GASAG-GROUP
ANNUAL REPORT 2022

NEU DENKEN.
MIT VOLLER ENERGIE.

GASAG

KPIs OF THE GASAG GROUP

In Accordance with IFRSs for the fiscal years 2020 – 2022

	UNIT	2022	2021	2020
Revenue	**EUR m**	**1,621**	**1,357**	**1,223**
thereof gas	EUR m	1,024	821	722
thereof electricity	EUR m	274	246	270
Gas sales	**GWh**	**16,336**	**21,385**	**25,302**
Electricity sales	**kWh m**	**1,240**	**1,490**	**1,862**
Cost of materials	**EUR m**	**1,211**	**935**	**868**
Technical figures for gas				
Length of pipe system [1]	km	14,334	14,298	14,243
House connection pipes	units	363,547	360,797	355,794
Installed gas meters	units	770,628	776,463	777,437
Personnel				
Employees as of Dec. 31	no.	1,625	1,661	1,702
EBIT	**EUR m**	**121**	**135**	**76**
EBITDA	**EUR m**	**200**	**235**	**172**
Profit or loss for the period	**EUR m**	**75**	**91**	**39**
Balance sheet total	**EUR m**	**2,702**	**2,691**	**2,146**
Non-current assets	EUR m	2,050	2,021	1,928
Equity	EUR m	799	977	682
Equity ratio	%	30	36	32
Earnings per share	**EUR**	**9.11**	**11.23**	**4.56**
Investments, amortization and depreciation				
Investments in assets	EUR m	103	125	131
Amortization and depreciation	EUR m	99	100	96
Net Debt [2]	**EUR m**	**588**	**757**	**734**
Funds From Operations [3]	**EUR m**	**176**	**216**	**153**

[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

GROUP MANAGEMENT REPORT OF GASAG AG

GROUP MANAGEMENT REPORT

of GASAG AG, Berlin
for Financial Year 2022

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.

1.2 Strategies, Targets and Measures

The year 2022 was exceptional for the GASAG Group in many respects. A large number of parallel crises, some of which overlapped, such as the war in Ukraine, the energy crisis, inflation, climate change and the consequences of the Corona pandemic shaped the Group's economic and energy policy environment.

The significant rise in energy prices, which could already be observed in the second half of 2021, intensified further with the start of the war in Ukraine in February 2022. From then on, questions surrounding the increasingly tense supply situation on the energy markets moved into focus. The loss of Russian gas supplies led to drastically increased and highly volatile purchase and procurement prices, the effects of which were partially cushioned by new legislation and financial relief packages by the German government.

The pressure to phase out fossil fuels resulting from the consequences of climate change has further increased due to the energy crisis and requires high investments to be made. Last but not least, the global material and supply bottlenecks as well as the ongoing COVID 19 pandemic continue to have an impact on the business of the Group companies. Despite all adversities, the GASAG Group was able to prove its resilience and can look back on a very positive business performance in 2022.

Transformation Programme “FUTURE G”

As early as 2021, the GASAG Group launched the ZUKUNFT G transformation programme. With this programme, GASAG is consistently aligning itself with the goal of complete climate neutrality by 2040, while maintaining earnings targets in line with the market. At the same time, ZUKUNFT G forms the overarching strategic bracket for the development of all business units and the GASAG Group's clear focus on climate-neutral energy solutions. Supplying energy and heat from renewable sources is the main growth driver for GASAG and secures the company's value for the future.

In 2022, GASAG achieved the first milestones on the way to these goals and developed according to plan despite the difficult framework conditions, which strengthens the company's focus. Nevertheless, the above-mentioned developments in conjunction with the German government's climate targets mean that GASAG is reviewing its previous targets and measures, adjusting them in part or in full, and will put even more effort into their implementation in the future.

Development in the business units

In the **Private and Commercial Customers business unit** (hereafter GE PuG), green energy products such as natural gas and green electricity were increasingly marketed in the 2022 financial year. The increased focus on green energy solutions for private households also enabled a significant increase in sales of photovoltaic and storage solutions in the home market of Berlin and Brandenburg compared to 2021. Despite high price volatility and energy shortages, GASAG continued to prove itself as a reliable partner for customers in all matters relating to energy supply and ensured security of supply.

The **Green Solutions business unit** (hereafter GE GS) has further strengthened its positioning as a provider of CO_2-neutral energy and heating solutions for business customers. This positioning is strengthened by assessing all new and existing projects against measurable sustainability factors and by GE GS working consistently with customers to green their supply solutions. Business activities focus on decentralised energy solutions, such as the development of waste heat sources and the construction of green heating networks for the climate-neutral supply of energy and heat to new and existing buildings and large districts.

In the **Network business unit** (hereafter GE Networks), the transformation of the gas network into a climate-neutral energy infrastructure is an integral part of the investment strategy. On the way to a CO_2-neutral network, the existing infrastructure is being modernised in line with hydrogen capability. During the transition period to a climate-neutral network, the gas infrastructure will form the backbone of a secure energy supply in Berlin and Brandenburg. Additional tasks for GE Netz resulted from the comprehensive precautions for an impending gas shortage. These required regular and close coordination with the Federal Network Agency, upstream network operators and network customers.

Furthermore, operators of critical infrastructures are obligated to operate an information security IT security catalogue, operators of critical infrastructures are obliged to operate an information security management system (ISMS). NBB's ISMS is certified in accordance with DIN EN ISO 27001 for the operation of critical infrastructures gas and electricity. In addition, the second "Act to Increase the Security of Information Technology Systems (IT-SIG 2.0)" and the associated expanded rules for critical infrastructure companies pursuant to § Section 11 (1d ff.) EnWG, the obligation to additionally introduce systems for attack detection within the IT technical components was adopted. Accordingly, within the scope of the ISMS, NBB's existing security measures will be expanded in a timely manner by 1 May 2023, with implementation having already begun in the reporting year.

In the **Renewable Energies business unit** (hereinafter referred to as GE EE), the course has been set to drive the expansion and operation of plants for generating electricity from renewable energies even more strongly in the future. The existing project pipeline enables GASAG to further expand its own position and meet the challenges of the current energy crisis and the increasing pressure on fossil fuels. The increasing demand for CO_2-neutral energy and heating solutions enables economically sustainable and climate-neutral growth for GASAG.

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

In order to achieve the goal of complete climate neutrality and anchor it sustainably in all of GASAG's business activities, a CO_2 path with key milestones has been defined: From 2025, GASAG's own organisation is to be CO_2-neutral, and 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.

Positioning of GASAG in Brandenburg

With a view to the challenges posed by the decarbonisation of energy and heat supply in Brandenburg, GASAG has assessed its current positioning in this region and continues to see great potential. The expansion of renewable energy generation and the upgrading of gas infrastructures to H2 capability ensures stable earnings from Brandenburg's business activities and guarantees a future-proof and secure energy supply for Brandenburg.

Change of Board

With effect from 24 February 2022, Mr Michael Kamsteeg resigned from the Management Board. As of 1 August 2022, Mr Stefan Hadré took up his position as member of the management board for GASAG's Finance division. During the interim period, the tasks of the Finance division were divided between the Corporate and Operations divisions.

2 ECONOMIC REPORT

2.1 SECTOR-RELATED DEVELOPMENTS AND FRAMEWORK CONDITIONS

Global price increases on the energy markets

As a result of the Ukraine war and the loss of Russian energy supplies, prices on the energy markets rose to record highs in the reporting year 2022. According to Agora Energiewende, prices for mineral oil (around 73 euros/MWh) were highest in the first quarter and for natural gas (around 314 euros/MWh on the spot market) and hard coal (around 48 euros/MWh) in the third quarter. The increase in gas storage levels over the year and reduced demand for heating, in turn, caused the prices for natural gas to fall sharply in the fourth quarter of the year. Prices for hard coal and mineral oil also fell significantly towards the end of the year. The overall high energy prices and price volatilities not only posed a major challenge to the energy industry, but also had a significant impact on overall economic development.

Economic development

The economic development in the Federal Republic of Germany in 2022 was characterised in particular by the drastic increase in energy prices. In addition to supply and material bottlenecks, a shortage of skilled workers and rising prices overall, the measures to contain the Corona pandemic also had an impact on the economy, although their effects were less pronounced than in the two previous years.

The German economy has been in a tense situation since the beginning of the war in Ukraine. Nevertheless, according to the Federal Statistical Office, gross domestic product (GDP) rose by 1.9 % in the reporting year 2022 compared to 2021. The sharp rise in prices for energy and food since the start of the Ukraine war was largely responsible for the high inflation rate of 7.9 % on average in 2022 compared to the previous year.

The development of the labour market improved significantly according to the Federal Statistical Office. The number of people in employment in the Federal Republic of Germany was around 45.6 million in 2022. This means that the number of people in employment increased by around 1.3 % compared to the previous year. The unemployment rate in 2022 was 2.8 %, which is an improvement of 0.5 % compared to the previous year (3.3 %).

The development of the overall economic situation in the coming year will depend decisively on the further course of the energy price crisis. Central to this is the geopolitical risk resulting from the Ukraine war. The forecasts of the Federal Ministry of Economics and Climate Protection from January 2023 assume an increase in economic output of 0.2 % in 2023 compared to 2022.

Total energy consumption

In 2022, energy consumption in Germany fell to its lowest level since German reunification. According to calculations by the Arbeitsgemeinschaft Energiebilanzen e. V. (AGEB), Berlin, energy consumption in Germany fell by approx. 4.7 % to 11,829 petajoules (PJ) (equivalent to around 3,285.8 TWh) compared to the previous year. The lower consumption is mainly the result of energy savings due to the significant increase in energy prices and milder temperatures compared to 2021.

Natural gas consumption

According to data from the Federal Network Agency, natural gas consumption in Germany fell by 17.6 % year-on-year to around 847.5 TWh in 2022. The increased natural gas prices in 2022 led to significant savings effects in the various sectors. Another reason for the decline in natural gas consumption was a reduction in production in individual industries, such as the chemical industry.

Electricity consumption

According to the Federal Network Agency, electricity consumption in the reporting year 2022 was around 484.2 TWh and thus fell by around 4.0 % compared to the previous year (2021: 504.5 TWh). The main reason for this development was the very high electricity prices, which led to a reduction in electricity consumption from March 2022. The announcement of increased down payments for households at the end of 2022 further strengthened this trend.

2.2 ENERGY POLICY

The war in Ukraine and the associated crisis on the energy markets also had a decisive impact on energy policy decisions in 2022.

At the **EU level,** the REPowerEU plan in May outlined the way out of dependence on Russian natural gas and oil. An important goal is the production of 10 million tonnes of green hydrogen within the EU by 2030 and the import of a further 10 million tonnes of renewable hydrogen into the European Union.

In **Germany,** the expansion of import terminals for liquefied petroleum gas is being pursued to secure the energy supply and as a substitute for Russian pipeline gas. In addition to the already operational facilities in Wilhelmshaven and Brunsbüttel, three further terminals for liquefied gas are to be completed in 2023.

As a result of the energy crisis triggered by the Ukraine war, the Federal Government adopted various energy price brakes in December 2022. With the Act on Emergency Aid for Final Consumers of Natural Gas and Customers of Heat (EWSG), a one-off payment to gas and heat customers was implemented in December 2022. With the laws on the introduction of price brakes for natural gas and heat (Natural Gas Heat Price Brake Act - EWPBG) and on the introduction of an electricity price brake (StromPBG), the legislator has initiated further measures. These measures are intended to provide consumers with continuous relief from high energy prices at least until the end of 2023.

In view of the sharp rise in energy prices and the shortage of gas, GASAG has joined forces with Berlin companies and institutions to form the EnergieEinsparInitiative Berlin (EEI Berlin). The common goal is to reduce energy consumption in Berlin by up to 20 % in the short term through broad collective action. Within the framework of the energy saving offensive, consumers are given practical examples and recommendations with the help of which they can reduce their energy consumption, thus improving their climate balance and achieving financial savings at the same time. We offer comprehensive assistance and advice to customers who are already experiencing payment difficulties as a result of the challenges of the past year.

In addition to the emergency measures, numerous non-crisis-related regulatory activities were initiated. Among other things, the **EU Commission** has presented its drafts on the unbundling of hydrogen and gas networks within the framework of the revision of the Gas Internal Market Directive. The draft, which is intended to accelerate the hydrogen ramp-up, is the subject of controversial discussion, as it provides for a separation between the operation of gas and hydrogen networks and would thus make it more difficult for gas network operators to build up a hydrogen infrastructure. The further course of action will be voted on in the EU trilogue procedure between the Commission, Parliament and Council in 2023.

At the federal level, the legal framework conditions for the heat transition were set in motion in 2022 and specified in a key points paper by the Federal Ministry of Economics and Climate Protection (hereinafter BMWK) and the Federal Ministry of Housing, Urban Development and Building (BMWSB). According to this, from 2024 - and thus one year earlier than originally planned – a 65 % share of renewable energies would be mandatory for the installation of every new heating system in residential and non-residential buildings. The proposal is an important step towards decarbonising the building sector; the way to fulfil this quota still requires political concretisation. The quota regulation is to be implemented together with the amendment of the Building Energy Act 2023.

For more transparency and to create solution approaches for the heat transition, a discussion paper on the introduction of municipal heat planning was presented by the BMWK in summer 2022. According to this paper, municipalities with a population of 10,000 to 20,000 or more will be obliged in future to draw up a strategy for on-site heat supply for buildings. The aim is to use the bottom-up approach to create greater planning and investment security for long-term projects. The corresponding law is expected to come into force in the second half of 2023, with smaller municipalities being given more time for implementation.

The state of Berlin plans to achieve the energy transition with the help of a reformed energy and climate protection programme (BEK 2030), which is to be further developed for the implementation period 2022 to 2026, taking into account new measures, scientific findings and goals. The declared goal is a clear prioritisation and focus on measures with a high leverage effect, with the heating sector playing a major role. The intention is to accelerate decarbonisation in the building sector, for example, with the help of broad-based funding programmes, spatial heat planning or the exploration and development of geothermal potentials.

The state of Brandenburg is pursuing a similar approach to achieving its climate protection goals with its "Energy Strategy 2040" and the Brandenburg Climate Plan, which is still being prepared. For the building sector, a concrete catalogue of measures will be available in 2023 in order to be able to meet the ambitious interim and sectoral targets in 2030 and 2040. Already now, in preparation for the municipal heat planning, a heat cadastre is being created with a focus on recording heat sources and sinks, but also heating and cooling networks in the state of Brandenburg.

