# GASAG-GROUP ANNUAL REPORT 2021

**NEU DENKEN.**
MIT VOLLER ENERGIE.

GASAG

# KPIs
# OF THE GASAG GROUP

In Accordance with IFRSs for the fiscal years 2019 – 2021

| | UNIT | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Revenue** | **EUR m** | **1 ,357** | **1 ,223** | **1 ,252** |
| thereof gas | EUR m | 821 | 722 | 772 |
| thereof electricity | EUR m | 246 | 270 | 248 |
| **Gas sales** | **GWh** | **21 ,385** | **25 ,302** | **25 ,206** |
| **Electricity sales** | **kWh m** | **1 ,490** | **1 ,862** | **1 ,643** |
| **Cost of materials** | **EUR m** | **935** | **868** | **908** |
| **Technical figures for gas** | | | | |
| Length of pipe system [1] | km | 14 ,298 | 14 ,243 | 14 ,152 |
| House connection pipes | units | 360 ,797 | 355 ,794 | 350 ,128 |
| Installed gas meters | units | 776 ,463 | 777 ,437 | 778 ,517 |
| Personnel | | | | |
| Employees as of Dec. 31 | no. | 1 ,661 | 1 ,702 | 1 ,708 |
| **EBIT** | **EUR m** | **135** | **76** | **64** |
| **Adjusted EBIT [2]** | **EUR m** | **116** | **114** | **114** |
| **EBITDA** | **EUR m** | **235** | **172** | **156** |
| **ROCE [2,3]** | **%** | **7.7** | **7.7** | **8.0** |
| **Profit or loss for the period** | **EUR m** | **91** | **39** | **32** |
| **Balance sheet total** | **EUR m** | **2 ,691** | **2 ,146** | **2 ,112** |
| Non-current assets | EUR m | 2 ,021 | 1 ,928 | 1 ,882 |
| Equity | EUR m | 977 | 682 | 674 |
| Equity ratio | % | 36 | 32 | 32 |
| **Earnings per share** | **EUR** | **11.23** | **4.56** | **3.69** |
| **Investments, amortization and depreciation** | | | | |
| Investments in assets | EUR m | 125 | 131 | 125 |
| Amortization and depreciation | EUR m | 100 | 96 | 92 |
| **Net Debt [4]** | **EUR m** | **757** | **734** | **673** |
| **Funds From Operations [5]** | **EUR m** | **216** | **153** | **108** |

[1] the supply network comprises medium and low-pressure lines
[2] internal performance indicator. Adjusted one-off effects and without discontinued operations
[3] ROCE (Return on capital employed) acc. to retroactive uniform definition
[4] Net Debt = Fin. liabilities plus lease liabilities minus liabilities from Derivatives and minus cash and cash equivalents
[5] FFO = Profit for the period +/- corrective of non-cash expenses / income

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# GROUP MANAGEMENT REPORT OF GASAG AG

# BACKGROUND OF THE GROUP
of GASAG AG, Berlin
for Fiscal Year 2021

## 1 BACKGROUND OF THE GROUP

### 1.1 BUSINESS MODEL
GASAG AG, Berlin (GASAG) steers the GASAG Group.

The business activities of the GASAG Group involve the transportation, storage, distribution and sale of natural gas, heat, electricity and water, the production of biogas and electricity from renewable sources, the operation of facilities for distributed energy supply and the provision of energy services. Other areas of activity are meter-reading services and consumption-billing, meter management, and the set-up, repair and overhaul of energy installations.

Our customers include private households, trade and industry, companies in the housing sector, hospitals and municipal entities, redistributors and users of gas transport services. Our business activities focus on the Berlin-Brandenburg metropolitan region.

Our actions in general and our business activities in particular are significantly affected by external factors, which have an effect on our results of operations. These factors primarily consist of the success in sales and regulatory requirements, the framework for awarding concessions and their usage, as well as the legal requirements in connection with the new energy policy. Weather conditions are also another key factor affecting the financial position and results of operations.

### 1.2 Strategies, Targets and Measures
The consequences of the energy turnaround, the development of procurement and purchasing costs at the end of the financial year, further changes in customer requirements, intense competition, new political conditions at federal and state level, and new regulatory requirements require the active further development and implementation of the GASAG Group's strategy. In particular, the increased national, European and global efforts to curb climate change have added significant market, social and operational challenges for the GASAG Group. Furthermore, the ongoing global COVID 19 pandemic is having an impact on the GASAG Group's operations and market environment.

#### Initiation of "Future G"
Against the background of these significant strategic challenges, the GASAG Group initiated the group-wide strategy program "Future G" in April 2021.

The core result is the consistent orientation of the GASAG Group towards the goal of complete climate neutrality in 2040, without jeopardizing the preservation and perspective expansion of the company's value in the medium and long term.

The objective of the program is to strengthen the GASAG Group as a provider of climate-neutral heating and energy solutions, primarily for Berlin and Brandenburg, to enable sustainable and profitable growth in the long term, as well as to secure the value of the investments made and to focus on future-proof investments. The GASAG Group's particular focus is also on enabling customers to become climate neutral through energy solutions, products and infrastructure.

In addition, continuous work on efficiency improvements in all areas of the company, i.e., our business units and administrative functions, will be continued.

The GASAG Group has defined the following fields of action in the business units for the implementation of the transformation path:

The Networks business unit (GE Networks) is driving forward the transformation of the gas network into a climate-neutral energy infrastructure by upgrading the networks to H2 capability. The focus here is on realizing future-proof investments while meeting regulatory requirements. In addition, existing networks will be further modernized and maintained..

The private and commercial customers business unit (GE PuG) concentrates on stabilizing sales and margins in gas and electricity sales. The focus is on the core markets of the GASAG Group. The sale of green heat and energy services is being expanded and green term products are being ambitiously developed further.

The Green Solutions (GE GS) business unit [formerly major customers and energy services GE GK/EDL] has a consistent focus on achieving increased growth by supplying customers with climate-neutral heating, cooling and energy solutions. At the same time, the business unit actively supports its customers in their transformation to a climate-neutral future. Significant earnings and sales growth is planned for Green Solutions in the medium term, and the level of capital expenditure is also to be increased accordingly.

#### Milestones on the way to climate neutrality for the GASAG Group by 2040
In order to gradually reach the ambitious targets for achieving climate neutrality, key milestones have been defined as intermediate steps: From 2025, the GASAG Group's own organization is to be climate neutral, and from 2030, 50 % of all GE PuG term products and 66 % of all GE GS new projects are to be climate neutral.

#### Preparation of a carbon footprint for 2019
In order to continuously measure the success of the GASAG Group's climate targets, a carbon footprint was prepared for the first time in 2021 for the base and reference year 2019. The balance sheet prepared in accordance with the "Greenhouse Gas Protocol" standard was audited and certified by TÜV Rheinland.

#### Completion of "GASAG 2025" on schedule
The transformation program "GASAG 2025" was successfully completed on schedule at the end of the financial year 2021. In 2018, the program began with the aim of optimizing structures and processes; in addition, a new control and management model, as well as a modern corporate and management culture were established in the GASAG Group. The savings target from "GASAG 2025" was overachieved in 2021 with measures that were implemented and had an impact on earnings. The GASAG Group has significantly improved its management structure and the way it works together.

**Operational measures to contain COVID-19.**
The global COVID-19 pandemic, which persisted in the reporting year, continued to present the GASAG Group, like many other companies, with extraordinary challenges. In order to protect the health of all employees, the rules for safe operating procedures in the various company and activity areas were dynamically adapted to the official requirements and additional measures were implemented to protect against infection (including maximum occupancy regulations, increased hygiene standards, distance rules and mandatory masks in office areas, the establishment of vaccination and testing offers and the implementation of access regulations).

**Business development in the business units**
In all business units, key strategic action areas for achieving climate and earnings targets were defined and implemented as part of the "Future G" program.

At GE PuG, the focus was not only on further developing and enhancing the efficiency of the organization, but also on securing prices and energy volumes in a volatile market environment. In this context, PuG continued to position itself as a reliable partner for customers in the tense situation on the energy markets with a massive increase in global gas and electricity trading prices from the second quarter of 2021. As a basic gas supplier, the GASAG Group stands for a secure and reliable supply for hundreds of thousands of customers, even in times of high price volatility. Furthermore, a customer offer for photovoltaic and storage solutions was successfully launched.

The GE GS continued to pursue a strategy focused on growth in the energy services business, increased profitability in the key account business, and the development of climate-neutral products and services. Among other things, the Conclusion of the contract for the holistically designed and future-oriented neighborhood project "Das neue Gartenfeld", which will lead to $CO_2$ savings of more than 1,100 tons per year with the combination of innovative combined heat and power generation and renewable energies.

In GE Networks, activities focused on achieving the planned cost and investment level as part of the "NBB 4.0" program, upgrading and renewing the network, and investing in future viability ("H2 -Readiness").

**Management Board change and change in the chairmanship of the Supervisory Board**
On January 28, 2021, the Annual General Meeting appointed Mr. Manfred Schmitz, as successor to Mr. Michael Hegel, as the new Chairman of the Supervisory Board of GASAG.

With the resignation of the Management Board mandate by Dr. Gerhard Holtmeier on On March 31, 2021, Mr. Georg Friedrichs succeeded him as the new CEO with effect from April 1, 2021.

Mr. Michael Kamsteeg resigned from the management board with effect from February 24, 2022.

**Relocation of Group companies**
In April 2021, GASAG changed its business location and moved into the so-called "Energiequartier" at the EUREF Campus in Berlin-Schöneberg. In addition to modern and openly designed office space, the energy district impresses with a joint and thus resource-saving use of the premises on the part of the various group functions and business units.

GASAG Solution Plus GmbH, Berlin, (hereafter referred to as GASAG Solution) has also moved to the EUREF campus in summer 2021.

NBB Netzgesellschaft Berlin-Brandenburg GmbH & Co. KG, Berlin, (hereafter referred to as NBB) moved its registered office to the so-called "Netzquartier", which is also located on the EUREF Campus, in July 2021.

In January 2021, EMB Energie Mark Brandenburg GmbH, Michendorf, (hereafter EMB) moved into the new "Energy House" in Michendorf.

# 2 ECONOMIC REPORT

## 2.1 MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

**Global price increases on the energy markets**
Prices on the energy and other raw material markets rose to an all-time high in the second half of the reporting year. The cold winter of 2020/21 contributed to this, as did the pick-up in economic activity following the lockdown phases, especially in Asia. Added to this was the switch by many European power producers from oil and coal to gas, as well as political influences. The historically high procurement prices have led to significant price adjustments throughout the industry and numerous insolvencies of energy supply companies.

**Impact of the global COVID-19 pandemic in Germany**
The infectious disease COVID-19, caused by the novel coronavirus SARS-CoV-2, has been spreading in Germany since January 2020. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The pandemic and the health protection measures associated with it have had and continue to have significant economic and social consequences in Germany, Europe and many other affected countries worldwide.

In the year under review, extensive measures were implemented in Germany, particularly during the third wave of the pandemic in the spring and the fourth wave in the fall and winter, which in some cases severely restricted public life.

As a result, economic development in Germany and worldwide remained strongly influenced by the pandemic. This is particularly evident in the development of energy prices, which were influenced by Corona, and the global supply chains, which are still under pressure and also affect the energy industry. Due to the economic recovery, energy consumption volumes are approaching or exceeding pre-Corona levels again.

**Economic development**
Economic development in the Federal Republic of Germany will continue to be influenced by the global COVID 19 pandemic in 2021. After a renewed slump in the economy in the first quarter of 2021, there was steady growth in the following quarters. This occurred despite constraints in global supply chains that led to historically unprecedented shortages of intermediate goods and likewise a sharp rise in energy prices. These factors, as well as some special effects, caused a sharp rise in the inflation rate in the second half of the year. In November and December in particular, the inflation rate was over 5 %; driven also by the sharp rise in energy costs.

Gross domestic product in Germany grew by 2.7 % in the reporting year. Compared with the forecast, there was a decline of 0.3 percentage points; previously, growth of 3.0 % had been expected.

The development of the labor market improved slightly. The number of people in employment in 2021 was at the same level as in 2020, but remains below the pre-crisis level. The unemployment rate, measured as the share of unemployed persons in the labor force, decreased over the year.

The outlook and further development of the pandemic and its social, political and economic consequences remain subject to uncertainty for the subsequent year 2022. The German government's forecast assumes an economic recovery and significant catch-up effects, which will cause gross domestic product to grow by 4.1 %.

**Total energy consumption**

Energy consumption in Germany rose again in 2021, following a significant decline in 2020. According to calculations by the Arbeitsgemeinschaft Energiebilanzen e.V. (AGEB), Berlin, primary energy consumption in Germany increased by approximately 2.6 % to 12,193 petajoules (PJ) (equivalent to 3,386.9 TWh) compared with the previous year. The rise in consumption is mainly due to the revival of economic activity in Germany, Europe and the world.

**Natural gas consumption**

According to estimates by BDEW in January 2022, natural gas consumption in Germany increased by almost 4 % year-on-year to 1,003 billion kWh. This increase not only exceeds 2020, which was heavily influenced by corona effects, but also exceeds 2019 by around 2 %. The increase in consumption is mainly due to the cooler and, for the most part, rather windless weather, which led to the increased use of natural gas in both heat and power generation. By contrast, the massive price increase for natural gas, among other things, from mid-2021 onward led to increased use of other energy sources in power and heat generation and thus to a dampening of demand.

**Electricity consumption**

According to estimates by BDEW in January 2022, electricity consumption in 2021 amounted to 562 billion kWh, an increase of almost 3 % compared with the previous year. The main reason for this development was the economic recovery from March 2021, which in the meantime led to a consumption level of before the COVID-19 pandemic.

## 2.2 ENERGY POLICY

### 2.2.1 EUROPEAN ENERGY POLICY

**"Fit for 55" package**

To implement the climate targets set out in the European Green Deal, the European Commission presented its "Fit for 55" package in 2021, a catalog of 54 measures. This proposes changes to various directives and regulations, including the Renewable Energy Directive and the Gas Package, as well as the Building Efficiency Directive. The package of measures is intended to ensure that the Europe-wide $CO_2$ reduction target of minus 55 % by 2030 is achieved. For example, it is envisaged that the share of renewable energies in heat consumption should consequently be 49 %. Regulatory proposals for the ramp-up of the hydrogen economy are also envisaged as part of the gas package, such as concessionary grid usage fees for hydrogen networks and unbundling requirements for hydrogen network operators. Before the Commission's proposal is adopted, however, the next step is for the European Parliament and the European Council of Ministers to give their approval.

**EU-Taxonomie**

In 2021, the EU Commission presented the first two of a total of six environmental targets, namely on climate protection and adaptation to climate change, as part of the EU Taxonomy, a classification system for sustainable investments. This makes it possible to check which economic activities meet sustainability criteria on the basis of the Taxonomy catalog. On December 31, 2021, the EU Commission still presented the draft of the delegated act for investments in technologies around the energy source natural gas and nuclear energy, which was initially excluded. According to this, the taxonomy will be opened up for natural gas, but only if ambitious efficiency and climate protection requirements are met. The first-time application of the taxonomy will result in corresponding reporting requirements for relevant and non-relevant economic activities from financial year 2023, which will be prepared in financial year 2022.

### 2.2.2 GERMAN FEDERAL ENERGY POLICY

**Hydrogen networks in energy law**

The "Act on the Implementation of EU Requirements and the Regulation of Pure Hydrogen Networks in Energy Industry Law" created (transitional) foundations for the national regulation of hydrogen networks, which came into force through the amendment of the EnWG on July 27, 2021. This includes specific regulations on unbundling, as well as on connection, access and expansion of hydrogen networks. There are currently no requests from third parties to feed hydrogen into the networks operated by NBB.

On December 15, 2021, the European Commission presented legislative proposals for the further implementation of the European Green Deal, including proposals for the future design of the Gas Market Directive. These include proposals for the future European regulatory framework for hydrogen networks, which are to be transposed into national law once the legislative process has been completed.

**Subsidy regime for the heating sector**

Even before the federal elections, the grand coalition increased federal funding for buildings (BEG) by EUR 5.7 billion. This means that in 2022 the federal government will provide a total of more than EUR 11 billion for energy-related measures to implement the heat turnaround, thus underlining the high importance of the building sector as part of its climate protection policy. In addition, the former German government announced that from 2023 no more subsidies would be made available for exclusively fossil-fuelled heating systems. Instead, the new Federal Ministry of Economics and Climate Protection proposes in the authority's opening statement that federal subsidies for efficient heating networks should come into force immediately following approval under state aid law.

**Coalition agreement of the new federal government**

In November 2021, the new German government presented its coalition agreement. In order to accelerate the energy turnaround, the coalition partners SPD, Bündnis 90/Die Grünen and FDP have announced that they will further develop the Climate Protection Act as early as 2022 and quickly establish measures with an immediate climate protection program. In the energy and climate policy section, which does not contain any technology bans, the agreement is above all a target-oriented agreement. The coalition partners have agreed, for example, to ideally phase out coal-fired power generation by 2030 and close the resulting supply gap with a significant expansion of wind and photovoltaic power and high investment in new gas-fired power plants. The importance of hydrogen for the successful implementation of the energy transition is also underscored.

Ambitious climate protection targets have also been defined for the heating sector. According to these targets, 65 % of new heating systems are to be powered by renewable energies from 2025 and 50 % of all buildings are to be heated with renewable energies by 2030. Among other things, this will be achieved through comprehensive municipal heating planning.

### 2.2.3 BERLIN'S ENERGY POLICY

#### Amendment of Berlin Energy Transition Act, Berlin Solar Act and development of a heating strategy

As one of its last official acts, the former state government still passed the amendment to the Climate Protection and Energy Transition Act (EWG Berlin) in August 2021, thereby tightened its climate policy targets once again. Climate neutrality is now also to be achieved at the state level by 2045. To achieve the targets, for example, a solar and green electricity obligation is planned for all public buildings. And the Solar Act, which is to come into force at the beginning of 2023, also provides for a legally mandated, general photovoltaic share of 25 % of electricity consumption by 2050. The heating market also plays a key role in Berlin's climate policy. This is underlined in the heating market strategy completed at the end of 2021. In addition to regulating the heating network, it proposes that a ban on the combustion of oil and natural gas be examined.

#### Berlin coalition agreement

Within the framework of the coalition agreement of the new state government, consisting of SPD, Bündnis90/Die Grünen and Die Linke, the anchored climate protection and photovoltaic expansion targets from the EWG Berlin and the Solar Act were confirmed. In addition, aspects of the heating market strategy are to be incorporated into a planned Berlin Renewable Heat Act, such as the requirement to switch exclusively to climate-neutral systems when replacing heating systems. Furthermore, a feasibility study is to be carried out by 2023 to examine the extent to which a plannable and socially acceptable substitute for natural gas in the energy supply can be achieved.

## 2.3 BUSINESS DEVELOPMENT

At 21,384.9 million kWh, the Group's gas sales to end customers and redistributors were 15.5 % lower than in the previous year, mainly as a result of the 49.1 % drop in the volume of business with redistributors, which was deliberate in terms of business strategy. Gas sales to end customers increased by 4.3 % year-on-year due to weather conditions. The 2021 annual mean temperature of 10.0°C for Berlin was 1.7°C lower than the previous year (11.7°C) and 0.3°C below the standard year (10.3°C). Heating degree values increased by 11.3 % compared to the previous year and were 2.2 % above those of the standard year. As in the previous year, the annual mean temperature and the development of the heating degree values for Brandenburg were at a level comparable to that of Berlin.

In the 2021 financial year, electricity sales decreased year-on-year from 1,861.9 million kWh to 1,490.2 million kWh. The decline was mainly due to lower trading volumes and lower customer-specific consumption in the end customer segment.

At 49,546.0 million kWh, transport volumes in the gas network - gas transport - were moderately higher than in the previous year (43,730.1 million kWh, +13.3 %). The transport volumes increased significantly by 4,603.6 million kWh in the end customer area and by 1,212.4 million kWh in the case of natural gas-fired combined heat and power plants, mainly due to temperature factors.

Compared to financial year 2020, heat sales in 2021 increased by 79.3 million kWh to 529.8 million kWh.

The volume of electricity generated in the Group from **contracting facilities** amounted to 60.6 million kWh. At 56.5 million kWh, the previous year's level was slightly lower.

The **photovoltaic plants** operated by the GASAG Group in Berlin and Brandenburg with an installed capacity of 45.8 MWp (previous year: 41.7 MWp) generated 43.3 million kWh of electricity (previous year: 43.1 million kWh).

With a total installed capacity of the three **wind turbines** of 7.5 MW, electricity production in the financial year amounted to 15.9 million kWh (previous year: 20.2 million kWh).

The transport volumes in Forst's **electricity network** increased by 2.7 % year-on-year to 52.6 million kWh.

#### Closure of the gas storage facilities in Berlin

The final operating plan of Berliner Erdgasspeicher GmbH (hereafter referred to as BES) and the resulting expected decommissioning permit from the responsible mining authority is anticipated in the fourth quarter of financial year 2022. Until then, backfilling will be approved under the currently valid main operating plan and the individual operating plans for the backfills will only be approved if these wells are of no significance for monitoring or gas production in the course of further decommissioning and a risk to public safety is permanently ruled out after backfilling. Aftercare and decommissioning activities are proceeding according to plan.

Activities for the possible subsequent use of the storage facility are being driven forward. BES originally pursued two initiatives, on the one hand consisting of a $CO_2$-neutral intelligent neighborhood concept with a geothermal heat supply and storage and on the other hand the underground methanization in the aquifer storage. However, implementation of the underground methanization is not apparent from a technical and economic point of view. The project will therefore be completed by March 31, 2022.

## 2.4 OWNERSHIP STRUCTURE

By shareholders' resolution dated June 17, 2021, DSE Direkt-Service Energie GmbH was renamed "GASAG next GmbH", Berlin. The company sells new energy products, primarily photovoltaic systems. GASAG holds 100 % of the shares in the company.

GASAG Solution increased its share in Geo-En Energy Technologies GmbH, Berlin, from 96 % to 100 %.

At EMB, the shareholdings in GreenGas Produktionsanlage Rathenow GmbH & Co. KG and GreenGas Verwaltungs GmbH were sold.

## 2.5 LEGAL ISSUES

### Concession Award Process in Berlin

The legal dispute regarding the reallocation of the Berlin gas network concession was successfully concluded for GASAG and NBB with the ruling of the Federal Court of Justice on March 9, 2021. The Federal Court of Justice ordered the State of Berlin to award the gas network concession to NBB. The gas concession agreement between the State of Berlin and NBB came into effect when the judgment was pronounced in accordance with section 894 of the German Code of Civil Procedure (ZPO). Accordingly, the Senate Department for Finance of the State of Berlin declared the concession award procedure, which had been postponed by the modified second procedural letter of May 7, 2020, to be without object. The preliminary injunction proceedings conducted in this regard were declared settled.

The gas concession agreement runs until December 31, 2024, and may be extended a maximum of two times, each time for a further five years, unless the State of Berlin objects to the extension of the agreement in writing at the end of the month no later than 25 months before the expiry of ten or fifteen years. An extension beyond December 31, 2024 can be objected to until November 30, 2022.

### Consortium agreement

The consortium agreement between the GASAG shareholders Vattenfall GmbH and ENGIE Beteiligungs GmbH has been implemented since January 1, 2021. As a result, a report by the management board on GASAG's relationships with affiliated companies in accordance with Sec. 312 AktG (dependent company report) was prepared for the financial year 2021.

### 2.5.1 CORPORATE GOVERNANCE STATEMENT

Within the scope of the Act on the Equal Participation of Women and Men in Management Positions in the Private and Public Sector, the supervisory board of GASAG set targets for both the supervisory board and the management board in June 2015. The management board of GASAG also defined targets for the two management levels below the management board (divisional management and departmental management).

| TARGETS IN % | 30.06.2017 | 30.06.2022 |
|---|---|---|
| Supervisory board | > 14 | > 30 |
| Management board | > 30 | > 30 |
| First level of management below the management board | > 10 | > 30 |
| Second level of management below the management board | > 20 | > 30 |

As of 31 December 2021, the proportion of women on the Supervisory Board increased at 28,6 %.

