NEU DENKEN.
MIT VOLLER ENERGIE.

GASAG-GRUPPE
ANNUAL REPORT 2023

KPIs
OF THE GASAG GROUP

In Accordance with IFRSs for the fiscal years 2021 – 2023

	UNIT	2023	2022	2021
Revenue	**EUR m**	**2.277**	**1.621**	**1.357**
thereof gas	EUR m	1.588	1.024	821
thereof electricity	EUR m	337	274	246
Gas sales	**GWh**	**14.220**	**16.336**	**21.385**
Electricity sales	**kWh m**	**1.164**	**1.240**	**1.490**
Cost of materials	**EUR m**	**1.827**	**1.211**	**935**
Technical figures for gas				
Length of pipe system [1]	km	14.348	14.334	14.298
House connection pipes	units	364.152	363.547	360.797
Installed gas meters	units	763.702	770.628	776.463
Personnel				
Employees as of Dec. 31	no.	1.689	1.625	1.661
EBIT	**EUR m**	**143**	**121**	**135**
EBITDA	**EUR m**	**245**	**220**	**235**
Profit or loss for the period	**EUR m**	**86**	**75**	**91**
Balance sheet total	**EUR m**	**2.529**	**2.702**	**2.691**
Non-current assets	EUR m	2.015	2.050	2.021
Equity	EUR m	720	799	977
Equity ratio	%	28	30	36
Earnings per share	**EUR**	**10,54**	**9,11**	**11,23**
Investments, amortization and depreciation				
Investments in assets	EUR m	110	103	125
Amortization and depreciation	EUR m	84	99	100
Net Debt [2]	**EUR m**	**592**	**588**	**757**
Funds From Operations [3]	**EUR m**	**203**	**176**	**216**

[1] the supply network comprises medium and low-pressure lines
[2] Net Debt = Fin. liabilities plus lease liabilities minus liabilities from Derivatives and minus cash and cash equivalents
[3] FFO = Profit for the period +/– corrective of non-cash expenses/income

CONTENT

MANAGEMENT REPORT OF THE GASAG AG GROUP

MANAGEMENT REPORT

of the GASAG AG Group, Berlin
for the financial year 2023

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..

External factors, just like our sales success, influence our earnings, financial and asset situation and thus our entrepreneurial actions. In addition to the weather, external factors include regulatory requirements, also for the awarding of concessions, as well as legal requirements in the context of the energy transition.

The GASAG Group is divided into four **business units:** Business Unit Residential and Commercial Customers (hereinafter referred to as GE PuG), Business Unit Green Solutions (hereinafter referred to as GE GS); Business Unit Grid (hereinafter referred to as GE Grid) and the Business Unit Renewable Energies (hereinafter referred to as GE EE). The central commercial and other services that support and manage the business are bundled in the support functions.

1.2 STRATEGIES, TARGETS AND MEASURES

The year 2023 was characterized by challenges and forward-looking energy policy decisions. A key issue was the gas shortage feared for the winter of 2022/2023, which was averted thanks to a combination of energy-saving measures, legislative decisions, full gas storage facilities and, above all, mild weather. The work of the GASAG Group was also noticeably affected by this. Among other things, major challenges were overcome in the course of implementing the energy price brakes and the procurement and hedging strategy for gas purchasing. According to the Federal Network Agency, the starting position for the winter of 2023/2024 is significantly better than a year ago, but residual risks remain, such as the effects of a cold winter and possible restrictions on existing supply and transport routes.

The energy transition has received a considerable boost, not least due to the energy crisis. The expansion of renewable energies has been accelerated and politicians have increasingly focused on sustainable energy solutions. The amendment to the Building Energy Act is initiating the switch to climate-friendly heating systems; the Heat Planning Act sets the framework for the development of heat supply and energy infrastructures. This legislation reinforces GASAG in its measures to further develop a sustainable product portfolio and innovative energy concepts. The update of the National Hydrogen Strategy in July 2023 also confirms the GASAG Group's commitment to the development of the Berlin hydrogen start-up network.

The acute energy crisis has now been overcome and electricity and gas prices have fallen significantly again. However, they are still above the 2021 level and are encouraging savings and the search for alternatives in heat supply, for which GASAG is well prepared with the expansion of its sustainable product portfolio.

Transformation Programme ZUKUNFT G

With the ZUKUNFT G transformation program launched in 2021, the GASAG Group is consistently aligning its activities with the goal of climate neutrality in 2040, while maintaining market-driven earnings targets. ZUKUNFT G forms the overarching strategic framework for the business development of all business units and sets out the GASAG Group's clear focus on climate-neutral energy solutions. In 2023, the objectives and milestones of ZUKUNFT G were reviewed in light of the changed framework conditions. While the basic assumptions and the target – in particular that of climate neutrality by 2040 – were confirmed, the pace of transformation required has increased significantly. The adjustment of the strategic planning takes this into account.

Development in business units

In the 2023 financial year, GE PuG consistently developed its product portfolio in the context of sustainability. Despite volatile energy prices and inflation, GASAG continued to prove itself as a reliable partner for customers in all matters relating to energy supply and ensured security of supply. To ease the burden on its customers, the GASAG Group's sales organizations reduced gas prices in May and December. GASAG once again won the city contract for gas in the state of Berlin's tender and will supply around 930 million kWh of natural gas and biogas for municipal properties every year for the next three years.

In 2023, GE GS continued to focus on the acquisition, development and implementation of innovative energy supply solutions for new and existing properties. The changed market environment, driven by the Building Energy Act, rising interest rates and the slowdown in the construction industry, is hampering smaller neighborhood projects in particular, but also large-scale projects. Nevertheless, GASAG is contributing to decarbonization across Germany through a wide range of relevant projects. The DATA2HEAT joint venture, which was founded in 2023, also opens up new opportunities for the sustainable supply of heat to entire city districts by using waste heat from data centers.

The transformation of the gas grid into a climate-neutral energy infrastructure is at the heart of GE Netz's strategy, alongside maintaining secure grid operation. In 2023, NBB, together with the state of Berlin, Vattenfall and Ontras, announced its plans for the three-stage expansion of a Berlin hydrogen grid. During the transition to a climate-neutral grid, the gas infrastructure will form the backbone of a secure energy supply in Berlin and Brandenburg.

With the construction of a new training workshop in Berlin-Weißensee, GE Netz is also sending out a clear signal against the shortage of skilled workers. On 730 square meters, 24 training places are being set up for future specialists.

Among other things, GE EE is driving forward the expansion of electricity generation from solar and wind in the key region of Berlin-Brandenburg. With the commissioning of the Laubsdorf 2 solar park in 2023, the GASAG Group now operates six solar parks and three wind turbines in

Brandenburg. This means that by the end of 2023, the GASAG Group had already connected almost 60 MW of renewable capacity to the grid.

Milestones on the way to GASAG's climate neutrality by 2040

In order to achieve the goal of complete climate neutrality and to anchor it sustainably in all of the GASAG Group's business activities, a CO_2 pathway with key milestones has been defined. From 2025, the GASAG Group's own organization is to be CO_2-neutral, insofar as these targets can be influenced by the GASAG Group. From 2030, 50 % of all GE PuG term products and 66 % of all new GE GS projects are to supply customers with CO_2-neutral energy and heat. GE EE plans to expand its electricity capacities from solar and wind to 300 MW by 2030. This expansion will not only quintuple the amount of green electricity generated by the GASAG Group, but will also strengthen regional value creation, particularly in Brandenburg.

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. It was audited and certified by TÜV Rheinland, as was the carbon footprint prepared in November 2023 for the 2022 financial year.

Positioning of GASAG in Brandenburg

The GASAG Group has repositioned and refocused its activities in Brandenburg with a view to the expanding market for heating solutions. The merger of SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH with EMB Energie Mark Brandenburg GmbH and the transfer of GASAG's previous shares in Stadtwerke Forst GmbH, Forst, to EMB have enabled the companies' expertise to be pooled for the specific challenges of the energy and heating transition in Brandenburg. In addition to the sale of pure energy products, increasingly with a focus on climate-neutral offers, the company renamed "EMB Energie Brandenburg GmbH" primarily offers sustainable energy solutions for customers of all sizes. In order to anchor the new company even more firmly in the region, a participation model for municipalities in EMB is currently being developed.

2 ECONOMIC REPORT

2.1 POLITICAL SECTOR ENVIRONMENT

In addition to the ongoing crisis on the energy markets as a result of the war in Ukraine, 2023 was characterized by political decisions on implementing the heating transition, decisions on ramping up the hydrogen market and dealing with the unconstitutionality of the Climate and Transformation Fund (KTF) as well as the resulting budget crisis.

At **EU level,** after lengthy trilogue negotiations, agreements were reached at the end of 2023 on both the prospective transformation of the gas grids and the containment of methane emissions. With the **new Internal Gas Market Directive** and the **Methane Emission Control Regulation,** there are now also applicable unbundling rules for the future transport of hydrogen at distribution grid level as well as ambitious requirements that oblige grid operators to regularly check for methane leaks. The compromises reached in the trilogue process still need to be confirmed by the EU Parliament and the EU Council.

The heating transition **at federal level** plays a key role in achieving the climate targets. By amending the **German Building Energy Act (GEG)** and passing the **Heat Planning and Decarbonization**

of Heating Networks Act (WPG) in 2023, the German government has created the conditions for reducing the demand for heating and replacing fossil fuels with renewable energies. It is now stipulated that at least 65 % of new heating systems must be operated with renewable energies – in existing buildings, however, only once municipal heating plans have been drawn up. Depending on the size of the municipality, these are to be drawn up by 2026 or 2028. In addition to heat pumps or solar thermal heating systems, hydrogen-capable heating systems can also be installed in future, especially if the building is located in a hydrogen network expansion area according to the municipal heating plan. On the basis of the GEG, the federal government also revised the **funding guidelines for the Federal Subsidy for Efficient Buildings (BEG)** in 2023 in order to create financial incentives for energy efficiency measures and for the replacement of fossil heating systems with heating systems based on renewable energies.

As a tool for climate protection, but also as an opportunity to establish new branches of industry and thus create new jobs, hydrogen is an important energy source of the future. The German government has decided to **update the National Hydrogen Strategy** for its market ramp-up in 2023. It sets out proposals to ensure sufficient availability and defines targets for the development of a high-performance hydrogen infrastructure. As part of an **amendment to the Energy Industry Act (EnWG),** regulations on the legal and regulatory framework for a future **hydrogen core network** in Germany were subsequently presented. The aim is to ensure that import corridors, production sources, storage facilities and consumers are connected to the hydrogen supply in the future.

The Federal Constitutional Court's decision to declare the coronavirus credit authorizations in the **KTF** null and void led to a budget crisis at the end of 2023. Funding sums already earmarked for climate protection measures are therefore up for grabs, with the effect that some options for financing the energy transition will have to be explored anew. Projects with high investment requirements will have to be reassessed and could be delayed as a result.

The decision of the Federal Constitutional Court also has an impact on the energy and climate projects of the new Senate in **Berlin.** The legal certainty of the planned **special fund "Climate Protection, Resilience and Transformation"** amounting to € 5 billion will be reviewed again by the beginning of 2024. Only then will it be clear whether these funds will be available to finance important measures in the areas of buildings, energy generation and supply, mobility and the transformation of the economy. The **Berlin Energy and Climate Protection Program** is expected to be adopted by the House of Representatives in early 2024. The preparation of **municipal heat planning** for Berlin is continuing; a heat register is currently being drawn up and further potential analyses for renewable energies and waste heat are being carried out. The declared aim is to present the heat planning for Berlin before the statutory deadline in mid-2026.

Brandenburg has launched the "Brandenburg Energy Package" to mitigate the consequences of the war in Ukraine, increase self-sufficiency in energy supply and integrate renewable energies more strongly. The **solar expansion offensive** was also launched, with measures such as the solar euro intended to provide further impetus for the expansion of photovoltaics. It is also necessary to develop the hydrogen economy, which was the focus of **Brandenburg's first Hydrogen Day.** A **heat register** has been developed to support local authorities in municipal heat planning as the basis for an analysis of the current situation and potential for Brandenburg's heating sector. The **catalog of measures** that will supplement the **Energy Strategy 2040** adopted in 2022 is currently being developed.

2.2 ECONOMIC ENVIRONMENT

Wholesale prices stable at high level

The price level for natural gas, hard coal, mineral oil and electricity in the 2023 reporting year was still significantly higher than in the pre-crisis years and led to restrained consumption. Agora Energiewende expects fossil energy prices to stabilize in 2023. On the wholesale market, average natural gas prices fell from EUR 124/MWh in 2022 to quarterly prices of between EUR 33 and 54/MWh. According to Agora Energiewende, both mineral oil and hard coal prices showed a sideways movement and closed the fourth quarter at EUR 47/MWh (mineral oil) and EUR 15/MWh (hard coal) on the wholesale market.

Economic development

The traces of the fossil fuel price crisis were also clearly noticeable in 2023. Economic development in the Federal Republic of Germany was noticeably subdued in 2023. Energy-intensive production sectors in particular, such as metal production, paper production and the chemical industry, were affected by the persistently high energy prices and the corresponding loss of competitiveness in 2023. Increased financing costs and the associated decline in lending further weakened the construction sector.

According to the Federal Ministry for Economic Affairs and Climate Protection, the German economy was characterized by a phase of stagnation in 2023, accompanied by high inflation rates. According to the Federal Statistical Office, Germany's gross domestic product (GDP) fell by 0.3 % in 2023. The main reason for this is the decline in domestic demand due to the massive loss of purchasing power in the wake of the energy price crisis. The Federal Statistical Office puts the average inflation rate in 2023 at +5.9 %. In addition, the significantly lower growth momentum of the global economy and the geopolitical crises had a dampening effect on the German economy.

Employment reached a new high in 2023. The number of people in employment in the Federal Republic of Germany amounted to around € 45.9 million in 2023. The number of people in employment thus increased by around 0.7 % compared to the previous year. The unemployment rate in 2023 was 2.8 %, an improvement of 0.1 % compared to the previous year (2.9 %).

The consequences of the energy crisis and the coronavirus pandemic are still being felt in Germany's economic output, which is recording the lowest growth of any economy in the eurozone. The forecasts of the Federal Ministry for Economic Affairs and Climate Protection from February 2024 assume a slight increase in economic output of 0.2 % in 2024 compared to 2023.

Total energy consumption

Energy consumption in Germany fell to a historic low in 2023. According to calculations by the Arbeitsgemeinschaft Energiebilanzen e. V. (AGEB), Berlin, energy consumption in Germany fell by 7.9 % to around 2,998 TWh compared to the previous year. The low consumption is mainly due to Germany's weak economic performance, high energy prices and the slightly warmer weather compared to the previous year.

Natural gas consumption

According to data from the Federal Network Agency, natural gas consumption in Germany fell by 4.6 % year-on-year to around 810.4 TWh in 2023. The reasons for the decline are consumers' saving behavior and milder temperatures.

Electricity consumption

According to the Federal Network Agency, electricity consumption (grid load) in the 2023 reporting year amounted to around 456.8 TWh, a fall of around 5.4 % compared to the previous year (2022: 482.6 TWh). It therefore fell for the second year in a row. In addition to high electricity prices, the main reasons for this development were the decline in production in the energy-intensive industry due to the crisis and economic situation.

3 POSITION OF THE GROUP

3.1 KEY PERFORMANCE INDICATORS AND NON-FINANCIAL PERFORMANCE INDICATORS

The **key performance indicator** of the GASAG Group is the result from operating activities (EBIT). Annual earnings forecasts are regularly prepared for the business units and individual companies. The development of the key performance indicators from the perspectives of the individual companies, the business units and the GASAG Group is made transparent.

The **key non-financial performance indicators** include employee satisfaction and customer satisfaction in particular.

In the course of preparing for the CSRD reporting requirements, GASAG is currently preparing for sustainability reporting in 2026. Non-financial performance indicators in the context of “Environmental”, “Social” and “Governance” will be reported on in detail in the Group management report in future.

Employees

The corporate and leadership culture is regularly reviewed and promoted by monitoring within the framework of employee surveys. The targets defined are a degree of employee approval of the leadership values surveyed of at least 80 % and a participation rate in the surveys of at least 67 %. An average of 80.5 % of employees participated in the two surveys in 2023. The average approval rate for the statements on leadership is 88.6 % in the GASAG Group. Employee satisfaction in the GASAG Group is surveyed by the statement “I like being part of the GASAG Group”, which was agreed to by an average of 86.6 % of employees.

In 2023, we relaunched our trainee program with a focus on engineering and IT in order to counter the shortage of specialists in these fields.

Due to our commitment as an employer, the GASAG Group has received several awards. The Berlin Chamber of Industry and Commerce has certified the GASAG Group as having “excellent training quality”. The F.A.Z.-Institut awarded GASAG the certificate for work-life balance and GASAG Solution Plus the award for Top Employer – Innovative. Digital. Sustainable 2023 in the Energy Contracting Provider category. In recognition of our holistic employer qualities, we were once again recognized as a Leading Employer and as a Top National Employer 2023 by Focus Business. In order to further develop our work-life balance, we regularly take part in the Compatibility Progress Index of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth.

Customer Service Management

GASAG strives to establish successful and long-term customer relationships by providing excellent service. The aim of our business is to ensure that our customers are highly satisfied with our products and services. To this end, we continuously and systematically review our service offering using key figures on, among other things, service accessibility, processing times, the number of customer contacts, the number and reasons for complaints and the quality of processing.

We measure **customer satisfaction** by means of customer surveys following contact. In 2023, more than 30,000 customers participated in these surveys. On average over the year, around 72 % of customers expressed satisfaction or very satisfied with the service. Our target is > 80 % and was not achieved in 2023. Satisfaction was particularly subdued in the first half of the year due to the development of energy prices. Since October, customer satisfaction has been stable again at over 80 %.

The survey results are part of the operational reporting system. Among other things, they are used in regular specialist workshops to derive and implement improvement measures.

We also have our range of services as a regional supplier audited and confirmed externally. In 2023, we were once again awarded the seal of approval as a TOP local supplier by the energy consumer portal.

In order to make the best possible use of the optimization potential arising from complaints, these are presented on a daily basis in an internal reporting system, including an evaluation of the reasons for complaints and the volume of complaints, among other things. The findings and measures derived from this are reported to the management of the GASAG Group at least quarterly.

