

FINANCIAL REPORT

2023

Experience with transformation

The energy industry is in the midst of the largest upheaval in 100 years, as the energy system has to transition to renewable energies. We know all about transformations. For 100 years, the employees of Amprion and its predecessor companies have been helping ensure that the energy system is constantly changing and that the lights are always on. We are following in the tradition of those engineers who invented the transmission grid in Germany in 1924.

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At a glance

Amprion can look back on a very successful financial year. Revenues rose to €4,829.4 million in 2023 compared with the previous year, corresponding to growth of 38%. At €339.3 million, adjusted consolidated net income rose by approximately 49% year-on-year. Investments climbed by 113% to a record €3.1 billion.

€3,096 MILLION

The Group's investments in the modernisation and expansion of its grid.

€4,829 MILLION

Amprion Group's total revenue under IFRS.

€27,500 MILLION

The Group's planned investments in the modernisation and expansion of its grid by 2028.*

€8,357 MILLION

Amprion's regulated asset base (RAB) in 2023.**

€339 MILLION

Amprion's adjusted consolidated net income.

*Balance-sheet date: 31 December 2023

**Including Amprion Offshore GmbH

SHAREHOLDER STRUCTURE

Amprion GmbH is one of four transmission system operators in Germany. Amprion GmbH has two shareholders: M31 Beteiligungsgesellschaft mbH & Co. Energie KG that holds 74.9% and RWE AG with a 25.1% share.

25.1%

RWE AG

74.9%

M31 BETEILIGUNGSGESELLSCHAFT
MBH & CO. ENERGIE KG

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DEAR READER,

Amprion can look back on a very successful financial year in 2023. We experienced strong growth in many areas and can report very good results: adjusted consolidated net income was €339.3 million. This represents an 49% increase over the 2022 financial year. Our investments amounted to €3.1 billion, compared with €1.5 billion in the previous year. We recruited 382 new staff and now have 2,721 employees.

The reason behind this growth is that we have entered a new phase of grid expansion. We are making significantly faster progress on key projects because the German government has accelerated the planning and approval procedures. For example, we will be able to build the high-performance offshore lines from the North Sea to the west of Germany earlier than planned. Amprion will complete several offshore systems by 2030. In addition, important projects are moving from planning and approval to implementation. For instance, construction work began in 2023 on the Ultranet and A-North onshore corridors, which will also bring wind power from the coast to the centres of consumption in the west and south of Germany. They are scheduled to go into operation in 2026 and 2027, respectively.

However, accelerating grid expansion projects and entering the construction phase bring new challenges. The need for materials and resources is increasing dramatically. At the same time, the markets have become tighter due to the sharp acceleration in grid expansion. It was therefore all the more important for Amprion to secure sufficient components and equipment at an early stage. And that's just what we did: we were able to secure

capacity worth €17 billion within a year. This relates, in particular, to components and equipment for the offshore grid connection systems and north-south corridors.

We are doing all this to help make Germany climate-neutral by 2045. And it's not just us. The energy industry as a whole is in the midst of the largest upheaval in 100 years. How we generate and transport, store and consume energy are all changing. The business models along the value chain are adapting to this new dynamic. The challenge is to convert the energy system to power generation from renewables. But ultimately, electricity itself will be just one component. The success of the energy transformation will depend on the interaction between the energy sources of electricity, gas and hydrogen, as well as on the ability to network with the industrial, mobility and heating sectors. Amprion is strategically positioning itself for this with the NextGenTSO model. We want to become a next-generation transmission system operator so that we can play a leading role in shaping the transformation of the energy system. As a NextGenTSO, we want to plan the energy system of tomorrow across all sectors and integrate electricity, gas and hydrogen. We guarantee system security beyond the borders of our own grid area and drive forward innovation.

The journey towards climate neutrality will involve major financial investments. Amprion plans to invest €3.9 billion in grid expansion in the current year, and a total of €27.5 billion by 2028. To finance these investments, we will continue to be active on the capital market, especially the bond market. We have built up a high level of trust with investors through our successful transactions in recent years. This is a sound basis for securing the necessary funds in the future.

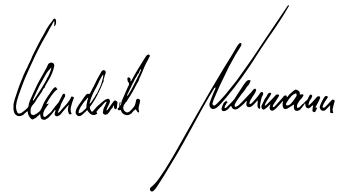
Amprion is playing a significant role in shaping the transformation of the energy system in Germany. We would like to thank our employees, our shareholders and all stakeholders who are supporting us in these challenging times and look forward to continuing our successful partnerships in 2024.

**DR HANS-JÜRGEN BRICK**

Chief Commercial Officer (CCO) and
Chief Executive Officer (CEO)

**PETER RÜTH**

Chief Financial Officer (CFO)

**DR HENDRIK NEUMANN**

Chief Technical Officer (CTO)

Interview with CFO Peter R  th

Continuing on a growth trajectory



Grid expansion is picking up speed. This is borne out by Amprion's figures for the 2023 financial year. CFO Peter R  th speaks about record investment figures, forward-looking financial management and changes in the Management Board.

Interview: **THOMAS WIEDE**

Photo: **JULIA SELLMANN**



PATRICK WANG
Head of Investor Relations



PETER RÜTH
Chief Financial Officer

How would you summarise 2023 for Amprion?

PETER RÜTH: 2023 was another very successful year for Amprion and we achieved very good results. Adjusted consolidated net income, for example, was up by **around 49%** year-on-year to **€339.3 million**. And we are continuing to post very dynamic growth with our proven business model: our investments increased by 113% to €3.1 billion – a new record! That's because we have entered a new phase of grid expansion, as we are now moving from planning and approval to project implementation. Key projects are even being accelerated. We need more staff for this. Last year alone, 382 employees started working at Amprion. And this also underlines the company's strong growth trajectory.

What challenges are you facing in the new phase of grid expansion?

As more projects enter the construction phase, we need materials, components and equipment, for example. The outbreak of the war against Ukraine made us realise just how fragile supply chains have become in some cases. Moreover, strong international demand is coming up against a limited supply of underground cables, converters and transformers, for instance. In response, we have established a **strategy to safeguard capacity** and taken significant steps in preparation for the further expansion of the grid. We are responsible not only for securing critical infrastructure, but also for expanding it on a massive scale. To do this, we have to ensure that the level of security of supply is high so that we can drive forward the expansion of the grid as planned, including with the materials and equipment we need. We were able to secure the necessary resources in good time. Specifically, we purchased or secured capacity worth approximately **€17 billion** for the coming years in 2023 alone.

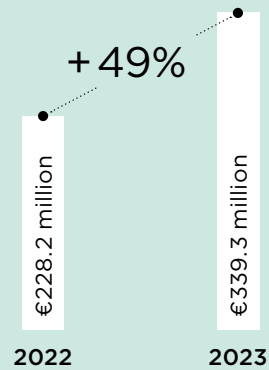
That is a huge sum. What are you going to use the funds for?

We need them, in particular, for components and equipment for the offshore grid connection systems and north-south corridors. There are also a large number of projects that we will successfully accelerate and connect to the grid more quickly. An international cable manufacturer is now holding production and installation capacity for us for **more than 4,400 kilometres of underground cable**, with an order volume of **€5 billion**. Together with another company, we have entered into a strategic agreement for the preferential delivery of four converter stations for the Corridor B DC project. Corridor B is a central pillar of the energy transition. Starting in the 2030s, two of Germany's most powerful power lines will bring energy from the coastal regions of Schleswig-Holstein and Lower Saxony to North Rhine-Westphalia.

Investment volume over
the next five years

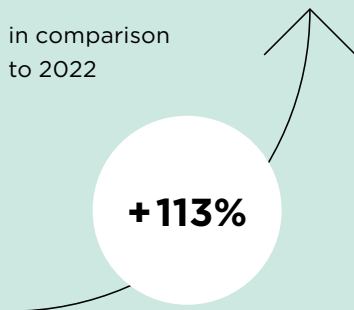


Adjusted consolidated net income



Investments 2023

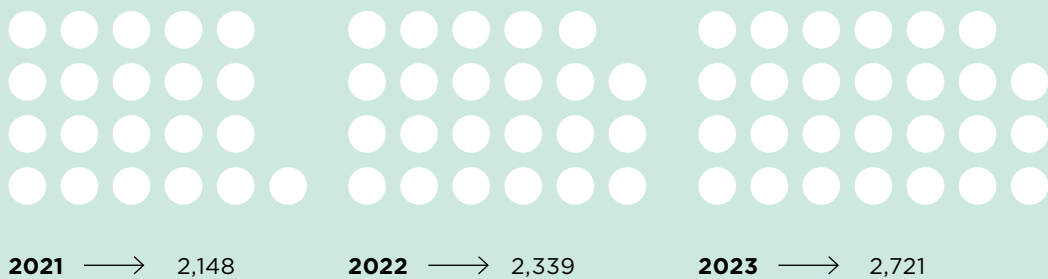
in comparison
to 2022



Dual-tranche bond

€1.2 billion

Employee numbers*



*FTE



How are you going to finance these investments?

In recent years, Amprion has established itself as a frequent issuer on the capital market. This was one of our major goals, as we want to build long-term **relationships of trust with our debt capital providers**. Frequent bond issuance enhances Amprion's profile on the capital markets. Additionally, investors recognise that our business model is inherently "green" and that sustainability is part of our DNA. Demand from the large investment companies for green investment opportunities is huge, and we are a perfect fit! Our Green Finance Framework is comprehensively structured and allows us to launch a variety of financing programmes, including green instruments.

»Demand from the large investment companies for green investment opportunities is huge, and we are a perfect fit!«

That's what you did in summer 2023 when you issued a sustainable dual-tranche bond.

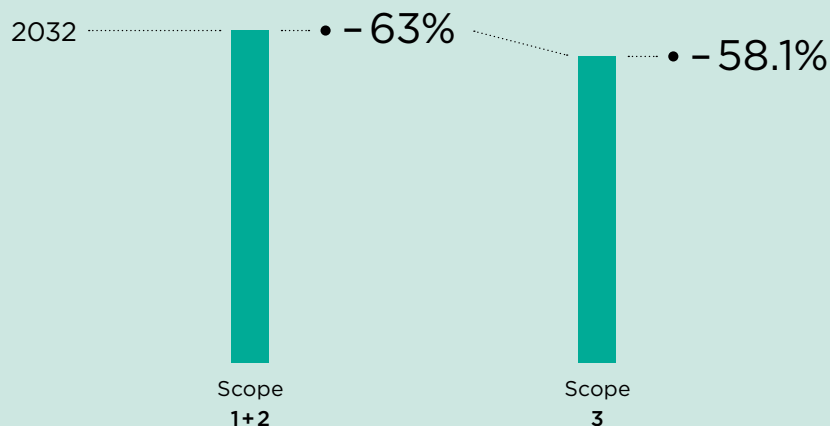
Right! We successfully placed our second green bond – in a very challenging market environment as both the US Federal Reserve and the European Central Bank had raised interest rates in the preceding weeks, dashing previously budding hopes of a gradual end to the restrictive monetary policy. That hit the bond markets and made investors cautious. It helped that we had already established ourselves on the capital market as an issuer with a compelling and thoroughly sustainable business model. By issuing this **dual-tranche bond for a total of €1.2 billion**, we were able not only to finance the considerable investments in grid expansion, but also to further optimise our maturity profile.

Let's stay on the subject of sustainability and the related transparency. What progress have you made here?

Among other things, we are investing a great deal of effort and passion in the continued development of our reporting – we cannot make our important role in the energy transition any more transparent! In June 2023, for example, we published our second sustainability report, which now complies with the internationally recognised Global Reporting Initiative (GRI) standards. The greater transparency that this has achieved and the further improvement in management performance in the area of sustainability have led to better analyst assessments. **Our ESG risk rating from prestigious agency Sustainalytics now stands at 9.3.** This corresponds to the best-possible risk category, “negligible risk”, which only a few utility companies worldwide attain. That's something we're very proud of. With our second ESG rating from Sustainable Fitch, we are also very well positioned and were placed into category 2 at the first attempt. This is the second-best rating out of a total of five categories.

And what are your future sustainability goals?

We want to significantly reduce our greenhouse gas emissions by 2032. We plan to cut emissions from our own sources (Scope 1) and from procured energy (Scope 2) by at least 63% by then (base year: 2017). And we are planning to reduce indirect emissions along the value chain (Scope 3) by around 58% in relation to the construction and expansion of our transmission grid by 2032 (base year: 2021). This target is in line with the Paris Agreement. All three reduction targets were developed in line with the requirements of the prestigious, international Science Based Target initiative (SBTi), which also validated them. This represents another key milestone and success for Amprion.



Where do Amprion and the 2024 energy transition go from here?

2024 will be another exciting year for our company – and there is much to do. Operationally, our focus will of course be on accelerating grid expansion with all its many aspects, and on safeguarding system stability in this important and challenging transformation phase. From the CFO's perspective, financing issues continue to take centre stage. Our equity providers support our approach to the important expansion of the grid. Their equity injections are contributing to an efficient mix of equity and debt. Access to the capital market remains tremendously important for us so that we can manage our new investment volume of **€27.5 billion** over the next five years. This year alone, we are planning to invest some **€3.9 billion**. We will certainly raise funds on the bond market again – be it in the form of green bonds or, in future, also in the form of hybrid bonds, provided the regulatory framework permits. It is vital to keep on developing this framework in line with the rapidly growing business of a transmission system operator. We are committed to doing this.

Are there also going to be changes on Amprion's Management Board this year?

That's right, in July 2024 we will be welcoming a new Managing Director, **Dr Christoph Müller**. He will work closely with our CEO, Dr Hans-Jürgen Brick, during a transitional phase until the latter takes his well-deserved retirement, as scheduled, at the end of 2024. Christoph Müller will then become the new CEO of Amprion. We are very satisfied with this solution. I'm already very much looking forward to working with my new colleague.

What would you like to see in the future?

I would like to see continued constructive cooperation and continuous dialogue with policymakers and society so that we can accelerate the expansion of the grid and successfully implement the energy transition. We have to join forces to achieve this. At Amprion, we are focusing on our corporate goals and ways to finance them. 2023 showed that we can cope well with persistent distortions on the (energy) markets thanks to our sustainable business model, which is independent of economic cycles. The regulatory framework gives us stability and planning security, but it must also keep evolving. The regulatory authority has a clear responsibility here.

AMPRION ON THE CAPITAL MARKET

Following its debut on the international capital markets in 2021, Amprion's regular transactions have now established the company as a frequent issuer on the international bond markets.

Amprion was active on the capital market again last year. In August 2023, it issued a green bond in two tranches with a total nominal value of €1.2 billion for the second time in succession. The five-year bond (€500 million nominal value) has a coupon of 3.875%. The eleven-year bond (€700 million nominal value) has a coupon of 4.125%. Amprion will use the proceeds to drive forward the conversion and expansion of the electricity grid to fulfil its legal and social mandate. The proceeds Amprion received will be used exclusively for sustainable projects that meet the criteria of the Amprion Green Finance Framework. The framework was put in place in accordance with the international Green Bond Principles back in 2022 and confirmed by the ESG rating agency Sustainalytics by way of a Second Party Opinion.

