



ANNUAL REPORT

18

Financials

(Mio. Euro)	2018	2017
Sales	186.8	198.8
Germany	134.5	135.1
Abroad	52.3	63.7
Gross result	68.2	67.7
EBITDA	27.3	24.6
EBIT	10.1	6.5
Net income	6.8	5.0
Earnings per share	0.46	0.33
Employees	427	447
Orders on hand	84.4	102.9
thereof Own Plant Operation	0.9	0.6
thereof abroad	83.5	99.0
Incoming orders	20.2	40.7
Cancellation of orders	12.8	0.6
Orders completed	25.9	40.5
Capacity installed (MW_{el})	435	430
thereof abroad	148	144
Capacity under construction (MW_{el})	13	13
thereof abroad	13	13

CONTENT

Financials	003
Content	005
Group Management Report of EnviTec Biogas AG	007
Consolidated Financial Statements	027
Notes to the Consolidated Financial Statements	037
Financial Calendar	056
Imprint	056

GROUP MANAGEMENT REPORT

of the EnviTec Biogas AG

EnviTec Biogas AG takes advantage of the relief for small corporations granted under section 326 of the German Commercial Code (HGB) and refrains from preparing and publishing a management report for the fiscal year 2018. The consolidated financial statements, which include the financial statements of EnviTec Biogas AG, do not contain a combined management report for EnviTec Biogas AG and the Group, but only a Group management report.

Fundamentals of the Group

General corporate information

The EnviTec Biogas Group, headquartered in Lohne, Germany, is one of the leading manufacturers and operators of biogas and biomethane plants. EnviTec is a full-service biogas supplier and covers the entire value chain for the production of biogas. This includes planning and turnkey construction of biogas plants and biogas upgrading plants as well as their taking into operation. The company takes charge of biological and technical services on demand and also offers full plant and operational management. EnviTec also operates its own plants, making it one of the largest biogas producers in Germany.

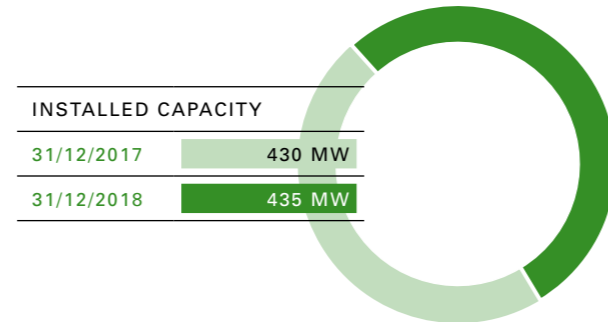
Our customer-oriented construction has set standards in terms of reliability and profitability. EnviTec plants can produce clean energy from all types of feedstock materials – from organic waste to renewable resources. Established in 2002, the company is today active in 16 countries worldwide (incl. Germany).

Our high quality standards are confirmed not only by satisfied customers and the impressive efficiency of the plants served by us but also by internationally acknowledged certifications. Our quality management system to DIN EN ISO 9001:2015 has successfully been implemented at EnviTec Service GmbH.

Corporate structure and business segments

The Group is structured into three segments, Plant Construction, Own Plant Operation and Service. All segments are closely integrated in strategic, technical and financial terms. The parent company operates as a holding company, which provides services such as controlling, HR management, legal consulting, treasury and marketing for the three business segments. The business purpose of the parent company also includes the holding of equity investments in the Own Plant Operation segment as well as start-up financing of the respective project companies. In 2018, the basis of consolidation comprised 106 fully consolidated companies, two less than in the previous year (108).

Plant Construction



The Plant Construction segment builds biogas and biomethane plants for customers such as farmers, industrial enterprises and energy providers. We plan the plant, build it and start up the production of biogas. Our product portfolio covers the complete value chain of biogas plant engineering for plants from 75 kW. We rely on a modular design approach using standardised elements, which can be combined to meet the respective local requirements. This means that we offer customised solutions and tried-and-tested technology at the same time. The advantages include faster plant start-up, high operational safety and lower operating costs. We have a highly efficient and innovative technology for the upgrading of biogas named EnviThan. The process increases the share of the energy-rich methane from approx. 50 to over 97 volume percent. Compared to other technologies, it is more environmentally friendly, far more energy, cost-efficient and much more flexible. The upgraded biomethane is delivered to the feed-in

stations, where it is either processed by the grid operator or directly fed into the natural gas grid. Moreover, the high-purity biomethane may be used as an environmentally friendly alternative fuel (bio-CNG (compressed natural gas) or bio-LNG (liquefied natural gas)). Besides large-scale plants, EnviTec also launched a compact plant design in 2014, which is marketed under the name of "EnviFarm Compact". The compact plants in the 75 to 450 kW range are primarily targeted at the German and Italian markets. At the end of 2018, EnviTec had an installed base of approx. 435 MW (previous year: 430 MW).

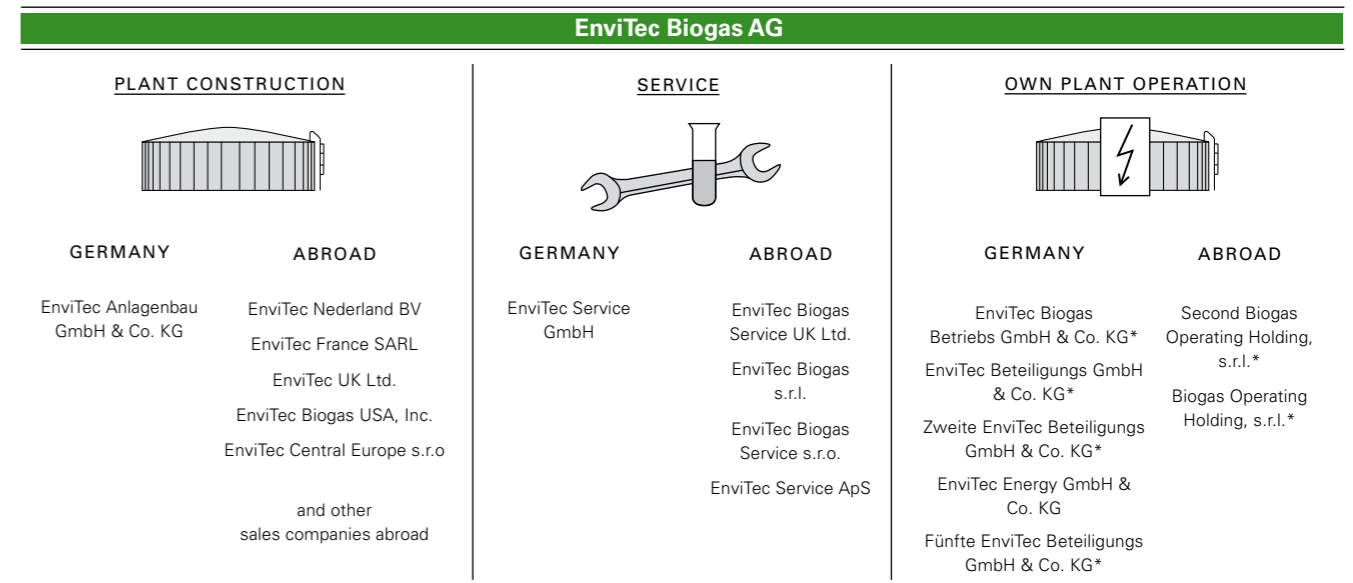
Own Plant Operation

The Own Plant Operation segment handles the generation of electricity, heat and gas in the company's own biogas plants in Germany and abroad. This is usually done in cooperation with local partners from the agricultural or energy sectors. These partnerships are characterised by a clear division of tasks, with every partner concentrating on their respective strengths. The local partner makes available the site, procures the feedstock materials and assumes responsibility for the operation of the plant. Once the plant is in operation, we perform all necessary maintenance work, provide biological and technical services and take care of the commercial management. The integration of our technological

knowledge with the expertise of our regional partners results in high efficiency and attractive margins for EnviTec and its partners. Steady cash flows make the Own Plant Operation segment the main earnings driver of the Group.

Service

EnviTec's Service segment provides all services related to the operation of biogas plants. As a full-service biogas supplier, we know all biogas generation processes in detail and our experts take care of starting up the plants and constantly control the biological processes. In our lab, feedstock materials and fermentation residues are checked for optimum quality so as to make recommendations on boosting the plant's efficiency. Our range of services also includes regular plant inspections, training of the operators and their employees. EnviTec Biogas also offers partial maintenance services, which are charged by actual expense, or full maintenance including assumption of the repair cost risk. Regular maintenance reduces downtimes and is therefore key to the profitable long-term operation of a biogas plant. Our customers benefit from the expertise of our highly qualified experts, who are available 24/7.



* Various project companies of biogas plants. Details of participation and minimum holding requirement see notes.

Strategy and competition

Over the past years, we have attained a leading position in the biogas market and operate plants in 16 countries. Our strategic objective is to achieve sustainable growth and to expand our market position as an integrated supplier and operator of biogas plants. In this context, we attach top priority to the satisfaction of our customers and their involvement in the ongoing development of our plants in accordance with their wishes and requirements. The short to medium-term strategic positioning is strongly influenced by the ongoing discussion about the legal framework in the individual markets. Overall, the individual markets are very heterogeneous, with Asia (especially China) being the most attractive one. We are closely monitoring developments in the individual countries so as to be able to respond in a timely manner to changes in the operating environment. Going forward we want to explore new applications, processes and markets in order to reduce our exposure to the prevailing subsidy conditions and no longer generate up to 30% of the Group's revenues in the subsidised biogas sector in the medium term. We have defined the following cornerstones for sustainable growth:

International expansion to drive growth

We closely monitor worldwide developments in the biogas sector. As soon as sustainable structures arise in a market, we review them thoroughly and then take a timely decision as to whether or not we should enter this market. When making inroads into new markets, we rely on regional partners; this way, we combine our long-standing experience in plant construction and operation with their knowledge of the regional specifics. EnviTec pushed ahead its internationalisation at an early stage and today has a presence in 15 countries worldwide besides Germany through its subsidiaries, sales offices, strategic cooperations and joint ventures. The new German Renewable Energy Sources Act (EEG) 2014 has brought the German market to a standstill, as a result of which EnviTec's international revenues meanwhile exceed domestic revenues by far.

The downstream Service Segment is also gaining importance as the international expansion continues. In addition to established markets such as France, Great Britain and Italy, Denmark is currently a very dynamic

market. The market prospects in Poland are also promising at present. In the medium term, we also see major opportunities in Asia and North America. The aim is for the Plant Construction segment and the downstream Service segment to operate profitably also in a difficult market environment while maintaining sufficient capacity to seize market opportunities as they arise. In this context, the erection of plants for biomethane upgrading and the use of new feedstock materials resulting from the fermentation of waste will play an increasingly important role.

Effective expansion of own plant operation

EnviTec Biogas expanded its own plant operation activities in the past years and this segment today makes the biggest contribution to total Group revenues. In Germany, EnviTec primarily relies on the optimisation of the existing plants and on selective capacity expansion. Generating positive cash flows, the segment ideally complements the plant construction activities for third parties. It remains the purpose of this segment to stabilise the Group's revenue streams. In 2018, EnviTec operated 74 own plants (previous year: 74). The total output of its own plants rose from 61.9 MW to 63.5 MW. EnviTec also sells upgraded biomethane that is fed into the gas grid.

Service segment to expand its offerings

The Service segment has clearly gained importance for EnviTec over the past years and will be expanded further. It is the declared strategic objective to expand the biological and technical services on an international scale and to offer more services also for third-party plants. In addition, the service operations will successively be expanded to include new technologies, also with the help of strategic partnerships. At the international level, the focus is no longer placed only on Italy and the Czech Republic but also on other advanced biogas markets such as Denmark and France. The company is gradually building up technical and human resources in growing segments and markets in order to subsequently generate positive revenue and earnings effects.

Strengthening our innovation leadership

By consistently expanding our technological expertise, we aim to consolidate our leading position in the sector

and to increase the ecological and economic attractiveness of our core product, biogas. Our objective is to continuously improve the operation of our plants and to reduce the amount of substrates they require without affecting their performance. We see great development possibilities to increase the cost efficiency of biogas especially at the upstream and downstream stages of the fermentation process. We are pushing ahead with these developments in cooperation with our preferred manufacturers and in our own plants.

Company management

The aim of our corporate activity is to grow profitably. From this basis, we derive our key performance indicators: sales revenues/total output, earnings before interest and taxes (EBIT) and return on equity. The Group is managed operationally and strategically at regular meetings of the Executive Board members. Depending on the issues to be discussed and planned, these fortnightly meetings are usually attended by executive staff. Strategic management issues are discussed and adjustments implemented if necessary. Moreover, the Executive Board regularly receives the results of analyses of sales revenues, orders on hand, costs, liquidity and leverage. In this context, targets and actual results are compared. ERP (Enterprise Resource Planning) software is used throughout the Group for the fast and comprehensive presentation of all processes such as materials handling, finance and accounting, project controlling as well as sales and marketing. The Group's quality management system was certified to DIN EN ISO 9001:2008 in 2010. Since 2016, EnviTec Service GmbH has additionally organised a quality management system according to ISO 9001:2015.

Assets under construction are only reported as a part of total output via changes in inventories. As this leads to recurring fluctuations in sales revenues, the forecast to be made in the annual report for the fiscal year 2019 is based on total output.

Research and development

Ongoing development is key to sustainable success. We take this very seriously and continue to improve our technologies in order to increase the gas yield while optimising our quality management and researching potential alternative feedstock materials at the same time. Further focal points of our R&D activities are the production of biogenic hydrogen and thermal pressure hydrolysis for biomass digestion.

Own plants serve as laboratories

As of 31 December 2018, EnviTec Biogas operated 74 own biogas plants with an electrical output of 63.5 MW in Germany, Belgium, France and Italy. These facilities are an important knowledge pool for the further development, improvement and application of new plant technology. New processes and technologies are directly tested in practice in our own plants or in close cooperation with manufacturers and customers in the Service segment.

EnviThan gas upgrading

In the area of gas upgrading, we are exploring and testing new membrane types in cooperation with a manufacturer in order to increase the efficiency of this technology. Over the past years, the technology has thus been constantly refined. While biomethane was initially always fed into existing natural gas grids, compressed natural gas – or bio-CNG for short – is now produced from biogas for the transport sector in several plants built by EnviTec. Feed compression via EnviTec plants is another innovation. The compressor, which was used for the first time in a project in France in 2017, increases the pressure of the biomethane from around 12 bar to the required grid pressure, depending on the requirements of the gas grid. The design of smaller, compact systems has also been further developed.

Ressources

EnviTec focuses on practice-oriented research and development. New projects are driven directly in the business segments and in cooperation with manufacturers and customers. In addition, we cooperate with universities, also with a view to promoting young talent. We work closely with students and faculties both in the context of research projects and the writing of Bachelor

and Master's theses. Total investments in research and development in the fiscal year amounted to approx. EUR 0,2 million.

Economic report

Economic environment

Macroeconomic conditions

According to the International Monetary Fund (IMF), the global economy grew by a solid 3.6% in 2018. While the emerging and developing countries increased their economic output by 4.5% in total, the economies of the five ASEAN founding members, Indonesia, Malaysia, the Philippines, Singapore and Thailand, expanded by 5.2%. At 2.2%, the industrialised countries also recorded dynamic growth. The US economy grew by 2.9%, while the eurozone countries expanded by 1.8%. Important EnviTec markets such as Germany (+1.5%), France (+1.5%) and the United Kingdom (+1.4%) also showed a positive economic trend in 2018.

