects has been continued and significantly expanded in the reporting period.

In the first quarter of 2023, PNE received permits for a total of three wind farm projects with an output of approx. 67 MW. The pipeline, i.e. the existing portfolio of wind farm and photovoltaic projects in the various phases of development, increased significantly compared to the previous year by 2,636 MW from 5,778 MW to 8,414 MW for wind energy and by 3,977 MWp from 1,423 MWp to 5,400 MWp for photovoltaics. This brings the project pipeline to a record level of 13,814 MW/MWp (as at March 31, 2022: 7,201 MW/MWp) and ensures the further development of the Company in the medium and long term.

In Germany and Sweden, wind farms with a total nominal output of 200.8 MW (prior year: 267.1 MW) were under construction as at March 31, 2023. For projects already sold with a capacity of 66.6 MW (prior year: 135.5 MW), PNE is active as a service provider for the buyers.

After years of successfully building up wind farms for sale to customers, we have once again come closer to our goal of significantly expanding our own wind farm operations and establishing an internal wind farm portfolio of up to 500 MW by the end of 2023. On March 31, 2023, PNE operated wind farms with an installed nominal capacity of 321 MW (prior year: 233.2 MW) in its own portfolio. Further projects are under construction. The basis for the future further expansion is the well-filled project pipeline, since PNE is currently developing national and international onshore wind farms with a volume of 8,414 MW (prior year: 5,778 MW) in various phases of project development. Individual projects, especially abroad, will still be marketed in the future.

As a portfolio holder, PNE AG is increasingly dependent on the wind conditions. As the number of MW in the Group's own portfolio increases, volatile wind conditions will have an impact on the financial indicators of the "electricity generation" segment and also on the financial indicators of the Group. The first quarter of 2023 was characterised by a better wind supply compared to the same period of the previous year. Nevertheless, the increased number of wind turbines in operation led to positive deviations from the comparative values of the previous year in the "electricity generation" segment.

PNE's market environment is still characterised by the effects of the Ukraine war and the Corona pandemic. Based on past experience, the Company has been able to adapt to these challenges to ensure the realisation of projects and deliveries.

Nevertheless, the impact on the manufacturers' supply chains has been and continues to be felt and is reflected in longer delivery times. Added to this are the higher raw material prices, which have led to an increase in wind turbine prices. However, PNE assumes that the rising prices can be partially or fully compensated by higher electricity prices and plants that are more efficient. The good liquidity position gives the Company sufficient leeway to be able to cope well with longer-term restrictions.

2. SEGMENT REPORTING

The determination and presentation of segment reporting as at March 31, 2023 has not changed versus December 31, 2022.

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

The development of the individual segments

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

"Project development" segment

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

Wind energy and photovoltaics onshore

Although the effects on the economy caused by the Ukraine war and the Corona pandemic also have certain implications for PNE AG, the development and realisation of onshore wind farm and photovoltaic projects were continued steadily in the first three months of the 2023 fiscal year, both in Germany and in the foreign markets in which the PNE Group operates through subsidiaries or joint ventures. The project pipeline for onshore wind energy, i.e. the portfolio of projects being developed by the PNE Group, was expanded to 8,414 MW (prior year: 5,778 MW) and the project pipeline for photovoltaics to 5,400 MWp (prior year: 1,423 MWp).

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

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

Country	Phase I – II	Phase III	Phase IV	Total MW	Sold/ Service Provider
Germany	1,655	560	134	2,349	98
France	347	171	0	518	0
United Kingdom	0	43	0	43	0
Italy	0	0	0	0	0
Canada	505	0	0	505	0
Panama	224	68	0	292	0
Poland	923	0	0	923	0
Romania	0	0	0	0	78
South Africa	1,722	30	0	1,752	140
Sweden	400	0	0	400	60
Spain	184	0	0	184	43
Turkey	629	71	0	700	0
USA	577	169	0	746	0
Total	7,166	1,114	134	8,414	419

Phase I – II = Exploration & Development

Phase III = Planning

Phase IV = Implementation

Sold/Service Provider = Projects already sold, for which PNE is currently providing construction management services

Overview of the status of photovoltaic project activities of the PNE Group as at March 31, 2023 in MWp:

Country	Phase I – II	Phase III	Phase IV	Total MWp	Sold/ Service Provider
Germany	567	0	0	567	0
France	166	0	0	166	0
Italy	140	48	0	188	0
Canada	289	0	0	289	0
Poland	365	0	0	365	0
Romania	624	62	0	685	0
USA	987	0	0	987	0
South Africa	1,288	0	0	1,288	0
Spain	863	3	0	866	840
Total	5,289	113	0	5,400	840

Phase I – II = Exploration & Development

Phase III = Planning

Phase IV = Implementation

Sold/Service Provider = Projects already sold, for which PNE is currently providing construction management services

Wind energy onshore and photovoltaics – national

At the end of the first quarter of 2023, the PNE Group was working on wind farm projects with a nominal output of approx. 2,349 MW (prior year: 1,957 MW) in the various phases of project development. Photovoltaic projects with a nominal output of 567 MWp (prior year: 441 MWp) were under development.

No German wind farms were completed in the reporting period.

At the end of the reporting period, seven wind farms with a nominal capacity of 134.2 MW intended for the internal portfolio and a service project with a nominal capacity of 6.6 MW were under construction in Germany.