Mr. Georg Friedrichs took over as Chairman of the Executive Board on April 1, 2021. The other members of the Management Board remained unchanged. Due to the male composition of the Executive Board, the target quota set by the Supervisory Board was not achieved at this level.

At the first management level of GASAG, the target was clearly achieved with a share of women of 40 %; at the second management level, women are represented with a share of 25 %, which means that this management level is also within the defined target range as of the reporting date.

# 3 ASSETS, LIABILITIES, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Against the background of the corona pandemic, ad hoc reporting was already installed in the GASAG Group in financial year 2020, which shows significant corona effects compared to the forecast. In financial year 2021, there will only be minor economic effects; these mainly relate to volume reductions and various project delays in the construction process of contracting projects.

## 3.1 FINANCIAL PERFORMANCE

The earnings situation presented in section 3.2.1 relates exclusively to continuing operations. Discontinued operations relate to the facilities of the natural gas storage facility that are in post-closure and decommissioning operations.

Restructuring expenses in connection with the transformation program "GASAG 2025" mainly comprise expenses for personnel instruments, expenses for consulting and IT costs and are described in the following chapter under personnel expenses and other operating expenses.

### 3.1.1 RESULTS FROM CONTINUING OPERATIONS

**Sales** increased by EUR 133.5 m year-on-year to EUR 1,356.6 m (prior year: EUR 1,223.1 m). Of this, EUR 876.3 m or 64.6 % (prior year: EUR 761.5 m or 62.3 %) relates to natural gas and heat supply. This was mainly due to the passing on of higher cost components (carbon tax) and higher consumption as a result of the comparatively cooler weather compared with the previous year. Of this, EUR 246.1 m or 18.1 % (prior year: EUR 270.1 m or 22.1 %) relate to electricity supply. The decrease is mainly attributable to non-period sales due to lower customer consumption compared with the previous year's estimate.

**Other operating income** including the **change in inventories** of EUR 51.0 m (prior year: EUR 53.9 m) decreased by –EUR 2.9 m (–5.4 %).

The **cost of materials** increased by EUR 67.7 m compared with the previous year to EUR 935.3 m (previous year: EUR 867.6 m). Of this, EUR 578.4 m (previous year: EUR 469.0 m), natural gas accounted for 60.0 % (previous year: 54.1 %) of this increase. The increase is mainly due to the first-time recognition of the carbon tax and the significant rise in energy procurement costs in the second half of the year. At EUR 129.8 m (previous year: EUR 150.7 m), electricity accounted for 13.9 % (previous year: 17.4 %) of the total. The decrease is mainly due to a lower EEG levy.

**Personnel expenses** remained at approximately the same level as in the previous year, changing by EUR 0.7 m to EUR 124.0 m (–0.6 %). The reduction in the number of employees was offset by collective pay increases in the financial year. The average number of employees (excluding employees in the release phase of phased retirement) therefore dropped to 1,619 compared with 1,658 in the prior year.

**Amortization and depreciation** increased by EUR 4.3 m from EUR 96.1 m to EUR 100.4 m (4.5 %). The increase is mainly due to unscheduled depreciation of a photovoltaic plant in Berlin-Mariendorf as a result of the prematurely planned dismantling of the plant. The plant will remain in operation until it is dismantled.

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**Other operating expenses** increased by EUR 0.3 m compared with the previous year (EUR 112.7 m) to EUR 113.0 m (0.3 %).

**Profit from operations (EBIT)** amounts to EUR 135.1 m (previous year: EUR 75.7 m). The change is mainly attributable to positive weather-related effects of +EUR 26.1 m (previous year: –EUR 19.5 m), EUR 11.2 m higher sales from network charges excluding weather-related effects, and lower restructuring expenses compared with the previous year of EUR 5.3 m (previous year: EUR 8.1 m). Adjusted for weather-related effects, restructuring expenses and other one-off effects, EBIT was on a par with the previous year.

**Finance costs** decreased by EUR 2.9 m to EUR 15.9 m (previous year: EUR 18.8 m).

The **other financial result** improved significantly by EUR 6.3 m to EUR 5.7 m (previous year: –EUR 0.6 m). The change in the other financial result is mainly attributable to the fair value Valuation of an investment.

The i**nvestment result** increased to EUR 2.9 m in the financial year (previous year: EUR 0.7 m). The increase is mainly due to the valuation of associated companies..

**Income taxes** increased by EUR 17.6 m year-on-year to EUR 36.5 m (prior year: EUR 18.9 m).

The profit from **continuing operations** amounted to EUR 91.3 m in financial year 2021, compared with EUR 38.2 m in the prior year.

Including the result from discontinued operations, **net income** for 2021 thus amounts to EUR 91.6 m (prior year: EUR 38.8 m).

#### 3.1.2 RESULTS OF OPERATIONS FROM DISCONTINUED OPERATIONS

Based on the application of IFRS 5, the result from **discontinued operations** as of December 31, 2021, amounted to EUR 0.4m (previous year: EUR 0.6m). Please refer to section 6, note "(10) Profit or Loss From Discontinued Operations " in the notes to the consolidated financial statements.

### 3.2 FINANCIAL POSITION

#### 3.2.1 CAPITAL STRUCTURE

The financial requirements of the GASAG Group are covered by cash flows from operating activities, and by short and long-term bank loans as well as borrower's note loans and lease agreements. The nature and scope of financing are based on the Group's planned investments and opertions.

The credit and guarantee lines of our Group are provided by a total of nine banks, some of which have no fixed terms. Written credit and guarantee lines were available in the amount of EUR 149.2 m as of the balance sheet date. At the end of the financial year, utilisation was mainly through guarantees and amounted to EUR 43.5 m. In addition, further verbally committed unused credit lines are available.

Long-term refinancing requirements result mainly from network investments and projects in renewable energies as well as from investments in GE GS. Refinancing is long-term. The Group's financing included in current and non-current financial liabilities is diversified among 42 banks and other financial partners.

#### 3.2.2 LIQUIDITY

The entities of the GASAG Group use rolling 12-month liquidity plans to determine their liquidity requirements. A uniform group-wide system is used for liquidity planning that supports the liquidity management system and ensures the development of liquidity in the Group is monitored. The entities of the GASAG Group were in a position to meet their financial obligations at all times during the financial year.

#### 3.2.3 STATEMENT OF CASH FLOWS

| IN EUR M | 2021 | 2020 |
|---|---|---|
| Profit before income taxes from continuing operations | 127.7 | 57.1 |
| Profit or loss before income taxes from discontinued operations | 0.5 | 0.9 |
| Income taxes paid | –11.2 | –2.0 |
| Change in working capital | –117.5 | 10.3 |
| Change in other items | 165.6 | 96.9 |
| Cash flows from operating activities | 165.1 | 163.2 |
| Cash flows from investing activities | –116.8 | –147.4 |
| Cash flows from financing activities | –50.5 | –14.6 |
| **Cash and cash equivalents at the end of the period** | **6.0** | **8.2** |

At EUR 165.1 m, the GASAG Group's **cash flows from operating activities** are at the prior-year level (prior year: EUR 163.2 m).

**Cash flows from investing activities** of –EUR 116.8 m (prior year: –EUR 147.4 m) chiefly comprise cash paid for replacement and expansion investments in gas distribution facilitiesand financial investments.

**Cash flows from financing activities** of –EUR 50.5 m (prior year: –EUR 14.6 m) mainly include cash outflows of –EUR 35 m (prior year: outflow of –EUR 52.2 m) for dividend payments, outflows of –EUR 84.6 m (prior year: –EUR 213.6 m) for loan repayments, and proceeds from borrowings in the amount of EUR 80.3 m (previous year: EUR 264.2 m).

The **cash and cash equivalents** comprise bank balances, cash on hand and short-term deposits.

### 3.2.4 NET FINANCIAL POSITION

The net financial position comprises cash and cash equivalents less financial liabilities, lease liabilities and balance of positive and negative fair values of derivatives.

| IN EUR M | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | 6.1 | 8.2 |
| Liabilities to banks | –568.4 | –573.6 |
| *thereof due in up to 1 year* | *–213.6* | *–89.6* |
| *thereof due after 1 year* | *–354.8* | *–484.0* |
| Other financial liabilities | –92.3 | –91.5 |
| *thereof due in up to 1 year* | *–0.4* | *–1.5* |
| *thereof due after 1 year* | *–91.9* | *–90.0* |
| Leasing liabilities | –102.8 | –77.1 |
| *thereof due in up to 1 year* | *–9.9* | *–9.8* |
| *thereof due after 1 year* | *–92.9* | *–67.3* |
| Derivatives | 271.7 | –1.5 |
| **Net financial position** | **–485.7** | **–735.5** |

The improvement in the net financial position is mainly attributable to the increase in the fair values of commodity derivatives and the change in liabilities to banks due to scheduled repayments and new borrowings. The increase in lease liabilities resulted primarily from the recognition of the new lease agreement of NBB on the EUREF campus. Furthermore, there were liquidity inflows from margin requirements as part of energy-related exchange transactions in financial year 2021. Adjusted for derivatives and leasing liabilities, the net financial position was at the level of the previous year.

## 3.3 ASSETS AND LIABILITIES

The **non-current assets** (excluding deferred taxes) increased by EUR 110.1 m to EUR 1,996.8 m (prior year: EUR 1,886.8 m).

**Intangible assets** decreased by –EUR 2.1 m to EUR 185.8 m against the prior year (prior year: EUR 187.9 m).

Investments in **property, plant and equipment** at the GASAG Group decreased by EUR 6.2 m to EUR 125.0 m. Thereof EUR 93.2 m relates to measures in gas distribution facilities.

The **rights of use** balance sheet item includes leasing rights in accordance with IFRS 16. This primarily relates to leases from Group entities for office buildings at the new location on the EUREF campus. The lease termination options were taken into account in the valuation.

**Inventories** increased by EUR 63.4 m to EUR 74.4 m. The increase is mainly due to the first-time purchase of $CO_2$ certificates under the national emissions trading scheme.

**Trade receivables and other receivables** increased by EUR 114.5 m to EUR 324.7 m in the financial year. At EUR 146.8 m, receivables from gas deliveries were EUR 78.7 m higher than in the previous year.

**Equity** increased significantly to € 976.6 m (prior year: € 681.7 m). With higher total assets (up EUR 544.7 m), the equity ratio of the GASAG Group increased to 36.3 % (prior year: 31.8 %). The significant increase of EUR 239.0 m is related to positive market values from forward transactions as part of hedging strategies. Please refer to section 6, Note "(11) Components of the statement of comprehensive income not affecting profit or loss" in the notes to the consolidated financial statements.

**Intangible assets and property, plant and equipment** are covered by equity at 54.7 % (previous year: 39.0 %).

The decrease in **non-current liabilities** (excluding deferred taxes) by –EUR 119.8 m to –EUR 898.9 m is mainly due to the change in financial liabilities to banks as a result of maturities in financial year 2022.

At EUR 637.6 m, **current liabilities** were EUR 261.4 m higher than in the previous year (EUR 376.2 m). The change is mainly due to bilateral loans due in 2022 and higher liabilities from gas deliveries.

### 3.3.1 Overall Picture of the Business Development and the Economic Situation

Temperatures in the sales regions of Berlin and Brandenburg in financial year 2020 were under the level of a normal year.

Sales, which include temperature-related additional sales in the gas sales and network business, were in line with our expectations overall due to offsetting effects in the customer base and consumption patterns. EBIT and consequently earnings from continuing operations slightly exceeded our forecast. The temperature-driven sales increases in the gas sales and network businesses led to earnings growth. Adjusted for the positive earnings effects from the weather, earnings were slightly below the expected level. Income from discontinued operations is in line with our forecast expectations..

The financial obligations due in the 2021 financial year were covered at all times by the available liquidity, financial assets and existing credit lines.

## 3.4 FINANCIAL PERFORMANCE INDICATORS

### Financial Performance Indicators

The main financial performance indicator for the GASAG Group is profit from operations (EBIT). In addition to EBIT, return on capital employed (ROCE) is an important financial performance indicator for the GASAG Group. ROCE reflects the ratio of operating profit to average capital employed. Operating profit includes EBIT excluding restructuring expenses plus income from investments. In financial year 2021, unadjusted ROCE is 9.2 % (prior year: 5.7 %). Our expectation for ROCE from continuing operations was greater than 8 % and was exceeded due to the positive earnings effects from the weather development. Adjusted for the positive earnings effects from the weather, ROCE amounts to around 7.7 % and is therefore slightly below our expectations.

Regular year-end forecasts are made for the individual entities and developments in the key performance indicators are monitored from the perspective of the individual entities, the business units and the GASAG Group as a whole. This enables management to identify when indicators are deviating from targets during the year, to assess the impact on the Group's assets, liabilities, financial position and financial performance (previously net assets, financial position and results of operations), and to take and track appropriate countermeasures in good time. Opportunities and risks are factored into this assessment.

## 3.5 NON-FINANCIAL PERFORMANCE INDICATORS

### Employees

The corporate and leadership culture is regularly developed further and reviewed by monitoring in the context of employee surveys. The benchmarks include appreciation, effectiveness and orientation as well as strategic and cultural issues. The targets defined include a level of employee approval of the values surveyed of 80 % and a participation rate in the surveys of 67 %. Corresponding activities were derived and have been included in the target agreements, for example.

In addition, the GASAG Group has made it even easier to work flexibly in terms of time and location in order to reconcile operational requirements, individual time sovereignty and location-independent working in the best possible way.

Due to our commitment as an employer, the GASAG Group has received several awards: Statista and Capital selected GASAG as one of Berlin's most attractive employers. The F.A.Z. Institute also named GASAG one of the most sought-after employers in 2021, as well as GASAG Solution in the contracting sector. GASAG Solution was also recognized by FOCUS Money for top career opportunities. In the state competition "Unternehmen für Familie. Berlin 2021" competition, the GASAG Group was chosen as an award winner in the "Over 250 employees" category for its family-friendliness.

### Customer Service Management

GASAG strives to establish successful and long-term customer relationships by providing excellent service. The aim of our trading is therefore always to ensure and increase the satisfaction of our customers with our products and services. In order to achieve this goal, we review our service offering internally on an ongoing, systematic basis and using various instruments.

Customer management encompasses all tasks relating to the end-to-end customer process. This relates both to activities in strategic customer management and in customer service.

Customers are regularly asked about qualitative and quantitative indicators in operational customer service and customer management. In customer service, we measure, for example, our accessibility in customer service, processing times, number of customer contacts, number of complaints, error rates and customer satisfaction with processing.

In customer management, we look at the number of customer departures (churn), customer growth, duration of the customer relationship and customer value, as well as regional allocation.

We also have our service offering as a regional supplier externally audited and confirmed. In 2021, we were once again awarded the TOP Local Supplier seal by the Energieverbraucher portal.

### Complaint Management

Complaints are a relevant source for optimization and provide information about our customers' needs. The central themes of Group-wide complaint management in financial year 2021 were optimization and efficiency improvements. For example, a report was created for the first time that enables evaluations by business and legal units and further supports the derivation of measures. The results of the analysis are communicated by the complaints managers to the full management board, the heads of the business units and support functions, and the management of the GASAG Group on a quarterly basis.

This involves, for example, evaluating the development of the number of complaints, the average processing time, reasons for complaints, and proportions and rates of subjective/objective complaints, and deriving suitable optimization measures. The complaints officer is responsible for controlling and reporting within a business unit or organizational unit.

# 4 OPPORTUNITIES AND RISKS

The ongoing identification, assessment, monitoring and documentation of opportunities and risks is one of the duties of our executives and employees, besides operational management with the help of suitable measures. Responsibility for processes lies with central risk management, which reports directly to the management board.

Our assessment is mainly based on a business value approach, in which we, in addition to classifying opportunities and risks as earnings, equity or liquidity opportunities or risks, also use parameters to classify all opportunities and risks according to probability of occurrence and effect on image. Probability of occurrence is separated into the following categories: very low, low, medium, high and very high.

Potential opportunities in relation to the GASAG Group's assets, liabilities, financial position and financial performance are classified as follows:

| CLASSIFICATION OF POTENTIAL OPPORTUNITIES AND RISKS | DESCRIPTION OF THRESHOLDS |
|---|---|
| Low | Minor improvement/deterioration |
| Appreciable | Moderate improvement/deterioration |
| Medium | Material positive/negative effect |
| High | High and potentially permanent improvement/deterioration |
| Very high | Material and probably permanent improvement/deterioration |

We continue to differentiate our opportunities and risks into a short and long-term impact horizon, whereby the short-term view concerns the next financial year. The long-term view may extend beyond the planning period.

The GASAG Group is mainly exposed to the following opportunities and risks.

## 4.1 OVERRIDING OPPORTUNITIES AND RISKS

We are currently confronted with considerable geopolitical risks, particularly against the backdrop of the war in Ukraine, which could significantly influence and impact the gas market in Germany and Europe. Since the start of the war, the already very tense price situation on the wholesale markets has deteriorated further and extended to delivery periods further in the future. This has resulted in increased counterparty risks at our upstream suppliers due to increased market values and further defaults by competitors whose customers would then have to be supplied by companies of the GASAG Group. No provision can be made for this in the form of forward hedging transactions because the timing and extent are not known in advance. The sanctions already imposed increase the risk of supply interruptions or even stoppages. In the event of a complete lack of supplies from Russia, the supply of natural gas in Germany and some other European countries could not be maintained. In the event of a gas shortage, it is no longer the distributors who are responsible; instead, rationed distribution of the available gas volumes is carried out by the regulated network operators on the basis of regulatory requirements. The war against Ukraine involves cyberattacks that specifically target key Ukrainian infrastructure. In principle, there is an increased risk that comparable attacks will also be directed against countries such as Germany that offer support to Ukraine. This could also affect GASAG.

The GASAG Group's business is dependent on temperature to a considerable extent.

The carbon tax, which has been in force since January 1, 2021, represents a relevant risk for the long-term business development in relation to natural gas, in particular due to the annual increase also in 2022.

Due to what we see as emerging risks for the established heat supply industry, we have implemented the "Future G" strategy project with the goal of achieving climate neutrality by 2040. Implementation of the first steps and action initiatives have already started.

Depending on the further development of the Corona pandemic, we expect low risks for the business performance in 2022.

### Business units consumers and major customers (PuG) and corporate clients/energy services (GK/EDL)

The gas and electricity markets continue to be characterized by intense competition, which may lead to further price pressure or customer losses and reduce our trading margins. In this market environment, we see opportunities for the GASAG Group through our targeted focus on customer interests and the continuous expansion of our product portfolio combined with an attractive pricing system in the gas-to-gas competition and in competition with other energy sources. We successfully expanded our position in the electricity market. Overall, there is a tangible short-term potential for opportunities and risks.

In our role as a basic supplier, we are obliged to supply customers even if they lose their supplier at short notice due to unacceptable behavior by other market participants. We have met this challenge by introducing a new basic and substitute supply tariff. If, contrary to expectations, this should later prove to be inadmissible, this results in a medium risk with a low probability of occurrence. An initial ruling by the Berlin Regional Court has established that it is not evident on the merits of the case that price splitting in basic supply is per se inadmissible.

Our business performance is naturally also subject to weather-related sales fluctuations. Hence, there is a volume risk in the gas segment, which is one of the business risks that the GASAG Group bears itself. The possibilities for hedging the risk by using energy and weather derivatives are regularly reviewed. Negative weather conditions from the GASAG Group's perspective can result in a noticeable risk in the short-term with a medium probability of occurrence with regard to the damage potential. On the other hand, positive weather conditions for the GASAG Group result in a medium opportunity potential with a low probability of occurrence.

Decreases in sales due to economic and location factors as well as more frugal consumption habits of customers also impact on both the distribution operations and the transportation business. Another factor will be the pricing of $CO_2$ in the heating market, which has already been passed.

However, we believe that our core region, Berlin and Brandenburg, has location-specific advantages which we will exploit as an end-to-end energy service provider. Berlin, with its buildings and power plants as well as the positive impetus from new construction activity, offers significant market potential and an ideal basis for positioning our products and services in the areas of power generation and supply as well as renovation to improve energy efficiency. We will continue to develop energy concepts for districts, commercial properties and conversion areas, offer affordable renovation of public and private buildings to improve their energy performance and present ourselves as an energy partner for all customer groups, from private households and manu-facturing and commercial operations through to major housing construction companies and public authorities. We are very aware of our customers' growing interest in environmentally-friendly, decentralized energy solutions and the use of renewable energies. Advances in efficiency, storage and production technologies will ensure that end-to-end energy solutions — which connect distributed and independent producers and consumers — are marketable. We see specific opportunities in the introduction of an energy management system and in smart building automation to improve efficiency in energy consumption. Closely linked to this is the demand for efficient supply concepts for which the use of combined heat and power to produce a distributed supply of heat and electricity plays an important role. In the medium term, this will be a significant potential opportunity with a high probability of occurence for the GASAG Group.

### Network Business

The network business is particularly affected by external factors. Key influencing factors are temperature, business cycle, and regulatory changes. Accordingly, supply volumes are subject above all to strong weather-related fluctuations. In the short term, this will result in medium opportunities for the network business and tangible risks with a medium probability of occurrence.

### Concession Award Process

For a general description of the Berlin concession award process, please refer to section 2.5.1, Legal Issues".

The previously significant risk from the Berlin gas network concession proceedings has been eliminated by the BGH ruling in 2021. The gas concession agreement between the State of Berlin and NBB came into effect when the ruling was announced and runs until December 31, 2024. This will be extended by a further five years unless the State of Berlin objects to the extension in due time. According to current knowledge, the GASAG Group would then participate in a new concession process. In such a case, we assume with overwhelming probability that we will be awarded the concession in Berlin again. A loss would represent a very high risk in the long term.

We also compete for concession contracts outside the Berlin network area, both for existing contracts and for new contracts. In the long term, the potential for opportunities from new contracts is low and the potential for opportunities and risks from the termination of existing concession agreements is low.

#### Decommissioning of the Storage Facility

The decomissioning of the Berlin natural gas storage facility presents both opportunities and risks, in particular the costs of dismantling and aftercare. Taking into account the provisions that have been set aside, tangible risks and opportunities arise in the course of the decommissioning process with a medium probability of occurrence.

#### Market Price Development

Electricity and gas prices in Continental Europe have experienced an unprecedented price increase. Volatility has also increased significantly. In the short term, this market price development in the energy sector gives rise to only a medium potential for opportunities but a high potential for risks. The potential for fluctuations affecting earnings has increased significantly compared with the previous year. Due to the special price situation, these opportunities and risks may more than offset the effects of the temperature-dependent volume trend.

We limit the risks by means of a specially designed risk management process which mitigates cash-effective market price change risks as far as possible by using hedging transactions and by taking adequate account of them in end customer pricing. The frequency of meetings of the Risk Committee with regular participation of the Executive Board was significantly increased against the background of increased volatility on the raw material markets.

In the short term, the interest rate development results in a low potential for opportunities and risks in the financial area. Key elements of this are a uniform Group-wide trading, settlement and monitoring process and uniform risk reporting.

We use derivative financial instruments to minimize the risks of underlying transactions or planned underlying transactions. The analysis of price change risks for derivative financial instruments is performed by determining the fair values of concluded financial instruments on the basis of the mark-to-market method. The analysis of price risks for unhedged interest rate positions is performed on the basis of statistical simulation models.

#### Counterparty Credit Risks

Counterparty credit risks exist in connection with deliveries to customers, receivables from the transport business, raw material procurement, financial transactions, and supply and service relationships. To manage counterparty credit risks, we have established a creditworthiness-oriented receivables management system for customers and a Groupwide limit system with a well-diversified pool of trading partners for banks and energy trading partners. In addition, we have undergone a review of the energy procurement and monitoring process with a focus on credit risk management by PwC Risk Management Consulting, whose recommendations are currently being implemented. Where appropriate, we use credit insurance as a hedge. With regard to counterparty risks, we see a very high risk with a very low probability of occurrence in the short term, in particular due to the very sharp rise in commodity prices.

#### Governance and Compliance

As a consequence of the steadily increasing threat posed by cyber attacks, particular importance is attached to the area of information security in the form of Group-wide training courses, up-to-date sets of rules and practical simulations.

