ANNUAL REPORT 2025

SFC ENERGY

CONTENT

SFC ENERGY AG – KEY FIGURES

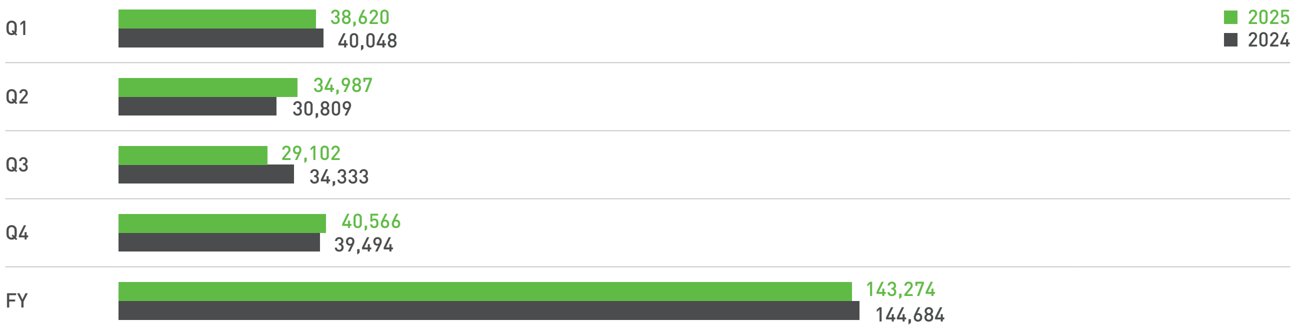
CONSOLIDATED KEY FIGURES

in EUR thousands

	2025 01.01.–31.12.	2024 01.01.–31.12.	Change
Sales	143,274	144,684	-1.0%
Gross profit	58,394	59,307	-1.5%
Gross margin	40.8%	41.0%	
EBITDA	12,221	19,594	-37.6%
EBITDA margin	8.5%	13.5%	
Adjusted EBITDA	16,653	21,991	-24.3%
Adjusted EBITDA margin	11.6%	15.2%	
EBIT	4,483	13,142	-65.9%
EBIT margin	3.1%	9.1%	
Adjusted EBIT	8,914	15,539	-42.6%
Adjusted EBIT margin	6.2%	10.7%	
Consolidated net result	-887	8,759	n/m
Net result per share, undiluted (in EUR)	-0.03	0.51	n/m
Net result per share, diluted (in EUR)	-0.03	0.51	n/m

SALES BY QUARTER

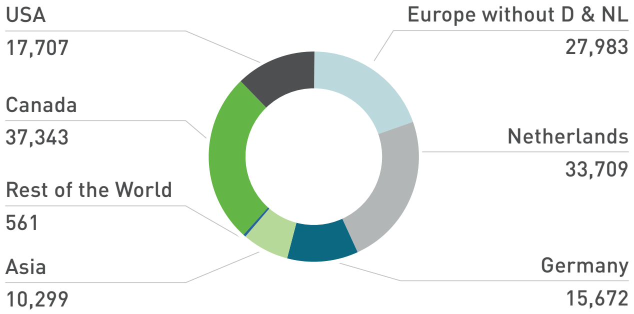
in EUR thousands



SALES BY REGION

01.01.-31.12.2025

in EUR thousands



SALES BY SEGMENTS

01.01.-31.12.2025

in EUR thousands

01

TO SHAREHOLDERS

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,
DEAR BUSINESS PARTNERS,
DEAR EMPLOYEES OF SFC ENERGY,

Let us begin with a brief, yet critical review of the 2025 financial year. For SFC Energy, it was undoubtedly a challenging year in which we were forced to revise our original targets. At the same time, however, it was also a year of consolidation, accompanied by a consistent strategic focus on the next phase of our growth.

Signs of a clear return to a growth trajectory emerged at the end of the year. With sales coming to EUR 143.3 million (2024: EUR 144.8 million), we came close to repeating the previous year's figure in 2025 as a whole. The fourth quarter was particularly encouraging, with sales of EUR 40.6 million. It was not only the strongest quarter of the year in terms of sales but was also characterised by high profitability.

Adjusted EBITDA reached EUR 16.7 million in the year under review (2024: EUR 22.0 million), yielding an adjusted EBITDA margin of 11.6% (2024: 15.2%). Adjusted EBIT amounted to EUR 8.9 million (2024: EUR 15.6 million), corresponding to an adjusted EBIT margin of 6.2% (2024: 10.7%). Thus, both earnings figures exceeded the upper end of the target corridors that had been defined in November 2025. In particular, negative exchange rate effects of around EUR 6 million, temporarily higher expenses in connection with the roll-out of our new ERP system and specific investments in IT and cyber security left negative traces.

The economic environment was marked by macroeconomic uncertainties, exchange rate volatility and trade policy tensions in 2025. In addition, delays arose in major defense programmes in India. Against this backdrop, we adjusted our forecast over the course of the year to reflect the changed market conditions. At the same time, we deliberately refrained from pursuing short-term sales growth at all costs in the fourth quarter and clearly set our strategic priorities, namely sustainable profitability before short-term volumes.

Moreover, we consistently used 2025 to further advance three key elements of our long-term strategy. This includes, in particular, the expansion of our international footprint and customer proximity, the consistent upscaling of our business with customers in the defense and public security market and targeted investments in our technological leadership. With new, attractive products and innovations, we are strengthening our competitiveness and laying the foundations for the next phase of our growth.

The momentum emerging at the end of the year vindicates this course. Our industrial fuel cell solutions performed just as favourably as our European power management business – two key growth drivers for the coming years. An essential part of this strategic orientation was the further resolute internationalisation of our business.

Accelerated structural change in favour of defense as well as public and civil security

In what is a central thrust for us, we continued to focus our portfolio specifically on applications in the areas of defense, public security and civilian security solutions in 2025. These markets already accounted for around 50% of our Group sales in the year under review.

This structural change is not a short-term trend, but part of our long-term growth strategy. Looking ahead to 2026, we expect defense business alone to account for around 15% to 20% of Group sales. Including our civilian security applications, this part of our business already contributes around 60% of Group sales – mainly driven by high-margin products.

One key driver of this development are two new product platforms that we successfully positioned in the market in the year under review.

On the one hand, we worked with a European OEM to develop a power management platform for portable and vehicle-based laser systems, which are used in drone defense in particular. Initial feedback from the market – most recently at Enforce Tac in Nuremberg – confirms the great interest on the part of existing customers as well as potential new OEM partners.

On the other hand, we launched the EFOY Pro Shelter, an "Arctic" energy supply solution specially developed for extreme climatic conditions. Co-engineered with a public-sector customer in Canada, this system enables long-term self-sufficient energy supplies for military and civilian applications. The first systems are already in use in northern Canada, where they are securing critical infrastructure under extreme climatic conditions with temperatures of below minus 40 degrees Celsius.

Both product platforms are already generating initial sales contributions in the lower single-digit million range. We expect significant scaling in the coming years – both together with existing OEM partners and through deployment in other regions.

In addition, we anticipate additional momentum for growth from OEM programmes for auxiliary power systems in military vehicles, as well as from the regional expansion of business in hybrid energy supply solutions, which combine fuel cells, batteries, and – where appropriate – also solar energy.

Further progress in internationalisation

At the same time, we have continued to expand our global presence in a targeted manner in order to be closer to our customers, to open up new markets and, simultaneously, to strengthen our resilience in the face of geopolitical and trade risks.

In the United States, we consistently pushed ahead with the establishment of our facility in Salt Lake City, Utah, where we are currently installing the basis for local production and a regional supply chain. This step marks an important component of our growth strategy in North America as it strengthens our proximity to our widening US customer base, reduces possible supply chain risks and counteracts potential trade policy uncertainties.

We also continued to consolidate our strategic position in Europe. In Denmark, we successfully integrated the newly acquired hydrogen fuel cell business, turning it into a profitable business. The solutions particularly address customers in the field of critical infrastructures – from telecommunications providers to operators of data and communication networks – and make an important contribution to the use of sustainable technology for emergency power supplies.

As well as this, we additionally expanded our footprint in Asia. With the successful completion of the investment in our long-standing partner Oneberry Technologies in Singapore, we have laid the foundations for a regional hub in Southeast Asia. Oneberry is a leading supplier of AI-powered security and surveillance solutions, particularly for the protection of critical infrastructure, border security and drone defense. With this investment, we are strengthening our position in a dynamically growing market and, at the same time, tapping into a high-margin security-as-a-service business model with government and public customers. Together we are addressing a structurally growing market for integrated, off-grid and autonomous security solutions. Combining our fuel cell technology with Oneberry's AI and automation capabilities opens up additional scaling and growth potential. The strong market momentum is already evident in the first quarter of 2026 in the form of a major order worth around EUR 6.6 million, which highlights the strong demand for resilient energy supplies for safety-relevant applications in Southeast Asia.

Robustness of our industrial business

At the same time, our industrial business is proving to be generally robust. Fuel cell solutions for industrial applications and the power electronics business for the semiconductor industry and analytical systems continued to grow.

Overall, this reflects a clear structural change in our business. Applications in defense as well as public and civilian security are increasingly evolving into a key growth driver for SFC Energy. This development also mirrors the underlying geopolitical conditions. Growing global investment in defense and security infrastructure is triggering structurally stronger demand for resilient, mobile and self-sufficient power solutions – an area in which our technologies are playing an increasingly important role.

Over the past two decades, SFC has built up a leading position in this sector – technologically, through the necessary and sometimes lengthy qualification processes, as well as through a broad customer base. As a result, we are able to scale our operations in this market to a disproportionately large extent.

Forecast for 2026: back on a sustainable growth course

In the 2026 financial year, we expect Group sales to grow by approximately 5% to 11% to between EUR 150 million and EUR 160 million. We see significant growth impetus, particularly from Europe and Southeast Asia, and in the prospect of rebounding demand in India.

Adjusted EBITDA should increase to between EUR 20 million and EUR 24 million. Adjusted EBIT is expected to be in the range of EUR 11 million to EUR 15 million. We are thus aiming to further improve our profitability, driven by higher-margin defense and security applications as well as operational efficiency gains.

In our view, the structural trends remain intact, including the increasing global demand for energy, higher requirements with regard to the resilience of critical infrastructures and the progressive decarbonization, digitization and decentralization of energy systems. At the same time, geopolitical tensions, tariff risks and exchange rate volatility remain factors that may continue to influence the market environment and our cost structure, as well as price developments for commodities, particularly precious metals.

However, as we continue to expand our international footprint and localize our value creation, including in the United States and India, we will be increasingly better positioned to mitigate trade risks and potential customs barriers.

Looking forward, we will keep on focusing on healthy and sustainable growth – underpinned by the close interaction of increasing sales and consistent improvements in profitability. After a year of consolidation, we see SFC Energy strategically strengthened and clearly on its way towards the next phase of growth.

People, technology and organisation the foundation of our success

With the roll-out of our new global ERP system in 2025, we took an important step forward in the professionalisation and scalability of our organisational structures. As well as this, we made targeted investments in IT and cybersecurity in order to meet the highest possible requirements with regard to data integrity and system stability.

Our technological development continues to assure us of a key competitive edge. We are continuously investing in the further development of our fuel cell technology, our power management solutions and our hybrid energy systems.

Our successes are the result of our employees' extraordinary commitment and market-leading expertise worldwide. We would like to express our sincere and particular gratitude to them.

We also wish to extend our warmest and sincere thanks to our customers and business partners, as well as our Supervisory Board, for their trust and cooperation in a spirit of partnership.

Our special thanks go to you, our shareholders. Your support and lasting trust – even in a difficult year – enable us to systematically pursue our strategic path and generate long-term value.

Together we are taking the next step on our growth trajectory – with an exceptional team, technological leadership, clear strategic direction and the ambition to provide reliable and sustainable energy supplies for an increasingly security- and resilience-oriented world.

Yours,

Dr. Peter Podesser
Chairman of the Management Board (CEO)

Daniel Saxena
Member of the Management Board (CFO)

Hans Pol
Member of the Management Board (COO)

MILESTONES IN 2025

January 2025

SFC Energy AG receives new follow-up order from BauWatch for the delivery of EFOY Pro fuel cells and a refurbishment programme worth several million euros

© BauWatch Projekt Service GmbH

Under this agreement, SFC Energy will supply BauWatch with its proven EFOY Pro fuel cells. BauWatch has been one of SFC Energy's partners and valued customers for more than eleven years, using the fuel cells in its camera towers in Europe and the United Kingdom. The agreement also includes a fuel cell refurbishment programme, thereby contributing to waste reduction by reusing existing parts.

SFC Energy AG receives follow-up order worth EUR 19.2 million – expansion of an existing major order

SFC Energy has once again secured a major order worth around EUR 19.2 million to supply high-performance power supply and coil solutions to a leading international high-tech plant manufacturer. The follow-up order is an extension of the previous record order worth EUR 27.8 million awarded in March 2024. This contract impressively demonstrates the Company's expertise in sustainable power management solutions on a global level and underlines the international technological leadership of SFC Energy's products and solutions.

February 2025

SFC Energy receives follow-up order worth EUR 4 million from strategic partner FC TecNrgy Pvt. Ltd. (FCT) for fuel cell solutions for the Indian Ministry of Defence

The fuel cell solutions used by the Indian Armed Forces are assembled by SFC Energy India Ltd., the Indian subsidiary of SFC, and FCT at the production facility in Gurgaon, Haryana (India). The Indian government is increasingly committed to replacing environmentally harmful, fossil fuel-based energy systems such as diesel generators with clean energy solutions in order to significantly reduce carbon emissions. The order is part of the government's "Make in India" initiative and another key factor in the joint success of SFC Energy and its strategic partner FCT.

March 2025

SFC Energy receives first fuel cell order from Saudi Arabia for 100 public security monitoring systems

© SFC Energy AG – EFOY Pro Fuel Cell

RESTART Limited Company, which specialises in construction and infrastructure solutions, has ordered EFOY Pro methanol fuel cells and accessories, which it will use for CCTV (closed-circuit television) and other surveillance systems in the field of public safety. This is the first time that SFC Energy has delivered its solutions to the Kingdom of Saudi Arabia. The partnership with RESTART marks an important step towards strengthening SFC's presence in the Middle East, a key region in its global growth strategy.

SFC Energy receives follow-up order worth more than CAD 5 million from long-standing Canadian public-sector customer for EFOY fuel cells and SFC power supply solutions

© SFC Energy AG – EFOY ProShelter

SFC Energy has signed an agreement with a long-standing customer, a Canadian government research and technology organisation specialising in clean energy solutions, to supply EFOY fuel cells and SFC power solutions such as EFOY ProShelter, EFOY 2800, EFOY ProCabinets and EFOY H2Cabinet X-Series with a total value of more than CAD 5 million. In addition, an option for a two-year extension has been agreed, which, if exercised, will additionally increase the total contract value.

April 2025

SFC Energy receives follow-up order from ZeroAlpha Solutions Ltd. on behalf of the NATO Support and Procurement Agency (NSPA)

© SFC Energy AG – EMILY 3000

SFC Energy receives a follow-up order worth EUR 1.5 million for JENNY and EMILY direct methanol fuel cells. The customer is ZeroAlpha Solutions Ltd., a long-standing partner of SFC, acting on behalf of the NATO Support and Procurement Agency (NSPA). Reliable power supplies in the field are a key challenge for modern armed forces. SFC's JENNY and EMILY series fuel cells solve this problem by providing lightweight, plug-and-play energy solutions for soldiers and vehicle applications. Silent, emission-free and virtually signature-free, they improve camouflage while minimising logistical efforts through efficient methanol consumption. To date, SFC Energy is the only provider of NATO-qualified fuel cell systems for portable, off-grid and vehicle-based applications – a unique technological position that makes SFC Energy the preferred partner of armed forces worldwide.

SFC Energy provides self-sufficient and resilient solution for crisis communications by Ströer and the LOEWE centre emergenCITY

With its EFOY Pro fuel cell technology, SFC Energy is making an important contribution to the new "Advertising Column 4.0". The flagship project was developed through a joint research project between the LOEWE centre emergenCITY, Darmstadt Technical University and the media company Ströer. Unveiled in Darmstadt on 3 April 2025, the prototype of this innovative, energy self-sufficient information kiosk is designed to reliably warn and inform citizens in the event of a crisis. Digital outdoor media for crisis communications offer an additional market for SFC fuel cells. The Advertising Column 4.0 and the integrated EFOY Pro fuel cell mark a decisive step towards establishing a crisis-proof and sustainable information infrastructure in cities and municipalities.

© emergenCITY

May 2025

SFC Energy presents the next generation of portable tactical fuel cell systems at Special Operations Forces Week (SOF Week) in the United States

© SFC Energy AG – JENNY

SFC Energy presents its concept study for the further development of the proven, portable and tactical JENNY power generation solutions (JENNY 600S and JENNY 1200) based on direct methanol fuel cell technology for the first time at the SOF Week in Tampa, Florida, United States. Development essentially focuses on three key areas: increasing the rated electrical power, improving connectivity to peripheral devices and enhancing user-friendliness. In addition, further development takes into account the heightened requirements of emergency services in the defence and public security sectors.

SFC Energy and Vertiv join forces to develop emergency power solutions for telecommunications and critical infrastructure

© SFC Energy AG – EFOY H_2Cabinet

At Smarter E Europe, Europe's largest trade fair for the energy industry, SFC Energy and Vertiv, a global operator of critical digital infrastructure, announce a strategic technology partnership. The two companies are forging a partnership for the development, configuration and production of reliable and sustainable emergency power supply solutions for critical infrastructure and telecommunications. Customers benefit from a coordinated turnkey solution that offers maximum performance, reliability and availability.

June 2025

SFC Energy receives major order from Norlys Fibernet A/S in Denmark for hydrogen fuel cells for powering critical telecommunications infrastructure

SFC Energy receives its first major order for its Danish subsidiary SFC Energy Denmark ApS, which was founded in 2024. SFC will be supplying its hydrogen fuel cell technology for point-of-presence stations in the fibre-optic broadband network of Danish fibre-optic wholesaler Norlys Fibernet A/S. These stations will be equipped with stationary hydrogen fuel cell solutions supplied by SFC to ensure reliable and climate-neutral emergency power supplies. They are installed and commissioned between August and December 2025.

© SFC Energy AG – EFOY H_2Rack R-Serie

July 2025

SFC Energy expands its US partner network with Connexa – 100% availability for critical off-grid power solutions

© Connexa

SFC Energy announces a strategic trading partnership with Connexa, a Texas-based system integrator. The partnership will concentrate on providing uninterruptible power supplies for the oil and gas, CCTV, industrial applications, telecommunications and agriculture sectors. This alliance strengthens SFC's market presence in the southern and southwestern parts of the United States and marks another milestone in its ongoing expansion strategy in North America.

August 2025

SFC Energy receives follow-up order worth approximately USD 4 million from US customers in the civil security technology market and prepares to ramp up production in the United States in Q4 2025

This follow-up order confirms the performance and efficiency of SFC's sustainable energy solutions and strengthens their role in the dynamically growing US market for mobile security technology. Production is scheduled to commence at the site in Salt Lake City, Utah, in the fourth quarter of 2025. This will strengthen the Company's customer focus and market access. With its proven "local-for-local" strategy, SFC reduces its exposure to import duties, currency risks and supply chain dependencies, thereby pursuing an approach that has already been successfully established in India and Europe.

September 2025

SFC Energy presents the next generation of tactical fuel cell systems with higher power ratings for defence applications at DSEI in London

© SFC Energy AG – EMILY 12000

With the new EMILY 12000, SFC is expanding its proven portfolio of solutions based on direct methanol fuel cell technology, which has been in use worldwide for over 20 years, achieving a fourfold increase in output with a clustering option for up to 5 kW. Production will be based at the existing sites in Germany and India and, looking forward, at the new production facility in the United States. The market launch is expected for 2026.

SFC Energy receives follow-up orders worth CAD 9.3 million from leading Canadian oil and gas producer

SFC's VFD systems control electric pumps used for oil production in demanding environments. With their proven technology, they enable customers to lower energy consumption and operating costs while also reducing their carbon footprint. This combination of economic and environmental benefits is becoming increasingly important for SFC Energy's partners and is driving the continued growth of the Clean Power Management segment.

October 2025

SFC Energy acquires a 15% stake in Oneberry Technologies – steps up expansion in Asia and drives forward the integration of fuel cell technology in AI-based security solutions

© Oneberry Technologies Pte. Ltd.

SFC Energy signs an agreement to acquire a 15% stake in Oneberry Technologies Pte. Ltd., a Singapore-based market leader in AI-powered public and private security solutions and a long-standing partner. In addition, SFC holds an option to increase its stake to achieve a majority shareholding. This strategic investment strengthens SFC's regional presence in Asia, with Singapore acting as a springboard for further growth in Asia-Pacific, as well as providing an opportunity to combine SFC's leading fuel cell technology with Oneberry's AI-powered, automated safety and security-as-a-service solutions. In addition, the transaction offers SFC Energy the option of establishing a highly attractive leasing model ("energy as a service").

November 2025

SFC Energy secures follow-up order worth EUR 7.5 million for EFOY Pro fuel cells and refurbishment programme

© Canva (AI-edited)

The follow-up order was placed by a long-standing partner from the growing core target market for unmanned and AI-supported location security and surveillance services. Under the agreement, SFC Energy will supply EFOY Pro 2800 fuel cells and refurbished EFOY Pro 2400 units. SFC Energy's successful refurbishment programme clearly demonstrates that sustainability and cost-effectiveness go hand in hand – with both ecological and economic benefits that offer its customers a clear competitive advantage.

SFC Energy and FC TecNrgy Pvt. Ltd. sign maintenance contract worth EUR 3.2 million for tactical fuel cell solutions for the Indian Ministry of Defence

© SFC Energy AG – JENNY 600S and EMILY 3000

The strategic agreement includes a three-year maintenance contract and life-cycle support for the EMILY 3000 and JENNY 600S tactical fuel cell systems, which are already being deployed by the Indian Armed forces. By establishing a nationwide maintenance network with 50 service technicians and a dedicated service centre in Gurgaon, the strategic partners are ensuring the long-term operational readiness of their systems, thereby creating a solid basis for future procurement decisions.

November 2025

SFC Energy publishes audited sustainability report – commitment to transparency and responsible growth

SFC Energy presents its first voluntary sustainability report. The report and early application of the VSME framework mark an important milestone in the Company's sustainability strategy and underline its clear commitment to credible, transparent and responsible action. In line with its vision of "Clean Energy for generations. Anytime, anywhere," SFC Energy is committed to leading by example, driving sustainable growth responsibly and creating long-term value for its stakeholders.

December 2025

SFC Energy receives order worth CAD 1.3 million from new major customer – leading North American operator of mobile security and remote monitoring solutions (CCTV)

The order comprises the delivery of EFOY Pro 2800 fuel cells to power state-of-the-art mobile surveillance towers, which are used in a wide range of commercial and industrial applications. The customer operates one of the fastest-growing fleets of mobile surveillance towers in Canada and the United States and benefits from reliable, off-grid emergency power supply and guaranteed availability. At the same time, the ramp-up of SFC's new US production facility is progressing according to plan, reinforcing its commitment to regional presence and customer proximity.

You are always up-to-date with the SFC IR-newsletter.

Register and find out first-hand what's new.

www.sfc.com/investors/ir-newsletter/

SUCCESS STORIES

SFC Energy is one of the world‘s leading fuel cell manufacturers – a success story in six key figures:

90,000

More than 90,000 fuel cells sold worldwide

–8,800 t CO_2

8,800 t of CO_2 emissions saved – equal to approx. 8,800 economy class flights from Munich to New York or 3550 one-week trips on a Cruise Ship[2]

16.6 million kWh

16.6 million kWh environmentally friendly electricity in total[1]

25 years

More than 25-year experience in fuel cell technology

179 million OH

179 million operating hours of fuel cells in total[1]

0

Unlike conventional generators, fuel cells da not emit any nitrogen oxide (NO_x), carbon monoxide (CO) or particulate matter.

1 Approximate values, subject to change

2 Compared to diesel generators which are often used for off-grid solutions. CO_2 savings are calculated only for the use phase emissions of sold direct methanol fuel cells based on guidelines of WRI 2019

SUPERVISORY BOARD REPORT

Dear Shareholders,

In the 2025 financial year, the Supervisory Board performed its duties under law, the Articles of Association, the Rules of Procedure and the German Corporate Governance Code (GCGC) with due care and diligence. It regularly advised the Management Board on the management of the Company and carefully monitored its activities on an ongoing basis. It also provided advice on the strategic development of the Company and key individual measures, and satisfied itself that the management of the Company and the internal control and risk management systems in place were legal, proper and expedient.

Supervisory Board Composition; Changes to the Supervisory Board and Management Board

In the reporting year 2025, the Supervisory Board consisted of (i) Ms. Sunaina Sinha Haldea (Chairwoman), (ii) Mr. Henning Gebhardt (Deputy Chairman), (iii) Mr. Gerhard Schempp and (iv) Dr. Andreas Blaschke.

The Supervisory Board mandates of Ms. Sunaina Sinha Haldea, Mr. Henning Gebhardt and Mr. Gerhard Schempp expired at the end of the Company's Annual General Meeting on May 22, 2025. In accordance with the proposal of the Supervisory Board, the General Meeting on May 22, 2025 re-elected (i) Ms. Sunaina Sinha Haldea and Mr. Henning Gebhardt to the Supervisory Board, each for a term of approximately four years, and also re-elected (ii) Mr. Gerhard Schempp to the Supervisory Board for a term of approximately two years. In making these proposals, the Supervisory Board complied in particular with the applicable requirements of the German Stock Corporation Act (Aktiengesetz – AktG) and the GCGC; all elected members have the necessary knowledge, skills and professional experience for Supervisory Board work.

There were no personnel changes on the Management Board in the reporting year.

Cooperation Between the Supervisory Board and the Management Board

In the reporting year, the Supervisory Board closely monitored the management activities of the Management Board and was involved in all decisions of material importance to the Company. The Management Board informed the Supervisory Board regularly, without delay and comprehensively about all issues material to the Company with regard to planning, business policy and development, net assets, financial position and results of operations, risk exposure, risk management and controlling, and status of compliance with statutory provisions and internal policies. As a result, the Supervisory Board was kept informed of all relevant events at all times, and this close supervision of the Management Board ensured careful monitoring was in place at all times.

In accordance with the statutory provisions and the Rules of Procedure of the Management Board, the Management Board also informed the Supervisory Board regularly and in detail about the Company's key transactions by means of detailed reports and by communicating financial data (compared with the budget and the previous year in each case). The Chairman of the Management Board also provided the Supervisory Board with regular written and oral reports on the performance of the Company's and the Group's business. Between board meetings, the Chairman of the Supervisory Board was also in regular contact with the Management Board, particularly the Chairman of the Management Board, discussing strategy, current developments regarding the state of the business as well as major transactions, risk exposure and risk management, and compliance.

Transactions requiring the approval of the Supervisory Board were submitted in good time; the transactions were carefully reviewed and discussed with the Management Board in each case before the decision on approval was made.

Supervisory Board Meetings

The Supervisory Board held a total of eight regular meetings in the 2025 reporting year. These meetings were held on February 6, 2025, March 25/27, 2025 (balance sheet meeting), May 21, 2025, May 22, 2025, July 24/31, 2025, October 17, 2025, November 4, 2025 and December 4, 2025. Of these eight Supervisory Board meetings, five were held as video conferences or hybrid meetings, i.e., where members were electronically connected to a face-to-face meeting of the other Supervisory Board members, and three were held face to face. Conference calls did not take place. The Supervisory Board meetings are attended by the Supervisory Board members and, as a rule, by the Management Board members as well. The Supervisory Board also holds regular meetings without the Management Board, in particular where Management Board matters or issues internal to the Supervisory Board are discussed. When the auditor provides its reports, the Supervisory Board also has the opportunity to discuss issues with the auditor in the absence of the Management Board.

Attendance of Supervisory Board members at Supervisory Board meetings was 90.93% in the reporting period. Individual attendance is reported at the end of the following section. In addition, the members of the Supervisory Board also consulted one another outside of meetings by telephone, in person, or by email, if required.

Regular items on the agenda of the Supervisory Board meetings included key business issues at SFC Energy AG, in particular sales and marketing, quality management, research and development, and human resources. The Supervisory Board also repeatedly dealt with the matters of the risk management system and Group-wide compliance. At the meetings, the Management Board also regularly reported on the reporting segments and initiatives for the strategic development of the Company and on the status of ongoing cooperation and M&A projects.

The individual meetings during the reporting period focused on the following issues:

At the Supervisory Board meeting on February 6, 2025, the Management Board reported to the Supervisory Board on the SFC Group’s market position in the United States of America and Canada.

At the Supervisory Board meeting held on March 25/27, 2025, to review the financial statements, the Supervisory Board primarily discussed the Company’s annual financial statements and management report prepared in accordance with German commercial law and the IFRS consolidated financial statements and Group management report for the 2024 financial year; the annual financial statements and consolidated financial statements were approved. Auditor representatives attended the meeting, reported on the key outcomes of their audit and gave an opportunity for questions or queries to be raised by the members of the Supervisory Board. The Supervisory Board adopted the corporate governance statement, the Supervisory Board report, and the remuneration report for the 2024 reporting year, as well as the declaration of compliance with the GCGC for the purposes of section 161 AktG. It also addressed the independence of its members, concluding that its members were independent for the purposes of the GCGC. The Supervisory

Board also handled the invitation to the Company's 2025 Annual General Meeting and adopted its resolution proposals for the relevant agenda items, in particular for the resolution on the appointment of the auditor of the annual financial statements and consolidated financial statements. The Management Board and other SFC Energy AG employees who were invited to the meeting as guests provided the Supervisory Board with information on key business issues, in particular sales and marketing. This concerned current order levels and the market position at SFC Energy AG and its Group companies in the various regions in which the Company operates. There were also reports on quality management, research and development and human resources. In addition, the status of the plans for expansion and the ongoing cooperation and M&A projects was explained. The Supervisory Board was also informed about the status of IT projects and cyber security at the Company. The Supervisory Board also dealt with the risk management system and SFC Energy AG's Group-wide compliance with legal rules and internal policy and guidelines. The Supervisory Board was also informed about the current status of the implementation of sustainability reporting (CSRD Directive) and the status of preparations for voluntary sustainability reporting at the SFC Group. The Supervisory Board also resolved to allocate options in accordance with the Performance Share Program (PSP) applicable to long-term variable remuneration to a member of the Management Board. It also dealt with the long-term variable remuneration of the Management Board.

At the Supervisory Board meeting held on May 21, 2025, the Management Board gave a report on trends in the business of SFC Energy AG and its Group companies in the first quarter of 2025, and discussed this with the Supervisory Board. The Supervisory Board also dealt with the 2025 Annual General Meeting taking place the following day and decided that the Deputy Chairman of the Supervisory Board, Mr. Henning Gebhardt, would chair this Annual General Meeting. The Management Board reported again on the status of ongoing cooperation and M&A projects. The Supervisory Board also passed a resolution on the long-term variable remuneration of a member of the Management Board and gave its approval for the Chairman of the Company's Management Board, Dr. Peter Podesser, to accept a position as a member of the Supervisory Board at Wolftank Group AG, based in Austria.

At the Supervisory Board meeting on May 22, 2025, Ms. Sunaina Sinha Haldea was elected as Chairwoman of the Supervisory Board and Mr. Henning Gebhardt as Deputy Chairman of the Supervisory Board following the re-election of the Supervisory Board members at the Annual General Meeting. Mr. Henning Gebhardt was also re-elected to the Audit Committee as its Chairman. Mr. Gerhard Schempp was re-elected to the Audit Committee as its Deputy Chairman.

The Supervisory Board meeting on July 24/31, 2025 focused on the Management Board's presentation of the preliminary half-year results and information on key business issues and on current business performance at SFC Energy AG and its Group companies, including in Germany, Denmark, Canada, the Netherlands, Romania and the United States of America. The Supervisory Board also received reports on issues relating to quality management of SFC products and human resources. At the meetings, the Management Board also informed the Supervisory Board on initiatives for the strategic development of the Company and on the status of ongoing cooperation and M&A projects. The Supervisory Board again discussed the status of preparations for (voluntary) sustainability reporting at the SFC Group and ESG initiatives. The sustainability targets set for the years 2025 to 2027 were also confirmed by the Supervisory Board and new sustainability targets for the years 2028 to 2029 were set. The Supervisory Board passed resolutions on issues relating to the long-term variable remuneration of two members of the Management Board under the Company's existing physical and virtual (share) option programs. The Supervisory Board again looked at the risk management system and

SFC Energy AG's Group-wide compliance with legal rules and internal policy and guidelines. Finally, adjustments to the Company's draft financial calendar for 2026 were discussed with the Management Board.

At the Supervisory Board meeting on October 17, 2025, the Supervisory Board dealt with plans to implement an M&A transaction.

The Supervisory Board meeting on November 4, 2025, centered around the Management Board's presentation of the preliminary results for the third quarter of 2025. In addition, the Management Board provided the Supervisory Board with information on key business issues and current business performance at SFC Energy AG and the Group companies, including a forecast for the end of the 2025 financial year. The Supervisory Board again received reports on issues relating to quality management of SFC products and human resources. The Management Board also briefed the Supervisory Board on the current status of the initiatives for the strategic development of the Company and on the status of ongoing cooperation and M&A projects. The Supervisory Board also dealt with an ongoing IT project, digital transformation issues and cyber security at the SFC Group. The forthcoming publication of a voluntary sustainability report by SFC Energy AG was also discussed. The Supervisory Board again looked at the risk management system and SFC Energy AG's Group-wide compliance with legal rules, regulatory requirements, and internal policy and guidelines. Auditor representatives, who were present as guests, then presented the procedure for and scope of the audit process for the annual financial statements and consolidated financial statements for the 2025 financial year. The Supervisory Board discussed the implementation of a regular self-assessment, which was to be carried out by the next Supervisory Board meeting in December 2025. Finally, adjustments to the Company's draft financial calendar for 2026 were discussed.

At the Supervisory Board meeting held on December 4, 2025, the Supervisory Board first dealt with key business issues and current business performance at SFC Energy AG and its Group companies in the 2025 financial year, with the members of the Management Board present reporting on this. The focus was placed on confirming the earnings forecast for the 2025 financial year and presenting the regional and segment-related business performance. The Supervisory Board also discussed issues relating to quality management of SFC products and human resources. Another key matter addressed at the meeting was the discussion and resolution on the budget presented by the Management Board for the 2026 financial year and the medium-term plan for the years 2027 to 2030. The Management Board presented the assumptions underlying the budget planning. The proposed budget and medium-term plan were approved by the Supervisory Board. The Management Board also briefed the Supervisory Board on the current status of the initiatives for the strategic development of the Company, on the status of ongoing cooperation and M&A projects, and on an ongoing IT project. The first voluntary publication of a sustainability report on November 25, 2025 was discussed, as was Group-wide compliance. Subsequently, the Supervisory Board dealt with the Management Incentive Plan for the Management Board (in the absence of the Management Board members) and discussed the results of the Supervisory Board's regular self-assessment. Finally, the Supervisory Board set targets for the proportion of women on the Supervisory Board and the Executive Board.

Committees

The Company's Audit Committee prepares resolutions and issues to be dealt with by the full Supervisory Board. To the extent permitted by law, decision-making powers of the Supervisory Board have been transferred to this Committee. The Committee chairman reports to the Supervisory Board on the Committee's work at the following meeting. Up until the end of the Annual General Meeting on May 22, 2025, the Audit Committee consisted of the Supervisory Board members (i) Henning Gebhardt (Chairman), (ii) Gerhard Schempp (Deputy Chairman) and (iii) Dr. Andreas Blaschke, with Mr. Henning Gebhardt and Mr. Gerhard Schempp being reappointed to the Supervisory Board at the 2025 Annual General Meeting. Both Supervisory Board members were subsequently elected to the Company's Audit Committee by the Supervisory Board and confirmed as Chairman and Deputy Chairman. This means that there were no personnel changes on the Audit Committee in the reporting year.

The Audit Committee held three regular meetings in the reporting year, on February 24, 2025, on March 20, 2025, and on November 4, 2025. In accordance with the Rules of Procedure of the Supervisory Board, the most notable, regular subjects of its meetings are (i) monitoring the audit (particularly the independence of the auditor and the quality of the audit), (ii) appointing the auditor, and determining focal points of the audit, (iii) preparing the audit of the annual and consolidated financial statements, (iv) discussing half-yearly and quarterly financial reports with the Management Board, and (v) auditing the accounting and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and compliance.

Attendance at Audit Committee meetings in the reporting period was 100%. Individual attendance is reported at the end of this section. Two Audit Committee meetings were held as video conferences and one meeting was held in person.

The Audit Committee meetings were also attended by members of the Management Board and the auditor representatives; however, the members of the Management Board were not continually present in the meetings and the Audit Committee also consulted with the auditors without the members of the Management Board being present. The Chairman of the Committee is in regular contact with the auditor and the Chief Financial Officer between meetings.

At the meeting on February 24, 2025, the Audit Committee discussed the status of the audit of the consolidated and annual financial statements for the 2024 financial year. The Audit Committee discussed the audit in general and discussed specific aspects of the audit process in greater depth. At this meeting, the Audit Committee also discussed SFC Energy AG's preliminary financial figures for the 2024 financial year, which were published on the day following the meeting. Auditor representatives attended the meeting and were available for the full duration of the meeting to answer questions about the audit process and as the points of contact for the Audit Committee.

At the Audit Committee meeting on March 20, 2025, the Audit Committee discussed the results of the audit of the consolidated and annual financial statements for the 2024 financial year, in particular the previously defined key audit areas, with the auditor representatives also in attendance. The members of the Audit Committee discussed the audit process with the auditor representatives and had the opportunity to ask questions about the audit process. The Audit Committee then dealt with the sustainability reporting requirements (CSRD Directive) and discussed potential changes to SFC Energy AG's reporting obligations with the auditor representatives.

The audit for the 2025 financial year was discussed at the meeting of the Audit Committee on November 4, 2025, with the auditor representatives also in attendance; this involved determining the audit approach and the main focal points of the audit, in particular.

There are no other committees. The Supervisory Board's view is that the four-member Supervisory Board is able to perform its duties efficiently in all other areas.

Individual Attendance of Meetings by Supervisory Board Members in the Reporting Year

SUPERVISORY BOARD

	Supervisory Board	Audit Committee	Attendance rate
Sunaina Sinha Haldea	8/8	n/a	100%
Gerhard Schempp	8/8	3/3	100%
Henning Gebhardt	7/8	3/3	90.90%
Dr. Andreas Blaschke	6/8	3/3	81.81%

Corporate Governance

The Company is committed to complying with the recommendations set out in the GCGC. The declaration of compliance to be provided annually by the Management Board and the Supervisory Board pursuant to section 161 AktG, most recently provided on March 24, 2026, is available on the Company's website at https://www.sfc.com/investors/corporate-governance/.

Information on Supervisory Board-related aspects of the Company's corporate governance can also be found in the corporate governance statement on pages 200 et seq. of the annual report. The current declaration of compliance is also contained in the corporate governance statement. The remuneration of Supervisory Board members is contained in the remuneration report, which is reproduced on pages 215 et seq. of the annual report.

In the 2025 financial year, as in previous years, the Supervisory Board examined potential conflicts of interest affecting its members. No conflicts of interest involving members of the Supervisory Board arose in the reporting period. The Supervisory Board does not include any former members of the Company's Management Board. The Supervisory Board determined at its meeting of March 25/27, 2025, that it included an appropriate number of independent members for the purposes of recommendations C.6 and C.7 of the GCGC. The Supervisory Board members are independent from the Company and its Management Board because none of them have any personal or business relationship with the Company or its Management Board that may cause a substantial – and not merely temporary – conflict of interest. Conflicts of interest with a controlling shareholder or a company affiliated with the controlling shareholder cannot arise for the reason alone that the Company is not controlled by any of its shareholders. This is because no control agreement exists with any shareholder, and no shareholder has the absolute majority of the voting rights or at least a sustainable voting majority at the Annual General Meeting.

Training and Professional Development

The members of the Supervisory Board take responsibility for undertaking the training and professional development necessary to fulfil their duties, such as in respect of changes to the legal framework and new, forward-looking technologies, and obtain relevant support by the Company. In particular, during the onboarding process, new Supervisory Board members receive information about, among other things, SFC Energy AG's business model and strategy as well as the work and responsibilities of the Supervisory Board. Guided factory tours are also provided.

Audit

Upon the proposal of the Supervisory Board, the General Meeting of SFC Energy AG on May 22, 2025 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor and group auditor for the 2025 financial year, and as auditor for a possible audit review of interim financial reports, where this is to be conducted. The Supervisory Board satisfied itself in advance of the independence of Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, by obtaining a declaration as to the independence of the auditor. The Audit Committee negotiated the audit engagement, specified the focal points of the audit, and engaged the auditor. Focal points of the agreed audit included the following:

IFRS Consolidated Financial Statements

- IFRS consolidated financial statements
- Irregularities in revenue recognition
- Management Override Control (MOC)
- Recoverability of goodwill
- Accounting for stock appreciation rights (SARs), stock option programs (SOPs), and performance share programs (PSPs)

Annual Financial Statements in Accordance with the German Commercial Code (Handelsgesetzbuch – HGB)

- Recoverability of financial assets
- Accounting for stock appreciation rights (SARs), stock option programs (SOPs), and performance share programs (PSPs)

Brunnthal, March 24, 2026

The Supervisory Board

Sunaina Sinha Haldea
– Chairwoman of the Supervisory Board –

SFC ENERGY ON THE CAPITAL MARKET

Basic data on the share

Share information

Bloomberg Symbol	F3C:GR
Reuters symbol	F3CG.DE
WKN	756857
ISIN	DE0007568578
Number of shares outstanding (31 December 2025)	17,381,691
Share type	No-par value shares
Stock exchange segment	Prime Standard
Sector	Renewable energies
Index membership	SDAX
Home stock exchange	Frankfurt Stock Exchange (FWB)
Designated sponsors	mwb fairtrade Wertpapierhandelsbank AG

Performance of the stock markets and indices

In 2025, equity markets were influenced by heightened volatility, geopolitical tensions and significant shifts in monetary and fiscal policy. Despite the generally subdued economic environment, the international equity markets demonstrated resilience, ending the year noticeably higher in many cases.

The initial upbeat sentiment in the capital markets following Donald Trump's election victory in November 2024 gave way to mounting uncertainty over the course of the year. The trigger for this was the trade policies adopted by the US government. In particular, the imposition of higher tariffs announced in April on "Liberation Day" took a heavy toll on equities. In response to the severe market reactions, however, the measures were partially reversed, facilitating subsequent stabilisation.

In Europe, the market received noticeable support in the spring from the realignment of economic policy in Germany. The announcement that the debt brake was to be eased together with the adoption of a comprehensive capital spending package in infrastructure, energy and defense strengthened investor confidence in the long term. In this environment, the European equity markets recorded significant gains.

Monetary policy remained a significant driver in 2025. Against the backdrop of slowing inflation, the European Central Bank lowered its key interest rate in several steps to 2.0%. The US Federal Reserve initially remained cautious but also initiated a cycle of easing in the autumn, reducing its key interest rate to 3.5% by the end of the year.

In this macroeconomic environment, the leading equity indices achieved impressive gains over the year as a whole. For European investors, however, the US markets fell short of expectations. Although the S&P 500 rose by 16.8%, the Dow Jones by 13.6% and the Nasdaq 100 by 19.9% in US dollar terms, the significant depreciation of the US dollar by around 12% against the euro lessened the gains in euro terms significantly. The EURO STOXX 50 rose by 19.0%. In Germany, the gains were particularly pronounced, with the DAX, MDAX, and SDAX posting double-digit increases of 23.0%, 19.7%, and 25.3% respectively. This is also underscored by the renewed increase in investor interest in German mid- and small-cap stocks over the course of the year.

Performance of the SFC share

Share performance

		EUR
OPENING PRICE	2 JANUARY 2025	17.38
HIGH	18 MARCH 2025	28.35
LOW	18 NOVEMBER 2025	11.32
CLOSING PRICE	30 DECEMBER 2025	12.26

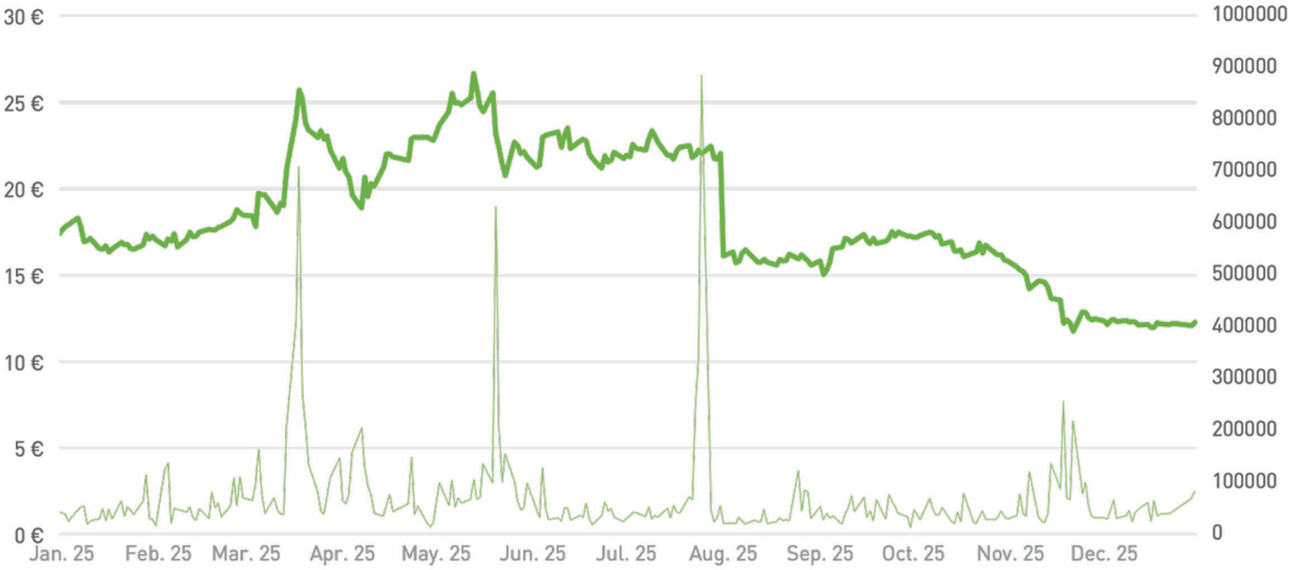
SFC Energy AG shares entered 2025 at EUR 17.38, reaching a high for the year of EUR 28.35 in the first quarter on 18 March 2025 and a low for the year of EUR 11.32 on 18 November 2025. At the close of the last trading day on 30 December 2025, the shares were trading at EUR 12.26. Thus, the year-end closing price for 2025 was 28.7% below the level at the end of 2024 (EUR 17.20).

One key factor impacting the shares was the adjustment of the full-year forecast at the end of July 2025 in response to the macroeconomic uncertainties described above, exchange rate volatility and mounting protectionist tendencies – particularly as a result of US tariff policies – which impaired forward planning visibility and reduced customers' willingness to make decisions and investments. The subsequent revisions of analyst estimates and, resulting from this, the scaled-back target prices triggered additional selling pressure.

Average daily XETRA trading volumes in the year under review stood at 69,383 shares, compared to 37,703 shares in 2024. As of 30 December 2025, SFC Energy AG had a market capitalisation of EUR 213.10 million on the basis of approximately 17.38 million shares outstanding and a closing price of EUR 12.26 (previous year: EUR 298.97 million).

Performance of the SFC share (absolute)

PERFORMANCE OF THE SFC SHARE FROM THE BEGINNING OF JANUARY 2025 TO THE END OF DECEMBER 2025 IN EUR



Investor relations

In 2025, the Management Board and the Investor Relations team updated the capital market regularly and comprehensively on developments at SFC Energy AG. Communications with existing and potential investors, as well as other market participants, took various forms, including investor conferences, roadshows, conference calls and one-on-one meetings. The aim was to report actively, transparently and continuously on the Company's economic situation and strategic direction and to present the sustainability of the business model in a comprehensible manner. Capital market communications focused on the Company's operating business as well as the progress it was making in implementing the international growth strategy based on hydrogen and fuel cell technology.

Investors had an opportunity of meeting SFC Energy at numerous investor conferences, including the Metzler Small Cap Days (Germany), the Warburg Highlights 2025 (Germany), the ODDO BHF Nextcap Forum (France), the Hamburg Investor Days (Germany), the Berenberg & Goldman Sachs Corporate Conference (Germany) and the German Equity Forum (Germany). In addition, roadshows were held in collaboration with various banks in the United Kingdom, Switzerland and France.

The annual, half-year and quarterly results are presented in earnings calls and subsequently made available as audio casts on the SFC Energy website at sfc.com. The latest version of the SFC Energy corporate presentation is always available there.

As the designated sponsor, mwb fairtrade Wertpapierhandelsbank AG arranged binding bid/ask prices during the reporting period and thus helped to ensure appropriate liquidity and tradability for SFC Energy shares.

The Investor section of the SFC Energy website - sfc.com - provides comprehensive information on the Company's business situation, current news and an overview of future events and activities.

Analyst research

SFC Energy AG shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and are regularly analysed and evaluated by renowned research firms. During the reporting period, the internationally active and renowned investment bank Deutsche Bank included SFC Energy AG in its research coverage for the first time. Thus, the number of financial institutions analysing the Company rose from five to six.

The consensus target price of EUR 18.90 translates into upside potential of 54.2% based on the XETRA closing price of EUR 12.26 on 30 December 2025.

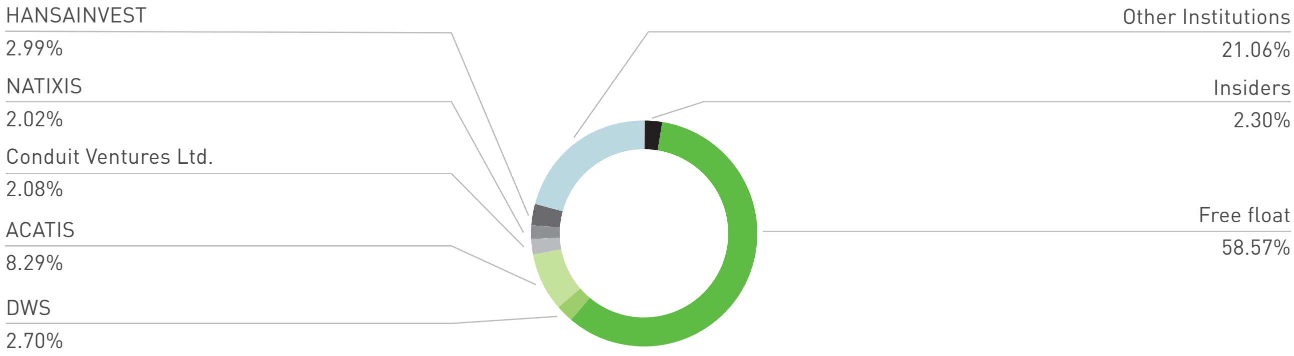
Detailed information is available to interested investors at sfc.com in the Investors/Financial Data/Research Reports section.

RESEARCH ASSESSMENTS EUR

RESEARCH COMPANY	DATE	RECOMMENDATION	TARGET PRICE
FIRST BERLIN – EQUITY RESEARCH	26 FEBRUARY 2026	BUY	22.00
MÜNCHMEYER PETERSEN CAPITAL MARKETS	25 FEBRUARY 2026	BUY	20.00
METZLER	25 FEBRUARY 2026	BUY	17.00
ABN AMRO/ODDO BHF	24 FEBRUARY 2026	OUTPERFORM	21.00
DEUTSCHE BANK	24 FEBRUARY 2026	HOLD	16.40
BERENBERG	24 FEBRUARY 2026	BUY	17.00

Shareholder structure

As of 31 December 2025, 39.13% of SFC Energy shares were held by institutional investors. The Management Board and the Supervisory Board jointly held 2.30% of the shares. The proportion of shares classified as free float stood at 58.57% at the end of December 2025. Detailed information on the shareholder structure can be found at sfc.com in the Investors/Financial Data/Share section.



Share capital

There were no changes to SFC Energy AG's share capital in 2025. Accordingly, it stood at EUR 17,381,691.00 as of 31 December 2025, divided into 17,381,691 no-par value shares.

Following the reporting date, SFC Energy AG's share capital increased from EUR 17,381,691.00, divided into 17,381,691 no-par value shares, to EUR 17,397,975.00, divided into 17,397,975 no-par value shares, in connection with the exercise of share options by selected executives under long-term variable share price-based remuneration programmes ("LTI programmes").

02

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2025

Principles of the Group

Organisation of the SFC Group and reporting principles

SFC Energy AG (“**SFC AG**”, “**Company**”) has its registered offices in Brunnthal (Germany) and is entered in the commercial register of the Local Court of Munich under the number HRB 144296. SFC AG, together with its subsidiaries (“**SFC**” or “**Group**”), is an internationally active group of companies operating in the fuel cell and energy sector. In addition to the parent company SFC AG (Germany), the reporting entity structure of the Group includes the subsidiaries listed below:

SUBSIDIARIES INCLUDED IN THE REPORTING ENTITY STRUCTURE

	Seat	Share in capital			Currency
		Direct	Indirect	Total	
SFC Energy B.V. (“**SFC NL**“)	Almelo Netherlands	100%	-	100%	EUR
SFC Energy Power SRL (“**SFC RO CP**”)	Cluj-Napoca Romania	-	100%	100%	RON
SFC Energy Ltd. (“**SFC CA**“)	Calgary Canada	100%	-	100%	CAD
SFC Energy India Pvt. Ltd. (“**SFC IN**“)	Gurgaon India	92%	-	92%	INR
SFC Clean Energy SRL (“**SFC RO CE**”)	Cluj-Napoca Romania	100%	-	100%	RON
SFC Energy UK Ltd. (“**SFC UK**“)	Swindon UK	100%	-	100%	GBP
SFC Energy LLC (“**SFC USA**“)	Wilmington United States	100%	-	100%	USD
SFC Energy Denmark ApS (“**SFC DK**“)	Hobro Dänemark	100%	-	100%	DKK

The Management Board of SFC is responsible for managing the Company. The Supervisory Board appoints, monitors and advises the Management Board and is directly involved in decisions that are of fundamental importance to SFC.

The legal basis for managing and supervising the Company is the German Stock Corporation Act and other capital market legislation as well as the German Corporate Governance Code in the version dated 28 April 2022 (published in the Bundesanzeiger on 27 June 2022).

As of 31 December 2025 (“**reporting date**”), the Group had 495 employees.

Segments, markets, products and services

As of 31 December 2025, SFC had the following reportable segments, on the basis of which the Management Board manages the Group: Clean Energy and Clean Power Management.

The segmentation of the Group's activities is primarily aligned to its internal organisational and reporting structure by business area. Since 1 January 2021, it has been based on the technology platforms and the product and service portfolio offered by the Group. The **Clean Energy segment** comprises the portfolio of products, systems and solutions for stationary and mobile off-grid energy supplies based on direct methanol and hydrogen fuel cells. The fuel cell solutions are used in the industrial, private and government (public security) sectors in various markets, such as the telecommunications equipment, security and surveillance technology, remote sensing technology, defense technology, as well as the caravanning and marine markets. The **Clean Power Management segment** pools all the Group's business in high-tech, standardised and semi-standardised power management solutions, such as voltage converters and coils, which are used in devices for high-tech industry. The segment also includes business in frequency converters for the upstream oil and gas industry as well as other industries, some of which are integrated and some sold.

SFC's core business is the development, production and sale of modern energy supply systems as well as modules and components for off-grid and grid-connected appliances based on fuel cell technology. The Group engages in the necessary spending as well as all other interlinking factors related to this business. The product portfolio also includes accessories and spare parts, particularly fuel cartridges, solutions for combining fuel cell products with other power sources, storage and consumers as well as mechanical, electronic and electrical instruments for monitoring and controlling production and logistics processes. SFC is one of the first companies in the world to have commercial series products in the field of direct methanol fuel cells ("**DMFC**") for a number of markets. It also has commercial series products in the field of hydrogen fuel cells ("**PEMFC**").

Goals and strategies

The Company continued to pursue its strategic focus on expanding its position in the market for environmentally friendly stationary and mobile off-grid energy solutions in the year under review. The aim is to gain market leadership as a provider of low-emission or free control and emergency electricity supplies for off-grid applications, some of which are security-critical, such as telecommunications equipment, security and surveillance technology, off-grid sensors and defense technologies with fuel cell generators. The fuel cells aim to offer low-emission and emission-free alternatives to diesel engines, which have so far been used as emergency power generators or to cover peak loads, and to supplement existing off-grid energy supply systems.

This strategy is to be implemented both through organic growth and non-organically, one example being the acquisition of assets from the stationary hydrogen fuel cell business of Ballard Power Systems Europe A/S in 2024, as well as joint ventures, equity investments and partnership agreements.

SFC believes that its strategy has been vindicated by its overall economic performance – despite individual challenges such as negative exchange rate movements and heightened trade tensions – in the year under review.

Management process system

The main financial performance indicators used by the Management Board to manage the Company's operating business are sales growth as well as the earnings indicators adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortisation) and adjusted EBIT (adjusted earnings before interest and taxes).

In addition to detailed financial reporting and controlling, the risk management system also utilises numerous non-financial performance indicators such as quality parameters. However, these are not used for direct management purposes.

Research and development

With its research and development activities, the Company continues to pursue the goal of securing and strengthening its competitive and technological position against the backdrop of the upcoming reorganisation of regional and national energy systems, including with regard to efficiency and emission reduction in numerous countries. SFC therefore continues to invest considerable resources in research and development ("**R&D**"). In 2025 ("**year under review**"), a total of EUR 11,353 thousand (previous year: EUR 11,027 thousand), and thus 3.0% more than in the previous year, was spent in this area.[1]

With an average of 84 employees (previous year: 76), around 16.9% (previous year: 17.3%) of the Group's staff were involved in the development and enhancement of Group technologies and their implementation in its products in the year under review. In this connection, a large majority of these employees worked in the Clean Energy segment.

In order to safeguard the Group's technological position and competitiveness and to reinforce market entry barriers, an active strategy is being pursued with regard to patents and other intellectual property ("**IP**") rights, including the active management of the existing IP portfolio and the development of new IP.

TOTAL RESEARCH AND DEVELOPMENT EXPENSES — EUR thousands

	2025	2024
Research and development expenses through profit and loss	9,155	7,269
+ Capitalised development expenses	1,530	3,160
+ Grants received	681	668
+/- Non-recurring effects (extraordinary expenses for LTI programme)	-13	-70
Total expenditure on research and development	**11,353**	**11,027**

In the year under review, research and development expenses adjusted for the non-recurring effect of the LTI programmes described below (i.e. plus the extraordinary expenses included in this item and less extraordinary income) and including the development expenses capitalised in the year under review and grants received (**"Total expenditure on research and development"**) increased noticeably over 2024 ("**previous year**" or "**prior-year period**") to EUR 11,353 thousand (previous year: 11,027 thousand). The increase is mainly due to substantially higher personnel expenses in both reporting segments, also as a result of the commitment of additional development resources at SFC UK to the further development of the membrane electrode assembly (MEA) as well as more intensive development activities at SFC NL and SFC CA.

Research and development activities in the year under review were mainly used to improve competitiveness and were also primarily related to intangible assets and capitalised development expenses of EUR 1,530

1 Research and development costs reported in the income statement, adjusted for extraordinary expenses and including development expenses capitalised in the year under review and grants received.

thousand (previous year: EUR 3,160 thousand) for the further development and digital networking of Group products and the development of new generations of fuel cell systems. This corresponds to a capitalisation ratio (capitalised development expenses relative to total R&D expenses) of 13% (previous year: 29%), which was very sharply below the previous year's ratio due to the progress made in the individual development activities for specific projects.

Scheduled amortisation of capitalised development costs amounted to EUR 2,443 thousand in the year under review (previous year: EUR 1,696 thousand).

In the year under review, no impairment losses were recognised on capitalised development expenses within SFC's research and development expenses.

The Group's research and development activities were funded to a minor extent by government grants, e.g. via the "National Organisation Hydrogen and Fuel Cell Technology" in the year under review and, looking forward, this is expected to remain the case.[2]

SFC pursues an active patent strategy aimed at building up technological barriers to third-party market entry and safeguarding its own competitive position and marketing opportunities. SFC currently holds a portfolio of 4 (previous year: 4) patent families.

In the year under review, research and development activities in the **Clean Energy segment** mainly focused on the next-generation fuel cell modules as well as the digitalisation and connectivity of products. Development activities in the year under review mainly comprised the following projects:

- Further development of direct methanol fuel cell ("DMFC") generations
- The development and enhancement of proton-exchange membrane fuel cell systems ("PEMFC")
- The development and establishment of emergency power systems based on PEMFC fuel cells
- The development of a new PEMFC fuel cell system with integrated control and voltage conversion
- The development of a PEMFC fuel cell system for power ranges above 50 kW
- The continuous development and implementation of service-optimised functions in the cloud-based remote monitoring system for the newly launched fuel cell generations
- Systematic improvements and further developments to enhance the performance and reduce the costs of existing EFOY generations
- The development of the latest generation of military-hardened, portable direct methanol fuel cells for defense organisations
- Development of a refillable fuel cartridge for methanol together with the necessary refill station

Development activities in the **Clean Power Management segment** concentrated on aspects such as increasing power density, power efficiency and the watt/euro ratio for the power management solutions on offer. The focus in the year under review was on:

- The development of a module and system solution based on the existing energy platform to combine several 4 kW electricity supplies and to create 8 kW – 20 kW systems

2 Section was not the subject of the audit of the Group management report (information unrelated to the management report).

- Technology development to increase the output of existing platforms from 4kW to 5kW
- The integration of a new energy platform in laser systems
- Bespoke development of a high-performance power supply, derived from the platform technology, for a market leader in the semiconductor industry
- Bespoke development of a high-performance power supply for defense radars

As in previous years, the Company continues to budget significant R&D spending to expand its strong position in technology and marketing.

ECONOMIC REPORT

Macroeconomic and sector conditions

High uncertainty due to trade and geopolitical conflicts

2025 was marked by profound change worldwide, characterised by mounting geopolitical and geo-economic tensions, protectionism and the strategic use of resources as instruments of power politics, while multilateral institutions and regulatory frameworks were increasingly challenged. The customs and trade policies of the United States in particular exerted considerable pressure, forcing export-oriented economies to adapt. In the wake of the agreements between the United States, individual countries, and confederations of states such as the European Union, the very high tariffs announced on "Liberation Day" were partially reduced. Nevertheless, high tariffs on exports to the United States remained in place, and uncertainties over trade policy increased globally as the U.S. government repeatedly threatened to impose punitive tariffs to enforce a wide range of interests. This was offset by positive growth effects, primarily caused by a strong boom in capital spending on artificial intelligence.

These opposing factors are also reflected in the IMF's estimates for global growth. In January 2026, the IMF projects global gross domestic product (GDP) growth of 3.3% in 2025, after 3.3% in 2024. Stable GDP growth of 3.3% is also projected for 2026. Developing and emerging economies are expected to drive this growth, with GDP expected to grow by 4.2% in 2026 (2025: 4.4%). The forecast for industrialised countries stands at 1.8% (2025: 1.7%).[3]

Potential deviations from this forecast continue to be dominated by downside risks, specifically exaggerated expectations of the capabilities of artificial intelligence, an escalation of domestic and geopolitical conflicts, a (further) escalation of trade policy conflicts, large budget deficits and public-sector debt. These factors could impair the stability of the financial markets, supply chains, commodity prices and interest rates, dampening global growth.[4] An escalation of economic and geopolitical crises could trigger new price shocks on the markets, e.g. for energy, raw materials or food, and have a negative impact on inflation and economic growth worldwide.

3 IWF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
4 IWF: World Economic Outlook – Global Economy: Steady amid Divergent Forces https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026

Stronger growth in the Eurozone

For the Eurozone, the International Monetary Fund (IMF) calculates subdued GDP growth of 1.4% in 2025, which is however significantly higher than the figure of 0.9% recorded in 2024. The factors impeding growth include muted capital spending, a strong euro, which is hampering the competitiveness of European exports, and the lasting effects of the energy price shock triggered by Russia's invasion of Ukraine in 2022.