The successful bond issuance reflects the capital market's confidence in Amprion and the strong investor interest in green bonds. The transaction benefited from the company's enhanced profile on the capital market and its end-to-end sustainable business model. It met with a high level of investor interest. Investors also rewarded Amprion's rating from rating agencies Moody's and Fitch.

Rating agency	Rating (long term)	Outlook	Rating (short term)
Moody's	Baa1	Stable	Prime-2
Fitch	BBB+	Stable	-

As at 31 December 2023

European issuers faced a persistently challenging interest rate and market environment again in 2023. The dominant factors were inflation as well as interest rate and economic trends, which repeatedly caused uncertainty among investors over the course of the year. Nevertheless, the volume placed by investment-grade companies that issued euro-denominated bonds in 2023 was almost 20% higher year-on-year, at around €295 billion.

The US Federal Reserve (Fed) raised its key interest rate four times last year, further tightening its monetary policy. This trend only started to slow down in the second half of the year. Since the end of July, the US key interest rate has been in a target range of 5.25–5.5%. The European Central Bank followed the US rate hike trend with a time lag: between February and September, it raised its key interest rate six times by 0.25 to 0.5 percentage points to 4.5%. At the end of the year, the Fed and other central banks again communicated initial signals that there could be an incremental reduction in key interest rates in 2024, which had a significantly positive impact on both equity and bond prices.

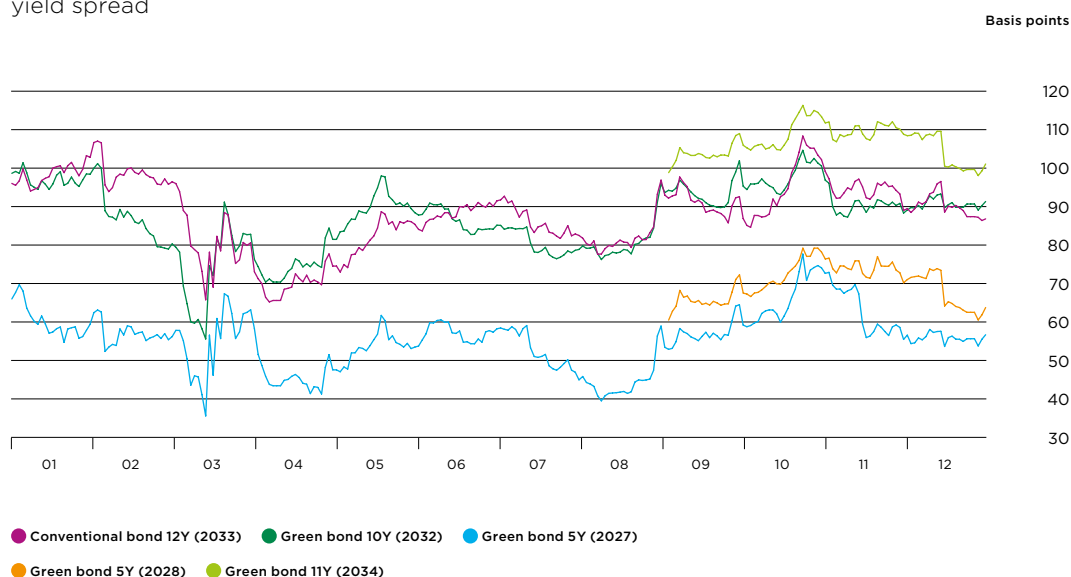
The yields on ten-year German government bonds also moved in line with this in 2023, yielding an average of 2.461%. The yield rose continuously overall from January 2023 through to October 2023, reaching an annual high of 2.968% on 3 October. The yield then retreated to 2.024% by the end of the year, reaching its annual low of 1.895% on 27 December.

The spread is the term used to describe the risk premium on a corporate bond compared with the interbank swap rate. The spreads on Amprion's outstanding bonds, which are listed on Euro MTF at the Luxembourg stock exchange, were marked by high volatility overall in 2023, reflecting the general market environment. However, Amprion bonds performed slightly better than the iBoxx BBB index. Particularly in March, spreads declined significantly. As the year progressed, they moved in step with the general market environment. The spreads on all bonds issued by Amprion in 2021 and 2022 fell over the course of the year.

The price performance recorded by the new dual-tranche Green Bond issued in 2023 was encouraging. The spread on the five-year bond averaged just under 70 basis points between the date of issue and the end of 2023. The spread at year-end was 63 basis points. The eleven-year bond experienced a similar performance and recorded a spread of 100 basis points at the end of the year. Its average spread since the issue date is 106 basis points, which is lower than the level of 110 basis points at issuance.

2023

yield spread

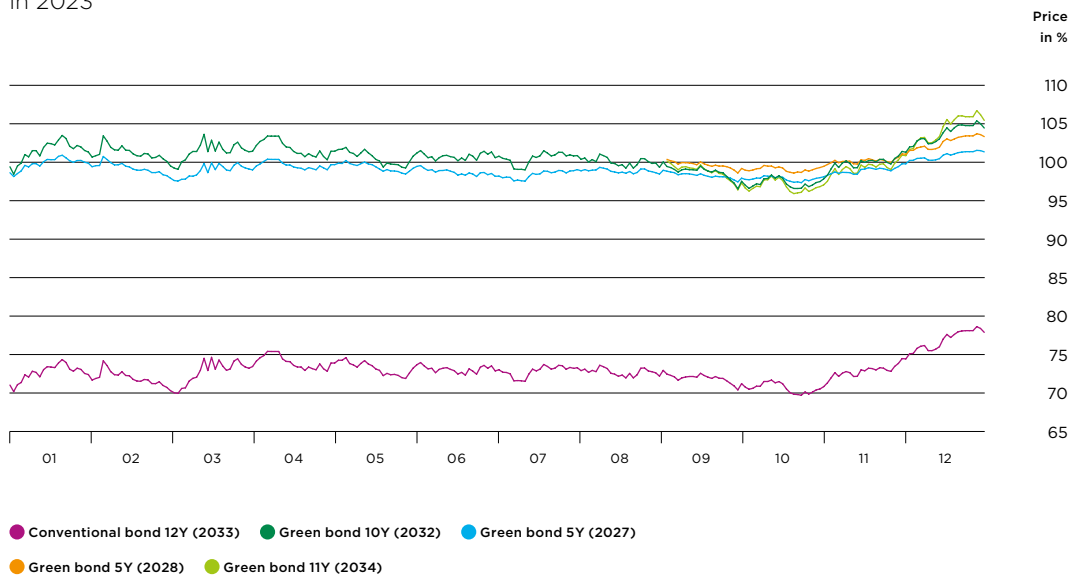


The table below shows further details of changes in the spreads on Amprion bonds:

Bonds	12-year Conventional Bond (2033)	10-year Green Bond (2032)	5-year Green Bond (2027)	5-year Green Bond (2028)	11-year Green Bond (2034)
Interest-rate spread Year-end 2022/ issue date (30 Aug. 23)*	95.5	98.2	65.7	70.0*	100.0*
Interest-rate spread Year-end 2023	86.3	90.8	56.4	63.4	100.5
Interest-rate spread Yearly high	107.8	104.1	77.3	78.8	115.7
Interest-rate spread Yearly low	64.9	55.3	35.4	60.2	97.5
Mean value	87.7	86.4	55.3	69.6	106.1

All figures in basis points

Development of the Amprion bonds in 2023



Amprion continued its in-depth dialogue with debt investors on the international capital market in 2023. The Management Board and the Investor Relations department stepped up their contact with investors. While marketing the second dual-tranche Green Bond, Amprion again held a virtual roadshow with international investors. In addition to the Global Investor Call with around 100 potential investors, one-on-one and group meetings were held with over 40 investors over a period of two days. The company also showcased itself at an international investor conference in London in November 2023.



Up-to-date information on investor relations activities is available on Amprion's website at <https://www.amprion.net/Amprion/Finance/>.

2021 issuance: 12-year Senior Bond (2033)

Amprion GmbH

Documentation	Debt issuance programme	Status/Rank	unsubordinated, unsecured
Currency	euros	Stock exchange/Law	Luxembourg/ Euro MTF/German law
Issue amount	€800 million	Face value	€100,000
Value date	23 Sep. 2021	Clearing agency	Clearstream Banking AG
Maturity	12 years/23 Sep. 2033	Paying agent	Commerzbank Aktiengesellschaft
Coupon (fixed interest rate)	0.625%	ISIN/WKN	DE000A3E5VX4/A3E5VX
Coupon payment	annually (first payment on 23 Sep. 2022)	Final terms	general corporate purposes
Issue price	98.741%		

2022 issuance: 5-year Senior Green Bond (2027)

Amprion GmbH

Documentation	Debt issuance programme	Status/Rank	unsubordinated, unsecured
Currency	euros	Stock exchange/Law	Luxembourg/ Euro MTF/German law
Issue amount	€800 million	Face value	€100,000
Value date	22 Sep. 2022	Clearing agency	Clearstream Banking AG
Maturity	5 years/22 Sep. 2027	Paying agent	Commerzbank Aktiengesellschaft
Coupon (fixed interest rate)	3.450%	ISIN/WKN	DE000A30VPL3/A30VPL
Coupon payment	annually (first payment on 22 Sep. 2023)	Final terms	The net proceeds from the Green Bonds will be allocated as set out in Amprion's Green Finance Framework.
Issue price	100.00%		

2022 issuance: 10-year Senior Green Bond (2032)

Amprion GmbH

Documentation	Debt issuance programme	Status/Rank	unsubordinated, unsecured
Currency	euros	Stock exchange/Law	Luxembourg/ Euro MTF/German law
Issue amount	€1,000 million	Face value	€100,000
Value date	22 Sep. 2022	Clearing agency	Clearstream Banking AG
Maturity	10 years/22 Sep. 2032	Paying agent	Commerzbank Aktiengesellschaft
Coupon (fixed interest rate)	3.971%	ISIN/WKN	DE000A30VPM1/A30VPM
Coupon payment	annually (first payment on 22 Sep. 2023)	Final terms	The net proceeds from the Green Bonds will be allocated as set out in Amprion's Green Finance Framework.
Issue price	100.00%		

2023 issuance: 5-year Senior Green Bond (2028)

Amprion GmbH

Documentation	Debt issuance programme	Status/Rank	unsubordinated, unsecured
Currency	euros	Stock exchange/Law	Luxembourg/ Euro MTF/German law
Issue amount	€500 million	Face value	€100,000
Value date	7 Sep. 2023	Clearing agency	Clearstream Banking AG
Maturity	5 years/7 Sep. 2028	Paying agent	Commerzbank Aktiengesellschaft
Coupon (fixed interest rate)	3.875%	ISIN/WKN	DE000A3514E6/A3514E
Coupon payment	annually (first payment on 7 Sep. 2024)	Final terms	The net proceeds from the Green Bonds will be allocated as set out in Amprion's Green Finance Framework.
Issue price	99.804%		

2023 issuance: 11-year Senior Green Bond (2034)

Amprion GmbH

Documentation	Debt issuance programme	Status/Rank	unsubordinated, unsecured
Currency	euros	Stock exchange/Law	Luxembourg/ Euro MTF/German law
Issue amount	€700 million	Face value	€100,000
Value date	7 Sep. 2023	Clearing agency	Clearstream Banking AG
Maturity	11 years/7 Sep. 2034	Paying agent	Commerzbank Aktiengesellschaft
Coupon (fixed interest rate)	4.125%	ISIN/WKN	DE000A3514F3/A3514F
Coupon payment	annually (first payment on 7 Sep. 2024)	Final terms	The net proceeds from the Green Bonds will be allocated as set out in Amprion's Green Finance Framework.
Issue price	99.160%		

Adjusted IFRS-based performance measures

Amprion voluntarily prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) so that it is more comparable with its peer group on the capital markets. Capital market communication focuses on Group performance measures derived from this financial reporting. These are adjusted for regulatory influences in order to reflect the financial performance of the Group more appropriately.

As a transmission system operator, Amprion is a regulated entity and therefore required to maintain a regulatory account in accordance with Section 5 of the Incentive Regulation Ordinance (ARegV). The regulatory account is used, in particular, to recognise differences between revenue actually generated and the previously defined revenue cap as receivables and payables in the company's separate financial statements prepared in accordance with the German Commercial Code (HGB). These differences will even out in subsequent years by means of future revenue caps. This evening-out mechanism is intended to avoid significant fluctuations in grid charges for the consumer from period to period, improving predictability. IFRS have not so far allowed the receivables and payables resulting from this mechanism to be recognised, however.

For this reason, IFRS-based consolidated net earnings before interest, taxes, depreciation and amortisation (EBITDA) and IFRS-based consolidated net income after tax (net income) have been adjusted for effects from the regulatory account since the company started voluntarily preparing IFRS consolidated financial statements.

In addition, other regulatory liabilities that, to date, are also not eligible for recognition as corresponding liabilities under IFRS must be deferred in the company's separate financial statements under HGB. This applies, in particular, to revenue from congestion management subject to specific usage restrictions, as well as regulatory deferrals, for example from voluntary undertakings that do not currently have to be settled via the regulatory account mechanism. As these effects cannot be recognised under IFRS, the presentation of the company's financial performance is increasingly distorted. The adjusted IFRS-based performance measures are therefore being adjusted for the first time – including retrospectively from 2022 – for the regulatory items described above. This allows the Group's financial performance to be presented more accurately.

The following table shows the further-adjusted performance measures consolidated net income before interest, taxes, depreciation and amortisation (adjusted EBITDA) and consolidated net income after taxes (adjusted net income) and their reconciliations for the 2023 financial year and retrospectively for 2022.

(Adjusted) performance measures

in € million	1 January – 31 December 2023	1 January – 31 December 2022
EBITDA	1,873.6	350.5
Result from regulatory items	- 893.4	422.3
+/- Income/expense from changes in the regulatory account	- 596.0	422.2
+/- Income/expense from deferral and use of congestion revenue	- 293.7	10.0
+/- Income/expense from other regulatory items	- 3.7	- 9.9
= Adjusted EBITDA	980.2	772.8
Consolidated net income	949.8	- 60.4
+/- Result from regulatory items	- 893.4	422.3
+/- Tax expense/income from regulatory items	282.9	- 133.6
= Adjusted consolidated net income	339.3	228.3

We also report regularly on the cash flow-based financial measure “funds from operations” (FFO), which is well established in the industry and on the international capital markets. Adjustments are made here to convey as accurate as possible a picture of the Amprion Group's financial strength in substance.