The situation in customer service in 2023 was characterized by the energy policy decisions of the German government. In particular, the implementation of the energy price cap at the beginning of the year posed technical and communication challenges for the GASAG Group, especially for customer service and IT. Among other things, the technical implementation of the energy price brake led to restrictions in the use of the customer portal as well as to some significant delays in invoicing, which in turn led to higher discounts for customers due to the shortened payment period. This was clearly reflected in the number of complaints and the correspondingly high workload for customer service staff.

Compared to the previous year, the situation has nevertheless eased, with the volume of complaints within the GASAG Group falling by 13.9 % to 14,978 complaints (as at December 31, 2023).

3.2 CORPORATE GOVERNANCE STATEMENT

As part of the **law for the equal participation of women and men in management positions** in the private and public sectors, the GASAG supervisory board has set target quotas for itself and the management board since 2015. The GASAG management board has also defined targets for the two management levels below the management board. On June 24, 2022, the Supervisory Board again set the target quotas for the following five years.

TARGETS IN %	June 30 2022	June 24 2027
Supervisory board	> 30	> 30
Management board	> 30	> 30
First level of management below the the management board	> 30	> 40
Second level of management below the management board	> 30	> 40

As at the reporting date of December 31, 2023, the female quota of 24 % (corresponding to five women) on the Supervisory Board remained constant and does not meet the self-imposed target quota of more than 30 %. At Management Board level, the all-male composition also means that the target quota of at least 30 % has not been met.

The target of the women's quota has been met both at the first management level of GASAG with a share of women of 35 % and at the second management level with a share of women of 33 %.

It was not possible to recruit interested and qualified female candidates for the positions on the above-mentioned committees during the previous appointment procedures.

3.3 BUSINESS DEVELOPMENT

	Unit	2023	2022	Change	
Gas sales to end customers and distributors	kWh m	14,219.7	16,336.4	–2,116.7	–13.0 %
Electricity sales to end customers and distributors	kWh m	1,163.8	1,240.1	–76.3	–6.2 %
Gas grid transportation volume	kWh m	41,254.2	41,892.7	–638.5	–1.5 %
Transport volume electricity grid	kWh m	46.7	47.2	–0.5	–1.1 %
Heat sales	kWh m	445.4	487.5	–42.1	–8.6 %
Generation of electricity Photovoltaics	kWh m	40.3	48.3	–8.0	–16.6 %
Installed capacity of photovoltaic systems	MWp	56.3	44.6	11.7	26.2 %
Generation of electricity Wind	kWh m	17.2	13.7	3.5	25.5 %
Installed capacity of wind turbines	MW	7.5	7.5	0.0	0.0 %

Both gas and heat sales as well as the transport volume in the gas grid are strongly temperature-dependent. The average annual temperature 2023 was 11.2°C for Berlin, 0.1°C above that of the previous year (11.1°C) and 0.4°C above that of the standard year (10.8°C). The number of degree days was below that of the previous year. As in the previous year, the average annual temperature and the development of degree days for Brandenburg were at a level comparable to Berlin.

The GASAG Group's **gas sales** decreased mainly due to a smaller customer base and lower degree day figures.

Transport volumes in the gas grid decreased, mainly due to lower degree day figures.

Electricity sales decreased mainly due to a smaller customer base.

The lower **heat sales** are mainly due to energy-saving behavior and the mild weather.

Decommissioning of Berlin natural gas storage facility

The final operating plan of Berliner Erdgasspeicher GmbH (hereinafter referred to as BES) and the associated decommissioning permit were approved by the responsible state mining authority at the end of December 2022 and are limited until December 31, 2035.

The removal of the reservoir, the backfilling of the boreholes and the dismantling of the surface facilities are carried out in accordance with the specifications of the final operating plan. The Aftercare and dismantling activities are proceeding according to plan.

The special operating plan for decommissioning and monitoring was approved in the 2023 financial year. This resulted in increased costs for technical measures and personnel expenses. The existing provision was increased accordingly.

3.4 FINANCIAL PERFORMANCE

The earnings situation presented in Chapter 3.4.1 relates exclusively to the continuing operations. The discontinued operations relate to the facilities of the natural gas storage facility that are in the process of being rehabilitated and dismantled.

	2023	2022	Change	
	EUR m	EUR m	EUR m	%
Sales revenue	2,276.8	1,621.4	655.4	40.4
of which natural gas and heat supply	1,668.2	1,132.1	536.1	47.4
of which electricity supply	337.2	274.2	63.0	23.0
of which grid usage fees	236.4	186.1	50.3	27.0
of which other sales	35.0	29.0	6.0	20.7
Other operating income and changes in inventories	48.2	41.9	6.3	15.0
Cost of materials	1,826.7	1,211.0	615.7	50.8
Personnel expenses	132.6	121.8	10.8	8.9
Depreciation and amortization	101.1	99.2	1.9	1.9
Other operating expenses	121.0	110.1	10.9	9.9
Result from operating activities (EBIT)	143.6	121.2	22.4	18.5
Profit shares, result from investments, financial expenses and other financial result	–9.8	–15.7	5.9	–37.6
Taxes on income and earnings	42.3	33.6	8.7	25.9
Result from continuing operations	91.5	71.9	19.6	27.3
Result from discontinued operations	–5.2	2.8	–8.0	> –100
Net income for the year	86.3	74.7	11.6	15.5

3.4.1 RESULTS FROM CONTINUING OPERATIONS

Despite lower customer consumption, the increase in **sales** compared to the previous year is mainly due to the high price level for natural gas and electricity supplies. The increase in sales from grid usage fees is due to the energy savings expected by end consumers, which only materialized to a limited extent and led to a temporary one-off effect and additional revenue.

Other operating income increased due to higher income from the reversal of provisions. Changes in inventories also increased. **Changes in inventories** and income from the reversal of provisions were the main contributors to the increase.

The **cost of materials** increased by 615.7 million. Natural gas accounts for a share of the increase of 485.9 million and electricity accounted for 97.5 million. The increase in the cost of materials is mainly due to the significant rise in expenses for energy procurement as a result of higher prices.

Depreciation and amortization increased due to the high level of investment in property, plant and equipment.

The average number of employees (excluding employees in the passive phase of partial retirement) rose to 1,585 (previous year: 1,563, +1.5 %). Both the increase in the number of employees and, in particular, the rise in wages and salaries had an impact on the increase in **personnel expenses.**

The **increase in other operating expenses** was largely influenced by the expenses from the adjustments to customer retention periods in the valuation of contractual assets in connection with customer contracts.

The **result from operating activities (EBIT)** was down by € 22.4 million above the previous year. The increase is mainly due to the temporary one-off effect in sales revenue for grid usage fees in the amount of € 27.9 million. The energy savings expected by end consumers only materialized to a limited extent and led to additional revenue. However, the additional revenue will have a revenue-reducing effect on grid usage fees in subsequent periods. Negative effects from the mild weather had the opposite effect on EBIT.

The **earnings contribution from profit shares, investments, financial expenses and the other financial result** improved mainly due to the change in the fair value measurement of an investment as well as higher interest income as a result of the increased interest rate level combined with a high level of cash and cash equivalents in the financial year.

Taxes on income increased mainly due to the result.

For the financial year 2023 results in an increase of € 19.6 million higher result from **continuing operations** in the amount of € 91.5 million.

3.4.2 RESULTS OF OPERATIONS FROM DISCONTINUED OPERATIONS

On the basis of the application of IFRS 5, as at December 31, 2023 2023 a result from **discontinued operations** in the amount of € –5.2 million (previous year: € 2.8 million). The reason for the deterioration in the result is the addition to the provision for the dismantling and monitoring of the Berlin natural gas storage facility for the increased costs for technical measures and personnel expenses.

This resulted for 2023 Including the result from discontinued operations, the **net profit for the year** amounted to € 86.3 million (previous year: € 7.74).

3.5 ASSETS AND LIABILITIES

	31.12.2023	31.12.2022		Change
	EUR m	EUR m	EUR m	%
ASSETS				
Non-current assets without deferred taxes	1,953.6	1.981.8	–28.2	–1.4
thereof intangible assets	179.6	182.3	–2.7	–1.5
thereof property, plant and equipment	1,642,1	1,618.1	24.0	1.5
of which rights of use	87.0	93.7	–6.7	–7.2
of which financial assets	22.5	55.8	–33.3	–59.7
of which other	22.4	31.9	–9.5	–29.8
Deferred taxes	61.8	68.1	–6.3	–9.3
Current assets	513.5	651.6	–138.1	–21.2
thereof inventories	89.0	91.2	–2.2	–2.4
of which financial assets	2.4	72.3	–69.9	–96.7
of which trade receivables and other receivables	274.8	269.0	5.8	2.2
thereof cash and cash equivalents	130.0	201.0	–71.0	–35.3
of which other	17.3	18.1	–0.8	–4.4
LIABILITIES				
Equity	720.1	798.6	–78.5	–9.8
Non-current liabilities without deferred taxes	973.7	1,003.0	–29.3	–2.9
Current liabilities	722.9	749.2	–26.3	–3.5
Deferred taxes	112.2	150.7	–38.5	–25.5
Balance sheet total	**2,528.9**	**2,701.5**	**–172.6**	**–6.4**
Equity ratio (equity/balance sheet total)	28.5 %	29.6 %	–1.1 %	

The change in **non-current assets** (excluding deferred taxes) was mainly due to reductions in **financial assets,** primarily from the market price-related change in the market values of derivatives. In contrast, **property, plant and equipment** increased due to investments exceeding the level of depreciation (€ 84.4 million).

The reduction in **current assets** was also due to the market price-related change in the market values of derivatives in **current financial assets** and the reduction in **cash and cash equivalents.**

Equity as at the reporting date of December 31 2023 compared to the previous year, which is mainly due to the decline in market values from forward transactions as part of hedging strategies. The ratio of equity to the GASAG Group's total assets decreased at the same time as total assets decreased.

39.5 % (previous year: 44.4 %) of **intangible assets and property, plant and equipment** are covered by equity.

The change in **non-current and current liabilities** is mainly due to lower market values from derivatives and reduced liabilities to banks and promissory note loans.

3.6 FINANCIAL POSITION

3.6.1 CAPITAL STRUCTURE

The GASAG Group's financing requirements are covered by operating cash flow, short and long-term bank loans, promissory note loans and leases. The type and scope of financing is based on the planned investments and the Group's operating business.

Our Group's credit and guarantee lines are provided by a total of 11 (previous year: 10) banks, some of which have no maturity limit. As of the balance sheet date, credit and guarantee lines of € 259.2 million (€ 309.2 million) were available. As of the balance sheet date, credit lines were utilised in the amount of € 20.0 million and guarantee lines in the amount of € 37.3 million. In addition, there are further verbally committed, unused credit lines available.

The long-term refinancing requirements result mainly from network investments and projects in renewable energies as well as from investments in GE GS. The refinancing is long-term. The Group's financing included in the financial liabilities is diversified among 38 (previous year: 40) banks and other financial partners.

3.6.2 LIQUIDITY

The companies of the GASAG Group use rolling 12-month liquidity planning to determine their **liquidity requirements.** A uniform group-wide system is used for liquidity planning, which supports the implementation of liquidity management and ensures the monitoring of liquidity development in the group. The companies of the GASAG Group were able to meet their financial obligations at all times.

3.6.3 STATEMENT OF CASH FLOWS

MILLION €	2023	2022
Profit for the period before income taxes from continuing operations	133.7	105.4
Profit for the period before income taxes from discontinued operations	–7.5	4.1
Income taxes paid	–3.9	–9.3
Change in working capital	–43.1	152.2
Change in other items	80.2	75.6
Cash flow from operating activities	159.4	328.0
Cash flow from investing activities	–109.8	–100.1
Cash flow from financing activities	–120.6	–33.0
Cash and cash equivalents at the end of the period	**130.0**	**201.0**

The GASAG Group's **cash flow from operating activities** of € 159.4 million is above the previous year's level (previous year: € 328.0 million). This development is mainly due to the decrease in trade receivables.

The **cash flow from investing activities** of € –109,8 million (previous year: € –100.1 million) mainly includes payments for the replacement and expansion of gas distribution facilities.

The **cash flow from financing activities** in the amount of –120.6 million (previous year: € –33.0 million) primarily comprises payments for distributions of € 48.7 million (previous year: € 53.2 million) and loan repayments of € 82.1 million (previous year: € 125.7 million).

Cash and cash equivalents consist of cash on hand and bank balances.

3.6.4 NET FINANCIAL POSITION

The net financial position results from cash and cash equivalents less financial liabilities, leasing liabilities and the balance of positive and negative market values of derivatives.

MILLION €	2023	2022
Cash and cash equivalents	130.0	201.0
Liabilities to banks	–547.9	–598.5
thereof due in up to 1 year	*–63.9*	*–87.5*
thereof due after 1 year	*–484.0*	*–511.0*
Other financial liabilities	–82.1	–93.4
thereof due in up to 1 year	*–1.1*	*–10.5*
thereof due after 1 year	*–81.0*	*–82.9*
Leasing liabilities	–91.8	–97.5
thereof due in up to 1 year	*–10.1*	*–9.5*
thereof due after 1 year	*–81.7*	*–88.0*
Derivatives	–119.7	–34.6
Net financial position	**–711.5**	**–623.0**

The deterioration in the net financial position is mainly due to the reduction in cash and cash equivalents and the market value of commodity derivatives. This is offset by the decline in financial liabilities, mainly to banks.

3.7 OWNERSHIP STRUCTURE

SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus, was merged with EMB Energie Mark Brandenburg GmbH, Michendorf, as of January 1, 2023. The new company operates under the name EMB Energie Brandenburg GmbH, Michendorf.

GASAG Solution Plus GmbH, Berlin, acquired 50 % of the shares in DATA2HEAT Holding GmbH, Berlin, from investa Holding GmbH, Eschborn, on June 14, 2023.

DATA2HEAT Holding GmbH, Berlin, holds 100 % of the shares in both DATA2HEAT Verwaltungs GmbH, Berlin, and DATA2HEAT Marienpark GmbH & Co KG, Berlin.

On November 22, 2023, GASAG sold its 74.9 % stake in Stadtwerke Forst GmbH, Forst, to EMB Energie Brandenburg GmbH, Michendorf.

GASAG acquired 75 % of the shares in WN Windpark Naundorf GmbH & Co. KG, Berlin, by exercising an option right.

3.8 LEGAL ISSURES

Concession award procedure

A gas concession agreement exists between the State of Berlin and NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG (NBB) for the territory of the state of Berlin. With the supplementary agreement dated November 1st/3rd 2022, the state of Berlin and NBB agreed to adjust the term of the gas concession agreement. The gas concession agreement was then initially extended until December 31, 2027.

Consortium agreement

The consortium agreement between the GASAG shareholders Vattenfall GmbH and ENGIE Beteiligungs GmbH has been implemented since 1 January 2021. As a result, a report by the management board on GASAG's relationships with affiliated companies in accordance with section 312 of the German Stock Corporation Act (AktG) (dependency report) was prepared for the fiscal year 2022.

3.9 OVERALL PICTURE OF THE BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

The 2023 financial year, with all its original uncertainties when preparing the forecast and the volatility on the energy markets, exceeded our expectations with regard to our key financial performance indicator "Result from operating activities (EBIT)".

Due to the sharp fall in energy prices and the price reductions implemented, sales revenues are significantly below the original forecast. On the other hand, grid usage fees generated higher revenue in the grid than forecast due to the temporary one-off effect described above. The sales revenue trend is offset by a sharp fall in the cost of materials due to the price-related decline in energy procurement costs.

The EBIT, which was well above our expectations, is mainly due to the temporary one-off effect in sales revenue from grid usage fees. The result from discontinued operations was negatively impacted by the addition to the provision for the dismantling and monitoring of the Berlin natural gas storage facility and is significantly below our forecast.

Like EBIT, net profit for the year clearly exceeded our original expectations for the financial year.

The financial obligations due in the 2023 financial year were covered at all times by the available liquidity, financial assets and existing credit lines.

4 OPPORTUNITIES AND RISKS

The constantly recurring identification, evaluation, monitoring and documentation of opportunities and risks is just as much a part of the tasks of our managers and employees as the operational control with the help of suitable measures. Process responsibility lies with risk management, which reports directly to the Executive Board.

Opportunities and risks are deviations from plans and forecasts. When classifying them, we distinguish between operational or strategic opportunities and risks or general life risks and assess the image effect. The probability of occurrence can be subdivided as follows: very low, low, medium, high and very high probability of occurrence.

We express the potential opportunities and risks in relation to the results of operations, net assets and financial position of the GASAG Group 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/deteriation

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

The main opportunities and risks for the GASAG Group are as follows.

4.1 OVERWATCHING OPPORTUNITIES AND RISKS

Macroeconomic environment

As a result of the Russian war against Ukraine, Russian gas supplies relevant to Germany, which covered around 50 % of gas demand, stopped in summer 2022. They can largely be compensated for by a supply of natural gas from Norway, the Netherlands and Belgium as well as LNG; in addition, gas storage facilities are sufficiently filled for the high-consumption winter months. According to the Federal Network Agency's current assessment, the gas supply in Germany is therefore stable. Nevertheless, there are residual risks. An extremely cold winter, possibly accompanied by a drop in imports from neighboring countries to the west or a failure of the import infrastructure, as well as a halt in Russian gas supplies to south-eastern Europe, are factors that could lead to gas shortages or a gas shortage in Germany.

A gas shortage would potentially lead to a renewed rise in wholesale prices, which would have a direct impact on the GASAG Group's volume-related price risks. However, the latter would also be negatively impacted by a sharp drop in prices on the wholesale market, especially if the price drop correlates with mild temperature trends.

Despite a significant drop in energy prices, high inflation and a sharp rise in interest rates continue to weigh on the construction industry, which is hampering the completion of new projects in the area of sustainable energy supply solutions. Larger investment projects of our own could also be made more difficult. The risk of price increases at GE Netz will be offset in the medium term by the regulatory adjustment of the revenue cap in line with changes in the consumer price index. In the case of grid investments, refinancing is ensured due to regulation.

Due to the customer structure of the GASAG Group, economic developments are of secondary importance.

Climate-related influencing factors

Measures to mitigate climate change have become even more important. Our customers, our market partners and politicians have high and justified expectations of the industry, but also of the GASAG Group. More stringent climate targets, stricter regulations and more sensitive investors and banks require a rapid rethink within the established heat supply industry. This process is being accelerated by the conflict in Ukraine and the resulting goal of permanent independence from Russian gas.

The GASAG Group's transformation program ZUKUNFT G with the central goal of climate neutrality by 2040, which was launched in late summer 2021, includes a bundle of measures that take these requirements into account. We will continue to systematically focus our expertise and business models on climate neutrality and exploit the associated opportunities. In addition to expanding our own hydrogen strategy in the GE network, the measures include planned investments in renewable energies, the gradual greening of our customer products and, last but not least, minimizing our own CO_2 emissions.