2.3 BUSINESS DEVELOPMENT

At 16,336.4 million kWh, the GASAG Group's gas sales to end customers and distributors were 24.1 % down on the previous year. Despite the increase in the number of basic supply customers, sales to end customers fell compared to the previous year, mainly due to the significant energy-saving behaviour and lower heating efficiency values.

The annual mean temperature in 2022 was 11.6°C for Berlin, 1.6°C above that of the previous year (10.0°C) and 0.4°C above the standard year (11.2°C). The heating degree values were below the level of the previous year. As in the previous year, the annual mean temperature and the development of the heating degree values for Brandenburg were at a level comparable to Berlin.

In the 2022 business year, electricity sales decreased from 1,490.2 million kWh in the previous year to 1,240.1 million kWh. The decline is essentially due to the lower volume of business with end customers, among other things as a result of the significant energy-saving behaviour.

At 41,892.7 million kWh, the transport volumes in the gas network - gas transport – are below the level of the previous year (previous year 49,546.0 million kWh, –15.5 %). The transport volumes fell mainly due to the temperature and the savings behaviour in the end customer sector.

Compared to the 2021 financial year, heat sales in 2022 are below the level of the previous year (529.8 million kWh) at 487.5 million kWh. The lower heat consumption is mainly due to energy savings as a result of the significant increase in energy prices and the milder temperatures compared to 2021.

The photovoltaic systems operated by the GASAG Group in Berlin and Brandenburg with an installed capacity of 44.6 MWp (previous year: 45.8 MWp) generated 48.3 million kWh (previous year: 43.3 million kWh) of electricity.

With a total installed capacity of the three wind turbines of 7.5 MW, electricity generation in the financial year was 13.7 million kWh (previous year 15.9 million kWh).

The transport volumes in the electricity network - electricity transport - Forst (Lausitz) decreased by 10.2 % to 47.2 million kWh compared to the previous year.

Decommissioning of Berlin natural gas storage facilities

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 are limited in time until 31 December 2035.

The removal 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.

2.4 OWNERSHIP STRUCTURE

On the basis of the merger agreement dated 5 July 2022, GASAG Solution Plus GmbH (hereinafter referred to as GASAG Solution), with its registered office in Berlin, was merged in its entirety with Geo-En Energy Technologies GmbH, also with its registered office in Berlin and hereinafter referred to as Geo-En, by transferring its assets under dissolution without liquidation. The transfer of the assets of GASAG Solution took place retroactively as of 1 January 2022. For the purpose of implementing the merger, the share capital of Geo-En was increased by € 2.5 million to € 2.75 million. On the occasion of the merger and with the entry in the commercial register on 15 September 2022, Geo-En Energy Technologies GmbH changed its name to GASAG Solution Plus GmbH.

GASAG Solution acquired 50 % of the shares in Quartierswerk Gartenfeld GmbH, Berlin, from Cormoran GR1 GmbH, Berlin. The Gartenfeld project is a joint venture between GASAG Solution and ENGIE Deutschland GmbH to provide utility services in the areas of energy, mobility, digitalisation and facility management for a new urban quarter in Berlin-Spandau with a term until 2047. In 2022, preliminary planning work was carried out for the services of the quarter and the binding of partners was driven forward.

Furthermore, in 2022 GASAG Solution transferred its 25.1 % share in CG Green Tec GmbH to the co-shareholders and terminated the consortium agreement.

2.5 LEGAL ISSUES

Concession award procedure

A gas concession agreement has been in place between the State of Berlin and NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG have had a gas concession agreement for the territory of the State of Berlin since the ruling of the Federal Court of Justice of 9 March 2021. With the supplementary agreement of 1/3 November 2022, the State of Berlin and NBB agreed to adjust the term provision of the gas concession contract. In the supplementary agreement, the State of Berlin waives its right to object to an extension, which, if exercised by 30 November 2022, would have terminated the gas concession contract on 31 December 2024. The agreement with the State of Berlin provides GASAG and NBB with planning and investment security.

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.

2.6 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. The management board has increased the target quotas for the first and second management levels to 40 % for the reporting date of 24 June 2027.

The new target quotas for the reporting date of 24 June 2027 are as follows:

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

The women's quota of 24 % (corresponds to 5 women) on the Supervisory Board did not meet the target quota of more than 30 % (corresponds to from 6 women) as of 30 June 2022. At the level of the Executive Board, the all-male composition on 30 June 2022 also leads to a shortfall of the target quota of at least 30 % (corresponds to one woman). For both boards, it was not possible to recruit interested and qualified female candidates for the positions in the past appointment procedures.

At the first management level of GASAG, the target was met with a proportion of 42 % women, while at the second management level it was just missed with a proportion of 29 %.

3 ASSETS, LIABILITIES, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

3.1 FINANCIAL PERFORMANCE

The earnings situation presented in Chapter 3.1.1 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.

3.1.1 RESULTS FROM CONTINUING OPERATIONS

Compared to the previous year, **sales revenues** increased by € 264.8 million to € 1,621.4 million (previous year: € 1,356.6 million). At € 1,132.1 million (previous year: € 876.3 million), a share of 69.8 % (previous year: 64.6 %) is attributable to natural gas and heat deliveries. The increase in revenues from natural gas deliveries is essentially due to higher prices, which mainly result from the general market price development. At € 274.2 million (previous year: € 246.1 million), a share of 16.9 % (previous year: 18.1 %) is accounted for by electricity deliveries. The increase in sales revenue from electricity deliveries is due to higher prices in the business with distributors as a result of the general increase in market prices.

Other operating income including **changes in inventories** of € 41.9 million (previous year € 51.0 million) decreased by € 9.1 million (–17.8 %).

Compared to the previous year, the **cost of materials** increased by € 275.7 million to € 1,211.0 million (previous year: € 935.3 million). At € 854.0 million (previous year: € 578.4 million), natural gas accounted for 70.5 % (previous year: 61.8 %). The increase is mainly due to the significant rise in energy procurement costs. Electricity accounted for € 123.3 million (previous year: € 129.8 million), a share of 10.2 % (previous year: 13.9 %).

Personnel expenses decreased by € 2.2 million to € 121.8 million (–1.8 %). The average number of employees (excluding employees in the passive phase of partial retirement) fell to 1,563 (previous year: 1,620).

Depreciation and amortisation fell from € 100.4 million to € 99.2 million (–1.2 %).

Other operating expenses decreased by € –2.9 million to € 110.1 million (–2.6 %) compared to the previous year (€ 113.0 million).

The **profit from operations (EBIT)** amounts to € 121.2 million (previous year € 135.1 million). The change is mainly due to the increased savings behaviour of customers and the absence of positive weather-related influences from the previous year, while the temperature effect in the financial year is neutral.

The **investment result** fell to € 1.5 million in the financial year (previous year: € 2.8 million). The decrease is mainly due to the valuation of associated companies.

Finance costs increased by € 1.2 million to € 17.1 million (previous year € 15.9 million).

The **other financial result** deteriorated significantly by € 6.0 million to € –0.3 million (previous year: € 5.7 million) and is attributable to the change in the fair value measurement of an investment.

Income taxes decreased by € –2.9 million compared to the previous year to € 33.6 million (previous year € 36.5 million).

For the 2022 financial year, the result from **continuing operations** is € 71.9 million compared to € 91.3 million in the previous year.

3.1.2 RESULTS OF OPERATIONS FROM DISCONTINUED OPERATIONS

Based on the application of IFRS 5, a result from **discontinued operations** of € 2.8 million (previous year: € 0.4 million) resulted as at 31 December 2022. We refer to Chapter 6, Note "(10) Result from discontinued operations" of the Notes to the Consolidated Financial Statements.

Including the result from discontinued operations, this results in a **net income** for 2022 of € 74.7 million (previous year: € 91.6 million).

3.2 FINANCIAL POSITION

3.2.1 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 10 (previous year: 8) banks, some of which have no maturity limit. As of the balance sheet date, credit and guarantee lines of € 309.2 million (€ 149.2 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 € 38.5 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 40 (previous year: 42) banks and other financial partners.

3.2.2 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.

3.2.3 STATEMENT OF CASH FLOWS

IN € M	2022	2021
Profit before income taxes from continuing operations	105.4	127.7
Profit or loss before income taxes from discontinued operations	4.1	0.5
Income taxes paid	–9.3	–11.2
Change in working capital	152.2	–50.5
Change in other items	75.6	99.4
Cash flows from operating activities	328.0	165.9
Cash flows from investing activities	–100.1	–117.5
Cash flows from financing activities	–33.0	–50.5
Cash and cash equivalents at the end of the period	**201.0**	**6.1**

The GASAG Group's **cash flow from operating activities** of € 328.0 million is above the previous year's level (previous year: € 165.9 million). This development is mainly due to the decrease in trade receivables.

The **cash flow from investing activities** of € –100.1 million (previous year: € –117.5 million) mainly includes payments for the replacement and expansion of gas distribution facilities.

The **cash flow from financing activities** of € –33.0 million (previous year: € –50.5 million) mainly includes payments for dividend distributions of € 53.2 million (previous year: € 35.0 million) and loan repayments of € 125.7 million (previous year: € 84.6 million) as well as proceeds from loans taken out of € 156.0 million (previous year: € 80.3 million).

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

3.2.4 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.

IN € M	2022	2021
Cash and cash equivalents	201.0	6.1
Liabilities to banks	–598.5	–568.4
thereof due in up to 1 year	*–87.5*	*–213.6*
thereof due after 1 year	*–511.0*	*–354.8*
Other financial liabilities	–93.4	–92.3
thereof due in up to 1 year	*–10.5*	*–0.4*
thereof due after 1 year	*–82.9*	*–91.9*
Leasing liabilities	–97.5	–102.8
thereof due in up to 1 year	*–9.5*	*–9.9*
thereof due after 1 year	*–88.0*	*–92.9*
Derivatives	–34.6	271.7
Net financial position	**–623.0**	**–485.7**

Despite the increase in cash and cash equivalents, the net financial position deteriorated mainly due to the decline in the market values of commodity derivatives. The net financial position adjusted for derivatives and leasing liabilities is above the previous year's level.

The increase in cash and cash equivalents is mainly due to the reduction in receivables and the increase in trade payables. Furthermore, new borrowings are higher than the repayments of financial liabilities to banks.

3.3 ASSETS AND LIABILITIES

Non-current assets (excluding deferred taxes) decreased by € 15.1 million to € 1,981.8 million (previous year: € 1,996.9 million).

Compared to the previous year, **intangible assets** decreased by € 3.5 million to € 182.9 million (previous year: € 185.8 million).

Investments in **property, plant and equipment** of the GASAG Group decreased by € 21.7 million to € 103.3 million. Of this amount, € 87.4 million is mainly attributable to measures in the gas network distribution facilities.

The **rights of use** balance sheet item includes leasing rights of use in accordance with IFRS 16. The item decreased from € 100.4 million to € 93.7 million in the financial year. This primarily relates to leases from Group companies for office buildings at the new location on the EUREF campus. The valuation took into account the lease termination options and sublease agreements.

Inventories rose by € 16.8 million to € 91.2 million. The increase is mainly due to the storage of working gas.

Trade receivables and other receivables decreased by € 55.6 million to € 269.1 million in the financial year. At € 106.5 million, receivables from gas deliveries were € 40.3 million lower than in the previous year.

Equity fell significantly to € 798.6 million as of 31 December 2022 (previous year: € 976.6 million). With total assets up by € 10.6 million, the ratio of equity to total assets of the GASAG Group fell to 29.6 % (previous year: 36.3 %). The significant reduction in equity is due to the decrease in market values from forward transactions in the course of hedging strategies. We refer to Chapter 6, Note "(11) Components of the statement of comprehensive income not affecting profit or loss" of the notes to the consolidated financial statements.

Intangible assets and property, plant and equipment are covered by equity at 44.4 % (previous year 54.7 %).

The increase in **non-current liabilities** (excluding deferred taxes) by € 104.1 million to € 1,003.0 million is primarily the result of the change in financial liabilities to banks.

At € 749.3 million, **current liabilities** are € 111.7 million higher than in the previous year (previous year: € 637.6 million). The change is mainly due to the higher liabilities from gas deliveries.

3.3.1 Overall Picture of the Business Development and the Economic Situation

Sales revenues are moderately above our expectations due to the strong increase in energy prices, despite increased savings behaviour on the part of our customers. On the other hand, there was a strong increase in the cost of materials due to higher energy procurement costs. Overall, the EBIT is in line with our expectations. The result from discontinued operations is above our forecast, which is mainly due to the interest-related improvement in the financial result.

The financial obligations due in the 2022 business year were covered at all times by the available liquidity, the financial assets and the existing credit lines.

3.4 FINANCIAL PERFORMANCE INDICATORS

Key performance indicators

In the 2021 annual financial statements, ROCE was named as a relevant key performance indicator in addition to EBIT, as in previous years. For the 2022 financial year, the calculated ROCE is approx. 8.4 %, which corresponds to the forecast given in the previous year. The actual significance of ROCE for the management of the heterogeneous business units is now only considered to be low for the short and medium term. The key performance indicator for the GASAG Group is therefore the result from operating activities (EBIT).

The business units and individual companies are regularly forecast with regard to the annual result and the developments of the key control indicators are made transparent from the perspectives of the individual companies, the business units and the GASAG Group.

3.5 NON-FINANCIAL PERFORMANCE INDICATORS

Not only the financial performance indicators, but also non-financial parameters are of growing importance for the business development during the year. First and foremost are the employees of the Group, who support and drive the future viability of the Group companies. But we also take customer service and complaint management very seriously on the customer side. In the future, we will also derive suitable parameters for transparency and sustainability in the course of establishing ESG reporting.

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 73.3 % of employees participated in the two surveys in 2022. The average approval rate for the statements on leadership is 86.4 % 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 81.8 % of employees.

Due to our commitment as an employer, the GASAG Group has received several awards: We were named a top national employer by "Focus" and Germany's best training company by "Focus Money". Our excellent training quality was confirmed by the Chamber of Industry and Commerce for two years with the seal of the same name. In recognition of our holistic employer qualities, we were named a Leading Employer.

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 2022, more than 25,000 customers participated in these surveys. On average over the year, around 75 % of customers expressed satisfaction or very satisfied with the service. Our target is > 80 % and was not achieved in 2022. Especially towards the end of the year, satisfaction decreased significantly against the backdrop of the energy price development.

