

Financial statements
of **50Hertz** Transmission GmbH, Berlin

Translation from the German language

as of December 31, 2023



Table of contents

	Page
1. Statement of financial position	3
2. Income Statement	4
3. Statement of cash flows	5
4. Notes to the financial statements	6
4.1. General	6
4.2. Accounting policies	7
4.3. Notes to the statement of financial position	12
4.4. Notes to the income statement.....	18
4.5. Other notes	23
5. Company boards.....	29
5.1. Members of the Supervisory Board	29
5.2. Members of management	30
6. Development of fixed assets (Appendix to the Notes)	31

1. Statement of financial position

ASSETS			
EUR m	Note	31 Dec 2023	31 Dec 2022
Fixed assets	(1)		
Intangible assets		174.9	121.7
Property, plant and equipment		5,078.6	4,080.2
Financial assets		2,876.6	2,696.5
		8,130.1	6,898.4
Current assets			
Inventories	(2)	7.2	4.7
Receivables and other assets	(3)		
Trade receivables		1,175.4	692.9
Receivables from affiliates		289.0	7.4
Other assets		660.0	589.9
		2,124.4	1,290.2
Cash and cash equivalents	(4)	353.0	2,936.6
		2,484.6	4,231.5
Prepaid expenses		6.9	12.1
Special loss account from the recognition of provisions	(5)	1.8	2.0
		10,623.4	11,144.0
EQUITY AND LIABILITIES			
EUR m	Note	31 Dec 2023	31 Dec 2022
Equity	(6)		
Issued capital		200.0	200.0
Capital reserves		3,110.8	3,110.8
		3,310.8	3,310.8
Special item	(7)	133.6	137.8
Provisions	(8)		
Pensions and similar obligations		36.3	32.6
Other provisions		1,802.4	3,370.1
		1,838.7	3,402.7
Liabilities	(9)		
Prepayments received on account of orders		2.1	14.5
Trade payables		937.3	927.6
Liabilities to affiliates		3,899.5	2,769.0
Liabilities to other investees and investors		1.0	0.2
Other liabilities		93.0	222.4
		4,932.9	3,933.7
Deferred income	(10)	407.4	359.0
		10,623.4	11,144.0

2. Income Statement

EUR m	Note	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Revenue	(11)	10,074.4	6,992.9
Decrease in work in process		-0.1	-0.4
Other own work capitalised	(12)	96.2	58.7
Other operating income	(13)	19.1	17.2
Cost of materials	(14)	-9,443.2	-6,487.0
Personnel expenses	(15)	-205.8	-181.4
Amortisation, depreciation and impairment	(16)	-175.9	-158.9
Other operating expenses	(17)	-101.9	-73.8
Result from profit and loss transfer agreements	(18)	76.7	126.8
Investment result	(19)	1.2	1.2
Financial result	(20)	-42.2	-21.0
Income taxes	(21)	0.2	-0.2
Profit after taxes		298.7	274.1
Other taxes	(22)	-1.9	-1.5
Profit transfer	(23)	-296.8	-272.6
Net income of the year		0.0	0.0

3. Statement of cash flows

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Net income for the year before profit transfer	296.8	272.6
Depreciation of fixed assets	175.7	158.9
Decrease (previous year: increase) in provisions	-1,524.5	478.0
Other non-cash income	-4.1	-6.1
Loss from the disposals of fixed assets	6.0	3.0
Increase in inventories	-2.5	-0.5
Increase in receivables and other assets	-559.1	-372.6
Decrease (previous year: increase) in liabilities and other equity and liabilities	-224.1	159.4
Interest expenses/income	41.0	19.8
Income tax income (previous year: expenses)	-0.2	0.2
Income tax payments	0.3	0.3
Cashflow aus der laufenden Geschäftstätigkeit	-1,794.7	713.0
Cash received from disposals of property, plant and equipment	0.6	3.3
Cash paid for investments in property, plant and equipment	-1,075.0	-757.6
Cash paid for investments in intangibles assets	-69.7	-53.4
Cash received from disposals of investment in financial assets	240.5	-
Cash paid for investments in financial assets	-420.5	-250.0
Interest received	38.6	17.0
Dividends received	1.2	1.2
Cash flow from investing activities	-1,284.3	-1,039.5
Cash received from shareholder loans	1,490.0	750.0
Cash repayment of shareholder loans	-240.0	-
Cash paid for profit transfer	-296.8	-272.6
Interest paid	-79.4	-37.2
Cash flow from financing activities	873.8	440.2
Changes in cash and cash equivalents with an effect on payments	-2,205.2	113.7
Cash and cash equivalents at the beginning of the period	2,826.6	2,712.9
Cash and cash equivalents at the end of the period	621.4	2,826.6

4. Notes to the financial statements

4.1. General

50Hertz Transmission GmbH (50Hertz Transmission), with its headquarter in Berlin, is registered in the Commercial Register at Berlin-Charlottenburg Local Court under the registration number HRB 84446.

The operations of 50Hertz Transmission include the construction, acquisition, operation, commercial use and provision of energy supply and telecommunications facilities, namely a transmission system for electric power with lines, switching and transformer stations together with other accessories and the provision of all related services.

The annual financial statements of 50Hertz Transmission were prepared in accordance with the provisions of the German commercial code ("Handelsgesetzbuch" or "HGB"), the supplementary provisions of the German Limited Liability Companies Act ("GmbHG") and in compliance with the Energy Industry Act (EnWG) and extended by a cash flow statement.

The financial year corresponds to the calendar year. All figures are presented in million euro. To provide a clear presentation, certain items have been combined on the balance sheet and income statement and disclosed and explained separately in the notes. For the same reason, the disclosures relating to other items and notes thereon have also been made in the notes. The income statement has been prepared using the nature of expense method.

50Hertz Transmission qualifies as a large corporation according to the size criteria of Sec. 267 (3) of the HGB and has prepared the annual financial statements in accordance with the requirements for this category.

50Hertz Transmission is included in the consolidated financial statements of Eurogrid GmbH (Eurogrid) with its registered office in Berlin and in the consolidated financial statements of Elia Group NV/SA (Elia Group) based in Brussels/Belgium. The consolidated financial statements of the Elia Group with the largest group of companies are available on the Elia Group website at www.elia-group.eu. The consolidated financial statements prepared by Eurogrid include the smallest group of companies and are published in the German Federal Gazette (www.unternehmensregister.de).

