GASAG-GROUP ANNUAL REPORT 2020

NEU DENKEN.
MIT VOLLER ENERGIE.

KPIs
OF THE GASAG GROUP

In Accordance with IFRSs for the fiscal years 2018 – 2020

	UNIT	2020	2019	2018
Revenue	**EUR m**	**1,223**	**1,252**	**1,197**
thereof gas	EUR m	722	772	781
thereof electricity	EUR m	270	248	187
Gas sales	**GWh**	**25,302**	**25,206**	**25,469**
Electricity sales	**kWh m**	**1,862**	**1,643**	**1,304**
Cost of materials	**EUR m**	**868**	**908**	**833**
Technical figures for gas				
Length of pipe system [1]	km	14,243	14,152	14,040
House connection pipes	units	355,794	350,128	344,545
Installed gas meters	units	777,437	778,517	782,239
Personnel				
Employees as of Dec. 31	no.	1,702	1,708	1,820
EBIT	**EUR m**	**76**	**64**	**73**
Adjusted EBIT [2]	**EUR m**	**115**	**112**	**105**
EBITDA	**EUR m**	**172**	**156**	**152**
Adjusted EBITDA [2]	**EUR m**	**211**	**204**	**184**
ROCE [2,3]	**%**	**7,8**	**7,9**	**7,7**
Profit or loss for the period	**EUR m**	**39**	**32**	**38**
Balance sheet total	**EUR m**	**2,146**	**2,112**	**2,012**
Non-current assets	EUR m	1,928	1,882	1,775
Equity	EUR m	682	674	841
Equity ratio	%	32	32	42
Earnings per share	**EUR**	**4.56**	**3.69**	**3.72**
Investments, amortization and depreciation				
Total investments	**EUR m**	**161**	**224**	**119**
Investments in property, plant and equipment	EUR m	131	125	116
Acquisition of company shares	EUR m	30	99	3
Amortization and depreciation	EUR m	96	92	79
Net Debt [4]	**EUR m**	**734**	**673**	**437**
Funds From Operations [5]	**EUR m**	**153**	**108**	**116**

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

CONTENT

GROUP MANAGEMENT REPORT OF GASAG AG

GROUP MANAGEMENT REPORT
of GASAG AG, Berlin
for Fiscal Year 2020

1 BACKGROUND OF THE GROUP

1.1 BUSINESS MODEL

GASAG AG, Berlin (hereinafter GASAG) steers the GASAG Group.

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

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

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

In fiscal year 2020, the network business unit of GASAG was transferred to NBB Netzgesellschaft Berlin-Brandenburg GmbH & Co. KG (hereinafter referred to as NBB). Please refer to the section "Spin-off of the network business unit from GASAG to NBB" in this Group management report.

1.2 STRATEGIES, TARGETS AND MEASURES

Continuation of the transformation program

Increasing customer requirements, more intense competition and growing regulatory requirements call for a proactive design and further development of the GASAG Group's strategy. In addition, the global COVID-19 pandemic has added special operational, social and market challenges for the Group.

The transformation program “GASAG 2025” launched in 2018, in which work has and is being done on the structures, processes, control and management model, and the corporate and management culture in the GASAG Group, has successfully been continued in the fiscal year and within the scope of this program many initiatives have been implemented in all areas of the company.

The functional management and control model introduced in August 2019 was further concretized. The central objective of this realignment is to strengthen competitiveness and further increase profitability. In the reporting year, the focus was again on implementing the measures developed and achieving the targeted cost savings, revenue increases, and further structural changes.

In November 2020, GASAG AG acquired shares of the innogy SE on the SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH (hereinafter SpreeGas), thus increasing its shareholding (see section **"2.3 ownership structure"**). The purchase of the shares enables better dovetailing and full integration of the activities in the GASAG Group. This includes, among other things, the accession of SpreeGas to the management unit joint operation market/group functions effective January 2021, through which the management and control model will also be implemented on a sustainable basis with regard to the activities of SpreeGas.

Business Units

In the private and commercial customers business unit (GE PuG), the focus was on harmonization, digitization, and automation of products and processes, as well as customer-focused sales.

The business unit major customers and energy services (GE GK/EDL) continued to pursue a strategy, focused on growth in the energy services business, increased profitability in major customers business, and the development of climate-neutral products and services.

In the network business unit (GE networks), activities focused on achieving the planned level of costs and investments as part of the "NBB 4.0" program integrated into the “GASAG 2025” program, on upgrading and renewing the network (for example, the commissioning of the newly constructed transfer station in Buckow), and on maintaining the concession.

Operational measures to contain the COVID-19 pandemic

Due to the global COVID-19 pandemic the GASAG Group has faced, like many other companies, extraordinary challenges. To protect the health of all employees, the existing home office offering has been expanded and supported by a smooth IT implementation.

The rules for safe operating procedures in the various areas of the company and its activities were dynamically adapted to the official requirements, and further measures were implemented to protect employees from infection (including maximum occupancy regulations, increased hygiene standards in the office areas, as well as distance rules and mandatory masking).

Spin-off of the business unit grid from GASAG to NBB

On the basis of the spin-off agreement between GASAG and NBB of December 14, 2020 about the spin-off of the business unit grid of GASAG and the resolutions of approval of December 11, 2020 and December 14, 2020 of GASAG, respectively the general meeting of the shareholders of GASAG, the business unit grid as part of the assets of GASAG was transferred in its entirety to NBB by way of spin-off. Prior to this, the gas grid was leased to NBB on the basis of a lease agreement.

The business unit grid includes the technical equipment, land, buildings, easements, receivables, contractual relationships, property rights and liabilities as well as all decommissioned lines owned by GASAG.

Under commercial law, the spin-off was agreed with notional retroactive effect as of January 1, 2020 and became effective upon entry in the commercial register on December 30, 2020.

2 ECONOMIC REPORT

2.1 MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Impact of the global COVID-19 pandemic in Germany

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

With widespread restrictions on public life implemented for the first time in mid-March 2020 and the resulting consequences for very many economic sectors in Germany, there was the sharpest decline in gross domestic product since quarterly records began in 1970.

The energy industry was also affected by the economic slump due to significantly lower energy consumption, especially by industrial customers. The COVID-19 pandemic has greatly changed the energy sector worldwide and in Germany, leaving behind effects that will continue to be felt in the years to come.

Economic Development

Economic development in the Federal Republic of Germany in 2020 has been seriously affected by the global COVID-19 pandemic and deviates sharply from forecasts. During the year, for example, there was a historic year-on-year decline in gross domestic product. Notwithstanding the interim easing of restrictions and the economic recovery in the third quarter and the repeated lockdown in November and December, overall performance for 2020 is negative at –5.0 % (price-adjusted year-on-year), having increased continuously over the past ten years.

The development of the labor market deteriorated slightly. The number of people in employment was 1.1 % lower in 2020 than in 2019, representing the first decline after 14 years of constant growth. The unemployment rate, measured as the share of unemployed persons in the labor force, increased year-on-year from 3.0 % to 4.0 %.

The outlook for 2021 and the further development of the pandemic and its social, political and economic consequences are subject to many uncertainties for the following year; the German government's forecast assumes an economic recovery and possible catch-up effects that will allow GDP to grow again by 3.0 %.

Total energy consumption

Energy consumption in Germany in 2020 is significantly lower than in the previous year. According to calculations by the Arbeitsgemeinschaft Energiebilanzen e.V. (AGEB), Berlin, consumption in Germany fell by just under 8.7 %.

The drop in consumption is mainly due to the economic slump caused by the COVID-19 pandemic, further improvements in energy efficiency, and higher average annual temperatures.

Natural gas consumption

Natural gas consumption in Germany decreased by 2.7 % compared to the previous year. The decline was mainly due to lower consumption by industrial and commercial customers as a result of the pandemic. This was compounded once again by mild temperatures in the heating period at the beginning of 2020. The year-on-year increase in natural gas usage in power plants was unable to compensate for the decline in consumption.

Electricity consumption

According to BDEW estimates from January 2021, electricity consumption in 2020 was around 516 billion kWh, down 3.94 % on the previous year. The main reason for this development was an economic slump caused by the pandemic, which led to a sharp drop in electricity consumption in industry and commerce, while there was an increase in the private electricity sector.

2.1.1 EUROPEAN ENERGY POLICY

European Green Deal

At the last EU summit in 2020, the EU states were able to reach an agreement and are now committed to climate neutrality by 2050 and to increasing the CO_2 savings target of 55 % by 2030. In the future, the building sector should also make an important contribution on the way to achieving the targets. For this purpose, the EU Commission presented the renovation wave strategy within the Green Deal at the end of 2020. The aim of the strategy is to improve the energy efficiency of buildings more quickly, among other things by means of a modernization rate of 2 % per year. At the same time, renewable energies are to be given greater importance in the building sector. The EU buildings strategy is thus also likely to influence the discussion surrounding the heat transition in Germany in the current year.

2.1.2 GERMAN FEDERAL ENERGY POLICY

National hydrogen strategy

In June 2020, the National Hydrogen Strategy (NWS) was presented. This was the first time that a framework for action to establish a hydrogen economy was adopted. For a rapid market ramp-up, the German government relies on domestic hydrogen production from green electricity, but at the same time points out that future demand cannot be met without imports. To improve the framework conditions, in the NWS concrete measures are also proposed, such as the EEG apportionment exemption for the production of green hydrogen, a measure on which the German government was able to agree at the end of the year as part of the EEG amendment. On the other hand, the question of the best ways to use the energy carrier remains open to debate.

Fuel Emissions Trading Act

In October 2020, the amendments to the Fuel Emissions Trading Act were passed by the German parliament. This implemented the announced increase in certificate prices for CO_2 emissions from fuels and combustibles in the heating and transport sectors. The input price for the emission of one metric ton of CO_2 is now EUR 25 in 2021 and will gradually rise to EUR 55 by 2025. From 2026, the system is to become increasingly market-based. Heating with fossil fuels will therefore become more expensive. At the same time, the CO_2 price will provide incentives to switch more quickly to applications using climate-neutral energy sources, such as biomethane and green hydrogen.

Energy Act for Buildings

The Energy Act for Buildings came into force in November 2020. There is now a uniform set of regulations for energy requirements and the use of renewable energies to supply heating and cooling to buildings.

The law also results in innovations that are relevant for GASAG, such as the installation ban for oil and coal boilers from 2026 and the improved assessment of biomethane in heat supply. With the introduction of an innovation clause, the possibility of proving energy improvements using CO_2 emissions instead of primary energy factors on a test basis until 2023 was also taken into account for the first time - a change that should lead to better comparability of energy sources and their contribution to CO_2 reduction overall.

Support programs for building renovation

In order to leverage the potential for saving CO_2 emissions in the building sector, the German government has included various subsidy programs in its climate protection program.

Since the beginning of 2020, for example, home and apartment owners have been offered a replacement premium of up to 45 % of the replacement costs for replacing oil-fired heating systems. The boiler replacement premium has been successfully demanded and is already leading to numerous heating conversions. From 2021, the program will be replaced by the federal subsidy for efficient buildings. In addition, heating system replacements will also be eligible for tax incentives in the period from 2020 to 2029.

2.1.3 BERLIN’S ENERGY POLICY

Amendment to Berlin Energy Transition Act [“Berliner Energiewendegesetz”] and development of Berlin heating strategy

Berlin's energy policy is also raising its climate protection targets, partly due to the climate emergency passed by the Senate last year. The amendment to the Berlin Energy Transition Act [“Berliner Energiewendegesetz”] therefore raises the city's climate protection target to a reduction target of 95 % by 2050 compared to 1990. This is also accompanied by more ambitious interim targets of –65 % by 2030, significantly higher targets than those set at the federal or European level.

Activities are increasingly focusing on the heating market. At the end of 2020, work therefore began on the development of a heating market strategy for the state, on the basis of which new instruments are to be developed for activating the potential for savings in the building sector. In this context, consideration is also being given to a heat network regulation law, which will help heat networks to promote the development of neighborhood concepts and the use of renewable energy sources, among other things.

2.2 BUSINESS DEVELOPMENT

At 25,301.8 million kWh, the Group's **gas sales** to end customers and redistributors were 0.4 % higher than in the previous year and are mainly attributable to the 7.9 % increase in the volume of business with redistributors. Gas sales to end customers declined by 3.3 % year-on-year in comparable weather conditions, primarily due to customer losses. At 11.7°C, the annual mean temperature for Berlin in 2018 was 0.1°C lower than in the previous year (11.8°C) and 1.4°C higher than the standard year (10.3°C). Nevertheless, the heating degree values decreased by 0.8 % compared to the previous year due to the temperature distribution during the year and by 8.2 % compared to the standard year. As in the previous year, the annual mean temperature and heating degree values for Brandenburg were at a comparable level as for Berlin.

In fiscal year 2020, **electricity sales** increased from 1,642.7 million kWh in the prior year to 1,861.9 million kWh. The increase resulted, among other things, from higher customer-specific consumption, the increase in customer numbers, and higher prices compared with the previous year.

The transport volumes in the **gas network** remained at nearly the same level as previous year's 43,730.1 million kWh in 2020 (in 2019: 43,242.1 million kWh, +1.1 %). The 2,149.6 million kWh year-on-year increase in transport volumes for two natural gas-fired, thermal power stations in Berlin was offset by temperature-related decreases in SLP and RLM volumes (–1,601.3 million kWh).

The transport volumes in Forst’s **electricity network** decreased by 5.0 % year-on-year to 51.2 million kWh.

The GASAG Group’s **heating sales** slightly rose in 2020 by 13.6 million kWh to 450.5 million kWh.

The volumes of **electricity produced** in the Group from **contracting facilities** were slightly below the level of the prior year at 56.5 million kWh (prior year: 60.7 million kWh).

The feed-in volume of **biomethane** was below the prior-year level at 81.7 million kWh (prior year: 122.7 million kWh). In addition, the bio natural gas companies produced 11.8 million kWh (prior year: 16.9 million kWh) of electricity.

Total output of the three **wind turbines** is 7.5 MW. Annual electricity production amounted to 20.2 million kWh (prior year: 19.7 million kWh).

The **photovoltaic plants** in Berlin and Brandenburg operated by the GASAG group with an installed capacity of 41.7 MWp (prior year: 41.7 MWp) produced 43.1 million kWh (prior year: 41.2 million kWh) of electricity.

Closure of the gas storage facilities in Berlin

The final operating plan of Berliner Erdgasspeicher GmbH (hereafter BES) and the resulting expected decommissioning permit from the responsible mining authority is anticipated in the second quarter of the 2021 financial year. The aftercare and decommissioning activities are proceeding according to plan. As part of the final operating plan procedure, activities relating to the subsequent use of the storage facility are being pursued in addition to the decommissioning. BES is currently investigating two directions, consisting on the one hand of a CO_2-neutral intelligent neighbourhood concept with geothermal heat supply and storage and on the other hand of underground methanisation in the aquifer storage facility. For both projects, project outlines were developed in 2019 in a project network with external research units and subsidies were granted within the framework of the 7th Energy Research Program. In addition, BES is investigating possibilities for hydrogen production and its integration into the natural gas system, as well as the use of deep geothermal energy at the site.

In 2020, an initial hydraulic test was conducted to determine geothermal production rates at a converted former gas well. The results will be included in an overall assessment after a second test has been carried out on another well in the first quarter of 2021.

The underground methanation studies identified microorganisms in the reservoir water that are being analyzed for methane formation in the laboratory. At the same time, the stimulation, stabilization and control of the microbiological process is being further developed.