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

Customer management combines all tasks related to the holistic customer process. Among other things, we look at customer growth, the number of customers leaving, the duration of the customer relationship, the customer value and the regional allocation.

We also have our range of services as a regional supplier externally audited and confirmed. In 2022, we were once again awarded the TOP Local Supplier seal by the energy consumer portal.

Complaint Management

In order to make the best possible use of the optimisation potential offered by complaints, a daily reporting system has been set up which, among other things, evaluates the volume of complaints and the reasons for them. The findings and measures derived from this are reported to the management of the GASAG Group at least quarterly. It is clear that the Ukraine war and the tense energy policy situation had a qualitative and quantitative impact on complaints management in 2022. Consequently, a particularly high management attention was paid to complaint handling.

The consequences of the volatile and tense market were reflected in complaint volumes and reasons and in changed customer behaviour. Compared to 2021, the volume of complaints increased by approx. 22 %. Despite increased complaint volume and a tendency towards more complex complaint content, complaint handling was good in terms of quality and quantity.

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/deterioration

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 OVERARCHING OPPORTUNITIES AND RISKS

We continue to be confronted with considerable risks due to the direct and indirect effects of Russia's war against Ukraine, which significantly influence and affect the German as well as the global energy market.

The Russian gas supply volumes relevant for Germany have no longer been available since summer 2022. In the previous year, this part accounted for approx. 50 % of German gas demand. Whether Germany's efforts to replace these volumes are successful will become clear in the winter of 2022/23 or 2023/24 and will depend largely on the temperature development. If the measures are not sufficient, there is a risk of a gas shortage. In the event of a gas shortage, it is no longer the responsibility of the distribution companies, but a rationed distribution of the available gas quantities is carried out by the regulated network operators on the basis of official requirements. However, due to the alternative supply with LNG and the well-filled gas storage facilities in continental Europe, the situation has noticeably eased in the winter of 2022/23.

The war against Ukraine includes cyber attacks that specifically target important infrastructures in Ukraine. In principle, there is an increased risk of comparable attacks against countries like Germany that support Ukraine. The GASAG Group could also be directly affected by this. The GASAG Group is aware of its importance and has taken extensive measures to counter this threat. We are taking various technical measures to reduce this risk. The appropriateness and effectiveness of the existing IT and security architecture is continuously reviewed and developed, also with the support of external experts. In addition, we regularly conduct mandatory training for our employees.

Due to the extremely high price level, the risks associated with the temperature dependency of the GASAG Group's business have increased significantly. The significant rise in prices also leads to increasing concern on the part of our customers with their prices and their appropriateness and can lead to contradictions, which in individual cases can result in legal disputes. In cases where this appears to be necessary, provisions have been made accordingly. After taking the precautionary measures into account, the result is a low risk with a low probability of occurrence.

Due to what we see as emerging risks for the established heating supply sector, we have implemented the transformation programme "Future G" with the goal of climate neutrality by 2040. The implementation of the first steps and action initiatives has already begun.

In Germany, inflation is at a very high level. The GASAG Group's procurement processes outside of energy purchasing are also affected by the increased prices. Due to the energy-related core business, the effects are currently still limited. In the wake of higher inflation, there has been a turnaround on the capital market worldwide and, as a result, interest rates have risen significantly. Against the backdrop of long-term financing, the GASAG Group is only slightly affected by this development.

Business units consumers and major customers (PuG)

The gas market continues to be characterised by high procurement costs. Competitors are passing these on to customers through sharp price increases, which in the meantime has led to unplanned customer gains for the GASAG Group in the area of basic and substitute supply. On the other hand, the original assumption of major customer losses due to the price development in the electricity sector has so far only partially materialised. As prices are now falling again, competition is picking up and the risk of customer losses is increasing. The GASAG Group is countering this with competitive prices in combination with very good service and solid, long-term business activities.

In our role as a basic supplier, we are also obliged to supply those customers who lose their supplier in the short term due to unacceptable behaviour by other market participants. We met this challenge at the end of 2021 by introducing a new basic and substitute supply tariff. Its admissibility - until the Energy Security Act (EnSiG) comes into force - is expected to be reviewed by the courts. If the GASAG Group is defeated in court, this will result in a medium risk with a high probability of occurrence.

The repeated government recommendations to save energy and the incentive to save exerted by the energy price brakes pose a medium risk to the sales margin due to the associated decline in volumes.

Our business development is naturally subject to weather-related fluctuations in sales. The resulting volume risk in the gas business is one of the entrepreneurial risks that the GASAG Group bears itself. In terms of loss potential, excessively warm weather can result in a noticeable risk in the short term with a medium probability of occurrence. Weather conditions that are cooler than planned for the GASAG Group also result in a noticeable risk potential with a medium probability of occurrence. The risk is part of the GASAG Group's core business and is taken into account in an appropriate manner in the pricing to our customers.

Green Solutions Business Unit

We see the increased interest of our customers in environmentally friendly and decentralised energy solutions as well as the use of renewable energies as a high potential opportunity for the GASAG Group in the medium term with a high probability of occurrence.

Business Unit Network

The network business is particularly influenced by external factors. The main influencing factors are temperature, regulatory changes and the economy. Accordingly, transport volumes are subject to strong weather-related fluctuations in the short term. This results in medium opportunities and noticeable risks with a medium probability of occurrence for the network business in the short term. In the medium to long term, there is a high risk with a high probability of the gradual substitution of fossil fuels. NBB is countering this risk as part of the GASAG Group transformation programme ZUKUNFT G with various measures to convert the energy supply to renewable energies.

Saving energy in the short term is strongly recommended to customers by politicians and is also given a strong incentive by the energy price brakes. The resulting decrease in transport volumes has a minor impact on the network business.

In the event of a possible gas shortage, there is a considerable risk due to a lack of transport volumes and thus network fees. This is not offset by any relevant variable cost item that could compensate for the loss of revenue. From the current perspective, a gas shortage is classified as unlikely.

The threat posed by cyber attacks or acts of sabotage on the GASAG Group's supply facilities has been exacerbated by Russia's attack on Ukraine. Security measures to protect our supply facilities have been strengthened. Thanks to NBB's ISO 27001-certified information security management system and the strengthening of security precautions in line with information from the security authorities, we believe we are well positioned to deal with this risk to a lesser extent.

Organisational and technical precautions have been established to prevent disruptions to the availability, integrity, authenticity and confidentiality of the information technology systems, components and processes. Recertification has already been successfully completed several times, most recently in 2022. Regular drills are held in the event of a crisis, which are now being extended to the entire GASAG Group due to their increased relevance.

Concession Award Process

For a general description of the Berlin concession award procedure, please refer to chapter "2.5 – Legal Issues".

A gas concession agreement has been in place between the State of Berlin and NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG has had a gas concession contract for the area of the State of Berlin since the ruling of the Federal Court of Justice of 9 March 2021. The risk of a short-term termination of the gas concession agreement by the State of Berlin objecting to the extension of the gas concession agreement beyond 31 December 2024 in 2022 no longer exists due to the supplementary agreement to the gas concession agreement dated 1/3 November 2022. The supplementary agreement extends the term of the gas concession agreement by a further three years until 31 December 2027.

We are also competing for concession contracts outside the Berlin network area, both with regard to the extension of existing contracts and for new contracts. In the long term, there is a low potential for opportunities through new contracts and a low potential for opportunities and risks through the termination of existing concession contracts.

Decommissioning of the Storage Facility

The decommissioning of the Berlin natural gas storage facility gives rise to opportunities and risks, in particular from the costs of dismantling and aftercare. Taking into account the provisions made, there are low risks and opportunities with a medium probability of occurrence in the course of the decommissioning process.

Market Price Development

Electricity and gas prices in continental Europe experienced an unprecedented increase until the summer. Since then, prices have been falling, although they are still extremely volatile. This market price development in the energy sector results in only a low opportunity potential in the short term, but a high risk potential. The potential for possible fluctuations affecting the result has increased significantly compared to the previous year. Due to the special price situation, these risks can more than compensate for the effects from the temperature-dependent volume development. We limit the risks through a risk management process specifically designed for this purpose, which mitigates cash-effective market price change risks in the best possible way through the use of hedging transactions and through adequate consideration in end customer pricing. The frequency of meetings of the Risk Committee with regular participation of the Executive Board remains high against the background of the high volatility on the commodity markets.

The development of interest rates results in a low potential for opportunities and risks in the financial sector in the short term. Key elements here are a uniform trading, settlement and monitoring process throughout the Group as well as uniform risk reporting. Rising interest rates can have a negative impact on construction activity and thus on the EDL business in new construction projects in the medium to long term. At the same time, it is becoming more attractive from the investor's point of view to have modern and efficient heating solutions carried out by a contractor in existing buildings, which benefits our EDL business.

We use derivative financial instruments to minimise the risks of underlying transactions or planned underlying transactions. The analysis of price change risks for derivative financial instruments is carried out by determining the fair values of concluded financial instruments on the basis of the mark-to-market method. The analysis of price change risks for interest rate positions not yet hedged is carried out on the basis of statistical simulation models.

Counterparty default risks

We control counterparty risks with customers by means of creditworthiness-oriented receivables management and with banks and energy trading partners by means of a Group-wide limit system and a well-diversified trading partner pool. In order to remain able to act, exemptions have been granted by the management boards where necessary. Where appropriate, we use credit insurance as a hedge. With regard to counterparty risks, we see a low risk with a very low probability of occurrence in the short term, especially due to the rise in commodity prices. If prices fall, the counterparty risk in energy trading shifts to our business partners, which can generally affect market liquidity and the GASAG Group's individual ability to enter into hedging transactions to the desired extent.

In dealing with our household and commercial customers, the default risks are increased due to the sharp rise in prices. This is counteracted by government aid measures such as the December emergency aid, but also electricity and gas price brakes and, in particular, the hardship fund Energieschulden Berlin.

Liquidity risks

Due to the increased prices and volatilities on the energy markets, the liquidity risks resulting from the collateralisation of forward transactions have also increased. The amount of the collateral depends on how much the contractually agreed prices deviate from the current market prices on the respective reporting date. If the differences are large, considerable liquidity burdens can occur. Due to our solid financial position, we are confident that we can always provide the required collateral. To ensure this even in more extreme scenarios, we have increased our credit line headroom accordingly in the course of 2022. In the event of an increase in hedging transactions requiring collateral, we are taking a number of further measures to meet the increased demand at all times.

The implementation of the gas and electricity price brake has a significant impact on the GASAG Group's liquidity management due to the concentration of very large liquidity flows on a date that is unknown in advance.

Governance and Compliance

As a consequence of the steadily increasing threat posed by cyber attacks, particular importance is attached to the area of information security in the form of Group-wide training courses, 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 GASAG Group is already preparing intensively for the introduction of the Supply Chain Security Obligations Act on 1 January 2024.

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.

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

GASAG's energy policy and energy industry environment will remain challenging in 2023. In addition, the overall economic development will depend on the further course of the energy crisis.

In the "Future 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.

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.

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 the GE EE, the potential for a stronger positioning of GASAG in the area of renewable energies is to be further advanced. To this end, it is planned to develop new wind and photovoltaic projects on the basis of existing project approaches and already secured areas, either alone or preferably with partners. Together with GASAG's other business units, synergies are to be created to achieve the earnings and CO_2 targets.

5.2 PARTICIPATIONS

GASAG intends to acquire 75 % of the shares in WN Windpark Naundorf GmbH & Co. KG, Bernau. The option agreement has already been concluded, but entry in the commercial register is currently outstanding.

5.3 PERSONNEL

With the "Future G" transformation programme, we will continue to drive the GASAG Group's transformation towards climate neutrality in 2023. The active workforce of the GASAG Group will increase slightly due to the strategically driven expansion of business activities in GE GS and the start of a new rolling trainee programme with which we aim to continuously recruit junior staff over the next few years. We have also increased the number of apprentices in technical professions since 2022 in order to train the necessary skilled workers for the energy and heat transition ourselves in a labour market increasingly characterised by a shortage of skilled workers. This will result in a slight increase in personnel expenses.

5.4 INVESTMENTS

Our investments for maintaining and expanding the gas networks in Berlin and Brandenburg are based on the conditions specified in the concession agreement and the rights of way, as well as on our “Future G” strategy programme. For 2023, we expect network investments to be at the level of 2022 due to planned expansion and maintenance measures. In GE GS, we expect a strong increase in investments for energy service solutions. In GE EE, we will expand our photovoltaic portfolio by investing in a new plant.

Future investments are covered as part of a long-term financing strategy.

5.5 BUSINESS DEVELOPMENT

In the forecast, we assume long-term average temperature trends, a continued high price level on the energy markets above the energy price brakes and moderate competition in gas sales. In addition, we expect our customers to continue to save energy. The market development is countered by ongoing optimisations of sales activities, which also include a regional focus on the home market. Against this backdrop, we expect **gas sales** to end customers and distributors to remain at the level of 2022.

In the electricity commodity business, we expect **electricity sales** to decrease moderately in 2023 compared to 2022. The background to this forecast is the expected energy-saving behaviour of customers as well as the optimisation of our sales activities, in particular the further focusing of our sales activities on the domestic market.

Based on long-term average temperature trends and assuming significant energy-saving behaviour on the part of customers, we expect volumes in **gas transport** in the 2023 financial year to be slightly below the level of 2022.

The activities in GE GS will lead to significantly higher investments in 2023. For 2023, we expect **heat sales** to be slightly above the level of 2022.

5.6 DEVELOPMENT OF REVENUE AND EARNINGS

On the basis of planning for an average temperature trend, we assume that prices on the energy markets will remain high in 2023 compared to previous years, and that the increased procurement costs will be passed on in the form of price adjustments, high inflation and, conversely, significant energy-saving behaviour on the part of customers. We therefore expect sales revenues to be significantly higher than in the previous year.

The result from operating activities (EBIT) in 2023 will be moderately below the EBIT of the 2022 financial year. The deterioration in EBIT is mainly due to effects from the assumed energy-saving behaviour of our customers as well as cost increases due to higher energy prices and inflation. Due to higher financing interest rates, we expect the financial result to be moderately below the previous year. The result from discontinued operations is below the previous year's level due to the absence of positive effects from 2022. Overall, we forecast a net income moderately below the previous year.