At the moment, developments in the heating market are not clearly foreseeable – meaning that we as the GASAG Group, like the entire industry, are exposed to strategic risks. The definition of municipal heating planning for Berlin (2026) and in the municipalities of Brandenburg (2028) will create better predictability.

With regard to the hydrogen economy in particular, the market outlook is currently still uncertain and the future role of hydrogen and other green gases cannot be precisely estimated. There is still a lack of binding framework conditions for business models and therefore investment incentives for the private sector. Financing the heating transition will also be a major challenge for the entire industry in the coming years.

4.2 OPPORTUNITIES AND RISKS OF THE BUSINESS UNITS OF THE GASAG GROUP

Business Unit Sales Private and Commercial Customers (GE PuG)

Procurement prices on the wholesale markets have fallen significantly again compared to the previous year. For energy suppliers, the situation with regard to price risks and the utilization of trading limits has eased again compared to the previous year. GE PuG therefore sees itself exposed to noticeable **competitive risks** in gas and electricity sales, particularly with regard to the goal of expanding its customer portfolio. This is being countered with a well-positioned product portfolio and competitive prices as well as very good service and reliability.

The gas business is naturally subject to **fluctuations in sales** due to weather conditions.

Due to the significant drop in prices, GE PuG currently faces the risk of a noticeable loss potential from lower gas consumption compared to the forecast, as is the case in warm weather. This scenario is assigned a medium probability of occurrence. However, the loss potential has decreased compared to the previous year.

At the same time, taking into account the current price level, there is a medium opportunity from cold weather with moderately rising prices and also a medium probability of occurrence. The risk of a medium loss potential from cold weather would only arise in the event of a very sharp rise in prices and is currently assessed as low. Weather-related volume risks are inherent to the GASAG Group's core business and are appropriately taken into account when setting prices for our customers.

Changes in customer behavior can also be the cause of a **deviation from the forecast.** Last year, less gas was purchased than planned due to customers' saving behavior. The German government's short-term energy-saving measures explicitly called for savings. This has not been as pronounced since the start of winter 2023/2024. However, the Federal Network Agency continues to advise economical gas consumption and the savings target of 15 % at European level remains in place. The uncertainty regarding the future savings behavior of gas customers gives rise to an additional forecasting risk for GE PuG of noticeable negative effects on the sales margin and procurement costs with a medium probability of occurrence. We therefore monitor the development of sales volumes on a monthly basis and continuously adjust our forecasts in line with expectations. The expiring gas and electricity price brakes are of secondary importance for GE PuG due to the current price situation.

In addition, GASAG has been exposed to a **legal risk** since 2021. In our role as a basic supplier, we are obliged to supply customers who lose their supplier in the short term due to unlawful behavior by other market participants. We met this challenge at the end of 2021 by introducing a basic and replacement supply tariff for new customers. Since then, GASAG has been involved in an ongoing legal dispute about the permissibility of this price split between existing and new customers. If GASAG is defeated in court in this case, this will result in a medium potential loss.

Green Solutions Business Unit

The Green Solutions business unit is a supplier and energy service provider for major customers. The product portfolio consists primarily of energy supply contracting, the construction, planning and operation of energy generation plants and energy-related services.

In the long term, we believe that the increased interest of our customers in environmentally friendly and decentralized energy solutions and the use of renewable energies continues to offer the GASAG Group a high potential of opportunities with a high probability of occurrence.

In the short term, however, external factors will have a negative impact on the expected development of our business unit and the industry as a whole. These include the slump in the construction industry and the resulting difficulties faced by real estate developers. In addition, higher interest rates and significantly increased construction costs are making it more difficult to implement projects.

At the same time, the business unit is faced with the task of bringing green energy solutions to the market at reasonable prices. This is a challenge, especially in light of the legal requirements for cost neutrality – for us as the GASAG Group, as well as for the industry as a whole.

Business Unit Network

The grid business is particularly influenced by external factors. The main influencing factors are temperature, regulatory changes and the economy.

In the short term, transport volumes are primarily subject to **weather-related fluctuations.** For the grid business, this results in a medium potential for opportunities and a noticeable potential for damage from cold and warm weather with a medium probability of occurrence in each case. In addition, unexpected savings behavior on the part of transport customers results in a short-term risk of falling transmission volumes and thus a slight fall in income from grid fees with a medium probability of occurrence. However, these risks will be offset in the medium term by regulatory requirements.

To achieve climate neutrality by 2045, **hydrogen** and other green gases in particular will replace fossil fuels alongside the use of renewable energies. The established structures of the gas industry are suitable for taking on the tasks that will arise from the developing hydrogen economy. This represents a strategic opportunity for GE Netz. A key measure is therefore the further expansion of its own hydrogen strategy.

The risk of a **gas shortage** is currently classified as low. GE Netz is generally prepared for a crisis and regularly conducts crisis drills with the relevant process participants. In the event of a prolonged gas shortage, GE Netz has taken further precautionary measures to ensure security of supply in accordance with the requirements of the relevant authorities. The business unit is able to counter the associated risk of a short-term sharp drop in revenue by maintaining a fundamentally good liquidity position, which ensures that supply operations can be maintained.

The threat of **cyber attacks** and **acts of sabotage** on the GASAG Group's supply facilities has intensified as a result of Russia's war against Ukraine. However, thanks to GE Netz's ISO 27001-certified information security management system and the strengthening of security precautions in response to information from the security authorities, we believe that we are well prepared for this risk with a low probability of occurrence. Organizational and technical precautions have been established to prevent disruptions to the availability, integrity, authenticity and confidentiality of information technology systems, components and processes. In the event of a crisis, regular drills are held, which have been extended to the entire GASAG Group due to their increased relevance.

Changes to the legal framework in connection with regulation result in opportunities and risks from the final assessment of the revenue caps for the years 2023 to 2027, as the efficiency value for the gas grid and the general productivity factor for the fourth regulatory period have not yet been determined.

The **EU regulation on the reduction of methane emissions in the energy sector,** which was adopted in November 2023 and will come into force in 2024, requires GE Netz to measure methane emissions regularly and to eliminate any methane leaks that are detected more quickly than before. In the short term, there is a risk that the resulting noticeable additional costs will only be taken into account in the revenue cap with a time delay and will temporarily reduce earnings accordingly. The probability of occurrence is classified as medium. GE Netz is working with the energy industry associations on early recognition of the additional costs.

Concession risks are inherent in NBB's business model. There is a concession agreement between the state of Berlin and NBB for the area of the state of Berlin with a term until December 31, 2034. The state of Berlin has a contractually fixed right of objection which, if exercised by November 30, 2025, would prevent the concession agreement from being extended beyond December 31, 2027. NBB also holds other concession agreements in the Berlin-Brandenburg network area. GE Netz is in competition both for the extension of existing concession agreements and for new agreements. In the long term, there is a low opportunity potential from new contracts and a low opportunity and risk potential from the termination of existing concession agreements. The loss of concessions outside Berlin represents a low risk in comparison.

4.3 DECOMMISSIONING OF THE STORAGE FACILITY

In the course of the decommissioning process for the Berlin natural gas storage facility, there are low opportunities and low to noticeable risks with regard to the costs of dismantling and aftercare, with medium probabilities of occurrence in each case, taking into account the provisions recognized.

In the 2023 financial year, the provision amount was increased following the approval of the special operating plan in order to take into account the increased costs for the remaining technical measures and the higher personnel expenses. Aggregated across all opportunities and risks associated with the dismantling of the storage facility, there remains a low loss potential with a medium probability of occurrence.

4.4 MARKET PRICE RISKS

Wholesale prices for electricity and gas on both the futures and spot markets have fallen by around 50 % in 2023. Nevertheless, prices on the markets are still almost twice as high as before the start of the energy price crisis in 2021 and continue to show increased volatility.

In particular, the GASAG Group bears volume-related market price change risks resulting from adjustments to sales forecasts and their settlement on the futures and spot market, especially in the temperature-dependent gas sector (see GE PuG).

In accordance with the GASAG Group's risk policy of purely sales-oriented procurement and corresponding limitation via VaR and volume limits, market price change risks and opportunities from open positions only contain an insignificant opportunity and risk potential.

Despite the rise in market interest rates, there is a low potential for opportunities and risks in the financial sector in the short term.

4.5 COUNTERPARTY DEFAULT RISKS

We manage counterparty default risks for customers with a creditworthiness-oriented receivables management system and for banks and energy trading partners with a Group-wide limit system and a well-diversified trading partner pool. Where appropriate, we use credit insurance for hedging purposes. The further development of our limit system, based on banking regulatory practices, makes it much more robust in volatile times and offers us better management of counterparty default risks.

The counterparty default risks have shifted to our business partners due to falling wholesale prices. In general, this may affect market liquidity and the individual ability of the GASAG Group to enter into hedging transactions to the desired extent. However, if prices rise, counterparty default risks in energy trading may shift back to the GASAG Group.

In the short term, we see a low potential loss from counterparty default with a very low probability of occurrence.

The default risks relating to our household and commercial customers have also decreased compared to the previous year due to lower customer prices.

4.6 LIQUIDITY RISKS

Due to the fall in prices on the energy markets, the liquidity risks arising from the collateralization of forward transactions have decreased significantly. The amount of collateral provided depends on the extent to which current market prices fall short of the contractually agreed prices. However, the continued high volatility means that significant basic collateral must still be provided. In addition, a renewed price increase, particularly in the cold winter months, cannot be ruled out. This scenario would lead to an immediate outflow of liquidity, which would only be compensated for with a time lag, and possibly only partially, by income from customers. The resulting liquidity risks are considered to be low.

4.7 GOVERNANCE, COMPLIANCE AND INFORMATION RISKS

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, regular intranet reports, up-to-date rules and regulations and practical simulations.

Russia's war against Ukraine is accompanied by attacks in cyberspace. The danger of a state-initiated cyber attack is increasing. The Federal Office for Information Security has information that there could be an intensification of the threat situation due to possible cyber attacks against, among others, areas of critical infrastructure, the energy industry and its suppliers across the entire supply chain. Compared to the previous year, the risks have also increased for the GASAG Group. Corresponding measures to minimise risks are being taken on an ongoing basis, taking into account the reports and information from the security authorities.

The established compliance training concept is being continuously optimised. The focus of operational compliance work is on training employees to avoid corruption and discrimination as well as the corresponding individual case advice. The new requirements for whistleblower protection were implemented in the GASAG Group by enacting an implementation regulation and establishing corresponding reporting channels for internal and external whistleblowers. In addition to the existing compliance rules, the implementation regulation defines the procedure for the confidential processing of incoming information.

4.8 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 following sections explain operational measures planned for the further development and achievement of our forecast targets as well as for the sales and earnings development of the GASAG Group.

The forecast period is one year. The premises on which the forecasts are based were formulated using a qualified comparative method and are presented below.

The war in Ukraine, which began at the end of February 2022, continues unabated at the time these financial statements were prepared. The progress, duration and end of this war are still not foreseeable. There may be a variety of effects that influence the entire net assets, financial position and results of operations. We refer to further explanations in the risk report under "Overriding opportunities and risks".

5.1 MEASURES TO IMPLEMENT THE STRATEGY

In the "ZUKUNFT G" transformation programme, the ongoing measures for the strategic orientation towards climate neutrality and earnings targets will continue to be implemented. In view of the advancing climate change and critical dependencies on fossil fuels, GASAG will continue to vigorously pursue its decarbonisation goals. The focus will be on exploiting growth opportunities, particularly in the area of green energy services, on stronger market development in Brandenburg and in the area of renewable energies, and on future-proof investments in the network. This growth is supported by continuous efficiency improvements in all areas of the company.

In GE PuG, the positive trend in sales of energy services for private household customers is to be continued. In addition, the sale of green heating products in the commercial and large customer segment will be pushed further. Under the volatile framework conditions, it is important to ensure security of supply and to offer customers a reliable energy and heating supply at attractive market conditions. After the temporary sales stop in 2022, sales activities are to be intensified again – with an increasing focus on climate-neutral supply solutions. The aim is to sustainably increase the number of electricity customers and stabilize the number of gas customers.

GE GS aims to further increase its market share as a provider of CO_2-neutral energy and heating solutions for business customers. The focus will be on the decarbonisation of existing buildings and on the use of alternative heat sources for the expansion of green local heating networks for business customers in the private and public sectors. At the same time, the product portfolio will be further standardised and modularised in order to be able to handle projects more efficiently and scale climate-neutral supply solutions more quickly. In addition, GE GS will continue to pay particular attention to tapping into renewable heat sources, for example by using waste heat from data centers or the potential offered by geothermal energy. Significant growth in earnings and sales is planned for GE GS in the medium term, which will also involve a corresponding increase in capital expenditure.

GE Netz continues to focus primarily on firmly establishing the gas networks as sustainable and efficient components of the regional energy transition. A central task here is the continuous upgrading of the networks to H2 capability, whereby market partners are also included in the topic, for example through demand analyses, and possible applications are jointly considered. GE Network is also pushing ahead with the integration of climate-neutral gases into regional distribution networks. Investments in the performance of the gas infrastructure continue to be one of the most important tasks. Gas networks will continue to form the backbone of energy and heat supply in the medium term, on the one hand through direct supply to end consumers and on the other hand through indirect supply via other energy infrastructures. They thus make a significant contribution to ensuring security of supply in the energy crisis.

In order to achieve the targeted growth in GE RE, the company will continue to focus on consistent market development in 2024. Based on the existing project pipeline, new wind and photovoltaic projects are to be developed either alone or preferably in cooperation. There are also plans to develop integrated energy concepts for municipalities in collaboration with the other GASAG business units.

In 2023, the GASAG Group set the course for the realignment of the billing systems for all market roles with the DiscoverG strategy project. The realignment was largely necessary due to the end of the product life cycle and the end of maintenance for the SAP IS-U systems in 2027. As a result of the strategic decisions, the GASAG Group will implement the PHOENIX and GARUDA projects over the next three years, which include the migration of the central SAP IS-U systems to the modern S/4 HANA Utilities platform. These conversions are intended to ensure that the efficiency of the existing systems is maintained while minimizing the disruption to ongoing business processes.

5.2 BUSINESS DEVELOPMENT

The GASAG Group's forecast is based on long-term average temperature trends (standard year). The price level on the energy markets is expected to be close to the average level of the past year. Due to the market situation, the GASAG Group expects the competitive environment to remain intense in 2024, especially in gas sales. We expect our customers' average consumption to rise again due to declining energy savings under the temperature assumptions of the standard year. In terms of competition, we are aiming for a stable customer base in the gas business. Our operational focus is on intensifying our own sales activities and securing our portfolio in all sales channels, which means that we are forecasting a slight increase in **gas sales** to end customers and redistributors.

In electricity sales, we expect **electricity sales** to increase slightly in 2024. This is due to our sales activities, with which we aim to sustainably increase our customer base.

Based on long-term average temperature trends and assuming reduced energy savings by our customers, we expect **gas transport** volumes in the 2024 financial year to be slightly higher than in 2023.

The activities in GE GS will lead to significantly higher investments in 2024. For 2024, we expect **heat sales** to be at the level of 2023.

5.3 DEVELOPMENT OF REVENUE AND EARNINGS

We expect gas and electricity prices to be lower on average in 2024 compared to the previous year. Revenue from grid usage fees in the grid business is expected to be lower than in the previous year. Overall, we therefore expect revenue for 2024 to be moderately lower than in the previous year.

The result from operating activities (EBIT) in 2024 will be significantly lower than the EBIT for the 2023 financial year. EBIT will be reduced primarily by the absence of the temporary one-off effect in revenue from grid usage fees in the grid business in 2023.

Due to the increase in financing interest, we expect the financial result to be significantly lower than in the previous year. Following the addition to the provisions for the dismantling and aftercare of the Berlin natural gas storage facility in 2023, we expect a balanced, non-operating result from discontinued operations again in 2024. Overall, we are forecasting a net profit for the year significantly below the previous year.