2.3 OWNERSHIP STRUCTURE

Sale of the Schwedt, Neudorf and Rhinow biogas companies

GASAG sold its 100 % shareholding in GASAG Bio-Erdgas Schwedt GmbH, Schwedt, to BALANCE Erneuerbare Energien GmbH, Leipzig, with effect from January 1, 2020. Likewise, EMB Energie Mark Brandenburg GmbH, Michendorf, sold its 100 % shareholding in Bioenergie Rhinow GmbH, Rhinow, to DSB Bioenergie Prignitz GmbH, Potsdam, and its 74.9 % shareholding in Bio-Erdgas Neudorf GmbH, Groß Pankow, to Jörn Ahlers Biogas GmbH, Groß Pankow, in 2020.

2.4 LEGAL ISSUES

Concession Award Process in Berlin

In the lawsuit concerning the award of a new gas network concession, the Regional Court of Berlin delivered its judgement on April 4, 2019. The Court of Appeal confirmed the first-instance ruling of the Berlin Regional Court of December 9, 2014, dismissed the appeals of both parties and did not allow an appeal to the Federal Court of Justice (BGH). In August 2020, GASAG/NBB's appeal against non-admission to the Federal Court of Justice was successful, whereupon the State of Berlin also filed a cross-appeal. An oral hearing in the appeal proceedings at the Federal Court of Justice has been scheduled for March 2021.

In parallel to the non-admission appeal, the State of Berlin, in its modified second procedural letter dated May 7, 2020, reset the concession award procedure to the status prior to the second procedural letter and requested the bidders to submit new qualification documents and new final bids based on new selection criteria. The objections raised by GASAG and NBB in due time were unsuccessful. GASAG's and NBB's subsequent application to the Berlin Regional Court for a temporary injunction was not decided in 2020. In the deferred concession award procedure, the State of Berlin suspended the deadline for bids from the applicants.

In December 2020, the interim agreement with the State of Berlin on the operation of the general supply gas network was extended until December 31, 2021.

Consortium agreement

A consortium agreement has existed between the shareholders of GASAG, Vattenfall GmbH and ENGIE Beteiligungs GmbH since June 2015, which was approved by the EU Commission in December 2015 and again in December 2020, and which has been implemented since January 1, 2021. Vattenfall and ENGIE thus jointly hold a majority stake in GASAG. We received the mandatory notification under the Stock Corporation Act from Vattenfall and ENGIE in January 2021.

2.5 CORPORATE GOVERNANCE STATEMENT PURSUANT TO § 289F HGB

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

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

As of 31 December 2020, the proportion of women on the Supervisory Board remains at 9.5 %.

Since 2018, the Executive Board has had three male members. Thus, the quota has not been reached.

At the first management level of GASAG, the goal has been reached with a 33 % share of women. At the second management level, the share of women is at 28 %. Hence, the set quota has been reached here as well.

3 ASSETS, LIABILITIES, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

We have already addressed the Corona pandemic in the previous chapters "1.2 Strategies, Targets and Measures" and "2.1 Macroeconomic and Industry-Specific Conditions."

Ad hoc reporting was installed in the GASAG Group in the fiscal year 2020, which shows significant Corona effects compared with the forecast. Group-wide deteriorating circumstances in EBIT of approximately EUR 3.2 m were recorded in earnings. The main effects relate to trading losses from volume returns, volume reductions, trading losses due to the economic situation, an increase in insolvencies, and various project delays in the construction of contracting projects.

3.1 FINANCIAL PERFORMANCE

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

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

3.1.1 RESULTS FROM CONTINUING OPERATIONS

Revenue decreased by –EUR 28.5 m year on year to EUR 1,223.1 m (prior year: EUR 1,251.6 m). Of this, EUR 1,031.7 m or 84.4 % (prior year: EUR 1,061.8 m or 84.8 %) relates to natural gas, electricity and heat supply. The decline in revenue is mainly attributable to the fall in prices in the gas business vis-à-vis redistributors. Sales mainly result from the supply of natural gas. The share of sales accounted by natural gas is 59.0 % (prior year: 61.7 %), electricity 22.1 % (prior year: 19.8 %) and heat 3.2 % (prior year: 2.4 %).

Other operating income including the **change in inventories** of EUR 53.9 m (prior year: EUR 63.0 m) decreased by –EUR 9.1 m (–14.4 %). This is mainly due to reversals of provisions for soil remediation and retirement in the previous year.

Cost of materials fell by–EUR 40.4 m to EUR 867.6 m compared with the prior year (–4.4 %). The decrease is mainly due to the decline in prices for natural gas purchased. The cost of materials as a percentage of revenue (margin) dropped to 70.9 % (prior year: 72.5 %). The decrease in this ratio is also mainly due to the decline in prices for purchased natural gas.

Personnel expenses remained at approximately the same level as in the previous year, changing by EUR 0.2 m to EUR 124.7 m (0.1 %). The reduction in the number of employees was offset by collective pay increases in the financial year. The average number of employees (excluding employees in the release phase of phased retirement) therefore dropped to 1,658 compared with 1,726 in the prior year.

Amortization and depreciation increased by EUR 4.2 m from EUR 91.9 m to EUR 96.1 m (up 4.6 %). The increase is mainly due to investments.

Other operating expenses fell by –EUR 13.4 m year on year to EUR 112.7 m (prior year: EUR 126.1 m). This represents a decrease of –10.6 % which is mainly attributable to higher expenses for staff-related measures in the previous year.

Profit from operations (EBIT) amounts to EUR 75.7 m (prior year: EUR 64.0 m). The change is mainly due to lower restructuring expenses compared with the previous year of EUR 8.1 m (prior year: EUR 19.3 m), and lower negative temperature-related influences of EUR 19.5 m (prior year: EUR 22.4 m). By contrast, higher depreciation due to increased investment activity and losses from the sale of the biogas plants, as well as the effects of the Corona pandemic, had a negative impact. Adjusted for temperature-related effects, restructuring expense and other nonrecurring items, EBIT was slightly lower than a year earlier.

Finance costs decreased by –EUR 0.3 m to EUR 18.7 m (prior year: EUR 19.0 m).

The **other financial result** fell by EUR 1.9 m (prior year: EUR 1.3 m) to –EUR 0.6 m.

The **investment result** fell to –EUR 0.8 m in the financial year (prior year: EUR 1.9 m).

Income taxes increased by EUR 2.7 m year-on-year to EUR 18.9 m (prior year: EUR 16.2 m).

The profit from **continuing operations** amounted to EUR 38.2 m in fiscal year 2020, compared with EUR 31.9 m in the prior year.

Including the result from discontinued operations, net income for 2020 thus amounts to EUR 38.8 m (prior year: EUR 32.3 m)

3.1.2 EARNINGS FROM DISCONTINUED OPERATIONS

Based on the application of IFRS 5, the result from **discontinued operations** as of December 31, 2020, amounted to EUR 0.6 m (prior year: EUR 0.4 m). Please refer to section 6, note "(10) Profit or Loss From Discontinued Operations" in the notes to the consolidated financial statements.

3.2 FINANCIAL POSITION

3.2.1 CAPITAL STRUCTURE

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

The credit and guarantee lines of our Group are provided by a total of nine banks, some of which have no fixed terms. Written credit and guarantee lines were available in the amount of EUR 159.7 m as of the balance sheet date. At the end of the fiscal year, utilisation was mainly through guarantees and amounted to EUR 44.9 m. In addition, further verbally committed unused credit lines are available.

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

3.2.2 LIQUIDITY

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

3.2.3 STATEMENT OF CASH FLOWS

IN EUR M	2020	2019
Profit before income taxes from continuing operations	57,1	48,1
Profit or loss before income taxes from discontinued operations	0,9	0,6
Income taxes paid	–2,0	–6,8
Change in working capital	10,3	–30,6
Change in other items	**96,9**	**65,8**
Cash flows from operating activities	163,2	77,1
Cash flows from investing activities	–147,4	–213,9
Cash flows from financing activities	–14,6	124,7
Cash and cash equivalents at the end of the period	**8,2**	**6,9**

At EUR 163.2 m, the GASAG Group's **cash flows from operating activities** are over the prior-year level (prior year: EUR 77.1 m). The change in working capital of EUR 10.3 m (prior year: –EUR 30.6 m) results primarily from the decrease in inventories amounting to EUR 18.1 m (prior year: increase in receivables of –EUR 23.8 m).

Cash flows from investing activities of –EUR 147.4 m (prior year: –EUR 213.9 m) chiefly comprise cash paid for replacement and expansion investments in gas distribution facilitiesand financial investments.

Cash flows from financing activities of –EUR 14.6 m (prior year: –EUR 124.7 m) mainly include cash outflows of –EUR 52.2 m (prior year: outflow of –EUR 35.4 m) for dividend payments, outflows of –EUR 213.6 m (prior year: –EUR 63.3 m) for loan repayments, and proceeds from borrowings in the amount of EUR 264.2 m (prior year: EUR 235.3 m).

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

3.2.4 NET FINANCIAL POSITION

The net financial position comprises cash and cash equivalents less financial liabilities.

IN EUR M	2020	2019
Cash and cash equivalents	8,2	7,0
Liabilities to banks	–573,6	–595,6
thereof due in up to 1 year	*–89,6*	*–208,7*
thereof due after 1 year	*–484,0*	*–386,9*
Other financial liabilities	–91,5	–28,8
thereof due in up to 1 year	*–1,5*	*–1,2*
thereof due after 1 year	*–90,0*	*–27,6*
Derivatives	–1,5	–76,2
Net financial position	**–658,4**	**–693,6**

The improvement in the net financial position is mainly due to an increase in fair values of commodity derivatives. The changes in the items "liabilities to banks" and "other financial liabilities" result from the refinancing carried out in the financial year. In the financial year, scheduled maturities and early loan repayments were refinanced on a long-term basis.

3.3 ASSETS AND LIABILITIES

The **non-current assets** (excluding deferred taxes) increased by EUR 54.7 m to EUR 1,886.8 m (prior year: EUR 1,832.1 m).

Intangible assets decreased by –EUR 3.6 m to EUR 187.9 m against the prior year (prior year: EUR 191.5 m).

Investments in **property, plant and equipment** at the GASAG Group increased by EUR 11.0 m to EUR 131.2 m. Thereof EUR 101.9 m relates to measures in gas distribution facilities.

Due to the first-time application of IFRS 16, the new balance sheet item rights of use includes leasing **rights of use** and former finance leases. In the 2020 financial year, the lease agreement for office buildings for the new GASAG location on the EUREF campus was recognized. The lease termination options were taken into account in the valuation.

Inventories fell by –EUR 18.7 m to EUR 11.0 m. The decrease is mainly due to the withdrawal of natural gas from an external storage facility.

Trade receivables and other receivables rose by EUR 20.2 m to EUR 159.8 m. At EUR 68.1 m, receivables from gas supplies increased by EUR 3.4 m compared to the previous year.

Equity remained almost unchanged at EUR 681.7 m (prior year: EUR 674.0 m). With higher total assets (up EUR 34.0 m), the equity ratio of the GASAG Group dropped to 31.8 % (prior year: 31.9 %). The decrease in equity is mainly due to the acquisition of shares of 32.268 % in SpreeGas. Please refer to section 6, note "(11) Other Comprehensive Income" in the notes to the consolidated financial statements.

39.0 % of **intangible assets and property, plant and equipment** is covered by equity (prior year: 39.3 %).

The increase in **non-current liabilities** (excluding deferred taxes) by EUR 174.1 m to EUR 1.018.7 m is mainly due to the increase in financial liabilities and other liabilities in connection with leasing and rental obligations, including the relocation of several companies to the EUREF campus in spring 2021.

At EUR 376.2 m, **current liabilities** were EUR 165.5 m below the prior year (prior year: EUR 541.7 m), due primarily to the decrease in financial liabilities caused by maturing promissory note loans and derivatives.

3.3.1 OVERALL PICTURE OF THE BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

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

Overall, revenues were moderately below our expectations, mainly due to temperature-related lower sales. EBIT and, consequently, earnings from continuing operations did not meet our forecast. The temperature-related decline in gas sales and network business had a negative impact on earnings. In addition, one-time special effects led to a decline in earnings compared with budget. One-time items include losses on the sale of the biogas plants, effects of the Corona pandemic, and special, unplanned project expenses. Adjusted for the temperature development and one-time special effects, earnings are at the expected level. Earnings from discontinued operations are in line with our forecast.

The financial obligations due in the 2020 financial year were covered at all times by the available liquidity, financial assets and existing credit lines.

3.4 FINANCIAL PERFORMANCE INDICATORS

Financial Performance Indicators

The main financial performance indicator for the GASAG Group is profit from operations (EBIT). In addition to EBIT, return on capital employed (ROCE) is an important financial performance indicator for the GASAG Group. ROCE reflects profit from operations as a percentage of average capital employed. The operating result comprises EBIT plus investment income, adjusted for restructuring expenses and litigation expenses. In fiscal year 2020, ROCE from continuing operations stood at 5.7 % (prior year: 6.1 %). Our expectation of ROCE from continuing operations was greater than 8 % and fell short of it due to the negative temperature trend and other, aforementioned one-off special effects. Adjusted for the temperature trend and other one-off effects, ROCE amounted to 8 % and was thus in line with our expectations.

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

3.5 NON-FINANCIAL PERFORMANCE INDICATORS

Employees

In the fiscal year, we continued to pursue our strategic transformation goals with regard to leadership and corporate culture: The Leadership Promise was implemented Group-wide and cultural development was strengthened in the direction of change capability, implementation strength, learning culture and (digital) collaboration.

Due to our commitment as an attractive employer, the GASAG Group has received awards: By Focus as Best Employer 2020 ["Bester Arbeitgeber 2020"], by the F.A.Z. Institute as Most Desired Employer in Germany ["Begehrtester Arbeitgeber Deutschlands"] as well as Leading Employer Germany 2021 ["Leading Employer Deutschland 2021"]. Also our training has been awarded by the IHK Berlin for excellent training quality and as TOP Training Germany ["TOP Ausbildung Deutschland"].

Customer Service Management

The issue of service quality is a key priority to establish successful and long-term customer relationships - always with the aim of increasing our customers' satisfaction with GASAG's products and services. Therefore, we check on a regular basis as part of systematic customer experience management what experiences customers have had with GASAG's service, what wishes and expectations they have of successful customer service and where they see potential for improvement.

This is done, among other things, through follow-up contact surveys, analysis of individual steps of customer interaction at central contact points and channels using the customer journey instrument, and verification through audits and mystery analyses. For this reason, GASAG succeeded in obtaining the seal of approval for service quality awarded by TÜV Süd for the 13th time in succession - it certifies an organizational structure optimally geared to customer needs, service-oriented processes and professional complaints management. We achieved the customer satisfaction targets we had set ourselves in 2020.

One focus in the customer-centric further development of customer service in 2020 was on digital processes - among other things, the functionalities of the customer portal were expanded and an area with answers to frequent customer questions was redesigned and made easier to use. Customers can now take advantage of numerous discounts at over 40 partners with the new benefits program GASAG Deals and thus save money - directly in the customer portal or with the GASAG Deals app. A lot has also been done in the traditional service channels: Thanks to a new digital knowledge management system and supporting tools, employees in telephone service can answer customer inquiries even faster and better. But there is now also digital support for on-site contact with new customers in the form of a special app that helps them find the right products and services. And with the customer-centric revision of letters launched in 2020, GASAG's written communication will become even more comprehensible and focused.

4 OPPORTUNITIES AND RISKS

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

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

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

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

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

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

4.1 OVERRIDING OPPORTUNITIES AND RISKS

The GASAG Group's business is to a considerable extent temperature-dependent. We have adjusted our temperature average due to the global warming trend and thus reduced the temperature-dependent risks.

The CO_2 tax, which has been in force since January 1, 2021, represents a relevant risk for the long-term business development with regard to natural gas, in particular due to the annual increase.

Depending on the further development of the Corona pandemic, we expect low risks for business development in 2021.

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

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

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

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

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

Network Business

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

Concession Award Process

For a general description of the Berlin concession award process, please refer to section 2.4, Legal Issues.