Turning to 2026, the IMF forecasts broadly stable growth of 1.3%, which will continue to be influenced by the unresolved structural challenges facing the Eurozone. The IMF does not expect slightly swifter growth of 1.4% until 2027, underpinned in particular by increased public-sector spending in Germany and substantial growth in Ireland, which should be driven by the trading activities of multinational corporations, especially in the pharmaceutical sector.[5]

United States: slower growth

In contrast to the Eurozone, the momentum of the U.S. economy has slowed significantly. Thus, in January 2026, the IMF projected growth of 2.1% for 2025 (2024: 2.8%). This reflects the heightened political uncertainty, higher trade barriers, slower growth in the labour force and employment and the effects of the shutdown at the end of the year. Growth should accelerate to 2.4% in 2026. In this context, technology-driven spending may continue to offset the effects of lower migration and more muted growth in consumer spending.[6] [7]

Slower growth in Canada

The Canadian economy painted a mixed picture over the course of the year. U.S. tariffs and heightened uncertainty weighed heavily on economic activity in 2025, with exports falling around 4% short of the level seen before the imposition of trade restrictions.[8] However, domestic demand and stockpiling counteracted this, buoying growth in 2025 and partially offsetting the muted exports.

Quarterly GDP growth was volatile, mainly due to sharp fluctuations in trade and inventories. After rising by 0.5% in the first quarter and falling by 0.5% in the second quarter, GDP expanded by 0.6% again in the third quarter.[9] There are many indications that growth will come to a standstill in the fourth quarter. The increase in the consumer price index (CPI) excluding indirect taxes has slowed in recent months, standing at 2.5% in December.[10]

For 2025 as a whole, the IMF expects growth to slow to 1.6%, down from 2.0% in 2024. Stable growth of 1.6% is currently projected for 2026.[11]

India: growth picking up significantly

Buoyed in particular by the strong service sector, the Indian economy continued to gain momentum in 2025,

5 IWF: World Economic Outlook – Global Economy: Steady amid Divergent Forces https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026
6 IWF: World Economic Outlook – Global Economy in Flux, Prospects Remain Dim https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025
7 IWF: World Economic Outlook – Global Economy: Steady amid Divergent Forces https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026
8 Bank of Canada: Monetary Policy Report –January 2026 https://www.bankofcanada.ca/wp-content/uploads/2026/01/mpr-2026-01-28.pdf
9 Statistics Canada: Gross domestic product, income and expenditure, third quarter 2025 https://www150.statcan.gc.ca/n1/daily-quotidien/251128/dq251128a-eng.htm
10 Bank of Canada: Monetary Policy Report –January 2026 https://www.bankofcanada.ca/wp-content/uploads/2026/01/mpr-2026-01-28.pdf
11 IWF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf

achieving above-average growth again by global standards despite the difficult global conditions. The IMF forecasts economic growth of 7.3% for 2025, up from 6.5% in the previous year, but expects it to slow to 6.4% in 2026.[12]

In January 2026, India and the EU signed a free trade agreement that provides for far-reaching reductions in tariffs and trade barriers. This will create a free trade area with a population of around 2 billion people.[13]

Decentralised energy supply systems are gaining in strategic importance

SFC AG's product portfolio includes DMFC and PEMFC fuel cells for stationary and mobile off-grid power as well as high-tech power management solutions for use in high-tech industrial devices and frequency converters, which are primarily used in the upstream oil and gas industry.

The sales and expenses of SFC's DMFC and PEMFC fuel cell business are allocated to the Clean Energy segment, which addresses customers in the private, industrial and public sectors in various end customer markets.

The performance of the Clean Energy segment is materially influenced by international demand for decentralised power production systems, for which EFOY fuel cells are used. SFC's fuel cells are used in numerous stationary, mobile and hybrid applications.

Looking ahead, ongoing efforts to lower carbon emissions and the need for greater energy independence to avert negative shocks, such as those following the outbreak of the war in Ukraine, will be key drivers of demand in the segment at the EU level. In this connection, the Net Zero Industry Act (NZIA) was adopted in June 2024 to promote, on a broad basis, the use of "net zero technologies" such as solar, wind energy, batteries and electrolysers.[14] Specific application rules for the NZIA were issued in May 2025 and came into force at the end of 2025. These include a list of eligible net-zero technologies, the identification of dependencies on third countries for certain technologies and the definition of net-zero production projects that can be assigned the status of a strategic project.[15]

Another important priority for the EU is to improve the resilience of critical infrastructure,[16] including the energy sector, which is threatened by climate change, natural disasters and geopolitical tensions, among other things, as well as hybrid and cyberattacks, as demonstrated by the attack on Berlin's power grid at the beginning of 2026. Accordingly, the importance of protecting critical infrastructure and preparing for power failures is gaining increasing importance.

The defense sector is increasingly seeing clean energy not only as an environmental necessity but also as a strategic advantage. As defense operations become increasingly energy-intensive and the risks associated with traditional energy sources rise, renewable energy technologies are also becoming crucial factors for operational effectiveness, resilience and strategic autonomy.[17]

12 IWF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
13 Tagesschau.de: EU und Indien einigen sich auf Freihandelsabkommen https://www.tagesschau.de/wirtschaft/eu-indien-freihandelsabkommen-100.html
14 Bundesministerium für Wirtschaft und Energie: Net Zero Industry Act tritt in Kraft – Habeck: „Ein Gesetz für Beschleunigung, Bürokratieabbau und Investitionen" https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/06/20240629-net-zero-industry-act-tritt-in-kraft.html
15 pv magazine: EU verabschiedet Anwendungsregeln für Net-Zero Industry Act https://www.pv-magazine.de/2025/05/26/eu-verabschiedet-anwendungsregeln-fuer-net-zero-industry-act/
16 European Commission: Critical infrastructure and cybersecurity https://energy.ec.europa.eu/topics/energy-security/critical-infrastructure-and-cybersecurity_en
17 Depledge, Duncan: Low-carbon warfare: climate change, net zero and military operations https://academic.oup.com/ia/article/99/2/667/7024982

Clean and low-carbon energy solutions relevant to defense operations include biofuels, hydrogen and similar next-generation technologies. Together, these options illustrate the growing range of technologies that can support the operational resilience, autonomy and sustainability of future defense energy systems – particularly in conflict-prone or remote areas.[18]

Against this backdrop, the global market for fuel cells is also of particular importance. The market research experts at Grand View Research remain optimistic about the development of the fuel cell market. The growing importance of reducing carbon emissions, government incentives and regulations to promote the use of clean technologies, the expansion of hydrogen refuelling stations and advances in hydrogen production, especially the production of green hydrogen from renewable energy sources, and, not least of all, the high efficiency of fuel cells have been identified as key market drivers. Based on an estimated market volume of around USD 11 billion in 2025, the experts forecast a compound annual growth rate of 15.3% through 2033, by which time the global market volume should reach USD 34 billion.[19] The market research and consulting company Precedence Research assumes a higher compound annual growth rate of 25.2% between now and 2034, corresponding to a market volume of around USD 112 billion.[20]

Incoming orders for electronic components up on previous year

The key customer industries for power management solutions are to be found in the high-tech sector, such as manufacturers of analytical systems and semiconductor equipment. Frequency converters are mainly in demand in the upstream oil and gas industry.

In its latest publication – the January 2026 ZVEI Economic Barometer – the German Electrical and Electronic Manufacturers' Association (ZVEI) reports a 5.0% year-on-year increase in orders in the period from January to November 2025. Domestic demand declined slightly by 0.5%, with foreign orders rising by 9.4%. Order intake from the Eurozone improved by 8.7%, while demand from third countries was up 9.8%. Overall, domestic sales totalled EUR 96.1 billion (up 0.2%). Foreign sales came to EUR 108.2 billion (up 3.0%) for the period from January to November 2025. Total domestic and foreign sales amounted to EUR 204.3 billion, equivalent to growth of 1.7%.[21]

Industry confidence has improved noticeably over the previous year. Although there is no euphoria yet, the assessment of the current situation and business expectations are both close to zero. This development is broadly in line with sentiment among companies in Germany as measured by the ifo Business Climate Index, even though it weakened slightly again at the end of the year. Overall, the economy remains characterised by a wait-and-see attitude, accompanied by a cautious outlook for 2026.[22] [23]

This assessment is also reflected in the expectations for the coming six months, during which 17% of respondents from the electrical and digital industry expect business to improve, while 18% fear a further deterioration. According to industry association ZVEI, the majority – 65% – expect activities to remain the same in the first half of 2026.[24]

18 Royal Higher Institute for Defence: CapTech Energy and Environment: a vision for a sustainable Defence https://www.defence-institute.be/en/captech-energy-and-environment/
19 Grand View Research: Fuel Cell Market Size, Share & Trends Analysis Report By Application (Stationary, Transportation, Portable), By Product (PEMFC, PAFC, SOFC), By Region, And Segment Forecasts, 2025 – 2033 https://www.grandviewresearch.com/industry-analysis/fuel-cell-market
20 Precedence Research: Fuel Cell Market Size and Forecast 2025 to 2034 https://www.precedenceresearch.com/fuel-cell-market
21 ZVEI: ZVEI-Konjunkturbarometer Januar 2026 https://www.zvei.org/presse-medien/publikationen/zvei-konjunkturbarometer-januar-2026
22 ZVEI: ZVEI-Konjunkturbarometer Januar 2026 https://www.zvei.org/presse-medien/publikationen/zvei-konjunkturbarometer-januar-2026
23 ifo Institut: ifo Geschäftsklimaindex gesunken (Dezember 2025) https://www.ifo.de/fakten/2025-12-17/ifo-geschaeftsklimaindex-gesunken-dezember-2025
24 ZVEI: ZVEI-Konjunkturbarometer Januar 2026 https://www.zvei.org/presse-medien/publikationen/zvei-konjunkturbarometer-januar-2026

Business performance and economic situation[25]

Earnings position

In the year under review, the Group generated sales of EUR 143,274 thousand (previous year: EUR 144,684 thousand), thus sustaining a moderate year-on-year decline of EUR 1,410 thousand or 1.0%. The main reason for this sales performance was the slight decline in Clean Energy sales, which decreased by 0.7% over the previous year, as well as the moderate decline of 1.6% in sales in the Clean Power Management segment.

Exchange rate effects from the translation of the sales arising in the United States, Canada and India had a negative impact of around EUR 4,000 thousand or approximately 2.8% on the Group's sales in the year under review compared to the previous year.

The Clean Energy segment, whose share in Group sales reached 69.7% and was thus unchanged over the previous year (previous year: 69.5%), was the segment with substantially higher sales. Similarly, the share of sales accounted for by the Clean Power Management segment in the Group total remained unchanged at 30.3% (previous year: 30.5%).

In the year under review, the moderate decline in total sales in particular, as well as the moderately smaller gross margin in the Clean Energy segment, caused a moderate drop in **gross profit** of EUR 913 thousand or 1.5% to EUR 58,394 thousand (previous year: EUR 59,307 thousand). At 40.8%, the resulting gross profit margin for the Group (gross profit as a percentage of sales) was more or less unchanged over the previous year (previous year: 41.0%).

It should be noted that the gross profit for the year under review includes the following extraordinary income and expenses: the remeasurement of platinum and ruthenium inventories, which are required for the production of the membrane electrode assembly (MEA), resulted in income of EUR 1,075 thousand as of the reporting date, equalling the difference between the fair value and historical costs. In addition, it includes expenses of EUR 462 thousand (previous year: EUR 1,533 thousand) for provisions for a warranty for a specific component.

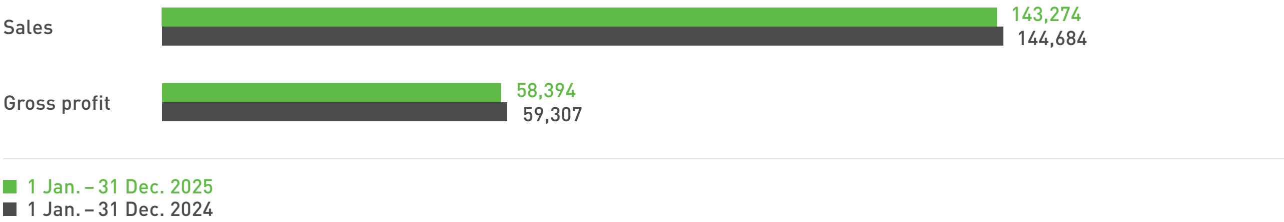
In the previous year, gross profit had included extraordinary income of EUR 548 thousand from the negative difference arising from purchase price allocation effects for the acquisition of Ballard Power Europe A/S's stationary hydrogen fuel cell assets in the previous year.

The extraordinary income or expenses and non-recurring income mentioned above are allocated to the gross profit of the Clean Energy segment.

25 Due to the retrospective adjustment in accordance with IAS 8, certain prior-year figures have been restated to ensure comparability with the previous year.

SALES AND GROSS PROFIT

EUR thousands



Reconciliation of adjusted EBITDA and adjusted EBIT

Adjusted EBITDA and adjusted EBIT are reported to account for any distortions in the presentation of financial performance indicators caused by non-recurring effects that may either increase or decrease operating earnings in the reporting period and to ensure the comparability of these performance indicators from period to period. The non-recurring effects listed below, which are included in the relevant functional costs, are eliminated in the year under review as part of the reconciliation with adjusted EBITDA and adjusted EBIT.

In the year under review, these non-recurring effects include (net) expenses from the increase or reversal of provisions for obligations under the long-term variable share-based payment programmes ("**LTI programmes**"), expenses associated with transaction endeavours (e.g. acquisitions).

The LTI programmes comprise stock appreciation rights ("**SARs**"), share options ("**SOPs**") and performance shares ("**PSs**") for the Management Board and for managers of the Group companies. Net expenses (i.e. expenses less any income) totalled EUR 2,497 thousand in the year under review (previous year: EUR 2,021 thousand) ("**extraordinary expenses**").

Expenses associated with transaction endeavours, such as potential acquisitions, amounting to EUR 1,935 thousand (previous year: EUR 925 thousand) are included in non-recurring effects ("**extraordinary expenses**"). Furthermore, the negative difference arising in the previous year from purchase price allocation effects for the acquisition of the Small Stationary Business assets from Ballard Power Systems Europe A/S in the amount of EUR 548 thousand is included as income within non-recurring effects ("**extraordinary income**").

On balance, non-recurring effects are included in EBIT and EBITDA as net expenses of EUR 4,432 thousand for the year under review (previous year: 2,397 thousand).

The net expenses for the LTI programmes for Management Board members Dr. Peter Podesser, Daniel Saxena and Hans Pol are included in both selling expenses and general administrative expenses. The net expenses for the LTI programmes for employees (managers) are included in selling expenses and in research and development expenses. The expenses associated with transaction endeavours are included in general administrative expenses. The income from the negative difference arising from purchase price allocation in the previous year is recognised in the cost of goods sold.

The aforementioned non-recurring effects break down as follows:

NON-RECURRING EFFECTS EUR thousands

	2025	2024
Net expenses from the recognition of provisions and share premium for LTI programmes	-2,497	-2,021
Expenses in connection with transaction endeavours	-1,935	-925
Income from negative difference arising from purchase price allocation	0	548
Total net expense/income	**-4,432**	**-2,397**
of which income included in the cost of goods sold	0	548
of which net expense/income included in selling expenses	-773	-615
of which net expense/income included in research and development expenses	-13	-70
of which net expense/income included in general administrative expenses	-3,646	-2,261

These non-recurring effects are eliminated in the year under review through the reconciliation with adjusted EBIT and adjusted EBITDA. The reconciliation with adjusted EBITDA and adjusted EBIT (= adjusted operating earnings) and the Allocation of the non-recurring effects to the items of the consolidated income statement break down as follows:

RECONCILIATION EBIT / EBITDA WITH ADJUSTED EBIT / ADJUSTED EBITDA EUR thousands

	2025	2024
Operating earnings according to the income statement (EBIT)	**4,483**	**13,142**
Cost of goods sold		
- Negative difference arising from purchase price allocation	0	-548
Selling expenses		
+/- Net expense/income for LTI programmes (personnel expenses)	773	615
Research and development expenses		
+/- Net expense/income for LTI programmes (personnel expenses)	13	70
General administrative expenses		
+/- Net expense/income for LTI programmes (personnel expenses)	1,710	1,336
+ Expenses for transaction endeavours	1,935	925
Adjusted EBIT	**8,914**	**15,539**
EBITDA	**12,221**	**19,594**
Cost of goods sold		
- Negative difference arising from purchase price allocation	0	-548
Selling expenses		
+/- Net expense/income for LTI programmes (personnel expenses)	773	615
Research and development expenses		
+/- Net expense/income for LTI programmes (personnel expenses)	13	70
General administrative expenses		
+/- Net expense/income for LTI programmes (personnel expenses)	1,710	1,336
+ Expenses for transaction endeavours	1,935	925
Adjusted EBITDA	**16,653**	**21,991**

An increase in Group sales of EUR 160,600 thousand to EUR 180,900 thousand, adjusted EBITDA of between EUR 24,700 thousand and EUR 28,200 thousand and adjusted EBIT of between EUR 17,500 thousand and EUR 20,600 thousand had been forecast for the year under review on 25 February 2025 and in the annual report for 2024.

In response to the persistently challenging market environment and based on preliminary figures for the first half of 2025 and in view of uncertainties regarding volumes and price trends for the remainder of the year, the Group revised its forecast for the year downwards as follows in an ad hoc announcement dated 31 July 2025: The forecast range for the year under review for Group sales was adjusted to approximately EUR 146,500 – 161,000 thousand and for adjusted EBITDA to approximately EUR 13,000 – 19,000 thousand. The Management Board adjusted the corridor for adjusted EBIT to around EUR 5,000 – 11,000 thousand.

With the publication of the Q3/2025 quarterly report on 18 November 2025, the Management Board revised the forecast as follows based on the Company's business performance and the order backlog: Full-year sales were expected to reach the lower end of the target range of EUR 146,500 – 161,000 thousand, adjusted EBITDA the lower half of the communicated range of EUR 13,000 – 19,000 thousand and adjusted EBIT the lower half of the communicated target range of EUR 5,000 – 11,000 thousand.

The uncertainties were mainly attributable to mounting protectionist tendencies during the year – especially in connection with US trade policies – which impaired planning reliability and the willingness of customers in new regions and fields of application to make decisions and initiate investments, as well as the significant depreciation of key currencies against the euro in the first six months of the year. Additionally, temporarily high expenses arose in the first half of the year under review in connection with the roll-out of the ERP system and increased spending on the expansion of the IT and the cybersecurity infrastructure.

The Group sales of EUR 143,274 thousand fell moderately short of the previous year and were slightly below the lower edge of the target corridor, as specified on 18 November 2025; however, they were very substantially below the Management Board's expectations with respect to the original lower edge of the forecast. The Group's performance was primarily affected by reticence in the Northern American market, where target customers, in the opinion of the Management Board, appeared more restrained than expected, particularly in light of the regulatory uncertainties. In Asian business, delays with particularly important, expected follow-up and new orders in India had a negative impact.

Both the adjusted EBITDA of EUR 16,653 thousand and the adjusted EBIT of EUR 8,914 thousand were significantly above the upper edge of the target range specified on 18 November 2025, but very substantially below the original target range formulated by the Management Board, primarily due to the unexpectedly low Group sales. Furthermore, earnings were impacted by decidedly high currency translation losses as of the reporting date, particularly from the measurement of trade receivables and intra-group financing. In addition, the noticeable increase in adjusted selling expenses, the decidedly sharp decline in adjusted research and development expenses and the substantial rise in general administrative expenses had a negative impact on adjusted EBITDA and adjusted EBIT.

Overall, the Management Board's expectations regarding business performance were more positive than actual business performance.

Sales by segment

Sales by segment for the year under review compared to the previous year break down as follows:

SALES BY SEGMENT EUR thousands

	2025	2024	Change	Change
Clean Energy	99,835	100,536	-701	-0.7%
Clean Power Management	43,439	44,148	-709	-1.6%
Total	**143,274**	**144,684**	**-1,410**	**-1.0%**

The **Clean Energy** segment generated sales of EUR 99,835 thousand (previous year: EUR 100,536 thousand), thus sustaining a slight year-on-year decline of EUR 701 thousand or 0.7%. As stated below, the decline in segment sales during the year under review was mainly due to a decrease of approximately two thirds in sales in India, which had included a big-ticket contract in the previous year.

Sales in the **Clean Power Management** segment recorded a moderate decline of 1.6% to EUR 43,439 thousand (previous year: EUR 44,148 thousand). While business in power management solutions expanded at a very sharp rate due to the effective product strategy, among other things, frequency converter business for the upstream oil and gas industry experienced a decidedly pronounced year-on-year decline in sales. However, it should be noted in this connection that the translation of the sales achieved in Canada resulted in a negative currency-translation effect of -5.5%.

BREAKDOWN OF SALES BY SEGMENT %
1 Jan. – 31 Dec. 2025

A breakdown of sales by segment in the year under review shows that the segments' percentage share of Group sales remained virtually constant. Accounting for 69.7% (previous year: 69.5%), Clean Energy generated the higher sales of the two segments, while Clean Power Management's share of sales was 30.3% (previous year: 30.5%).

Clean Energy

The Clean Energy segment's core business entails the development, production, delivery, integration and marketing of products, systems and solutions based on technologically advanced direct methanol and hydrogen fuel cells for electricity production. The segment has an extensive range of products that are sold on a stand-alone basis or as solutions for customers in the industrial, public and private sectors in various markets.

In recent years, the segment has largely proven to be comparatively resilient to crises, enjoying sustained strong demand and continued sales growth. However, the year under review also showed that segment sales are exposed to the volatility of project business in the defense industry and, due to the Group's strong involvement in North America, to movements in exchange rate. Overall, the Management Board believes that a growing interest in fuel cell technology and broad discussion regarding alternatives to stationary electricity production, including back-up applications in data centres and telecommunications facilities as well as the defense industry, has additionally heightened the commercial appeal of fuel cells.

Despite the recent increase in criticism of the economic costs of climate-neutral policies, concern over global carbon dioxide (CO_2) emissions has continued to grow in many countries and regions. In this context, fuel cells are a viable alternative to diesel generators and offer a way of increasing the number of systems for green power generation.

While the Management Board believes that DMFCs can compete with conventional technologies in numerous applications and average annual growth rates of between slightly over 10% and slightly under 20% are forecast for the global market for DMFCs from 2025 to 2034/2035, the slow development of the hydrogen economy and the lack of fuel flexibility currently pose obstacles to the broad acceptance of PEMFCs.[26] The hydrogen industry is particularly struggling with the limited large-scale availability of inexpensive green hydrogen. There seems to be no certainty as to whether clean hydrogen projects can be completed within the next ten years.[27] The Management Board assumes that demand for PEMFCs will grow as the hydrogen economy gains momentum.

In the year under review, the segment posted sales of EUR 99,835 thousand (previous year: EUR 100,536 thousand), thus sustaining a marginal year-on-year decline of EUR 701 thousand or 0.7%.

In particular, the significantly lower sales in Asia and India, which fell by 57.2 and 69.6%, respectively, in the year under review, contributed to the decline in segment sales in the year under review. The weaker average exchange rates of the USD, Canadian dollar and Indian rupee against the euro compared to the previous year also had a slightly negative impact on the segment's sales performance.

Furthermore, the Management Board believes that the heavy uncertainty regarding the extent and the effect of the trade barriers announced by the US government and potential countermeasures generated considerable macroeconomic uncertainty in the Group's core target markets, placing a damper on growth.

Demand for the Group's energy solutions remained strong in the core target market for industrial applications, which addresses the "civil security technology/video surveillance" and "data transmission and digitalisation" applications, among others, accounting for the greatest share of segment sales (88%) and increasing by approximately 9%. In the year under review, the Group was able to gain significant initial and follow-on orders here. Sales in the core target markets for public security, which had been dominated by a major order from India in the previous year, declined at a decidedly sharp rate in the year under review, accounting for approximately 10% of segment sales.

26 Precedence Research: Fuel Cell Market Size and Forecast 2025 to 2034 https://www.precedenceresearch.com/fuel-cell-market; Sphercial Insights: World's Top 40 Companies in Direct Methanol Fuel Cells in 2025 Watch List: Statistics Report (2024–2035) https://www.sphericalinsights.com/blogs/world-s-top-40-companies-in-direct-methanol-fuel-cells-in-2025-watch-liststatistics-report-2024-2035
27 McKinsey & Company: Global Energy Perspective 2025 https://www.mckinsey.com/industries/energy-and-materials/our-insights/global-energy-perspective#/

Clean Power Management

The core business of the Clean Power Management segment entails the performance, production and marketing of the Group's wide range of high-tech power management solutions, which are used to generate and control regulated voltages in electronic systems. The target customers for these solutions are manufacturers of high-tech industrial machinery for various sectors. The segment particularly addresses companies with a long-term positioning, especially in high-growth areas.

The segment also includes business in frequency converters for customers in the oil and gas industry.

Parts of the Clean Power Management segment's product portfolio are also used in the Clean Energy segment.

Power management solutions are a key component of power conversion systems. Among other things, they are used to improve power density, reduce electromagnetic interference, preserve power and signal integrity, ensure safety in variable voltage ranges and extend battery life. Demand for these components is traditionally exposed to changes in the general macroeconomic environment but is being spurred by the emergence of new applications as well as a number of trends, including rising demand for automation technologies and the emergence of Industry 4.0. In addition, the priority being given to energy efficiency and the demand for renewable energies are fuelling the market's growth potential.[28]

Compared to the previous year, the Clean Power Management segment recorded a moderate decline in sales of 1.6% to EUR 43,439 thousand (previous year: EUR 44,148 thousand). While business in power management solutions expanded sharply, frequency converter business for the upstream oil and gas industry experienced a decidedly sharp year-on-year decline in sales.

The growth in Power Management sales was driven by record sales with a customer in the analytical industry, an attractive follow-on order from the defense industry, sustained sales growth in the semiconductor equipment market as well as good price enforcement.

One specific reason for the decidedly sharp decline in sales in the oil and gas industry was a project postponement on the part of a key-account customer and the associated delay in the necessary investments, probably until 2026. Overall, oil and gas production in Canada is expected to increase only slightly in 2026, given flat oil price forecasts and more muted natural gas prices.[29] Furthermore, the persistent monetary, trade and geopolitical uncertainties in 2026 can quickly change market sentiment and investment priorities in the oil and gas industry.[30]

28 Future Market Insights: Power Management System Market Analysis – Size, Share, and Forecast Outlook 2025 to 2035 (August 2025)
29 Canadian Association of Energy Contractors (CAOEC): 2025 State of the Industry – 2025 Report and 2026 Forecast https://caoec.ca/files/state_of_the_industry_reports/CAOEC%20-%202025%20SOTI%20Report%20WEB%20FINAL.pdf
30 Deloitte: 2026 Oil and Gas Industry Outlook https://www.deloitte.com/us/en/insights/industry/oil-and-gas/oil-and-gas-industry-outlook.html

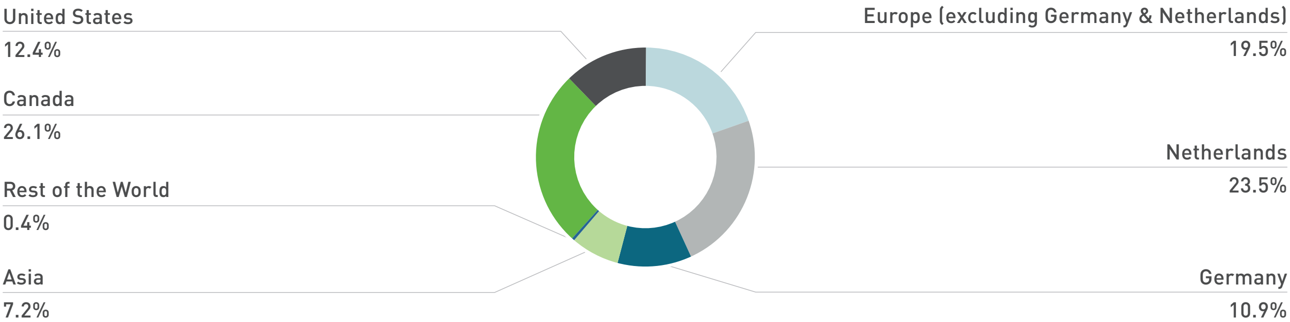
Sales by region

Sales by region for the year under review compared to the previous year break down as follows:

SALES BY REGION EUR thousands

	2025	2024	Change	Change
Canada	37,343	39,262	-1,918	-4.9%
United States	17,707	14,866	2,841	19.1%
Europe (excluding Germany & Netherlands)	27,983	27,802	181	0.6%
Netherlands	33,709	23,622	10,087	42.7%
Germany	15,672	14,125	1,547	11.0%
Asia	10,299	24,072	-13,773	-57.2%
Rest of the World	561	936	-374	-40.0%
Total	**143,274**	**144,684**	**-1,410**	**-1.0%**

BREAKDOWN OF SALES BY REGION %
1 Jan.–31 Dec. 2025



The regional distribution of sales in the year under review was as follows compared to the previous year: Europe remained the region with the highest sales, accounting for 54.0% (previous year: 45.3%). Within Europe, the Netherlands' share of Group sales widened at a decidedly sharp rate to 23.5% (previous year: 16.3%) while the share of sales attributable to Germany rose significantly to 10.9% (previous year: 9.8%). Overall, absolute Group sales in Europe increased decidedly sharply by EUR 11,815 thousand or 18.0%.

The relative contribution by North America to Group sales widened slightly to 38.4% in the year under review (previous year: 37.4%) despite the depreciation of the US dollar and the Canadian dollar against the euro. There was a slight absolute increase of EUR 923 thousand or 1.7% in sales, which was driven by growth in the United States. Within North America, Canada's share of Group sales stood at 26.1%, i.e. slightly down on the previous year (previous year: 27.2%), while the United States' share of Group sales widened noticeably to 12.4% (previous year: 10.3%).

The share of Group sales attributable to Asia contracted decidedly sharply to 7.2% (previous year: 16.6%). In absolute terms, sales dropped by more than half (-57.2% or EUR -13,773 thousand) in the year under review, reflecting the significantly lower sales in India.

Gross profit

Gross profit decreased moderately by EUR 913 thousand or 1.5% to EUR 58,394 thousand (previous year: EUR 59,307 thousand) due to the generally moderate year-on-year decline in sales, while the Group gross margin remained virtually flat. The gross profit for the year under review includes the extraordinary income and expenses stated above.

The Group gross profit margin relative to sales was 40.8%, i.e. on par with the previous year (previous year: 41.0%). This is attributable to the wider margin in the Clean Power Management segment.

At 45.4%, the gross margin in the Clean Energy segment was slightly down year-on-year (previous year: 46.6%), partly due to a product mix effect, which was primarily characterised by a decidedly sharp decline in sales in the core target market of public security, as well as unfavourable exchange rate movements. Reflecting the slight decline in segment sales, segment gross earnings came to EUR 45,368 thousand i.e. noticeably down on the previous year (previous year: EUR 46,850 thousand).

Gross profit in the Clean Power Management segment, on the other hand, increased solidly to EUR 13,026 thousand (previous year: EUR 12,458 thousand). At 30.0% (previous year: 28.2%), the gross margin was slightly wider than in the previous year. This favourable performance is mainly attributable to the slightly higher gross margin in power management solutions business, which also reflects improved pricing for semi-standardised solutions, as well as a slightly higher gross margin in frequency converter business, which is also due to more attractive pricing.

Gross profit for the individual segments compared to the previous year is as follows:

GROSS PROFIT EUR thousands

Segment	2025	2024	Change	Change
Clean Energy	45,368	46,850	-1,481	-3.2%
Clean Power Management	13,026	12,458	568	4.6%
Total	**58,394**	**59,307**	**-913**	**-1.5%**

Selling expenses

Selling expenses amounted to EUR 17,541 thousand (previous year: EUR 16,674 thousand) and, at 5.2% or EUR 867 thousand, were noticeably higher than in the previous year. The extraordinary expenses included in selling expenses totalled EUR 773 thousand (previous year: EUR 615 thousand).

Adjusted for these extraordinary expenses, selling expenses in the year under review also increased noticeably by 4.4% or EUR 709 thousand to EUR 16,768 thousand (previous year: EUR 16,059 thousand). This increase was materially driven by substantially higher adjusted personnel expenses, which also reflected a higher average headcount of 114 (previous year: 107). Furthermore, consulting and commission expenses almost doubled, also reflecting the systematic continuation of business development activities. This was offset by substantially lower transport expenses and slightly lower travel and advertising expenses in this area.

Group-wide, adjusted selling expenses as a proportion of sales were slightly higher than in the previous year, coming to 11.7% (previous year: 11.1%) due to the higher cost structure in connection with the moderate decline in sales.

Selling expenses in the Clean Energy segment adjusted for extraordinary expenses increased by 3.5% to EUR 14,371 thousand (previous year: EUR 13,883 thousand) and were therefore slightly higher than in the previous year. A large proportion of the above-mentioned increases in expenses are attributable to this segment.

Selling expenses in the Clean Power Management segment, which do not include any extraordinary expenses, were sharply higher than in the previous year, coming to EUR 2,397 thousand (previous year: EUR 2,176 thousand), but account for a significantly smaller proportion of the Group's selling expenses. This was particularly due to substantial increases in travel, advertising, and vehicle expenses, especially in connection with the internationalisation of the Company's business.

Research and development expenses

The research and development expenses reported in the income statement increased at a decidedly sharp rate in the year under review by 26.0% to EUR 9,155 thousand (previous year: EUR 7,269 thousand). At the same time, the capitalisation ratio (capitalised R&D expenses relative to total R&D expenses) shrank from 29% in the previous year to 13% in the year under review due to the progress made in development activities for individual projects.

In the year under review, extraordinary expenses of EUR 13 thousand (previous year: EUR 70 thousand) are included in research and development expenses, as stated above. Adjusted for these extraordinary expenses and including the development expenses capitalised in the year under review as well as grants received totalling EUR 2,211 thousand (previous year: EUR 3,828 thousand), the Group's total expenditure on research and development came to EUR 11,353 thousand (previous year: EUR 11,027 thousand) and, at 3.0%, was decidedly above the previous year.

The main reasons for this increase are the very sharp rise in personnel expenses in both reporting segments, also due to the commitment of additional development resources at SFC UK to the further development of the membrane electrode assemblies (MEA) and stepped-up development activities at SFC NL as well as SFC DK. The lower cost of materials and office space expenses had the opposite effect.

The Group's overall development ratio (R&D expenses adjusted for non-recurring effects and including capitalised development costs and grants as a percentage of sales) widened slightly to 7.9% (previous year: 7.6%) due to the decline in sales and the higher overall expenses.

General administrative expenses

General administrative expenses totalled EUR 24,029 thousand in the year under review (previous year: EUR 21,439) and, at 12.1%, were particularly high compared to the previous year.

Adjusted for the aforementioned extraordinary expenses of EUR 3,646 thousand (previous year: EUR 2,261 thousand), general administrative expenses rose substantially again by 6.3% over the previous year to EUR 20,384 thousand (previous year: EUR 19,178 thousand). The increase is mainly the result of the decidedly sharp increase in legal and consulting expenses as well as IT expenses, which, in turn, are largely due to costs in connection with the Group-wide digitisation initiative, specifically the ongoing roll-out of a new ERP system.

Other operating income

Other operating income totalled EUR 3,044 thousand in the year under review (previous year: EUR 2,074 thousand). Up 46.8%, it was higher by almost half than in the previous year. This was mainly due to the currency translation gains recognised in this item, which amounted to EUR 2,656 thousand in the year under review (previous year: EUR 1,914 thousand), i.e. significantly higher by EUR 707 thousand over the previous year.

Other operating expenses

Other operating expenses increased fourfold in the year under review, rising to EUR 6,800 thousand (previous year: EUR 1,679 thousand). They mainly comprise currency translation losses totalling EUR 6,046 thousand in the year under review (previous year: EUR 1,178 thousand), i.e. EUR 4,867 thousand or 413.0% higher than in the previous year. This item includes currency translation losses, which largely result from internal transfer pricing transactions. The unfavourable movements in the exchange rates of the US dollar, the Canadian dollar and the Indian rupee in the year under review played a decisive role in this respect.

Given its significantly more international focus, the Clean Energy segment accounts for by far the largest share of the currency translation losses.

Impairment losses on financial assets

In the year under review, income arose from the recognition of impairment allowances equalling the expected credit loss of trade receivables of EUR 569 thousand (previous year: expenses of EUR 1,179 thousand). Among other things, this income arose from the reversal of an impairment allowance on a trade receivable amounting to EUR 2,063 thousand in the Clean Energy segment. In the year under review, an impairment allowance for a doubtful receivable of EUR 1,174 thousand (previous year: EUR 2,175 thousand) was recognised in this item within the Clean Energy segment.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) declined at a decidedly sharp rate in the year under review by EUR 7,373 thousand or 37.6% to EUR 12,221 thousand (previous year: EUR 19,594 thousand). This resulted in a noticeably lower EBITDA margin (EBITDA relative to sales) of 8.5% (previous year: 13.5%). This also reflects the very sharp increase in the strain on EBITDA from the non-recurring effects described above, which at EUR 4,432 thousand in the year under review, were very significantly higher than in the previous year (previous year: EUR 2,397 thousand).

As the key financial performance indicator for managing operating business, EBITDA adjusted for non-recurring effects (adjusted EBITDA) reached EUR 16,653 thousand in the year under review (previous year: EUR 21,991 thousand), dropping very sharply over the previous year's figure by EUR 5,338 thousand or 24.3%. The adjusted EBITDA margin was 3.6 percentage points below the previous year, contracting noticeably to 11.6% (previous year: 15.2%).

The considerably lower adjusted EBITDA is due to the moderate decline in sales and particularly also to the aforementioned noticeably to considerably higher operating expenses, which are reported below gross earnings. Net other operating income/other operating expenses, which totalled EUR -3,755 thousand in the year under review (previous year: EUR 395 thousand), also made a decidedly negative contribution in this respect.

EBITDA in the Clean Energy segment, adjusted for non-recurring effects, declined sharply in the year under review by EUR 4,751 thousand or 27.8% to EUR 12,326 thousand (previous year: EUR 17,077 thousand), while the segment's adjusted EBITDA margin contracted to 12.3% (previous year: 17.0%). This was mainly due to the noticeably lower gross earnings of the Clean Energy segment as well as the noticeable overall increase in selling, development and general administrative expenses together with the significantly higher strain resulting from other operating result.

EBITDA in the Clean Power Management segment, which does not include any non-recurring effects, fell sharply by EUR 587 thousand or 12.0% to EUR 4,327 thousand (previous year: EUR 4,914 thousand). The segment's EBITDA margin of 10.0% (previous year: 11.1%) contracted moderately. The main reason for the negative performance was the moderate decline in sales in conjunction with higher selling, development and administrative expenses, which it was not possible offset through the slight expansion of the segment's gross margin.

Earnings before interest and taxes (EBIT)

The Group's earnings before interest and taxes (EBIT) dropped by more than half in the year under review to EUR 4,483 thousand (previous year: EUR 13,142 thousand). Reflecting this, the EBIT margin (EBIT relative to sales) contracted significantly to 3.1% (previous year: 9.1%).

EBIT adjusted for non-recurring effects (adjusted EBIT) came to EUR 8,914 thousand (previous year: EUR 15,539 thousand), thus dropping significantly year on year by EUR 6,625 thousand or 42.6% in line with adjusted EBITDA, albeit also due to the decidedly sharp increase in depreciation and amortisation of EUR 7,738 thousand (previous year: EUR 6,452 thousand). Compared to the previous year, this resulted in a significantly lower adjusted EBIT margin of 6.2% (previous year: 10.7%). Alongside the higher depreciation and amortisation expense, this margin contraction was mainly due to the effects described in the above paragraph on EBITDA.

Adjusted EBIT in the Clean Energy segment fell by a decidedly sharp rate in the year under review to EUR 6,239 thousand (previous year: EUR 12,272 thousand). EBIT in the Clean Power Management segment, which does not include any non-recurring effects, decreased very sharply to EUR 2,675 thousand (previous year: EUR 3,267 thousand).

Interest and similar income

Interest and similar income decreased by a decidedly significant rate of EUR 763 thousand or 70.0% to EUR 327 thousand (previous year: EUR 1,091 thousand) as a result of the lower average investments compared to the previous year.

Interest and similar expenses

Interest and similar expenses of EUR 1,166 thousand (previous year: EUR 880 thousand) include interest expenses of EUR 652 thousand (previous year: EUR 570 thousand) from the application of IFRS 16.

INTEREST AND SIMILAR EXPENSES EUR thousands

	2025	2024	Change	Change
Lease liabilities (IFRS 16)	652	570	82	14.5%
Banks	514	310	204	65.7%
Total	**1,166**	**880**	**286**	**32.5%**

Income taxes

In the year under review, tax expense amounted to EUR 4,530 thousand (previous year: EUR 4,594 thousand).

Consolidated net result

Reflecting the lower operating output as well as the aforementioned higher strains, the year under review closed with a negative consolidated net result of EUR -887 thousand (previous year: EUR 8,759 thousand) and was thus EUR 9,646 thousand down on the previous year.

Earnings per share

Basic and diluted earnings per share in accordance with IFRS totalled EUR -0.03 (previous year: EUR 0.51) and EUR -0.03 (previous year: EUR 0.51), respectively, in the year under review, thus falling significantly short of the previous year primarily due to the above-mentioned operating effects.

Order intake and backlog

Order intake decreased very sharply in the year under review to EUR 118,427 thousand (previous year: EUR 167,762 thousand). The Group's order backlog fell very sharply to EUR 78,625 thousand as of 31 December 2025 (previous year: EUR 104,583 thousand). Of this, SFC AG accounted for EUR 19,986 thousand (previous year: EUR 34,529 thousand), SFC NL (including SFC RO CP) for EUR 42,361 thousand (previous year: EUR 59,129 thousand), SFC CA for EUR 12,503 thousand (previous year: EUR 8,248 thousand), SFC IN for EUR 3,091 thousand (previous year: EUR 1,956 thousand), SFC DK for EUR 534 thousand (previous year: EUR 721 thousand) and SFC US for EUR 149 thousand (previous year: EUR 0 thousand).

Asset and financial position

Principles and objectives of financial management

The purpose of financial management is to safeguard SFC's financial strength in the long term. At its core, this involves covering the financial requirements of operating business as well as the financial requirements for investments to a sufficient extent. SFC's financial management comprises capital structure management, liquidity management and an appropriate response to market price risks (currency, interest rates) and credit risks.

Capital structure management organises the capital structure of the Group and its subsidiaries. The Group companies' capital requirements are determined on the basis of the requirements with respect to cost- and risk-optimised financial and capital resources.

As part of liquidity management, cash flows from operating business and from financial transactions are included in a rolling budget. SFC covers the resulting liquidity requirements by using suitable liquidity management instruments, such as internal Group financing in the form of loans or credit financing with local and global banks. It pursues a prudent funding policy that is geared towards ensuring ample surplus liquidity and a balanced financing portfolio with diversified maturities.

Market price risks are managed to limit the effects of fluctuations in currencies and interest rates on the Group's earnings.

The management of credit risks involves monitoring the risk exposure arising from the Group's liabilities to financial institutions and customers. The credit risk towards financial institutions arises from the investment of liquid funds as an element of liquidity management.

The management of these credit risks is essentially based on an analysis of the creditworthiness of the financial institution or the corresponding deposit protection systems. The customer credit risk from goods and services results from the relationship with dealers as well as corporate and private customers. Key elements for managing credit risks include proper credit assessment, which is supported by risk classification procedures, as well as structured portfolio analysis and monitoring.

Capital structure

As of 31 December 2025, equity amounted to EUR 138,549 thousand (31 December 2024: EUR 139,029 thousand), down slightly by EUR 480 thousand or -0.3%, particularly as a result of the negative net result.

The net financial position (freely available cash and cash equivalents less liabilities to banks) fell very sharply in the year under review by EUR 13,069 thousand or 23.2% to EUR 43,290 thousand (31 December 2024: EUR 56,359 thousand).

SFC's strategic alignment and, in particular, the strategy that it has adopted require further capital spending, which must be financed to ensure future business success. This involves engaging in product development, opening up further market segments and new regions, expanding existing market segments and developing new technologies. Pending utilisation, surplus liquidity is invested in low-risk financial instruments (e.g. overnight and fixed-term deposits) at various banks.

SFC's Articles of Association do not define any capital requirements.

The Group's capital management relates to cash and cash equivalents, equity and liabilities to banks.

Cash and cash equivalents

The freely available cash and cash equivalents were valued at EUR 46,629 thousand as of 31 December 2025, thus dropping very sharply (31 December 2024: EUR 60,494 thousand).

Overall, liabilities to banks fell very sharply by EUR 797 thousand to EUR 3,339 thousand in the year under review (31 December 2024: EUR 4,136 thousand) due to reduced utilisation by SFC NL of the working capital facility described below as of the reporting date compared to 31 December 2024.

SFC AG

SFC AG has a revolving cash facility of EUR 7,500 thousand and a revolving guarantee facility of EUR 500 thousand (together referred to as the "umbrella credit facility") with an indefinite term available for financing operations. The cash facility is subject to a variable interest rate (euro short term rate plus a fixed margin), and a fixed fee is payable upon utilisation of the guarantee facility. No guarantees had been utilised as of the reporting date (31 December 2024: EUR 0 thousand).

No financial covenants have been agreed with the financing bank.

The subsidiaries of SFC AG may draw on the umbrella credit facility on the basis of the respective loan amount under agreements entered into separately. However, the financing bank is not under any obligation to provide the subsidiaries with funding under the umbrella credit facility. As of the reporting date, a loan agreement for SFC IN was in force under the umbrella credit facility.

SFC CA

As part of the funding for the Canadian subsidiary SFC Energy Ltd, Calgary, a working capital loan agreement was entered into with a bank for a limit of up to CAD 4,000 thousand without any fixed term and subject to a variable interest rate (Canadian Prime Lending Rate plus fixed margin).

A financial covenant (current assets / current liabilities) has been agreed with the financing bank. In the event of any violation, the bank may terminate the loan agreement. Furthermore, the assessment basis for drawing down loans is linked to the value of trade receivables and net inventories. There were no breaches of any covenants in the year under review.

SFC AG has issued a letter of subordination to SFC CA's bank for an existing shareholder loan. The shareholder loan is long-term in nature and subject to interest of 9.0% p.a. The loan was valued at EUR 1,625 thousand, including accrued interest as of the reporting date (31 December 2024: EUR 1,527 thousand).

SFC NL

As part of the funding for SFC Energy B.V. Almelo, Netherlands, a working capital loan agreement with an indefinite term for an amount of up to EUR 3,000 thousand was entered into at a variable interest rate (1-month EURIBOR plus fixed margin). In addition, a working capital loan for up to EUR 100 thousand without any fixed term ("until further notice") has also been taken out at a variable interest rate (1-month EURIBOR plus a variable premium and a fixed margin).

No financial covenants were agreed upon with the financing bank.

As part of the funding for the indirectly held Romanian subsidiary SFC Energy Power S.R.L, a working capital loan agreement was entered into with a bank for up to EUR 1,500 thousand. The loan is subject to interest at a variable rate (1-month EURIBOR plus fixed margin) and has a term of 12 months plus an annual renewal option. The financial covenants provided for in the contract (debt and solvency ratio) were complied with in the year under review.

SFC IN

As stated above, an overdraft agreement was entered into under the umbrella credit facility as part of the funding for the Indian subsidiary SFC Energy India Private Limited, Gurugram, India, with an indefinite term, a limit of up to TINR 2,000,000 and a fixed interest rate. SFC AG has issued a letter of comfort to the lending bank for the loan.

Ongoing investment in product development and potential joint ventures, equity investments and acquisitions remain an important part of SFC's growth and internationalisation strategy in order to strengthen and expand its market positions in a targeted manner and to supplement existing business or penetrate new business areas. The implementation of this strategy may result in financial obligations or additional funding requirements.

The following table shows the Group's equity and total assets as of the respective reporting dates:

GROUP EQUITY RATIO EUR thousands

	31 Dec. 2025	31 Dec. 2024
Equity	**138,549**	**139,029**
Percentage of total capital	72.0%	71.5%
External capital	**53,789**	**55,416**
Percentage of total capital	28.0%	28.5%
Non-current liabilities	12,721	15,788
Current liabilities	41,069	39,628
Consolidated total	**192,339**	**194,444**

Non-current assets (excluding deferred taxes) continue to be financed by equity, while current assets cover current liabilities.

Liquidity

In 2025, a net cash outflow of EUR -12,229 thousand (previous year: net cash inflow of EUR 282 thousand) was recorded.

As a result, freely available cash and cash equivalents decreased very sharply to EUR 46,629 thousand as of the reporting date (31 December 2024: EUR 60,494 thousand). In addition, cash and cash equivalents of EUR 286 thousand (31 December 2024: EUR 286 thousand) were subject to restrictions in favour of a lessor.

SFC currently invests its cash and cash equivalents solely in short-term investments. As a result, it is generally exposed to interest rate risks.

There were no outstanding currency or commodity futures transactions as of the reporting date.

As of the reporting date, current liabilities to banks were valued at EUR 3,339 thousand (31 December 2024: EUR 4,136 thousand). There were no non-current liabilities to banks.

As of the reporting date, the following credit facilities have been utilised:

UTILISATION OF CREDIT FACILITIES AS OF 31 DECEMBER 2025

	Credit facility	Utilisation
SFC AG; cash credit facility	EUR 7,500 thousand	EUR 0 thousand
SFC CA; working capital facility	CAD 4,000 thousand	CAD 0 thousand
SFC RO CP; working capital facility	EUR 2,500 thousand	EUR 1,407 thousand
SFC NL; working capital facility I	EUR 3,000 thousand	EUR 1,931 thousand
SFC IN; working capital facility II	INR 2,000,000	INR 0

Utilisation of the working capital facility by SFC CA and by SFC NL is linked to the value of trade receivables and inventories.

In February 2024, SFC entered into a strategic partnership agreement with Indian company FC TecNrgy Pvt. Ltd. to establish a new production facility for fuel cells and for further market development in India. In this connection, SFC AG undertook to make a financial investment of EUR 1,000 thousand in FC TecNrgy Pvt. Ltd in 2024. This is an investment commitment on the part of SFC IN. Due to regulatory requirements in India, this investment was delayed and had not materialised as of the end of the year under review. This investment is to be financed from SFC's cash and cash equivalents in 2026.

In October 2025, SFC entered into a partnership with Singapore-based Oneberry Technologies Pte. Ltd. ("Oneberry") to acquire 15% of the shares in Oneberry for an undisclosed amount in the single-digit million range. Execution of the agreement was still pending as of the reporting date and is subject to certain conditions.

In view of the liquidity reserves currently available and due to the Group's liquidity planning and management, the settlement of payment obligations is not at risk.

Cash flow and investments

CASH FLOW EUR thousands

	1 Jan. – 31 Dec. 2025	1 Jan. – 31 Dec. 2024
Operating cash flow before changes in working capital	17,420	21,750
Cash flow from		
operating activities	-4,939	14,460
investing activities	-3,727	-11,082
financing activities	-3,563	-3,096

Operating cash flow and cash flow from operating activities

Cash flow from operating activities before changes in net working capital and income taxes (operating earnings before changes in working capital) declined particularly sharply in the year under review, reaching EUR 17,420 thousand (previous year: EUR 21,750 thousand).

After allowing for the change in net working capital, which increased very sharply by EUR 19,985 thousand in the year under review (previous year: EUR 5,270 thousand) with a corresponding effect on liquidity, and income tax payments, a negative cash flow from operating activities of EUR 4,939 thousand was generated (previous year: positive cash flow of EUR 14,460 thousand). This considerable decline was mainly due to the very significant increase in net working capital in the year under review.

With regard to the main changes in net working capital, inventories increased in the year under review at a decidedly strong rate by EUR 6,747 thousand as of the reporting date, with a corresponding impact on liquidity (previous year: EUR 1,947 thousand). This was due to higher inventories of materials in anticipation of increased operating output in the year under review and the first full year of operation of SFC US. In addition, trade receivables rose very sharply by EUR 12,785 thousand (previous year: EUR 8,422 thousand), mainly due to the sharp increase in regular utilisation and, in some cases, overruns of payment terms, especially on the part of major customers. Other provisions decreased by a total of EUR 721 thousand (previous year: EUR 2,913 thousand) without any impact on liquidity.

Trade payables climbed by EUR 1,042 thousand as of the reporting date (previous year: EUR 2,751 thousand), with a corresponding impact on liquidity.

Together with the other items within net working capital, this resulted in a very sharp year-on-year increase in net working capital in the year under review and a correspondingly higher cash outflow and greater liquidity commitment of EUR 19,985 thousand (previous year: EUR 5,270 thousand).

Cash flow from investing activities and investments

Cash outflows from investing activities came to EUR 3,727 thousand in the year under review (previous year: EUR 11,082 thousand) and were thus very significantly lower than in the previous year. The higher cash outflow in the previous year was mainly due to the establishment and upscaling of the production sites in Swindon (UK) and Cluj (Romania) as well as the acquisition of the stationary hydrogen fuel cell assets of Ballard Power Systems Europe A/S.

Overall, gross investments in property, plant and equipment and intangible assets totalled EUR 4,002 thousand in the year under review (previous year: EUR 9,162 thousand), thus dropping by more than half.[31] Gross investments in property, plant and equipment amounted to EUR 2,460 thousand in the year under review (previous year: EUR 5,907 thousand), while gross investments in intangible assets were valued at EUR 1,542 thousand (previous year: EUR 3,255 thousand), of which EUR 1,530 thousand (previous year: EUR 3,160 thousand) was attributable to capitalisable development expenses. The main reasons for this are outlined below under "Asset position".

The breakdown of gross investments by segment is shown in the following table:

GROSS INVESTMENTS BY SEGMENT EUR thousands

	2025	2024	Change
Clean Energy	3,628	7,942	-54.3%
Clean Power Management	374	1,220	-69.4%
Total	**4,002**	**9,162**	**-56.3%**

The strategic focus on regional and technological expansion will remain the guiding principle underlying the Group's further development and investments in growth in the coming years. This also includes a strong commitment to development and the digitalisation of business processes and may also entail targeted company acquisitions.

Investments have been and will continue to be financed from the Company's own funds or under existing loan agreements.

Cash flow from financing activities

The cash outflow from financing activities totalled EUR 3,563 thousand in the year under review (previous year: EUR 3,096 thousand), thus increasing very sharply by EUR 467 thousand.

The change in this item is mainly due to higher repayments of lease liabilities, which increased by EUR 525 thousand to EUR 2,800 thousand in the year under review (previous year: EUR 2,275 thousand), also in connection with the new SFC US facility.

Asset position

At EUR 192,339 thousand as of 31 December 2025 consolidated total assets decreased by EUR 2,106 thousand or 1.1% compared to the end of the previous year (31 December 2024: EUR 194,444 thousand).

The proportion of current assets in total assets widened noticeably in the year under review to 71.9% or EUR 138,374 thousand (31 December 2024: 69.8% or EUR 135,791 thousand).

31 Value of additions less disposals, effects from the application of IFRS 16 and the acquisition of assets under asset deals.

In this context, inventories rose very sharply in terms of value by EUR 4,692 thousand to EUR 35,286 thousand (31 December 2024: EUR 30,593 thousand), particularly as a result of stockpiling in anticipation of higher business volumes and the expansion of US business in the year under review. The greatest volume of stockpiling was recorded at SFC AG, SFC CA, SFC US, and in the Clean Energy segment. Overall, however, the Group generally continued to reduce or optimise inventories of individual intermediate goods in relative terms at all Group companies.

Trade receivables increased, primarily due to the consistent utilisation and, in some cases, overrun of payment terms, particularly by major customers. As of the reporting date, they totalled EUR 47,902 thousand (previous year: EUR 35,843 thousand) and were thus up by a decidedly sharp 33.6% or EUR 12,058 thousand on the previous year. They increased at all Group companies, with the greatest increase registered by SFC AG and SFC IN, and thus in the Clean Energy segment.

Other assets and receivables, mainly tax receivables and prepayments, fell by a decidedly sharp rate of EUR 3,215 thousand to EUR 4,541 thousand in the year under review (previous year: EUR 7,757 thousand). This was due, on the one hand, in particular to lower tax receivables at SFC AG and, on the other hand, to the repayment of a supplier prepayment at SFC NL.

The proportion of non-current assets in total assets narrowed marginally in the year under review to 28.1% or EUR 53,965 thousand (31 December 2024: 30.2% or EUR 58,653 thousand).

The carrying amount of the intangible assets decreased noticeably as of the reporting date by EUR 1,674 thousand to EUR 19,037 thousand (previous year: EUR 20,711). The main reason for this was the lower capitalisation of development expenses in combination with higher scheduled depreciation and amortisation, which led to a substantial decrease of EUR 913 thousand in capitalised development expenses to EUR 10,232 thousand in the year under review (previous year: EUR 11,146 thousand).

Property, plant and equipment decreased significantly by EUR 1,031 thousand or 4.6% to EUR 21,548 thou sand (31 December 2024: EUR 22,579 thousand). In this connection, both gross investments in property, plant and equipment and right-of-use assets recognised under IFRS 16 dropped by more than half over the previous year in the year under review. The main reasons for the year-on-year decrease in gross investments in property, plant and equipment were very significantly lower investments in new SFC locations. Gross investments in property, plant and equipment plus the recognition of right-of-use assets amounted to EUR 4,041 thousand in the year under review (previous year: EUR 9,561 thousand) and were less than half of the previous year's figure. Depreciation and amortisation totalled EUR 5,031 thousand (previous year: EUR 4,111 thousand).

Current liabilities rose slightly by EUR 1,441 thousand or 3.6% to EUR 41,069 thousand in the year under review (31 December 2024: EUR 39,628 thousand).

At EUR 16,046 thousand (31 December 2024: EUR 15,555 thousand), trade payables, which are included in current liabilities, increased at a slightly higher rate than operating output by EUR 492 thousand or 3.2% in the year under review and were thus also slightly higher than in 2024. One material reason for this was the systematic use of payment terms at the end of the year.

Another significant item in current liabilities, other (current) liabilities, amounted to EUR 12,068 thousand (31 December 2024: EUR 11,529 thousand), thus increasing noticeably by EUR 539 thousand or 4.7%. This was also due to a higher allocation to provisions for value added tax at SFC DK and a substantial increase in deferred revenues at SFC CA, partly due to prepayments for service contracts. The opposite effect arose from the reversal of current provisions for LTI programmes.

Current liabilities to banks included in current liabilities decreased very substantially by EUR 797 thousand or 19.3% to EUR 3,339 thousand (31 December 2024: EUR 4,136 thousand), as explained below in greater detail.

Current lease liabilities increased decidedly sharply by EUR 745 thousand or 28.9% to EUR 3,324 thousand (31 December 2024: EUR 2,579 thousand) due to the increases in rentals at SFC AG and SFC IN.

Other current provisions increased noticeably by EUR 143 thousand or 3.5% to EUR 4,253 thousand (31 December 2024: EUR 4,110 thousand). The main component in this item is the current portion of warranty provisions. This item also included provisions of EUR 750 thousand for legal disputes in the year under review.

Non-current liabilities fell very sharply in the year under review by EUR 3,067 thousand or 19.4% to EUR 12,721 thousand (31 December 2024: EUR 15,788 thousand). The main item within non-current liabilities is the lease liabilities of EUR 9,965 thousand (31 December 2024: EUR 11,428 thousand), which fell sharply in the year under review by EUR 1,462 thousand or 12.8% in connection with current lease payments, among other things.

Another significant item, namely other non-current liabilities, which include non-current SAR liabilities of EUR 163 thousand (previous year: EUR 802 thousand), declined at a decidedly significant rate to EUR 186 thousand (31 December 2024: EUR 1,017 thousand) and thus by EUR 831 thousand or 81.7% in the year under review. The payout of two SAR tranches to members of the Management Board of SFC AG and the measurement of the SAR liabilities were the reasons for this.

Net financial liabilities

Liabilities to banks declined by EUR 797 thousand or 19.3% to EUR 3,339 thousand in the year under review (31 December 2024: EUR 4,136 thousand) and are solely current in nature. These comprise the working capital facilities of SFC NL, SFC RO and SFC CA.

The composition of and changes in net financial liabilities are presented below:

NET FINANCIAL LIABILITIES — EUR thousands

	31 Dec. 2025	31 Dec. 2024	Change
Liabilities to banks	3,339	4,136	-797
of which SFC Energy AG	0	0	0
of which SFC Energy B. V.	1,931	2,781	-850
of which SFC Energy Power SRL	1,407	1,355	53
of which SFC Energy Ltd.	0	0	0
of which SFC Energy India Pvt. Ltd.	0	0	0
Less			
Freely available cash and cash equivalents [a]	46,629	60,494	-13,866
Total	**43,290**	**56,359**	**-13,069**

a) Cash and cash equivalents less restricted cash and cash equivalents.

Overall, the ratio of liabilities to total capital stood at 28.0% (31 December 2024: 28.5%).

The Group's equity declined slightly in the year under review to EUR 138,549 thousand (31 December 2024: EUR 139,029 thousand). However, at 72.0% (31 December 2024: 71.5%), the equity ratio was marginally above the previous year's figure. Please also refer to the consolidated statement of changes in equity for information on changes in equity.

Summary of business performance and situation

To summarise, it can be seen from the above description of the business situation that the Group has stable net assets and a stable financial position as of the reporting date, particularly due to its cash and cash equivalents and in the light of possible future capital injections, irrespective of its current earnings position. However, if the earnings situation were to deteriorate and fall short of the sales and earnings forecast, thus impairing its financial position, the overall picture could change for the worse.

Financial and non-financial performance indicators

The Management Board attaches particular importance to ensuring the Group's sustainable development. The financial performance indicators used for managing the Group in 2025 have already been presented above in the section entitled "Management process system".

Of the non-financial key figures and performance indicators, the Management Board primarily uses the fol lowing regularly measured employee-based figures and sustainability indicators for management purposes:

- Quality indicators, evaluations and reject rates
- Number of employees and employee development

However, unlike the financial performance indicators, these key figures and indicators are not used directly for Group management.

The Management Board is kept informed on a recurring basis of supplier and product quality.

To determine supplier quality, the ratio of the number of complaints about incoming goods to the total number of incoming goods is calculated for the ten most important suppliers at SFC AG. These ten top suppliers are determined annually by Quality Control and Purchasing on the basis of various criteria. Given a defective parts ratio of 1.79% (previous year: 0.38%), the supplier quality rate was very substantially up on the previous year. The very high rate in the year under review was attributable to two component groups that were subject to defects due to uncoordinated process changes on the part of suppliers or subcontractors. These defects have been remedied.

The mean time to failure for SFC AG industrial appliances is used to determine product quality. At 2,885 hours (previous year: 2,935 hours), there was a noticeable deterioration in this rate compared to the previous year. This was due to the installation of defective parts among other things.

As sustainability forms an essential basis for the Group's long-term business success, the Management Board strives to maximise the ecological efficiency of all activities. This aspect is at the core of the product development and production processes. The Group also fulfils its social responsibility towards its employees.

To ensure that production is as environmentally friendly as possible, the Group is working to continuously optimise the use of its resources. These measures often also have a cost-reducing effect.

One prerequisite for business operations that are as sustainable and environmentally friendly as possible is top quality in order to minimise waste in the production process. To this end, all of SFC's production sites have their own quality management system, which is also certified in accordance with DIN ISO 9001. SFC applies an integrated quality management system, which integrates monitoring and management of the entire process chain within one specialised area of responsibility. In addition, SFC AG and SFC NL have had their environmental management system certified under ISO 14001 since 2014. SFC CA is tested and certified according to COR (Certificate of Recognition).

In the interests of sustainable corporate management, SFC offers its employees a motivating and socially balanced working environment. It attaches great importance to satisfied employees to encourage long-term loyalty to the Group. Employees at SFC receive individual support. In addition to professional qualification programmes, individual training courses are available. These measures are defined in the annual employee appraisals. SFC implements an annual occupational health and safety training programme at all SFC Energy locations worldwide. In addition, it grants its employees an appropriate share in the Company's success in the form of a variable remuneration component.