Berlin, February 28, 2023

GASAG AG
The Management Board

Georg Friedrichs | Stefan Hadré | Matthias Trunk

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES OF GASAG

FINANCIAL STATEMENTS
of GASAG, Berlin, for the fiscal year 2022

BALANCE SHEET OF THE GASAG GROUP IN ACCORDANCE WITH IFRSS AS OF DECEMBER 31, 2022

ASSETS

IN € K	NOTES NO.	DEC. 31, 2022	Dec. 31, 2021
A. Non-current assets			
1. Intangible assets	(13)	182,314	185,764
2. Property, plant and equipment	(14)	1,618,086	1,598,496
3. Rights of use	(15)	93,740	100,354
4. Investments in associates	(16)	14,525	12,948
5. Financial assets	(17)	55,767	75,152
6. Non-current contract assets	(18)	17,421	24,093
7. Deferred tax assets	(19)	68,076	24,145
		2,049,929	**2,020,952**
B. Current assets			
1. Inventories	(20)	91,195	74,401
2. Financial assets	(17)	72,300	237,582
3. Income tax receivables	(21)	9,089	10,527
4. Trade receivables and other receivables	(22)	269,035	324,672
5. Current contract assets	(18)	9,012	16,673
6. Cash and cash equivalents	(23)	200,955	6,064
		651,586	**669,919**
		2,701,515	**2,690,871**

EQUITY AND LIABILITIES

IN € K	NOTES NO.	DEC. 31, 2022	Dec. 31, 2021
A. Equity	(24)		
1. Subscribed capital		413,100	413,100
2. Share premium		42,461	42,461
3. Reserve for unrealized gains or losses		21,082	220,368
4. Retained earnings		317,396	296,852
5. Non-controlling interests		4,528	3,803
		798,567	**976,584**
B. Non-current liabilities			
1. Deferred income	(25)	255,578	256,035
2. Provisions	(26)	47,863	86,427
3. Financial liabilities	(27)	603,636	451,763
4. Other liabilities	(28)	95,882	104,655
5. Deferred tax liabilities	(19)	150,741	177,881
		1,153,700	**1,076,761**
C. Current liabilities			
1. Deferred income	(25)	11,496	10,784
2. Provisions	(26)	61,889	50,553
3. Financial liabilities	(27)	229,262	224,811
4. Income tax liabilities	(29)	16,009	6,485
5. Trade payables and other liabilities	(28)	430,592	344,893
		749,248	**637,526**
		2,701,515	**2,690,871**

STATEMENT OF COMPREHENSIVE INCOME FOR THE GASAG GROUP IN ACCORDANCE WITH IFRSS FOR THE PERIOD FROM JANUARY 1 TO DEC. 31, 2022

INCOME STATEMENT

IN € K	NOTES NO.	JAN. 1 TO 31, 2022	Jan. 1 to 31, 2021
1. Revenue	(1)	1,621,367	1,356,642
2. Changes in inventories		–98	–1,373
3. Other operating income	(2)	42,006	52,429
4. Cost of materials	(3)	1,210,968	935,273
5. Personnel expenses	(4)	121,789	123,983
6. Depreciation	(5)	99,248	100,371
7. Other operating expenses	(6)	110,100	112,963
8. Profit from operations		**121,170**	**135,108**
9. Share in profit or loss of associates	(7)	545	1,615
10. Profit from other equity investments	(7)	1,035	1,235
11. Finance costs	(8)	17,070	15,932
12. Other financial result	(8)	–272	5,718
13. Profit before taxes		**105,408**	**127,744**
14. Income taxes	(9)	33,552	36,476
15. Profit from continuing operations		**71,856**	**91,268**
16. Profit or loss from discontinued operations	(10)	2,830	368
17. Profit for the period		**74,686**	**91,636**
18. Profit for the period attributable to non-controlling interests		925	688
19. Profit for the period excluding non-controlling interests		**73,761**	**90,948**
20. Earnings per share (in €)	**(12)**	**9,11**	**11,23**

STATEMENT OF COMPREHENSIVE INCOME

IN € K	NOTES NO.	JAN. 1 TO 31, 2022	Jan. 1 to 31, 2021
1. Profit for the period		**74,686**	**91,636**
2. Cash flow hedges		–295,641	335,067
3. Income tax effects		87,760	–99,451
		–207,881	**235,616**
4. Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**–207,881**	**235,616**
5. Actuarial profit or loss		12,247	6,557
6. Income tax effects		–3,652	–2,059
		8,595	**4,498**
7. Net other comprehensive income not to be reclassified as profit or loss in subsequent periods		**8,595**	**4,498**
8. Other comprehensive income	**(11)**	**–199,286**	**240,114**
9. Total comprehensive income		**–124,600**	**331,750**
10. Total comprehensive income attributable to non-controlling interests		925	691
11. Total comprehensive income excluding non-controlling interests		**–125,525**	**331,059**

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STATEMENT OF THE CHANGES IN EQUITY OF THE GASAG GROUP IN ACCORDANCE WITH IFRSS AS OF DEC. 31, 2022

SEE NOTE (24)

IN € K	SUBSCRIBED CAPITAL	SHARE PREMIUM	RESERVE FOR UNREALIZED GAINS AND LOSSES	TOTAL RETAINED EARNINGS	SUBTOTAL FOR THE GROUP	NON-CONTROLLING INTERESTS	TOTAL
As of Jan. 1, 2021	**413,100**	**42,461**	**–19,747**	**242,077**	**677,891**	**3,836**	**681,727**
Total comprehensive income	0	0	240,111	90,948	331,059	691	331,750
thereof profit of the period	*0*	*0*	*0*	*90,948*	*90,948*	*688*	*91,636*
thereof other comprehensive income pursuant to IAS 39 / IFRS 9	*0*	*0*	*235,616*	*0*	*235,616*	*0*	*235,616*
thereof other comprehensive income pursuant to IAS 19	*0*	*0*	*4,495*	*0*	*4,495*	*3*	*4,498*
Dividend distribution to owners	0	0	0	–34,992	–34,992	–22	–35,014
Acquisition of subsidiaries	0	0	0	–1,181	–1,181	–702	–1,883
As of Jan. 1, 2022	**413,100**	**42,461**	**220,368**	**296,852**	**972,781**	**3,803**	**976,584**
Total comprehensive income	0	0	–199,286	73,761	–125,525	925	–124,600
thereof profit of the period	*0*	*0*	*0*	*73,761*	*73,761*	*925*	*74,686*
thereof other comprehensive income pursuant to IAS 39 / IFRS 9	*0*	*0*	*–207,879*	*0*	*–207,879*	*–2*	*–207,881*
thereof other comprehensive income pursuant to IAS 19	*0*	*0*	*8,593*	*0*	*8,593*	*2*	*8,595*
Dividend distribution to owners	0	0	0	–53,217	–53,217	–200	–53,417
As of Dec. 31, 2022	**413,100**	**42,461**	**21,082**	**317,396**	**794,039**	**4,528**	**798,567**

STATEMENT OF CASH FLOWS FOR THE GASAG GROUP IN ACCORDANCE WITH IFRSS AS OF DEC. 31, 2022

IN € K	2022	2021
Profit before income taxes from continuing operations	**105,408**	**127,745**
Profit or loss before income taxes from discontinued operations	**4,053**	**527**
– Income taxes paid	–9,302	–11,170
+/– Write-downs / write-ups of non-current assets	102,156	97,077
thereof from discontinued operations	*50*	*63*
+/– Increase / decrease in provisions	–31,157	–13,752
thereof from discontinued operations	*–9,585*	*–7,654*
+/– Other non-cash expenses / income	3,773	14,878
–/+ Gain / loss on the disposal of non-current assets	857	1,146
–/+ Increase / decrease in inventories	–16,793	–63,355
–/+ Increase / decrease in receivables	76,107	–184,538
+/– Increase / decrease in liabilities	92,898	197,373
= Cash flows from operating activities	**328,000**	**165,931**
– Cash paid for investments in intangible assets	–3,528	–4,762
+ Cash received from the disposal of property, plant and equipment	481	482
– Cash paid for investments in property, plant and equipment	–109,692	–129,881
+ Cash received from the disposal of non-current financial assets	2,751	2,693
– Cash paid for investments in non-current assets	–2,115	–5,458
– Cash received in connection with the sale of consolidated entities and other business units	0	–1,396
+ Cash received from investment subsidiaries from third parties	11,990	20,810
= Cash flows from investing activities	**–100,113**	**–117,512**
– Cash paid to owners	–53,217	–34,992
– Cash paid to non-controlling interests	–68	–22
+ Cash received from the raising of loans	155,961	80,185
– Cash repayments of loans	–125,661	–84,559
– Payment of finance lease liabilities	–10,125	–11,143
+ Cash repayments of loans from non-controlling interests	114	0
= Cash flows from financing activities	**–32,996**	**–50,531**
= Change in cash and cash equivalents	194,891	–2,112
+ Cash and cash equivalents at the beginning of the period	6,064	8,176
= Cash and cash equivalents at the end of the period	**200,955**	**6,064**

NOTES

to the Consolidated Financial Statements of GASAG
as of December 31, 2022 (IFRS)

1 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMTENTS OF GASAG

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

The management board prepared the consolidated financial statements as of December 31, 2022 and the management report for the GASAG Group for the fiscal year from January 1 to December 31, 2022 and authorized them for issue to the supervisory board on Febuary 28, 2023.

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 (€ 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 2020, the group has applied the existing or revised standards of the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC), which have already been adopted by the European Union and whose application is mandatory for financial years beginning on January 1, 2022.

For reporting periods beginning on or after 1 January 2022, only amendments to already existing standards were to be applied:

ADOPTED AND ENDORSED

- IFRS 17 "Insurance Contracts": amendments to IFRS 17 regarding the deferral of the date of first-time application and the first-time application of IFRS 17 and IFRS 9 on comparative information
- IFRS 3 "Business Combinations": on adjustments with reference to the framework concept
- IAS 1 "Presentation of Financial Statements": on disclosure of all significant accounting policies
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": on changes in accounting policies and accounting estimates
- IAS 12 "Income Taxes": on disclosures relating to assets and liabilities arising from a single transaction
- IAS 16 "Property, Plant and Equipment": on the treatment of revenue before intended use
- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": on contract performance costs arising from existing contracts.

ADOPTED BUT NOT ENDORSED

- IAS 1 "Presentation of Financial Statements": on the classification of liabilities as current or non-current, on the date of initial application and on non-current liabilities with covenants.
- IFRS 16 "Leases": on lease liabilities from sale and leaseback transactions.

The aforementioned changes had noimpact on the consolidated financial statements. No other standards or interpretations were adopted in the reporting year.

3 CONSOLIDATED GROUP

In addition to GASAG, 25 German subsidiaries were fully consolidated, 7 associates and 5 joint operations were accounted for in accordance with the equity method in the consolidated financial statements.

CHANGES TO THE CONSOLIDATED GROUP

AFFILIATED COMPANIES

GASAG Solution Plus GmbH, Berlin, was merged with Geo-En Energy Technologies GmbH, Berlin, as of 1 January 2022 and renamed GASAG Solution Plus GmbH, Berlin, (hereinafter GASAG Solution Plus).

ASSOCIATED / JOINT VENTURES

GASAG Solution Plus acquired 50 % of the shares in Quartierswerk Gartenfeld GmbH, Berlin, from Cormoran GR1 GmbH, Berlin.

GASAG Solution Plus sold all shares in CG Green Tec GmbH, Berlin, to CG Services GmbH, Berlin.

LIST OF EQUITY INVESTMENTS	Shares
Fully consolidated entities	
BAS Kundenservice Beteiligungs-GmbH, Berlin	100 %
BAS Kundenservice GmbH & Co. KG, Berlin	100 %
Berliner Erdgasspeicher GmbH, Berlin	100 %
GASAG next GmbH, Berlin	100 %
EMB-Beteiligungsgesellschaft mbH, Michendorf [2]	100 %
EMB Energie Mark Brandenburg GmbH, Michendorf	99,9921 %
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 [5]	90 %
SP V GmbH & Co. KG, Cottbus [5]	80 %
SP VI GmbH & Co. KG, Cottbus [5]	80 %
SP VII GmbH & Co. KG, Cottbus [5]	80 %
SP VIII GmbH & Co. KG, Cottbus [5]	80 %
SP IX GmbH & Co. KG, Cottbus [5]	80 %
SP XI GmbH & Co. KG, Cottbus [5]	80 %
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus	99,606 %
SpreeGas Verwaltungs-GmbH, Cottbus [5]	100 %
Stadtwerke Forst GmbH, Forst (Lausitz)	74,90 %
Windpark Dahme - Wahlsdorf 2 GmbH & Co. KG, Berlin	100 %
Entities accounted for using the equity method	
ARGE Wärmelieferung, Cottbus [5, 9]	50 %
Berliner Energieagentur GmbH, Berlin	25 %
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 [5]	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 %
other shareholdings	
local energy GmbH, Greifswald [1,2]	19,77309 %
Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH, Berlin [1]	< 1 %
Stadtwerke Brandenburg an der Havel GmbH & Co. KG, Brandenburg an der Havel [1,7]	12,25 %
Stadtwerke Brandenburg Verwaltungs GmbH, Brandenburg an der Havel [1,7]	12,25 %
Stadtwerke Premnitz GmbH, Premnitz [1,2]	10 %

1) not included as GASAG AG, Berlin, has neither a controlling nor a significant influence
2) indirect participation via EMB Energie Mark Brandenburg GmbH, Michendorf
3) indirect participation via GASAG Beteiligungs-GmbH 7.64% and GASAG AG, Berlin, 92.36%
4) indirect participation via Stadtwerke Forst GmbH, Forst (Lausitz)
5) indirect participation via SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus
6) indirect participation via NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin
7) indirect participation via EMB-Beteiligungsgesellschaft mbH, Michendorf
8) indirect participation via GASAG Solution Plus GmbH, Berlin
9) joint management

4 BASIS OF CONSOLIDATION

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

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

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

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

5 ACCOUNTING POLICIES

ASSUMPTIONS AND ESTIMATES

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

Assumptions and estimates are made, among other things, in the valuation of the Berlin natural gas storage facility in connection with its decided approval for decommissioning in December 2022, the valuation of financial instruments, the creation of provisions and in impairment tests.

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 0.68 (previous year 0.70), currently amounts to 7.31 % (previous year 5.36 %). Interest on borrowed capital is derived from interest rates for long-term new loans and other standard market borrowing rates and is 3.39 % (previous year 0.94 %) 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 5.56 % (previous year: 3.57 %) after tax for the calculation of the fair value less costs to sell, or 8.56 % (previous year: 5.49 %) 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 2022, which was considered following the planning period, was valued at 1.00 % (previous year: 0.50 %).