Eurogrid is entered in the commercial register at the Berlin-Charlottenburg district court under the number HRB 130427 B. Due to the inclusion in the consolidated financial statements of Eurogrid, there is no separate obligation to prepare subgroup financial statements comprising 50Hertz Transmission, 50Hertz Offshore GmbH ("50Hertz Offshore") and 50Hertz Connectors GmbH ("50Hertz Connectors").

A profit and loss transfer agreement was concluded between Eurogrid and 50Hertz Transmission on May 19, 2010 (amended on November 30, 2021). Upon entry in the commercial register on June 1, 2010, a tax group relationship for income tax purposes was established with Eurogrid as the parent company.

Based on the control and profit and loss transfer agreement between 50Hertz Transmission and 50Hertz Offshore dated September 9, 2008 (amended on November 30, 2021), 50Hertz Transmission acts as intermediate parent company vis-à-vis 50Hertz Offshore. Upon entry in the commercial register on September 18, 2008, a tax group for income tax and sales tax purposes was established between these two companies.

Based on the control and profit and loss transfer agreement between 50Hertz Transmission and 50Hertz Connectors dated October 18, 2023, 50Hertz Transmission acts as intermediate parent company vis-à-vis 50Hertz Connectors. Upon entry in the commercial register on October 24, 2023, a tax group for income tax and sales tax purposes was established between these two companies.

4.2. Accounting policies

ASSETS

Fixed assets

Intangible assets acquired for consideration are recognized at cost and amortized on a straight-line basis over their expected useful lives.

Property, plant and equipment are valued at acquisition or production cost less depreciation. In addition to directly attributable direct costs, the production costs of self-constructed assets include an appropriate portion of overheads. Borrowing costs are not included.

Depreciation on property, plant and equipment acquired or produced before January 1, 2008, is calculated using the declining-balance method. A transition to the straight-line method is done as soon as this leads to higher depreciation amounts. The straight-line method of depreciation is applied to property, plant and equipment acquired or manufactured on or after January 1, 2008.

The estimated useful lives are based on the provisions of the Federal Network Agency on the imputed useful lives to better consider the increasing regulatory requirements for accounting and to increase the informative value of the annual financial statements with regard to the applicable regulatory framework. The use of imputed useful lives accurately reflects the actual depletion of fixed assets. Balance sheet items resulting from the D-Mark opening balance sheet (DMEB) were not included in this change in valuation but are continued on the basis of the "1990 revaluation".

Impairment losses are only recognized if permanent reduction in the value is likely, and the recognition of the lower fair value on the balance sheet date is required. Write-ups on property, plant and equipment are recorded in accordance with the requirement to reinstate original values if the reason for previous write-downs no longer exists.

Separately usable movable fixed assets with definite useful lives are expensed immediately if their acquisition or production costs do not exceed EUR 250. Items with acquisition costs between EUR 250 and EUR 1,000 are included in a collective item in accordance with Sec. 6 (2a) of the German Income Tax Act (EStG) in the year of acquisition. The collective item is written off in installments of 20 percent in the year of acquisition and in each of the following four fiscal years.

Financial assets are recognized at the lower of cost or fair value, taking into account the requirement to reinstate original values.

Impairments are not recorded for temporary impairment in value. Write-ups to the fair value are made if the reason for previous write-downs no longer exists.

Loans are recognized at their nominal value or, if necessary, discounted to the balance sheet date.

Current assets

Inventories are valued at the lower of cost or net realizable value. The valuation is generally carried out at average values. Inventory risks arising from reduced usability are considered by appropriate allowances.

Receivables, other assets and cash and cash equivalents are recognized at the lower of nominal value or fair value. All recognizable individual risks are considered by means of appropriate value reductions.

Under other assets, regulatory claims resulting from a negative difference in the regulatory account between the actual recoverable revenue and the planned costs for a calendar year on the one hand, and the allowable revenue and the actual costs incurred for a calendar year on the other, are recognized as assets within the meaning of Section 246 (1) sentence 1 of the German Commercial Code for the first time in accordance with Section 21b EnWG.

Prepaid expenses

Prepaid expenses are expenses incurred up to the balance sheet date to the extent that they represent expenses in future periods.

Special loss account from the recognition of provisions

On the assets side, a special loss account from the recognition of provisions in accordance with Article 17 paragraph 4 of the D-Mark Balance Sheet Act (DMBiG "D-Markbilanzgesetz": German Act on Opening Balance Sheets in German Mark") is presented for provisions that had to be recognized in the D-Mark Opening Balance sheet (DMEB) since the initial recognition of Section 249 (1) sentence 1 HGB on July 1, 1990. The special loss account changes in line with the utilization and reversal of the underlying DMEB provisions, which exclusively include the provision for the removal of ecological burdens. This account is continued until the DMEB provisions are fully utilized or reversed in the nominal amounts originally recognized in accordance with the DMBiG.

PASSIVA**Equity capital**

The subscribed capital is recognized at the nominal amount.

Special item

Investment grants and investment subsidies received are reported under special items. They are released to income in line with the depreciation of the assets concerned.

Provisions

Provisions are valued considering all identifiable risks and uncertain liabilities are considered to the extent necessary in accordance with prudent business judgment and recorded at the settlement amount necessary. Price and cost increases are considered as far as necessary when determining the settlement amount. Provisions with a remaining term of more than one year are discounted in accordance with Sec. 253 (2) sentence 1 of the HGB at the average market interest rate for the past seven financial years, calculated and published by the Deutsche Bundesbank. In the case of provisions for retirement benefit obligations, the average market interest rate of the past ten financial years was used in accordance with Sec. 253 (2) sentence 2.

The projected unit credit method was used as the actuarial method for measuring the pension obligations and the anniversary obligations. The average market interest rate of the past ten financial years for a of 1.82 percent p.a. (previous year: 1.78 percent p.a.) for a remaining term of 15 years in accordance with the German Ordinance on the Determination and Disclosure of Rates for Discounting Provisions (RückAbzinsV) was used. The average market interest rate of 1.74 percent p.a. (previous year: 1.44 percent p.a.) resulting from the past 7 financial years was used for the valuation of obligations from long-term working time accounts. The calculations are based on the 2018 G mortality tables published by Klaus Heubeck. Future wage and salary increases were assumed to be 5.25 percent p.a. (previous year: 5.25 percent p.a.). Expected pension increases are generally considered at rates of between 1.00 percent and 2.50 percent p.a. (previous year: 1.00 percent and 2.50 percent).