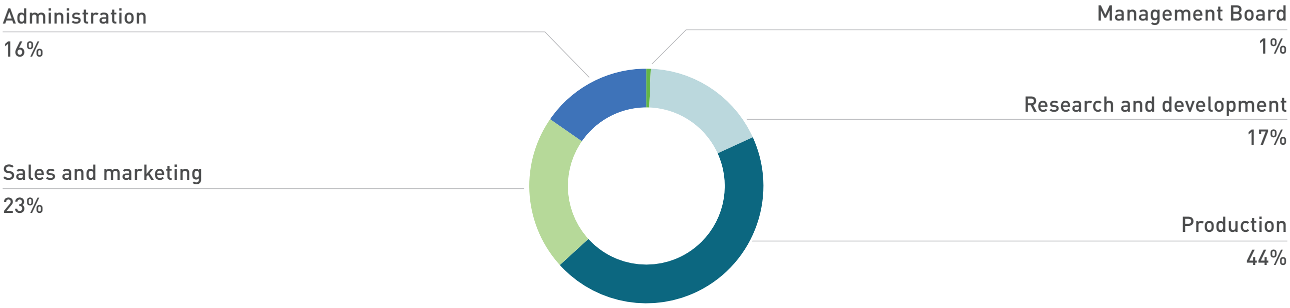
Employees

The average number of employees in the year under review breaks down as follows:

AVERAGE NUMBER OF EMPLOYEES

	2025	2024	Change
Management Board	3	3	0
Research and development	84	76	8
Production, logistics, quality management	219	181	38
Sales and marketing	114	107	7
Administration	77	73	4
Permanent employees	**497**	**441**	**56**

EMPLOYEES BY FUNCTIONAL AREA (AVERAGE)



As of 31 December 2025, the Group had 495 permanent employees worldwide (31 December 2024: 470).

Risk and Opportunities Report

The SFC Group faces various risks that are inherently tied to its business operations. Risk is defined as the potential for events or actions to hinder the Group or its segments from reaching their objectives. At the same time, recognizing and capitalizing on opportunities is essential for maintaining and strengthening the Group's competitive position.

Effectively managing the balance between risks and opportunities is crucial. While opportunities should be leveraged, risks must be taken in moderation. Risks that could jeopardize the company's continued existence are to be avoided as a matter of principle.

The Group's overall risk profile is shaped by its risk appetite, which is managed through the risk management strategies outlined below. This appetite is aligned with SFC's strategic commitment to sustainable growth. A cautious approach is taken, with a strong emphasis on ensuring liquidity in the short and medium-term.

Internal control system and risk management system for the Group accounting process

SFC has an internal control and risk management system with regard to the (Group) accounting processes in which suitable structures and processes are defined and implemented in the organization to ensure the correctness and reliability of the accounting process. The internal control system is an integral part of the risk management system.

Amendments to laws, accounting standards and other pronouncements are analyzed on an ongoing basis with regard to their relevance and impact on the Consolidated Financial Statements and resulting changes in the Group's internal systems and processes are adjusted accordingly.

To prepare the Consolidated Financial Statements, the Individual Financial Statements of the companies included in the Consolidated Financial Statements are expanded to include additional information in the form of IFRS reporting packages prepared according to uniform guidelines, which are included in the consolidation system. These guidelines include the recognition, measurement and disclosure rules to be applied in the Group's accounting. These are designed to ensure the timely, uniform and correct accounting recognition of all business processes or transactions. This ensures compliance with legal standards and accounting regulations.

The accounting for the Dutch subsidiary SFC NL is carried out by the accounting department located in the Netherlands, while the accounting for its Romanian entity SFC RO CP is performed in Cluj, Romania. The Canadian subsidiary's (SFC CA) accounting is handled by the accounting department in Canada, and the accounting for the Romanian subsidiary SFC RO CE is performed by the accounting department in Romania. The bookkeeping of the foreign subsidiaries is conducted locally by employees, in some cases supported by external services provided by a recognized international accounting firm.

The uniform application of accounting standards in accordance with IFRS throughout the Group is ensured by appropriately qualified personnel locally and at the parent company. The financial statements are also reviewed by appropriately qualified personnel from the parent company who also ensure that accounting standards according to IFRS are applied uniformly throughout the Group.

Based on the data of the companies included in the scope of consolidation, the consolidation measures and certain reconciliation work are performed by the parent company's accounting department. Due to the size of the Group, there is no separate Group Accounting department.

System-based controls are continuously monitored by accounting staff and supplemented by performing adequate manual checks. In principle, there is at least a dual control principle at every level.

Certain approval processes must be run through the entire accounting process.

The Management Board is responsible for implementing and monitoring the internal control system, including the (Group) accounting-related internal control system[32]. In addition to defined control mechanisms,

32 Section was not the subject of the audit of the Group management report (information unrelated to the management report).

the internal control[33] system is based on technical and manual reconciliation processes, the separation of functions and segregation of duties, and compliance with work instructions, for example.

Due to the size of the Group, there is no Group internal audit department.

The Management Board of SFC AG is of the opinion that the accounting-related internal control system was functional in the financial year. The adequacy and effectiveness of the internal control system is monitored and assessed by the Supervisory Board of SFC AG. In principle, it should be noted that an internal control system, regardless of its design, does not provide absolute assurance that material misstatements in the financial statements will be prevented or detected.

Compliance Management System[34]

In the reporting year, SFC's compliance management system (the "CMS"), with its key elements of risk analysis/ prevention, detection and response, was further aligned with the Group's risk situation. The main goal of SFC's compliance management system, is to build a compliance program that reflects how SFC wants to conduct business with the highest level of integrity and at the same time ensure that SFC's employees act lawfully and responsibly, as expressed in the Code of Conduct that applies throughout the Group. A number of fundamental statements in the Code of Conduct have been expanded in further detail as separate policies, procedures and directives. This applies in particular to the areas of corruption prevention, economic sanctions and the whistleblower system. The legal provisions applicable in this respect are explained in more detail and practical advice is given on correct behavior in specific situations. However, the Management Board is aware that even a properly established compliance system cannot prevent all potential violations, and it has its own inherent limitations. The compliance organization is responsible in particular for antitrust law, corruption, economic sanctions, money laundering and capital market compliance. Other compliance topics, such as the environment, taxes, accounting, labor law, employee protection or data protection, are not within the remit of the compliance team. These compliance topics are handled by other organizational areas.

SFC is committed to continuing its efforts in strengthening its compliance management system to systematically mitigate and minimize compliance risks by building a culture of ethical integrity and transparency.

Risk management system

Risk management process and fundamental principles[35]

The Group's risk management system (RMS) is an integral part of the Group's business processes and is designed to ensure a comprehensive overview of the Group's risk situation. In particular, risks with a significant negative impact on the asset, financial and earnings positions are to be identified at an early stage so that measures can be taken to avoid, reduce or manage them. The main objective of the group RMS is to ensure that the Management Board and the Supervisory Board are fully informed about the material risks in a timely manner.

33 Section was not the subject of the audit of the Group management report (information unrelated to the management report).
34 Section was not the subject of the audit of the Group management report (information unrelated to the management report).
35 Section was not the subject of the audit of the Group management report (information unrelated to the management report).

Risk management organization and responsibilities

In the Group's continuous efforts to strengthen its RMS, the risk organization is established in line with the widely known three lines of defense model to: increase accountability for risk reporting and ensure timely communication to key decision makers. The legal requirements (section 107(3) of the German Stock Corporation Act and the German Corporate Governance Codex) regarding the oversight responsibility of the Supervisory Board and organizational duties of the Management Board have been taken into account since the initial establishment of the RMS.

The individual roles and responsibilities within the group risk organization are presented below:

ROLES AND RESPONSIBILITIES WITHIN THE GROUP RISK ORGANIZATION

ROLES	KEY RESPONSBILITIES AND ACCOUNTABILITY
SUPERVISORY BOARD	- Oversight of Risk Management function which includes Risk Management, Internal Controls and Compliance Management system
AUDIT COMMITTEE	- Oversees the adequacy and effectiveness of the different Risk Management functions - Discussion and evaluation of significant risk-related matters - Recommendation of measures
EXECUTIVE MANAGEMENT BOARD	- Oversight and monitoring of Risk Management functions - Embed RMS to strategic decision making and organizational objectives - Establishment of an early detection system in accordance with the German Stock Corporation Act (AktG) - Regular risk reporting to the Supervisory Board
RISK OWNERS (1st line of defense)	- Identifying, assessing and monitoring risks on a continuous basis - Implementation of measures in line with the risk management guideline - Regular risk reporting to Group Risk Management - Timely communication on any changes in the risk situation
GROUP RISK MANAGEMENT FUNCTION (2nd line of defense)	- Development and improvement of the different Risk Management functions in line with applicable frameworks and standards - Central point of contact for Risk Management within the Group - Regular risk reporting to Management Board and Supervisory Board

Risk assessment methodology

The Group RMS approach is based on the globally accepted COSO Standard (Committee of Sponsoring Organizations of the Treadway Commission) for Enterprise Risk Management Integrating with Strategy and Performance (2017) and ISO (International Organization for Standardization) Standard 31000 (2018).[36]

The RMS used at SFC is supplemented by an early warning system. The key figures enable an objective overview of the financial situation of the Group, a target/actual comparison between the budget and the costs, a detailed forecast of expected incoming orders and sales for each segment (sales pipeline), area-

36 Section was not the subject of the audit of the Group management report (information unrelated to the management report).

specific cost controlling, cost controlling for development and marketing projects, and other process-related indicators. All of SFC's subsidiaries are also integrated into the RMS. The scope of activities to be carried out by each subsidiary differs and depends, among other factors, on the scope of functions and the specific risks associated with the respective company.

Thematic risk and opportunity assessments then serve to evaluate the company-wide risk and opportunity situation in the regular Management Board meetings and the quarterly Supervisory Board meetings. The Group's Risk Management guideline outlines the principles, processes, people, key responsibilities, risk categories, reporting requirements, and communication timelines within the company. The risk management guideline was reviewed during the financial year to ensure that it was up-to-date and adjusted accordingly.

The main goal of the RMS is to inform the Management Board and Supervisory Board of the risks with moderate and high severity/expected value ("material risks"), the expected value is a combination of the probability of occurrence and the level of the negative effects on the asset, financial and earnings position. The risk assessment criteria are derived from the Management Board's risk strategy.

Changes in risks and opportunities are constantly monitored, assessed, and incorporated into the company's planning as necessary during the year.

Known risks are assessed at least quarterly on the basis of the probability of occurrence using a three-stage scale of "unlikely," "possible" and "probable." In addition, the possible extent of the risk is determined in particular by SFC's earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) adjusted for non-recurring effects evaluated according to the three criteria "insignificant," "moderate" and "significant"; the potential extent is assessed after measures (residual risk) have been implemented to avoid or reduce damage. Opportunities and risks are not offset.

The risk matrix is shown in detail in the following diagram:

RISK CLASSIFICATION MATRIX – EXPECTED VALUE

PROBABILITY OF OCCURRENCE / DEGREE OF IMPACT	UNLIKELY UP TO 20%	POSSIBLE FROM 20% TO 70%	PROBABLE FROM 70%
INSIGNIFICANT (UP TO EUR 500K)	Low	Low	Medium
MODERATE (FROM EUR 500KTO EUR 1,000K)	Low	Medium	High
SIGNIFICANT (MORE THAN EUR 1,000K)	Medium	High	High

The Group distinguishes between financial risks on the one hand and business opportunities and risks on the other. These represent the main influencing factors for SFC. Other qualitative impact criteria (e.g. brand reputation, workforce impact, legal consequences, etc.) are also taken into account for the risk assessment of non-financial risks.

The financial risks are presented under "Risk reporting with regard to the use of financial instruments." The financial risks as well as the business risks and opportunities are shown in detail under "Risk Reporting." Changes from the previous year (if any) are explicitly explained.

In principle, however, it should be noted that risk and control systems such as the ICS, CMS and RMS, regardless of their design, do not provide absolute certainty that all risks that actually occur would be detected in advance or that all process violations can be prevented. Based on the described ICS, the CMS and the RMS, the Executive Management Board has no indications that the ICS, CMS and RMS were not appropriate or effective in their respective entirety as of 31 December 2025.

Risk reporting with regard to the use of financial instruments

The Supervisory Board generally receives monthly summary of the financial performance, the Chairman of the Supervisory Board is usually informed verbally by the Chairman of the Management Board on a weekly basis about significant issues. In addition, if necessary, the entire Supervisory Board is informed of the latest developments on short notice. The Supervisory Board is thus involved in risk management through the Management Board's reports on transactions that could be of particular significance to profitability and liquidity.

One of the main tasks of SFC is to coordinate and manage the Group's financial requirements and to ensure the Group's financial independence. This involves optimizing financing and limiting financial risks. Appropriate processes have been established and documented to manage financial opportunities and risks. Financial planning forms one of the building blocks and serves as the basis for determining the expected liquidity requirements. Financial planning covers a planning horizon of at least twelve months and is updated regularly.

The companies and the Group are subject to various risks with regard to their financial instruments in the course of their operational business activities.

Financial instruments include assets and liabilities as well as contractual claims and obligations relating to the exchange or transfer of financial assets. Primary financial instruments on the assets side comprise financial investments, receivables and cash and cash equivalents, as financial instruments do not only include trade receivables. On the liabilities side, provisions, liabilities to banks (financial liabilities in the narrow sense), trade payables, other liabilities and leasing liabilities as well as provisions can be allocated to the financial instruments.

The related financial risks include liquidity risks, market risks (in particular interest rate and currency risks), and credit and default risks. As a result of these financial risks, assets can lose value and liabilities may have to be valued higher; furthermore, income can decrease or expenses may increase. No general hedging of these risks takes place at SFC. For reasons of materiality, please refer to the Notes to the Consolidated Financial Statements. If default risks are probable for financial assets, these risks are recognized through valuation allowances.

The overview of the financial risks and changes to prior year are presented below:

RISKS RELATING TO FINANCIAL INSTRUMENTS

	Probability of occurrence	Degree of impact	Changes to 2024
Default risk	Possible	Significant	Unchanged
Currency risk	Possible	Significant	Changed
Liquidity risk	Unlikely	Significant	Unchanged
Interest rate risk	Possible	Insignificant	Unchanged

The objective of risk management regarding the use of financial instruments is to minimize the risks listed above. The financial risks as well as the objectives and procedures put in place to limit the risks are described below.

Default risk (credit risk)

Credit or default risk is defined as an unexpected loss on financial instruments if a counterparty fails to meet its obligations in full and when due, or if collateral loses value. Default risks resulted mainly from trade receivables and the risk of potential default by a contractual partner. The customer structure of SFC is characterized by various major customers, among other characteristics. To prevent the risk of default, credit limits are set for selected customers based on customer information or reports from external rating agencies and information service companies, as well as on the basis of SFC's experience with bad debts. New customers are generally only supplied in exchange for payment in advance.

Nevertheless, this does not fully rule out the default of individual counterparties, even those who have positive credit ratings, even if this is considered unlikely. A claim is deemed to have defaulted if the contractual partner is unwilling or unable to meet its payment obligations. A number of internally defined reasons trigger a default rating, such as the opening of insolvency proceedings or a default rating from an external rating agency.

SFC has set up various processes to analyze and monitor credit and default risks. Weekly receivables management meetings, during which all major overdue receivables are discussed and measures initiated with the sales staff responsible are one key element. For SFC's subsidiaries, the prevention of the default risk is generally carried out in such a way that overdue receivables are first followed up on by the accounting staff and then discussed with the customer by the sales employees responsible.

The maximum amount at risk for financial assets, excluding collateral, is their net carrying amount. The amounts shown in the Consolidated Statement of Financial Position are net of allowances for doubtful accounts estimated by management based on case-by-case information, past experience and the current economic environment. Individual value adjustments are made as soon as there is an indication that receivables could be uncollectible. The indications are based on intensive contacts as part of receivables management.

Receivables from product sales are secured for SFC AG by retention of title.

The outstanding receivables, for which there are value adjustments in the amount of EUR 1.904 thousand (31. December 2024: EUR 2.667 thousand), are of high creditworthiness due to the current customer structure. As of the balance sheet date, there were no indications that payment defaults can be expected with regard to these receivables.

There are also potential default risks for liquid funds. Cash and cash equivalents essentially include short-term time deposits and overnight deposits and bank balances that are immediately available. In connection with the investment of cash and cash equivalents, SFC is exposed to losses from credit risks if banks fail to meet their obligations. To minimize this risk, the banks with which investments are made are selected very carefully and the investments are spread across several banks. Great care is taken to ensure that the majority of liquid funds are invested with banks based in Germany that are members of the deposit protection fund of the Federal Association of German Banks and the compensation scheme of German banks GmbH. In addition, only short-term time deposits with a maximum term of three months are agreed. The maximum risk position corresponds to the carrying amount of the liquid funds on the balance sheet date. As of the balance sheet date, SFC had not invested any liquid funds in time deposits.

Overall, the credit or default risk is to be assessed as a high risk with the probability of occurrence being classified as possible but with a significant negative impact due to the volume of assets basically affected.

Currency risk

Due to the international orientation of its business activities and the fact that the Group continues to be a net exporter from the Eurozone to the rest of the world, the Group is exposed to risks from exchange rate fluctuations. An exchange rate risk consists of possible changes in value, especially with receivables and liabilities in a currency other than the respective functional currency of the Group companies, due to fluctuations in exchange rates (transaction risk). An increasing share of the Group's sales revenues, operating costs and capital expenditures are denominated in Canadian dollars, US dollars and Indian rupees. Due to the volume of the business of SFC CA. in particular, the Group generates a significant share of its sales in Canadian dollars, which are only partly offset by expenses or expenditures in the same currency. Furthermore, SFC IN in India generates revenue in Indian rupees, while only part of the associated expenses for the procurement of intermediate products or services is likewise incurred in Indian rupees. As business activities in North America and India have expanded, the Group has experienced an increasing surplus in these three foreign currencies, a trend that is expected to continue. The international operations of SFC in the United Kingdom and Denmark also give rise to currency risk, as operating expenses in the functional currencies of SFC UK and SFC DK may not be fully matched by revenues denominated in the same currencies. A weak euro may generally be beneficial for business, while a strong euro is usually disadvantageous. Negative foreign exchange effects can significantly impact nominal growth rates of orders, revenue, and earnings.

To limit risks from foreign currencies and to minimize currency losses compared to budget assumptions, foreign currency management seeks to avoid surpluses in Canadian dollars, US dollars and Indian rupee and / or to include exchange rate adjustment clauses in sales agreements.

The foreign currency position planned is not hedged. However, in the event of larger open positions or a significant increase in the foreign currency risk, the planned foreign currency position can be hedged using forward exchange transactions. These hedges are based on forecasts of future cash flows, the occurrence of which is uncertain. This can cause exchange rate fluctuations to have a negative impact on the Group's results of operations despite hedging.

Furthermore, there are exchange rate risks relating to the translation of balance sheet items and the income and expenses of foreign Group companies outside the euro zone (translation risk).

Currency translation of the assets and liabilities of SFC CA, SFC IN, SFC UK, and SFC RO CE as of December 31, 2025, a fluctuation of the CAD, GBP, INR, and RON exchange rates by -5% would have resulted in an effect of EUR -1,397 thousand (previous year: EUR -1,422 thousand) and a fluctuation of +5% would have resulted in an effect of EUR 1,397 thousand (previous year: EUR 1,422 thousand), which would have been reflected in the Group's equity.

If the exchange rate of CAD, INR and USD to the EUR changes by 5% compared with the assumptions in the company's planning, this will have an impact of around 1,1% on Group sales and around 1,8% on adjusted Group EBITDA.

As of the balance sheet date, there were no open forward exchange contracts. Likewise, no derivative financial instruments were used during the year under review to hedge currency transactions.

Overall, due to the higher business volume in North America and India, occasional exceeding of payment terms by major clients and strong foreign exchange movements during the financial year, the potential negative effects of currency risks continue to be considered as significant but with the probability of occurrence being classified as possible. This results in a high risk.

Liquidity risk

Liquidity risk describes the risk that the Group will not be able to meet its payment obligations to a sufficient extent. In order to reduce potential liquidity risks, the Group follows a carefully considered company financing policy that is based on the short, medium and long-term financing and liquidity requirements of the Group. Overall, the company's financing policy is geared towards a balanced capital structure, a diversified maturity profile and a stable liquidity cushion.

The Group limits liquidity risk by constantly following the financing options available on the financial markets and observes how the availability and costs of financing options develop. One key goal is to ensure the Group's financial flexibility and to limit any possible repayment risks. Since financial covenants have been agreed on in the loan agreements, these contracted loan commitments are not callable in the event of poor creditworthiness on the part of SFC or one of its subsidiaries.

It cannot be ruled out that the military conflicts between Russia and Ukraine, Iran and the USA respectively Israel, as well as escalating trade disputes, will have long-lasting negative effects on the capital markets.

No liquidity risk is currently discernible for SFC. As of the reporting date, the freely available liquid funds without restrictions on disposal amounted to EUR 46.629 thousand (previous year: EUR 60.494 thousand).

Overall, the liquidity risk is assessed as unlikely, but with a potential significant impact. This results in a moderate risk.

Interest rate risk

Negative developments on the financial markets and changes in central bank policies can lead to fluctuations in interest rates, which can have a negative impact on SFC's financial results. In the year under review, interest rates rose in the highly developed economies, among other factors due to increased macroeconomic uncertainties (e.g., inflation, geopolitical events such as Ukraine-war crisis and the Iran-war crisis, etc.). Changes in the level of interest rates influence the interest expense for drawing on credit lines and the income from the investment of cash and cash equivalents, in particular due to variable interest rates. Currently, cash investments are made with a maximum term of 3 months, therefore SFC's interest result is significantly influenced by short-term interest rates on the capital market. The interest rate risk from the investment of liquid funds results in particular from the interest on short-term time deposits.

In addition, there is an interest rate risk due to the credit rating. The credit agreements of SFC CA contain financial covenants (compliance with various financial ratios). In the event of non-compliance or non-fulfillment of the covenants, there is a risk that a surcharge will have to be paid on the interest rate or that the respective loan will be called due prematurely. In addition to the earnings situation, increased financing requirements can also lead to an increased covenant risk.

The Group is not exposed to any significant interest rate risks from variable-rate instruments.

SFC determines the current interest rate risks using sensitivity analyses that show the effects of changes in market interest rates on interest payments, interest income and expenses, and equity. Since the amount of the drawing of the credit lines (operating credit lines) can be subject to strong fluctuations, the interest payments cannot be forecast with certainty. If the sensitivity analysis were to indicate that interest rate fluctuations could have a significant impact, SFC could use derivative hedging instruments to reduce the risk.

The interest rates for the agreed credit lines correspond to the EURIBOR or the Canadian Prime Lending Rate plus a margin. The EURIBOR used as a basis for drawing the loan is based on the interest period, which can be a maximum of one month.

Due to the prevailing macroeconomic uncertainties, the interest rate risk's probability of occurrence is still assessed as possible. However, due to the Group's relatively low level of debt financing, it still has potentially minor negative effects on the asset, financial and earnings position. Overall, this risk is assessed as low.

In addition to the risks described above in connection with financial instruments, the Group's business activities give rise to the following business and operational risks that could have material adverse effects on the Group's asset, financial and earnings position (i.e. effects on assets, liabilities and cash flows) and non-financial performance of the Group. Unless individual segments are listed below, the risks pertain to all segments. The risks for the Group companies relate proportionately to the segments.

Changes from the previous year (if any) are explicitly explained in the section below:

BUSINESS RISKS

	Probability of occurrence	Degree of impact	Changes to 2024
Market risks	Probable	Significant	Unchanged
Clean Energy Segment	Unlikely	Significant	Unchanged
Clean Power Management Segment	Possible	Significant	Unchanged

OPERATIONAL RISKS

	Probability of occurrence	Degree of impact	Changes to 2024
Technological risks	Possible	Moderate	Unchanged
Patent law risks	Unlikely	Insignificant	Unchanged
Competitive risks	Possible	Moderate	Unchanged
Product risks	Possible	Significant	Unchanged
Procurement risks	Possible	Significant	Unchanged
Production risks	Possible	Significant	Unchanged
Commodity price risks	Probable	Significant	Unchanged
Human Resources	Possible	Moderate	Unchanged
Information technology risks	Possible	Significant	Unchanged
Risks in the regulatory environment	Possible	Significant	Unchanged
Compliance risks	Possible	Significant	Unchanged
Environmental Social Governance risks	Possible	Moderate	Unchanged
Company development risks	Possible	Significant	Unchanged

Business risks

Market risks

Macroeconomic development

The development of the Group's operating business is influenced by market factors such as geographical and industry-specific economic trends, political and financial changes, raw material prices and exchange rates. These factors are interconnected and subject to various global influences that create both risks and opportunities.

The global economic and geopolitical environment is currently subject to high uncertainties and the macro-economic environment deteriorated in the year under review due to various negative factors (e.g., outbreak, escalation or continuation of armed conflicts, political instabilities in certain economies and high inflation).

The escalation of trade conflicts or protectionist measures between the U.S., China, Europe, and other countries could have unexpected negative effects on global supply chains and worldwide economic activity.

A further decoupling between the U.S. and Europe could undermine confidence and investment activity and significantly affect the Group's business. Increasing trade barriers, protectionism, sanctions, and particularly technical regulations could negatively affect production costs and productivity along our international value chains and severely restrict or even prevent access to key target regions that are highly important for the Group's growth. Furthermore, trade tensions and protectionist measures pose significant risks to the clean energy sector, as they can disrupt global supply chains and affect the availability of important raw materials such as precious metals, which are essential for clean energy technologies, and increase manufacturing costs.

The Group is potentially exposed to risks associated with the introduction of additional U.S. tariffs on European goods. These could particularly affect the export of fuel cell systems to the U.S., which are essential for the growth of SFC AG's business. U.S. tariffs on finished fuel cell components could lead to higher total costs. These increased costs would affect the Group's pricing structure and could make its products less competitive in price-sensitive markets for clean energy. This could result in a decline in demand, particularly in industries that rely on cost-efficient clean energy solutions.

The unpredictability of trade policy has led to an unstable business environment that complicates long-term planning and investment decisions. Other major risks arising from the introduction of U.S. tariffs include currency fluctuations, uncertainties in trade relations, and regulatory and compliance impacts.

Territorial claims and differing opinions on the resolution of ongoing geopolitical conflicts also constitute a significant risk factor. An escalation of the ongoing tensions in the Middle East and the course of war in Iran could lead to an extension of the regional conflicts involving in addition to Iran, the USA and Israel other parties. A sustained rise in oil prices, and ongoing interruptions in oil and gas supply, ongoing blockades of key sea routes, or a comprehensive military escalation could cause considerable damage to the global economy. Ongoing risks stem from the Russian war against Ukraine and its political and economic consequences, such as sanctions and countermeasures, which may carry far-reaching risks. Even if the Group has no business in Russie, the Ukraine or the Iran, the armed conflicts can have an indirect negative impact on sales performance, production processes, and procurement and logistics operations, for example through interruptions in supply chains and the energy supply or due to shortages of components and raw materials. The conflicts could further escalate and spread to other countries, including NATO countries, and unconventional weapons could be used. An escalation of the war could have a significant impact on the Group's market environment. The ongoing geopolitical tensions have the potential to strain global energy supplies, especially in regions where clean energy production is tied to traditional energy infrastructure. An escalation in the conflict could lead to shortages in both conventional and renewable energy supplies, impacting the operations of clean energy companies. Energy rationing could exacerbate inflation and increase operational costs.

Another key macroeconomic risk for the Group is that central banks fail to bring or keep inflation under control and then have to react even more restrictively. Alternatively, central banks could overreact, leading to rapid monetary tightening. Tighter financing conditions would likely push advanced economies into recession and pose a significant risk to vulnerable emerging markets. Highly indebted emerging and industrialized countries could suffer from higher financing costs, a further appreciation of the US dollar and a loss of investor confidence. A tighter monetary policy by the central banks, poor economic prospects coupled with rising prices and inflation would also slow down India's economic growth and could severely affect the Group's business in India. Additional negative effects on sales to governmental sector customers could also result from increasing pressure on governments to intensify austerity measures, which may lead to delay in funding decisions, project approvals or procurement processes, and could be intensified by volatility or reduced market confidence in individual currency markets.

SFC's sales potential is closely tied to the performance of certain industries. Any ongoing or worsening structural and economic challenges in its core customer industries, particularly those in the clean energy and technology sectors, could negatively affect the Group's asset, financial and earnings position. A downturn in demand could lead to lower prices for SFC's products, systems, and solutions, further affecting profitability.

The possibility of a resurgence of COVID-19, the outbreak of a new pandemic, a major terrorist attack, or significant cybercrime incidents could disrupt global economic activity, reduce consumer confidence, and destabilize markets. The highly interconnected global economy also remains vulnerable to natural disasters and hybrid warfare, all of which could create operational uncertainties for SFC.

For SFC, these risks could lead to increased volatility in raw material prices, supply chain bottlenecks, and potential restrictions on market access in key regions. Additionally, heightened trade conflicts could reduce cross-border investment in green technology projects, slowing down global efforts to transition to sustainable energy. To mitigate these risks, SFC is actively exploring supply chain diversification strategies, strengthening partnerships with alternative suppliers, and staying engaged in policy developments to adapt to changing trade regulations.

To mitigate these risks and safeguard longterm growth, SFC is considering a range of strategic measures, including strategic partnerships, localization initiatives, and proactive adjustments to regulatory developments. In addition to continuously monitoring current developments and addressing them within the scope of regular business operations, the Group has launched several initiatives to assess potential impacts and, where necessary, implement crossfunctional response and mitigation measures.

Given the rising global demand for clean energy and fuel cell technologies, SFC is nevertheless well positioned to remain competitive in a changing trade environment and to further expand its presence in the United States and beyond.

The Group's international business structure, the broad product portfolio for customers from the private, industrial and government sectors in the various markets, which follow different business cycles, help to balance the consequences of unfavorable developments in individual markets. For example, the Clean Power Management segment, with its significantly higher share of electronic components in the pre-products than the Clean Energy segment, is affected by delivery bottlenecks to a much greater extent.

SFC is implementing various measures to proactively address geopolitical risks that may impact the Group. This involves diversifying supply chains where possible, staying informed about political developments, engaging in scenario planning, and maintaining adaptability in the face of geopolitical uncertainties. SFC also stays optimistic about collaborative efforts between governments, industry stakeholders, and international organizations that can play a key role in mitigating or reducing the overall impact of some of these inherent risks to the business.

Strategic Risks

The markets in which the Group operates with its fuel cell technology are subject to rapid and significant technological changes, evolving regulatory requirements, heightened geopolitical, security policy and defense-related frameworks and environmental, social and governance requirements from governments, and customers as well as government funding restrictions. Other sales-related risks also exist with regard to the dependence of both the customer project business and the sector business (e.g., oil and gas industry, defense industry) on the business success of individual customers in their markets and the economic development of the respective markets the customers operate in. Close customer relationships, our own further developments and market proximity, including precise market analyses, serve as mitigation measures.

The Group's strategy is geared towards growth and internationalization in the fuel cell market. The strategic assumptions regarding growth are based on assumptions and estimates that may subsequently prove to be incorrect. This includes operational and regulatory developments as well as future economic developments and market changes, as core customer industries and regional markets that the Group strategically focuses on can develop differently than expected. The Group lowers these risks through careful strategic planning, ongoing monitoring of market developments and diversification across markets and regions. Notwithstanding this, it cannot be ruled out that any of the aforementioned circumstances could lead to the expected results not being achieved in individual markets.

The unpredictability of trade policies has created an unstable business environment, making long-term planning and investment decisions more challenging. Other key risks arising from the imposition of U.S. tariffs include currency fluctuations, uncertainty in trade relations, and regulatory and compliance impacts.

To mitigate these risks and sustain long-term growth, SFC is considering several strategies, including strategic partnerships, localization, and proactive adaptation to regulatory changes. However, with the growing global demand for clean energy and fuel cell technologies, SFC remains well-positioned to navigate the evolving trade environment and continue to expand its footprint in the U.S. and beyond.

The net risk to the Group from negative political and macroeconomic developments is now seen as possible and would have a significant negative impact on the Group's asset, financial and earnings positions. It is thus assessed as a high risk.

Overall, taking all influencing factors into account, the overall market risk is considered to be a high risk due to the probability of occurrence being classified as probable and the potentially significant negative impact.

Clean Energy Segment

The globally increasing demand for energy, resilience, decarbonization, digitalization, and decentralization has gained momentum, whereby the focus continues to be on expanding the capacities of clean energy sources.

According to our estimates, the energy sector is expected to experience significant disruptions in the energy sector, driven not only by environmental concerns and regulatory demand for various companies to climate targets but also by increasing competition from alternative low-emission technologies, including decentralized power systems across the EU, Asia and the US.

Changes in the regulatory framework or an increase in the CO_2 price can continue to contribute significantly to the development of an efficient clean energy economy. Positive regulatory changes could improve the competitiveness of fuel cell systems, while adverse changes, such as reduced government incentives or new regulations that delay or increase project costs, could negatively impact the segment's growth.

There is a risk that demand for DMFC and PEM fuel cell solutions will fall short of forecasts because customers increasingly expect higher power output, lower cost per unit and uncompromising quality, while the transition to the technology itself takes place more slowly than we expect or other low-emission or emission-neutral technologies may be adopted more rapidly than fuel cells, affecting market penetration.

Additionally, low or even falling electricity generation costs from conventional or fossil fuels in some regions of the world could mean that demand for fuel cells develops more slowly than expected.

As in the past, the sales growth and earnings of the business segment will continue to depend to a large extent on the company's ability to meet the evolving needs of its current customers and potential new customers, and on its ability to anticipate and adapt to changes in the markets it serves and optimize its cost base accordingly.

Parts of the segment's product portfolio are aimed at public-sector customers. Risks lie in the dependency on the spending behavior of public-sector budgets in Germany and in foreign customer countries. Government budgets can be restructured and cut back, which could also affect the departments we address.

The diversified customer structure ensures a balance in the event of fluctuations in demand in individual sectors and regions. The fact that the product portfolio is diversified in terms of performance and fuel cell technology and the low dependence on individual customers mean that price change risks and weaknesses in demand can be cushioned.

The systematic internationalization of the segment and the focus of its business on the major economic regions of Europe, North America and Asia limit dependency on individual customer countries and spread the risk.

Overall, negative political, regulatory and macroeconomic developments are considered unlikely for the segment, but it could have a significant negative impact on the asset, financial and earnings positions in individual cases. The risk is therefore classified as moderate.

Clean Power Management Segment

The Clean Power Management segment develops, manufactures and markets power management products and solutions that enable efficiency gains in the transmission and, in particular, use of electrical energy in the value-adding stages and products of the markets it addresses. They form the basis for the intelligent and efficient use of electrical energy, in the power supply of measuring and analysis equipment, manufacturing machinery and industrial drive systems, for example.

Due to the markets for equipment in the high-tech and oil and gas industries that the segment serves, the development of the Clean Power Management segment is closely tied to macroeconomic trends and business cycles at a global level, but also in the individual regions and countries the segment is active in. Therefore, risks arising from economic cycles cannot be completely averted.

Thus, there is a risk of short-term market fluctuations in the markets the segment serves. It is also possible that future market downturns can turn out to be different from those seen to date, by taking an L-shape with longer phases of stagnant growth, for example. A lack of or decline in market growth would make it considerably more difficult to achieve the business segment's growth target.

Falling or permanently low oil and gas prices could lead to a decline in demand for the segment's products and solutions for the oil and gas industry. However, analysts from international banks are currently assuming that the price of oil will not collapse in the short-term but is likely to become softer based on expectations of growth in global supply and relatively stable demand.

Declining trends worldwide and in individual countries and temporary fluctuations in demand for capital goods in the high-tech and oil and gas industries are being countered by expanding the company's international presence and increasingly marketing products in the renewable energies industry.

The segment's diversified product portfolio also helps to ensure that temporary fluctuations in the economy can be partly compensated for by more favorable developments in other regions and markets.

The net risk from negative macroeconomic and cyclical developments in the markets addressed by the segment is considered possible and could have a significant negative impact on the asset, financial and earnings positions. We therefore classify it as a high risk.

Operational Risks

Technological risks

One key prerequisite for SFC's success is technology leadership and the ability to anticipate and adapt to changes in core customer industries. This includes increasing the performance of the Group's fuel cells while at the same time reducing or optimizing the manufacturing costs of the products. In addition to its own development work, SFC also works closely with important suppliers in this regard. In addition to its own development activities, SFC also collaborates closely with key suppliers through intensive partnership arrangements.

The further development of current technologies, for new applications with higher performance, for example, and the introduction of new products and technologies require a strong commitment to research and development, which is associated with considerable financial resources and is not necessarily successful. In addition, development projects can be delayed or expected budgets exceeded. As part of portfolio management, all projects in the development pipeline are assessed and reviewed regularly, and realigned if necessary.

The conclusion and continuation of intensive cooperation agreements and the externalization of certain development services are of major importance. A deviation from the strategic goals defined for this purpose could have a critical negative impact on the future earnings situation of the Group.

The know-how generated during (further) development represents an important competitive advantage for SFC. The Group's patents and intellectual property portfolio are actively maintained and developed in order to secure and expand the Group's technology position. On the one hand, however, not all products manufactured in the Group are subject to patent protection, on the other hand, patents and other intellectual property rights cannot prevent competitors from developing and selling products and technologies themselves that are similar to those of SFC and compete with SFC. Such risks are mitigated by the speed of the development process and de facto protection in the form of the know-how held within the Group.

Changes in government budget allocations and evolving policy priorities especially in Germany could lead to reduced or restrictions on the allocation of subsidies for research and development. However, it must be taken into account that only a limited number of potential projects will be considered for funding in 2025-2026 and that very few grants went towards current projects in 2024-2025. Therefore, the opportunities outweigh the risks here, due in particular to the national hydrogen strategy and, to some extent, the Research Allowance Act.

Another risk relates to the rapid advances in areas such as artificial intelligence, digitalization, and automation which could shift customer expectations and industry standards. Competitors leveraging AI-driven solutions for design optimization, predictive maintenance, and performance monitoring may gain technological advantages that could challenge the Group's market position. To mitigate these risks, the Group continuously invests in R&D, digital tools and processes, while actively protecting its intellectual property and technology know-how.

Overall, the technology risk is considered to be a moderate risk due to the probability of occurrence considered possible and a moderate negative impact.

Patent law risks

SFC continues to be exposed to risk of potential infringements. The increasingly complex intellectual property situation and the complexity of the products mean that some of SFC's processes or products may infringe on patents whose existence SFC is not aware of.

Through its unique position as a supplier of commercial direct methanol fuel cells, SFC has acquired intellectual property rights and applications that give it a strong competitive position vis-a-vis its competitors. Nevertheless, it cannot be ruled out that legal costs could arise to defend these patents. Due to the orientation of SFC as a provider of energy supply solutions, there is also the risk that integration solutions are subject to property rights that have already been granted. SFC constantly works with experienced patent attorneys to obtain legal certainty also in other countries with respect to patents that could be relevant there.

Due to its product portfolio and technology position, SFC is increasingly exposed to a number of sector-specific crime risks. This mainly relates to the risk that confidential information, in particular development results, could be stolen or the integrity of the product portfolio could be compromised, among other ways through counterfeiting and infringement of the Group's property rights as well as all types of property crime, including the respective attempts. Equally, crime phenomena such as e-crime and espionage can affect our innovations or our ability to innovate as such.

A Group-internal cross-functional and cross-segment network has been in place for several years to combat potential product crime, respectively infringement of SFC's property rights and intellectual property. Technical security solutions and certain preventive approaches are in place to ward off threats in the area of e-crime and espionage. Measures to avert risks and prosecute any offenses identified are carried out in all relevant areas of crime in close and trusting cooperation with the relevant authorities.

It cannot be guaranteed that the measures taken by SFC to protect its intellectual property will be successful under all circumstances. The impact of these risks on business activities depends on the individual case, product-specific factors, and above all regional aspects.

The general threat resulting from patent law risks is considered unlikely overall. We do not consider the negative effects on the asset, financial and earnings position of the Group to be significant. Overall, the risk is classified as low.

Competitive risks

SFC AG continues to have a unique position due to its technology leadership and marketing advantage in the field of direct methanol fuel cells. SFC benefits from owning its own MEA (membrane electrode assembly) production, which represents a significant barrier to entry for competitors and reinforces its technological leadership in the sector. In the field of hydrogen-powered PEM fuel cells, SFC is one of the first companies to have an industrially mature product in the field of stationary applications with an output of up to 50 KW and thus a competitive advantage (time advantage). This competitive edge is secured, among other things, by property rights, speed and a focus on technological concepts.

Due to the massive increase in demand, substantial government support programs and the inflow of private capital, a higher level of competition is to be expected here, as well as improved availability of capital for development programs by companies in the industry.

It cannot be ruled out that the industry will go through a consolidation process that could lead to increased competition, a change in the Group's relative market position, an inventory build-up of (un)finished goods or unexpected price erosion. In addition, there is a risk that important suppliers will be acquired by our competitors and that competitors will increasingly offer services to our installed base. Some future competitors, who may also be possible, have regionally better or at least comparable good market access in India and the US, which means that there is a risk that SFC will lose its leading role. Specifically, low-power direct methanol fuel cells are facing growing competition from other renewable energy sources, including solar, battery storage, and alternative small-scale fuel cell technologies.

The Group is subject to the usual risks of competition in both segments. In the Clean Energy segment, there are also risks from announcement effects and actual substitution solutions that could lead to uncertainty among market participants and to a loss of sales for SFC.

The Group counters these risks by taking various measures, e.g., through product development that focuses on system solutions, modular basic concepts and customer-specific design-in concepts, strategic initiatives, sales initiatives as well as potential joint ventures and strategic partnerships for cooperation, by means of which one builds competitive barriers.

Furthermore, the intensive cultivation of long-term established customer relationships, with a clear focus on service and a focus on product and system integration, leads to competitive advantages and thus to further risk minimization.

Overall, this risk is classified as moderate risk with a possible probability and a moderate impact on the asset, financial and earnings positions of the Group.

Product risks

The products manufactured by SFC must meet high quality requirements in order to be approved on the market and to be accepted by customers over the long-term. In addition to the further development of its own technology, SFC devotes a great deal of attention to quality assurance.

The Group makes major efforts to ensure compliance with quality standards, conducts regular internal inspections itself, and also undergoes external audits. Defects can also be caused by suppliers and lead to costs, general impairments or damage to the company's image. In this connection, claims for damages, reductions or reversals by customers or business partners cannot be ruled out entirely. With major projects, especially in the Clean Energy segment, there is also a risk that these projects may not be completed within the planned timeframe in the corresponding quality, which could have an impact on follow-up orders.

Depending on the product and the severity of the complaint, it is possible that considerable negative impacts on the asset, financial and earnings positions could result. Accordingly, we classify the risk as high.

Procurement risks

The results of SFC's operating business units depend on reliable and effective management of SFC's supply chains for components, parts and materials. Unexpected delivery failures or supply bottlenecks resulting from ineffective supply chain management and/or capacity constraints at individual suppliers could lead to production bottlenecks, delivery delays, quality problems and additional costs. Furthermore, SFC may be exposed to the risk of delays and interruptions in the supply chains as a consequence of catastrophic events (including pandemics), geopolitical uncertainties or conflicts, energy shortages, sabotage, cyber incidents, suppliers' financial difficulties or suppliers not meeting SFC's standards, particularly if SFC is unable to identify alternative sources of supply or means of transportation in a timely manner or at all.

Also, SFC's operating business units depend on individual suppliers to supply certain components and parts: In the event that one of these suppliers restricts or discontinues production or interrupts supply, this could potentially have a significant negative impact on the affected business. However, ongoing efforts are being made to qualify alternative suppliers wherever feasible, thereby further strengthening SFC's ability to mitigate supply chain risks.

We counter these risks through ongoing monitoring of procurement markets, structured procurement concepts, the avoidance of supplier dependencies, careful selection of efficient suppliers, annual supplier reviews, quality and reliability checks at suppliers, and alternative suppliers and subcontractors. We also reduce the probability of occurrence of this risk potential through long-term strategic alliances for supply and price-critical components, medium and long-term framework supply agreements, and higher safety stocks.

With the establishment of the production site in the United Kingdom, the key component of the fuel cells – the membrane-electrode assembly (MEA) – is now produced in-house and is not dependent on third-party suppliers, which increases the reliability of the supply chain for the core component of the fuel cells.

However, the supply bottlenecks will remain at an elevated level compared to the phase before the pandemic due to geopolitical tensions and conflicts affecting the stability of our supply chains. SFC does not have any suppliers located in regions currently affected by armed conflicts or significant geopolitical crises. However, it cannot be ruled out that the military conflict will have a negative impact on delivery times. Through long-term supplier relationships SFC has been establishing long-term contracts with key suppliers to maintain business continuity. This has helped to strengthen suppliers commitment to fulfilling orders which has reduced the likelihood of supply disruptions. However, it cannot be ruled out that the military conflict will have a negative impact on delivery times.

Overall, we assess the risk in terms of its probability of occurrence as possible. We continue to assess the negative impact on the asset, financial and earnings position as substantial in certain cases. Overall, this risk is assessed as high.

Production risks

The production sites in Brunnthal (Germany), Cluj (Romania), Gurgaon (India), Swindon (UK), Orem (US) are of great importance to the Group's manufacturing. If quality problems, possible operational disruptions or production downtimes, e.g., due to fire, natural disasters, failures in the supply of raw materials or force majeure, lead to a significant interruption or restriction of business activities at these locations, this would have a significant negative impact on the Group's asset, financial and earnings position. The transfer of production from these locations would not only be associated with high technical and time expenditure, but also with high necessary investments.

SFC is also exposed to the risk of production downtime and the related delivery bottlenecks that can be triggered by technical problems in production facilities that are working at full capacity or by a lack of or loss of capacity. Furthermore, geopolitical tensions and war-related events may result in workforce shortages, mobility restrictions or operational disruptions, potentially impacting production continuity and delivery capabilities.

SFC's main supplier for the production of the DMFC membrane electrode assembly (MEA), the heart of the DMFC fuel cell that enables the electrochemical reaction to separate the electrons, ceased production in the reporting year. In this context, SFC acquired certain assets for the production of the MEA from the supplier in order to set up its own MEA production facility in Swindon, UK. With the stabilization of SFC's UK entity and its enhanced production capacity, the risk of delayed delivery of MEAs has been significantly reduced. However, the production facility in UK is susceptible to various risks such as natural disasters and weather events, logistics delays, production downtime due to machinery breakdown or technical issues.

To the extent possible and economically reasonable, the Group limits damage risks by relying on insurance coverage, the type and scope of which is continually adjusted to current requirements. Nevertheless, the existing insurance coverage may prove to be insufficient in individual cases. SFC works to continuously reduce risk by making regular investments, conducting preventive maintenance, economic audits and planning of additional production facilities, stockpiling, fire protection activities and employee training. The occurrence of these risks continues to be classified as possible and could have a high negative impact on the asset, financial and earnings positions in individual cases and is therefore assessed as a high risk.

Commodity price risks

The Clean Energy segment requires certain precious metals to produce fuel cells that are purchased from suppliers. The Clean Power Management segment requires electronic components for its production process. The purchase prices for these components or raw materials can fluctuate significantly due to market conditions, political crises or legislation – combined with possible supply shortages –, volatile demand for individual raw materials or other reasons. Unanticipated increases in the price of components or raw materials could adversely affect SFC's performance.

Past experience has shown that increased production costs cannot always be passed on to our customers in the form of price adjustments, or only with a delay and that the unavailability of components and raw materials can act as a growth retardant.

To reduce purchasing-related risks such as major price fluctuations, we procure important input materials and materials on the basis of long-term supply contracts. The majority of the procurement volume of raw materials is not fixed in terms of price over the medium- and long-term, meaning that SFC continues to be exposed to short-term market price fluctuations.

Unexpected price increases of components and raw materials due to market shortages or other reasons could adversely affect the Group's performance or margins.

Platinum and, to a lesser extent, ruthenium are used as catalysts in a key component of the fuel cell. In order to ensure cost certainty for the medium-term demand for precious metals, platinum and ruthenium are purchased from the supplier of the component at the daily rate if certain minimum quantities are not reached and depending on market estimates and managed in a separate account. In addition, precious metals from the component of recycled fuel cell systems are also credited to this account. When the component is delivered, the respective quantities of platinum and ruthenium from this account are used. Both precious metals are tradable at daily rates.

Precious metals are reported as raw materials and supplies in the Consolidated Statement of Financial Position until they are used in SFC's products. The precious metals would only be devalued if the product produced with them cannot be sold on the market to cover costs. The carrying amount of the platinum and ruthenium held in stock at the balance sheet date was EUR 3.072 thousand (previous year: EUR 2.032 thousand).

Overall, the commodity price risk continues to be assessed as probable in terms of the probability of its occurrence. The negative effects on the asset, financial and earnings position are classified as significant in individual cases. Overall, this risk is assessed as high.

Human resources risks

For a technology-oriented company like SFC, the achievement of ambitious growth targets and sustainable economic success are supported, among other ways, by a diverse and highly qualified workforce, such as experienced specialists or experts in the areas of software development, digitalization and electro technology.

Competition for highly competent and qualified employees in the industries and the regions in which we do business remains intense and is continuously increasing.

We meet these challenges by strengthening the skills and knowledge of our employees in recruitment, by making targeted use of employer branding initiatives, competitive remuneration packages with performance-based incentive systems, modern HR management and structured HR development based on a skill model, for example. Technology and digitalization are designed to help us attract and select talent more effectively also in view of the diversity of our workforce.

By adopting a combination of strategic HR practices such as competitive compensation and employee engagement, SFC has been able to reduce the impact due to human resources risks. These measures have helped to contribute not only to a healthier bottom line but also to the long-term sustainability of the organization. Although there is an intense competition for qualified specialists, but considering the measures in place, the occurrence of this risk is classified as possible, with a potentially moderate negative impact on the asset, financial and earnings position, and is therefore assessed as a moderate risk.

Information technology risks

The Group's business activities require suitable software and hardware as well as reliable data backup, data access for authorized persons at all times, redundancy and network reliability.

SFC's IT environment, like any other organization supported by digital technologies, is exposed to the growing threat of cybercrime and cyber-attacks on the Group's own or the Group's IT networks of the IT service providers. Any disruption due to cyber-attacks may adversely affect the core pillars of information security: availability, integrity and confidentiality of data from our own operations or third-party data (e.g. customers, suppliers, etc.).

SFC counteracts these risks by SFC's cyber insurance policies and implementing standardized controls, processes and technology developed based on globally recognized frameworks.

In addition, the potential adoption of advanced technologies such as artificial intelligence (AI) and machine learning for product and process efficiency, could introduce both opportunities and risks. While AI is increasingly leveraged to improve operational efficiency, predictive analytics, and cybersecurity monitoring, its implementation may give rise to risks including algorithmic errors, biases in automated decision-making, reliance on AI-driven processes without sufficient human oversight, or vulnerabilities exploitable by cyber-attacks[37].

37 World Economic Forum: The Global Risks Report 2026 21st Edition – INSIGHT REPORT https://reports.weforum.org/docs/WEF_Global_Risks_Report_2026.pdf

The cost of protecting the Group's systems and data increased significantly in the financial year, which demonstrates the Group's commitment to counter the increasing IT risks and cyber-related threats may cause potential disruptions. This applies to both personnel expenses and technical equipment. Irrespective of this, the Management Board expects the number of attacks on the IT infrastructure of major German companies and on SFC to continue to increase.

The planned implementation of the SAP S/4HANA ERP system involves IT and operational risks arising from the complexity of transitioning from existing legacy systems to a standardized, integrated system landscape. Key risk factors include potential challenges in data migration and data quality, possible misalignment between standard system templates and specific business requirements, insufficient user readiness, resistance to organizational change, and the need to adapt established business processes. If these risks materialize, they could result in temporary operational disruptions, data integrity issues, increased implementation costs, and delays in realizing the expected benefits of the new system, which could adversely affect business performance and financial results.

To mitigate these risks, preventive measures are being established, including a structured program governance and project management framework, the definition of a comprehensive data migration and testing strategy, and the development of a change management and training concept. These measures are intended to support a controlled implementation and minimize potential operational impacts.

The threat resulting from IT risks in general is seen as possible overall and classified as a risk of considerable magnitude and thus represents a high risk.

Risks in the regulatory environment

The level of regulation in the Group's area of business remains very high. This is due, among other reasons, to the production, distribution and marketing of complex technical products and fuel cartridges filled with methanol, sales to markets with demanding safety requirements (e.g., critical communication infrastructure, defense organizations), but also to the very complex, at times fragmented or inconsistent legal framework in many markets and countries. In the past, product labeling and distribution channels were occasionally objected to by the authorities in Germany. SFC responded to such objections by issuing statements. If changes are necessary, they will always be implemented within the defined period of time.

It cannot be ruled out that applicable regulations (e.g., due to more stringent legislation against the backdrop of counter-terrorism, new legal regulations as part of REACH, GHS, PFAS, or the increased visibility of SFC products due to more widespread use) and additional requirements for sales of the products of the Group will continue to intensify in scope and complexity. In particular, in the United States, growing expectations for local content in government-funded projects, including defense and clean energy procurement, could require the Group to source a higher percentage of components and manufacturing locally. Compliance with these rules may result in increased production costs, supply chain adjustments, and potential delays in project delivery. Failure to meet local content requirements could reduce eligibility for certain contracts or limit market access. There is also a risk that countries will increasingly isolate themselves and try to protect themselves and introduce protectionist trade measures like import duties. This can lead to reduced competitiveness in these countries.

In order to avoid negative effects on the sale of products, SFC AG offers additional training in end-customer trade to ensure that the respective companies have more extensive expertise. There is an additional risk that countries may increasingly turn inward and seek to protect themselves from imports through the imposition of import tariffs. This may result in reduced competitiveness in those markets.

Overall, these risks are assessed as high with a probability that is considered to be possible with a significant impact on the asset, financial and earnings position.

Compliance risks

Compliance violations or non-compliant behavior even including illegal actions by employees, – antitrust vio lations, corruption, white-collar crime, money laundering or manipulation in financial reporting, for example- – can cause a wide range of damage and have serious consequences. These actions may lead to the termination of business relationships, exclusion from receiving orders, negative assessments on the capital market, and the imposition of fines, the assertion of damages to criminal and civil prosecution and ultimately lead to falling income.

Compliance risks can arise in all areas of the Group. The Group's compliance organization works to ensure both the lawful and process-compliant conduct of the Group and its employees and an appropriate response to potential or actual violations of external and internal rules. Financial and non-financial disadvantages or sanctions that the Group could incur as a result of misconduct or illegal activities are to be prevented through Group-wide structures, strict regulations and standardized processes. The Group continuously assesses the adequacy of the implemented compliance measures to ensure that they remain aligned with evolving regulatory compliance requirements across all jurisdictions.

Nevertheless, despite extensive audit and control mechanisms, the risks stemming from illegal actions by individuals cannot be ruled out. Any suspected cases are actively investigated. In the event of any investigations, the Group cooperates with the respective authorities. Proven misconduct leads to consequences for those involved and – if necessary – to changes to the organization. The financial impact of compliance cases on the Group result is very difficult to assess, however depending on the case and circumstances, a considerable range can be assumed. Further, qualitative criteria such as reputational damage, potential extent of judicial investigations were also taken into account for the assessment of the risk. The effects of compliance risks and their influence on the asset, financial and earnings position are assessed as possible with potentially significant effects, despite the mitigating measures taken. Overall, the risk is classified as high.

Environmental Social Governance-related risks

In the context of the so-called Omnibus simplifications, the European Commission reviews selected Green Deal regulations, like the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), which may lead to ongoing adjustments and increased regulatory uncertainty. This review aims to balance environmental goals with economic competitiveness and aims to streamline, simplify and partially defer sustainability reporting and due diligence requirements. While this may lead to reduced complexity and delayed implementation for certain requirements, it also increases regulatory uncertainty in the short- to medium-term. Most of the Governments around the world continue to increase their focus on sustainability topics, resulting in the risk of increased costs to comply with new laws and related reporting requirements. In parallel, the scope, timing and depth of ESG obligations may differ across jurisdictions and may change over time. Given these uncertain and continuously evolving regulatory developments on ESG due diligence and formal reporting requirements, risk of non-compliance may result in serious and significant, negative financial and non-financial effects for the Group.

For example, customers could exclude the Group companies from placing orders, private and institutional investors could decide not to include the Group's shares in their portfolios, financial institutions could either not grant loans or only grant them at increased costs. In addition, reduced transparency or comparability during transitional phases of regulatory change may affect stakeholder assessments.

The relevant regulatory frameworks and standards that would apply for voluntary and mandatory ESG reporting purposes are being reviewed and implementation strategies are being developed to create more transparency on SFC's ESG performance through reporting and ratings.

SFC also recognizes that climate change poses both physical and transitional risks that could impact its operations, supply chains, and financial performance. Physical risks may arise, for example, from extreme weather events[38], while transitional risks may result from regulatory changes, technological shifts and changing customer expectations. The SFC Group is continuously working in strengthening its decarbonizing goals and strategy throughout the entire value chain and product portfolio. SFC is dedicated to limiting global warming to 1.5 degrees Celsius by implementing various sustainability initiatives throughout our customers' value chains and our own operations to mitigate climate change-related risks.

Furthermore, the Group mitigates other environment, health and safety related risks by conducting audits, seeking advice and training and measures for environmental, occupational and health protection. The Group not only adheres to high technical standards, but also to third party Code of Conducts and all legal requirements in environmental, occupational and health protection.

In spite of the ESG related risks, SFC Group is optimistic about all the major regulatory developments in climate change, decarbonization trends and non-financial reporting and is strongly committed to implement measures to ensure a sustainable and impactful growth for the people, planet and society not only through our product offerings but also through our own value chain driven impact. The risks are classified as possible risks, although moderate effects on the financial situation cannot be ruled out. Overall, this results in a moderate risk.

Corporate development risks

In order to further develop and expand its current business and its competitive position, SFC also pursues external growth opportunities in the form of potential acquisitions or other forms of partnership with companies, such as joint ventures and shareholdings. In addition to opening up new end-customer markets and regional markets, the focus here is on supplementing our product and technology portfolio.

Acquisitions generally entail entrepreneurial risks, as they involve imponderables arising from the integration of employees, technologies, products and processes. Integration processes can prove to be more difficult

38 World Economic Forum: The Global Risks Report 2026 21st Edition – INSIGHT REPORT https://reports.weforum.org/docs/WEF_Global_Risks_Report_2026.pdf

or more time-consuming and cost-intensive than anticipated. The acquired business may not develop as successfully as originally expected after integration or the objectives pursued with the acquisition may not be achieved or not to the extent planned. In addition, risks could arise during operations of the newly acquired business that were not previously identified or were not considered to be significant.

Joint ventures, shareholdings and collaborations entail fundamental risks, as it may not be possible for us to counteract potential negative effects on our business by exerting sufficient influence on management processes or business decisions. In addition, joint ventures also involve risks in connection with the integration of employees, technologies, products and processes. Similarly, collaborations can involve risks for us as we compete in some business areas with the companies we collaborate with. Necessary portfolio or structural measures could result in additional financing requirements.

Securing financing for acquisitions, joint ventures, investments and cooperations could remain challenging, particularly in the current macroeconomic environment shaped by ongoing price volatility and capital market fluctuations.

Acquisitions and the various forms of partnerships can have a considerable impact on the Group's debt level and financing/capital structure and lead to an increase in non-current assets including goodwill, as well as (external) financing needs. Charges can result from impairment losses or goodwill due to unforeseen business developments. In addition, such transactions could well result in significant acquisition, administrative and integration expenses.

We strive to reduce risk exposure through good due diligence processes and closely managed integration processes. Before any investment decision is made, a careful business assessment and analysis of the commercial, technical, legal, tax and financial framework is carried out (due diligence). For the optimal integration of businesses, we have established the necessary structures and processes and work according to a standardized post-merger concept. We also benefit from our many years of experience with successfully integrating companies and businesses.

The occurrence of risks from acquisitions, joint ventures, investments and cooperation agreements is generally possible. We consider the associated impact on the asset, financial and earnings position to be substantial. The risk is therefore classified as high.

Other risks and opportunities that are currently unknown or are currently considered insignificant could also affect the Group's operations. At present, no risks have been identified which, either individually or in combination with other risks, could jeopardize the continued existence of the Group.

Overall assessment of the risk situation

The company's policies are generally geared towards an innovative and diversified product range, a balanced capital structure and a stable liquidity cushion and are controlled and monitored with the help of the Group's risk management system.

In the medium-term, however, the development of the Group depends on realizing the current business plan. A material failure to meet the key assumptions of the business plan, in particular the increase in sales, gross profit, EBIT and cash flow from operating activities, could adversely affect the Group's solvency and thus cast doubt on the Group's ability to continue as a going concern in the medium-term and beyond.

According to the overall assessment of the risk situation of the Group and with information known to the company today, no risks are apparent in the financial year due to the Group's liquidity position, which could endanger the continued existence of the Group or major Group companies.

Opportunities report

The Group's risk management involves not only reducing and avoiding risks but also securing the long-term future of the company by balancing opportunities and risks. For this reason, the Group regularly identifies, analyzes and assesses how it can exploit opportunities to secure and expand its earning power against the backdrop of the continuous development of the company, the markets and technologies. New opportunities can arise from these developments, while current opportunities could lose relevance, or the significance of opportunities for the Group could change. The company's management holds regular discussions with important customers as well as industry and technology experts in order to identify new opportunities and technological trends at an early stage. Opportunity management is therefore an essential part of SFC's operational business, the process of which is constantly being improved. Currently, no opportunity management takes place outside of the normal business activities, e.g., by optimizing the investment of liquid funds. The most important opportunities for the Group are described below, but they only represent a selection of the opportunities available to us. The opportunities described should be viewed in addition to the future business outlook mentioned in the forecast report. The assessment of these opportunities is subject to ongoing changes in the overall economic environment and the industry-specific market conditions. Overall, however, the positive impact on the Group's business is assessed as significant in the short-term.

Market opportunities

Clean Energy segment

Growing fuel cell business

With over 25 years of experience in fuel cell technology, SFC is a leading global supplier of fuel cell solutions for stationary and mobile applications. The massive geopolitical changes of the past years have accelerated the general demand for alternative technologies for reliable and resilient energy supply based on fuel cells.

Fuel cells are increasingly being recognized both as primary energy source and as decisive backup solutions that ensure a stable energy supply in the areas of security, defense, industry and critical infrastructure. At the same time, fuel cell systems are also gaining increasing recognition among institutional investors and the financial community, which reflects their growing role in the emerging energy markets. Rising global demand for AI-driven data centers, high-reliability decentralized power, and low-emission backup solutions create significant opportunities for SFC. These developments underline the strategic value of SFC's technology portfolio and its potential to unlock long-term growth in the changing energy market. Another essential driver for customers' investment decisions remains the consideration of total cost of ownership as well as the economic viability of fuel cell systems over their entire lifecycle.

Fuel cell systems, particularly those enabling decentralized, renewable and hybrid energy solutions for deployed forces and critical defense installations are increasingly recognized as key enablers in sustainable energy transition. The collaborative ecosystem fostered by CapTech EnE[39] highlights the potential for accelerated research, development and future procurement of fuel cell-based power units, auxiliary energy systems and integrated tactical power solutions that meet stringent military requirements. These trends position fuel cell technologies as attractive options for addressing multiple defense energy challenges, supporting broader energy security objectives and unlocking long-term market expansion in both European and global defense portfolios[40].

Key opportunities to improve and accelerate the Group's future development lie above all in measures to exploit sales growth potential. SFC aims at strengthening its decarbonization portfolio respond to changing market dynamics and emerging policy incentives, including a further focus on the supply of systems solutions and products in higher performance classes, and increase the Group's value creation while continuously adapting its business models and products and solutions to changing customer and market behaviors. This approach will strongly position SFC to benefit from growing global investment trends in fuel cell systems and alternative energy technologies, accelerating value creation and long-term growth.

SFC's strong market position during the reporting year can be attributed to SFC's balanced growth strategy in strengthening long-term value proposition of existing customers in core customer and regional markets.