Intangible assets acquired separately are recognized at cost.

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

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

- The technical feasibility and intention to complete
- Its ability to use or sell the intangible asset
- How the intangible asset will generate future economic benefits based on the existence of a market or the usefulness of the asset for internal use
- The availability of adequate technical, financial and other resources to complete the development of the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

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

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

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

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

Uniform group-wide useful lives are applied as follows:

INTANGIBLE ASSETS	Useful life
Goodwill	Indefinite
Acquired intangible assets	5–20 Jahre
Internally generated intangible assets	5–8 Jahre

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

PROPERTY, PLANT AN EQUIPMENT

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

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

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

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

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

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

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

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

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

LEASING

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

GASAG as lessee

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

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

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

GASAG as lessor

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

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

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

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

IMPAIRMENT OF ASSETS

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

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

FINANCIAL ASSETS

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

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

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

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

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.

DEFERRED INCOME

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

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

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

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

PROVISIONS

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

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

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

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

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

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

We refer to the chapter "(26) Provisions" and there to the section "Provisions for defined benefit and defined contribution plans".

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

In the measurement of pension obligations, all bonds with a credit rating of "AA" were included in the calculation of interest for the first time in 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.

Enclosed is the development of interest rates; due to the low interest rate phase in the previous year, these were 0.00% or negative for shorter terms:

FISCAL YEAR/TERM IN %	2022	2021
up to 5 years	1.90	0.00
5 to 10 years	1.85	0.00
over 10 years	1.85	0.00

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

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

FINANCIAL LIABILITIES

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

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

CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND CONTINGENT ASSETS

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

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

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

FOREIGN CURRENCY TRANSLATION

The Group's functional and reporting currency is the euro (EUR). As in the previous year, there was no foreign currency translation at the GASAG Group in the fiscal year 2022.

6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

(1) REVENUE

IN € K	2022	2021
Natural gas supply	1,024,145	820,999
Network access charges	274,180	246,131
Electricity supply	186,086	204,747
Heating supply	107,973	55,264
Other	28,983	29,501
	1,621,367	**1,356,642**

The sales revenues result primarily from natural gas deliveries. Of this amount, € 839,177 thousand (previous year: € 688,850 thousand) is attributable to end customers and € 184,968 thousand (previous year: € 132,149 thousand) to distributors. The increase in revenues from natural gas deliveries is mainly due to higher prices. These are mainly the result of the general market price development.

The increase in revenues from electricity deliveries is due to higher prices in the business with distributors as a result of the general increase in market prices. The share of the end customer business in the electricity sales amounts to € 190,162 thousand (previous year: € 214,289 thousand).

The sales revenues include EEG and similar payments from the transmission grid operator for electricity fed into the grid by plant operators in the amount of € 727 thousand (previous year: € 904 thousand), which are offset by material costs in the same amount.

(2) OTHER OPERATING INCOME

IN € K	2022	2021
Own work capitalized	17,293	17,551
Reversal of provisions	11,735	11,353
Derecognition of accrued liabilities	3,088	4,537
Reversal of deferred income	2,365	3,817
Reimbursement of dunning and court costs	1,870	2,879
Income from the disposal of non-current assets	388	621
Reversal of value adjustments	91	282
Miscellaneous	5,176	11,389
	42,006	**52,429**

Miscellaneous other operating income mainly consists of reimbursements in the amount of € 1,528 thousand (previous year € 2,739 thousand) and private use of company cars in the amount of € 1,107 thousand (previous year € 1,116 thousand).

(3) COST OF MATERIALS

IN € K	2022	2021
Cost of raw materials, consumables and supplies and of purchased merchandise	986,919	713,254
Cost of purchased services	224,049	222,019
	1,210,968	**935,273**

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 € 181,742 thousand (previous year: € 182,829 thousand). Furthermore, expenses for repairs and maintenance as well as for other construction and third-party services were incurred.

(4) PERSONNEL EXPENSES

IN € K	2022	2021
Wages and salaries	98,319	100,317
Social security, pension and other benefit costs	23,470	23,666
	121,789	**123,983**

Personnel expenses decreased by € –2,194 thousand to € 121,789 thousand compared to the previous year. Due to lower staff numbers, expenses for wages and salaries are decreasing. On the other hand, expenses for pensions increased due to the adjustment of the valuation assumptions for pension provisions in the course of the strong increase in inflation rates in 2022.

The average number of employees (excluding employees in the passive phase of partial retirement) fell to 1,563 (previous year: 1,620). The reduction continues to result primarily from the implementation of the measures completed in 2018 to 2021 as part of GASAG 2025 (primarily the volunteer programme) as well as further individual agreements in 2022 against the backdrop of the new transformation programme ZUKUNFT G.

Social security contributions include contributions to the statutory pension insurance in the amount of € 7,750 thousand (previous year: € 7,985 thousand).

Expenses for pensions in the reporting year amount to € 4,764 thousand (previous year: € 5,086 thousand).

On average over the year, the group employed:

NUMBER OF EMPLOYEES [1]	2022	2021
Women	583	623
Men	1,055	1,061
Total	**1,638**	**1,684**
thereof in the release phase of phased retirement	*75*	*64*

1) excluding trainees and management board members

(5) AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

The depreciation item is composed as follows:

IN € K	2022	2021
Intangible assets	**6,952**	**6,804**
Amortization	6,952	6,804
Property, plant and equipment	**82,299**	**82,364**
Depreciation	82,165	79,778
Impairment losses	134	2,586
Rights of use	**9,997**	**11,203**
Depreciation	9,557	11,023
Impairment losses	440	180
	99,248	**100,371**

Of the scheduled amortisation of **intangible assets** in the current financial year, € 4,896 thousand (previous year: € 4,880 thousand) relate to software licences and € 1,835 thousand (previous year: € 1,835 thousand) to customer relationships. 31 thousand (previous year: € 37 thousand) are attributable to conversion subsidies and subsidy grants.

Impairment losses of € 134 thousand (previous year: € 2,586 thousand) on **property, plant and equipment** in the current financial year relate to a drinking water storage tank that was technically decommissioned. The impairment is reported in the item land and buildings. In the previous year, these relate to the item procurement, generation and distribution plants and result from the premature plant dismantling of a photovoltaic plant.

The unscheduled depreciation on **rights of use** amounting to € 440 thousand (previous year: € 180 thousand) relates to the temporary vacancy of rented office space.

(6) OTHER OPERATING EXPENSES

IN € K	2022	2021
Concession levies	23,610	27,503
Advertising and promotional activities	19,113	19,931
IT services	18,151	17,965
Other services and purchased services	12,768	10,500
Legal and other consulting fees, including audit fees	7,162	5,608
Expenses from deconsolidation	6,398	0
Derecognition of and bad debt allowances on receivables	5,219	8,742
Leasing expenses	3,447	3,107
Insurance	2,661	2,453
Postage and freight costs	2,052	1,822
Losses on the disposal of non-current assets	947	1,767
Settlements and Reconciliation of Interests "GASAG 2025"	842	4,784
Entertainment and travel expenses	372	314
Other taxes	–837	1,226
Miscellaneous	8,195	7,241
	110,100	**112,963**

Miscellaneous other operating expenses mainly consist of contributions and fees of € 2,318 thousand (previous year € 2,473 thousand) and employee benefits in kind of € 1,063 thousand (previous year € 797 thousand).

(7) INVESTMENT RESULT

IN € K	2022	2021
Investment result		
thereof from entities accounted for using the equity method	*545*	*1,615*
thereof from other investments	*1,035*	*1,235*
	1,580	**2,850**

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, 2021 are listed in the overview of investments under Chapter **"3 Scope of consolidation".**

(8) FINANCE COSTS

IN € K	2022	2021
Finance costs	**–17,070**	**–15,932**
Interest on overdrafts and loans from banks	–13,173	–12,065
Interest from other financial liabilities	–2,315	–1,642
Unwinding of the discount for provisions	819	–104
Interest on finance leases	–2,401	–2,121
Other financial result	**–272**	**5,718**
Interest income and similar income	2,653	2,462
Remeasurement of derivatives	–2,925	3,256
	–17,342	**–10,214**

The increase in financial expenses is due to the higher interest rate level in the 2022 financial year. The change in other financial result is mainly due to the fair value measurement of an investment (see note (30) Reporting on financial instruments).

(9) INCOME TAXES

IN € K	2022	2021
Corporate income tax	11,701	5,085
thereof relating to other periods	*–38*	*–157*
Trade tax	10,035	7,097
thereof relating to other periods	*770*	*–1,816*
Current income taxes	**21,736**	**12,182**
Deferred taxes on temporary differences	6,924	18,460
thereof relating to other periods	*184*	*2,078*
Deferred taxes on tax loss carryforwards	4,892	5,834
thereof relating to other periods	*39*	*–929*
Deferred taxes	**11,816**	**24,294**
Income taxes	**33,552**	**36,476**

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 9 – 16 %) were taken into account.

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

IN € K	2022	2021
Profit before income taxes	105,408	127,744
Group tax rate	30.18 %	30.18 %
Theoretical income tax expense/income	**31,812**	**38,553**
Tax effects from		
Differences and changes in tax rates	–731	–335
Tax-free income	–175	–91
Non-deductible business expenses	315	67
Effect of taxes from prior years		
Recognized in the fiscal year	946	–2.274
Utilization of loss carryforwards not used in the prior year	–26	–32
Unrecognized deferred taxes on tax loss carryforwards	25	277
Additions to / reductions in trade tax	969	796
Other	417	–485
Effective income tax expense / income	**33,552**	**36,476**
Effective tax rate	31.8 %	28.6 %

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

The non-deductible operating expenses include profit reductions not to be recognised for tax purposes, off-balance sheet corrections according to § 8b KStG and other non-deductible expenses. The increase in the year under review is mainly due to interest on back payments for previous years in accordance with § 233a AO.

Taxes from previous years include, in particular, effects from trade tax refunds for 2015-2016 from the successful appeal proceedings, additions to the trade tax provision for previous years due to the assessment of tax audit risks and subsequent entries in tax balance sheets for previous years.

No deferred tax assets are recognised for loss carryforwards whose realisation is not guaranteed with sufficient certainty. 1,113 thousand (previous year: € 1,034 thousand) is accounted for by corporate tax loss carryforwards and € 5,709 thousand (previous year: € 5,794 thousand) by trade tax loss carryforwards.

In the reporting year, the development of the item “additions/reductions to trade tax” was mainly due to the increased interest expenses to be added and the higher profit shares in non-Group partnerships.

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

In 2022, equity changed by the amount of €84,108 thousand (previous year: €-101,510 thousand) in deferred taxes attributable to components not recognised in profit or loss.

(10) PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

IN € K	2022	2021
Revenue	27	25
Other operating income	1,468	626
Expenses	169	140
Financial result	**2,727**	**16**
Profit or Loss before taxes	**4,053**	**527**
Income taxes	1,223	159
Profit or loss from discontinued operations	**2,830**	**368**

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.

(11) OTHER COMPREHENSIVE INCOME

Disclosure of Components of Other Comprehensive Income

IN € K	2022	2021
Cash flow hedges:		
Profit or loss for the period	–37,566	331,894
Plus reclassification adjustments to profit or loss	–258,075	3,173
	–295,641	**335,067**
Remeasurement of assets		
Actuarial profit or loss	12,247	6,557
Other comprehensive income before taxes	**–283,394**	**341,624**
Income taxes relating to components of other comprehensive Income	84,108	–101,510
Other comprehensive income	**–199,286**	**240,114**
Other comprehensive income attributable to non-controlling interests	0	–3
Other comprehensive income excluding non-controlling interests	**–199,286**	**240,111**

(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.

		2022	2021
Profit or loss for the period excluding non-controlling interests	€ K	73,761	90,948
Total comprehensive income (without minorities)	€ K	2,830	368
Number of shares outstanding (weighted average)	Thousands of units	8,100	8,100
Earnings per share (GASAG Group)	€	9.11	11.23
Dividends to owners	*€*	*8.76*	*11.18*
Dividend per share of GASAG	*€*	*0.35*	*0.05*
Profit or loss for the period excluding non-controlling interests	€	44,307 [1]	53,217 [2]
Number of shares outstanding (weighted average)	€	5.47 [1]	6.57 [2]

1) Proposed
2) Paid in 2022

7 NOTES TO THE BALANCE SHEET

(13) INTANGIBLE ASSETS

Intangible assets developed as follows:

IN € K	Goodwill	Acquired intangible assets	Internally generated intangible assets	TOTAL
Cost				
As of Jan. 1, 2021	161,392	118,423	7,835	287,650
Additions	0	4,404	359	4,763
Disposals	0	1,114	0	1,114
Reclassification	0	–84	99	15
As of Dec. 31, 2021	161,392	121,629	8.293	291,314
Amortization and impairment				
As of Jan. 1, 2021	7,755	84,266	7,778	99,799
Additions	0	6,784	20	6,804
Disposals	0	1,053	0	1,053
As of Dec. 31, 2021	7,755	89,997	7,798	105,550
Residual carrying amounts as of Dec. 31, 2021	**153,637**	**31,632**	**495**	**185,764**
Cost				
As of Jan. 1, 2022	161,392	121,629	8,293	291,314
Additions	0	2,059	1,469	3,528
Disposals	0	186	0	186
Reclassification	0	0	0	0
As of Dec. 31, 2022	161,392	123,502	9,762	294,656
Amortization and impairment				
As of Jan. 1, 2022	7,755	89,997	7,798	105,550
Additions	0	6,795	157	6,952
Disposals	0	160	0	160
As of Dec. 31, 2021	7,755	96,632	7,955	112,342
Residual carrying amounts as of Dec. 31, 2022	**153,637**	**26,870**	**1,807**	**182,314**

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

IN € K	31.12.2022	31.12.2021
EMB Energie Mark Brandenburg	120,180	120,180
SpreeGas	22,554	22,554
GASAG Solution Plus	6,858	4,901
NBB	3,491	3,491
Geo-En Energy	0	1,956
Other	554	555
	153,637	**153,637**

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

Acquired intangible assets mainly include customer bases of € 15,596 thousand (previous year: € 17,431 thousand). Of this amount, € 11,587 thousand (previous year: € 12,950 thousand) is attributable to the customer base of SpreeGas with a remaining amortisation period of 10 years and € 4,009 thousand (previous year: € 4,481 thousand) to the customer base of EMB with a remaining amortisation period of 9.5 years. Another component of this item is the conversion subsidies or subsidy grants granted to the special contract customers in the amount of € 99,000 (previous year: € 126,000) and software with a value of € 10,066,000 (previous year: € 13,410,000).