The newly developed ethical principles of the GASAG Group emphasize the unity of entrepreneurial and ethical action. GASAG stands for tolerance, openness, non-violent cooperation and is committed to combating discrimination in all its forms.

The established compliance training concept is optimized on an ongoing basis. The focus of operational compliance work is on training employees to avoid corruption and discrimination, as well as on providing appropriate advice in individual cases.

#### Overall risk situation

The risks presented above, particularly from the volatility on the raw materials markets, can have a potentially significant impact on the GASAG Group’s earnings, net assets and financial position. However, we expect to be able to counter the occurrence of these risks with targeted measures.

Based on the overall risk situation, taking into account the probability of occurrence and the measures taken, we do not currently see any threat to the continued existence of the GASAG Group as a going concern.

## 5 FORECAST

The operational measures planned to further develop and achieve our forecast targets are presented in the following sections, as well as for the GASAG Group’s revenue and earnings development.

The forecast period is one year. The assumptions underlying the forecast are explained on the basis of a qualified comparative projection.

At the time of preparation of these financial statements, including the forecast Report, the military conflict between Russia and Ukraine had begun. The progress, duration and outcome of this conflict are in no way foreseeable, nor can the effects that may result from it be estimated or quantified. A wide range of effects may arise which affect the overall net assets, financial position and results of operations. For further information, please refer to the risk report under “Overriding opportunities and risks”.

### 5.1 MEASURES TO IMPLEMENT THE STRATEGY

The political and economic environment in the energy sector is expected to remain challenging in 2022. In addition, the overall economic development will depend on the further development of the global pandemic and possible further regulatory measures to protect health.

In the transformation program “Future G”, the ongoing measures for the strategic orientation towards climate neutrality are implemented and realized. The focus is on exploiting growth opportunities, particularly in the area of energy services, stabilization in gas and electricity sales, future-proof investments in the network, and increased implementation of sustainability efforts as a license to operate. To this end, the continuous work on efficiency improvements in all business areas will be continued.

The focus in GE Networks remains on firmly establishing the gas grids as viable components of the regional energy transition. The continuous upgrading of the networks to H2 capability is being pursued with a view to the future viability of investments.

In GE PuG, the optimization of customer and sales figures is to be achieved through the continuation and ongoing improvement of sales activities. In addition, the focus is on the development of new climate-neutral products and services, more efficient and automated processes, and a continuous increase in service quality.

In order to achieve the targeted growth in GE GS, we will continue to focus on consistent market development, innovative green and efficient energy concepts and their high-quality implementation in 2022. This business unit will also focus on developing climate-neutral products and services and supporting customers on the transformation path.

## 5.2 PARTICIPATIONS

For the implementation of the “Das Neue Gartenfeld” project in Berlin-Spandau, GASAG Solution and ENGIE Deutschland GmbH will each hold a 50 % stake in a project company (Quartierswerk GmbH, Berlin) to be established in the first half of 2022.

## 5.3 PERSONNEL

Building on the results of the measures from “GASAG 2025”, we want to use “Future G” to drive forward the transformation of the GASAG Group towards climate neutrality. The associated further development of the Group will also lead to a reduction in the active workforce in 2022 (excluding employment relationships in the passive phase of partial retirement and employees on leave of absence). Taking into account the activities under “Future G,” personnel expenses will therefore decline.

This corresponds to an increased need for restructuring expenses to implement measures derived from the results of the transformation program.

## 5.4 INVESTMENTS

Our investments for maintaining and expanding our gas networks in Berlin and Brandenburg are dependent on the terms set out in the concession agreement and the conditions of easement agreements. For 2022, we expect network investments to be at the same level as in 2021 due to planned expansion and maintenance measures.

In GE GS, we expect a significant increase in investments for contracting solutions. As part of a long-term financing strategy, future investments are covered.

## 5.5 BUSINESS DEVELOPMENT

In the forecast for financial year 2022, the procurement price developments from the fourth quarter of 2021 and also recent discussions on possible regulatory changes are only reflected via the risks. In the forecast, we assume long-term average temperature trends and continued high competition in gas sales. The high level of competition is countered by ongoing optimization of sales activities, which also includes a regional focus on the home market. Against this backdrop, we expect **gas sales** to end customers to decline slightly. Assuming that gas sales to distributors remain at the level of the previous year, we expect total gas sales volumes in 2022 to be slightly below the 2021 level.



In the electricity commodity business, we anticipate a slight decline in **electricity sales** volumes in 2022 compared with 2021. As in gas sales, this development is expected against the backdrop of persistently fierce competition and the optimization of sales activities, in particular the focus of sales activities on the domestic market.

Assuming long-term average temperature trends, we expect volumes in **gas transport** in financial year 2022 to be slightly below the 2021 level.

The activities in the GS business unit will lead to significantly higher investments in 2022. For 2022, we expect **heat sales** to be slightly above the level of 2021.

## 5.6 RESTRUCTURING EXPENSES

As part of “Future G”, initial expenses will be incurred for the implementation of measures in the business units and support functions in the form of personnel measures, consulting expenses and IT costs, which will be reported as restructuring expenses. This is significantly higher than the restructuring expense in 2021 from the completed transformation program “GASAG 2025”.

## 5.7 DEVELOPMENT OF REVENUE AND EARNINGS

Assuming a normal, average temperature trend and continued high competition, we expect revenues slightly above the level of the previous year in 2022.

Excluding restructuring charges and adjusted for weather-related and other nonrecurring items, earnings before interest and taxes (EBIT) in 2022 are expected to be slightly higher than EBIT in financial year 2021. The improvement in earnings will be driven mainly by measures implemented under the “Future G” program. Taking into account restructuring expense and weather-related effects, EBIT will be slightly lower than in 2021. In the financial result, the absence of positive effects in 2021 will lead to a lower forecast. We expect income from discontinued operations to be level with 2021. Overall, net income is forecast to be slightly lower than a year earlier. With operating assets roughly stable, we expect ROCE based on forecast EBIT excluding restructuring charges to be above 8 %.

Berlin, February 28, 2022

GASAG AG
The Management Board

Georg Friedrichs | Matthias Trunk

# CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
OF THE GASAG GROUP

# FINANCIAL STATEMENTS

of the GASAG Group, Berlin, for the fiscal year 2021

## BALANCE SHEET OF THE GASAG GROUP IN ACCORDANCE WITH IFRS AS OF DECEMBER 31, 2021

### ASSETS

| IN € K | NOTES NO. | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| A. Non-current assets | | | |
| 1. Intangible assets | (13) | 185,764 | 187,851 |
| 2. Property, plant and equipment | (14) | 1,598,496 | 1,558,074 |
| 3. Rights of use | (15) | 100,354 | 75,076 |
| 4. Investments in associates | (16) | 12,948 | 11,941 |
| 5. Financial assets | (17) | 75,152 | 26,566 |
| 6. Non-current contract assets | (18) | 24,093 | 27,313 |
| 7. Deferred tax assets | (19) | 24,145 | 41,621 |
| | | **2,020,952** | **1,928,442** |
| B. Current assets | | | |
| 1. Inventories | (20) | 74,401 | 11,046 |
| 2. Financial assets | (17) | 237,582 | 12,281 |
| 3. Income tax receivables | (21) | 10,527 | 10,383 |
| 4. Trade receivables and other receivables | (22) | 324,672 | 159,763 |
| 5. Current contract assets | (18) | 16,673 | 16,063 |
| 6. Cash and cash equivalents | (23) | 6,064 | 8,177 |
| | | **669,919** | **217,713** |
| | | **2,690,871** | **2,146,155** |

### EQUITY AND LIABILITIES

| IN € K | NOTES NO. | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| A. Equity | (24) | | |
| 1. Subscribed capital | | 413,100 | 413,100 |
| 2. Share premium | | 42,461 | 42,461 |
| 3. Reserve for unrealized gains or losses | | 220,368 | –19,747 |
| 4. Retained earnings | | 296,852 | 242,077 |
| 5. Non-controlling interests | | 3,803 | 3,836 |
| | | **976,584** | **681,727** |
| B. Non-current liabilities | | | |
| 1. Deferred income | (25) | 256,035 | 246,718 |
| 2. Provisions | (26) | 86,427 | 108,596 |
| 3. Financial liabilities | (27) | 451,763 | 582,007 |
| 4. Other liabilities | (28) | 104,655 | 81,446 |
| 5. Deferred tax liabilities | (19) | 177,881 | 69,393 |
| | | **1,076,761** | **1,088,160** |
| C. Current liabilities | | | |
| 1. Deferred income | (25) | 10,784 | 10,644 |
| 2. Provisions | (26) | 50,553 | 48,332 |
| 3. Financial liabilities | (27) | 224,811 | 102,021 |
| 4. Income tax liabilities | (29) | 6,485 | 6,914 |
| 5. Trade payables and other liabilities | (28) | 344,893 | 208,357 |
| | | **637,526** | **376,268** |
| | | **2,690,871** | **2,146,155** |

# STATEMENT OF COMPREHENSIVE INCOME FOR THE GASAG GROUP IN ACCORDANCE WITH IFRS FOR THE PERIOD FROM JANUARY 1 TO DEC. 31, 2021

## INCOME STATEMENT

| IN € K | NOTES NO. | JAN. 1. TO 31, 2021 | Jan. 1. to Dec. 31, 2020 |
|---|---|---|---|
| 1. Revenue | (1) | 1,356,642 | 1,223,093 |
| 2. Changes in inventories | | –1,373 | 1,593 |
| 3. Other operating income | (2) | 52,429 | 52,292 |
| 4. Cost of materials | (3) | 935,273 | 867,642 |
| 5. Personnel expenses | (4) | 123,983 | 124,739 |
| 6. Depreciation | (5) | 100,371 | 96,131 |
| 7. Other operating expenses | (6) | 112,963 | 112,723 |
| **8. Profit from operations** | | **135,108** | **75,743** |
| 9. Share in profit or loss of associates | (7) | 1,615 | –453 |
| 10. Profit from other equity investments | (7) | 1,235 | 1,220 |
| 11. Finance costs | (8) | 15,932 | 18,795 |
| 12. Other financial result | (8) | 5,718 | –622 |
| **13. Profit before taxes** | | **127,744** | **57,093** |
| 14. Income taxes | (9) | 36,476 | 18,879 |
| **15. Profit from continuing operations** | | **91,268** | **38,214** |
| 16. Profit or loss from discontinued operations | (10) | 368 | 621 |
| **17. Profit for the period** | | **91,636** | **38,835** |
| 18. Profit for the period attributable to non-controlling interests | | 688 | 1,893 |
| **19. Profit for the period excluding non-controlling interests** | | **90,948** | **36,942** |
| **20. Earnings per share (in €)** | **(12)** | **11,23** | **4,56** |

## STATEMENT OF COMPREHENSIVE INCOME

| IN € K | NOTES NO. | JAN. 1. TO 31, 2021 | Jan. 1. to Dec. 31, 2020 |
|---|---|---|---|
| **1. Profit for the period** | | **91,636** | **38,835** |
| 2. Cash flow hedges | | 335,067 | 78,959 |
| 3. Income tax effects | | –99,451 | –23,946 |
| | | **235,616** | **55,013** |
| **4. Net other comprehensive income to be reclassified to profit or loss in subsequent periods** | | **235,616** | **55.013** |
| 5. Actuarial profit or loss | | 6,557 | –5,428 |
| 6. Income tax effects | | –2,059 | 1,633 |
| | | **4,498** | **–3,795** |
| **7. Net other comprehensive income not to be reclassified as profit or loss in subsequent periods** | | **4,498** | **–3,795** |
| **8. Other comprehensive income** | **(11)** | **240,114** | **51,218** |
| **9. Total comprehensive income** | | **331,750** | **90,053** |
| 10. Total comprehensive income attributable to non-controlling interests | | 691 | 1,895 |
| **11. Total comprehensive income excluding non-controlling interests** | | **331,059** | **88,158** |

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## STATEMENT OF THE CHANGES IN EQUITY OF THE GASAG GROUP IN ACCORDANCE WITH IFRS AS OF DEC. 31, 2021

### SEE NOTE (24)

| IN € K | SUBSCRIBED CAPITAL | SHARE PREMIUM | RESERVE FOR UNREALIZED GAINS AND LOSSES | TOTAL RETAINED EARNINGS | SUBTOTAL FOR THE GROUP | NON-CONTROLLING INTERESTS | TOTAL |
|---|---|---|---|---|---|---|---|
| **As of: Jan. 1, 2020** | **413,100** | **42,461** | **–72,002** | **266,618** | **650,177** | **23,783** | **673,960** |
| Total comprehensive income | 0 | 0 | 51,216 | 36,942 | 88,158 | 1,895 | 90,053 |
| *thereof profit of the period* | *0* | *0* | *0* | *36,942* | *36,942* | *1,893* | *38,835* |
| *thereof other comprehensive income pursuant to IAS 39 / IFRS 9* | *0* | *0* | *55,011* | *0* | *55,011* | *2* | *55,013* |
| *thereof other comprehensive income pursuant to IAS 19* | *0* | *0* | *–3,795* | *0* | *–3,795* | *0* | *–3,795* |
| Dividend distribution to owners | 0 | 0 | 0 | –50,625 | –50,625 | –1,584 | –52,209 |
| Acquisition / sale of non-controlling interests | 0 | 0 | 1,039 | –10,858 | –9,819 | –20,258 | –30,077 |
| **As of Dec. 31, 2020** | **413,100** | **42,461** | **–19,747** | **242,077** | **677,891** | **3,836** | **681,727** |
| **Adjustments persuant to IFRS 9 / IFRS 15** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **As of Jan. 1, 2021** | **413,100** | **42,461** | **–19,747** | **242,077** | **677,891** | **3,836** | **681,727** |
| Total comprehensive income | 0 | 0 | 240,114 | 90,948 | 331,062 | 691 | 331,753 |
| *thereof profit of the period* | *0* | *0* | *0* | *90,948* | *90,948* | *688* | *91,636* |
| *thereof other comprehensive income pursuant to IAS 39 / IFRS 9* | *0* | *0* | *235,616* | *0* | *235,616* | *0* | *235,616* |
| *thereof other comprehensive income pursuant to IAS 19* | *0* | *0* | *4,498* | *0* | *4,498* | *3* | *4,501* |
| Dividend distribution to owners | 0 | 0 | 0 | –34,992 | –34,992 | –22 | –35,014 |
| Acquisition of subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition / sale of non-controlling interests | 0 | 0 | 0 | –1,181 | –1,181 | –702 | –1,883 |
| **As of Dec. 31, 2021** | **413,100** | **42,461** | **220,367** | **296,852** | **972,780** | **3,803** | **976,583** |

# STATEMENT OF CASH FLOWS FOR THE GASAG GROUP IN ACCORDANCE WITH IFRS AS OF DEC. 31, 2021

| IN € K | 2021 | 2020 |
|---|---|---|
| **Profit before income taxes from continuing operations** | **127,745** | **57,095** |
| **Profit or loss before income taxes from discontinued operations** | **527** | **889** |
| – Income taxes paid | –11,170 | –2,025 |
| +/– Write-downs / write-ups of non-current assets | 97,077 | 97,391 |
| *thereof from discontinued operations* | *63* | *65* |
| +/– Increase / decrease in provisions | –13,752 | 2,587 |
| *thereof from discontinued operations* | *–7,654* | *–4,172* |
| +/– Other non-cash expenses / income | 14,878 | –7,661 |
| –/+ Gain / loss on the disposal of non-current assets | 1,146 | 4,566 |
| –/+ Increase / decrease in inventories | –63,355 | 18,087 |
| –/+ Increase / decrease in receivables | –184,538 | –26,851 |
| +/– Increase / decrease in liabilities | 197,373 | 19,113 |
| **= Cash flows from operating activities** | **165,931** | **163,191** |
| + Cash received from the disposal of intangible assets | 0 | 340 |
| – Cash paid for investments in intangible assets | –4,762 | –3,296 |
| + Cash received from the disposal of property, plant and equipment | 482 | 297 |
| – Cash paid for investments in property, plant and equipment | –129,881 | –133,699 |
| + Cash received from the disposal of non-current financial assets | 2,693 | 1,842 |
| – Cash paid for investments in non-current assets | –5,458 | –3,403 |
| + Cash received from the sale of consolidated companies and other business units | 0 | 4,321 |
| – Cash received in connection with the sale of consolidated entities and other business units | –1,396 | –29,400 |
| + Cash received from investment subsidiaries from third parties | 20,810 | 15,617 |
| **= Cash flows from investing activities** | **–117,512** | **–147,381** |

| IN € K | 2021 | 2020 |
|---|---|---|
| – Cash paid to owners | –34,992 | –50,625 |
| – Cash paid to non-controlling interests | –22 | –1,584 |
| + Cash received from the raising of loans | 80,185 | 264,166 |
| – Cash repayments of loans | –84,559 | –213,590 |
| – Payment of finance lease liabilities | –11,143 | –12,583 |
| – Cash repayments of loans from non-controlling interests | 0 | –398 |
| **= Cash flows from financing activities** | **–50,531** | **–14,614** |
| = Change in cash and cash equivalents | –2,112 | 1,196 |
| +/– Changes in the scope of consolidation | 0 | 4 |
| + Cash and cash equivalents at the beginning of the period | 8,176 | 6,976 |
| **= Cash and cash equivalents at the end of the period** | **6,064** | **8,176** |

# NOTES

to the Consolidated Financial Statements of GASAG
as of December 31, 2021 (IFRS)

## 1 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMTENTS OF GASAG

The Group's parent is GASAG AG, Berlin (GASAG), which is headquartered at EUREF-Campus 23–24, 10829 Berlin, Germany, and entered in the Berlin-Charlottenburg commercial register under HRB No. 44343 B.

The management board prepared the consolidated financial statements as of December 31, 2021 and the management report for the GASAG Group for the fiscal year from January 1 to December 31, 2021 and authorized them for issue to the supervisory board on Febuary 28, 2022.

GASAG's customers include private households, trade and industry, companies in the housing sector, hospitals and municipal entities, redistributors and users of gas transport services. Our business activities focus on the Berlin-Brandenburg metropolitan region.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) on the basis of Sec. 315e (3) HGB ["Handelsgesetzbuch": German Commercial Code]. All additional disclosures required under the German Commercial Code have been made.

The consolidated financial statements have been prepared using the cost method, except for derivative financial instruments and available-for-sale financial assets, which are measured at fair value.

The consolidated financial statements are presented in euros. Unless stated otherwise, all amounts are in thousands of euros (EUR k).

For the sake of clarity, items have been combined in the statement of comprehensive income and balance sheet and disclosed separately and explained in the notes to the consolidated financial statements.

The income statement has been prepared using the nature of expense method.

## 2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The International Financial Reporting Standards/International Accounting Standards (IFRSs/IASs) effective as of the balance sheet date were applied in preparing GASAG's consolidated financial statements. The applicable interpretations of the International Financial Reporting Standards Interpretations Committee/Standing Interpretations Committee (IFRICs/SICs) were also observed.

GASAG's consolidated financial statements comply in all respects with IFRSs/IASs and the IFRICs/SICs.

### CHANGES IN ACCOUNTING POLICIES

The accounting policies applied are generally consistent with those of the prior fiscal year.

In addition, in the financial year 2020, the group has applied the existing or revised standards of the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC), which have already been adopted by the European Union and whose application is mandatory for financial years beginning on January 1, 2021. IFRS 17 "Insurance Contracts" was published in the financial year and is to be applied from January 1, 2023. In addition, here were amendments to existing standards (IFRS 3, IAS 16 and IAS 37) that had no impact on the consolidated financial statements. No other standards or new interpretations were adopted in the reporting year.

**Changes to IFRS 9, IAS 39, IFRS 7 und IFRS 16**

The amendments to IFRS 9 "Financial Instruments," IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts" deal with changes to financial instruments as a result of the IBOR reform and temporary exemptions from the application of specific hedge accounting requirements. The amendments to IFRS 16 "Leases" contain rules on the accounting treatment of a lease modification required for lessees as a result of the IBOR reform. The amendment to IFRS 7 "Financial Instruments: Disclosures," additional disclosures are required in connection with the IBOR reform.

The IBOR reform has no material impact on the consolidated financial statements of the GASAG Group. The Euro Overnight Index Average (EONIA) existing in short-term money market trading has already been replaced by the Euro Short-Term Rate (EUR STR). Furthermore, GASAG has loans as well as interest rate derivatives with EURIBOR (Euro Interbank Offered Rate) as reference interest rate. EURIBOR can still be used as a reference rate, as it has already been reformed in line with the EU benchmark regulation and continues to exist. The effectiveness of the existing hedging relationships will not be affected by the IBOR reform.

## 3 CONSOLIDATED GROUP

In addition to GASAG, 26 German subsidiaries were fully consolidated, 7 associates and 5 joint operations were accounted for in accordance with the equity method in the consolidated financial statements.

### CHANGES TO THE CONSOLIDATED GROUP

**AFFILIATED COMPANIES**

**Change of name from DSE Direkt-Service Energie GmbH to GASAG next GmbH**

By shareholder resolution of June 17, 2021, the name of the company will be changed to "GASAG next GmbH".

**Acquisition of the minority shares in Geo-En Energy Technologies GmbH**

GASAG Solution Plus GmbH, Berlin, (hereinafter referred to as GASAG Solution) acquired the remaining minority shares in Geo-En Energy Technologies GmbH, Berlin, from Mr. Michael Viernickel and Mr. Tobias Viernickel on the basis of assignment agreements from 2017.