Increasing Defense Expenditures

Triggered by the change in the global security situation, further increasing defense expenditures and faster or more short-term procurement of defense technology, particularly in NATO member states, can be assumed. Ongoing conflicts have led to a drastic increase in the willingness to improve the equipment of one's own armed forces qualitatively and quantitatively and especially with regard to military capabilities for national and alliance defense. This will lead in the short and medium-term to an increasing number of new, additional armament procurement projects that offer high business potential for the Group. This, particularly against the background that, to the knowledge of the Executive Board, SFC DMFC systems are to date the only NATO-qualified fuel cell systems for portable, remote and land-vehicle-based deployment scenarios and are already in use.

Defense, Resilience, and Energy Transition as Drivers of Growth

The defense sector, in particular, represents a significant growth opportunity for SFC, and the Group will focus even more strategically on this area. Military and defense-related applications require reliable, quiet, and fuel-efficient power systems for forward operating bases, communication centers, and unmanned systems. SFC's fuel cells offer a strategic advantage by providing low-emission, highly reliable solutions that enhance energy security and operational resilience and integrate seamlessly into global defense modernization programs. New potential growth areas are emerging for SFC in the applications of drone defense, decentralized power supply for unmanned systems, and satellite-based communications.

As the world's population grows and industrialization and digitalization increase, so does the global demand

39 Royal Higher Institute for Defence: The CapTech Energy and Environment: a vision for a sustainable Defence https://www.defence-institute.be/en/captech-energy-and-environment/
40 European Parliament: The critical link between Energy Security and the European Defence Industry https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/780411/ECTI_IDA(2025)780411_EN.pdf

for energy at an unprecedented pace, particularly for electricity and mission critical loads. According to the International Energy Agency (IEA)[41], energy demand growth in the power sector is outpacing overall energy demand, driven by electrification of industry, transport, data centers, and AI-enabled services, reinforcing the need for resilient clean energy and power solutions in both developed and emerging markets.

The already visible impacts of climate change together with the growing awareness of the looming climate crisis have increased the pressure to act for all political systems. The clean energy sector is expanding rapidly as governments, businesses, and consumers prioritize decarbonization and sustainability. Europe contributes to be at the forefront of renewable energy adoption, supported by ambitious climate targets and policies, regulatory frameworks, and public-private partnerships[42]. The European Union's commitment to the Green Deal and the goal of becoming climate-neutral by 2050 is continuously driving significant investments in renewable energy and this has a huge impact on growing demand and continued advancements in clean energy solutions. Decarbonization challenge and deflation of fossil fuel prices are the key drivers for the EU's clean-energy transition strategy as part of the Fit for 55 initiative and Green Deal concept. In the meantime, many nations and the EU at the supranational level have chosen hydrogen as the element of choice to successfully finalize the energy transition. The expansion of renewable energy production capacity requires storage and transportability of energy. This is to be done using hydrogen. Various frameworks have been put in place that enables the scaling up of production and use of (green) hydrogen. Fuel cells from SFC will then enable the clean and efficient conversion of hydrogen into electrical energy in a decentralized manner close to the user. Fuel cells are increasingly being used as a substitute for conventional power generators (diesel gensets), in off-grid industrial applications and as emergency power generators for telecommunications infrastructure, for example.

The Group sees further sales potential here from the many new customers gained and from the replacement of current technologies (replacement of diesel generators that pollute the environment). Advances in hydrogen production, storage, and infrastructure development globally are creating a stronger foundation for hydrogen fuel cell adoption. SFC continues to explore market opportunities to create the foundation for new business, e.g., focus on building up the Groups H_2-related business with electrolyzer systems and solutions for the production of green hydrogen on the basis of renewable energy and water.

The EU provides strong policy support and funding, while the U.S., Asia-Pacific, MENA, and Latin America offer high-growth markets with increasing investment and demand in clean energy solutions, with defense and critical infrastructure programs creating additional demand, highlighting the importance of strategic international expansion for SFC. SFC's growth strategy being closely aligned with the political and regulatory environment being in favor of a low carbon economy presents many opportunities for the long-term sustainable growth of the group's business and financial position.

Market access and activities in Asia and North America

Asia, North America as well as the Middel East are regions with substantial strategic policy support and high sales potential for SFC. While political and economic framework conditions must be assessed differently, the need for reliable and resilient energy supply is increasing in all these regions. This applies to industrial and public application fields (critical infrastructure) as well as to military applications.

41 IEA: Global Energy Review Analysis 2025 https://iea.blob.core.windows.net/assets/5b169aa1-bc88-4c96-b828-aaa50406ba80/GlobalEnergyReview2025.pdf
42 European Parliament: The critical link between Energy Security and the European Defence Industry https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/780411/ECTI_IDA(2025)780411_EN.pdf

India is one of the fastest-growing clean energy markets, driven by ambitious renewable energy targets, government policies, and increasing private sector investments. With a goal of achieving 500 GW of non-fossil fuel capacity by 2030, India presents significant opportunities for businesses for SFC's fuel cell business. India's National Hydrogen Mission promotes green hydrogen production and fuel cell adoption from the perspective of improved public health.

If the company succeeds in strengthening its international sales activities and positioning SFC more prominently in the various markets, this could create many new opportunities and have a positive effect on the growth and profitability of the business.

Clean Power Management

Growth opportunities in the integration of renewable energies and the implementation of smart technologies in industrial applications

The ongoing trend toward lower emissions and more sustainable operations among plant engineers and manufacturing companies, as well as digitalization, is driving increasing demand for smarter devices, energy storage solutions, and flexible power distribution control. These developments require new technologies and an ever-higher degree of compactness and efficiency in conversion systems, offering strong short- to medium-term growth opportunities for the Group's power supply solutions and power management systems.

Opportunities from the growth of the semiconductor industry

The Group's power supply solutions enable manufacturers of semiconductor industry equipment to enhance and strengthen the efficiency, reliability, and sustainability of their systems. Given the Group's strong track record in providing solutions for the semiconductor industry, particularly in the field of RF plasma semiconductor WFE, the Management Board sees various short to medium-term opportunities to positively influence revenue growth in this segment. The World Semiconductor Trade Statistics (WSTS)[43] raised its forecast to ~22% annual growth in 2025 (to ~$772 billion), with continued momentum into 2026 towards ~$975 billion, led by AIdriven servers and data centers. To meet this growing demand, the Management Board expects that additional Wafer Fab Equipment (WFE) will be required in the coming years.

Additionally, the semiconductor industry presents a highly selective landscape with only a few major suppliers of critical equipment. SFC's Clean Power products are specifically qualified for this industry, meeting stringent performance and reliability standards. With their high-power density and compact design, these products offer significant benefits, enabling manufacturers to save space and optimize production capacity. This unique offering positions SFC to capitalize on substantial margin growth, allowing the company to capture high-value opportunities in a specialized and limited-supply market.

Further, the clean power market for the oil and gas industry presents selective access opportunities, where the SFC continues to hold a leading position for specialized products in certain market segments. Leveraging deep industry knowledge and experience in integration, SFC's solutions are designed to complement existing systems and infrastructure, enabling long-term growth. Capabilities in system integration, particularly for

43 WSTS: Global Semiconductor Market Approaches USD 1 Trillion in 2026 https://www.wsts.org/esraCMS/extension/media/f/WST/7310/WSTS_FC-Release-2025_11.pdf

drives and motor control, provide additional avenues to expand the product offering and further enhance market penetration.

Other opportunities

Strategic approach "System solutions"

With the strategic approach "System Solutions" we strive to identify additional customer benefits from our broad technology and product portfolio in the "Clean Energy" and "Clean Power Management" segments at the system level. This will enable us to increase the depth of value creation and thus also product sales and therefore realize our growth and margin targets. By taking this approach, we also reduce the integration effort for customers and shorten the time until the products are launched on the market.

Further development of the current product portfolio

SFC is constantly developing the product portfolio and is guided by impulses from customers and key target markets. Key indicators for the Group's future research and development efforts include, on the one hand, increasing functional and performance requirements from customers and, on the other hand, government decisions to support the Group's technologies and fuel cell solutions. The focus here is on products in higher performance classes, additional functionalities and projects aimed at reducing the cost of materials. In this way, the SFC seeks to always be prepared for its customers' needs and at the same time actively creates new needs on the market by offering innovative and economical solutions. Close networking of the development departments with market research, sales and service and the provision of an appropriate R&D budget ensure SFC's long-term innovative strength for the future.

The continuous development of the product portfolio can lead to changes in the product mix and support SFC in responding to new opportunities in diverse markets.

Development and sales partnerships with companies with strategically relevant know-how

SFC has a broad product portfolio and countless ideas on further developing its products and opening up new market opportunities. Therefore, internal growth is at the forefront of the strategy. Nevertheless, the company also pursues opportunities for external growth that could result from the acquisition of or partnerships with companies with complementary technology and/or strategically relevant know-how.

External determinants

Additional opportunities could arise from external factors: Falling raw material prices and favorable exchange rate developments could have a positive impact on earnings.

A new prioritization of research & development in Germany could lead to an increase in the receipt of funding. The associated increase in financing for development projects at SFC Energy AG would result in a corresponding improvement in earnings and support new product development as well. European funding programs and initiatives aimed at advancing EU's green industrial leadership, global energy market trends toward decarbonization coupled with the defense sector modernization, provide strong tailwinds for SFC's growth strategy.

The factors presented above that may positively influence SFC's current and future opportunities have not significantly changed since last year and the overall assessment of the individual opportunities have been considered into SFC's growth plans and measures.

Forecast Report

Expectations for market growth

The SFC Management Board anticipates that the trajectory of the global economy will be shaped largely by continuing shifts in trade policy and by persistent geopolitical tensions and conflicts in 2026.

It anticipates stable global economic growth of 3.3% this year.[44] However, conditions are likely to vary across regions, reflecting the ongoing uncertainties stemming from geopolitical tensions as well as trade and economic policy risks. The Management Board expects accommodative fiscal policies in the United States and China, as well as the continued momentum of capital spending in the high-tech and artificial intelligence (AI) sectors, to remain key growth drivers and help to partially offset the dampening effects afflicting other parts of the economy. The effects of the new global trade order resulting from the import tariffs that have already been or are expected to be introduced are likely to persist, but their drag on economic growth should ease considerably as the year progresses.[45]

Economic momentum is likely to be curbed by a confluence of factors, with considerable uncertainty persisting. These include the risk of a correction in investment in new technologies, the imposition of fresh import tariffs that could further divert global trade flows and intensify competitive pressures in countries with lower trade barriers, as well as the potential escalation of geopolitical tensions. In particular, any worsening of the situation in Iran, Ukraine or the Middle East could disrupt global supply chains and transport routes, compounding the strain on international commerce. This could lead to persistent disruptions in energy supplies, the blockage of key shipping routes and comparatively high and volatile prices for fossil fuels as well as a sustained increase in inflation rates.

Slight growth of 1.3%[46] is expected for the Eurozone, i.e. below the global level. Muted global demand and the high uncertainty caused by US import tariffs, which are dampening investment activity in particular, will exert pressure.

Growth in North America is expected to fall slightly short of the global rate in 2026. In the United States, continued expansionary fiscal policy under the "One Big Beautiful Bill Act" looks set to provide lasting economic stimulus. In addition, the continuing boom in AI-related investments and improved consumer confidence should offer additional support for the economy. Against this backdrop, the Management Board anticipates economic growth of 2.4% in the United States in 2026[47]. Growth of 1.6%[48] is projected for Canada, i.e. slightly below the global rate.

44 IMF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
45 IMF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
46 IMF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
47 IMF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
48 IMF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf

Economic growth in the emerging and developing countries of Asia is expected to exceed the global average, coming to an anticipated 5.0%, although it will fall short of the rates seen in previous years.[49]

The Company's budget assumes average exchange rates of 1.61 CAD/EUR, 1.19 USD/EUR and 103.65 INR/EUR.

Against this backdrop, we expect the global economy to grow modestly in 2026. Our forecast for SFC and the segments assumes that global gross domestic product growth will be slightly positive and that global industrial production will remain at the previous year's level.

Expectations for the industry-specific environment

The Management Board is confident about the outlook for 2026. After a subdued year in 2025, SFC expects demand to pick up again significantly in the current year, driven by structural trends in the energy sector such as rising global energy demand, a rising appreciation of the importance of national defense, increasing requirements for critical infrastructure resilience, decarbonisation, digitalisation and the decentralisation of energy supply systems, particularly also in SFC's core target markets.

Global electricity demand is expected to grow 2.5 times faster than total energy demand[50], underpinned by rising industrial electricity consumption, advancing digitalisation, technological developments and the expansion of data centres and AI applications. The Management Board believes that the challenge is not so much to generate enough electricity to meet this demand as to ensure system readiness and resilience. The reliable connection and integration of energy sources, the avoidance of disruptions and the ability to rapidly restore power supplies will be decisive factors in this regard, with fuel cells likely to play an increasingly important role.

Additional impetus for growth is coming from the structural shift towards defense and security-related applications, as well as from significantly increased spending on defense and security solutions in numerous core markets. The associated strategic rebalancing in favour of defense-related applications is opening up attractive medium- and long-term market opportunities for SFC.

To summarise, the outlook for the economy and SFC's markets in 2026 is favourable, but subject to geopolitical risks. While the underlying trends in demand and the market drivers for SFC's growth are intact in the long term, the threat of trade conflicts in particular as well as geopolitical disputes constitute a risk in the short term.

The assessments and forecasts presented in this chapter are based on SFC's multi-year market, business and financial planning, which is based on various assumptions. Market planning takes into account the expected macroeconomic and industry-specific developments described above. Business and financial planning is based on expected market developments, but also takes into account other assumptions such as material prices and labour costs, achievable sales prices, and interest rate and exchange rate assumptions.

49 IMF: World Economic Outlook Update – Global Economy: Steady amid Divergent Forces https://www.imf.org/-/media/files/publications/weo/2026/january/english/text.pdf
50 World Economic Forum: Energy transition – 5 reflections on energy from Davos 2026 https://www.weforum.org/stories/2026/02/5-reflections-on-energy-from-davos-2026/

All assessments and forecasts presented in this chapter regarding future developments and market trends are subject to uncertainties, particularly given the tense macroeconomic and geopolitical situation prevailing at the time at which this management report was prepared, as well as the risks in the procurement markets and their related effects.

In its forecast, the Management Board assumes that currency translation effects will not have any material impact on the Group's financial performance in 2026.

Sales

In the light of the expectations described above with respect to growth impetus in the markets relevant to SFC and growth in the global economy, the Company anticipates year-on-year growth in Group sales of roughly by 5% to 11% reaching approximately EUR 150,000 thousand to EUR 160,000 thousand in 2026 (reporting year 2025: EUR 143,274 thousand), which will be driven somewhat more strongly by the "Clean Energy" segment.

Impetus for growth in the 2026 financial year is expected primarily from Asia and Europe. In addition, the Management Board sees significant growth momentum in the core target markets of defense, public and civil security, including critical infrastructure.

Adjusted EBITDA

Driven by sales growth in higher-priced markets and operational efficiency gains, the Management Board expects adjusted EBITDA for the 2026 financial year to be between approximately EUR 20,000 thousand and EUR 24,000 thousand (2025: EUR 16,653 thousand), resulting in a slight to noticeable expansion of the adjusted EBITDA margin (reporting year 2025: 11.6%).

This assumes that rising material costs in some areas can be offset by cost reductions elsewhere and that cost effects can be passed on to customers to a certain extent.

The capitalisation rate for research and development costs and, thus, the capitalised research and development costs are expected to be noticeably higher than in the year under review (reporting year 2025: EUR 1,530 thousand).

Uncertainties continue to stem from the timing of the roll-out of the new ERP system at the Group level and with regard to future movements in exchange rates and customs duties.

Adjusted EBIT

Based on the budgets for the Clean Energy and Clean Power Management segments, the Management Board assumes adjusted EBIT for the Group to be between EUR 11,000 thousand and EUR 15,000 thousand in the 2026 financial year (reporting year 2025: EUR 8,914 thousand).

Financial and liquidity position

As of the 2025 reporting date, the Group had freely available cash and cash equivalents of EUR 46,629 thousand. Assuming that the sales and earnings forecast is achieved in 2026, the Group will have sufficient cash and cash equivalents to meet its financial obligations.

This outlook does not factor in any burdens from legal and regulatory issues.

Non-financial key figures and performance indicators

The Group will continue to make every effort to enhance quality assurance processes and ensure compliance with high quality standards.

The target supplier quality rate for 2026 is for complaints about incoming goods to be <1.5% of the total number of incoming goods from the nine most important suppliers to SFC AG (reporting year 2025: 1.79%).

The target mean time to failure (MTTF) for fuel cell systems for the core target markets for industrial applications ("EFOY Pro") is >2,500 hours (2025 financial year: 2,885 hours).

The human resources strategy remains a key determinant of the Group's success and supports the achievement of its growth and profitability targets. The Group plans to expand its workforce in line with its growth, develop and retain internal talent and also promote its own young talent in the 2026 financial year. For the 2026 financial year, an increase of approximately 19% in the number of employees to roughly 587 (2025 financial year: 495) is planned.

The actual performance of the Group and its segments may deviate in either direction from the forecasts due to the opportunities and risks described (see Risk and Opportunity report).

Explanatory report by the Management Board on the takeover-related disclosures pursuant to Section 289a and Section 315a of the German Commercial Code

The management report and the Group management report of SFC Energy AG, Brunnthal, ("SFC Energy AG" or the "Company") contain the takeover-related disclosures required under Section 289a and Section 315a of the German Commercial Code. This ensures that a party potentially interested in acquiring SFC Energy AG has access to information about the Company specified in the law that is relevant for a takeover.

For SFC Energy AG, the management report and the Group management report reflect the circumstances as they actually existed in 2025, unless a later reporting date is expressly stated in the reports. This report explains the situation as it was on the reporting date of 31 December 2025.

Conditions as of the reporting date

The disclosures in the management report and the Group management report address all matters that must be disclosed as of the reporting date (unless otherwise indicated) in the order specified in the statutory provisions. This concerns information on (1) the composition of the subscribed capital, (2) restrictions relating to voting rights or the transfer of shares, (3) direct or indirect shareholdings in the capital that exceed 10% of the voting rights, (4) extraordinary rights that confer powers of control, (5) voting right controls in the case of employee shareholdings in the Company's capital, (6) the statutory provisions and the provisions of the Company's Articles of Association governing the appointment and dismissal of members of the Management Board and on amendments to the Articles of Association, (7) the powers of the Management Board, in particular with regard to the possibility of issuing or buying back shares, (8) material agreements of the Company that are subject to a change of control following a takeover bid, and (9) compensation agreements with members of the Management Board or employees in the event of a takeover bid.

The share capital of SFC Energy AG amounts to a nominal EUR 17,381,691.00 as of the reporting date and is divided into 17,381,691 no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per share. The share capital is fully paid up. The composition of the subscribed capital and the rights and duties associated with the no-par value shares issued by the Company are governed by the provisions of the German Stock Corporation Act and the Company's Articles of Association.

Each share issued by the Company entitles the holder to one vote at the Annual General Meeting. Statutory restrictions on the voting rights of the shares may particularly arise from the provisions of the German Stock Corporation Act. For example, shareholders are subject to a voting ban under certain conditions in accordance with Section 136 (1) of the German Stock Corporation Act. If the Company holds treasury stock, no rights accrue to it from this. As far as the Management Board is aware, SFC Energy AG is not subject to any restrictions relating to voting rights or the transfer of shares; nor are there any restrictions arising from agreements between shareholders.

As of the reporting date of 31 December 2025, the Management Board was not aware of any direct or indirect shareholdings in the Company's capital that exceeded 10% of the voting rights.

There are no shares in the Company with extraordinary rights conferring powers of control.

There are no controls on voting rights in cases where employees hold shares in the Company's capital.

The rules governing the appointment and dismissal of members of the Management Board of SFC Energy AG are set out in Sections 84 and 85 of the German Stock Corporation Act (AktG) and Article 7 (2) of its Articles of Association. Under these provisions, the Supervisory Board appoints the members of the Management Board, determines their number and decides on their dismissal for good cause. Such good cause may include but is not limited to gross breach of duty, the inability to manage the Company properly or the withdrawal of confidence by the shareholders, unless confidence has been withdrawn for obviously improper reasons.

Pursuant to Section 179 (2) sentences 1 and 2 of the German Stock Corporation Act in conjunction with Article 20 (2) sentence 1 of the Company's Articles of Association, amendments to the Articles of Association require the majority of votes determined by law and, if a capital majority is required, a simple majority of the share capital represented when the resolution is passed, unless the law or the Articles of Association stipulate otherwise. The cancellation or amendment of Article 20 (2) sentence 1 of the Articles of Association requires a majority of at least three quarters of the share capital represented when the resolution is passed; an amendment to this majority requirement also requires a majority of at least three quarters of the share capital represented when the resolution is passed (Article 20 (2) sentence 2 of the Articles of Association). Amendments to Article 15a of the Articles of Association require a qualified majority of at least 90% of the capital represented when the resolution is passed (Article 20 (2) sentence 3 of the Articles of Association). Any amendment to the majorities required under Article 20 (2) Sentence 3 of the Articles of Association also requires a majority of at least 90% of the capital represented when the resolution is passed (Article 20 (2) Sentence 4 of the Articles of Association). A resolution by the shareholders to dissolve the Company requires a majority of 80% of its total share capital with voting rights in accordance with Article 22 of the Articles of Association. Under Article 14 (2) of the Articles of Association, the Supervisory Board is authorised to make amendments to the Articles of Association that affect only the wording.

The powers of the Company's Management Board to issue or buy back shares are all based on corresponding resolutions by the shareholders.

Authorised capital

The Management Board is authorised, in accordance with Article 5 (6) of the Company's Articles of Association, to increase the Company's share capital, subject to the Supervisory Board's approval, on one or more occasions on or before 31 August 2027 by a total of up to EUR 1,738,169.00 by issuing new no-par-value ordinary bearer shares on a cash and/or non-cash basis (Authorised Capital 2025).

Contingent capital

In accordance with Article 5 (7) of the Company's Articles of Association, SFC Energy AG has Contingent Capital 2024 of EUR 1,736,369.00. The purpose of the contingent capital is to award no-par value bearer shares to the holders or creditors of convertible bonds and/or bonds with warrants (or combinations of these instruments) that are issued by the Company or its direct or indirect affiliates on a cash basis on the basis of the authorisation granted at the Annual General Meeting on 16 May 2024 under agenda item 8 lit. a) with a term expiring on 15 May 2026 and to grant a conversion or option right to new no-par value bearer shares in the Company or to establish a conversion obligation or a tender right.

In addition, SFC Energy AG has Contingent Capital 2020 in accordance with Article 5 (8) of its Articles of Association. At the Company's Annual General Meeting on 19 May 2020, the shareholders passed a resolution under item 7 a) of the agenda to contingently increase the Company's share capital by up to EUR 1,300,000.00 by issuing up to 1,300,000 new no-par value ordinary bearer shares with a pro rata amount of the share capital of EUR 1.00 per share. The sole purpose of Contingent Capital 2020 is to grant new shares to the holders of subscription rights issued by the Company under the authorisation granted by the shareholders at the Annual General Meeting on 19 May 2020 under item 7 a) of the agenda. In 2024, the Management Board issued a total of 18,000 no-par value shares from Contingent Capital 2020, meaning that the Company's share capital as of 31 December 2025 was contingently increased by EUR 1,282,000.00 through the issue of up to 1,282,000 new no-par value ordinary bearer shares in the Company with a pro rata amount of the share capital of EUR 1.00 per share. For the sake of completeness, we report that a total of 16,284 subscription rights were exercised by eligible employees in 2025. The Management Board issued the shares to the eligible employees in January 2026. Under Contingent Capital 2020, the Company's share capital as of the date of this report is thus still contingently increased by up to EUR 1,265,716.00.

Repurchase of own shares

The Company may only repurchase its shares in a few cases expressly provided for in the German Stock Corporation Act or with the prior authorisation of the Annual General Meeting. The Annual General Meeting on 16 May 2024 authorised the Company to acquire treasury shares equivalent to up to a total of 10% of its share capital existing at the time of the resolution or – if this value is lower – at the time of the exercise of the authorisation on or before 15 May 2029. In this regard, the Management Board must adhere to the provisions of the resolution passed at the Annual General Meeting of 16 May 2024 under item 7 a) of the agenda. In accordance with the resolution passed at the Annual General Meeting, the Management Board of SFC Energy AG is authorised to use the Company's shares for all statutory purposes, including but not limited to the purposes in accordance with the detailed provisions of the resolution passed at the Annual General Meeting of 16 May 2024 under item 7 b) of the agenda. No use had been made of this authorisation as of the reporting date.

Material agreements

The Company has no material agreements that are subject to change-of-control condition that may be invoked in the event of a takeover bid, in addition to the compensation agreements of the Company listed below that have been entered into with the members of the Management Board or with employees in the event of a change of control.

Agreements with Management Board members and employees

Under (i) the new service contract for Dr. Peter Podesser, effective from 1 January 2024, for his further term of office commencing on 1 January 2024, (ii) the new service contract for Mr. Daniel Saxena, effective from 1 July 2024, for his further term of office commencing on 1 July 2024, and (iii) the new service contract for Mr. Hans Pol, effective from 1 March 2025, for his further term of office commencing on 1 March 2025, Dr. Peter Podesser, Daniel Saxena and Hans Pol are entitled to terminate their service contract within three months of a legal change of control taking effect, subject to a notice period of twelve months, in the event of a change of control at the Company within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act. No separate claim for termination benefits accrues in this case. In the event of a corresponding change of control, the Supervisory Board may increase the applicable maximum remuneration (according to the aforementioned new service contracts, EUR 4 million gross for Dr. Peter Podesser and currently EUR 2 million gross for Daniel Saxena and Hans Pol) by a maximum of 20% for the year of the change of control in accordance with the current Management Board remuneration system approved at the Annual General Meeting on 5 June 2023. In accordance with the Management Board remuneration system approved at the Annual General Meeting in 2023, Dr. Podesser was allocated 73,184 performance shares as long-term variable remuneration on 4 February 2025 for the 2025 financial year on the basis of a rolling four-year performance share plan. Mr. Daniel Saxena was awarded 49,449 performance shares on 4 February 2025 and Mr. Hans Pol 41,209 performance shares on 25 March 2025 for the 2025 financial year – based in each case on the aforementioned new service contracts aligned to the remuneration system presented and approved in 2023 – (pro-rata for the period starting from 1 March 2025 for Mr. Hans Pol). In accordance with the Management Board remuneration system approved at the Annual General Meeting in 2023, the Supervisory Board may stipulate that the LTI cap for the new long-term variable remuneration based on the performance share plan in force, under which the LTI payout may not exceed 250% of the LTI target for the relevant PSP annual tranche specified in the service contract, will be waived if there is any change of control and the Management Board member concerned exercises his extraordinary right of termination permitted in this case as a result of the change of control. The Supervisory Board has made use of this opportunity regarding the PSP tranches awarded to Dr. Peter Podesser and Daniel Saxena for the 2024 financial year (Dr. Peter Podesser was allocated 52,746 performance shares for 2024 on 21 March 2024 and Mr. Daniel Saxena 23,759 performance shares for 2024 on 8 July 2024). With regard to the three members of the Management Board granted PSP tranches for 2025, the Supervisory Board has also made use of this option. To avoid any misunderstandings, however, it should be noted that the LTI cap may only be exceeded if a change of control actually occurs and the respective member of the Management Board actually exercises his extraordinary right of termination. However, this does not affect the validity of the (possibly increased) total maximum remuneration under the Management Board remuneration system (see above). In this case, the LTI payout under the performance share plan will also only be made after the end of the four-year performance period and regular target achievement measurement, such that the conversion of all ongoing performance share tranches into a cash amount after the end of the performance period will in this case be based on the reference price, which in this case – as determined by the Supervisory Board – is the offer price as defined in Section 31 (1) of the German Securities Acquisition and Takeover Act or Section 7 of the bidding rules under that act or the value of the shares held by the bidder potentially offered as optional consideration, where these shares are not admitted to trading on an organised market within the meaning of Section 2 para. 7 of the German Securities Acquisition and Takeover Act but only outside the European Economic Area, or a combination of both values. The share investment / shareholding obligation imposed on Dr. Peter Podesser, Mr. Daniel Saxena and Mr. Hans Pol under their new service contracts will lapse upon the completion of a change of control or – at the discretion of the Supervisory Board – upon submission of the takeover bid.

Mr. Daniel Saxena was granted 228,000 SARs under the SAR programme 2020–2024 with a tenor expiring on 30 June 2028 and an exercise price per share option of EUR 1.00 on 1 July 2020 following his appointment to the Management Board. These remuneration benefits are not affected by the new service contract, which will apply from 1 March 2024. The SARs may expire to a fixed extent on four defined dates depending on the price of the SFC Energy AG share. After a staggered vesting period of four to seven years, a quarter of the options that have not expired may be exercised at the defined reference price within the exercise period. At the end of the year under review, Mr. Saxena still held 171,000 SARs.

The following applies in accordance with the 2020–2024 SAR programme: In the event of a controlling interest being acquired in the Company within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act and Mr. Saxena exercising the extraordinary right of termination provided for in this case, the SARs under this programme that have not yet expired at the time of the takeover bid will be paid out as follows at the time of the legal termination of the employment contract: (number of SARs to be paid out x (reference price - exercise price), whereby in this case the reference price corresponds to the offer price within the meaning of Section 31 para. 1 of the German Securities Acquisition and Takeover Act or the value of the Bidder's shares potentially offered as optional consideration, which are not admitted to trading on an organised market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act, but only outside the European Economic Area, or a combination of both values, calculated in accordance with Section 7 of the bidding rules under the German Securities Acquisition and Takeover Act, or a combination of both values. In the event of a change of control and exercise by Mr. Saxena of the extraordinary right of termination provided for in this case, no maximum amount (cap) applies with regard to the cash settlement.

The 420,000 SARs (SAR programme 2020–2024) granted to Dr. Peter Podesser on 15 May 2019 following the renewal of his service contract from 1 April 2020 until 31 March 2024 were transferred to the 2020–2024 share option programme with effect from 9 July 2020. In connection with this transfer to the 2020–2024 share option programme, Mr. Podesser was allocated a total of 504,000 share option rights on 9 July 2020 with an exercise price per share option of EUR 1.00 and a term expiring on 8 July 2028. These remuneration benefits are not affected by Dr. Peter Podesser's service contract, which takes effect from 1 January 2024. The share options may expire to a fixed extent on four defined dates depending on the share price of SFC Energy AG. After a staggered vesting period of four to seven years from the allocation date, a quarter of the options that have not expired may be exercised at the defined reference price if certain performance targets are met. At the end of the year under review, Mr. Podesser still held 504,000 share option rights. In the event of a change of control within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act and the exercise by Dr. Peter Podesser of his extraordinary right of termination provided for in this case, the share options that have not yet expired on the date of submission of the takeover bid are to be paid out as cash compensation at the time that termination of the service contract takes legal effect as follows: Number of option rights to be paid out x (reference price - exercise price). The reference price corresponds to the offer price within the meaning of Section 31 (1) of the German Securities Acquisition and Takeover Act. In the event of a change of control and exercise by Dr. Podesser of his extraordinary right of termination provided for in this case, no maximum amount (cap) applies with regard to the cash settlement.

The agreements entered into with three managers of SFC Energy AG on the SAR programme 2020–2022, according to which each manager was allocated 15,750 SARs on 1 January 2020, were transferred to the share option programme 2020–2024 by resolution of the Management Board on 11 March 2024 on the basis of the resolution of the Annual General Meeting on 19 May 2020 with the approval of the Supervisory Board. The 2020–2024 share option programme now replaces the 2020–2022 SAR programme for these three managers. In connection with the transfer to the 2020–2024 share option programme, each manager was allocated a total of 21,000 share option rights with an exercise price per share option of EUR 1.00 and a tenor expiring on 31 December 2026 with effect from the allocation date of 1 January 2020. The share options may expire to a fixed extent on three defined dates depending on the share price of SFC Energy AG. After a staggered vesting period of four to six years from the allocation date, one third of the options that have not expired can be exercised at the defined reference price if certain performance targets are met. At the end of the year under review, each manager was still entitled to a total of 6,000 share options. In the event of a change of control as defined in Section 29 (2) of the German Securities Acquisition and Takeover Act, the share options that had not yet expired on the date of the submission of the takeover offer are to be paid out as follows, irrespective of the expiry of the vesting period: Number of share options to be paid out x (reference price - exercise price). The specific reference price is the higher of (i) the offer price within the meaning of Section 31 (1) of the German Securities Acquisition and Takeover Act and (ii) the value of the shares of the bidder potentially offered as optional consideration, calculated in accordance with Section 7 of the bidding rules under the German Securities Acquisition and Takeover Act, which are not admitted to trading on an organised market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act, but only outside the European Economic Area.

There is also an agreement under the 2021–2024 share option programme with another manager of the SFC Energy Group. On 5 May 2023, the manager received a total of 22,800 share option rights with an exercise price of EUR 21.12 per share option and a tenor of seven years from the date of allocation. The share options may expire to a fixed extent on three defined dates depending on the share price of SFC Energy AG. After a vesting period of four to six years from the allocation date, one third of the options that have not expired can be exercised at the defined reference price if certain performance targets are met. The manager is entitled to 8,324 share options available as of the reporting date of this report. In the event of a change of control as defined in Section 29 (2) of the German Securities Acquisition and Takeover Act, the share options that have not yet expired on the date of submission of the takeover bid are to be paid out as a cash settlement in accordance with defined ranges depending on the reference price; the amount is calculated based on the reference price less the exercise price, multiplied by the number of share options. The specific reference price corresponds to the offer price within the meaning of Section 31 (1) of the German Securities Acquisition and Takeover Act.

Corporate governance declaration

The corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code is published on the SFC Energy AG website (https://www.sfc.com/investors/corporate-governance/).

Brunnthal, 25 March 2026

SFC Energy AG
The Management Board



Dr. Peter Podesser
(Chairman of the Management Board)

Daniel Saxena
(Member of the Management Board)

Hans Pol
(Member of the Management Board)

03

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the International Financial Reporting Standards as adopted by the EU.
For the financial year January 1 to December 31, 2025

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2025

Consolidated Income Statement

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2025 — in EUR

	NOTE	2025 1 JAN. - 31 DEC.	2024 1 JAN. - 31 DEC. (retroactively adjusted*)
Revenues	(1)	143,274,303	144,684,406
Costs of goods sold	(2)	-84,879,978	-85,377,124
Gross profit		**58,394,325**	**59,307,282**
Selling expenses	(3)	-17,540,628	-16,673,565
Research and development expenses	(4)	-9,155,440	-7,269,079
General administrative expenses	(5)	-24,029,371	-21,439,121
Other operating income	(6)	3,044,319	2,074,457
Other operating expenses	(7)	-6,799,540	-1,679,456
Impairment gains / losses on financial assets	(30)	568,836	-1,178,798
Earnings before interest and taxes (EBIT)		**4,482,501**	**13,141,719**
Interest and similar income	(8)	327,471	1,090,966
Interest and similar expenses	(8)	-1,166,334	-879,997
Earnings before taxes		**3,643,638**	**13,352,688**
Income taxes	(9)	-4,530,212	-4,593,739
Consolidated net result for the period		**-886,574**	**8,758,949**
Attributable to the owners of SFC Energy AG		-606,586	8,800,141
Attributable to non-controlling interests		-279,988	-41,192
Earnings per share	(33)		
Basic		-0.03	0.51
Diluted		-0.03	0.51

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Consolidated Statement of Comprehensive Income

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2025 — in EUR

	NOTE	2025 1 JAN. - 31 DEC.	2024 1 JAN. - 31 DEC. (retroactively adjusted*)
Consolidated net result for the period		**-886,574**	**8,758,950**
Other comprehensive income which will be recycled to profit or loss in the future:			
Differences from the translation of foreign subsidiaries		-1,491,825	-147,991
Changes in value recognised directly in equity (Total other comprehensive income)	(27)	**-1,491,825**	**-147,991**
Total comprehensive income for the year		**-2,378,399**	**8,610,959**
Attributable to the owners of SFC Energy AG		-2,094,868	8,645,778
Attributable to non-controlling interests		-283,531	-34,819

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

There are no deferred tax effects on the changes in value recognised directly in equity.

Consolidated Statement of Financial Position

ASSETS AS OF 31 DECEMBER 2025

in EUR

	NOTE	31 DEC. 2025	31 DEC. 2024 (retroactively adjusted*)
Current assets		**138,374,114**	**135,791,054**
Inventories	(13)	35,285,575	30,593,449
Trade receivables	(14)	47,901,732	35,843,263
Contract assets	(15)	3,317,282	781,184
Income tax refund claims	(9)	413,897	36,538
Other assets and receivables	(16)	4,541,447	7,756,640
Cash and cash equivalents	(17)	46,628,561	60,494,360
Restricted cash and cash equivalents	(18)	285,620	285,620
Non-current assets		**53,964,555**	**58,653,299**
Intangible assets	(19)	19,036,973	20,710,765
Property, plant and equipment	(20)	21,547,794	22,579,288
Other assets and receivables	(16)	143,852	43,221
Deferred tax assets	(9)	13,235,936	15,320,025
Assets		**192,338,669**	**194,444,353**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Consolidated Statement of Financial Position

LIABILITIES AND EQUITY AS OF 31 DECEMBER 2025

in EUR

	NOTE	31 DEC. 2025	31 DEC. 2024 (retroactively adjusted*)
Current liabilities		**41,068,913**	**39,627,561**
Income tax liabilities	(21)	1,965,327	1,696,112
Other provisions	(21)	4,252,528	4,109,758
Liabilities to banks	(22)	3,338,659	4,135,719
Liabilities from prepayments	(23)	0	21,300
Trade payables	(24)	16,046,135	15,554,573
Lease liabilities	(25)	3,324,132	2,579,283
Contract liabilities	(15)	74,438	2,234
Other liabilities	(26)	12,067,694	11,528,582
Non-current liabilities		**12,720,569**	**15,788,024**
Other provisions	(21)	2,426,394	3,143,927
Lease liabilities	(25)	9,965,487	11,427,512
Other liabilities	(26)	186,117	1,017,003
Deferred tax liabilities	(9)	142,571	199,582
Equity		**138,549,187**	**139,028,768**
Non-controlling interests		**-347,359**	**-63,828**
Attributable to the owners of SFC Energy AG		**138,896,546**	**139,092,596**
Subscribed capital	(27)	17,381,691	17,381,691
Share premium	(27)	179,542,427	177,643,608
Other changes in equity not recognised through profit and loss	(27)	-2,702,078	-1,213,796
Profit / loss carried forward	(27)	-54,718,908	-63,519,050
Consolidated net result for the period	(27)	-606,586	8,800,143
Equity and liabilities		**192,338,669**	**194,444,353**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Consolidated Statement of Cash Flows

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2025 — in EUR

		NOTE	2025 1 JAN. - 31 DEC.	2024 1 JAN. - 31 DEC. (retroactively adjusted*)
	Cash flow from operating activities			
	Earnings before taxes		**3,643,638**	**13,352,688**
+/-	Interest result	(8), (34)	838,863	-210,969
+	Depreciation and amortisation	(11), (19), (20)	7,738,414	6,452,300
+/-	Expenses / income under LTI programmes	(31)	2,496,615	2,021,067
+/-	Change in impairments	(13), (14)	327,069	953,332
+/-	Losses / gains on the disposal of non-current assets		81,909	15,507
+/-	Income from business combinations		0	-671,878
+/-	Other non-cash income and expenses		2,293,921	-162,087
	Operating cash flow before changes in working capital		**17,420,429**	**21,749,959**
+/-	Increase / decrease in provisions	(21)	-721,041	2,912,923
-/+	Increase / decrease in trade receivables	(14)	-12,784,668	-8,421,789
-/+	Increase / decrease in inventories	(13)	-6,747,437	-1,947,183
-/+	Increase / decrease in other receivables and assets	(15), (16)	12,779	83,939
+/-	Increase / decrease in trade payables	(24)	1,041,848	2,751,149
+/-	Increase / decrease in other liabilities	(23), (26)	-786,334	-648,642
	Cash flow from operating activities before income taxes		**-2,564,424**	**16,480,356**
+/-	Income tax refunds / payments	(9), (34)	-2,374,974	-2,020,841
	Cash flow from operating activities		**-4,939,398**	**14,459,515**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Consolidated Statement of Cash Flows

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2025 in EUR

		NOTE	2025 1 JAN. - 31 DEC.	2024 1 JAN. - 31 DEC. (retroactively adjusted*)
	Cash flow from investing activities			
-	Investments in intangible assets from development projects	(19)	-1,530,039	-3,159,584
-	Investments in other intangible assets	(19)	-12,208	-95,181
-	Investments in property, plant and equipment	(22), (25)	-2,511,661	-5,915,421
+/-	Payments for the acquisition of business operations		0	-3,000,000
+	Interest and similar income received		325,020	1,088,635
+	Sale of non-current assets	(19), (20)	1,867	0
	Cash flow from investing activities		**-3,727,021**	**-11,081,551**
	Cash flow from financing activities			
+	Proceeds from the issue of equity instruments of the Company	(27)	0	18,000
-	Repayment of lease liabilities	(25)	-2,799,796	-2,275,040
-	Interest paid and similar expenses	(8), (34)	-762,822	-838,614
	Cash flow from financing activities		**-3,562,618**	**-3,095,654**
	Change in the cash flow components of cash and cash equivalents		**-12,229,037**	**282,310**
	Exchange rate-related and other changes in cash and cash equivalents		-839,702	19,969
	Cash and cash equivalents and current account overdrafts at the beginning of the reporting period	(17)	56,358,641	56,056,362
	Cash and cash equivalents and current account overdrafts at the end of the reporting period	(17), (34)	43,289,902	56,358,641
	Net change in cash and cash equivalents and current account liabilities		**-12,229,037**	**282,310**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Consolidated Statement of Changes in Equity

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2025 in EUR

	NOTE	SUBSCRIBED CAPITAL	SHARE PREMIUM	OTHER CHANGES IN EQUITY NOT RECOGNISED THROUGH PROFIT AND LOSS	GROUP UNAP-PROPRIATED SURPLUS / CUMULATIVE DEFICIT	TOTAL	NON-CONTROL-LING INTERESTS	EQUITY
Amount on 1 Jan. 2024		**17,363,691**	**173,167,237**	**-1,059,431**	**-61,309,272**	**128,162,225**	**-29,009**	**128,133,216**
Amount on 1 Jan. 2024 (retroactively adjusted*)		**17,363,691**	**175,204,721**	**-1,059,431**	**-63,519,051**	**127,989,930**	**-29,009**	**127,960,921**
Total comprehensive in-come for the period								
Consolidated net result					8,800,143	8,800,142	-41,192	8,758,950
Net result for the year from currency translation recog-nised directly in equity	(27)			-154,364		-154,364	6,373	-147,991
Equity-settled share-based payments	(31)		**2,438,888**			**2,438,888**		**2,438,888**
Capital increase	(27)	**18,000**				**18,000**		**18,000**
Amount on 31 Dec. 2024 (retroactively adjusted*)		**17,381,691**	**177,643,608**	**-1,213,796**	**-54,718,908**	**139,092,596**	**-63,828**	**139,028,768**
Total comprehensive in-come for the period								
Consolidated net result					-606,586	-606,586	-279,988	-886,574
Net result for the year from currency translation recog-nised directly in equity	(27)			-1,488,282		-1,488,282	-3,543	-1,491,825
Equity-settled share-based payments	(31)		**1,898,819**			**1,898,818**		**1,898,818**
Amount on 31 Dec. 2025		**17,381,691**	**179,542,427**	**-2,702,078**	**-55,325,494**	**138,896,546**	**-347,359**	**138,549,187**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Group Segment Report (part of the notes to the consolidated financial statements)

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2025 | in EUR

	Clean Energy		Clean Power Management		Group	
	2025	2024 (retroactively adjusted*)	2025	2024	2025	2024 (retroactively adjusted*)
Revenues	**99,835,221**	**100,536,078**	**43,439,082**	**44,148,328**	**143,274,303**	**144,684,406**
Cost of goods sold	-54,467,021	-53,686,519	-30,412,957	-31,690,605	-84,879,978	-85,377,124
Gross profit	**45,368,200**	**46,849,559**	**13,026,125**	**12,457,723**	**58,394,325**	**59,307,282**
Selling expenses	-15,143,650	-14,497,290	-2,396,978	-2,176,275	-17,540,628	-16,673,565
Research and development expenses	-6,157,176	-4,658,789	-2,998,264	-2,610,290	-9,155,440	-7,269,079
General administrative expenses	-19,169,623	-16,959,797	-4,859,748	-4,479,324	-24,029,371	-21,439,121
Other operating income	2,803,334	1,988,399	240,985	86,058	3,044,319	2,074,457
Other operating expenses	-6,518,082	-1,655,920	-281,458	-23,536	-6,799,540	-1,679,456
Impairment gains / losses on financial assets	624,447	-1,191,750	-55,611	12,952	568,836	-1,178,798
Earnings before interest and taxes (EBIT)	**1,807,450**	**9,874,412**	**2,675,051**	**3,267,308**	**4,482,501**	**13,141,719**
EBIT adjustments	4,431,933	2,397,282	0	0	4,431,933	2,397,282
Adjusted EBIT	**6,239,383**	**12,271,694**	**2,675,051**	**3,267,308**	**8,914,434**	**15,539,001**
Amortisation and depreciation	-6,086,491	-4,805,196	-1,651,922	-1,647,104	-7,738,413	-6,452,300
EBITDA	**7,893,941**	**14,679,608**	**4,326,973**	**4,914,412**	**12,220,914**	**19,594,019**
EBITDA adjustments	4,431,933	2,397,282	0	0	4,431,933	2,397,282
Adjusted EBITDA	**12,325,874**	**17,076,890**	**4,326,973**	**4,914,412**	**16,652,847**	**21,991,301**
Financial result					-838,863	210,969
Income from continuing operations					**3,643,638**	**13,352,688**
Income taxes					-4,530,212	-4,593,739
Consolidated net result					**-886,574**	**8,758,949**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

With regard to further information on the Group's segment reporting, reference is made to Note 35 of the Notes to the Consolidated Financial Statements. Adjustments made to determine adjusted EBIT/EBITDA mainly relate to the LTI programmes (see Note 31) as well as transaction-related expenses.

04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2025

General principles and scope of consolidation

Information on the Company

SFC Energy AG ("Company" or "SFC AG") is a stock corporation domiciled in Germany. The registered office of the Company is Eugen-Sänger-Ring 7, 85649 Brunnthal. The Company is entered in the commercial register of the Munich Local Court under HRB 144296. The main activities of the company and its subsidiaries ("SFC" or "Group") entail the development, production and marketing of products, systems and solutions for stationary and mobile off-grid energy supplies based on proton-exchange membrane (PEMFC) and direct methanol (DMFC) fuel cells for customers in the private, industrial and public sectors in various markets, the execution of the investments required for this purpose and all other related business. For the purpose of corporate management, the Group is organised according to technology platforms and has two reportable segments, "Clean Energy" and "Clean Power Management". The core business of the Clean Energy segment comprises the development, production including complete system assembly, marketing and supply of mobile and off-grid energy solutions based on fuel cells (PEMFC and DMFC).

The Clean Power Management segment focuses on the development, production and marketing of standardised and semi-standardised power management solutions such as voltage converters. The segment also includes business in frequency converters for the upstream oil and gas industry as well as other industries, some of which are integrated and some sold.

The Company is listed in the Prime Standard segment of the Frankfurt Stock Exchange (GSIN: 756857, ISIN: DE0007568578).

Summary of significant accounting policies

The 2025 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the relevant interpretations of the IFRS Interpretations Committee (IFRIC or previously SIC), as endorsed by the European Union. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union and the supplementary provisions of commercial law applicable under Section 315e (1) of the German Commercial Code (HGB).

The Group's financial year corresponds to the calendar year (1 January until 31 December).

The consolidated financial statements are prepared in euros (EUR). Unless otherwise stated, the figures in these notes to the consolidated financial statements are rounded to full euros (EUR). It should be noted that the use of rounded figures and percentages may result in differences due to commercial rounding.

The consolidated financial statements of SFC AG were prepared on the basis of historical acquisition or production costs. This does not include share-based payments, which were recognised at fair value on the reporting date. Historical acquisition and production costs are generally based on the fair value of the consideration paid in exchange for the asset. A corresponding explanation of the fair value measurements is provided in the accounting and valuation principles.

In addition, SFC AG has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

The consolidated income statement is prepared using the cost of sales method. The additional disclosures on the cost of materials and personnel expenses are shown separately in the notes to the consolidated financial statements.

In preparing the consolidated financial statements, the legal representatives of SFC are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing matters relating to the continuation of the company's activities, if relevant. In addition, the legal representatives of the Company are responsible for preparing the accounts on the basis of the going-concern premise, unless there is an intention to liquidate or cease operations of the Group or there is no realistic alternative to the going-concern premise. The consolidated financial statements for 2025 of SFC AG were prepared on a going-concern basis.

The Management Board is of the opinion that there are no material uncertainties that could cast significant doubt on this assumption and is convinced that the Group has sufficient funds to fulfil its obligations for the foreseeable future, but at least 12 months after the end of the reporting period.

The Management Board of SFC AG approved the consolidated financial statements for submission to the Supervisory Board on 25 March 2026. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating whether it approves them.

New accounting standards applied

The following standards and interpretations published by the IASB and endorsed by the EU Commission were applied for the first time in the year under review:

Amendments to IAS 21 – Lack of exchangeability

The amendment clarifies when a currency is exchangeable into another currency and when it is not. It also includes guidance on how an entity is to determine the closing rate to be applied when a currency is not exchangeable. Guidance is also provided on the disclosure of additional information if a currency is not exchangeable. The application of the amended standard did not have any material impact on the SFC Group in the year under review.

New accounting standards not yet implemented

The following new and revised standards, which SFC has not early applied early for 2025, had been published by the IASB as of the date on which these consolidated financial statements were prepared and have been partially endorsed by the EU Commission:

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

The amendments affect the following areas:

- Classification of financial assets,
- Derecognition of a financial liability settled by electronic payment transactions,
- Disclosures on financial assets and financial liabilities with contractual terms that change the timing or amount of the contractual cash flows, and
- Disclosures on equity instruments measured at fair value through other comprehensive income.

These amendments are to be applied in accounting periods commencing on or after 1 January 2026. This is not expected to have any material effects on the Company's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 – Contracts for referencing nature-dependent electricity

The amendments are intended to improve the presentation of power purchase agreements in financial state ments. They contain clarifications on the application of the own use exemption to power purchase agree-ments. In addition, the guidance on hedge accounting which fulfil certain requirements has been modified. It also introduces additional disclosure requirements to enable investors to understand the impact of these contracts on an entity's financial performance and future cash flow.

These amendments are to be applied in accounting periods commencing on or after 1 January 2026. This is not expected to have any material effects on the Company's consolidated financial statements.

Annual improvements to IFRS

ANNUAL IMPROVEMENTS TO IFRS – VOLUME 11

Standard	Type of amendment	Details of the amendments
IFRS 1 First-time adoption of IFRS	Hedge accounting by a first-time adopter	Amendments to the wording in IFRS 1 to reflect IFRS 9 and inclusion of a cross-reference to improve the comprehensibility of the requirements
IFRS 7 Financial Instruments: Disclosures	Gain or loss on derecognition	Adjustment of outdated cross-references to IFRS 13
	Disclosure of the deferred difference between the fair value and the transaction price	Adjustment of the wording in IFRS 7.IG14 to reflect IFRS 13
	Disclosures on credit risk	Clarification that the implementation guidance does not illustrate all requirements in IFRS 7
IFRS 9 Financial Instruments	Derecognition of a lease liability by the lessee	Insertion of a cross-reference to clarify that a gain or loss from the repayment of the lease liability must be recognised in profit or loss
	Transaction price	Deletion of the cross-reference to the definition of the transaction price in IFRS 15
IFRS 10 Consoli-dated Financial Statements	Determination of a de facto agent	Elimination of an inconsistency in IFRS 10.B74 for determining the de facto agent
IAS 7 Statement of Cash Flows	Cost method	Correction of an unadjusted reference from a previous amendment to the standard

These amendments are to be applied in accounting periods commencing on or after 1 January 2026. This is not expected to have any material effects on the Company's consolidated financial statements.

IFRS 18 – "Presentation and Disclosures in Financial Statements"

IFRS 18 will replace IAS 1 in the future. In addition, some paragraphs from IAS 1 have been moved to IAS 8 and IFRS 7. The IASB has also made minor amendments to IAS 7 and IAS 33. IFRS 18 introduces the following new requirements in particular:

- Presentation of specific categories and defined totals and subtotals in the income statement,
- Disclosure of management performance measures or "MPMs" in the notes, and
- Observance of new guidance on the grouping of information in IFRS financial statements (aggregation and disaggregation).

The European Union endorsed the amendments on 13 February 2026. These amendments are to be applied in accounting periods commencing on or after 1 January 2027. Earlier adoption is permissible. The amendments to IAS 7 and IAS 33 as well as the revised IAS 8 and IFRS 7 come into force when an entity applies IFRS 18, meaning that all amendments must be applied for the first time simultaneously. IFRS 18 requires retrospective application with specific transitional provisions

The Group is currently analysing the new guidance and their implications.

SFC is expected to be subject to the guidance pertaining to the income statement for companies without a specific main business activity. In the future, the presentation of the income statement will change and, in some cases, this will also require adjustments to the classification of income and expenses within the income statement.

It can be expected that the disclosures in the notes to the financial statements, in particular, will be affected by the aggregation and disaggregation guidance. Corresponding adjustments may also result in changes to the primary components of the financial statements.

The performance indicators published by SFC are currently being reviewed in the light of the definition of the management-defined performance measures in accordance with IFRS 18. It can be assumed that the performance indicators adjusted – EBIT and adjusted EBITDA – will fall within the scope of the management-defined performance measures in accordance with IFRS 18.

In addition, the starting point for the cash flow statement will be operating profit as defined in IFRS 18. Finally, goodwill will be shown as a separate line item in the statement of financial position in the future.

IFRS 18 will have a significant impact on the presentation and disclosures in the consolidated financial statements of SFC Energy AG. There will be no immediate impact on recognition and measurement. SFC is expected to apply IFRS 18 for the first time in the 2027 financial year.

IFRS 19 and amendments to IFRS 19 – Subsidiaries without Public Accountability – Disclosures

IFRS 19 enables qualified subsidiaries to apply the full IFRS but with reduced disclosure requirements. A subsidiary may apply IFRS 19 if it is not publicly accountable and its ultimate or intermediate parent prepares publicly available consolidated financial statements that comply with the full IFRS.

Subject to endorsement by the European Commission, the amendments are to be applied in accounting periods beginning on or after 1 January 2027. This is not expected to have any material effects on the Company's consolidated financial statements.

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Translation into a Hyperinflationary Presentation Currency

The amendments clarify how an entity should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency. Amounts (including comparative figures) from a functional currency of a nonhyperinflationary country must be translated into a hyperinflationary presentation currency uniformly at the closing rate at the end of the reporting period. The use of this translation method must be disclosed, with summarised financial information provided for the relevant foreign operations.

Subject to endorsement by the European Commission, the amendments are to be applied in accounting periods beginning on or after 1 January 2027. This is not expected to have any material effects on the Company's consolidated financial statements.

Estimation uncertainties and discretionary decisions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make certain assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the income and expenses recognised in the reporting period. The actual amounts arising in future periods may differ from these estimates. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Changes are recognised in profit or loss when better knowledge becomes available. In addition, the carrying amounts of such assets and liabilities are stated as of the reporting date.

The application of the Group's accounting policies is also subject to various discretionary judgments by the management.

In preparing these consolidated financial statements, the significant judgements made by the Company's management regarding the Group's accounting policies were exercised consistently with those applied to the consolidated financial statements as of 31 December 2024.

The assumptions and estimates essentially relate to:

Measurement of provisions

Management estimates are used to measure provisions. The amount of the warranty provision is based on the historical development of warranties and an analysis of all possible future warranty cases weighted by their probability. The non-current portion of the provisions calculated on the basis of these assumptions is discounted. Note (21) contains information on the interest rates used and the development of the present values.

Determination of economic useful lives for property, plant and equipment and intangible assets

The useful lives determined for non-current assets are based on management estimates. SFC reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each financial year. There were no changes in the estimates of useful lives during the year under review. In connection with business combinations, the useful lives of customer relationships were determined on the basis of statistical analyses including management estimates, and the useful life of the acquired technology was determined on the basis of empirical data relating to the average product life cycle in the industry (see explanations on "Intangible assets" in the "Accounting and measurement principles" section).

Capitalisation requirement for internally generated intangible assets

If all the requirements of IAS 38 are met cumulatively, the direct costs and overheads directly attributable to the development process are capitalised.

When the asset begins to be used commercially, it is depreciated on a straight-line basis over a period of generally five years. Impairment testing of development projects that have not yet been completed but have already been capitalised is carried out at the product level.

Research and development costs that cannot be capitalised are recognised in profit or loss.

Recognition of deferred tax assets, in particular on unused tax losses

Deferred tax assets are recognised on the Company's unused tax losses based on taxable budgets.
See note (9) Income taxes.

Discretionary decisions related to the determination of the realisation date for deductible and taxable differences.

The effect from the tax rate adjustment was determined using the best possible estimates of these dates.

Measurement of share-based payment

The Company's Supervisory Board has implemented a virtual stock option programme (stock appreciation rights programme – SAR), a stock option programme (SOP) and performance shares (PS) (jointly "LTI programmes") with the aim of aligning the interests of shareholders with those of the Management Board. These LTI programmes provide for the allocation of virtual and non-virtual share options to the members of the Management Board and to managers. Note (31) contains information on the estimated measurement parameters used in the model to determine the resulting expenses.

Revenue realisation upon order development

SFC carries out contract developments under joint development agreements ("JDA"). SFC Energy Ltd. also has long-term customer orders that are recognised using the over-time revenue recognition method in accordance with IFRS 15. In the case of contracts for which the service is performed over time, revenue is recognised according to the stage of completion. The stage of completion is measured on the basis of the contract costs incurred up to the reporting date in relation to the total expected contract costs (cost-to-cost method). The contract costs incurred are the best measure for determining the stage of completion of the performance obligation. In this context, the main estimates include the total contract costs, the costs to be incurred up to completion and the total contract revenue and contract risks. The estimates are reviewed regularly and adjusted if necessary.

Leases – estimation of the incremental borrowing rate and inclusion of extension and cancellation options

As the Group cannot determine the interest rate on which the leases are based, SFC uses a lessee-specific incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the interest rate that the lessee would have to pay if it were to borrow the funds it would need in a comparable economic environment for an asset with a value comparable to the right-of-use asset for a comparable term with comparable security. The Group estimates the incremental borrowing rates using observable input factors, if these are available, and must make certain company-specific estimates.

In addition, a number of the Group's lease agreements, particularly for real estate, contain extension and cancellation options. The assessment of whether there is reasonable certainty that the option to extend or terminate the lease will or will not be exercised is subject to discretionary judgement. When determining the term of the lease, all facts and circumstances that provide an economic incentive to exercise extension or not to exercise cancellation options are taken into account. When determining the term, such options are only taken into account if they are sufficiently certain.

Impairment of non-financial assets

The Group assesses all non-financial assets at each reporting date to determine whether there are any indications of impairment. Goodwill is tested for impairment at least once a year, regardless of whether there are any indications of potential impairment. The determination of the recoverable amount of the assets and the cash-generating units involves estimates by the Company's management.

Recoverability of receivables

Allowances for receivables that are expected to be unrecoverable are estimated by management on the basis of the expected credit loss model and the current economic environment. See note (30) "Financial instruments".

Measurement of inventories

As part of the subsequent measurement of inventories on the basis of the net realisable value, discretionary decisions are made at the individual product level with regard to the usability of inventories in production and their marketability.

Corrections

Expenses from share-based payment (IFRS 2)

In 2025, the Group determined that historical modifications to the share-based payment programmes relating to the cap on the amount paid out under the programmes had been incorrectly taken into account. The error was corrected by retrospectively adjusting the relevant items in the financial statements for the comparative period.

Revenue from Contracts with Customers (IFRS 15)

In 2025, the Group discovered that revenue from contracts with customers relating to service software had been incorrectly recorded. The error was corrected by retrospectively adjusting the relevant items in the financial statements for the comparative period.

The following tables summarise the effects of both corrections on the consolidated financial statements:

STATEMENT OF FINANCIAL POSITION (EXCERPT) EUR

	31 Dec. 2024	IFRS 2: Increase/ Decrease	IFRS 15: Increase/ Decrease	31 Dec. 2024 (retroactively adjusted)
Other assets and receivables – current	7,441,729	0	314,912	7,756,640
Other liabilities – current	11,024,828	0	503,754	11,528,582
Share premium	175,026,938	2,616,670	0	177,643,608
Other changes in equity not recognised through profit and loss	-1,213,832	0	37	-1,213,796
Profit/loss carried forward	-61,309,272	-2,037,484	-172,295	-63,519,050
Consolidated net result for the period	9,395,913	-579,187	-16,584	8,800,143

STATEMENT OF FINANCIAL POSITION (EXCERPT) EUR

	31 Dec. 2023	IFRS 2: Increase/ Decrease	IFRS 15: Increase/ Decrease	1 Jan. 2024 (retroactively adjusted)
Other assets and receivables – current	5,424,007		268,964	5,692,971
Other liabilities – current	9,608,149		445,790	10,053,939
Share premium	173,167,237	2,037,484		175,204,721
Other changes in equity not recognised through profit and loss	-1,059,431			-1,059,431
Profit/loss carried forward	-82,393,765	-2,037,484	-176,826	-84,608,075

INCOME STATEMENT (EXCERPT) EUR

	2024 1 Jan.-31 Dec.	IFRS 2: Increase/ Decrease	IFRS 15: Increase/ Decrease	2024 1 Jan.-31 Dec. (retroactively adjusted)
Sales	144,753,946	0	-69,540	144,684,406
Cost of goods sold	-85,430,080	0	52,956	-85,377,124
General administrative expenses	-20,859,934	-579,187	0	-21,439,121
Consolidated net result for the period	9,354,721	-579,187	-16,584	8,758,949
Attributable to the owners of SFC Energy AG	9,395,913	-579,187	-16,584	8,800,141
Attributable to non-controlling interests	-41,192	0	0	-41,192
Earnings per share				
basic	0.54	-0.03	-0.00	0.51
diluted	0.54	-0.03	-0.00	0.51

STATEMENT OF COMPREHENSIVE INCOME (EXCERPT) EUR

	2024 1 Jan.-31 Dec.	IFRS 2: Increase/ Decrease	IFRS 15: Increase/ Decrease	2024 1 Jan.-31 Dec. (retroactively adjusted)
Differences from the translation of foreign subsidiaries	-148,028	0	37	-147,991
Changes in value recognised directly in equity (Total other comprehensive income)	**-148,028**	**0**	**37**	**-147,991**
Total comprehensive income for the year	**9,206,693**	**-579,187**	**-16,548**	**8,610,958**
Attributable to the owners of SFC Energy AG	9,241,512	-579,187	-16,548	8,645,777
Attributable to non-controlling interests	-34,819	0	0	-34,819

Reporting entity structure

The consolidated financial statements include SFC AG and all companies that the Company controls directly or indirectly. Control exists if the Company can exercise power of disposal over the investee, is exposed to fluctuating returns from its investment and can influence the amount of the returns due to its power of disposal. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that one or more of the above three criteria for control have changed.

If the Company does not hold a majority of the voting rights, it nevertheless controls the investee if it has the practical ability to unilaterally determine the relevant activities of the investee through its voting rights. In assessing whether its voting rights are sufficient for the power of determination, the Company takes into account all facts and circumstances, including

- the extent of the voting rights held by the Company in relation to the extent of the distribution of voting rights of other holders of voting rights;
- potential voting rights of the Company, other holders of voting rights and other parties;

- rights arising from other contractual agreements; and
- other facts and circumstances that indicate that the Company has or does not have the current ability to determine the relevant activities at the times at which decisions must be made, taking into account the voting behaviour at previous general or shareholders' meetings.