In addition, in the first quarter of 2023, PNE received permits according to the German Federal Immission Control Act (BImSchG) for two further wind farms in Germany with a potential nominal capacity of 67 MW. The wind farms Heidmoor, Bebensee I and Bebensee II are located in Schleswig-Holstein.

Wind energy onshore and photovoltaics – international

The PNE Group also successfully continued its core business of project development and realisation of wind energy and photovoltaics abroad. At the end of the first quarter of 2023, the PNE Group had wind farms with a nominal capacity of approx. 6,065 MW (prior year: 3,821 MW) in the various phases of project development in foreign markets. In addition, photovoltaic projects with 4,833 MWp (previous year: 3,859 MWp) were under development in the foreign markets at the end of the reporting period.

In France, the PNE Group received approval for the "Saint-Aubindu-Plain" wind farm with a nominal capacity of 12 MW in the first quarter.

In the other international markets, project development was driven forward in the first quarter.

Project development of onshore wind energy and photovoltaics in total

At the end of the first quarter, the companies of the PNE Group were working on wind farm projects with approx. 8,414 MW (prior year: 5,778 MW) in Germany and in the foreign markets, in which they are active via subsidiaries or joint ventures. The pipeline of photovoltaic projects was expanded to 5,400 MWp (prior year: 1,423 MWp). This is the basis for the future development in the sector of onshore wind and photovoltaic projects. In addition, the PNE Group is active as a service provider in projects with 1,259 MW/MWp that have already been sold.

Wind energy offshore

Wind energy offshore – national

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

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

Wind energy offshore – international

In the reporting period, the Company made further efforts to start the development of marine wind farms abroad. In particular, it is currently examining the possibilities of planning offshore wind farms in Vietnam.

In Vietnam, the required expansion of the national electricity grid is defined in Power Development Plans ("PDPs"). Inclusion in the PDP is the basis for further approvals for each project. For the latest PDP8, PNE has applied with an offshore project with up to 2,000 MW of potential total output. The release of the PDP8 has been delayed and is expected in this year. Irrespective of this, a memorandum of understanding was signed at the level of the province that is designated to feed the energy in the future.

The Company has continued its efforts to start the development of marine wind farms with a capacity of 1,000 MW in the Baltic region. In the process, an initial project approach was identified. This provides for a 50 percent stake in a project in Latvia, which is at an early stage of development. In the first quarter of 2023, a joint venture with the Swedish company EOLUS was founded for this purpose.

Results of the "project development" segment

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

In the first quarter of 2023, the "project development" segment achieved

- total aggregate output of euro 20.8 million (prior year: euro 15.9 million),
- EBITDA of euro -6.1 million (prior year: euro -2.4 million) and
- EBIT of euro -6.7 million (prior year: euro -2.9 million).

“Electricity generation” segment

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

This division includes primarily the wind farms operated by the PNE Group with a total nominal capacity of currently approx. 321 MW (prior year: approx. 233.2 MW) and the Silbitz biomass power plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

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

Weaker wind results were recorded in the first three months of the 2023 fiscal year compared to the long-term average. There was also less wind compared to the same period last year. The wind supply fluctuates from year to year. The projects held in PNE’s own portfolio are calculated based on two independent wind resource assessments. These wind forecasts refer to an annual average value that will be achieved with a defined probability over the course of 20 years. Statistically speaking, this means that high and low wind supply will balance each other out in the course of the operating period. However, the low wind supply was offset by the positive development of electricity prices for the generation of electricity from renewable energies. In the first three months of the 2023 fiscal year, these were slightly higher than the forecasts, both for wind farms marketed under the subsidised direct marketing scheme pursuant to the Renewable Energy Sources Act (EEG) and, in some cases, for wind farms that had entered into a fixed-price agreement, i.e. a power purchase agreement (PPA). These price effects were able to compensate for the missing generation volumes in the first three months of the 2023 fiscal year, but not to the same extent as in the previous year. It should be noted that the law passed by the federal government to skim off “windfall profits” (Electricity Price Brake Act, StromPBG) was implemented in December 2022. This resulted in a “profit absorption” of approx. euro 3.1 million in the first quarter of 2023 in relation to the Group portfolio companies.

In the first quarter of 2023, the wind farms of the PNE Group generated 204 gigawatt hours of green electricity, thus reducing CO₂ emissions into the environment by 132,000 tonnes.

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

Results of the “electricity generation” segment

In the first quarter of 2023, the “electricity generation” segment achieved

- total aggregate output of euro 22.9 million (prior year: euro 21.9 million),
- EBITDA of euro 15.0 million (prior year: euro 18.8 million) and
- EBIT of euro 8.7 million (prior year: euro 13.7 million).

“Service products” segment

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

The PNE Group continues to successfully implement its strategy of providing services over the entire life cycle of projects in addition to project development.

Incoming orders from third party customers, both in the core market of Germany and internationally in various markets, further strengthened the independence in operations management through projects developed by PNE.

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

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

Results of the “service products” segment

In the first quarter of 2023, the “service products” segment achieved

- total aggregate output of euro 6.7 million (prior year: euro 5.2 million),
- EBITDA of euro 2.0 million (prior year: euro 1.4 million) and
- EBIT of euro 1.2 million (prior year: euro 0.6 million).

3. CORPORATE STRUCTURE

The changes in the companies included in the consolidated financial statements as compared to December 31, 2022 are explained below the segment reporting table.