Provisions for company pension plans included in the Company's pension obligations are for the most part congruently covered by an employer's liability insurance. Part of the provisions corresponds to the amount of the covering assets. The fair value of the covering assets corresponds to the fair value on the balance sheet date as reported by the employer's pension liability insurance. Provisions for employee entitlements from long-term working accounts are fully protected against insolvency. Pursuant to Sec. 246 (2) sentence 2 HGB, the respective covering assets are offset against the provisions for company pension plans and long-term working accounts on the balance sheet.

Interest expenses from the compounding of provisions are netted with interest income from the increase in covering assets.

The interest portion of the addition to personnel-related provisions is recognized in the financial result. Effects on income from a change in the discount rate are reported in the operating result.

Liabilities

Liabilities are recognized at the settlement value deemed necessary.

Customer payments collected in connection with the examination and preparation of grid connections (connection approvals) in accordance with Sec. 4 of the Power Plant Grid Connection Ordinance ("Kraftwerks-Netzanschlussverordnung" or "KraftNAV") are reported as prepayments. Furthermore, customer payments in connection with the construction of jointly used facilities are reported.

Prepaid expenses

Construction cost subsidies received are reported as deferred income and released on a straight-line basis.

Amounts that accrue to 50Hertz Transmission from cross-border congestion management are also reported as deferred income. These are used for investments in the maintenance or expansion of interconnection capacities. 50Hertz Transmission is thus obliged to provide consideration for the revenues received and recognizes them as liabilities in the same way as a construction cost subsidy. The deferred horizontal network revenue is collected over 30 years (years up to and including 2012) or 20 years (years up to and including 2013) as determined by the Federal Network Agency. For the years from 2013 to 2019, a regulatory refund was made with a slight time lag via the revenue cap; from 2020 onwards, a regulatory refund exceeding the revenue cap has been made without a time lag.

In addition to the income from congestion management, other income in connection with other FSVs is also shown as deferred income. Here, too, the offsetting is carried out via consideration in the grid utilization fees in subsequent years. Furthermore, revenue in connection with regulatory claims, reduced by offsetting effects, which are to be considered in the grid charges in the same period, are shown under deferred income.

Other advance payments mainly relate to deferred income from longer-term contractual relationships that will only affect income in subsequent periods.

Grid-based settlement

In preparing the annual financial statements, expenses and income and related receivables and liabilities in network accounting were determined based on provisional data and partly based on forecasts.

This relates to the settlement of levy processes, the accounting of balancing groups, grid utilization and the accounting of system services. External data from the respective partners, in particular the actual electricity quantities, are decisive for a conclusive statement on the actual expenses and income incurred and in some cases are only be determined after the respective audit report has been issued.

As this data is by nature not available in full at the time the annual financial statements are prepared, the corresponding items in the annual financial statements have been estimated based on existing data and consider the state of knowledge at the time of preparing the annual financial statements.

Deferred taxes

50Hertz Transmission GmbH is included in the tax group of Eurogrid GmbH for income tax purposes. Deferred taxes on temporary differences between the carrying amounts of assets, liabilities and prepaid expenses in the financial statements and their tax bases or due to tax loss carryforwards are determined at the level of the parent company. Any net deferred tax liabilities remaining after netting are also recognized.

CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the average spot exchange rate on the balance sheet date.

4.3. Notes to the statement of financial position

(1) Fixed assets

The breakdown of the fixed asset items summarized in the balance sheet and their development are shown in the statement of changes in fixed assets.

Under financial assets, an additional loan of EUR 180.0m was granted to 50Hertz Offshore in the financial year.

Investments

Financial assets of 50Hertz Transmission at the balance sheet date are comprised as follows:

	Shares	Equity	Net Income / Loss
	%	EUR m	EUR m
1. Affiliates			
50Hertz Connectors GmbH, Berlin	100.0	0.0	- ¹⁾
50Hertz Offshore GmbH, Berlin	100.0	1,683.0	- ¹⁾
2. Indirect investments			
Elia Grid International NV/SA, Brüssel/Belgien	49.99	9.5	2,0 ⁴⁾
decarbon1ze GmbH, Berlin	6.59	-0.3	-0,3 ²⁾
Stiftung Kurt-Sanderling-Akademie des Konzerthausorchesters Berlin, Berlin	10.4	- ⁵⁾	- ⁵⁾
CORESIO SA, Brüssel/ Belgien	7.9	5.3	0,8 ²⁾
TSCNET Service GmbH, München	6.3	10.6	0,9 ²⁾
European Energy Exchange AG, Leipzig	5.4	758.8	158,9 ³⁾
JAO Joint Allocation Office S.A. Luxemburg/ Luxemburg	4.0	7.4	0,3 ²⁾

¹⁾ Profit and loss transfer agreement

²⁾ Financial statements as of December 31, 2022

³⁾ Consolidated financial statements as of December 31, 2022

⁴⁾ Consolidated financial statements as of December 31, 2023

⁵⁾ Endowment funds amount to EUR 0.1m

(2) Inventories

EUR m	31 Dec 2023	31 Dec 2022	Variance
Raw materials, consumables and supplies	7.3	4.6	2.7
Work in process	0.0	0.1	-0.1
	7.3	4.7	2.6

(3) Receivables and other assets

EUR m	31 Dec 2023	thereof due > 1 year	31 Dec 2022	thereof due > 1 year
Trade receivables	1,175.4	-	692.9	-
Receivables from affiliates	289.0	-	7.4	-
thereof from the shareholder	282.7	-	0.8	-
Receivables from investees and investors	0.0	-	0.0	-
Other assets	660.0	283.0	589.9	265.4
	2,124.4	283.0	1,290.2	265.4

Trade receivables mainly include compensation claims arising from the levy processes. These include claims from the settlement of the offshore liability levy in the amount of EUR 53.7m (previous year: EUR 125.6m), from KWKG in the amount of EUR 62.9m (previous year: EUR 71.0m), from EEG in the amount of EUR 805.4m (previous year: EUR 41.4m) and from the settlement pursuant to Section 19 (2) StromNEV in the amount of EUR 28.7m (previous year: EUR 36.4m). Furthermore, trade accounts receivable from grid usage amounting to EUR 93.8m (previous year: EUR 123.8m) and from the energy industry amounting to EUR 74.6m (previous year: EUR 77.9m) are reported.