Prices in the global agricultural markets tended slightly upwards in 2018. Commodity markets remain under strong price pressure, however. In Germany, the agricultural commodities index of Agrarmarkt Informations-GmbH (AMI), which shows the price trend of the 13 most important agricultural products made in Germany, hit the lowest level since early 2010 in April 2016 but recovered thereafter and has moved sideways since 2017. In the reporting period, a dry summer and the resulting crop losses in the affected regions led to rising prices and a tighter overall supply of feedstock materials than in the previous year. However, thanks to long-term supply contracts, high inventory levels and close cooperation with regional farmers, EnviTec again benefited from moderate prices for the agricultural raw materials used as feedstock in 2018 and achieved a comfortable supply of raw materials.

The biogas market

The legal frameworks play a very important role for manufacturers and operators of biogas plants. In Germany, the Renewable Energy Sources Act (EEG) constitutes the relevant basis for the biogas sector. In addition, the feeding of refined biogas into the natural gas grid is governed by the German Gas Grid Access Directive. Since the feed-in tariff was reduced significantly in the context of the fourth EEG amendment of 2014, plant construction activity in Germany has come to a virtual standstill. In the 8th amendment of the Renewable Energy Sources Act (EEG), which came into force at the beginning of 2017, a follow-up regulation for existing plants was introduced for the time after the expiry of the current EEG tariff, which will result in greater investment certainty, albeit at lower tariffs than before. The prospect of receiving compensation for an extended time will make it more attractive for operators to flexibilise their plants; the amended act offers rewards for operators who can balance out the fluctuating contributions from wind and solar power. Flexibilisation is usually achieved by increasing the capacity of a combined heat and power (CHP) plant and creating more volume for gas storage. This may be done by adding a new CHP plant or by replacing an old CHP unit by a new one with a higher output. By contrast, the reform of the EEG tariff has not provided any incentive to build new plants. In the first two tender rounds for biomass, only 77 of the possible 225 megawatts (MW) of installed capacity were called up. The Energy Collection Act passed at the end of 2018 at least gives plant operators more planning certainty and flexibility in the form of two tender rounds per year.

However, EnviTec still sees only few opportunities to increase capacity through greater plant flexibility in the Plant Construction segment in Germany. This view is confirmed by the current forecasts for the German biogas market. The German Biogas Association, for instance, assumes that the output of German biogas plants increased by only 20 MW to 3,789 MW in 2018. However, a clear increase of almost 300 MW is assumed for the expansion of capacity through flexibilisation. This means an estimated 9,494 biogas plants with an installed capacity (incl. electricity feed-in from biomethane) of 4,843 MW were in operation in Germany at the end of 2018. This is equivalent to an electricity

output of 33.13 billion kWh or 9.47 million households supplied with biogas. According to Arbeitsgemeinschaft für Energiebilanzen (Working Group on Energy Balances), biomass accounted for 7.1% of the total gross electricity generated in Germany in 2018 (2017: 6.9%).

At the same time, EnviTec focused at an early stage on the internationalisation and flexibilisation of its business activities and, in particular, on making Plant Construction fit for the future. As a result, the company is able to respond swiftly and efficiently to changing market conditions and customer requirements on the international biogas markets.

Biogas upgrading is currently the most dynamic market for biogas plants. The biomethane produced this way is either fed into the natural gas grid or used as carbon-neutral fuel. EnviTec's EnviThan solution is a highly efficient and flexible gas upgrading technology, which is already being used in various markets and with different feedstock materials. Deutsche Energieagentur (dena) estimates that, by 2050, the biomethane production potential in Germany will be ten times higher than today's output. This potential may be achieved by retrofitting existing biogas plants and by the consistent exploitation of residual and waste materials, animal excrements and, to a lesser extent, energy crops.

The biogas sector could play an important new role particularly by increasing the use of biomethane in the transport sector and thus make a significant contribution to German and European climate protection targets. The amendment of the European Renewable Energy Directive (RED II), the Governance Regulation and the Energy Efficiency Directive is a step in the right direction. Although only a fairly unambitious target of 14% of renewable fuels has been set for 2030, this is the first time that binding Europe-wide quotas have been defined for biofuels from residual and waste materials. The use of biomethane could not only save carbon emissions from traffic, but also reduce harmful emissions of nitrogen oxides and particulate matter by up to 95%.

In Europe, **France** is currently one of the most dynamic countries in the biogas and biomethane industry. Fixed feed-in tariffs for biogas and the declared objective of reducing the high share of nuclear power from the current 75% to 50% by 2025 make the French market attractive. At about 1%, however, the share of biogas in

total gas consumption is still far below the 10% target set for 2030. At the end of March 2018, the government therefore presented new measures for greater use of biogas in France, which will support the further expansion. The plans of French energy policy-makers also aim to increase the share of biomethane in natural gas fuel from the current 8.7% to 20% by 2023.

The general conditions in **Denmark** also remain favourable, with the government planning to increase the share of renewable sources in the energy mix to 55% by 2030. Subsidies in excess of DKK 4 billion (over EUR 530 million) have been earmarked for the expansion of biogas generation.

In the **UK**, uncertainty about the future renewable energy policy had temporarily led to a virtual standstill in the biogas sector in 2017/2018. New regulations for the promotion and approval of biogas and biomethane plants were adopted at the end of May 2018. However, due to the uncertainties surrounding Brexit and the resulting difficult economic conditions, players in the British biogas sector remain very reluctant to make investments.

In **Italy**, where the profitability of new plants declined after the feed-in tariffs were reduced in 2013, a new law for the subsidisation of biomethane production was enacted in March 2018. It provides for government funds of EUR 4.7 billion to be made available between 2018 and 2022 to promote the production of biomethane, with a special focus placed on sustainable transport.

Given that Italy has the largest fleet of natural gas vehicles in Europe, there is great interest in using biomethane as a fuel for natural gas powered vehicles. Liquefied natural gas (LNG) is also gaining importance in the Italian logistics sector.

The **Chinese** bioenergy sector is also showing a positive trend. According to the plans of the Chinese government, the capacity of the Chinese biogas plants is to be increased from 19 billion cubic metres in 2015 to 48 billion cubic metres by the end of 2020. Going forward, the government wants to increasingly support central medium-sized and large projects instead of small, local biogas plants.

The **US** market has slowed down in recent years. According to the U.S. Energy Information Administration (EIA), total investments in renewable energies in 2017

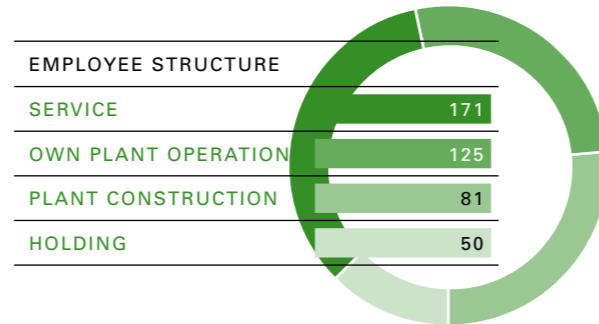
amounted to USD 40.2 billion. Solar power accounted for USD 19.8 billion, wind power for USD 19.2 billion, biofuel production for USD 0.7 billion and biomass for USD 0.4 billion. Nevertheless, a large number of initiatives are currently being discussed at the state level that could lead to increased investment in biogas production in the coming years.

Employees

EMPLOYEES OF THE ENVITEC GROUP	
31/12/2017	447
31/12/2018	427

By respecting our employees and developing their skills and potentials, we open up future perspectives for each individual and increase the value of the Group as a whole. Well trained, motivated employees are the most important asset and the basis for the success of the EnviTec Biogas Group. In the past fiscal year 2018, the number of employees dropped from 447 to 427 on 31 December 2018. The decline is mainly attributable to the outsourcing of the Permits and Structural Engineering Departments as well as the streamlining of Project Management in the Plant Construction segment, which sent the number of employees in this business segment falling from 98 to 81.

The expansion of the business activity in the Service segment resulted in a further increase in the segment's headcount to 171 (previous year: 168). EnviTec's Own Plant Operation segment employed 125 people (previous year: 130). The holding company, EnviTec Biogas AG, had 50 employees (previous year: 51). Most employees (339) again worked in Germany (previous year: 364). As of the balance sheet date, 88 people were employed at the foreign locations of EnviTec Biogas (previous year: 83).



We continue to attach top priority to sustainable human resources development and want to give young graduates the opportunity to start their career in an international industry of the future. Due to the rapidly changing environment in which we operate, we need flexible employees who are willing to work abroad, to embrace other cultures and to represent the company appropriately. The human resources policy of EnviTec aims to not only meet our own requirements but to also cater to the interests and potential of our employees. This includes monetary incentive systems in some areas, e.g. performance-based additional compensation. Our internal training and further education measures give employees opportunities for ongoing development and aim to retain them in the long term. These job-oriented measures are complemented by activities fostering the team spirit and communicating our corporate culture, which is characterised by reliability and fairness. In addition, EnviTec offers young people apprenticeships or dual study courses to start their careers. For this purpose, the company cooperates with the Private University of Applied Sciences for Business and Technology (PHWT) in Vechta, Germany.

The Executive Board and the Supervisory Board expressly thank all employees of the EnviTec Group, as it is their personal commitment which makes the company so successful.

Order situation in the Plant Construction segment

PLANT CONSTRUCTION ORDER BACKLOG	
31/12/2017	EUR 102.9 million
31/12/2018	EUR 84.4 million

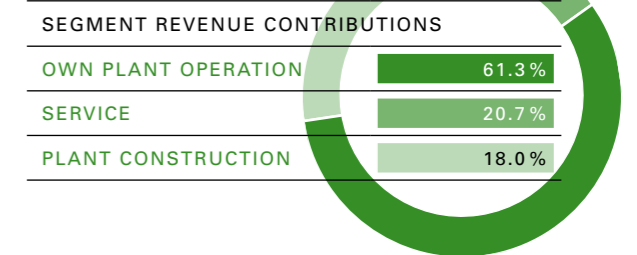
At the end of the fiscal year 2018, EnviTec Biogas' Plant Construction segment had an order backlog of EUR 84.4 million (previous year: EUR 102.9 million). Of this amount, EUR 51.2 million is already under construction and partially included in changes in inventories. As of the balance sheet date, the number of projects with foreign customers was down from EUR 99.0 million to EUR 83.5 million. Most of these are orders in Great Britain and France, China and Denmark are other important markets. EnviTec Biogas has a very broad customer base, which means that the company is not dependent on individual customers. 65.5% of the orders were placed by customers from the agricultural sector (previous year: 60.4%). Industrial customers accounted for approx. 34.4% (previous year: 39.0%).

ORDERS ON HAND FROM FOREIGN CUSTOMERS	
31/12/2017	EUR 99.0 million
31/12/2018	EUR 83.5 million

Segment performance

The EnviTec Group operates in three segments, Plant Construction, Own Plant Operation and Service. At 61.3%, the Own Plant Operation segment made the biggest contribution to Group revenues in the reporting year (previous year: 55.9%).

The share of the Plant Construction segment fell from 23.0% to 18.0%. At 20.7%, the Service segment's share was almost on a par with the previous year (21.1%). The figures and developments presented in this paragraph have been adjusted for intra-Group transactions.



Plant Construction

The conditions in the international biogas markets remained difficult in 2018. The EnviTec Group's most important markets for plant construction were France and Denmark. While the market recovery that had been expected in Great Britain failed to materialise, regulatory improvements led to the first positive impulses in Italy in the reporting period. In Germany, the focus remained on making existing plants more flexible. In China, one of the most important markets of the future, the company's fifth successful construction project was completed. A sixth plant is currently being planned and further promising projects have been announced. A cooperation agreement with a Chinese partner company was signed on 5 September 2018 to further develop the still young biogas market in the People's Republic. The cooperation includes a five-year plan for the construction of 20 biogas plants. The cooperation partner will be responsible for on-site project development. This includes the search for suitable locations as well as obtaining the necessary permits, financing and applying for possible subsidies. EnviTec will be in charge of the complete engineering

process and the know-how for the construction of the planned plants.

EnviThan plants for the upgrading of biogas are the most important growth segment at present. Following the market launch in Germany in 2012, more than 20 EnviThan plants have already been built on the basis of the process jointly developed by EnviTec and Evonik Industries. The consistent climate protection policy pursued by the French government makes the French market particularly attractive. Following the start of a plant near Coudun in the department of Oise in northern France in 2018, a total of three EnviThan gas processing plants are already feeding into the French gas grid, with more projects under way.

The use of biomethane as a carbon-neutral fuel or as bio-CNG (compressed natural gas) in the transport sector also holds great potential for the future. On the basis of a cooperation concluded in 2017 with BAUER Kompressoren, an established supplier of CNG plant components, EnviTec is now in a position to supply the complete package – from the recycling of residues to the CNG pump – from a single source. The “Drive Biogas” all-in-one model is intended to support the transition in the transport sector, especially in Germany, and enables operators of biogas and gas upgrading plants to use the EnviThan technology to process biomethane into bio-CNG or bio-LNG. The fuel may be used by various natural gas vehicles that are already available on the market today and are ready for series production. “Drive Biogas” is an attractive follow-up scheme for existing biogas plants whose subsidisation is about to expire and for municipal utilities wishing to realign their portfolios. Innovations from EnviTec have already won several awards. In 2017, Deutsche Energie-Agentur GmbH (dena) named the “Drive Biogas” all-in-one model the “Biogas Partnership of the Year”, and the business model was voted among the top 10 of the “Novelty of the Year” audience award at the EuroTier agricultural trade fair in autumn 2018.

At the end of 2017, EnviTec made structural adjustments in its Plant Construction segment in order to counter the volatile conditions in some core markets and to take account of the growing importance of international markets. The Permits and Structural Engineering Departments were outsourced and Project Management was streamlined. In the first fiscal year following the

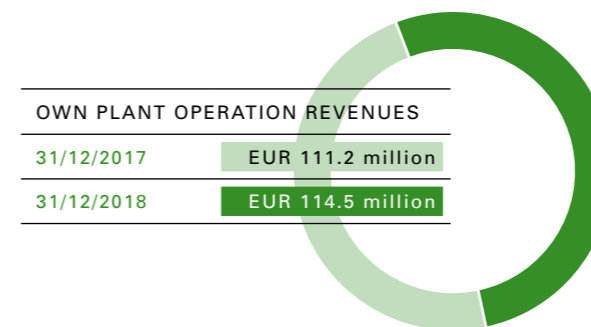
realignment, sales revenues fell by 26.5% year-on-year to EUR 33.5 million. As part of the streamlining process, inventories, which include the value of assets under construction, were reduced by EUR 5.8 million. As a result, total output declined from EUR 46.2 million to EUR 30.7 million. This means that the performance of the Plant Construction segment is not yet in line with the company’s target of achieving an average total output (or revenues) of around EUR 40 million p.a. in this segment on the basis of the new structure. Nevertheless, the earnings situation has already improved significantly as a result of the structural changes. The substantial decline in the cost of materials (-43.4%), personnel expenses (-17.9%) and other operating expenses (-14.8%) led to an improvement in the segment’s earnings before interest and taxes (EBIT) from EUR -8.2 million to EUR -5.0 million. The negative result is mainly attributable to the fact that market conditions remained volatile and plant construction projects were postponed. Overall, however, the situation in the international biogas markets in the fiscal year 2018 was much better than in the previous years. In view of the new structure, the strong order pipeline and good capacity utilisation in the Plant Construction segment in 2019 to date, EnviTec’s management projects a positive segment result for the full year 2019 for the first time in years.

Own Plant Operation

The Own Plant Operation segment makes the highest contribution to the Group’s revenues. The number of plants operated by EnviTec remained unchanged from the previous year’s 74. The output of the company’s own plants increased from 61.9 MW to 63.5 MW as a result of capacity increases. Plants with a capacity of 36.6 MW were fully consolidated (previous year: 36.6 MW) and 26.9 MW accounted for using the equity method (previous year: 25.3 MW). Nine plants with a capacity of 10.7 MW are operated outside Germany, in Italy, Belgium and France.