If the GASAG Group were to lose the concession for Berlin, the materially important network business in Berlin would be lost. Based on our own assessment, this would not take place before December 2023. NBB would have to sell the Berlin gas network after agreeing on a purchase price. This would provide NBB with liquidity inflows covering in full repayment of all network financing. The loss of the Berlin network business would lead to considerable efficiency losses in areas in which resources are currently being used primarily for the Berlin network. Resources that remain tied up and that had previously been used exclusively in the operation of the Berlin network would not generate any corresponding revenue. With regard to the potential damage, the loss of the Berlin concession constitutes a dangerous risk in the long term. We assume that it is more likely than not that we will retain the concession.

We also compete for concession agreements with regard to both existing and new contracts outside of the Berlin network area. In the long term, this constitutes a low potential opportunity from new contracts and a low potential risk from the loss of existing concession agreements.

Decommissioning of the Storage Facility

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

Market Price Development

The market price development in the energy and financial sectors results in a low potential for opportunities and losses in the short term. The effect of possible fluctuations on earnings has fallen compared with the previous year. We limit these risks by means of a specially tailored risk management process, which largely eliminates cash-related market price risks by means of hedging transactions. Key elements of this process are a uniform group-wide trading, settlement and monitoring process and uniform risk reporting. To this end, we use supplementary risk management systems and systematically employ hedging instruments to limit these risks. In 2020 we reviewed our energy industry processes and identified and implemented potential for improvement.

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

Counterparty Credit Risks

Counterparty credit risks arise from the supplying of customers, receivables from the transportation business, the procurement of commodities and financial transactions and can generally remain effective in the period after potential insolvency proceedings. We have established a receivables management system based on credit standing for our customers and a uniform group-wide limit system for banks and energy trading partners to manage counterparty credit risks. We use credit insurance where appropriate. There is a low short-term risk with a low probability of occurrence from counterparty credit risks. The probability of occurrence for a comparable damage potential is lower than in the previous year.

Governance and Compliance

The GASAG Group has concretised and standardised its compliance manuals. The training concept has been systematically developed and rolled out to the GASAG Group. The focus of our operational compliance activities is on training for the Group's employees to avoid corruption and discrimination and the relevant one-on-one consultation. Overall, these measures have led to higher risk awareness throughout the Group.

Overall Risk Position

The described risks, especially those arising from the concession award process, could potentially lead to a significant deterioration in the GASAG Group's net assets, financial position and results of operations. However, we believe we can prevent their occurrence through targeted measures.

Based on the overall risk situation, taking into account probability of occurrence and the measures taken, we do not currently see any risks that endanger the ability of the GASAG Group to continue as a going concern.

5 FORECAST

The operational measures planned to further develop and achieve the targets in our forecast are presented in the following sections Measures to Implement the Strategy, Personnel and Investments for the business units GK/EDL and networks as well as the development of revenue and earnings for the GASAG Group.

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

5.1 MEASURES TO IMPLEMENT THE STRATEGY

The political and economic environment in the energy sector is expected to remain challenging in 2021. In addition, the overall economic development will depend on the further development of the global pandemic and possible further regulatory measures to protect health.

By using the "GASAG 2025" transformation program running until the end of 2021, the GASAG Group will continue to optimise itself. The program will continue to focus on implementing the defined measures and managing planned cost savings.

The move to the new locations "GASAG-Energiequartier" and "NBB-Netzquartier" on the EUREF campus in Berlin-Schöneberg is scheduled for March 2021 and mid–2021 respectively.

The focus in the network business remains on maintaining concessions and expanding the networks in order to firmly establish the gas grids as viable components of the regional energy transition. The continuous upgrading of the networks to H2 capability is being pursued in parallel.

In the business unit consumer and major customers (PuG), the increase in customer and sales figures is to be achieved by continuing and continuously optimising sales activities. In addition, the focus is on new product developments, more efficient and automated processes and a continuous increase in service quality.

In order to achieve the targeted growth in the business unit corporate clients/energy services (GK/EDL), we will continue to focus on consistent market development, innovative energy concepts that aim to achieve CO_2 neutrality and the high-quality implementation of these concepts in 2020.

The GASAG Group will continue to invest in selected digitalization activities in 2021, focusing especially on the development of smart and energy efficient districts with distributed energy supply, energy efficient mobility, smart networks and meters.

5.2 PERSONNEL

By the implementation of the transformation program "GASAG 2025", the active workforce (excluding employment relationships in the passive phase of partial retirement) will continue to be reduced in 2020 as planned. Taking into account the activities in the context of "GASAG 2025", personnel and restructuring expenses will decline more strongly overall than in the financial year.

5.3 INVESTMENTS

Our investments for maintaining and expanding our gas networks in Berlin and Brandenburg are dependent on the terms set out in the concession agreement and the conditions of easement agreements. In 2021, we expect the level of capital expenditure to be at the same level as in 2020 due to planned major expansion and maintenance measures.

Planned investments in the business unit GK/EDL for contracting solutions lead to a strong increase. Within the framework of a long-term financing strategy, future investments are covered.

5.4 BUSINESS DEVELOPMENT

In our forecast for the fiscal year 2021, we are assuming long-term average temperature trends continued high competition in gas sales. We thus expect gas sales to end customers to increase slightly. Assuming gas sales to resellers at the level of the previous year, we expect total gas sales volumes in 2021 to be slightly above the level of 2020.

In the electricity commodity business, we anticipate a moderate increase in electricity sales in 2021 compared to 2020, a development that is expected against the backdrop of further intensified market activities in line with our sales strategy, with competition remaining high.

Assuming long-term average temperature trends, we expect a moderate increase in gas transport volumes in fiscal year 2021 compared with 2020.

The activities in the business unit GK/EDL will require significantly higher investments in 2021. In 2021, we expect heating sales to be slightly above the level of 2020.

5.5 RESTRUCTURING EXPENSES

The restructuring expenses for personnel instruments, consulting expenses and IT costs resulting from the "GASAG 2025" measures are expected to be considerably lower in 2021.

5.6 DEVELOPMENT OF REVENUE AND EARNINGS

Assuming a normal, average temperature trend and continued high competition, we expect revenues slightly above the level of the previous year in 2021.

We anticipate a significant year-on-year increase in profit from operations (EBIT) for 2021. A normal, average temperature trend is assumed in 2021. Savings and efficiency gains from the "GASAG 2025" program will contribute to improving earnings. The financial result and the result from discontinued operations is assumed to be at the 2020 level. As the net profit for the period will be affected by the development of the result from operating activities (EBIT), we also expect a strong increase here. As operating assets are forcasted to remain almost stable, we expect ROCE to exceed 8 % based on the assumption of the predicted EBIT before restructuring expenses

Berlin, March 3, 2021

GASAG AG
The Management Board

Dr. Gerhard Holtmeier	Michael Kamsteeg	Matthias Trunk

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES OF THE GASAG GROUP

FINANCIAL STATEMENTS

of the GASAG Group, Berlin, for the fiscal year 2020

BALANCE SHEET OF THE GASAG GROUP IN ACCORDANCE WITH IFRSs AS OF DECEMBER 31, 2020

ASSETS

IN € K	NOTES NO.	DEC. 31, 2020	Dec. 31, 2019
A. Non-current assets			
1. Intangible assets	(13)	187,851	191,546
2. Property, plant and equipment	(14)	1,558,074	1,522,392
3. Rights of use	(15)	75,076	54,540
4. Investments in associates	(16)	11,941	12,062
5. Financial assets	(17)	26,566	25,029
6. Non-current contract assets	(18)	27,313	26,496
7. Deferred tax assets	(19)	41,621	50,044
		1,928,442	**1,882,109**
B. Current assets			
1. Inventories	(20)	11,046	29,748
2. Financial assets	(17)	12,281	2,921
3. Income tax receivables	(21)	10,383	22,580
4. Trade receivables and other receivables	(22)	159,763	153,186
5. Current contract assets	(18)	16,063	14,722
6. Cash and cash equivalents	(23)	8,177	6,976
		217,713	**230,133**
		2,146,155	**2,112,242**

EQUITY AND LIABILITIES

IN € K	NOTES NO.	DEC. 31, 2020	Dec. 31, 2019
A. Equity	(24)		
1. Subscribed capital		413,100	413,100
2. Share premium		42,461	42,461
3. Reserve for unrealized gains or losses		–19,747	–72,002
4. Retained earnings		242,077	266,618
5. Non-controlling interests		3,836	23,783
		681,727	**673,960**
B. Non-current liabilities			
1. Deferred income	(25)	246,718	242,276
2. Provisions	(26)	108,596	119,278
3. Financial liabilities	(27)	582,007	436,771
4. Other liabilities	(28)	81,446	46,247
5. Deferred tax liabilities	(19)	69,393	52,034
		1,088,160	**896,606**
C. Current liabilities			
1. Deferred income	(25)	10,644	10,273
2. Provisions	(26)	48,332	43,190
3. Financial liabilities	(27)	102,021	267,126
4. Income tax liabilities	(29)	6,914	5,421
5. Trade payables and other liabilities	(28)	208,357	215,666
		376,268	**541,676**
		2,146,155	**2,112,242**

STATEMENT OF COMPREHENSIVE INCOME FOR THE GASAG GROUP IN ACCORDANCE WITH IFRSs FOR THE PERIOD FROM JANUARY 1 TO DEC. 31, 2020

INCOME STATEMENT

IN € K	NOTES NO.	JAN. 1 TO DEC. 31, 2020	Jan. 1 to Dec. 31, 2019
1. Revenue	(1)	1,223,093	1,251,639
2. Changes in inventories		1,593	–1,333
3. Other operating income	(2)	52,292	64,291
4. Cost of materials	(3)	867,642	907,963
5. Personnel expenses	(4)	124,739	124,572
6. Depreciation	(5)	96,131	91,938
7. Other operating expenses	(6)	112,723	126,102
8. Profit from operations		**75,743**	**64,022**
9. Share in profit or loss of associates	(7)	–453	500
10. Profit from other equity investments	(7)	1,220	1,350
11. Finance costs	(8)	18,795	19,053
12. Other financial result	(8)	–622	1,289
13. Profit before taxes		**57,093**	**48,108**
14. Income taxes	(9)	18,879	16,198
15. Profit from continuing operations		**38,214**	**31,910**
16. Profit or loss from discontinued operations	(10)	621	395
17. Profit for the period		**38,835**	**32,305**
18. Profit for the period attributable to non-controlling interests		1,893	2,429
19. Profit for the period excluding non-controlling interests		**36,942**	**29,876**
20. Earnings per share (in €)	**(12)**	**4.56**	**3.69**

STATEMENT OF COMPREHENSIVE INCOME

IN € K	NOTES NO.	JAN. 1 TO DEC. 31, 2020	Jan. 1 to Dec. 31, 2019
1. Profit for the period		**38,835**	**32,305**
2. Cash flow hedges		78,959	–73,399
3. Income tax effects		–23,946	22,227
		55,013	**–51,172**
4. Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**55,013**	**–51,172**
5. Actuarial profit or loss		–5,428	–8,465
6. Income tax effects		1,633	2,558
		–3,795	**–5,907**
7. Net other comprehensive income not to be reclassified as profit or loss in subsequent periods		**–3,795**	**–5,907**
8. Other comprehensive income	(11)	**51,218**	**–57,079**
9. Total comprehensive income		**90,053**	**–24,774**
10. Total comprehensive income attributable to non-controlling interests		1,895	2,264
11. Total comprehensive income excluding non-controlling interests		**88,158**	**–27,038**

◁ BACK TO CONTENT

STATEMENT OF THE CHANGES IN EQUITY OF THE GASAG GROUP IN ACCORDANCE WITH IFRSs AS OF DEC. 31, 2020

NOTES (24)

IN € K	SUBSCRIBED CAPITAL	SHARE PREMIUM	RESERVE FOR UNREALIZED GAINS AND LOSSES
As of: Jan. 1, 2019	**413,100**	**42,461**	**–15,478**
Total comprehensive income	0	0	–56,914
thereof profit of the period	*0*	*0*	*0*
thereof other comprehensive income pursuant to IAS 39 / IFRS 9	*0*	*0*	*–51,001*
thereof other comprehensive income pursuant to IAS 19	*0*	*0*	*–5,913*
Dividend distribution to owners	0	0	0
Acquisition / sale of non-controlling interests	0	0	390
As of: Dec. 31, 2019	**413,100**	**42,461**	**–72,002**
Adjustments persuant to IFRS 9 / IFRS 15	**0**	**0**	**0**
As of: Jan. 1, 2020	**413,100**	**42,461**	**–72,002**
Total comprehensive income	0	0	51,216
thereof profit of the period	*0*	*0*	*0*
thereof other comprehensive income pursuant to IAS 39 / IFRS 9	*0*	*0*	*55,011*
thereof other comprehensive income pursuant to IAS 19	*0*	*0*	*–3,795*
Dividend distribution to owners	0	0	0
Acquisition / sale of non-controlling interests	0	0	1,039
As of: Dec. 31, 2020	**413,100**	**42,461**	**–19,747**

	TOTAL RETAINED EARNINGS	SUBTOTAL FOR THE GROUP	NON-CONTROLLING INTERESTS	TOTAL
	330,281	**770,364**	**70,218**	**840,582**
	29,876	–27,038	2,264	–24,774
	29,876	*29,876*	*2,429*	*32,305*
	0	*–51,001*	*–171*	*–51,172*
	0	*–5,913*	*6*	*–5,907*
	–28,755	–28,755	–6,602	–35,357
	–64,784	–64,394	–42,097	106,491
	266,618	**650,177**	**23,783**	**673,960**
	0	**0**	**0**	**0**
	266,618	**650,177**	**23,783**	**673,960**
	36,942	88,158	1,895	90,053
	36,942	*36,942*	*1,893*	*38,835*
	0	*55,011*	*2*	*55,013*
	0	*–3,795*	*0*	*–3,795*
	–50,625	–50,625	–1,584	–52,209
	–10,858	–9,819	–20,258	–30,077
	242,077	**677,891**	**3,836**	**681,727**

STATEMENT OF CASH FLOWS FOR THE GASAG GROUP IN ACCORDANCE WITH IFRSs AS OF DEC. 31, 2020

IN € K	2020	2019
Profit before income taxes from continuing operations	**57,093**	**48,108**
Profit or loss before income taxes from discontinued operations	**889**	**566**
– Income taxes paid	–2,025	–6,804
+/– Write-downs / write-ups of non-current assets	97,391	91,922
thereof from discontinued operations	*65*	*69*
+/– Increase / decrease in provisions	2,587	–10,877
thereof from discontinued operations	*–4,172*	*–5,280*
+/– Other non-cash expenses / income	–7,661	–14,772
–/+ Gain / loss on the disposal of non-current assets	4,566	–453
–/+ Increase / decrease in inventories	18,087	–4,133
–/+ Increase / decrease in receivables	–26,851	–23,772
+/– Increase / decrease in liabilities	19,113	–2,672
= Cash flows from operating activities	**163,189**	**77,113**
+ Cash received from the disposal of intangible assets	340	0
– Cash paid for investments in intangible assets	–3,296	–5,494
+ Cash received from the disposal of property, plant and equipment	297	3,606
– Cash paid for investments in property, plant and equipment	–133,699	–121,679
+ Cash received from the disposal of non-current financial assets	1,842	638
– Cash paid for investments in non-current assets	–3,403	–4,775
+ Cash received from the sale of consolidated companies and other business units	4,321	0
– Cash received in connection with the sale of consolidated entities and other business units	–29,400	–98,863
+ Cash received from investment subsidiaries from third parties	15,617	12,704
= Cash flows from investing activities	**–147,381**	**–213,863**

IN € K	2020	2019
– Cash paid to owners	–50,625	–28,755
– Cash paid to non-controlling interests	–1,584	–6,602
+ Cash received from the raising of loans	264,166	235,295
– Cash repayments of loans	–213,590	–65,298
– Payment of finance lease liabilities	–12,583	–9,868
– Cash repayments of loans from non-controlling interests	–398	–54
= Cash flows from financing activities	**–14,614**	**124,718**
= Change in cash and cash equivalents	1,194	–12,032
– Changes in the scope of consolidation	4	0
+ Cash and cash equivalents at the beginning of the period	6,976	19,008
= Cash and cash equivalents at the end of the period	**8,174**	**6,976**

NOTES

to the Consolidated Financial Statements of GASAG as of December 31, 2020 (IFRSs)

1 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMTENTS OF GASAG

The Group's parent is GASAG AG, Berlin (GASAG), which is headquartered at Henriette-Herz-Platz 4, 10178 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, 2020 and the management report for the GASAG Group for the fiscal year from January 1 to December 31, 2020 and authorized them for issue to the supervisory board on March 3, 2021.