Receivables from affiliated companies mainly include a receivable from the shareholder from the cash pool of EUR 268.4m (previous year: liability from cash pool EUR 110.0m). The other receivables from affiliated companies, as well as receivables from the shareholder and associated companies, relate to goods and services. Trade receivables from the shareholder and trade payables to the shareholder and 50Hertz Offshore existing at the end of the year were offset in the amount of EUR 0.9m and EUR 17.4m respectively as of the balance sheet date.

Other assets mainly include regulatory claims pursuant to Section 21b of the German Energy Act (EnWG) in the amount of EUR 283.0m (previous year: EUR 265.4m) and will be considered in the revenue caps for 2025 to 2027. In addition, security deposits from European Commodity Clearing AG, Leipzig amounting to EUR 289.5m (previous year EUR 240.6m) and receivables from the tax office for value added tax amounting to EUR 77.0m (previous year EUR 80.1m) are reported here in the financial year.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances on the balance sheet date. Cash and cash equivalents at the end of the period include restricted bank balances from the EEG apportionment business in the amount of EUR 255.7m (previous year: EUR 2,936.0m).

(5) Special loss account from provisioning

The development of the special loss account from the recognition of provisions is in line with the development of the nominal obligation of the provision for ecological burdens. This nominal obligation amounted to EUR 1.8m on the balance sheet date (previous year: EUR 2.0m).

(6) Equity

The company's subscribed capital of EUR 200.0m is held in full by Eurogrid. It is divided into one share with a nominal value of EUR 25,000, one share with a nominal value of EUR 149,975,000, one share with a nominal value of EUR 49,000,000 and one share with a nominal value of EUR 1,000,000. The capital reserve is unchanged from the previous year at EUR 3,110.8m.

The net profit for the year before profit transfer of EUR 296.8m was transferred in full to Eurogrid GmbH.

(7) Special item

The special item for investment grants and investment subsidies amounts to EUR 133.6m (previous year: EUR 137.8m).

(8) Provisions

Provisions for pension obligations arise from the settlement amount of the offset liabilities of EUR 44.5m (previous year: EUR 41.4m) and the fair value of the offset assets (plan assets) of EUR 8.3m (previous year: EUR 8.8m). Acquisition costs of plan assets are equal to their fair value.

The difference pursuant to Section 253 (6) HGB was calculated in the amount of EUR 0.8m (previous year: EUR 3.2m) as of December 31, 2023.

Other provisions break down as follows:

EUR m	31 Dec 2023	31 Dec 2022	Variance
EEG compensation obligation	629.6	2,935.7	-2,306.1
Additional surcharge processes	307.3	131.9	175.4
Outstanding EEG invoices	423.9	31.3	392.6
Network charges	315.0	172.1	142.9
Outstanding invoices for investments	69.9	43.0	26.9
Personnel-related provisions	46.4	45.6	0.8
	1,792.1	3,359.6	-1,567.5
Sundry other provisions	10.3	10.5	-0.2
	1,802.4	3,370.1	-1,567.7

Other provisions mainly contain obligations from the apportionment processes, in particular from the settlement of the EEG. The provision for network user charges mainly includes the obligations from the regulatory accounts in the amount of EUR 304.9m (previous year: EUR 132.0m).

(9) Liabilities

EUR m	Total	31 Dec 2023			31 Dec 2022		
		Maturity Date			Maturity Date		
		<= 1 year	> 1 year and <= 5 years	> 5 years	<= 1 year	> 1 year and <= 5 years	> 5 years
Prepayments received	2.1	2.1	-	-	14.5	14.5	-
Trade payables	937.3	937.3	-	-	927.6	927.4	0.2
Liabilities to affiliates	3,899.5	4.5	865.0	3,030.0	2,769.0	364.0	2,405.0
thereof to the shareholder	3,895.6	0.6	865.0	3,030.0	2,755.0	350.0	2,405.0
Liabilities to other investees and investors	1.0	1.0	-	-	0.2	0.2	-
Other liabilities	93.0	90.4	2.6	-	222.4	220.6	1.8
thereof for taxes	0.3	0.3	-	-	0.9	0.9	-
thereof for social security	7.9	7.9	-	-	6.0	6.0	-
	4,932.9	1,035.3	867.6	3,030.0	3,933.7	1,526.7	2,407.0

Liabilities to affiliates of EUR 3,899.5m (previous year: EUR 2,769.0m) relate almost entirely to other liabilities from loans with the shareholder amounting to EUR 3,895.0m (previous year: EUR 2,645.0m). In the previous year, liabilities from the cash pool of EUR 110.0m were reported here. The remaining amount (EUR 4.5m) as well as liabilities to companies in which participating interest is held (EUR 1.0m), relates to trade payables. Trade receivables and payables with the shareholder and 50Hertz Offshore existing at the end of the year were netted in the amount of EUR 0.9m and EUR 17.4m respectively as of the balance sheet date.

Other liabilities, if not related to social security, primarily relate to liabilities to public authorities in the amount of EUR 12.4m (previous year: EUR 10.0m). This item also includes the EU grants amounting to EUR 35.0m (previous year reported under prepayments received amounting to EUR 14.0m) and debtors with credit balances amounting to EUR 18.7m (previous year EUR 72.0m). In the previous year, security deposits with the European Commodity Clearing AG, Leipzig, for the procurement of grid losses of EUR 130.0m were reported as liabilities. In the financial year, this resulted exclusively in receivables and are reported under other assets.

There is no collateralization of liabilities at the level of the company.

(10) Deferred income

EUR m	31 Dec 2023	31 Dec 2022	Variance
Investment-related construction cost subsidies	42.1	44.6	-2.5
Income from congestion management as well as amounts for future offsetting from voluntary commitments	361.1	308.5	52.6
Other deferred income	4.2	5.9	-1.7
	407.4	359.0	48.4

The increase in deferred income is mainly due to higher income from congestion management, which exceeds the corresponding reversal amounts.