Compared to December 31, 2022, there were no other significant changes in the area of operations.

4. ORGANISATION AND EMPLOYEES

In the first three months of the 2023 fiscal year, the Group employed an average of 569 people including the members of the Board of Management (prior year: 493). Of these employees (including the members of the Board of Management and trainees), an annual average of 211 employees (prior year: 192) worked at PNE AG.

As at March 31, 2023, the Group employed 579 persons, including the members of the Board of Management (prior year: 495 persons). Of these,

- 218 employees (prior year: 194 persons) were employed directly by PNE AG and
- 361 employees (prior year: 301 persons) by the subsidiaries of PNE AG.

When distinguished between Germany and abroad,

- 448 employees (prior year: 399 persons) were employed directly by PNE AG and
- 131 employees (prior year: 96 persons) by the foreign subsidiaries of the Group.

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

5. GENERAL ACCOUNTING PRINCIPLES

In the financial report for the first three months of the 2023 fiscal year as at March 31, 2023, the Company applied the same accounting and valuation methods as in the consolidated financial statements as at December 31, 2022. The IFRS standards amended since January 1, 2023 are not relevant to the quarterly financial statements.

The tax expenditure of the PNE Group is determined using an estimate of the taxable income of the relevant companies.

6. EARNINGS, FINANCIAL AND ASSET POSITION

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

In the case of the revenues and earnings, the values as at March 31, 2023 are compared with the values as at March 31, 2022, and in the case of the net assets and financial position with the values as at December 31, 2022.

Earnings

In the first three months of 2022, the PNE Group achieved a total aggregate output of euro 45.3 million (prior year: euro 37.9 million). Of this, euro 32.2 million is attributable to revenues (prior year: euro 29.5 million), euro 10.9 million to changes in inventories (prior year: euro 7.4 million) and euro 2.2 million to other operating income (prior year: euro 1.0 million).

The change in revenues versus the previous year is mainly attributable to the increase in revenues from the segments "electricity generation" due to the higher number of wind turbines in operation and "service products". In addition, the realisation of wind farms for the Company's own portfolio has an impact on sales revenues, as these sales are not reported at Group level.

In the first three months of 2023:

- In the "project development" segment, the Company generated internal revenues of euro 3.2 million (prior year: euro 6.8 million), including for general contractor and project development services for the Company's own wind farms, as well as external revenues of euro 4.7 million (prior year: euro 4.7 million), including from general contractor services in Poland. For the most part, sales in the project development segment will be realised in the course of the year. At present, we are preparing sales to external parties in our international markets, which will be reflected in the segment's sales figures of the last nine months of 2023.
- In the "electricity generation" segment, external revenues of euro 22.7 million were generated in the reporting period (prior year: euro 21.1 million). These revenues were mainly attributable to PNE's own wind farm portfolio with euro 21.9 million (prior year: euro 19.7 million) and the revenues from the "Silbitz" biomass power plant of euro 0.8 million (prior year: euro 1.4 million). A major reason for the higher revenues is that, in the 2023 reporting period, a higher number of wind power turbines in operation generated electricity. Although PNE's own portfolio of wind power plants is larger than last year, the wind supply was significantly lower than in the same period last year and the electricity prices are also much lower this year so that the difference compared to the prior-year period was moderate.
- In the "service products" segment, the Company billed external revenues of euro 4.8 million (prior year: euro 3.7 million) and internal revenues of euro 1.8 million (prior year: euro 1.4 million). The main revenues were generated
 - from commercial and technical operations management,
 - from construction management services,
 - from wind planning services/wind measurements,
 - from electricity marketing management,
 - from activities in the area of service, maintenance and inspection of operating equipment, training for specialists and servicing of, for example, obstruction lighting systems as well as
 - from transformer station services.

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

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

In the first three months of 2023, as in the previous year, the work performed for projects owned by the Group was shown under changes in inventories.

Explanation:

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

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

The activities of the Group in the area of project development in Germany and abroad, both onshore and offshore, are reflected in the expense items. The share of cost of materials in the Group's total aggregate output amounts to euro 16.4 million (prior year: euro 8.7 million). This means that the cost of materials ratio (cost of materials in relation to total aggregate output) in the Group compared to the previous year rose from 23 percent to 36 percent. This is partly due to the way in which projects were sold in the reporting period, either as "turn-key" projects (high material costs) or as project rights (low material costs). The implementation of wind farms for the Group's own portfolio has a negative impact on the cost of materials ratio, as the Group's total aggregate output only includes the capitalisation of external production costs and no profits from these project implementations. By contrast, the rising sales revenue from the Group's own wind farms had a positive impact on the Group's cost of materials ratio. In the case of the wind farms in operation, the main expense items relate to current depreciation and amortisation and other operating expenses. As a result, very low cost of materials ratios can be expected in these companies.

The Group's personnel expenses in the first three months of 2023 amounted to euro 10.3 million and thus increased by euro 1.6 million compared to the level of the previous year (euro 8.7 million). The number of employees in the Group as at March 31, 2023 increased to 579 (as at March 31, 2022: 495 employees). On average, 569 people (prior year: 493 people) were employed in the Group in the first three months of 2023. These figures include the two members of the Board of Management (prior year: two members). The increase in the number of employees is part of the strategy that the Group is pursuing with the "Scale up" programme. Another reason for the higher personnel expenses is the rise in starting salaries and the variable remuneration for employees, which must be paid for qualified personnel in line with the market conditions.