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

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

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

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

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

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

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

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

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

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied are generally consistent with those of the prior fiscal year. The procedure for valuing the working gas stock in the natural gas storage facilities was changed to the weighted average method from the 2019 financial 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, 2020. No new standards or new interpretations were adopted in the reporting year.

3 CONSOLIDATED GROUP

In addition to GASAG, 26 German subsidiaries were fully consolidated, 9 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

Sale of shares in GASAG Bio-Erdgas Schwedt GmbH (hereinafter GBS)

GASAG sold its shares in GBS to BALANCE Erneuerbare Energien GmbH by a share purchase and transfer agreement dated August 14, 2020.

Sale of shares in Bio-Erdgas Neudorf GmbH (hereinafter BEN)

EMB Energie Mark Brandenburg GmbH (hereinafter EMB) sold its shares in BEN to Jörn Ahlers Biogas GmbH by way of a purchase and transfer agreement for the shares dated August 27, 2020.

Sale of shares in Bioenergie Rhinow GmbH (hereinafter BioRhinow)

EMB sold its shares in BioRhinow by way of a share purchase and transfer dated September 25, 2020 to DSB Bioenergie PRIGNITZ GmbH.

ASSOCIATED COMPANIES / JOINT VENTURES

Founding of the Green Tec GmbH i.G.

On the basis of the agreement dated December 14, 2020, GASAG Solution Plus GmbH (hereinafter GASAG Solution Plus) founded Green Tec GmbH i.G. together with CG Services GmbH. GASAG Solution Plus holds 25.1 % of the shares in the company.

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LIST OF EQUITY INVESTMENTS	shareholdings
Fully consolidated entities	
BAS Kundenservice Beteiligungs-GmbH, Berlin	100 %
BAS Kundenservice GmbH & Co. KG, Berlin	100 %
Berliner Erdgasspeicher GmbH, Berlin	100 %
DSE Direkt-Service Energie GmbH, Berlin	100 %
EMB-Beteiligungsgesellschaft mbH, Michendorf [2)]	100 %
EMB Energie Mark Brandenburg GmbH, Michendorf	99.99206 %
GASAG Beteiligungs-GmbH, Berlin	100 %
GASAG Solution Plus GmbH, Berlin	100 %
GASAG Windpark Verwaltungs-GmbH, Berlin	100 %
Geo-En Energy Technologies GmbH, Berlin [8)]	96 %
infrest - Infrastruktur eStrasse GmbH, Berlin [6)]	67.36 %
KKI-Kompetenzzentrum Kritische Infrastrukturen GmbH, Berlin [6)]	74.9 %
NBB Netz-Beteiligungs-GmbH, Berlin	100 %
NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin [3)]	100 %
Netzgesellschaft Forst (Lausitz) mbH & Co. KG, Forst (Lausitz) [4)]	100 %
Solar Project 19 GmbH & Co. KG, Cottbus [5)]	90 %
SP V GmbH & Co. KG, Cottbus [5)]	80 %
SP VI GmbH & Co. KG, Cottbus [5)]	80 %
SP VII GmbH & Co. KG, Cottbus [5)]	80 %
SP VIII GmbH & Co. KG, Cottbus [5)]	80 %
SP IX GmbH & Co. KG, Cottbus [5)]	80 %
SP XI GmbH & Co. KG, Cottbus [5)]	80 %
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus	99.606 %
SpreeGas Verwaltungs-GmbH, Cottbus [5)]	100 %
Stadtwerke Forst GmbH, Forst (Lausitz)	74.9 %
Windpark Dahme - Wahlsdorf 2 GmbH & Co. KG, Berlin	100 %
Entities accounted for using the equity method	
ARGE Wärmelieferung, Cottbus [5), 9)]	50 %
Berliner Energieagentur GmbH, Berlin	25 %
CG Green Tec GmbH i.G., Berlin [8), 9)]	25.1 %
CG 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 %
GreenGas Produktionsanlage Rathenow GmbH & Co. KG, Rathenow [2)]	49 %
GreenGas Rathenow Verwaltungs GmbH, Rathenow [2)]	49 %
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 %
Rathenower Netz GmbH, Rathenow [2)]	35 %
WGI GmbH, Dortmund [6)]	49 %

LIST OF EQUITY INVESTMENTS	shareholdings
Other shareholdings	
local energy GmbH, Greifswald [1), 2)]	19.77309 %
Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH, Berlin [1)]	< 1 %
Stadtwerke Brandenburg an der Havel GmbH & Co. KG, Brandenburg an der Havel [1), 7)]	12.25 %
Stadtwerke Brandenburg Verwaltungs GmbH, Brandenburg an der Havel [1), 7)]	12.25 %
Stadtwerke Premnitz GmbH, Premnitz [1), 2)]	10 %

1) not included as GASAG AG, Berlin, has neither a controlling nor a significant influence
2) indirect equity investment through EMB Energie Mark Brandenburg GmbH, Potsdam
3) thereof 80.5 % directly and 16.5 % indirectly through EMB Energie Mark Brandenburg GmbH and 3 % indirectly through SpreeGas GmbH
4) indirect equity investment through Forst GmbH, Forst (Lausitz)
5) indirect equity investment through SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cotbus
6) indirect equity investment through NBB Netzgesellschaft Berlin-Brandenburg mbH & Co. KG, Berlin
7) indirect equity investment through EMB-Beteiligungsgesellschaft mbH, Potsdam
8) indirect equity investment through GASAG Solution Plus GmbH, Berlin
9) joint control

4 BASIS OF CONSOLIDATION

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

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

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

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

5 ACCOUNTING POLICIES

ASSUMPTIONS AND ESTIMATES

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

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

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

INCOME AND EXPENSE RECOGNITION

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

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

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

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

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

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

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

INTANGIBLE ASSETS

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

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

Discount rates are calculated according to the weighted average cost of capital (WACC) model. Cost of equity is determined using the capital asset pricing model (CAPM) and is currently 5.71 % (prior year: 5.10 %) based on a beta factor of 0.75 (prior year: 0.65). Cost of debt is derived from the long-term borrowing rate for new loans and other arm's length borrowing rates and amounts to 0.84 % (prior year: 1.71 %) after taxes. The discount rate also depends on the ratio of equity and debt employed. The resulting WACC stands at 3.81 % (prior year: 3.55 %) after taxes for the calculation of the fair value less costs to sell or at 5.86 % (prior year: 5.46 %) before taxes for the calculation of value in use. The discount rate should be used consistently across the Group and in all measurement periods to determine the value in use of assets. It may be adjusted if a value in use is sensitive to different risks in different periods, the term structure of interest rates or the capital structure. By an increase in the discount rate after taxes to 3.9 % for the CGU Spreegas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus (hereinafter Spreegas), the net realizable value corresponds to the net carrying amount. The growth rate subsequent to the forecasting period was 0.50 % (prior year: 0.50 %) as of December 31, 2020.

Intangible assets acquired separately are recognized at cost.

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

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

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

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

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

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

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

Uniform group-wide useful lives are applied as follows:

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT	Useful life
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 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.

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.

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.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

IMPAIRMENT OF ASSETS

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

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

FINANCIAL ASSETS

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

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

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

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

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

TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

CASH AND CASH EQUIVALENTS

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RELATIONSHIPS

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

For derivatives in a hedge, the accounting for changes in fair value is based on the type of hedge. The GASAG Group used only cash flow hedges in fiscal years 2019 and 2020.

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 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.

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.

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

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

Due to the ongoing low-interest phase, interest rates remain unchanged at 0.00 %:

FISCAL YEAR/TERM IN %	2020	2019
up to 5 years	0.00	0.00
5 to 10 years	0.00	0.00
over 10 years	0.00	0.00

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

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

FINANCIAL LIABILITIES

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

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

CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND CONTINGENT ASSETS

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

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

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

FOREIGN CURRENCY TRANSLATION

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

6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

(1) REVENUE

IN € K	2020	2019
Natural gas supply	722,167	771,898
Network access charges	270,116	248,361
Electricity supply	164,077	160,103
Heating supply	39,369	41,461
Other	27,364	29,816
	1,223,093	**1,251,639**

Revenue was mainly generated from the supply of natural gas. EUR 598,897 k (prior year: EUR 619,155 k) relates end customers and EUR 123,270 k (prior year: EUR 152,743 k) to redistributors. The decrease in revenue from redistributors is primarily attributable to diminished prices. Gas sales to end customers increased as a result of price adjustements. This effect was slightly offset by the decrease in overall sales to end customers due to higher temperatures and thus lower heating values by 0.8 %.

The increase in sales revenue from electricity deliveries is due, among other things, to higher customer-specific consumption, the increase in customer numbers and higher prices compared with the previous year. The share of sales volumes to end customers in electricity sales amounts to EUR 242,576 k (prior year: EUR 219,838 k)

Revenue includes remuneration provided under the German Renewable Energies Act ["Erneuerbare-Energien-Gesetz": EEG] and other similar remuneration of EUR 1,761 k (prior year: EUR 1,627 k) which is offset by material costs in the same amount.

(2) OTHER OPERATING INCOME

IN € K	2020	2019
Own work capitalized	16,495	14,662
Reversal of provisions	10,803	10,373
Derecognition of accrued liabilities	8,743	11,992
Reversal of deferred income	3,348	13,914
Reimbursement of dunning and court costs	2,305	2,642
Income from the disposal of non-current assets	806	558
Reversal of value adjustments	330	1,915
Miscellaneous	9,462	8,235
	52,292	**64,291**

The decrease of reversals of provisions is mainly due to the partial release of provisions for partial retirement (EUR 5.6 m) and soil decontamination (EUR 2.9 m) in the previous year.

(3) COST OF MATERIALS

IN € K	2020	2019
Cost of raw materials, consumables and supplies and of purchased merchandise	628,507	667,731
Cost of purchased services	239,135	240,232
	867,642	**907,963**

Cost of materials mainly includes expenses for natural gas distributed directly to end users, transferred to redistributors and used by the Group itself. The decrease in the cost of raw materials, consumables, and supplies was mainly due to lower expenses from gas purchases as a result of the lower market price.

The decrease in expenses for purchased services is mainly due to lower expenses for gas network charges as a result of lower sales volumes. Network charges for electricity showed the opposite trend as a result of the increased volume of business.

Furthermore, expenses for repairs and maintenance and other construction and purchased services were incurred.

(4) PERSONNEL EXPENSES

IN € K	2020	2019
Wages and salaries	102,709	101,284
Social security, pension and other benefit costs	22,030	23,288
	124,739	**124,572**

Personnel expenses increased by EUR 0.1 m compared with the previous year to EUR 124.7 m (0.1 %). The expected decrease in personnel expenses due to lower employee numbers will be offset mainly by one-time payments due to retroactive compensation adjustments and bonuses under Project NBB 4.0, general compensation increases/adjustments in the pay scale and AT area, as well as the measurement of pension provisions on the basis of the further decrease in actuarial interest rates and the first-time recognition of anniversary provisions in accordance with a new group company agreement. The jubilee provision was terminated again in the course of 2020; the term is limited to December 31, 2022.

The average number of employees (excluding employees in the release phase of phased retirement) decreased to 1,658 compared to 1,726 in the prior year. The decrease was mainly the result of the implementation of the measures completed in 2018 and 2019 as part of GASAG 2025 (mainly volunteer program) as well as further individual agreements in 2020.

Social security costs include contributions to the statutory pension insurance fund of EUR 7,925 k (prior year EUR 7,494 k).

Pension costs amounted to EUR 4,240 k (prior year: EUR 5,653 k) in the fiscal year.

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

NUMBER OF EMPLOYEES [1]	2020	2019
Women	647	683
Men	1,061	1,100
	1,708	**1,783**
thereof in the release phase of phased retirement	*50*	*57*

1) excluding trainees and management board members

(5) AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

Amortization, depreciation and impairment losses for fiscal years 2020 and 2019 breaks down as follows:

IN € K	2020	2019
Intangible assets	**6,627**	**6,153**
Amortization	6,627	6,153
Property, plant and equipment	**78,396**	**75,272**
Depreciation	78,269	75,258
Impairment losses	127	14
Rights of use	**11,108**	**10,513**
Depreciation	11,108	10,513
	96,131	**91,938**

Of the scheduled amortization of **intangible assets**, EUR 4,701 k (prior year: EUR 4,083 k) relate to software licenses and EUR 1,836 k (prior year: EUR 1,936 k) to customer bases in the current fiscal year. Conversion grants and subsidies granted accounted for EUR 40 k (prior year: EUR 82 k).

The impairment losses of EUR 127 k (prior year: EUR 14 k) recognized for **property, plant and equipment** in the fiscal year relate primarily to tenant fixtures. In the previous year, these relate to the position of procurement, production and distribution facilities.

(6) OTHER OPERATING EXPENSES

IN € K	2020	2019
Concession levies	28,144	27,071
IT services	18,251	17,508
Advertising and promotional activities	18,127	18,424
Other services and purchased services	10,399	14,707
Legal and other consulting fees, including audit fees	9,659	7,875
Expenses from deconsolidation	4,839	0
Derecognition of and bad debt allowances on receivables	4,100	4,304
Leasing expenses	3,507	3,307
Settlements and Reconciliation of Interests "GASAG 2025"	3,418	16,796
Insurance	2,486	2,725
Postage and freight costs	2,076	2,176
Losses on the disposal of non-current assets	777	1,462
Entertainment and travel expenses	799	1,313
Other taxes	475	954
Miscellaneous	5,666	7,480
	112,723	**126,102**

The expense from deconsolidation results from the disposal of the biogas companies (see section 3 "Consolidated Group").

The write-offs and value adjustments on receivables comprise EUR 3.5 m of write-offs and EUR 0.6 m of value adjustments

(7) INVESTMENT RESULT

IN € K	2020	2019
Investment result		
thereof from entities accounted for using the equity method	*–453*	*500*
thereof from other investments	*1,220*	*1,350*
	767	**1,850**

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

The investment result includes all income and expenses related to these unquoted equity instruments. All shares held in entities accounted for using the equity method and other shareholdings as of December 31, 2020 are disclosed in the list of equity investments in section 3 "Consolidated Group."

The negative result from investments in associates is mainly due to a deferred expense for the sale of shares in GreenGas Produktionsanlage Rathenow GmbH & Co. KG in 2021 in the amount of EUR 966 k.

(8) FINANCE COSTS

IN € K	2020	2019
Finance costs	**–18,795**	**–19,053**
Interest on overdrafts and loans	–15,795	–15,321
from banks	–1,463	–1,471
Interest from other financial liabilities	–387	–998
Unwinding of the discount for provisions	–1,150	–1,263
Interest on finance leases	**–622**	**1,289**
Other financial result	1,798	1,763
Interest income and similar income	–2,149	–57
Remeasurement of derivatives	–271	–417
Revaluation / ineffectiveness of derivatives	**–19,417**	**–17,764**

The decrease in the financial result is mainly attributable to the impairment loss on the fair value measurement of an investment and the write-down of a loan.