Berlin, March 4, 2024

GASAG AG
The Management Board

Georg Friedrichs | Stefan Hadré | Matthias Trunk

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF GASAG

FINANCIAL STATEMENTS

of the GASAG Group, Berlin, for the fiscal year 2023

BALANCE SHEET OF THE GASAG GROUP IN ACCORDANCE WITH IFRSs AS OF DECEMBER 31, 2023

ASSETS

IN € K	NOTES NO.	DEC. 31, 2023	Dec. 31, 2022
A. Non-current assets			
1. Intangible assets	(13)	179,587	182,314
2. Property, plant and equipment	(14)	1,642,089	1,618,086
3. Rights of use	(15)	87,042	93,740
4. Investments in associates	(16)	15,066	14,525
5. Financial assets	(17)	22,526	55,767
6. Non-current contract assets	(18)	7,305	17,421
7. Deferred tax assets	(19)	61,809	68,076
		2,015,424	**2,049,929**
B. Current assets			
1. Inventories	(20)	88,951	91,195
2. Financial assets	(17)	2,381	72,300
3. Income tax receivables	(21)	10,854	9,089
4. Trade receivables and other receivables	(22)	274,776	269,035
5. Current contract assets	(18)	6,453	9,012
6. Cash and cash equivalents	(23)	130,037	200,955
		513,452	**651,586**
		2,528,876	**2,701,515**

EQUITY AND LIABILITIES

IN € K	NOTES NO.	DEC. 31, 2023	Dec. 31, 2022
A. Equity	(24)		
1. Subscribed capital		413,100	413,100
2. Share premium		42,461	42,461
3. Reserve for unrealized gains or losses		–94,851	21,082
4. Retained earnings		354,198	317,396
5. Non-controlling interests		5,213	4,528
		720,121	**798,567**
B. Non-current liabilities			
1. Deferred income	(25)	249,864	255,578
2. Provisions	(26)	50,901	47,863
3. Financial liabilities	(27)	586,427	603,636
4. Other liabilities	(28)	86,477	95,882
5. Deferred tax liabilities	(19)	112,222	150,741
		1,085,891	**1,153,700**
C. Current liabilities			
1. Deferred income	(25)	11,465	11,496
2. Provisions	(26)	58,249	61,889
3. Financial liabilities	(27)	165,498	229,262
4. Income tax liabilities	(29)	34,659	16,009
5. Trade payables and other liabilities	(28)	452,993	430,592
		722,864	**749,248**
		2,528,876	**2,701,515**

STATEMENT OF COMPREHENSIVE INCOME FOR THE GASAG GROUP IN ACCORDANCE WITH IFRSs FOR THE PERIOD FROM JANUARY 1 TO DEC. 31, 2023

INCOME STATEMENT

IN € K	NOTES NO	JAN. 1 to DEC. 31, 2023	Jan 1 to Dec. 31, 2022
1. Revenue	(1)	2,276,759	1,621,367
2. Changes in inventories		1,463	–98
3. Other operating income	(2)	46,745	42,006
4. Cost of materials	(3)	1,826,684	1,210,968
5. Personnel expenses	(4)	132,577	121,789
6. Depreciation	(5)	101,126	99,248
7. Other operating expenses	(6)	120,966	110,100
8. Profit from operations		**143,614**	**121,170**
9. Share in profit or loss of associates	(7)	861	545
10. Profit from other equity investments	(7)	958	1,035
11. Finance costs	(8)	17,665	17,070
12. Other financial result	(8)	5,969	–272
13. Profit before taxes		**133,737**	**105,408**
14. Income taxes	(9)	42,254	33,552
15. Profit from continuing operations		**91,483**	**71,856**
16. Profit or loss from discontinued operations	(10)	–5,209	2,830
17. Profit for the period		**86,274**	**74,686**
18. Profit for the period attributable to non-controlling interests		887	925
19. Profit for the period excluding non-controlling interests		**85,387**	**73,761**
20. Earnings per share (in EUR)	**(12)**	**10.54**	**9.11**

STATEMENT OF COMPREHENSIVE INCOME

IN € K	NOTES NO	JAN. 1 to DEC. 31, 2023	Jan 1 to Dec. 31, 2022
1. Profit for the period		**86,274**	**74,686**
2. Cash flow hedges		–160,886	–295,641
3. Income tax effects		47,880	87,760
		–113,006	**–207,881**
4. Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**–113,006**	**–207,881**
5. Actuarial profit or loss		–4,182	12,247
6. Income tax effects		1,256	–3,652
		–2,926	**8,595**
7. Net other comprehensive income not to be reclassified as profit or loss in subsequent periods		**–2,926**	**8,595**
8. Other comprehensive income	**(11)**	**–115,932**	**–199,286**
9. Total comprehensive income		**–29,658**	**–124,600**
10. Total comprehensive income attributable to non-controlling interests		888	925
11. Total comprehensive income excluding non-controlling interests		**–30,546**	**–125,525**

STATEMENT OF THE CHANGES IN EQUITY OF THE GASAG GROUP IN ACCORDANCE WITH IFRSs AS OF DEC. 31, 2023

SEE NOTE (24)

IN € K	SUBSCRIBED CAPITAL	SHARE PREMIUM	RESERVE FOR UNREALIZED GAINS AND LOSSES
As of Jan. 1, 2022	**413,100**	**42,461**	**220,368**
Total comprehensive income	0	0	–199,286
thereof profit of the period	*0*	*0*	*0*
thereof other comprehensive income pursuant to IAS 39 / IFRS 9	*0*	*0*	*–207,879*
thereof other comprehensive income pursuant to IAS 19	*0*	*0*	*8,593*
Dividend distribution to owners	0	0	0
As of Jan. 1, 2023	**413,100**	**42,461**	**21,082**
Total comprehensive income	0	0	–115,933
thereof profit of the period	*0*	*0*	*0*
thereof other comprehensive income pursuant to IAS 39 / IFRS 9	*0*	*0*	*–113,006*
thereof other comprehensive income pursuant to IAS 19	*0*	*0*	*–2,927*
Dividend distribution to owners	0	0	0
Acquisition of subsidiaries	0	0	
Disposals/additions of minority interests	0	0	0
As of Dec. 31, 2023	**413,100**	**42,461**	**–94,851**

	TOTAL RETAINED EARNINGS	SUBTOTAL FOR THE GROUP	NON-CONTROLLING INTERESTS	TOTAL
	296,852	**972,781**	**3,803**	**976,584**
	73,761	–125,525	925	–124,600
	73,761	*73,761*	*925*	*74,686*
	0	*–207,879*	*–2*	*–207,881*
	0	*8,593*	*2*	*8,595*
	–53,217	–53,217	–200	–53,417
	317,396	**794,039**	**4,528**	**798,567**
	85,387	–30,546	888	–29,658
	85,387	*85,387*	*887*	*86,274*
	0	*–113,006*	*0*	*–113,006*
	0	*–2,927*	*1*	*–2,926*
	–48,600	–48,600	–190	–48,790
	0	0	1	1
	15	15	–14	1
	354,198	**714,908**	**5,213**	**720,121**

STATEMENT OF CASH FLOWS FOR THE GASAG GROUP IN ACCORDANCE WITH IFRSs AS OF DEC. 31, 2023

IN € K		2023	2022
Profit before income taxes from continuing operations		**133,737**	**105,408**
Profit or loss before income taxes from discontinued operations		**–7,461**	**4,053**
–	Income taxes paid	–3,898	–9,302
+/–	Write-downs / write-ups of non-current assets	99,325	102,156
	thereof from discontinued operations	*55*	*50*
+/–	Increase / decrease in provisions	–17,133	–31,157
	thereof from discontinued operations	*–3,545*	*–9,585*
+/–	Other non-cash expenses / income	–3,159	3,773
–/+	Gain / loss on the disposal of non-current assets	1,165	857
–/+	Increase / decrease in inventories	2,244	–16,793
–/+	Increase / decrease in receivables	12,539	76,107
+/–	Increase / decrease in liabilities	–57,943	92,898
=	**Cash flows from operating activities**	**159,416**	**328,000**
–	Cash paid for investments in intangible assets	–3,411	–3,528
+	Cash received from the disposal of property, plant and equipment	346	481
–	Cash paid for investments in property, plant and equipment	–114,291	–109,692
+	Cash received from the disposal of non-current financial assets	2,340	2,751
–	Cash paid for investments in non-current assets	–716	–2,115
+	Cash received from investment subsidiaries from third parties	5,955	11,990
=	**Cash flows from investing activities**	**–109,777**	**–100,113**
–	Cash paid to owners	–48,600	–53,217
–	Cash paid to non-controlling interests	–60	–68
+	Cash received from the raising of loans	20,114	155,961
–	Cash repayments of loans	–82,134	–125,661
–	Cash paid for finance lease liabilities	–9,638	–10,125
+	Cash from the raising of loans from non-controlling interests	50	114
–	Cash paid for the repayment of loans from non-controlling interests	–289	0
=	**Cash flows from financing activities**	**–120,557**	**–32,996**
=	Change in cash and cash equivalents	–70,918	194,891
+	Cash and cash equivalents at the beginning of the period	200,955	6,064
=	**Cash and cash equivalents at the end of the period**	**130,037**	**200,955**

NOTES

to the Consolidated Financial Statements of GASAG
as of December 31, 2023 (IFRSs)

1 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS 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, 2023 and the management report for the GASAG Group for the fiscal year from January 1 to December 31, 2023 and authorized them for issue to the supervisory board on March 4, 2024.

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 (IFRSs)

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 2023 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, 2023.

For reporting periods beginning on or after 1 January 2023, only amendments to already existing standards were to be applied:

ADOPTED AND INCORPORATED INTO EU LAW

- **IFRS 17** "Insurance Contracts" (2017)
  - the standard replaces IFRS 4 "Insurance Contracts"
  - the standard contains three central approaches for mapping insurance contracts
  - in addition, the standard deals with reinsurance contracts
  - in addition, balance sheet disclosures of assets and liabilities from insurance contracts are dealt with
- Amendments to **IAS 1** "Presentation of Financial Statements" (2021)
  - the amendments include clarifications that future disclosures are only to be made on material accounting policies and no longer on significant accounting policies
- Amendments to **IAS 8** "Accounting Policies, Changes in Accounting Estimates and Errors" (2021)
  - the amendments include clarifications on the distinction between accounting policies and accounting estimates in order to make it easier for companies to distinguish between them
- Amendments to **IAS 12** "Income Taxes" (2021)
  - the amendments to the standard include a temporary exemption from the obligation to recognize deferred taxes resulting from the implementation of the Pillar Two rules (including leasing and disposal obligations)
- Amendments to **IFRS 17** "First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information" (2021)
  - there are regulations in connection with IFRS 9 on comparative information due to different dates of application of the two standards, which can lead to accounting mismatches

The aforementioned amendments had no material impact on GASAG's consolidated financial statements. No new standards or new interpretations were adopted in the reporting year.

The IASB has only adopted amendments to existing standards that are not yet mandatory in the EU in the 2023 financial year. These standards and amendments to standards listed below are not expected to have a material impact on GASAG's consolidated financial statements:

ADOPTED BUT NOT YET INCORPORATED INTO EU LAW

- Amendments to **IAS 1** “Presentation of Financial Statements” (2024) regarding the classification of liabilities as current or non-current

- Amendments to **IFRS 16** “Leases” (2024) on lease liabilities from sale and leaseback transactions

- Amendments to **IAS 7** “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” (2024) on supplier financing arrangements

- Amendments to **IAS 21** “The Effects of Changes in Foreign Exchange Rates” (2025) on the lack of exchangeability between two currencies

- Amendments to **IFRS 10** “Consolidated Financial Statements” and **IAS 28** “Investments in Associates and Joint Ventures” (date of application still open) on the sale or contribution of assets between an investor and an associate or joint venture.

3 CONSOLIDATED GROUP

In addition to GASAG, 27 German subsidiaries were fully consolidated, 8 associates and 5 joint operations were accounted for in accordance with the equity method in the consolidated financial statements.

CHANGES IN CONSOLIDATED GROUP

AFFILIATED GROUP

SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus, was merged with EMB Energie Mark Brandenburg GmbH, Michendorf, with effect from January 1, 2023.

EMB Energie Mark Brandenburg GmbH, Michendorf, was renamed EMB Energie Brandenburg GmbH, Michendorf.

GASAG Solution Plus GmbH, Berlin, acquires 50 % of the shares in DATA2Heat Holding GmbH, Berlin, from investa Holding GmbH, Eschborn, on June 14, 2023.
DATA2Heat Holding GmbH, Berlin, holds 100 % of the shares in DATA2Heat Verwaltungs GmbH, Berlin, and DATA2Heat Marienpark GmbH & Co.KG, Berlin.

On November 22, 2023, GASAG sells its 74.9 % stake in Stadtwerke Forst GmbH, Forst, to EMB Energie Brandenburg GmbH, Michendorf.

ASSOCIATED/JOINTED VENTURES

GASAG acquires 75 % of the shares in WN Windpark Naundorf GmbH & Co KG, Berlin, by exercising an option right. The management requires a majority of 75.1 % in the shareholders’ meeting for significant legal transactions and measures. There is no control and the company is included in the consolidated financial statements using the equity method.

INVESTMENT OVERVIEW	Shares
Fully consolidated companies	
BAS Kundenservice Beteiligungs-GmbH, Berlin	100 %
BAS Kundenservice GmbH & Co. KG, Berlin	100 %
Berliner Erdgasspeicher GmbH, Berlin	100 %
DATA2HEAT Holding GmbH, Berlin [8]	50 %
DATA2HEAT Marienpark GmbH & Co. KG, Berlin [5]	100 %
DATA2HEAT Verwaltungs-GmbH, Berlin [5]	100 %
GASAG next GmbH, Berlin	100 %
EMB-Beteiligungsgesellschaft mbH, Michendorf [2]	100 %
EMB Energie Brandenburg GmbH, Michendorf	99,9029 %
GASAG Beteiligungs-GmbH, Berlin	100 %
GASAG Solution Plus GmbH, Berlin	100 %
GASAG Windpark Verwaltungs-GmbH, Berlin	100 %
infrest – Infrastruktur eStrasse GmbH, Berlin [6]	67,36 %
KKI-Kompetenzzentrum Kritische Infrastrukturen GmbH, Berlin [6]	74,90 %
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 [2]	90 %
SP V GmbH & Co. KG, Cottbus [2]	80 %
SP VI GmbH & Co. KG, Cottbus [2]	80 %
SP VII GmbH & Co. KG, Cottbus [2]	80 %
SP VIII GmbH & Co. KG, Cottbus [2]	80 %
SP IX GmbH & Co. KG, Cottbus [2]	80 %
SP XI GmbH & Co. KG, Cottbus [2]	80 %
SpreeGas Verwaltungs-GmbH, Cottbus [2]	100 %
Stadtwerke Forst GmbH, Forst (Lausitz) [2]	74,90 %
Windpark Dahme - Wahlsdorf 2 GmbH & Co. KG, Berlin	100 %
Companies accounted for using the equity method	
ARGE Wärmelieferung, Cottbus [2, 9]	50 %
Berliner Energieagentur GmbH, Berlin	25 %
Consus Netz-Werk GmbH, Berlin [8, 9]	25,1 %
G2Plus GmbH, Berlin [8, 9]	51 %
Gasversorgung Zehdenick GmbH, Zehdenick [2]	25,1 %
Gas-Versorgungsbetriebe Cottbus GmbH, Cottbus [2]	37 %
Netzgesellschaft Hennigsdorf Gas mbH, Hennigsdorf [2, 9]	50 %
Netzgesellschaft Hohen Neuendorf Gas GmbH & Co. KG, Hohen Neuendorf [2]	49 %
NGK Netzgesellschaft Kyritz GmbH, Kyritz [2]	49 %
Quartierswerk Gartenfeld GmbH, Berlin [8, 9]	50 %
Rathenower Netz GmbH, Rathenow [2]	35 %
WGI GmbH, Dortmund [6]	49 %
WN Windpark Naundorf GmbH & Co.KG, B	75 %

INVESTMENT OVERVIEW	Shares
Other shares	
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 investment via EMB Energie Brandenburg GmbH, Michendorf
3) indirect shareholding via GASAG Beteiligungs-GmbH 7.64 % and GASAG AG, Berlin, 92.36 %
4) indirect investment via Stadtwerke Forst GmbH, Forst (Lausitz)
5) indirect investment via DATA2HEAT Holding GmbH, Berlin
6) indirect investment via NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin
7) indirect investment via EMB-Beteiligungsgesellschaft mbH, Michendorf
8) indirect investment via GASAG Solution Plus GmbH, Berlin
9) joint management

4 CONSOLIDATION PRINCIPLES

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, in the valuation of the Berlin natural gas storage facility in connection with the decision to decommission it in December 2022, the valuation of financial instruments, the recognition of provisions, impairment tests and the special operating plan approved in March 2023.

The effects of the estimation assumption on the balance sheet are shown in the respective explanatory note of the balance sheet item concerned.

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 an asset's fair value less costs to sell (net selling costs) and its value in use. The recoverable amount is determined on the basis of the fair value less costs to sell and the value in use.

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

The discount rates are determined according to the Weighted Average Costs of Capital (WACC) model. The return on equity is determined with the help of the Capital Asset Pricing Model (CAPM) and, using a beta factor of 0.60 (previous year 0.68), currently amounts to 6.98 % (previous year 7.31 %).

Interest on borrowed capital is derived from interest rates for long-term new loans and other standard market borrowing rates and is 3.30 % (previous year 3.39 %) after tax. The discount rate also depends on the ratio of equity and debt capital employed. Certain cost of capital parameters, such as the beta factor, are derived using data from a peer group of companies. These peer companies operate in the same business areas as GASAG, so that the business area-specific risk for both the regulated network business and the sales business is considered in the cost of capital. The resulting WACC is 5.48 % (previous year: 5.56 %) after tax for the calculation of the fair value less costs to sell, or 7.85 % (previous year: 8.56 %) after tax for the calculation of the fair value less costs to sell. before taxes for the calculation of the value in use. The discount rate used to measure the value in use of an asset is generally applied uniformly to the Group and the measurement periods. It can be adjusted if a value in use reacts sensitively to the different risks in the different periods, to the term structure of the interest rates and to the capital structure. The growth rate as of 31 December 2023, which was considered following the planning period, was valued at 1.00 % (previous year: 1.00 %).

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 ASSET	Useful life
Goodwill	unlimited
Acquired intangible assets	5 – 20 years
Internally generated intangible assets	5 – 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 AND 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
Supply and generation systems	10 – 20 years
Distribution systems (without metering equipment)	20 – 50 years
Measuring equipment	5 – 16 years
Building	30 – 50 years
Other property, plant and equipment	2 – 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.

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.

INVENTORIES

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.

Minimum tax law

On December 28, 2023, the Minimum Tax Act came into force, which is generally applicable to the GASAG Group. This is an income tax within the meaning of IAS 12. IAS 12, which must be recognized in the financial statements and for which tax provisions must generally be recognized. Meanwhile, the recognition of deferred taxes attributable to the global minimum tax is suspended until further notice. The first assessment period for the minimum tax is the 2024 financial year. The GASAG Group generates its sales in Germany and taxes its income and earnings in accordance with German tax laws. Accordingly, the GASAG Group does not expect any effects for the year 2024.

DEFFERED 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	economic useful life/ Dissolution period of the grant
Government grants	
Investment allowances	depending on the asset
Grants from third parties	
Building cost/investment grants (according to NDAV and concession contracts)	45 years
Other investment grants	depending on the asset

The construction costs and investment subsidies incurred for the pipe network and house connections are amortized over a period of 45 years, as these mainly relate to the medium and low pressure range.

PROVISION

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 recognized annually as an expense in the amount of the allocations. From 2023, the VBL will no longer collect any restructuring funds, and the existing provisions were reversed accordingly (€ 168 thousand). Please refer to section "(26) Provisions" and there to the section "Provisions for defined benefit and defined contribution pension 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 the 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.

The following interest rates were used in the financial year:

REPORTING YEAR/TERM IN %	2023	2022
up to 5 years	1,95	1,90
5 to 10 years	2,02	1,85
over 10 years	2,30	1,85

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). As in the previous year, there was no foreign currency translation at the GASAG Group in the fiscal year 2023.

6 NOTES TO STATEMENT OF COMPREHENSIVE INCOME

(1) REVENUE

IN € K	2023	2022
Natural gas supply	1,588,202	1,024,145
Electricity supply	337,175	274,180
Grid usage fees	236,423	186,086
Heat supply	80,002	107,973
Other	34,957	28,983
	2,276,759	**1,621,367**

Sales revenues are mainly attributable to natural gas deliveries. Thereof attributable to end customers € 1,445,859 thousand (previous year: € 839,177 thousand) and to redistributors € 142,343 thousand (previous year: € 184,968 thousand). The increase in revenue from natural gas deliveries is due to the high price level.

The increase in sales from electricity deliveries is due to higher prices as a result of the general rise in market prices. The share of end customer business in electricity sales amounted to € 208,629 thousand (previous year: € 190,162 thousand).