Adjusted funds from operations (FFO)

in € million	2023	2022
Consolidated net income	949.8	- 60.4
+ Depreciation and amortisation (including impairment losses)	443.1	419.9
+/- Loss/gain on disposals of non-current assets	16.1	14.2
+/- Expense/income from change in deferred taxes	383.8	- 53.1
= Total Funds from Operations (FFO)	1,792.6	320.5
+/- Other non-cash expense/income	- 10.3	- 5.4
- Income from the capitalisation of borrowing costs on qualifying assets under IAS 23	- 89.8	- 31.2
+/- Net interest income/net interest expense from other provisions	0.9	- 5.5
= Adjusted total funds from operations (adjusted FFO)	1,693.5	278.3

The aforementioned set of performance measures provided for capital market communication is rounded off by publishing the key regulatory metric “regulated asset base” (RAB). This forms the basis for the revenue structure resulting from regulation and is derived from the separate financial statements of the Group companies prepared in accordance with HGB. As at 31 December 2023, the RAB of Amprion GmbH and Amprion Offshore GmbH amounted to approximately €8.4 billion (previous year: €6.6 billion). The increase is mainly due, to the increase in investments in 2023 and the associated growth in non-current assets.

AMPRION'S STRATEGY



STARTING POINT —————> page 23-29

The energy industry is in the midst of the largest upheaval in 100 years, as the energy system has to transition to renewable energies. The world's largest "power station" is under construction in the North Sea. The green electricity it will generate has to be transported many hundreds of kilometres. The demands on system operation are growing so as to keep the power grid stable and secure.



AMPRION'S VISION —————> page 30/31

Amprion's response to the challenges is NextGenTSO: we want to become a next-generation transmission system operator so that we can play a leading role in shaping the transformation of the energy system. One of our unique competences is being able to model the energy system of the future. As a NextGenTSO, we want to plan it across all sectors and integrate electricity, gas and hydrogen. We guarantee system security beyond the borders of our own grid area and drive forward innovation.

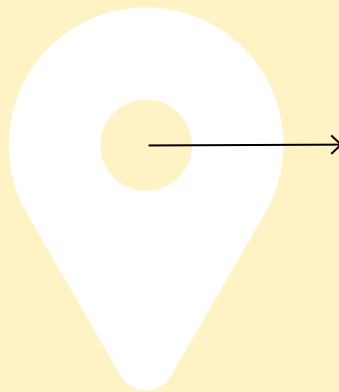


OUR OBJECTIVES —————> page 32-35

On its journey to becoming a NextGenTSO, Amprion is managed by a system of fundamental and functional objectives. The fundamental objectives are designed to maximise the acceleration of grid expansion and to finance it sustainably. Amprion wants to be in a position to manage the energy system of tomorrow across all sectors. System security and economic viability must be safeguarded. In our dialogue with policymakers in 2024, we will advocate the dynamic evolution of the legal and regulatory framework for our activities.

THE STARTING POINT

ENERGY SYSTEM IN TRANSFORMATION





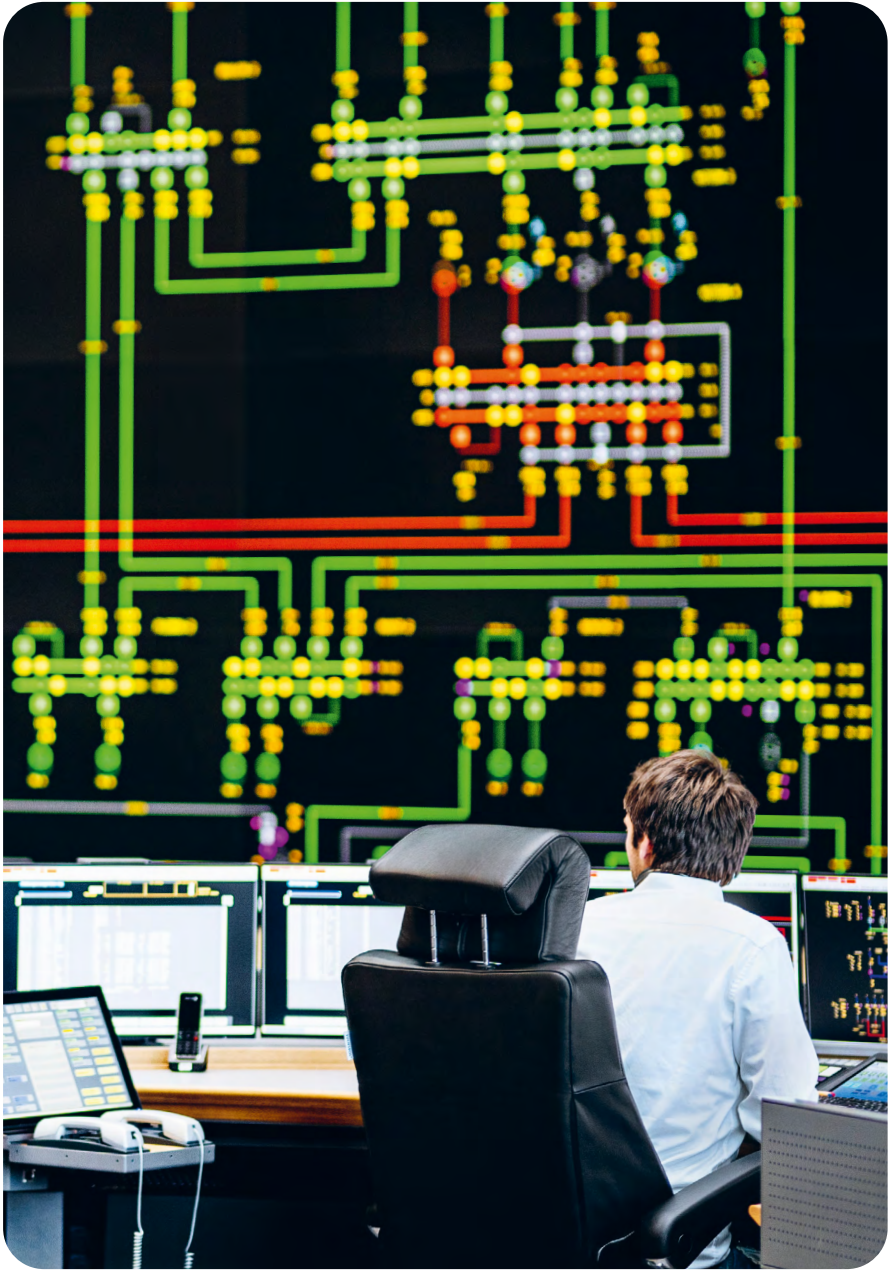
WHAT **CHALLENGES** DOES AMPRION FACE?

The energy industry is in the midst of the largest upheaval in 100 years, as how we generate and transport, store and consume energy are all changing.

The business models along the value chain are adapting to this new dynamic. The challenge is to transform the energy system to power generation from renewable energies. The transmission grid, which transports large volumes of extra-high-voltage electricity, will play a pivotal role in this. That's because, in future, the majority of green electricity will be generated where the weather is favourable, and no longer in conurbations where consumption is highest.

The world's largest "power station" is under construction in the North Sea, as going forward, the capacity of 200 large power plants will be generated in an area of more than 100,000 square kilometres. The grid connection systems needed to do this will be many thousands of kilometres long and will primarily be constructed as underground cables. Overall, the transport requirements in the transmission grid from northern to southern Germany will double by 2030 and triple by 2045. In addition, the European internal market has been supporting cross-border electricity trading for many years – another factor that is increasing the need for grid expansion.

Converter platform at sea: The North Sea is home to the largest "power station" in the world. The wind farms must be connected to the transmission network.



NEW SYSTEM OPERATION REQUIREMENTS


System operation is responsible for keeping the transmission grid stable and secure. Among other things, this involves balancing electricity generation and consumption. This task is becoming more challenging because volatility is growing on both sides.

An example in relation to generation is that by 2045, the installed capacity of wind farms and photovoltaic plants is expected to increase from 155 gigawatts today to up to 700 gigawatts. In stormy and sunny weather, they will then simultaneously feed up to 400 gigawatts into the grid. In the *"dunkelflaute"* (dark wind lull), renewable energy systems play hardly any role in power supply.

Every electric vehicle and each heat pump also increases the complexity of the energy system. In future, system operation will have to coordinate millions of power feeders and consumers in real time. The digital transformation needed to do this poses major challenges for the energy industry. Adding high-voltage direct current transmission to the proven alternating current technology requires a large number of innovative concepts for system operation.

System management: With the expansion of renewable energies and new energy consumption, the complexity of the energy system is increasing. The task of keeping the transmission network stable and secure is becoming increasingly challenging.



CREATING AN **INTEGRATED** ENERGY SYSTEM

Electricity will play a key role in the transformation of the energy system: decarbonisation, electromobility, digital transformation – wherever you are, industry and society are totally dependent on electricity.

But ultimately, electricity is just one component. The success of the energy transformation will depend on the interaction between the energy sources electricity, gas and hydrogen, as well as on the ability to integrate the industrial, mobility and heating sectors. Everything is connected – electrolyzers, for example, need electricity to generate hydrogen.

Climate neutrality, security of supply and affordability can only be aligned with a coherent overall concept for transforming the energy system.

Hydrogen pipeline: The climate-neutral energy system of tomorrow must be considered as a whole, with the energy sources electricity, gas and hydrogen, but also with the industrial, mobility and heat-supply sectors.

AMPRION'S VISION

NEXT-GENERATION TRANSMISSION SYSTEM OPERATOR

Amprion's response to the challenges is **NextGenTSO**: we want to become a next-generation transmission system operator so that we can play a leading role in shaping the transformation of the energy system.

Not all aspects of the climate-neutral energy system are evident at this point. But Amprion will definitely need certain competences to meet the challenges of the upheaval and fulfil its responsibility to the national economy. On the one hand, this includes the ability of system planning to think about the energy system of the future as an integrated whole – with all energy sources and sectors. On the other, it is about having the expertise to coordinate the complex, networked energy world of tomorrow.

→ What we bring to the table

Amprion is already on its journey to becoming a **NextGenTSO**. This applies, for example, to system operation in Brauweiler, which has been performing key overarching tasks for the German and European transmission grid for decades. Among other things, our engineers help keep the frequency of the European interconnected grid stable so that electricity flows safely for more than 500 million people in Europe. Amprion combines system security with climate protection. The company relies on new technologies and innovative solutions to accomplish this. We are not a grid operator who merely manages its grid. **We are helping to shape the future of the energy world** – and that is possible only if you have a forward-thinking mindset. This kind of thinking is part of Amprion's DNA. It results, for instance, in ideas for innovative equipment such as the decentralised grid booster that Amprion will connect to E.ON's distribution grid.

→ Experience with transformation

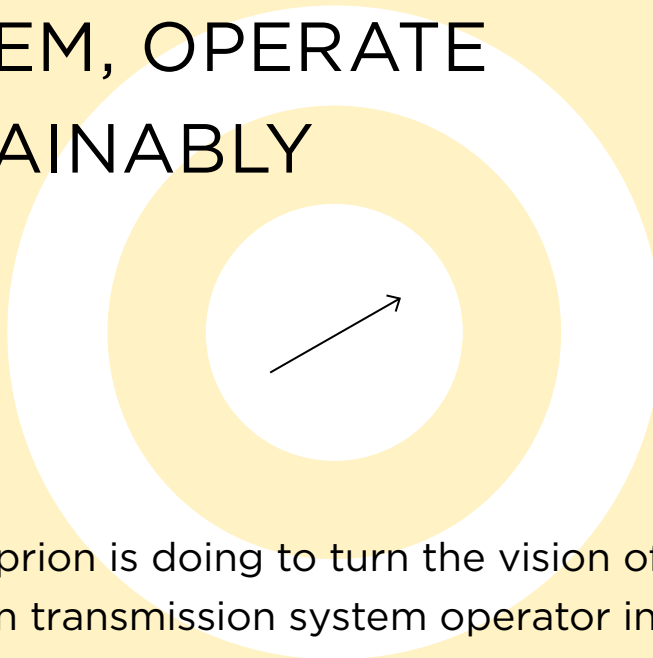
We know all about transformations. For 100 years, the employees of Amprion and its predecessor companies have been helping ensure that the energy system is constantly changing and that **the lights are always on**. We stand in the tradition of those engineers who invented the transmission grid in Germany in 1924. Back then, the first extra-high-voltage line was built from the Rhineland to the Alpine region. It enabled the interaction of coal-fired power plants in western Germany and hydroelectric power plants in the Alps to supply electricity to industry on the Rhine and Ruhr. The System Operation & Control Centre in Brauweiler controlled this new electricity supply system.

→ Adviser to policymakers

Some 100 years later, policymakers and the energy industry are shaping the transformation towards a climate-neutral future. The interrelationships of the energy system are complex and the developments are dynamic – and yet we must set the course today. Amprion sees itself as a **partner to policymakers** in these decision-making processes. And our strengths include the ability to model the energy system of the future. This is a quite singular ability. Amprion makes it available to the players in policymaking and the energy industry – and participates constructively in the search for **solutions for the energy world of tomorrow**.

OUR OBJECTIVES

ACCELERATE GRID
EXPANSION, PLAN THE
INTEGRATED ENERGY
SYSTEM, OPERATE
SUSTAINABLY



What Amprion is doing to turn the vision of a next-generation transmission system operator into reality.

On its journey to becoming a NextGenTSO, Amprion is focusing on three long-term fundamental goals:



01

Construction work for offshore underground cables: Amprion is bringing wind power onshore and laying lines under the island of Norderney. For these projects, too, we are utilising every opportunity to speed up planning, approval and construction.

CORE BUSINESS: GRID EXPANSION AND SYSTEM SECURITY

Amprion is enabling the necessary transformation to a climate-neutral energy system by maximising the acceleration of grid expansion while preserving the highest level of system security. Accelerated grid expansion is a key lever for sustainably reducing the costs caused by the transformation of the energy system. These are primarily costs for managing bottlenecks in the electricity grid. At the same time, we are investing in innovative processes to increase the utilisation of transmission grid capacity. We are working together with the energy industry and policymakers to safeguard and further increase the high level of system security and resilience.



02

Experts in dialogue: Amprion is expanding its expertise in system planning and system management. So that we can plan and coordinate the infrastructures of a climate-neutral energy system in an integrated manner.

POSITIONING: ENERGY SYSTEM EXPERTISE

We are positioning ourselves to take an integrated approach to planning and coordinating the climate-neutral energy system. To do this, we are expanding our expertise in cross-sectoral system planning and system management. Our System Operation & Control Centre in Brauweiler is Europe's largest, most state-of-the-art network control room. It has a modular structure and has the capability to model an integrated, climate-neutral energy system in the future. We are expanding our cooperation with partners from industry, the energy sector and research, and are strengthening our role as an advisor to policymakers with dialogue formats such as the Future Transmission Lab and "Systemvision 2050". We are supporting the integration of the energy system by providing ideas for refining the existing market design with our Syste(M)arket concept.

GOVERNANCE:

VIABILITY AND SUSTAINABILITY

Amprion is securing its long-term economic performance in order to procure the necessary equity and debt capital to finance the grid expansion. To stay attractive to long-term investors who are interested in the success of the German energy transition, we will continue to strive for a credit rating in the solid investment-grade range. We are continuously optimising our investment activities and leveraging efficiencies wherever possible. In our discussions with the Federal Network Agency, we are working to further develop the regulatory framework in harmony with our rapidly growing business. Amprion is a sustainable company. We are continuing to develop and implement our sustainability strategy. This includes further reducing greenhouse gas emissions. We put our expertise at the service of the German economy, including by providing our customers with the best-possible support in achieving their decarbonisation targets.