4.4. Notes to the income statement

(11) Revenue

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Cost-matching income	7,624.9	4,468.3	3,156.6
Network user charges	1,558.0	862.7	695.3
Offshore regulation	400.9	295.1	105.8
System services	332.1	613.0	-280.9
Balancing group management	247.9	442.4	-194.5
Compensation for network user charges in different periods	-173.8	245.2	-419.0
Other revenue	84.4	66.2	18.2
Revenue from grid business	2,449.5	2,524.6	-75.1
	10,074.4	6,992.9	3,081.5

Revenues from non-profit business include revenue from the settlement of the EEG process, from the KWKG surcharge, from the settlement pursuant to Sec. 19 (2) StromNEV and, for the last time in the previous year, the surcharge for switchable loads. This item also includes income from the surcharge mechanism under the Electricity Price Ceiling (StromPBG), which consists of the federal subsidy under Section 25 (1) StromPBG amounting to EUR 2,852.2m and income from surplus revenues amounting to EUR 150.6m.

The EEG sales revenues are revenues from the marketing of renewable energies on the electricity exchange and from the EEG funds collected in previous years (EUR 2,303.4m), as well as deliveries to other TSOs to compensate for the burdens on the TSOs from the EEG among themselves. A federal subsidy under Section 6 EnFG for the EEG surcharge business in the amount of EUR 772.8m was reported in the financial year.

The non-profit business also includes other operating income of EUR 34.7m (previous year: EUR 15.6m) and interest income of EUR 63.5m (previous year: EUR 13.6m).

In the financial year, income was netted against expenses from third-party business amounting to EUR 1,912.1m (previous year: EUR 4,394.5m). Third-party services include the business of marketing EEG electricity and the procurement of grid losses for other grid operators.

In addition to the grid usage fees and the utilization of subsidies for the pro rata financing of grid usage fees pursuant to Section 24b EnWG, the sales revenues from the grid business include all of the company's revenues directly related to grid operation. Revenues from system services provided essentially comprise the areas of operational management, frequency maintenance and voltage maintenance. Revenue from balancing group management represents the costs of control energy passed on to all customers in the balancing group. The compensation for deviating charge periods includes effects that are realized with a time delay because of the existing regulatory framework. This applies both to compensation from earlier and to compensation in subsequent network charge periods.

In the financial year, income related to prior periods from power production management of EUR 6.3m and income from the release of the provision for regulatory risks of EUR 5.0m were reported.

(12) Other own work capitalized

Own work capitalized comprises costs of the financial year that were included in the production costs as part of the Company's investment projects. In the financial year, own work capitalized increased by EUR 37.5m to EUR 96.2m, mainly due to the high investment program and the involvement of additional specialized departments.

(13) Other operating income

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Income from the release of construction cost subsidies	2.5	2.4	0.1
Income from the reversal of special items for investment grants	5.8	6.1	-0.3
Income from the reversal of provisions	2.8	0.8	2.0
Income from disposals of fixed assets	0.3	2.0	-1.7
Sundry other income	7.7	5.9	1.8
	19.1	17.2	1.9

Income from the reversal of provisions is mainly attributable to personnel in the amount of EUR 2.4m (previous year: EUR 0.3m).

Miscellaneous other operating income includes income from the derecognition of expired liabilities in the amount of EUR 2.0m (previous year: EUR 2.4m).

In addition to the above, no significant non-periodic or extraordinary effects have occurred in other operating income during the financial year 2023. Income from currency translation remained at a minimal level, similar to the previous year.

(14) Cost of materials

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Expenses from the surcharge business	-7,624.9	-4,468.3	-3,156.6
Grid and system services	-1,310.1	-1,571.6	261.5
Expenses relating to the offshore regulation	-400.9	-295.1	-105.8
Other energy services	0.0	-8.5	8.5
Cost of materials and supplies and purchased goods	-7.6	-4.6	-3.0
Cost of purchased services	-32.8	-47.4	14.6
Other third-party services	-66.9	-91.5	24.6
	-9,443.2	-6,487.0	-2,956.2

Expenses from the non-profit business include expenses for the EEG settlement amounting to EUR 4,032.0m (previous year: EUR 3,826.7m) and the electricity price ceiling mechanism amounting to EUR 3,007.0m (previous year: none) from payments to energy supply companies and other end consumers.

The aforementioned expenses include other operating expenses of EUR 7.3m (previous year: EUR 16.5m). Interest expenses did not incur in the financial year (previous year: EUR 0.7m).

Expenses from offshore regulation include eligible grid connection costs of EUR 264.0m (previous year: EUR 295.6m) and expenses from the offshore compensation mechanism of EUR 136.5m (previous year: income of EUR 4.5m).

For clarification purposes, the classification scheme according to Sec. 275 HGB was deviated from. Additional expense categories were included for the purpose of an improved presentation.

(15) Personnel expenses

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Wages and salaries	-169.1	-150.1	-19.0
Social security	-27.2	-23.3	-3.9
Expenses			
for pension costs	-8.3	-7.0	-1.3
for other benefit costs	-1.2	-1.0	-0.2
	-205.8	-181.4	-24.4

Average number of employees per year

EUR m	01.01. - 31.12.2023	01.01. - 31.12.2022	Ver- änderung
Technical staff	1,122	978	144
Office staff	523	460	63
	1,645	1,438	207

In addition, an average of 35 trainees in the 2023 financial year (previous year: 32 trainees).

(16) Depreciation

Depreciation in the financial year includes the normal depreciation of fixed assets. Unscheduled depreciation amounted to EUR 2.3m in the financial year (previous year: none).

(17) Other operating expenses

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Services	-41.2	-15.6	-25.6
Legal and consulting fees	-17.9	-17.9	0.0
Expenses from the disposal of fixed assets	-6.3	-5.0	-1.3
Rent and leases	-7.1	-10.2	3.1
Insurance premiums	-4.4	-4.9	0.5
Sundry other expenses	-25.0	-20.2	-4.8
	-101.9	-73.8	-28.1

There were no significant effects from other periods or from extraordinary effects in other operating expenses in the financial year 2023. Expenses from currency translation amounted to EUR 0.0m (previous year: EUR 0.0m).

(18) Result from profit and loss transfer agreements

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Income from profit transfer agreements from affiliates	76.7	126.8	-50.1
Expenses from profit transfer agreements with affiliates	0.0	-	0.0
	76.7	126.8	-50.1

The result from the profit transfer of affiliated companies is attributable to 50Hertz Offshore and 50Hertz Connectors.