### ASSOCIATED COMPANIES/JOINT VENTURES

**Sale of shares in GreenGas Produktionsanlage Rathenow GmbH & Co. KG and GreenGas Rathenow Verwaltungs GmbH**

EMB Energie Mark Brandenburg GmbH, Michendorf, (hereinafter EMB) sold with a purchase and transfer agreement for business and limited partner shares dated February 9 2021 its shares in GreenGas Produktionsanlage Rathenow GmbH & Co. KG, Rathenow, and GreenGas Rathenow Verwaltungs GmbH, Rathenow, to BPG Beteiligungs- und Projektmanagement GmbH, Erkner.

| LIST OF EQUITY INVESTMENTS | Shares |
|---|---|
| Fully consolidated entities | |
| BAS Kundenservice Beteiligungs-GmbH, Berlin | 100 % |
| BAS Kundenservice GmbH & Co. KG, Berlin | 100 % |
| Berliner Erdgasspeicher GmbH, Berlin | 100 % |
| GASAG next GmbH, Berlin 10) | 100 % |
| EMB-Beteiligungsgesellschaft mbH, Michendorf 2) | 100 % |
| EMB Energie Mark Brandenburg GmbH, Michendorf | 99.99206 % |
| GASAG Beteiligungs-GmbH, Berlin | 100 % |
| GASAG Solution Plus GmbH, Berlin | 100 % |
| GASAG Windpark Verwaltungs-GmbH, Berlin | 100 % |
| Geo-En Energy Technologies GmbH, Berlin 8) | 100 % |
| infrest - Infrastruktur eStrasse GmbH, Berlin 6) | 67.36 % |
| KKI-Kompetenzzentrum Kritische Infrastrukturen GmbH, Berlin 6) | 74.9 % |
| NBB Netz-Beteiligungs-GmbH, Berlin | 100 % |
| NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin 3) | 100 % |
| Netzgesellschaft Forst (Lausitz) mbH & Co. KG, Forst (Lausitz) 4) | 100 % |
| Solar Project 19 GmbH & Co. KG, Cottbus 5) | 90 % |
| SP V GmbH & Co. KG, Cottbus 5) | 80 % |
| SP VI GmbH & Co. KG, Cottbus 5) | 80 % |
| SP VII GmbH & Co. KG, Cottbus 5) | 80 % |
| SP VIII GmbH & Co. KG, Cottbus 5) | 80 % |
| SP IX GmbH & Co. KG, Cottbus 5) | 80 % |
| SP XI GmbH & Co. KG, Cottbus 5) | 80 % |
| SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus | 99.606 % |
| SpreeGas Verwaltungs-GmbH, Cottbus 5) | 100 % |
| Stadtwerke Forst GmbH, Forst (Lausitz) | 74.9 % |
| Windpark Dahme - Wahlsdorf 2 GmbH & Co. KG, Berlin | 100 % |
| Entities accounted for using the equity method | |
| ARGE Wärmelieferung, Cottbus [5), 9)] | 50 % |
| Berliner Energieagentur GmbH, Berlin | 25 % |
| CG Green Tec GmbH i.G., Berlin 8), 9) | 25.1 % |
| Consus Netz-Werk GmbH, Berlin 8), 9), 11) | 25.1 % |
| G2Plus GmbH, Berlin [8), 9)] | 51 % |
| Gasversorgung Zehdenick GmbH, Zehdenick [2)] | 25.1 % |
| Gas-Versorgungsbetriebe Cottbus GmbH, Cottbus [5)] | 37 % |
| Netzgesellschaft Hennigsdorf Gas mbH, Hennigsdorf 2), 9) | 50 % |
| Netzgesellschaft Hohen Neuendorf Gas GmbH & Co. KG, Hohen Neuendorf 2) | 49 % |

| LIST OF EQUITY INVESTMENTS | Shares |
|---|---|
| NGK Netzgesellschaft Kyritz GmbH, Kyritz 2) | 49 % |
| Rathenower Netz GmbH, Rathenow [2)] | 35 % |
| WGI GmbH, Dortmund [6)] | 49 % |
| other shareholdings | |
| local energy GmbH, Greifswald [1), 2)] | 19.77309 % |
| Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH, Berlin [1)] | < 1 % |
| Stadtwerke Brandenburg an der Havel GmbH & Co. KG, Brandenburg an der Havel [1), 7)] | 12.25 % |
| Stadtwerke Brandenburg Verwaltungs GmbH, Brandenburg an der Havel [1), 7)] | 12.25 % |
| Stadtwerke Premnitz GmbH, Premnitz [1), 2)] | 10 % |

1) not included as GASAG AG, Berlin, has neither a controlling nor a significant influence
2) indirect equity investment through EMB Energie Mark Brandenburg GmbH, Michendorf
3) indirect equity investment through GASAG Beteiligungs-GmbH 7.64 % and GASAG AG, Berlin, 92.36 %
4) indirect equity investment through Stadtwerke Forst GmbH, Forst (Lausitz)
5) indirect equity investment through SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus
6) indirect equity investment through NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin
7) indirect equity investment through EMB-Beteiligungs-gesellschaft mbH, Michendorf
8) indirect equity investment through GASAG Solution Plus GmbH, Berlin
9) joint management
10) renamed from DSE Direkt-Service Energie GmbH, Berlin
11) renamed from CG Netz-Werk GmbH, Berlin

## 4 BASIS OF CONSOLIDATION

The consolidated financial statements include GASAG and the subsidiaries that it controls. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control. The acquisition of non-controlling interests is accounted for in accordance with the entity method. Consolidation ends as soon as the parent ceases to have control. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intragroup balances, transactions, unrealized gains and losses and dividends resulting from intragroup transactions are eliminated in full.

Losses incurred by subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the parent loses control over a subsidiary, it derecognizes the assets and liabilities of its former subsidiary from the consolidated balance sheet. Any equity investment retained is recognized at fair value and the gain or loss associated with the loss of control attributable to the former controlling interest is also recognized.

## 5 ACCOUNTING POLICIES

### ASSUMPTIONS AND ESTIMATES

In preparing GASAG's consolidated financial statements, assumptions and estimates have been made which have had an effect on the recognition and reported amounts of assets and liabilities, income and expenses and contingent liabilities. The actual values may in some cases differ from the assumptions and estimates. The key assumptions about the future and other major sources of estimation uncertainty at the balance sheet date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed in the relevant items in the notes.

Assumptions and estimates are made, among other things, when valuing the Berlin natural gas storage facility in connection with its imminent decommissioning, assessing financial instruments, recognizing provisions (especially personnel-related provisions relating to the Pension Institution of the Federal Republic of Germany and the Federal States ["Versorgungsanstalt des Bundes und der Länder": VBL], based in Karlsruhe), and performing impairment tests.

The effects of assumptions and estimates on the balance sheet are presented in the notes to the relevant balance sheet items.

### INCOME AND EXPENSE RECOGNITION

**Revenue** is recognized when goods are delivered to the customer or the service is rendered. Services are deemed rendered and merchandise or goods delivered when the risks associated with ownership have been transferred to the buyer. Revenue from the sale of natural gas, heat, electricity and water to end users and redistributors as well as from network access charges is recognized when these resources are used by the customer under a contractual agreement. The revenue corresponds to the value of the volume supplied and billed, including the estimated values of volumes supplied between the last bill and the balance sheet date.

In case of contracts with several performance obligations, revenue is recognised for remaining performance obligations in accordance with the performance rendered (IFRS 15.B16). The breakdown of the transaction price results from the individual prices stated in the specific contractual context (IFRS 15.126c).

**Interest income** is recognized in the period to which it relates using the effective interest method.

**Profit distributions** are recognized at the time when the legal claim for payment arises.

**Operating expenses** are recognized when a service is used or when the costs are incurred.

**Interest expenses** are recognized as finance costs in the period to which they relate.

**Regulatory deferral accounts** (assets and liabilities) differ from the definition of assets and liabilities laid down in IFRSs and are thus not recognized.

### INTANGIBLE ASSETS

**Goodwill** is tested for impairment on an annual basis and when there is any indication that it may be impaired. This requires an estimate of the value in use of the cash-generating units to which goodwill is allocated and the application of an appropriate discount rate to determine the present value of the related cash flows.

Impairment is determined by assessing the recoverable amount of the cash-generating unit. The cash-generating units correspond to the legal entities. The recoverable amount is the higher of its fair value less costs of disposal (net selling costs) and its value in use. The recoverable amount is determined on the basis of the fair value less costs of disposal.

The medium-term forecasts for a period of three years form the basis for determining the value in use for the cash-generating entities.

Discount rates are calculated according to the weighted average cost of capital (WACC) model. Cost of equity is determined using the capital asset pricing model (CAPM) and is currently 5.36 % (prior year: 5.71 %) based on a beta factor of 0.7 (prior year: 0.75). Cost of debt is derived from the long-term borrowing rate for new loans and other arm's length borrowing rates and amounts to 0.94 % (prior year: 0.84 %) after taxes. The discount rate also depends on the ratio of equity and borrowed capital employed. Certain cost of capital parameters, such as the beta factor, are derived using data from a peer group of companies. These comparable companies operate in the same business areas as GASAG, so that the risk specific to the business area is taken into account in the cost of capital for both the regulated grid business and the sales business. The resulting WACC stands at 3.57 % (prior year: 3.81 %) after taxes for the calculation of the fair value less costs to sell or at 5.49 % (prior year: 5.86 %) before taxes for the calculation of value in use. The discount rate should be used consistently across the Group and in all measurement periods to determine the value in use of assets. It may be adjusted if a value in use is sensitive to different risks in different periods, the term structure of interest rates or the capital structure. By an increase in the discount rate after taxes to 4.2 % for the CGU Spreegas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus (herinafter Spreegas), the net realizable value corresponds to the net carrying amount. The growth rate subsequent to the forecasting period was 0.50 % (prior year: 0.50 %) as of December 31, 2021.

**Intangible assets acquired** separately are recognized at cost.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date. After initial recognition, the cost model is applied.

**Internally generated intangible assets** are recognized pursuant to IAS 38 if, and only if, an entity can demonstrate all of the following:

- The technical feasibility and intention to complete
- Its ability to use or sell the intangible asset
- How the intangible asset will generate future economic benefits based on the existence of a market or the usefulness of the asset for internal use

- The availability of adequate technical, financial and other resources to complete the development of the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses in accordance with the cost model. Cost comprises all directly attributable costs necessary to create, produce and prepare the asset. Research expenditure is recognized as an expense when it is incurred.

In the case of modification of existing software, the associated costs are recognized as an expense for the period if the previous system status is merely preserved.

With the exception of the goodwill disclosed, all other acquired and internally generated intangible assets have a limited useful life and are amortized on a straight-line basis. At each balance sheet date, it is assessed whether there is any indication of impairment of intangible assets. If there are such indications, an impairment test is performed.

Intangible assets with indefinite useful lives are tested for impairment at least once a year either individually or at cash-generating unit level. These intangible assets are not amortized.

Uniform **group-wide useful lives** are applied as follows:

| INTANGIBLE ASSETS | Useful life |
|---|---|
| Goodwill | Indefinite |
| Acquired intangible assets | 5 to 20 years |
| Internally generated intangible assets | 5 to 8 years |

The useful lives are reviewed at the end of each fiscal year or in the case of a particular event; any adjustments required are made on a prospective basis.

## PROPERTY, PLANT AN EQUIPMENT

**Property, plant and equipment** are recognized at cost less accumulated depreciation and accumulated impairment losses. In addition to the direct costs, the cost of internally generated assets includes an appropriate proportion of the necessary overheads. Received building cost contributions and investment subsidies and grants are disclosed as deferred income and not directly deducted from cost.

The cost of an item of property, plant and equipment acquired in a business combination is its fair value at the acquisition date. After initial recognition, the cost model is applied.

**Restoration obligations** are recognized as part of cost at the present value when the obligation is incurred, and are amortized pro rata over the useful life of the related asset. Maintenance and repair costs are expensed. Renewal and maintenance expenses which extend the useful life of an asset are capitalized.

With the exception of land and easements (including easements pursuant to Sec. 9 GBBerG ["Grundbuchbereinigungsgesetz": German Act to Rectify the Land Register]) with an indefinite useful life, all items of property, plant and equipment are depreciated on a straight-line basis.

The following useful lives are used throughout the Group for the depreciation of property, plant and equipment with limited useful lives:

| PROPERTY, PLANT AND EQUIPMENT | Useful life |
|---|---|
| Procurement and production facilities | 10 to 20 years |
| Distribution facilities (without measuring equipment) | 20 to 50 years |
| Measuring equipment | 5 to 16 years |
| Buildings | 30 to 50 years |
| Other property, plant and equipment | 2 to 13 years |

The useful lives are reviewed at the end of each fiscal year or in the case of a particular event. Any adjustments required are made on a prospective basis.

The carrying amounts of items of property, plant and equipment are reviewed for impairment as of each balance sheet date. If indications of possible impairment are found, an impairment test is performed. If the reasons for impairment subsequently cease to exist, the impairment losses are reversed, but by no more than up to the amount of cost less any accumulated depreciation.

An item of property, plant and equipment is derecognized upon its disposal or when no future economic benefits can be expected from the continued use of the asset. Gains or losses on the disposal of an asset (calculated as the difference between the net sales proceeds and the carrying amount) are recognized in profit or loss in the fiscal year in which the relevant asset is derecognized.

## LEASING

A lease exists if the fulfilment of the contract depends on the use of an identifiable asset and the control over said asset is transferred.

### GASAG as lessee

At the beginning of the term ("provision date") a right of use asset and a corresponding lease liabilitiy are recognized. The rights of use are presented separately from other assets in the balance sheet. Rights of use are measured in the amount of the lease liabilities, adjusted where necessary by advance payments made, taking into account any leasing incentives received. They are generally amortized over the term of the lease.

Lease liabilities are recognised in the amount of the discounted future lease payments. They are reported under the balance sheet item "other liabilities". Discounting is generally carried out using the marginal borrowing rate. Market interest rates plus margins depending on the term of the lease are used, taking into account the repayment structure. Lease liabilities are reduced by the repayment portion contained in the lease payments; the interest incurred represents financing expenses.

Furthermore, GASAG makes use of the exceptions not to recognize current or low-value leases as rights of use in the balance sheet. Lease payments in connection with these leases are recognized as expenses over the term of the lease.

**GASAG as lessor**
At the lessor's end, a check is made on the provision date to determine whether a finance lease or an operating lease exists. If the material opportunities and risks associated with the leased item are transferred, the lease is classified as a finance lease.

In case of finance leases, a receivable in the amount of the net investment value from the lease is recognised and carried forward using the effective interest method. Lease instalments received are divided into the repayment portion of the lease receivable and financial income recognised in the income statement.

In the case of operating leases, the leased asset is capitalized at cost at the time of acquisition. Subsequent measurement is in accordance with the regulations for fixed assets. Lease payments received are recognized in profit or loss.

## INVESTMENTS IN ASSOCIATES AND JOINT VENTURES
Joint ventures within the meaning of IFRS 11 are based on joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. In accordance with IFRS 11.24, the carrying amount of the investments in joint ventures is recognized using the equity method pursuant to IAS 28.

The investments in associates and joint ventures, which are measured using the equity method in accordance with IAS 28, are recognized at cost. The carrying amount of the investments is increased or decreased in line with the pro rata profit or loss of the investee. Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment.

## IMPAIRMENT OF ASSETS
At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists or where an annual impairment test of an asset is required, an estimate is made of the recoverable amount. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit less costs to sell and the value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

On each balance sheet date, it is reviewed whether there is any indication that an impairment loss charged in a prior reporting period no longer exists or may have decreased. If there is such an indication, the recoverable amount is estimated. A previous impairment loss is then reversed if the estimates used to determine the recoverable amount have changed since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. Reversals of impairment losses recognized for goodwill are not permitted.

## FINANCIAL ASSETS
IFRS 9 provides four measurement categories for the calssification of financial assets:

- Financial assets measured at amortized cost,
- financial assets at fair value through profit or loss,
- financial assets measured at fair value through equity whose changes must be reclassified to profit or loss in the future,
- financial assets measured at fair value through equity whose changes in value must be not reclassified to profit or loss in the future.

At initial recognition, financial assets are measured at fair value. Financial assets are subsequently measured at fair value or amortized cost using the effective interest method, depending on their categorization.

Impairment losses on financial assets are recognised under the future-oriented model of „expected credit losses" in accordance with IFRS 9. GASAG takes into account expected loan defaults on financial assets carried at amortized cost and fair value with no effect on income, as well as receivables from finance leases.

For trade receivables and receivables from finance leases, the expected loan defaults are recognized using a simplified method over their remaining term. In the case of other financial assets, GASAG first determines the credit default expected within the first twelve months. In deviation from this, in the event of a significant increase in the default risk, the expected credit loss over the remaining term of the respective instrument will be recognised.

## TRADE RECEIVABLES AND OTHER RECEIVABLES
Trade receivables and other receivables are recognized at the original invoice amount less any impairment losses. It contains no financing components, as there are generally no significant differences between payment and service of provision.

The accounting cut-off for unbilled natural gas, heat, electricity and water consumption of tariff customers and special contract customers and of standard load profile (SLP) and registered power metering (RLM) customers as of the balance sheet date is performed using an individual computerized prediction. Consumptions of SLP customers which have not yet been billed, advance payments are levied in the corresponding amount and offset against accrued receivables.

As part of impairment, receivables are grouped according to similar default risk characteristics and jointly tested for impairment and written down if necessary. For trade receivables, GASAG applies the simplified approach of IFRS 9 to measure expected credit losses. Accordingly, the expected credit losses over the term are used for all trade receivables. In determining the expected future cash flows of the portfolios and the corresponding default rates, historical default experience is taken into account in addition to the contractually agreed cash flows. The value adjustments take sufficient account of the expected default risks; concrete defaults lead to the derecognition of the relevant receivables.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checks, cash, bank balances and short-term deposits with original maturities of no more than three months.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the cash and cash equivalents defined above.

## DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RELATIONSHIPS

Derivative financial instruments are classified as held for trading, unless they are designated hedging instruments and are effective as such. The instruments are recognized for the first time as of the trade date. Derivatives with positive fair values are disclosed under assets in the balance sheet and those with negative fair values under equity and liabilities. Derivatives that are classified as held for trading are subsequently measured at fair value through profit or loss.

For derivatives in a hedge, the accounting for changes in fair value is based on the type of hedge. The GASAG Group used only cash flow hedges in fiscal years 2020 and 2021.

Cash flow hedges hedge the exposure to variability in future cash flows of financial assets and liabilities and forecast transactions. The hedges are recognized at fair value. Any gains or losses arising from changes in the fair value of the ineffective portion are recognized in profit or loss. In contrast, changes in the effectively hedged portion are recognized directly in other comprehensive income. Amounts recognized as other comprehensive income are only reclassified to profit or loss when the gains or losses of the effectively hedged portion affect profit or loss.

If the hedge relationship ends, the gain or loss recognized in equity until that point in time will remain in equity and will not be transferred to profit or loss until the forecast transaction is also recognized in the income statement. If the forecast transaction is no longer expected to occur, the entire gain or loss previously recognized in equity is transferred to profit or loss.

The contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (own use) are not recognized as derivatives under IAS 9, but as pending contracts in accordance with IAS 37. The volume flexibilities included in the contracts fall under the "own use" exemption and are not recognized separately.

## INVENORIES

Inventories are measured at the lower of cost or net realizable value. The cost of inventories comprises costs incurred in bringing the product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of raw materials, consumables and supplies as well as natural gas inventories and $CO_2$ certificates is calculated on the basis of the weighted average prices.

The costs of conversion of work in process include the cost of direct materials and labor and an appropriate proportion of manufacturing overheads based on normal capacity; they exclude borrowing costs.

## ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This is the case when the sale is highly probable, the asset or the disposal group is available for immediate sale in its present condition and the sale will be completed within one year from the date of classification.

As the carrying amount of depletable assets is recovered by the sale and not by use, amortization or depreciation ends at the date of reclassification. Any related liabilities or deferred income are reported as "Liabilities associated with assets held for sale."

Under IFRS 5, operations are accounted for as discontinued if they are earmarked for sale or decommissioning or already sold or decommissioned. An operation is a component of an entity that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan for disposal or decommissioning or is a subsidiary acquired exclusively with a view to resale. Immediately before the initial classification of the asset as held for sale or decommissioning, the carrying amounts of the asset must be measured in accordance with the applicable IFRSs. On reclassification, the discontinued operation is recognized at the lower of the carrying amount and fair value less costs to sell. Discontinued operations are presented separately in the income statement, balance sheet and statement of cash flows and discussed in the notes to the financial statements. Prior-year figures are disclosed accordingly for the purpose of comparison.

## TAXES

### Current Tax Assets and Liabilities

Current tax assets and liabilities for the current and prior periods should be measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted by the balance sheet date.

### Deferred Taxes

Deferred taxes are recognized using the balance sheet liability method for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences unless the deferred tax liability arises from:

- The initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may not be recognized where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax loss carryforwards, interest carryforwards and tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized, unless the deferred tax asset arises from:

- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

- Taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where deferred tax assets may only be recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset against each other when the Group has an enforceable right to set off current tax assets against current tax liabilities and these assets and liabilities relate to income taxes levied by the same taxation authority for the same taxable entity.

**Deferred tax assets and uncertain income tax positions**

The calculation of deferred tax assets requires assumptions regarding future taxable income and the timing of the realization of deferred tax assets. The measurement of deferred tax assets for tax loss carryforwards is generally based on future taxable income as part of corporate planning.

Income tax provisions were recognised for possible future tax arrears. The entities in the GASAG Group are subject to ongoing audits by local tax authorities. Changes in tax laws, case law and their interpretation by the tax authorities may result in tax payments that differ from the estimates made in the financial statements.

The valuation of uncertain tax positions is based on the most likely value of the realization of this risk.

In particular, the chronological distribution of the expenses to be taken into account for tax purposes is regularly subject to estimates and assumptions.

Developments that deviate from the assumptions made in the estimate may result in differences from the originally expected estimated values.

**VAT**

Revenue, expenses and assets are recognized net of the amount of VAT (sales taxes) except:

- Where the VAT incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Where receivables and liabilities are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## DEFERRED INCOME

The GASAG Group presents grants for assets as deferred income. In addition to government investment grants, this item also includes building cost contributions and investment subsidies from third parties resulting from the Ordinance on the General Terms and Conditions for the Network Connection and Use for Low Pressure Gas Provision ["Niederdruckanschlussverordnung": NDAV] and the concession agreements. Government grants are recognized in accordance with the provisions of IAS 20.

Deferred income is released to other operating income in accordance with the following useful lives derived from the related assets:

| TYPE OF GRANT | Useful life / period of release of grant |
|---|---|
| Government grants | |
| Investment grants | depending on asset |
| Grants from third parties | |
| Building cost contributions/investment subsidies (pursuant to NDAV and concession agreements) | 45 years |
| Other investment subsidies | depending on asset |

The building cost contributions and investment subsidies received for the pipe network and home connections are released over a period of 45 years as they largely relate to the medium and low-pressure area.

## PROVISIONS

Provisions are recognized for a present obligation of the entity (legal or constructive) as a result of a past event or if it is probable that an outflow of resources embodying economic benefits will be required to settle the present obligation and a reliable estimate can be made of the amount of the obligation. If it is virtually certain that some or all of the provision will be reimbursed, for example under an insurance contract, then the reimbursement is treated as a separate asset.

The net obligation under **defined benefit plans** is calculated separately for each plan under provisions for **post-employment benefits**.

The obligation under the defined benefit plan is determined using the projected unit credit method.

Remeasurements of the net defined benefit liability are immediately recognized in the balance sheet and transferred to retained earnings via other comprehensive income in the period in which they occur. These remeasurements may not be reclassified to profit or loss in subsequent years. They comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling unless these are already included in net interest, which is calculated by applying the discount rate to the net defined benefit liability. The calculation is based on the discount rate used at the beginning of the annual reporting period. Net interest on the defined benefit obligation is recognized in profit or loss under finance costs.

Any change or curtailment of the benefits granted under a plan and any resulting gain or loss are recognized in profit or loss under personnel expenses.

The employees' company pension scheme with the VBL is measured as a defined benefit multi-employer plan according to IAS 19 due to its nature as a secondary obligation. Due to a lack of information for accounting for the VBL company pension scheme as a defined benefit plan, it was treated as a **defined contribution plan**. The contributions to the VBL are reported annually as expenses in the amount of the allocations. A long-term provision was recognized according to IAS 19.37 for the top-up contributions payable to the VBL. We refer to the chapter "(26) Provisions" and there to the section "Provisions for defined benefit and defined contribution plans".

Provisions for **other long-term employee benefits** mainly include obligations from phased retirement arrangements ["Altersteilzeit": ATZ]. These relate to benefits to encourage voluntary early retirement. The provisions are set up on the basis of the works agreements for all employees who have concluded a phased retirement agreement. Deferred performance, top-up amounts, compensation payments for reduced pension benefits and hardship funds are included when accounting for the provisions. These expenses are accrued pro rata. The amounts expected to be paid are calculated in accordance with actuarial principles and recognized at present value. The remeasurements are recognized immediately in profit or loss pursuant to IAS 19.154. The portion of the provision for phased retirement arrangements attributable to deferred performance is disclosed net with the plan assets. If the plan assets exceed the corresponding obligation, the excess is reported as a financial asset.

In the measurement of pension obligations, all bonds with a credit rating of "AA" were included in the calculation of interest for the first time in this fiscal year; previously, only non-financial bonds were considered for interest. However, the difference in interest rates as of the balance sheet date is insignificant, so that the change in method has only a minor impact.

**Other provisions** take into account all legal or constructive obligations to other parties arising from past events identifiable as of the balance sheet date, which are uncertain with regard to amount and/or timing. The provisions are carried at their settlement amount and measured at their expected value or at the value that is most probable.

Non-current provisions are recognized at their discounted settlement amount on the balance sheet date. The discount rates reflect current market assessments of the time value of money and, where appropriate, the risks specific to the provision. The unwinding of the discount is included in the financial result.

Due to the ongoing low-interest phase, interest rates remained unchanged at 0.00 % in the fiscal year, or negative for shorter maturities:

| FISCAL YEAR / TERM IN % | 2021 | 2020 |
|---|---|---|
| up to 5 years | 0.00 | 0.00 |
| 5 to 10 years | 0.00 | 0.00 |
| over 10 years | 0.00 | 0.00 |

This does not include provisions for post-employment benefits and for other long-term employee benefits, which are subject to the specific provisions of IAS 19.83. For more information, please see note **(26) Provisions**.