Revenues in the Own Plant Operation segment rose by 3.0% to EUR 114.5 million in the fiscal year 2018. The cost of materials increased by a slightly disproportionate 5.8%, mainly due to positive one-off effects on inventories in the previous year. As a result, the segment’s earnings before interest and taxes (EBIT) declined

moderately from EUR 16.7 million in the previous year to EUR 16.5 million. At 14.4%, the EBIT margin remained at an exceptionally good level (previous year: 15.0%). Thanks to their strong operating performance, the Group’s own plants thus remained the main earnings and cash flow drivers.



Service

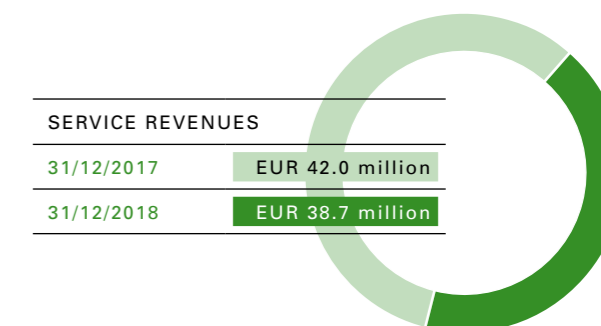
The business activity in the Service segment was further expanded in the past fiscal year, albeit at a slower pace.

While revenues declined by 7.8% to EUR 38.7 million (2017: EUR 42.0 million), total output, which also comprises unfinished repowering and flexibilisation projects, rose by 4.1% to EUR 42.5 million. Italy, the Czech Republic and Great Britain as well as Denmark and France remain the most important markets besides Germany. The partner and service range also plays an important role in the Service segment. Among the most important partners in the field of combined heat and power plants are 2G Energietechnik, GE Jenbacher, Pro2 and MAN Rollo. In the gas upgrading segment, EnviTec cooperates with the Malmberg Group, while MT Energy Service and Biogastechnik Süd are partners in the field of materials/know-how. More than 500 plant operators worldwide meanwhile rely on EnviTec’s experience.

At the end of 2018, the Service segment provided biological services for plants with a total electrical output of 75 MW (previous year: 77 MW) and technical services for plants with an electrical output totalling 257 MW (previous year: 243 MW) in Germany. Outside Germany, the EnviTec Group provided services for plants with a total electrical output of 139 MW (previous year: 104 MW), which break down into technical services for 92 MW (previous year: 69 MW) and biological services for

47 MW (previous year: 35 MW).

The expansion of the business activities in this segment led to a further improvement in profitability in the reporting period. This is attributable to only a slight increase in the cost of materials (+3.7%) as well as a moderate reduction in personnel expenses (-2.9%). This resulted in earnings before interest and taxes (EBIT) of EUR -1.5 million (previous year: EUR -2.0 million). As in the previous periods, the negative segment result is primarily attributable to the fact that transactions with own plant operation companies are deducted from revenues in consolidation at Group level. On a stand-alone basis, the Service segment again generated a positive operating result.



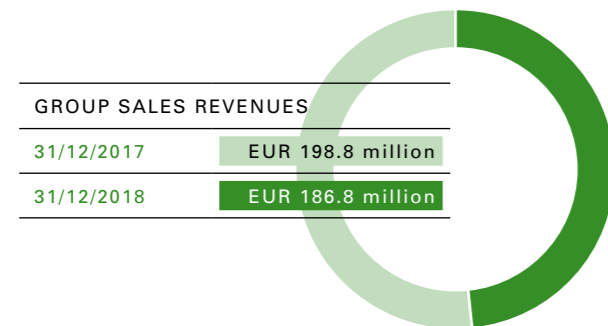
* The Plant Construction segment is special in that, according to the German Commercial Code (HGB), sales revenues are recognised only after delivery.

Earnings, financial and asset situation

Comparison of the actual performance with the originally projected performance

The EnviTec Group recorded a very satisfactory business trend in 2018. While total output was slightly below the forecast in the 2017 Annual Report, which had projected total output (or revenues) at the prior year level for 2018, the Group's guidance of a slightly improved operating result (EBIT) for 2018 materialised.

Sales revenues



The Service and Own Plant Operation segments, in particular, showed a positive performance in the fiscal year 2018. Sales revenues in the Group's largest segment, Own Plant Operation, increased by 3.0% to EUR 114.5 million, with total output rising by 3.2% to EUR 119.2 million. Sales revenues in the Service segment declined by 7.8% to EUR 38.7 million. Total output, which also comprises unfinished repowering and flexibilisation projects, rose by 4.1% to EUR 42.5 million. Sales revenues in the restructured and streamlined Plant Construction segment decreased by 26.5% to EUR 33.5 million, while total output fell by 33.4% to EUR 30.7 million, which was below the target of roughly EUR 40 million p.a.

The above-described segment performance led to a 6.0% decline in Group revenues to EUR 186.8 million (previous year: EUR 198.8 million). Total output, which also includes plants under construction, dropped by 5.0% to EUR 192.5 million. The decline is mainly at-

tributable to the fact that market conditions remained volatile and plant construction projects were postponed.

Domestic revenues amounted to EUR 134.5 million in 2018 (previous year: EUR 135.1 million). Revenues generated outside Germany declined from EUR 63.7 million in the previous year to EUR 52.3 million in fiscal 2018. Italy and Great Britain made the biggest contribution to foreign sales. Revenues generated in these markets amounted to EUR 19.1 million and EUR 11.4 million, respectively, in the reporting period.

Expenses

The cost of materials is the main expense item of the EnviTec Biogas Group. In fiscal 2018, the cost of materials declined by 7.8% to EUR 124.3 million at Group level. This is mainly attributable to the sharp decline in the cost of materials in Plant Construction resulting from the leaner structures implemented in this segment. At EUR 68.2 million, the gross profit was therefore almost at the prior year level (EUR 67.7 million) although sales revenues declined moderately.

Personnel expenses declined by 7.5% to EUR 19.6 million. This is also mainly attributable to the streamlining of the Plant Construction segment, which was additionally supported by the outsourcing of the Permits and Structural Engineering Departments. Personnel expenses as a percentage of sales revenues stood at 10.5% (previous year: 10.7%). In relation to total output, they stood at 10.2% (previous year: 10.5%). At EUR 17.2 million, depreciation/amortisation, primarily caused by the Own Plant Operation segment, was down by 4.7% on the previous year. Other operating expenses, which comprise operating, administrative and selling expenses, declined by 2.9% to EUR 21.2 million.

Earnings

In spite of the difficult and volatile conditions in the international biogas markets, the EnviTec Group posted the best result since 2011 and the best EBITDA in its history in the fiscal year 2018. This was essentially due to the positive development of the Service and Own Plant Operation segments as well as to a significant reduction in the cost base in the Plant Construction segment. Total earnings before interest, taxes, deprecia-

tion and amortisation (EBITDA) climbed from EUR 24.6 million to EUR 27.3 million. Earnings before interest and taxes (EBIT) improved from EUR 6.5 million to EUR 10.1 million. This means that the guideline for 2018 was achieved and the overall result exceeded the original plans. The EBIT margin climbed from 3.3% to 5.4%. This shows that EnviTec's profitability is good compared to its industry peers and should continue to increase further this year, as efficiency in the Plant Construction segment improves.

Interest expenses rose by a moderate 1.4% to EUR 2.6 million in the reporting period, while interest income increased by 20.1% to EUR 1.7 million. This resulted in a net financial result of EUR -0.9 million (previous year: EUR -1.3 million).

The result from partially consolidated investments (at equity) amounted to EUR 1.3 million (previous year: EUR 1.4 million), while tax expenses totalled EUR 3.6 million (previous year: EUR 1.7 million). As a result of these developments, consolidated net income picked up sharply from EUR 5.0 million to EUR 6.8 million. Earnings per share for the year 2018 stood at EUR 0.46 (previous year: EUR 0.33).

Net worth position

At EUR 251.6 million, the EnviTec Group's total assets were clearly below the prior year level on 31 December 2018.

On the assets side, non-current assets declined from EUR 159.0 million to EUR 137.0 million. This was mainly due to scheduled depreciation of property, plant and equipment. With property, plant and equipment worth EUR 94.2 million – mainly technical equipment and machinery – the EnviTec Group still has considerable non-current assets in its balance sheet.

The value of investments accounted for using the equity method, which are included in financial assets, rose from EUR 13.4 million to EUR 13.8 million. By contrast, loans granted to investments to finance follow-up investments and feedstock purchases were reduced from EUR 9.3 million to EUR 4.4 million. The total value of financial assets dropped by 15.1% to EUR 28.9 million.

Inventories declined from EUR 61.5 million as of 31 December 2017 to EUR 55.8 million on the balance

sheet date, primarily due to a reduction in raw materials and supplies. Receivables and other assets increased slightly to EUR 37.8 million. Total current assets declined from EUR 112.8 million on the prior year reporting date to EUR 106.3 million on 31 December 2018.

Financial position

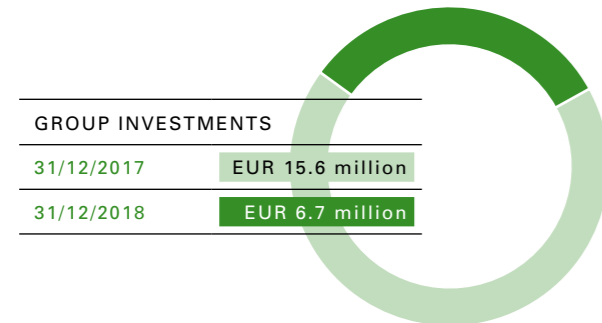
Capital structure

On the liabilities side, the solid financial position is reflected in an equity cushion of EUR 144.6 million. The EUR 8.7 million decline compared with the end of 2017 is mainly attributable to the dividend payment of EUR 14.9 million approved by the Annual General Meeting.

At EUR 92.5 million, total liabilities were significantly below the level of the previous year's reporting date (2017: EUR 113.0 million). Liabilities to banks were down by a high 24.0% to EUR 60.3 million and trade liabilities declined by 6.5% to EUR 14.9 million. Liabilities to investments dropped by 13.9% to EUR 1.6 million, while liabilities to shareholders increased to EUR 1.8 million. Other liabilities were reduced further by 8.0% to EUR 13.9 million. At the same time, part of the Group's liabilities were refinanced to take advantage of more favourable conditions. Current liabilities declined from EUR 56.0 million to EUR 43.4 million. Non-current liabilities amounted to approx. EUR 49.2 million. Provisions rose slightly from EUR 9.4 million to EUR 10.3 million.

As of the balance sheet date, EnviTec's equity ratio stood at a comfortable 57.5% (31 December 2017: 54.7%), which forms a good basis for seizing growth opportunities in the international biogas markets.

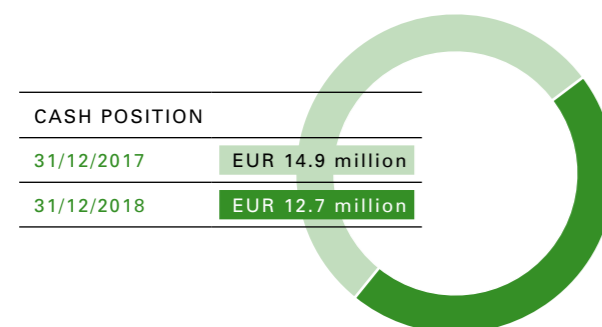
Investments



The Group's investments in intangible assets and property, plant and equipment in 2018 totalled EUR 6.7 million, compared to EUR 15.6 million in 2017. As in the previous years, the biggest portion of the company's investments related to the Own Plant Operation segment. EnviTec expects investments in 2018 to be at the prior year level.

Cash position

At the end of 2018, cash and cash equivalents of EUR 12.7 million (previous year: EUR 14.9 million) and other current assets of EUR 8.0 million (previous year: EUR 10.0 million) were available. The total amount of EUR 20.7 million fully covers the current liabilities to banks of EUR 11.1 million (previous year: EUR 22.3 million). In addition, EnviTec Biogas had unused overdraft facilities of approx. EUR 19.0 million as of the balance sheet date.



Cash flow statement

At EUR 31.9 million, the EnviTec Group's net cash flow in the reporting period clearly exceeded the previous year's EUR 19.6 million. Based on an increased gross cash flow, the poor harvest led to a significantly lower capital tie-up in feedstock materials. Net cash used

in investing activities dropped sharply from EUR 13.5 million to EUR 1.6 million. Net cash used in financing activities in the reporting period rose strongly from EUR 5.2 million to EUR 29.9 million due to the repayment of bank liabilities of EUR 22.2 million and the dividend payment of EUR 14.9 million.

General statement on the financial situation

Opportunity and Risk Report

The conscious and controlled management of risks and opportunities is the basis for successful long-term corporate development. The changing global energy market opens up opportunities for EnviTec Biogas which the company wants to exploit. Opportunities naturally entail risks, which must be adequately managed and minimised in order to ensure successful corporate development. EnviTec Biogas has therefore introduced a management system which systematically identifies potential risks and shows measures to minimise these risks. All executive staff are trained in identifying risks and taking appropriate responses. They encourage their employees to think in an entrepreneurial manner and to avoid risks.

Risk management forms the basis for corporate control and helps to achieve the company's objectives. It is an integral element of all business processes and business units.

Opportunities

Sector-specific opportunities

The growing global demand for energy and the challenges of climate change open up significant growth opportunities for the biogas industry. As a renewable energy source which can cover base load and peak load requirements, biogas can be produced locally and is a flexible supplier of electricity and heat. Moreover, the production of biogas facilitates the intelligent use of biological waste. The use as a carbon-neutral fuel (bio-CNG or bio-LNG) also holds great potential for the

future. Biomethane is a highly versatile fuel that can make a sustainable contribution to decarbonisation in all consumption sectors, especially in the transport and heating sectors, where no satisfactory contributions to carbon reduction have been achieved yet.

This creates worldwide opportunities for EnviTec. In the coming years, EnviTec will endeavour to expand and strengthen its market position by continuing to internationalise into the most promising biogas and biomethane markets. Besides the opportunities in established markets such as France, Denmark and Great Britain, China is currently one of the most attractive markets. In the medium term, we see opportunities primarily in emerging Asian markets such as the Philippines, Malaysia and Indonesia as well as in the USA.

In established markets, opportunities arise where competitors are unable to respond appropriately to short-term changes in the general framework or to successfully face the competition. Particularly in Germany, there will be a further market consolidation due to the difficult development of the industry. This will open up opportunities primarily for EnviTec's Service and Own Plant Operation segments to win new customers as well as market share. In Germany and Europe, EnviTec Biogas also sees enormous opportunities in the use and further expansion of the existing gas infrastructure in the transport sector.

Strategic corporate opportunities

Strategic corporate opportunities for EnviTec Biogas arise in particular from the further internationalisation of its business activity and the associated exploitation of additional opportunities in the international biogas markets. On the one hand, the focus is on markets in which the expansion of biogas production and upgrading plants is progressing and in which EnviTec, as a leading plant manufacturer, can benefit from this general development. On the other hand, opportunities arise from the expansion into more mature biogas markets in the Service segment. In the Own Plant Operation segment, the ongoing optimisation of existing plants and the selective expansion of the portfolio offer further potential. Strategic corporate opportunities also arise from the ongoing development of the product portfolio – with regard to both scope and quality – and the expansion of the technological leadership.

Performance-related opportunities

Performance-related opportunities arise for EnviTec Biogas along the value chain from purchasing to production to sales and marketing. Analysis and optimisation open up opportunities to increase the profitability.