Personnel expenses are attributable to the segments as follows:

- "project development": euro 7.4 million (prior year: euro 6.4 million),
- "electricity generation" with euro 0.3 million (prior year: euro 0.2 million) and
- "service products" with euro 2.5 million (prior year: euro 2.1 million).

The write-downs of intangible fixed assets, property, plant and equipment as well as right-of-use assets increased on a year-on-year basis by euro 1.3 million to euro 7.8 million (prior year: euro 6.5 million). The increase resulted primarily from the higher average number of wind power turbines in the Group ("electricity generation" segment) compared to the prior-year period. Depreciation and amortisation of intangible fixed assets, property, plant and equipment as well as right-of-use assets are attributable to the segments as follows:

- "project development" with euro 0.6 million (prior year: euro 0.5 million),
- "electricity generation" with euro 6.4 million (prior year: euro 5.1 million) and
- "service products" with euro 0.8 million (prior year: euro 0.9 million).

The other operating expenses were mainly incurred due to the further development and ongoing operation of the wind farms in the Group and the Silbitz biomass power plant. Other operating expenses changed from euro 4.7 million in the prior-year period to euro 10.1 million in the reporting period.

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

- "project development" with euro 4.0 million (prior year: euro 2.4 million),
- "electricity generation" with euro 6.7 million (prior year: euro 2.6 million) and
- "service products" with euro 0.7 million (prior year: euro 0.7 million).

Due to the continued construction and ongoing operation of the wind farms owned by the Group, the current repowering projects (wind) as well as the "Silbitz" biomass power plant ("electricity generation" segment), other operating expenses increased, in particular, in the item "repair and maintenance expenses" and as regards the "rental and leasing expenses and incidental rental costs". Due to the Act on the Introduction of an Electricity Price Brake (StromPBG), expenses in the amount of approx. euro 3.1 million were recorded in the Group ("electricity generation" segment).

Other interest and similar income changed from euro 6.6 million in the prior-year period to euro 0.4 million in the reporting period. The change is mainly due to the valuation of the interest swaps concluded as part of the project financing. Rising market interest rates led to exceptionally high interest income of euro 6.6 million in the previous year's reporting period in a valuation of the interest rate swaps. In the 2023 reporting period, market interest rates have not risen as much as in the same period of the previous year. This is the reason for the recorded lower interest income of euro 0.2 million from the valuation of the interest rate swaps in the Group ("electricity generation" segment).

Interest and similar expenses in the Group changed from euro 3.1 million in the prior year period to euro 5.2 million in the reporting period. In the 2023 reporting period, valuations of individual interest rate swaps resulted in interest expense of euro 0.6 million (prior year: euro 0.2 million). Interest and similar expenses were incurred mainly in connection with

- the 2022/2027 bond (euro 0.7 million),
- the equity and debt financing of wind farm projects and the portfolio GmbHs (euro 1.7 million),
- the application of IFRS 16 "Leases" (euro 0.6 million),
- the valuation of interest swaps concluded as part of the project financing for wind farm projects (euro 0.6 million) and
- other factors, such as building financing at the headquarters in Cuxhaven or effective interest on financial liabilities (euro 1.6 million).

Explanation:

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

The Group reported tax expense of euro 1.9 million in the first three months of the 2023 fiscal year (prior year: euro 2.7 million).

At Group level, the following results were achieved in the first three months of the 2023 fiscal year:

- earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation/depreciation of intangible assets, property, plant and equipment as well as right-of-use assets and goodwill) of euro 8.6 million (prior year: euro 15.8 million),
- operating profit (EBIT = corresponds to the value stated in line "Operating result" of the statement of comprehensive income) of euro 0.8 million (prior year: euro 9.2 million).

The consolidated net income after non-controlling interests amounted to euro -5.8 million (prior year: euro 10.0 million). The basic earnings per share for the Group amounted to euro -0.08 (prior year: euro 0.13) and the diluted earnings per share for the Group amounted to euro -0.08 (prior year: euro 0.13).

Taking account of the business performance, retained earnings at the Group level changed in the reporting period to euro 75.9 million (December 31, 2022: euro 81.9 million).

FINANCIAL SITUATION

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

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

This financing will be provided at the level of the relevant project companies by way of loans, and at the level of PNE AG by the way of emission of bonds. Derivative financial instruments such as interest swaps will only be used at the level of the project companies to secure interest risks of variable-interest loans. As at March 31, 2023, there were derivative financial instruments in relation to several project financing transactions for wind farms in the Group.

The statement of cash flows provides information on the liquidity situation and the financial position of the Group. As at March 31, 2023, the Group companies had available liquidity of euro 145.0 million, including credit lines for interim project financing, of which euro 2.7 million is pledged to banks (as at December 31, 2022: euro 168.7 million, of which euro 2.1 million pledged).

The available liquidity is broken down as follows:

- cash and cash equivalents in the amount of euro 95.9 million (as at December 31, 2022: euro 121.6 million),
- freely available working capital lines of euro 15.1 million (as at December 31, 2022: euro 12.1 million) and
- freely available project interim debt financing available of euro 34.0 million (December 31, 2022: euro 35.0 million).