(9) INCOME TAXES

IN € K	2020	2019
Corporate income tax	6,972	5,131
thereof relating to other periods	*1,559*	*295*
Trade tax	8,886	2,272
thereof relating to other periods	*3,101*	*–951*
Current income taxes	**15,858**	**7,403**
Deferred taxes on temporary differences	–5,601	3,632
thereof relating to other periods	*–6,968*	*249*
Deferred taxes on tax loss carryforwards	8,622	5,163
thereof relating to other periods	*1,255*	*–601*
Deferred taxes	**3,021**	**8,795**
Income taxes	**18,879**	**16,198**

Deferred taxes were calculated using company-specific tax rates. In addition to corporate income tax of 15.00 %, the solidarity surcharge of 5.50 % on corporate income tax and the trade tax rate within a range of 9-16 % (prior year: 9-16 %) were taken into account.

The reconciliation from the theoretical income tax expense to the effectively reported tax expense is presented below:

IN € K	2020	2019
Profit before income taxes	57,093	48,108
Group tax rate	30.18 %	30.18 %
Theoretical income tax expense/income	**17,231**	**14,519**
Tax effects from		
Differences and changes in tax rates	64	–620
Tax-free income	–388	–150
Non-deductible business expenses	2,256	1,556
Effect of taxes from prior years		
recognized in the fiscal year	–1,294	–1,141
Utilization of loss carryforwards not used in the prior year	–126	313
Unrecognized deferred taxes on tax loss carryforwards	241	412
Additions to / reductions in trade tax	1,820	1,476
Other	–925	–167
Effective income tax expense / income	**18,879**	**16,198**
Effective tax rate	33.1 %	33.7 %

The development in the item “differences and changes in tax rate” can be explained by the changed average trade tax rate due to the profit and loss transfer agreement concluded between EMB and GASAG in 2020 as well as the difference between the Group tax rate and the tax rates of the group companies.

Non-deductible business expenses constist of corrections in accordance with § 8b KStG, which include non-tax deductible profit reductions and non-deductible expenses. The development in this item in the reporting year is attributable in the amount of EUR 1,844 k to the non-tax-deductible losses from the sale of shares in corporations.

Taxes from previous years mainly include effects from the 2011 to 2013 tax audit as well as trade tax refunds from old claims that have now been asserted.

Deferred tax assets are not recognized for loss carryforwards whose realization is not sufficiently certain. Corporation tax loss carryforwards amount to EUR 11,774 k (prior year: EUR 11,506 k) and trade tax loss carryforwards to EUR 14,745 k (prior year: EUR 13,969 k).

The increase in the item “Additions/reductions to trade tax” is due to the different allocation of earnings under tax law from the investment in Stadtwerke Brandenburg GmbH & Co. KG.

The effect shown under “other” results in the amount of EUR 940 k from the (retrospective) transfer of network operations by GASAG AG to NBB.

In 2020, shareholders’ equity changed by deferred taxes of –EUR 22,313 k (prior year: EUR 24,785 k) attributable to components not recognized in income.

(10) PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

IN € K	2020	2019
Revenue	13	19
Other operating income	2,274	815
Expenses	1,398	269
Profit or Loss before taxes	**889**	**565**
Income taxes	268	170
Profit or loss from discontinued operations	**621**	**395**

In December 2016, the supervisory board of GASAG resolved to decommission the Berlin natural gas storage facility. The commercialization of storage capacities ended on April 1, 2017. The closure plan was submitted to the Brandenburg State Office for Mining, Geology and Raw Materials (Landesamt für Bergbau, Geologie und Rohstoffe Brandenburg: LBGR) in May 2018. The decomissioning approval is expected in the first quarter 2021.

(11) OTHER COMPREHENSIVE INCOME

Disclosure of Components of Other Comprehensive Income

IN € K	2020	2019
Cash flow hedges:		
Profit or loss for the period	13,434	–79,974
Plus reclassification adjustments to profit or loss	65,525	6,575
	78,959	**–73,399**
Remeasurement of assets:		
Actuarial profit or loss	–5,428	–8,465
Other comprehensive income	**73,531**	**–81,864**
comprehensive Income	–22,313	24,785
Other comprehensive income	**51,218**	**–57,079**
Other comprehensive income attributable to non-controlling interests	–2	165
Other comprehensive income excluding non-controlling interests	**51,216**	**–56,914**

(12) EARNINGS PER SHARE

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

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

		2020	2019
Profit or loss for the period excluding non-controlling interests	€ K	36,942	29,876
Number of shares outstanding (weighted average)	Thousands of units	8,100	8,100
Earnings per share (GASAG Group)	€	4.56	3.69
Dividends to owners	€ K	34,992 [1]	50,625 [2]
Dividend per share of GASAG	€	4.32 [1]	6.25 [2]

1) Proposed
2) Paid in 2020

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, 2019	161,712	115,885	7,835	285,432
Additions	0	5,213	0	5,213
Disposals	0	402	0	402
Reclassification	0	–5	0	–5
As of Dec. 31, 2019	161,712	120,691	7,835	290,238
Amortization and impairment				
As of Jan. 1, 2019	7,755	77,315	7,738	92,808
Additions	0	6,134	20	6,154
Disposals	0	270	0	270
As of Dec. 31, 2019	7,755	83,179	7,758	98,692
Residual carrying amounts as of Dec. 31, 2019	**153,957**	**37,512**	**77**	**191,546**
Cost				
As of Jan. 1, 2020	161,712	120,691	7,835	290,238
Changes to the consolidated group	0	–14	0	–14
Additions	0	3,296	0	3,296
Disposals	320	5,550	0	5,870
As of Dec. 31, 2020	161,392	118,423	7,835	287,650
Amortization and impairment				
As of Jan. 1, 2020	7,755	83,179	7,758	98,692
Changes to the consolidated group	0	–5	0	–5
Additions	0	6,608	20	6,628
Disposals	0	5,516	0	5,516
As of Dec. 31, 2020	7,755	84,266	7,778	99,799
Residual carrying amounts as of Dec. 31, 2020	**153,637**	**34,157**	**57**	**187,851**

Goodwill was allocated to cash-generating units for the purpose of the impairment test as follows:

IN € K	DEC. 31, 2020	DEC. 31, 2019
EMB Energie Mark Brandenburg	120,180	120,180
SpreeGas	22,554	22,554
GASAG Solution Plus	4,901	4,901
NBB	3,491	3,491
Geo-En Energy	1,956	1,956
Other	555	875
	153,637	**153,957**

The change in goodwill results from the deconsolidation of BioRhinow in the amount of EUR 320 k. The impairment test did not identify any need for impairment of goodwill.

Acquired intangible assets mainly include customer bases of EUR 19,266 k (prior year: EUR 21,101 k). Of this amount, EUR 14,314 k (prior year: EUR 15,677 k) is attributable to the SpreeGas customer base with a remaining amortization period of 11 years and EUR 4,952 k (prior year: EUR 5,424 k) to the EMB customer base with a remaining amortization period of 10.5 years. A further component of this item is the conversion grants and subsidies of EUR 152 k (prior year: EUR 179 k) and software of EUR 14,059 k (prior year: EUR 15,510 k) granted to special-rate customers.

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

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

Software of EUR 1,862 k (prior year: EUR 2,788 k) is not ready for operation.

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

(14) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows in 2019 and 2020:

IN € K	Procurement, production and distribution facilities	Land and buildings	Other property, plant and equipment	TOTAL
Cost				
As of Jan. 1, 2019	3,178,529	64,500	30,301	3,273,330
Additions	116,891	1,432	1,911	120,234
Disposals	17,165	1,073	1,029	19,267
Reclassifications	–4,002	1,032	–5,806	–8,776 [1]
As of Dec. 31, 2019	3,274,253	65,891	25,377	3,365,521
Depreciation and impairment				
As of Jan. 1, 2019	1,746,191	24,794	19,981	1,790,966
Additions	70,970	1,905	2,413	75,288
Disposals	15,055	128	620	15,803
Reclassifications	–2,127	0	–5,195	–7,322 [1]
As of Dec. 31, 2019	1,799,979	26,571	16,579	1,843,129
Residual carrying amounts as of Dec. 31, 2019	**1,474,274**	**39,320**	**8,798**	**1,522,392**
Cost	3,274,253	65,891	25,377	3,365,521
As of Jan. 1, 2020	–19,859	–6,402	–926	–27,187
Changes to the consolidated group	124,940	3,507	2,713	131,160
Additions	19,673	2,985	1,109	23,767
Disposals	–5,622	5,750	–128	0
Reclassifications	3,354,039	65,761	25,927	3,445,727
As of Dec. 31, 2020				
Depreciation and impairment	1,799,979	26,571	16,579	1,843,129
As of Jan. 1, 2020	–8,039	–1,437	–519	–9,995
Changes to the consolidated group	73,963	2,181	2,266	78,410
Additions	871	0	0	871
Reclassifications	19,016	2,973	1,031	23,020
Disposals	1,846,016	24,342	17,295	1,887,653
As of Dec. 31, 2020	**1,508,023**	**41,419**	**8,632**	**1,558,074**

1) thereof reclassification to rights of use according to IFRS 16 amounting to –EUR 9,208 k (costs) and –EUR 7,322 k (Depreciation and impairment) thereof reclassification from current assets amounting to EUR 427 k (costs)

Procurement, production and distribution facilities include easements (including easements pursuant to Sec. 9 GBBerG), an intangible component which is allocated to the relevant distribution facilities. The carrying amount of the easements is EUR 15,766 k (prior year: EUR 14,857 k).

The largest share of additions is attributable to the expansion of the network distribution facilities, which includes replacement and new investments.

Assets with a carrying amount of EUR 33,778 k (prior year: EUR 33,593 k) are subject to restraints on disposal through assignment as security to lenders.

Most of the disposals relate to the sale of shares in affiliated companies, such as GASAG Bio-Erdgas Schwedt GmbH, Bio-Erdgas Neudorf GmbH and Bioenergie Rhinow GmbH, and their deconsolidation. Other disposals related to pipelines, service lines and heat generation plants.

The addition in the amount of EUR 871 k (prior year: EUR 0 k) results from the change in use of a former field pipeline of the Berlin natural gas storage facility and its integration into the Berlin natural gas network. The impairment loss was reversed to the fair value of the asset.

With regard to **land and buildings**, EUR 10,653 k (prior year: EUR 11,696 k) relates to land which is mainly recognized at historical carrying amounts.

The disposals of land and buildings mainly result from the sale of shares in affiliated companies and their deconsolidation.

Other property, plant and equipment principally includes operating and office equipment.

Overall, property, plant and equipment includes assets under construction of EUR 40,149 k (prior year: EUR 50,121 k). These primarily comprise investments in gas distribution facilities as well as ground-mounted photovoltaic plants and heat production facilities which are under construction.

(15) RIGHTS OF USE IFRS 16

The development of rights of use in 2019 and 2020 is presented below:

IN € K	Distribution facilities	Properties	Other	TOTAL
As of Jan. 1, 2019	29,506	29,098	3,810	62,414
Additions	693	1,732	647	3,072
Disposals	–380	0	0	–380
Depreciation	–2,073	–7,099	–1,394	–10,566
As of Dec. 31, 2019	**27,746**	**23,731**	**3,063**	**54,540**
As of Jan. 1, 2020	27,746	23,731	3,063	54,540
Additions	0	31,573	1,167	32,740
Disposals	–1,043	0	–4	–1,047
Depreciation	–1,986	–7,854	–1,317	–11,157
As of Dec. 31, 2020	**24,717**	**47,450**	**2,909**	**75,076**

The properties essentially include the rental of office space and space for energy plants. The networks are mainly network lease agreements for parts of the gas network in various municipalities in Brandenburg .

The increase in rights of use in fiscal year 2020 is mainly due to the recognition of the lease for office buildings in connection with the change of location of GASAG to EUREF-Campus.

(16) INVESTMENTS IN ASSOCIATES

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

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

ASSOCIATES

IN € K	DEC. 31, 2020	DEC. 31, 2019
Non-current assets	15,902	16,148
Current assets	3,436	3,185
Non-current liabilities	3,820	3,816
Current liabilities	8,956	9,113
Balance sheet total	19,338	19,333
Revenue	6,715	6,707
Profit for the period	386	418

JOINT VENTURES

IN € K	DEC. 31, 2020	DEC. 31, 2019
Non-current assets	2,511	2,516
Current assets	1,476	773
Non-current liabilities	488	405
Current liabilities	2,006	1,429
Balance sheet total	3,987	3,289
Revenue	1,207	947
Profit for the period	149	134

The equity investments are composed as follows:

CARRYING AMOUNTS OF SHAREHOLDINGS (IN € K)	DEC. 31, 2020	DEC. 31, 2019
Associates	**10,396**	**10,265**
Gas-Versorgung Cottbus GmbH, Cottbus	3,108	3,369
Netzgesellschaft Hohen Neuendorf GmbH & Co. KG, Hohen Neuendorf	2,556	2,289
Berliner Energieagentur GmbH, Berlin	1,784	1,266
WGI GmbH, Dortmund	928	1,254
Rathenower Netz GmbH, Rathenow	1,216	1,216
NGK Netzgesellschaft Kyritz mbH, Kyritz	545	545
Gasversorgung Zehdenick GmbH, Zehdenick	259	259
GreenGas Rathenow Verwaltungs GmbH, Rathenow	0	67
GreenGas Produktionsanlage Rathenow GmbH & Co. KG, Rathenow	0	0
Joint ventures	**1,545**	**1,796**
ARGE Wärmelieferung, Cottbus	551	301
Netzgesellschaft Hennigsdorf Gas mbH, Hennigsdorf	975	1,476
G2Plus GmbH, Berlin	13	13
CG Netz-Werk GmbH, Berlin	6	6
Carrying amounts of shareholdings valued using the equity method	**11,941**	**12,062**

The carrying amounts of the investments in GreenGas Rathenow GmbH were depreciated extraordinary.

(17) FINANCIAL ASSETS

Non-Current Financial Assets

IN € K	DEC. 31, 2020	DEC. 31, 2019
Other loans	1,658	2,982
Investments in unquoted equity instruments	14,712	16,207
Receivables from finance leases	4,469	4,881
Derivatives[1]	5,727	959
	26,566	**25,029**
1) thereof classified as held for trading	562	0

Investments in unquoted equity instruments relate to entities included in the list of equity investments under “other shareholdings”. The decrease in fiscal 2020 is due to the impairment of an investment in the category “measured at fair value through profit or loss”. See (30) “Reporting on Financial Instruments” for details on valuation. The Group also concluded option contracts to buy equity investments. These options had no significant market values as of the balance sheet date.

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

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

DEC. 31, 2020 IN € K	Present value of minimum lease payments	Unearned finance income	Gross investment
Due in less than 1 year	618	595	1,213
Due in 1 to 5 years	2,619	1,583	4,202
Due after 5 years	1,849	445	2,294
	5,086	**2,623**	**7,709**

For comparison, the prior-year figures:

DEC. 31, 2019 IN € K	Present value of minimum lease payments	Unearned finance income	Gross investment
Due in less than 1 year	665	666	1,331
Due in 1 to 5 years	2,527	1,860	4,387
Due after 5 years	2,354	668	3,022
	5,546	**3,194**	**8,740**

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

Current Financial Assets

IN € K	DEC. 31, 2020	DEC. 31, 2019
Receivables from finance leases	591	582
Derivatives[1]	11,690	2,339
	12,281	**2,921**

1) thereof classified as held for trading	456	396

(18) CONTRACT ASSETS

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

Also included are contractual assets in the amount of EUR 6,388 k (thereof current EUR 5,190 k), which mainly result from the granting of bonus payments to customers and are consumed over the term of the contract.