The additions mainly relate to software as well as to conversion subsidies and subsidies granted. The latter are derecognised after expiry of their term.

By far the largest share of disposals, apart from the conversion subsidies or subsidies, are software systems that are no longer in use and have already been written off.

Software worth € 2,031 thousand (previous year: € 1,926 thousand) is not yet operational.

Restrictions on ownership or disposal in the form of mortgages or assignments as security exist only to a very small 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	Procurement, production and distribution facilities	Land and buildings	Other property, plant and equipment	TOTAL
Costs				
As of Jan. 1, 2021	3,354,039	65,761	25,927	3,445,727
Additions	112,188	5,554	7,230	124,972
Disposals	23,514	1,178	4,717	29,409
Reclassifications	–241	–135	527	151 1)
As of Dec. 31, 2021	3,442,472	70,002	28,967	3,541,441
Depreciation and impairment				
As of Jan. 01, 2021	1,846,016	24,342	17,295	1,887,653
Additions	77,890	2,023	2,469	82,382
Attributions	39	0	0	39
Disposals	22,073	1,031	4,236	27,340
Reclassifications	254	0	35	289 1)
As of Dec. 31,2021	1,902,048	25,334	15,563	1,942,945
Residual carrying amounts as of Dec. 31, 2021	**1,540,424**	**44,668**	**13,404**	**1,598,496**
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
Disposals	181,136	175	736	182,047
Transfers	–460	379	7	–74 2)
As of Dec. 31, 2022	3,360,942	71,556	30,107	3,462,605
Depreciation and impairment				
As of Jan. 1, 2022	1,902,048	25,334	15,563	1,942,945
Additions	77,513	2,299	2,500	82,312
Attributions	0	0	0	0
Disposals	179,984	118	636	180,738
Transfers	0	0	0	0
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**

1) of which reclassification from rights of use IFRS16 in the amount of € 320 thousand (AHK) and € 289 thousand (WB) of which reclassification to current assets in the amount of € –154 thousand (AHK)

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

The **supply, generation and distribution plants** include an intangible component with the easements (including the easements pursuant to § 9 GBBerG), which are allocated to the corresponding distribution plants. The carrying amount of the easements is € 17,336 thousand (previous year: € 16,565 thousand).

By far the largest share of the additions relates to the expansion of the grid distribution facilities, which includes replacement and new investments.

Assets with a book value of € 35,649 thousand (previous year: € 37,389 thousand) are subject to restraints on disposal by 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. Further disposals occurred in connection with pipelines and house connections as well as heat generation plants.

In the previous year, the write-up of € 39 thousand resulted from the recommissioning of an electricity grid distribution system.

In the case of **land and buildings,** € 10,758 thousand (previous year: € 10,642 thousand) is accounted for by land, which is essentially included at its historical balance sheet value.

Other **property, plant and equipment** mainly include office furniture and equipment amounting to € 12,478 thousand (previous year: € 13,142 thousand).

In total, property, plant and equipment includes assets under construction amounting to € 48,255 thousand (previous year: € 38,730 thousand). These mainly include investment measures in the gas grid 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 facilities	Properties	Other	TOTAL
As of Jan. 1, 2021	24,717	47,450	2,909	75,076
Additions	960	34,876	970	36,806
Disposals	0	–249	0	–249
Transfers	0	0	–31	–31 [1)]
Depreciation	–2,042	–7,963	–1,243	–11,248
As of Dec. 31, 2021	**23,635**	**74,114**	**2,605**	**100,354**
As of Jan. 1, 2022	23,635	74,114	2,605	100,354
Additions	2,415	1,335	1,027	4,777
Disposals	0	–1,342	–16	–1,358
Transfers	0	0	0	0
Depreciation	–2,015	–6,864	–1,154	–10,033
As of Dec. 31, 2022	**24,035**	**67,243**	**2,462**	**93,740**

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

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):

ASSOCIATES

IN € K	DEC. 31, 2022	Dec. 31, 2021
Non-current assets	13,342	15,739
Current assets	2,567	3,765
Non-current liabilities	1,223	1,572
Current liabilities	7,593	11,117
Balance sheet total	15,909	19,504
Revenue	5,143	6,573
Profit for the period	483	500

JOINT VENTURES

IN € K	DEC. 31, 2022	Dec. 31, 2021
Non-current assets	2,513	2,562
Current assets	2,420	1,340
Non-current liabilities	275	416
Current liabilities	1,686	1,889
Balance sheet total	4,933	3,902
Revenue	1,249	1,975
Profit for the period	6	213

The equity investments are composed as follows:

IN € K	DEC. 31, 2022	Dec. 31, 2021
Associates	**11,454**	**11,278**
Gas-Versorgung Cottbus GmbH, Cottbus	3,588	3,588
Netzgesellschaft Hohen Neuendorf GmbH & Co. KG, Hohen Neuendorf	2,737	2,658
Berliner Energieagentur GmbH, Berlin	1,984	1,784
WGI GmbH, Dortmund	1,107	1,032
Rathenower Netz GmbH, Rathenow	1,412	1,412
NGK Netzgesellschaft Kyritz mbH, Kyritz	545	545
Gasversorgung Zehdenick GmbH, Zehdenick	81	259
Joint Ventures	**3,071**	**1,670**
ARGE Wärmelieferung, Cottbus	551	551
Netzgesellschaft Hennigsdorf Gas mbH, Hennigsdorf	975	975
G2Plus GmbH, Berlin	26	130
Consus Netz-Werk GmbH, Berlin	6	6
Quartierswerk Gartenfeld GmbH, Berlin	1,513	0
CG Green Tec GmbH, Berlin	0	8
Carrying amounts of shareholdings valued using the equity method	**14,525**	**12,948**

(17) FINANCIAL ASSETS

Non-Current Financial Assets

IN € K	DEC. 31, 2022	Dec. 31, 2021
Other loans	425	1,613
Investments in unquoted equity instruments	15,040	17,967
Receivables from finance leases	5,348	5,053
Derivatives	34,954	50,519
	55,767	**75,152**

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:

31.12.2022 IN € K	Present value of minimum lease payments	Unearned finance income	Gross investment
Due in less than 1 year	929	570	1,499
Due in 1 to 5 years	3,534	1,483	5,017
Due after 5 years	1,814	559	2,373
	6,277	**2,612**	**8,889**

For comparison, the prior-year figures:

31.12.2021 IN € K	Present value of minimum lease payments	Unearned finance income	Gross investment
Due in less than 1 year	614	643	1,257
Due in 1 to 5 years	2,753	1,737	4,490
Due after 5 years	2,300	788	3,088
	5,667	**3,168**	**8,835**

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

Current Financial Assets

IN € K	DEC. 31, 2022	Dec. 31, 2021
Receivables from finance leases	906	591
Derivatives [1]	71,394	236,991
	72,300	**237,582**

1) thereof classified as held for trading	0	22

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 contract assets mainly relate to capitalised contract costs of € 25,280 thousand (previous year: € 35,123 thousand) (of which € 8,101 thousand (previous year: € 11,985 thousand) are current). These are exclusively contract acquisition costs. Expenses invoiced by third parties for the period (e.g. commission payments to sales partners) are capitalised. The resulting asset is consumed on a scheduled straight-line basis over the average customer retention period. The consumption in the financial year amounts to € 12,075 thousand (previous year: € 11,949 thousand).

Furthermore, contractual assets amounting to € 902 thousand (previous year: € 5,392 thousand) (of which € 849 thousand (previous year: € 4,625 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 revenue due to the accrual-based distribution of previously recognised contractual assets amounted to € 4,651 thousand (previous year: € 6,574 thousand) in the past financial year.

(19) DEFERRED TAXES (ASSETS AND LIABILITIES)

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

IN € K		DEC. 31, 2022 DEFERRED TAX ASSETS TAXES	DEC. 31, 2022 DEFERRED TAX LIABILITIES TAXES	Dec. 31, 2021 Deferred tax assets Taxes	Dec. 31, 2021 Deferred tax liabilities Taxes
Intangible assets	(1)	8,709	5,389	9,610	5,547
Property, plant and equipment	(2)	3,293	129,005	3,843	119,703
Rights of use	(3)	0	27,915	0	29,878
Investments in associates		125	0	81	0
Financial assets	(4)	0	74,059	0	112,008
Inventories	(5)	244	4,310	535	249
Trade receivables and other receivables contract assets	(6)	1,320	225	752	381
Assets in connection with customer contracts	(7)	0	7,864	0	12,107
Deferred Income	(8)	37,573	650	36,455	877
Provisions	(9)	10,284	9,355	14,144	9,684
Financial liabilities	(10)	60,219	118	9,872	141
Trade payables and other liabilities	(11)	29,578	53	31,789	68
		151,345	**258,943**	**107,081**	**290,643**
Tax loss carryforwards	(12)	24,933		29,826	
Gross amount		**176,278**	**258,943**	**136,907**	**290,643**
Netting		108,202	108,202	112,762	112,762
Net amount		**68,076**	**150,741**	**24,145**	**177,881**
thereof current		*64,013*	*4,705*	*12,411*	*838*
thereof non-current		*112,265*	*254,238*	*124,496*	*289,805*

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, € 8,930,000 (previous year: € 93,038,000) 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, 2022	Dec. 31, 2021
Corporate income tax (incl. solidarity surcharge)	39,214	49,318
Trade tax	134,508	158,409

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, 2022	Dec. 31, 2021
Raw materials, consumables and supplies	381	286
Merchandise	45,266	8,019
Work in process	2,382	2,368
Prepayments made	620	0
Raw materials, consumables and supplies	42,546	63,728
	91,195	**74,401**

The goods reported under inventories mainly relate to working gas stockpiled in the natural gas storage facilities in the amount of € 45,266 thousand (previous year: € 8,019 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 TAX RECEIVABLES

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

(22) TRADE RECEIVABLES AND OTHER RECEIVABLES

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

IN € K	DEC. 31, 2022	Dec. 31, 2021
Trade receivables:	**180,274**	**233,818**
from gas supplies	106,490	146,757
from grid access charges	18,801	24,525
from heat and electricity supplies	48,263	49,046
from other trade	6,720	13,490
Other receivables	**88,761**	**90,854**
	269,035	**324,672**

In addition to the deliveries and services invoiced to customers, the trade receivables include the unbilled receivables from gas, heat and electricity deliveries as well as grid utilisation fees in the amount of € 833,266 thousand (previous year: € 712,361 thousand), which are offset against the unbilled progress payments in the amount of € 714,546 thousand. (previous year: € 544,049 thousand), as well as funds of the Federal Government according to the Emergency Aid Act (net) in the amount of € 75,261 thousand. (previous year: € 0).

Of the other receivables, € 840 thousand (previous year: € 679 thousand) are accounted for by tax refund claims from turnover tax, € 4,316 thousand (previous year: € 1,308 thousand) by prepaid expenses, € 7,175 thousand (previous year: € 6,131 thousand) by receivables from other taxes. (previous year: € 6,131 thousand), on receivables from the Federal Government under the Emergency Aid Act € 7,282 thousand (previous year: € 0 thousand) and on the initial margin paid within the framework of energy-related exchange transactions € 55,970 thousand (previous year: € 67,029 thousand).

The following table shows the age structure of the carrying amounts of the trade receivables and the related allowances per maturity band:

IN € K	Carrying amount	Not due	Overdue by between 1 and 30 days	Overdue by between 30 and 60 days	Overdue by between 60 and 120 days	Overdue by between 120 and 360 days	Overdue by more than 360 days
Trade receivables before bad debt allowances as of Dec. 31, 2022	187,796	149,120	12,549	6,151	1,208	8,112	10,656
Bad debt allowances	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**
Trade receivables before bad debt allowances as of Dec. 31, 2021	238,976	197,358	20,301	3,919	1,711	6,003	9,684
Bad debt allowances	5,158	1,833	561	109	99	786	1,770
Trade receivables as of Dec. 31, 2021	**233,818**	**195,525**	**19,740**	**3,810**	**1,612**	**5,217**	**7,914**

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	2022	2021
Bad debt allowances		
As of Jan. 1	5,158	4,091
Allocations (expenses for bad debt allowances)	2,876	1,288
Utilization	173	6
Reversala	339	215
As of Dec. 31	**7,522**	**5,158**

The total amount of additions of € 2,876 thousand (previous year: € 1,288 thousand) consists of additions due to specific valuation allowances of € 2,023 thousand (previous year: € 267 thousand) and lump-sum specific valuation allowances of € 853 thousand (previous year: € 1,021 thousand). Reversals of specific valuation allowances amounting to € 38,000 (previous year: € 41,000) and reversals of general valuation allowances amounting to € 301,000 (previous year: € 174,000) were taken into account in the reversals.

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	2022	2021
Expenses for the complete derecognition of receivables	4,066	3,950
Income from the receipt of payments on receivables derecognized in prior years	700	1,402

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 2022 financial year, interest income of € 238 thousand (previous year: € 239 thousand) was received on derecognised or impaired receivables.