Risks

Risk management

EnviTec Biogas has laid down the tasks, reporting and organisational structures in a Risk Management Manual. This Manual defines risks and describes the complete risk management process. The task of the Risk Officers is to assess, monitor and counter-act all risks in accordance with defined categories. Based on a regularly updated risk inventory, these are reviewed at quarterly intervals. Any risks which arise all of a sudden and have a notable impact on the company's business performance and results of operations as well as on the enterprise value are immediately reported to the Executive Board, which will then take the necessary decisions. In the context of its reports to the Supervisory Board, the Executive Board continuously informs the latter about the main risks and outlines the measures taken to manage these risks.

We are a company operating in a dynamically changing international market environment. This gives rise to risks which are inextricably linked with our business activities. As a matter of principle, risks cannot be entirely avoided by changing the basic framework or through technological development. Our risk management system is therefore constantly being adapted to the latest developments. The Group does not take risks that are unrelated to the key objectives of corporate development.

These key objectives include:

- > development and implementation of the business model and sustainable corporate value creation,
- > securing liquidity.

The Executive Board has no knowledge of any risks jeopardising our continued existence. Individual risks capable of jeopardising our business performance and corporate value are described below.

Environmental and industry risks

The financial success of the products and services offered by EnviTec Biogas is dependent on the promotion of renewable energy sources under appropriate policies and regulations. In Germany, these include, for instance, the German Renewable Energy Sources Act (EEG). Most of the other EU member states and a number of non-EU countries have also put in place regulations comparable to the German Renewable Energy Sources Act (EEG). These regulations are of decisive importance for the success of the biogas sector in these countries. Regulations under construction law and pollution control law must be observed both when building or enlarging biogas plants and when operating such plants. Some of these regulations place biogas plants in a privileged position in relation to other plants; in particular, they provide for size-related simplification of the licensing procedure when erecting such plants in outdoor areas as defined by construction law. Any changes in the statutory conditions governing the erection, enlargement and operation of biogas plants, both in Germany and in other countries, may have a negative or positive effect on the earnings, financial and asset situation of EnviTec Biogas. As a result of the amendments to the EEG adopted in 2014, the German biogas market has come to a virtual standstill. EnviTec's plant construction activities have since focused primarily on foreign growth markets.

Apart from the legal framework, some parts of the general public as well as certain special interest groups have reservations about biogas plants and their construction. This is why, in June 2009, EnviTec Biogas and other companies established the German Biogas Council, which acts as a source of advice and port of call for policy-makers, the corporate sector and special interest groups and aims to eliminate prejudices. The aim is to promote the agricultural and industrial orientation of biogas technology and to represent the industry's shared interests with regard to legislation and products. EnviTec Biogas intends to expand its international activities and thus exploit growth opportunities, which gives rise to a number of risks. These include potential changes in the political, economic, social, legal, cultural and fiscal conditions prevailing in individual countries. In addition, there is the risk of unexpected changes in local laws and regulations, which may have an adverse impact on the

business activity of EnviTec Biogas. Some countries in which we are already active or plan to become active are considerably less stable in economic, political and legal terms than the member states of the European Union. Inadequate legal and administrative systems may make it more difficult or even impossible to obtain official permits, hamper the completion of customers' orders or jeopardise the enforcement of financial and other claims. The company has built up substantial know-how in the foreign representative offices and the Group management team and aims to anticipate potential changes and to prepare itself and its customers accordingly. Management will not contemplate investments in countries in which EnviTec Biogas sees no opportunities following close and continuous monitoring; existing investments in such countries will be terminated. In Great Britain, for instance, the continued uncertainty about the Brexit process is currently having a negative impact on both the overall economic climate and the biogas industry, which is why EnviTec has scaled back its business activities in the country. Should there be whatever kind of exit from the European Union, this might further deteriorate the prospects in the local market in the long term. With sales revenues in Great Britain totalling EUR 11.4 million in 2018, the significance of this country risk for the EnviTec Group as a whole is low, however. Existing currency risks were hedged by currency forward contracts (see "Currency risks").

In summary, EnviTec classifies the above environmental and industry risks as strategic risks, whose occurrence is likely but whose impact on the earnings, financial and asset situation of the Group would be moderate if such a risk occurred.

Order and sales risk

The effects of macroeconomic developments on the company's customers and its order and sales situation are difficult to assess. A decline in the order backlog due to cancellations or a lack of new orders would have an impact on the future sales and earnings position. EnviTec Biogas has intensified its communication with its customers to anticipate any potential postponement of orders and supports its customers in the approval processes. When marketing and selling electricity and gas generated from biogas, the company takes out long-term sales and purchase positions. These positions might incur significant losses in an oversupplied (long)

or undersupplied (short) market environment combined with a negative market trend. At this time, all relevant positions are covered by counterparties from within the Group with excellent credit standing. With a view to preventing the loss of receivables, the company has optimised its receivables management process as well as the creditworthiness review. The open positions are reported to the Executive Board in a weekly report. Moreover, every responsible project manager is informed of the outstanding receivables at 14-day intervals so that dunning can be initiated.

In summary, EnviTec currently classifies the order and sales risk as a strategic risk, whose occurrence is unlikely. Moreover, the potential impact on the earnings, financial and asset situation of the Group is considered to be low. Overall, EnviTec sees no material risks arising from order and sales management.

Currency risks

All sales and purchases are made in the Group currency, the euro. This does not entail major currency risks. Currency risks may arise in conjunction with transactions of the subsidiaries in Great Britain, the Czech Republic and the USA. Exchange rates are therefore monitored on an ongoing basis to ensure that currency hedging measures can be taken at an early stage. To hedge risks in conjunction with contracts in the UK, currency forward contracts in an amount of GBP 1.2 million were signed. They are used to hedge payments expected to be received by the subsidiaries.

In summary, EnviTec currently classifies currency risks as operational risks, whose occurrence is unlikely because of the conservative hedging strategy and whose impact on the Group would be moderate if they occurred.

Competitive risks

Existing or future competitors may try to win market share by pursuing an aggressive pricing or acquisition policy. This competition is made even fiercer by the continuous reduction in the minimum remuneration paid for electricity which is fed into the public grid from biogas plants in accordance with the German Renewable Energy Sources Act (EEG) and the associated imperative to permanently cut costs, as well as by similar trends in other countries.

In summary, EnviTec currently classifies competitive risks

as strategic risks, whose occurrence is likely but whose impact on the Group would be low if they occurred.

Technological risks

Biogas plants are subject to rapid technological change. The market for biogas plants is driven by constantly improved products and services and is characterised by short product lifecycles and frequently changing customer requirements. We assume that this will continue to be the case going forward. By introducing new products or services earlier or at more favourable conditions than our company, our competitors could gain a lead or secure exclusive rights to new technologies. The future success of EnviTec Biogas therefore depends on its ability to continuously develop new products and services and to enter into technology partnerships.

In summary, EnviTec currently classifies technological risks as strategic risks, whose occurrence is likely, but whose impact on the Group would be low if they occurred.

Procurement risks

The components needed to build biogas plants are to a large extent purchased from suppliers. Particularly the combined heat and power units are only produced and supplied by a small number of manufacturers worldwide. This could give rise to supply bottlenecks or rising prices for the components. We aim to prevent this by maintaining close business relationships and signing fixed-price agreements. Supply bottlenecks may also result from environmental disasters or poor weather conditions affecting large areas. The latter may lead to lost harvests of the substrates used in the operation of biogas plants, i.e. renewable or organic resources and waste.

Prices for the required feedstock materials may rise as a result of the high demand. This could jeopardise the cost-efficiency of the biogas plants operated by EnviTec's Own Plant Operation segment. This risk is being mitigated, among other things, by long-term delivery contracts with regional agricultural operations and high inventories.

Also outside Germany, the strategy of EnviTec Biogas is to involve regional farmers directly in the operation of the plants, as partners, and thus secure the supply of raw materials.

In summary, EnviTec currently classifies procurement

risks as operational risks, whose occurrence in the Own Plant Operation segment and in the Plant Construction segment is unlikely and very unlikely, respectively. The potential impact on the Group is considered to be moderate for the Own Plant Operation segment and low for the Plant Construction segment.

Corporate growth and internal risks

The EnviTec Group has an internal controlling and risk management system regarding the accounting process which defines suitable structures that are implemented in the organisation. This system is designed to ensure timely, consistent and correct accounting of all business processes and transactions. It also guarantees compliance with legal standards, accounting regulations and internal instructions. The consolidated accounts are produced centrally on the basis of the data of the consolidated subsidiaries. Specially trained employees are responsible for consolidation. The management teams of the Group's member companies are responsible for implementing and monitoring the local internal controlling systems. Generally, it should be noted that an internal controlling system, irrespective of the size and structure, does not provide 100% security that material misstatements in the accounts are avoided or identified. However, it serves to prevent with sufficient certainty that corporate risks have a material effect. The future processes will make high demands on our organisation and will tie down substantial management resources. There is a risk that the company's organisation and structure will be unable to keep pace with the company's requirements. The company therefore attaches top priority to developing and refining the necessary organisational, information and management structures.

In summary, EnviTec currently classifies risks arising from corporate growth as well as internal risks as risks which are unlikely to occur and whose impact on the Group would be low if they occurred.

Personnel risks

The growth of EnviTec Biogas depends first and foremost on highly qualified employees. Growth will be slowed if it is not possible to hire well trained employees in a timely manner or to retain key qualifications in the company. The company makes consistent and intensive use of recruitment tools and constantly coordinates the company's hiring needs with the individual departments. At the

same time, the company continues to train and educate its employees and expands its knowledge by cooperating with the scientific departments of technical colleges.

In summary, EnviTec currently considers personnel risks to be unlikely to occur and their impact on the Group to be moderate if they occurred.

Risks from financing instruments

In September 2012, EnviTec Biogas AG issued a note loan in the amount of EUR 30 million, which was repaid as planned and, because of the good liquidity situation, partly early in several instalments. The last payment in the amount of EUR 5.0 million is scheduled for September 2019.

The other non-current liabilities carry fixed interest rates and are therefore exposed to a fair-value risk, which means that potential interest rate increases do not represent a risk to the company.

Forecast

Macroeconomic environment remains positive

According to the IMF's current April 2019 forecast, the global economy will lose considerable momentum in the current year and grow by 3.3%. The emerging and developing economies are expected to grow by 4.4%, while a growth rate of 1.8% is projected for the industrialised countries. The economies of the five ASEAN founding members – Indonesia, Malaysia, Philippines, Singapore and Thailand (ASEAN-5) – will grow by a total of 5.1%. A lower growth rate of 1.3% is projected for the eurozone. This is mainly due to the poorer prospects for Germany (+ 0.8%) and France (1.3%). For the UK, the IMF projects a growth rate of 1.2%.

Industry trend – some opportunities in Germany; international growth remains broad-based

In the German biogas market, the amendment to the German Renewable Energy Sources Act (EEG), which came into force on 1 January 2017, will open up growth opportunities for EnviTec primarily in the Service segment. Selective opportunities will additionally arise from the flexibilisation of biogas plants and in areas outside the pure generation of electricity, for instance in the heat market and the upgrading of biogas, e.g. to CNG fuel. In Europe, France and Denmark remain the most attractive biogas markets. Then there is Italy, where the framework conditions have recently improved significantly, resulting in new opportunities for plant construction. In Great Britain, the further development will depend on if and when an economically viable Brexit solution is found. China, the USA and the South-East Asian countries are currently the most important growth markets outside Europe.

Performance of EnviTec Biogas

By putting its plant construction activities on an international basis at an early stage, the EnviTec Group demonstrated its strategic far-sightedness and can now seize opportunities that arise in the international biogas markets quickly and efficiently. In doing so, the company is building on a sound financial foundation, its technological strengths and a profitable, integrated business model. The aim is to achieve solid revenue and earnings growth in all segments.

The stable financial foundation of EnviTec Biogas is one of the cornerstones for the company's positive performance in the future. At the end of 2018, cash and cash equivalents of EUR 12.7 million (previous year: EUR 14.9 million) and other current assets of EUR 8.0 million (previous year: EUR 10.0 million) were available. The total amount of EUR 20.7 million fully covers the current liabilities to banks of EUR 11.1 million (previous year: EUR 22.3 million). In addition, EnviTec Biogas had unused overdraft facilities of approx. EUR 19.0 million as of the balance sheet date.

Segment performance

Due to the unattractive economic conditions, the German market is hardly relevant for EnviTec's new plant construction activities. Individual opportunities in this market may arise from the flexibilisation of existing plants resulting in increased capacity. At present, the most important foreign markets for EnviTec's **Plant Construction** segment are France and Denmark, followed by China. Experience has shown, however, that both domestic and international framework conditions may change quickly. Existing opportunities must therefore be seized quickly and with determination and the risks associated with doing business abroad – e.g. different legal systems, building regulations and language barriers – must be managed efficiently. On the basis of a new, leaner structure, EnviTec already achieved a noticeable improvement in earnings in the Plant Construction segment in the fiscal year 2018, resulting in the best result since 2011. This and the growing demand in the most important markets make management confident that the right steps have been taken for a sustainable turnaround in this segment and for a positive segment result (EBIT) in 2019 on a total output (or revenues) of around EUR 40 million. As in the previous years, actual revenues and total output will depend on how many plant construction projects can actually be recognised as changes in inventories pursuant to HGB and how many projects can be finally invoiced as of the end of the year.

EnviTec will continue to moderately expand the **Own Plant Operation** segment, which generates strong cash flows, in Germany and abroad. The current focus is primarily on the optimisation of the company's own plants. On balance, EnviTec Biogas assumes that sales revenues and earnings in the Own Plant Operation segment will again reach the prior year level in the current fiscal year. The activities previously performed by the Energy segment (direct marketing of balancing energy, biomethane and electricity) will also make a positive contribution to sales revenues and earnings.

Growth in the complementary **Service** segment will continue in the current fiscal year. The focus is not only on the established markets of Germany and Italy, but also on other more mature markets such as France and Denmark, where we intend to expand our service activities. Moreover, the service for third-party plants and the cooperations in Germany and abroad will be further expanded. The Executive Board expects the Service

segment's total output (or revenues) and earnings (EBIT) to pick up moderately in the fiscal year 2019.

Group forecast

Based on the above-described developments in the individual segments, **consolidated total output** (or revenues) is (are) expected to reach the prior year level in the fiscal year 2019. The EnviTec Executive Board also expects a further improvement in earnings before interest and taxes (EBIT). The achievement of the company's economic targets will hinge on the business trend in the most important international markets of the Plant Construction segment.

General statement on the future outlook

In the coming years, biogas will gradually move away from traditional electricity production towards a flexible, multi-variable and climate-friendly energy source that is fed in via the natural gas grid, used as a carbon-neutral fuel and may serve as a supplier of heat. As a leading integrated full-service biogas supplier, the EnviTec Group is well positioned to benefit from this trend and projects a positive development of the company. With the overall environment remaining volatile, there is great potential for plant construction in the international biogas markets. In France and Denmark in particular, EnviTec has established a strong position on the basis of favourable framework conditions and is already planning or expecting a large number of new projects. The situation in China is also very favourable. EnviTec's Own Plant Operation segment will continue to make targeted investments in the optimisation of its own plant portfolio. EnviTec also intends to leverage the favourable conditions for the expansion of the complementary Service segment that will arise in the coming years. Moreover, the company will push ahead with the exploration of new applications, processes and markets. The aim is to no longer generate up to 30% of its consolidated revenues in the subsidised biogas sector in the medium to long term. The company will also explore applications and processes in new business segments and products outside the biogas sector.