Sales include the relief amounts granted as part of the statutory regulations on energy price brakes.

Revenue includes EEG and similar payments from the transmission system operator for electricity volumes fed in by plant operators amounting to € 2,380 thousand (previous year: € 727 thousand), which are offset by the same amount in cost of materials.

(2) OTHER OPERATING INCOME

IN € K	2023	2022
Own work capitalized	17,935	17,293
Release of deferred income	11,702	11,735
Release of provisions	4,588	2,365
Derecognition of accrued liabilities	3,356	3,088
Reimbursement of dunning and court costs	1,781	1,870
Reversal of valuation allowances	684	388
Income from the disposal of fixed assets	117	91
Other	6,582	5,176
	46,745	**42,006**

Miscellaneous other operating income mainly consists of reimbursements amounting to € 2,686 thousand (previous year: € 1,528 thousand), private use of company cars amounting to € 1,259 thousand (previous year: € 1,107 thousand) and returns from previous years of € 1,125 thousand (previous year: € 637 thousand).

(3) COST OF MATERIALS

IN € K	2023	2022
Expenses for raw materials, consumables and supplies and for purchased goods	1,571,658	986,919
Expenses for purchased services	255,026	224,049
	1,826,684	**1,210,968**

The cost of materials mainly includes expenses for gas and electricity, which are distributed directly to end users, passed on to distributors and consumed by the GASAG Group itself. The increase in the cost of raw materials and supplies is mainly due to higher gas and electricity purchase prices.

The cost of purchased services mainly includes expenses for gas and electricity network fees of € 204,033 thousand (previous year: € 181,742 thousand). Furthermore, expenses for repairs and maintenance as well as for other construction and third-party services were incurred.

(4) PERSONNEL EXPENSES

IN € K	2023	2022
Wages and salaries	107,267	98,319
Social security, pension and other benefit costs	25,310	23,470
	132,577	**121,789**

Personnel expenses increased in comparison to the previous year by € 10,788 thousand to € 132,577 thousand. In addition to a slight increase in the number of employees, the main reason for the increase in personnel expenses was the significant, partly inflation-related pay rises in the collectively agreed and non-tariff areas.

The average number of employees (excluding employees in the passive phase of partial retirement) rose to 1,585 employees (previous year: 1,563 employees). The increase is mainly due to capacity adjustments in business units that are intended to support the heating transition in Berlin and Brandenburg in accordance with the strategic concepts from the ZUKUNFT G transformation program.

Social security contributions include contributions to the statutory pension insurance scheme in the amount of € 8,394 thousand (previous year: € 7,750 thousand) are included.

Pension expenses in the reporting year amounted to € 4,899 thousand (previous year: € 4,764 thousand).

The GASAG Group employed an annual average of

NUMBER OF EMPLOYEES [1)]	2023	2022
Women	588	583
Men	1,073	1,055
	1,661	**1,638**
of which passive phase partial retirement	*75*	*75*

1) excluding trainees and Management Board

(5) AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

The depreciation item is composed as follows:

IN € K	2023	2022
Intangible assets	**6,142**	**6,952**
Scheduled depreciation and amortization	6,142	6,952
Property, plant and equipment	**84,385**	**82,299**
Scheduled depreciation and amortization	84,176	82,165
Impairment losses	209	134
Rights of use	**10,599**	**9,997**
Scheduled depreciation and amortization	10,068	9,557
Impairment losses	531	440
	101,126	**99,248**

Of the amortization of **intangible assets** in the current financial year, € 3,974 thousand (previous year: € 4,896 thousand) relates to software licenses and € 1,835 thousand (previous year: € 1,835 thousand) to customer relationships. 27 thousand (previous year: € 31 thousand) is attributable to conversion grants and subsidies.

Impairment losses of € 208 thousand (previous year: € 134 thousand) recognized on **property, plant and equipment** in the current financial year relate to heat generation plants that were taken out of operation prematurely. The impairment is reported under the item "Supply, generation and distribution facilities". In the previous year, this related to the land and buildings item and resulted from a technical drinking water storage tank that was taken out of operation.

The impairment losses on **rights of use** in the amount of € 531 thousand (previous year: € 440 thousand) relate to the temporary vacancy of rented office space.

(6) OTHER OPERATING EXPENSES

IN € K	2023	2022
Advertising, representation and sales promotion	30,142	19,113
IT services	22,177	18,151
Concession fees	19,800	23,610
Other services and third-party services	10,932	12,768
Legal and other consulting including audit expenses	6,818	5,219
Risks from legal disputes	5,682	6,398
Write-offs and value adjustments on receivables	5,610	7,162
Leasing expenses	3,472	3,447
Insurances	3,019	2,661
Postal and freight costs	1,805	2,052
Losses on disposal of fixed assets	1,281	947
Hospitality and travel expenses	503	372
Other taxes	136	–837
Other	9,589	9,037
	120,966	**110,100**

Miscellaneous other operating expenses mainly consist of contributions and fees of € 2,397 thousand (previous year € 2,378 thousand) and employee benefits in kind of € 1,047 thousand (previous year € 1,063 thousand).

(7) INVESTMENT RESULT

IN € K	2023	2022
Investment result		
of which share of profit of companies accounted for using the equity method	861	545
of which result from other investments	958	1.035
	1.819	**1.580**

The result from participations contains the earnings contributions from the operationally initiated participations. The business activities of these holdings are closely linked to the operating activities of the Group.

All income and expenses related to these unlisted equity instruments are included in the investment result. All shares in companies accounted for using the equity method and other investments held as of December 31, 2023 are listed in the overview of investments under Chapter **"3 Scope of consolidation".**

(8) FINANCIAL COSTS

IN € K	2023	2022
Finance costs	**–17,665**	**–17,070**
Interest on overdrafts and loans from banks	–12,669	–13,173
Interest from other financial liabilities	–591	–2,315
Unwinding of the discount for provisions	–1,970	819
Interest on finance leases	–2,435	–2,401
Other financial result	**5,969**	**–272**
Interest income and similar income	4,168	2,654
Remeasurement of derivatives	1,801	–2.926
	–11,696	**–17,342**

The change in the other financial result is mainly due to the fair value measurement of an investment and increased interest income, which is attributable to the higher interest rate level in the 2023 financial year.

(9) INCOME TAXES

IN € K	2023	2022
Corporate income tax	13,524	11,701
thereof relating to other periods	*1,220*	*–38*
Trade tax	9,599	10,035
thereof relating to other periods	*729*	*770*
Current income taxes	**23,123**	**21,736**
Deferred taxes on temporary differences	16,693	6,924
thereof relating to other periods	*639*	*184*
Deferred taxes on tax loss carryforwards	2,438	4,892
thereof relating to other periods	*–848*	*39*
Deferred taxes	**19,131**	**11,816**
Income taxes	**42,254**	**33,552**

Deferred taxes were calculated using company-specific tax rates. In addition to the corporate income tax of 15.00 %, the solidarity surcharge of 5.50 % on the corporate income tax and trade tax rates in a range of 10 - 15 % (previous year 10 - 16 %) were taken into account.

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

IN € K	2023	2022
Earnings before income taxes	133,737	105,408
Group tax rate	30.18 %	30.18 %
Theoretical income tax expense	**40,362**	**31,812**
Tax effects on		
Differences in tax rates and tax rate changes	–644	–731
Tax-free income	–97	–175
Non-deductible operating expenses	108	315
Effect of changes recognized in the financial year		
Taxes from previous years	1,751	946
Utilization of loss carryforwards not used in the previous year	–26	–26
Non-capitalized deferred taxes on tax loss carryforwards	51	25
Additions/reductions to trade tax	495	969
Other	254	417
Effective income tax expense	**42,254**	**33,552**
Effective tax rate	31.6 %	31.8 %

The “Differences in tax rates and changes in tax rates” mainly result from the difference between the Group tax rate and the tax rates of the companies.

The non-deductible operating expenses include reductions in profit that cannot be recognized for tax purposes, off-balance sheet adjustments in accordance with Section 8b KStG and other non-deductible expenses.

Taxes from previous years include effects from the consideration of new findings from ongoing tax audits and effects from tax returns submitted in previous years.

No deferred tax assets are recognized for loss carryforwards whose realization is not sufficiently certain. The following is attributable to corporation tax loss carryforwards € 1,269 thousand (previous year: € 1,113 thousand) trade tax loss carryforwards € 5,682 thousand (previous year: € 5,709 thousand).

The development of the "Additions/reductions to trade tax" item in the reporting year is due in particular to the financing expenses subject to additions and the profit shares in non-Group co-entrepreneurships subject to reductions.

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

In the year 2023 equity was reduced by the deferred taxes attributable to the components recognized directly in equity in the amount of € 49,136 thousand changed (previous year: € 84,108 thousand).

(10) PROFIT AND LOSS FROM DISCONTINUED OPERATIONS

IN € K	2023	2022
Sales revenue	55	27
Other operating income	574	1,468
Expenses	6,720	169
Financial result	–1,369	2,727
Earnings before taxes	**–7,460**	**4,053**
Taxes on income and earnings	–2,251	1,223
Result from discontinued operations	**–5,209**	**2,830**

The final operating plan of Berliner Erdgasspeicher GmbH (hereinafter referred to as BES) and the associated decommissioning permit were approved by the competent state mining office at the end of December 2022 and is now limited until 31 December 2035.

The mining of the reservoir, the backfilling of the boreholes and the dismantling of the surface facilities will be carried out in accordance with the provisions of the final operating plan. The after-care and dismantling activities are proceeding according to plan.

In the 2023 financial year, the special operating plan for decommissioning was approved in order to take account of the increased costs for the remaining technical measures and the higher personnel expenses. The existing provision was increased accordingly.

(11) OTHER COMPREHENSIVE INCOME

Disclosure of Components of Other Comprehensive Income

IN € K	2023	2022
Cash flow hedges:		
Gains (losses) arising in the current period	–156,486	–37,566
Plus reclassifications recognized in profit or loss in the profit and loss account	–4,400	–258,075
	–160,886	**–295,641**
Revaluation of assets:		
Actuarial result	–4,182	12,247
Components of other comprehensive income before taxes	**–165,068**	**–283,394**
The following is attributable to the components recognized directly in equity income taxes	49,136	84,108
Components of other comprehensive income	**–115,932**	**–199,286**
Components of total comprehensive income not recognized in profit or loss non-controlling interests	–1	0
Components of other comprehensive income on shares with controlling influence	**–115,933**	**–199,286**

(12) EARNINGS PER SHARE

Earnings per share from the income statement are calculated by dividing the net profit for the year on shares with a controlling influence by the average number of shares. GASAG has only issued ordinary shares.

A dilution of this key figure could occur through potential shares (mainly through stock options and convertible bonds). Potential shares do not exist and are not planned.

		2023	2022
Net profit for the year on shares with controlling influence	k €	85,387	73,761
Total comprehensive income attributable to shares with controlling influence	k €	–30,546	–125.525
Number of shares in circulation (weighted average)	k pcs	8,100	8,100
Earnings per share (GASAG Group)	€	10.54	9.11
thereof for continuing operations	*€*	*11.18*	*8.76*
of which for discontinued operations	*€*	*–0.64*	*0.35*
Dividend payments to shareholders	k €	52,650 [1]	48,600 [2]
Dividend per share of GASAG	€	6.50 [1]	6.00 [2]

1) proposed
2) paid out in 2023

7 NOTES TO THE BALANCE SHEET

(13) INTANGIBLE ASSETS

Intangible assets developed as follows:

IN € K	Business or goodwill	Acquired immaterial assets	Self-created immaterial assets	TOTAL
Acquisition and production costs				
As of Jan. 1, 2022	161,392	121,629	8,293	291,314
Additions	0	2,059	1,469	3,528
Departures	0	186	0	186
As of Dec. 31, 2022	161,392	123,502	9,762	294,656
Depreciation and amortization				
As of Jan. 1, 2022	7,755	89,997	7,798	105,550
Additions	0	6,795	157	6,952
Departures	0	160	0	160
As of Dec. 31, 2022	7,755	96,632	7,955	112,342
Residual carrying amounts as of Dec. 31, 2022	**153,637**	**26,870**	**1,807**	**182,314**
Acquisition and production costs				
As of Jan. 1, 2023	161,392	123,502	9,762	294,656
Additions	45	2,021	1,346	3,411
Departures	0	43	0	43
Rebookings	0	–323	327	4
As of Dec. 31, 2023	161,437	125,157	11,435	298,029
Depreciation and amortization				
As of Jan. 1, 2023	7,755	96,632	7,955	112,342
Additions	0	5,843	300	6,143
Departures	0	43	0	43
As of Dec. 31, 2023	7,755	102,432	8,255	118,442
Residual carrying amounts as of Dec. 31, 2023	**153,682**	**22,725**	**3,180**	**179,587**

Goodwill was allocated to the cash-generating units for the purpose of impairment testing. When the goodwill-bearing units SG and EMB were merged, an impairment test was carried out – none was required. The allocation is shown below:

IN € K	DEC. 31, 2023	Dec. 31, 2022
EMB Energie Brandenburg	142,734	120,180
SpreeGas	0	22,554
GASAG Solution Plus	6,858	6,858
NBB	3,491	3,491
Other	599	554
	153,682	**153,637**

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

Acquired intangible assets mainly include customer bases amounting to € 13,761 thousand (previous year: € 15,596 thousand) are included. These relate to EMB with a remaining amortization period of 7.5 years. This item also includes conversion grants and subsidies granted to special contract customers in the amount of € 73 thousand (previous year: € 99 thousand) and software in the amount of € 8,272 thousand (previous year: € 10,066 thousand).

The additions mainly relate to software and conversion grants and subsidies. The latter are derecognized at the end of their term.

By far the largest proportion of disposals, in addition to conversion grants and subsidies, are software systems that are no longer in use and have already been written off.

Software worth € 2,208 thousand (previous year: € 2,031 thousand) is not yet operational.

Restrictions on ownership or disposal in the form of mortgages or transfers of ownership by way of security exist only to a very limited extent.

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

(14) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows:

IN € K	Supply, generation and distribution systems	Land and buildings	Other property, plant and equipment	TOTAL
Acquisition and production costs				
As of Jan. 1, 2022	3,442,472	70,002	28,967	3,541,441
Additions	100,066	1,350	1,869	103,285
Departures	181,136	175	736	182,047
Rebookings	–460	379	7	–74 [1)]
As of Dec. 31, 2022	3,360,942	71,556	30,107	3,462,605
Depreciation and amortization				
As of Jan. 1, 2022	1,902,048	25,334	15,563	1,942,945
Additions	77,513	2,299	2,500	82,312
Departures	179,984	118	636	180,738
As of Dec. 31, 2022	1,799,577	27,515	17,427	1,844,519
Residual carrying amounts as of Dec. 31, 2022	**1,561,365**	**44,041**	**12,680**	**1,618,086**
Acquisition and production costs				
As of Jan. 1, 2023	3,360,942	71,556	30,107	3,462,605
Additions	101,865	2,979	5,000	109,844
Departures	56,092	448	1,472	58,012
Rebookings	–885	883	–2	–4
As of Dec. 31, 2023	3,405,830	74,970	33,633	3,514,433
Depreciation and amortization				
As of Jan. 1, 2023	1,799,577	27,515	17,427	1,844,519
Additions	79,657	2,181	2,566	84,404
Departures	54,826	294	1,459	56,579
Rebookings	–2	0	2	0
As of Dec. 31, 2023	1,824,406	29,402	18,536	1,872,344
Residual carrying amounts as of Dec. 31, 2023	**1,581,424**	**45,568**	**15,097**	**1,642,089**

1) of which reclassification to current assets in the amount of € –74 thousand (AHK)

The supply, generation and distribution facilities include an intangible component in the form of easements (including easements in accordance with Section 9 GBBerG), which are allocated to the corresponding distribution facilities. The carrying amount of the easements is € 17,791 thousand (previous year: € 17,336 thousand).

By far the largest share of additions is attributable to the expansion of grid distribution systems, which includes replacement and new investments.

Assets with a carrying amount of € 41,748 thousand (previous year: € 35,649 thousand) are subject to restrictions on disposal due to assignment as security to lenders.

The majority of the disposals relate to the pro rata dismantling of the Berlin natural gas storage facility, which had already been fully written off. Other disposals related to pipelines and house connections as well as heat generation plants.

The **land and buildings** account for € 11,286 thousand (previous year: € 10,758 thousand) is attributable to land, which is mainly recognized at its historical carrying amount.

Other property, plant and equipment mainly includes operating and office equipment in the amount of € 13,414 thousand (previous year: € 12,478 thousand).

In total, property, plant and equipment includes assets under construction in the amount of € 43,533 thousand (previous year: € 48,255 thousand) are included. These mainly comprise investment measures in the gas network distribution facilities and heat generation facilities under construction.

(15) RIGHTS OF USE IFRS 16

Lease rights of use have developed as follows:

IN € K	Distribution systems	Real estate	Other	TOTAL
As of Jan. 1, 2022	23,635	74,114	2,605	100,354
Additions	2,415	1,335	1,027	4,777
Departures	0	–1,342	–16	–1,358
Depreciation and amortization	–2,015	–6,864	–1,154	–10,033
As of Dec. 31, 2022	**24,035**	**67,243**	**2,462**	**93,740**
As of Jan. 1, 2023	24,035	67,243	2,462	93,740
Additions	1,042	1,997	1,082	4,121
Departures	0	–25	–160	–185
Depreciation and amortization	–2,291	–7,231	–1,112	–10,634
As of Dec. 31, 2023	**22,786**	**61,984**	**2,272**	**87,042**

The real estate mainly includes the leasing 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.