The consolidated financial statements therefore comprise SFC Energy AG as the parent company, SFC Energy B.V. acquired in 2011 and its subsidiary SFC Energy Power Srl, SFC Energy Ltd. acquired in 2013, SFC Energy India Private Ltd, SFC Energy UK Ltd, SFC Clean Energy Srl and SFC Energy LLC, which were incorporated in 2023 and SFC Energy Denmark ApS, which was incorporated in 2024. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

The annual financial statements of the consolidated companies, which are prepared in accordance with national law, were reconciled with IFRS and aligned with the Group's standardised accounting and valuation methods. The financial year for all consolidated companies, with the exception of SFC Energy India Private Ltd., corresponds to the calendar year (1 January to 31 December). Due to local legal requirements, the Indian subsidiary's financial year runs from 1 April to 31 March; however, for Group purposes, the figures are prepared on a calendar-year basis.

The Company's direct and indirect shareholdings in consolidated subsidiaries as of 31 December 2025 are shown in the following table.

FULLY CONSOLIDATED SUBSIDIARIES %

Company	Seat	Share in capital			Currency
		Direct	Indirect	Total	
SFC Energy Ltd.	Calgary (Canada)	100.00	–	100.00	CAD
SFC Energy B.V.	Almelo (Netherlands)	100.00	–	100.00	EUR
SFC Energy Power Srl.	Cluj-Napoca (Romania)	–	100.00	100.00	RON
SFC Energy India Private Ltd.	Gurgaon (India)	92.00	–	92.00	INR
SFC Energy UK Ltd.	Swindon (UK)	100.00	–	100.00	GBP
SFC Clean Energy Srl.	Cluj-Napoca (Romania)	100.00	–	100.00	RON
SFC Energy LLC	Wilmington (United States)	100.00	–	100.00	USD
SFC Energy Denmark ApS	Hobro (Denmark)	100.00	–	100.00	DKK

In the year under review, there were no changes in ownership interests in the Group that would have led to a loss of control. There are no significant restrictions on the ability of the Group or its subsidiaries to gain access to and use the Group's assets or to settle the Group's liabilities.

Accounting policies

Revenue recognition

While the Clean Energy segment comprises all hydrogen and methanol fuel cell systems and the automation solutions often associated with them, the Clean Power Management segment pools power electronics and frequency converters.

SFC AG's revenues are generated from the sale of fuel cell systems. Revenues from fuel cell solutions and related accessories are combined in the "Clean Energy" segment. The segment's core target markets and the energy solutions it offers comprise the market for industrial applications, including civil security technology/video surveillance, the market for public security, including homeland security and defence, and the market for private applications, including caravanning and boating. The Power Manager is also used in the core target market for public security. The Power Manager product is an electronic, universally applicable converter that allows various end devices and batteries to be charged and operated with different power sources. Revenues are also generated from sales of fuel cartridges and other products for network solutions as well as from other services and consulting in the area of public safety. The subsidiaries SFC Energy India Private Ltd, SFC Energy UK Ltd, SFC Clean Energy Srl, SFC Energy LLC and SFC Energy Denmark ApS are allocated to the Clean Energy segment.

SFC Energy B.V. (hereinafter referred to as "SFC B.V.") is allocated to the "Clean Power Management" segment. SFC B.V. develops, produces and markets customised high-tech power supply solutions, from power supply units to fully integrated power systems for manufacturers of industrial plant and equipment. SFC B.V. converts these solutions, partly via platform solutions, into marketable products with an integrated high-power platform. This ensures the reliable, high-quality processing of grid electricity exactly according to the specific requirements of the system. The Power Supplies adapt the electrical output to the energy required by the system on a modular basis. SFC B.V. addresses demanding customer requirements on the basis of its proprietary SFC B.V. Technology. This compact, scalable power supply technology, which is offered via the "Clean Power Management" segment, offers maximum flexibility in the development and production of standardised and semi-standardised high-performance and high-precision power supplies for demanding industrial applications, e.g. laser technology and other high-tech industrial sectors. Some SFC B.V. products are manufactured at its Romanian subsidiary SFC Energy Power Srl. in Cluj.

SFC Energy Ltd. (hereinafter referred to as "SFC Ltd.") sells and develops customer solutions as a product integrator for high-tech power supplies, instrumentation and automation products in the Canadian oil & gas industry and elsewhere. The product portfolio of SFC Ltd. includes instrumentation and measuring systems, power supply components and drives for various applications and generates revenues in the two segments "Clean Energy" and "Clean Power Management".

These revenues are generally recognised at the point in time (or over the period) when the performance obligation is fulfilled, i.e. control over the goods or services in question is transferred to the customer. This is the case if the customer has the opportunity to utilise the asset and receives substantially all of the remaining economic benefits from the asset.

Revenues are recognised when the amount of the expected consideration can be reliably determined, it is sufficiently probable that the economic benefits associated with the sale will flow to the Company and the Company's own costs can be estimated. SFC therefore recognises revenue from the sale of products when control has been transferred to the buyer. The majority of revenues is realised through the sale of products at a point in time when control over the goods has been transferred (change of control). A receivable is recognised at this point in time, as the claim to consideration is unconditional at this point in time and becomes due for settlement over time from that point in time. Customer discounts and rebates as well as returned goods are always recognised as a reduction in revenue. Provisions for customer accounts and discounts as well as returns are recognised on an accrual basis in accordance with the underlying revenues. The management uses the best possible estimates for this purpose. Estimated amounts of variable consideration, which can only be recognised under certain conditions, are not included in expected revenues.

The Group applies standard payment terms of 30 days on average for invoicing. Therefore, no significant financing component is included.

Contracts with customers are also reviewed for separate performance obligations. This is particularly important for revenues that grant an additional guarantee beyond the statutory guarantee period. In this context, SFC accrues payments for multi-year maintenance contracts for the part that exceeds the legal minimum and recognises these revenues in instalments over the contractual warranty period. Extended warranties and multi-year maintenance contracts generally have terms of between 2 and 5 years. In the case of multiple performance obligations, the transaction price is allocated to all performance obligations on the basis of the relative individual selling prices, which are generally directly observable.

The determination of the transaction price depends on the consideration expected from the customer for the service to be provided. Where SFC contracts can be assumed to have only one performance obligation, the transaction price attributable to the respective performance obligation is recognised as revenues, less estimated customer discounts and rebates, as soon as the corresponding performance obligation is satisfied. Once payment has been received, the revenues are adjusted by an amount equalling actual payment. As the performance obligations are significantly shorter than one year, the obligations outstanding as of the reporting date are not included in the notes to the consolidated financial statements. SFC makes use of the option under IFRS 15.121 (a), according to which no financing component is recognised for short-term performance periods.

SFC develops fuel cells customised to the customer's needs under joint development agreements ("JDA"). These are contract developments carried out by the Company in conjunction with various public-sector clients.

If the costs of a construction contract can be determined with sufficient certainty, the contract revenues and contract costs associated with this construction contract are recognised in accordance with the stage of completion at the reporting date. The stage of completion is determined on the basis of the contract costs incurred for the work performed in relation to the expected contract costs.

The long-term development contracts and long-term contract manufacturing services provided by SFC Ltd. are recognised using the over-time revenue recognition method. Accordingly, performance obligations are fulfilled continuously over time if the Company's performance creates or extends an asset over which the customer has power of disposal or an asset is created for which the Company has no alternative use and the customer receives a benefit from this at the same time as the services are rendered or another company would not essentially have to perform the work already performed again if the performance obligations were assumed or the Company has a claim to payment for the work already performed and assumes that it will also fulfil the contract. Revenues from continuous performance obligations determined in this way are recognised in accordance with the stage of completion on the basis of the transfer of control over goods or services as described above, provided that this can be reliably determined. The stage of completion to be recognised for each order is determined by comparing the costs incurred with the expected total costs (cost-to-cost method). Orders are recognised under contract assets or liabilities. As a rule, progress invoices are agreed with the customer for production orders. If the accumulated services (contract costs incurred and recognised profits) exceed the progress billings in individual cases, the construction contracts are recognised as contract assets. If a negative balance remains after deduction of the partial settlement, it is recognised as a contract liability.

If the outcome of a construction contract can be reliably estimated, the contract revenues and contract costs associated with this construction contract are recognised in accordance with the stage of completion at the reporting date. The stage of completion is determined on the basis of the contract costs incurred for the work performed in relation to the expected contract costs.

Recognition of expenses

The cost of sales and operating expenses are recognised as an expense when the service is used or at the time they arise.

Measurement at fair value

Assets, equity and debt instruments as well as liabilities that are measured at fair value in accordance with IFRS 9 are measured uniformly in accordance with the provisions of IFRS 13. Exceptions to this are share-based payments within the scope of IFRS 2 (see note (31)), leases within the scope of IFRS 16 (see note (25)) and measurement standards that are similar to fair value but do not correspond to it (e.g. value in use in IAS 36 Impairment of Assets).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price is directly observable or has been estimated using a valuation method.

In connection with the measurement of the fair value of a non-financial asset, allowance is made for the market participant's ability to generate economic benefits via the highest and best use of the asset or via the sale of the asset to another market participant who finds the highest and best use for the asset.

As fair value is not always observable as a market price, the Group uses valuation techniques that are appropriate in the applicable circumstances and for which sufficient data is available to measure fair value. The use of relevant observable inputs must be maximised while minimising the use of unobservable inputs.

All assets and liabilities whose fair value is measured and recognised in the financial statements are assigned to the following fair-value hierarchy in accordance with IFRS 13 based on inputs for the lowest level which is generally material for measuring fair value:

- Level 1: Prices quoted in active markets for identical assets or liabilities (non-adjusted).
- Level 2: Measurement process in which the inputs are directly or indirectly observable on the market.
- Level 3: Measurement process in which the input for the lowest level is not observable on the market.

Intangible assets

Intangible assets acquired separately, i.e. not as part of a business combination, with a determinable useful life are recognised at historical cost less straight-line amortisation. Intangible assets are generally amortised on a straight-line basis over their useful economic life. The applicable periods are as follows:

ERP software	5–8 years
Software	1–10 years
Acquired and internally generated patents	5–8 years
Licences acquired	2–5 years
Development costs	5 years

Customising costs for the ERP software acquired are allocated to intangible assets as transaction costs. Amortisation is recognised on a straight-line basis over the useful life of the ERP software.

Development costs are capitalised in accordance with IAS 38 "Intangible assets" if the following cumulative evidence has been provided for a newly developed asset:

- The completion of the intangible asset is technically feasible so that it will be available for use or sale.
- There is an intention to complete the project and either own use or commercialisation is planned.
- It is possible to use or sell the intangible asset.
- Adequate technical, financial and other resources must be available to complete the development.
- The development costs must be covered with sufficient probability by future cash inflows, i.e. a corresponding future economic benefit is realised.
- It is possible to reliably determine the expenses attributable to the development of the intangible asset.

Capitalised development costs are amortised on a straight-line basis over the expected useful life of the assets. The useful life of the development costs to be amortised is 5 years at SFC AG and SFC B.V. If the requirements for capitalisation are not satisfied, the expenses are recognised in profit or loss in the year in which they are incurred. Research costs are recognised as current expenses in accordance with IAS 38.

In subsequent periods, internally generated intangible assets are measured at historical cost less accumulated amortisation and impairment losses.

Goodwill resulting from business combinations is recognised at historical cost less any necessary impairment losses (see "Impairment of non-financial assets").

Property, plant and equipment

Property, plant and equipment are recognised at historical cost less systematic depreciation in accordance with their expected useful lives. In addition to direct costs, historical cost includes all directly attributable costs necessary for it to be capable of operating in the manner intended by management.

Depreciation of property, plant and equipment is calculated using the straight-line method. The applicable periods are as follows:

- Technical equipment and machinery 2–11 years
- Other equipment, operating and business equipment 1–14 years

Borrowing costs

If the construction phase of property, plant and equipment extends over a longer period of time, the borrowing costs incurred up to completion are capitalised as part of the cost of acquisition or construction in accordance with IAS 23. No borrowing costs were incurred in this connection in the year under review or the previous year. In this respect, all borrowing costs were recognised in profit or loss in the period in which they were incurred.

Impairment of non-financial assets

The recoverability of the capitalised carrying amount of intangible assets and property, plant and equipment is reviewed on the basis of the future cash flows expected from their use (discounted at an interest rate ap propriate to the time and risk involved) and on the basis of the fair value less costs to sell (impairment test) if particular events or market developments indicate a possible correction of the estimated useful life or a pos sible decline in value. In addition, intangible assets not yet ready for use are tested annually for impairment. If the net carrying amount of assets is greater than the recoverable amount (higher of value in use and fair value less costs to sell), an impairment loss is recognised. When the expected future cash flows are determined, the current and expected future earnings as well as business segment-specific, technological, economic and general developments are taken into account. If no recoverable amount can be determined for an asset, the recoverable amount of the cash-generating unit to which the asset in question can be allocated is determined.

In the event of any ensuing reversal of the impairment loss, the carrying amount of the asset (or the cash-generating unit) is increased to reflect the new estimate of the recoverable amount. The increase in the carrying amount is limited to the amount which would have arisen had no impairment been recorded for the asset or cash-generating unit in previous periods. The reversal of impairment losses is recognised in profit and loss.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated at the acquisition date to the cash-generating units of the Group that are expected to benefit from the business combination.

Goodwill must be tested for impairment at least once a year. If there are indications that a unit is impaired, it may be necessary to carry out impairment tests more frequently. If the carrying amount of the cash-generating unit to which goodwill is allocated, including this goodwill, is higher than the recoverable amount of this group of assets, an impairment loss must be recognised. The recoverable amount is the higher of value in use and fair value less costs to sell.

The impairment loss is first allocated to goodwill and then to the other assets in proportion to their carrying amounts. Any impairment of goodwill is recognised directly in the income statement. In accordance with IAS 36, impairment losses on goodwill are not reversed.

Leases

A lease is a contract that transfers the right to use an asset (right-of-use asset) for an agreed period in return for payment.

Since 1 January 2019, SFC, as a lessee, has generally recognised right-of-use assets and liabilities for the payment obligations entered into. Exceptions to this are short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets (e.g. IT equipment as defined in IFRS 16.B6), for which the Group makes use of the recognition exemption in accordance with IFRS 16.5. The right-of-use asset is initially measured at the present value of the future lease payments plus initial direct costs and subsequently amortised over the term of the lease or adjusted for impairment. The lease liability is measured at the time of addition as the present value of the lease payments to be made during the term of the lease. For the purposes of subsequent measurement, the carrying amount is compounded at the interest rate applied and reduced by lease payments made. The SFC Group’s lease payments are discounted using a lessee-specific incremental borrowing rate.

The following lease payments are taken into account when recognising lease liabilities:

- Fixed payments, less any lease incentives to be paid by the lessor,
- Variable payments that depend on an index or interest rate,
- Expected residual value payments under residual value guarantees,
- The exercise price of a call option if the exercise is considered sufficiently certain, and
- Contractual penalties for terminating the lease if the lease term takes into account the exercise of a termination option.

As the exercise of existing purchase options is not considered sufficiently certain, the exercise price of a purchase option is not recognised in the lease liability.

The Group remeasures the lease liability and adjusts the corresponding right-of-use asset accordingly in the following cases:

- There is a change in the lease term or there is a significant event or a significant change in the circumstances leading to a revised assessment with regard to the exercise of a purchase option. In this case, the lease liability is remeasured by discounting the adjusted lease payments using a present value interest rate.
- There is a change in the lease payments resulting from a change in an index or a rate used to determine those payments or a change in the amounts expected to be payable under a residual value guarantee. In such cases, the lease liability is remeasured by discounting the adjusted lease payments using an unchanged discount rate (unless the change in lease payments is attributable to a change in a variable interest rate, in which case an updated interest rate is applied).
- A leased is modified and such lease modification is not recognised as a separate lease. In this case, the lease liability is remeasured on the basis of the term of the modified lease by discounting the modified lease payments with a revised interest rate as of the effective date of the change.

In the year under review, such remeasurement was necessary due to the extension of a rental agreement for a building. The original lease did not include an option to extend.

Right-of-use assets are measured at historical cost, which is broken down as follows:

- Lease liability,
- Lease payments made on or before the leased asset becomes available less any lease incentives received,
- Initial direct costs.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired. For further details, please refer to the section entitled "Impairment of non-financial assets".

The capitalised right-of-use assets are therefore recognised at amortised cost and amortised on a straight-line basis over the period of the contractual relationship. The amortisation periods are based on the contracts currently in place for:

- Rights-of-use assets 1–9 years

Inventories

Raw materials and supplies are recognised at the time of acquisition at historical cost plus transaction costs less purchase price reductions. Finished and unfinished goods are capitalised at historical cost. In addition to the direct costs, these also include the production and material overheads.

Inventories are subsequently measured on the basis of the net realisable value on the reporting date. The weighted average method is used as the consumption sequence method.

Financial assets

In accordance with IFRS 9, the classification and measurement approach for financial assets reflects the business model in which the assets are held and the characteristics of their cash flows. The following categories of financial instruments are possible under IFRS 9:

- Debt instruments at amortised cost;
- Debt instruments measured at fair value through other comprehensive income (FVOCI), whereby the accumulated gains and losses are recycled to the income statement when the financial asset is derecognised (recycled to profit and loss);
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income, with gains and losses recognised in other comprehensive income (FVOCI) (not recycled to profit and loss).

A purchase or sale of financial assets in line with standard market practice is recognised or derecognised either on the transaction or settlement date. The method selected must be applied consistently to all purchases and sales of financial assets that are classified in the same way in accordance with IFRS 9. In accordance with IFRS 9, financial assets are initially recognised at fair value, irrespective of the measurement category to which a financial instrument is assigned. This does not include trade receivables without a significant financing component. These are initially recognised at the transaction price. Transaction costs must also be included if financial instruments are subsequently measured at amortised cost or FVOCI.

The subsequent measurement of financial instruments depends on their classification. The classification of financial assets depends on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. Depending on the category, they are measured at amortised cost, at fair value through profit or loss or at fair value through other comprehensive income. The effective interest method is used for instruments measured at amortised cost.

- Amortised cost: Assets that are held to collect contractual cash flows and these cash flows exclusively represent payments for principal and interest, are measured at amortised cost. Interest income from these financial assets is recognised in financial income using the effective interest method. Gains and losses from the derecognition of the asset are reported directly in profit and loss and – together with currency translation gains and losses – included in other operating expenses and income. Impairments are recognised in the income statement.
- Measured at fair value through other comprehensive income (FVOCI): Assets that are held to collect the contractual cash flows and for sale of the financial assets and for which the cash flows constitute solely payments of principal and interest are measured at fair value through other comprehensive income. Movements in the carrying amount are recognised in OCI with the exception of the recognition of impairment reversals or losses, interest income and foreign currency gains and losses, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is recycled from equity to the income statement. Interest income from these financial assets is recognised in financial income using the effective interest method.

- Measured at fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss (FVPL). A gain or loss on a financial instrument that is subsequently measured at FVPL is recognised in the income statement in the period in which it arises.

As in the previous period, no financial assets were designated as "at fair value through profit or loss" category in the Group as of the reporting date.

The financial assets measured at amortised cost using the effective interest method are, in particular, trade receivables, other financial assets and receivables as well as cash and cash equivalents.

The Group only derecognises a financial asset if the contractual rights to the cash flows from a financial asset expire or if it transfers the financial asset and substantially all the risks and rewards incidental to ownership of the asset to a third party.

Impairment of financial assets

To determine the expected credit loss for trade receivables in accordance with IFRS 9, SFC applies the simplified approach for determining risk provisioning ("expected credit loss model"), according to which the credit loss is calculated on the basis of the remaining term of the financial asset. If there are objective indications of a credit loss, a specific valuation allowance is recognised for the corresponding receivables. Risk provisions for expected credit losses on receivables for which no loss allowances have been recognised are calculated based on the customer group-specific maturity profile of trade receivables. These are grouped into bands according to risk level and overdue status. The historical default rates used for this purpose are adjusted to allow for forward-looking information such as economic market conditions and general future risks. In individual cases, loss allowances are also recognised for trade receivables in the event of significant financial difficulties on the part of customers or a breach of contract, such as non-payment.

The expected credit loss approach generally utilises a three-level procedure for the allocation of loss allowances:

Level 1 includes all contracts with no material increase in credit risk since initial recognition and regularly includes new contracts and those with payments that are less than 31 days past due. The portion of the lifetime expected credit loss of the instrument that is attributable to a default within the next twelve months is recognised.

If a financial asset has experienced a significant increase in credit risk since its initial recognition, but its credit quality has not been impaired, it is assigned to Level 2. The expected credit losses measured over the entire term of the financial asset on the basis of possible payment defaults are recognised.

If a financial asset has suffered a deterioration in credit quality or default, it is assigned to Level 3. The expected credit losses measured over the entire term of the financial asset are recognised. Objective evidence that a financial asset is impaired includes arrears of 91 days or more, as well as further information indicating significant financial difficulties on the part of the debtor.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on a continuous assessment of the probability of default, which takes into account both external rating information and internal information on the credit quality of the financial asset.

A financial asset is transferred to Stage 2 if there has been a significant increase in credit risk since initial recognition. SFC assesses the credit risk on the basis of the probability of default. In levels 1 and 2, the effective interest income is determined on the basis of the gross carrying amount. As soon as a financial asset has become credit-impaired and is assigned to level 3, the effective interest income is determined on the basis of the net carrying amount (gross carrying amount less loss allowance).

Expected credit losses are calculated on the basis of the following factors:

- Neutral and probability-weighted amount;
- The time value of money; and
- Appropriate and reliable information (provided that this is available without unreasonable cost and time) as of the reporting date about past events, current circumstances and forecasts of future economic conditions.

Expected credit losses are calculated as the probability-weighted present value of all payment defaults over the expected term of the financial asset. The estimation of these risk parameters takes into account all relevant information available. In addition to historical and current information on losses, appropriate and reliable forward-looking information is also included.

Trade receivables are recognised at amortised cost less appropriate loss allowances for identifiable credit risks, which corresponds to the market value. Other financial assets and receivables are also recognised at amortised cost.

Offsetting and derecognition

Financial assets and financial liabilities are only offset and reported as a net amount on the face of the statement of financial position if the Company currently has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and liabilities were not offset in the year under review.

Financial assets are derecognised when the rights to receive payments from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards associated with ownership.

As of the reporting date, the Group has no exposure to financial assets that have been transferred but not fully derecognised.

Government grants

In the year under review, government grants included subsidies for the development activities of SFC AG and SFC B.V. as well as SFC Ltd., which were provided for the development of new fuel cell systems and power supply solutions.

If the development costs are capitalised in accordance with IAS 38 "Intangible Assets", the grants for assets are recognised as a reduction from the historical costs of the asset concerned.

If the requirements for capitalisation are not met, the grants are recognised directly in profit or loss as a reduction from research and development costs and general administrative expenses.

Subsidies for investments are deducted from historical costs.

Subsidies for wage costs are recognised in the cost of sales, selling expenses, research and development expenses and general administrative expenses.

Deferred and current taxes

Deferred tax assets and liabilities are recognised in accordance with IAS 12 "Income Taxes" using the statement of balance-sheet-oriented temporary concept for all temporary differences between the tax and IFRS carrying amounts and on consolidation measures. In accordance with IAS 12.24 and IAS 12.34, deferred tax assets on unused tax losses and temporary differences may only be recognised to the extent that it is probable that future tax benefits will be realised that will allow these unused tax losses to be offset or that deferred tax liabilities exist. Deferred taxes are not recognised if the temporary differences arise from goodwill (separate consideration of goodwill for tax purposes). Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries or associates and interests in joint ventures, unless the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are netted only if there is an enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes from the same tax authority, either for the same taxable entity or for different taxable entities that intend, in each future period in which to settle current tax liabilities and claims for reimbursement on a net basis or to settle the obligations simultaneously with the realization of the claims.

Deferred taxes are recognised in equity or in OCI if they relate to items that are recognised directly in equity or OCI.

Deferred tax assets and liabilities are recognised under non-current assets and liabilities.

Deferred tax assets and liabilities are not discounted.

Deferred taxes are calculated on the basis of the tax rates applicable at the time of realisation on the basis of the current legal situation.

Current and deferred taxes are calculated using the tax rates applicable in each country.

The legislation on global minimum taxation in accordance with BEPS Pillar 2 is not relevant for the Group. The revenue thresholds are not reached in either the current or the following year. SFC expects this to result in an impact of EUR 0 in both the current and the following year.

Short-term and other long-term employee benefits

For short-term employee benefits, the non-discounted amount of the benefits expected to be paid in exchange for the service rendered is recognised when the employee renders the service.

The expected costs of the short-term employee benefits in the form of compensated absences are recognised in the case of accumulating entitlements when the work that increases the employee's entitlement to future paid absences is performed. Non-accumulating entitlements, however, are recognised at the time when the absence occurs.

Liabilities from other long-term employee benefits are measured at the present value of the estimated future cash outflows that the Group expects for the services rendered by the employees up to the reporting date.

Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognised when there is a present obligation to a third party as a result of a past event that is likely to result in a future outflow of resources that can be reliably estimated. This means that the probability of occurrence must be above 50%. Provisions are recognised for identifiable risks and contingent liabilities in the amount of their probable occurrence and are not offset against recourse claims. Non-current other provisions are discounted.

The settlement amount also includes any cost increases to be taken into account as of the reporting date.

Provisions for warranty claims are recognised on the basis of past or estimated future claims experience, taking into account future income from the recycling of fuel cells.

If there is a threat of loss from a contract, the Company recognises the current obligation from the contract as a provision for onerous contracts. This is measured at the lower amount by which the expected costs of fulfilling the contract or the expected costs of not fulfilling the contract exceed the expected economic benefit from the contract.

No provisions for impending losses were recognised in either the year under review of the previous year. The restoration obligation for leasehold improvements by SFC AG is recognised under other provisions.

Other provisions also include provisions for disposal and recycling obligations.

Financial liabilities

Financial liabilities are classified either as financial liabilities measured at amortised cost (FLAC) or as financial liabilities measured at fair value through profit or loss (FVTPL). Financial liabilities are generally categorised as FVTPL if they are classified as held for trading (e.g. derivatives), if they are contingent consideration from an acquirer in a business combination or if the liabilities are designated at fair value through profit or loss at the time of acquisition.

SFC determines the classification of its financial liabilities upon initial recognition. Financial liabilities in the "financial liabilities measured at amortised cost" category are initially recognised at the fair value of the consideration received, less any transaction costs associated with borrowing. After initial recognition, financial liabilities in the category "financial liabilities measured at amortised cost" are measured at amortised cost using the effective interest method.

The effective interest method is a method used to calculate the amortised cost of a financial liability and to allocate interest expense to the relevant periods. The effective interest rate is the rate that discounts estimated future cash payments, including fees and charges that are an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial instrument or a shorter period to the net carrying amount on initial recognition.

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration received or to be received is recognised in the consolidated income statement.

Consolidation

Consolidation accounting for subsidiaries included in the consolidated financial statements is carried out in accordance with IFRS 10 "Consolidated Financial Statements" by offsetting the carrying amount of the investment against the equity of the subsidiary at the time of initial consolidation.

The effects of all significant intragroup transactions are eliminated. Receivables and liabilities between the companies included in the consolidated financial statements are offset against each other. All income and expenses from intragroup transactions are also eliminated.

Results from intragroup deliveries of goods that are included in the carrying amount of inventories are eliminated. Deferred taxes are recognised on the differences arising from the elimination of intergroup profits.

Business combinations

Acquisitions are recognised using the purchase method in accordance with IFRS 3 if a business operation is acquired. A business is deemed to exist if the group of acquired activities and assets comprises an input factor and a substantive process that together contribute significantly to the generation of output. The acquired process is considered substantial,

- if it is critical for the ability to continue to generate output, and
- if the acquired input factors include an organised workforce that has the necessary skills, knowledge or experience to apply this process, or
- if it can contribute significantly to further production and is considered unique or rare, or if its replacement would involve significant cost or effort or would significantly delay further production.

If no business operations are acquired, consolidation is carried out in accordance with IFRS 10 as an acquisition of assets and liabilities.

The consideration transferred for the acquisition of a subsidiary includes

- the fair values of the assets transferred,
- the liabilities assumed by the former owners of the acquired business,
- the equity shares issued by the Group,
- the fair value of an asset or liability from an agreement on contingent consideration, and
- the fair value of an existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities assumed in a business combination are generally recognised at fair value. Any goodwill arising from the transaction is tested annually for impairment. Any profit from the acquisition at a price below the market value is recognised immediately in the income statement. Transaction costs are recognised as an expense when they are incurred, unless they relate to the issue of debt or equity securities.

The consideration transferred does not include any amounts associated with the fulfilment of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Currency translation

Receivables and liabilities in foreign currencies are initially measured in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" using the transaction rate and translated on the reporting date using the applicable closing rate. Gains or losses from this are recognised in profit or loss.

The annual financial statements of a consolidated company prepared in a foreign currency are translated on the basis of the functional currency concept in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" using the modified closing rate method. As the subsidiaries of SFC generally conduct their business independently in financial, economic and organisational terms, the functional currency is identical to the local currency of the companies.

Non-monetary items that are measured at historical cost in a foreign currency must be translated at the exchange rate at the time of the transaction. Non-monetary items that are measured at fair value in a foreign currency must be translated using the exchange rate on the measurement date.

For the preparation of the consolidated financial statements, assets and liabilities are translated at the closing rate, equity is translated at historical rates and income and expenses are translated at the average rate.

The difference resulting from currency translation is recognised directly in equity and reported separately in equity within other comprehensive income.

The exchange rates of the major foreign currencies for the Group were as follows:

EXCHANGE RATE EUR

	Average exchange rate		End-of-year exchange rate	
	2025	2024	**31 Dec. 2025**	31 Dec. 2024
US dollar (USD)	1.1300	1.0479	1.1750	1.0389
Canadian dollar (CAD)	1.5787	1.4915	1.6088	1.4948
Romanian leu (RON)	5.0424	4.9744	5.0968	4.9753
Indian rupee (INR)	98.5239	89.0453	105.5965	88.9335
British pound (GBP)	0.8568	0.8280	0.8726	0.8292
Danish krone (DKK)	7.4634	7.4589	7.4689	7.4578

Notes on the consolidated income statement

(1) Sales

Sales are shown in the following overview:

SALES — EUR

	2025	2024 (retroactively adjusted*)
Sales	**143,274,303**	**144,684,406**
of which from revenue recognition over time	7,211,554	1,848,428

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

The Clean Energy segment generated sales of EUR 99,835 thousand in 2025 (2024: EUR 100,536 thousand), thus remaining virtually unchanged over the previous year. The slight year-on-year decline of 0.7% is mainly attributable to currency-translation effects resulting from the depreciation of the US dollar, the Canadian dollar and the Indian rupee against the euro, as well as the postponement of major orders in India in the core target market of defence and public security. By contrast, business in fuel cell solutions for industrial applications expanded substantially, particularly in the core target markets of security technology/video surveillance and data transmission and digitisation, which grew noticeably and thus made an important contribution to stabilising segment sales.

At EUR 43,439 thousand, sales in the Clean Power Management came close to the previous year's figure (2024: EUR 44,148 thousand). Business in power management solutions continued to perform well thanks to the resolute implementation of the product strategy, recording significant growth. By contrast, there was a noticeable year-on-year decline in sales of frequency converters for the upstream oil and gas industry. The increase in sales from over-time revenue recognition is primarily attributable to an increase in business volumes at SFC Ltd. However, it should be noted in this connection that the translation of sales generated in Canada (Canadian dollars) resulted in a negative currency effect of roughly 5.5 per cent.

Revenues can be broken down as follows:

SALES BY SEGMENT

EUR

	Clean Energy		Clean Power Management		Total	
	2025	2024 (retroactively adjusted*)	**2025**	2024	**2025**	2024 (retroactively adjusted*)
Regions						
North America	39,569,050	35,936,391	15,481,053	18,191,107	55,050,103	54,127,498
Europe (excluding Germany)	35,329,380	30,386,636	26,362,826	21,037,579	61,692,206	51,424,215
Germany	14,797,509	12,226,165	874,174	1,898,655	15,671,683	14,124,820
Asia	9,578,098	21,051,242	721,029	3,020,987	10,299,127	24,072,229
Rest of the World	561,184	935,644	0	0	561,184	935,644
Total	**99,835,221**	**100,536,078**	**43,439,082**	**44,148,328**	**143,274,303**	**144,684,406**
Date of revenue recognition						
Point-in-time transfer of goods	97,478,880	100,345,889	38,583,869	42,490,089	136,062,749	142,835,978
Over-time revenue recognition/ provision of services	2,356,341	190,189	4,855,213	1,658,239	7,211,554	1,848,428
Total	**99,835,221**	**100,536,078**	**43,439,082**	**44,148,328**	**143,274,303**	**144,684,406**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Further information can be found in note (35) “Disclosures on Group segment reporting” and note (15) “Contract assets and liabilities”.

(2) Cost of goods sold

The cost of goods sold in the year under review breaks down as follows:

COST OF GOODS SOLD EUR

	2025	2024** (retroactively adjusted*)
Cost of materials	62,449,922	65,484,871
Personnel expenses	11,184,427	8,686,342
Cost of premises	1,126,560	883,317
Transport costs	2,526,777	1,953,705
Amortisation of capitalised development expenditure	2,443,205	1,842,650
Other depreciation/amortisation	2,319,155	1,771,043
Warranties	439,018	2,775,972
Legal, audit and consultancy expenses	336,437	181,755
IT and ERP expenses	281,167	201,118
Other	1,773,310	1,596,351
Total	**84,879,978**	**85,377,124**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.
** Revised presentation: warranties and IT and ERP costs shown separately.

(3) Selling expenses

Selling expenses in the year under review were as follows:

SELLING EXPENSES EUR

	2025	2024
Personnel expenses	11,965,565	10,565,328
Amortisation and depreciation	494,529	539,528
Advertising and travel expenses	2,766,279	2,543,563
Legal, audit and consultancy expenses	835,939	809,581
Cost of materials	102,667	16,299
Vehicle expenses	438,404	427,292
Cost of premises	164,656	572,309
Other	772,589	1,199,665
Total	**17,540,628**	**16,673,565**

(4) Research and development expenses

Research and development expenses in the year under review were as follows:

RESEARCH AND DEVELOPMENT EXPENSES EUR

	2025	2024
Personnel expenses	7,800,388	5,322,855
Legal, audit and consultancy expenses	111,980	65,824
Cost of premises	189,181	601,912
Cost of materials	1,534,579	3,351,647
Other depreciation/amortisation	1,000,799	824,686
Impairment losses/amortisation of internally generated intangible assets	0	146,200
Capitalisation of internally generated intangible assets	-1,530,039	-3,159,584
Netting with grants received	-680,904	-668,205
Other	729,456	783,744
Total	**9,155,440**	**7,269,079**

(5) General administrative expenses

General administrative expenses in the year under review were as follows:

GENERAL ADMINISTRATIVE EXPENSES EUR

	2025	2024** (retroactively adjusted*)
Personnel expenses	8,758,835	8,735,340
Legal, audit and consultancy expenses	7,204,166	5,017,015
Insurance	594,962	461,535
Amortisation and depreciation	1,480,725	1,328,195
Recruitment costs	431,336	458,119
Vehicle expenses	174,740	242,198
Travel expenses	1,041,951	1,380,015
Remuneration of the Supervisory Board	207,500	207,500
IT and ERP expenses	2,767,092	1,275,838
Other	1,368,064	2,333,366
Total	**24,029,371**	**21,439,121**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.
** Revised presentation: maintenance costs for hardware and software have been renamed IT expenses, and the cost of premises are no longer shown separately.

(6) Other operating income

Other operating income breaks down as follows in the year under review:

OTHER OPERATING INCOME EUR

	2025	2024
Currency translation gains	2,656,315	1,732,487
Other	388,004	341,970
Total	**3,044,319**	**2,074,457**

(7) Other operating expenses

Other operating expenses break down as follows in the year under review:

OTHER OPERATING EXPENSES EUR

	2025	2024
Currency translation losses	6,045,673	1,178,461
Allocation to provisions	750,000	500,000
Other	3,867	995
Total	**6,799,540**	**1,679,456**

The increase in currency translation losses during the year under review is primarily attributable to the unfavourable movements of the US dollar, the Canadian dollar and the Indian rupee against the euro.

The provisions of EUR 750,000 (previous year: EUR 500,000) relate to pending legal disputes during the year under review.

(8) Financial result

Interest and similar income for the year under review can be seen in the following overview:

INTEREST AND SIMILAR INCOME EUR

	2025	2024
Interest income from cash and cash equivalents	327,471	1,090,966
Total	**327,471**	**1,090,966**

Interest and similar expenses for the year under review can be seen in the following overview:

INTEREST AND SIMILAR EXPENSES

EUR	2025	2024
Interest expenses on loans	186,121	268,949
Interest-like expenses	155,919	30
Interest expenses on leases	652,043	569,634
Discount factor unwind on other provisions	172,251	41,384
Total	**1,166,334**	**879,997**

(9) Income taxes

The composition of income taxes for the year under review is shown in the following table:

INCOME TAXES

EUR	2025	2024
Current income taxes on earnings in the year under review	2,650,264	2,385,521
Deferred tax income (-) / expense (+)	1,879,948	2,208,218
Tax income (-) / expense (+) for the period (net) from income taxes	**4,530,212**	**4,593,739**

The assessment rate for trade tax in the municipality of Brunnthal is 330% (previous year: 330%), and the assessment rate for trade tax in the municipality of Kirchheim near Munich is 360% of the tax base of 3.5%. This results in a trade tax rate of 11.61% (previous year: 11.55%) and a total corporation tax rate for SFC, including corporation tax of 15% (previous year: 15%) plus the solidarity surcharge of 5.5% (previous year: 5.5%) on the corporation tax of 27.43% (previous year: 27.38%).

For the subsidiaries in the Netherlands, Romania, Canada, India, the UK, Denmark and the USA, income taxes are calculated using the applicable local tax rates. Tax rates of 16% to 25% (previous year: 16% to 25%) must be taken into account.

Deferred tax assets and liabilities for the year under review are as follows:

DEFERRED TAX ASSETS AND LIABILITIES

EUR	31 Dec. 2025	31 Dec. 2024
Deferred tax assets		
Unused tax losses	13,795,582	16,727,526
Provisions	1,011,808	507,120
Inventories	724,222	526,211
Non-current assets	12,433	30,307
Receivables	149,184	115,307
Lease liabilities	1,801,558	616,259
Other	560,333	87,190
Offsetting of deferred tax assets	-4,819,183	-3,289,895
Total deferred tax assets	**13,235,936**	**15,320,025**
Deferred tax liabilities		
Internally generated intangible assets	2,182,509	2,456,965
Non-current assets	2,419,086	789,478
Receivables	65,185	36,355
Other assets	294,974	206,679
Offsetting of deferred tax liabilities	-4,819,183	-3,289,895
Total deferred tax liabilities	**142,571**	**199,582**

As of the reporting date, there were unused tax losses subject to review in Germany, the Netherlands, India, the UK and the United States totalling EUR 66,967,617 (previous year: EUR 71,552,511) for corporation tax and EUR 50,744,950 (previous year: EUR 56,008,733) in Germany for trade tax. Deferred tax assets of EUR 12,559,078 (previous year: EUR 15,800,258) were recognised on these unused tax losses for SFC AG. Deferred tax assets were also recognised on unused tax losses of EUR 866,633 (previous year: EUR 724,219) for SFC Energy UK Ltd. and EUR 369,871 (previous year: EUR 62,178) for SFC Energy LLC. In 2025, the deferred tax assets attributable to the Indian subsidiary were written down in full by EUR 186,898, meaning that as of the reporting date there were no deferred tax assets relating to unused tax losses (previous year: EUR 140,871).

Despite losses recognised in previous periods, the Group has concluded that the deferred tax assets are recoverable using the estimated future taxable profit. This is based on the Company's approved business plans and the expected future positive earnings situation on which the plans are based due to a further increase in market demand.

As of 31 December 2025, the Group had unused tax losses of EUR 841,000 (previous year: EUR 0) relating to corporation tax at SFC Energy AG, EUR 8,264,782 (previous year: EUR 8,592,008) relating to corporation tax at SFC B.V. and EUR 455,670 (previous year: EUR 0) relating to corporation tax at SFC Energy India Private Ltd. In addition, SFC Energy India Private Ltd. has unused deductible temporary differences amounting to EUR 1,107,373, for which no deferred tax asset of EUR 190,025 has been recognised. Future taxable income cannot be assumed with sufficient certainty for these unused tax losses.

Unused tax losses of EUR 53,186,000 (previous year: EUR 58,946,617) from corporation tax and EUR 50,744,950 (previous year: EUR 56,008,733) from trade tax, totalling EUR 103,930,950 (previous year: EUR 114,955,350), can be carried forward indefinitely in Germany. In the Netherlands, the amount of EUR 8,264,782 (previous year: EUR 8,592,008) can be carried forward indefinitely for income tax purposes. In the United States, the amount of EUR 1,594,634 (previous year: EUR 296,085) can be carried forward indefinitely for income tax purposes. In the UK, income tax amounting to EUR 3,466,531 (previous year: EUR 2,896,874) can be carried forward indefinitely. In India, the amount of EUR 455,670 (previous year: EUR 820,927) can be carried forward for 8 years.

The previous year's figures for unused tax losses were adjusted in accordance with the separate determinations of the remaining unused tax losses.

Both SFC Energy UK Ltd. and SFC Energy LLC incurred losses either in the current or in the previous period. These deferred tax assets (EUR 866,633 and EUR 369,871, respectively) are considered to be recoverable due to the future positive adjustment in connection with group transfer pricing.

Temporary differences from outside basis differences totalled EUR 1,029,564 as of the reporting date (previous year: EUR 908,899). The reason for not recognising deferred tax liabilities on these temporary differences is that SFC can control the outside basis differences and these will not reverse in the short term.

The income tax receivables relate to companies based in Germany and India.

The following table shows the tax reconciliation between the expected income tax expense/income in the respective year with the actual tax expense (+) or income (-) recognised in the consolidated income statement:

TAX RECONCILIATION STATEMENT

EUR	2025	2024
Tax rate	**27.43%**	**27.38%**
Profit / loss (-) before taxes	**3,643,638**	**13,948,460**
Expected tax expense / tax income (-)	**999,613**	**3,819,089**
Reconciliation with recognised tax expense		
Non-recognition of deferred tax assets on unused tax losses	83,806	151,595
Non-taxable income	-52,230	0
Change in deferred tax assets on unused tax losses	333,403	0
Differences in tax rates	1,959,370	-32,890
Taxes from permanent differences – non-deductible expenses	1,142,207	162,649
Utilisation of unused tax losses for which no deferred taxes were recognised	38,477	0
Taxes from permanent differences – share options	-55,810	481,939
Other	81,376	11,357
Income taxes according to the consolidated income statement	**4,530,212**	**4,593,739**

In 2025, the “Act on an Immediate Tax Investment Programme to Strengthen Germany as a Business Location” was passed. Among other things, this law provides for a gradual reduction in the German corporation tax rate from the current rate of 15% to 10% between 2028 and 2032.

Deferred tax assets and liabilities arising from temporary differences and unused tax losses were therefore measured using the tax rate expected to apply at the time of the anticipated reversal of the relevant temporary differences or the utilisation of the unused tax losses.

The remeasurement of deferred taxes resulted in tax expense of EUR 1,526,213 in the year under review. In the tax reconciliation statement, this effect is shown in the line entitled “Differences in tax rates”.

In the year under review, no taxes (previous year: EUR 0) were recognised directly in equity from the recognition of deferred tax assets on unused tax losses.

(10) Cost of materials

The cost of materials breaks down as follows in the year under review:

COST OF MATERIALS EUR

	2025	2024 (retroactively adjusted*)
Raw materials, consumables and supplies and purchased goods	63,129,861	68,186,067
Services received	1,126,872	666,750
Total	**64,256,733**	**68,852,817**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

(11) Amortisation and depreciation

Please refer to notes (19) Intangible assets, (20) Property, plant and equipment and (25) Leases for information on depreciation and amortisation of non-current assets.

In the consolidated income statement prepared using the cost of sales method, pro rata depreciation and amortisation of property, plant and equipment and intangible assets are included in the cost of sales, selling expenses, research and development expenses and general administrative expenses.

(12) Personnel expenses and employees

Personnel expenses breaks down as follows:

PERSONNEL EXPENSES EUR

	2025	2024 (retroactively adjusted*)
Wages and salaries	27,031,550	24,340,201
Statutory social security expenses	5,616,894	3,024,031
Variables/premiums	3,599,546	3,361,108
Other social security contributions, pension scheme	195,420	364,705
Expenses for severance payments	0	124,724
Expense or income under long-term incentive plan (SAR/SOP/PS)	2,496,615	2,021,067
Other	769,190	74,029
Total	**39,709,215**	**33,309,865**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

The general increase in staff costs is due to the higher average headcount. Statutory social security expenses include the Company's contribution to the statutory pension insurance scheme totalling EUR 1,499,522 (previous year: EUR 940,017). The statutory pension scheme is treated as a defined contribution plan in accordance with IAS 19. Statutory social security contributions also increased due to payments made during the year under review under the LTI programmes at SFC AG.

In the year under review, the Group received government grants totalling EUR 759,470 (previous year: EUR 867,069). Of this amount, EUR 680,904 (previous year: EUR 668,205) was deducted from research and development costs. A further EUR 78,566 (previous year: EUR 198,864) was deducted from expenses in the respective functional cost areas in which they arose.

The average number of permanent employees was as follows:

EMPLOYEES

	2025	2024
Full-time employees	438	422
Part-time employees	59	40
Total	**497**	**462**

In addition, an annual average of 23 (previous year: 21) interns, undergraduates and working students were employed.

Notes on the consolidated statement of financial position

(13) Inventories

As in the previous year, inventories all have an expected turnover period of less than one year and break down as follows:

INVENTORIES EUR

	31 Dec. 2025	31 Dec. 2024
Finished goods	8,498,592	10,062,513
Work in progress	2,849,365	1,003,983
Raw materials, supplies and consumables	23,937,618	19,526,953
Total	**35,285,575**	**30,593,449**

On the basis of the net realisable value, the following impairments were recognised on inventories:

INVENTORIES – RAW MATERIAL, SUPPLIES AND CONSUMABLES EUR

	31 Dec. 2025	31 Dec. 2024
Raw materials, supplies and consumables – before impairment	26,162,410	20,460,859
Impairments	-2,224,792	-933,906
Net book value	**23,937,618**	**19,526,953**

INVENTORIES – WORK IN PROGRESS AND FINISHED GOODS EUR

	31 Dec. 2025	31 Dec. 2024
Work in progress and finished goods – before impairment	12,721,629	12,640,999
Impairments	-1,373,672	-1,574,503
Net book value	**11,347,957**	**11,066,496**

The change in impairments of EUR 1,090,055 was recognised as an expense in the year under review (previous year: EUR 137,474 as income). This was mainly attributable to greater impairments on the basis of marketability.

As of the reporting date, inventories with a carrying amount of EUR 8,905,120 (previous year: EUR 5,788,823) were pledged as collateral for liabilities.

Inventories of EUR 64,256,733 (previous year retroactively adjusted*: EUR 68,852,817) were recognised as an expense in the reporting period.

(14) Trade receivables

Trade receivables and the loss allowances recognised for credit risks are as follows:

SPECIFIC LOSS ALLOWANCES EUR

	31 Dec. 2025	31 Dec. 2024
Trade receivables	49,805,658	38,510,175
Specific loss allowances	-1,903,926	-2,666,912
Total	**47,901,732**	**35,843,263**

As in the previous year, all trade receivables are due for settlement in less than one year. For information on loss allowances, see “Credit risk” under note (30) “Financial instruments”. The usual payment term for trade receivables is 30 days. For individual contracts with customers, the payment term may also extend to up to 90 days.

Further information on the risk profile and the impairment matrix for trade receivables can be found in “Credit risk” in note (30) “Financial instruments”.

Trade receivables with a residual carrying amount of EUR 7,663,570 (previous year: EUR 12,778,395) are pledged as collateral for credit facilities granted to the subsidiary SFC Energy Ltd. The pledge is based on the term of the respective credit facilities during their utilisation.

(15) Contract assets and liabilities

If the costs incurred for contracts not yet completed in the year under review, including profit contributions, exceed the amounts already invoiced (partial invoices issued), the resulting balance is recognised as a contract asset. Conversely, construction contracts with a debit balance are recognised as contract liabilities.

ASSETS AND LIABILITIES EUR

	31 Dec. 2025	31 Dec. 2024
Gross amount due from customers for contract work (recognised as contract assets)	3,317,282	781,184
Gross amount due to customers for contract work (recognised as contract liabilities)	-74,438	-2,234

During the project term, changes to the order by the customer with regard to the agreed scope of services to be provided, e.g. changes to the specification of the service or the duration of the contract, may lead to an increase or reduction in revenues and costs. The resulting effects for the current period and foreign currency effects are recognised in profit or loss.

As of 31 December 2025, the cumulative services (contract costs incurred less progress billings) reported as contract assets were significantly higher than in the previous year. At the same time, contract liabilities fell sharply over the previous year as of the reporting date. With regard to the risk profile of contract assets, there were no significant changes in measurements or estimates in the year under review.

As in the previous year, contract assets and liabilities are due for settlement in less than one year.

The total transaction price allocated to the remaining performance obligations is EUR 74,438. The transaction price allocated to the remaining performance obligations is recognised in full in the year under review as well as in 2026.

Revenues of EUR 2,115 (previous year: EUR 1,447,169) were recognised in the year under review and included in net contract assets/contract liabilities at the beginning of the year.

In the year under review, contract assets totalling EUR 739,668 (previous year: EUR 1,763,193) were reclassified as receivables.

As in the previous year, no capitalised costs arose in connection with the inception or fulfilment of contracts as of the reporting date.

(16) Other assets and receivables

Other assets and receivables (current and non-current) break down as follows:

OTHER ASSETS AND RECEIVABLES EUR

	31 Dec. 2025	2024** (retroactively adjusted*)
VAT receivables	1,793,620	3,672,426
Advance payments and prepaid expenses	1,813,470	3,190,543
Deposits	831,275	342,236
Receivables from grants	134,651	299,297
Other	112,283	295,358
Total	**4,685,299**	**7,799,860**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.
** Revised presentation: prepaid expenses and advance payments made aggregated under "Advance payments and prepaid expenses".

Other assets and receivables include financial assets totalling EUR 1,016,852 as of the reporting date (previous year: EUR 355,008).

Non-current other assets and receivables amounted to EUR 143,852 as of the reporting date (previous year: EUR 43,221) and consist primarily of prepayments made.

(17) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and current account balances as well as fixed-term and call money accounts at banks that are due within a maximum of three months.

For a presentation of cash and cash equivalents in the cash flow statement, please refer to section (34) “Notes to the consolidated cash flow statement”.

(18) Restricted cash and cash equivalents

In connection with the lease for the Company’s building at Eugen-Sänger-Ring 7, there is a blocked fixed deposit account in favour of the lessor in the amount of EUR 285,620 as of the reporting date (previous year: EUR 285,620).

(19) Intangible assets

The Group's intangible assets were as follows:

CHANGES IN CONSOLIDATED NON-CURRENT ASSETS – INTANGIBLE ASSETS EUR
for the year from 1 January until 31 December 2025

	Software	Acquired patents and licences / IP	Internally generated patents	Development costs	Goodwill	Other intangible assets	Total
Historical cost as of 1 January 2024	**2,120,668**	**1,485,840**	**0**	**20,282,499**	**13,243,718**	**0**	**37,132,725**
Additions from business combinations	0	88,000	0	0	0	17,999	105,999
Additions	95,181	0	0	3,159,584	0	0	3,254,765
Disposals	-37,811	-48,132	0	0	0	0	-85,943
Currency-translation differences	-3,680	0	0	0	-125,936	3	-129,614
Amount on 31 December 2024	**2,174,358**	**1,525,708**	**0**	**23,442,083**	**13,117,782**	**18,001**	**40,277,932**
Additions	12,208	0	0	1,530,039	0	0	1,542,247
Disposals	-18,940	0	0	0	0	0	-18,940
Currency-translation differences	-29,655	0	0	0	-494,449	-27	-524,131
Amount on 31 December 2025	**2,137,971**	**1,525,708**	**0**	**24,972,122**	**12,623,333**	**17,974**	**41,277,108**
Depreciation and impairment losses as of 1 January 2024	**-1,546,644**	**-497,430**	**0**	**-10,307,726**	**-4,961,138**	**0**	**-17,312,938**
Systematic depreciation/ amortisation	-324,458	-28,000	0	-1,842,651	0	0	-2,195,109
Disposals	37,804	48,130	0	0	0	0	85,934
Impairment losses	0	0	0	-146,200	0	0	-146,200
Currency-translation differences	1,146	0	0	0	0	0	1,146
Amount on 31 December 2024	**-1,832,152**	**-477,300**	**0**	**-12,296,577**	**-4,961,138**	**0**	**-19,567,167**
Systematic depreciation/ amortisation	-242,289	-18,440	0	-2,443,205	0	-3,598	-2,707,532
Disposals	18,940	0	0	0	0	0	18,940
Currency-translation differences	15,621	0	0	0	0	3	15,624
Amount on 31 December 2025	**-2,039,880**	**-495,740**	**0**	**-14,739,782**	**-4,961,138**	**-3,595**	**-22,240,135**
Carrying amounts							
Amount on 1 January 2024	**574,024**	**988,410**	**0**	**9,974,773**	**8,282,580**	**0**	**19,819,787**
Amount on 31 December 2024	**342,206**	**1,048,408**	**0**	**11,145,506**	**8,156,644**	**0**	**20,710,765**
Amount on 31 December 2025	**98,091**	**1,029,968**	**0**	**10,232,340**	**7,662,195**	**14,379**	**19,036,973**

Within intangible assets, EUR 129,185 (previous year: EUR 7,142,179) is pledged as collateral for liabilities.

Development expenses

Grants totalling EUR 680,904 (previous year: EUR 668,205) were received in connection with development activities and are treated as a reduction in research and development costs.

Capitalised development costs mainly include the following projects:

- Further development of direct methanol fuel cell ("DMFC") generations
- The development and enhancement of proton-exchange membrane fuel cell systems ("PEMFC")
- The development and establishment of emergency power systems based on PEMFC fuel cells
- The development of a new PEMFC fuel cell system with integrated control and voltage conversion
- The development of a PEMFC fuel cell system for power ranges above 50 kW
- The continuous development and implementation of service-optimised functions in the cloud-based remote monitoring system for the newly launched fuel cell generations
- Systematic improvements and further developments to enhance the performance and reduce the costs of existing EFOY generations
- Development of the latest generation of military-hardened, portable direct methanol fuel cells for defence organisations
- Development of a refillable fuel cartridge for methanol together with the necessary refill station
- The development of a module and system solution based on the existing energy platform to combine several 4 kW power supplies and to create an 8 kW to 20 kW system, for example
- Technology development to increase the output of existing platforms from 4kW to 5kW
- The integration of a new energy platform in laser systems
- Bespoke development of a high-performance power supply, derived from the platform technology, for a market leader in the semiconductor industry
- Bespoke development of a high-performance power supply for defence radars

Impairment tests for goodwill

The goodwill included in the consolidated financial statements relates to the differences in the respective purchase prices arising from the business combinations of SFC B.V. and SFC Ltd. over the net assets of the acquired business operations measured in accordance with IFRS 3.

Goodwill from the business combination with SFC Energy Ltd. amounts to CAD 10,430,435 or EUR 6,483,363 (previous year: CAD 10,430,435 or EUR 6,977,813) and was allocated proportionately to the Clean Energy segment and to the Clean Power Management segment following the resegmentation as of 1 January 2021. Due to this allocation of goodwill, the impairment test is carried out for the portion of goodwill allocated to the Clean Energy segment at the level of the former entire segment and for the portion allocated to the Clean Power Management segment at the level of the latter entire segment.

Goodwill is allocated to the segments as follows:

SEGMENT EUR

	31 Dec. 2025	31 Dec. 2024
Clean Energy	5,043,139	5,427,751
Clean Power Management	2,619,055	2,728,893
Total	**7,662,194**	**8,156,644**

In both cases, the recoverable amount is determined by calculating the higher of the fair value less costs to sell and the value in use using the discounted cash flow method. The determination of fair value falls under level 3 of the IFRS 13 hierarchy, taking into account the significant input factors.

The impairment test carried out in the year under review was based on a five-year planning period derived from strategic planning. Together with the market-specific growth rate of 1.0% (previous year: 1.0%), these five years form the basis for calculating the perpetual annuity. As part of the planning process, possible negative effects on business activities due to macroeconomic conditions and relevant market information, such as an increase in the price of purchased materials and expected long-term inflation, were taken into account, although these are subject to great uncertainty.

The expected average annual increase in sales of the cash-generating units during the five-year planning period was estimated in the light of past experience and relevant market information.

Clean Energy segment

The Clean Energy cash-generating unit consists of part of SFC Ltd, SFC Energy India Private Ltd, SFC Energy UK Ltd, SFC Clean Energy Srl, SFC Energy LLC, SFC Energy Denmark ApS and the operating part of SFC AG.

Key basic assumptions used in determining the fair value less costs to sell are sales growth, the operating EBIT margin and the cost of capital rate used.

Sales growth and EBIT margin

The assumptions are based on the budget prepared by management, which contains a projection of sales, operating costs, investments and depreciation and amortisation over a period of five years. The cash flows relevant for the valuation result from sales and earnings planning as well as additional assumptions regarding working capital.

The growth assumptions for revenues are based on the segment-specific market environment and the Company's current growth rates. Over the entire planning horizon (2026–2030), average sales growth (CAGR) amounts to around 21.9% p.a. (previous year: planning horizon 2025–2029: around 26.9% p.a.).

The planned EBIT margin is based on historically observable gross margins on sales as well as detailed resource and material cost planning. The expected long-term operating EBIT margin is around 14.0% (previous year: around 12.0%).

Cost of capital

The cost of capital used to discount the cash flows corresponds to the weighted average cost of capital (WACC) after taxes, which was determined by reference to a peer group in the same industry using publicly available data. The WACC indicates the average weighted return required by equity and debt capital providers on the basis of the ratio of the capital granted to fair value. To determine the WACC, it is necessary to analyse the cost of equity, the cost of debt and the capital structure at fair value. The weighted average cost of capital used in the year under review was around 12.82% (or around 11.82% after growth discount in the terminal value) (previous year: around 13.83% or around 12.83% after a growth discount in the terminal value).

There were no indications of goodwill impairment in the year under review.

The recoverable amount of the cash-generating unit exceeds its carrying amount by approximately EUR 91,080 thousand as of the reporting date (previous year: EUR 97,850 thousand).

The calculations were based on the assumption that the other parameters are unchanged (ceteris paribus).

Clean Power Management segment

The Clean Power Management cash-generating unit consists of a part of SFC Ltd. and SFC B.V.

Key basic assumptions used in determining the fair value less costs to sell are sales growth, the operating EBIT margin and the cost of capital rate used.

Sales growth and EBIT margin

The assumptions are based on the budget prepared by management, which contains a projection of sales, operating costs, investments and depreciation and amortisation over a period of five years. The cash flows relevant for the valuation result from sales and earnings planning as well as additional assumptions regarding working capital.

The growth assumptions for revenues are based on the segment-specific market environment and the Company's current growth rates. Over the entire planning horizon (2026–2030), average sales growth (CAGR) amounts to around 8.5% p.a. (previous year: planning horizon 2025–2029: around 8.6%).

The planned EBIT margin is based on historically observable gross margins on sales as well as detailed resource and material cost planning. The expected long-term operating EBIT margin is around 10.0% (previous year: around 8.0%).

Cost of capital

The cost of capital used to discount the cash flows corresponds to the weighted average cost of capital (WACC) after taxes, which was determined by reference to a peer group in the same industry using publicly available data. The WACC indicates the average weighted return required by equity and debt capital providers on the basis of the ratio of the capital granted to fair value. To determine the WACC, it is necessary to analyse the cost of equity, the cost of debt and the capital structure at fair value. The weighted average cost of capital used in the year under review was around 9.06% (or around 8.06% after growth discount in the terminal value) (previous year: around 9.04% or around 8.04% after growth discount in the terminal value).

There were no indications of goodwill impairment in the year under review.

The recoverable amount of the cash-generating unit exceeds its carrying amount by approximately EUR 30,093 thousand as of the reporting date (previous year: EUR 39,585 thousand).

The calculations were based on the assumption that the other parameters are unchanged (ceteris paribus).

(20) Property, plant and equipment

The Group's property, plant and equipment was as follows:

PROPERTY, PLANT AND EQUIPMENT EUR

	Buildings	Technical equipment and machinery	Other equipment, operating and business equipment	Prepayments made and assets under construction	Total
Historical cost as of 1 January 2024	**15,682,580**	**4,516,394**	**10,133,390**	**566,105**	**30,898,469**
Additions from business combinations	0	147,000	0	0	147,000
Additions	3,736,988	1,275,277	1,912,987	2,635,515	9,560,767
Disposals	0	-550,826	-472,030	0	-1,022,856
Remeasurements	-11,767	0	0	0	-11,767
Reclassifications	1,795,656	65,349	124,000	-1,985,005	0
Currency-translation differences	57,695	1,538	-23,674	6,561	42,121
Amount on 31 December 2024	**21,261,152**	**5,454,732**	**11,674,674**	**1,223,176**	**39,613,733**
Additions	898,749	223,217	1,602,487	1,316,301	4,040,754
Disposals	0	-2,134	-132,394	0	-134,528
Remeasurements	771,035	0	0	0	771,035
Reclassifications	0	570,024	102,087	-672,111	0
Currency-translation differences	-719,414	-68,105	-313,341	-33,105	-1,133,964
Amount on 31 December 2025	**22,211,522**	**6,177,734**	**12,933,513**	**1,834,261**	**43,157,030**
Depreciation and impairment losses as of 1 January 2024	**-4,120,004**	**-2,514,194**	**-7,319,241**	**-1,434**	**-13,954,873**
Systematic depreciation/amortisation	-2,382,335	-553,369	-1,175,287	0	-4,110,991
Disposals	0	550,811	456,548	0	1,007,359
Currency-translation differences	20,235	2,086	567	1,172	24,060
Amount on 31 December 2024	**-6,482,104**	**-2,514,666**	**-8,037,413**	**-262**	**-17,034,445**
Systematic depreciation/amortisation	-2,894,207	-772,875	-1,363,800	0	-5,030,882
Disposals	0	0	50,752	0	50,752
Currency-translation differences	222,388	42,913	140,298	-260	405,339
Amount on 31 December 2025	**-9,153,923**	**-3,244,628**	**-9,210,163**	**-522**	**-21,609,236**
Carrying amounts					
Amount on 1 January 2024	**11,562,576**	**2,002,200**	**2,814,149**	**564,671**	**16,943,596**
Amount on 31 December 2024	**14,779,048**	**2,940,066**	**3,637,261**	**1,222,914**	**22,579,288**
Amount on 31 December 2025	**13,057,599**	**2,933,106**	**3,723,351**	**1,833,739**	**21,547,794**

The right-of-use assets are recognised under the same items of the statement of financial position in which the underlying assets would be presented if they were owned by SFC. As of the reporting date, right-of-use assets are recognised under buildings and other equipment as well as operating and office equipment.

The column "Prepayments made and assets under construction" includes advance payments totalling EUR 997,837 (previous year: EUR 682,791).

At SFC Ltd., non-current assets with a residual carrying amount of EUR 893,649 (previous year: EUR 2,468,166) were pledged as collateral for liabilities as of 31 December 2025. Non-current assets amounting to EUR 1,454,445 were pledged as collateral at SFC B.V. as of 31 December 2025 (previous year: EUR 1,053,177).

(21) Other provisions and income tax liabilities

Other provisions are shown in the following table:

OTHER PROVISIONS AND INCOME TAX LIABILITIES EUR

	Warranty provisions	Miscellaneous other provisions	**Total other provisions**	Income tax liabilities
Amount on 1 January 2025	**6,827,428**	**426,257**	**7,253,685**	**1,696,112**
Currency-translation differences	-11,526	-14,449	-25,975	-30
Addition	1,699,856	782,712	2,482,568	1,203,431
Discount factor unwind (incl. change in interest rate)	156,431	15,820	172,251	0
Utilised	-2,399,822	-60,456	-2,460,278	-888,938
Reversal	-742,776	-553	-743,329	-45,248
Amount on 31 December 2025	**5,529,591**	**1,149,331**	**6,678,922**	**1,965,327**
of which non-current	**2,045,581**	**380,813**	**2,426,394**	**0**

Warranty provisions

These are recognised at the present value of the net amount required to settle the obligation. Discounting is based on an interest rate of 3.0% (previous year: 3.0%). The warranty provisions have a term of 3 years.