The reduction in sales revenue due to the allocation of previously recognized contractual assets to the appropriate periods amounted to EUR 7,197 k in the past financial year.

(19) DEFERRED TAXES (ASSETS AND LIABILITIES)

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

IN € K		DEC. 31, 2020 DEFERRED TAX ASSETS TAXES	DEC. 31, 2019 TAX LIABILITIES TAXES	Dec. 31, 2019 Deferred tax assets Taxes	Dec. 31, 2019 Deferred tax liabilities Taxes
Intangible assets	(1)	11,661	6,003	3,306	6,515
Property, plant and equipment	(2)	3,453	109,668	3,919	79,805
Rights of use	(3)	0	22,490	0	15,562
Anteile an assoziierten Unternehmen		54	0	41	0
Investments in associates	(4)	383	7,906	184	4,618
Financial assets	(5)	611	614	492	3,179
Trade receivables and other Receivables		786	180	1,459	189
Contract assets	(6)	0	13,136	0	12,483
Deferred Income	(7)	32,269	1,102	6,301	1,331
Provisions	(8)	17,995	1,190	16,167	1,896
Financial liabilities	(9)	6,051	170	29,029	2,050
Trade payables and other liabilities	(10)	25,830	65	20,502	44
		99,093	**162,524**	**81,400**	**127,672**
Tax loss carryforwards	(11)	35,659		44,282	
Gross amount		**134,752**	**162,524**	**125,682**	**127,672**
Netting		93,131	93,131	75,638	75,638
Net amount		**41,621**	**69,393**	**50,044**	**52,034**
thereof current		*10,222*	*1,030*	*35,719*	*5,463*
thereof non-current		*124,530*	*161,494*	*89,963*	*122,209*

The differences between the tax base and the IFRS balance sheet are listed below:

(1) The reduction in deferred tax liabilities is attributable to the write-down of customer bases which were not recognized in the tax base.

The increase in deferred tax assets is due to the capitalization of goodwill in the supplementary balance sheets of NBB resulting from the transfers of the NBB shares of EMB and SpreeGas to GBG.

(2) The valuation differences result from the useful lives applied, which generally cover a longer period under IFRSs. In addition, real property rights pursuant to Sec. 9 GBBerG are non-depreciating assets under tax regulations. In 2019, the sale of network assets from GASAG to NBB and the associated revaluation in the tax base will result in additional valuation differences.

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

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

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

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

(6) The increase in deferred tax liabilities is attributable to the application of IFRS 15.

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

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

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

(9) The decrease in deferred taxes from financial liabilities is chiefly due to the reduction in negative fair values of derivatives.

(10) The increase in deferred tax assets is attributable to the application of IFRS 16.

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

In the fiscal year, deferred taxes of –EUR 8,473 k (prior year: –EUR 31,643 k) were charged directly to equity.

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

IN € K	DEC. 31, 2020	DEC. 31, 2019
Corporate income tax (incl. solidarity surcharge)	73,397	103,303
Trade tax	166,607	193,533

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, 2020	DEC. 31, 2019
Raw materials, consumables and supplies	321	2,517
Merchandise	7,175	25,239
Work in process	3,550	1,944
Prepayments made	0	49
	11,046	**29,748**

Of the merchandise disclosed under inventories, EUR 7,175 k relates to the working gas in the storage facilities (prior year: EUR 25,239 k). The change in inventories is attributable to the increased natural gas volume in the natural gas storage facilities.

There is no restriction on the disposal of inventories, nor are there any other charges.

(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, 2020	DEC. 31, 2019
Trade receivables:	**144,285**	**124,809**
from gas supplies	68,139	64,749
from grid access charges	19,598	17,885
from heat and electricity supplies	51,082	37,520
from other trade	5,466	4,655
Other receivables	**15,478**	**28,377**
	159,763	**153,186**

In addition to goods and services billed to customers, trade receivables include unbilled receivables from gas, heat and electricity supplies and grid access charges of EUR 628,962 k (prior year: EUR 602,421 k), which were offset against the unbilled advance payments of EUR 530,786 k (prior year: EUR 521,986 k).

EUR 503 k (prior year: EUR 5,234 k) of other receivables relates to VAT refund claims, EUR 864 k (prior year: EUR 1,185 k) to deferred items and EUR 3,009 k (prior year: EUR 2,055 k) to other taxes.

The following table shows the age structure of the carrying amounts of 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, 2020	148,376	118,791	8,709	3,063	1,205	5,586	11,021
Bad debt allowances	4,091	1,236	234	77	71	683	1,789
Trade receivables as of Dec. 31, 2020	**144,285**	**117,555**	**8,475**	**2,986**	**1,134**	**4,903**	**9,232**
Trade receivables before bad debt allowances as of Dec. 31, 2019	129,690	100,638	8,125	3,144	1,048	5,694	11,042
Bad debt allowances	4,881	1,059	297	88	50	851	2,536
Trade receivables as of Dec. 31, 2019	**124,809**	**99,579**	**7,828**	**3,056**	**998**	**4,843**	**8,506**

Billed trade receivables generally fall due within 16 days.

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

Bad debt allowances on trade receivables developed as follows.

IN € K	2020	2019
Bad debt allowances		
As of Jan. 1	4,881	5,289
Allocations (expenses for bad debt allowances)	452	571
Utilization	554	431
Reversal	688	548
As of Dec. 31	**4,091**	**4,881**

The total amount of the allocations of EUR 452 k (prior year: EUR 571 k) comprises allocations due to specific bad debt allowances of EUR 206 k (prior year: EUR 89 k) and flat-rate specific bad debt allowances of EUR 246 k (prior year: EUR 482 k). Reversals include reversals of specific bad debt allowances of EUR 20 k (prior year: EUR 47 k) and of flat-rate specific bad debt allowances of EUR 668 k (prior year: EUR 501 k).

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

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

IN € K	2020	2019
Expenses for the complete derecognition of receivables	3,482	3,927
Income from the receipt of payments on receivables derecognized in prior years	3,466	1,950

The ratio of expenses for the derecognition of trade receivables to bad debt allowances on trade receivables results from the special posting system used by the GASAG Group for flat-rate specific bad debt allowances, in which allowances made during the year are not charged against the flat-rate specific bad allowance but recognized directly as an expense. Receipts of payments on impaired receivables are disclosed in other operating income. The bad debt allowance on trade receivables is determined as of the reporting date as the balance of the allowance already recognized and the write-down requirement identified, with the corresponding amount being allocated or released. This posting system does not have any effect on earnings.

In fiscal year 2020, interest income of EUR 269 k (prior year: EUR 495 k) on derecognized or impaired receivables was recognized.

(23) CASH AND CASH EQUIVALENTS

IN € K	DEC. 31, 2020	DEC. 31, 2019
Cash on hand/checks	50	82
Bank balances	8,127	6,894
	8,177	**6,976**

(24) EQUITY

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

Subscribed Capital

Subscribed capital is divided into 8,100,000 no-par value bearer shares with a notional value of EUR 51.00. All shares have been issued and fully paid in. Subscribed capital has not changed since December 31, 2019 and amounts to EUR 413,100 k.

Share Premium

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

Reserve for Unrealized Gains or Losses

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

IN € K	2020	Thereof IAS 39 / IFRS 9	Thereof IAS 19	2019	Thereof IAS 39	Thereof IAS 19
As of Jan. 1	–72,002	–54,984	–17,018	–15,478	–4,312	–11,166
Changes in other comprehensive income	52,255	54,399	–2,144	–56,524	–50,672	–5,852
As of Dec. 31	**–19,747**	**–585**	**–19,162**	**–72,002**	**–54,984**	**–17,018**

Retained Earnings

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

Non-Controlling Interests

Acquisition of further shares in SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH (hereinafter SpreeGas).

By share purchase and transfer agreement dated November 13, 2020, GASAG acquired a further 33.268 % of the shares in SpreeGas from innogy SE and now holds 99.606 % of the shares.

	Stadtwerke Forst GmbH, Lausitz		Netzgesellschaft Forst (Lausitz) mbH & Co. KG, Forst (Lausitz)	
	2020	2019	2020	2019
Non-controlling interests in %	25.1	25.1	25.1	25.1
IN € K				
Attributable to non-controlling interests:				
Share in equity	3,216,335	3,144,880	1,053,812	1,045,476
Share in profit for the period	96,555	203,022	132,410	108,104
Key financial items of the subsidiaries:				
Dividend paid in the fiscal year	100,000	–567,304	353,441	–1,741
Assets	36,733,008	36,856,955	17,181,817	17,589,435
Liabilities	23,918,925	24,327,553	12,983,361	13,424,190
Revenue	31,836,763	31,207,851	9,093,220	8,940,097
Profit for the period	384,680	808,852	527,530	430,694
Total comprehensive income	**384,680**	**808,852**	**527,530**	**430,694**

Acquisition of further shares in EMB

GASAG acquired a total of a further 1.58219 % of the shares in EMB. The shares were taken over by the municipality of Linthe, the town of Beelitz and the municipality of Kloster Lehnin. The transfer agreements are each dated March 11, 2020. GASAG now holds a total of 99.99206 % of the shares in EMB.

(25) DEFERRED INCOME

Deferred income developed as follows in fiscal years 2019 and 2020:

IN € K	01.01.2019	Allocations	Reversals	Repayments	DEC. 31, 2019
Government grants	**2,068**	**0**	**106**	**0**	**1,962**
Investment grants	2,068	0	106	0	1,962
thereof short-term (< 1 year)					*106*
Grants from third parties	**248,149**	**12,707**	**10,268**	**1**	**250,587**
Building cost contributions/investment subsidies	240,655	9,851	9,175	0	241,331
thereof short-term (< 1 year)					*9,141*
Other investment subsidies	7,494	2,856	1,093	1	9,256
thereof short-term (< 1 year)					*1,026*
Total	**250,217**	**12,707**	**10,374**	**1**	**252,549**
thereof short-term (< 1 year)					*10,273*
thereof long-term (> 1 year)					*242,276*

IN € K	01.01.2020	Allocations	Reversals	Repayments	DEC. 31, 2020
Government grants	**1,962**	**0**	**106**	**0**	**1,856**
Investment grants	1,962	0	106	0	1,856
thereof short-term (< 1 year)					*106*
Grants from third parties	**250,587**	**15,672**	**10,698**	**55**	**255,506**
Building cost contributions/investment subsidies	241,331	13,215	9,450	6	245,090
thereof short-term (< 1 year)					*9,424*
Other investment subsidies	9,256	2,457	1,248	49	10,416
thereof short-term (< 1 year)					*1,114*
Total	**252,549**	**15,672**	**10,804**	**55**	**257,362**
thereof short-term (< 1 year)					*10,644*
thereof long-term (> 1 year)					*246,718*

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

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

(26) PROVISIONS

IN € K	DEC. 31, 2020	DEC. 31, 2019
Non-current provisions		
Provisions for defined benefit plans	50,044	48,085
Other provisions	58,552	71,193
	108,596	**119,278**
Current provisions		
Provisions for defined benefit plans	2,362	1,282
Other provisions	45,970	41,908
	48,332	**43,190**
	156,928	**162,468**

Provisions for Defined Benefit and Defined Contribution Plans

The GASAG Group has both defined benefit and defined contribution retirement benefit obligations. The obligations are primarily measured on the basis of the length of service and the remuneration of the employees.

For **defined contribution plans**, the Company does not enter into any obligations other than paying contributions to the benefit plan. The expenses are disclosed under personnel expenses. Contributions of EUR 11,814 k (prior year: EUR 11,874 k) were made in the fiscal year and allocated to the reporting period.

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

Provisions are recognized for **defined benefit plans** in accordance with the existing retirement benefit obligations for claims to future and current benefits for current and former employees and their surviving dependents. Both direct (from direct commitments) and indirect retirement benefit obligations (through external pension funds) exist. These obligations are mainly provision-financed, such that the obligations from current retirement benefits and claims to future pensions are covered by the provisions recognized in the balance sheet. The future obligations are measured using actuarial principles and by cautiously estimating the relevant input parameters. The actuarial calculations of the benefit obligations and the result for the period were based on the following average inputs:

IN %	2020	2019
Interest rate	0.41	0.78
Average future salary increase	2.00	2.00
Average future pension increase	1.00	1.00

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

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

IN € K	DEC. 31, 2020	DEC. 31, 2019
Defined benefit plans without plan assets	69,187	66,073
Defined benefit plans with plan assets	16,781	16,706
Total defined benefit plans (netted)	52,406	49,367

The plan assets are insurance policies used to cover benefits. In 2020, the actual return on plan assets was EUR 178 k (prior year: EUR 293 k). 60 % of the plan assets (excluding German endowment insurance policies) comprise fund assets from external welfare funds (prior year: 60 %) and 40 % employer's pension liability insurance (prior year: 40 %). EUR 294 k is expected to be paid into the plan assets in 2020 (prior year: EUR 340 k).

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

IN € K	Present value of the defined benefit obligation	Fair value of plan assets	Defined benefit liability
01.01.2019	58,167	16,252	41,915
Pension costs recognized in profit or loss			
Current service cost	1,062	0	1,062
Interest expense / income	967	281	686
Subtotal recognized in profit or loss for the period	**2,029**	**281**	**1,748**
Benefits paid	–2,991	–376	–2,615
Remeasurement gains / losses recognized in other comprehensive income			
Actuarial gains and losses due to changes in demographic assumptions	–71	0	–71
Actuarial gains and losses due to changes in financial assumptions	9,289	0	9,289
Other changes in value	–350	10	–360
Subtotal recognized in other comprehensive income	**8,868**	**10**	**8,858**
Employer's contributions	0	539	–539
Dec. 31, 2019	**66,073**	**16,706**	**49,367**

IN € K	PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	DEFINED BENEFIT LIABILITY
01.01.2020	66,073	16,706	49,367
Pension costs recognized in profit or loss			
Current service cost	165	0	165
Interest expense / income	501	130	371
Subtotal recognized in profit or loss for the period	**666**	**130**	**536**
Benefits paid	–3,037	–422	–2,615
Subtotal recognized in other comprehensive income			
Actuarial gains and losses due to changes in demographic assumptions	0	0	0
Actuarial gains and losses due to changes in financial assumptions	5,484	0	5,484
Other changes in value	1	48	–47
Subtotal recognized in other comprehensive income	**5,485**	**48**	**5,437**
Employer's contributions	0	319	–319
Dec. 31, 2020	**69,187**	**16,781**	**52,406**

There are no reimbursements for matters for which provisions have been recognized.

The following table shows a quantitative sensitivity analysis of the key assumptions as of December 31, 2020:

		Changes in defined benefit obligations			
ASSUMPTIONS	Change in %	DEC. 31, 2020 IF THE ASSUMPTIONS INCREASE IN € K	DEC. 31, 2020 IF THE ASSUMPTIONS DECREASE IN € K	Dec. 31, 2019 if the assumptions increase in In € K	Dec. 31, 2019 if the assumptions decrease In € K
Interest rate	1.0	–9,528	12,468	–9,000	11,731
Future salary increases	1.0	234	–222	249	–235
Future pension increases	1.0	6,157	–5,187	8,529	–7,108

The above sensitivity analysis uses a procedure whereby the effect of realistic changes in the key assumptions as of the end of the reporting period is extrapolated to the defined benefit obligation.

As of the end of the reporting period, the average term of the defined benefit obligation was 16 years (prior year: 15 years).

Payments of EUR 2,606 k are expected to be made under defined benefit obligations within the next 12 months (prior year: EUR 2,640 k).