(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 784k; prior year: EUR 784k) pursuant to IAS 28.42

The following table shows the summarised financial information on the associates and joint ventures, all of which result from continuing operations (GASAG shares):

ASSOCIATED COMPANIES

IN € K	DEC. 31, 2023	Dec. 31, 2022
Non-current assets	12,965	13,342
Current assets	3,195	2,567
Non-current liabilities	2,434	1,223
Current liabilities	6,320	7,593
Balance sheet total	16,160	15,909
Sales revenue	6,829	5,143
Net income for the year	564	483

JOINT VENTURES

IN € K	DEC. 31, 2023	Dec. 31, 2022
Non-current assets	3,503	2,513
Current assets	1,732	2,420
Non-current liabilities	131	275
Current liabilities	1,698	1,686
Balance sheet total	5,235	4,933
Sales revenue	1,183	1,249
Net income for the year	30	6

The equity investments are composed as follows:

IN € K	DEC. 31, 2023	Dec. 31, 2022
Associated companies	**11,883**	**11,454**
Gas-Versorgung Cottbus GmbH, Cottbus	3,468	3,588
Netzgesellschaft Hohen Neuendorf GmbH & Co. KG, Hohen Neuendorf	2,903	2,737
Berliner Energieagentur GmbH, Berlin	2,054	1,984
WGI GmbH, Dortmund	1,171	1,107
Rathenower Netz GmbH, Rathenow	1,412	1,412
NGK Netzgesellschaft Kyritz mbH, Kyritz	545	545
Gasversorgung Zehdenick GmbH, Zehdenick	81	81
WN Windpark Naundorf GmbH & Co., Berlin	249	0
Joint ventures	**3,183**	**3.071**
ARGE Wärmelieferung, Cottbus	658	551
Netzgesellschaft Hennigsdorf Gas mbH, Hennigsdorf	1,072	975
G2Plus GmbH, Berlin	26	26
Consus Netz-Werk GmbH, Berlin	6	6
Quartierswerk Gartenfeld GmbH, Berlin	1,421	1,513
Carrying amounts of investments in companies accounted for using the equity method	**15,066**	**14,525**

(17) FINANCIAL ASSETS

Non-Current Financial Assets

IN € K	DEC. 31, 2023	Dec. 31, 2022
Other loans	285	425
Shareholdings	16,835	15,040
Finance lease receivables	4,654	5,348
Derivatives	752	34.954
	22,526	**55,767**

The investments relate to **financial investments in unlisted equity instruments** as well as **other investments,** which are included in the GASAG Group's investment overview "other interests". The decrease in the fiscal year 2022 is due to the write-down of an investment in the category "measured at fair value through profit or loss". With regard to the valuation, please refer to Note **"(30) Reporting on financial instruments".**

Furthermore, non-current financial assets include the non-current portion of **lease receivables** from leases classified as finance leases. These are contracting projects and subleases of real estate.

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

DEC. 31, 2023 IN € K	Present value minimum leasing rate	Not yet realized financial income	Gross investment
With a remaining term of up to 1 year	961	511	1,472
With a remaining term of 1 to 5 years	3,059	1,232	4,291
With a remaining term of more than 5 years	1,585	443	2,028
	5,605	**2,186**	**7,791**

The figures from the previous year for comparison:

DEC. 31, 2022 IN € K	Present value minimum leasing rate	Not yet realized financial income	Gross investment
With a remaining term of up to 1 year	929	570	1,499
With a remaining term of 1 to 5 years	3,534	1,483	5,017
With a remaining term of more than 5 years	1,814	559	2,373
	6,277	**2,612**	**8,889**

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

Current Financial Assets

IN € K	DEC. 31, 2023	Dec. 31, 2022
Finance lease receivables	946	906
Derivatives	1,435	71,394
	2,381	**72,300**

The significant decrease in current financial assets is due to the reduction in market values of forward contracts accounted for as derivatives in the wake of lower energy prices.

(18) CONTRACT ASSETS

The assets in connection with customer contracts mainly relate to capitalized contract costs of € 11,169 thousand (previous year: € 25,280 thousand) (thereof current € 4,521 thousand (previous year: € 8,101 thousand)). This relates exclusively to contract acquisition costs. The expenses invoiced by third parties for the period (e.g. commission payments to sales partners) are capitalized. The resulting asset is utilized on a straight-line basis over the average customer retention period. Consumption in the financial year amounted to € 11,336 thousand (previous year: € 12,075 thousand). As at the balance sheet date, a review of assets in connection with customer contracts resulted in impairment losses of € 9,405 thousand (previous year: € 0). This was due to the reduction in the average customer retention period.

In addition, contractual assets amounting to € 2,339 thousand (previous year: € 902 thousand) (thereof current € 837 thousand (previous year: € 849 thousand)) are included, which mainly result from the granting of bonus payments to customers and are consumed over the term of the contract. The reduction in sales due to the allocation of previously recognized contractual assets to the appropriate period amounted to € 1,570 thousand (previous year: € 4,651 thousand) in the past financial year.

(19) DEFFERED 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, 2023 DEFERRED TAX ASSETS	DEC. 31, 2023 DEFERRED TAX LIABILITIES	Dec. 31, 2022 Deferred tax assets	Dec. 31, 2022 Deferred tax liabilities
Intangible assets	(1)	6,762	5,016	8,709	5,389
Property, plant and equipment	(2)	1,925	136,288	3,293	129,005
Rights of use	(3)	0	25,913	0	27,915
Shares in associated companies		153	0	125	0
Financial assets	(4)	0	10,408	0	74,059
Inventories	(5)	130	2,505	244	4,310
Receivables from deliveries and services and other receivables	(6)	1,162	0	1,320	225
Assets in connection with customer contracts	(7)	0	4,097	0	7,864
Passive deferred income	(8)	37,955	430	37,573	650
Provisions	(9)	10,881	18,964	10,284	9,355
Financial debts	(10)	44,620	99	60,219	118
Liabilities from deliveries and services and other liabilities	(11)	32,702	5,478	29,578	53
		136,290	**209,198**	**151,345**	**258,943**
Tax loss carryforwards	(12)	22,495		24,933	
Gross amount		**158,785**	**209,198**	**176,278**	**258,943**
Balancing		96,976	96,976	108,202	108,202
Net amount		**61,809**	**112,222**	**68,076**	**150,741**
thereof short-term		*37,098*	*28,840*	*59,308*	*1*
thereof long-term		*24,711*	*83,382*	*8,768*	*150,740*

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 amortisation of customer bases that were not capitalised in the tax balance sheet. This effect is mitigated by the addition of deferred tax liabilities on self-developed intangible assets capitalised only in the IFRS balance sheet.

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

(2) The valuation differences are essentially the result of the different underlying useful lives. While the IFRS balance sheet is based on the expected actual useful lives, the tax balance sheet values are based on the official depreciation tables. Furthermore, the real property rights are not depreciable for tax purposes in accordance with § 9 GBBerG.

The increase in deferred tax liabilities is due in particular to the application of declining balance depreciation in the tax balance sheet. Furthermore, in the IFRS balance sheet, the deferred items for building cost and investment grants are - in contrast to the tax balance sheet - shown unnetted in the deferred income item. The resulting increase in deferred tax liabilities corresponds to the increase in deferred tax assets on the deferred income item (8).

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

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

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

The significant increase in deferred tax liabilities is due to a devaluation of the natural gas inventory in inventories.

(6) The deferred tax assets result from accrued receivables.

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

(8) The deferred tax assets under deferred income result from the different reversal of special items from investment grants between the tax balance sheet and the IFRS balance sheet and have increased due to the different reporting described in more detail under (2). The deferred tax liability results from the special item with an equity portion formed for tax purposes at SpreeGas GmbH.

(9) Differences in provisions result from the different accounting or valuation of pension provisions, provisions for the partial retirement arrangements VBL rehabilitation allowance and provisions for repayment obligations. The indirect pension obligations (essentially agreements on the pension of employees and workers of the State of Berlin and VBL restructuring allowance) are accounted for in accordance with IFRS. Furthermore, different actuarial parameters are used. Other long-term provisions (term over twelve months) are discounted according to IFRS in deviation from tax regulations. In the tax balance sheet, no provisions for contingent losses may be formed.

The change in deferred tax liabilities results primarily from the increase in provisions from regulatory matters in the tax balance sheet, which are not recognised under IFRS.

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

(11) The decrease in deferred tax assets is mainly due to the application of IFRS 16.

(12) In accordance with IAS 12, deferred taxes are formed on tax loss carryforwards. The decrease in deferred taxes on loss carryforwards results from their utilisation in the reporting year.

In the reporting year, € 40,206 (previous year: € 8,930) in deferred taxes from the valuation not affecting net income were offset against equity.

The total amount of deferred tax assets includes tax reduction claims resulting from the expected use of the following existing loss carryforwards in subsequent years:

IN € K	DEC. 31, 2023	Dec. 31, 2022
Corporation tax (incl. solidarity surcharge)	41,241	39,214
Trade tax	114,503	134,508

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, 2023	Dec. 31, 2022
Raw materials and supplies	372	381
Goods	27,046	45,266
Work in progress	3,844	2,382
Advance payments made	0	620
Emission certificates	57,689	42,546
	88,951	**91,195**

The goods reported under inventories mainly relate to working gas stockpiled in the natural gas storage facilities in the amount of € 26,502 thousand (previous year: € 45,266 thousand).

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 TAC 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, 2023	Dec. 31, 2022
Trade receivables	**197,990**	**180,274**
from gas deliveries	127,449	106,490
from grid usage fees	30,907	18,801
from heat and electricity supplies	32,518	48,263
from other deliveries and services	7,116	6,720
Other receivables	**76,786**	**88,761**
	274,776	**269,035**

In addition to the goods and services invoiced to customers, trade receivables include unbilled receivables from gas, heat and electricity supplies as well as grid usage fees in the amount of € 1,116,693 thousand (previous year: € 833,266 thousand) which are offset against the advance payments not yet invoiced in the amount of € 983,790 thousand (previous year: € 714,546 thousand) as well as federal funds under the Emergency Aid Act and the energy price brakes (net) in the amount of € 16,565 thousand (previous year: € 75,261 thousand).

Of the other receivables, the tax refund claims from value added tax amount to € 6,178 thousand (previous year: € 840 thousand). Prepaid expenses and deferred charges € 5,537 thousand (previous year € 4,316 thousand), on receivables from other taxes € 7,972 thousand (previous year: € 7,175 thousand) and on the initial margin paid in the context of energy-related stock exchange transactions € 11,534 thousand (previous year: € 55,970 thousand).

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

IN € K	Book value	Not due	Due for 1–30 days	Due for 30–60 days	Due for 60–120 days	Due for 120–360 days	Due for over 360 days
Trade receivables before value adjustments as of Dec. 31, 2023	205,618	164,346	13,882	3,689	3,127	11,376	9,199
Value adjustments	**7,628**	**2,574**	**746**	**408**	**276**	**1,188**	**2,436**
Trade receivables as of Dec. 31, 2023	**197,990**	**161,772**	**13,136**	**3,281**	**2,851**	**10,188**	**6,763**
Trade receivables before value adjustments as of Dec. 31, 2022	187,796	149,120	12,549	6,151	1,208	8,112	10,656
Value adjustments	**7,522**	**2,213**	**845**	**487**	**140**	**1,450**	**2,387**
Trade receivables as of Dec. 31, 2022	**180,274**	**146,907**	**11,704**	**5,664**	**1,068**	**6,662**	**8,269**

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	2023	2022
Value adjustments		
As of Jan. 1	7,522	5,158
Additions (expenses for value adjustments)	2,714	2,876
Consumption	2,092	173
Resolution	516	339
As of Dec. 31	**7,628**	**7,522**

The total amount of the additions of € 2,714 thousand (previous year: € 2,876 thousand) is made up of additions due to specific valuation allowances in the amount of € 2,515 thousand (previous year: € 2,023 thousand) and lump-sum specific valuation allowances in the amount of € 199 thousand (previous year: € 853 thousand). As part of the reversals, reversals of specific valuation allowances in the amount of € 243 thousand (previous year: thousand)€ and reversals of generalized specific valuation allowances in the amount of € 273 thousand (previous year: € 301 thousand) were taken into account.

All expenses and income from value adjustments and write-offs of trade receivables are reported under other operating expenses or other operating income.

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

IN € K	2023	2022
Expenses for the complete derecognition of receivables	3,774	4,066
Income from payments received on receivables derecognized in previous years	1,125	700

The ratio of expenses for the derecognition of trade receivables to the valuation allowances on trade receivables results from the special posting system of the flat-rate individual valuation allowance in the GASAG Group. Withdrawals during the year are not booked against the flat-rate specific bad debt allowance, but are recognised directly in expenses. Payments received on receivables already impaired are recognised in other operating income. The value adjustment on trade receivables is determined on the reporting date as the balance of the existing value adjustment and the calculated value adjustment requirement, and the corresponding amount is added or released. This accounting system does not have any effect on earnings.

In the 2023 financial year, interest income of € 267 thousand (previous year: € 238 thousand) was received on derecognised or impaired receivables.

(23) CASH AND CASH EQUIVALENTS

IN € K	DEC. 31, 2023	Dec. 31, 2022
Cash on hand / checks	54	45
Credit balances with banks	9,483	15,910
Short-term investments	120,500	185,000
	130,037	**200,955**

(24) EQUITY

The breakdown and changes in equity and non-controlling interests are shown in the statement of changes in equity.

Subscribed Capital

The subscribed capital is divided into 8,100,000 no-par bearer shares with an arithmetical value of € 51.00 each. All shares are issued and fully paid up. The subscribed capital has not changed since 31 December 2021 and amounts to € 413,100 thousand.

Share Premium

The capital reserve contains exclusively premiums in accordance with Section 272 (2) No. 1 HGB. Pursuant to Section 150 (2) AktG, ten percent of GASAG's share capital may not be distributed from the statutory reserve with restricted use. The remaining amount of EUR 1,151k can only be used as described in Section 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	2023	Of which IAS 39 / IFRS 9	Of which IAS 19	2022	Of which IAS 39 / IFRS 9	Of which IAS 19
As of Jan. 1	21,082	27,151	–6,069	220,368	235,032	–14,664
Changes recognized directly in equity	–115,933	–113,007	–2,926	–199,286	–207,881	8,595
As of Dec. 31	**–94,851**	**–85,856**	**–8,995**	**21,082**	**27,151**	**–6,069**

Retained Earnings

The accumulated results include the net profit remaining after allocation to other revenue reserves, other revenue reserves as well as the reserve from the first-time application of IFRS and the undistributed profits of previous years. The reserves from the first-time application of IFRS amount to € 90,843 thousand.

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)	
	2023	2022	2023	2022
Non-controlling interests in %	25.17	25.10	25.17	25.10
IN € K				
Non-controlling interests are attributable to non-controlling interests:				
Pro rata equity	4,432	4,010	1,449	1,291
Pro rata net income for the year	460	601	206	178
Financial positions of the subsidiaries:				
Dividends paid in the financial year	–2,195	–768	448	–235
Assets	40,581	40,797	21,664	19,280
Debts	22,976	24,820	15,906	14,135
Sales revenue	37,190	31,157	13,853	9,833
Net income for the year	1,828	2,395	820	711
Components of other comprehensive income	0	0	0	0
Overall result	**1,828**	**2,395**	**820**	**711**

(25) DEFFERED INCOME

Deferred income developed as follows in fiscal years 2022 and 2023:

IN € K	Jan. 1, 2022	Additions leads	Resolutions	Repayments	Dec. 31, 2022
Government grants	**1,751**	**0**	**105**	**0**	**1,646**
Investment allowances	1,751	0	105	0	1,646
of which short-term (< 1 year)					*105*
Grants from third parties	**265,068**	**11,992**	**11,630**	**2**	**265,428**
Building cost/investment grants (according to NDAV and concession contracts)	251,025	10,357	10,027	2	251,353
of which short-term (< 1 year)					*9,977*
Other investment grants	14,043	1,635	1,603	0	14,075
of which short-term (< 1 year)					*1,414*
Total	**266,819**	**11,992**	**11,735**	**2**	**267,074**
of which short-term (< 1 year)					*11,496*
of which long-term (> 1 year)					*255,578*

IN € K	Jan. 1, 2023	Additions leads	Resolutions	Repayments	DEC. 31, 2023
Government grants	**1,647**	**0**	**106**	**0**	**1,541**
Investment allowances	1,647	0	106	0	1,541
of which short-term (< 1 year)					*107*
Grants from third parties	**265,428**	**5,985**	**11,596**	**29**	**259,788**
Building cost/investment grants (according to NDAV and concession contracts)	251,353	4,967	10,102	1	246,217
of which short-term (< 1 year)					*10,055*
Other investment grants	14,075	1,018	1,494	28	13,571
of which short-term (< 1 year)					*1,303*
Total	**267,075**	**5,985**	**11,702**	**29**	**261,329**
of which short-term (< 1 year)					*11,465*
of which long-term (> 1 year)					*249,864*

In the reporting year and in the previous year, the companies of the GASAG Group were unable to apply for investment subsidies under the Investment Subsidy Act due to the current legal situation. The investment grants still available result from previous years.

The construction cost and investment grants are mainly paid for investments in supply and house connection lines. Other investment grants mainly relate to payments for the construction of heat generation plants and customer control systems.

(26) PROVISIONS

IN € K	DEC. 31, 2023	Dec. 31, 2022
Non-current provisions		
Provisions for defined benefit plans	28,936	26,368
Other provisions	21,965	21,495
	50,901	**47,863**
Current provisions		
Provisions for defined benefit plans	2,369	2,333
Other provisions	55,880	59,556
	58,249	**61,889**
	109,150	**109,752**

Provisions for Defined Benefit and Defined Contribution Plans

In the GASAG Group, both defined benefit and defined contribution pension commitments are granted. The commitments are based primarily 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 obligations beyond the payment of contributions to the pension institutions. The expenses are reported under personnel expenses. In the reporting year, payments totalling € 13,404 thousand (previous year: € 12,855 thousand) were made or accrued for the reporting period.

According to IAS 19, the company pension scheme via the VBL is to be regarded as a defined benefit multi-employer plan, as the employees have a legal claim to the statutory benefits, irrespective of the contributions actually paid. In principle, therefore, the employees' claim is against the VBL and not against the enterprise, but there is a subsidiary liability for the enterprise. A resulting formation of provisions is appropriate if the VBL's assets are not sufficient to cover the obligations. The fund assets to be determined for the pension beneficiaries attributable to the enterprise are to be used for valuation and calculation. Information on this could not be obtained from the VBL. As there is insufficient information available to account for the VBL as a defined benefit plan, these pension benefits are treated as a defined contribution plan. A provision is recognised for the reorganisation monies payable to the VBL (see section **"Other provisions for personnel"**).