03



Lines for green electricity: Amprion is paving the way for a climate-neutral energy system. Our business model is sustainable, our strategy is geared towards further reducing greenhouse gas emissions and providing the industry with the best-possible support for decarbonisation.

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REPORT OF THE SUPERVISORY BOARD

Ladies and gentlemen,

Amprion GmbH can look back on a very successful financial year in 2023. The company is continuing to expand at a rapid pace and we have entered into a new phase of grid expansion: key projects are entering the construction phase, and Amprion has secured components and equipment worth billions as part of its forward-looking approach.

The Supervisory Board has been monitoring this development. The Supervisory Board fulfilled the tasks for which it is responsible according to the law and the articles of association and, in particular, performed its supervisory and advisory function in respect of management. To do this, the managing directors provided us with written and oral information concerning the course of business, fundamental issues of business policy and the situation and development of the company, and we discussed in detail significant business transactions with management and took the necessary decisions. Moreover, the Chairman of the Supervisory Board also discussed important individual transactions and matters of corporate strategy and business policy in meetings with the managing directors outside the Supervisory Board meetings, in preparation for the meetings of the Supervisory Board. Furthermore, the Audit Committee performed all duties and responsibilities required of it by the articles of association and, in particular, carried out all preparations for the adoption of the annual financial statements and the approval of the consolidated financial statements by the Supervisory Board.

Four Supervisory Board meetings were held during the reporting period. Discussions focused on detailed reporting by the managing directors concerning the company's position, including the development of sales and earnings and the company's strategic goals. The Supervisory Board also held in-depth discussions on the financial plan submitted for 2024 and approved it. Additionally, the Supervisory Board discussed the long-term investment planning up to 2033 in detail and approved it. Moreover, the Supervisory Board addressed the company's regulatory environment as well as the forthcoming or implemented changes to the legal framework.

The Supervisory Board resolved the appointment of a further managing director at its meeting on 28 November 2023: Dr Christoph Müller was appointed as a member of management effective as of 1 July 2024 for a period of five years. Starting on 1 January 2025, he will be Chief Commercial Officer (CCO) and will also be Chief Executive Officer (CEO). As at this date, Dr Hans-Jürgen Brick will retire from the company, as scheduled.

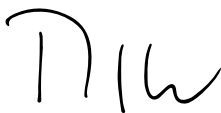
BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, the auditor elected by a resolution of the shareholders on 15 May 2023 and engaged by the company's Supervisory Board to audit the annual financial statements and consolidated financial statements, audited the annual financial statements and the management report as well as the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the Group management report of Amprion GmbH for the 2023 financial year, including the accounting, and issued an unqualified auditor's opinion.

The auditor's report, the annual financial statements and consolidated financial statements, the management report and the Group management report were provided to the members of the Supervisory Board in good time prior to the Supervisory Board meeting on 9 April 2024 and were discussed in detail during the meeting. The auditor participated in the Supervisory Board's discussions and reported on the material results of his audits. He was also available to provide supplementary information. The Supervisory Board approved the results of the audit. In turn, it examined the annual financial statements and management report and the consolidated financial statements and Group management report prepared by management. No objections were raised on completion of its examination. The Supervisory Board approved the annual financial statements and management report as well as the consolidated financial statements and the Group management report for the 2023 financial year; the annual financial statements are therefore adopted.

There were no personnel changes on the Supervisory Board during the 2023 financial year.

The Supervisory Board would like to express its thanks and appreciation to the management and all employees of Amprion for their work during the 2023 financial year.

Dortmund, 9 April 2024



UWE TIGGES

Chairman of the Supervisory Board



GROUP MANAGEMENT REPORT

of Amprion GmbH, Dortmund,
for the financial year 2023

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FUNDAMENTALS OF THE GROUP

Group structure and business activities of the Group

Amprion GmbH, headquartered in Dortmund, is one of four transmission system operators (TSOs) in Germany. From the North Sea to the Alps, the company operates its network at voltage levels of 220 and 380 kilovolts (kV) and is expanding it in accordance with market requirements. The extra-high-voltage grid links the generation units to the main centres of consumption and is a vital component of the transmission grid in both Germany and Europe. The transmission grids play a central role in transporting power to our customers and maintaining the high security of supply in Germany. They are also indispensable for integrating renewables into the energy system. They are therefore an important element in achieving the European goal of climate neutrality by 2050.

Amprion controls and monitors the safe transport of electricity within the extra-high-voltage (EHV) grid in its control area. For this purpose, the grid operations managers in Brauweiler/Pulheim ensure that electricity consumption and generation are kept in balance at all times. The system services required and the electricity necessary to compensate grid losses are sourced using transparent tender procedures in line with regulations. The company also coordinates the exchange programmes and the subsequent volume balancing both for the entire transmission grid in Germany and for the northern part of the European interconnected grid.

Thanks to its central location within Europe, Amprion's network is a vital hub for Europe's electricity trading. Amprion provides transmission grid capacities at the interconnecting feeder lines to France and Belgium, the Netherlands, Switzerland and Austria by means of market-based methods. These are largely developed by Amprion, other TSOs, electricity exchanges and regulatory authorities.

Amprion GmbH's shareholders are M31 Beteiligungsgesellschaft mbH & Co. Energie KG, Düsseldorf, a consortium of mainly German institutional investors from the insurance industry and pension funds, that holds 74.9% of the shares, and RWE AG, Essen, with the remaining 25.1% of the shares.

Amprion GmbH is the parent company of the Amprion Group. As such, it holds 100% of the shares in its only subsidiary, Amprion Offshore GmbH, Dortmund. The business purpose of this company is the construction, operation, acquisition, marketing and use of grid facilities for offshore connections, associated transport and distribution systems for electricity and information transmission facilities, as well as the provision and marketing of services in these areas.

Amprion Offshore GmbH will be the owner of the grid connections and will act as the developer for the related approval procedures. It does not employ any staff of its own.

For the purpose of structuring the legal relationships between Amprion GmbH and Amprion Offshore GmbH, the mutual rights and obligations have been regulated in a control and profit and loss transfer agreement, an operations management agreement and a construction and transfer of use agreement. A consolidated tax group relationship is in place with Amprion GmbH – as the sole shareholder – for sales tax, trade tax and corporate income tax purposes.

Commentary on group reporting

Amprion GmbH is preparing a group management report for the Amprion Group, which is additionally supplemented voluntarily with explanations and reporting elements on the situation of Amprion GmbH as an individual company. The group management report was prepared in accordance with the relevant requirements of Section 315 HGB and in consideration of the relevant specifications of *German Accounting Standard (DRS) 20 – Group Management Report*.

Amprion GmbH has made use of the option under Section 315e (3) HGB and prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions of German commercial law applicable under Section 315 (1) HGB. For financial reporting and corporate management purposes, the Group is divided into the two segments *Transmission System Operation* and *Offshore Grid Connections* – in accordance with the corresponding requirements of International Financial Reporting Standard 8 (IFRS 8) – “*Reporting Segments*”. These are distinguished from each other according to regulatory criteria. The basis for this differentiation is formed by the different regulatory systems, which significantly shape the economic framework conditions and business activities of the two segments and thus also of the Group as a whole. The regulatory framework of the *Transmission System Operation* segment is derived from the Energy Industry Act ([EnWG](#)), the Electricity Network Charges Ordinance (StromNEV), the Electricity Network Access Ordinance (StromNZV) and the Incentive Regulation Ordinance ([ARegV](#)). In comparison, the regulatory framework of the *Offshore Grid Connections* segment is based on the legal obligation pursuant to Section 17d (1) of the German Energy Industry Act (EnWG) to construct and operate offshore grid connection systems.

The *Transmission System Operation* segment follows the organisational demarcation of Amprion GmbH as an independent legal entity, while the *Offshore Grid Connections* segment corresponds analogously to Amprion Offshore GmbH.

The Group's key financial performance indicators are the net profit for the year of Amprion GmbH and the investments in property, plant and equipment of both Amprion GmbH and Amprion Offshore GmbH, which are derived from the annual financial statements in accordance with the accounting requirements of the German Commercial Code (HGB), as well as the number of employees as a non-financial performance indicator. In contrast to the previous year, the management no longer takes into account the sales revenue calculated in accordance with HGB and influenced by the EEG settlement, the levy mechanisms and payments from the electricity price brake as a financial performance indicator in corporate management. As a result of the profit transfer agreement concluded with Amprion Offshore GmbH, the annual result of Amprion Offshore GmbH under HGB is included in full in the HGB annual result of Amprion GmbH. In the previous year's management report of Amprion GmbH, forecasts were provided for the net profit for the year and the number of employees. These serve as a reference for corresponding deviation analyses between forecast values and actual values for the 2023 financial year. As the investment amount of Amprion GmbH and Amprion Offshore GmbH in property, plant and equipment was used as a financial performance indicator for the first time in 2023, there is no previous year's forecast to compare.

The economic situation of the Group is explained in the following statements primarily on the basis of the IFRS consolidated financial statement figures. The information and explanations on the key performance indicators mentioned above inevitably deviate from this. Therefore, in accordance with the requirements of DRS 20.101, these are included in the analysis of the course of business and the Group's position with reference to the amounts reported in the IFRS consolidated financial statements.

Wherever the term "Amprion" is used in this group management report, this generally refers to the Amprion Group. Statements that refer exclusively to Amprion GmbH or Amprion Offshore GmbH or to one of the two Group segments are clearly identified as such.

FINANCIAL REPORT

Political and energy regulatory environment

EU “Clean Energy Package”

Amprion consistently implements the European regulatory requirements of the “Clean Energy Package” and the legal provisions contained therein. These relate, in particular, to the further development of European electricity market integration in the European transmission system operator association ENTSO-E. This will further expand the European electricity exchange possibilities. This has a positive impact on numerous Amprion business processes, such as European redispatch optimisation, European control energy procurement and investments.

Planning and approval procedures

The government’s energy and climate policy work relevant to Amprion in 2023 concerns aspects of accelerating the planning and approval process, on the one hand, and the future design of grid access and grid fee regulation against the backdrop of the implementation of the ECJ ruling of 2 September 2021 in the EU Commission’s infringement proceedings against Germany, on the other. The goal of halving the duration of planning and approval procedures declared in the coalition agreement continues to be pursued intensively by the German government.

As part of this, the Act on Accelerating Planning Procedures for Infrastructure Projects came into force on 21 March 2023. The aim of the law is to enable courts to make faster decisions on important projects for the expansion of renewable energies and other “significant infrastructure projects”, particularly in the form of electricity grid expansion. To ensure this, “chambers or senates for planning law” are to be set up at the administrative courts for these projects.

Furthermore, the amendment to the Spatial Planning Act came into force on 29 March 2023. The aim of the law is to speed up infrastructure measures by digitalising participation procedures and limiting them to those directly affected by the projects. Accordingly, a binding time frame of a maximum of six months applies to the regional planning procedure.

EnWG amendment

The amendment to the Energy Industry Act (**EnWG**) came into force on 28 December 2023 and provides for the adaptation of energy industry law to EU legal requirements. Specifically, the amendments relate to the acceleration of the expansion of the electricity grid due to simplifications in consultation procedures, the early transfer of ownership and expropriation procedures.

Electricity Price Brake Act

On 24 December 2022, the “Act on the Introduction of an Electricity Price Brake and on the Amendment of Other Provisions of Energy Law” came into force, in the implementation of which the TSOs played a central role. The aim of the law was to relieve end consumers of the significant rise in electricity prices and to stabilise transmission grid fees with the help of a federal subsidy to finance a share of the transmission grid costs.

The electricity price brake applied to electricity consumption from 1 January 2023 to 31 December 2023 and limited the price per kWh to a fixed value during this period of application.

For Amprion, the Electricity Price Brake Act had far-reaching procedural implications both on the relief side and on the levy side. The relief amounts were paid out by Amprion as one of the four TSOs to the end consumers via the electricity suppliers. On the revenue side, the plant operators paid the surplus revenue to the distribution system operators (DSOs) by means of a self-assessment. This so-called skimming was done with the help of a tool developed by the TSOs. The DSOs forward the surplus revenues in aggregated form to the TSOs. The total payment flows were processed via the separate bank accounts set up at the TSOs.

The TSOs had a legal claim against the German state to settle the account balances and were only obliged to make payments if there was sufficient liquidity available in the accounts. This minimised the financial risks.

Regulatory environment

Imputed interest rates on equity for the fourth regulatory period

On 12 October 2021, the **Federal Network Agency** (BNetzA) set an equity interest rate of 5.07% for new plants before tax and 3.51% for old plants before tax for the fourth regulatory period. Amprion GmbH lodged an appeal against this decision with the Düsseldorf Higher Regional Court (OLG) on 8 December 2021. In its ruling of 30 August 2023, the OLG overturned the determination and obliged the Federal Network Agency to redetermine it. Following the Federal Network Agency’s appeal to the Federal Court of Justice (BGH) on 29 September 2023, Amprion GmbH filed an application pursuant to Section 29 **EnWG** on 2 November 2023 to amend the determination of the equity interest rate of 12 October 2021.

On 24 January 2024, the Federal Network Agency published a determination on the equity interest rate in the capital cost reconciliation model (KKA). Corresponding regulations for new investments in the offshore sector were also consulted on 22 November 2023. Investments are to be financed for the TSOs from the fourth regulatory period onwards using the KKA model. According to the stipulation, a new interest rate of 7.09% will apply for new onshore investments from 2024 in the KKA model, in deviation from the previously defined equity interest rate of 5.07% before taxes. In this model, the risk-free base rate is no longer based on the ten-year average defined in Section 7 (4) StromNEV, but only on the average of the monthly values of the current yields of fixed-interest securities of domestic issuers in the respective calendar year. The other components of the determination of the equity interest rate from the cancelled determination are retained except for the mark-up on the risk premium. The risk-free base rate and the associated equity interest rate for new investments will be recalculated for each year of the fourth regulatory period. For existing investments, the lower equity interest rate set for the fourth regulatory period will continue to apply. The same applies to extended investments in the investment measures model, whereby projects from the investment measures can be transferred to the capital cost reconciliation.

Productivity factor

The individual and sectoral productivity factors are elements for determining the revenue cap. The controllable cost shares within the revenue cap of the grid operators are adjusted to an efficient level from the perspective of the Incentive Regulation Ordinance (Anreizregulierungsverordnung, [ARegV](#)) with the help of the two factors. The [Federal Network Agency](#) therefore carries out an efficiency comparison for the TSOs before each regulatory period.

FOR THE THIRD REGULATORY PERIOD

The Federal Network Agency set the individual productivity factor for Amprion at 100% on 20 December 2018 and the general sectoral productivity factor for electricity (Xgen Strom) at 0.9% on 28 November 2018, which was confirmed by the Federal Court of Justice on 27 June 2023.

FOR THE FOURTH REGULATORY PERIOD

With its decision of 16 September 2022, the Federal Network Agency started the data collection for the determination of the general sectoral productivity factor for electricity. The Federal Network Agency has not yet made its determination for the coming regulatory period.