(23) CASH AND CASH EQUIVALENTS

IN € K	DEC. 31, 2022	Dec. 31, 2021
Cash on hand/checks	45	48
Bank balances	15,910	6,016
Short-term deposits	185,000	0
	200,955	**6,064**

(24) EQUITY

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

Subscribed Capital

The subscribed capital is divided into 8,100,000 no-par 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	2022	Thereof IAS 39 / IFRS 9	Thereof IAS 19	2021	Thereof IAS 39 / IFRS 9	Thereof IAS 19
As of Jan. 1	220,368	235,032	–14,664	–19,747	–585	–19,162
Changes in other comprehensive income	–199,286	–207,881	8,595	240,115	235,617	4,498
As of Dec. 31	**21,082**	**27,151**	**–6,069**	**220,368**	**235,032**	**–14,664**

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)	
	2022	2021	2022	2021
Non-controlling interests in %	25.1	25.1	25.1	25.1
IN € K				
Attributable to non-controlling interests:				
Share in equity	4,010	3,459	1,291	1,334
Share in profit for the period	601	243	178	281
Key financial items of the subsidiaries:				
Dividend paid in the fiscal year	–768	0	–235	494
Assets	40,797	40,062	19,280	18,103
Liabilities	24,820	26,280	14,135	12,787
Revenue	31,157	34,750	9,833	10,188
Profit fort the period	2,395	968	711	1,118
Total comprehensive income	**2,395**	**968**	**711**	**1,118**

(25) DEFERRED INCOME

Deferred income developed as follows in fiscal years 2021 and 2022:

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

IN € K	01.01.2022	Allocations	Reversals	Repay-ments	DEC. 31, 2022
Government grants	**1,751**	**0**	**105**	**0**	**1,646**
Investment grants	1,751	0	105	0	1,646
thereof short-term (< 1 year)					*105*
Grants from third parties	**265,068**	**11,992**	**11,630**	**2**	**265,428**
Building cost contributions/investment subsidies (pursuant to NDAV and concession agreements)	251,025	10,357	10,027	2	251,353
thereof short-term (< 1 year)					*9,977*
Other investment subsidies	14,043	1,635	1,603	0	14,075
thereof short-term (< 1 year)					*1.414*
Total	**266,819**	**11,992**	**11,735**	**2**	**267,074**
thereof short-term (< 1 year)					*11,496*
thereof long-term (> 1 year)					*255,578*

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, 2022	Dec. 31, 2021
Non-current provisions		
Provisions for defined benefit plans	26,368	41,002
Other provisions	21,495	45,425
	47,863	**86,427**
Current provisions		
Provisions for defined benefit plans	2,333	2,372
Other provisions	59,556	48,181
	61,889	**50,553**
	109,752	**136,980**

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 € 12,855 thousand (previous year: € 12,456 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 %	2022	2021
Interest rate	3.76	1.03
Average future salary increase	2.50	2.00
Average future pension increase	1.50	1.00

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

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

IN € K	DEC. 31, 2022	Dec. 31, 2021
Defined benefit plans without plan assets	45,862	60,292
Defined benefit plans with plan assets	17,161	16,918
Total defined benefit plans (netted)	28,701	43,374

The plan assets are the insurance policies used to reinsure the pension benefits. The actual result from the plan assets amounts to € 377 thousand in 2022 (previous year: € 394 thousand). The plan assets (exclusively German endowment insurance policies) consist of 61 % (previous year: 60 %) cash assets from non-Group benevolent funds and 39 % from reinsurance policies (previous year: 40 %). In 2023, approx. € 235 thousand (previous year: € 255 thousand) are 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 are no reimbursements for matters for which provisions have been made.

IN T €	Present value of the defined benefit obligation	Fair value of plan assets	Defined benefit liability
Jan. 1, 2021	69,187	16,781	52,406
Pension costs recognized in profit or loss			
Current service cost	167	0	167
Interest expense / income	257	63	194
Subtotal recognized in profit or loss for the period	**424**	**63**	**361**
Benefits paid	–3,092	–537	–2,555
Subtotal recognized in other comprehensive income			
Actuarial gains and losses due to changes in demographic assumptions	0	0	0
Actuarial gains and losses due to changes in financial assumptions	–6,227	0	–6,227
Other changes in value	0	331	–331
Subtotal recognized in other comprehensive income	**–6,227**	**331**	**–6,558**
Employer‚s contributions	0	280	–280
Dec. 31, 2021	**60,292**	**16,918**	**43,374**

IN € K	PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	DEFINED BENEFIT LIABILITY
Jan. 1, 2022	60,292	16,918	43,374
Pension costs recognized in profit or loss			
Current service cost	125	0	125
Interest expense / income	604	173	431
Subtotal recognized in profit or loss for the period	**729**	**173**	**556**
Benefits paid	–3,113	–608	–2,505
Subtotal recognized in other comprehensive income			
Actuarial gains and losses due to changes in demographic assumptions	0	0	0
Actuarial gains and losses due to changes in financial assumptions	–12,046	0	–12,046
Other changes in value	0	203	–203
Subtotal recognized in other comprehensive income	**–12,046**	**203**	**–12,249**
Employer’s contributions	0	475	–475
Dec. 31, 2022	**45,862**	**17,161**	**28,701**

The following table shows a quantitative sensitivity analysis of the key assumptions as of December 31, 2022:

		Changes in defined benefit obligations			
ASSUMPTIONS	Change %	DEC. 31, 2022 IF THE ASSUMPTIONS INCREASE	DEC. 31, 2022 IF THE ASSUMPTIONS DECREASE	Dec. 31, 2021 if the assumptions increase	Dec. 31, 2021 if the assumptions decrease
Interest rate	1.0	–4,584	5,623	–7,700	9,897
Future salary increases	1.0	86	–82	171	–163
Future pension increases	1.0	4,648	–3,977	5,150	–4,368

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 12 years (previous year: 15 years).

Within the next 12 months, payments under the defined benefit obligation are expected to amount to € 3,070 thousand (previous year: €3,016 thousand).

Other Provisions

Provisions – Terms

IN € K	DEC. 31, 2022 TOTAL	Thereof residual term of < 1 YEAR	Thereof residual term of > 1 YEAR	Dec. 31, 2021 Total	Thereof residual term of < 1 year	Thereof residual term of > 1 year
Other personnel provisions	4,319	2,343	1,976	8,639	3,159	5,480
Provisions for soil cleaning	195	195	0	191	191	0
Provision for restoration and follow-up maintenance	42,561	24,788	17,773	53,891	16,088	37,803
Provisions for litigation	7,929	7,929	0	210	210	0
Miscellaneous provisions	26,047	24,301	1,746	30,675	28,533	2,142
	81,051	**59,556**	**21,495**	**93,606**	**48,181**	**45,425**

Statement of Provisions

IN € K	Jan. 1, 2022	With-drawal	Reversal	Allocation	Com-pounding Interest-rate 1)	Changes in the scope of consoli-dation	DEC. 31, 2022
Other personnel provisions	8,639	–4,649	–1,897	2,423	–197	0	4,319
Provisions for soil cleaning	191	0	0	4	0	0	195
Provision for restoration and follow-up maintenance	53,891	–8,330	–7	14	–3,007	0	42,561
Provisions for litigations	210	–145	–45	7,909	0	0	7.929
Miscellaneous provisions	30,675	–13,515	–1,937	10,952	–128	0	26,047
	93,606	**–26,639**	**–3,886**	**21,302**	**–3,332**	**0**	**81,051**

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

Other Personnel Provisions

Provisions for personnel amounting to € 4,319 thousand (previous year: € 8,639 thousand) mainly relate to restructuring expenses as part of the transformation programme "GASAG 2025".

Furthermore, obligations to the VBL for the payment of a restructuring allowance are reported. This serves to cover an additional funding requirement that exceeds the income from the general levy rate and serves to finance the claims to additional old-age and survivors' pensions established before 1 January 2002. In determining the reorganisation allowance, the ratio of a participant's expenses for the supplementary pension to the pension burdens attributable to him is of decisive importance. In the valuation of the provision, recognition as a case of hardship was assumed in accordance with the implementing provisions to § 65 para. 5a VBL Statutes. The VBL has agreed to a hardship provision for previous years.

The obligation to pay the VBL rehabilitation allowance is recognised at its present value. The valuation of the provision was based on an interest rate of 3.64 % (previous year 0.95 %) and a term of 10 years (previous year 10 years).

In accordance with the 31st amendment to the VBL statutes of 25 May 2022, no more reorganisation payments will be levied from 2023. For this reason, it was decided to dissolve the previously formed provision with the exception of a residual amount for possible payments in 2023 resulting from the settlement for 2022. The reversal at GASAG recognised in profit or loss amounts to € 1,695 thousand (including a share of € 540 thousand for BES).

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

IN %	2022	2021
Interest rate	3.34	1.03
Average future salary increase	2.50	2.00
Average future pension increase	1.50	1.00

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 € 10,479 thousand (previous year: € 11,486 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 € 10,570 thousand (previous year: € 11,577 thousand) is shown netted against the obligations.

Provisions for Soil Cleaning

The provisions for the remediation of contaminated land in the amount of € 195 thousand (previous year € 191 thousand) are based on obligations under environmental protection law. Due to the low probability of the risk of utilisation and the outflow of funds, the provision was already largely released in the previous year.

Provision for Restoration and Follow-Up Maintenance

The provision for the dismantling and aftercare of facilities (storage facilities) in the amount of € 42,561 thousand (previous year: € 53,891 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 € 3 thousand (previous year: € -1 thousand).

Provision for litigations

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

Other Provisions

The other provisions take into account other legal or 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 amounting to €10,077 thousand (previous year: €11,063 thousand), bonuses and other discounts € 3,560 thousand (previous year € 7,057 thousand), other tax provisions € 6,875 thousand (previous year € 6,440 thousand) and provisions for real property rights € 2,069 thousand (previous year € 2,196 thousand).

(27) FINANCIAL LIABILITIES

IN € K	DEC. 31, 2022	Dec. 31, 2021
Liabilities to banks and borrower's note loans	**598,476**	**568,376**
thereof due within 1 year	*87,488*	*213,607*
thereof due after 1 year	*510,988*	*354,769*
Other financial liabilities	**93,439**	**92,346**
thereof due within 1 year	*10,543*	*405*
thereof due after 1 year	*82,896*	*91,941*
Derivatives	**140,983**	**15,852**
thereof due within 1 year	*131,231*	*10,798*
thereof due after 1 year	*9,752*	*5,054*
	832,898	**676,574**

The financial liabilities mainly comprise liabilities to banks and promissory note loans.

1.35 % (previous year: 24.0 %) of the debts to banks are subject to variable interest rates.

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 primary financial liabilities and derivative financial instruments. All instruments held as at 31 December 2022 and whose payments were contractually agreed were taken into account. The variable interest payments from financial instruments were determined on the basis of the last interest rates fixed before 31 December 2022.

			Thereof in the periods		
IN € K	CARRYING AMOUNT DEC. 31, 2022	Cash flows Total	2023	2024–2027	2028 ff.
Financial liabilities to banks and borrower's note loans	–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

For comparison, the prior year figures:

			Thereof in the periods		
IN € K	Carrying amount Dec. 31, 2021	Cash flows Total	2022	2023–2026	2027 ff.
Financial liabilities to banks and borrower's note loans	–568,376	–593,800	–204,600	–155,265	–233,935
Other financial liabilities	–92,346	–102,059	–2,046	–25,144	–74,869
Derivative financial liabilities	–15,852	–21,346	–16,934	–4,412	0
Derivative financial assets	287,510	–233,279	–155,344	–77,935	0

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

(28) TRADE PAYABLES AND OTHER LIABILITIES

		Thereof due in			Thereof due in	
IN € K	DEC. 31, 2022	≤ 1 YEAR	> 1 YEAR	Dec. 31, 2021	≤ 1 year	> 1 year
Trade payables	277,219	277,219	0	216,639	216,639	0
Liabilities arising from the procurement of natural gas	191,709	191,709	0	136,853	136,853	0
Miscellaneous liabilities	85,510	85,510	0	79,786	79,786	0
Other liabilities	249,255	153,373	95,882	232,909	128,254	104,655
thereof lease liabilities	*97,531*	*9,514*	*88,017*	*102,742*	*9,874*	*92,868*
	526,474	**430,592**	**95,882**	**449,548**	**344,893**	**104,655**

Other liabilities mainly include leasing liabilities in the amount of € 97,531 thousand (previous year: € 102,742 thousand), obligations from staff benefits due in 2022 in the amount of € 15,237 thousand (previous year: € 14,907 thousand), tax liabilities in the amount of € 13,001 thousand. (previous year € 29,069 thousand), accounts receivable in the amount of € 84,754 thousand (previous year € 14,718 thousand).

BACK TO CONTENT

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

IN € K	MINIMUM LEASE PAYMENT 2022	Minimum lease payment 2021	PRESENT VALUES AS OF DEC. 31, 2022	Present values as of Dec. 31, 2021
Due in less than 1 year	11,901	12,142	9,601	9,772
Due in 1 to 5 years	41,156	40,977	34,090	33,498
Due after 5 years	59,951	66,426	54,140	59,499
	113,008	**119,545**	**97,831**	**102,769**

The total cash outflow in the financial year for leasing amounts to € 15,616 thousand (previous year: € 16,116 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 IFRS 9	CARRYING AMOUNT DEC. 31, 2022	FAIR VALUE DEC. 31, 2022	Carrying Amount Dec. 31, 2021	Fair Value Dec. 31, 2021
Assets						
Investments						
Investments in unquoted equity instruments	3	FVOCI	627	627	627	627
Other investments	3	FVPL	14,413	14,413	17,340	17,340
Financial receivables and other financial assets						
Other loans	–	AmC	425	425	1,613	1,613
Receivables from finance leases	2	–	6,254	7,533	5,644	8,804
Other financial assets	–	AmC	67,509	67,509	72,978	72,978
Derivatives						
Derivatives not designated as hedging instruments	2	FVPL	0	0	22	22
Derivatives designated as hedging instruments	2	–	106,348	106,348	287,488	287,488
Trade receivables and other receivables	–	AmC	180,274	180,274	233,818	233,818
Cash and cash equivalents	–	AmC	200,955	200,955	6,064	6,064
Equity and Liabilities						
Financial liabilities						
Financial liabilities to banks and borrower's note loans	3	AmC	598,476	513,202	568,376	565,258
Other financial liabilities [1]	3	AmC	91,435	74,143	91,448	92,770
Minority interests partnerships	3	FVPL	2,005	2,005	899	899
Derivatives						
Derivatives designated as hedging instruments	2	–	140,983	140,983	15,852	15,852
Trade Payables	–	AmC	277,219	277,219	216,639	216,639
Other liabilities	–	AmC	134,954	134,954	97,511	97,511

[1] without Minority interest partnerships

Measurement categories according to IFRS 9:
- AmC – amortised cost
- FVOCI – fair value through OCI
- FVPL – 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 2022, there were no reclassifications between fair value measurement at Level 1 and Level 2 and no reclassifications into or out of Level 3.

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

SIGNIFICANT NOT OBSERVABLE INPUTS	Range	Effect of changes in the inputs on fair value (sensitivity analysis)
Terminal growth rate	0.5 %	A decrease in the growth rate by 0.5 percentage points would lead to a decrease of around € 0.8 million in the fair value. An increase in the growth factor is unrealistic.
Return on sales (in relation to profit for the period)	10.0 %	An increase (decrease) in net income by 10 percentage points would lead to an increase of approximately € 2.8 million (a decrease of approximately € 2.8 million) in the fair value.
Capitalization rate	7.29 %	An increase (decrease) in the capitalisation rate by 0.1 percentage point would lead to a decrease of approximately € 2 million (an increase of approximately € 2 million) in the fair value.