For **defined benefit plans,** provisions are made in accordance with the existing pension commitments for vested rights to pensions payable in the future and current benefits to eligible active and former employees and surviving dependants. 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 as well as vested rights for pensions to be paid in the future are covered by the provisions reported in the balance sheet. The main plans are salary-dependent and promise lifelong pension payments to the beneficiaries. The amount of the benefits is generally dependent on the length of service and the salary of the beneficiaries in the years prior to retirement. The future obligations are valued using actuarial methods with a prudent assessment of the relevant influencing variables. The actuarial calculations of the pension obligations and the result for the period were based on the following average parameters:

IN %	2023	2022
Discount rate	3.19	3.76
Average future salary increase	2.50	2.50
Average future pension increase	2.00	1.50

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, 2023	Dec. 31, 2022
Defined benefit plans without plan assets	48,626	45,862
Fair value of plan assets	17,321	17,161
Total defined benefit plans (net)	31,305	28,701

The plan assets are the insurance policies used to reinsure the pension benefits. The actual result from the plan assets amounts to 2023 € 402 thousand (previous year: € 377 thousand). 62 % (previous year: 61 %) of the plan assets (exclusively German endowment insurance policies) consist of cash assets from external provident funds and 38 % from reinsurance policies (previous year: 39 %). In 2024, approximately € 235 thousand (previous year: € 235 thousand) is to be paid into the plan assets.

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

There were no reimbursements for matters for which provisions were recognized.

IN € K	Present value of defined benefit obligations oriented commitment	To be enclosed fair value of the plan assets	Liability from performance more oriented commitment
Jan. 1, 2022	60,292	16,918	43,374
Expenses recognized in profit or loss for pension obligations			
Current service cost	125	0	125
Interest expense/interest income	604	173	431
Recognized in the result for the period subtotal	**729**	**173**	**556**
Pension benefits paid	–3,113	–608	–2,505
Gains/losses recognized directly in equity losses from revaluation			
Actuarial gains and losses from changes in demographic assumptions	0	0	0
Actuarial Gains and losses from changes in financial assumptions	–12,044	0	–12,044
Other changes in value	0	203	–203
Recognized in other comprehensive income subtotal	**–12,044**	**203**	**–12,247**
Employer contributions	0	477	–477
Dec. 31, 2022	**45,864**	**17,163**	**28,701**

IN € K	PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS ORIENTED COMMITMENT	TO BE ENCLOSED FAIR VALUE OF THE PLAN ASSETS	LIABILITY FROM PERFORMANCE MORE ORIENTED COMMITMENT
Jan. 1, 2023	45,864	17,163	28,701
Expenses recognized in profit or loss for pension obligations			
Current service cost	106	0	106
Interest expense/interest income	1,637	639	998
Recognized in the result for the period subtotal	**1,743**	**639**	**1,104**
Pension benefits paid	–2,926	–537	–2,389
Gains/losses recognized directly in equity losses from revaluation			
Actuarial gains and losses from changes in demographic assumptions	0	0	0
Actuarial gains and losses from changes in financial assumptions	3,945	0	3,945
Other changes in value	0	–237	237
Recognized in other comprehensive income subtotal	**3,945**	**–237**	**4,182**
Employer contributions	0	293	–293
Dec. 31, 2023	**48,626**	**17,321**	**31,305**

The following table shows a quantitative sensitivity analysis of the key assumptions as of December 31, 2023:

ASSUMPTIONS	Change in %	Changes in defined benefit obligations: DEC. 31, 2023 WITH INCREASE OF THE ASSUMPTIONS IN € K	DEC. 31, 2023 CHANGE IN € K	Dec. 31, 2022 with increase of the assumptions in € k	Dec. 31, 2022 change in € k
Discount rate	1.0	–5,148	6,368	–4,584	5,623
Future salary increases	1.0	103	–98	86	–82
Future pension increases	1.0	5,173	–4,411	4,648	–3,977

The above sensitivity analyses have been performed using a process that extrapolates the effect on the defined benefit obligation of realistic changes in key assumptions at the end of the reporting period. In doing so, one assumption is changed while all other assumptions are held constant.

The average duration of the defined benefit obligation at the end of the current reporting year is almost 11.6 years (previous year: 11.7 years).

Within the next 12 months, payments under the defined benefit obligation are expected to amount to € 3,160 thousand (previous year: € 3,070 thousand).

Other Provisions

Provisions – Terms

	DEC. 31, 2023	thereof remaining term		Dec. 31, 2022	thereof remaining term	
IN € K	TOTAL	< 1 YEAR	> 1 YEAR	Total	< 1 year	> 1 year
Other provisions for personnel	2,704	1,173	1,531	4,319	2,343	1,976
Provisions for soil remediation	657	657	0	195	195	0
Provision for decommissioning and aftercare	37,791	18,148	19,643	42,561	24,788	17,773
Provisions for legal disputes	11,181	11,181	0	7,929	7,929	0
Other provisions	25,512	24,721	791	26,047	24,301	1,746
	77,845	**55,880**	**21,965**	**81,051**	**59,556**	**21,495**

Statement of Provisions

IN € K	Jan. 1, 2023	Withdrawal	Reversal	Allocation	Compounding interest rate [1]	DEC. 31, 2023
Other provisions for personnel	4,319	–3,458	–285	2,014	114	2,704
Provisions for soil remediation	195	0	–38	500	0	657
Provision for decommissioning and aftercare	42,561	–12,534	–296	6,724	1,336	37,791
Provisions for legal disputes	7,929	–497	–2,695	6,444	0	11,181
Other provisions	26,047	–11,671	–2,324	13,484	–24	25,512
	81,051	**–28,160**	**–5,638**	**29,166**	**1,426**	**77,845**

1) Accrued interest on provisions; interest effects due to changes in interest rates and maturities, including effects recognized directly in equity in accordance with IFRIC 1

Other Personnel Provisions

Provisions for personnel in the amount of € 2,704 thousand (previous year € 4,319 thousand) mainly relate to restructuring expenses as part of the "GASAG 2025" transformation program.

Until the previous year, obligations to the VBL for the payment of a restructuring allowance were reported. This serves to cover an additional funding requirement that exceeds the income from the general contribution rate and is used to finance entitlements to additional retirement and surviving dependants' benefits established before January 1, 2002.

In accordance with the 31st amendment to the VBL statutes dated May 25, 2022, no more restructuring funds will be levied from 2023. For this reason, it was decided to release the remaining provision of € 168 thousand.

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

IN %	2023	2022
Interest rate	3.90	3.34
Average future salary increase	2.50	2.50
Average future pension increase	2.00	1.50

The expenses for partial retirement obligations are included in the operating result and the interest expenses for the compounding of provisions are included in the financing expenses. The provisions for partial retirement agreements mainly have terms of up to 5 years.

In fiscal year 2007, GASAG Treuhand e. V. was established to provide insolvency protection for claims arising from partial retirement agreements in accordance with section 8a of the Partial Retirement Act. The financial resources transferred to the trustee in the amount of € 8,992 thousand (previous year: € 10,479 thousand) are to be managed by the trustee from the point of view of preserving substance and may also be used in future exclusively and irrevocably to meet the corresponding obligations.

The trust assets attributable to the settlement arrears of the partial retirement obligations represent the plan assets. The fair value of the plan assets in the GASAG Group amounting to € 9,085 thousand (previous year: € 10,570 thousand) is shown netted against the obligations.

Provisions for Soil Cleaning

The provisions for the remediation of contaminated land in the amount of € 657 thousand (previous year € 195 thousand) are based on obligations under environmental protection legislation.

Provisions for Restoration and Follow-Up Maintenance

The provision for the dismantling and aftercare of facilities (storage facilities) in the amount of € 37,791 thousand (previous year: € 42,561 thousand) was mainly formed due to obligations under public law.

The BES final operating plan and the associated decommissioning permit were approved by the responsible state mining office at the end of December 2022 and is now limited until 31 December 2035.

The mining of the reservoir, the backfilling of the boreholes and the dismantling of the surface facilities will be carried out in accordance with the provisions of the final operating plan. The aftercare and dismantling activities are proceeding according to plan.

The changes in interest rates and maturities of the obligations led to a net present value adjustment of the provisions for dismantling and aftercare by € 4 thousand (previous year: € 3 thousand).

Provisions 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 constructive 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 constructive obligations. The main items relate to project costs not yet invoiced in the amount of € 9,629 thousand (previous year: € 10,077 thousand), bonuses and other discounts of € 3,047 thousand (previous year: € 3,560 thousand), other tax provisions of € 7,691 thousand (previous year: € 6,846 thousand) and provisions for real property rights of € 2,409 thousand (previous year: € 2,069 thousand).

(27) FINANCIAL LIABILITIES

IN € K	DEC. 31, 2023	Dec. 31, 2022
Liabilities to credit institutions and promissory note loan	**547,871**	**598,476**
of which with a remaining term of up to 1 year	63,881	87,488
of which with a remaining term of more than 1 year	483,990	510,988
Other financial liabilities	**82,161**	**93,439**
of which with a remaining term of up to 1 year	1,117	10,543
of which with a remaining term of up to 1 year	81,044	82,896
Derivatives	**121,893**	**140,983**
of which with a remaining term of up to 1 year	100,500	131,231
of which with a remaining term of more than 1 year	21,393	9,752
	751,925	**832,898**

Financial liabilities mainly comprise liabilities to banks and promissory note loans.

0.76 % (previous year: 1.35 %) of liabilities to banks are subject to variable interest rates.

As in the previous year, the range of interest rates for fixed-interest financial liabilities is between 0.67 % and 4.85 %.

The following table shows the contractually agreed (undiscounted) cash flows of the non-derivative financial liabilities and derivative financial instruments. All instruments that were held as at December 31, 2023 and whose payments were contractually agreed were taken into account. The variable interest payments from financial instruments were calculated on the basis of the most recent interest rates fixed before December 31, 2023.

			of which in the periods		
IN € K	BOOK VALUE DEC. 31, 2023	Cash flows total	2024	2025–2028	2029
Financial liabilities to credit institutions and promissory note loan	–547,871	–598,182	–57,983	–260,160	–280,039
Other financial liabilities	–82,161	–89,172	–2,338	–13,715	–73,119
Derivative financial liabilities	–121,893	–504,121	–337,926	–166,195	0
Derivative financial assets	2,187	–53,978	–39,075	–14,903	0

For comparison, the prior year figures:

			of which in the periods		
IN € K	Book value Dec. 31, 2022	Cash flows total	2023	2024–2027	2028
Financial liabilities to credit institutions and promissory note loan	–598,476	–655,404	–81,012	–246,638	–327,754
Other financial liabilities	–93,439	–99,854	–11,301	–14,559	–73,994
Derivative financial liabilities	–140,983	–469,652	–425,898	–43,754	0
Derivative financial assets	106,348	–34,362	–3,593	–30,769	0

Information on derivatives is presented separately under Note **“(30) Reporting on financial instruments”.**

(28) TRADE PAYABLES AND OTHER LIABILITIES

IN € K	DEC. 31, 2023	Remaining term ≤ 1 YEAR	Remaining term > 1 YEAR	Dec. 31, 2022	Remaining term ≤ 1 year	Remaining term > 1 year
Liabilities from deliveries and services	276,437	276,437	0	277,219	277,219	0
Liabilities from the purchase of natural gas	207,118	207,118	0	191,709	191,709	0
Other liabilities	69,319	69,319	0	85,510	85,510	0
Other liabilities	263,033	176,556	86,477	249,255	153,373	95,882
of which leasing liabilities	*91,854*	*10,148*	*81,706*	*97,531*	*9,514*	*88,017*
	539,470	**452,993**	**86,477**	**526,474**	**430,592**	**95,882**

Other liabilities mainly include lease liabilities in the amount of € 91,853 thousand (previous year: € 97,531 thousand), obligations from employee benefits due in 2023 in the amount of € 17,034 thousand (previous year: € 15,237 thousand), tax liabilities in the amount of € 14,990 thousand (previous year: € 13,001 thousand), debtors with credit balances totalling € 105,577 thousand (previous year: € 84,754 thousand).

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

IN € K	MINIMUM LEASE INSTALLMENT 2023	Minimum lease installment 2022	PRESENT VALUES DEC. 31, 2023	Present values Dec. 31, 2022
With a remaining term of up to 1 year	12,652	11,901	10,178	9,601
With a remaining term of 1 to 5 years	40,183	41,156	33,277	34,090
With a remaining term of more than 5 years	53,439	59,951	48,480	54,140
	106,274	**113,008**	**91,935**	**97,831**

The total cash outflow for leasing in the financial year amounted to € 15,586 thousand (previous year: € 15,616 thousand).

(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	Hierarch rating IFRS 13	Level category acc. IFRS 9	CARRYING AMOUNT DEC. 31, 2023	FAIR VALUE DEC. 31, 2023	Carrying amount Dec. 31, 2022	Fair Value Dec. 31, 2022
Assets						
Investments						
Investments in unequoted equity instruments	3	FVOCI	621	621	627	627
Other investments	3	FVPL	16.214	16.214	14.413	14.413
Financial receivables and other financial assets						
Other loans	–	AmC	285	285	425	425
Receivables from financial leases	2	–	5.600	6.693	6.254	7.533
Other financial assets	–	AmC	47.272	47.272	67.509	67.509
Derivates						
Derivates designated as hedging instruments	2	–	2.188	2.188	106.348	106.348
Trade receivables and other receivables	–	AmC	197.990	197.990	180.274	180.274
Cash and cash equivalents	–	AmC	130.037	130.037	200.955	200.955
Equity and Liabilities						
Financial liabilities						
Financial liabilities to banks and borrower's note loans	3	AmC	547.871	488.976	598.476	513.202
Other financial liabilities [1]	3	AmC	81.186	69.258	91.435	74.143
Minority interests partnerships	3	AmC	975	975	2.005	2.005
Derivates						
Derivates designated as hedging instruments	2	–	121.893	121.893	140.983	140.983
Liabilities from deliveries and services	–	AmC	276.437	276.437	277.219	277.219
Other financial liabilities	–	AmC	135.171	135.171	134.954	134.954
Other financial liabilities	2	FVPL	16.802	16.802	0	0

[1] without minority interests Partnerships

Measurement categories in accordance with IFRS 9:
- AmC – measured at amortized cost
- FVOCI – measured at fair value through other comprehensive income (fair value through OCI)
- FVPL – measured at fair value through profit or loss (fair value through P&L)

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 2023, 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 NON-OBSERVABLE INPUT PARAMETERS	Rate %	Effects of changes to the input parameters on the fair value (sensitivity analysis)
Growth factor for perpetuity	0.5 %	A decrease in the growth rate of 0.5 percentage points would lead to a decrease of around € 0.9 million in the fair value. An increase in the growth factor is unrealistic.
Return on sales (in relation to net income)	10.0 %	An increase (decrease) in net profit for the year of 10 % points would lead to an increase of around € 3.1 million (a decrease of around € 3.1 million) in the fair value.
Capitalization rate	7.06 %	An increase (decrease) in the capitalization interest rate by 0.1 percentage points would lead to a decrease of around € 2.3 million (an increase of around € 2.3 million) in the fair value.

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

IN € K	2023	2022
January, 1	15,041	17,966
Additions	1,794	–2,926
December, 31	**16,835**	**15,040**

Net Result by easurement Categories

	AmC		FVPL	
IN € K	2023	2022	2023	2022
Financial costs	–15,306	–12,633	0	–2,926
Financial income	4,011	1,189	1,801	0
Cost of materials	0	0	–16,802	–1,071

Derivate Financial Instruments and Hedging Relationships

The following derivative transactions existed as at the balance sheet date:

				Nominal volume by maturity	
IN € K	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NOMINAL VOLUME	UP TO 1 YEAR	FROM 1 TO 1 TO 5 YEARS
Interest rate swaps in hedging relationships	6	0	1,500	1,500	0
Commodity Derivates in hedging relationships	27,655	–149,903	591,366	404,398	186,968
	27,661	**–149,903**	**592,866**	**405,898**	**186,968**

For comparison, the prior-year figures:

				Nominal volume by maturity	
IN T €	Positive fair value	Negative fair value	Nominal volume	Up to 1 year	From 1 to 5 years
Interest rate swaps in hedging relationships	0	–8	4,750	3,250	1,500
Commodity Derivates in hedging relationships	241,115	–202,461	737,656	635,323	102,333
	241,115	**–202,469**	**742,406**	**638,573**	**103,833**

As at the balance sheet date, there is an interest rate swap that was used to hedge the cash flows of a variable-interest loan and was designated as an effective cash flow hedge. It is measured at fair value, which is determined by discounting future cash flows.

Physical forward transactions are mainly used to hedge price risks in the commodities area. If the requirements of IFRS 9 for hedge accounting are met, these are recognized as cash flow hedges with no effect on profit or loss.

The development of the reserve for cash flow hedges and the ineffectiveness are shown below:

DEC. 31, 2023 IN € K	As of Jan. 1, 2023	Gains or losses recognized in equity from CFH	Due to the profit and loss effective realization of the underlying transaction	AS OF DEC. 31, 2023	Ineffectivness recognized in profit or loss 2023
Hedging of interest	8	212	–226	–6	0
Rate risks heading of commodity risks	–38.652	156.274	4.626	122.248	0

Commodity derivatives are valued individually at their forward rate or price on the balance sheet date. The forward rates or prices are based, as far as possible, on market quotations, supplemented by extrapolated prices if necessary. The calculated future cash flows are discounted over the remaining term of the transactions using the usual market interest rates. The prices hedged with commodity derivatives range from € 16 to 169/MWh for gas and from € 51 to 358/MWh for electricity.

The counterparty default risk is also taken into account when determining the fair values of derivative financial instruments. The default risk of the contractual partner is recorded for financial assets by means of a credit value adjustment, and the own default risk for financial liabilities by means of a debit value adjustment.

The nominal volume of the derivative financial instruments is represented by the sum of all underlying purchase and sale values, not netted.

The derivative financial instruments are subject to standard market netting agreements. They are generally traded on the basis of the master agreement for financial futures and the EFET agreements (European Federation of Energy Traders). The following overview shows those financial assets and financial liabilities that are offset in accordance with IAS 32 or are subject to enforceable master netting agreements:

DEC. 31, 2023 IN € K	GROSS AMOUNT	OFFSETTING	COLLATERAL	CARRYING AMOUNT	AMOUNT NOT OFFSET	NET AMOUNT
Derivates (assets)	27,661	–12,560	–12,913	2,188	2,188	0
Derivates (liabilities)	–149,903	12,560	15,450	–121,893	–121,893	0

Zum Vergleich die Zahlen vom Vorjahr:

DEC. 31, 2022 IN € K	Gross amount	Offsetting	Collateral	Carrying amount	Amount not offset	Net amount
Derivates (assets)	241,115	–49,191	–85,576	106,348	105,822	526
Derivates (liabilities)	–202,470	49,191	12,297	–140,982	–140,982	0

(31) ENERGY AND FINANCIAL RISK MANAGEMENT

Objectives and Policies

GASAG is exposed to a number of risks from energy and financial transactions as part of its entrepreneurial business activities. GASAG limits these risks through systematic risk management and controlling processes, which are an integral part 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 aim to enable GASAG to identify risks at an early stage, analyse them in their entirety and derive resulting risk policy measures for shaping business policy.