(19) Income from investments

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Income from investments	1.2	1.2	0.0
	1.2	1.2	0.0

(20) Financial result

EUR m	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022	Variance
Other interest and similar income	39.6	17.0	22.6
<i>thereof from affiliates</i>	37.3	16.4	20.9
Interest and similar expenses	-81.8	-38.0	-43.8
<i>thereof to affiliates</i>	-79.3	-37.2	-42.1
	-42.2	-21.0	-21.2

The compounding and discounting of provisions account for EUR 2.2m (previous year: EUR 0.7m) of the interest and similar expenses. In accordance with Section 246 (2) sentence 2 HGB, interest expenses were netted against interest income in the amount of EUR 0.3m (previous year: EUR 0.0m).

(21) Taxes on income and earnings

Income taxes include expenses from capital gains tax in the amount of EUR 0.2m (previous year: EUR 0.2m).

(22) Other taxes

Other taxes of EUR 1.9m (previous year: EUR 1.5m) relate to property tax, motor vehicle tax and electricity tax.

(23) Profit transfer

The annual result for the financial year 2023 of EUR 296,799,950.85 (previous year: EUR 272,585,104.68) was transferred to Eurogrid on the basis of the profit transfer agreement.

4.5. Other notes

Notes to the cash flow statement

The cash flow statement is prepared in accordance with DRS 21 and the recommendations of the German Accounting Standards Committee.

Cash and cash equivalents at the end of the period amounting to EUR 621.4m (previous year: EUR 2,826.6m) comprise cash in hand and bank balances of EUR 353.0m (previous year: EUR 2,936.6m) and a receivable from the cash pool with Eurogrid of EUR 268.4m (previous year: liability from the cash pool of EUR 110.0m).

Financial instruments

To hedge price fluctuations on the short-term spot market, 50Hertz Transmission procures power futures (Phelix futures) to be financially settled on the futures market of the European Energy Exchange AG (EEX) for expected future grid losses. There is a so-called anticipatory valuation unit from the future spot market transactions and the futures contracts concluded for price hedging on the futures market within the meaning of Sec. 254 HGB. The company applies the so-called freezing method. At the balance sheet date, the company had contracted futures contracts for the price hedging of its grid loss procurement in 2024 and 2025 with a market value of EUR -224.8m (previous year: EUR 129.6m) and a volume of 3.2 TWh. The futures contracts are not recognized in the balance sheet until they are financially settled; only daily security deposits are financially settled with the clearing office of EEX on each exchange trading day and recognized in the balance sheet as receivables or. The hedging relationship is accounted for using a so-called contract portfolio approach. By concluding futures contracts, the Company was able to establish an effective price hedge through congruent development of the settlement price of the futures contracts

on the one hand and electricity price development on the spot market on the other hand for the necessary physical requirements to cover grid loss energy. The financial compensation of the hedging transaction directly covers the electricity procurement costs of the planned volumes in subsequent years.

Pursuant with Sec. 10 StromNEV, the German transmission system operators may consider the costs of procurement to compensate for physically induced grid losses when determining the grid costs. The expenses from the procurement of energy losses for the year are compared with the corresponding cost plan value for the year in accordance with the FSV Grid Losses. The difference between the cost plan value of the year and the actual costs of the year are compensated for, except for a bonus/malus, via the regulatory account in accordance with Sec. 5 ARegV. Therefore, the recognition of a provision for contingent losses is not necessary.

Other financial obligations

On December 31, 2023, there were other financial obligations totaling EUR 5,132.2m (previous year: EUR 2,526.5m). These include purchase commitments for investments and maintenance measures in the amount of EUR 5,075.5m (previous year: EUR 2,465.7m), of which EUR 23.2m (previous year: EUR 25.1m) are purchase commitments to companies in which a participating interest is held, and the remaining amount is due to third parties.

As at December 31, 2023, obligations of EUR 56.7m (previous year: EUR 60.8m) result from long-term contracts.

Contingent liabilities

To finance the Group's investment measures, Eurogrid GmbH raises funds on the capital market and passes them on to 50Hertz Transmission and indirectly to 50Hertz Offshore in the form of shareholder loans or equity injections.

50Hertz Transmission and 50Hertz Offshore are guarantors under the documentation of the "Debt Issuance Program" in connection with bonds issued by Eurogrid GmbH. The guarantors are irrevocably, unconditionally and jointly liable for the timely payment of all amounts due by Eurogrid for the registered bonds listed below:

Nominal volume	Issue date	Coupon	Term
EUR 500m	10. Jun 2015	1.875 % p.a. (fixed)	2025
EUR 140m	4. Nov 2015	2.625 % p.a. (fixed)	2030
EUR 750m	18. Apr 2016	1.500 % p.a. (fixed)	2028
EUR 750m	15. May 2020	1.113 % p.a. (fixed)	2032
EUR 200m	20. Nov 2020	0.875 % p.a. (fixed)	2040
EUR 500m	21. Apr 2021	0.741 % p.a. (fixed)	2033
EUR 750m	5. Sep 2022	3.279 % p.a. (fixed)	2031
EUR 800m	27. Apr / 30. Oct 2023	3.722 % p.a. (fixed)	2030
EUR 50m	13. Sep 2023	4.065 % p.a. (fixed)	2038

On December 9, 2011, 50Hertz Transmission and 50Hertz Offshore jointly issued a maximum amount guarantee totaling EUR 126.0m to BNP Paribas S.A., Frankfurt am Main branch, to secure a short-term overdraft facility of Eurogrid GmbH. The maximum amount guarantee was increased to EUR 157.5m in the first supplement dated July 15, 2013.

50Hertz Transmission and 50Hertz Offshore have been appointed as guarantors under the registered bond of Eurogrid GmbH issued on December 3, 2014, for a total amount of EUR 50.0m. The guarantors are irrevocably, unconditionally and jointly and severally liable for the punctual and full payment of all amounts due by Eurogrid GmbH under the registered bond.

50Hertz Transmission and 50Hertz Offshore have been appointed as additional guarantors in connection with the loan (EUR 150.0m) taken out by Eurogrid GmbH on December 23, 2016. The guarantors are irrevocably, unconditionally and jointly and severally liable for the punctual and full payment of all amounts due by Eurogrid GmbH under the loan agreement.

On February 26, 2021, 50Hertz Transmission and 50Hertz Offshore joined as additional guarantors a syndicated loan agreement maturing on February 26, 2026, between Eurogrid and UNICREDIT BANK AG as lead manager with a volume of EUR 750.0m. The facility agent is Commerzbank Finance & Covered Bonds S.A.