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

IN T €	2022	2021
01.01.	17,967	14,712
Veränderung des beizulegenden Zeitwertes	–2,926	3,255
31.12.	**15,041**	**17,967**

Net Result by easurement Categories

	AmC		FVPL		FVOCI	
IN € K	2022	2021	2022	2021	2022	2021
Financial costs	–12,633	–10,298	–2,926	0	0	0
Financial income	1,189	394	0	3,255	0	0
Cost of materials	0	0	–1,071	0	0	0
Revenues	**0**	**0**	**0**	**0**	**0**	**0**

Derivative 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 5 YEARS
Interest rate swaps in hedging relationships	0	–8	4,750	3,250	1,500
Commodity derivatives in hedging relationships	241,115	–202,461	737,656	635,323	102,333
	241,115	**–202,469**	**742,406**	**638,573**	**103,833**

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	–4,033	136,195	131,445	4,750
Commodity derivatives in hedging relationships	368,271	–29,192	288,089	197,801	90,288
	368,271	**–33,225**	**424,284**	**329,246**	**95,038**

The interest rate swaps in hedging relationships presented in the previous year essentially expired as scheduled in the 2022 financial year. Interest rate swaps are used to hedge cash flows from existing variable-rate underlying transactions. The transactions existing beyond the balance sheet date are effective cash flow hedges with the hedged interest rate level between 1.47 % and 3.18 %. They are measured at fair value, which is determined by discounting future cash flows. The discounting is based on market interest rates over the remaining term of the instruments.

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

The development of the reserve for cash flow hedges as well as the ineffectiveness is shown below:

DEC. 31, 2022 IN € K	As of Jan. 1, 2022	Gains or losses recognized in equity from CFH	Due to the profit and loss effective realization of the underlying transaction	AS OF DEC. 31, 2022	Ineffectiveness recognized in profit or loss 2022
Hedging of interest rate risks	3.719	3.486	–7.197	8	483
Hedging of commodity risks	–338.004	34.080	265.272	–38.652	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 €13 to 224/MWh for gas and from €43 to 720/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, 2022 IN € K	GROSS AMOUNT	OFFSETTING	COLLATERAL	CARRYING AMOUNT	AMOUNT NOT OFFSET	NET AMOUNT
Derivatives (assets)	241,115	–49,191	–85,576	106,348	105,822	526
Derivatives (liabilities)	–202,470	49,191	12,297	–140,982	–140,982	0

For comparison, the prior-year figures:

DEC. 31, 2021 IN € K	Gross amount	Offsetting	Collateral	Carrying amount	Amount Not offset	Net amount
Derivate (aktiv)	368.270	–11,761	–68,998	287,511	277,787	9,724
Derivate (passiv)	–33,225	11,761	5,612	–15,852	–15,852	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 price change risks 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 unsecured position gas amounts to € 149.9 thousand (previous year: € 117 thousand) as of the reporting date. 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 of the reporting date amounts to € 162 thousand (previous year: € 39 thousand) for positions in the electricity business.

Market price change risks in relation to physical commodity derivatives in hedging relationships arise insofar as the changes in the valuation of the derivatives recognised directly in equity vary due to market price fluctuations. On the basis of historical market price fluctuations of the reference market prices, a revaluation of the commodity derivatives is carried out with changed market prices. The market prices used are changed by parallel shifts of between 21% and 50% for natural gas and electricity respectively. The risk potential of a reduction in equity determined in this way amounts to € 186,378 thousand (previous year: € 199,327 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 2022, 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 € 4,139 thousand).

Currency 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 10 banks, some of which have no fixed maturity. As of the balance sheet date, credit and guarantee lines of € 309.2 million were available as written commitments. Utilisation as of the balance sheet date was mainly through guarantees and amounted to € 58.5 million. In addition, there are further verbally committed, unused credit lines available.

Counterparty Credit Risk

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 € 90 million (previous year: € 200 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 2022, 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	2022	2021
Cash and cash equivalents	200,955	6,064
Liabilities to banks	–598,476	–568,376
Other financial liabilities	–93,439	–92,346
Leasing liabilities	–97,531	–102,742
Derivatives	–34,635	271,659
Net financial position	**–623,126**	**–485,741**

(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, 2022	Dec. 31, 2021
Litigation and other risks	12,773	12,056
Issue from guarantees	574	574
Contingent liabilities	**13,347**	**12,630**
Biomethane or natural gas purchase commitments	916,065	482,818
Upstream grid costs	116,570	75,446
Purchase commitments	54,154	62,583
Electricity purchase commitments	152,873	75,679
Other	56,227	71,685
Other financial obligations	**1,295,889**	**768,211**

There are mainly purchase obligations from natural gas, electricity and bio natural gas supply contracts from standard trading transactions. Taking into account the individual terms, this results in financial obligations of nominally € 1,048 million until 2032. The figure for the purchase obligations as at 31 December 2022 in the table above is the discounted amount.

The amount of € 116,570 thousand (previous year: € 75,446 thousand) for upstream network costs results from the short-term contracts in connection with the ordering of network capacities in upstream networks.

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

SHARE IN %	DEC. 31, 2022	Dec. 31, 2021
Purchase commitments for property, plant and equipment	58.0	54.8
Purchase commitments for operational expenditure	40.2	42.8
Purchase commitments for long-term service agreements	0.0	0.8
Renewable resources	1.8	1.5
	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.

There are potential future cash outflows of € 21,840 thousand (previous year: € 30,417 thousand) due to existing extension options in rental agreements. 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 companies of the GASAG Group and not by the lessor. The renewal options were not taken into account in the measurement of the lease liabilities because exercise is currently not sufficiently certain. If a significant event or change in circumstances occurs, a reassessment will be made as to whether the exercise of renewal options is sufficiently certain. Future rental and lease obligations include obligations from short-term leases of € 162 thousand (previous year: € 176 thousand) and leases for low-value assets of € 1,086 thousand (previous year: € 1,396 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 THE STATEMENT OF CASH FLOWS

Intangible Assets

The GASAG Group recorded additions to intangible assets of € 3,528 thousand (previous year: € 4,762 thousand). Payments for intangible assets amounted to € -3,528 thousand (previous year: € –4,762 thousand).

Property, Plant and Equipment

The GASAG Group acquired property, plant and equipment for € 110,655 thousand (previous year: € 131,368 thousand). Payments for the purchase of property, plant and equipment amounted to € –109,692 thousand (previous year: € –129,881 thousand).

Financial Assets

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

Cash and Cahs Equialents

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

IN € K	DEC. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	200,955	6,064
Cash and cash equivalents at the end of the period	**200,955**	**6,064**

Interest and Dividends Paid and Received

Cash flow from operating activities includes interest received amounting to € 2,653 thousand (previous year: € 2,462 thousand), interest paid amounting to € 17,075 thousand (previous year: € 15,947 thousand) and dividends received amounting to € 475 thousand (previous year: € 616 thousand).

The cash flow from financing activities includes dividends paid amounting to € 53,285 thousand (previous year: € 35,014 thousand).

Financing Activities

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

IN € K	2021	With an effect on cash	With no effect on cash Change in fair value	2022
Liabilities to banks	568,376	30,100	0	598,476
Other financial liabilities	92,346	1,093	0	93,439
Derivatives	15,852	0	125,131	140,983
Total financial liabilities	**676,574**	**31,193**	**125,131**	**832,898**

(34) RELATED PARTIES

As of 31 December 2022, Vattenfall GmbH, Berlin, (hereinafter Vattenfall) and ENGIE Beteiligungs GmbH, Berlin, (hereinafter ENGIE) each held a share of 31.575% of GASAG's share capital. Furthermore, E.ON Beteiligungen GmbH, Essen, held a 36.85% share 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 2022 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:

IN € K	Revenue 2022	Revenue 2021	Expenses 2022	Expenses 2021	Assets 31.12.2022	Assets 31.12.2021	Liabilities 31.12.2022	Liabilities 31.12.2021
Entities with significant influence	**84,201**	**86,181**	**176,905**	**86,939**	**89,481**	**18,827**	**68,195**	**25,852**
E.ON-Group	14,224	14,079	33,322	28,386	36,952	4,305	7,744	6,615
Vattenfall-Group	68,210	70,860	123,465	31,428	50,112	14,363	52,509	12,761
ENGIE-Group	1,767	1,242	20,118	27,125	2,417	159	7,942	6,476
Investments accounted for using the equity method	**11,948**	**6,964**	**12,148**	**4,515**	**572**	**2,506**	**2,341**	**2,960**
Associates	10,277	5,906	11,427	3,731	238	2,075	1,784	2,611
Joint ventures	1,671	1,058	721	784	334	431	557	349

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

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

Assets and liabilities represent the open balances relating to the mentioned business relationships between the GASAG Group and related parties. Of the assets, € 89,481 thousand (previous year: € 18,827 thousand) are trade receivables from companies with a significant influence and € 572 thousand (previous year: € 2,506 thousand) from companies accounted for using the equity method. Of the liabilities, € 68,195 thousand (previous year: € 25,852 thousand) are trade accounts payable to companies with a significant influence and € 2,341 thousand (previous year: € 2,960 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 2022 were:

Manfred Schmitz	(Chairman of the supervisory board) Chairman of the board of ENGIE Deutschland AG, Cologne
Thorsten Neumann	(First deputy chairman of the supervisory board) Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co.KG, Berlin
Marten Bunnemann	(Second deputy chairman of the supervisory board) Chairman of the board of Avacon AG, Helmstedt
Axel Pinkert	(Third 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
Katharina Luise Eickelberg (until June 24, 2022)	Director Business Communication of Vattenfall GmbH, Berlin
Dirk Hahn	Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co.KG, Berlin
Thomas Henn	Commercial manager of the energy division of ENGIE Deutschland GmbH, Berlin
Ulrika Jardfelt (until June 24, 2022)	Senior Vice President of Vattenfall AB, Stockholm, Schweden
Annette Kofler	Chief Legal Officer of ENGIE Deutschland AG, Berlin
Annette Krafscheck	Employee of GASAG AG, Berlin
Tanja Kunert	Employee at NBB Netzgesellschaft Berlin Brandenburg mbh & Co. KG, Berlin
Stephan Lachmann	Employee at NBB Netzgesellschaft Berlin Brandenburg mbh & Co. KG, Berlin
Ursula Luchner	Employee of GASAG AG, Berlin
Stefan Müller (since June 24, 2022)	Director Media Relations & Editorial Vattenfall GmbH, Berlin

Andreas Otte	Employee of GASAG AG, Berlin
Jürgen Schütt	Member of the Board of Management E.DIS AG, Fürstenwalde
Laura Schütte (since June 24, 2022)	Head of Compensation & Benefits Germany Vattenfall GmbH, Berlin
Marcus Sohns	Head of Strategic Cooperations at ENGIE Deutschland AG, Berlin
Norbert Speckmann	Business Unit Manager Energy & Facility Solutions Member of the Management Board of ENGIE Deutschland GmbH, Essen
Eric Stab	Merchant, Managing Director Europe, Asia, Middle East & Africa, Global Networks of ENGIE S.A, Bukarest, Romania
Lutz Wegner	Head of Legal Distribution, Sales & Heat Germany of Vattenfall GmbH, Berlin
Ewald Woste	Business consultant Gmund am Tegernsee

Management Board

The members of the management board in fiscal year 2022 were:

Division I (Corporate):

Georg Friedrichs (Chairman)	Network; Communication; Personnel; legal affairs; Corporate Development; Board Staff; Compliance; equal treatment; internal audit; Data protection; occupational safety.

Division II (Operations):

Matthias Trunk	Sales private and commercial customers, sales key accounts/ energy-related services, renewable energies, energy procurement, information technology, marketing.

Division III (Finance):

Michael Kamsteeg (until February 24, 2022)	risk management & controlling, ISMS, purchasing, real estate management, performance management & reporting, taxes, transactional services, treasury, storage.
Stefan Hadré (since August 1st. 2022)	risk management & controlling, ISMS, purchasing, real estate management, performance management & reporting, taxes, transactional services, treasury, storage.

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

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

IN € K	2022	2021
Fixed remuneration	752	904
Variable remuneration	376	417
	1,128	**1,321**

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

In fiscal year 2022, no loans or advances were granted to members of the management board or supervisory board, nor were any such repaid. There are no contingent liabilities vis-à-vis members of the management board or the supervisory board.

Former members of the Executive Board and their surviving dependents received benefits in the amount of € 1,941 thousand (previous year: € 2,320 thousand) in the reporting period 2022. For obligations to former members of the Executive Board and their surviving dependents, provisions of €13,924 thousand (previous year: €15,597 thousand) were recognised as at the balance sheet date. (previous year € 15,597 thousand) were recognised. The reinsurance policies amounting to € 6,713 thousand (previous year: € 6,713 thousand) were netted with the obligations to the current and former members of the Executive Board and their surviving dependents.

The expense allowance for the Supervisory Board amounted to €176 thousand (previous year: €201 thousand). The salaried employee representatives on the Supervisory Board continue to be 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 an appropriate remuneration for the corresponding function or activity in the company. This applies accordingly to the representative of the executive employees on the Supervisory Board.

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

(35) DISCLOSURE OF CONCESSIONS

A gas concession agreement has been in place between the State of Berlin and NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin, have had a gas concession agreement for the territory of the State of Berlin since the ruling of the Federal Court of Justice of 9 March 2021. With the supplementary agreement of 1/3 November 2022, the State of Berlin and NBB agreed to adjust the term provision of the gas concession contract. In the supplementary agreement, the State of Berlin waives its right to object to an extension, which, if exercised by 30 November 2022, would have terminated the gas concession agreement on 31 December 2024.

(36) OTHER DISCLOSURES

Auditor's Fees

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

IN € K	2022	2021
Audit	536	530
Other audit-related services	192	133
Other Services	348	227
Total	**1.076**	**890**

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, February 28, 2023

GASAG AG
The management board

Georg Friedrichs | Stefan Hadré | Matthias Trunk

INDEPENDENT AUDITOR'S REPORT

AUDIT OPINIONS

To GASAG AG, Berlin

We have audited the consolidated financial statements of GASAG AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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 2022. 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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 1st 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

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