Other Provisions

Provisions – Terms

IN € K	DEC. 31, 2020 TOTAL	Thereof residual term of ≤ 1 JAHR	Thereof residual term of > 1 JAHR	DEC. 31, 2019 Total	Thereof residual term of ≤ 1 Jahr	Thereof residual term of > 1 Jahr
Other personnel provisions	11,961	4,001	7,960	13,337	5,310	8,027
Provisions for soil cleaning	185	185	0	180	180	0
Provision for restoration and follow-up maintenance	62,138	15,130	47,008	69,178	10,231	58,947
Provisions for litigation	287	287	0	238	238	0
Miscellaneous provisions	29,951	26,367	3,584	30,168	25,949	4,219
	104,522	**45,970**	**58,552**	**113,101**	**41,908**	**71,193**

Statement of Provisions

IN € K	01.01.2020	With-drawal	Reversal	Allocation	Unwinding of the discount for changes in interest rate [1]	Changes in the scope of consolida-tion	DEC. 31, 2020
Other personnel provisions	13,337	–6,077	–588	5,251	38	0	11,961
Provisions for soil cleaning	180	0	0	5	0	0	185
Provision for restoration and follow-up maintenance	69,178	–5,319	–1,808	87	0	0	62,138
Provisions for litigation	238	–32	–53	169	0	–35	287
Miscellaneous provisions	30,168	–13,571	–4,220	17,618	0	–44	29,951
	113,101	**–24,999**	**–6,669**	**23,130**	**38**	**–79**	**104,522**

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 EUR 11,961 k (prior year: EUR 13,337 k) mainly relate to restructuring expenses as part of the transformation program „GASAG 2025“.

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

The obligation to pay top-up contributions to the VBL is recognized at present value. The provisions were measured assuming an interest rate of 0.38 % (prior year: 0.66 %) and a term of 11 years (prior year: 13 years). However, the expense may be over or underestimated due to insufficient or inaccurate information, which may lead to significant adjustments to the personnel provisions.

Furthermore, there are obligations under phased retirement arrangements, which are measured on the basis of actuarial reports. The inputs used for measuring these obligations are as follows:

IN %	2020	2019
Interest rate	–0.2	0.0
Average future salary increase	2.0	2.0
Average future pension increase	1.0	1.0

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

In order to protect claims arising from phased retirement arrangements pursuant to Sec. 8a AltTZG ["Altersteilzeitgesetz": German Phased Retirement Act] against insolvency, GASAG Treuhand e.V. was established in fiscal year 2007. The funds of EUR 10,732 k (prior year: EUR 8,420 k) transferred to the trustee must be managed by the trustee with a view to the maintenance of capital, and may only and irrevocably be used in the future to meet the relevant obligations.

The trust assets that relate to the deferred performance part of the phased retirement obligations constitute the plan assets. The fair value of the plan assets of EUR 11,001 k (prior year: EUR 8,510 k) was netted with the obligations.

Provisions for Soil Cleaning

The provisions for cleaning contaminated land of EUR 185 k (prior year: EUR 180 k) are due to statutory environmental protection obligations. Due to the low probability of the risk of utilisation and cash outflow, the provision was largely reversed.

Provision for Restoration and Follow-Up Maintenance

The provision for the restoration and follow-up maintenance of facilities (storage facilities) of EUR 62,138 k (prior year: EUR 69,178 k) is mainly recognized due to public obligations.

In May 2018 a closure plan was submitted to the Brandenburg State Office for Mining, Geology and Raw Materials as the competent authority by the Berliner Erdgasspeicher GmbH. Due to long processing times, decommissioning approval is now expected in the 2021 financial year. Dismantling and decommissioning is expected to continue until at least 2025.

The net changes in the interest rates and terms of the obligations led to an adjustment of the present value of the provisions for restoration and follow-up maintenance of –EUR 1 k (prior year: –EUR 208 k).

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

Provision for litigations

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

Other Provisions

Other provisions relate to other legal or factual obligations existing as of the balance sheet date as well as obligations from onerous contracts. All other provisions have the character of legal obligations, there are no factual obligations. The main items relate to project costs not yet settled in the amount of EUR 8,507 k (prior year: EUR 8,131 k), bonuses and other discounts equivalent to EUR 8,426 k (prior year: EUR 9,082 k) and provisions for real property rights amounting to EUR 2,304 k (prior year: EUR 2,132 k).

(27) FINANCIAL LIABILITIES

IN € K	DEC. 31, 2020	DEC. 31, 2019
Liabilities to banks and borrower's note loans	**573,583**	**595,622**
thereof due within 1 year	*89,606*	*208,690*
thereof due after 1 year	*483,977*	*386,932*
Other financial liabilities	**91,515**	**28,827**
thereof due within 1 year	*1,515*	*1,196*
thereof due in 1 to 5 years	*90,000*	*27,631*
Derivatives	**18,929**	**79,449**
thereof due within 1 year	*10,900*	*57,240*
thereof due in 1 to 5 years	*8,029*	*22,209*
	684,027	**703,898**

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

The interest rates of fixed-interest financial liabilities range between 0.67 % and 4.0 % (prior year: 0.8 % and 5.1 %).

30.9 % (prior year: 51.5 %) of liabilities to banks accrue variable interest. The variable rate loans are largely secured by derivatives.

The following table shows the contractually agreed (undiscounted) cash flows relating to the primary financial liabilities and derivatives. All instruments held as of December 31, 2020 for which payments had been contractually agreed were taken into account. Variable interest payments arising from financial instruments were determined on the basis of the last interest rates fixed before December 31, 2020.

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

For comparison, the prior-year figures:

IN € K	CARRYING AMOUNT DEC. 31, 2019	Cash flows Total	Thereof in the periods 2020	2021–2024	2025 and thereafter
Financial liabilities to banks and borrower's note loans	–595,622	–618,302	–198,947	–284,619	–134,736
Other financial liabilities	–28,827	–37,613	–2,811	–18,636	–16,166
Derivative financial liabilities	–79,449	–382,675	–224,666	–157,986	–23
Derivative financial assets	3,298	18,402	13,503	4,899	0

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

(28) TRADE PAYABLES AND OTHER LIABILITIES

IN € K	DEC. 31, 2020	Thereof due in ≤ 1 JAHR	> 1 JAHR	DEC. 31, 2019	Thereof due in ≤ 1 Jahr	> 1 Jahr
Trade payables	137,033	137,033	0	125,646	125,646	0
Liabilities arising from the procurement of natural gas	59,799	59,799	0	70,367	70,367	0
Miscellaneous liabilities	77,234	77,234	0	55,279	55,279	0
Other liabilities	152,770	71,324	81,446	136,267	90,020	46,247
thereof lease liabilities	*77,081*	*9,795*	*67,286*	*55,515*	*9,544*	*45,971*
	289,803	**208,357**	**81,446**	**261,913**	**215,666**	**46,247**

Other liabilities chiefly comprise lease liabilities equivalent to EUR 77,081 k (prior year: EUR 55,515 k), obligations of EUR 12,510 k (prior year: EUR 24,708 k) arising from payments to personnel due in 2020 and tax liabilities of EUR 21,292 k (prior year: EUR 22,997 k), prepayments received of EUR 1,760 k (prior year: EUR 1,364 k), transitory deferred income of EUR 2,997 k (prior year: EUR 1,961 k) and debtors with credit balances of EUR 15,545 k (prior year: EUR 15,691 k).

A liability of EUR 410 k was recognized for contingent consideration in connection with the acquisition of the shares in SpreeGas. This is an additional purchase price (up to a maximum of EUR 4.1 m), which may be payable depending on the development of the Federal Network Agency's equity interest rate.

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

IN € K	MINIMUM LEASE PAYMENT 2020	Minimum lease payment 2019	PRESENT VALUES AS OF DEC. 31, 2020	Present values as of Dec. 31, 2019
Due in less than 1 year	11,981	10,891	10,279	9,818
Due in 1 to 5 years	31,773	21,770	26,555	18,629
Due after 5 years	45,629	30,384	40,881	27,476
	89,383	**63,045**	**77,715**	**55,923**

In the 2020 financial year, the lease agreement for office buildings for GASAG's new location on the EUREF campus was recognized. The measurement of the lease liability took into account the lease-off options of up to 4,000 square meters from 2026 and 2031.

(29) INCOME TAX LIABILITIES

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

8 OTHER NOTES

(30) REPORTING ON FINANCIAL INSTRUMENTS

Financial instruments include primary and derivative financial instruments.

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

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

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

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

IN € K	Measurement category pursuant to IFRS 13	Measurement category pursuant to IFRS 9	CARRYING AMOUNT DEC. 31, 2020	FAIR VALUE DEC. 31, 2020	Carrying amount Dec. 31, 2019	Fair Value Dec. 31, 2019
Assets						
Investments						
Investments in unquoted equity instruments	3	FVOCI	627	627	627	627
Other investments	3	FVPL	14,084	14,084	15,579	15,579
Financial receivables and other financial assets						
Other loans	2	AmC	1,659	1,659	2,983	2,983
Receivables from finance leases	2	-	5,060	7,832	5,463	8,419
Other financial assets	-	AmC	7,130	7,130	16,332	16,332
Derivatives						
Derivatives not designated as hedging instruments	2	FVPL	1,018	1,018	396	396
Derivatives designated as hedging instruments	2	-	16,400	16,400	2,902	2,902
Trade receivables and other receivables	–	AmC	144,285	144,285	124,809	124,809
Cash and cash equivalents	–	AmC	8,176	8,176	6,976	6,976
Equity and Liabilities						
Financial liabilities						
Financial liabilities to banks and borrower's note loans	2	ofl	573,583	577,820	595,622	597,253
Other financial liabilities	2	ofl	91,515	96,146	28,827	34,739
Derivatives						
Derivatives not designated as hedging instruments	2	FVPL	0	0	301	301
Derivatives designated as hedging instruments	2	–	18,930	18,930	79,148	79,148
Trade payables	–	ofl	137,033	137,033	125,646	125,646
Other liabilities	–	ofl	48,499	48,499	53,261	53,261

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

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 2020, there were no reclassifications between fair value measurement at Level 1 and Level 2 and no reclassifications into or out of Level 3.

SIGNIFICANT NOT OBSERVABLE INPUTS	Range %	Effect of changes in the inputs on fair value (sensitivity analysis)
Terminal growth rate	0.5 %	A decrease in the growth rate of 0.5 percentage points would lead to a decrease of around EUR 1.1 m in fair value. An increase in the growth factor is deemed unrealistic.
Return on sales (in relation to profit for the period)	10.0 %	An increase (decrease) in profit for the period of 10 percentage points would lead to an increase of around EUR 2.5 m (decrease of around EUR 2.5 m) in fair value.
Capitalization rate	5.10 %	An increase (decrease) in the capitalization rate of 1 percentage point would lead to a decrease of around EUR 2.5 m (increase of around EUR 3.0 m) in fair value.

In the case of the other investments reported as financial investments in unlisted equity instruments, no fair values are directly available due to the lack of an active market. Therefore, the fair value is estimated using valuation techniques. The income capitalization approach is used as the valuation method.

The following table presents the main observable input parameters of the income approach and their effects on the measurement of financial investments in unlisted equity instruments:

SIGNIFICANT NOT OBSERVABLE INPUTS	Range %	Effect of changes in the inputs on fair value (sensitivity analysis)
Terminal growth rate	0.5 %	A decrease in the growth rate of 0.5 percentage points would lead to a decrease of around EUR 1.1 m in fair value. An increase in the growth factor is deemed unrealistic.
Return on sales (in relation to profit for the period)	10.0 %	An increase (decrease) in profit for the period of 10 percentage points would lead to an increase of around EUR 2.5 m (decrease of around EUR 2.5 m) in fair value.
Capitalization rate	5.10 %	An increase (decrease) in the capitalization rate of 1 percentage point would lead to a decrease of around EUR 2.5 m (increase of around EUR 3.0 m) in fair value.

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

IN € K	2020	2019
01.01.	16,207	16,207
Additions	0	0
Disposals	1,495	0
31.12.	**14,712**	**16,207**

Net Result by Measurement Categories

	AmC		FVPL		FVOCI		ofl	
IN € K	2020	2019	2020	2019	2020	2019	2020	2019
Financial costs	–653	0	–1,495	0	0	0	–11,382	–9,575
Financial income	314	502	0	0	0	0	0	0
Cost of materials	0	0	0	–4,786	0	0	0	0
Revenues	**0**	**0**	**478**	**0**	**0**	**0**	**0**	**0**

Derivative Financial Instruments and Hedging Relationships

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

				Nominal volume by maturity		
IN € K	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NOMINAL VOLUME	BIS < 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Interest rate swaps in hedging relationships	0	–9,411	177,477	41,282	136,195	0
Commodity derivatives in hedging relationships	19,622	–10,711	248,339	163,689	84,650	0
	19,622	**–20,122**	**425,816**	**204,971**	**220,845**	**0**

For comparison, the prior-year figures:

				Nominal volume by maturity		
IN € K	Positive fair value	Negative fair value	Nominal volume	< 1 year	1 to 5 years	> 5 years
Interest rate swaps in hedging relationships	0	–17,049	306,904	129,427	177,477	0
Commodity derivatives in hedging relationships	6,714	–72,188	397,753	246,453	151,300	0
	6,714	**–89,237**	**704,657**	**375,880**	**328,777**	**0**

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

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

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

DEC. 31, 2020 IN € K	As of Jan. 1, 2020	Gains or losses recognized in equity from CFH	Due to the profit and loss effective realization of the underlying transaction	AS OF DEC. 31, 2020	Ineffectiveness recognized in profit or loss 2020
Hedging of interest rate risks	14,268	8,760	–14,352	8,676	–271
Hedging of commodity risks	65,474	–22,194	–51,173	–7,893	0

Commodity derivatives not in hedging relationships include contracts for which no own use exemption and no hedge accounting is applied. Changes in value attributable to commodity derivatives which are not designated as part of a hedging relationship are recognized in profit or loss.

Commodity derivatives are measured individually at their forward rate or at the price on the reporting date. The forward rates or prices are based, to the extent possible, on market prices and adjusted where necessary on the basis of extrapolation. The future cash flows calculated are discounted over their remaining term using market interest rates. The prices for gas hedged with commodity derivatives differ widely from 12 to 22 EUR/Mwh and from 35 to 60 EUR/Mwh for electricity.

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

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

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

DEC. 31, 2020 IN € K	GROSS AMOUNT	OFFSETTING	COLLATERAL	CARRYING AMOUNT	AMOUNT NOT OFFSET	NET AMOUNT
Derivatives (assets)	19,621	–869	–1,335	17,417	16,597	820
Derivatives (liabilities)	–20,122	869	323	–18,930	–18,557	–373

For comparison, the prior-year figures:

DEC. 31, 2019 IN € K	Gross amount	Offsetting	Collateral	Carrying amount	Amount not offset	Net amount
Derivatives (assets)	7,110	–3,362	–450	3,298	2,945	353
Derivatives (liabilities)	–89,538	3,362	6,727	–79,449	–74,600	–4,849

(31) ENERGY AND FINANCIAL RISK MANAGEMENT

Objectives and Policies

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

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

Energy Price and Quantity Risk Management

The GASAG Group distinguishes between quantity and price risks. Quantity risks involve the potential loss that arises when purchase or delivery obligations cannot be met. The market price risk is defined as the risk of potential losses from open positions due to changes in the market prices for energy trade transactions. Quantity and market price risks can also arise in combination.

Risks due to price changes in sales and procurement transactions are reduced and innovative price offers are hedged using physical forward contracts. In line with the risk strategy in place, risk positions between fixed and variable cash flows from sales and procurement transactions are generally hedged once they reach a certain maximum volume. Hence, GASAG has only a very small volume of positions which are not part of a hedging relationship. With respect to gas, risks arising due to changes in the value of unhedged positions from sales and procurement transactions are measured performing a scenario analysis based on a historical simulation, with a holding period of 14 days and a residual risk of 2.5 %. The risks attaching to an unhedged position of gas amounted to EUR 39 k (prior year: EUR 176 k) as of the balance sheet date. The risks existing with respect to electricity are measured according to the value-at-risk method, with a confidence interval of 95 % and a holding period of 25 days. On the basis of historical fluctuations in value, the value at risk for electricity positions amounted to EUR 37 k (prior year: EUR 50 k) as of the balance sheet date.