Efficiency value calculation for the fourth regulatory period

In order to determine the individual efficiency value of TSOs for the fourth regulatory period, a relative reference network analysis is carried out in accordance with Section 22 (2) [ARegV](#). This is an optimisation procedure for determining model network structures and plant quantity structures which, under the existing boundary conditions, have an optimal relationship between costs and network services (reference grid). All TSOs were certified with an efficiency value of 100%. The final confirmation is expected as part of the approval for the cost review for the fourth regulatory period.

Decisions on the regulatory account

The differences between the revenues generated on the basis of actual volume development and the permitted revenues as well as differences between planned and actual costs of cost items that cannot be influenced on a permanent basis are recorded in the regulation account. The regulatory account balance determined by the network operator and its distribution through additions or deductions to the revenue caps are subject to approval by the [Federal Network Agency](#).

On 2 June 2021, the Federal Network Agency approved the regulatory account balance for 2017 and its distribution by means of additions or deductions to the revenue caps 2019 to 2021. Amprion GmbH filed an appeal against the decision with the OLG Düsseldorf on 16 July 2021. The proceedings are still pending before the BGH.

On 16 August 2022, the Federal Network Agency issued its decision on the regulatory account balance for 2018 and its distribution by additions or deductions to the revenue caps 2020 to 2022. An appeal was also filed against this decision. The appeal is pending the decision of the Federal Court of Justice in the proceedings for the regulatory account for 2017.

Cost review 2021 for the fourth regulatory period

In accordance with Section 6 (1) [ARegV](#), the Federal Network Agency determines the starting level for determining the revenue caps for the fourth regulatory period from 2024 to 2028 based on a cost review in accordance with the provisions of the StromNEV. The costs for the 2021 financial year form the starting point for determining the revenue cap in the fourth regulatory period. A hearing on the submitted documents was held in the 2023 financial year. The final decision on the approved cost level is expected to be issued in 2024. Accordingly, preliminary values from the first hearing have been included in the calculation of the revenue cap for the first year 2024 with regard to the amount of the controllable and permanently non-controllable cost components.

Business performance

Grid business

In 2023, the fifth and final step was taken to standardise the grid fees at transmission grid level, which are now fully standardised nationwide.

On 20 December 2018, the Federal Network Agency set the revenue cap for the third regulatory period from 2019 to 2023 on the cost basis of the 2016 financial year.

The defined starting level, the development of the permanently uncontrollable costs, the overall consumer price index as well as the general productivity factor and the individual efficiency value are the basis for the revenue cap and subsequently the grid charges, which were published on 19 December 2022. The revenue cap 2023 increased due to the following developments:

- Higher costs for system services due to rising prices, especially for redispatch,
- Commissioning of two special technical grid operating facilities and a rotating phase shifter,
- Higher costs from approved investment measures due to ongoing grid expansion.

Counteracting effects were the removal of individual lignite-fired power plants from the security reserve and falling costs for the capacity reserve.

The aforementioned changes are not or only partially within Amprion's sphere of influence and lead to an approx. 6.9% increase in grid fees at the extra-high-voltage grid level in the usage hour range between 5,000 and 8,760 hours, which is relevant for the majority of customers. The increase in grid fees compared to the previous year is mainly due to the inclusion of a federal subsidy to stabilise the transmission grid fee.

Amprion's customers are industrial companies, distribution network operators and power stations connected directly to the extra-high-voltage grid. The sales and revenue structure is characterised largely by major distribution network operators, from which Amprion receives around 83% of its grid fees. Companies in the chemical, steel and aluminium industries pay around 14% of the grid fees. The remaining grid fees result from the own consumption of the power plants connected to the transmission grid.

In the 2023 financial year, the withdrawal volume of directly connected customers fell by around 7%. This decline is due to the fact that more energy was generated in the distribution grids as a result of the expansion of renewable energies. This led to a reduction in the amount of energy drawn from Amprion's grid. The decline is also due to the current economic situation and, in particular, the associated energy-saving measures and the still high energy price level.

EEG financing requirements

Since the abolition of the EEG surcharge, funding for the expansion of RE has been provided by the federal budget. This financing covers the difference between the income and expenditure of the TSOs in implementing the EEG. The EEG compensation mechanism is based on the Energy Financing Act (EnFG) and the Renewable Energy Sources Ordinance (EEV). The financing requirement for the expansion of RE is determined for a calendar year in accordance with the provisions of Annex 1 EnFG. These are essentially the revenues from the TSO marketing of the RE volumes generated and fed into the grid outside of direct marketing and self-supply less the expenses for the EEG subsidy payments. The financing requirement can also assume a negative value (corresponds to repayments to the federal budget).

The modalities and the distribution of payments from the federal budget to the TSOs' EEG accounts shall be governed by a public law contract between the TSOs and the Federal Republic of Germany, represented by the Federal Ministry of Economics and Climate Protection. The contract was concluded on 20 December 2022 in accordance with Section 3 (9) EEV and specified in a supplementary agreement in September 2023.

On 25 October 2023, the TSOs published the expected financing requirement of €10.6 billion for 2024, which is due to the higher expenses resulting from the further expansion of RE and lower income from the marketing of the RE volumes fed into the grid due to lower electricity prices. The financing requirement includes the avoided grid fees to be paid by the DSOs and a legally regulated liquidity reserve. At the beginning of 2024, it became apparent that the reported financing requirements would not be sufficient. It is currently still being clarified between the TSOs and the Federal Ministry for Economic Affairs and Climate Protection (BMWK) how this funding gap is to be closed.

The TSOs manage the EEG account on a fiduciary basis and implement the promotion of the expansion of RE in accordance with the legal requirements (EEG, EnFG, EEV).

System services

Balancing power

The costs for balancing power are almost at the same level as the previous year. They are refinanced at the same time via the grid fees, taking into account an incentive scheme while simultaneously reflecting opportunities and risks.

Grid losses

The costs of grid loss energy once again increased significantly due to the sharp rise in energy prices in conjunction with the long-term procurement stipulated by the FSV grid losses. Short-term management was used to respond to the increase in electricity generation from renewable energies in the 2023 financial year – in an energy price environment that continues to be highly volatile. The costs for grid losses are refinanced synchronously via grid fees, taking into account an incentive scheme while simultaneously considering opportunities and risks.

Redispatch

In the 2023 financial year, the costs for redispatch measures were below the previous year's level. This is mainly due to the significant drop in prices for electricity, hard coal and, in particular, natural gas. In addition, costs were reduced by the commissioning of the expansion project in the northern Amprion and TenneT TSO area from Ganderkesee to Wehrendorf in accordance with Section 2 of the Energy Line Expansion Act (**EnLAG**). Previously, the Emsland lines between Amprion and TenneT TSO GmbH running to the west had been under strain for years.

The redispatch volume increased slightly, mainly due to the ongoing expansion of renewable energy and the marginal capacity made available to the market in accordance with the EU "Clean Energy Package". At least 70% of cross-border transmission capacity must be made available for European cross-zonal electricity trading. Germany is aiming to achieve this target by 31 December 2025.

The costs for redispatch are fully and simultaneously refinanced via the grid fees.

System service product in the real-time range from switchable loads (SEAL)

In accordance with the **Federal Network Agency's** stipulation, the four TSOs have technically implemented the system service product in the real-time range from interruptible loads (SEAL) in all relevant TSO systems by 1 November 2023 as a successor product to the agreement on interruptible loads (AbLaV), which expired in mid-2022. Due to the short implementation period of less than six months, there are potential providers who are interested in providing the product, but no prequalification applications have yet been submitted.

Grid reserve

On the basis of analyses by the TSOs, the **Federal Network Agency** annually reviews and confirms the grid reserve requirement for the following winter half-year and at least one of the following four years under review. The remaining additional demand that cannot be covered by power plants in the domestic grid reserve must be covered via an expression of interest procedure for foreign assets. The TSOs submitted their system analysis and the resulting need for grid reserve power plants to the Federal Network Agency for confirmation on 22 March 2023. In its report of 28 April 2023, the Federal Network Agency indicated the need for reserve power of 4,616 MW determined by the TSOs for the winter half-year 2023/2024. The lower demand compared to the previous year is merely the result of the fact that previous reserve power plants have returned to the market due to the Substitute Power Plant Provision Act (EKBBG), thus reducing the reserve requirement in purely mathematical terms.

The grid reserve demand cannot be covered exclusively by domestic grid reserve power plants in winter 2023/2024. The procurement of additional grid reserve capacity by another German TSO from foreign power plants in the amount of 1,334 MW was therefore necessary.

In the 2023 financial year, coal-fired power stations from the grid reserve were allowed to participate in the electricity market or remain there for a limited period in accordance with Section 50 a–50 c **EnWG**. In the Amprion control area, all of the power stations concerned utilised this option. This affects the majority of the grid reserve capacity currently installed in the control area and, together with lower costs for the energy source natural gas (for the remaining grid reserve), led to significantly lower costs for the grid reserve at Amprion compared to the previous year.

With the entry into force of the new provisions of Section 13b (2) EnWG on 1 January 2024, the TSOs' long-term analysis can now also be used to justify why an asset is designated as system-relevant in the event of a planned temporary decommissioning. Previously, TSOs could only argue on the basis of the system analysis or the Federal Network Agency report in accordance with Section 3 of the Grid Reserve Ordinance.

The costs of the grid reserve are refinanced completely and simultaneously via the grid fees.

Capacity reserve

The plants held in the capacity reserve are used to balance the energy system in the event of exceptional and unforeseeable situations. They can also be used by the TSOs to resolve grid congestion. The awards for the second provision period from 1 October 2022 to 30 September 2024 were made in February 2022. Bids amounting to 1,086 MW were awarded. The fuel of all plants awarded bids is gas. In Amprion's control area, two power plant units with a total capacity of 710 MW are committed in the capacity reserve.

The costs of the capacity reserve are refinanced completely and simultaneously via the grid charges.

Special technical grid operating facilities

Special technical grid operating facilities are designed to maintain system security. The total demand for special technical grid operating facilities was determined by the TSOs in 2017 and confirmed by the Federal Network Agency at 1,200 MW. In 2020, RWE Generation SE was awarded the contract by Amprion for the construction and operation of a gas-fired power plant with a capacity of 300 MW at the Biblis site. It was commissioned at the beginning of March 2023. Furthermore, in February 2021, Gaskraftwerk Leipheim GmbH & Co. KG was awarded a contract for a further 300 MW. It was commissioned in July 2023. Both facilities will be used exclusively in emergency situations to maintain grid stability in Germany. The special technical grid operating facilities are not available to the electricity market. There were no calls on the special technical grid operating facilities in the 2023 financial year.

The costs of special technical grid operating facilities are refinanced completely and simultaneously via the grid fees.

Safety readiness and supply reserve

Lignite-fired power plants that were on security standby in accordance with Section 13g EnWG should have been closed with finality after four years. However, the Substitute Power Plants Readiness Act stipulates that plants are transferred from security standby to the supply reserve and are allowed to participate in the market again. In Amprion's control area, this concerns three lignite-fired power plants with a total capacity of around 900 MW. According to the "Supply Reserve Call Ordinance", the plants initially had the opportunity to participate in the market from 1 October 2022 to 30 June 2023 as part of the supply reserve. This option was subsequently reinstated for the period from 11 October 2023 to 31 March 2024.

System operation and control

Amprion did not experience any large-scale disruptions in its own extra-high-voltage grid in the 2023 financial year. System operation was again characterised by the continuing expansion of renewable energy plants and the increasing lower limit for cross-border service capacity in accordance with the “Clean Energy Package”. This will rise again on 1 January 2024 to 50.5% of the electricity grid capacity.

The increased utilisation of the grid using Section 49b **EnWG** strengthened the operational integration of renewable energy in the 2023 financial year. The commissioning of two new interconnection lines to TenneT TSO GmbH in the northern part of the Amprion grid also contributed to this. Nevertheless, there was still a high operational effort required to maintain system security.

Implementation of the “Action plan for increased capacity utilisation”

With the “System Stability Roadmap” and the “Action Plan for Increased Capacity Utilisation”, the Federal Ministry for Economic Affairs and Climate Protection (BMWK) is aiming to accelerate the energy transition while maintaining system security.

The “System Stability Roadmap” outlines a programme for the secure operation of the electricity grid with 100% renewable energy. At a procedural level, it shows the steps for maintaining system stability, the timing of implementation and the responsibilities. Based on a common target image for the future electricity supply system, a total of 41 different stability processes and ten connecting processes were identified. For the implementation of the roadmap, 18 central milestones were defined and divided into three paths with high pressure to act. The BMWK and the **Federal Network Agency** will closely monitor the further implementation. The TSOs have a central role to play here due to their system responsibility.

The first result to be mentioned, in particular, is the system stability report to be prepared by the TSOs in future. In this report, demand for system services and measures for system stability are to be identified transparently and with sufficient lead time in a two-year cycle. It was approved by the Cabinet on 16 August 2023. Amprion is also participating as consortium leader in the planned joint project “System Stability 2030”. The aim of this project is to accelerate the provision of necessary system requirements through various technical assets.

In addition, as part of the “Increased Capacity Utilisation Action Plan”, the BMWK is continuously striving to enable higher utilisation of the existing grid as quickly as possible. The use of weather-based free capacity utilisation (WAFB) could be expanded at short notice due to the regulatory changes in Section 49b EnWG. In the coming years, additional phase-shifting transformers will

also be integrated into the Amprion grid and concepts for curative congestion management will be tested and introduced in order to optimise the utilisation of existing lines.

The increased utilisation will be carried out while maintaining system security and taking into account the load capacity of the operating facilities. To this end, continuous analyses of system stability are carried out, covering various stability aspects such as transient stability and voltage stability. Close monitoring of the condition of the operating facilities is just as important. The condition of the operating facilities in the WAFB is checked at a significantly increased frequency in order to enable maintenance findings to be identified and rectified at short notice.

Innovative projects

Amprion is intensifying its innovation activities on the way to a climate-neutral energy system. Building on the innovation report published in the previous year, the “Amprion Innovation Symposium” was held for the first time in 2023. New innovation collaborations were concluded with external partners. Amprion is also involved at national and international level, for example with the founding of the interdisciplinary research initiative “Future Transmission Lab” in the university environment and with the co-design of the ENTSO-E monitoring report.

The concept of the decentralised grid booster to support higher utilisation of the electricity grid envisages connecting several smaller, modular battery storage systems at the distribution grid level for the first time. This setup reduces connection costs per location, increases the availability of the entire storage system and improves flexibility in the distribution system. Amprion, LEW Verteilnetz GmbH (LVN) and E.ON SE are cooperating closely to complete the first asset in the LVN area. The decentralised modules offer a total capacity of 250 megawatt hours (MWh). The tender is scheduled for 2024.

One of the requirements for renewing circuits in existing **overhead lines** is compliance with threshold values for noise emissions. Amprion has developed noise minimisation concepts for this purpose and qualifies special conductor cables both through measurements in the laboratory and after installation directly on the overhead line route.