Pursuant to IFRIC 1, "Changes in Existing Decommissioning, Restoration and Similar Liabilities," changes in estimates which are attributable to an adjustment in respect of the timing of cash flows, the amount of cash outflow or the amount of the interest rate to be used for determining present value should be recognized in the provisions themselves and in the same amount in the relevant asset recognized under property, plant and equipment. If the adjustment results in a reduction in the carrying amount and if the adjustment exceeds the residual carrying amount of the asset, then the excess is recognized directly as an expense.

## FINANCIAL LIABILITIES

All **financial liabilities** are initially recognized at the fair value of the consideration received less transaction costs that are attributable to the borrowing. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are only recognized in profit or loss when the liabilities are derecognized.

**Trade payables** are generally due in 30 days or less. They are initially measured at fair value and subsequently at amortized cost.

## CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND CONTINGENT ASSETS

**Contingent liabilities** are possible or present obligations that arise from past events and which are not expected to result in an outflow of resources. If they were not assumed in a business combination, they are disclosed off the face of the balance sheet in the notes to the financial statements. The amounts stated reflect the scope of liability as of the balance sheet date.

Future (guaranteed) third-party claims for payments from group entities are reported under **other financial obligations**. These claims relate to those obligations which cannot be recognized in the balance sheet (at present) and are not contingent liabilities.

**Contingent assets** are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

## FOREIGN CURRENCY TRANSLATION

The Group's functional and reporting currency is the euro (EUR). Transactions in foreign currencies are disclosed at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate at the balance sheet date. Differences arising from currency translation are disclosed in the income statement.

As in the previous year, there was no foreign currency translation at the GASAG Group in the 2021 financial year.

# 6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

## (1) REVENUE

| IN € K | 2021 | 2020 |
|---|---|---|
| Natural gas supply | 820,999 | 722,167 |
| Network access charges | 246,131 | 270,116 |
| Electricity supply | 204,747 | 164,077 |
| Heating supply | 55,264 | 39,369 |
| Other | 29,501 | 27,364 |
| | **1,356,642** | **1,223,093** |

Revenue was mainly generated from the supply of natural gas. EUR 688,850 k (prior year: EUR 598,897 k) relates to end customers and EUR132,149 k (prior year: EUR 123,270 k) to redistributors. The increase in revenue from natural gas deliveries is mainly attributable to higher prices. In the end-customer segment, these resulted mainly from the introduction of the $CO_2$-tax, and in the case of distributors from market price developments.

The decline in sales revenue from electricity deliveries is partly due to lower consumption by customers. The share of electricity sales accounted for by sales volumes to end customers amounts to EUR 214,289 k (prior year: EUR 242,576 k).

Revenue includes remuneration provided under the German Renewable Energies Act ["Erneuerbare-Energien-Gesetz": EEG] and other similar remuneration of EUR 904 k (prior year: EUR 1,761 k) which is offset by material costs in the same amount.

## (2) OTHER OPERATING INCOME

| IN € K | 2021 | 2020 |
|---|---|---|
| Own work capitalized | 17,551 | 16,495 |
| Reversal of provisions | 11,353 | 10,803 |
| Reimbursement of dunning and court costs | 4,537 | 2,305 |
| Derecognition of accrued liabilities | 3,817 | 8,743 |
| Reversal of deferred income | 2,879 | 3,348 |
| Income from the disposal of non-current assets | 621 | 330 |
| Reversal of value adjustments | 282 | 806 |
| Miscellaneous | 11,389 | 9.462 |
| | **52,429** | **52,292** |

## (3) COST OF MATERIALS

| IN € K | 2021 | 2020 |
|---|---|---|
| Cost of raw materials, consumables and supplies and of purchased merchandise | 713,254 | 628,507 |
| Cost of purchased services | 222,019 | 239,135 |
| | **935,273** | **867,642** |

The cost of materials mainly includes expenses for gas and electricity, which are distributed directly to end users, transferred to redistributors and used by the Group itself. The increase in expenses for raw materials, consumables and supplies is mainly due to the increase in gas purchase prices and the consideration of the $CO_2$ tax introduced by BEHG on January 1st, 2021.

The expenses for purchased services essentially include expenses for network charges for gas and electricity in the amount of EUR 198,514 k (prior year: EUR 198,719 k). Furthermore, expenses for repairs and maintenance and other construction and purchased services were incurred.

## (4) PERSONNEL EXPENSES

| IN € K | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 100,317 | 102,709 |
| Social security, pension and other benefit costs | 23,666 | 22,030 |
| | **123,983** | **124,739** |

**Personnel expenses** fell by EUR 0.7 million year-on-year to EUR 124.0 million (–0.6 %). Due to the lower number of employees, the expenses for wages and salaries decrease. On the other hand, there are increased expenses for pensions resulting from increased contributions to the VBL as part of the relocation of GASAG, BAS and NBB to the EUREF campus in 2021.

The average number of employees (excluding employees in the passive phase of semi-retirement) decreased to 1,620 employees (prior year: 1,658 employees). The reduction mainly results from the implementation of the measures completed between 2018 and 2021 as part of GASAG 2025 (mainly the volunteer program) as well as further individual agreements in 2021.

Social security contributions include contributions to statutory pension insurance fund of EUR 7,985 k (prior year: EUR 7,925 k).

Pension costs amounted to EUR 5,086 k (prior year: EUR 4,240 k) in the fiscal year.

The annual average number of people employed by the Group was:

| NUMBER OF EMPLOYEES [1] | 2021 | 2020 |
|---|---|---|
| Women | 623 | 647 |
| Men | 1,061 | 1,061 |
| | **1,684** | **1,708** |
| *thereof in the release phase of phased retirement* | *64* | *50* |

1) excluding trainees and management board members

## (5) AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

Amortization, depreciation and impairment losses for fiscal years 2021 and 2020 breaks down as follows:

| IN € K | 2021 | 2020 |
|---|---|---|
| **Intangible assets** | **6,804** | **6,627** |
| Amortization | 6,804 | 6,627 |
| **Property, plant and equipment** | **82,364** | **78,396** |
| Depreciation | 79,778 | 78,269 |
| Impairment losses | 2,586 | 127 |
| **Rights of use** | **11,203** | **11,108** |
| Depreciation | 11,023 | 11,108 |
| Impairment losses | 180 | 0 |
| | **100,371** | **96,131** |

Of the scheduled amortization of **intangible assets** in the current fiscal year, EUR 4,880 k (prior year: EUR 4,701 k) relates to software licenses and EUR 1,835 k (prior year: EUR 1,836 k) to customer bases. Conversion grants and grants accounted for EUR 37 k (prior year: EUR 40 k).

The impairment losses of EUR 2,586 k (prior year: EUR 127 k) on property, plant and equipment in the current financial year relates to the photovoltaic system in Mariendorf and is due to the prematurely planned dismantling of the system. The impairment is reported under the item procurement, generation and distribution facilities. In the previous year, these relate to land and buildings.

## (6) OTHER OPERATING EXPENSES

| IN € K | 2021 | 2020 |
|---|---|---|
| Concession levies | 27,503 | 28,144 |
| Advertising and promotional activities | 19,931 | 18,127 |
| IT services | 17,965 | 18,251 |
| Other services and purchased services | 10,500 | 10,399 |
| Legal and other consulting fees, including audit fees | 8,742 | 9,659 |
| Derecognition of and bad debt allowances on receivables | 5,608 | 4,100 |
| Settlements and Reconciliation of Interests "GASAG 2025" | 4,784 | 3,418 |
| Leasing expenses | 3,107 | 3,507 |
| Insurance | 2,453 | 2,486 |
| Postage and freight costs | 1,822 | 2,076 |
| Losses on the disposal of non-current assets | 1,767 | 777 |
| Entertainment and travel expenses | 1,226 | 799 |
| Other taxes | 314 | 475 |
| Expenses from deconsolidation | 0 | 4,839 |
| Miscellaneous | 7,241 | 5,666 |
| | **112,963** | **112,723** |

The expense from deconsolidation results from the disposal of biogas companies in the previous year in the amount of EUR 4,8 million.

## (7) INVESTMENT RESULT

| IN € K | 2021 | 2020 |
|---|---|---|
| Investment result | | |
| *thereof from entities accounted for using the equity method* | *1,615* | *–453* |
| *thereof from other investments* | *1,235* | *1,220* |
| | **2,850** | **767** |

The investment result includes profit contributions from operating investments. The operating activities of these investees are closely related to those of the Group.

The investment result includes all income and expenses related to these unquoted equity instruments. All shares held in entities accounted for using the equity method and other shareholdings as of December 31, 2021 are disclosed in the list of equity investments in section **3 "Consolidated Group."**

## (8) FINANCE COSTS

| IN € K | 2021 | 2020 |
|---|---|---|
| Finance costs | **–15,932** | **–18,795** |
| Interest on overdrafts and loans from banks | –12,065 | –15,795 |
| Interest from other financial liabilities | –1,642 | –1,463 |
| Unwinding of the discount for provisions | –104 | –387 |
| Interest on finance leases | –2,121 | –1,150 |
| Other financial result | **5,718** | **–622** |
| Interest income and similar income | 2,462 | 1,790 |
| Valuation effects IFRS 9 | 3,256 | –2,412 |
| | **–10,214** | **–19,417** |

The decrease in financing expenses is due to better financing conditions. The change in the other financial result is mainly due to the fair value measurement of an investment.

## (9) INCOME TAXES

| IN € K | 2021 | 2020 |
|---|---|---|
| Corporate income tax | 5,085 | 6,972 |
| *thereof relating to other periods* | *–157* | *1,559* |
| Trade tax | 7,097 | 8,886 |
| *thereof relating to other periods* | *–1,816* | *3,101* |
| **Current income taxes** | **12,182** | **15,858** |
| Deferred taxes on temporary differences | 18,460 | –5,601 |
| *thereof relating to other periods* | *2,078* | *–6,968* |
| Deferred taxes on tax loss carryforwards | 5,834 | 8,622 |
| *thereof relating to other periods* | *–929* | *1,255* |
| **Deferred taxes** | **24,294** | **3,021** |
| **Income taxes** | **36,476** | **18,879** |

The deferred taxes were determined using company-specific tax rates. In addition to the corporation tax of 15.00 %, the solidarity surcharge of 5.50 % on the corporation tax and trade tax rates in a range of 9 – 16 % (prior year: 9 – 16 %) were taken into account.

The reconciliation of the theoretical income tax expense to the actually reported tax expense is shown below:

| IN € K | 2021 | 2020 |
|---|---|---|
| Profit before income taxes | 127,744 | 57,093 |
| Group tax rate | 30.18 % | 30.18 % |
| **Theoretical income tax expense / income** | **38,553** | **17,231** |
| Tax effects from | | |
| Differences and changes in tax rates | –335 | 64 |
| Tax-free income | –91 | –388 |
| Non-deductible business expenses | 67 | 2,256 |
| Effect of taxes from prior years | | |
| recognized in the fiscal year | –2,274 | –1,294 |
| Utilization of loss carryforwards not used in the prior year | –32 | –126 |
| Unrecognized deferred taxes on tax loss carryforwards | 277 | 241 |
| Additions to / reductions in trade tax | 796 | 1,820 |
| Other | –485 | –925 |
| **Effective income tax expense / income** | **36,476** | **18,879** |
| Effective tax rate | 28.6 % | 33.1 % |

The “differences in tax rates and changes in tax rates” essentially result from the difference between the group tax rate and the tax rates of the companies. The development in this item compared to the previous year is due to the increased results of the companies and the changed average trade tax rate due to the relocation of EMB in 2021 and the changes in the breakdown of trade tax at GASAG.

The non-deductible operating expenses include profit reductions that are not tax-deductible, off-balance-sheet corrections in accordance with § 8b KStG and other non-deductible expenses. The decline in the reporting year is mainly due to the effect of the reduction or reimbursement of interest on arrears in accordance with Section 233a AO for previous years. The previous year’s value in this item was significantly influenced by the non-tax-deductible losses from the sale of shares in corporations.

Taxes from previous years contain in particular effects from the first-time activation of deferred taxes on tax loss carryforwards of Geo-En GmbH, tax refunds for 2009 from an agreement between the finance courts and subsequent postings in tax balance sheets from previous years.

No deferred tax assets are recognized for loss carryforwards whose realization is not sufficiently certain. Corporate tax loss carryforwards account for EUR 1,034 k (prior year: EUR 11,774 k) and trade tax loss carryforwards for EUR 5,794 k (prior year: EUR 14,745 k).

The development of the item “Additions/reductions in trade tax” in the fiscal year in particular is due to the significant drop in interest expenses due to the improved financing conditions that must be added and the sharp drop in lease expenses as a result of the transfer of the network operations at NBB in the 2020 financial year that must be added.

The effect shown under "Other" essentially results from the at-equity valuation of shares in associated and joint ventures.

In 2021, shareholders' equity changed by deferred taxes of –EUR 101,510 k (prior year: –EUR 22,313 k) attributable to components not recognized in income.

## (10) PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

| IN € K | 2021 | 2020 |
|---|---|---|
| Revenue | 25 | 13 |
| Other operating income | 626 | 2,274 |
| Expenses | 124 | 1,398 |
| **Profit or Loss before taxes** | **527** | **889** |
| Income taxes | 159 | 268 |
| **Profit or loss from discontinued operations** | **368** | **621** |

In December 2016, the supervisory board of GASAG resolved to decommission the Berlin natural gas storage facility. The commercialization of storage capacities ended on April 1, 2017. The closure plan was submitted to the Brandenburg State Office for Mining, Geology and Raw Materials (Landesamt für Bergbau, Geologie und Rohstoffe Brandenburg: LBGR) in May 2018. The decomissioning approval is expected in the second half of 2022. In the cash flow statement, disclosures relating to discontinued operations are reported under cash flow from operating activities.

## (11) OTHER COMPREHENSIVE INCOME

### Disclosure of Components of Other Comprehensive Income

| IN € K | 2021 | 2020 |
|---|---|---|
| Cash flow hedges: | | |
| Profit or loss for the period | 331,894 | 13,434 |
| Plus reclassification adjustments to profit or loss | 3,173 | 65,525 |
| | **335,067** | **78,959** |
| Remeasurement of assets: | | |
| Actuarial profit or loss | 6,557 | –5,428 |
| **Other comprehensive income before taxes** | **341,624** | **73,531** |
| Income taxes relating to components of other comprehensive Income | –101,510 | –22,313 |
| **Other comprehensive income** | **240,114** | **51,218** |
| Other comprehensive income attributable to non-controlling interests | –3 | –2 |
| **Other comprehensive income excluding non-controlling interests** | **240,111** | **51,216** |

## (12) EARNINGS PER SHARE

Earnings per share in the income statement are calculated by dividing the profit for the period excluding non-controlling interests by the average number of shares. GASAG has only issued ordinary shares.

This figure could be diluted by potential shares (above all, stock options and convertible bonds). The Group has neither issued nor has any plans to issue potential shares in the form of stock options or convertible bonds.

| | | 2021 | 2020 |
|---|---|---|---|
| Profit or loss for the period excluding non-controlling interests | € K | 90,948 | 36,942 |
| Number of shares outstanding (weighted average) | Thousands of units | 8,100 | 8,100 |
| Earnings per share (GASAG Group) | € | 11,23 | 4,56 |
| *thereof for continuing operations* | € | *11,18* | *4,48* |
| *thereof for non-continuing operations* | € | *0,05* | *0,08* |
| Dividends to owners | € K | 53,217 1) | 34,992 2) |
| Dividend per share of GASAG | € | 6,57 1) | 4,32 2) |

1) Proposed

2) Paid in 2021

# 7 NOTES TO THE BALANCE SHEET

## (13) INTANGIBLE ASSETS

Intangible assets developed as follows:

| IN € K | Goodwill | Acquired intangible assets | Internally generated intangible assets | TOTAL |
|---|---|---|---|---|
| Cost | | | | |
| As of Jan. 1, 2020 | 161,712 | 120,691 | 7,835 | 290,238 |
| Changes to the consolidated group | 0 | –14 | 0 | –14 |
| Additions | 0 | 3,296 | 0 | 3,296 |
| Disposals | 320 | 5,550 | 0 | 5,870 |
| As of Dec. 31, 2020 | 161,392 | 118,423 | 7,835 | 287,650 |
| Amortization and impairment | | | | |
| As of Jan. 1, 2020 | 7,755 | 83,179 | 7,758 | 98,692 |
| Changes to the consolidated group | 0 | –5 | 0 | –5 |
| Additions | 0 | 6,608 | 20 | 6,628 |
| Disposals | 0 | 5,516 | 0 | 5,516 |
| As of Dec. 31, 2020 | 7,755 | 84,266 | 7,778 | 99,799 |
| **Residual carrying amounts as of Dec. 31, 2020** | **153,637** | **34,157** | **57** | **187,851** |
| Cost | | | | |
| As of Jan. 1, 2021 | 161,392 | 118,423 | 7,835 | 287,650 |
| Additions | 0 | 4,404 | 359 | 4,763 |
| Disposals | 0 | 1,114 | 0 | 1,114 |
| Reclassification | 0 | –84 | 99 | 15 |
| As of Dec. 31, 2021 | 161,392 | 121,629 | 8,293 | 291,314 |
| Amortization and impairment | | | | |
| As of Jan. 1, 2021 | 7,755 | 84,266 | 7,778 | 99,799 |
| Additions | 0 | 6,784 | 20 | 6,804 |
| Disposals | 0 | 1,053 | 0 | 1,053 |
| As of Dec. 31, 2021 | 7,755 | 89,997 | 7,798 | 105,550 |
| **Residual carrying amounts as of Dec. 31, 2021** | **153,637** | **31,632** | **495** | **185,764** |

In order to carry out the impairment test of goodwill, it was allocated to the cash-generating units. The assignment is shown below:

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| EMB Energie Mark Brandenburg | 120,180 | 120,180 |
| SpreeGas | 22,554 | 22,554 |
| GASAG Solution Plus | 4,901 | 4,901 |
| NBB | 3,491 | 3,491 |
| Geo-En Energy | 1,956 | 1,956 |
| Other | 555 | 555 |
| | **153,637** | **153,637** |

As in the previous year, there is no need for impairment of **goodwill**.

**Acquired intangible assets** mainly include customer bases of EUR 17,431 k (prior year: EUR 19,266 k). Of this, EUR 12,950 k (prior year: EUR 14,314 k) is attributable to the customer base of SpreeGas with a remaining amortization period of 11 years and EUR 4,481 k (prior year: EUR 4,952 k) to the customer base of EMB with a remaining amortization period from 10.5 years. A further component of this item is the conversion grants and subsidies of EUR 126 k (prior year: EUR 152 k) and software of EUR 13,410 k (prior year: EUR 14,059 k) granted to special-rate customers.

The additions mainly relate to software and granted conversion allowances/incentive subsidies. The latter were derecognized at the end of the period they were granted for.

Apart from conversion allowances and incentive subsidies, disposals are predominantly composed of software systems which are no longer used and have already been amortized in full.

Software worth EUR 1,926 k (prior year: EUR 1,862 k) is not ready for operation.

Restrictions on title or disposal in the form of land charges or collateral assignments only exist to a very limited extent.

The **internally generated intangible assets** item essentially includes development costs for software solutions.

## (14) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows:

| IN € K | Procurement, production and distribution facilities | Land and buildings | Other property, plant and equipment | TOTAL |
|---|---|---|---|---|
| Costs | | | | |
| As of Jan. 1, 2020 | 3,274,253 | 65,891 | 25,377 | 3,365,521 |
| Change in the scope of consolidation | –19,859 | –6,402 | –926 | –27,187 |
| Additions | 124,940 | 3,507 | 2,713 | 131,160 |
| Disposals | 19,673 | 2,985 | 1,109 | 23,767 |
| Reclassifications | –5,622 | 5,750 | –128 | 0 |
| As of Dec. 31, 2020 | 3,354,039 | 65,761 | 25,927 | 3,445,727 |
| Depreciation and impairment | | | | |
| As of Jan. 01, 2020 | 1,799,979 | 26,571 | 16,579 | 1,843,129 |
| Change in the scope of consolidation | –8,039 | –1,437 | –519 | –9,995 |
| Additions | 73,963 | 2,181 | 2,266 | 78,410 |
| Write-Ups | 871 | 0 | 0 | 871 |
| Disposals | 19,016 | 2,973 | 1,031 | 23,020 |
| As of Dec. 31, 2020 | 1,846,016 | 24,342 | 17,295 | 1,887,653 |
| **Residual carrying amounts as of Dec. 31, 2020** | **1,508,023** | **41,419** | **8,632** | **1,558,074** |
| Costs | | | | |
| As of Jan. 1, 2021 | 3,354,039 | 65,761 | 25,927 | 3,445,727 |
| Additions | 112,188 | 5,554 | 7,230 | 124,972 |
| Disposals | 23,514 | 1,178 | 4,717 | 29,409 |
| Reclassifications | –241 | –135 | 527 | 151 [1] |
| As of Dec. 31, 2021 | 3,442,472 | 70,002 | 28,967 | 3,541,441 |
| Depreciation and impairment | | | | |
| As of Jan. 1, 2021 | 1,846,016 | 24,342 | 17,295 | 1,887,653 |
| Additions | 77,890 | 2,023 | 2,469 | 82,382 |
| Write-Ups | 39 | 0 | 0 | 39 |
| Disposals | 22,.073 | 1,031 | 4,236 | 27,340 |
| Reclassifications | 254 | 0 | 35 | 289 [1] |
| As of Dec. 31, 2021 | 1,902,048 | 25,334 | 15,563 | 1,942,945 |
| **Residual carrying amounts as of Dec. 31, 2021** | **1,540,424** | **44,668** | **13,404** | **1,598,496** |

1) thereof reclassification from the rights of use IFRS16 in the amount of EUR 320 k (AHK) and EUR 289 k (WB) thereof reclassification to current assets in the amount of –154 EUR K (AHK)

**Procurement, production and distribution facilities** include easements (including easements pursuant to Sec. 9 GBBerG), an intangible component which is allocated to the relevant distribution facilities. The carrying amount of the easements amounts to EUR 16,565 k (prior year: EUR 15,766 k).

By far the largest proportion of the additions relates to the expansion of the network distribution systems, which includes replacement and new investments.

Assets with a carrying amount of EUR 37,389 k (prior year: EUR 33,778 k) are subject to restraints on disposal through assignment as security to lenders.

Most of the disposals are due to the proportionate dismantling of the Berlin natural gas storage facility, which had already been fully written off. There were further disposals of pipes and house connection lines as well as heat generation systems.

The write-up of EUR 39 k relates to the recommissioning of a power distribution system. In the previous year, the write-up of EUR 871 k resulted from the change in use of a former field line of the Berlin natural gas storage facility and integration into the Berlin natural gas network. There is a write-up to the fair value of the asset.

With regard to **land and buildings**, EUR 10,642 k (prior year: EUR 10,653 k) relates to land which is mainly recognized at historical carrying amounts.

The disposals of land and buildings mainly relate to leasehold improvements caused by a change of location.

**Other property, plant and equipment** mainly includes operating and office equipment.

Overall, property, plant and equipment includes assets under construction totaling EUR 38,730 k (prior year: EUR 40,149 k). These essentially include investment measures in the gas network distribution systems and heat generation systems under construction.

## (15) RIGHTS OF USE IFRS 16

Lease rights of use have developed as follows:

| IN € K | Distribution facilities | Properties | Other | TOTAL |
|---|---|---|---|---|
| As of Jan. 1, 2020 | 27,746 | 23,731 | 3,063 | 54,540 |
| Additions | 0 | 31,573 | 1,167 | 32,740 |
| Disposals | –1,043 | 0 | –4 | –1,047 |
| Reclassifications | 0 | 0 | 0 | 0 |
| Depreciation | –1,986 | –7,854 | –1,317 | –11,157 |
| **As of Dec. 31, 2020** | **24,717** | **47,450** | **2,909** | **75,076** |
| As of Jan. 1, 2021 | 24,717 | 47,450 | 2,909 | 75,.076 |
| Additions | 960 | 34,876 | 970 | 36,806 |
| Disposals | 0 | –249 | 0 | –249 |
| Reclassifications | 0 | 0 | –31 | –31 [1] |
| Depreciation | –2,042 | –7,963 | –1,243 | –11,248 |
| **As of Dec. 31, 2021** | **23,635** | **74,114** | **2,605** | **100,354** |

1) Reclassification to generation, procurement and distribution systems in the amount of EUR –31 k

Properties essentially includes the rental of office space and space for energy plants. The distribution facilities are mainly network lease agreements for parts of the gas network in various municipalities in Brandenburg.