On balance, management believes that EnviTec is well positioned for the future thanks to its strong technologi-

cal and financial foundation. The good result achieved in the past fiscal year 2018 confirms EnviTec's ability to successfully cope with volatile market conditions. Our aim is to capitalise on opportunities arising in attractive markets, to develop new markets and processes and to achieve solid revenue and earnings growth.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet as at 31 December 2018

Assets

A.	Fixed assets	31/12/2018 in EUR	31/12/2017 in KEUR
I.	Intangible assets		
	1. Purchased concessions, industrial property rights and related rights and assets as well as licences for such rights and assets	1,153,615.66	1,610
	2. Goodwill	6,731,403.09	7,497
	3. Payments on account	6,000,000.00	6,000
		13,885,018.75	15,107
II.	Tangible assets		
	1. Land and leasehold rights and buildings, including buildings on third-party land	28,600,945.05	32,588
	2. Technical equipment and machinery	54,886,135.93	67,007
	3. Other fixtures, tools and equipment	8,173,221.41	8,731
	4. Payments on account and plants under construction	2,582,401.60	1,553
		94,242,703.99	109,879
III.	Financial assets		
	1. Shares in at-equity investments	13,843,921.00	13,418
	2. Equity holdings	335,119.19	37
	3. Loans to companies in which an interest is held	4,398,500.00	9,269
	4. Other loans	10,293,132.87	11,264
		28,870,673.06	33,987

B.	Current assets	31/12/2018 in EUR	31/12/2017 in KEUR
I.	Inventories		
	1. Raw materials and supplies	36,844,965.45	42,722
	2. Work in progress	46,363,594.15	48,974
	less payments on account	-35,228,837.66	-35,159
		11,134,756.49	13,815
	3. Finished goods	1,174,681.35	221
	4. Payments on account	6,639,559.46	4,703
		55,793,962.75	61,461
II.	Receivables and other assets		
	1. Trade receivables	26,371,068.23	23,782
	2. Receivables from companies in which an interest is held	3,346,675.68	2,637
	3. Other assets	8,040,969.07	10,050
		37,758,712.98	36,469
III.	Cash in hand, cash at Bundesbank, cash at banks and cheques	12,717,617.91	14,866
C.	Prepaid expenses	3,716,193.18	2,667
D.	Deferred tax assets	4,593,186.71	5,389
		251,578,069.33	279,825

Consolidated income statement for the period from 1 January to 31 December 2018

Liabilities			
A.	Equity capital	31/12/2018 in EUR	31/12/2017 in KEUR
I.	Subscribed capital	15,000,000.00	15,000
	Less nominal amount of own shares	-150,000.00	- 150
	Issued capital	14,850,000.00	14,850
II.	Capital reserve	89,328,633.67	89,329
III.	Revenue reserves		
	Other revenue reserves	10,150,000.00	10,150
IV.	Equity difference from currency translation	-431,227.28	- 243
V.	Profit	28,817,752.55	37,863
VI.	Adjustment item for minority interests	1,845,008.15	1,278
		144,560,167.09	153,228
B. Provisions			
	1. Tax provisions	715,208.10	1,219
	2. Other provisions	9,628,742.00	8,132
		10,343,950.10	9,350
C. Liabilities			
	1. Liabilities to banks	60,276,598.23	79,284
	2. Trade liabilities	14,911,759.92	15,944
	3. Liabilities towards companies in which an interest is held	1,662,552.81	1,931
	4. Liabilities to shareholders	1,792,022.26	767
	5. Other payables thereof tax liabilities: EUR 2,422,269.39 (previous year: kEUR 2,188) thereof social security liabilities: EUR 117,389.69 (previous year: kEUR 116)	13,903,274.40	15,104
		92,546,207.62	113,030
D. Deferred income			
		4,127,744.52	4,217
		251,578,069.33	279,825

	2018 in EUR	2017 in EUR
1. Sales revenues	186,760,716.07	198,781,028.01
2. Decrease in finished goods and work in progress	-2,686,839.88	-5,023,639.87
3. Other operating income	8,397,650.57	8,806,396.66
Total output	192,471,526.76	202,563,784.80
4. Cost of materials a) Costs of raw materials and supplies and purchased goods b) Costs of purchased services	114,337,888.13 9,962,187.92	121,143,466.99 13,725,176.80
	124,300,076.05	134,868,643.79
Gross result	68,171,450.71	67,695,141.01
5. Personnel expenses a) Wages and salaries b) Social security contributions and expenditure for pensions and social welfare thereof for pensions: 95,244.62 EUR (previous year: 97,295.05 EUR)	15,974,941.46 3,669,047.33	17,332,488.81 3,893,386.60
	19,643,988.79	21,225,875.41
6. Depreciation/amortisation a) of intangible and tangible fixed assets b) of current assets to the extent that these exceed the depreciation/ amortisation customary in the corporation	16,815,435.55 420,000.00	17,501,327.90 583,323.05
	17,235,435.55	18,084,650.95
7. Other operating expenses	21,237,940.18	21,863,558.34
EBIT	10,054,086.19	6,521,056.31
8. Income from at-equity investments	1,281,793.81	1,439,900.53
9. Other interest and similar income	1,681,002.32	1,399,190.37
10. Write-down of financial assets	0.00	124,828.89
11. Interest and similar expenses	2,582,711.05	2,546,967.33
12. Result from ordinary activities	10,434,171.27	6,688,350.99
13. Income taxes thereof deferred taxes: EUR 795,638.14 (previous year: kEUR 991)	3,431,906.75	1,612,343.65
14. Result after tax	7,002,264.52	5,076,007.34
15. Other taxes	168,871.85	100,428.97
16. Consolidated net profit	6,833,392.67	4,975,578.37
17. Profit carried forward	37,863,198.26	-8,082,426.39
18. Profit distribution	-14,850,000.00	-8,910,000.00
19. Withdrawals from the capital reserve	0.00	50,000,000.00
20. Profits allocated to minority shareholders	831,519.25	851,466.27
21. Decrease/increase recognised in equity	-197,319.13	731,512.55
22. Consolidated profit	28,817,752.55	37,863,198.26

Consolidated cash flow statement for the period from 1 January to 31 December 2018

	2018 in EUR	2017 in EUR
Consolidated net profit	6,001,873	4,124,112
Income tax expenses	3,431,907	1,612,344
Interest result	901,709	1,147,777
Profit (-) / losses (+) from at-equity companies	-1,281,794	-1,439,901
Income tax paid	-2,336,455	-1,125,427
Depreciation of tangible fixed assets	16,815,436	17,501,328
Write-down of financial assets	0	124,829
Decrease (-) / increase (+) in provisions	1,010,357	-1,614,301
Profit (-) / losses (+) from spin off	-602,686	0
Profit (-) / losses (+) on the sale of tangible assets	575,765	1,290,019
Gross cash flow	24,516,112	21,620,781
Decrease/increase in inventories	4,839,425	-5,636,562
Increase/decrease in trade receivables	-2,739,314	1,112,598
Decrease in trade liabilities	-778,841	-2,427,867
Decrease in other payables and other liabilities	-929,684	-1,095,187
Decrease in other receivables and other assets	6,411,630	4,929,867
Other non-cash transactions	529,122	1,098,920
Cash inflow from operating activities (net cash flow)	31,848,450	19,602,551

	2018 in EUR	2017 in EUR
Proceeds from disposals of tangible assets	341,448	964,134
Payments for intangible assets	-111,722	-6,857,336
Payments for tangible assets	-6,567,647	-8,735,363
Payments for at-equity investments	-600,667	-413,329
Proceeds from the sale of fully consolidated companies including disposal of assets and liabilities	2,848,000	0
Payments due to changes in the basis of consolidation	-1,270,090	0
Proceeds from the withdrawal/disposal of at-equity investments	1,458,391	149,721
Proceeds from the sale of fully consolidated subsidiaries	602,686	0
Interest income	1,681,002	1,399,190
Outflow of cash from investing activities	-1,618,598	-13,492,983
Cash received from bank loans	10,451,222	32,777,048
Payments for debt redemption	-22,176,841	-26,121,509
Payments to shareholders	-14,850,000	-8,910,000
Payments to minority interests	-748,545	-410,763
Interest expenses	-2,582,711	-2,546,967
Outflow from financing activities	-29,906,875	-5,212,191
Total cash changes	322,977	897,377
Cash and cash equivalents on 1 January	11,750,231	10,852,854
Cash and cash equivalents on 31 December	12,073,208	11,750,231

Consolidated statement of changes in equity as of 31 December 2018

in EUR	Equity capital of the parent company											Non-controlling interests			Consolidated equity	
	Subscribed capital			Reserves					Equity capital difference from currency translation	Profit/loss carried forward	Consolidated net profit	Total	Non-controlling interests before equity capital difference from currency translation and result for the year	Profit/loss imputable to non-controlling interests		Total
	Subscribed capital	Own shares	Total	Capital reserves due to section 272 para. 2 No. 1 HGB	Capital reserves due to section 272 para. 2 No. 4 HGB	Total	Other revenue reserves	Total								
Equity capital on 01/01/2017	15,000,000	-150,000	14,850,000	89,328,634	50,000,000	139,328,634	10,150,000	149,478,634	-372,759	-10,597,057	2,514,631	155,873,449	2,307,027	-855,071	1,451,956	157,325,404
Minority interests in equity capital	0	0	0	0	0	0	0	0	0	0	0	0	-293,614	0	-293,614	-293,614
Other changes	0	0	0	0	0	0	0	0	130,191	0	0	130,191	0	0	0	130,191
Profit distribution	0	0	0	0	0	0	0	0	0	-8,910,000	0	-8,910,000	0	0	0	-8,910,000
Increase in shares in subsidiaries recognised in equity	0	0	0	0	0	0	0	0	0	731,513	0	731,513	-731,513	0	-731,513	0
Withdrawals from the capital reserve	0	0	0	0	-50,000,000	-50,000,000	0	-50,000,000	0	50,000,000	0	0	0	0	0	0
Reclassification to profit/loss carried forward	0	0	0	0	0	0	0	0	0	2,514,631	-2,514,631	0	-855,071	855,071	0	0
Consolidated net profit	0	0	0	0	0	0	0	0	0	0	4,124,112	4,124,112	0	851,466	851,466	4,975,578
Equity capital on 31/12/2017	15,000,000	-150,000	14,850,000	89,328,634	0	89,328,634	10,150,000	99,478,634	-242,568	33,739,087	4,124,112	151,949,265	426,829	851,466	1,278,296	153,227,561
Equity capital on 01/01/2018	15,000,000	-150,000	14,850,000	89,328,634	0	89,328,634	10,150,000	99,478,634	-242,568	33,739,087	4,124,112	151,949,265	426,829	851,466	1,278,296	153,227,561
Minority interests in equity capital	0	0	0	0	0	0	0	0	0	0	0	0	-462,126	0	-462,126	-462,126
Other changes	0	0	0	0	0	0	0	0	-188,659	0	0	-188,659	0	0	0	-188,659
Profit distribution	0	0	0	0	0	0	0	0	0	-14,850,000	0	-14,850,000	0	0	0	-14,850,000
Decrease in shares in subsidiaries recognised in equity	0	0	0	0	0	0	0	0	0	-197,319	0	-197,319	197,319	0	197,319	0
Reclassification to profit/loss carried forward	0	0	0	0	0	0	0	0	0	4,124,112	-4,124,112	0	0	0	0	0
Consolidated net profit	0	0	0	0	0	0	0	0	0	0	6,001,873	6,001,873	0	831,519	831,519	6,833,393
Equity capital on 31/12/2018	15,000,000	-150,000	14,850,000	89,328,634	0	89,328,634	10,150,000	99,478,634	-431,227	22,815,880	6,001,873	142,715,160	162,022	1,682,985	1,845,008	144,560,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

EnviTec Biogas AG, headquartered in Lohne, Germany, registered with the Commercial Register of the Oldenburg local court under HRB 201466, is a Germany-based company operating on an international scale whose activities range from the construction and sale of biogas plants through its subsidiaries and the operation of own biogas plants to technical and biological services to the marketing of electricity.

As of the reporting date 31 December 2018, EnviTec Biogas AG is a small corporation within the meaning of section 267 para. 1 of the German Commercial Code (HGB). The company's shares are traded in the Basic Board (formerly Entry Standard) of the Frankfurt Stock Exchange, Deutsche Börse AG.

EnviTec Biogas AG prepares its consolidated financial statements in accordance with the provisions of sections 290 et seqq. of the German Commercial Code.

The consolidated financial statements give a true and fair view of the earnings, financial and asset situation of the company in accordance with German principles of proper accounting. The presentation, recognition and measurement consistency in the balance sheet and the income statement has been maintained.

The consolidated balance sheet follows the structure stipulated in section 266 HGB. "Thereof" sub-items are provided in the notes. The type of expenditure format was used for the income statement.

2. Basic principles of the consolidated financial statements

2.1. Basis of consolidation

The following changes in the basis of consolidation occurred between 1 January 2018 and 31 December 2018:

As of the balance sheet date, the EnviTec Group comprised 168 entities including EnviTec Biogas AG (31 December 2017: 171), of which 106 (31 December 2017: 108) were fully consolidated.

The disposals of fully consolidated entities result from the liquidation of both EnviTec Projektentwicklung GmbH i. L. and ET Agro Trade GmbH i. L. as well as from the sale of 89% of the shares in Biogas Neutrebbin GmbH & Co. KG and the sale of all shares in Vierte EnviTec Verwaltungen GmbH.

The companies were sold and deconsolidated with effect from 1 October 2018. The sale of the shares resulted in a disposal gain at Group level in the amount of EUR 603k and reduced total assets by EUR 6,028k.

The remaining disposals of fully consolidated entities result from mergers/accruals with various entities. The details are shown below:

- > EnviTec Stromkontor GmbH & Co. KG – accrued to EnviTec Energy GmbH & Co. KG
- > ETBKN GmbH & Co. KG – accrued to EnviTec Biogas AG
- > ETBKN Verwaltungen GmbH – merged into EnviTec Biogas Betriebs GmbH & Co. KG

Under an agreement dated 14 February 2018, which is also the acquisition date, EnviTec Biogas Betriebs GmbH & Co. KG acquired another 41% of the limited liability capital of Biogas Horst GmbH & Co. KG for a total purchase price of EUR 5k. Group revenues increased by EUR 1,009k as a result of the acquisition. The fiscal year 2018 includes a positive net profit of the company in the amount EUR 89k. The main items acquired were property, plant and equipment as well as inventories. The difference between the purchase price and the carrying amount of the equity capital was recognised directly in the result for the period. The remaining 51% of the shares in Biogas Horst Verwaltungen GmbH were also acquired under an agreement dated 14 February 2018. Both companies are now fully consolidated and are no longer shown under companies valued at equity.

Under articles of incorporation dated 15 May 2018, EnviTec Biogas AG founded ET Solar Gottesgabe GmbH, Neutrebbin, together with two external shareholders.

The company has a share capital of EUR 25k. EnviTec Biogas AG holds 83% of the share capital. The purpose of the company is the development, construction and operation of solar systems.

Under articles of incorporation dated 24 September 2018, EnviTec Service GmbH founded EnviTec Service ApS, Silkeborg/Denmark. The company has a share capital of EUR 10k. EnviTec Service GmbH holds 100% of the share capital. The purpose of the company is the trading, operation, servicing, training and consulting, maintenance, repair and upkeeping, optimisation and expansion of complete technical systems for the generation of energy as well as individual components of such systems in technical, biological and commercial respects as well as the trading in consumables and supplies.

On 8 January 2018, EnviTec Anlagenbau GmbH & Co. KG and EnviTec Service GmbH founded EnviTec China Co. Ltd., Beijing/China together with a Chinese partner. The company's capital amounts to CNY 1 million. EnviTec Anlagenbau GmbH & Co. KG and EnviTec Service GmbH each hold 30% of the capital. The purpose of the company is the maintenance, repair and upkeeping of technical systems for the generation of energy.

Methaisne Energies Vertes SAS, Courbevoie/France has been reported as a new company valued at equity since 1 January 2018. The company was previously recognised under equity investments. The purpose of the company is the construction and operation of a biogas plant in France.