As at March 31, 2023, the Group had working capital facilities totalling euro 15.1 million (as at December 31, 2022: euro 15.1 million) and credit lines for guarantee and contract fulfilment obligations (excluding guarantee lines granted by banks in connection with ongoing project financing) of euro 40.0 million (as at December 31, 2022: euro 40.0 million). As at March 31, 2023, the Group had used euro 0.0 million of the working capital facility (as at December 31, 2022: euro 3.0 million) and euro 6.3 million of the guarantee and contract fulfilment credit lines as at March 31, 2023 (as at December 31, 2022: euro 6.3 million).

The cash flow from operating activities shown in the statement of cash flows of euro -12.5 million (prior year: euro -1.6 million) was primarily attributable to

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

The cash flow from investing activities in the reporting period included outgoing and incoming payments for investments in Group property, plant and equipment, non-current financial assets and intangible assets totalling euro -11.7 million (prior year in total: euro -2.9 million). The investments in property, plant and equipment in the first three months of the 2023 fiscal year and in the previous year related mainly to investments in the realisation of wind farms for the wind farm portfolio being established ("electricity generation" segment) and in transformer stations for these wind farm projects ("service products" segment).

Outgoing payments relating to the sale and purchase of financial assets or consolidated entities totalled euro -0.5 million in the reporting period (prior year: euro -0.2 million). The main payment comes from the purchase price for 50.0% of the shares in Kurzeme Offshore SIA (Riga, Latvia) (euro 0.5 million).

During the reporting period, the cash flow from financing activities of euro -1.5 million (prior year: euro 23.0 million) was influenced primarily by

- the taking of bank loans of euro 10.3 million, which are mainly used for the project financing of the wind farm projects owned by the Group,
- the repayment of credit liabilities of euro -10.0 million,
- the repayment of lease liabilities totalling euro -1.9 million (pursuant to IFRS 16 to be recorded as outflow of funds in the cash flow from investing activities).

Statement of financial position

Assets

in million euro	31.3.2023	31.12.2022
Total long-term assets	572.0	585.4
Intangible assets	64.8	64.9
Property, plant and equipment	343.2	353.7
Right-of-use assets	86.3	87.3
Long-term financial assets	14.5	14.2
Deferred taxes	63.2	65.3
Total short-term assets	328.4	334.9
Inventories	168.2	147.4
Receivables and other assets	62.4	63.9
Tax receivables	1.9	2.0
Cash and cash equivalents	95.9	121.6
Total liabilities and equity	900.4	920.3

On the reporting date, the consolidated total assets amounted to euro 900.4 million. This is a change of approx. 2 percent in comparison with December 31, 2022 (euro 920.3 million).

Total long-term assets decreased from euro 585.4 million at the end of 2022 to euro 572.0 million on the reporting date.

As at March 31, 2023, intangible assets totalled euro 64.8 million, which primarily include goodwill of euro 64.4 million (as at December 31, 2022: euro 64.4 million). As at December 31, 2022, the goodwill was attributable to the segments as follows:

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

In the same period, property, plant and equipment changed by euro 10.5 million to euro 343.2 million (December 31, 2022: euro 353.7 million).

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

Explanation:

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

IFRS 16 specifies how to account for leases. According to the standard, the lessee is generally obliged to recognise rights and obligations arising from leases. Therefore, lessees must recognise the right of use relating to a leased asset ("right-of-use asset") either under fixed assets in the balance sheet item "right-of-use assets" (long-term assets such as wind farms in own operation or wind farms planned for own operation) or under the balance sheet item "inventories" (short-term assets such as wind farm projects to be sold during or after construction). The "right-of-use assets" in the PNE Group include rights under leasing agreements (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease contracts (e.g. in connection with the wind farms operated by PNE or wind farms under construction). As at March 31, 2023, the Group recognised right-of-use assets of euro 86.3 million under the fixed assets (as at December 31, 2022: euro 87.3 million).

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

- "project development": euro 10.5 million (as at December 31, 2022: euro 10.5 million),
- "electricity generation": euro 70.8 million (as at December 31, 2022: euro 71.8 million) and
- "service products": euro 5.0 million (as at December 31, 2022: euro 5.0 million).

For all assets within the scope of IAS 36 (in particular intangible assets (IAS 38), goodwill (IFRS 3), property, plant and equipment (IAS 16) and investment property measured at cost (IAS 40)), the reporting entity must assess at each balance sheet date whether there is any indication (triggering event) for an impairment loss. The Board of Management is of the opinion that there are no indications that the value of the reported goodwill as at March 31, 2023 might be impaired.

Non-current financial assets increased to euro 14.5 million as at March 31, 2023 (as at December 31, 2022: euro 14.2 million). This item includes the pro rata long-term loan receivables of euro 11.7 million from SWAP transactions conducted within the Group ("electricity generation" segment) (as at December 31, 2022: euro 12.0 million). Further pro rata loan receivables from SWAP transactions are included in the amount of euro 0.8 million (as at December 31, 2022: euro 0.8 million) in the short-term assets (receivables and other assets).

Short-term assets changed in the reporting period from euro 334.9 million (December 31, 2022) to euro 328.4 million on March 31, 2023. This change is mainly due to the increase in cash and cash equivalents. Of the short-term assets, euro 28.3 million is attributable to trade receivables (on December 31, 2022: euro 38.1 million), mainly from project invoices for project development and general contractor services for wind farms and milestone receivables.