Energy Price and Quantity Risk Management

Within the GASAG Group, a distinction is made between price and volume risks. Volume risk is understood as the potential loss that arises if purchase or delivery obligations cannot be met. Market price change risk is defined as the risk of potential losses from open positions in the event of changes in the market prices underlying the energy trading transactions. 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. GASAG therefore only has a small number of unhedged positions. The risk from fluctuations in the value of unhedged positions from these transactions is determined for gas using a scenario analysis based on a historical simulation with a 14-day holding period and a residual risk of 2.5 %. The risk of the unhedged gas item amounted to € 131.7 thousand as at the reporting date (previous year: € 150 thousand). For 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 at the reporting date amounted to € 33.5 thousand (previous year: € 162 thousand) for positions in the electricity business.

Market price change risks in relation to physical commodity derivatives in hedging relationships arise to the extent that the changes in the valuation of the derivatives recognized directly in equity vary due to market price fluctuations. The commodity derivatives are remeasured at changed market prices on the basis of historical market price fluctuations in the reference market prices. The market prices used for this are changed by parallel shifts of between 21 % and 50 % for natural gas and electricity respectively. The potential risk of a reduction in equity calculated in this way amounts to € 68,677 thousand (previous year: € 186,378 thousand).

Management of Financial Risks

Within GASAG, financial risks are understood as risks from interest rate, currency and other market price risks. These result from existing and planned financial transactions that are exposed to market price fluctuations. In addition, liquidity risks are understood as a component of financial risk management.

GASAG and its affiliated companies use a uniform risk measurement methodology for the purpose of comparing different risk positions. Derivative financial instruments are used to a small extent to reduce market price risk positions.

Interest Rate Risk

Interest rate risks exist for liabilities to banks, from promissory note loans issued, from other financial liabilities, from interest rate swaps and from receivables from banks.

The change in relevant market interest rates can cause a change in the fair value of interest-bearing financial instruments or lead to fluctuations in the future cash flows resulting from the financial instrument.

The risk of fluctuations in future cash flows for interest-bearing liabilities is eliminated within GASAG through the use of derivative financial instruments. As at 31 December 2023, there are no significant unhedged variable-rate liabilities in the portfolio.

In the case of primary financial instruments with fixed interest rates, market interest rate fluctuations only affect the result if these are measured at fair value. Thus, all financial instruments with fixed interest rates measured at amortised cost in accordance with IFRS 9 are not subject to interest rate risk within the meaning of IFRS 7.

In contrast, the changes in the valuation of hedging derivatives in hedge accounting are recognised directly in equity. On the basis of historical fluctuations in the value of the reference interest rates, a revaluation of the interest rate derivatives is carried out with changed interest rates. The interest rates used are changed by a parallel shift of 25 basis points. Taking into account the future nominal amounts, there is no risk potential of a reduction in equity beyond the balance sheet amount due to the final maturity of the transactions in 2023. (previous year € 0 thousand).

Current Risk

Financial transactions take place almost exclusively in the GASAG Group companies' own currency area, so there is no significant currency risk. As at the balance sheet date, there were no forward exchange contracts to hedge future transactions.

Liquidity Risk

The aim of liquidity management is to ensure the liquidity of the GASAG Group and the individual companies of the GASAG Group at all times. GASAG is responsible for identifying, measuring and managing liquidity positions in cooperation with the subsidiaries with the aim of ensuring financial performance. In particular, rolling twelve-month liquidity planning is used for this purpose.

The GASAG Group's credit and guarantee lines are provided by a total of 11 banks, some of which have no fixed maturity. As of the balance sheet date, credit and guarantee lines of € 259.2 million were available as written commitments. Utilisation as of the balance sheet date was mainly through guarantees and amounted to € 37.3 million. In addition, there are further verbally committed, unused credit lines available.

Counterparty Credit Risks

The counterparty default risk relates to possible financial losses that could arise from the non-fulfilment of contractual obligations on the part of trading partners.

The maximum theoretical default risk of derivative transactions results from the sum of the positive market values of those instruments from which claims exist against trading partners. This risk is reduced in the case of trading partners with whom offsetting possibilities exist.

The management of counterparty risks of trading partners in the energy and financial sectors is carried out by means of a Group-wide limit system. The limit of a trading partner is determined in particular on the basis of external credit ratings, which are supplemented by selected key figures.

Changes in the parameters mentioned are continuously monitored within the framework of standardised risk management processes. Furthermore, potential counterparty default risks are determined using a Monte Carlo simulation, taking into account the default probabilities of counterparties and corresponding risk positions. With a probability of over 99 %, the potential loss does not exceed € 2 million (previous year: € 90 million).

Capital Structure Management

The aim of capital structure management in the GASAG Group is to maintain capital market viability and thus to ensure that the companies of the GASAG Group are able to act financially at all times.

In the GASAG Group, financial ratios relating to capital structure, financial strength and profitability are determined based on the annual financial statements, long-term corporate planning and forecasts. Strategic capital structure management aims to optimise these financial ratios. Tactical capital structure management serves to maintain these financial ratios. The GASAG Group manages its capital structure and makes adjustments taking into account changes in the economic environment. To optimise the capital structure, adjustments can be made to GASAG's dividend payments to shareholders, among other things.

As at 31 December 2023, no changes have been made to the capital structure management objectives, policies and procedures.

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

IN € K	2023	2022
Cash and cash equivalents	130,037	200,955
Liabilities to banks	–547,871	–598,476
Other financial liabilities	–82,161	–93,439
Leasing liabilities	–91,854	–97,531
Derivates	–119,705	–34,635
Net financial position	**–711,554**	**–623,126**

(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, 2023	Dec. 31, 2022
Litigation and other risks	11,617	12,773
Issue from guarantees	574	574
Contingent liabilities	**12,191**	**13,347**
Biomethane or natural gas purchase commitments	831,127	916,065
Upstream grid costs	96,194	116,570
Purchase commitments	84,902	54,154
Electricity purchase commitments	105,934	152,873
Other	77,461	56,227
Other financial obligations	**1,195,618**	**1,295,889**

There are mainly purchase obligations from natural gas, electricity and biomethane supply contracts from standard trading transactions. Taking into account the individual terms, these result in financial obligations with a nominal value of € 964 million until 2032. In the disclosure of the procurement obligations as at December 31 2023 in the table above is the discounted amount.

The amount of € 96,194 thousand (previous year € 116,570 thousand) for upstream grid costs results from short-term contracts in connection with the ordering of grid capacities in upstream grids.

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

SHARE IN %	DEC. 31, 2023	Dec. 31, 2022
Purchase commitments for property, plant and equipment	59.0	58.0
Purchase commitments for operational expenditure	40.1	40.2
Purchase commitments for long-term service agreements	0.0	0.0
Renewable resources	0.9	1.8
	100	**100**

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

Due to existing extension options in rental agreements, there are potential future cash outflows of € 22,410 thousand (previous year: € 21,840 thousand). The extension options relate in particular to rental agreements for office space of GASAG Group companies on the EUREF campus in Berlin. They can only be exercised by GASAG Group companies 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 extension options is reasonably certain. Future rental and lease obligations include obligations from short-term leases in the amount of € 64 thousand (previous year: € 162 thousand) and leases for low-value assets in the amount of € 1,859 thousand (previous year: € 1,086 thousand).

Furthermore, GSP together with ENGIE Deutschland GmbH, Cologne, issued a letter of comfort for the financial provision of Quartierswerk Gartenfeld GmbH so that it can fulfil all obligations arising from the neighbourhood contract.

(33) NOTES TO STATEMENT OF CASH FLOWS

Intangible Assets

The GASAG Group recognized additions to intangible assets in the amount of € 3,411 thousand were recorded (previous year: € 3,528 thousand). Payments for intangible assets amounted to € –3,411 thousand (previous year: € –3,528 thousand).

Property, Plant and Equipment

The GASAG Group acquired property, plant and equipment for 114,577 thousand acquired (previous year: € 110 thousand. Payments for the purchase of property, plant and equipment amounted to € –114,291 thousand were made (previous year: € –109,692 thousand).

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

The financial assets stated in the cash flow statement relate to shares in associated companies and non-current financial assets.

Intereste and dividends paid/received

Cash flow from operating activities includes interest received in the amount of € 4,164 thousand (previous year € 2,653 thousand) interest paid in the amount of € 15,383 thousand (previous year € 17,075 thousand) and dividends received in the amount of € 719 thousand (previous year € 475 thousand) are included.

Cash flow from financing activities includes dividends paid in the amount of € 48,660 thousand (previous year € 53,285 thousand).

Financing Activities

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

IN € K	2022	With an effect on cash	With no effect on cash	2023
Liabilities to banks	598,476	–50,605	0	547,871
Other financial liabilities	93,439	–11,278	0	82,161
Derivates	140,983	0	–19,090	121,893
Total financial liabilities	**832,898**	**–61,883**	**–19,090**	**751,925**

(34) RELATED PARTIES

Of the share capital of GASAG as of December 31 2023 Vattenfall GmbH, Berlin, (hereinafter Vattenfall) and ENGIE Beteiligungs GmbH, Berlin, (hereinafter ENGIE) each held a share of 31.575 %. In addition, E.ON Beteiligungen GmbH, Essen, held a 36.85 % stake in GASAG. The parent company of Vattenfall is Vattenfall AB, Stockholm, Sweden, of E.ON Beteiligungen GmbH, E.ON SE, Essen, of ENGIE, ENGIE Deutschland AG, Berlin.

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

In addition to the shareholders of GASAG, the related parties of the GASAG Group with which the GASAG Group conducted business in the 2023 financial year include the affiliated companies of Vattenfall AB, Stockholm, Sweden, ENGIE S.A., Paris, France, and E.ON SE, Essen.

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

Transactions with related parties resulted in the following items in the financial statements:

	Revenue		Expenses		Assets		Liabilities	
IN € K	2023	2022	2023	2022	DEC. 31, 2023	Dec. 31, 2022	DEC. 31, 2023	Dec. 31, 2022
Entities with significant influence	**121,924**	**84,201**	**297,925**	**176,905**	**99,244**	**89,481**	**49,328**	**68,195**
E.ON-Group	22,019	14,224	37,168	33,322	43,113	36,952	15,230	7,744
Vattenfall-Group	96,261	68,210	214,040	123,465	53,831	50,112	12,242	52,509
ENGIE-Group	3,644	1,767	46,717	20,118	2,300	2,417	21,856	7,942
Investments accounted using the equity method	**13,333**	**11.948**	**4,619**	**12,148**	**4,699**	**572**	**1,799**	**2,341**
Associates	12,245	10,277	4,176	11,427	3,914	238	1,559	1,784
Joint Ventures	1,088	1,671	443	721	785	334	240	557

The relationships between the companies of the GASAG Group and the Vattenfall Group exist primarily in the area of gas supplies. Revenues primarily represent income generated on the basis of gas supply contracts. Expenses primarily include material expenses from gas supply contracts and services in the area of hardware and software. The business transactions with the companies of the ENGIE Group mainly relate to the natural gas deliveries received. The expenses mainly represent the cost of materials from gas procurement contracts.

Assets and liabilities represent the outstanding balances relating to the aforementioned business relationships between the GASAG Group and related parties. Of the assets, the following are attributable to trade receivables € 99,244 thousand (previous year € 89,481 thousand) from companies with a significant influence and € 4,699 thousand (previous year € 572 thousand) to companies accounted for using the equity method. Of the liabilities, the following are attributable to trade payables € 49,328 thousand (previous year € 68,195 thousand) to companies with a significant influence and € 1,799 thousand (previous year € 2,341 thousand) to companies accounted for using the equity method.

The associates are presented in the list of equity investments (see chapter **"3 Scope of consolidation"**). Revenue from associated companies 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 2023 were:

Eric Stab	(Chairman of the Supervisory Board since March 1, 2024) Country Manager Germany and Chairman of the Executive Board of ENGIE Deutschland AG, Berlin (since June 01, 2023) Managing Director Networks Europe of ENGIE S.A., Paris (France) / CEO ENGIE Romania SA, Bucharest, (Romania) (until May 31, 2023)
Manfred Schmitz (until February 29, 2024)	(Chairman of the Supervisory Board) Management consultant at Manfred Schmitz Consult GmbH, Grafschaft (since January 1, 2024) Chairman of the Executive Board of ENGIE Deutschland AG, Berlin (until December 31, 2023)
Thorsten Neumann	(1st Deputy Chairman of the Supervisory Board) Employee of NBB Netzgesellschaft Berlin Brandenburg mbH & Co KG, Berlin
Marten Bunnemann	(2nd Deputy Chairman of the Supervisory Board) Chairman of the Management Board of Avacon AG, Helmstedt
Helge Rugor (since December 8, 2023)	(3rd Deputy Chairman of the Supervisory Board) Vice President Real Estate & Facility Management of Vattenfall GmbH, Berlin
Axel Pinkert (until December 8, 2023)	(3rd Deputy Chairman of the Supervisory Board) VP Finance Business Support of Vattenfall AB, Stockholm, Sweden / Member of the Management Board of Vattenfall GmbH, Berlin
Christian Barthélémy	Chairman of the Management Board of Vattenfall GmbH, Berlin and Country Representative Germany
Michael Buggenhagen (since December 8, 2023)	Head of Legal Germany at Vattenfall GmbH, Berlin
Anne Marie Gestin (since March 1, 2024)	Finance Business Partner Networks Europe of ENGIE Romania SA, Bucharest (Romania)

Dirk Hahn	Employee of NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin
Thomas Henn	Commercial Director Energy of ENGIE Deutschland GmbH, Berlin
Annette Kofler	Chief Legal Officer of ENGIE Deutschland AG, Berlin
Annette Krafscheck	Employee of GASAG AG, Berlin
Tanja Kunert	Employee of NBB Netzgesellschaft Berlin-Brandenburg mbh & Co. KG, Berlin
Stephan Lachmann	Employee of NBB Netzgesellschaft Berlin-Brandenburg mbh & Co. KG, Berlin
Ursula Luchner	Employee of GASAG AG, Berlin
Dr. Sebastian Lührs (since April, 24 2023)	Vice President Steering Energy Networks Germany of E.ON SE, Essen
Franziska Marini Schäffter (since December, 8 2023)	Head of Human Resources at Vattenfall Energy Trading GmbH, Hamburg
Stefan Müller	Director Media Relations & Editorial of Vattenfall GmbH, Berlin
Andreas Otte	Employee of the GASAG AG, Berlin
Jürgen Schütt	Member of the Executive Board of E.DIS AG, Fürstenwalde
Laura Schütte (until October, 19 2023)	Head of Compensation & Benefits Germany of Vattenfall GmbH, Berlin
Marcus Sohns	Head of Strategic Cooperation at ENGIE Deutschland AG, Köln

Norbert Speckmann	Business Unit Manager Energy & Facility Solutions Member of the Executive Board of ENGIE Deutschland GmbH, Köln
Lutz Wegner (until December, 8 2023)	Head of Legal Distribution, Sales & Heat Germany at Vattenfall GmbH, Berlin
Ewald Woste (until April, 24 2023)	Management Consultant Gmund am Tegernsee

Management Board

The following persons were members of the Management Board in the 2023 financial year:

Business division I (Corporate):

Georg Friedrichs (Chairman)	Network; Communication; Personnel; Legal; Corporate Development; Executive Board Staff; Compliance; equal treatment; internal audit; data protection; occupational safety.

Business division II (Operations):

Matthias Trunk	Sales Private & Commercial Customers; Green Solutions; Renewable Energies; Energy Procurement; Information Management; Marketing

Business division III (Finance):

Stefan Hadré	Risk Management & Controlling; ISMS; Purchasing; Real Estate Management; Performance Management & Reporting; Tax; Finance Business Services; 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	2023	2022
Fixed remuneration	860	752
Variable remuneration	406	376
	1,266	**1,128**

Both fixed and variable remuneration are short-term benefits.

In the financial year 2023 no loans or advances were granted to members of the Executive Board and Supervisory Board, nor were any such loans or advances repaid. There are no contingent liabilities in favor of the members of the Executive Board and Supervisory Board.

Former members of the Executive Board and their surviving dependants received in the reporting period 2023 Benefits in the amount of € 1,139 thousand (previous year: € 1,941 thousand). Provisions for obligations to former members of the Executive Board and their surviving dependants amounted to € 14,337 thousand. (previous year: € 13,924 thousand) were recognized. The reinsurance policies in the amount of € 6,587 thousand (previous year: € 6,713 thousand) were offset against the obligations to current and former members of the Executive Board and their surviving dependants.

The expense allowance for the Supervisory Board amounted to € 168 thousand (previous year: € 176 thousand). The salaried employee representatives on the Supervisory Board are still entitled to a regular salary as part of their employment contract. This is based on the provisions of the Works Constitution Act and corresponds to appropriate remuneration for the corresponding function or activity in the company. This applies accordingly to the representative of senior executives on the Supervisory Board.

The GASAG Group has not entered into any material transactions with related parties.

(35) DISCLOSURE OF CONCESSIONS

A gas concession agreement exists between the State of Berlin and NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG (NBB) for the territory of the State of Berlin. With the supplementary agreement dated November 1–3, 2022, the state of Berlin and NBB agreed to adjust the term of the gas concession agreement. Accordingly, the gas concession agreement was initially extended until December 31, 2027.

(36) OTHER DISCLOSURES

Auditor's Fee

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

IN € K	2023	2022
Audit	605	536
Other audit-related services	376	192
Other services	100	348
Total	**1,081**	**1,076**

Events after the Balance Sheet Date

After the reporting date, the dividends (see note **"(12) Earnings per share"**) were proposed by the Management Board. The payment of the dividend has no tax consequences for the group.

There were no other events between the balance sheet date and the date of preparation of GASAG's consolidated financial statements that have a material effect on the net assets, financial position and results of operations that would have to be reported here and would change the statements made in GASAG's consolidated financial statements.

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, March 4, 2024

GASAG AG
The management board

Georg Friedrichs	Stefan Hadré	Matthias Trunk

INDEPENDENT AUDITOR'S REPORT

AUDIT OPINIONS

To GASAG AG, Berlin

AUDIT OPINIONS

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 2023, 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 2023, 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 2023. 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 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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, March 4, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Stefanie Bartel	ppa. Jörg Beckert
(German Public Auditor)	(German Public Auditor)

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Date of publication: April 2024
ISSN 2366–6498 (Online)
Prepress and production: Albert Bauer Companies, Hamburg, www.albertbauer.com