In addition, EnviTec Biogas Betriebs GmbH & Co. KG acquired 100% each in the non-operating companies LZ Biogas GmbH & Co. KG and LZ Biogas Verwaltungen GmbH for a purchase price of EUR 38k. In accordance with section 296 para. 2 HGB, these companies are not included in the consolidated financial statements.

	Germany	Abroad	Total
EnviTec Biogas AG and consolidated companies			
31/12/2017	86	22	108
Additions of subsidiaries	3	2	5
Disposals of subsidiaries	7	0	7
31/12/2018	82	24	106

	Germany	Abroad	Total
Companies valued at equity			
31/12/2017	55	8	63
Additions of companies valued at equity	0	1	1
Disposals of companies valued at equity	2	0	2
31/12/2018	53	9	62

2.2. Fully consolidated and associated companies as well as equity investments

The following entities are fully consolidated in the consolidated financial statements of EnviTec Biogas AG:

Name and head offices of the company	Group share in %		Equity capital in EUR		Result in EUR	
	2018	2017	2018	2017	2018	2017
EnviTec Service GmbH, Lohne	100	100	10,494,951	10,494,951	0	1,779,053
EnviTec Service Verwaltung GmbH, Lohne	100	100	60,391	25,736	34,655	35,225
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne	100	100	27,393,115	28,479,275	2,023,840	2,197,104
Zweite EnviTec Verwaltungs GmbH, Lohne	100	100	51,980	49,161	2,819	2,815
EnviTec Biogas Nederland B.V., Enter/Netherlands	100	100	-305,308	-319,893	14,585	55,443
EnviTec Biogas Service Baltic SIA, Riga/Latvia	100	100	422,419	219,493	202,926	120,880
EnviTec Italia GmbH, Lohne	100	100	-839,591	-839,591	0	0
EnviTec Energy GmbH & Co. KG, Lohne	100	100	444,194	303,894	140,300	280,378
EnviTec Energy Verwaltungs GmbH, Lohne	100	100	37,260	37,317	-57	911
Biogas Anklam Verwaltungs GmbH, Lohne	100	100	1,085,812	1,709,521	26,291	81,446
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam	93.85	93.85	336,251	671,255	214,996	176,352
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100	100	2,117,529	2,530,218	987,311	798,358
Pieve D'Olmi Biogas Soc. Agricola a.r.l., Bozen/Italy	100	100	2,352,230	2,006,212	346,018	258,135
Stagno Lombardo Biogas Soc. Agricola a.r.l., Bozen/Italy	100	100	2,241,068	2,063,342	177,727	428,453
EnviTec Beteiligungs GmbH & Co. KG, Lohne	98.6	98.6	6,548,398	7,023,137	2,015,261	1,085,635
EnviTec Verwaltungs GmbH, Lohne	98.6	98.6	47,176	45,635	1,541	1,579
Biogas Falkenberg GmbH & Co. KG, Falkenberg	100	100	263,363	220,710	42,653	46,287
Biogas Falkenberg Verwaltungs GmbH, Falkenberg	100	100	77,030	68,349	8,681	9,471
Biogas Groß Warnow GmbH & Co. KG, Karstädt	100	100	518,029	512,600	5,428	-229,905
Biogas Groß Warnow Verwaltungs GmbH, Karstädt	100	100	38,615	37,731	884	1,658
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne	100	100	12,067,166	11,471,621	584,969	90,808
Biogas Herzberg GmbH & Co. KG, Lohne	100	100	474,703	483,920	290,783	356,245
Biogas Lüchow GmbH & Co. KG, Lohne	100	100	672,924	922,025	50,899	79,222
Biogas Friedland GmbH & Co. KG, Lohne	87.5	87.5	5,244,034	5,846,122	1,797,912	248,947
Biogas Friedland Verwaltungs GmbH, Lohne	87.4	87.4	164,675	159,448	5,227	8,425
Biogas Böddenstedt GmbH & Co. KG, Salzwedel	100	100	672,504	853,375	19,129	-41,532
Biogas Böddenstedt Verwaltung GmbH, Salzwedel	100	100	37,232	35,748	1,484	1,490
Biogas Schönthal GmbH & Co. KG, Willebadessen	79	79	412,290	278,274	134,017	88,710
Biogas Schönthal Verwaltungs GmbH, Willebadessen	79	79	43,287	41,798	1,489	1,696
Baura Biogas Soc. Agricola a.r.l., Bozen/Italy	75	75	723,906	389,058	334,848	156,563
Formignana Biogas Soc. Agricola a.r.l., Bozen/Italy	100	100	1,757,394	1,569,808	187,586	71,521

Biogas Operating Holding s.r.l., Sommacampagna/Italy	100	100	4,249,230	4,400,159	-150,928	-54,321
Urbana Biogas Soc. a.r.l., Sommacampagna/Italy	100	100	-77,988	-94,214	16,227	27,027
Schio Biogas Soc. a.r.l., Sommacampagna/Italy	100	100	1,731,925	1,503,250	228,675	247,457
Caldogno Biogas Soc. a.r.l., Sommacampagna/Italy	100	100	1,668,680	1,387,238	281,442	-27,989
Merlara Biogas Soc. a.r.l., Sommacampagna/Italy	100	100	1,845,808	1,625,365	220,443	194,394
A3 Water Solutions GmbH, Saerbeck	70	70	509,600	1,458,789	-349,188	76,057
MMF MaxFlow Membran Filtration GmbH, Saerbeck	70	70	-216,619	-171,437	-45,182	58,930
Biogas Heilemann GmbH & Co. KG, Rotenburg/Wümme	70	70	1,306,519	1,564,468	17,051	688,795
Biogas Heilemann Verwaltungs GmbH, Rotenbg./Wümme	70	70	54,171	51,376	2,794	2,833
Biogas Heilemann-Holsten GmbH & Co. KG, Rotenburg/Wümme	70	70	399,765	228,716	271,049	112,579
Second Biogas Operating Holding s.r.l., Sommacampagna/Italy	100	100	14,692,399	14,411,756	280,643	-218,324
Envitec France sarl, Tregueux/France	100	100	466,633	-583,334	1,049,967	273,762
Envitec Biogas UK Ltd., Rugeley/Great Britain	60	60	210,530	1,184,187	-1,063,157	-341,679
Biogas Nordholz GmbH, Minden	60	60	564,354	743,650	-179,296	93,740
EnviTec Biogas SK s.r.o., Levice/Slovakia	100	100	6,835	10,363	-3,528	-2,951
EnviTec Biogas Central Europe s.r.o., Velké Mezirici/Czechia	70	70	-94,058	-106,259	14,975	212,536
Biogas Klein Mühlingen GmbH & Co. KG, Klein Mühlingen	100	100	306,008	374,565	-68,557	-97,004
Biogas Schönwalde GmbH & Co. KG, Schönwalde	100	100	474,658	493,608	-18,950	-129,472
Biogas Schönwalde Verwaltung GmbH, Schönwalde	100	100	39,332	37,671	1,661	1,655
Biogas Sachsendorf GmbH & Co. KG, Schwarz Sachsendorf	100	100	881,750	741,312	140,438	85,078
Fünfte EnviTec Beteiligungs GmbH & Co. KG, Lohne	91	91	4,705,925	4,899,071	-193,146	-60,683
Fünfte EnviTec Verwaltungs GmbH, Lohne	91	91	42,694	37,782	4,912	6,023
Biogas Schenkenhorst GmbH & Co. KG, Lohne	100	100	-564,752	-549,017	-15,735	-105,622
Biogas Schenkenhorst Verwaltungs- GmbH, Lohne	100	100	25,978	37,175	1,303	1,118
Biogas Brehna GmbH & Co. KG, Lohne	90	90	169,626	365,123	-195,497	36,284
Biogas Kuck Verwaltungs- GmbH, Wiefelstede	100	100	25,780	36,613	1,667	1,465
Biogas Dambeck GmbH & Co. KG, Lohne	100	100	698,161	655,437	42,724	143,898
Biogas Dambeck Verwaltungs- GmbH, Lohne	100	100	41,540	39,571	1,969	2,180
Biogas Kruse Verwaltungs- GmbH, Lohne	100	100	27,593	27,768	-175	304
Biogas Kalbe GmbH & Co. KG, Lohne	100	100	580,364	526,272	54,092	32,978
Vierte EnviTec Beteiligungs GmbH & Co. KG, Lohne	84	84	-48,944	-304,317	255,373	-3,222
Biogas Trüstedt GmbH & Co. KG, Lohne	100	100	753,073	907,128	-154,055	24,455
Biogas Trüstedt Verwaltungs- GmbH, Lohne	100	100	35,282	33,810	1,471	1,210
EnviTec Biogas USA, Inc., Rochester/USA	100	100	-2,508,667	-2,368,040	-44,904	-1,309,037
EnviTec Biogas s.r.l., Verona/Italy	100	100	2,505,606	2,491,709	13,897	60,743
EnviTec Biogas Service UK Ltd., Rugeley/Great Britain	60	60	355,902	245,798	142,714	101,944
Dritte EnviTec Beteiligungs GmbH & Co. KG, Lohne	100	100	353,760	-338,887	92,717	-38,290

Dritte EnviTec Verwaltungs GmbH, Lohne	100	100	101,330	97,562	3,918	3,222
EnviTec Biogas Service s.r.o., Velké Mezirici/Czechia	85	85	1,382,001	1,175,083	246,059	222,808
EnviTec Assekuranzmakler GmbH, Lohne	75	75	171,523	121,347	50,176	44,934
Biogas Wanzleben GmbH & Co. KG, Wanzleben	70	70	677,437	447,817	229,620	119,041
Biogas Wanzleben Verwaltungs GmbH, Wanzleben	70	70	42,762	41,313	1,449	1,504
Biogas Thomasburg GmbH & Co. KG, Lohne	90.6	90.6	758,085	506,085	252,000	201,027
Biogas Thomasburg Verwaltungs GmbH, Lohne	90.6	90.6	43,724	42,130	1,594	1,591
Biogas Nieheim GmbH & Co. KG, Lohne	64.8	64.8	1,083,097	934,822	268,275	174,457
Biogas Nieheim Verwaltungs GmbH, Lohne	64.8	64.8	43,518	41,964	1,553	1,758
RePro Beber GmbH & Co. KG, Lohne	64.6	64.6	927,025	902,846	304,179	388,857
RePro Beber Verwaltungs GmbH, Lohne	64.6	64.6	44,617	42,870	1,747	1,648
Biogas Hirl GmbH & Co. KG, Bresegard	94	94	601,011	639,597	61,415	150,601
Biogas Hirl Verwaltungs GmbH, Bresegard	94	94	42,573	40,969	1,604	1,600
Biogas Osterburg GmbH & Co. KG, Lohne	100	100	508,033	1,003,730	104,303	180,775
Biogas Angern GmbH & Co. KG, Lohne	87.5	87.6	676,630	992,176	384,454	272,472
Biogas Angern Verwaltungs GmbH, Lohne	87.6	87.6	45,201	43,611	1,590	1,612
Biogas Reinsfeld GmbH & Co. KG, Lohne	100	100	-12,162	28,146	-40,308	-56,079
Biogas Reinsfeld Verwaltung GmbH, Lohne	100	100	36,096	34,579	1,517	1,621
Biogas Forst GmbH & Co. KG, Forst	100	100	6,901,542	7,109,358	292,185	-67,107
EnviTec Anlagenbau GmbH & Co. KG, Saerbeck	100	100	15,825,877	17,337,027	-1,390,070	-2,941,989
EnviTec Anlagenbau Verwaltungs GmbH, Saerbeck	100	100	32,689	30,931	1,757	1,534
Biogas Neuburg Steinhausen GmbH & Co. KG, Lohne	75	75	1,993,632	1,646,306	597,326	1,030,282
Biogas Neuburg Steinhausen Verwaltungs GmbH, Lohne	75	75	27,985	26,431	1,554	1,364
Biogas Löschenrod GmbH & Co. KG, Lohne	94	69	-230,877	-374,228	-20,149	-87,391
Biogas Löschenrod Verwaltungs GmbH, Lohne	94	69	42,038	41,539	499	1,200
Erste Biogas Bützow Betriebs GmbH & Co. KG, Bützow	100	100	-13,772	-115,412	101,640	53,913
Dritte Biogas Bützow Betriebs GmbH & Co. KG, Bützow	54.4	54.4	46,457	-7,520	54,333	64,757
Vierte Biogas Bützow Betriebs GmbH & Co. KG, Bützow	60.5	60.5	184,893	100,459	77,320	41,694
Fünfte Biogas Bützow Betriebs GmbH & Co. KG, Bützow	100	100	977,705	811,775	165,930	234,431
Biogas Horst GmbH & Co. KG, Lohne	90	49	45,863	-41,610	87,473	116,219
Biogas Horst Verwaltungs GmbH, Lohne	100	49	35,079	33,502	1,577	1,682
ET Solar Gottesgabe GmbH, Neutrebbin	83	NA	1,372,686	NA	-2,314	NA
EnviTec Service ApS, Silkeborg/Denmark	100	NA	10,000	NA	NA	NA
EnviTec Biogas China Ltd., Peking/China	60	NA	99,596	NA	-9,637	NA

The consolidated financial statements of EnviTec Biogas AG comprise the following associated companies:

Name and head offices of the company	Group share in %		Equity capital in EUR		Result in EUR	
	2018	2017	2018	2017	2018	2017
EnviTec Biogas kft., Hungary*	51.14	51.14	NA	NA	NA	NA
EnviTec Biogas (India) Private Limited, India	50	50	NA	NA	NA	NA
EnviTec van de Velde Service B.V.B.A., Belgium	50	50	NA	NA	NA	NA
EnviTec-Greten Behälterbau GmbH & Co. KG, Lohne	50	50	433,506	303,207	130,299	292,298
EnviTec-Greten Behälterbau Verwaltungs-GmbH, Lohne	50	50	NA	27,592	NA	279
Biogas Neu Sterley GmbH & Co. KG, Lohne	50	50	1,435,888	934,616	711,272	634,713
Biogas Neu Sterley Verwaltungs GmbH, Lohne	50	50	43,936	42,136	1,800	1,650
Biogas Spekendorf GmbH & Co. KG, Lohne	50	50	638,771	670,726	168,045	223,202
Biogas Spekendorf Verwaltung GmbH, Lohne	50	50	45,579	43,901	1,678	1,712
Biogas Golzow GmbH & Co. KG, Golzow	50	50	1,165,498	1,449,613	216,885	203,348
Biogas Golzow Verwaltungs GmbH, Golzow	50	50	42,141	40,135	2,006	2,359
Biogas Gut Rigterink GmbH & Co. KG, Bad Bentheim	50	50	-174,803	-50,950	-123,853	-38,647
Biogas Gut Rigterink Verwaltungs GmbH, Bad Bentheim	50	50	39,592	38,253	1,339	1,546
Biogas Putzar GmbH & Co. KG, Putzar	50	50	683,578	1,027,374	56,204	184,587
Biogas Putzar Verwaltungs GmbH, Putzar	50	50	41,330	39,733	1,596	1,720
Knippgas GmbH & Co. KG, Kleve	50	50	292,510	475,620	-183,110	-102,639
Knippgas Verwaltungs GmbH, Kleve	50	50	37,775	36,367	1,408	978
Biogas Dishley GmbH & Co. KG, Lohne	50	50	1,409,295	1,309,325	99,970	259,594
Biogas Dishley Verwaltungs GmbH, Lohne	50	50	36,839	35,371	1,467	1,439
Biogas Exter GmbH & Co. KG, Vlotho-Exter	49	49	222,544	273,261	-50,717	38,908
Biogas Exter Verwaltungs GmbH, Vlotho-Exter	49	49	38,679	37,167	1,512	1,099
Biowatt Sarl, France	50	50	541,068	574,326	211,068	244,326
Biogas Ihorst GmbH & Co. KG, Holdorf	30	30	NA	729,665	NA	214,024
Biogas Ihorst Verwaltungs GmbH, Holdorf	30	30	NA	NA	NA	NA
Rentech Bioenergias S.A., Athen/Griechenland	21	21	NA	NA	NA	NA
Biogas Potthast GmbH & Co. KG, Beverungen	50	50	920,499	904,422	116,077	127,082
Biogas Potthast Verwaltungs GmbH, Beverungen	50	50	39,759	38,578	1,181	1,731
Biogas Kleve GmbH & Co. KG, Kleve	50	50	194,197	147,394	46,802	51,007
Biogas Kleve Verwaltungs GmbH, Kleve	50	50	38,392	36,692	1,700	1,386
Biogas Altentreptow GmbH & Co. KG, Altentreptow	50	50	1,769,078	1,550,170	218,908	41,746
Biogas Altentreptow Verwaltungs GmbH, Altentreptow	50	50	38,428	36,874	1,554	1,578
Biogas Roga GmbH & Co. KG, Datzetal	50	50	1,344,635	1,320,934	123,701	-61,066
Biogas Roga Verwaltungs GmbH, Datzetal	50	50	34,706	33,582	1,124	1,247
Biogas Elm GmbH & Co. KG, Bremervörde	49	49	648,193	627,689	220,504	198,483
Biogas Elm Verwaltungs GmbH, Bremervörde	49	49	42,792	40,832	1,960	2,940