The work in progress shown under the inventories changed from euro 110.1 million (on December 31, 2022) to euro 118.3 million. The increase in inventories is mainly due to the development work carried out in the Group to expand the project pipeline.

Work in progress is divided as follows:

- Onshore projects/national: euro 91.1 million (as at December 31, 2022: euro 83.3 million),
- Onshore projects/international: euro 27.2 million (as at December 31, 2022: euro 26.8 million).

The inventories included right-of-use assets of euro 17.8 million as at March 31, 2023 (as at December 31, 2022: euro 18.2 million), which are attributable to the "electricity generation" segment.

The prepayments made in connection with onshore projects under construction, which are included in the inventories item, changed from euro 37.0 million (as at December 31, 2022) by euro 12.6 million to euro 49.6 million.

Cash and cash equivalents amounted to euro 95.9 million as at March 31, 2023, of which euro 2.7 million is pledged to banks (as at December 31, 2022: euro 121.6 million, of which euro 2.1 million pledged).

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

- "project development": euro 59.2 million (as at December 31, 2022: euro 76.7 million),
- "electricity generation": euro 35.8 million (as at December 31, 2022: euro 43.7 million) and
- "service products": euro 0.9 million (as at December 31, 2022: euro 1.2 million).

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

Liabilities

in million euro	31.3.2023	31.12.2022
Equity	224.7	232.2
Deferred subsidies from public authorities	0.6	0.6
Provisions	10.5	9.8
Long-term liabilities	545.5	547.7
Short-term liabilities	103.5	101.5
Deferred revenues	15.6	28.5
Total liabilities and equity	900.4	920.3

Group equity changed to euro 224.7 million as at March 31, 2023 from euro 232.2 million (December 31, 2022). The equity ratio of the Group was approx. 25 percent as at March 31, 2023 (as at December 31, 2022: approx. 25 percent).

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

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

The long-term liabilities changed from euro 547.7 million (as at December 31, 2022) to euro 545.5 million. The item consists mainly of long-term financial liabilities totalling euro 530.2 million (as at December 31, 2022: euro 530.6 million).

The long-term liabilities mainly consist of

- the 2022/2027 bond issued in the 2022 fiscal year with a carrying amount of euro 53.8 million (as at December 31, 2022: euro 53.8 million),
- long-term liabilities to banks of euro 365.0 million (as at December 31, 2022: euro 363.8 million) and
- liabilities from leases of euro 110.1 million (as at December 31, 2022: euro 111.2 million).

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

As at March 31, 2023, the liabilities to banks were attributable to the segments as follows:

- "project development": euro 9.1 million (of which long-term, euro 7.7 million),
- "electricity generation": euro 392.3 million (of which long-term, euro 357.3 million),
- "service products": euro 0.0 million (of which long-term, euro 0.0 million).

Mainly due to "IFRS 16 Leases", approx. euro 110.1 million (as at December 31, 2022: euro 111.2 million) for lease liabilities is reported under long-term liabilities and approx. euro 5.9 million (as at December 31, 2022: euro 5.8 million) under short-term liabilities as at March 31, 2023.

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

- "project development": euro 11.2 million (of which long-term, euro 9.8 million),
- "electricity generation": euro 98.6 million (of which long-term, euro 94.9 million),
- "service products": euro 6.1 million (of which long-term, euro 5.3 million).

In the first three months of the 2023 fiscal year, the short-term liabilities changed from euro 101.5 million (as at December 31, 2022) to euro 103.5 million. The short-term liabilities to banks, included in this item, changed from euro 35.4 million (as at December 31, 2022) to euro 36.4 million. In the reporting period, trade liabilities changed from euro 44.6 million (December 31, 2022) to euro 38.5 million. These mainly originate from project invoices that are issued by subcontractors for wind farms and are to be settled for the most part at the time of receipt of the corresponding trade receivables from the wind farm companies.

The Company used "non-recourse" financing of approx. euro 6.6 million and approx. euro 3.7 million from the available project equity bridge loan during the 2023 reporting period, which contributed to the above-mentioned changes in short-term and long-term liabilities to banks.

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

in million euro	Valuted per 31.3.2023	Of which long-term 31.3.2023
Non-recourse project financing of wind farms	410.0	387.0
Interim equity financing of wind farm portfolios	40.8	31.1
Other loans (incl. financing of the company headquarters in Cuxhaven)	3.7	3.4

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at March 31, 2023 amounted to euro -477.6 million (as at December 31, 2022: net debt of euro -451.2 million).

7. TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

There were no significant changes compared to December 31, 2022.

8. DEVELOPMENT AND INNOVATION

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

9. MAJOR EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the results of operations, financial position and net assets after the end of the reporting period.

10. REPORT ON OPPORTUNITIES AND RISKS

For information about the opportunities and risks of PNE AG, refer to the chapter "Report on opportunities and risks" in the 2022 annual report or the combined management and group management report, which are available on the Company's website at www.pne-ag.com.

All discernible risks arising from the current challenging market environment, which is still characterised by the effects of the Corona pandemic, high raw material prices, unstable supply chains and geopolitical uncertainties, are continuously assessed by the Company with regard to their potential impact on the net assets, financial position and results of operations as well as the well-being of the employees and have been taken into account in this report or the outlook.

During the first three months of the 2023 fiscal year, the Board of Management has not identified any other significant additions or changes to the risks presented in the annual report or the combined management and group management report for the 2022 fiscal year.