The increase in rights of use in the 2021 financial year is mainly due to the recognition of the rental agreement for office buildings in connection with the change of the NBB location to the EUREF campus.

## (16) INVESTMENTS IN ASSOCIATES

**Goodwill** attributable to associates was not disclosed under intangible assets but rather as a component of the carrying amount of investments in associates (EUR 784 k; prior year: EUR 784 k) pursuant to IAS 28.42.

The following table shows summarized financial information about associates and joint ventures (calculated as 100 % shareholdings):

### ASSOCIATES

| IN T € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Non-current assets | 15,739 | 15,902 |
| Current assets | 3,765 | 3,436 |
| Non-current liabilities | 1,572 | 3,820 |
| Current liabilities | 11,117 | 8,956 |
| Balance sheet total | 19,504 | 19,338 |
| Revenue | 6,573 | 6,715 |
| Profit for the period | 500 | 386 |

### JOINT VENTURES

| IN T € | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Non-current assets | 2,562 | 2,511 |
| Current assets | 1,340 | 1,476 |
| Non-current liabilities | 416 | 488 |
| Current liabilities | 1,889 | 2,006 |
| Balance sheet total | 3,902 | 3,987 |
| Revenue | 1,975 | 1,207 |
| Profit for the period | 213 | 149 |

The equity investments are composed as follows:

| CARRYING AMOUNTS OF SHAREHOLDINGS (EUR K) | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| **Associates** | **11,278** | **10,396** |
| Gas-Versorgung Cottbus GmbH, Cottbus | 3,588 | 3,108 |
| Netzgesellschaft Hohen Neuendorf GmbH & Co. KG, Hohen Neuendorf | 2,658 | 2,556 |
| Berliner Energieagentur GmbH, Berlin | 1,784 | 1,784 |
| WGI GmbH, Dortmund | 1,032 | 928 |
| Rathenower Netz GmbH, Rathenow | 1,412 | 1,216 |
| NGK Netzgesellschaft Kyritz mbH, Kyritz | 545 | 545 |
| Gasversorgung Zehdenick GmbH, Zehdenick | 259 | 259 |
| **Joint Ventures** | **1,670** | **1,545** |
| ARGE Wärmelieferung, Cottbus | 551 | 551 |
| Netzgesellschaft Hennigsdorf Gas mbH, Hennigsdorf | 975 | 975 |
| G2Plus GmbH, Berlin | 130 | 13 |
| CG GreenTec GmbH, Berlin | 8 | 0 |
| CG Netz-Werk GmbH, Berlin | 6 | 6 |
| **Carrying amounts of shareholdings valued using the equity method** | **12,948** | **11,941** |

## (17) FINANCIAL ASSETS

### Non-Current Financial Assets

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Other loans | 1,613 | 1,658 |
| Investments in unquoted equity instruments | 17,967 | 14,712 |
| Receivables from finance leases | 5,053 | 4,469 |
| Derivatives [1] | 50,519 | 5,727 |
| | **75,152** | **26,566** |
| 1) thereof classified as held for trading | 0 | 562 |

**Investments in unquoted equity instruments** relate to entities included in the list of equity investments under “other shareholdings”. The increase in the 2021 financial year is due to the write-up of an investment in the category „measured at fair value through profit or loss“. With regard to the valuation, reference is made to note **“(30) Reporting on financial instruments”**.

Non-current financial assets also include the non-current portion of **lease receivables** from leases classified as finance leases. GASAG Solution Plus GmbH (Herinafter GASAG Solution) is the lessor in the contracting projects. If substantially all the risks and rewards from the contracts concluded are transferred to the lessee, the leased asset is derecognized and a receivable in the amount of the net investment is reported.

The following table shows the minimum lease payments as well as the reconciliation to the gross investment in the leases:

| DEC. 31, 2021 IN € K | Present value of minimum lease payments | Unearned finance income | Gross investment |
|---|---|---|---|
| Due in less than 1 year | 614 | 643 | 1,257 |
| Due in 1 to 5 years | 2,753 | 1,737 | 4,490 |
| Due after 5 years | 2,300 | 788 | 3,088 |
| | **5,667** | **3,168** | **8,835** |

For comparison, the prior-year figures:

| 31.12.2020 IN € K | Present value of minimum lease payments | Unearned finance income | Gross investment |
|---|---|---|---|
| Due in less than 1 year | 618 | 595 | 1,213 |
| Due in 1 to 5 years | 2,619 | 1,583 | 4,202 |
| Due after 5 years | 1,849 | 445 | 2,294 |
| | **5,086** | **2,623** | **7,709** |

Information on derivatives is provided separately under note **(30) “Reporting on Financial Instruments”**.

### Current Financial Assets

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Receivables from finance leases | 591 | 591 |
| Derivatives [1] | 236,991 | 11,690 |
| | **237,582** | **12,281** |
| 1) thereof classified as held for trading | 22 | 456 |

The significant increase in current financial assets is due to the increase in market values of the futures transactions accounted for as derivatives as a result of the rise in energy prices.

## (18) CONTRACT ASSETS

Assets in connection with customer contracts mainly relate to capitalized contract costs of EUR 35,123 k (prior year: EUR 33,964 k) (thereof current EUR 11,985 k (prior year: EUR 10,810 k)). These are exclusively contract acquisition costs. The expenses for the period billed by third parties (e. g. commission payments to sales partners) are capitalized. The resulting asset is consumed as scheduled over the average customer retention period. Consumption in the financial year amounted to EUR 11,949 k (prior year: EUR 9,735 k).

Also included are contract assets of EUR 5,392 k (prior year: EUR 6,388 k) (thereof current EUR 4,625 k (prior year: EUR 5,190 k)), which mainly result from the granting of bonus payments to customers and are consumed over the term of the contract. The reduction in sales revenue due to the allocation of previously recognized contractual assets to the appropriate amounted to EUR 6,574 k (prior year: EUR 7,197 k) in the past financial year.

## (19) DEFERRED TAXES (ASSETS AND LIABILITIES)

Deferred tax assets and liabilities result from temporary valuation differences in the IFRS balance sheet and the tax base, as well as from tax loss carryforwards.

| IN € K | | DEC. 31, 2021 DEFERRED TAX ASSETS TAXES | DEC. 31, 2021 DEFERRED TAX LIABILITIES TAXES | Dec. 31, 2020 Deferred tax assets Taxes | Dec. 31, 2020 Deferred tax liabilities Taxes |
|---|---|---|---|---|---|
| Intangible assets | (1) | 9,610 | 5,547 | 11,661 | 6,003 |
| Property, plant and equipment | (2) | 3,843 | 119,703 | 3,453 | 109,668 |
| Rights of use | (3) | 0 | 29,878 | 0 | 22,490 |
| Investments in associates | | 81 | 0 | 54 | 0 |
| Financial assets | (4) | 0 | 112,008 | 383 | 7,906 |
| Inventories | (5) | 535 | 249 | 611 | 614 |
| Trade receivables and other Receivables | | 752 | 381 | 786 | 180 |
| Contract assets | (6) | 0 | 12,107 | 0 | 13,136 |
| Deferred Income | (7) | 36,455 | 877 | 32,269 | 1,102 |
| Provisions | (8) | 14,144 | 9,684 | 17,995 | 1,190 |
| Financial liabilities | (9) | 9,872 | 141 | 6,051 | 170 |
| Trade payables and other liabilities | (10) | 31,789 | 68 | 25,830 | 65 |
| | | **107,081** | **290,643** | **99,093** | **162,524** |
| Tax loss carryforwards | (11) | 29,826 | | 35,659 | |
| **Gross amount** | | **136,907** | **290,643** | **134,752** | **162,524** |
| Netting | | 112,762 | 112,762 | 93,131 | 93,131 |
| **Net amount** | | **24,145** | **177,881** | **41,621** | **69,393** |
| *thereof current* | | *12,411* | *838* | *10,222* | *1,030* |
| *thereof non-current* | | *124,496* | *289,805* | *124,530* | *161,494* |

The differences between the tax balance sheet and the IFRS balance sheet are as follows:

(1) The reduction in deferred tax liabilities results from the depreciation of customer bases that were not capitalized in the tax balance sheet.

The reason for the reduction in deferred tax assets is the amortization of the goodwill capitalized in the supplementary balance sheets of NBB in previous years, which resulted from the transfer of the NBB shares from GASAG, EMB and SpreeGas to GBG.

(2) The valuation differences are the result of the underlying useful lives, which generally cover a longer period under IFRS. In addition, real property rights pursuant to Sec. 9 GBBerG are non-depreciating assets under tax regulations. Additional valuation differences arose as part of the sale of network assets from GASAG to NBB and the associated revaluations in the tax balance sheet. The increase in the fiscal year is due to the fact that technical systems have to be accounted for by the contracting party as part of the so-called contracting model under IFRS.

The increase in deferred tax liabilities is due to the different recognition of the deferred item for construction cost and investment grants in connection with the transfer of the network operating unit from GASAG to NBB. The deferred tax assets and liabilities are shown in the balance sheet under „other liabilities“. In the balance sheets of GASAG, these were shown netted against assets of property, plant and equipment. In the IFRS balance sheet of NBB, the deferrals – in contrast to the tax balance sheet – are shown openly under deferred income in the reporting year. The resulting increase in deferred tax liabilities corresponds to the increase in deferred tax assets on deferred income (7).

(3) The deferred tax liabilities result from the consideration of the requirements of IFRS 16.

(4) The increase in deferred tax liabilities is mainly due to the valuation of the derivatives in accordance with IFRS 9 at their market values.

(5) The deferred tax assets are due to the valuation differences with regard to work in progress.

The decrease in deferred tax liabilities results from the fact that the inventory of working gas in GASAG's natural gas storage facilities is valued using the average method; however, the LIFO method is used in the tax balance sheet.

(6) The different balance sheet approaches are justified by the application of IFRS 15.

(7) Deferred tax assets related to deferred income stem from the differences between IFRSs and tax accounting regarding the reversal of the special item for investment subsidies and have increased due to the deviating statement described in more detail under (2). The deferred tax liabilities are attributable to the special item with an equity portion recognized by SpreeGas GmbH for tax purposes.

(8) Differences in provisions result from the different treatment of the pension provisions, the provisions for phased retirement arrangements and top-up contributions to the VBL. Indirect pension obligations (largely under the agreements on pensions for salaried employees and wage earners in the State of Berlin and top-up contributions to the VBL) are recognized in accordance with IFRSs. Furthermore, different actuarial inputs are used. The other non-current provisions (term of over 12 months) are discounted under IFRSs, in contrast to the treatment for tax purposes.

The change in deferred tax liabilities mainly stems from the reduction in provisions for regulatory matters in the tax balance sheet, which are not recognized under IFRS.

(9) The increase in deferred taxes from financial liabilities is mainly due to the development of the market values of the derivatives.

(10) The increase in deferred tax assets results from the application of IFRS 16.

(11) Pursuant to IAS 12, deferred taxes are recognized for tax loss carryforwards. The reduction in deferred taxes on losses carried forward results from their utilization in the reporting year.

In the fiscal year, deferred taxes of EUR 93,038 k (prior year: –EUR 8,473 k) were charged directly to equity.

The total amount of deferred tax assets includes tax reduction claims arising from the expected utilization of the following existing loss carryforwards in subsequent periods:

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Corporate income tax (incl. solidarity surcharge) | 49,318 | 73,397 |
| Trade tax | 158,409 | 166,607 |

Deferred taxes from unused tax loss carryforwards have been recognized to the extent that it is sufficiently probable that they will be realized.

Deferred tax assets and liabilities are netted if these income tax assets and liabilities can be offset for submission against each other to the same tax authority on the same taxable entity.

## (20) INVENTORIES

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Raw materials, consumables and supplies | 286 | 321 |
| Merchandise | 8,019 | 7,175 |
| Work in process | 2,368 | 3,550 |
| Emission certificates | 63,728 | 0 |
| | **74,401** | **11,046** |

The goods reported under inventories relate to the working gas stored in the natural gas storage facilities in the amount of EUR 8,019 k (prior year: EUR 7,175 k).

The emission certificates were acquired for the first time as part of the introduction of national emissions trading. The inventories are not subject to any restrictions on disposal; there are no other burdens either.

## (21) INCOME TAX RECEIVABLES

Refund claims for income taxes such as corporate income tax, trade tax and tax on investment income including the solidarity surcharge are disclosed under tax receivables.

## (22) TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade and other receivables are non-interest-bearing receivables.

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| **Trade receivables:** | **233,818** | **144,285** |
| from gas supplies | 146,757 | 68,139 |
| from grid access charges | 24,525 | 19,598 |
| from heat and electricity supplies | 49,046 | 51,082 |
| from other trade | 13,490 | 5,466 |
| **Other receivables** | **90,854** | **15,478** |
| | **324,672** | **159,763** |

In addition to the goods and services invoiced to customers, trade receivables also include receivables from gas, heat and electricity supplies that have not yet been invoiced, as well as network usage fees of EUR 712,361 k (prior year: EUR 628,962 k), which were offset against the unbilled advance payments of EUR 544,049 k (prior year: EUR 530,786 k).

Other receivables include tax refund claims from sales tax of EUR 679 k (prior year: EUR 503 k), prepaid expenses of EUR 1,308k (prior year: EUR 864k), and other taxes of EUR 6,131 k (prior year: EUR 3,009 k) and the initial margin of EUR 67,029 k (prior year: EUR 6,148 k) paid as part of the energy-related stock exchange transactions.

The following table shows the age structure of the carrying amounts of trade receivables and the associated allowances for each maturity band:

| IN € K | Carrying amount | Not due | Overdue by between 1 and 30 days | Overdue by between 30 and 60 days | Overdue by between 60 and 120 days | Overdue by between 120 and 360 days | Overdue by more than 360 days |
|---|---|---|---|---|---|---|---|
| Trade receivables before bad debt allowances as of Dec. 31, 2021 | 238,976 | 197,358 | 20,301 | 3,919 | 1,711 | 6,003 | 9,684 |
| Bad debt allowances | 5,158 | 1,833 | 561 | 109 | 99 | 786 | 1,770 |
| **Trade receivables as of Dec. 31, 2021** | **233,818** | **195,525** | **19,740** | **3,810** | **1,612** | **5,217** | **7,914** |
| Trade receivables before bad debt allowances as of Dec. 31, 2020 | 148,376 | 118,791 | 8,709 | 3,063 | 1,205 | 5,586 | 11,021 |
| Bad debt allowances | 4,091 | 1,236 | 234 | 77 | 71 | 683 | 1,789 |
| **Trade receivables as of Dec. 31, 2020** | **144,285** | **117,555** | **8,475** | **2,986** | **1,134** | **4,903** | **9,232** |

Billed trade receivables generally fall due within 16 days.

With respect to the overdue trade receivables that are not impaired, there were no indications as of the balance sheet date that the debtors will be unable to meet their payment obligations.

Bad debt allowances on trade receivables developed as follows:

| IN € K | 2021 | 2020 |
|---|---|---|
| **Bad debt allowances** | | |
| As of Jan. 1 | 4,091 | 4,881 |
| Allocations (expenses for bad debt allowances) | 1,288 | 452 |
| Utilization | 6 | 554 |
| Reversal | 215 | 688 |
| **As of Dec. 31** | **5,158** | **4,091** |

The total amount of the allocations of EUR 1,288 k (prior year: EUR 452 k) comprises allocations due to specific bad debt allowances of EUR 267 k (prior year: EUR 206 k) and flat-rate specific bad debt allowances of EUR 1.021 k (prior year: EUR 246 k). Reversals include reversals of specific bad debt allowances of EUR 41 k (prior year: EUR 20 k) and of flat-rate specific bad debt allowances of EUR 174 k (prior year: EUR 668 k).

All expenses and income relating to bad debt allowances and the derecognition of trade receivables are disclosed under other operating expenses and other operating income.

The following table shows expenses for the complete derecognition of receivables and income from the receipt of payments on receivables derecognized in the prior year:

| IN € K | 2021 | 2020 |
|---|---|---|
| Expenses for the complete derecognition of receivables | 3,950 | 3,482 |
| Income from the receipt of payments on receivables derecognized in prior years | 1,402 | 3,466 |

The ratio of the expenses for the derecognition of trade accounts receivable to the allowances for trade accounts receivable results from the special posting system of the flat-rate individual allowance in the GASAG Group. The withdrawals during the year are not booked against the flat-rate individual value adjustment, but are recorded directly as an expense. Incoming payments for receivables that have already been adjusted are reported under other operating income. The allowance for trade accounts receivable is determined as of the reporting date as the balance of the existing allowance and the calculated need for an allowance, and the corresponding amount is added or reversed. This posting system has no effect on earnings.

In the 2021 financial year, interest income on derecognized or impaired receivables amounting to EUR 239 k (prior year: EUR 269 k) was received.

## (23) CASH AND CASH EQUIVALENTS

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Cash on hand/checks | 48 | 50 |
| Bank balances | 6,016 | 8,127 |
| | **6,064** | **8,177** |

## (24) EQUITY

The statement of changes in equity shows the breakdown and development of equity and non-controlling interest.

### Subscribed Capital

The subscribed capital is divided into 8,100,000 no-par value bearer shares with a notional value of EUR 51.00. All shares are issued and fully paid up. The subscribed capital has not changed compared to December 31, 2020 and amounts to EUR 413,100 k.

### Share Premium

The share premium relates exclusively to premiums pursuant to Sec. 272 (2) No. 1 HGB. Pursuant to Sec. 150 (2) AktG ["Aktiengesetz": German Stock Corporation Act], 10 % of GASAG's capital stock may not be distributed from the legal reserve (restricted use). The remaining amount of EUR 1,151 k may only be used for the purposes specified in Sec. 150 (4) AktG.

### Reserve for Unrealized Gains or Losses

These reserves include unrealized gains and losses from the measurement of hedges at fair value as well as remeasurements of defined benefit pension obligations.

| IN € K | 2021 | Thereof IAS 39 / IFRS 9 | Thereof IAS 19 | 2020 | Thereof IAS 39 / IFRS 9 | Thereof IAS 19 |
|---|---|---|---|---|---|---|
| As of Jan. 1 | –19,747 | –585 | –19,162 | –72,002 | –54,984 | –17,018 |
| Changes in other comprehensive income | 240,115 | 235,617 | 4,498 | 52,255 | 54,399 | –2,144 |
| **As of Dec. 31** | **220,368** | **235,032** | **–14,664** | **–19,747** | **–585** | **–19,162** |

### Retained Earnings

Retained earnings include the profit for the period remaining after transfer to other retained earnings, other retained earnings and the reserve arising from the first-time application of IFRSs and undistributed profits from prior years. The reserves arising from the first-time application of IFRSs come to EUR 90,843 k.

### Non-Controlling Interests

The table below lists the companies that essentially determine the balance sheet item "Non-controlling interests".

| | Stadtwerke Forst GmbH, Lausitz | | Netzgesellschaft Forst (Lausitz) mbH & Co. KG, Forst (Lausitz) | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Non-controlling interests in % | 25.1 | 25.1 | 25.1 | 25.1 |
| IN € K | | | | |
| Attributable to non-controlling interests: | | | | |
| Share in equity | 3,459 | 3,216 | 1,334 | 1,054 |
| Share in profit for the period | 243 | 96 | 281 | 133 |
| Key financial items of the subsidiaries: | | | | |
| Dividend paid in the fiscal year | 0 | 100 | 494 | 790 |
| Assets | 40,062 | 36,733 | 18,103 | 17,181 |
| Liabilites | 26,280 | 23,919 | 12,787 | 12,983 |
| Revenue | 34,750 | 31,837 | 10,188 | 9,093 |
| Profit for the period | 968 | 384 | 1,118 | 528 |
| **Total comprehensive income** | **968** | **384** | **1,118** | **528** |

## (25) DEFERRED INCOME

Deferred income developed as follows in fiscal years 2020 and 2021:

| IN € K | Jan. 1, 2020 | Allocations | Reversals | Repayments | Dec. 31, 2020 |
|---|---|---|---|---|---|
| **Government grants** | **1,962** | **0** | **106** | **0** | **1,856** |
| Investment grants | 1,962 | 0 | 106 | 0 | 1,856 |
| *thereof short-term (< 1 year)* | | | | | *106* |
| **Grants from third parties** | **250,587** | **15,672** | **10,698** | **55** | **255,506** |
| Building cost contributions/investment subsidies (pursuant to NDAV and concession agreements) | 241,331 | 13,215 | 9,450 | 6 | 245,090 |
| *thereof short-term (< 1 year)* | | | | | *9,424* |
| Other investment subsidies | 9,256 | 2,457 | 1,248 | 49 | 10,416 |
| *thereof short-term (< 1 year)* | | | | | *1,114* |
| **Total** | **252,549** | **15,672** | **10,804** | **55** | **257,362** |
| *thereof short-term (< 1 year)* | | | | | *10,644* |
| *thereof long-term (> 1 year)* | | | | | *246,718* |

| IN € K | Jan. 1, 2021 | Allocations | Reversals | Repayments | DEC. 31, 2021 |
|---|---|---|---|---|---|
| **Government grants** | **1,856** | **0** | **105** | **0** | **1,751** |
| Investment grants | 1,856 | 0 | 105 | 0 | 1,751 |
| *thereof short-term (< 1 year)* | | | | | *105* |
| **Grants from third parties** | **255,506** | **20,820** | **11,247** | **11** | **265,068** |
| Building cost contributions/investment subsidies (pursuant to NDAV and concession agreements) | 245,090 | 15,738 | 9,797 | 6 | 251,025 |
| *thereof short-term (< 1 year)* | | | | | *9,249* |
| Other investment subsidies | 10,416 | 5,082 | 1,450 | 5 | 14,043 |
| *thereof short-term (< 1 year)* | | | | | *1,430* |
| **Total** | **257,362** | **20,820** | **11,352** | **11** | **266,819** |
| *thereof short-term (< 1 year)* | | | | | *10,784* |
| *thereof long-term (> 1 year)* | | | | | *256,035* |

In the fiscal year and in the prior year, due to current legislation, the GASAG Group was not able to apply for any investment grants under the German Investment Grant Act ["Investitionszulagengesetz": InvZulG]. The investment grants available are from prior years.

The building cost contributions and investment subsidies are principally paid to finance investments in the distribution facilities. Other investment grants mainly relate to payments for the construction of heat generation plants and customer control systems.

## (26) PROVISIONS

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Non-current provisions | | |
| Provisions for defined benefit plans | 41,002 | 50,044 |
| Other provisions | 45,425 | 58,552 |
| | **86,427** | **108,596** |
| Current provisions | | |
| Provisions for defined benefit plans | 2,372 | 2,362 |
| Other provisions | 48,181 | 45,970 |
| | **50,553** | **48,332** |
| | **136,980** | **156,928** |

### Provisions for Defined Benefit and Defined Contribution Plans

Both defined benefit and defined contribution pension commitments are granted in the GASAG Group. The commitments are primarily based on the length of service and the remuneration of the employees.

In the case of **defined contribution plans**, the company does not enter into any further obligations beyond the payment of contributions to the pension institutions. The expenses are reported under personnel expenses. In the fiscal year 2021, services totaling EUR 12,456 k (prior year: EUR 11,814 k) were made or deferred for the reporting period.

According to IAS 19, the company pension scheme under the VBL should be treated as a defined benefit multi-employer plan, since the employees are legally entitled to statutory payments, regardless of the contributions actually made. The employees' claims are directed towards the VBL and not the Company. However, the Company has secondary liability. A provision for this liability is recognized when the assets of the VBL are insufficient to cover the obligations. The fund assets attributable to the beneficiaries belonging to the Company have to be used for measurement. No information could be obtained from the VBL in this regard. As there is not enough information available to account for the VBL as a defined benefit plan, these benefits are treated as a defined contribution plan. A provision was recognized for the top-up contributions payable to the VBL (see **"Other Personnel Provisions"**).