Biogas Brakel GmbH & Co. KG, Brakel	50	50	660,585	627,814	72,770	49,524
Biogas Brakel Verwaltungs GmbH, Brakel	50	50	39,042	37,306	1,736	1,364
Biogas Penzlin GmbH & Co. KG, Lohne	50	50	533,270	809,731	74,982	144,629
Biogas Penzlin Verwaltungs GmbH, Lohne	50	50	36,158	34,673	1,485	1,516
Biogas Dirkes GmbH & Co. KG, Südmerzen	50	50	304,363	379,501	-20,138	-5,144
Biogas Dirkes Verwaltungs GmbH, Südmerzen	50	50	38,836	37,327	1,512	1,817
Biogas Grieben GmbH & Co. KG, Grieben	49	49	405,892	564,890	91,003	3,350
Biogas Grieben Verwaltungs GmbH, Grieben	49	49	38,273	36,483	1,790	1,662
Biogas Rönnau GmbH & Co. KG, Ahlhorn	50	50	-939,779	-927,034	-12,745	-103,992
Biogas Rönnau Verwaltungs GmbH, Ahlhorn	50	50	38,097	36,686	1,411	1,468
Biogas Kruse GmbH & Co. KG, Lohne	50	50	202,385	193,980	8,405	-44,616
Biogas Talge Verwaltungs- GmbH, Lohne	49	49	23,427	35,152	776	1,185
Biogas Talge GmbH & Co. KG, Lohne	49	49	775,277	757,851	117,426	97,271
Biogas Kuck GmbH & Co. KG, Wiefelstede	49	49	-201,539	-53,214	-148,324	40,807
Saergas GmbH & Co. KG, Saerbeck	33.33	33.33	NA	NA	NA	NA
Biogas Gallin I GmbH & Co. KG, Gallin-Kuppentin	50	50	890,069	754,494	255,575	306,133
Biogas Gallin I Verwaltungs GmbH, Gallin-Kuppentin	50	50	33,823	32,534	1,289	1,658
Biogas Gallin II GmbH & Co. KG, Gallin-Kuppentin	50	50	1,019,949	868,741	211,208	167,902
Biogas Gallin II Verwaltungs GmbH, Gallin-Kuppentin	50	50	33,225	31,952	1,272	1,457
Libramont Energie Vertes, Libramont-Chevigny/Belgium	50	50	-102,996	479,636	-582,631	-351,331
Alternativ-Energie Priborn GmbH & Co. KG, Priborn	50	50	462,165	409,822	52,343	91,023
Alternativ-Energie Priborn Verwaltungs GmbH, Priborn	50	50	44,437	38,302	6,135	364
Biogas Passin GmbH & Co. KG, Klein Belitz	50	50	273,520	118,774	154,746	41,195
Biogas Passin Verwaltungs GmbH, Klein Belitz	50	50	24,883	24,266	618	-167
OxFa GmbH, Scheßlitz	25.1	25.1	205,577	361,226	-255,653	22,700
Zweite Biogas Bützow Betriebs GmbH & Co. KG, Lohne	46.5	46.5	116,322	31,248	79,521	42,210
Methaisne Energie Vertres SAS, Courbevoie/France	33.33	NA	554,594	NA	-11,269	NA

*Due to arrangements in the articles of incorporation of EnviTec Biogas SEE kft., the EnviTec Group has no possibility to control the company although it holds the majority of the shares; consequently, EnviTec Biogas SEE kft. continues to be accounted for using the equity method.

In fiscal year 2018, the exemption rule provided for in section 264 para. 3 as well as section 264b of the German Commercial Code (HGB) was applied by the following fully consolidated German Group companies.

Name and head offices of the company
EnviTec Beteiligungs GmbH & Co. KG, Lohne
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne
Biogas Schönthal GmbH & Co. KG, Willebadessen
Biogas Heilemann GmbH & Co. KG, Rotenburg/Wümme
Biogas Friedland GmbH & Co. KG, Lohne
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam

Biogas Herzberg GmbH & Co. KG, Lohne
Biogas Lüchow GmbH & Co. KG, Lohne
EnviTec Energy GmbH & Co. KG, Lohne
Biogas Groß Warnow GmbH & Co. KG, Karstädt
Biogas Falkenberg GmbH & Co. KG, Falkenberg
Biogas Heilemann-Holsten GmbH & Co. KG, Rotenburg
Biogas Sachsendorf GmbH & Co. KG, Schwarz Sachsendorf
Biogas Dambeck GmbH & Co. KG, Lohne
Biogas Schenkenhorst GmbH & Co. KG, Lohne
Biogas Kalbe GmbH & Co. KG, Lohne
Biogas Brehna GmbH & Co. KG, Lohne
Fünfte EnviTec Beteiligungs GmbH & Co. KG, Lohne
Biogas Klein Mühlingen GmbH & Co. KG, Klein Mühlingen
Biogas Trüstedt GmbH & Co. KG, Lohne
Biogas Böddenstedt GmbH & Co. KG, Salzwedel
Biogas Schönwalde GmbH & Co. KG, Schönwalde
Dritte EnviTec Beteiligungs GmbH & Co. KG, Lohne
Biogas Thomasburg GmbH & Co. KG, Lohne
Biogas Hirl GmbH & Co. KG, Bresegard
RePro Beber GmbH & Co. KG, Lohne
Biogas Nieheim GmbH & Co. KG, Lohne
Biogas Wanzleben GmbH & Co. KG, Wanzleben
Biogas Angern GmbH & Co. KG, Lohne
Biogas Osterburg GmbH & Co. KG, Lohne
EnviTec Anlagenbau GmbH & Co. KG, Saerbeck
Biogas Reinsfeld GmbH & Co. KG, Lohne
Biogas Forst GmbH & Co. KG, Forst
Biogas Neuburg Steinhausen GmbH & Co. KG, Lohne
Vierte EnviTec Beteiligungs GmbH & Co. KG, Lohne
Biogas Löschenrod GmbH & Co. KG, Lohne
Erste Biogas Bützow Betriebs GmbH & Co. KG, Bützow
Dritte Biogas Bützow Betriebs GmbH & Co. KG, Bützow
Vierte Biogas Bützow Betriebs GmbH & Co. KG, Bützow
Fünfte Biogas Bützow Betriebs GmbH & Co. KG, Bützow
Biogas Horst GmbH & Co. KG, Lohne
EnviTec Service GmbH, Lohne
EnviTec Italia GmbH, Lohne

2.3. Consolidation methods

The consolidated financial statements cover those entities in which EnviTec Biogas AG directly or indirectly holds the majority of the voting rights (subsidiaries) unless their influence on the earnings, financial and asset situation of the Group is of subordinate importance. Consolidation starts at the time at which the possibility to control exists and ends when the possibility of control no longer exists.

Where required, the financial statements of the subsidiaries are adjusted to reflect the accounting and valuation methods used by the Group.

With the exception of EnviTec Biogas (India) Private Limited, India, which is not consolidated for reasons of materiality, all subsidiaries prepare their separate financial statements as of 31 December of each year.

Capital consolidation

Business combinations are accounted for in accordance with section 301 HGB using the purchase method by netting the carrying amounts of the investments with the remeasured equity capital of the subsidiaries at the time of their acquisition. Assets, liabilities and contingent liabilities of acquired subsidiaries are recognised at their respective fair values. A positive difference remaining after the purchase price allocation is capitalised as goodwill.

Debt consolidation

Receivables and liabilities between the consolidated companies are netted.

Expense and income consolidation

Expenses and income between consolidated entities are netted in accordance with section 305 HGB.

Elimination of intercompany profits and losses

Intercompany profits and losses from intragroup transactions are eliminated and deferred tax assets and liabilities resulting from consolidation recognised in profit or loss are taken into account. Intragroup sales as well as all intragroup income have been netted against the relevant expenses without being recognised in profit/loss.

At-equity accounting

The equity method is used to measure joint ventures and associated companies which are under the joint management (joint ventures) or controlling influence (associated companies) of EnviTec Biogas AG. For investments accounted for using the equity method in the consolidated financial statements, the acquisition costs are increased or decreased annually by the changes in equity corresponding to EnviTec's share in the equity capital. Upon the initial consolidation of investments using the equity method, differences resulting from the initial consolidation are treated according to the principles of full consolidation. No such differences were recognised as of 31 December 2018. The changes in pro-rated equity which are recognised in profit or loss are shown separately in the income statement.

3. Accounting and valuation principles

The consolidated financial statements were prepared in accordance with the general provisions of sections 264 et seqq. HGB, the provisions for large corporations as defined in section 267 para. 3 sentence 2 HGB, the provisions for consolidated financial statements stipulated in sections 290 et seqq. HGB as well as the complementary provisions of the German Stock Corporation Act.

The financial statements of the entities covered by the consolidated financial statements as well as the companies valued at equity are based on uniform accounting and valuation principles.

Receivables and liabilities generally arise on a euro basis, which means that no currency translation is required. The financial statements of the consolidated companies are prepared in euros save for seven exceptions. Equity is translated at historical rates, assets and liabilities in the foreign-currency financial statements are translated at the mean rates on the balance sheet date. Expense and income items are translated at average annual exchange rates. Exchange differences are recognised in equity. For details, please refer to the statement of changes in equity. The foreign-currency financial statements of the companies valued at equity

are translated using the closing rate method.

The accounting, valuation and reporting methods remained unchanged from the previous year.

3.1. Intangible assets

Purchased intangible assets are capitalised at cost. If they have a determinable useful life, they are written off over a period of up to ten years using the straight-line method, unless the actual depreciation requires a different depreciation period.

Goodwill is written off using the straight-line method over 5 to 20 years. Goodwill was capitalised in the consolidated financial statements of EnviTec Biogas AG only for acquisitions whose purpose is the operation of one or several biogas plants. The useful lives reflect the lifecycles of the acquired companies. Due to the subsidisation period laid down in the corresponding laws, goodwill is written off over the remaining term of the subsidy (more than 5 years).

3.2. Tangible assets

Property, plant and equipment are carried at acquisition or production cost less accumulated straight-line depreciation – with the exception of land and leasehold rights – and impairment losses.

Acquisition costs comprise the purchase price, ancillary costs and subsequent acquisition expenditure as well as cost reductions.

Production cost includes all direct costs attributable to the production process and a reasonable portion of the production-related overheads. Financing costs are not recognised.

Systematic depreciation of property, plant and equipment is performed according to the straight-line method or, where permissible, according to the declining balance method.

The useful lives on which depreciation is based reflect the estimated/anticipated useful lives for the Group and are shown in the table below:

	Useful life
Buildings	20 to 40 years
Other buildings	10 to 20 years
Technical equipment	6 to 20 years
Machinery and appliances	6 to 12 years
Operating and office equipment	3 to 11 years
Vehicles	5 to 8 years
IT-equipment	3 to 5 years

3.3. Financial assets

Financial assets are recognised at cost or at the lower value as of the reporting date.

3.4. Inventories

Raw materials and supplies are recognised at cost or at the lower value as of the reporting date. Work in progress is recognised at production cost. Production cost includes material and manufacturing costs as well as appropriate overheads. Interest on borrowings is not included in the valuation. The lower of cost or market principle was considered in the valuation.

Payments on account made are recognised at their nominal amount.

Payments on account received for work in progress are set off from work in progress to the extent that they do not exceed the latter.

3.5. Receivables and other assets

Receivables and other assets are recognised at their nominal value or at the lower value as of the balance sheet date. Itemised allowances are established where required. Adequate general allowances are established for the general default risk of trade receivables.

3.6. Cash in hand and cash at banks

Cash in hand and cash at banks are recognised at their nominal values.

3.7. Prepaid expenses

Taking into account section 250 para. 1 HGB, prepaid expenses for payments made prior to the reporting date were recognised at the nominal value if they represent expenses for a certain period after this date.

3.8. Deferred taxes

Deferred taxes were recognised for temporary differences between the commercial balance sheet and the tax balance sheet as well as for tax losses carried forward that can be offset within five years. A tax rate of 28.08% is applied throughout the Group.

3.9. Provisions

The provisions cover all discernible risks and contingent liabilities. They were recognised at their settlement values required according to prudent commercial judgement. Provisions with a remaining term of more than one year are discounted at the average market rate of the past seven fiscal years for the respective maturities.

3.10. Liabilities

Liabilities were recognised at their respective settlement amount.

3.11. Deferred income

Taking into account section 250 para. 2 HGB, deferred income received prior to the reporting date was recognised at the nominal value if it represented income for a certain period after this date.

4. Disclosures on the consolidated balance sheet

The required disclosures regarding the items of the consolidated balance sheet are provided below.

4.1. Fixed assets

The fixed asset items changed as follows:

	As at 01/01/2018	Additions 2018	Additions due to initial con- solidation	Disposals 2018	Disposals due to deconsoli- dation	Re- classifica- tions 2018	As at 31/12/2018	As at 01/01/2018	Additions 2018	Disposals 2018	Disposals due to deconsolidation	Reclassifications 2018	As at 31/12/2018	As at 31/12/2018	As at 31/12/2017
in EUR	Acquisition and production costs							Depreciation/amortisation					Carrying amounts		
FIXED ASSETS															
I. Intangible assets															
1. Concessions, industrial property rights and assets as well as licenses for such rights and assets	5,473,418	54,692	57,030	0	14,089	0	5,571,050	3,863,208	568,313	0	14,087	0	4,417,434	1,153,616	1,610,210
2. Goodwill	11,625,923	0	0	0	0	0	11,625,923	4,129,054	765,465	0	0	0	4,894,520	6,731,403	7,496,869
3. Payments on account	6,000,000	0	0	0	0	0	6,000,000	0	0	0	0	0	0	6,000,000	6,000,000
	23,099,340	54,692	57,030	0	14,089	0	23,196,973	7,992,262	1,333,778	0	14,087	0	9,311,954	13,885,019	15,107,078
II. Tangible assets															
1. Land and leasehold rights and buildings, including buildings on third-party land	46,803,504	545,907	312,914	30,101	3,565,451	246,585	44,313,359	14,215,443	2,500,975	0	1,004,004	0	15,712,414	28,600,945	32,588,061
2. Technical equipment and machinery	136,371,799	1,210,049	646,851	343,106	7,395,804	280,833	130,770,622	69,364,923	10,988,572	196,656	4,272,352	0	75,884,486	54,886,136	67,006,876
3. Other fixtures, tools and equipment	22,382,010	1,713,853	71,292	720,927	306,894	271	23,139,605	13,650,918	1,992,111	490,206	186,439	0	14,966,384	8,173,221	8,731,092
4. Payments on account and plants under construction	1,962,594	2,002,866	63,915	509,941	0	-527,689	2,991,745	409,343	0	0	0	0	409,343	2,582,402	1,553,251
	207,519,907	5,472,675	1,094,972	1,604,075	11,268,149	0	201,215,331	97,640,629	15,481,658	686,862	5,462,796	0	106,972,627	94,242,704	109,879,280
III. Financial assets															
1. Shares in at-equity investments	14,221,876	1,868,734	0	1,458,391	0	16,000	14,648,218	804,297	0	0	0	0	804,297	13,843,921	13,417,578
2. Equity holdings	37,040	314,079	0	0	0	-16,000	335,119	0	0	0	0	0	0	335,119	37,040
3. Receivables from companies in which an interest is held*	9,960,315	470,000	0	5,340,000	0	0	5,090,315	691,815	0	0	0	0	691,815	4,398,500	9,268,500
4. Other loans*	13,321,766	0	0	1,014,737	0	0	12,307,029	2,058,033	0	44,137	0	0	2,013,896	10,293,133	11,263,733
	37,540,997	2,652,813	0	7,813,128	0	0	32,380,682	3,554,145	0	44,137	0	0	3,510,009	28,870,673	33,986,852
	268,160,244	8,180,180	1,152,002	9,417,203	11,282,238	0	256,792,985	109,187,035	16,815,436	730,999	5,476,883	0	119,794,590	136,998,396	158,973,210

4.2. Goodwill

Systematic depreciation amounted to EUR 765k in the reporting period.