On March 20, 2023, 50Hertz Transmission and 50Hertz Offshore joined as an additional guarantor a syndicated loan agreement maturing on March 31, 2033 between Eurogrid and IKB Deutsche Industriebank AG as syndicate leader and facility agent with a volume of EUR 600.0m.

On November 22, 2023, 50Hertz Transmission joined as an additional guarantor a syndicated loan agreement maturing November 25, 2033 between Eurogrid and the 1.) Investitionsbank Berlin (IBB) and 2.) Investitionsbank des Landes Brandenburg (ILB) with a volume of EUR 120.0m.

The issuance of a guarantee for 50Hertz Offshore continues to result in an obligation of EUR 4.2m.

Based on the expectations set out in the corporate planning, a risk of claims arising from the contingent liabilities mentioned is currently not expected.

Off-balance sheet transactions

There were no off-balance sheet transactions as of the balance sheet date.

Auditor's fees

Disclosures of the total auditor's fee charged in the fiscal year in accordance with Sec. 285 No. 17 of the HGB are included in the consolidated financial statements of Eurogrid GmbH.

Large-scale transactions pursuant to Section 6b (2) EnWG

Pursuant to Sec. 6b (2) of the German Energy Act (EnWG), substantial transactions with affiliated and associated companies or with companies of the same shareholders must be presented. In the fiscal year, 50Hertz Transmission conducted transactions with 50Hertz Offshore with a volume of EUR 316.9m and with Elia Grid International GmbH with a volume of EUR 6.8m.

The transactions with 50Hertz Offshore include EUR 264.0m from compensation for providing property, plant and equipment.

In the reporting period, 50Hertz Transmission did not conclude any transactions outside its operating activities other than the financing transactions listed in the notes.

Activity report in accordance with Section 6b (3) EnWG

The activities of 50Hertz Transmission are exclusively classified in the "Electricity Transmission" area of activity. An insignificant amount of EUR 215 thousand was recognized in the fiscal year (previous year: EUR 106 thousand) in other operating expenses for metering point operation and is not considered significant to establish a separate activity outside "Electricity transmission" as a result. For this reason, the activity statement to be prepared in accordance with § 6b (3) EnWG corresponds to the annual financial statement of the company.

Adoption of previous year's financial statements

The previous year's financial statements were ratified by the shareholders' meeting on March 1, 2023.

Subsequent events

No significant events occurred in the period between the balance sheet date and the preparation of the annual financial statements of 50Hertz Transmission.

Information on the minimum tax law

On December 27, 2023, the Act to Ensure Global Minimum Taxation for Corporate Groups (Mindeststeuergesetz - MinStG) was published in the Federal Law Gazette (Part I 2023, No. 397). It applies for the first time to financial years beginning after December 30, 2023.

Based on an analysis carried out, there are no tax implications for the company from this law or comparable foreign minimum tax laws for the 2023 financial year.

Please also refer to the notes in the consolidated financial statements of Eurogrid GmbH.

Disclosure in company boards

The members of the Supervisory Board and management are presented in a separate table as an appendix to the notes.

Expenses for management remuneration amounted to EUR 3,317 thousand in the reporting period (previous year: EUR 2,895 thousand). They consist of fixed remuneration, performance-related remuneration and other non-performance-related remuneration.

Pension obligations of EUR 2.6m (previous year: EUR 4.1m) are attributable to former members of management, of which a total of EUR 0.0m is covered by employer's liability insurance.

The members of the Supervisory Board of 50Hertz Transmission received EUR 22 thousand (previous year EUR 23 thousand) for their services.

Berlin, February 15, 2024

The management of

50Hertz Transmission GmbH

signed Stefan Kapferer

signed Dr. Dirk Biermann

signed Sylvia Borcharding

signed Dr. Frank Golletz

signed Marco Nix

5. Company boards

5.1. Members of the Supervisory Board

Catherine Vandendorre (from November 1, 2023)

Chief Executive Officer ad interim and Chief Financial Officer Elia Group NV/SA, Rixensart, Belgium

- Chairwoman -

Christiaan Peeters (until October 31, 2023)

Chief Executive Officer Elia Group NV/SA and Elia Transmission Belgium NV/SA and Elia Asset NV/SA, Korbeek-Lo, Belgium

- Chairman -

Konrad Klingenburg* (from September 1, 2023)

Federal Executive Board Secretary of the German Trade Union Confederation, Hanover

- Deputy Chairman -

Karin Erhard* (until August 31, 2023)

Member of the Executive Board of the Mining, Chemical and Energy Industrial Union, Hanover

- Deputy Chairwoman -

Markus Berger

Chief Infrastructure Officer of Elia Transmission Belgium NV/SA and Elia Asset NV/SA, Braine l'Alleud, Belgium