11. MANAGEMENT DECLARATION (SECTION 289F AND SECTION 315D OF THE GERMAN COMMERCIAL CODE (HGB))

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

12. OUTLOOK/FORECAST

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

With the "Scale up" programme, the PNE Group has been continuously advancing its strategic development from a wind farm project developer to a "Clean Energy Solutions Provider" since 2017. With this strategy, the PNE Group is responding to changes in the clean energy markets. The expertise from the successful development, project planning and realisation of onshore and offshore wind farms was transferred to other fields. The operating business was placed on a significantly broader basis both nationally and internationally in order to establish PNE as a specialist in photovoltaic projects and a broadly positioned provider of clean energy solutions, in addition to being a specialist in wind well as. Key elements of the strategy are the expansion of the range of services and the development of new markets and technologies.

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

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

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

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

Cuxhaven, May 9, 2023

The Board of Management

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

	Periode 1.1.2023 – 31.3.2023	Periode 1.1.2022 – 31.3.2022
in thousand euro (differences due to rounding possible)		
1. Revenues	32,246	29,524
2. Changes in inventories of finished goods and work in progress	10,908	7,455
3. Other operating income	2,181	962
4. Total aggregate output	45,335	37,941
5. Cost of materials and purchased services	-16,388	-8,704
6. Personnel expenses	-10,257	-8,749
7. Write-downs of intangible assets, property, plant and equipment, right-of-use assets and long-term financial assets	-7,773	-6,530
8. Other operating expenses	-10,134	-4,736
9. Operating result	784	9,222
10. Income from participations and associated companies	109	68
11. Other interest and similar income	360	6,630
12. Expenses from assumption of losses of associated companies	-35	-9
13. Interest and similar expenses	-5,225	-3,141
14. Result before taxes	-4,008	12,770
15. Taxes on income	-1,872	-2,667
16. Other taxes	-352	-51
17. Result before non-controlling interests	-6,233	10,052
18. Share of non-controlling interests in the result	-402	4
19. Consolidated net result	-5,831	10,048
Undiluted earnings per share in euro	-0.08	0.13
Diluted earnings per share in euro	-0.08	0.13
Weighted average of shares in circulation (undiluted), in million	76.3	76.3
Weighted average of shares in circulation (diluted), in million	76.3	76.3
19. Consolidated net result	-5,831	10,048
Other comprehensive income/items that may be reclassified in the future in the profit and loss account		
20. Currency translation differences	-1,116	162
21. Others	-233	0
22. Other comprehensive income for the period (after tax)	-1,349	162
23. Total comprehensive income for the period	-7,582	10,214
Consolidated profit/loss for the period attributable to		
Owners of the parent company	-5,831	10,048
Non-controlling interests	-402	4
	-6,233	10,052
Total comprehensive income for the period attributable to		
Owners of the parent company	-7,180	10,210
Non-controlling interests	-402	4
	-7,582	10,214

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

Assets

in thousand euro (differences due to rounding possible)	per 31.3.2023	per 31.12.2022
Intangible assets	64,789	64,858
Property, plant and equipment	343,228	353,798
Right-of-use assets	86,275	87,333
Long-term financial assets	14,505	14,203
Deferred taxes	63,239	65,309
Total long-term assets	572,036	585,501
Inventories	168,185	147,371
Receivables, other assets and tax claims	64,246	65,882
Cash and cash equivalents	95,933	121,582
Total short-term assets	328,364	334,835
Total assets	900,400	920,336

Liabilities

in thousand euro (differences due to rounding possible)	per 31.3.2023	per 31.12.2022
Subscribed capital	76,603	76,603
Capital reserve	82,953	82,953
Treasury shares	-707	-707
Retained earnings	51	51
Foreign currency reserve	-4,152	-3,036
Consolidated profit	75,862	81,886
Non-controlling interests	-5,936	-5,590
Total equity	224,674	232,160
Other provisions	0	0
Deferred subsidies from public authorities	609	620
Long-term liabilities*	530,171	530,571
Deferred tax liabilities	15,384	17,134
Total long-term liabilities	546,164	548,325
Provisions for taxes	3,898	3,782
Other provisions	6,617	6,047
Short-term financial liabilities	43,366	42,238
Trade liabilities	38,489	44,572
Other liabilities and tax liabilities	37,192	43,213
Total short-term liabilities	129,562	139,851
Total shareholders' equity and liabilities	900,400	920,336

* thereof liabilities from bonds euro 53,789 thousand (as at 31.12.2022: euro 53,754 thousand)