Miscellaneous other provisions

Miscellaneous other provisions are mainly provisions for legal disputes, the storage of business documents and dismantling obligations. The expected cash outflows are likely to occur within the next nine years.

Provisions are regularly calculated on the basis of historical data. This results in uncertainties regarding the amount and timing of the cash outflow.

(22) Liabilities to banks

Liabilities to banks are shown in the following table:

LIABILITIES TO BANKS EUR

Short-term interest-bearing loans	**31 Dec. 2025**	31 Dec. 2024	Interest rate	Due date
Utilisation of credit facility by SFC Energy B.V.	1,931,175	2,350,128	1M-EURIBOR +2.50%	Annual renewal
Utilisation of credit facility by SFC Energy Power Srl.	1,407,484	1,354,565	1M-EURIBOR +2.0%	Annual renewal
Utilisation of credit facility by SFC Energy B.V.	0	431,026	EURIBOR +3.15%	Annual renewal

There were no non-current liabilities to banks as of 31 December 2025.

The following financial covenants apply to the credit facility of the Romanian sub-subsidiary of SFC Energy Power Srl:

- "Debt ratio",
- "Solvency ratio"

All financial covenants were complied with in the year under review as well as the previous year. The financial covenants are also valid for 2026. A credit facility for SFC Energy B.V. was terminated on 1 January 2026. For further information on the categorisation of loans, please refer to note (30) Financial instruments.

(23) Liabilities from prepayments

The liabilities arising from prepayments relate to advance payments received on orders and are due for settlement in less than one year. These are contract liabilities resulting from contracts subject to over-time revenue recognition.

(24) Trade payables

As in the previous year, all trade payables are due for settlement in less than one year.

(25) Leases

As a result of the application of IFRS 16, all leased buildings and other equipment, operating and office equipment are recognised as right-of-use assets with corresponding lease liabilities.

The remaining terms of the contracts are between 1 year and up to 9 years. The contracts contain extension clauses on a monthly basis as well as purchase options at the end of the leases.

The net carrying amounts of the right-of-use assets capitalised within leases as of the reporting date are shown in the following table:

LEASES EUR

	Buildings	Other equipment, operating and business equipment	Total
Historical cost Amount on 1 January 2024	**15,857,299**	**2,170,500**	**18,027,799**
Additions	3,365,301	289,086	3,654,387
Remeasurements	-11,767	0	-11,767
Currency-translation differences	56,562	-15,111	41,451
Amount on 31 December 2024	**19,267,395**	**2,444,475**	**21,711,870**
Additions	648,367	932,785	1,581,152
Remeasurements	771,035	0	771,035
Currency-translation differences	-581,547	-61,721	-643,268
Amount on 31 December 2025	**20,105,250**	**3,315,539**	**23,420,789**
Depreciation and impairment losses as of 1 January 2024	**-4,295,639**	**-1,569,482**	**-5,865,121**
Systematic depreciation/amortisation	-2,206,900	-355,108	-2,562,008
Currency-translation differences	23,325	12,078	35,403
Amount on 31 December 2024	**-6,479,214**	-1,912,512	**-8,391,726**
Systematic depreciation/amortisation	-2,637,036	-416,551	-3,053,587
Currency-translation differences	212,471	51,226	263,697
Amount on 31 December 2025	**-8,903,779**	-2,277,837	**-11,181,616**
Carrying amounts			
Amount on 31 December 2024	**12,788,181**	**531,963**	**13,320,144**
Amount on 31 December 2025	**11,201,471**	**1,037,702**	**12,239,173**

The additions to buildings are mainly attributable to new contracts entered into by SFC Energy Denmark ApS totalling EUR 541,622. The capitalised right-of-use assets for the leased buildings are amortised over a period of one to ten years as of the reporting date. The additions mainly relate to new vehicle leases. The depreciation cycles for right-of-use assets for other equipment, operating and office equipment range from less than one year to ten years.

In the consolidated income statement prepared in accordance with the cost of sales method, pro rata depreciation of the right-of-use assets is included in the cost of sales, selling expenses, research and development expenses and general administrative expenses.

The pro rata depreciation was recognised in the functional costs as follows:

DEPRECIATION EUR

	Buildings	Other equipment, operating and business equipment	**Total**
Total depreciation in 2025 included in			
Cost of goods sold	-1,246,741	-154,004	-1,400,745
Selling expenses	-375,145	-57,313	-432,458
General administrative expenses	-581,030	-101,197	-682,227
Research and development expenses	-434,120	-104,037	-538,157
Amount on 31 December 2025	**-2,637,036**	**-416,551**	**-3,053,587**

DEPRECIATION EUR

	Buildings	Other equipment, operating and business equipment	**Total**
Total depreciation for 2024 included in			
Cost of goods sold	-1,136,003	-115,498	-1,251,501
Selling expenses	-370,013	-39,888	-409,901
General administrative expenses	-324,073	-100,749	-424,822
Research and development expenses	-376,811	-98,973	-475,784
Amount on 31 December 2024	**-2,206,900**	**-355,108**	**-2,562,008**

The contractually agreed non-discounted lease payments break down into the various maturity bands as follows:

MATURITY BANDS EUR

	31 Dec. 2025	31 Dec. 2024
Lease liabilities/maturity analysis – contractually agreed and discounted cash flows		
Payments in 1 year or less	3,622,704	2,847,300
Payments in 1 to 5 years	9,229,013	11,017,961
Payments in over 5 years	2,131,348	2,763,593
Total undiscounted lease payments	**14,983,065**	**16,628,854**

The lease liabilities included in the consolidated statement of financial position are broken down into current and non-current liabilities as follows:

CURRENT AND NON-CURRENT LIABILITIES EUR

	31 Dec. 2025	31 Dec. 2024
Current	3,324,132	2,579,283
Non-current	9,965,487	11,427,512
Total lease liabilities in the consolidated statement of financial position	**13,289,619**	**14,006,795**

The payments in connection with lease liabilities recognised in the cash flow statement for the year under review and the previous year are shown in the following table:

CLASSIFICATION IN THE CASH FLOW STATEMENT EUR

	2025	2024
Classification in the cash flow statement		
Cash outflow for the repayment portion of lease liabilities in cash flow from financing activities	-2,799,796	-2,275,040
Cash outflows for the interest portion of lease liabilities	-582,953	-569,634
Payments for short-term leases, payments for leases where the asset underlying the lease is of a low value (low-value asset leases) and variable lease payments that are not included in the measurement of the lease liability and are recognised in the operating cash flow	-6,349	32,293
Cash outflows for prepayments for right-of-use assets in cash flow from investing activities	0	0
Total cash outflows for leases	**-3,389,098**	**-2,812,381**

The expenses recognised in the consolidated income statement are shown in the following table.

LEASE EXPENSES EUR

	2025	2024
Lease expenses in the income statement		
Interest expense for lease liabilities	-652,043	-569,634
Expenses in connection with short-term leases	-6,349	-16,849
Expenditure in connection with the lease of low-value assets, excluding short-term leases of low-value assets	0	49,142

(26) Other liabilities

Other current liabilities break down as follows:

OTHER CURRENT LIABILITIES EUR

	31 Dec. 2025	2024** (retroactively adjusted*)
Personnel-related liabilities	6,489,332	5,608,309
Customer-related accruals and commissions	2,387,947	1,702,678
Preparation of financial statements and audit	1,166,123	1,076,018
Value added tax	987,102	194,082
SAR stock appreciation rights	489,677	1,466,925
Supervisory Board remuneration	207,500	207,500
Liabilities from grants received	168,462	151,759
Other	171,551	1,121,311
Total	**12,067,694**	**11,528,582**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.
** Revised presentation: summary of personnel-related liabilities in a single item.

Other current liabilities include financial liabilities totalling EUR 1,706,436 (previous year: EUR 456,459).

Non-current other liabilities break down as follows:

NON-CURRENT OTHER LIABILITIES EUR

	31 Dec. 2025	31 Dec. 2024*
Personnel-related liabilities	0	151,305
SAR stock appreciation rights	163,226	802,118
Value added tax	21,239	61,934
Other	1,652	1,646
Total	**186,117**	**1,017,003**

* Revised presentation: summary of personnel-related liabilities combined in a single item.

Non-current other liabilities as of 31 December 2025 primarily include the liability under the SARs programme for the members of the Management Board and managers. For details of these agreements, see note (31) Share-based payment.

(27) Equity

The change in SFC's equity is shown in the consolidated statement of changes in equity.

Subscribed capital

The subscribed capital is made up of 17,381,691 issued, fully paid-up shares with no par value.

The 17,381,691 (previous year: 17,381,691) no-par value bearer shares, with a pro rata amount of EUR 1 per share, each carry one voting right and are fully entitled to dividends.

Share premium

The share premium totalled EUR 179,542,427 as of the reporting date (previous year retroactively adjusted*: EUR 177,643,608). In the year under review, it increased by a net amount of EUR 1,898,819. This was due in full to the equity-settled share-based remuneration.

Authorised capital

The Annual General Meeting on 22 May 2025 passed a resolution to cancel Authorised Capital 2023, to create new authorised capital (Authorised Capital 2025) and to amend Article 5 (Authorised Capital) of the Articles of Association.

By resolution of the Annual General Meeting on 22 May 2025, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to EUR 1,738,169 on or before 31 August 2027 on a cash and/or non-cash basis, whereby shareholders' subscription rights may be excluded under certain conditions (Authorised Capital 2025).

In the year under review, SFC AG still had authorised capital of EUR 1,738,169 (Authorised Capital 2025) in accordance with Article 5 (6) of the Articles of Association.

Contingent capital

The Company's share capital was contingently increased by EUR 1,736,369 by resolution of the Annual General Meeting on 16 May 2024 (Contingent Capital 2024/I). Contingent Capital 2019/I was cancelled.

Under the resolution of the Annual General Meeting of SFC AG on 19 May 2020, the Management Board was authorised to increase the Company's share capital by up to EUR 1,300,000 with the approval of the Supervisory Board (Contingent Capital 2020/I). The sole purpose of Contingent Capital 2020/I is to grant new no-par value shares to the holders of option rights issued by the Company under the authorisation granted by the shareholders at the Annual General Meeting on 19 May 2020 under agenda item 7 a). On the basis of Contingent Capital (2020/I) approved on 19 May 2020, 18,000 subscription shares were issued. By resolution dated 20 January 2025, the Supervisory Board amended Article 5 (Amount and Division of Share Capital, Contingent Capital) of the Articles of Association.

Contingent Capital 2020/I amounts to EUR 1,282,000 after the issue of subscription shares in 2025.

Authorisation to acquire treasury shares

By resolution of the Annual General Meeting on 16 May 2024, the Management Board is authorised to acquire treasury shares amounting to up to 10% of the Company's share capital on or before 15 May 2029. No use was made of this authorisation in the financial year.

Other changes in equity not recognised through profit and loss

Other changes in equity not recognised through profit and loss relate to changes from the currency translation of foreign subsidiaries recognised directly in equity.

Non-controlling interests

Non-controlling interests include minority interests in the equity and comprehensive income of a subsidiary.

Other information

(28) Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events that are beyond the control of SFC. Furthermore, current obligations constitute contingent liabilities if it is unlikely that they will be utilised and/or the amount of the obligation cannot be estimated with sufficient reliability.

(29) Other financial obligations

Order commitment

As of the reporting date, the Group had purchase obligations totalling EUR 27,675,661 (previous year: EUR 21,930,598). These mainly relate to blanket orders for raw materials, consumables and supplies.

Liability relationships

There are no contingent liabilities as of the reporting date.

(30) Financial instruments

The following table shows the financial assets and liabilities by measurement category and class:

CARRYING AMOUNTS ACCORDING TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	31 Dec. 2025	31 Dec. 2024
Financial assets **Assets at amortised cost**		
Trade receivables	47,901,732	35,843,263
Other assets and receivables – current	896,596	355,008
Other assets and receivables – non-current	120,255	0
Cash and cash equivalents	46,628,561	60,494,360
Restricted cash and cash equivalents	285,620	285,620
Financial liabilities **Liabilities at amortised cost**		
Liabilities to banks	3,338,659	4,135,719
Trade payables	16,046,135	15,554,573
Lease liabilities	13,289,619	14,006,795
Other liabilities – current	1,706,436	456,459

The carrying amounts of the financial assets and financial liabilities recognised at amortised cost largely match their fair values, particularly due to their current nature. For this reason, they are not allocated to separate levels in accordance with IFRS 7.29(a). In accordance with IFRS 7.29(d), the fair value of lease liabilities is not disclosed.

Financial assets and liabilities measured at fair value are allocated to the following three hierarchy levels: Financial assets and liabilities are allocated to level 1 if there is a listed price for the same assets and liabilities on an active market. They are allocated to level 2 if the inputs on which the determination of fair value is based are observable either directly as prices or indirectly derived from prices. Financial assets and liabilities are recognised in level 3 if the fair value is determined using unobservable inputs. As in previous year, there were no level 3 financial liabilities or financial assets based on fair value measurement in the year under review.

The expenses and income from financial instruments by measurement category are as follows:

INCOME AND EXPENSES FROM FINANCIAL INSTRUMENTS EUR

	2025	2024
Financial assets **Assets at amortised cost**		
Trade receivables		
Income from the reversal of impairments	2,070,603	117,384
Expenses from impairments	-1,450,570	-1,296,182
Income from currency translation	2,436,253	1,702,522
Currency-translation expenses	-1,342,572	-147,732
Cash and cash equivalents		
Interest income	327,471	1,090,966
Net income/expense from assets measured at amortised cost	**2,041,185**	**1,466,958**
Financial liabilities **Liabilities at amortised cost**		
Liabilities to banks		
Interest expense	-179,868	-268,949
Trade payables		
Income from currency translation	220,061	29,965
Currency-translation expenses	-4,703,101	-1,030,729
Lease liabilities		
Interest expense	-652,043	-569,634
Other liabilities		
Interest expense	-162,172	0
Net income/expense from liabilities measured at amortised cost	**-5,477,123**	**-1,839,347**

Capital management

SFC sees a strong financial profile for the Group as a basic prerequisite for further growth. Its strategic orientation and, in particular, the expansionary strategy that has been adopted require further investments that must be financed to ensure future business success – especially in product development, the development of additional market segments and new regions and the expansion of existing market segments. The purpose of funds received by the Company from the capital increases completed in July 2019, November 2020 and July 2022 and the exercise of the bond with warrants in January 2020 was to finance these investments. Surplus liquidity is invested in low-risk financial instruments (e.g. overnight and fixed-term deposits) at various banks until it is utilised as part of the growth strategy.

The Group's capital management relates to cash and cash equivalents (see note (17)), equity (see note (27)) and liabilities to banks (see note (22)).

The following table shows equity and total assets as of the respective reporting dates:

GROUP EQUITY RATIO EUR

	31 Dec. 2025	2024 (retroactively adjusted*)
Equity	**138,549,187**	**139,028,768**
Percentage of total capital	72.0%	71.5%
Non-current liabilities	12,720,569	15,788,024
Current liabilities	41,068,913	39,627,561
External capital	**53,789,482**	**55,415,585**
Percentage of total capital	28.0%	28.5%
Total capital	**192,338,669**	**194,444,353**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

The capital structure changed slightly in the year under review. The equity ratio rose to 72.0% (previous year retroactively adjusted*: 71.5%). One reason for this is the sharp decline in non-current liabilities. Conversely, there was a slight increase in current liabilities. The negative consolidated net result and the net loss from other comprehensive income for the period caused a reduction in equity. On the other hand, the share premium within equity increased in connection with the equity-based remuneration.

Adjusted operating earnings / adjusted operating earnings before depreciation and amortisation

The Company applies “adjusted operating earnings” and “adjusted operating earnings before depreciation and amortisation”, among other things, for internal management purposes. The table below reconciles the operating earnings (EBIT) reported in the consolidated income statement with adjusted operating earnings (adjusted EBIT) and adjusted operating earnings before depreciation and amortisation (adjusted EBITDA):

RECONCILIATION WITH ADJUSTED EBIT EUR

	2025	2024 (retroactively adjusted*)
EBIT	**4,482,501**	**13,141,719**
Recognised under research and development costs:		
Expenses for LTI programme	13,143	70,288
Recognised under selling expenses:		
Expenses for LTI programmes	772,986	614,550
Recognised under general administrative expenses:		
Expenses for LTI programmes	1,710,486	1,336,228
Costs associated with acquisition endeavours	1,935,318	924,501
Recognised under other operating income:		
Income from business combinations	0	-548,287
Adjusted EBIT	**8,914,434**	**15,539,001**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

RECONCILIATION WITH ADJUSTED EBITDA

EUR	2025	2024 (retroactively adjusted*)
EBITDA	**12,220,915**	**19,594,020**
Recognised under research and development costs:		
Expenses for LTI programme	13,143	70,288
Recognised under selling expenses:		
Expenses for LTI programmes	772,986	614,550
Recognised under general administrative expenses:		
Expenses for LTI programmes	1,710,486	1,336,228
Costs associated with acquisition endeavours:	1,935,318	924,501
Recognised under other operating income		
Income from business combinations	0	-548,287
Adjusted EBITDA	**16,652,848**	**21,991,303**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

Financial risks, such as market, credit or liquidity risks, may arise in connection with financial instruments and are explained below.

Risks and hedging policy

Due to SFC's international activities, changes in exchange rates, commodity prices and interest rates have an impact on the Group's net assets, financial position and results of operations. It is also exposed to credit and liquidity risks in connection with market price risks or associated with a deterioration in operating business or disruptions on the financial markets.

In general, risks are still associated with rising raw material and energy costs, which could have a negative impact on product margins. With a volatility of 5% in platinum prices, the effect on expenses is around EUR 145,000 p.a.

Default risk (credit risk)

Credit risks mainly resulted from trade receivables. The risk lies in the risk of default by a contractual partner and is characterised by the customer structure with various major customers. In order to avert this risk, credit checks are carried out in the form of enquiries with credit agencies for selected customers and regular status reports with an early warning function are requested. New customers are generally only supplied subject to prepayment. In addition, all overdue receivables are discussed on a weekly basis as part of receivables management and measures initiated with the responsible sales employees. In the case of the subsidiaries SFC B.V. and SFC Ltd., credit risk is addressed in such a way that overdue receivables are first investigated by accounting staff and then discussed with the customer by the responsible sales employee due to the manageable customer base or bad debt losses.

The amounts recognised in the statement of financial position are net of the allowance for expected credit losses, which are estimated by management on the basis of the expected credit loss model and the current economic environment. Specific valuation allowances are recognised as soon as there is any indication that receivables cannot be recovered. The indications are based on intensive contacts within the scope of receivables management. The expected credit losses are determined in the light of customers' past payment practices. On each reporting date, the expected credit loss over the remaining term is determined as a percentage depending on the duration of the overdue period.

The Group considers a financial asset to be in default if it is unlikely that the debtor will be able to meet its payment obligation to the Group in full without the Group having to resort to measures such as the realisation of collateral (if any). The maximum credit loss equals the net carrying amount of the receivables. As in the previous year, no collateral from defaulted receivables was acquired and recognised in the reporting period. Receivables from product sales are collateralised for SFC by means of retained ownership rights.

Indicators that a financial asset is credit-impaired include the following observable data:

- Significant financial difficulties on the part of the customer
- Breach of contract, such as default or an overdue period of more than 90 days
- Restructuring of a loan or credit by the Group that it would not otherwise consider
- Heightened probability that the borrower will enter bankruptcy or other financial reorganisation
- Loss of an active market for a security due to financial difficulties.

The Group's impairment policy provides for an item-by-item approach.

Of the trade receivables totalling EUR 47,901,732 (previous year: EUR 35,843,267), the 5 largest customers account for EUR 7,460,915, EUR 6,588,331, EUR 4,672,735, EUR 1,968,333 and EUR 1,665,711, respectively, totalling EUR 22,356,025 (previous year: customers EUR 4,785,128, EUR 3,263,622, EUR 2,817,713, EUR 2,072,965 and EUR 2,061,134 respectively, totalling EUR 15,000,562). There are no other significant concentrations of risk.

The following table shows the loss allowances on trade receivables:

LOSS ALLOWANCES ON TRADE RECEIVABLES EUR

	2025	2024
Amount on 1 January	**2,666,912**	**1,576,106**
Addition	1,450,570	1,296,182
Utilisation	-142,953	-87,992
Reversal	-2,070,603	-117,384
Amount on 31 December	**1,903,926**	**2,666,912**

The expected credit losses break down as follows:

BREAKDOWN OF EXPECTED CREDIT LOSSES ON RECEIVABLES TRADE RECEIVABLES EUR

	2025	2024
Amount on 1 January	**2,666,912**	**1,576,106**
Life-time expected credit losses over the entire term (collectively measured)	1,426,826	350,159
Credit-impaired financial assets (life-time expected credit losses)	477,100	2,316,753
Amount on 31 December	**1,903,926**	**2,666,912**

The expected loss rate per maturity band is broken down as follows:

LOSS RATE EUR

	31 Dec. 2025				
	Not past due	Overdue by less than 30 days	Overdue by 30 to 90 days	Overdue by more than 90 days	Total
Expected loss rate (%)	0%	2%	5%	13%	
Trade receivables (gross)	29,981,413	5,019,641	2,252,781	12,551,823	**49,805,658**
Loss allowance for onerous receivables	81,079	85,519	121,525	1,615,803	**1,903,926**

	31 Dec. 2024				
	Not past due	Overdue by less than 30 days	Overdue by 30 to 90 days	Overdue by more than 90 days	Total
Expected loss rate (%)	0%	2%	2%	33%	
Trade receivables (gross)	25,827,146	4,489,099	791,324	7,402,610	**38,510,179**
Loss allowance for onerous receivables	126,672	94,086	15,839	2,430,315	**2,666,912**

No loss allowances were recognised for other financial assets, which mainly include deposits and receivables from grants and contract assets. There were no overdue claims in this regard as of the reporting date.

There are also credit risks with regard to cash and cash equivalents. Cash and cash equivalents mainly comprise short-term time and overnight deposits and bank balances available on call. The investment of cash and cash equivalents exposes SFC to credit risks if financial institutions do not fulfil their obligations. To minimise this risk, the financial institutions with which investments are held are carefully vetted and the investments spread across several banks. In addition, only short-term fixed-term deposits that are covered by the deposit protection scheme of the financial institutions are used. The maximum risk exposure corresponds to the carrying amount of cash and cash equivalents on the reporting date.

Liquidity risk

Liquidity risk is the risk that SFC will not be able to fulfil its payment obligations to a sufficient extent. This risk was addressed by the capital increases in July 2019, November 2020 and July 2022, the exercise of the bond with warrants in January 2020 and all previous measures to increase capital.

Ultimately, responsibility for liquidity risk management lies with the Management Board, which has developed an appropriate model for managing short, medium and long-term financing and liquidity requirements. The Group manages liquidity risks by holding reserves and by constantly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

SFC experiences contractual cash outflows from financial liabilities, which are shown in the table below with their earliest possible dates. The cash inflows from financial instruments in current and non-current assets are shown in the same way. The remaining net liquidity outflow is covered by existing cash and cash equivalents.

FINANCIAL LIABILITIES EUR

	2025				2024			
	Total	≤ 1 year	> 1–5 years	> 5 years	Total	≤ 1 year	> 1–5 years	> 5 years
Non-derivative financial liabilities								
Liabilities to banks	-3,338,659	-3,338,659	0	0	-4,135,719	-4,135,719	0	0
Trade payables	-16,046,135	-16,046,135	0	0	-15,554,573	-15,554,573	0	0
Lease liabilities	-14,490,913	-3,340,512	-9,019,054	-2,131,348	-16,628,853	-2,847,300	-11,286,330	-2,495,224
Other financial liabilities	-1,706,436	-1,706,436	0	0	-456,459	-456,459	0	0
Liquidity outflow	**-35,582,143**	**-24,431,742**	**-9,019,054**	**-2,131,348**	**-36,775,604**	**-22,994,051**	**-11,286,330**	**-2,495,224**
Non-derivative financial assets								
Cash and cash equivalents	46,914,181	46,914,181	0	0	60,779,980	60,779,980	0	0
Trade receivables	47,901,732	47,901,732	0	0	35,843,263	35,843,263	0	0
Other financial assets	1,077,728	957,473	120,255	0	355,008	355,008	0	0
Liquidity inflow	**95,893,641**	**95,773,386**	**120,255**	**0**	**96,978,251**	**96,978,251**	**0**	**0**
Net liquidity from financial instruments	**60,311,498**	**71,341,644**	**-8,898,799**	**-2,131,348**	**60,202,647**	**73,984,200**	**-11,286,330**	**-2,495,224**

Cash and cash equivalents are shown including restricted cash.

Interest rate risk

The interest rate risk results mainly from the external finance raised for the subsidiaries SFC Ltd. and SFC NL, which is based on variable interest rates, and from the short-term investment of cash and cash equivalents. A 100-basis-point increase or decrease in interest rates would have improved or worsened the interest result by EUR 564 (previous year: 100 basis points, EUR 167). Otherwise, the Group is not exposed to any significant interest rate risks from variable-interest instruments.

Please also refer to the risk report in the Group management report for information on risk management objectives and measures. Risks are measured as part of the rolling year-end forecast.

Currency risk

Due to the business of SFC Ltd., SFC generates a significant portion of its Group sales in Canadian dollars, which is offset by expenses and expenditure in the same currency. Furthermore, SFC AG, SFC Ltd. and SFC LLC generate sales in US dollars in North America. Moreover, SFC LLC and SFC Ltd. purchase some products in US dollars. No forward exchange transactions were executed in the year under review.

The currency translation of the assets and liabilities of the foreign subsidiaries in Canada, the United States, the UK, India, Romania and Denmark as of 31 December 2025 would have resulted in an effect of EUR -1,344,525 (previous year retroactively adjusted*: EUR -1,078,151) in the case of an exchange rate fluctuation of -5% and an effect of EUR 1,344,525 (previous year retroactively adjusted*: EUR 1,078,151) in the case of an exchange rate fluctuation of +5%. This would have been reflected in the Group's equity.

The translation of the Group's foreign currency receivables and liabilities in US dollars as of 31 December 2025 would have led to a change in the foreign currency result of EUR -703,383 (previous year: EUR -8,024) if the exchange rate had fluctuated by -5% and to a change of EUR 703,383 (previous year: EUR 8,024) if the exchange rate had fluctuated by +5%.

The Group is exposed to foreign exchange risks arising from intra-group loans and transfer-pricing between companies with different functional currencies. These risks contribute significantly to the currency translation gains and losses recognised in the profit or loss for the period.

The aim of foreign currency management is to minimise currency losses compared to budget assumptions. For this purpose, an open foreign currency position is calculated on the basis of the actual and planned foreign currency positions and adjusted in the rolling year-end forecast. If there are any larger open positions, the open balance is largely hedged using forward exchange transactions if the forecast and market expectations indicate significant deviations from the budgeted assumptions. As in the previous year, there were no open forward exchange transactions as of the reporting date. In this respect, there is a foreign currency risk for the unhedged portion of revenues.

Beyond the information provided on the individual risks, there is no significant concentration of risk in the Group.

(31) Share-based payment/stock appreciation rights programme

As of 31 December 2025, SFC had three share-based payment programmes: the stock appreciation rights programme (SAR), the stock option programme (SOP) and the performance share programme (PSP).

Stock appreciation rights programme

The SAR programmes still in place for the Management Board provide for variable remuneration in the form of virtual share options. The SARs issued under the programme are virtual remuneration instruments not backed by equity. Provided that the performance targets are achieved and other conditions met, they grant entitlement to cash settlement at the reference price on the exercise date less the exercise price in accordance with a settlement option accruing to the Company. Since 2024, some SARs have been settled with shares.

In 2025, the virtual option rights issued were distributed across the following tranches:

OVERVIEW OF SAR 2025

	Tranche HP3	Tranche DS1
Allocation day	**01.07.2018**	**01.07.2020**
Number of SARs	**180,000**	**228,000**
Sub-tranches	3	4
Maximum duration of the SAR programme	7.0 years	8.0 years
Reference price	Average market price of the Company's shares (arithmetic mean of XETRA closing prices) on the last 30 trading days prior to the applicable date	
Expiry date of the last sub-tranche	**01.07.2021**	**01.07.2024**
Target price	EUR 16.50	EUR 22.00
Vesting period (from allocation date) in years	4.0–6.0	4.0–7.0
Exercise price	The exercise price is EUR 1.00 per virtual stock option	
Cap	n/a	EUR 1.5 million
End of the exercise period of the last sub-tranche	**01.07.2025**	**01.07.2028**

The number of SARs vested may change up to the expiry date depending on the reference price on this date. If the reference price on the expiry date does not reach the price target specified in the term sheet, only a fixed number of SARs will vest. The remaining SARs expire on the applicable date without replacement or compensation.

After the expiry of the applicable vesting period, SARs can be exercised within a period of one year, provided that the performance targets are met and the blackout periods observed. The number of SARs that can be exercised within each sub-tranche depends on the average market price of the Company's shares on the last 30 trading days before the exercise date (reference price on the exercise date) reaching or exceeding the thresholds specified in the term sheet. If the reference price does not reach at least the target price, only a portion of the SARs can be exercised under the sub-tranches. The cash settlement under the applicable sub-tranche of tranche DS1 is capped at a maximum of EUR 1.5 million.

No further SARs were granted in 2025. Some entitlements under tranche DS1 as well as all other entitlements under HP3 were exercised in the reporting period.

The remaining SARs were classified and measured as cash-settled share-based payment in accordance with IFRS 2.30. The fair value of the SARs is remeasured on each reporting date using a Monte Carlo model for the relevant sub-tranche and taking into account the conditions under which the SARs were granted.

The SARs changed as follows in the reporting period:

DEVELOPMENT OF SARs IN 2025 in EUR

	Tranche HP3	Tranche DS1
Number of SARs	**180,000**	**228,000**
Remaining period (in years)	0.0	2.5
SARs outstanding at the beginning of the 2025 reporting period (1 January 2025)	41,666	228,000
In 2025		
SARs granted	0	0
SARs forfeited	0	0
SARs exercised	41,666	57,000
SARs expired	0	0
SARs outstanding at the end of 2025 (31 December 2025)	**0**	**171,000**
SARs vested at the end of 2025 (31 December 2025)	**0**	**57,000**

The SARs performed as follows in the previous year:

DEVELOPMENT OF SARs IN 2024 in EUR

	Tranche HP3	Tranche DS1	Tranches CB1/BL1/FT1
Number of SARs	**180,000**	**228,000**	**0**[1]
Remaining period (in years)	0.5	3.5	n/a
SARs outstanding at the beginning of the 2024 reporting period (1 January 2024)	83,333	228,000	40,500
In 2024			
SARs granted	0	0	0
SARs forfeited	0	0	0
SARs exercised	41,667	0	0
SARs expired	0	0	40,500[1]
SARs outstanding at the end of 2024 (31 December 2024)	**41,666**	**228,000**	**0**
SARs vested at the end of 2024 (31 December 2024)	**41,666**	**57,000**	**0**

1) The exercise option was updated resulting in conversion into share option programmes.

The following parameters were applied in the measurement of the SARs as of 31 December 2025:

2025

	Tranche DS1
Measurement date	**31 Dec. 2025**
Remaining period (in years)	0.0–2.5
Volatility	42.9%–54.0%
Risk-free interest rate	1.98%–2.16%
Expected dividend yield	0.0%
Exercise price	EUR 1.00
Price of SFC share on measurement date	EUR 12.26
Fair value (EUR)	**652,903**

The following parameters were applied for measurement purposes as of 31 December 2024:

2024

	Tranche HP3	Tranche DS1
Measurement date	**31 Dec. 2024**	**31 Dec. 2024**
Remaining period (in years)	0.5	0.5–3.5
Volatility	34.2%	30.4%–40.7%
Risk-free interest rate	2.36%	2.01%–2.37%
Expected dividend yield	0.0%	0.0%
Exercise price	EUR 1.00	EUR 1.00
Price of SFC share on measurement date	EUR 17.20	EUR 17.20
Fair value (EUR)	**664,808**	**1,604,234**

Volatility was calculated as the historical volatility of the SFC share over the remaining term of the applicable sub-tranche. The expected dividend yield is based on market expectations of planned future dividend on SFC shares.

If control of the Company is acquired within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG), SARs that have not yet expired may be settled in cash.

As of 31 December 2025, a liability of EUR 652,903 (of which EUR 163,226 is non-current) was recognised under other liabilities as part of the SAR programmes (31 December 2024: EUR 2,269,042; of which EUR 802,117 non-current). Expenses/income for the period amount to EUR 597,396 in 2025 (previous year 2024: EUR 219,018).

The intrinsic value of the vested SARs on the reporting date breaks down as follows:

INTRINSIC VALUE OF THE VESTED SARS AS OF 31 DECEMBER 2025

	Exercise price	Share price on 31 December 2025	Number of vested SARs	Intrinsic value
DS1[1]	EUR 1.00	EUR 12.26	171,000	EUR 1,925,460

1) The cash settlement under the respective sub-tranche of tranche DS1 is capped at a maximum of EUR 1.5 million. The cap is duly taken into account in the calculation of the intrinsic value of the vested SARs.

Stock option programmes (equity-settled)

The SOP programmes provide for variable remuneration in the form of virtual stock options. The SOPs issued under the programme are virtual remuneration instruments that are backed by equity. They grant entitlement to one no-par value ordinary bearer share in SFC if the performance targets are achieved and other conditions are met.

In 2025, the stock option rights issued broke down as follows:

OVERVIEW OF SOPs 2025

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranches CB1/BL1/FT1
Allocation day	**09.07.2020**	**01.03.2021**	**01.01.2021**	**05.05.2023**	**11.03.2024[1]**
Number of SOPs	**504,000**	**500,000**	**22,800**	**22,800**	**21,000**
Sub-tranches	4	4	3	3	3
Maximum duration of the SOP programme	8.0 years	7.0 years	8.0 years	7.0 years	7.0 years
Reference price	Average market price of the Company's shares (arithmetic mean of XETRA closing prices) on the last 30 trading days prior to the applicable date				
Expiry date of the last sub-tranche	**09.07.2024**	**01.03.2025**	**01.01.2024**	**05.05.2026**	**01.01.2023**
Target price	EUR 19.00	EUR 51.54	EUR 32.72	EUR 44.59	EUR 19.00
Vesting period (from allocation date) in years	4.0–7.0	4.0–7.0	4.0–6.0	4.0–6.0	4.0–6.0
Exercise price	EUR 1.00	EUR 24.41	EUR 15.50	EUR 21.12	EUR 1.00
Cap per tranche (in EUR million)	2.75	1.0	n/a	n/a	n/a
End of the exercise period of the last sub-tranche	**09.07.2028**	**01.03.2029**	**01.01.2028**	**05.05.2030**	**01.07.2027**

1) The allocation day corresponds to the modification date.

The number of SOPs vested may change up to the expiry date depending on the reference price on this date. If the reference price on the expiry date does not reach the price target specified in the term sheet, only a fixed number of SOPs will vest. The remaining SOPs expire on the respective reporting date without any replacement or compensation. The same contractual conditions as those for SARs apply with regard to the exercise. In the case of the PP3 and HP4 tranches, the relevant sub-tranche of the SOP can only be exercised if the total intrinsic value does not exceed EUR 2.75 million and EUR 1.0 million, respectively, when the sub-tranche is exercised (cap).

The grant of the programmes mentioned in this section was classified and measured as cash-settled share-based payment in accordance with IFRS 2.10. The fair value of the programmes is measured a single time using a Monte Carlo model for the relevant sub-tranche and taking into account the conditions under which the SOPs were granted.

The SOPs changed as follows in the reporting period:

STOCK OPTIONS IN 2025

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranches CB1/BL1/FT1
Number of SOPs	**504,000**	**500,000**	**22,800**	**22,800**	**21,000**
Remaining period (in years)	2.5	3.2	2.0	4.3	1.0
SOPs outstanding at the beginning of 2025 (1 January 2025)	504,000	125,000	8,687	15,200	12,000
In 2025					
Stock options granted	0	0	0	0	0
Stock options forfeited	0	125,000	0	6,878	0
Stock options exercised[2]	0	0	0	0	5,428
Stock options expired	0	0	4,343	0	572
SOPs outstanding at the end of the reporting period (31 December 2025)	**504,000**	**0**	**8,687**	**8,322**	**6,000**
SOPs exercisable at the end of the reporting period (31 December 2025)[1]	**126,000**	**0**	**0**	**0**	**0**

1) The exercise shown does not take into account the required price targets.
2) The weighted average share price on the exercise date of the stock options exercised in 2025 was EUR 16.18.

The stock options changed as follows in 2024:

STOCK OPTIONS IN 2024

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranches CB1/BL1/FT1
Number of SOPs	**504,000**	**500,000**	**22,800**	**22,800**	**21,000**
Remaining period (in years)	3.5	4.2	3.0	5.3	2.0
SOPs outstanding at the beginning of 2024 (1 January 2024)	504,000	250,000	14,849	22,800	0
In 2024					
Stock options granted	0	0	0	0	21,000
Stock options forfeited	0	125,000	6,162	7,600	3,000
Stock options exercised	0	0	0	0	6,000
Stock options expired	0	0	0	0	
SOPs outstanding at the end of the reporting period (31 December 2024)	**504,000**	**125,000**	**8,687**	**15,200**	**12,000**
SOPs exercisable at the end of the reporting period (31 December 2024)[1]	**126,000**	**0**	**0**	**0**	**0**

1) The exercise shown does not take into account the required price targets.

As of 31 December 2025, a share premium of EUR 5,473,925 was recognised in connection with the stock option programme (previous year retroactively adjusted*: EUR 5,419,264). Expenses/income for 2025 totalled EUR 54,660 (previous year: EUR 286,386), excluding the conversion of the CB1, BL1 and FT1 tranches.

The following parameters were applied for measurement purposes as of 31 December 2025:

2025

	Tranche PP3	Tranche HP4	Tranche MC1	Tranche SA2	Tranches CB1/BL1/ FT1
Measurement date	**4 Sept. 2020[1]**	**1 Mar. 2021**	**1 Feb. 2021**	**5 May 2023**	**31 Mar. 2024**
Remaining period (in years)	8 years	8 years	7 years	7 years	2.8 years
Volatility	45.18%	49.49%	50.34%	52.42%	35.89%–41.28%
Risk-free interest rate	**-0.54%**	**-0.47%**	**-0.69%**	**2.15%**	**2.6%–3.4%**
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Exercise price	EUR 1.00	EUR 24.41	EUR 15.50	EUR 21.12	EUR 1.00
Price of SFC share on measurement date	EUR 10.00	EUR 28.50	EUR 22.75	EUR 21.80	EUR 17.98
Fair value on the date of issue (EUR)	**676,954**	**704,186**	**247,383**	**223,553**	**759,665[2]**

1) The PP3 programme was measured for issuing purposes on 4 September 2020. In addition, the incremental fair value was measured on two modification dates: 19 May 2021 (incremental fair value: EUR 1,012,537) and 5 June 2023 (incremental fair value: EUR 1,604,134).
2) The fair value shown corresponds to the total of all tranches, with each tranche accounting for EUR 253,222.

The period from the measurement date until the end of the applicable contract was used to calculate the duration. In the case of the converted CB1, BL1 and FT1 tranches, the period from the measurement date until the end of the exercise period of the applicable sub-tranche was used as the duration. Volatility was calculated as the historical volatility of the SFC share over the remaining term. The expected dividend yield is based on market expectations concerning the planned future dividend on SFC shares on the applicable measurement dates.

Performance share programmes (equity-settled)

The PSPs provide for variable remuneration in the form of virtual stock options. The PSPs issued under the programme are virtual remuneration instruments that are not backed by equity. At the end of the performance period, they grant entitlement to payment in cash or SFC shares, depending on the overall level of achievement of various long-term performance targets (LTI) and the fulfilment of other conditions at the Company's discretion.

In 2025, the allocated PSPs are distributed across the following tranches:

OVERVIEW OF PSP 2025

	Tranches PP4.1/PP4.2	Tranches DS2.1/DS2.2	Tranches CB2/FT2/BL2/ KE1/RG1/TM1	Tranches PV1/DH1	Tranche HP5
Allocation day	**21.03.2024** **04.02.2025**	**25.07.2024** **04.02.2025**	**28.06.2024**	**28.06.2024**	**25.03.2025**
Target amount (total)	**999.000** **1.332.000**	**450.000** **900.000**	**377.431**	**123.205**	**750.00**
Initial price of the SFC share[1]	18.94 18.20	18.94 18.20	18.94	18.94	18.20
Initial number of PSPs	**52,746** **73,184**	**23,759** **49,451**	**19,933**	**6,505**	**41,209**
Performance period	1 Jan. 2024 31 Dec. 2027 1 Jan. 2025 31 Dec. 2028	1 Jan. 2024 31 Dec. 2027 1 Jan. 2025 31 Dec. 2028	1 Jan. 2024 31 Dec. 2027	1 Jan. 2024 31 Dec. 2027	1 Jan. 2025 31 Dec. 2028
Number and weighting of share price targets	1 (70%)	1 (70%)	1 (70%)	1 (70%)	1 (70%)
Number and weighting of ESG targets	4 (je 7.5%)	4 (je 7.5%)	4 (je 7.5%)	4 (je 7.5%)	4 (je 7.5%)
Percentage cap on the target amount	250%	250%	150%	150%	250%
Cap (EUR)	2,497,500 3,330,000	1,125,000 2,250,000	562,298	184,806	3,330,000

1) Average market price of the Company's shares (arithmetic mean of XETRA closing prices) on the last 60 trading days prior to the applicable reporting date.

The expected final number of PSPs may vary according to the overall degree of achievement of the relevant performance criteria and is calculated by multiplying the initial number of PSPs by the overall target achievement level at the end of the performance period. The targets are made up of one share price-based target (market-based condition) and four ESG targets (non-market-based condition). The share price-based target is determined on the basis of the relative performance of the SFC shareholders compared to the SDAX as a reference index. The four non-financial sustainability targets (LTI ESG targets) are weighted equally between two targets each relating to carbon reduction and the optimisation of the circular economy.

In this reporting period, one PSP programme and the second tranche of the Management Board programmes PP4 and DS2 were granted to the members of the Management Board (HP5).

The grant of the programmes mentioned in this section was classified and measured as cash-settled share-based payment in accordance with IFRS 2.10. The fair value of the programmes is measured at the grant date using a Monte Carlo model for the respective sub-tranche and taking into account the conditions under which the PSPs were granted, and is updated if the expected achievement of the non-market targets changes.

The PSPs changed as follows in the reporting period:

PSPs 2025 EUR

	Tranche PP4	Tranche DS2	Tranches CB2/FT2/BL2/ KE1/RG1/TM1	Tranches PV1/DH1	Tranche HP5
Number of PSPs (total)	**52,746**	**23,759**	**19,993**	**6,505**	**41,209**
Remaining period (in years)	2.0 3.0	2.0 3.0	2.0	2.0	3.0
PSPs outstanding at the beginning of 2025	52,746	23,759	19,993	6,505	0
In 2025					
Allocated PSPs (initial number)	73,184	49,449	19,993	6,505	41,209
PSPs expired	0	0	0	0	0
PSPs settled	0	0	0	0	0
PSPs outstanding at the end of the reporting period (31 December 2025)	**52,746** **73,184**	**23,759** **49,449**	**19,993**	**6,505**	**41,209**
PSPs exercisable at the end of the reporting period (31 December 2025)	0	0	0	0	0
Expected number of PSPs (Grant date)	96,992	59,295	14,283	5,015	36,513
Expected number of PSPs (31 December 2025)	111,841	67,373	15,345	5,351	39,988

The PSPs developed as follows in 2024:

PSPs 2024 EUR

	Tranche PP4	Tranche DS2	Tranches CB2/FT2/BL2/ KE1/RG1/TM1	Tranches PV1/DH1
Number of PSPs (total)	**52,746**	**23,759**	**19,993**	**6,505**
Remaining period (in years)	3.0	3.0	3.0	3.0
PSPs outstanding at the beginning of 2023	0	0	0	0
In 2024				
Allocated PSPs (initial number)	52,746	23,759	19,993	6,505
PSPs expired	0	0	0	0
PSPs settled	0	0	0	0
PSPs outstanding at the end of the reporting period (31 December 2024)	**52,746**	**23,759**	**19,993**	**6,505**
PSPs exercisable at the end of the reporting period (31 December 2024)	**0**	**0**	**0**	**0**
Expected number of PSPs (Grant date)	38,345	19,668	14,283	5,015
Expected number of PSPs (31 December 2024)	42,576	21,574	14,807	5,168

As of 31 December 2025, a share premium of EUR 2,658,891 was recognised under the PSP programme (31 December 2024: EUR 814,332). The expenses arising for 2025 amount to EUR 1,844,559 (previous year: EUR 814,332). The measurement is based on the fair value of the equity instruments granted on the grant date, taking into account the achievement of non-market conditions (ESG targets) updated as of the reporting date.

The following parameters were applied:

PSP PARAMETERS IN 2025

	Tranches PP4.1/PP4.2	Tranches DS2.1/DS2.2	Tranches CB2/FT2/BL2/ KE1/RG1/TM1	Tranches PV1/DH1	Tranche HP5
Measurement date	**21.03.2024** **04.02.2025**	**25.07.2024** **04.02.2025**	**28.06.2024**	**07.08.2024**	**25.03.2025**
Remaining period (in years)	0.8–3.8 years 0.9–3.9 years	0.5–3.5 years 0.9–3.9 years	0.5–3.5 years	0.4–3.4 years	0.8–3.8 years
Volatility of the SFC share	38.82%–60.44% 36.78%–49.68%	39.24%–53.13% 36.78%–49.68%	40.43%–55.63%	38.73%–51.36%	40.67%–49.03%
Volatility of the SDAX	15.33%–19.81% 15.26%–19.15%	14.13%–19.68% 15.26%–19.15%	14.22%–19.60%	15.76%–19.69%	16.49%–19.67%
Risk-free interest rate	2.44%–3.45% 2.03%–2.18%	2.35%–3.33% 2.03%–2.18%	2.44%–3.45%	2.19%–3.24%	2.13%–2.27%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Initial price of the SFC share	EUR 18.94 EUR 18.20	EUR 18.94 EUR 18.20	EUR 18.94	EUR 18.94	EUR 18.20
Initial SDAX level	EUR 12,969.15 EUR 13,686.94	EUR 12,969.15 EUR 13,686.94	EUR 12,969.15	EUR 12,969.15	EUR 13,686.94
Cap on target achievement	250%	250%	150%	150%	250%
Fair value on the date of issue (EUR)	**1,658,9501**[1]	**1,050,6931**[1]	**222,651**[1]	**80,726**[1]	**732,850**

1) The fair value shown corresponds to the sum of all tranches.

The initial share price was derived from the XETRA closing price at the start of the commencement period. Volatility was calculated as the historical volatility of the SFC share and the SDAX over the remaining term. The expected dividend yield is based on market expectations concerning the planned future dividend on SFC shares on the applicable measurement dates. If control of the Company is acquired within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG), the PSPs that have not yet expired may be settled in cash.

(32) Related party transactions

Related parties within the meaning of IAS 24 "Related Party Disclosures" are companies and persons if one of the parties has the ability, directly or indirectly, to control or exercise significant influence over the other party or is involved in the joint control of the Company.

Balances and transactions between SFC Energy AG as the parent company and its subsidiaries, which are related parties, were eliminated in consolidation accounting and are therefore not presented in this note.

Related parties, as persons in key positions at SFC, are the members of the Management Board and Supervisory Board and their close family members. The composition of the Management Board and Supervisory Board was as follows in 2025:

Members of the Management Board

- Dr. Peter Podesser, Simbach am Inn, Germany, CEO (Chairman of the Management Board)
- Daniel Saxena, Thalwil, Switzerland, CFO
- Hans Pol, Ede, Netherlands, COO

Members of the Supervisory Board

- Sunaina Sinha Haldea, London (United Kingdom), Managing Director (Chairwoman)
- Henning Gebhardt, Bad Homburg, Managing Director (Deputy Chairman)
- Gerhard Schempp, Kaltental, Management Consultant
- Dr. Andreas Blaschke, Vienna, Management Consultant

Companies that are directly or indirectly controlled or significantly influenced by persons in key management positions or close family members of these persons are also classified as related parties in accordance with IAS 24 "Related Party Disclosures".

The total remuneration of persons in key positions is shown below:

REMUNERATION IN 2025 EUR

	Current benefits	Post-employment benefits	Other non-current benefits	Termination benefits	Share-based remuneration	Total
Dr. Peter Podesser	728,356	0	0	0	816,684	**1,545,040**
Hans Pol	460,577	0	0	0	714,969	**1,175,546**
Daniel Saxena	499,862	0	0	0	858,167	**1,358,029**
Summe	**1,688,795**	**0**	**0**	**0**	**2,389,820**	**4,078,615**

REMUNERATION IN 2024 EUR

	Current benefits	Post-employment benefits	Other non-current benefits	Termination benefits	Share-based remuneration*	Total
Dr. Peter Podesser	849,712	0	0	0	1,017,806	**1,867,518**
Hans Pol	482,020	0	0	0	226,636	**708,656**
Daniel Saxena	431,749	0	0	0	398,141	**829,890**
Total	**1,763,481**	**0**	**0**	**0**	**1,642,583**	**3,406,064**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

The remuneration of the Supervisory Board totalled EUR 207,500 in the year under review (previous year: EUR 207,500) and comprises solely short-term benefits.

Liabilities to persons in key management positions totalling EUR 1,391,785 were reported as of the reporting date (previous year: EUR 3,156,442). The liabilities break down as follows:

- Supervisory Board EUR 207,500 (previous year: EUR 207,500)
- Management Board EUR 1,184,285 (previous year: EUR 2,948,942).

The liabilities to the Supervisory Board relate entirely to remuneration granted but not yet paid. An amount of EUR 652,903 (previous year: EUR 2,269,042) of the liabilities to the Management Board relates to SAR programmes that have not been exercised and of EUR 513,521 (previous year: EUR 679,900) to short-term variable remuneration for Management Board members.

The liabilities for Management Board members comprise the SARs programmes described below.

Agreement with the Management Board members

SFC AG currently has the following agreements with members of the Management Board:

Hans Pol was appointed to the Management Board with effect from 1 January 2014 until 28 February 2030. His service contract contains an agreement on the SAR programme 2018–2021 (HP3), the SPO programme 2021–2025 (HP4) and the PSP programme 2025–2029 (HP5).

Dr. Peter Podesser was appointed to the Management Board with effect from 1 November 2006 until 31 December 2028. His service contract contains an agreement on the SOP programme 2020–2024 (PP3) and the PSP programme 2024–2027 (PP4).

Daniel Saxena was appointed to the Management Board with effect from 1 July 2020 until 30 June 2029. His service contract contains an agreement on the SAR programme 2020–2024 (DS1) and the PSP programme 2024–2027 (DS2).

No further SARs or stock options were granted to members of the Group's Management Board in 2025.

Details on the individual agreements are presented in note (31) Share-based payment.

The shares of SFC Energy AG are held as free float. No company or person held a controlling majority in 2025.

Total remuneration in accordance with Section 314 of the German Commercial Code

The total remuneration granted to the Management Board of SFC Energy AG in 2025 in accordance with Section 314 (1) no. 6 of the German Commercial Code amounted to EUR 5,377,667 (previous year: EUR 2,794,003) and includes all fixed, performance-related and share-based remuneration components.

The total remuneration granted to the Supervisory Board of SFC Energy AG in 2025 in accordance with Section 314 (1) no. 6 of the German Commercial Code amounted to EUR 207,500 (previous year: EUR 207,500) and includes all fixed remuneration components.

(33) Earnings per share

Earnings per share are calculated by dividing consolidated net profit for the year attributable to the shareholders of the parent company by the average number of shares in circulation. As of 31 December 2025, 17,381,691 shares were outstanding (previous year: 17,381,691 shares). Diluted earnings per share are calculated on the basis of the earnings attributable to the ordinary shareholders and a weighted average of the ordinary shares outstanding after adjustments for all dilutive effects of potential ordinary shares. Diluted earnings per share for the reporting period totalled EUR -0.03 (previous year retroactively adjusted*: EUR 0.51). In 2025, diluted and basic earnings per share are identical due to an anti-dilution clause, as the conversion into ordinary shares would reduce the loss per share from continuing operations.

The weighted average number of ordinary shares is as follows:

AVERAGE OF ORDINARY SHARES EUR

	2025	2024
Number of shares outstanding at the beginning of the period	17,381,691	17,363,691
Effect of the shares issued in the financial year	0	18,000
Weighted average number of shares as of 31 December	**17,381,691**	**17,378,691**
Number of potentially dilutive ordinary shares	186,639	69,158
Weighted average of shares for the calculation of diluted earnings per share	**17,568,330**	**17,447,849**

Basic and diluted earnings per share are disclosed in the consolidated income statement.

(34) Notes to the consolidated cash flow statement

The consolidated cash flow statement shows the origin and utilisation of cash flows. In accordance with IAS 7 "Statement of Cash Flows", a distinction is made between cash flows from operating, investing and financing activities. The cash and cash equivalents analysed in the cash flow statement correspond to the cash and cash equivalents (without restrictions) presented in the statement of financial position with the addition of current account liabilities. In the presentation of cash and cash equivalents in the cash flow statement, cash and cash equivalents comprise cash on hand, current account balances and readily available short-term deposits with original maturities of three months or less, which can be converted into cash at any time and are subject to an insignificant risk of changes in value as well as bank overdrafts. Bank overdrafts are recognised in "Liabilities to banks" under current liabilities in the statement of financial position.

Income tax payments and refunds mainly relate to capital gains tax and the solidarity surcharge withheld from interest credits when overnight and fixed-term deposits mature, as well as income tax payments of the individual companies within the Group. As SFC's existing liquidity surpluses are invested in short-term, low-risk financial instruments, the interest received is allocated to cash flow from investing activities. Interest payments are recognised in cash flow from financing activities. The following table reconciles the balances to the cash and cash equivalents in the cash flow statement:

RECONCILIATION WITH THE CASH FLOW STATEMENT

EUR

	2025	2024
Cash and cash equivalents	46,628,561	60,494,360
Bank overdrafts	-3,338,659	-4,135,719
Balances according to the cash flow statement	**43,289,902**	**56,358,641**

The following table contains a reconciliation of the cash flow from financing activities.

RECONCILIATION OF CASH FLOW FROM FINANCING ACTIVITIES 2025

EUR

	31 Dec. 2024	Recognised in the cash flow statement	Not recognised in the cash flow statement				**31 Dec. 2025**
			Exchange rate change	Interest	Additions & disposals IFRS 16	Allocation to stock options	**Total**
Lease liabilities	14,006,795	-3,382,750	programme	652,043	2,447,472	0	13,289,619
Total	**14,006,795**	**-3,382,750**	**-433,941**	**652,043**	**2,447,472**	**0**	**13,289,619**

RECONCILIATION OF CASH FLOW FROM FINANCING ACTIVITIES 2024

EUR

	31 Dec. 2023	Recognised in the cash flow statement	Not recognised in the cash flow statement				**31 Dec. 2024**
			Exchange rate change	Interest	Additions & disposals IFRS 16	Allocation to stock options	**Total**
Lease liabilities	12,563,183	-2,844,674	67,757	569,634	3,650,895	0	14,006,795
Total	**12,563,183**	**-2,844,674**	**67,757**	**569,634**	**3,650,895**	**0**	**14,006,795**

Cash flow from financing activities also includes interest in connection with current account liabilities totalling EUR 179,868 (previous year: EUR 268,949).

(35) Disclosures on Group segment reporting

For the purposes of Group segment reporting in accordance with IFRS 8 "Operating Segments", the segments are defined in accordance with internal reports to the Management Board and the Supervisory Board used as the basis for corporate planning and resource mapping.

The accounting methods of the reportable segments correspond to the Group accounting methods.

The Management Board uses sales, gross profit, EBITDA adjusted (adjusted earnings before interest, taxes, depreciation and amortisation) and EBIT adjusted (earnings before interest and taxes adjusted for special items) as key performance indicators for measuring the operating performance of the two segments Clean Energy and Clean Power Management and for managing the Group. For the reconciliation with adjusted EBIT/EBITDA, please refer to the “Adjusted operating earnings” in note (30) Financial instruments.

The Clean Energy segment comprises the broad range of products, systems and solutions for stationary and mobile off-grid energy supplies based on proton-exchange membrane (PEMFC) and direct methanol (DMFC) fuel cells for customers from the private, industrial and public sector operating in different markets.

The Clean Power Management segment pools all of the Group’s business in standardised and semi-standardised power management solutions such as voltage converters and coils, which are used in devices for the high-tech industry. It also includes business in frequency converters for the upstream oil and gas industry.

The breakdown of sales and non-current segment assets by region is shown below:

BREAKDOWN OF SALES AND NON-CURRENT SEGMENT ASSETS BY REGION EUR

	Sales from transactions with external customers		Non-current assets	
	2025	2024 (retroactively adjusted*)	**31 Dec. 2025**	31 Dec. 2024
United States	17,706,916	14,865,834	327,549	90,299
Canada	37,343,187	39,261,663	8,810,961	9,516,596
Europe (excl. Germany and Netherlands)	27,982,979	27,802,336	8,123,698	8,299,555
Germany	15,671,683	14,124,821	16,886,007	17,433,472
Netherlands	33,709,226	23,621,882	5,430,076	6,322,191
Asia	10,299,128	24,072,229	1,150,328	1,671,161
Rest of the World	561,184	935,641	0	0
Total	**143,274,303**	**144,684,406**	**40,728,619**	**43,333,274**

* See disclosures in the notes concerning retrospective corrections to eliminate an error.

The breakdown of sales by region was based on the registered offices of the respective customers.

In the year under review, no customer accounted for more than 10% of Group sales.

Depreciation and amortisation of non-current assets arising within the cost of sales can be allocated to the individual segments as follows:

DEPRECIATION AND AMORTISATION IN THE COST OF SALES EUR

	2025	2024
Clean Energy	3,932,838	2,807,162
Clean Power Management	829,522	806,531
Total	**4,762,360**	**3,613,693**

Internal reporting is limited to expense and income items. Accordingly, the segment report does not include any items of the statement of financial position.

(36) Auditor's fees

The fees are as follows:

FEES EUR

	2025	2024
Auditing	752,317	553,092
Voluntary other assurance services	89,670	0
Total	**841,987**	**553,092**

Of the fees, an amount of EUR 454,100 is attributable to services for the 2025 audit, which were invoiced in the 2026 financial year.

(37) Declaration on the German Corporate Governance Code

On 25 March 2025, the Management Board and the Supervisory Board issued a declaration of conformity with the German Corporate Governance Code pursuant to Section 161 of the German Corporate Governance Code and published it on the SFC Energy AG website (www.sfc.com/de/investoren/corporate-governance). The declaration of conformity is available on the Internet for the next five years and has thus been made permanently accessible to the public.

(38) Material events after the reporting date

On 5 March 2026, SFC acquired 15.0% of the shares in Oneberry Technologies Pte. Ltd., a Singapore-based market leader in AI-powered public and private security solutions, for a purchase price of EUR 3,300,000. The acquisition has not yet been recognized in the financial statements as of 31 December 2025.

In January 2026, SFC issued 16,284 subscription shares, bringing the subscribed capital to 17,397,975 shares. The shares were issued to settle claims arising from SOPs exercised during the year under review.

Otherwise, there were no events of particular significance liable to have a major impact on the Group's net assets, financial position and results of operations as of the date on which these annual financial statements were prepared.

Brunnthal, 25 March 2026

The Management Board

Dr. Peter Podesser
Chairman of the Management Board (CEO)

Daniel Saxena
Member of the Management Board (CFO)

Hans Pol
Member of the Management Board (COO)

RESPONSIBILITY STATEMENT

Consolidated Financial Statements and Group Management Report for 2025

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Brunnthal, 25 March 2026

The Management Board

Dr. Peter Podesser
Chairman of the Management Board (CEO)

Daniel Saxena
Member of the Management Board (CFO)

Hans Pol
Member of the Management Board (COO)

INDEPENDENT AUDITOR'S REPORT

(Translation - the German text is authoritative)

To SFC Energy AG, Brunnthal

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of SFC Energy AG, Brunnthal, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2025, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of SFC Energy AG for the financial year from 1 January to 31 December 2025.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2025, and of its financial performance for the financial year from 1 January to 31 December 2025, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Impairment of Goodwill
2 Accounting for Stock Appreciation Rights (SARs), Stock Option Plans (SOPs), and Performance Share Plans (PSPs)

Our presentation of these key audit matters has been structured in each case as follows:

1 Matter and issue
2 Audit approach and findings
3 Reference to further information

Hereinafter we present the key audit matters:

1 Impairment of Goodwill

1 In the Company's consolidated financial statements, goodwill totaling EUR 7,662 thousand (3.98% of total assets) is reported under the balance sheet item "Intangible Assets." Goodwill is subjected to an impairment test by the legal representatives once a year and as circumstances require to determine any potential need for impairment. The impairment test is performed at the level of the cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount of the respective cash-generating units, including goodwill, is compared to the corresponding recoverable amount. The recoverable amount is generally determined based on fair value less costs to sell. - The basis for the valuation is typically the present value of future cash flows of the respective cash-generating unit. The present values are determined using discounted cash flow models. The Group's approved medium-term planning serves as the starting point, which is supplemented by strategic planning and projected using assumptions regarding long-term growth rates. Expectations regarding future market developments and assumptions regarding the impact of macroeconomic factors on the Group's business activities are also taken into account. Discounting is performed using the weighted average cost of capital of the respective cash-generating unit. As a result of the impairment test, no impairment was identified. The result of this valuation depends to a large extent on the legal representatives' assessment of the future cash inflows of the respective cash-generating unit, the discount rate used, the growth rate, and other assumptions, and is therefore subject to significant uncertainty. Against this background and given the complexity of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit, we reviewed, among other things, the methodology used to perform the impairment test. After comparing the future cash inflows used in the calculation with the Group's approved medium-term plan, we assessed the appropriateness of the calculation, in particular by aligning it with general and industry-specific market expectations. In addition, we assessed the proper consideration of the costs of Group functions. Aware that even relatively small changes in the discount rate or growth rate used can have a significant impact on the enterprise value determined in this manner, we have thoroughly examined the parameters used to determine the discount rate and growth rate and reviewed the calculation methodology. To account for existing forecast uncertainties, we conducted our own sensitivity analyses. In doing so, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, are sufficiently covered by the discounted future cash flows, taking into account the available information. The valuation parameters and assumptions applied by the legal representatives are generally in line with our expectations and also fall within what we consider to be reasonable ranges.

3 The Company's disclosures regarding the impairment test for goodwill are included in section "(19) Intangible Assets" under the subsection "Impairment Tests for Goodwill" of the Notes to the Consolidated Financial Statements.

2 Accounting for Stock Appreciation Rights (SARs), Stock Option Plans (SOPs), and Performance Share Plans (PSPs)

1 The Company's consolidated financial statements report total personnel expenses of TEUR 2,497 for stock appreciation rights (SARs), stock option programs (AOPs), and performance share programs (PSPs). In addition, long-term liabilities of EUR 163 thousand and short-term liabilities of EUR 490 thousand are recognized for the SARs. The SARs are settled in cash, the AOPs are settled with shares of the Company, and the PSPs may be settled in cash or with shares of the Company at the Company's discretion. For cash-settled equity-based payments (SARs), a liability must be recognized in accordance with the provisions of IFRS 2. In this case, the liability must be accrued as an expense over the vesting period. The liability is measured at each reporting date based on the fair value of the SARs, which determines the amount of the payment obligation. In contrast, the stock options (SO) and virtual stock options (PSP) granted are classified under IFRS 2 as equity-settled share-based payments. In this context, the capital reserve is charged to income over the vesting period. The measurement of the work performed is based on the fair value of the equity instruments granted at the grant date. SARs and AOPs have a term of up to eight years. PSPs have a term of four years. The exercise (of SARs and AOPs) or payment (of PSPs) is subject to the fulfillment of various service conditions, performance conditions, and non-exercise conditions. The liability for SARs is measured quarterly by determining fair value using a Monte Carlo simulation. In contrast, AOPs and PSPs are measured at fair value as of the grant date, taking into account the market and non-exercise conditions under which they were granted, using a Monte Carlo simulation. To determine the expenses for the SARs, AOPs, and PSPs, the Assumptions made by the legal representatives. These include expected dividends, the share price, the achievement of non-market conditions (ESG targets), as well as risk-free interest rates and historical volatilities as of the valuation date. These are determined using historical or current market data. The company engaged an external expert to perform the valuation. The result of this valuation is highly dependent on the estimates and assumptions made by the legal representatives and is therefore subject to significant uncertainties. Against this background and due to the complexity of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit, we first gained an understanding of the Company's processes related to equity-based compensation (SARs, AOPs, and PSPs) and assessed their appropriateness. Based on this, we assessed the determination of the fair value of the benefits granted and the proper recognition of these amounts in the financial statements. Recognizing that estimated values carry an increased risk of misstatements in the financial statements and that the valuation assumptions made by management have a direct impact on the Company's consolidated results, we compared the appropriateness of the valuation methods, among other things, with the underlying contractual data, and, with the assistance of specialists, evaluated the calculation of the valuation of equity-based compensation plans and their presentation in the Company's consolidated financial statements. Finally, we verified the completeness and appropriateness of the disclosures made by the legal representatives regarding the SARs, AOPs, and PSPs in the notes to the consolidated financial statements. We were satisfied that the assessments made and assumptions taken by the legal representatives are, on the whole, sufficiently documented and justified for the valuation of the equity-based compensation programs (SARs, AOPs, and PSPs).