Provisions are recognized for **defined benefit plans** in accordance with the existing pension commitments for entitlements to future pensions and ongoing benefits to eligible active and former employees and their surviving dependents. There are both direct (from direct commitments) and indirect pension obligations (via external pension providers). These are essentially funded by provisions, so that the obligations from current pensions and entitlements to future pensions are covered by the provisions shown in the balance sheet. The main plans are earnings-related and promise the beneficiaries lifelong annuity payments. The amount of the benefits is usually dependent on the length of service and the salary of the beneficiaries in the years before retirement. Future obligations are valued using actuarial methods with a careful assessment of the relevant influencing factors. The following average parameters were used as a basis for the actuarial calculations of the pension obligations and the result for the period:

| IN % | 2021 | 2020 |
|---|---|---|
| Interest rate | 1.03 | 0.41 |
| Average future salary increase | 2.00 | 2.00 |
| Average future pension increase | 1.00 | 1.00 |

The assumptions on mortality and the resulting life expectancy are based on the Heubeck mortality tables 2018G.

The following table shows a summary of defined benefit plans with and without plan assets.

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Defined benefit plans without plan assets | 60,292 | 69,187 |
| Defined benefit plans with plan assets | 16,918 | 16,781 |
| Total defined benefit plans (netted) | 43,374 | 52,406 |

The plan assets are insurance policies used to cover benefits. In 2021, the actual return on plan assets was EUR 394 k (prior year: EUR 178 k). 60 % of the plan assets (excluding German endowment insurance policies) comprise fund assets from external welfare funds (prior year: 60 %) and 40 % employer's pension liability insurance (prior year: 40 % ). EUR 255 k is expected to be paid into the plan assets in 2020 (prior year: EUR 294 k).

The following table shows the development of the defined benefit obligation and the fair value of plan assets.

Reimbursements for items for which provisions were made are not available.

| IN € K | Present value of the defined benefit obligation | Fair value of plan assets | Defined benefit liability |
|---|---|---|---|
| Jan. 1, 2020 | 66,073 | 16,706 | 49,367 |
| Pension costs recognized in profit or loss | | | |
| Current service cost | 165 | 0 | 165 |
| Interest expense / income | 501 | 130 | 371 |
| **Subtotal recognized in profit or loss for the period** | **666** | **130** | **536** |
| Benefits paid | –3,037 | –422 | –2,615 |
| Subtotal recognized in other comprehensive income | | | |
| Actuarial gains and losses due to changes in demographic assumptions | 0 | 0 | 0 |
| Actuarial gains and losses due to changes in financial assumptions | 5,484 | 0 | 5,484 |
| Other changes in value | 1 | 48 | –47 |
| **Subtotal recognized in other comprehensive income** | **5,485** | **48** | **5,437** |
| Employer's contributions | 0 | 319 | –319 |
| **Dec. 31, 2020** | **69,187** | **16,781** | **52,406** |

| IN € K | PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION | FAIR VALUE OF PLAN ASSETS | DEFINED BENEFIT LIABILITY |
|---|---|---|---|
| Jan. 1, 2021 | 69,187 | 16,781 | 52,406 |
| Pension costs recognized in profit or loss | | | |
| Current service cost | 167 | 0 | 167 |
| Interest expense / income | 257 | 63 | 194 |
| **Subtotal recognized in profit or loss for the period** | **424** | **63** | **361** |
| Benefits paid | –3,092 | –537 | –2,555 |
| Subtotal recognized in other comprehensive income | | | |
| Actuarial gains and losses due to changes in demographic assumptions | 0 | 0 | 0 |
| Actuarial gains and losses due to changes in financial assumptions | –6,227 | 0 | –6,227 |
| Other changes in value | 0 | 331 | –331 |
| **Subtotal recognized in other comprehensive income** | **–6,227** | **331** | **–6,558** |
| Employer's contributions | 0 | 280 | –280 |
| **Dec. 31, 2021** | **60,292** | **16.918** | **43,374** |

The following table shows a quantitative sensitivity analysis of the key assumptions as of December 31, 2021:

| | | Changes in defined benefit obligations | | | |
|---|---|---|---|---|---|
| ASSUMPTIONS | Change in % | DEC. 31, 2021 IF THE ASSUMPTIONS INCREASE IN T € | DEC. 31, 2021 IF THE ASSUMPTIONS DECREASE IN T € | Dec. 31, 2020 if the assumptions increase in € K | Dec. 31, 2020 if the assumptions decrease in € K |
| Interest rate | 1.0 | –7,700 | 9,897 | –9,528 | 12,468 |
| Future salary increases | 1.0 | 171 | –163 | 234 | –222 |
| Future pension increases | 1.0 | 5,150 | –4,368 | 6,157 | –5,187 |

The above sensitivity analyzes were performed using a process that extrapolates the impact of realistic changes in key assumptions at the end of the reporting period on the defined benefit obligation. One assumption is changed while all other assumptions are kept constant.

The average term of the defined benefit obligation is more than 15 years at the end of the current fiscal year (prior year: 16 years).

Payments of EUR 3,016 k (prior year: EUR 2,606 k) are expected within the next 12 months as part of the defined benefit obligations.

## Other Provisions

### Provisions – Terms

| IN T € | DEC. 31, 2021 TOTAL | Thereof residual term of < 1 YEAR | Thereof residual term of > 1 YEAR | 31.12.2020 Total | Thereof residual term of < 1 year | Thereof residual term of > 1 year |
|---|---|---|---|---|---|---|
| Other personnel provisions | 8,639 | 3,159 | 5,480 | 11,961 | 4,001 | 7,960 |
| Provisions for soil cleaning | 191 | 191 | 0 | 185 | 185 | 0 |
| Provision for restoration and follow-up maintenance | 53,891 | 16,088 | 37,803 | 62,138 | 15,130 | 47,008 |
| Provisions forlitigation | 210 | 210 | 0 | 287 | 287 | 0 |
| Miscellaneous provisions | 30,675 | 28,533 | 2,142 | 29,951 | 26,367 | 3,584 |
| | **93,606** | **48,181** | **45,425** | **104,522** | **45,970** | **58,552** |

### Statement of Provisions

| IN € K | Jan. 1, 2021 | Withdrawal | Reversal | Allocation | Unwinding of the discount for changes in interest rate [1] | Changes in the scope of consoli-dation | DEC. 31, 2021 |
|---|---|---|---|---|---|---|---|
| Other personnel provisions | 11,961 | –6,221 | –943 | 3,915 | –73 | 0 | 8,639 |
| Provisions for soil cleaning | 185 | 0 | 0 | 6 | 0 | 0 | 191 |
| Provision for restoration and follow-up maintenance | 62,138 | –8,718 | –14 | 485 | 0 | 0 | 53,891 |
| Provisions for litigations | 287 | –34 | –43 | 0 | 0 | 0 | 210 |
| Miscellaneous provisions | 29,951 | –16,094 | –3,308 | 20,126 | 0 | 0 | 30,675 |
| | **104,522** | **–31,067** | **–4,308** | **24,532** | **–73** | **0** | **93,606** |

1) unwinding of the discount for provisions; interest effects due to the changes in interest rates and terms including the effects recognized without an effect on profit or loss in accordance with IFRIC 1

**Other Personnel Provisions**

Provisions for personnel of EUR 8,639 k (prior year: EUR 11,961 k) mainly relate to restructuring expenses as part of the "GASAG 2025" transformation program.

In addition, obligations to pay top-up contributions for the VBL are reported. These top-up contributions cover the additional cash requirement, beyond the proceeds from the general contribution rate and finance claims arising prior to January 1, 2002 for additional old-age and survivors' pensions. The calculation used to determine the top-up contribution places considerable emphasis on the ratio between the participant's (employer) expenses for the supplementary pension scheme and its pension obligations. When measuring the provisions, recognition as a hardship case based on the implementation regulations in Art. 65 (5a) of the VBL's articles of incorporation was assumed. The VBL approved the use of hardship rules in prior years.

The obligation to pay top-up contributions to the VBL is recognized at present value. The provisions were measured assuming an interest rate of 0.95 % (prior year: 0.38 %) and a term of 10 years (prior year: 11 years). However, the expense may be over or underestimated due to insufficient or inaccurate information, which may lead to significant adjustments to the personnel provisions.

Furthermore, there are obligations from partial retirement arrangements, which are valued on the basis of actuarial reports. The valuation parameters used for this are shown below:

| IN % | 2021 | 2020 |
|---|---|---|
| Interest rate | 0.0 | –0.2 |
| Average future salary increase | 2.0 | 2.0 |
| Average future pension increase | 1.0 | 1.0 |

The expenses for phased retirement obligations are disclosed under the operating result and interest expenses relating to the unwinding of the discount for provisions under finance costs. The provisions for phased retirement arrangements generally have terms of up to five years.

In order to protect claims arising from phased retirement arrangements pursuant to Sec. 8a AltTZG ["Altersteilzeitgesetz": German Phased Retirement Act] against insolvency, GASAG Treuhand e. V. was established in fiscal year 2007. The funds of EUR 11,486 k (prior year: EUR 10,732 k) transferred to the trustee must be managed by the trustee with a view to the maintenance of capital, and may only and irrevocably be used in the future to meet the relevant obligations.

The trust assets that relate to the deferred performance part of the phased retirement obligations constitute the plan assets. The fair value of the plan assets of EUR 12,003 k (prior year: EUR 11,001 k) was netted with the obligations.

**Provisions for Soil Cleaning**

The provisions for cleaning contaminated land of EUR 191 k (prior year: EUR 185 k) are due to statutory environmental protection obligations. Due to the low probability of the risk of utilisation and cash outflow, the provision was largely reversed.

**Provision for Restoration and Follow-Up Maintenance**

The provision for the restoration and follow-up maintenance of facilities (storage facilities) of EUR 53,891 k (prior year: EUR 62,138 k) is mainly recognized due to public obligations.

In May 2018 a closure plan was submitted to the Brandenburg State Office for Mining, Geology and Raw Materials as the competent authority by the Berliner Erdgasspeicher GmbH. Due to long processing times, decommissioning approval is now expected in the 2022 financial year. Dismantling and decommissioning is expected to continue until at least 2025.

The net changes in the interest rates and terms of the obligations led to an adjustment of the present value of the provisions for restoration and follow-up maintenance of –EUR 1 k (prior year: –EUR 1 k).

With reference to the amount of the obligation and the term of the provisions for the restoration of facilities, there are uncertainties which could result in the need for adjustments to provisions.

### Provision for litigations

This item includes various items mainly in connection with energy taxes and class action lawsuits from previous years.

### Other Provisions

The other provisions take into account other legal or factual obligations existing on the balance sheet date as well as obligations from onerous contracts. The other provisions all have the character of legal obligations; there are no actual obligations. The main items relate to project costs not yet settled in the amount of EUR 11,063 k (prior year: EUR 8,507 k), bonuses and other discounts EUR 7,057 k (prior year: EUR 8,426 k), other tax provisions EUR 6,440 k (Prior year: EUR 3,804 k) and provisions for property rights EUR 2,196 k (prior year: EUR 2,304 k).

## (27) FINANCIAL LIABILITIES

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| **Liabilities to banks and borrower's note loans** | **568,376** | **573,583** |
| *thereof due within 1 year* | *213,607* | *89,606* |
| *thereof due after 1 year* | *354,769* | *483,977* |
| **Other financial liabilities** | **92,346** | **91,516** |
| *thereof due within 1 year* | *405* | *1,516* |
| *thereof due in 1 to 5 years* | *91,941* | *90,000* |
| **Derivatives** | **15,852** | **18,929** |
| *thereof due within 1 year* | *10,798* | *10,900* |
| *thereof due in 1 to 5 years* | *5,054* | *8,029* |
| | **676,574** | **684,028** |

Financial liabilities largely comprise liabilities to banks and liabilities from capital market transactions.

As in the previous year, the range of interest rates for fixed-interest financial liabilities is between 0.67 % and 4.0 %.

24.0 % (prior year: 30.9 %) of debt to banks have variable interest rates. The variable-interest loans are largely secured with derivatives.

The following table shows the contractually agreed (undiscounted) cash flows relating to the primary financial liabilities and derivatives. All instruments held as of December 31, 2021 for which payments had been contractually agreed were taken into account. Variable interest payments arising from financial instruments were determined on the basis of the last interest rates fixed before December 31, 2021.

| | | | Thereof in the periods | | |
|---|---|---|---|---|---|
| IN € K | CARRYING AMOUNT DEC. 31, 2021 | Cash flows Total | 2022 | 2023–2026 | 2027 and thereafter |
| Financial liabilities to banks and borrower's note loans | –568,376 | –593,800 | –204,600 | –155,265 | –233,935 |
| Other financial liabilities | –92,346 | –102,059 | –2,046 | –25,144 | –74,869 |
| Derivative financial liabilities | –15,852 | –21,346 | –16,934 | –4,412 | 0 |
| Derivative financial assets | 287,511 | –233,279 | –155,344 | –77,935 | 0 |

For comparison, the prior year figures:

| | | | Thereof in the periods | | |
|---|---|---|---|---|---|
| IN € K | Carrying amount Dec. 31, 2020 | Cash flows Total | 2021 | 2022–2025 | 2026 and thereafter |
| Financial liabilities to banks and borrower's note loans | –573,583 | –601,626 | –96,773 | –272,145 | –232,708 |
| Other financial liabilities | –91,515 | –102,867 | –2,635 | –24,488 | –75,744 |
| Derivative financial liabilities | –18,929 | –145,375 | –107,912 | –37,463 | 0 |
| Derivative financial assets | 17,417 | –89,016 | –45,106 | –43,910 | 0 |

Information on derivatives is provided separately under note **(30) "Reporting on Financial Instruments"**.

## (28) TRADE PAYABLES AND OTHER LIABILITIES

| | | Thereof due in | | | Thereof due in | |
|---|---|---|---|---|---|---|
| IN € K | DEC. 31, 2021 | ≤ 1 YEAR | > 1 YEAR | Dec. 31, 2020 | ≤ 1 year | > 1 year |
| Trade payables | 216,639 | 216,639 | 0 | 137,033 | 137,033 | 0 |
| Liabilities arising from the procurement of natural gas | 136,853 | 136,853 | 0 | 59,799 | 59,799 | 0 |
| Miscellaneous liabilities | 79,786 | 79,786 | 0 | 77,234 | 77,234 | 0 |
| Other Liabilities | 232,909 | 128,254 | 104,655 | 152,770 | 71,324 | 81,446 |
| *thereof lease liabilities* | *102,742* | *9,874* | *92,868* | *77,081* | *9,795* | *67,286* |
| | **449,548** | **344,893** | **104,655** | **289,803** | **208,357** | **81,446** |

Other liabilities essentially include lease liabilities of EUR 102,742 k (prior year: EUR 77,081 k), obligations to employees from benefits due in 2021 of EUR 14,907 k (prior year: EUR 12,510 k) EUR), tax liabilities of EUR 29,069 k. (Prior year: EUR 21,292 k), credit-side debtors in the amount of EUR 14,718 k (prior year: EUR 15,545 k).

The minimum lease payments and present values from leases are as follows:

| IN € K | MINIMUM LEASE PAYMENT 2021 | Minimum lease payment 2020 | VALUES AS OF DEC. 31, 2021 | Present values as of Dec. 31, 2020 |
|---|---|---|---|---|
| Due in less than 1 year | 12,142 | 11,981 | 9,772 | 10,279 |
| Due in 1 to 5 years | 40,977 | 31,773 | 33,498 | 26,555 |
| Due after 5 years | 66,426 | 45,629 | 59,499 | 40,881 |
| | **119,545** | **89,383** | **102,769** | **77,715** |

The increase in lease liabilities in the 2021 financial year is mainly due to the accounting of the new rental agreement for office buildings for the new NBB location on the EUREF campus. The total cash outflow for leasing in the financial year is EUR 16,116 k (prior year: EUR 14,770 k).

## (29) INCOME TAX LIABILITIES

Income tax liabilities include obligations arising from income taxes, such as corporate income tax, including the solidarity surcharge, and trade tax.

# 8 OTHER NOTES

## (30) REPORTING ON FINANCIAL INSTRUMENTS

Financial instruments include primary and derivative financial instruments.

On the assets side, primary financial instruments mainly comprise receivables and cash and cash equivalents. On the equity and liabilities side, primary financial instruments mainly include loans to banks, borrower's note loans and trade payables.

The majority of trade receivables and other assets, cash and cash equivalents and trade payables and other liabilities have short residual terms. Thus the carrying amounts of these assets approximated their fair values as of the balance sheet date.

The fair values of the financial liabilities to banks and borrower's note loans and other financial liabilities are determined by applying discounting over the residual term of the instruments using market interest rates.

The following table shows carrying amounts, fair values and the measurement category pursuant to IFRS 9 as well as the allocation to the hierarchy levels pursuant to IFRS 13 of all financial instruments disclosed in the consolidated financial statements.

| IN € K | Measurement category pursuant to IFRS 13 | Measurement category pursuant to IFRS 9 | CARRYING AMOUNT DEC. 31, 2021 | FAIR VALUE DEC. 31, 2021 | Carrying amount Dec. 31, 2020 | Fair Value Dec. 31, 2020 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Investments | | | | | | |
| Investments in unquoted equity instruments | 3 | FVOCI | 627 | 627 | 627 | 627 |
| Other investments | 3 | FVPL | 17,339 | 17,339 | 14,084 | 14,084 |
| Financial receivables and other financial assets | | | | | | |
| Other loans | – | AmC | 1,613 | 1,613 | 1,659 | 1,659 |
| Receivables from finance leases | 2 | – | 5,644 | 8,804 | 5,060 | 7,832 |
| Other financial assets | – | AmC | 72,978 | 72,978 | 7,130 | 7,130 |
| Derivatives | | | | | | |
| Derivatives not designated as hedging instruments | 2 | FVPL | 22 | 22 | 1,018 | 1,018 |
| Derivatives designated as hedging instruments | 2 | – | 287,488 | 287,488 | 16,400 | 16,400 |
| Trade receivables and other receivables | – | AmC | 233,818 | 233,818 | 144,285 | 144,285 |
| Cash and cash equivalents | – | AmC | 6,064 | 6,064 | 8,176 | 8,176 |
| **Equity and Liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Financial liabilities to banks and borrower's note loans | 3 | AmC | 568,376 | 565,258 | 573,583 | 577,820 |
| Other financial liabilities | 3 | AmC | 91,448 | 92,770 | 91,515 | 96,146 |
| Minority interests partnerships | 3 | FVPL | 899 | 899 | 0 | 0 |
| Derivatives | | | | | | |
| Derivatives designated as hedging instruments | 2 | – | 15,852 | 15,852 | 18,930 | 18,930 |
| Trade Payables | – | AmC | 216,639 | 216,639 | 137,033 | 137,033 |
| Other liabilities | – | AmC | 97,511 | 97,511 | 48,499 | 48,499 |

[1] without Minority interest partnerships

Measurement categories according to IFRS 9:
- AmC: amortised cost
- FVOCI: fair value through OCI
- FVPL: fair value through profit or loss

In accordance with IFRS 13, the following hierarchy is used to determine and disclose the fair value of financial instruments:

Level 1: Fair values based on quoted prices in active markets,

Level 2: Fair values that are determined on the basis of valuation techniques which use inputs that have a significant effect on the recorded fair value and are based on observable market data,

Level 3: Fair values that are determined on the basis of valuation techniques which use inputs that have a significant effect on the recorded fair value and are not based on observable market data.

In fiscal year 2021, there were no reclassifications between fair value measurement at Level 1 and Level 2 and no reclassifications into or out of Level 3.

The fair values of the other investments reported as financial investments are not immediately available due to the lack of an active market. Therefore, the fair value is estimated using valuation techniques. The discounted earnings method is used as the valuation method. The following table shows the main observable input parameters of the discounted earnings method and their effects on the valuation of the financial investments:

| SIGNIFICANT NOT OBSERVABLE INPUTS | Range % | Effect of changes in the inputs on fair value (sensitivity analysis) |
|---|---|---|
| Terminal growth rate | 0.5 % | A decrease in the growth rate of 0.5 percentage points would lead to a decrease of around EUR 1.3 m in fair value. An increase in the growth factor is deemed unrealistic. |
| Return on sales (in relation to profit for the period) | 10.0 % | An increase (decrease) in profit for the period of 10 percentage points would lead to an increase of around EUR 3.3 m (decrease of around EUR 3.3 m) in fair value. |
| Capitalization rate | 5.10 % | An increase (decrease) in the capitalization rate of 0,1 percentage points would lead to a decrease of around EUR 3.2 m (increase of around EUR 3.4 m) in fair value. |

The following table shows the changes in the other equity investments recognized as investments in unquoted equity instruments:

| IN € K | 2021 | 2020 |
|---|---|---|
| Jan. 1 | 14,712 | 16,207 |
| Additions | 3,255 | 0 |
| Disposals | 0 | 1,495 |
| **Dec. 31** | **17,967** | **14,712** |

### Net Result by Measurement Categories

| | AmC | | FVPL | | FVOCI | |
|---|---|---|---|---|---|---|
| IN € K | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Financial costs | –10,298 | –12,035 | 0 | –1,495 | 0 | 0 |
| Financial income | 394 | 314 | 3,256 | 0 | 0 | 0 |
| Cost of materials | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenues | **0** | **0** | **0** | **478** | **0** | **0** |

### Derivative Financial Instruments and Hedging Relationships

As of the balance sheet date, there were the following derivative transactions:

| | | | | Nominal volume by maturity | |
|---|---|---|---|---|---|
| IN € K | POSITIVE FAIR VALUE | NEGATIVE FAIR VALUE | NOMINAL VOLUME | < 1 YEAR | 1 TO 5 YEARS |
| Interest rate swaps in hedging relationships | 0 | –4,033 | 136,195 | 131,445 | 4,750 |
| Commodity derivatives in hedging relationships | 368,271 | –29,192 | 288,089 | 197,801 | 90,288 |
| | **368,271** | **–33,225** | **424,284** | **329,246** | **95,038** |

For comparison, the prior-year figures:

| | | | | Nominal volume by maturity | |
|---|---|---|---|---|---|
| IN € K | Positive fair value | Negative fair value | Nominal volume | < 1 year | 1 to 5 years |
| Interest rate swaps in hedging relationships | 0 | –9,411 | 177,477 | 41,282 | 136,195 |
| Commodity derivatives in hedging relationships | 19,622 | –10,711 | 248,339 | 163,689 | 84,650 |
| | **19,622** | **–20,122** | **425,816** | **204,971** | **220,845** |

The interest rate swaps in hedging relationships shown were used for hedging cash flows of the existing variable rate hedged items. These are effective cash flow hedges with a hedged interest rate level between 1.43 % and 3.82 %. They are measured at fair value which involves discounting future cash flows. The instruments are discounted over their remaining term using market interest rates.

Physical forwards are used to hedge price risks in connection with commodities. If the requirements for hedge accounting pursuant to IFRS 9 are met, these contracts are recognized outside of profit or loss as cash flow hedges.

The following table shows the development of the reserve for cash flow hedges and ineffectiveness:

| DEC. 31, 2021 IN € K | As of Jan. 1, 2021 | Gains or losses recognized in equity from CFH | Due to the profit and loss effective realization of the underlying transaction | AS OF DEC. 31, 2021 | Ineffectiveness recognized in profit or loss 2021 |
|---|---|---|---|---|---|
| Hedging of interest rate risks | 8.676 | 4.524 | –9.481 | 3.719 | 63 |
| Hedging of commodity risks | –7.893 | –336.419 | 6.308 | –338.004 | 0 |

Commodity derivatives are measured individually at their forward rate or at the price on the reporting date. The forward rates or prices are based, to the extent possible, on market prices and adjusted where necessary on the basis of extrapolation. The future cash flows calculated are discounted over their remaining term using market interest rates. The prices for gas hedged with commodity derivatives differ widely from 12 to 134 EUR/Mwh and from 37 to 275 EUR/Mwh for electricity.

Counterparty credit risk is also taken into account when determining the fair value of derivative financial instruments. This risk is recorded for financial assets using a credit value adjustment, while the Group's own credit risk relating to financial liabilities is recognized using a debit value adjustment.