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

For the period from January 1 to March 31

in thousand euro	2023	2022
Consolidated net result	-6,233	10,052
-/+ Income tax benefit/expense	1,872	2,667
-/+ Income tax paid/received	-1,322	-1,220
-/+ Interest income and expense	4,866	-3,489
- Interest paid	-1,750	-1,360
+ Interest received	122	31
+/- Write-downs/write-ups of intangible assets, property, plant and equipment, right-of-use assets and long-term financial assets	7,773	6,530
+/- Increase/decrease in provisions	686	178
+/- Non-cash effective expenses and income	-899	-20
-/+ Profit/loss from the disposal of fixed assets and from consolidation	0	0
+/- Decrease/increase in inventories and other assets	-10,525	-24,482
+/- Decrease/increase in trade receivables and stage of completion accounting	8,853	8,930
+/- Increase/decrease in trade liabilities and other liabilities	-15,919	629
Cash flow from operating activities	-12,475	-1,553
+ Inflow of funds from disposal of items of property, plant and equipment	0	0
- Outflow of funds for investments in property, plant and equipment and intangible assets	-11,230	-2,710
+ Inflow of funds from disposal of financial assets	0	0
- Outflow of funds for investments in financial assets	-500	-208
- Payments made for investments in consolidated entities	0	0
Cash flow from investing activities	-11,731	-2,917
+ Inflow of funds from financial loans	10,327	28,742
- Outflow of funds for the redemption of financial loans	-9,950	-4,039
- Outflow of funds for the redemption of lease liabilities	-1,876	-1,724
- Outflow of funds for dividend payment	0	0
Cash flow from financing activities	-1,499	22,979
Cash-effective change in liquid funds	-25,705	18,508
+ Change in liquid funds due to changes in scope of consolidation	56	0
+ Liquid funds at the beginning of the period	121,582	149,625
Liquid funds at the end of the period*	95,933	168,133
* of which are pledged to a bank as security	2,728	1,674

Supplementary information: The value of liquid funds on March 31 corresponds to the "Cash and cash equivalents" item in the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

in thousand euro (differences due to rounding possible)	Subscribed capital	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained earnings	Equity before non- controlling interests	Non- controlling interests	Total share- holder's equity
Status as at									
31.12.2021	76,603	82,953	-707	51	-3,109	73,384	229,175	-7,382	221,793
First-time appli- cation of IAS 29 due to "Turkey"	0	0	0	0	-3,272	0	-3,272	0	-3,272
Status as at									
1.1.2022	76,603	82,953	-707	51	-6,381	73,384	225,903	-7,382	218,521
Net income	0	0	0	0	0	10,048	10,048	4	10,052
Other result	0	0	0	0	162	0	162	0	162
Total result for the period									
1.-3.2022	0	0	0	0	162	10,048	10,210	4	10,214
Other changes	0	0	0	0	0	0	0	0	0
Status as at									
31.3.2022	76,603	82,953	-707	51	-6,219	83,432	236,114	-7,378	228,736
Status as at									
1.1.2023	76,603	82,953	-707	51	-3,036	81,886	237,750	-5,590	232,160
Net income	0	0	0	0	0	-5,831	-5,831	-402	-6,233
Other result	0	0	0	0	-1,116	-233	-1,349	0	-1,349
Total result for the period									
1.-3.2023	0	0	0	0	-1,116	-6,064	-7,180	-402	-7,582
Other changes	0	0	0	0	0	41	41	56	97
Status as at									
31.3.2023	76,603	82,953	-707	51	-4,152	75,862	230,610	-5,936	224,674

CONSOLIDATED SEGMENT REPORTING (IFRS)

in thousand euro

(differences due to rounding possible)

	Project development		Services	
	2023	2022	2023	2022
External sales	4,706	4,729	4,795	3,669
Inter-segment sales	3,219	6,768	1,811	1,388
Changes in inventories	10,908	4,193	0	0
Other operating income	1,960	168	143	136
Total aggregate output	20,793	15,858	6,748	5,193
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-6,100	-2,391	2,024	1,445
Depreciation and amortisation	-594	-520	-824	-888
Operating profit (EBIT)	-6,695	-2,911	1,200	557
Interest and similar income	3,578	1,677	180	124
Interest and similar expenses	-4,301	-2,232	-285	-188
Tax expense and income	-810	1,230	-332	-149
Investments	881	869	6,873	1,936
Segment assets	636,246	639,731	66,651	60,136
Segment liabilities	395,823	380,101	51,512	46,257
Segment equity	240,423	259,630	15,139	13,879

The figures as at March 31, 2023 are compared with the figures as at March 31, 2022 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2022.

Scope of consolidation

The corporate structure has changed in the first three months of 2023 versus December 31, 2022.

During the reporting period, the following companies were included for the first time in the scope of consolidation:

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

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

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

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

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

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

Electricity generation		Consolidation		PNE AG Group	
2023	2022	2023	2022	2023	2022
22,745	21,126	0	0	32,246	29,524
100	85	-5,131	-8,241	0	0
0	0	0	3,262	10,908	7,455
79	658	0	0	2,181	962
22,924	21,870	-5,131	-4,979	45,335	37,941
15,033	18,811	-2,401	-2,113	8,556	15,752
-6,354	-5,121	0	0	-7,773	-6,530
8,679	13,690	-2,400	-2,113	784	9,222
267	6,617	-3,665	-1,788	360	6,630
-4,305	-2,509	3,665	1,788	-5,225	-3,141
-1,421	-5,357	690	1,609	-1,872	-2,667
3,977	112	0	0	11,731	2,917
714,656	723,584	-517,153	-503,115	900,400	920,336
612,478	619,794	-384,088	-357,976	675,725	688,176
102,177	103,790	-133,065	-145,139	224,675	232,160

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

The book values and fair values of the identifiable assets and liabilities of companies no. 1-8 were insignificant for the asset, financial and earnings position on the date of first-time consolidation.

Cuxhaven, May 9, 2023

PNE AG, Board of Management

IMPRINT

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The quarterly statement is also available in German. In case of discrepancies the German version is decisive. The digital version of the annual report and the quarterly statements of PNE AG are available online at www.pne-ag.com in the section "Investor Relations/Publications/Financial reports".

This quarterly statement includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.



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