In addition to conventional high-voltage three-phase current transmission (HVAC), high-voltage direct current transmission (HVDC) is becoming increasingly important. This technology enables the transmission of high demands over long distances with reduced losses and improved controllability of power flows. Up to now, HVDC systems have mainly been realised as point-to-point connections. There is currently a trend towards interconnecting HVDC systems. This is known as an HVDC multi-terminal system. This design enables greater flexibility in power distribution and has cost-effectiveness advantages. The demand for such systems is increasing, particularly due to the high number of planned offshore grid integration systems. In addition

to Europe's first multi-terminal system Ultranet/A-Nord, Amprion and TenneT TSO GmbH are developing a cross-TSO multi-terminal system in the NordWest-Hub project, in which direct current (DC) circuit breakers are provided on the DC side for the first time. The single-vendor approach is being pursued for these first systems. This means that the HVDC substations are developed and installed by one company. The DC circuit breakers planned for the NordWest hub, which limit the loss of generation power in the event of a malfunction, represent a new technology in the HVDC sector. Multi-vendor systems, in which the HVDC substations are installed by different companies, are advantageous in the long term for the expansion of extensive HVDC systems, but are not yet being planned due to the associated complexity and incompleteness of standardisation. Amprion is involved in international standardisation committees and in the European research project InterOPERA, among others, in order to develop interoperability conditions for connecting HVDC systems from different manufacturers.

Grid-forming controls for power electronics assets are an important basis for the system stability of grids characterised by power electronics. However, there are concerns in the power industry and in science as to whether assets with this type of control can be operated safely in the system. In order to gather concrete operating experience, the Opladen facility was commissioned in 2023.

The contents of the new F-Gas Regulation were also defined in 2023. This provides for bans on new SF₆ operating facilities from 2028 (≤ 145 kV) and 2032 (> 145 kV). Amprion has been preparing for the changeover for several years by piloting the first SF₆-free operating facilities. In addition to the SF₆-free voltage transformers already in use (245 kV and 420 kV), Amprion is planning to pilot further SF₆-free operating facilities. These include SF₆-free combined instrument transformers in both 245 kV and 420 kV as well as SF₆-free 145 kV circuit breakers. In addition, a 420 kV gas-insulated switchgear with SF₆-free outgoing lines has been awarded by Amprion, which will be implemented and commissioned in the coming years.

Asset Management

Amprion has been certified in accordance with the requirements of the international standard ISO 55001 "Asset Management – Management Systems" since 2015. ISO 55001 supports companies in establishing systematic and efficient asset management. External audits are carried out regularly to check whether the requirements of ISO 55001:2014 are being met. Maintenance of the certificate was confirmed by the surveillance audit in August/September 2023.

Technical safety management

Since 2011, Amprion has met the requirements for technical safety management. This is a voluntary self-monitoring tool that reviews the organisational structure and processes. The focus is on occupational safety and work in accordance with legal requirements and recognised rules of technology. External auditors check compliance with the requirements in accordance with VDE-AR-N 4001. The last audit took place in October 2021, with Amprion's technical managers being audited. As a result, the certificate was renewed. It is valid until 2027. A surveillance audit is planned for 2024.

Workforce

Amprion continued to expand its workforce in 2023. The number of employees rose by 16.3% from 2,339 to 2,721 full-time equivalents (FTE) as at 31 December 2023. Due to successful recruitment activities, this is slightly higher than the figure forecast in the previous year's group management report despite a shortage of skilled workers. A total of 333 FTEs worked in the offshore field.

Due to the greater informative value, the FTEs of the previous year were supplemented by the information on temporary employees.

In the 2023 financial year, 15 apprentices started their training at Amprion in commercial and technical professions. A total of 42 persons are currently completing their training at Amprion. 17 apprentices successfully completed their training, 16 of whom accepted a job offer from Amprion.

Employees took part in around 8,400 internal and external training programmes and 5,500 e-learning courses to strengthen their professional and personal skills.

The staff turnover rate fell compared to the previous year to 2.1% (previous year: 2.3%). The average age of the workforce fell by 0.1 years compared to the previous year and totalled 39.6 years at the end of the reporting year. The average length of service fell from 9.0 to 8.3 years. The proportion of women in the workforce increased from 20.7% in the previous year to 21.8% as at 31 December 2023.

Amprion GmbH continued its employee capital participation programme in the financial year by issuing profit-sharing jouissance rights. The participation rate was 81.3% (previous year: 79.9%).

Occupational health and safety

Occupational health and safety is a high priority for the Group. Therefore, an awareness of these issues is regularly raised among employees by means of specific instructions on conduct.

To continuously improve the level as well as raise awareness of occupational safety, a comprehensive campaign was launched in 2023. It comprises nine key topics that will be addressed one after the other. The content of the campaign is being developed on an interdisciplinary basis to ensure a holistic approach.

To improve occupational safety, we carefully analyse every accident and derive appropriate measures. The Group's focus is on learning opportunities (lessons learnt). Most incidents were injuries on the way to and from work as well as tripping, slipping and falling accidents.

To protect the health of our employees and maintain business and system operations safely, we continued to offer in-house flu vaccination at various locations in 2023.

Environmental management/environmental protection

Amprion GmbH introduced an environmental management system in accordance with the ISO 14001 standard in 2017 and had it certified for the first time in the same year. After recertification in 2020, it was subjected to the annual surveillance audit in the following years. In 2023, the auditors again confirmed the standard-compliant implementation, improvement and further development of the Group's environmental management system.

In May 2023, the field of environmental management/environmental protection was transferred from occupational health and safety to the Sustainability department and integrated there as an independent organisational unit.

In November 2023, the annual audits of the environmental management system in accordance with ISO 14001 and the energy management system in accordance with ISO 50001 were carried out combined for the first time. Both systems were successfully certified again.

Information security

Information security is important for ensuring stable business processes in the Group. This applies, in particular, to the areas of system management, project planning and operation of the transmission grid. This assessment is confirmed by the Federal Office for Information Security. The operation and continuous improvement of an information security management system are necessary prerequisites for an appropriate level of information security. The successful recertification of the information security management system in 2023 proves that the Group implements and fulfils the requirements of the IT Security Act and, in particular, the requirements of the IT Security Catalogue of the [Federal Network Agency](#).

Financial situation

Earnings

IFRS Group Financial Statements

in € million	2023	2022	Change
Revenue (external) and other operating income	5,019.2	3,675.9	1,343.2
Operating expenses	-3,588.7	-3,745.3	156.7
Operating result (EBIT)	1,430.5	-69.4	1,499.9
Financial result	-29.3	-10.9	-18.4
Earnings before taxes (EBT)	1,401.2	-80.4	1,481.5
Tax result	-451.4	19.9	-471.4
Consolidated net income	949.8	-60.4	1,010.2

Compared to the previous year, the Group's external sales revenues increased by 37.5% to €4,829.4 million (previous year: €3,512.6 million). This is due, on the one hand, to an increase of €955.8 million from €2,120.3 million to €3,076.1 million in revenues from grid fees, which are characterised, in particular, by the first-time receipt of a subsidy to the transmission system operators in accordance with Section 24b (1) **EnWG** for the pro rata financing of the transmission system costs for 2023 amounting to €950.8 million. On the other hand, revenues from system services increased by €293.8 million, in particular as a result of higher revenues from redispatch as well as balancing measures.

Amprion Offshore GmbH and thus the *Offshore Grid Connections* segment realised solely internal sales revenue from the construction and usage transfer agreement concluded with Amprion GmbH in the amount of €54.6 million (previous year: €3.6 million). These were fully eliminated in the course of preparing the consolidated financial statements as part of the consolidation of income and expenses.

Under HGB, Amprion GmbH's revenue of €15,469.3 million (previous year: €11,941.6 million) is significantly higher than under IFRS, as income from the **EEG** compensation mechanism, from levies not affecting profit or loss and from the interim financing of costs incurred in connection with relief under the German Electricity Price Brake Act (StromPBG) are reported gross within revenue under HGB. In contrast, in the IFRS consolidated financial statement, a net presentation with the corresponding expenses from the EEG settlement, the levy mechanisms and the interim financing under the StromPBG is required within the consolidated income statement.

The IFRS operating result in the reporting year was €1,499.9 million higher than in the previous year. The largest improvement in earnings resulted from the significantly higher sales revenue. In addition, the cost of materials fell by €208.1 million, primarily due to lower expenses for redispatch and reserve provision costs. Regarding the redispatch expenses, this development is price- and measure-induced. In contrast, decreasing reserve provision costs resulted from reserve power plants that operated on the market throughout the reporting year but were still predominantly tied up in the grid reserve in the 2022 financial year. This development was offset by the €23.2 million increase in depreciation and amortisation, which is attributable to the ongoing grid expansion, as well as the €33.4 million increase in personnel expenses associated with the further expansion of the workforce and inflation-driven wage and salary increases.

The negative earnings contribution from the financial result increased by €18.4 million compared to the previous year. This effect is particularly due to the increase in interest expenses because of the new green bonds issued in 2022 and 2023 and the significant increase in leasing interest expenses as a result of the commissioning of two special technical grid facilities in 2023.

The tax result is made up of expenses for income taxes for the current financial year and for deferred taxes. The change is mainly due to the recognition of claims not previously permitted under IFRS (Section 21b EnWG) and – in relation to the reporting year – in particular obligations from the regulatory account in accordance with Section 5 [ARegV](#).

The HGB annual financial statements of Amprion GmbH show a year-on-year increase in net income (i.e. the Group's key financial performance indicator) of 37.4% to €293.2 million. This includes the year-on-year increase in income from participations from the profit transfer of Amprion Offshore GmbH, which operates as a separate IFRS 8 reporting segment *Offshore Grid Connections*. The increase in net income was due to a €145.7 million increase in the financial result compared to the previous year, which more than compensated for the €24.8 million (–6.2%) decline in the operating result. This decline in the operating result is due to the deviating disclosure of expenses recognised in the operating result and income recognised in the financial result from the [EEG](#) business, resulting in a net profit of zero overall. Burdens on earnings result from higher personnel expenses due to the further increase in personnel, higher investment-driven depreciation and amortisation and higher expenses within the construction and project budget. Higher income from capital costs for investment measures due to the high level of investment activity had a positive effect on earnings.

Under HGB, a significantly lower result is reported for the 2023 financial year than under IFRS. This is because regulatory claims and obligations may not be recognised under IFRS. In the previous year's Group management report, a net profit for the year slightly above the previous year's level was forecast for the HGB annual result as a financial performance indicator.

Financial situation

IFRS Group Financial Statements

in € million	2023	2022	Change
Cash flow from operating activities	-3,175.2	1,996.8	-5,171.9
Cash flow from investing activities	-2,855.2	71.4	-2,926.6
Cash flow from financing activities	808.4	1,343.7	-535.3
Net change in cash and cash equivalents	-5,221.9	3,412.0	-8,633.9
Cash and cash equivalents at the end of the period	311.5	5,533.4	-5,221.9

The cash flow from operating activities in the 2023 financial year is largely characterised by the EEG compensation mechanism, which led to a higher cash outflow compared to the previous year. The significant decline is due, in particular, to the EEG levy, which was already reduced to 0.00 ct/kWh on 1 July 2022 and abolished on 1 January 2023. In contrast, the receipt of the federal subsidy of around €950.8 million to stabilise the grid fees had a cash-improving effect.

Cash flow from investing activities is characterised by the increased investments in the *Transmission System Operation* segment and the *Offshore Grid Connections* segment. Additionally in the previous year, a reclassification from other financial assets (financial investments with original maturities of at least three months) to cash and cash equivalents was recognised as a cash inflow in investing cash flow.

The decline in cash flow from financing activities is primarily due to the lower level of long-term borrowing on the international capital market to secure liquidity. A green dual-tranche bond with an issue volume of €1,800 million was issued in the previous year. In the 2023 financial year, a further green bond with an emission volume of €1,200 million was issued.

At the end of the reporting period, cash and cash equivalents totalled €311.5 million and consisted mainly of bank balances from the EEG (€205.1 million) and KWKG compensation mechanism (€94.3 million). These funds, which are to be held in trust by Amprion GmbH purely for the purpose of financing corresponding payments, are not available to the Group for free financial disposition.

Financing

The Group is entirely financed through Amprion GmbH.

The grid loan tranche of the syndicated loan agreement with a total of eight banks was increased by €500 million in the first quarter of 2023 and had a total volume of €2,000 million as at the reporting date. The term was extended by one year in September 2023 until October 2027. The interest rate is based on the EURIBOR reference interest rate plus a margin. As at the reporting date, the syndicated loan agreement had been utilised in the amount of €7 million (of which €6 million through guarantees). In addition, Amprion has a commercial paper programme, the maximum possible issue volume of which was increased from €900 million to €1,500 million in the third quarter of 2023. It offers Amprion access to the short-term capital market. Amprion had not issued any commercial papers as at the reporting date.

Under the Green Finance Framework published in 2022, Amprion GmbH again issued a green dual-tranche bond on 30 August 2023 with a total volume of €1,200 million and a term of five years for the first tranche (€500 million) and eleven years for the second tranche (€700 million) on the *Euro MTF* market segment of the Luxembourg Stock Exchange. The nominal interest rate is 3.875% for the five-year bond and 4.125% for the eleven-year bond. As at 31 December 2023, the total volume of all outstanding bonds amounts to €3,800 million.

As at 31 December 2023, the portfolio of fixed-interest promissory note loans and registered bonds amounts to a total of €880 million. In December 2023, a further promissory note loan with a volume of €100 million was concluded with a value date in January 2024. This loan was paid out in January 2024 as agreed. In addition, a long-term, fixed-interest syndicated loan agreement with two banks, including a development bank, in the amount of €200 million with a total term of 15 years until June 2033 is in place. This syndicated loan agreement includes a standard market financial covenant, compliance with which is monitored annually as at 31 December. The financial covenant was complied with as at 31 December 2023. Further long-term borrowing on the capital and banking markets is planned in 2024 to finance the planned investments.

Amprion GmbH's creditworthiness was again assessed by the two independent rating agencies Moody's Investors Service and Fitch Ratings in the financial year 2023. The ratings are unchanged compared to the previous year: Moody's Investors Service with "Baa1" and Fitch Ratings with "BBB+", both with a stable outlook. Both ratings remain in the solid investment grade range.

As part of the bond issue, the green dual-tranche bond was rated “Baa1” by Moody’s in the financial year 2023.

The commercial paper programme has been affirmed by Moody’s with a short-term rating of “Prime-2”.

The ESG rating agency Sustainalytics updated Amprion GmbH’s rating in the fourth quarter of 2023 and gave it an ESG risk rating of 9.3. This is in the “negligible risk” range and therefore in the lowest risk category. Amprion GmbH was given an ESG rating by the rating agency Sustainable Fitch for the first time in the 2023 financial year. An ESG rating of “2” was awarded for both the green bonds from 2022 and the Green Finance Framework from 2022. Sustainable Fitch’s ESG ratings are awarded on a scale of “1” to “5”, with a rating of “1” representing full compliance with ESG best practices according to Sustainable Fitch.