3 The Company's disclosures regarding the SARs, AOPs, and PSPs are included in section (31) "Equity-Based Compensation/Stock Appreciation Rights Program" in the subsection "Stock Appreciation Rights Program / Stock Option Programs (settled with equity instruments)/Performance Share Programs (settled with equity instruments)" of the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file SFC Energy-konzernabschluss-2025-12-31-1-de.xbri and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2025 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audi-

ted consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 22 May 2025. We were engaged by the supervisory board on 12 December 2025. We have been the group auditor of the SFC Energy AG, Brunnthal, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Alexander Fiedler.

Munich, March 25, 2026

PricewaterhouseCoopers GmbH,
Wirtschaftsprüfungsgesellschaft

Alexander Fiedler Certified Public Accountant	Dr. Maximilian Völkl Certified Public Accountant

CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289F OR SECTION 315D IN CONJUNCTION WITH SECTION 289F OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

In this corporate governance statement, the Management Board and the Supervisory Board provide information on SFC Energy AG's corporate governance pursuant to section 289f HGB or section 315d in conjunction with section 289f HGB and pursuant to Principle 23 of the German Corporate Governance Code as amended on April 28, 2022 (and published in the Federal Gazette (Bundesanzeiger) on June 27, 2022; GCGC).

The term "corporate governance" stands for responsible and transparent management aimed at sustainable value creation and refers to a company's entire management and supervision system, including its organization, principles of business policy and guidelines for internal and external steering and monitoring mechanisms. Corporate governance promotes trust among domestic and international investors, business partners, the financial markets, employees and the general public in the management and supervision of SFC Energy AG. Instruments of effective corporate governance are efficient cooperation between the Management Board and the Supervisory Board in a relationship of mutual trust, respect for shareholders' interests, and open and up-to-the-minute corporate communication. The Management Board and the Supervisory Board of SFC Energy AG are committed to upholding the principles of good corporate governance, and they believe that these principles are an essential building block of the Company's success. SFC Energy AG regularly reviews and improves its system of corporate governance.

Declaration of Compliance with the German Corporate Governance Code (Declaration Pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG))

Pursuant to section 161 AktG, the management board and the supervisory board of exchange-listed companies must declare annually that the company has complied, and will comply, with the recommendations of the Government Commission on the German Corporate Governance Code published by the German Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) and/or which recommendations the company has not applied and/or will not apply and why not. This declaration has to be kept available to the public on a permanent basis on the company's website.

Relevant companies may depart from the recommendations of the GCGC, but in this case they are obliged to disclose and explain such departures each year. This enables companies to take into account sector- or company-specific needs. The GCGC thus helps to make corporate governance of German companies more flexible and promotes their self-regulation. SFC Energy AG follows all recommendations of the German Corporate Governance Code with only a few exceptions, which are explained in the following declaration of compliance pursuant to section 161 AktG.

On March 24, 2026, the Management Board and the Supervisory Board of SFC Energy AG made the following declaration of conformity pursuant to section 161 AktG:

"After due examination, the Management Board and the Supervisory Board of SFC Energy AG declare that, since March 25, 2025 (the date as of which the last declaration of compliance was made), the Company has complied, and will comply, with the recommendations of the German Corporate Governance Code as amended on April 28, 2022 (published in the Federal Gazette on June 27, 2022, "GCGC"), with the following exceptions:

- Pursuant to recommendation B.3 GCGC, the first-time appointment of Management Board members shall be for a period of not more than three years. As a precautionary measure, we would like to inform you that the Management Board remuneration system approved by the General Meeting on June 5, 2023 stipulates that when a Management Board member is first appointed, their term of office and contract is generally three years; however, the Supervisory Board may determine a different term. The Supervisory Board is therefore able to set the specific term of the initial appointment differently in any individual case, in order to maintain sufficient flexibility in recruiting particularly qualified candidates for Management Board positions, while also considering the interest in long-term and sustainable corporate management.

- Depending on the specific circumstances of the enterprise and the number of Supervisory Board members, the Supervisory Board pursuant to recommendation D.2 sentence 1 GCGC shall form committees of members with relevant specialist expertise. The Supervisory Board has formed an audit committee. The Supervisory Board does not consider it necessary to form further committees, including in particular a committee dealing with Management Board remuneration, in order to perform efficient advisory and monitoring activities. As a precautionary measure, a deviation from recommendations C.10, sentence 1 and D.2, sentence 1 GCGC is therefore declared.

- Pursuant to recommendation D.4 GCGC, the Supervisory Board shall form a nomination committee, composed exclusively of shareholder representatives, which nominates suitable candidates to the Supervisory Board for its proposals to the General Meeting. The Company's Supervisory Board has not formed a nomination committee. Consistent with the legal literature on this subject, the Supervisory Board takes the view that forming a nomination committee is unnecessary where a supervisory board is the size of the SFC Energy AG Supervisory Board, which consists of just four members. It is sometimes concluded that, under these conditions, no restriction on the declaration of compliance pursuant to section 161 AktG is required. A deviation from recommendation D.4 of the GCGC is only declared as a precautionary measure in this respect.

- Pursuant to recommendation G.1 GCGC, first indent, the remuneration system shall define, in particular, how the target total remuneration is determined for each Management Board member, and the amount that the total remuneration must not exceed (maximum remuneration). The remuneration system put forward and adopted at the General Meeting on June 5, 2023 complies with this recommendation. Management Board employment agreements in force since March 2025 also stipulate a total maximum remuneration. However, out of the utmost caution, we hereby wish to note that previous employment agreements entered into with Management Board members after the GCGC, as amended on December 16, 2019, came into force, did not provide for total maximum remuneration. However, in some cases the agreements were not yet subject to a management board remuneration system for the purposes of section 87a AktG. However, the employment agreements made since the GCGC, as amended on December 16, 2019, came into force, do contain agreed caps on the short-term and long-term variable remuneration components. This essentially ensured compliance with maximum remuneration levels in accordance with the remuneration system (to the extent applicable and except for certain special situations).

- Pursuant to recommendation G.12 GCGC, if a Management Board member's contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until contract termination shall be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract. In derogation from this, certain share-based long-term incentive programs that were agreed with members of the Management Board after the GCGC, as amended on December 16, 2019, came into force stipulate that in the event of termination of the contractual agreement in the context of a change of control due to the exercise of the extraordinary right of termination available in this case, an immediate payment is made at the time the employment agreement legally terminates, in the form of a cash settlement (based on a change of control-related reference price). In the view of the Supervisory Board, this is standard practice, and early, full settlement of long-term remuneration entitlements is appropriate in the situation. The following applies under the long-term incentive program (Performance Share Plan, PSP) currently in place with all Management Board members: if a Management Board member resigns before the end of the performance period that has already begun by exercising the special right of termination agreed for this case in the event of a change of control, the PSP payout amount will only be paid out after the end of the four-year performance period and following regular target achievement assessment (based on a change of control-related reference price).

Brunnthal, March 24, 2026
SFC Energy AG

The Management Board The Supervisory Board

The current declaration of compliance together with the declarations of compliance for past years are available to the general public at any time on the SFC Energy AG website at (https://www.sfc.com/investors/corporate-governance/).

Remuneration Report / Remuneration System

The remuneration report for the reporting year 2025 and the auditor's audit opinion pursuant to section 162(3) AktG, the current remuneration system for the Management Board members pursuant to section 87a(1) and (2) sentence 1 AktG approved by the General Meeting on June 5, 2023, and the resolution adopted by the General Meeting on June 5, 2023 pursuant to section 113(3) AktG on the remuneration of the Supervisory Board members are made available to the general public on SFC Energy AG's website (https://www.sfc.com/investors/corporate-governance/).

Disclosure of Corporate Governance Practices

As a general rule, SFC Energy AG's goal is for its corporate governance to be molded by a strong sense of responsibility and transparency, while also increasing value for shareholders. The relevant principles here are determined by what the law requires. Other corporate governance practices are laid down in our codes of conduct. SFC Energy AG's codes of conduct define our responsibilities and our practiced integrity and are based on five corporate values that serve as guidelines for correct behavior: customer focus and passion, sustainability and responsibility, fairness and integrity, quality and innovation, and diversity. Our codes of conduct can be accessed on the SFC Energy AG website (https://www.sfc.com/company/compliance/).

Structure and Procedures of the Management and Supervisory Bodies; Diversity

SFC Energy AG believes that a responsible and transparent governance and controlling structure is the foundation for creating value and instilling confidence in the company. SFC Energy AG is subject to German stock corporation law and therefore has a dual management system consisting of the Management Board as the management body and the Supervisory Board as the supervisory body. Their duties and powers, as well as the requirements for their procedures and composition, are essentially based on the German Stock Corporation Act (AktG) and the Articles of Association of SFC Energy AG, as well as their rules of procedure. The structures of the company's management and supervisory bodies are as follows:

Shareholders and General Meeting

The shareholders of SFC Energy AG exercise their co-determination and monitoring rights at the General Meeting, which is held at least once a year. SFC Energy AG regularly informs its shareholders, as well as analysts, shareholders' associations, media representatives, and the interested public through its financial calendar, which is published in the Company's annual report, its quarterly communications, and on its website. In addition, as part of its investor relations activities, SFC Energy AG regularly meets with analysts and institutional investors. In addition, the Company holds at least one analysts' conference each year, most recently on November 24, 2025 at the German Equity Forum.

The General Meeting of SFC Energy AG is held during the first eight months of each financial year and resolves on all matters reserved for the General Meeting by law, including, inter alia, the election and approval of the actions of the Supervisory Board members, approval of the actions of the Management Board members, election of the auditors, and amendments to the Company's Articles of Association. Shareholders exercise their rights and, in particular, their voting rights at the General Meeting. When votes are taken, each share in the Company grants one vote.

To facilitate exercising their rights and to prepare for the meeting, shareholders will receive the annual report and the meeting notice in advance of the General Meeting, providing them with in-depth information about the past financial year and the agenda items to be transacted. All of the documents and information pertaining to the General Meeting, including the annual report, will be published on the Company's website. To facilitate the exercise of shareholders' rights, SFC Energy AG offers any shareholder who is unable to exercise, or chooses not to exercise, their voting rights personally or by proxy the opportunity to exercise their voting rights at the General Meeting through a proxy who is bound by instructions given.

Management Board

The Management Board of SFC Energy AG manages the Company with the goal of creating sustainable value on its own responsibility and in the best interests of the Company, i.e., with the interests of shareholders, employees, and other stakeholders in mind. The Management Board acts without being subject to instructions from any third parties and in accordance with the law, the Company's Articles of Association and the rules of procedure adopted by the Supervisory Board for the Management Board, and taking account of the resolutions adopted by the General Meeting. When making appointments to executive positions in the Company, the Management Board of SFC Energy AG also considers diversity and seeks to ensure, in particular, appropriate representation of women.

Notwithstanding the principle of overall responsibility according to which all Management Board members are jointly responsible for managing the Company, each Management Board member has sole responsibility for the business area assigned to them. Its members work together in a spirit of collegiality and keep one another informed about major transactions and measures in their respective business areas. The Chairman of the Management Board has primary responsibility for the overall management and business policy of the Company. He ensures coordination and consistency of business management within the Management Board and represents the Company in public.

The Management Board and the Supervisory Board of SFC Energy AG cooperate closely and on a trust basis to the benefit of the Company. The Management Board reports to the Supervisory Board regularly, without delay and comprehensively on all issues that are relevant to the Company, in particular regarding planning, business development, strategy, the risk situation, including the control and risk management system (including the sustainability-related goals) and compliance, and on all other major events that are of material importance for the management of the Company; the Management Board regularly coordinates the strategy and sustainability issues of SFC Energy AG, especially the ecological and social goals of the corporate strategy and planning, with the Supervisory Board. Between meetings, the Chair of the Supervisory Board will be in regular contact with the Management Board – in particular, the Chair of the Management Board, in order to discuss with them important issues and current events, in particular those regarding strategy, business development, the risk situation, the control and risk management system, and compliance of the Company.

In accordance with the law and the rules of procedure laid down by the Supervisory Board for the Management Board, certain material decisions by the Management Board are additionally subject to the approval of the Supervisory Board. The approval of the Supervisory Board is also required for material transactions between SFC Energy AG group companies on the one hand and Management Board members or their related persons or enterprises on the other hand; no such transactions have been made in the reporting period.

Management Board members must inform the Chair of the Supervisory Board of any conflicts of interest without undue delay; the other Management Board members must be informed thereof. No such transactions or conflicts of interest have occurred in the reporting year. Management Board members may only assume sideline activities, especially supervisory board mandates outside the group, with the approval of the Supervisory Board. The Chairman of the Company's Management Board, Dr. Peter Podesser, has been the Deputy Chairman of the Supervisory Board at Wolftank Group AG, based in Austria, since June 6, 2025. The SFC Energy AG Supervisory Board gave its approval for this at its meeting on May 21, 2025.

Together with the Management Board, the Supervisory Board ensures long-term succession planning. In the reporting period, the Supervisory Board, together with the Management Board, discussed long-term personnel planning. When appointing members to the Management Board, the Supervisory Board ensures that the Management Board's composition is most beneficial to the Company, diverse and complementary, and that there is long-term succession planning. When examining candidates for a Management Board position, the Supervisory Board believes that key suitability criteria are the candidates' professional qualifications for the position in question, convincing leadership qualities, previous performance, experience, industry knowledge and knowledge of the Company. The Supervisory Board will not appoint a Management Board member who has reached the age of 65 at the time of appointment. The decision on the appointment of a specific Management Board member is always based on the interests of the Company, taking into account all circumstances of the specific case. The three Management Board members have different professional backgrounds, ranges of experience, and expertise, including notable international experience.

The Management Board of SFC Energy AG in the 2025 reporting year had, and currently has, three members, namely Dr. Peter Podesser as the Chairman of the Management Board/Chief Executive Officer (CEO), Mr. Daniel Saxena as Chief Financial Officer (CFO), and Mr. Hans Pol as Chief Operating Officer (COO). Further information on the Management Board members and their memberships to be disclosed pursuant to section 285 no. 10 HGB are available in the notes to the consolidated financial statements under (32) Transactions with related entities and persons; more detailed information on the areas of responsibility and resumés of the Management Board members are available on the Company's website at https://www.sfc.com/company/management-supervisory-board/.

The Management Board members are covered by directors' and officers' liability insurance (D&O insurance) in accordance with the requirements of section 93(2) sentence 3 AktG.

Supervisory Board

The Supervisory Board appoints the members of the Management Board and supervises the Management Board in the management of SFC Energy AG. The Supervisory Board is directly involved in all decisions of fundamental importance to the Company. Pursuant to applicable law, the Company's Articles of Association and the Management Board's rules of internal procedure or resolutions adopted by the Supervisory Board, certain matters relating to the management of the Company require the Supervisory Board's consent. The Supervisory Board actively guides the Management Board through advice and discussions, performs the duties incumbent on it by law and under the Company's Articles of Association, and continuously supervises the conduct of the Company's business on the basis of Management Board reports and joint meetings. Other major responsibilities of the Supervisory Board are the examination and adoption of the annual financial statements and the approval of the consolidated financial statements. The responsibilities and internal organization of the Supervisory Board and its committees result from the law, the Articles of Association, and the rules of procedure of the Supervisory Board, which are available to download on SFC Energy AG's website at https://www.sfc.com/investors/corporate-governance/. The GCGC also contains recommendations for the Supervisory Board's work.

The Chairwoman of the Supervisory Board coordinates the work of the Supervisory Board, chairs the Supervisory Board meetings and represents the interests of the Board externally. She maintains regular contact with the Management Board, particularly the Chairman of the Management Board, discussing in particular the Company's strategy, business development, major transactions, risk management, risk situation, and compliance, as well as sustainability issues. The Supervisory Board has adopted its own rules of procedure which, in accordance with the law and the Articles of Association, include provisions regarding, inter alia, Supervisory Board meetings and the adoption of resolutions, the duty of confidentiality and the handling of conflicts of interest.

Composition of the Supervisory Board

In the reporting year 2025, the Supervisory Board consisted of (i) Ms. Sunaina Sinha Haldea (Chairwoman), (ii) Mr. Henning Gebhardt (Deputy Chairman), (iii) Mr. Gerhard Schempp and (iv) Dr. Andreas Blaschke.

The term of office of the members of the Supervisory Board is staggered (and hence is referred to as a “staggered board”). As a general rule, Supervisory Board members are generally elected for a term of four years, and two Supervisory Board members resign from the Supervisory Board every two years. Further information on the composition of the Supervisory Board in the reporting year can be found in the Report of the Supervisory Board from page 18 et seq. onwards. Further information on the Supervisory Board members and their memberships to be disclosed pursuant to section 285 no. 10 HGB are available in the notes to the consolidated financial statements under (32) Transactions with related entities and persons; more detailed information on the areas of responsibility and curricula vitae of the Supervisory Board members are available on the Company’s website at https://www.sfc.com/company/management-supervisory-board/.

By resolution dated April 19, 2024, the Supervisory Board adopted a profile of requirements for the entire Board. The profile of requirements contains key statutory requirements and recommendations set out in the German Corporate Governance Code (GCGC) in relation to the composition of the Supervisory Board, the Supervisory Board’s objectives regarding its composition, and the profile of skills and expertise for the entire Board for the purposes of the GCGC, and the diversity strategy for the Supervisory Board including the information pursuant to section 289f(2) no. 6 of the German Commercial Code (HGB). The composition of the Supervisory Board as at December 31, 2025 meets the aforementioned objectives, in the Supervisory Board’s view.

Requirements Placed on Individual Members of the Supervisory Board

The Supervisory Board strives to achieve a composition that ensures that the Management Board receives qualified supervision and advice at all times. The Supervisory Board takes the view that in order for it to work efficiently – and thus for the Company to continue on a path of sustainable growth and development – it not only needs to devise and satisfy professional and personal requirements, but must also incorporate diversity into its strategy here. Different and diverse personalities, experience and expertise all prevent “herd mentality”, allow holistic views and thus enrich the work of the Supervisory Board. This also ensures that Management is supervised effectively.

Each Supervisory Board member shall be in a position, due to their personal and professional skills and expertise, to perform the duties and responsibilities of a Supervisory Board member in an international stock-listed company and to safeguard SFC Energy AG’s public reputation. Bearing this in mind, each Supervisory Board member should meet the following requirements:

- sufficient subject-matter expertise, i.e. the ability to perform the duties and responsibilities normally incumbent on the Supervisory Board;
- commitment (to the performance of their role), integrity and personality;
- general understanding of SFC Energy AG’s business, including the market environment and customer needs;

- business and enterprise experience, ideally in the form of experience in Company management, as a management executive, or in supervisory bodies.

Each member of the Supervisory Board shall ensure that they have the necessary availability to perform the duties and responsibilities involved in holding this office. It should be noted in this context that Supervisory Board meetings are generally held at least twice in each half of every calendar year and that additional ad-hoc meetings may be held, as required, to deal with ad-hoc issues arising, with appropriate preparation being required for every meeting. Where Supervisory Board members are members of one of its committees, they may also have to spend additional time on preparing and attending committee meetings.

A member of the SFC Energy AG Supervisory Board who is also a member of the management board of a listed company is not permitted to hold more than a total of two supervisory board mandates in non-Group listed companies or in supervisory bodies of companies with similar requirements. A Supervisory Board member who is not a member of a management board of a listed company is not permitted to accept more than a total of five Supervisory Board mandates at non-Group listed companies or similar roles, with the appointment as chairperson of a supervisory board being counted twice.

No person who will have reached the age of 75 at the time of the election will be considered for nomination to the Supervisory Board. As a rule, Supervisory Board members should not serve on the Supervisory Board for more than twelve years; nominations for election should take this limit into account.

Requirements Placed on the Entire Supervisory Board

With regard to the composition of the entire Board, the Supervisory Board seeks to achieve a composition that ensures that its members, in terms of their personal and professional background, experience and expertise, complement each other so that the Board as a whole may make use of the widest possible range of varied experience and specialist knowledge.

The composition of the Supervisory Board of SFC Energy AG must at all times be such that its members collectively possess the knowledge, skills and professional experience required to properly perform their duties and responsibilities. At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing. The expertise in the field of accounting shall consist of specialist knowledge and experience in the use and application of accounting principles and internal controlling and risk management systems and expertise in the field of auditing shall consist of specialist knowledge and experience in auditing. Accounting and auditing shall also include sustainability reporting and auditing. The Chairperson of the Audit Committee shall have appropriate expertise and independence in at least one of these two areas. All of the members must be familiar with hydrogen and methanol fuel cells for stationary and mobile hybrid power supply solutions, the industrial sector in which the Company does business.

As a whole, the SFC Energy AG Supervisory Board shall cover all fields of expertise that may be required to perform its duties and responsibilities effectively. This includes – in line with the Company's business model – subject-matter expertise, know-how and experience:

- in the management of international listed companies;
- in the fields of hydrogen and fuel cell technology;
- in the fields of (power) electronics and software;
- in corporate strategy;
- in the fields of corporate governance and compliance;
- in the field of M&A;
- in corporate financing;
- in accounting;
- in risk management; and
- in the field of sustainability/ESG (environment, social, and governance).

As an environmentally responsible company, SFC Energy AG prioritizes sustainability/ESG and the environmental protection, as key principles. This includes compliance with all rules, regulations and requirements of public authorities, and also compliance with self-imposed internal standards, as well as the prevention of pollution and the continuous improvement of environmental protection measures. The high quality standards and environmental policy are also applied in the development, procurement and production of SFC products, as well as in the Company's work ethos and processes. For this reason, the Supervisory Board must be capable of using its expertise to monitor the sustainability issues that are important to SFC Energy AG in this context and of taking ecological and social sustainability into account when setting the Company's strategic direction and corporate planning.

With regard to the independence of the members of the SFC Energy AG Supervisory Board, the Supervisory Board considers it appropriate that (i) no more than two former members of the Company's Management Board sit on the Supervisory Board and (ii) Supervisory Board members are not permitted to hold any executive or advisory roles at the Company's key competitors. Three members shall be independent for the purposes of recommendation C.6 GCGC. No former members of the Management Board of SFC Energy AG are members of the Supervisory Board. In the opinion of the Supervisory Board, the independence criteria are met by all current members of the Supervisory Board, namely Ms. Sunaina Sinha Haldea, Mr. Henning Gebhardt, Mr. Gerhard Schempp, and Dr. Andreas Blaschke.

At present, the current terms of office of Supervisory Board members vary between approximately two, three and four years and, following complete implementation of the staggered board structure, will ordinarily be four years in the future.

The status of implementation of the skills profile is disclosed in the following qualification matrix.

QUALIFICATION MATRIX

		Sunaina Sinha Haldea	Henning Gebhardt	Gerhardt Schempp	Dr. Andreas Blaschke
Length of Membership	Member since	August 12, 2021	May 19, 2021	June 1, 2020	May 16, 2024
Personal Suitability	Independence[1]	•	•	•	•
	No overboarding[1]	•	•	•	•
Diversity	Date of birth	November 1, 1980	September 9, 1967	August 12, 1951	November 18, 1961
	Gender	female	male	male	male
	Nationality	British	German	German	Austrian
General Requirements	Expertise	•	•	•	•
	Dedication	•	•	•	•
	Integrity	•	•	•	•
	Personality	•	•	•	•
	Business acumen	•	•	•	•
	Entrepreneurial and/or operational experience	•	•	•	•
Industry Expertise	Hydrogen and fuel cell technology			•	
	(Power) electronics and software			•	
Technical Expertise	Management experience	•	•	•	•
	Corporate strategy	•	•	•	•
	Mergers & acquisitions	•		•	•
	Corporate financing	•	•	•	•
	Risk management	•	•	•	•
	Sustainability / environment, social and governance		•		•
	Accounting[2]		•	•	•[4]
	Auditing[2]		•[3]	•	•

1) As defined by the German Corporate Governance Code (GCGC).
2) Within the meaning of section 100(5) in conjunction with section 107(4) AktG and Recommendation D.3 GCGC.
3) Also Chairman of the Audit Committee. Mr. Gebhardt gained this knowledge and experience as a long-standing fund manager with DWS Investment and as a board member of Deutsches Aktieninstitut, as well as via professional development training.
4) Also a member of the Audit Committee. Dr. Andreas Blaschke gained this knowledge and experience particularly due to his studies in economics and previous professional activities, particularly at an auditing firm and as a member of the management board and CEO MM Packaging der Mayr-Melnhof Karton AG, Vienna/Austria.
• Criterion is met, based on a self-assessment by the members of the Supervisory Board.

Potential Conflicts of Interest of Supervisory Board Members

Provisions for avoiding and addressing potential conflicts of interest are laid down in the rules of procedure of the Supervisory Board. Each member of the Supervisory Board shall disclose conflicts of interest to the Chairman of the Supervisory Board. Each member of the Supervisory Board is bound to observe the Company's best interests. Material conflicts of interest involving a member of the Supervisory Board that are not merely temporary shall result in the termination of that member's Supervisory Board mandate. Any consultancy or other work or service contracts between a Supervisory Board member and the Company require a resolution by the Supervisory Board to be adopted with qualified majority. In its report, the Supervisory Board will inform the General Meeting of any conflicts of interest that have arisen and how they are addressed; the Supervisory Board has not determined any potential conflicts of interest in relation to a Supervisory Board member in the reporting year.

Supervisory Board Committees

The Supervisory Board performs its work both in plenary sessions and in the Audit Committee. The Supervisory Board has an Audit Committee, whose responsibilities are defined in the Rules of Procedure of the Supervisory Board, which are available on the SFC Energy AG website at https://www.sfc.com/investors/corporate-governance/. The Committee chairman regularly reports to the Supervisory Board on the Committee's work.

The Audit Committee comprises three Supervisory Board members. The members of the Audit Committee are Mr. Henning Gebhardt (Chairman), Mr. Gerhard Schempp (Deputy Chairman) and Dr. Andreas Blaschke. In accordance with the requirements of stock corporation law and recommendation D.3 GCGC, Chairman Henning Gebhardt has particular expertise in the field of auditing and Mr. Andreas Blaschke has particular expertise in the field of accounting, in each case including sustainability reporting and the auditing thereof. Mr. Gebhardt gained this knowledge and experience as a long-standing fund manager with DWS Investment and as a board member of Deutsches Aktieninstitut, as well as via professional development training. Dr. Andreas Blaschke has particular expertise in the field of accounting due to his studies in economics and previous professional activities, particularly at an auditing firm and as a member of the management board and CEO MM Packaging of Mayr-Melnhof Karton AG, Vienna/Austria.

The Audit Committee addresses in particular the monitoring of the audit and the selection of the auditor, including appointment of the auditor and determining focal points of the audit, the preparation of the audit of the annual and consolidated financial statements, the discussion of semi-annual and quarterly financial reports with the Management Board, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and compliance.

The Supervisory Board takes the view that a Nomination Committee does not need to be formed due to the size of the Supervisory Board.

Training and Professional Development; Self-Assessment

Pursuant to recommendation D.11 GCGC, the Company shall support Supervisory Board members sufficiently upon their appointment and during training and professional development measures. As the Supervisory Board members re-elected to the Supervisory Board in the reporting year, Ms. Sunaina Sinha Haldea, Mr. Henning Gebhardt and Mr. Gerhard Schempp have already been members of the Supervisory Board since 2020 and 2021, respectively, there was no need to support a Supervisory Board member upon their appointment.

Pursuant to recommendation D.12 GCGC, the Supervisory Board shall assess, at regular intervals, how effective the Supervisory Board and its committees fulfil their tasks. The Supervisory Board of SFC Energy AG regularly assesses how effective it fulfils its tasks and decides on measures for improvement. The most recent self-assessment was carried out on December 2025 using detailed questionnaires, including on the issues of organization and meeting preparation, information supply, openness and discussion culture. After an evaluation, the main results were presented to the Supervisory Board at the meeting on December 4th, 2025.

The Supervisory Board members are covered by directors' and officers' liability insurance (D&O insurance) which does not provide for a deductible.

Risk Management and Compliance

Good corporate governance involves responsible management of risks. The Management Board of SFC Energy AG ensures that the Company's control and risk management system and risk controlling are adequate (including the Compliance Management System). This ensures that risks are identified in time and potential risks are minimized. More detailed information on risk management can be found in the Report on Risks and Opportunities of the Group Management Report, on pages 62 et seqq.

SFC Energy AG believes that compliance with the provisions of law and internal policies relevant for the Company's activities (hereinafter also referred to as "compliance") is an essential part of corporate governance. Therefore, the governance tasks in all group entities include the duty to ensure compliance with applicable regulations in each area of tasks or responsibilities. Work processes and procedures must be designed in accordance with such rules. In order to ensure this, SFC Energy AG conducts internal business and finance reviews at regular intervals. In addition, the Company gives employees the opportunity to report, in a protected manner, suspected breaches of the law ("whistleblowing"). Since its establishment, the Audit Committee has monitored the effectiveness of the compliance management system in the reporting period on the basis of relevant regular reports by the Management Board.

Transparency

SFC Energy AG aims to ensure maximum transparency and to provide all target groups with the same information at the same time. All target groups can keep abreast of the latest developments at the Company via the internet. Information on the Company's economic situation is also provided by the financial reports (annual report, semi-annual financial report and quarterly statements). SFC Energy AG publishes ad hoc announcements as well as press releases and other corporate news on its website. The current declaration of compliance with the German Corporate Governance Code and the declarations of compliance for previous years are also available at the Company's website.

The members of the Management Board and of the Supervisory Board of SFC Energy AG, as well as persons closely associated with them, are required to report purchases and sales of shares in the Company and of any financial instruments linked thereto if the value of the transactions within one calendar year reaches or exceeds the amount of EUR 20,000.00 (until December 31, 2025) or EUR 50,000.00 (from January 1, 2026) (Art. 19 of the Market Abuse Regulation (Regulation (EU) No. 596/2014, MAR)).

All directors' dealings pursuant to Art. 19 MAR are published via EQS News (EQS Group AG) and can be viewed on the Company's website at https://www.sfc.com/investors/news-announcements/.

The total percentage of shares in SFC Energy AG held by Management Board members as at December 31, 2025, was 1,74%, of which 0,87% were held by the CEO Dr. Peter Podesser, and 0,83% by Management Board member Hans Pol and 0,04% by Management Board member Daniel Saxena. As at this date, among the members of the Supervisory Board, Sunaina Sinha Haldea held 0,44%, Henning Gebhardt 0,06%, Gerhard Schempp 0,01%, and Dr. Andreas Blaschke 0.02% of the shares issued by the Company.

Accounting and Auditing; Sustainability Reporting Audit

The consolidated financial statements and interim reports of SFC Energy AG are prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to the guidelines of the International Accounting Standards Board. The annual financial statements of SFC Energy AG are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The annual financial statements and the consolidated financial statements are prepared by the Management Board and audited by the auditors and the Supervisory Board.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, was elected by the Annual General Meeting to audit the Company's financial statements and, as a precautionary measure, to audit the Company's sustainability reporting for the 2025 reporting year and was engaged by the Supervisory Board. The auditor participated in the Supervisory Board's discussions and reported on the material results of its audit. The financial statements and interim reports are available to shareholders and other interested parties on the Company's website.

Information Required by Section 289f(2) No. 4 and No. 6 HGB

The Supervisory Board is obliged to set targets for the share of women on the Supervisory Board and the Management Board, as well as deadlines for reaching this target. The Management Board is obliged to set targets for the share of women on the two management levels below the Management Board, and deadlines for reaching such targets.

In order to achieve synchronization with the financial year of the Company, which is the calendar year, the Supervisory Board set target quotas on the Supervisory Board and the Management Board, and the Management Board set a target quota for the two management levels below the Management Board, by setting the close of December 31, 2025 as the deadline for reaching each of such targets.

Target Quota of Women and Diversity Strategy for the Supervisory Board

On March 16, 2022, the four-member Supervisory Board set a target of 25% for the share of women on the Supervisory Board for the period up to the close of December 31, 2025. The main consideration here was to strengthen gender diversity on the Supervisory Board while maintaining sufficient flexibility in the succession process for Supervisory Board positions. As at December 31, 2025, the Supervisory Board consisted of four members, including one woman share of women of 25%, meaning that the set target of 25% was achieved. By resolution dated December 4, 2025, the Supervisory Board again set the target figure for the share of women on the Supervisory Board at 25% for the period up to the end of December 31, 2028. The considerations above were decisive in setting this target.

In addition, diversity on the Supervisory Board may also be reflected by the individual professional careers and the fields of work and expertise, as well as the different experience of its members (e.g. education and qualifications, along with sector experience), while also having a fair and reasonable representation of different genders on the Supervisory Board. In the interests of diversity, the Supervisory Board thus strives to be composed in such a way that its members complement each other, in terms of their background, experience, and subject-matter expertise. The Supervisory Board also strives to have some members with international experience.

The Supervisory Board takes account of the requirements set out in the diversity strategy when selecting and nominating candidates for the Supervisory Board. The current composition of the Supervisory Board meets the requirements of the diversity strategy, in the Supervisory Board's view.

Target Quota of Women and Diversity Strategy for the Management Board

On March 16, 2022, the Supervisory Board set the target for women on the Management Board of the Company at 25% for the period up to the end of December 31, 2025. The Supervisory Board intended to expand the Management Board by one member and to appoint a woman to the Management Board for this purpose. The main consideration in setting the target was to strengthen gender diversity on the Management Board while maintaining sufficient flexibility in filling Management Board positions. As at December 31, 2025, the Management Board consisted of three members, none of whom were women (share of women of 0%), meaning that the target of 25% was not reached. Thus far, the Supervisory Board has decided against increasing the size of the Management Board, as the current size of the Management Board is appropriate for the scope of business operations and the Management Board can fully perform its duties in its current composition. Such a change in the organization of the Management Board would also come at a considerable cost. When filling Management Board positions, the Supervisory Board pays due regard for supporting gender diversity, but also ensures that positions are filled by the most suitable candidates. In addition to gender diversity, the Supervisory Board also looks at other key suitability criteria for candidates, which include the candidates' professional qualifications, convincing leadership qualities, previous performance, experience, industry knowledge and knowledge of the Company. The current Management Board is made up of highly qualified executives with in-depth knowledge of the Company and the market, as well as a high level of expertise in their areas of responsibility. Furthermore, the Management Board currently works closely, cooperatively, and efficiently. The Supervisory Board has therefore decided against achieving the relevant target figure by making personnel changes on the Management Board. By resolution dated December 4, 2025, the Supervisory Board again set the target figure for the share of women on the Supervisory Board at 25% for the period up to the end of December 31, 2028.

Diversity is an important and lived objective of SFC Energy AG; however, the Company does not have a formal diversity strategy for the Management Board for the purposes of section 289f(2) no. 6 HGB, in order to maintain sufficient flexibility.

Target Quota of Women for the Two Management Levels Below the Management Board

With regard to the targets for the share of women on the two management levels below the Management Board, in its meeting on March 16, 2022 the Management Board set the target for the share of women at the management level below the Management Board at 40% for the period up to the end of December 31, 2025. At the same time, the Management Board noted that there is only one management level at the Company below the Management Board. The Management Board set this target quota and made this determination on the basis of the following definition: The Management Board determines the Company's management levels based on their direct reporting lines to the Management Board and disciplinary authority. All executives are members of the management team and have authority over other employees qua direction and guidance rights. Only persons employed by the Company are taken into consideration. Diversity among the executive personnel is a cornerstone of SFC Energy AG's corporate culture. The Management Board endeavors to further strengthen the share of women on the management level below the Management Board. The Management Board has therefore increased this quota from the previous value of 30% to 40% for the first management level below the Management Board in order to reflect the Management Board's ambitions in the area of diversity.

With regard to the targets, the Management Board started by reexamining the previous definition and deemed retaining it to be expedient. On the basis of these criteria, the Company still only has one management level below the Management Board as at December 31, 2025, which at that time comprised 11 persons, of whom 5 were female and 6 male. By the close of December 31, 2025, the share of women at the (first) management level below the Management Board was 45%, meaning that the target of 40% that had been set was then also achieved within the relevant period set. As the Company does not have a second management level, the corresponding share of women on that level could not be determined. By resolution dated December 1st, the Management Board again set the target figure for the share of women at 40% for the period up to the end of December 31st 2028.

REMUNERATION REPORT OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF SFC ENERGY AG

In accordance with section 162 of the German Stock Corporation Act (AktG), this Remuneration Report prepared by the Supervisory Board and Management Board presents and explains the remuneration paid to current and former members of the Management Board and the current and former members of the Supervisory Board of SFC Energy AG in the 2025 financial year.

The Remuneration Report is to be formally audited by the auditor of SFC Energy AG, Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, in accordance with section 162 (3) AktG and also checked in terms of content beyond the statutory legal requirements. The report issued by the auditor on the basis of this audit will be attached to the Remuneration Report as part of the public disclosure on the Company's website in accordance with section 162 (4) AktG.

Management Board Remuneration System Pursuant to Section 87a (1) AktG

The Supervisory Board of SFC Energy AG ensures that the remuneration of the members of the Management Board is clearly linked to the overarching corporate strategy. Accordingly, the Supervisory Board ensures that strategy and corporate success are linked to the remuneration of the Management Board.

Following this basic approach, the remuneration of the Management Board of SFC Energy AG consists to a large extent of performance-related components. The amount of Management Board remuneration is closely linked to the Company's business performance through financial and non-financial performance indicators.

In the 2021 financial year, the Supervisory Board for the first time adopted a remuneration system for the Management Board in accordance with the requirements of section 87a (1) AktG and submitted this to the Annual General Meeting on May 19, 2021 for approval (hereinafter referred to as the "*Management Board Remuneration System 2021*"). The Management Board Remuneration System 2021 was approved by the General Meeting with an approval rate of 80%. The Management Board Remuneration System 2021 for the Management Board and Supervisory Board approved by the Annual General Meeting in 2021 can be found at: https://www.sfc.com/investors/corporate-governance/.

In the 2023 financial year, the Supervisory Board decided to adjust the Management Board Remuneration System 2021 due to changes in the Company's economic parameters and accordingly adopted an amended remuneration system for the Management Board in accordance with section 87a (1) AktG. This was submitted to the Annual General Meeting for approval on June 5, 2023 (hereinafter referred to as the "*Management Board Remuneration System 2023*"). The Management Board Remuneration System 2023 was approved by the General Meeting with an approval rate of 85.66%.

The Management Board Remuneration System 2023 deviates from the Management Board Remuneration System 2021 most notably in that:

- For remuneration periods beginning with the new/re-appointment of a member to the Management Board from January 1, 2024 onwards for each financial year, a maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG of EUR 4 million for the CEO and EUR 2 million for each of the ordinary Manage ment Board members is set. In the case of special benefits that do not serve as direct consideration for the services of the Management Board member but may be granted by the Supervisory Board in individual cases in special situations (e.g., relocation expenses, compensation payments for bonus losses at the previous employer), the Supervisory Board may increase the applicable maximum remuneration for the respective financial year by a maximum of 20%. In addition, in the event of a change of control, the Supervisory Board may increase the applicable maximum remuneration for the year of the change of control by a maximum of 20%.

- For remuneration periods beginning with the new/re-appointment of a member to the Management Board from January 1, 2024 onwards, new ranges (in each case approximate values) are set for the remuneration components – in relation to the target total remuneration which is based on 100% target achievement: Basic remuneration: approx. 18–25%, fringe benefits: approx. 0.5–3%, pension contributions/pension substitute: approx. 0.5–5%, short-term variable remuneration (Bonus): approx. 10–20%, long-term share-based variable remuneration (LTI): approx. 60–70%.

- For remuneration periods beginning with the new/re-appointment of a member to the Management Board from January 1, 2024 onwards, only a pension substitute instead of contributions to a Company pension scheme will be granted. Only in one individual case, for reasons of protection of existing rights, will a defined contribution benefit granted via a reinsured provident fund be continued in the event of re-appointment from January 1, 2024 onwards.

- For remuneration periods beginning with the new/re-appointment of a member to the Management Board from January 1, 2024 onwards, the long-term variable remuneration (LTI) is based on a rolling four-year performance-share plan (PSP) and more precisely defined performance criteria, with settlement in cash (or, at the Company's discretion, in shares) (LTI 2024). The malus/clawback rules already provided for under the Management Board Remuneration System 2021 will also apply to the LTI 2024.

- For remuneration periods up to those beginning with the appointment or re-appointment of a member to the Management Board from January 1, 2024 onwards (subject to remuneration programs from old commitments dating back to before the Management Board Remuneration System 2021 came into effect that have not yet been fully settled) the long-term variable remuneration is granted on the basis of stock options (in accordance with the Management Board Remuneration System 2021) with a four-year performance period (LTI Model 2021). Changed caps apply on the basis of the Management Board Remuneration System 2023: A cap of EUR 2.75 million applies for the CEO, EUR 1.5 million for the CFO and EUR 1 million for the COO. The total amount of the caps (originally a uniform EUR 1.75 million per Management Board member) is therefore not being changed (for a Management Board consisting of three members, i.e., a CEO, CFO and COO). The relevant cap does not apply in the event of a change of control and exercise of a special termination right. Long-term variable compensation commitments still in effect from the period prior to the submission of the Management Board Remuneration System 2023 to the Annual General Meeting may be adjusted to the aforementioned amended cap rules in accordance with the Management Board Remuneration System 2023, provided the relevant waiting period under the program has not yet expired in each case.

- In the event of a new appointment or re-appointment to the Management Board occurring on or after January 1, 2024, the members of the Management Board are obligated to make a personal investment in SFC shares (Share Investment Obligation). The amount to be invested (Investment Amount) corresponds to an amount equal to 150% of the annual fixed Remuneration (gross basic salary) (for the CEO) or 100% of the annual Fixed Remuneration (gross basic salary) (for the CFO and COO). The shareholding is to be built up over a period of four years from the initial appointment or, in the case of a reappointment (and the first time the Share Investment Obligation takes effect), over a period of two years (Build-Up Phase) until the Investment Amount – taking into account existing shareholdings – is reached. The shares acquired are to be held for the duration of the Management Board member's term of office and for a further year after termination of the Management Board member's term of office (Share Retention Obligation). The Share Investment Obligation and the Share Retention Obligation further align the interests of the Management Board with those of the shareholders and also incentivize the long-term successful development of the Company. The Share Investment Obligation / Share Retention Obligation ends in connection with the completion of a change of control or – at the discretion of the Supervisory Board – as early as upon submission of the takeover offer. The Supervisory Board may also decide to deviate from the Share Investment Obligation / Share Retention Obligation in individual cases at its reasonable discretion, taking into account the individual circumstances.

The details of the Management Board Remuneration System 2023 for the Management Board and Supervisory Board approved by the Annual General Meeting in 2023 can be found at: https://www.sfc.com/investors/corporate-governance/.

Remuneration Systems Applicable in the 2025 Reporting Year

The Management Board Remuneration System 2023 was fully applied to Dr. Podesser's and Mr. Saxena's remuneration for the reporting year, as an employment agreement was entered into with Dr. Podesser with effect from January 1, 2024, and with Mr. Saxena with effect from July 1, 2024, on the basis of the Management Board Remuneration System 2023.

Mr. Pol's remuneration for the reporting year was based on the 2021 Management Board Remuneration System until February 28, 2025, and, with effect from his re-appointment as a member of the Management Board and the commencement of a new Management Board employment agreement on March 1, 2025, was then based on the Management Board Remuneration System 2023.

In the 2025 reporting year, in some cases payments were still being made under long-term incentive programs resulting from Management Board employment agreements from the period prior to the introduction of the Management Board Remuneration System 2021 or 2023, as the case may be (hereinafter referred to as the "*Pre-Existing Remuneration System*").

Target Total Remuneration for the 2025 Financial Year

In accordance with the relevant Management Board employment agreements in each case, the Supervisory Board determined the target total remuneration for each Management Board member for the 2025 financial year. To promote the transparency of this report, the following table shows the individual target total remuneration per Management Board member and the relative shares of the individual remuneration elements in the target total remuneration *for* the 2025 financial year. These figures are therefore not the remuneration amounts granted and owed *in* the 2025 financial year (see below under "Management Board remuneration granted and owed"), but rather a presentation of the target total remuneration of a Management Board member for the 2025 reporting year, which is made up of the sum of all fixed and variable remuneration components for the reporting year.

TARGET TOTAL REMUNERATION FOR THE MANAGEMENT BOARD in EUR

Management Board Members in Office as at 12/31/2025		Dr. Peter Podesser		Daniel Saxena		Hans Pol [1]	
		2025	in % TTR	2025	in % TTR	2025	in % TTR
Fixed Remuneration	Basic remuneration	444,000	20.3%	300,000	20.5%	291,663	22.9%
	+ Fringe benefits [2]	20,973	1.0%	44,086	3.0%	7,340	0.6%
	Contribution to provident fund / pension amount	10,000	0.5%	24,000	1.6%	34,867	2.7%
	Total	**473,319**	**21.7%**	**368,086**	**25.2%**	**333,869**	**26.3%**
Variable Remuneration	+ **Short-term variable remuneration**						
	Target bonus for the financial year [3]	377,400	17.3%	195,000	13.3%	187,500	14.7%
	+ **Long-term variable remuneration**						
	Stock options ("SOPs") [4]	0	0.0%	0	0.0%	0	0.0%
	Performance shares ("PSs") [5]	1,332,000	61.0%	900,000	61.5%	750,000	59.0%
	Total	**1,709,400**	**78.3%**	**1,095,000**	**74.8%**	**937,500**	**73.7%**
Total Remuneration	**= Target total remuneration ("TTR")**	**2,184,373**	**100.0%**	**1,463,086**	**100.0%**	**1,271,369**	**100.0%**

1) Remuneration details for Mr. Pol including fixed remuneration and pension amount from SFC Energy B.V. in the amount of EUR 99,996 and EUR 14,867, respectively. The remuneration figures for Mr. Pol are based on his Management Board service agreement from 2021, which was valid until February 28, 2025, on the one hand, and on his Management Board employment agreement from 2024, which is valid from March 1, 2025, on the other, and are prorated for the relevant periods.
2) Fringe benefits for Mr. Saxena including reimbursement of costs for a maximum of 24 rail journeys (1st class, round trip) and a maximum of 24 air journeys (economy, round trip) between Zurich and the registered office of SFC Energy AG as well as 180 overnight stays at the Company's registered office per calendar year. The average cost of rail travel is assumed to be EUR 220 / trip (round trip), the average cost of air travel is assumed to be EUR 450 / trip (round trip) and the average cost of hotels is assumed to be EUR 90 / night.
3) The value corresponds to the variable Bonus for the 2025 reporting year for 100% target achievement. In the case of Mr. Pol, 2/12 of the target bonus is made up of the target bonus under his contractual agreement from 2021 (EUR 25,000) and 10/12 of his target bonus under his agreement with effect from March 1, 2025 (EUR 162,500).
4) The stock options granted under the stock option program agreed with Mr. Pol (2021–2025) also serve pro rata as long-term variable remuneration for the 2025 reporting year, namely for the period until February 28, 2025, as the stock options were granted "upfront" on the occasion of his appointment in 2021 for the period until February 28, 2025. For the purposes of presenting the target remuneration in this table, the value of the stock options granted under this program is recognized pro rata (i.e., at 2/12) in accordance with the fair value of the last sub-tranche as at the reporting date of December 31, 2025. As a result, the relative shares of the remuneration components shown here differ from the relative shares provided for in the Management Board Remuneration Systems 2021 and 2023, which relate to the time at which the remuneration commitment was made and, by their nature, could not anticipate the performance in detail.
5) For the purposes of presenting the target remuneration in this table, the PSs allocated under the PSP Program with the measurement period (2025-2028) are recognized at the contractually agreed target value of the PSs virtually allocated for 2025.

Remuneration Structure of Total Target Remuneration

The basic structure of the target total remuneration in accordance with the Management Board Remuneration System 2023 consists of around 18%–25% basic remuneration, around 0.5%–3% fringe benefits, around 0.5%–5% contributions to pension/pension substitute, around 10%–20% short-term variable remuneration (bonus) and around 60%–70% long-term variable remuneration (LTI).[1] The long-term variable remuneration therefore exceeds the short-term variable remuneration (in the target remuneration) and underlines SFC Energy AG's focus on long-term and sustainable development.

In the reporting period, Mr. Pol was still subject to the 2021 remuneration system until February 28, 2025, which provides for the following basic structure of the target total remuneration: 15%–25% fixed remuneration, 1%–3% fringe benefits, 0.1%–3% contributions to retirement benefits, around 10%–20% short-term variable remuneration (bonus) and around 51%–73% long-term variable remuneration (stock options).

1 There may be minor changes in the above-mentioned relative proportions by a few percentage points due to fluctuating valuation or utilization of the fringe benefits. Slight deviations in the reporting year result from the pro rata temporis long-term variable remuneration for the reporting year based on the agreement entered into by Mr. Pol from 2021, and thus before the Management Board Remuneration System 2023 came into effect.

Determination of Management Board Remuneration by the Supervisory Board

The Supervisory Board determines the remuneration of the Management Board in accordance with AktG requirements. It pays particular attention to the appropriateness of the remuneration of the Management Board. To ensure the appropriateness of the remuneration, remuneration levels are subjected to a market comparison with comparable entities (horizontal comparison). The peer group last used by the Supervisory Board in 2023 on the occasion of the new agreement concluded with Dr. Podesser regarding remuneration with effect from January 1, 2024, and the new agreements concluded with Mr. Saxena and Mr. Pol regarding remuneration with effect from July 1, 2024, and March 1, 2025, respectively, consisted of relevant peer companies, comparable in terms of size and/or sector or industry from the SDAX / TecDAX and companies from the hydrogen sector[2]. Besides that, in order to ascertain whether remuneration is in line with usual levels within the Company itself, when setting the Management Board remuneration, the Supervisory Board also takes into account the relationship between Management Board remuneration and the remuneration of Managing Directors and/or the top management level of the individual companies in the Group and the workforce as a whole, and how this relationship has developed over time.

2 For this purpose, the following were recently selected as peer companies from SDAX / TecDax: Aixtron SE, Eckert & Ziegler SE, LPKF Laser & Electronics SE, Suss Microtec SE, PVA TePla AG, Carl Zeiss AG, Jenoptik AG, Pfeiffer Vacuum Technology AG, SMA Solar Technology AG, Siltronic AG, Kontron AG, Varta AG, Drägerwerk AG & Co. KGaA, OHB System AG, Evotec SE; and from the hydrogen sector: Ballard Power Systems Inc., Plug Power Inc., ITM Power plc., Nel ASA.

Components of Management Board Remuneration for the 2025 Reporting Year

The remuneration of the members of the Management Board for the 2025 reporting year consisted of the elements listed in the table below and described hereinafter:

OVERVIEW OF REMUNERATION ELEMENTS FOR THE 2025 FINANCIAL YEAR [1, 2, 3] / ASSESSMENT BASIS AND PARAMETERS

Fixed Remuneration	Basic Remuneration	- Fixed, contractually agreed remuneration paid in twelve monthly installments	
	Fringe Benefits	- Private use of a company car or a company car allowance (RS21/RS23), and - Reimbursement of expenses for travel to, or overnight stays at, the Company's registered office (RS23) - Allowances for private health and long-term care insurance (no more than the maximum employer share of contributions to statutory health and long-term care insurance) (RS21/RS23) - In individual cases, premium subsidies for private pension and/or accident and life insurance (RS21)	
	Pension Scheme / Contribution to Provident Fund / Pension Substitute	- Option to convert basic remuneration of up to EUR 25,000 into contributions to external pension providers in a company pension scheme, of which no use was made in the reporting year (RS21) - Contributions to a defined contribution provident fund (RS23) - Pension substitute (RS23)	
Variable Remuneration	Short-Term Variable Remuneration (STI) (RS21/RS23)	Type	- Target STI
		Cap	- 125% of the target STI
		Performance criteria	**Financial Performance Factors** - Group sales revenue (budgeted) (25% weighting) - Group gross margin (budgeted) (25% weighting) - EBITDA adjusted (budgeted) (25% weighting) **Non-Financial Performance Factors** (25% weighting) - Qualitative targets for the financial year are set annually by the Supervisory Board
		Payment	- 10 Days after target achievement is determined by the Supervisory Board - Payment in cash
	Long-Term Variable Remuneration[4]	Plan types	- Physical stock options 2021 ("SOPs") (RS21) - Performance shares 2025 ("PSs") (RS23)
		Cap (per tranche)	- SOPs[3]: H. Pol EUR 1.0 million (Exception: change of control) - PSs[4] 250% of the allocation value
		Performance criteria	- SOPs (H. Pol): Share price - PSs: Relative total shareholder return (70%); ESG targets (30%), payment measured against share price

1) The remuneration elements stated apply partly on the basis of Management Board Remuneration System 2021 (for Mr. Pol; with this remuneration system being abbreviated as RS21) and partly on the basis of Management Board Remuneration System 2023 (abbreviated as RS23).
2) SAR Program 2018–2021, which was fully settled for Mr. Pol in 2025, does not represent remuneration for the 2025 reporting year and is therefore not listed here. The same applies to SAR Program 2020–2024 in relation to Mr. Saxena, which has not yet been fully settled.
3) In the case of Dr. Podesser, Stock Option Program 2020–2024 applicable under his old contract, which has not yet been fully settled, does not constitute remuneration for the 2025 reporting year.
4) PSP 2025–2028 represents prorated remuneration for Mr. Pol for the period from March 1, 2025, to December 31, 2025. For the period from January 1, 2025, to February 28, 2025, Mr. Pol's long-term variable remuneration was still being paid under his previous Management Board service agreement with the share options having been granted upfront in 2021, which therefore also represents prorated remuneration (at a portion of 2/48) for the reporting period.

OVERVIEW OF REMUNERATION ELEMENTS FOR THE 2024 FINANCIAL YEAR
ASSESSMENT BASIS AND PARAMETERS

	Payment	• SOPs: Delivery of SFC shares at the next possible date after exercise, which can occur within one year after the end of the waiting period. • PSs: With the payroll of the month following the Company's Annual General Meeting after the end of the four-year performance period; at the discretion of the Company in cash and/or in SFC shares.
Additional Remuneration Provisions	Maximum Total Remuneration	• H. Pol: For remuneration periods until reappointment with effect from March 1, 2025: EUR 1.5 million gross p.a. (RS21) • EUR 4.0 million gross p.a. for the Chairman of the Management Board, Dr. Podesser, and EUR 2.0 million gross p.a. for Mr. Saxena and Mr. Pol (RS23) (for H. Pol only with effect from March 1, 2025; a maximum remuneration of EUR 1.5 million gross p.a. applied to him until February 28, 2025 under RS21)
	Malus/Clawback (RS21/RS23)	• Partial or full reduction or clawback of short-term variable remuneration and long-term variable remuneration (only under the PSP) • Possible in the event of certain breaches of duty (severe and intentional) (for the year of the breach of duty) • Clawback period within five years of breach of duty
	Share Investment / Share Retention Obligation (RS23)	• Share Investment Obligation of 150% of annual fixed remuneration (gross) for the Chairman of the Management Board and 100% of annual fixed remuneration (gross) for the other members of the Management Board. Build-up phase of four years from initial appointment or two years in the event of reappointment; obligation to hold shares for the duration of the member's Management Board term and for a further year after the end of their Management Board term.
	Change of Control	• Extraordinary right of termination for the Management Board member in the event of a change of control • SARs / SOPs: If the extraordinary right of termination is exercised, the SARs / SOPs that had not yet expired at the time the takeover offer was submitted must be paid out as cash compensation at the time of the legal termination of the employment agreement, with program-specific features applying to the Reference Price. No maximum amount applies with regard to the cash settlement. • PSs: If the extraordinary right of termination is exercised before the end of the performance period that has already begun, the PS payout amount will only be paid out after the end of the four-year performance period and regular target-achievement measurement.

Basic Remuneration and Fringe Benefits

The members of the Management Board received a contractually agreed fixed annual salary, which was paid in twelve equal monthly instalments. The level of basic remuneration was determined based on the responsibility and experience of the relevant member of the Management Board.

The members of the Management Board also received certain market-standard fringe benefits. For example, the Company provided a company car to each member of the Management Board for private use or paid a vehicle allowance if the Management Board member did not use a company car. In addition, fringe benefits sometimes included premium subsidies for private pension, accident and life insurance policies for the members of the Management Board (only for Mr. Pol until February 28, 2025) as well as subsidies for health insurance. Mr. Saxena was also reimbursed for the costs of a maximum of two train journeys (1st class) and a maximum of two flights (economy class) per calendar month between Zurich and the Company's registered office and the costs of a maximum of 15 overnight stays per calendar month at the Company's registered office under the Management Board employment agreement valid since July 1, 2024.

Retirement Benefits

In the 2025 reporting year, Mr. Pol was still entitled to convert a portion of his basic remuneration under the Management Board Remuneration System 2021 of up to EUR 25,000 into a company pension by paying contributions to external pension providers. He did not make use of this option in the 2025 reporting year.

In the 2025 reporting year, Mr. Saxena received a pension payment of EUR 24,000 and Mr. Pol received a prorated pension payment of EUR 20,000 under his new agreement. In addition, SFC Energy B.V. paid mandatory pension contributions to the Dutch employee insurance scheme for Mr. Pol.

There is a contribution-based payment commitment for Dr. Podesser via a reinsured provident fund. The contribution made by SFC to the provident fund amounted to EUR 10,000 in the reporting year (previous year: EUR 10,000). In the event of a pension event, the provident fund will pay the agreed pension benefits to Dr. Podesser. The Company allocates the necessary funds to the provident fund. The amount of the pension benefits depends on the actuarial implementation of the pension amount resulting from the individual agreement reached with Dr. Podesser. The pension benefits are reinsured by a life insurance policy. Dr. Podesser will receive a lifelong monthly retirement pension from the provident fund if he leaves the Company's service after reaching the age of 65. If Dr. Podesser draws the full amount of his retirement pension from the statutory pension insurance scheme, or if he leaves the Company's service after reaching the age of 60 in order to retire, he may claim the pension benefit from that time onwards. In this case, Dr. Podesser will receive the pension benefits that can be financed from the portion of the provident fund assets set aside for him at that time. Upon occurrence of a pension event, a one-time lump-sum payment may be requested instead of the retirement pension in agreement with the provident fund. In the event of Dr. Podesser's death, a survivor's pension has been agreed.

Short-Term Variable Remuneration

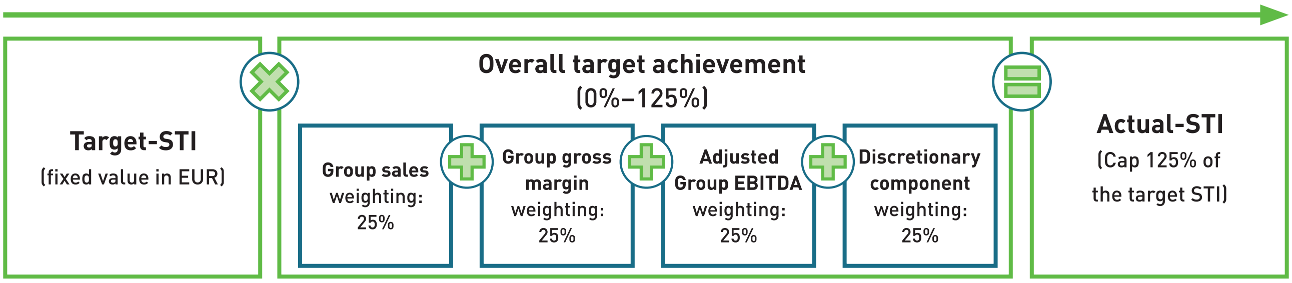
In the event that certain performance targets are achieved, the members of the Management Board have the opportunity to receive a variable remuneration that rewards their contribution to implementing the business strategy during the financial year (hereinafter "Bonus" or "STI"). The Bonus for the relevant financial year is only set and becomes due for payment by the Supervisory Board in the following financial year, based on target achievement. The Bonus/STI for the 2025 reporting year will therefore be reported as remuneration granted during the 2026 financial year (i.e., actually paid in the 2026 financial year).

STI for the 2025 Reporting Year

The STI is designed in the form of a target bonus system. The target STI is defined for each member of the Management Board in their employment agreement. Based on achievement of the financial performance criteria described in detail below, and the financial or non-financial targets set before the start of the financial year as part of the discretionary component, which are additively linked to each other, an individual actual STI is calculated at the end of the financial year. It can be between 0% and 125% of the target STI.

This means that a complete loss of the STI is also possible and the amount paid out is limited to 125% of the original target STI. If the employment agreement does not cover the full financial year, the STI is generally paid pro rata temporis for the period for which the employment relationship existed in the relevant financial year.

Target STI / Actual STI 2025



The STI amount actually achieved ("Actual STI") for the reporting year will not accrue until 2026 and will therefore only be reported in the next remuneration report as remuneration granted within the meaning of section 162 (1) sentence 1 AktG (see table "Management Board Remuneration Granted and Owed").

STI Performance Criteria for 2025

The level of the STI for 2025 depends on the achievement of certain financial and non-financial company and performance targets. STI target achievement for the 2025 reporting year is determined on the basis of the following four equally weighted performance criteria. These are three financial performance criteria, which were specifically defined by the Supervisory Board before the start of the financial year, and a discretionary performance component. As part of this discretionary performance component, non-financial performance criteria (incl. ESG targets) can be defined in addition to or instead of financial performance criteria. The relevant performance criteria for the discretionary performance component for the 2025 financial year were also specified for each Management Board member before the start of the financial year.

The following equally weighted performance criteria were defined for all members of the Management Board for the 2025 financial year (they apply, mutatis mutandis, to Mr. Pol's contract that ran until February 28, 2025):

- Achievement of amount budgeted for group revenue[3] weighted at 25%
- Achievement of amount budgeted for group gross margin weighted at 25%
- Achievement of amount budgeted for adjusted group EBITDA weighted at 25%
- Discretionary performance component, weighted at 25%:
  - International presence – implementing the next steps in the value chain in the USA, consolidating the operating model and ensuring the operational stability of all Group entities
  - ERP/cyber security/digital transformation – further expansion
  - The compliance system and its operation are to be optimized in order to ensure appropriate systems, processes and resources at all sites.
  - Product and technology – cloud capabilities, decentralized methanol filling and logistics, consolidation of the H_2 product roadmap
  - M&A – Start implementing strategy of focusing on US market employees – the next stage of employee retention, performance appraisal and recruitment

These performance criteria for the STI 2025 are also summarized in a table on p. 220.

3 Based on the budgeted exchange rate of the Canadian dollar and the US dollar to the euro.

Performance Criteria of the STI for 2024, Granted in 2025

The following performance criteria with the following weighting were applied for the STI to all members of the Management Board for the 2024 financial year:

- Achievement of amount budgeted for group revenue[4] weighted at 25%
- Achievement of amount budgeted for group gross margin weighted at 25%
- Achievement of amount budgeted for adjusted group EBITDA weighted at 25%
- Discretionary performance component, weighted at 25%:
  - Implementation of regional and capacity expansion in India, the US and Romania.
  - Development of MEA know-how, technology and an MEA production facility.
  - Development of electrolysis know-how, technology and product range, incl. an R&D site.
  - Upgrade of the IT and ERP systems (cyber security) and introduction of a new ERP platform (SAP).
  - Promotion of Group-wide initiatives to retain key employees and attract new employees.
  - Initiatives to safeguard and improve product and service quality.