4.3. Receivables and other assets

Other assets include receivables from refunds of input tax and advance tax payments in the amount of EUR 4,047k (previous year: EUR 5,944k), which legally arise only after the reporting date.

4.4. Prepaid expenses

Prepaid expenses include discounts in the amount of EUR 235k (previous year: EUR 301k).

Besides discounts, the prepaid expense item essentially includes the payment of loan processing fees, leases and ground rent as well as insurance premiums for periods after the reporting date.

4.5. Deferred taxes

Deferred taxes are determined on the basis of temporary differences between the values recognised of assets and liabilities and their tax values as well as for tax losses carried forward.

The company's tax rate of 28.08% was used for the valuation (15.825% corporate income tax including solidarity surcharge and 12.25% trade tax). The trade tax rate is derived from the average trade tax factor of 350%.

Deferred tax assets and liabilities are shown in the table below:

	31/12/2018	31/12/2017
Deferred tax assets		
Tax losses carried forward	1,798	2,024
Technical equipment and machinery	2,389	2,637
Trade receivables	2,747	3,246
	6,934	7,907
Deferred tax liabilities		
Work in progress	2,202	2,355
Technical equipment and machinery	139	164
	2,341	2,519

4.6. Equity capital

The company's share capital totals EUR 15,000,000.00. The balance sheet shows own shares of a nominal value of EUR 150,000.00 separately from the equity capital. The portion of the purchase price of the own shares that exceeds the nominal amount of EUR 1,752,000.00 has been offset against the revenue reserves. The share capital is divided into 15,000,000 bearer shares with a par value of EUR 1.00 per share.

Changes in accumulated profits

	KEUR
Consolidated net profit	6,833
Profit carried forward as of 1 January 2018	37,863
Payout to shareholders	-14,850
Profit attributable to minority shareholders	-832
Increase in shares in subsidiaries recognised in equity	-197
Consolidated accumulated profit as of 31 December 2018	28,817

4.7. Liabilities

Liabilities are composed as follows:

	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
EUR				
31/12/2018				
Liabilities to banks	11,115,734.16	37,463,676.42	11,697,187.65	60,276,598.23
Trade liabilities	14,911,759.92	0.00	0.00	14,911,759.92
Liabilities towards companies in which an interest is held	1,662,552.81	0.00	0.00	1,662,552.81
Liabilities to shareholders	1,792,022.26	0.00	0.00	1,792,022.26
Other liabilities	13,903,274.40	0.00	0.00	13,903,274.40
	43,385,343.55	37,463,676.42	11,697,187.65	92,546,207.62
thereof tax liabilities	2,422,269.39			
thereof social security liabilities	117,389.69			
EUR				
31/12/2017				
Liabilities to banks	22,296,393.44	40,666,509.14	16,321,074.31	79,283,976.89
Trade liabilities	15,944,445.64	0.00	0.00	15,944,445.64
Liabilities towards companies in which an interest is held	1,930,578.00	0.00	0.00	1,930,578.00
Liabilities to shareholders	767,025.35	0.00	0.00	767,025.35
Other liabilities	15,104,144.79	0.00	0.00	15,104,144.79
	56,042,587.22	40,666,509.14	16,321,074.31	113,030,170.67
thereof tax liabilities	2,188,280.84			
thereof social security liabilities	115,862.60			

Collateral furnished

Liabilities to banks in the amount of EUR 53,250k are secured by the assignment of property, plant and equipment, the assignment of claims under existing contracts as well as a pledge on business assets. The items of property, plant and equipment furnished as collateral have a carrying amount of EUR 58,222k.

4.8. Derivative financial instruments**Currency risks**

The company uses currency forwards to hedge the foreign currency risk. Where legally permissible, hedging relationships within the meaning of section 254 HGB are recognised. These are recognised to hedge individual receivables or liabilities or a group of receivables and liabilities. Currency forwards have the same amount, currency and maturity as the hedged items. The individual hedge relationships are therefore classified as effective over the entire hedging period.

As of 31 December 2018, the company had currency forwards in the amount of GBP 1,243k.

5. Disclosures on the consolidated income statement

The required disclosures regarding the items of the consolidated income statement are provided below.

Sales revenues

A breakdown of sales revenues by activities and geographic markets is provided below, reflecting the income and expense consolidation:

in KEUR	Activities							
	Plant Construction		Service		Own Plant Operation		Total	
Geographic market	2018	2017	2018	2017	2018	2017	2018	2017
Germany	5,577	6,185	29,869	33,229	99,018	95,672	134,464	135,086
Italy	0	0	3,611	4,178	15,515	15,522	19,126	19,700
Great Britain	9,857	7,625	1,550	1,483	0	0	11,407	9,108
Czechia	0	0	2,999	2,440	0	0	2,999	2,440
France	9,545	4,262	0	0	0	0	9,545	4,262
Denmark	4,125	15,123	0	0	0	0	4,125	15,123
USA	0	5,096	15	0	0	0	15	5,096
China	3,268	6,503	51	0	0	0	3,319	6,503
Greece	153	0	0	0	0	0	153	0
Others	997	807	611	656	0	0	1,608	1,463
	33,522	45,601	38,706	41,986	114,533	111,194	186,761	198,781

6. Explanations regarding the cash flow statement

Cash and cash equivalents at the beginning and the end of the cash flow statement comprise cash in hand, cash deposits at the Bundesbank, cash at banks and cheques (EUR 12,718k) as well as liabilities to banks payable on demand (EUR 645k).

No material non-cash investment and financing transactions occurred in the fiscal year nor were there any additions to cash and cash equivalents resulting from company acquisitions. The sale of a subsidiary provided the Group with cash in the amount of EUR 2,848k. This contrasted with cash disposals in the amount of EUR 1,270k.

The payments for at-equity investments relate to the

Depreciation/amortisation

Depreciation/amortisation in the 2018 consolidated financial statements prepared in accordance with the German Commercial Code comprises systematic amortisation of capitalised goodwill in the amount of EUR 765k.

No intangible asset items and items of property, plant and equipment were written down for impairment.

capital increase at one existing at-equity investment that was newly accounted for using the equity method in the fiscal year.

The proceeds from partnership drawings for at-equity investments relate to drawings of minor importance which had no effect on the investment structure.

As of the reporting date on 31 December 2018, access to cash and cash equivalents in the amount of EUR 2,344k (previous year: EUR 3,048k) was restricted. These are reserve holdings set aside as per obligations under various debt capital agreements in connection with the construction of biogas plants.

7. Other explanations

Contingent liabilities and other financial obligations

Contingent liabilities

As of the reporting date, the Group had extended a guaranty in the amount of EUR 518k (previous year: EUR 622k) towards DKB for obligations of a subsidiary accounted for using the equity method. The risk of claims being raised under this guaranty is below 50%.

As of the reporting date, the Group had furthermore extended a guaranty in the amount of EUR 200k (previous year: EUR 200k) towards Sparkasse Rotenburg-Bremervörde for obligations of a subsidiary accounted for using the equity method. The risk of claims being raised under this guaranty is below 50%.

From the Group's perspective, there was moreover a guaranty towards Oldenburgische Landesbank AG in favour of an entity accounted for using the equity method for a loan in the amount of EUR 700k (previous year: EUR 700k), which was valued at EUR 0k as at the balance sheet date. The risk of claims being raised under this guaranty is estimated at below 50%.

In addition, a guaranty in the amount of EUR 150k (previous year: EUR 150k) in favour of Nord LB existed from the Group's point of view for an entity accounted for using the equity method. Here, too, the risk of claims being raised under this obligation is below 50%.

Moreover, the Group extended a guaranty in the amount of EUR 150k (previous year: EUR 150k) in favour of Nord

LB for an entity accounted for using the equity method. Here, too, the risk of claims being raised under this obligation is below 50%.

From the Group's perspective, another guaranty in favour of DKB in the amount of 100k (previous year: EUR 100k) was granted for an entity accounted for using the equity method. Here, too, the risk of claims being raised under this obligation is below 50%.

Furthermore, a guaranty in the amount of EUR 225k was issued towards Kreissparkasse Steinfurt in favour of an entity accounted for using the equity method from the Group's point of view. Here, too, the risk of claims being raised under this obligation is below 50%.

Otherwise, a guaranty towards Nord LB in the amount of EUR 500k (previous year: EUR 500k) existed from the Group's point of view in favour of an entity accounted for using the equity method. Here, too, the risk of claims being raised under this obligation is below 50%.

Moreover, a guaranty towards Nord LB in the amount of EUR 125k (previous year: EUR 125k) existed from the Group's point of view in favour of an entity accounted for using the equity method. Here, too, the risk of claims being raised under this obligation is below 50%.

From the Group's perspective, a guaranty in the amount of EUR 500k was moreover issued towards BNP Paribas in favour of an entity accounted for using the equity method. Here, too, the risk of claims being raised under this obligation is below 50%.

Other financial obligations

Other financial obligations are shown below:

in KEUR	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
From rental agreements	79	317	409	805
From license agreements	106	213	0	319
From lease agreements	10	0	0	10
From purchase commitments	512	0	0	512
Total	707	530	409	1.646

In addition, some of the own plants have rental agreements of minor importance.

Auditor's fees

The following fees were recognised as expenses for the services provided by the auditors of the consolidated financial statements, Michael Kohl GmbH Wirtschaftsprüfungsgesellschaft:

	2018 in KEUR
Audits of financial statements	100
Other services	0
Total	100

Related party disclosures

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Staff

The table below shows the average staff numbers of the worldwide member companies of the EnviTec Group in 2018:

	2018	2017
Blue-collar staff	53	45
White-collar staff	374	412
Total	427	457

Governing bodies of the company

Executive Board

The Executive Board was composed of the following members in the past fiscal year:

Olaf von Lehmden, Businessman,
Chief Executive Officer (CEO)
since 1 July 2007

Jörg Fischer, Weyhe, Businessman,
Chief Financial Officer (CFO)
since 1 July 2007

Jürgen Tenbrink, Steinfurt, Engineer,
Chief Technology Officer (CTO)
since 1 July 2010

No other mandates are held by the members of the Executive Board.

The compensation of the Executive Board consists of the following components

- > Fixed compensation in the form of a monthly salary
- > Variable compensation based on the operating result of the EnviTec Group and the achievement of personal targets

As compensation for a competition prohibition imposed on them following the regular end of their activity as a member of the Executive Board, the members of the Executive Board will receive an ex gratia payment equal to 50% of the fixed compensation last received for a period of up to one year. In the event of premature termination of their activity as a member of the Executive Board, the ex gratia payment depends on the circumstances of the termination pursuant to section 75 of the German Commercial Code.

The following compensation was paid to the members of the Executive Board in the fiscal year 2018:

in EUR	Fixed		Variable		Other *		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Olaf von Lehmden	154,537	154,537	33,333	28,333	2,070	2,070	189,940	184,940
Jörg Fischer	142,800	142,800	33,333	28,333	10,491	10,491	186,624	181,624
Jürgen Tenbrink	130,287	130,287	33,333	28,333	11,177	12,710	174,797	171,330

*Other compensation includes benefits in money's worth resulting from the use of company cars as well as the portions of the D&O insurance attributable to the Executive Board members

Supervisory Board

Appointees to the Supervisory Board in the reporting period:

- > Mr Tobias Schulz (Chairman), Businessman, Managing Director of SCHULZ Systemtechnik, Visbek
- > Mr Michael Böging, Businessman, Managing Director of Unternehmensgruppe Weiße Köpfe GmbH, Emstek
- > Mr Franz-Josef Holzenkamp (Vice Chairman), Businessman, Agricultural Entrepreneur, Chairman of the Supervisory Board of AGRAVIS Raiffeisen AG, Member of the Supervisory Board of LVM Krankenversicherungs-AG, Member of the Supervisory Board of LVM Lebensversicherungs-AG, Member of the Supervisory Board of LVM Landwirtschaftlicher Versicherungsverein Münster a.G.

In the fiscal year 2018, expenses did not include fixed compensation for the Supervisory Board activity at EnviTec Biogas AG (previous year: EUR 5,000).

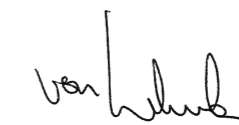
Other compensation (meeting attendance fees and refunds of expenses) was not paid (previous year: EUR 10,202).

8. Profit appropriation

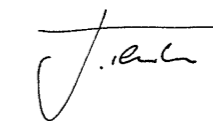
The Executive Board and the Supervisory Board of EnviTec Biogas AG will propose a dividend of EUR 1.00 per share to the shareholders at the ordinary Annual General Meeting on 2 July 2019. Including own shares held by the company, this is equivalent to a total dividend payout of EUR 14,850k.

Given that the profit distribution requires the approval of the Annual General Meeting, no liability has been recognised in the balance sheet.

Lohne, 10 May 2019



Olaf von Lehmden



Jürgen Tenbrink



Jörg Fischer

FINANCIAL CALENDAR

14 MAY 2019
ANNUAL ACCOUNT 2018

02 JULY 2019
ANNUAL GENERAL MEETING

30 SEPTEMBER 2019
INTERIM REPORT 1ST HALF YEAR 2019

IMPRINT

PUBLISHER

EnviTec Biogas AG
Industriering 10 a
49393 Lohne
Tel.: +49 (0) 4442 / 8016-8100
Fax: +49 (0) 4442 / 8016-98100
E-Mail: info@envitec-biogas.de
www.envitec-biogas.de

INVESTOR RELATIONS

MARKETING/PUBLIC RELATIONS

Katrin Hackfort
Tel.: +49 (0) 2574 / 8888-810
Fax: +49 (0) 2574 / 8888-100
E-Mail: k.hackfort@envitec-biogas.de

CONCEPT, REALIZATION

Kreutzmann Unternehmenskommunikation, Hamburg

TEXT

IR.on Aktiengesellschaft, Cologne

EnviTec Biogas AG

Headquarters:

Industriering 10 a
D-49393 Lohne
Tel.: +49 (0) 4442 / 8016-8100
Fax: +49 (0) 4442 / 8016-98100

Sales:

Boschstraße 2
D-48369 Saerbeck
Tel.: +49 (0) 25 74 / 88 88-0
Fax: +49 (0) 25 74 / 88 88-800

info@envitec-biogas.com
www.envitec-biogas.com