The Group’s off-balance sheet financial obligations mainly result from order commitments, which increased from €9,841.2 million to €10,314.8 million over the course of the reporting year and mainly relate to the *Offshore Grid Connections* segment. The commitment volume largely results from the contracts already awarded in 2022 for the construction and maintenance of several offshore converter systems (DolWin4 and BorWin4 as well as BalWin1 and BalWin2) and the awarding of cable lots in connection with these offshore projects. In addition, a multi-party contract was concluded in the reporting year in connection with the A-North project, which obliges the contracting parties to implement the contract on the basis of integrated project execution (IPA). The IPA contract model is characterised by the willingness of all contracting parties to trust each other, to bear the project risk jointly to a large extent and to generally make the key decisions for the project together. The contract covers civil engineering including the construction of the protective conduit system required for the **underground cables** and has an estimated commitment volume of currently around €1,500 million, which is recognised accordingly in the purchase obligation. In addition, there are off-balance sheet financial obligations from electricity forward transactions (forwards) concluded as part of grid loss management as well as from concluded – but not yet effective – rental, leasehold and land purchase agreements. The resulting total financial obligation as at 31 December 2023 was €638.8 million.

Investments

The demands on the transmission grid have increased significantly in recent years, especially against the background of the tightening of the medium-term climate targets until 2030. The governing coalition has decided that the share of renewable energies in gross electricity consumption should increase to 80% by 2030. The increasing feed-ins of renewable energies as well as changes in the power plant park due to the completed nuclear phase-out in 2023 and the ongoing coal phase-out mean that increased electrical power has to be transported over ever greater distances. In addition, trade-related energy transports have increased significantly throughout Europe as a result of the liberalisation of the European energy market.

The shutdown of nuclear power plants by mid-2023, the decommissioning of lignite and hard coal power plants and the expansion of renewable energies are driving the need for grid expansion. Amprion GmbH carried out major investment measures in the financial year to increase transport capacity and stabilise the transmission grid in order to be able to guarantee system security. The north-south axes of the transmission grid are continuously being expanded in order to integrate the increasing feed-in of renewable energies and to be able to provide the required transmission capacities after the shutdown of all nuclear power plants. In the financial year 2023, the largest onshore investments were in the A-North, Weißenthurm-Niederstedem, Corridor B, Kruckel-Dauersberg, and Ultramet projects, as well as in reactive power compensation measures.

In 2023, public-law permits for more than 115 line kilometres were issued by the permitting authorities. With the completion of a total of 100 kilometres of **overhead lines**, line construction reached almost the same length for the first time. The commissioning of the Amprion section from St. Hülfe to Wehrendorf and the connection from Rommerskirchen to Sechtem deserve special mention.

Major station construction projects include the renovation of the Bürstadt, Herbertingen and Maximiliansau stations and the construction of the Leipheim switching station to connect the bnBm in Leipheim. Further projects relate to the stations Gersteinwerk, Opladen, Meppen, Merzen, Sankt Peter, Hanekenfähr, Rheinhausen and Oberzier.

The direct current connection A-North from Emden-Ost to Osterath, together with the southern Ultranet project from Osterath to Philippsburg, forms the western German direct current Corridor A from Lower Saxony via North Rhine-Westphalia and Rhineland-Palatinate to Baden-Württemberg. The application documents in accordance with Section 21 NABEG were submitted to the **Federal Network Agency** on time. At the same time, intensive consultations are taking place with the Federal Network Agency and the BMWK regarding the further acceleration of the procedure. The applications for the early start of construction are being prepared successively. The ground-breaking ceremony for A-North took place on 23 October 2023. Amprion is in contact with the Federal Network Agency regarding the dates for further applications for the early start of construction in other sections.

The foundation work for the converter in Osterath in the Ultranet direct current project was completed in the fourth quarter of 2023 and the construction of the converter facilities began. The planning approval documents for section C1 (Osterath–Rommerskirchen) were submitted to the Federal Network Agency on time at the end of September 2023 for a completeness check and published from November 2023. The preparation of the documents for the remaining four approval sections is on schedule for the specified submission dates between March and June 2024.

As additional transport capacity from the North Sea coast to North Rhine-Westphalia, Corridor B will be realised as HVDC over a total length of 710 kilometers, primarily as an underground cable. Commissioning is scheduled for 2032. Corridor B with the two projects Wilhelmshaven-Hamm and Heide-West-Polsum was already included in the Bundesbedarfsplangesetz (BBPlG) in 2021. In September 2022, a groundbreaking milestone in the project was reached with the handover of the documents for the first two sections V49 South 1 and 2 to the Federal Network Agency. Corridor B is now in the federal sector planning phase. The documents for all eleven sections were submitted by February 2023. The subsequent application conferences for the submitted documents were held from November 2022 to March 2023. In July 2023, all investigation frameworks were issued by the Federal Network Agency in accordance with Section 7 BEG. Planning for the preparation of the documents and preparations for the subsequent planning approval procedure are already underway in parallel. As part of this process, the environmental planning for the planning approval is currently being awarded. The negotiations have been successfully concluded in the financial year 2023.

So-called reactive power is indispensable for voltage regulation in the transmission grid. Until now, this power has mainly been provided by the generators of the large power plants. In the course of the energy transition, many of the large power plants are going off the grid, so that their potential for controllable reactive power is no longer available to ensure a stable voltage. In addition, the utilisation of the transmission grid is increasing, especially due to the transport

of offshore wind power to the south, which raises the need for reactive power as a whole. In order to enable the unhindered transport of the supply-dependent RE feed-in and flexible electricity trading in the future system, sufficient reactive power compensation plants, some of which are controllable, are required in Amprion's control area to keep the voltage stable in any situation. In 2023, a rotating phase shifter was put into operation at the Hoheneck site for this purpose.

Regarding offshore investments, the second drilling campaign on Norderney was also successfully completed for the first two projects DolWin4 and BorWin4 in accordance with the requirements of the planning approval for the territorial sea. The realisation of the two projects is on schedule for the accelerated commissioning of both systems in 2028. The necessary cable and installation capacities for the BalWin1 and BalWin2 projects were secured early in August 2023 in order to complete the projects on schedule. The steel structures for the total of four converter platforms for the offshore grid connection systems BalWin1 and BalWin2 as well as DolWin4 and BorWin4 will be manufactured by Meyer Werft, based in Papenburg, Lower Saxony, as a subcontractor of the commissioned consortium.

Based on the IFRS consolidated financial statements, the investment volume for the Group in the 2023 reporting year totalled €3,096.0 million. Of this amount, €1,764.9 million was attributable to the *Transmission System Operation* segment (Amprion GmbH) and €1,331.1 million to the *Offshore Grid Connections* segment (Amprion Offshore GmbH). Compared to the previous year, Group investments increased by about 113%. The Group's investment obligations resulting from contracts for the acquisition of property, plant and equipment totalled €8,027.3 million as at 31 December 2023.

In the reporting year and in contrast to the Group investments determined on the basis of IFRS, the unconsolidated investment volume in non-current assets (property, plant and equipment, financial investments and intangible assets) determined on the basis of the annual separate financial statements of Amprion GmbH and Amprion Offshore GmbH under HGB – in contrast to the Group investments determined on the basis of IFRS – amounted to €4,097.2 million. The difference to the Group investments is mainly due to the payment made by Amprion GmbH into the capital reserve of Amprion Offshore GmbH in the 2023 financial year in the amount of €530.0 million and the granting of a loan by Amprion GmbH to Amprion Offshore GmbH in the amount of €500.0 million, which represent financial investments from the perspective of Amprion GmbH's separate financial statements and are fully consolidated at Group level as intragroup transactions as part of the preparation of the consolidated financial statements. In addition, differences result from the different amounts of borrowing costs capitalised under HGB and IFRS and from the deviating measurement of land exchange transactions.

Of the total investment volume determined on the basis of the unconsolidated HGB annual financial statements of the two group companies, €1,308.5 million was attributable to Amprion Offshore GmbH and thus the *Offshore Grid Connections* segment and €2,788.7 million to Amprion GmbH (*Transmission System Operation* segment). Of this sum, €3,045.4 million is attributable to the investments in property, plant and equipment of both Amprion GmbH and Amprion Offshore GmbH, which serve as a financial performance indicator for the Amprion Group. In addition, the investment volume (excluding the intragroup financial investments of Amprion GmbH, but including investments in intangible fixed assets) totalling €3,067.2 million is divided into €2,864.4 million for expansion investments and €202.8 million for renewal investments and other investments.

Assets and liabilities

IFRS Group Financial Statements

ASSETS

in € million	31 Dec. 2023	31 Dec. 2022	Change
Non-current assets	11,807.7	8,024.0	3,783.7
Current assets	1,423.5	6,562.4	-5,139.0
Total ASSETS	13,231.2	14,586.5	-1,355.3

LIABILITIES AND EQUITY

in € million	31 Dec. 2023	31 Dec. 2022	Change
Equity	4,101.6	3,318.8	782.9
Non-current liabilities	6,995.8	4,464.8	2,531.0
Current liabilities	2,133.7	6,802.9	-4,669.2
Total LIABILITIES AND EQUITY	13,231.2	14,586.5	-1,355.3

At €10,422.4 million (previous year: €7,665.8 million), property, plant and equipment make up the majority of non-current assets. They include **overhead lines** with voltages of 220 and 380 kV as well as primary and secondary technology in the transformer stations. The increase compared to the previous year is mainly due to investment-related additions to technical equipment and machinery and high advance payments made for offshore converter systems.

The significant reduction in current assets compared to the previous year mainly relates to assets from the **EEG** compensation mechanism, which fell from €5,172.9 million (previous year) to €255.5 million (reporting year). Accordingly, the share of assets from the EEG compensation mechanism in current assets fell by 60.9 percentage points to 17.9% compared to the previous year. The significant decline is mainly due to the reduction in the EEG liquidity held (bank balances) by €4,908.0 million as a result of the repayment of EEG liabilities from the EEG compensation mechanism.

The equity ratio as at 31 December 2023 was 31.0% (previous year: 22.8%). The increase is primarily due to the significant decrease in current liabilities and, in particular, the reduction in liabilities in connection with the EEG compensation mechanism.

The increase in non-current liabilities in the financial year 2023 is, in particular, characterised by the additional issuance of a green dual-tranche bond on the international capital market in the amount of €1,200 million and increased lease liabilities.

Overall statement on the development of business and the financial situation

Amprion's management assesses the course of business and the economic situation of the Group as positive. Overall, the financial position can be described as solid and forms the basis for further investments in the transmission grid.

NOTES TO THE ANNUAL SEPARATE FINANCIAL STATEMENTS OF AMPRION GMBH UNDER HGB

Amprion GmbH prepares its annual separate financial statements in accordance with the provisions of the HGB. The separate financial statements are submitted to Bundesanzeiger Verlag GmbH and published in the company register.

HGB balance sheet of Amprion GmbH

HGB balance sheet

ASSETS

in € million	31 Dec. 2023	31 Dec. 2022	Change
Fixed assets			
Intangible assets	47.5	41.0	6.5
Property, plant and equipment	8,797.5	7,370.3	1,427.2
Financial assets	1,086.3	56.3	1,030.0
Total non-current assets	9,931.3	7,467.6	2,463.7
Current assets			
Inventories	108.6	81.4	27.2
Receivables and other assets	1,417.8	1,122.3	295.5
Cash and cash equivalents	332.5	5,544.6	-5,212.1
Total current assets	1,858.9	6,748.3	-4,889.4
Prepaid expenses	7.4	5.6	1.8
Total ASSETS	11,797.6	14,221.5	-2,423.9

LIABILITIES AND EQUITY

in € million	31 Dec. 2023	31 Dec. 2022	Change
Equity			
Subscribed capital	10.0	10.0	0.0
Jouissance rights capital	32.2	28.1	4.1
Additional paid-in capital	1,403.0	1,403.0	0.0
Retained earnings	1,046.9	963.5	83.4
Net profit	293.2	213.4	79.8
Total equity	2,785.3	2,618.0	167.3
Special items	24.0	25.3	-1.3
Provisions and accruals	1,469.2	623.5	845.7
Liabilities	6,820.8	10,302.3	-3,481.5
Deferred income	336.3	369.2	-32.9
Deferred tax liabilities	362.0	283.2	78.8
Total LIABILITIES AND EQUITY	11,797.6	14,221.5	-2,423.9

HGB income statement of Amprion GmbH

HGB income statement

in € million	2023	2022	Change
Revenue	15,469.3	11,941.6	3,527.7
Change in inventory of work in progress	10.7	5.5	5.2
Other own work capitalised	192.7	153.1	39.6
Other operating income	62.7	37.0	25.7
Cost of materials	-14,493.9	-11,003.7	-3,490.2
Personnel expenses	-358.7	-286.4	-72.3
Depreciation and amortisation	-294.5	-258.9	-35.6
Other operating expenses	-211.1	-186.2	-24.9
Financial result	62.5	-83.2	145.7
Profit before taxes	439.7	318.8	120.9
Income taxes	-146.5	-105.4	-41.1
Profit after taxes/net profit	293.2	213.4	79.8

Assets and liabilities

Amprion GmbH's total assets amounted to €11.8 billion as at December 31, 2023 (previous year: €14.2 billion). The increase in property, plant and equipment includes **overhead lines** with voltages of 220 and 380 kV as well as primary and secondary technology in the **substations**. Financial assets also increased. This is due to the higher capitalisation of Amprion Offshore GmbH in the form of the addition of equity and debt capital in the reporting year. Cash and cash equivalents (from cash at banks) and trade payables fell significantly as a result of the repayment of **EEG** liabilities in the reporting year, using the EEG liquidity held for this purpose as part of the EEG compensation mechanism.

Financial position

Cash and cash equivalents amounted to €0.3 billion as at December 31, 2023 (previous year: €5.5 billion). The significant decrease is due to the reduction in cash and cash equivalents from cash at banks as a result of the repayment of liabilities from the EEG compensation mechanism.

Earnings position

Amprion GmbH's net profit for the year totalled €293.2 million (previous year: €213.4 million). The €79.8 million improvement in earnings compared to the previous year was due, in particular, to higher income from capital costs for investment measures as a result of the high level of investment activity and a significant increase in the financial result. This more than compensated for the increased negative impact on earnings from higher personnel expenses due to the further increase in personnel, higher investment-driven depreciation and amortisation and higher expenses within the construction and project budget.

OUTLOOK, OPPORTUNITIES AND RISK REPORT OF THE GROUP

Outlook

Grid business

The starting level for the fourth regulatory period, the development of the permanently non-controllable costs, the overall consumer price index, the general productivity factor and the individual efficiency value form the basis for the final grid fees, which were published on 14 December 2023.

The preliminary grid fees were determined in October 2023 on the condition that a subsidy from the Economic Stabilisation Fund (WSF) would be provided for the grid fees for 2024. However, the ruling of the Federal Constitutional Court of 15 November 2023 on the Climate and Transformation Fund has a significant impact on the WSF. Contrary to preliminary planning, no subsidy from the WSF to stabilise the grid fees could be provided for 2024. As a result, grid fees increase by an average of 106% in 2024.