The following tables for STI target achievement per Management Board member show the performance criteria, the level of target achievement and the payout amount of the STI granted (i.e., paid out) in 2026 and 2025 for the relevant previous financial year per Management Board member.

STI 2025 TARGET ACHIEVEMENT in EUR M

		TARGET	ACTUAL[1]	TARGET ACHIEVEMENT [2]
Financial Performance Criteria	Group revenue	165.4	145.5	87.98%
	Group gross margin (adjusted)	71.8	59.1	82.33%
	Adjusted Group EBITDA	26.1	16.9	64.84%
Discretionary Performance Component	■ International presence – implementing the next steps in the value chain in the USA, consolidating the operating model and ensuring the operational stability of all Group entities ■ ERP/cyber security/digital transformation – further expansion ■ The compliance system and its operation are to be optimized in order to ensure appropriate systems, processes and resources at all sites. ■ Product and technology – cloud capabilities, decentralized methanol filling and logistics, consolidation of the H_2 product roadmap ■ M&A – Start implementing strategy of focusing on US market employees – the next stage of employee retention, performance appraisal and recruitment	–	–	100%

1) The budgeted exchange rates of the Canadian dollar and the US dollar to the euro are used to determine the actual values.
2) The target achievement level can be 0% and is capped at 125%.

4 Based on the budgeted exchange rate of the Canadian dollar and the US dollar to the euro.

STI 2025 STI TARGET ACHIEVEMENT PER MANAGEMENT BOARD MEMBER
as at 12/31/2025

in TEUR

				TARGET ACHIEVEMENT					
Management Board	TARGET AMOUNT	MINIMUM AMOUNT	MAXIMUM AMOUNT	REVENUE	GROSS MARGIN	ADJUSTED EBITDA[1]	DISCR. COM-PONENT	TOTAL	PAYMENT
Dr. Peter Podesser	377,400	0	471,750						255,037
Daniel Saxena	195,000	0	243,750	87.98%	82.33%	0%	100.00%	67.6%	131,776
Hans Pol	187,500	0	234,375						126,708

STI 2024 TARGET ACHIEVEMENT

in EUR M

		TARGET	ACTUAL	TARGET ACHIEVEMENT
Financial Performance Criteria	Group revenue	146.1	145.5	99.64%
	Group gross margin	58.1	59.2	101.88%
	Adjusted Group EBITDA	19.0	22.2	117.01%
Discretionary Performance Criteria	■ Regional and capacity expansion ■ Development of MEA technology / production ■ Development of electrolysis technology / products ■ Upgrade of IT and ERP systems ■ Employee retention / recruitment ■ Quality assurance / improvement	–	–	120%

STI 2024 STI TARGET ACHIEVEMENT PER MANAGEMENT BOARD MEMBER
as at 12/31/2024

in TEUR

				TARGET ACHIEVEMENT					
Management Board	TARGET AMOUNT	MINIMUM AMOUNT	MAXIMUM AMOUNT	SALES	GROSS MARGIN	ADJUSTED EBITDA[1]	DISCR. COM-PONENT.	TOTAL	PAYMENT
Dr. Peter Podesser	377.4	0	471.8						413.8
Daniel Saxena	152.5	0	190.6	99.6%	101.9%	117.0%	120.0%	109.6%	167.2
Hans Pol	150.0	0	187.5						164.5

1) The level of target achievement can be 0% and is capped at 125% (remuneration-based cap).

Long-Term Variable Remuneration

As a contribution to the sustainable development of the Company, a significant portion of the Management Board's remuneration is linked to the long-term performance of the SFC share price. In the past, various virtual or physical stock-based programs were introduced as long-term variable share-based remuneration, on the basis of which virtual stock options in the form of stock appreciation rights ("SARs") or stock options in the form of genuine stock options ("SOPs") or, under the Management Board Remuneration System 2023, performance shares ("PSs") were granted or promised to the members of the Management Board.

There were no SARs, SOPs or PSs still outstanding (exercisable in the future or exercised in the reporting year) for former Management Board members in the 2025 reporting year.

By granting SARs, SOPs or PSs as a long-term variable remuneration element, the Company is pursuing the goal of incentivizing and promoting a business policy that is primarily aligned with the interests of shareholders, namely increasing the value of their shareholding.

Fundamentals of the Virtual SARs Stock Option Program (SAR Program)

The Company's Supervisory Board implemented a SAR Program for the first time at the beginning of the 2014 financial year. The aim of this was to align the interests of shareholders and the Management Board. Further SAR programs were subsequently set up, of which the SAR program 2018–2021 (Hans Pol; program 4) and SAR program 2020–2024 (Daniel Saxena; program 5) still existed in the reporting year. Dr. Podesser was granted stock appreciation rights (SARs) in 2020 (Program 6) as part of the extension of his Management Board employment agreement for the next appointment period. This SARs allocation under Program 6 was transferred to a (physical) Stock Option Program (Stock Option Program 2020–2024) on July 9, 2020, and thus replaced.

Only the SARs Programs still relevant to the reporting period are described below. These are:

- Hans Pol Program 4, on the basis of which Mr. Pol was granted stock appreciation rights (SARs) in 2018 as part of the extension of his Management Board employment agreement.
- Daniel Saxena Program 5, on the basis of which Mr. Saxena was granted stock appreciation rights (SARs) with his appointment as of July 1, 2020.

With some differences in the programs, as described below, the basic principles of the aforementioned SARs Programs are the same: Accordingly, a one-time allocation of a certain number of SARs was made for the relevant appointment period (now expired) of each Management Board member, the portfolio of which may be reduced depending on the expiry of SARs on certain expiry dates. The portfolio of granted SARs is com posed of equal-sized sub-tranches for the respective years of Management Board service for which the grant was made. Starting from the grant date of the relevant SARs tranche, a waiting period begins that varies in terms of length for the individual sub-tranches, with a waiting period of four years starting from the grant date applying to the first sub-tranche and a waiting period, extended by one year in each case, applying to the relevant further sub-tranches. After expiration of the defined waiting period for the relevant sub-tranche, the SARs of the sub-tranche may be exercised in an exercise period of one year after expiration of the relevant waiting period of the sub-tranche (subject to certain blackout periods) to the extent they have not previously expired on the relevant defined expiry dates. The expiration of SARs on the specified expiration dates is based on the average stock exchange price of the Company's shares during the last 30 trading days prior to the relevant expiration date (Expiration Date Price). A certain fixed number of SARs expires depending on the average stock price achieved; no SARs expire if the fixed average stock price target is reached or exceeded before the relevant expiration date. After expiration of the waiting period and subject to forfeiture on the expiration dates, a certain number of SARs may be exercised within the exercise period. The number of exercisable SARs depends on the average stock exchange price of the Company's share on the last 30 trading days before the day of exercise (so called Reference Price). For this purpose, certain Reference Price ranges are defined in the individual SARs Programs, which specify a certain maximum number of exercisable SARs. Exercising SARs gives rise to an entitlement to cash compensation, calculated as follows: (Reference Price - exercise price) x number of exercisable SARs. In the case of Mr. Saxena, the cash settlement amounts to a maximum of EUR 1.5 million p.a. (cap in accordance with Management Board Remuneration System 2023). In the event of a change of control and exercise of the Special Termination Right, the cap does not apply.

The Hans Pol Program 4 additionally stipulates as a prerequisite for the exercisability of SARs that a specific performance target must be achieved prior to the expiration of the respective waiting period: the average stock market price of the Company's share on the last 30 trading days before expiration of the waiting period exceeds the average stock exchange price of the Company's shares on the last 30 trading days prior to the grant date (this is EUR 8.65; performance target). If the Reference Price does not reach at least EUR 16.50 at the time the respective SAR sub-tranche of the Hans Pol Program 4 is exercised, only a portion of the SARs may be exercised in accordance with the Reference Price. The exercise price is EUR 1.00 per SAR.
The SARs granted have a maximum term of eight years (SARs Program 2020–2024 Daniel Saxena) and seven years (SARs Program 2018–2021 Hans Pol) from the SAR grant date.

The number of SARs granted (and not yet forfeited or already exercised in previous years) as well as the SARs forfeited and exercised in the 2025 reporting year are shown in the following table:

SARs ALLOCATION

Management Board Members in Office as at 12/31/2025	Daniel Saxena	Hans Pol
	Program 5	Program 4
Grant date:	07/01/2020	07/01/2018
Number of Stock Appreciation Rights (SARs)	228,000	180,000
Maximum term (years)	8	7
Number of sub-tranches [1]	4	3
Performance period:	07/01/2020 06/30/2024	07/01/2018 06/30/2021
Expiry of waiting period [2]		
Tranche 1	07/01/2024	07/01/2022
Tranche 2	07/01/2025	07/01/2023
Tranche 3	07/01/2026	07/01/2024
Tranche 4	07/01/2027	–
Performance targets [3]	–	EUR 8.65
Exercise price:	EUR 1.00	EUR 1.00
SARs outstanding as at 01/01/2025	228,000	41,667
SARs expired in the reporting period	0	0
SARs exercised in the reporting period	57,000	41,667
SARs outstanding as at 12/31/2025	171,000	0

1) Number of annual tranches into which the allocated SARs are divided equally.
2) Exercise period is one year for each sub-tranche.
3) The Hans Pol Program 4 additionally stipulates as a prerequisite for the exercisability of SARs that another specific performance target must be achieved prior to the expiration of the respective waiting period: the average stock market price of the Company's share on the last 30 trading days before expiration of the waiting period exceeds the average stock exchange price of the Company's shares on the last 30 trading days prior to the grant date (this is EUR 8.65; performance target).

The remuneration granted or owed in the 2025 reporting year (Table "Management Board Remuneration Granted and Owed") only includes the amounts from SARs that were owed or led to a pay out in 2025 due to them being exercised (i.e., granted amounts).

The performance criteria that led to a payout or amounts owed from an exercise from SAR tranches in the 2025 reporting year are shown in the table below:

SARs TRANCHES – EXERCISE

			Expiration Date					Exercise				
					SARs						SARs	
	Tranche	No. of SARs	Date	Price[1]	Expiration	Remainder	End Waiting Period	Exercisable[3]	Date	Price[2]	SARs	Cash Settlement
H. Pol Progr. 2018-2021	Complete Program	180,000			55,000	125,000						
	Tranche 1 (HP 4.1)	60,000	07/01/19	13.86	25,000	35,000	07/01/22	41,667	Dec 22 Jun 23	22.82 22.70	35,000 6,667	763,583 144,644
	Tranche 2 (HP 4.2)	60,000	07/01/20	12.64	30,000	30,000	07/01/23	41,667	~~Jun 24~~	~~22.38~~	~~41,667~~	~~890,840~~
	Tranche 3 (HP 4.3)	60,000	07/01/21	26.21	0	60,000	07/01/24	41,667	May 25	23.43	41,667	934,660

1) Average market price of SFC shares on the last 30 trading days prior to the relevant expiration date for the relevant sub-tranche.
2) Average stock market price of SFC shares on the last 30 trading days prior to the exercise date relevant for the relevant sub-tranche.
3) One third of the SARs held at the balance sheet date may be exercised after expiry of the relevant waiting period.

SARs TRANCHES – EXERCISE

			Expiration Date					Exercise				
					SARs						SARs	
	Tranche	No. of SARs	Date	Price[1]	Expiration	Remainder	End Waiting Period	Exercisable[3]	Date	Price[2]	SARs	Cash Settlement
D. Saxena Progr. 2020–2024	Complete Program	228,000			0	228,000						
	Tranche 1 (DS 1.1)	57,000	07/01/21	26.21	0	57,000	07/01/24	57,000	May 25	23.44	57,000	1,278,890
	Tranche 1 (DS 1.2)	57,000	07/01/22	24.73	0	57,000	07/01/25	57,000	-	-	-	-
	Tranche 1 (DS 1.3)	57,000	07/01/23	23.60	0	57,000	07/01/26	57,000	-	-	-	-
	Tranche 1 (DS 1.4)	57,000	07/01/24	22.47	0	57,000	07/01/27	57,000	-	-	-	-

1) Average market price of SFC shares on the last 30 trading days prior to the relevant expiration date for the relevant sub-tranche.
2) Average stock market price of SFC shares on the last 30 trading days prior to the exercise date relevant for the relevant sub-tranche.
3) One third of the SARs held at the balance sheet date may be exercised after expiry of the relevant waiting period.

Fundamentals of the Stock Option Program (SOP Program)

The Supervisory Board of the Company has granted stock options to individual Management Board members under two different stock option programs in the past: to Dr. Podesser under the SOP 2020–2024 and to Mr. Pol under the SOP 2021–2025.

Under these programs, Dr. Podesser and Mr. Pol received a number of option rights determined by the Supervisory Board for the term of their Management Board employment agreement, whereby granting occurred in the first year of the relevant contract term.

Option rights may not be exercised by the relevant member of the Management Board during periods determined by the General Meeting or during closed periods within the meaning of the regulations on trading prohibitions (Closed Periods) pursuant to the Market Abuse Regulation and the delegated acts issued in this regard.

The option rights each have a maximum term of eight years from the day on which the relevant option right arises or is granted. The waiting period for exercise is staggered according to the tranches issued, meaning the members of the Management Board may each exercise one quarter of the option rights of the relevant tranche (sub-tranche). The waiting period for exercising the sub-tranches is four, five, six or seven years, respectively, starting with the issue date of the tranche.

The subscription rights can be exercised within one year after expiry of the waiting period for the relevant sub-tranche (Drawing Period). In accordance with the option terms and conditions to be determined, each option right confers the entitlement to subscribe to one ordinary no-par value bearer share (*Stückaktie*) of the Company. Under the Stock Option Program for Mr. Pol (2021–2025), the exercise price corresponds to the average market price of the Company's shares on the last 30 trading days prior to the issue date (i.e., EUR 24.41) in accordance with the 2021 Management Board remuneration system, while the Exercise Price under the program for Dr. Podesser (2020–2024) is EUR 1.

In the reporting year, the Company entered into an amendment agreement with Dr. Podesser to extend the drawing period for the first sub-tranche of the 2020–2024 SOP by one (1) year (i.e., until midnight on July 8, 2026). The adjustment was made – in light of the already tight exercise periods due to the applicable closed periods – against the backdrop of the specific exercise of options in the last possible drawing period for the relevant tranche entailing the risk of a breach of insider law for the Management Board member and potentially resulting in financial and reputational disadvantages for the Company. The extension enables the Management Board member to exercise the option at a later date without the specific risk of triggering legal violations and disadvantages; this was therefore justified in the interests of the Company.

Members of the Management Board may only exercise the subscription rights granted to them in the drawing period to the full extent of the relevant sub-tranche if the average stock market price of the shares of the Company on the last 30 trading days before the cut-off date relevant to the sub-tranche (Cut-Off Date Price) reaches a certain price target in euros. If the Cut-Off Date Price does not reach at least the target stock market price, only a portion of the options may be exercised from the sub-tranche on the basis of the Cut-Off Date Price, for which the General Meeting has determined a certain number of exercisable subscription rights depending on ranges of the Cut-Off Date Price. Apart from that, subscription rights shall expire without compensation or substitution on the relevant cut-off date.

The exercise of stock options is further conditional, in respect of each sub-tranche, on the average stock market price of the Company's shares on the last 30 trading days prior to the day on which the member of the Management Board submits a subscription declaration in respect of granted stock options reaching or exceeding specified thresholds. If the Reference Price does not reach at least the target stock market price, only a portion of the options may be exercised from the sub-tranche on the basis of the Reference Price, for which the General Meeting has determined a certain number of exercisable subscription rights depending on bandwidths of the Reference Price. For each further exercise of option rights of a sub-tranche within the Drawing Period, the option rights already exercised during the Drawing Period will be credited against the number of option rights that would be exercisable on the relevant exercise date in accordance with the then relevant exercise requirement.

The stock option programs ensure that option rights can only be exercised for the respective Drawing Period if the sum of the number of option rights exercised multiplied by the closing price in XETRA trading on the exercise date of these option rights less the exercise price and the number of option rights to be exercised multiplied by the XETRA closing price on the trading day before the intended date of exercise of the option rights less the exercise price does not exceed an amount of EUR 1 million (in the case of Mr. Pol) or EUR 2.75 million (for Dr. Podesser as CEO) per sub-tranche (caps in accordance with the Management Board Remuneration System 2023). In the event of a change of control and exercise of the Special Termination Right, the cap does not apply.

The stock options promised and/or granted to Dr. Podesser and Hans Pol are listed in the following table within the meaning of section 162 (1) sentence 2 no. 3 AktG (insofar as they have not already lapsed or been exercised). Stock options granted in a financial year that grant a direct right to purchase shares are only recorded as remuneration granted in the relevant financial year of granting of such options in the table “Management Board remuneration granted and owed”.

No new stock options were granted to the members of the Management Board in the 2025 reporting period, meaning for 2025 no stock options are recorded in the table “Management Board Remuneration Granted and Owed”.

STOCK OPTIONS

	Dr. Peter Podesser		Hans Pol	
	Program 2020		Program 2021	
Grant date		07/09/2020		03/01/2021
Number of stock options		504,000		500,000
Maximum term		8 years		8 years
Number of sub-tranches		4		4
Performance period	07/09/2020	07/08/2024	03/01/2021	02/28/2025
Expiry date / end of waiting period for the sub-tranches [1]	07/09/2021 07/09/2022 07/09/2023 07/09/2024	07/09/2024 07/09/2025 07/09/2026 07/09/2027	03/01/2022 03/01/2023 03/01/2024 03/01/2025	03/01/2025 03/01/2026 03/01/2027 03/01/2028
Exercise price		EUR 1.00		EUR 24.41
SOPs outstanding as at 01/01/2025		504,000		125,000
SOPs expired in the reporting period		–		125,000
SOPs exercised in the reporting period		–		–
SOPs outstanding as at 12/31/2025		504,000		–

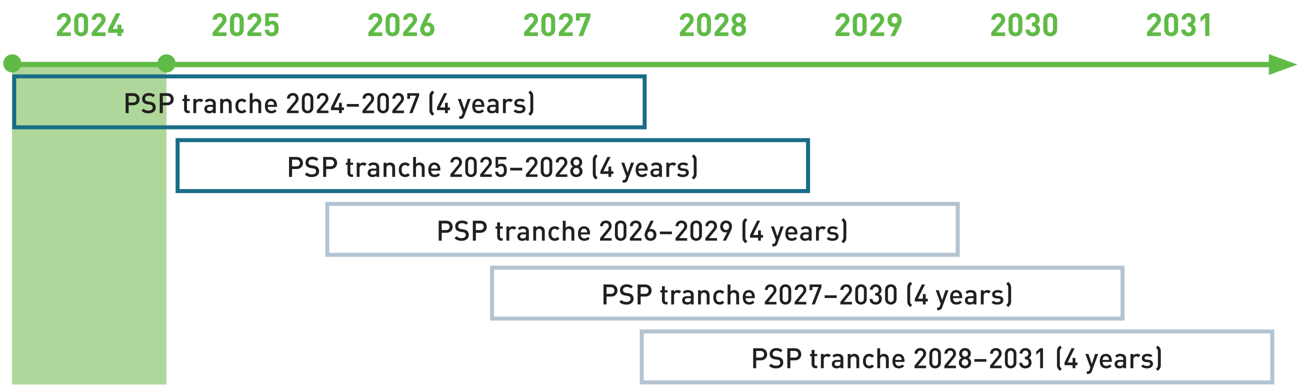
1) Four sub-tranches; the subscription rights can generally be exercised within one year from expiry of the waiting period for the relevant sub-tranche (with the aforementioned extension, by way of exception, under Dr. Podesser’s SOP). The specified date of expiry of the waiting period marks the start of the exercise period (00:00 hours).

Principles of the Virtual PS Program (PSP)

In financial year 2025, the Supervisory Board of the Company allocated virtual performance shares (PSs) to Management Board members Dr. Peter Podesser, Daniel Saxena and Hans Pol under the Management Board Remuneration System 2023 and the new Management Board employment agreements concluded on this basis.

The share-based model ensures that the Management Board members’ PSs are subject to and dependent on the share price performance over the four-year performance period.

PERFORMANCE PERIODS



In the 2024 financial year, Dr. Podesser and Mr. Saxena were each allocated a 2024 PSP tranche on a prorated basis for 2024. Dr. Podesser received a PSP tranche for 2024 that was prorated for the period from April 1 to December 31, 2024, and Mr. Saxena received a PSP tranche for 2024 that was prorated for the period from July 1 to December 31, 2024[5].

Dr. Podesser and Mr. Saxena were each allocated a 2025 PSP tranche for the 2025 reporting year, while Mr. Pol was allocated a prorated 2025 PSP tranche for 2025 due to the fact that his new contractual term had begun after the year had already started.

The initial number of performance shares in a tranche is equal to the target amount divided by the average closing price of SFC shares of the last 60 stock exchange trading days prior to the start of the respective performance period ("Initial Share Price"), commercially rounded to the nearest whole share. The final amount of performance shares in a tranche is determined after the four-year performance period has expired, hence after the end of the 2027 financial year in the case of the 2024 PSP tranche and after the end of the 2028 financial year in the case of the 2025 PSP tranche. This amount is dependent on the achievement of the financial and non-financial performance criteria described below for the relevant performance period. The final amount of performance shares in a tranche is determined after the four-year performance period by multiplying the initial number of performance shares in the tranche by the overall target achievement level and rounding the result to the nearest whole share in accordance with standard commercial practice.

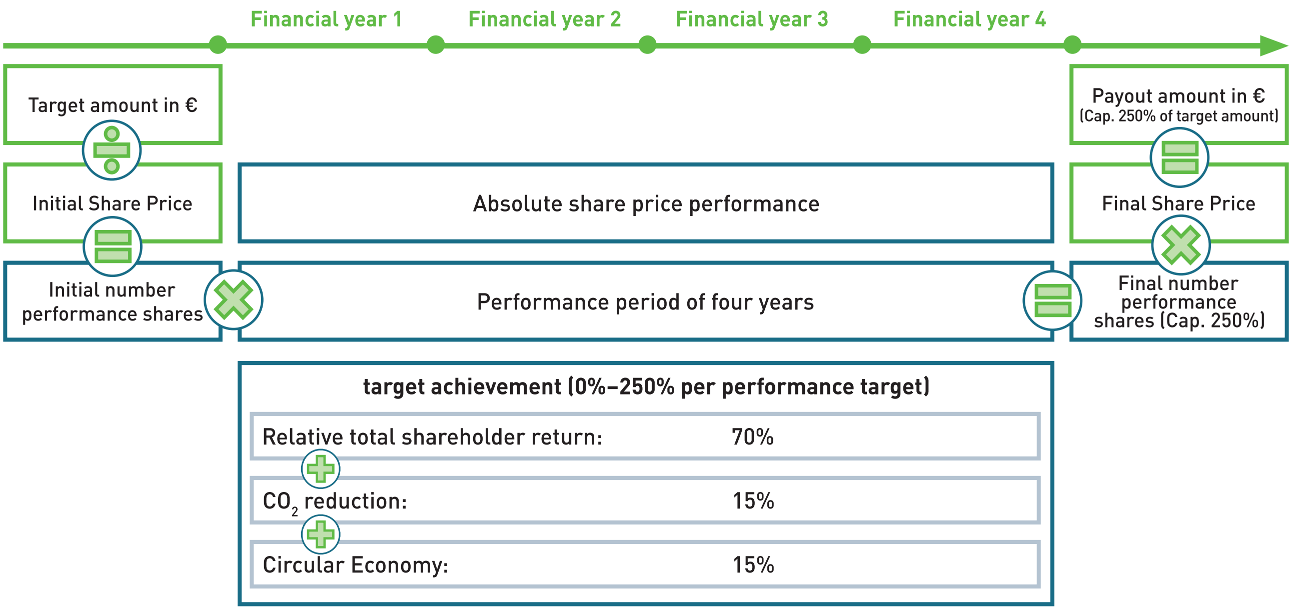
The actual payout amount from a PSP tranche, which is determined after the end of the performance period, is calculated by multiplying the final amount of performance shares by the average closing price of SFC shares on the last 60 stock exchange trading days before the end of each performance period. The payout amount is generally disbursed by salary payout in the month following the Annual General Meeting of SFC Energy AG in the year following the end of the performance period, in shares and/or cash at the Company's discretion (i.e., for the 2025 PS tranche in the year 2029).

The payout amount for each tranche of performance shares cannot, in principle, exceed 250% of the target amount of each PSP tranche as specified in the respective Management Board employment agreement

5 This situation was due to the fact that remuneration for the first part of 2024 had already been received in each case in the form of stock options or SARs granted upfront as LTIs from previous contractual terms. For the 2024 financial year, the LTI remuneration for Dr. Podesser and Mr. Saxena was paid, on a pro rata basis, in the form of an SOP allocation and a PSP tranche (Dr. Podesser) and in the form of an SARs allocation and a PSP tranche (Mr. Saxena).

(Cap). The Supervisory Board can provide that this limitation does not apply if there is a change of control and the Management Board member exercises the special right of termination agreed for this case on the occasion of the change of control. The Supervisory Board has already made use of this option in 2025 with regard to the PSP tranches granted to Dr. Podesser, Mr. Saxena and Mr. Pol for 2025 as part of the allocation of the performance shares for 2025. However, the Cap may only be exceeded if a change of control actually occurs and the relevant Management Board member actually exercises their special right of termination as a result thereof. However, the applicability of the total maximum remuneration amount (which may be, if applicable, increased by up to 20% in the event of a change of control) under the Management Board Remuneration System 2023 remains unaffected.

PERFORMANCE PERIODS



Share Price-Related Target: Relative Total Shareholder Return

The share price-related target is determined by the relative total shareholder return over the four-year performance period compared to a specific benchmark index.

The relative total shareholder return is used to provide special incentives for positive long-term performance. For this purpose, the relative total shareholder return of the SFC share within the performance period is compared to the arithmetic mean of the development of suitable reference indices during this period. The SDAX is used as the reference index, unless the Supervisory Board specifies a different common reference index before the start of the relevant performance period. The Supervisory Board has determined the SDAX as the reference index for the 2025–2028 (and 2024–2027) performance period.

Non-Financial Targets: CO_2 Reduction and Circular Economy

In addition to the financial performance criteria, non-financial sustainability targets (ESG Targets) account for 30% of the calculation used to determine the payment from the PSP. At the beginning of the performance period in 2025, the individual targets included in the ESG Targets were set by the Supervisory Board. Particular attention was paid to the ESG relevance, transparency and measurability of the targets. These non-financial targets include performance criteria regarding (i) CO_2 reduction (at the Company and/or in the value chain, upstream and/or downstream) and (ii) circular economy, e.g., measured by the recycling rate. The individual targets and target values for the 2024 and 2025 PSP tranche are shown in the following table:

ESG TARGETS: CO_2 REDUCTION – 2024 PSP TRANCHE

	2024	2025	2026	2027
Increase in the share of low-CO_2 vehicles (weighted at 7.5%)	35%	50%	70%	80%
Increase in the share of energy supply from renewable sources at all locations (weighted at 7.5%)	25%	45%	60%	80%

ESG TARGETS: CIRCULAR ECONOMY – 2024 PSP TRANCHE

	2024	2025	2026	2027
Recycling: Increase in the share of recyclable packaging material in product packaging (weighted at 7.5%)	40%	50%	60%	80%
Reduction and reuse: Increase in platinum recovery from customers' MEAs (weighted at 7.5%)	95%	96%	97%	98%

ESG TARGETS: CO_2 REDUCTION – 2025 PSP TRANCHE

	2025	2026	2027	2028
Increase in the share of low-CO_2 vehicles (weighted at 7.5%)	50%	70%	80%	85%
Increase in the share of energy supply from renewable sources at all sites (weighted at 7.5%)	45%	60%	80%	82.5%

ESG TARGETS: CIRCULAR ECONOMY – 2025 PSP TRANCHE

	2025	2026	2027	2028
Recycling: Increase in the share of recyclable packaging material in product packaging (weighted at 7.5%)	50%	60%	80%	82.5%
Reduction and reuse: Increase in platinum recovery from customers' MEAs (weighted at 7.5%)	96%	97%	98%	98%

For all targets in a performance period, the target achievement level achieved will be determined after the end of the respective performance period. Therefore, target achievement under the 2024 PSP tranche can only be determined after the end of 2027 and target achievement under the 2025 PSP tranche can only be determined after the end of 2028. The target achievement under these two PSP tranches, with each still having an ongoing performance period, is therefore naturally not yet certain at the end of the 2025 reporting period.

If the value achieved with regard to a performance criterion corresponds to or falls below the minimum value, the target achievement level for this performance criterion corresponds to 0%. If the value achieved with regard to a performance criterion exceeds the minimum value, but does not achieve the target value, the target achievement level for the performance criterion in question shall be determined by linear interpolation between the minimum value and the target value. If the value achieved with regard to a performance criterion exceeds the target value (100%), but does not achieve the maximum value (250%), the target achievement level for the performance criterion in question shall be determined by linear interpolation between the target value and the maximum value. If the value achieved with regard to a performance criterion reaches or exceeds the maximum value, the target achievement level shall be 250%.

If, in the event of performance criteria or targets that cannot be measured, no measured values can be set as target values or minimum/maximum values, respectively, the Supervisory Board will determine the target achievement level within a target achievement corridor of 0% to 250% at its reasonable discretion after the end of the relevant performance period and ensure that the assessment is comprehensible.

The overall target achievement level for the relevant performance period shall be the sum of the weighted target achievement levels of both performance criteria. The share price-related target is weighted at 70% and the LTI-ESG targets are each weighted at 15% ((target achievement level of the share price-related target x 0.7) + (target achievement level of the first LTI-ESG target x 0.15) + (target achievement level of the second LTI-ESG target x 0.15) = overall target achievement level).

The target amount, the Initial Share Price, the amount of PSs granted under the PSP tranches issued to date, as well as the maximum possible amount of PS in the event of maximum target achievement are summarized in the following tables.

PERFORMANCE SHARE PROGRAM – ALLOCATION YEAR 2024 — in EUR

Management Board Members in Office as at 12/31/2025	Peter Podesser Program 2024	Daniel Saxena Program 2024
Target amount [1]	999,000	450,000
Minimum value	0	0
Maximum value (cap)	2,497,500	1,125,000
Allocation rate	18.94	18.94
Number of performance shares allocated	52,746	23,759
Number of minimum possible PSs (0 % target achievement)	0	0
Maximum number of possible PSs (250% target achievement)	131,864	59,398

1) Deviating from the pro-rata target amount in the 2024 financial year, the annual target amount for Dr. Podesser and Mr. Saxena is EUR 1,332,000 and EUR 900,000, respectively.

PERFORMANCE SHARE PROGRAM – ALLOCATION YEAR 2025 — in EUR

Management Board Members in Office as at 12/31/2025	Peter Podesser Program 2024	Daniel Saxena Program 2024	Hans Pol Program 2025
Target amount [1]	1,332,000	900,000	750,000
Minimum value	0	0	0
Maximum value (cap)	3,300,000	1,125,000	3,300,000
Allocation rate	18.20	18.20	18.20
Number of performance shares allocated	73,184	49,449	41,209
Number of minimum possible PSs (0 % target achievement)	0	0	0
Maximum number of possible PSs (250% target achievement)	182,960	123,623	103,022

1) Deviating from the pro rata target amount in the 2025 financial year, the annual target amount for Mr. Pol is EUR 900,000.

Share Investment / Share Retention Obligation

To further align the interests of the Management Board and shareholders and to strengthen the sustainable development of SFC Energy AG, the Management Board Remuneration System 2023 provides for a Share Investment and Share Retention Obligation for Management Board members for remuneration periods beginning with a new Management Board appointment or reappointment from January 1, 2024. Accordingly, each Management Board member is obliged to make a personal investment in SFC shares (*Share Investment Obligation*). The amount to be invested (*Investment Amount*) corresponds to an amount equal to 150% of the annual Fixed Remuneration (gross basic salary) (for the CEO) or 100% of the annual Fixed Remuneration (gross basic salary) (for the CFO and COO). The number of shares to be held is generally calculated by dividing the amount of the annual gross fixed remuneration (basic salary) by the arithmetic mean (commercially rounded to two decimal places) of the closing stock market prices of the SFC share over the last 60 stock exchange trading days prior to the date of appointment as a member of the Management Board (commercially rounded to full shares). The shareholding is to be built up over a period of four years from the initial appointment or, in the case of a reappointment (and the first time the Share Investment Obligation takes effect), over a period of two years (*Build-Up Phase*) until the Investment Amount – taking into account existing shareholdings – is reached. The shares acquired are to be held for the duration of the Management Board member's term of office and for a further year after termination of the Management Board member's term of office (*Share Retention Obligation*).

In the case of an initial appointment, the Build-Up Phase ends prematurely if the Management Board member's employment agreement is terminated before the end of four years. In this case, the Investment Amount is reduced *pro rata temporis*. The duration of the Share Retention Obligation does not change.

The Management Board members shall be entitled to any dividends distributed for the shares during the holding period.

The Share Investment and Share Retention Obligation ends in connection with the completion of a change of control or – at the discretion of the Supervisory Board – as early as upon submission of the takeover offer. The Supervisory Board may also decide to deviate from the Share Investment and Share Retention Obligation in individual cases at its reasonable discretion, taking into account the individual circumstances. No change of control occurred during the reporting period.

During the reporting period, the Share Investment and Share Retention Obligation applied to Dr. Podesser (since January 1, 2024), Mr. Saxena (since July 1, 2024) and Mr. Pol (since March 1, 2025). The following table shows the required amount for all active Management Board members as of December 31, 2025, to whom the Share Investment and Share Retention Obligation applies, the current degree of fulfillment (status quo) and the end of the respective Build-Up Phase.

SHARE INVESTMENT AND SHARE RETENTION OBLIGATION

	Shares to be Acquired			Current Number	End of the Build-Up Phase	End of the Holding Period
	in % of the Basic Remuneration	in Thousands of €	Number[1]	Number[2]	Date	Date
Dr. Peter Podesser	150%	666	35,164	151,960	12/31/2025	One year after the end of the appointment
Daniel Saxena	100%	300	14,232	6,437	06/30/2026	
Hans Pol	100%	300	17,473	144,490	02/28/2027	

1) Based on the average share price over the last 60 stock exchange trading days prior to the date of the respective appointment as a member of the Management Board (Dr. Podesser: EUR 18.94 Mr. Saxena: EUR 21.08), subject to any future adjustments to the fixed remuneration.
2) As at December 31, 2025.

Promoting the Long-Term Development of the Company Through Remuneration

The remuneration of the Management Board members is intended to further support SFC Energy AG's business strategy and its implementation. In addition, by defining performance criteria that are linked to the long-term and sustainable success of the Company and supplementing them with demanding annual and multi-year targets, a contribution is also being made to the Company's long-term and sustainable development. Outstanding performance should be rewarded with appropriate remuneration. Performance that falls short of achieving the targets set should result in a noticeable reduction in remuneration. The remuneration system sets incentives that are in line with, and promote, the Company strategy.

The short-term variable remuneration (Bonus) of the Management Board members for the financial years 2024 and 2025 is aligned with the economic performance targets of revenue, gross margin and adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and provides for an element, to be assessed on a discretionary basis, that was aligned with sustainability targets for both financial years. The Bonus is intended to motivate Management Board members to achieve ambitious and challenging financial, operational, and strategic targets during a certain financial year. The targets reflect the Company strategy and are aimed at increasing the value of the Company. The remuneration system gives the Supervisory Board the opportunity to take into account individual responsibility on the one hand and the performance of the Management Board members as a whole on the other.

In order to align the remuneration of Management Board members with the long-term development of SFC Energy AG, long-term variable share-based remuneration accounts for a significant share of their total remuneration. Long-term variable remuneration for the reporting year is granted on the basis of performance shares (for Dr. Podesser and Mr. Saxena, pro rata for Mr. Pol) with a four-year performance period and pro rata for Mr. Pol on the basis of stock options granted back in 2021 (for the period up to February 2025). The economic performance target relates to the performance of SFC Energy AG's share price during the performance and exercise period or the performance period of the PSP. The company value and the value for shareholders is increased in the long term by setting ambitious targets that are linked to share price performance.

Compliance with the Maximum Remuneration Pursuant to Section 162 (1) Sentence 2 No. 7 AktG

Pursuant to section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set maximum remuneration caps (including fringe benefits) for the members of the Management Board in the Management Board Remuneration Systems 2021 and 2023.

The maximum remuneration for a financial year was set as follows for the first time under the Management Board Remuneration System 2021 and will continue to apply under the Management Board Remuneration System 2023 for remuneration periods prior to those beginning with the new/reappointment of a member to the Management Board from 1 January 2024 onwards. Accordingly, the maximum remuneration for the reporting period is set as follows for Mr. Pol:

- Maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG for Mr. Pol, prorated until February 28, 2025: EUR 1.5 million p.a.

Otherwise, the following maximum remuneration applies in the reporting period for remuneration periods beginning with a new Management Board appointment or reappointment as of January 1, 2024:

- Maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG for Dr. Podesser: EUR 4 million p.a.
- Maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG for Mr. Saxena and Mr. Pol: EUR 2 million p.a. (prorated for Mr. Pol from March 1, 2025)

The maximum remuneration of the Management Board remuneration system, as approved by the Annual General Meeting in 2021 and 2023, refers to the total of all payments / remuneration payments resulting from the remuneration arrangements *for* a financial year.

Given that the remuneration from Mr. Pol's stock option rights, which will also be paid on a pro-rata basis for the 2025 financial year (under the Stock Option Program 2021–2025) and whose value cannot be determined until they have been exercised, or until the first possible opportunity to realize them, and given that the value of the performance shares allocated for 2025 can only be determined after the expiry of the performance period at the end of 2028, it is not yet possible to report conclusively on the remuneration granted to Mr. Pol and on the compliance with the maximum remuneration limit for the 2025 financial year.

Equally, it is not yet possible to conclusively report on compliance regarding the maximum remuneration limit of EUR 4 million p.a. for Dr. Podesser and of EUR 2 million p.a. for Mr. Saxena in the 2025 financial year, as the relevant remuneration amount from the PSP 2025–2028 has not yet been determined because the value of the relevant performance shares for the 2025 reporting year can only be determined after the end of the 2028 financial year. However, it has been contractually stipulated for all Management Board members under the new agreements that came into effect from January 1, 2024 that, should the maximum remuneration for 2025 be exceeded in absolute terms as a result of settling the individual remuneration components relevant to the maximum remuneration for the 2025 financial year, then the last payment to be made for 2025 (i.e., normally the PSP payment amount) will be reduced by the amount by which the maximum remuneration would otherwise be exceeded.

The aforementioned maximum remuneration amounts do not apply to remuneration sums received from previous employment for which grandfathering under section 26j (1) sentence 3 of the Introductory Act of the Stock Corporation Act (EGAktG) applies (because they were not yet subject to a management board remuneration system for the purposes of section 87a AktG and therefore not yet subject to a maximum remuneration limit).

Commitments in the Event of Premature Termination of a Management Board Member's Service

General Provisions

The Management Board employment agreements applicable in the reporting year state that in the event of premature termination of a Management Board member's service without good cause, any payments to be agreed with the Management Board members, including fringe benefits, are not to exceed the value of one year's remuneration (severance payment cap) and may not exceed the value of the remuneration for the remaining term of the Management Board member's employment agreement. For the calculation of the severance payment cap, the total remuneration of the past financial year and, if applicable, the expected total remuneration for the current financial year are to be taken into account.

If the employment agreement ends due to termination for good cause by the Company, the members of the Management Board are not entitled to short-term variable remuneration (Bonus/STI) for the year of termination for good cause.

In the event that Management Board members should die during the term of their employment agreement, their widow(er) and children, provided they have not attained the age of 25 years and are still in vocational training, shall have a claim, as joint and several creditors, to continued payment of the basic monthly remuneration for the month of death and the six following months.

If Management Board members become permanently incapacitated for work during the term of their employment agreement, the respective employment agreement shall end at the end of the quarter in which the permanent incapacity for work has been established, at the earliest after expiry of the remuneration continuation period (duration of the current and the following six months, at the longest until termination of the employment agreement), at the latest upon expiry of the term of office of the Management Board member.

Treatment of PSP Tranches in the Event of Premature Termination of a Management Board Member's Service or Employment Relationship

There is no entitlement to a PSP payout amount from PSP annual tranches whose performance period has not yet expired at the time of the legal termination of the Management Board member's employment relationship or the Management Board mandate if (i) the Management Board member resigns his mandate prematurely or the Management Board member's employment relationship ends prematurely at the Management Board member's own request, without good cause caused by SFC Energy AG through a breach of duty or a change of control, (ii) SFC Energy AG effectively terminates the Management Board member's employment relationship with good cause, (iii) the Management Board member's employment relationship ends due to circumstances that would have entitled SFC Energy AG to termination for good cause, or (iv) the Management Board member is removed from office for good cause (except due to permanent disability or invalidity).

Special Provisions for the Event of a Change of Control

According to the Management Board employment agreements effective at the end of the 2025 reporting year, in the event of an acquisition of control of the Company within the meaning of section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG), all three Management Board members are entitled to terminate their employment agreements within three months of the legal occurrence of the change of control, observing a notice period of twelve months. There is no separate entitlement to severance pay in this case.

In the event of an acquisition of control over the Company within the meaning of section 29 (2) WpÜG and the exercise by Dr. Podesser of the extraordinary right to termination provided for in this case, the option rights from the Stock Option Program 2020–2024 which had not yet expired at the time of the submission of the takeover offer shall be paid out as cash settlement at the time of the legal termination of the employment agreement as follows (number of option rights to be paid out x (Reference Price – exercise price)), whereby the Reference Price corresponds to the offer price within the meaning of section 31 (1) WpÜG. No maximum amount applies with regard to the cash settlement.

In the event of an acquisition of control over the Company within the meaning of section 29 (2) WpÜG and the exercise by Mr. Pol of his extraordinary right of termination provided for in such case, the option rights under the Stock Option Program 2021–2025 that have not yet expired at the time of the submission of the takeover offer shall be paid out in the form of a cash settlement as follows at the time of the legal termination of the employment agreement: (Number of option rights to be paid out x (Reference Price - exercise price)), with the Reference Price in such a case corresponding – as determined by the Supervisory Board – to the offer price within the meaning of section 31 (1) WpÜG or within the meaning of the value calculated pursuant to section 7 WpÜG Offer Ordinance of the bidder's shares possibly offered as alternative consideration, which are not admitted to trading on an organized market within the meaning of section 2 (7) WpÜG but only outside the EEA, or to a combination of both values. No maximum amount applies with regard to the cash settlement.

In the event of an acquisition of control over the Company within the meaning of section 29 (2) WpÜG and the exercise by Mr. Pol of his special right of termination provided for in such case, the SARs under the Hans Pol Program 4, which was fully settled in 2025, that have not yet expired at the time of the submission of the takeover offer shall be paid out as follows at the time of the legal termination of the employment agreement: (number of SARs to be paid out x (Reference Price - exercise price)). In such case, the Reference Price is the higher value of either (i) the offer price within the meaning of section 31 (1) WpÜG or (ii) the amount calculated pursuant to section 7 WpÜG Offer Ordinance of the bidder's shares which may have been offered as optional consideration and which are not admitted to trading on an organized market within the meaning of section 2 (7) WpÜG but only outside the EEA. In the event of an acquisition of control after termination of the employment relationship, the same rules and principles for payment shall apply, with the exception that payment is to be made immediately upon the change of control.

The Daniel Saxena Program 5, which has not yet been fully settled, states that in the event of an acquisition of control over the Company within the meaning of section 29 (2) WpÜG and the exercise by Mr. Saxena of his extraordinary right to termination provided for in this case, the option rights under the Stock Option Program 2021–2025 which had not yet expired at the time of the submission of the takeover offer shall be paid out as a cash settlement at the time of the legal termination of the employment agreement (number of option rights to be paid out x (Reference Price - exercise price)), whereby the Reference Price – as determined by the

Supervisory Board – shall correspond to the offer price within the meaning of section 31 (1) WpÜG or to the value calculated in accordance with section 7 WpÜG Offer Ordinance of the bidder's shares which may have been offered as optional consideration and which are not admitted to trading on an organized market within the meaning of section 2 (7) WpÜG but only outside the EEA, or a combination of both values (without being subject to a maximum limit).

The following applies with respect to the PSP tranches granted: if a Management Board member resigns before the end of the performance period that has already begun by exercising the special right of termination agreed for this case in the event of a change of control, the PSP payout amount will only be paid out after the end of the four-year performance period and following the regular measurement of target achievement (i.e., the overall target achievement level for the respective PSP annual tranche will be determined in the same way after the regular end of the performance, in accordance with the provisions of the PSP). The conversion of all current PSP annual tranches into the PSP payout amount after the end of the performance period is based on the Reference Price (instead of the final stock market price of the SFC share); in this case, as established by the Supervisory Board, the Reference Price corresponds to the offer price within the meaning of section 31 (1) WpÜG or the amount calculated pursuant to section 7 WpÜG Offer Ordinance of the bidder's shares which may have been offered as optional consideration and which are not admitted to trading on an organized market within the meaning of section 2 (7) WpÜG but only outside the EEA, or a combination of both values.

No change of control occurred during the reporting year.

Pension Scheme for Dr. Podesser

For the existing defined contribution benefit commitment in favor of Dr. Podesser, the pension entitlement is maintained in the amount of the benefit that can be financed from the part of the fund assets of the provident fund set up for him if Dr. Podesser leaves the Company's service before a pension event occurs. If Dr. Podesser becomes unable to work before a pension event occurs and the inability to work lasts until his death or until a pension event occurs, the pension entitlements are retained in full. In the event that he is no longer unable to work, this date shall be deemed the departure date.

Regulations for Hans Pol under Stock Option Program 2021–2025

The option rights from the Stock Option Program 2021–2025 expire in the event of termination for good cause by the Company (not included: withdrawal of confidence by the Annual General Meeting or loss of the Supervisory Board's confidence) and termination for good cause by Mr. Pol prior to the expiry date (March 1, 2025), for which the Company is not responsible, without compensation. When leaving the Company for any other reason, the option rights expire on a pro rata basis calculated over the entire contractual term of 48 months (e.g., leaving after 24 months results in the expiry of 50% of the option rights held at that time). No such termination with a corresponding expiry occurred in the reporting period.

Commitments in the Event of Regular Termination of a Management Board Member's Service

As described above, Dr. Podesser has a defined contribution plan via a provident fund. In the event of a pension event, the provident fund will pay the agreed pension benefits to Dr. Podesser. The Company allocates the required funds of EUR 10,000 p.a. to the provident fund (see also below in the table "Management Board Remuneration Granted and Owed").

No further commitments have been made for the event of the regular termination of a Management Board member's service (within the meaning of section 162 (2) nos. 2 and 3 AktG).

Commitments and Grants to Management Board Members Who Left in the Reporting Year

No Management Board members terminated their service in the reporting year.

Payments from Third Parties

In the reporting period, no benefits were promised or granted to any member of the Management Board by a third party outside the group with regard to the activity as a member of the Management Board. Remuneration from third parties within the group is included in this report and is shown separately in the reported target total remuneration or the total remuneration granted and owed.

Malus and Clawback Provisions for Short-Term Variable Remuneration (Bonus/STI) and Long-Term Variable Remuneration Under the PSP

Under the Management Board employment agreements valid in the 2025 reporting year on the basis of the Management Board Remuneration System 2021 and the Management Board Remuneration System 2023, the Supervisory Board has the option of withholding or reclaiming the short-term variable remuneration (Bonus/STI) – as well as payments based on the PSP – at its reasonable discretion if a member of the Management Board seriously and intentionally violates the duties of care under section 93 AktG, an obligation under the Management Board member's employment agreement, or another essential principle of the company's conduct, e.g., from the compliance guidelines.

In exercising its reasonable discretion, the Supervisory Board shall, after careful investigation of the facts, take the severity of the violation, the degree of responsibility of the member of the Management Board and the material and immaterial damage to the Company into consideration. Before making its decision, the Supervisory Board of the Company shall give the member of the Management Board the opportunity to comment within a reasonable period of time. The timing of the repayment shall be determined by the Supervisory Board of the SFC Energy AG after consultation with the member of the Management Board, with an appropriate term and, if necessary, partial payments, taking into account existing cases of hardship. Recovery of remuneration already paid is not permitted if the infringement in question occurred more than five years ago. In cases of continuous infringements, the end of the continuous infringements shall be decisive. Claims for damages against the Management Board member remain unaffected.

No repayment of variable remuneration components was demanded from Management Board members in the 2025 reporting year as the aforementioned conditions were not met.

Deviations from the Remuneration System

No reportable deviations from the applicable Management Board Remuneration System 2021 and 2023 occurred during the 2025 reporting year.

The above-mentioned amendment agreement for the SOP for Dr. Podesser that was entered into in the reporting year, which extended the drawing period for a sub-tranche, related to changes to remuneration components from commitments prior to the application of a management board remuneration system for the purposes of section 87a AktG. The Supervisory Board is of the opinion that the amendment agreement does not constitute a deviation from the Management Board Remuneration System 2021 or 2023, but is instead a measure required in the interests of the Company to ensure fair application of the existing remuneration practice under a commitment that is grandfathered by law (i.e., not yet made under a management board remuneration system for the purposes of section 87a AktG) in accordance with the transitional provision of section 26j (1) sentence 3 EGAktG. This is additionally supported by the resolution of the Annual General Meeting in relation to the SOP 2020–2024, according to which a deviating determination of the drawing periods by the Supervisory Board is considered to be a permitted remuneration practice if there are compelling legal reasons for doing so.

Individualized Management Board Remuneration in the 2025 Reporting Year

Remuneration components or other benefits actually received in the reporting period are considered as being granted; remuneration components that are legally due but not yet paid are considered to be owed. The remuneration granted/owed in the 2025 reporting year includes the annual fixed remuneration granted in the reporting year, the value of the fringe benefits granted in the reporting year, the short-term variable remuneration granted in the reporting year (Bonus for 2024) as well as the long-term variable remuneration in the form of the SARs paid out in 2025. This sum thus includes all remuneration payments granted (i.e., paid out) and owed in 2025 (including the annual payment to the provident fund for Dr. Podesser and, to the extent that payments have not already been reported as remuneration owed in 2024). The remuneration granted and owed is shown in the following table, whereby any remuneration for activities for group companies of SFC Energy AG is included in the remuneration of the respective Management Board member:

MANAGEMENT BOARD REMUNERATION GRANTED AND OWED FOR FINANCIAL YEARS 2024 AND 2025[1] in EUR

Management Board Members in Office as at 12/31/2025		**Peter Podesser** Chairman of the Management Board since 11/01/2006			
		2024	in % TR	2025	in % TR
Fixed Remuneration	Basic remuneration	444,000	60.4%	444,000	50.0%
	+ Fringe benefits	18,312	2.5%	20,973	2.4%
	+ Contribution to provident fund [2]	10,000	1.4%	10,000	1.1%
	Total [3]	472,312	64.3%	474,973	53.4%
Variable Remuneration	**+ Short-term variable remuneration**				
	Bonus [4]	262,276	35.7%	413,760	46.6%
	+ Long-term variable remuneration				
	SARs ("SARs") [5]	0	0.0%	0	0.0%
	Stock options ("SOP") [6]	0	0.0%	0	0.0%
	Total [7]	**262,276**	**35.7%**	**413,760**	**46.6%**
	= Total Remuneration ("TR")	**734,588**	**100.0%**	**888,733**	**100.0%**

MANAGEMENT BOARD REMUNERATION GRANTED AND OWED FOR FINANCIAL YEARS 2024 AND 2025[1]

in EUR

Management Board Members in Office as at 12/31/2025		Daniel Saxena Management Board Member since 07/01/2020			
		2024	in % TR	2025	in % TR
Fixed Remuneration	Basic remuneration	270,000	60.6%	300,000	16.5%
	+ Fringe benefits	26,760	6.0%	68,086	3.8%
	+ Pension contribution [2]	18,000	4.0%	–	0.0%
	Total [3]	**314,760**	**70.6%**	**368,086**	**20.3%**
Variable Remuneration	**+ Short-term variable remuneration**				
	Bonus [4]	131,138	29.4%	167,192	9.2%
	+ Long-term variable remuneration				
	SARs ("SARs") [5]	0	0.0%	1,278,890	70.5%
	Stock options ("SOP") [6]	0	0.0%	0	0.0%
	Total [7]	**131,138**	**29.4%**	**1,446,082**	**79.7%**
	= Total Remuneration ("TR")	**445,898**	**100.0%**	**1,814,168**	**100.0%**

MANAGEMENT BOARD REMUNERATION GRANTED AND OWED FOR FINANCIAL YEARS 2024 UND 2025[1]

in EUR

Management Board Members in Office as at 12/31/2025		Hans Pol Board Member since 01/01/2014			
		2024	in % TR	2025	in % TR
Fixed Remuneration	Basic remuneration [8]	249,996	18.5%	291,663	20.4%
	of which from SFC Energy B.V.	99,996		99,996	
	+ Fringe benefits [8]	17,340	1.3%	7,340	0.5%
	+ Contribution to provident fund [2]	14,413	1.1%	34,867	2.4%
	of which from SFC Energy B.V.	*14,413*		*14,867*	
	Total [3]	**281,749**	**20.8%**	**333,869**	**23.3%**
Variable Remuneration	**+ Short-term variable remuneration**				
	Bonus [4]	178,824	13.2%	164,452	11.5%
	+ Long-term variable remuneration				
	SARs ("SARs") [5]	890,840	65.9%	934,660	65.2%
	Stock options ("SOP") [6]	–	0.0%	0	0.0%
	Total [7]	**1,069,664**	**79.2%**	**1,099,112**	**76.7%**
	= Total Remuneration ("TR")	**1,351,413**	**100.0%**	**1,432,981**	**100.0%**

1) The premiums paid by the Company in the reporting year for D&O insurance for Management Board members are not taken into account as granted remuneration, given that these are not non-cash benefits within the meaning of income tax law.
2) Administrative expenses and the PSV contribution are not included here, as they constitute obligations of the Company.
3) This figure represents the total fixed remuneration granted and owed.
4) This figure represents the short-term variable remuneration received during the financial year for the respective previous financial year.
5) This figure corresponds to the amount received from SARs exercised in the financial year.
6) This figure corresponds to the fair market value for option rights granted in the financial year to subscribe to ordinary shares in the Company ("Stock Option Program" or "SOP"). This corresponds to the value of the total option rights granted.
7) This figure represents the total variable remuneration granted and owed.
8) Including group remuneration for activities in subsidiaries.

Individualized Remuneration of the Supervisory Board

The remuneration system for members of the Supervisory Board of SFC Energy AG is regulated in section 16 of the Articles of Association. It was presented for approval at the Annual General Meeting 2021 for the first time. In 2023, the remuneration was adjusted to market rates and the amended remuneration system for members of the Supervisory Board was approved by the Annual General Meeting 2023 in accordance with section 113 (3) AktG by a majority of 99.84%.

Since January 1, 2023, and thus also for the reporting year 2025, the following applies under the remuneration system for members of the Supervisory Board:

The members of the Supervisory Board receive annual fixed remuneration of EUR 35,000 each under the amended remuneration system, whereby the chairperson of the Supervisory Board receives EUR 70,000 and his deputy receives EUR 45,000. In the event of changes in the composition of the Supervisory Board during a year, the remuneration is granted pro rata temporis. In addition, annual fixed remuneration amounting to EUR 10,000 is paid to the chairperson of the audit committee, EUR 7,500 is paid to their Deputy, and EUR 5,000 to each member of the committee. The members of other committees (which were not set up in the reporting year, however) who have been active at least once a year receive additional annual fixed remuneration of EUR 5,000. Chairing any other committee shall result in the annual fixed remuneration being increased by EUR 10,000, and acting as deputy chair shall result in an increase of EUR 5,000. Committee work shall only be taken into account for a maximum of one committee, and if this maximum number is exceeded, the highest paid chairmanship shall be determinative of the additional remuneration payable.

The maximum annual basic remuneration for the Chairman of the Supervisory Board is limited to EUR 80,000 if he is also the Chairman of a committee.

Moreover, the members of the Supervisory Board are entitled to reimbursement of the out-of-pocket expenses they incur in exercising their duties as Supervisory Board members, including any value-added tax attributable to those expenses, and inclusion in the directors' and officers' liability insurance policy without a deductible, the Company has taken out for its governing bodies, with a sum insured of at least EUR 15,000,000.00.

The remuneration of the Supervisory Board in the 2025 financial year is distributed among the individual Supervisory Board members as follows:

REMUNERATION GRANTED AND OWED TO MEMBERS OF THE SUPERVISORY BOARD [1]
for the 2024 and 2025 financial years

EUR

		Basic Remuneration		Committee Remuneration		Total Remuneration
Supervisory Board members		in EUR	% of TR	in EUR	% of TR	in EUR
Sunaina Sinha Haldea (since 08/2021, Chairwoman since 05/2024)	2025	70,000	100.0%	0	0.0%	70,000
	2024	56,899	100.0%	0	0.0%	56,899
Henning Gebhardt (since 05/2021, Deputy Chairman)	2025	45,000	81.8%	10,000	18.2%	55,000
	2024	45,000	81.8%	10,000	18.2%	55,000
Gerhard Schempp (since 06/2020)	2025	35,000	82.4%	7,500	17.6%	42,500
	2024	35,000	82.4%	7,500	17.6%	42,500
Dr. Andreas Blaschke (since 05/2024)	2025	35,000	87.5%	5,000	12.5%	40,000
	2024	21,899	87.5%	3,128	12.5%	25,027
Hubertus Krossa (until 05/2024)	2025	0	0.0%	0	0.0%	0
	2024	26,202	93.3%	1,872	6.7%	28,074
Total	2025	185,000	89.2%	22,500	10.8%	207,500
	2024	185,000	89.2%	22,500	10.8%	207,500

1) The premiums paid by the Company in the reporting year for D&O insurance for the members of the Supervisory Board are not included as remuneration granted, as these are not non-cash benefits within the meaning of income tax law.The premiums paid by the Company in the reporting year for D&O insurance for the members of the Supervisory Board are not included as remuneration granted, as these are not non-cash benefits within the meaning of income tax law.

The remuneration system established for the Supervisory Board does not provide for variable remuneration components or any malus and clawback provisions. No variable remuneration components were therefore reclaimed from members of the Supervisory Board in the 2025 reporting year.

Comparative Presentation Within the Meaning of Section 162 (1) Sentence 2 No. 2 AktG (Vertical Comparison)

The following table shows the development over time within the meaning of section 162 (1) sentence 2 no. 2 AktG (over the five most recent financial years) of the remuneration of the Board members (i.e., of the remuneration granted and owed in the respective financial year within the meaning of section 162 (1) sentence 1 AktG) compared to the average remuneration of the total workforce of SFC Energy AG in Germany on a full-time equivalent basis. In addition, the development of the earnings of SFC Energy AG and the group as a whole is presented. The development of earnings is shown on the basis of the group's key figures for revenues and adjusted EBITDA. Given that both are key performance indicators, they are also part of the financial targets for the Management Board's short-term variable remuneration (Bonus/STI) and thereby have a significant influence on the amount of remuneration paid to the members of the Management Board. In addition, the development of the annual net profit of SFC Energy AG in accordance with section 275 (3) no. 16 of the German Commercial Code (*Handelsgesetzbuch* – HGB) is presented.

The presentation of average employee remuneration is based on the total workforce of SFC Energy AG in Germany. The average remuneration of employees includes personnel expenses for wages and salaries, as well as fringe benefits, employer contributions to social security in the financial year and the short-term variable remuneration components attributable to the respective financial year (i.e., paid out in the financial year). Furthermore, for remuneration in connection with share plans, the values of the exercised stock options accrued in the financial year are taken into account.

COMPARISON OF THE FIVE-YEAR REVIEW (PURSUANT TO SECTION 162 (1) SENTENCE 2 NO. 2 AKTG) in TEUR

Financial year	2021	2022	Change	2023	Change	2024[1]	Change	2025	Change
I. DEVELOPMENT OF THE COMPANY'S EARNINGS									
AG net earnings for the year (HGB)	-6,636	-3,399	-49%	5,386	n/a	9,123	69%	3,119	-66%
Group revenue	64,320	85,229	33%	118,148	39%	144,684	22%	143,274	-1%
Group EBITDA adjusted	6,233	8,150	31%	15,158	86%	21,992	45%	16,653	-24%
Group profit for the period	-5,829	2,020	n/a	21,062	943%	8,759	-58%	-887	n/a
Group equity	50,019	103,437	107%	128,133	24%	139,029	9%	138,549	0%
II. EMPLOYEE AVERAGE REMUNERATION									
SFC AG employees	64	68	6%	67	-2%	68	2%	77	13%
III. MANAGEMENT BOARD REMUNERATION									
Dr. Peter Podesser	2,237	3,894	74%	633	-84%	735	16%	889	21%
Daniel Saxena	319	382	20%	433	13%	446	3%	1,814	307%
Hans Pol	1,092	1,190	9%	586	-51%	1.351	131%	1,433	6%
IV. SUPERVISORY BOARD REMUNERATION									
Sunaina Sinha Haldea (since 08/2021; Chairwoman since 04/2024)	10	25	159%	35	40%	57	63%	70	23%
Henning Gebhardt (since 05/2021, Deputy Chairman)	23	38	62%	55	47%	55	0%	55	0%
Gerhard Schempp (since 06/2020)	27	30	11%	43	42%	43	0%	43	0%
Dr. Andreas Blaschke (since 05/2024)	-	-	-	-	-	25	n/m	40	60%

1) The premiums paid by the Company in the reporting year for D&O insurance for the members of the Supervisory Board are not included as remuneration granted, as these are not non-cash benefits within the meaning of income tax law.

Approval by the Annual General Meeting

The remuneration report for the 2024 reporting year was submitted to the 2025 Annual General Meeting for approval in accordance with section 120a (4) AktG.

The Annual General Meeting approved the remuneration report on May 22, 2025, with a majority of 82.62%. The Management Board and Supervisory Board have dealt intensively with the feedback provided by investors and see no reason for a fundamentally different presentation of the report, particularly in view of the significant increase in the approval rate compared to 2024. SFC Energy AG continues to aim to provide clear, understandable and comprehensible reporting that lays the foundation for broad acceptance of board remuneration by all stakeholders.

FINANCIAL CALENDAR 2026

04/16/2026	METZLER SMALL CAP DAYS, FRANKFURT
05/15/2026	QUARTERLY RELEASE Q1 2026
05/20/2026	ANNUAL GENERAL MEETING
06/12/2026	ODDO BHF NEXTCAP FORUM (VIRTUAL)
08/14/2026	HALY-YEARLY FINANCIAL REPORT 2026
08/26 – 08/27/2026	HAMBURG INVESTOR DAYS (HIT), HAMBURG
09/21 – 09/23/2026	BERENBERG & GOLDMANN SACHS GERMAN CORPORATE CONFERENCE
11/13/2026	QUARTERLY RELEASE Q3 2026
11/23 – 11/25/2026	DEUTSCHES EIGENKAPITALFORUM, FRANKFURT

SHARE INFORMATION

Bloomberg symbol	F3C:GR
Reuters symbol	F3CG.DE
GSIN	756857
ISIN	DE0007568578
Number of shares outstanding (31 December 2025)	17,381,691
Share type	No-par value shares
Stock market segment	Prime standard
Sector	Renewable energies
Index membership	SDAX
Home exchange	Frankfurt, FWB
Designated sponsor	mwb fairtrade Wertpapierhandelsbank AG

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Statements about the future
This Annual Report contains statements and information about the future. Such passages contain such word as "expect", "intend", "plan", "believe", "aim", "estimate", etc. Such statements about the future are based on current expectations and certain assumptions. They therefore also contain a number of risks and uncertainties. A multitude of factors, many of which are beyond the control of SFC, affect our business, our success, and our results. These factors can lead the Group's actual results, success, and performance to deviate from the results, success, and performance in the statements made explicitly or implicitly about the future. SFC assumes no obligation to update any forward looking statements. This is a translation of the German "Geschäftsbericht 2025 der SFC Energy AG". Sole authorative and universally valid version is the German language document.