The nominal volume of the derivative financial instruments is not disclosed netted with the total of all underlying purchase and sales values.

Derivative financial instruments are subject to market netting agreements. They are traded on the basis of the framework agreement for financial futures and the EFET agreements (European Federation of Energy Traders). The table below shows the financial assets and financial liabilities which are offset pursuant to IAS 32 or netted under enforceable global netting agreements:

| DEC. 31, 2021 IN € K | GROSS AMOUNT | OFFSETTING | COLLATERAL | CARRYING AMOUNT | AMOUNT NOT OFFSET | NET AMOUNT |
|---|---|---|---|---|---|---|
| Derivatives (assets) | 368,270 | –11,761 | –68,998 | 287,511 | 277,787 | 9,724 |
| Derivatives (liabilities) | –33,225 | 11,761 | 5,612 | –15,852 | –15,852 | 0 |

Zum Vergleich die Zahlen vom Vorjahr:

| DEC. 31, 2020 IN € K | Gross amount | Offsetting | Collateral | Carrying amount | Amount not offset | Net amount |
|---|---|---|---|---|---|---|
| Derivatives (assets) | 19,621 | –869 | –1,335 | 17,417 | 16,597 | 820 |
| Derivatives (liabilities) | –20,122 | 869 | 323 | –18,930 | –18,557 | –373 |

## (31) ENERGY AND FINANCIAL RISK MANAGEMENT

### Objectives and Policies

In the course of its business activities, GASAG is exposed to a number of risks arising from energy and financial transactions. GASAG minimizes these risks by applying systematic risk management and controlling processes, which are integral components of the energy procurement and finance business processes.

The internal guidelines govern the uniform group-wide trading, settlement and monitoring processes as well as uniform risk reporting. These risk management processes are designed to enable GASAG to identify risks at an early stage, to analyze them as a whole and to determine the resulting risk management measures to be incorporated into business policies.

### Energy Price and Quantity Risk Management

Within the GASAG Group, a distinction is made between price and volume risks. The volume risk is understood as the potential loss that arises if purchase or delivery obligations cannot be met. The market price change risk is defined as the risk of potential losses from open positions in the event of changes in the market prices on which the energy trading transactions are based. Volume and market price change risks can occur in combination.

Physical forward transactions are used to reduce the risk of price changes from sales and procurement transactions and to hedge innovative price offers. Risk positions between fixed and variable cash flows from sales and procurement transactions are generally hedged when a maximum volume is reached in accordance with the existing risk strategy. There are therefore only a small number of unsecured positions at GASAG. In the case of gas, the risk of fluctuations in the value of the unsecured items from these transactions is determined using a scenario analysis based on a historical simulation with a holding period of 14 days and a residual risk of 2.5 %. The risk of the unsecured gas position was EUR 117 k as of the reporting date (prior year: EUR 39 k). In the case of electricity, the risk is measured using the value-at-risk method with a confidence interval of 95 % and a holding period of 25 days. Based on historical fluctuations in value, the value-at-risk as of the reporting date was EUR 39 k (prior year: EUR 37 k) for positions in the electricity business.

Risks of market price changes in relation to physical commodity derivatives in hedging relationships arise insofar as the changes in the valuation of the derivatives recognized in equity vary as a result of market price fluctuations. On the basis of historical market price fluctuations in the reference market prices, the commodity derivatives are revalued with changed market prices. The market prices used are changed by parallel shifts between 21 % and 50 % for natural gas and for electricity. The risk potential of a reduction in equity determined in this way is EUR 199,327 k (prior year: EUR 69,197 k).

### Management of Financial Risks

Financial risks for GASAG involve interest, currency and other risks from market price changes. These result from existing and planned financial transactions that are exposed to changes in market prices. Liquidity risks are also part of financial risk management.

GASAG and its affiliates use the same method for measuring risks for the purpose of comparing different risk positions. Derivative financial instruments are used to reduce exposure to market price risk.

### Interest Rate Risk

There are interest rate risks for liabilities to banks, issued borrower's note loans, other financial liabilities, interest rate swaps and receivables from banks.

In the case of interest-bearing financial instruments, changes in the relevant market interest rates can lead to fluctuations in the fair value or future cash flows of a financial instrument.

The risk of future cash flow fluctuations for interest-bearing liabilities is eliminated within GASAG by using derivative financial instruments. As of December 31, 2021, there are no significant unhedged floating rate debt.

Changes in the market interest rates for primary financial instruments with fixed interest only affect the result if such instruments are recognized at fair value. In this way, no financial instruments with fixed interest recognized at amortized cost in accordance with IFRS 9 are subject to interest rate risk within the meaning of IFRS 7.

Changes in the value of hedging derivatives to which hedge accounting is applied are recognized directly in equity. On the basis of historical fluctuations in benchmark interest rates, the interest rate derivatives were revalued at the changed interest rates. The interest rates used were changed by a parallel shift of 25 basis points. Taking the future nominal volume of the interest rate derivatives into account, the potential risk from a reduction in equity amounts to EUR 4,139 k (prior year: EUR 584 k).

### Currency Risk

Almost all financial transactions are carried out in the currency of the respective group entities so there is no significant currency risk. As of the balance sheet date, there were no forward exchange contracts to hedge future transactions.

### Liquidity Risk

The aim of liquidity management is to secure liquidity in the Group and at the individual entities of the GASAG Group at all times. GASAG is responsible for identifying, measuring and controlling liquidity positions in cooperation with the subsidiaries, with the aim of ensuring financial flexibility. Rolling 12-month liquidity plans are used for this purpose.

Our group's credit and guarantee lines are provided by a total of 8 banks, some of which have no term limit. As of the balance sheet date, written credit and guarantee lines of EUR 149,2 m were available. Utilization as of the balance sheet date was mainly through guarantees and amounted to EUR 43,5 m. In addition, further verbally promised unused credit lines are available.

### Counterparty Credit Risk

Counterparty credit risk relates to potential financial losses which may arise in connection with the non-fulfillment of contractual obligations by a counterparty.

The maximum theoretical credit risk of derivative transactions results from the sum of the positive fair values of all instruments which give rise to claims against counterparties. This risk is reduced for counterparties with which there are offsetting arrangements in place.

Credit risk in relation to energy and finance counterparties is managed using a uniform group-wide limit system. The limit of a counterparty is mainly calculated using external credit ratings, along with selected metrics. Changes in these parameters are continuously monitored as part of standardized risk management processes. In addition, potential credit risks are calculated using a Monte Carlo simulation, taking into account the probability of default of counterparties and corresponding risk positions. With a probability of 99 %, the potential damage will not exceed EUR 200 m.

### Capital Structure Management

The objective of capital structure management within the GASAG Group is to maintain its capital market capability and thus ensure the group entities' ability to take financial action at all times.

In the GASAG Group, financial ratios relating to capital structure, financial strength and profitability are determined on the basis of the financial statements, long-term corporate planning and forecasts. The objective of strategic capital structure management is to optimize these financial ratios, while tactical capital structure management aims to ensure adherence to these financial ratios. The Group manages its capital structure and makes adjustments in response to changes in economic conditions. In order to optimize the capital structure, the Group can, among other things, alter its dividend payments to shareholders.

No changes were made to the objectives, policies and methods for capital structure management as of December 31, 2021.

The Group's net financial position is shown below. This results from the cash and cash equivalents less financial liabilities, leasing liabilities and the balance of positive and negative market values of derivatives.

| IN € M | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | 6,1 | 8,2 |
| Liabilities to banks | –568,4 | –573,6 |
| Other financial liabilities | –92,3 | –91,5 |
| Leasing liabilities | –102,7 | –77,1 |
| Derivatives | 271,7 | –1,5 |
| **Net financial position** | **–485,6** | **–735,5** |

## (32) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities and other financial obligations are as follows as of the balance sheet date:

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Litigation and other risks | 12,056 | 12,656 |
| Issue from guarantees | 574 | 574 |
| **Contingent liabilities** | **12,630** | **13,230** |
| Biomethane or natural gas purchase commitments | 482,818 | 402,991 |
| Upstream grid costs | 75,446 | 73,698 |
| Purchase commitments | 62,583 | 59,871 |
| Electricity purchase commitments | 75,679 | 79,402 |
| Other | 71,685 | 85,105 |
| **Other financial obligations** | **768,211** | **701,067** |

There are essentially purchase obligations from natural gas, electricity and bio natural gas supply contracts from standard trading transactions. Taking into account the individual maturities, this results in financial obligations of a nominal EUR 477 m up to the year 2032. The figure for the purchase commitments as of December 31, 2021 in the table above is the discounted amount.

The amount of EUR 75,446 k (prior year: EUR 73,698 k) for upstream network costs results from the short-term contracts in connection with the ordering of network capacities in upstream networks.

The distribution of purchase commitments can be found in the table below:

| SHARE IN % | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Purchase commitments for property, plant and equipment | 54.8 | 71.4 |
| Purchase commitments for operational expenditure | 42.8 | 25.1 |
| Purchase commitments for long-term service agreements | 0.8 | 1.5 |
| Renewable resources | 1.5 | 2.1 |
| | **100** | **100** |

Furthermore, other financial obligations mainly include operating costs from rental and leasing contracts, service obligations in the area of technical systems and in the IT area.

Potential future cash outflows of EUR 30,417 k (prior year: EUR 30,480 k) result from existing extension options in rental agreements. The extension options relate in particular to leases for office space of the companies in the GASAG Group on the EUREF campus in Berlin. They can only be exercised by companies of the GASAG Group and not by the lessor. The extension options were not taken into account in the measurement of the lease liabilities, as it is currently not sufficiently certain that they will be exercised. If a significant event or a significant change in circumstances occurs, a reassessment is made as to whether the exercise of renewal options is reasonably certain. Due to the accounting of the new rental agreement for NBB office buildings on the EUREF campus as liabilities in accordance with IFRS 16, there are no longer any significant rental and leasing obligations. The future rental and leasing obligations include obligations from short-term leases in the amount of EUR 176 k (prior year: EUR 98 k) and leases for low-value assets in the amount of EUR 1,396 k (prior year: EUR 1,056 k).

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## (33) NOTES TO THE STATEMENT OF CASH FLOWS

### Intangible Assets

The Group recorded additions of EUR 4,762 k to intangible assets (prior year: EUR 3,296 k). Payments for intangible assets amount to EUR –4,762 k (prior year: EUR –3,296 k).

### Property, Plant and Equipment

The Group acquired property, plant and equipment for EUR 131,368 k (prior year: EUR 134,111 k). Payments for the purchase of property, plant and equipment amounted to EUR –129,881 k (prior year: EUR –133,699 k).

### Financial Assets

Financial assets specified in the statement of cash flows relate to investments in associates and non-current financial assets.

### Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents break down as follows:

| IN € K | DEC. 31, 2021 | Dec. 31, 2020 |
|---|---|---|
| Cash and cash equivalents | 6,064 | 8,177 |
| **Cash and cash equivalents at the end of the period** | **6,064** | **8,177** |

### Interest and Dividends Paid and Received

The cash flow from operating activities includes interest received of EUR 2,462 k (prior year: EUR 1,790 k), interest paid of EUR 15,947 k (prior year: EUR 18,691 k) and dividends received of EUR 616k EUR k (prior year: EUR 614 k).

The cash flow from financing activities includes dividends paid in the amount of EUR 35,014 k (prior year: EUR 52,209 k).

### Financing Activities

In the fiscal year, liabilities from financing activities changed as follows:

| IN € K | 2020 | With an effect on cash | With no effect on cash | 2021 |
|---|---|---|---|---|
| Liabilities to banks | 573,583 | –5,207 | 0 | 568,376 |
| Other financial liabilities | 91,515 | 833 | 0 | 92,348 |
| Derivatives | 18,930 | 0 | –3,078 | 15,852 |
| **Total financial liabilities** | **684,028** | **–4,374** | **–3,078** | **676,576** |

## (34) RELATED PARTIES

As of December 31, 2021, Vattenfall GmbH, Berlin (Vattenfall), and ENGIE Beteiligungs GmbH, Berlin (ENGIE), each held a 31.575 % interest in GASAG's capital stock. In addition, E.ON Beteiligungen GmbH, Essen, had a 36.85 % interest in GASAG. The parent of Vattenfall is Vattenfall AB, Stockholm, Sweden; the parent of E.ON Beteiligungen GmbH is E.ON SE, Essen, and that of ENGIE is ENGIE Deutschland AG, Berlin.

A consortium agreement has been in place between the shareholders of GASAG, Vattenfall GmbH and ENGIE Beteiligungs GmbH since June 2015, which was approved by the EU Commission in December 2015 and again in December 2020, and which has been implemented since January 1, 2021. Vattenfall and ENGIE thus jointly hold a majority shareholding in GASAG.

In addition to the shareholders of GASAG, the related companies of the GASAG Group with which the Group did business in fiscal year 2021 include the affiliated companies of Vattenfall AB, Stockholm, Sweden, ENGIE SA, Paris, France, and E. ON SE, Essen.

The shareholders exercise a significant influence on the GASAG Group through their shareholdings.

Transactions were made with related companies, which resulted in the following items in the financial statements:

| | Revenue | | Expenses | | Assets | | Liabilities | |
|---|---|---|---|---|---|---|---|---|
| IN € K | 2021 | 2020 | 2021 | 2020 | DEC. 31, 2021 | Dec. 31, 2020 | DEC. 31, 2021 | Dec. 31, 2020 |
| **Entities with significant influence** | **86,181** | **76,079** | **86,939** | **82,931** | **18,827** | **17,023** | **25,852** | **17,676** |
| E.ON-Gruppe | 14,079 | 11,137 | 28,386 | 28,599 | 4,305 | 2,512 | 6,615 | 5,685 |
| Vattenfall-Gruppe | 70,860 | 61,529 | 31,428 | 30,915 | 14,363 | 14,408 | 12,761 | 5,781 |
| ENGIE-Gruppe | 1,242 | 3,413 | 27,125 | 23,417 | 159 | 103 | 6,476 | 6,210 |
| **Investments accounted for using the equity method** | **6,964** | **9.323** | **4.515** | **7.843** | **2,506** | **3,176** | **2,960** | **3,026** |
| Associates | 5,906 | 8,803 | 3,731 | 7,388 | 2,075 | 2,482 | 2,611 | 2,989 |
| Joint ventures | 1,058 | 520 | 784 | 455 | 431 | 694 | 349 | 37 |

The relationships between the entities of GASAG Group and the Vattenfall Group mainly relate to gas supplies. Revenue largely comprises income generated from natural gas supply agreements. The expenses primarily include the cost of materials from gas procurement agreements and hardware and software services.

Transactions with the entities of the ENGIE Group mainly relate to natural gas supplies received. Expenses principally comprise the cost of materials from gas procurement agreements.

Assets and liabilities represent the open balances in relation to the business relationships mentioned between the GASAG Group and related companies. Of the assets, trade receivables amount to EUR 18,827 k (prior year: EUR 17,024 k) from companies with a significant influence and EUR 2,506 k (prior year: EUR 3,176 k) to companies accounted for using the equity method. Of the liabilities, EUR 25,853 k (prior year: EUR 17,675 k) relates to trade accounts payable to companies with a significant influence and EUR 2,960 k (prior year: EUR 3,026 k) to companies accounted for using the equity method.

The associates are presented in the list of equity investments **((3) "Consolidated Group")**. Revenue from associates mainly results from gas supplies. Expenses are primarily attributable to services relating to market and sales development in connection with the product natural gas. Receivables and liabilities result from trade.

The members of the **supervisory board** in fiscal year 2021 were:

**Manfred Schmitz** (Chairman of the supervisory board; since January 28, 2021) Chairman of the board of ENGIE Deutschland AG, Cologne

**Michael Hegel** (until January 28, 2021) (Chairman of the supervisory board) Business consultant, Cologne

**Thorsten Neumann** (First deputy chairman of the supervisory board) Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co.KG, Berlin

**Marten Bunnemann** (Second deputy chairman of the supervisory board) Chairman of the board of Avacon AG, Helmstedt

**Axel Pinkert** (since Jan. 28 2021) (Third deputy chairman of the supervisory board) VP Finance Business Support/CFO of Vattenfall GmbH, Berlin

**Christian Barthélémy** (since January 28, 2021) Vattenfall GmbH, Berlin and Country Representative Germany

**Ingo Breite** (until January 28, 2021) Employee at BAS Kundenservice GmbH & Co. KG, Berlin

**Katharina Luise Eickelberg** (since June 18, 2021) Director Business Communication of Vattenfall GmbH, Berlin

**Georg Friedrichs** (until March 18, 2021) Executive of Vattenfall GmbH, Berlin Head of program Management Coal Exit

**Dirk Hahn** Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co.KG, Berlin

**Tuomo Hatakka** (until May 10, 2021) Managing Director TJH Advisory GmbH, Berlin

**Thomas Henn** Commercial manager of the energy division of ENGIE Deutschland GmbH, Berlin

**Ulrika Jardfelt** (since April 16, 2021) Senior Vice President of Vattenfall AB, Stockholm | Sweden

**Annette Kofler** (since January 28, 2021) Head of law of ENGIE Deutschland AG, Berlin

**Dr. Uwe Kolks** (until January 28, 2021) Member of the management at E.ON Energie Deutschland GmbH, Munich

**Annette Krafscheck** Employee at GASAG AG, Berlin

**Tanja Kunert** Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co. KG, Berlin

**Stephan Lachmann** Employee at NBB Netzgesellschaft Berlin Brandenburg mbh & Co. KG, Berlin

**Ursula Luchner** (since July 01, 2021) Employee of GASAG AG, Berlin

**Andreas Otte** Employee of GASAG AG, Berlin

**Michael Rehberg** (until January 28, 2021) Employee of GASAG AG, Berlin

**Dr. Alexandra Pabst** (until December 10, 2021) Chief Sales Officer Facility Solutions at ENGIE Deutschland GmbH, Berlin

**Jürgen Schütt** Member of the board E.DIS AG, Fürstenwalde

**Can Sekertekin** (until June 30, 2021) Employee at GASAG AG, Berlin

**Marcus Sohns** Head of Department Strategic Cooperation of ENGIE Deutschland AG, Berlin

**Norbert Speckmann** Business unit manager Energy & Facility Solutions and Member of the management at ENGIE Deutschland GmbH, Essen

**Eric Stab** (since December 10, 2021) Merchant, Managing Director Europe, Asia, Middle East & Africa, Global Networks at ENGIE S.A, Bucuresti | Romania

**Lutz Wegner** Head of Legal Distribution, Sales & Heat Germany of Vattenfall GmbH, Berlin

**Ewald Woste** Business consultant, Gmund am Tegernsee

### Management Board

The members of the management board in fiscal year 2020 were:

**Division I (Corporate):**

| | |
|---|---|
| **Georg Friedrichs**<br>(chairman)<br>(Since April 1, 2021) | Networks, communications, personnel, legal affairs corporate development, staff of the board, compliance, equal treatment, internal audit & data protection, occupational safety; *since February 24, 2022: risk management & controlling, ISMS, performance management & reporting, taxes, finance business services (former transactional services).* |
| **Dr. Gerhard Holtmeier**<br>(chairman)<br>(until, March 31, 2021) | Networks, communications, personnel, legal affairs, corporate development, staff of the board, compliance, equal treatment, internal audit & data protection, occupational safety. |

**Division II (Operations):**

| | |
|---|---|
| **Matthias Trunk** | Sales private and commercial customers, sales key accounts/ energy-related services, renewable energies, energy procurement, information technology, marketing; *since February 24, 2022: purchasing, real estate management, storage* |

**Division III (Finance):**

| | |
|---|---|
| **Michael Kamsteeg**<br>(until February 24, 2022) | risk management & controlling, ISMS, purchasing, real estate management, performance management & reporting, taxes, transactional services, treasury, storage |

Remuneration paid to GASAG's management board members is set by the supervisory board. The current remuneration system provides for fixed basic annual remuneration, due in equal, monthly installments, as well as a variable annual bonus set by the supervisory board at the end of each fiscal year. The bonus constitutes a variable annual component which is related to personal success and that of the Company. There are no long-term incentives or risk components, such as stock option plans.

Overall, the members of the management board received remuneration as follows:

| IN € K | 2021 | 2020 |
|---|---|---|
| Fixed remuneration | 904 | 941 |
| Variable remuneration | 417 | 485 |
| | **1,321** | **1,426** |

Both the fixed and variable remuneration are short-term benefits.

In fiscal year 2021, no loans or advances were granted to members of the management board or supervisory board, nor were any such repaid. There are no contingent liabilities vis-à-vis members of the management board or the supervisory board.

Former members of the Management Board and their surviving dependents received benefits of EUR 2,320 k in the 2021 reporting period (prior year: EUR 1,082 k). Provisions of EUR 15,597 k were recognized as of the balance sheet date for obligations to former members of the Management Board and their surviving dependents (prior year: EUR 17,517 k). The reinsurance policies in the amount of EUR 6,713 k (prior year: EUR 6,735 k) were netted with the obligations to current and former members of the Management Board or their surviving dependents.

Supervisory board members' expenses of EUR 201 k (prior year: EUR 194 k) were reimbursed. The employee representatives on the supervisory board who are salaried employees also receive a regular salary in accordance with their employee contracts. Their salary is based on the provisions of the German Works Constitution Act ["Betriebsverfassungsgesetz": BetrVG] and reflects appropriate remuneration for the corresponding function or activity within the Company. This applies accordingly to the representatives of the executives on the supervisory board.

The Group did not enter into any significant transactions with related parties.

## (35) DISCLOSURE OF CONCESSIONS

The legal dispute concerning the reallocation of the gas network concession was successfully ended for GASAG and NBB with the judgment of the Federal Court of Justice on March 9, 2021. The Federal Court of Justice ordered the state of Berlin to award the gas network concession to NBB. The gas concession agreement between the State of Berlin and NBB came into effect when the judgment was announced in accordance with Section 894 ZPO. Accordingly, the Senate Department for Finance of the State of Berlin declared the concession award procedure, which was postponed with the modified second procedure letter of May 7, 2020, to be irrelevant. The preliminary injunction proceedings that had been conducted in this regard were declared settled.

The gas concession contract has a term until December 31, 2024, but will be automatically extended twice by a further five years each time, unless the State of Berlin objects to the extension of the contract in due time.

## (36) OTHER DISCLOSURES

### Auditor's Fees

The auditor's fees reported as expenses break down as follows:

| IN € K | 2021 | 2020 |
|---|---|---|
| Audit | 530 | 503 |
| Other audit-related services | 133 | 105 |
| Other Services | 227 | 183 |
| **Total** | **890** | **791** |

**Events after the Balance Sheet Date**

After the balance sheet date, the amount of dividends (chapter **"12 Earnings per Share"**) were proposed by the board of management. The dividend payment has no further tax effects for the group.

Between the balance sheet date and the time the consolidated financial statements were prepared, there were no other events that would have a significant impact on the net assets, financial position and results of operations that would need to be reported here and that would change the statements in the consolidated financial statements.

At the time the financial statements were prepared, the military conflict between Russia and Ukraine began. The progress, duration and outcome of this conflict are in no way foreseeable and the effects that may result from this are neither estimable nor quantifiable. There can be a variety of effects that affect the entire asset, financial and earnings situation.

**Forward-Looking Statements**

This report includes forward-looking statements that relate to the continued course of business, including forecasts of economic and political developments as well as the GASAG Group's business development. These statements are based on prudent assumptions made by the management board of GASAG. However, due to residual risks and uncertainties, the management board is unable to give any assurance that these assumptions will prove to be correct collectively or individually.

Berlin, Febuary 28, 2022

GASAG AG
The managment board

Georg Friedrichs

Matthias Trunk

# INDEPENDENT AUDITOR'S REPORT

## AUDIT OPINIONS

To GASAG AG, Berlin

We have audited the consolidated financial statements of GASAG AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of GASAG AG for the financial year from 1 January to 31 December 2021. We have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards) in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

### OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards).

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

### RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

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

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, February 28, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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|---|---|
| Dr. Thomas Schmid | ppa. Jörg Beckert |
| (German Public Auditor) | (German Public Auditor) |

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