Market price risk in connection with physical commodity derivatives that are part of a hedging relationship relates to the risk that the value of the derivatives recognized directly in equity will fluctuate because of changes in market prices. On the basis of historical market price fluctuations for benchmark market prices, the commodity derivatives were revalued at the changed market prices. The market prices used were changed by parallel shifts ranging from 21 % for natural gas to 50 % for electricity. The potential risk from a reduction in equity was determined at EUR 69,197 k (prior year: EUR 67,332 k).

Physical forward contracts which do not fall under the own use exemption may be subject to an earnings risk arising from changes in market prices. The potential risk from a decrease in earnings was determined at EUR 0 k (prior year: EUR 161 k). As of the reporting date, all forward transactions were accounted for as own use or hedge accounting.

Management of Financial Risks

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

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

Interest Rate Risk

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

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

GASAG eliminates the risk of fluctuations in the future cash flows of interest-bearing liabilities by using derivative financial instruments. There were no significant liabilities accruing variable interest that were not part of a hedging relationship as of December 31, 2020.

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

Changes in the value of hedging derivatives to which hedge accounting is applied are recognized directly in equity. On the basis of historical fluctuations in benchmark interest rates, the interest rate derivatives were revalued at the changed interest rates. The interest rates used were changed by a parallel shift of 25 basis points. Taking the future nominal volume of the interest rate derivatives into account, the potential risk from a reduction in equity amounts to EUR 584 k (prior year: EUR 928 k).

Currency Risk

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

Liquidity Risk

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

Counterparty Credit Risk

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

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

Credit risk in relation to energy and finance counterparties is managed using a uniform group-wide limit system. The limit of a counterparty is mainly calculated using external credit ratings, along with selected metrics. Changes in these parameters are continuously monitored as part of standardized risk management processes. In addition, potential credit risks are calculated using a Monte Carlo simulation, taking into account the probability of default of counterparties and corresponding risk positions. With a probability of 99 %, the potential damage will not exceed EUR 5 m.

Capital Structure Management

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

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

No changes were made to the objectives, policies and methods for capital structure management as of December 31, 2020 or December 31, 2019.

The Group's net financial position is presented below. It comprises cash and cash equivalents less financial liabilities.

IN € M	2020	2019
Cash and cash equivalents	8,2	7,0
Liabilities to banks	–573,6	–595,6
Other financial liabilities	–91,5	–28,8
Derivatives [1]	–1,5	–76,2
Net financial position	**–658,4**	**–693,6**

1) Balance of negative and positive market values of derivatives

(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, 2020	DEC. 31, 2019
Litigation and other risks	12,656	9,686
Issue from guarantees	574	574
Contingent liabilities	**13,230**	**10,260**
Biomethane or natural gas purchase commitments	402,991	474,225
Upstream grid costs	73,698	68,999
Raw biomethane and substrate supply agreements	0	46,844
Purchase commitments	59,871	80,063
Rental and lease obligations	31,939	74,367
Electricity purchase commitments	79,402	95,012
Other	53,166	89,459
Other financial obligations	**701,067**	**928,969**

There are purchase commitments from long-term biomethane or natural gas supply agreements with take-or-pay clauses with various suppliers. The contracting parties can submit price adjustment requests at regular intervals (generally every three years). Taking the individual terms into account, this means that the nominal amount of financial obligations in the period to 2023 is EUR 382 m. The purchase commitments as of December 31, 2020 presented in the above table are stated at the discounted amount.

Future lease payments due to non-cancellable leases are broken down as follows:

SHARE IN € K	DEC. 31, 2020	DEC. 31, 2019
< 1 year	2,697	1,788
1 to 5 years	9,158	19,740
> 5 years	20,084	52,839
	31,939	**74,367**

The future rental and leasing obligations include obligations from short-term leases amounting to EUR 98 k (prior year: EUR 403 k), leases for low-value assets in the amount of EUR 1,056 k (prior year: EUR 1,279 k) and from contracts concluded with a term beginning after the balance sheet date equivalent to EUR 30,785 k (prior year: EUR 72,685 k). These are mainly related to rental agreements for office buildings in connection with the relocation to the EUREF campus in Berlin and the EMB in Michendorf.

Potential future cash outflows of EUR 30,480 k (prior year: EUR 29,397 k) result from existing extension options. The extension options relate in particular to rental agreements for office space at the entities of the GASAG Group on EUREF campus in Berlin. They may only be exercised by entities of the GASAG Group and not by the lessor. The extension options were not taken into account when measuring the lease liabilities as it is not sufficiently certain that they can be exercised at present. If a significant event or a significant change in circumstances occurs, a new assessment is made as to whether it is sufficiently certain that extension options can be exercised.

The EUR 73,698 k (prior year: EUR 68,999 k) for upstream network costs resulted from short-term agreements in connection with the ordering of network capacities in upstream networks.

The following table shows a breakdown of the purchase commitments:

SHARE IN %	DEC. 31, 2020	DEC. 31, 2019
Purchase commitments for property, plant and equipment	71.4	62.7
Purchase commitments for operational expenditure	25.1	35.6
Purchase commitments for long-term service agreements	1.5	1.5
Renewable resources	2.1	0.2
	100	**100**

(33) NOTES TO THE STATEMENT OF CASH FLOWS

Intangible Assets

The Group's intangible assets include additions of EUR 3,296 k (prior year: EUR 5,213 k). Cash paid for intangible assets amounted to –EUR 3,296 k (prior year: –EUR 5,494 k).

Property, Plant and Equipment

The Group acquired property, plant and equipment worth EUR 134,111 k (prior year: EUR 121,784 k). Cash payments of –EUR 133,699 k (prior year: –EUR 121,679 k) were made to purchase property, plant and equipment.

Financial Assets

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

Cash and Cash Equivalents

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

IN € K	DEC. 31, 2020	DEC. 31, 2019
Cash and cash equivalents	8,174	6,976
Cash and cash equivalents at the end of the period	**8,174**	**6,976**

Interest and Dividends Paid and Received

The cash flows from operating activities include interest received of EUR 1,790 k (prior year: EUR 1,753 k), interest paid of EUR 18,691 k (prior year: EUR 18,141 k) and dividends received of EUR 614 k (prior year: EUR 1,850 k).

The cash flows from financing activities include paid dividends of EUR 52,209 k (prior year: EUR 35,357 k).

Financing Activities

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

IN € K	2019	With an effect on cash	Change in fair value	Change in the scope of consoli-dation	Other	2020
Liabilities to banks	595,622	–22,039	0	0	0	573,583
Other financial liabilities	28,827	71,358	0	–8,670	0	91,515
Derivatives	79,449	0	–60,520	0	0	18,929
Total financial liabilities	**703,898**	**49,319**	**–60,520**	**–8,670**	**0**	**684,027**

(34) RELATED PARTIES

As of December 31, 2020, Vattenfall GmbH, Berlin (Vattenfall), and ENGIE Beteiligungs GmbH, Berlin (ENGIE), each held a 31.575 % interest in GASAG's capital stock. In addition, E.ON Beteiligungen GmbH, Essen, had a 36.85 % interest in GASAG. The parent of Vattenfall is Vattenfall AB, Stockholm, Sweden; the parent of E.ON Beteiligungen GmbH is E.ON SE, Essen, and that of ENGIE is ENGIE Deutschland AG, Berlin.

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

In addition to the shareholders of GASAG, the related parties of the GASAG Group with which the Group conducted business in fiscal year 2020 include the affiliated companies of Vattenfall AB, Stockholm, Sweden, ENGIE S.A., Paris, France, and E.ON SE, Essen.

The shareholders have a significant influence over the GASAG Group due to their shareholdings.

Transaction entered into with related parties led to the following disclosures in the financial statements:

	Revenue		Expenses		Assets		Liabilities	
IN € K	2020	2019	2020	2019	DEC. 31, 2020	DEC. 31, 2019	DEC. 31, 2020	DEC. 31, 2019
Entities with significant influence	**76,079**	**88,024**	**82,931**	**121,010**	**17,023**	**16,917**	**17,676**	**21,004**
E.ON-Gruppe	11,137	10,063	28,599	26,365	2,512	1,177	5,685	1,914
Vattenfall-Gruppe	61,529	76,308	30,915	53,397	14,408	14,894	5,781	9,410
ENGIE-Gruppe	3,413	1,653	23,417	41,248	103	846	6,210	9,680
Investments accounted for using the equity method	**9,323**	**5,972**	**7,843**	**7,591**	**3,176**	**712**	**3,026**	**836**
Associates	8,803	5,444	7,388	7,140	2,482	688	2,989	788
Joint ventures	520	528	455	451	694	24	37	48

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 relate to the outstanding balances in relation to the specified business relationships between the GASAG Group and related parties. EUR 17,024 k (prior year: EUR 16,917 k) of the assets relates to trade receivables from entities with significant influence and EUR 3,176 k (prior year: EUR 712 k) to trade receivables from associates. EUR 17,675 k (prior year: EUR 21,004 k) of the liabilities relates to trade payables to entities with significant influence and EUR 3,026 k (prior year: EUR 836 k) to trade payables to associates.

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

The members of the **supervisory board** in fiscal year 2020 were:

Manfred Schmitz	(Chairman of the supervisory board; since January 28, 2021) Chairman of the board of ENGIE Deutschland AG, Cologne
Michael Hegel (until 28.01.2021)	(Chairman of the supervisory board) Business consultant, Cologne
Thorsten Neumann	(First deputy chairman of the supervisory board) Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co. KG, Berlin
Marten Bunnemann	(Second deputy chairman of the supervisory board) Chairman of the board of Avacon AG, Helmstedt
Tuomo Hatakka	(Third deputy chairman of the supervisory board) Managing director of TJH Advisory GmbH (until 31.12.2020) Chairman of the management of Vattenfall GmbH, Berlin
Christian Barthélémy (since 28.01.2021)	Chairman of the management of Vattenfall GmbH, Berlin
Ingo Breite (until 28.01.2021)	Employee att BAS Kundenservice GmbH & Co. KG, Berlin
Georg Friedrichs	Executive of Vattenfall GmbH, Berlin Head of program Management Coal Exit
Dirk Hahn (since 03.04.2020)	Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co. KG, Berlin
Thomas Henn	Commercial manager of the energy division of ENGIE Deutschland GmbH, Berlin
Dr. Karl Kauermann (until 03.04.2020)	Chairman of the board of K.M.T. Immobilien AG, Berlin
Annette Kofler (since 28.01.2021)	Head of law of ENGIE Deutschland AG, Berlin
Thomas Kokegei (until 03.04.2020)	Divisional head of GASAG AG, Berlin
Dr. Uwe Kolks (until 28.01.2021)	Member of the management at E.ON Energie Deutschland GmbH, München
Annette Krafscheck	Employee at GASAG AG, Berlin

Tanja Kunert (since 01.05.2020)	Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co. KG, Berlin
Sascha Labenski (03.–30.04.2020)	Employee at NBB Netzgesellschaft Berlin Brandenburg mbH & Co. KG, Berlin
Stephan Lachmann	Employee at NBB Netzgesellschaft Berlin Brandenburg mbh & Co. KG, Berlin
Andreas Otte	Employee (chairmen of the works council) at GASAG AG, Berlin
Dr. Alexandra Pabst (since 28.01.2021)	Chief Sales Officer Facility Solutions at ENGIE Deutschland GmbH, Berlin
Axel Pinkert (since 28.01.2021)	Member of the Management of Vattenfall GmbH, Berlin
Michael Rehberg (03.04.2020 – 28.01.2021)	Employee at GASAG AG, Berlin
Jürgen Schütt (since 03.04.2020)	Member of the board E.DIS AG, Fürstenwalde
Can Sekertekin	Employee at GASAG AG, Berlin
Marcus Sohns	Head of Department Strategic Cooperation of ENGIE Deutschland AG, Berlin
Norbert Speckmann	Business unit manager Energy Services of ENGIE Deutschland GmbH, Essen
Susanne Stumpenhusen (until 03.04.2020)	Trade unions secretary ver.di, Vereinte Dienstleistungsgewerkschaft, Landesbezirk Berlin-Brandenburg, Berlin
Andreas Tabor (until 03.04.2020)	Employee at BAS Kundenservice GmbH & Co. KG, Berlin
Lutz Wegner	Head of Legal Distribution, Sales & Heat Germany of Vattenfall GmbH, Berlin

Ewald Woste — Business consultant, Gmund am Tegernsee

Management Board

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

Division I (Corporate):

Dr. Gerhard Holtmeier (chairman) — Networks, communications, personnel, legal affairs, corporate development, staff of the board, compliance, equal treatment, internal audit & data protection, occupational safety

Division II (Operations):

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

Division III (Finance):

Michael Kamsteeg — 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	2020	2019
Fixed remuneration	941	981
Variable remuneration	485	480

	1,426	**1,461**

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

In fiscal year 2020, 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.

In fiscal year 2020, former members of the management board and their surviving dependents received EUR 1,082 k (prior year: EUR 1,004 k). As of the balance sheet date, provisions of EUR 17,517 k (prior year: EUR 16,921 k) were recognized for obligations to former members of the management board and their surviving dependents. Employer's pension liability insurance of EUR 6,735 k (prior year: EUR 6,755 k) was disclosed netted with the obligations to current and former members of the management board or their surviving dependents.

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

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

(35) DISCLOSURE OF CONCESSIONS

In the legal dispute concerning the reallocation of the gas network concession, in its ruling of April 4, 2019, the Berlin Court of Appeal upheld the first-instance ruling of the Berlin Regional Court of December 9, 2014, rejected the appeals of both parties and did not allow an appeal to the Federal Court of Justice (BGH). In August 2020, GASAG/NBB's appeal against non-admission to the Federal Court of Justice was successful, whereupon the State of Berlin also filed a cross-appeal. An oral hearing in the appeal proceedings at BGH has been scheduled for March 2021.

In parallel with the appeal against non-admission, the State of Berlin reset the concession award procedure to the status prior to the second procedural letter by means of the modified second procedural letter dated May 7, 2020 and requested the bidders to submit new qualification documents and new final bids on the basis of new selection criteria. The State of Berlin did not help GASAG's and NBB's timely complaint. No decision was made in 2020 on GASAG's and NBB's subsequent application to the Berlin Regional Court for a temporary injunction. The State of

Berlin suspended and extended the bidding period vis-à-vis the applicants in the deferred concession award procedure.

In December 2020, the interim agreement was extended to December 31, 2021.

(36) OTHER DISCLOSURES

Auditor's Fees

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

IN € K	2020	2019
Audit	503	506
Other audit-related services	105	62
Tax advisory services	0	2
Other services	183	77
Total	**791**	**647**

Events After the Balance Sheet Date

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

Apart from the proposal of dividends, no events took place between the balance sheet date and the date of preparing the consolidated financial statements which had a significant effect on the Group's assets, liabilities, financial position and financial performance and which would need to be included in this report and would change the statements made in the consolidated financial statements.

Forward-Looking Statements

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

Berlin, March 3, 2021

GASAG AG
The Management Board

Dr. Gerhard Holtmeier | Michael Kamsteeg | Matthias Trunk

INDEPENDENT AUDITOR'S REPORT

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 2020, 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 2020, 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 2020. 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 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, 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 5, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

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Date of publication: April 2021
ISSN 2366-6498 (Online)
Prepress und Produktion: Albert Bauer Companies, Hamburg, www.albertbauer.com