Dr. Lutz-Christian Funke

Secretary General of KfW Banking Group, Oberursel

Andrea Ludwig*

Electrical engineer, Berlin

Ralf-Günter Schloms*

Technician, Neuenhagen

*Employee representative

5.2. Members of management

Stefan Kapferer, Berlin

- Chairman of the Executive Board / CEO -

Dr. Dirk Biermann, Berlin

- Managing Director Energy Markets and System Operations / COO -

Sylvia Borcharding, Cologne

- Managing Director Human Resources / CCO -

Dr. Frank Golletz, Dresden

- Chief Technical Officer / CTO (until 31.12.2023) -

- without department (from 1.1.2024) -

Marco Nix, Berlin

- Managing Director Finance / CFO -

6. Development of fixed assets (Appendix to the Notes)

EUR m	Acquisition and production costs				Depreciation				Carrying amount			
	01/01/2023	Additions	Reclassifications	Disposals	31/12/2023	01/01/2023	Additions	Disposals	Write-Up	31/12/2023	31/12/2022	
Intangible assets												
Purchased software, licenses and other rights	235.4	22.9	-23.9	-	234.4	113.7	23.5	-	-	137.2	97.2	121.7
Prepayments and assets under construction	-	54.2	23.5	-	77.7	-	-	-	-	-	77.7	-
	235.4	77.1	-0.4	-	312.1	113.7	23.5	-	-	137.2	174.9	121.7
Property, plant and equipment												
Land, land rights and buildings, including buildings on third-party land	291.1	4.4	7.4	3.4	299.5	62.8	3.9	3.0	0.2	63.5	236.0	228.3
Technical equipment and machinery	4,354.4	146.2	175.1	22.7	4,653.0	2,015.9	99.9	16.8	-	2,099.0	2,554.0	2,338.5
Other equipment, factory and office equipment	334.9	23.7	7.5	3.3	362.8	146.7	48.6	3.0	-	192.3	170.5	188.2
Prepayments and assets under construction	1,325.2	982.5	-189.6	-	2,118.1	-	-	-	-	-	2,118.1	1,325.2
	6,305.6	1,156.8	0.4	29.4	7,433.4	2,225.4	152.4	22.8	0.2	2,354.8	5,078.6	4,080.2
Financial assets												
Share in affiliates	1,683.0	0.1	-	-	1,683.1	-	-	-	-	-	1,683.1	1,683.0
Loans to affiliates	990.0	180.0	-	-	1,170.0	-	-	-	-	-	1,170.0	990.0
Investments	23.0	0.5	-	-	23.5	-	-	-	-	-	23.5	23.0
Other Loans	0.5	-	-	-0.5	0.0	-	-	-	-	-	0.0	0.5
	2,696.5	180.6	-	-0.5	2,876.6	-	-	-	-	-	2,876.6	2,696.5
Fixed assets	9,237.5	1,414.5	-	28.9	10,622.1	2,339.1	175.9	22.8	-	2,492.0	8,130.1	6,898.4

INDEPENDENT AUDITOR'S REPORT

Note: This is a convenience translation of the German original. Solely the original text in German is authoritative.

To 50Hertz Transmission GmbH, Berlin

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the annual financial statements, of 50Hertz Transmission GmbH, Berlin, which comprise the statement of financial position as at 31 December 2023, the income statement and the cash flow statement for the financial year from January 1, 2023 to December 31, 2023 and notes to the annual financial statements, including the presentation of the recognition and measurement policies.

In addition, we have audited the management report of 50Hertz Transmission GmbH for the financial year from January 1, 2023 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the components of the management report listed under "OTHER INFORMATION".

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023 in compliance with German Legally Required Accounting Principles and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the other parts of the management report referred to under "OTHER INFORMATION".

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and 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 RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT” section of our auditor’s report.

We are independent of the Company 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 annual financial statements and on the management report.

OTHER INFORMATION

Management and the supervisory board are responsible for the other information.

The other information comprises the statement on corporate governance pursuant to Section 289f (4) of the German Commercial Code (HGB) (disclosures on the proportion of women).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion nor 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 annual financial statements, with the management report or with our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that they are free of material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report, which as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a 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 management report.

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

AUDITOR'S REPOSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 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 annual financial statements and this 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 annual financial statements and of the 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, and intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of the managements' 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management 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.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF COMPLIANCE WITH THE ACCOUNTING REQUIREMENTS PURSUANT TO SEC. 6B (3) ENWG

Audit Opinions

We audited whether the Company complied with its duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG, which require to maintain separate accounts for activities for the financial year from January 1, 2023 to December 31, 2023. We also audited the activity-based financial statements for the activity of “electricity distribution” pursuant to Sec. 6b (3) Sentence 1 EnWG, comprising the balance sheet of the annual financial statements as of December 31, 2023, which also represents the balance sheet of the activity-based financial statements, and the income statement of the annual financial statements for the financial year from January 1, 2023 to December 31, 2023, which also represents the income statement of the activity-based financial statements.

- In our opinion, the Company complied in all material respects with its duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG, which require to maintain separate accounts.
- In our opinion, on the basis of the knowledge obtained in the audit, the accompanying separate activity-based financial statements comply, in all material respects, with the German requirements under Sec. 6b (3) Sentences 5 to 7 EnWG.

Basis for the Opinions

We conducted our audit of compliance with the duties to maintain separate accounts and separate activity-based financial statements in accordance with Sec. 6b (5) EnWG observing the IDW Auditing Standard: Audit Pursuant to Sec. 6b (5) of the German Energy Industry Act (IDW AuS 610 Revised (July 2021)). Our responsibilities under those requirements and principles are further described in the section “Auditor’s responsibilities for the audit of compliance with the duties related to the accounting system pursuant to Sec. 6b (3) EnWG”. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we

have fulfilled our other German professional responsibilities according to these requirements. Our auditing practice has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on compliance with the duties related to the accounting system pursuant to Sec. 6b (3) EnWG.

Responsibilities of the legal representatives and the supervisory board for compliance with the duties related to the accounting system pursuant to Sec. 6b (3) EnWG

The legal representatives are responsible for compliance with the duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG, which require to maintain separate accounts. The legal representatives are also responsible for the preparation of the separate activity-based financial statements in accordance with the German requirements under Sec. 6b (3) Sentences 5 to 7 EnWG.

In addition, the legal representatives are responsible to such internal controls deemed necessary to comply with the duties to maintain separate accounts.

The responsibilities of the legal representatives for the separate activity-based financial statements are the same as the responsibilities for the annual financial statements described in section "RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT".

The supervisory board is responsible for overseeing the Company's compliance with the duties related to the accounting system pursuant to Sec 6b (3) EnWG.

Auditor's responsibilities for the audit of compliance with the duties related to the accounting system pursuant to Sec. 6b (3) EnWG

Our objectives are to obtain reasonable assurance about

- whether the legal representatives complied in all material respects with their duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG, which require to maintain separate accounts, and
- whether the separate activity-based financial statements comply, in all material respects, with Sec. 6b (3) Sentences 5 to 7 EnWG.

Our objectives are also to include in the auditor's report a report containing our opinions on compliance with the duties related to the accounting system pursuant to Sec. 6b (3) EnWG.

The audit of compliance with the duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG, which require to maintain separate accounts, includes assessing whether the accounts were allocated to the activities pursuant to Sec. 6b (3) Sentences 1 to 4 EnWG in an appropriate and verifiable manner in compliance with the principle of consistency.

Our responsibilities for the audit of the separate activity-based financial statements are the same as the responsibilities for the annual financial statements described in section “Auditor’s responsibilities for the audit of the annual financial statements and of the management report”.

Berlin, February 15, 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

Eckmann
Wirtschaftsprüfer
(German Public Auditor)

Wiening
Wirtschaftsprüfer
(German Public Auditor)