System services

Amprion GmbH continues to procure balancing power jointly with the other German TSOs in accordance with the requirements of the [Federal Network Agency](#). It is assumed that expenses will increase.

The tender for the long-term component for loss energy has been fully completed for the year 2024. Significantly higher expenses are expected for managing grid losses due to increased prices and volumes. The reference price for 2024 is approx. €184/MWh; with a volume of approx. 2.7 TWh, this amounts to €494 million.

Increasing expenses for congestion management from redispatch and grid reserve measures are expected for 2024, partly due to the return of hard coal-fired power plants from the market to the grid reserve (Section 50a [EnWG](#)) by 31 March 2024 at the latest. In addition, the expansion of renewable energies and the capacity made available to the market in accordance with the EU “Clean Energy Package” will increase annually. At least 70% of cross-border transmission capacity must be made available for European cross-zonal electricity trading. Germany aims to achieve this target by 31 December 2025.

Investments

The national network development plan (NEP) is the basis for the project planning of the four German TSOs. The projects included in the NEP confirm the energy industry necessity and their urgent need. In the current 2037/2045 grid development plan (2023 version), a climate-neutral grid for the target year 2045 is specified for the first time. The NEP 2037/2045 covers the time horizons 2037 and 2045 with a total of six scenarios and takes into account the current energy policy goals of the German government. The long-term scenario 2045 is particularly focused on the goal of climate neutrality for Germany. Here, two transformation paths on the way to a climate-neutral energy system in 2045 are considered: on the one hand, the increased use of hydrogen in the energy system (Scenario A) and, on the other hand, direct electrification with different levels of efficiency potential (Scenarios B and C). Compared to the NEP 2035 (version 2021), the installed capacities for renewable energies in the long-term scenario increase to up to approx. 700 GW. The expected load increase due to sector coupling and the decarbonisation of the industrial sector is also mapped in the scenario framework. Overall, gross electricity consumption increases by 2.5 times to 1,300 TWh in scenario C2045 compared to the previous year. The second draft of the NDP 2037/2045 (version 2023) was published by the TSOs on 12 June 2023. In addition to grid reinforcements and grid expansion in the AC transmission grid – caused in particular by load increases and the expansion of renewable energies at local points in the transmission grid – five new HVDC systems (DC32, DC35, DC40, DC41, DC42) for large-scale electricity transmission from the generation centres to the load centres were newly identified. Amprion plans to implement the DC35 project with 2 GW transport capacity from Lower Saxony to Hesse together with the already confirmed DC34 project (DC link Rastede-Büxtehude) and two offshore grid connection systems as an energy corridor (“Rhine-Main Link”). The Federal Network Agency confirmed the current NDP 2037/2045 (version 2023) on 1 March 2024.

In addition, the new legislative targets for offshore expansion for the years 2030, 2035 and 2040 were mapped with the update of the area development plan on 20 January 2023. The offshore project portfolio of Amprion Offshore GmbH has been updated accordingly in terms of completion dates and expanded to include seven additional offshore grid connection systems (O-NAS) in the Amprion control area up to the climate-neutral grid in 2045. The grid connection points of the proposed grid connection systems are Kusenhorst (intended for two O-NAS), Suchraum Ried, Kriftel, Lippe, Rommerskirchen and Sechtem. They are located in the federal states of North Rhine-Westphalia and Hesse.

At European level, Amprion is contributing to the Ten Year Network Development Plan (TYNDP). This determines the need for cross-border network expansion. The results are integrated into the German network development plan, which is incorporated into legislation and defines Amprion's investments in the long term. For the current TYNDP 2024, in addition to the cross-border projects (DE-DK hybrid interconnector, hybrid interconnector Norway-SNII-Continent and Niederstedem-Bertrange), Amprion also submitted the domestic German Rhine-Main Link project with the two DC projects DC34 and DC35. In addition, the TYNDP identifies Projects of Common Interest (PCI) to optimise overall European welfare. The sixth PCI list based on the TYNDP 2022 was published in November 2023. It includes the already known Amprion projects Ultranet (in cooperation with TransnetBW GmbH), A-North and Corridor B.

The planned investment volume for Amprion GmbH's property, plant and equipment up to 2028 amounts to around €15.6 billion and is characterised by the major projects for direct current transmission – Ultranet, A-Nord, Corridor B, Rastede-Bürstadt (DC34) – and various projects for alternating current transmission. Investments totalling around €2.4 billion are scheduled for 2024.

An investment volume of around €11.9 billion in property, plant and equipment is planned for the subsidiary Amprion Offshore GmbH until 2028. This includes seven offshore grid connections, two of which – DolWin4 and BorWin4 – are scheduled to go into operation in 2028. Of this, €1.5 billion is attributable to 2024.

This results in a total investment volume in property, plant and equipment of around €27.5 billion by 2028 for the two companies, which serves as a financial performance indicator for the Group, of which €3.9 billion is attributable to 2024.

Net income

In the HGB annual separate financial statements of Amprion GmbH for the 2024 financial year, we expect a moderate decline in net profit for the year due, among other things, to the decline in the imputed return on equity for existing assets in the fourth regulatory period.

Number of employees

Based on further increases in investment activities, the FTE target figure was adjusted to 3,000 FTEs per 31 December 2024.

Overall statement on the future development of the Group

Due to the regulatory framework conditions, the Management Board assumes that the financial position and financial performance of the Group will remain stable in 2024 and that business will develop accordingly.

Opportunities and risk report

Group-wide risk management system

Amprion's group-wide risk management is an integral part of the group-wide early warning system. In addition to the risk management system, it consists of the internal audit, the internal control system and the compliance management system. Group-wide risk management includes comprehensive process and structural organisational measures and records all relevant risks from the various divisions directly or via interfaces.

The term "risk" is generally defined as a deviation from a projected value that can negatively influence the future development of the Group's economic situation. Particular focus is placed on risks aimed at ensuring solvency at all times, maintaining an economically appropriate equity and debt capitalisation and generating a stable annual HGB result.

The purpose of Group-wide risk management is to identify, assess, control, record in a standardised manner, report and monitor risks at an early stage that could have an impact on earnings and liquidity and thus subsequently affect the Group's net asset, financial position and earnings results of operation or even jeopardise its continued existence. The risk management committee, which consists of the Management Board, the heads of the organisational units of the second reporting level and the Chairperson of the risk management committee, is responsible for the control and monitoring of the group-wide risk management.

The group-wide risk management serves as an information base for the Management Board, the Supervisory Board and the shareholders to assess the overall risk situation of the company. In addition to regular reporting, individual cases are reported immediately to the decision makers in the event of significant negative changes. The risk management process is intended to strengthen risk awareness, enable early detection of all risks and thus create transparency about the overall risk situation.

Risk identification includes a structured inventory of potential risks in all operational processes and functional areas. These are analysed, evaluated and differentiated according to their effect into profit and liquidity risks. In addition, operational risks are considered where a measurable financial impact cannot be quantified directly and/or indirectly. In the risk assessment, causes are determined and early warning indicators, risk control and prevention measures, damage amounts and probabilities of occurrence of the risks are analysed. The goal of risk management is to reduce the amount of damage or the probability of occurrence of existing risks or – as far as possible – to avoid risks.

The principles, processes, responsibilities and procedural descriptions of the risk management process are documented in rules and regulations and are made available to all employees. The risk management process is regularly analysed and adjusted if necessary.

Significant opportunities and risks

The main opportunities and risks to which Amprion is exposed are described below. Due to the regulated business and legal requirements, the opportunity and risk profile is limited.

Regulation and legislation

Grid fees are subject to regulation by the **Federal Network Agency**. The approvals or decisions of the Federal Network Agency can have a positive or negative impact on the Group's net assets, financial and earnings positions. This includes, in particular, the determination of the equity interest rate, which has a significant influence on the economic development, as well as the determinations of the productivity factors. A central point is the approval practice for the cost audits, as this determines the basis of the grid charges for a regulatory period. The determination of the grid charges is based on forecast sales volumes. In the event of an unplanned deviation in quantities due to external factors (e.g. weather, economic situation, decentralised generation), additional or reduced revenues arise which are to be recorded in the regulatory account and taken into account in the future grid charges. Resulting long-term risks and opportunities generally do not have a lasting impact on Amprion's earnings and liquidity situation.

Further risks can arise if investment measures are only partially recognised by the Federal Network Agency, because these can lead to lower calculatory costs and thus lower revenues from grid charges. This risk is counteracted by cost control and cost verification of the investment measures vis-à-vis the Federal Network Agency.

Investments and grid operation

The Group is implementing a large number of projects for the expansion and maintenance of the transmission grid, which require high levels of investment. These projects can give rise to risks for the Group. Postponements of projects, unscheduled higher costs or changes in technical requirements can have an impact on the Group's financial position, financial performance and cash flows. Amprion counters these risks through comprehensive project risk management.

Amprion fulfils its legal mandate to operate a safe, reliable and efficient transmission grid. Accordingly, the asset portfolio and the processes for developing and planning, projecting, constructing and operating the transmission grid are reviewed regularly and, in particular, on an ad hoc basis to determine whether there are any relevant technical risks. On the basis of a well-founded analysis, technical risks are managed in an appropriate and technically and economically optimised manner.

Market price risks

Market price risks arise from changes in market prices and include energy, capital and commodity markets. For example, energy price risks can result in costs for system services that are higher than planned and calculated in the grid fees. Interest rate risks can have an impact on the valuation of balance sheet items and thus also affect the asset and earnings situation. Commodity price risks can materialise, for example, in a higher need for financial resources for maintenance and investments.

Liquidity risks

Amprion is exposed to liquidity risks in connection with its short-term financial obligations. For Amprion, these consist of not being able to meet its upcoming payment obligations in full or on time. A key objective is therefore to ensure full solvency at all times through centralised group-wide liquidity management.

With the accounting separation of the EEG, KWKG and grid business, liquidity management and liquidity risks are also considered separately. To control and monitor liquidity risks, the planned liquidity development for the EEG, KWKG and grid business is determined and subjected to a stress test with various risk scenarios. For the liquidity risk from the grid business, the risks at company level are used for this purpose. For the liquidity risk from the EEG business, the stress test is carried out using a risk scenario whose parameters are specified by an independent expert. The liquidity trends subject to the stress tests are compared with the available liquid funds and credit lines. This makes it possible to identify liquidity bottlenecks at an early stage and to take appropriate countermeasures.

Financing

Amprion has a considerable funding requirement due to its onshore and offshore investment projects in the coming years. There is a risk that the liquidity required for this may not be available either at attractive conditions or through external – public or private – financing channels. Events with negative effects on the national and international capital markets may have a negative impact on the general availability of funds and the financing costs for Amprion. Amprion actively manages its financing through targeted measures, such as credit and ESG ratings, to minimise risks in this area.

Default risks

Default risks arise when a business partner does not fulfil its payment or delivery obligations or does not fulfil them sufficiently, which results in a financial loss. At the same time, the default risk of business partners is partially limited due to contractual regulations in that appropriate securities or advance payments can be demanded in justified cases. Default risks are largely avoided through credit checks, continuous receivables management and the collection of collateral. In addition, the vast majority of grid fees are collected by the distribution grid operators, who are also subject to regulation, which means that the associated default risk is currently considered to be low.

Other significant risks

Other risks of a general nature can arise from natural disasters, pandemics and similar events. In extreme cases, emergency plans and precautionary measures help to maintain safe network operations and avert dangers for the Group, customers and employees.

Risks from the area of information security and from the IT environment are monitored via specialised risk management systems. The Group operates an information security management system (ISMS), which also includes the assessment of risks to the information security of processes. As Amprion's processes are increasingly supported by information technology (IT), specialised IT risk management is required to ensure the stability of the processes. For this purpose, the relevant IT risks are identified, treated with appropriate and economically reasonable measures and permanently monitored.

In the course of further growth and in view of the demanding tasks in the Group, the need for qualified personnel is also increasing. This is intended to be met by measures to increase employer attractiveness.

Overall statement on risks

In the 2023 financial year, there were no discernible risks that individually or collectively could jeopardise the continued existence of the Group. From today's perspective, there are also no risks that could threaten the existence of the Group in the foreseeable future.

ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The aim of the accounting-related internal control and risk management system is to ensure that the (Group) accounting process complies with legal requirements and generally accepted accounting principles. Amprion's accounting-related internal control and risk management system (ICS) defines principles, procedures and measures that ensure the integrity of the (Group) accounting process. The system is based on the international standard "Enterprise Risk Management – Integrated Frameworks" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the COSO model named after it.

The regulations are summarised in a guideline, which is supplemented by work instructions. In addition, the specific accounting-related risks are presented in a control matrix with the fields of action and responsibilities as part of the guideline. This is reviewed regularly to ensure that it is up to date. Risk identification and risk assessment are carried out in consideration of the accounting processes and the risk management system with the involvement of all operative units of the accounting department.

One or more specific manual and/or system controls are assigned to each of the identified risks. The quantitative (materiality per balance sheet item) and qualitative (complexity and discretionary scope) assessments of the risks determine the intensity of the controls. Some of these controls serve the purpose of ex-post verification, i.e. ensuring the accuracy and completeness of the financial statements (ex-post controls). Other control activities, on the other hand, have a preventive character in order to secure risky processes in advance and to reduce the system's susceptibility to errors (ex-ante controls). The combination of ex-post and ex-ante controls ensures a robust accounting process overall.

Important control measures of the accounting-related internal control and risk management system are:

- Four-eyes principle applied throughout,
- Separation of functions and assignment of responsibilities,
- Graduated release strategies,
- Use of standard business software for accounting with a comprehensive authorisation concept to avoid fraudulent actions,
- IT access restrictions based on the principle of separation of functions to prevent unauthorised access to data.

The (Group) accounting-related internal control and risk management system includes the central documentation of control activities and reporting to the Head of Accounting, who is responsible for initiating further measures if necessary. In addition, there is a regular exchange with the internal control system officer and with Amprion's risk management.

DECLARATION OF AMPRION GMBH ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289F (4) HGB

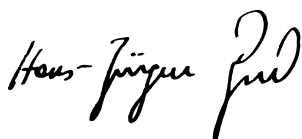
This declaration by Amprion GmbH on corporate governance in accordance with Section 289f (4) HGB is disclosed voluntarily in the Group management report.

A target quota for the proportion of women on the Supervisory Board of Amprion GmbH of 25.0% has been set in 2020 and is to be achieved by 1 December 2025.

The target for the number of women among the managing directors of Amprion GmbH, which is to be achieved by 30 June 2027, was set at one woman in 2022. A target quota of 17.6% was set for the first management level below the Management Board and a target quota of 10.9% for the second management level. These are also to be achieved by 30 June 2027.

Dortmund, 25 March 2024

The Management Board



DR HANS-JÜRGEN BRICK



PETER RÜTH



DR HENDRIK NEUMANN

IFRS CONSOLIDATED FINANCIAL STATEMENTS

of Amprion GmbH, Dortmund,
for the financial year 2023

Note

This document is a translation of the German version. In case of uncertainty or conflict, the German version shall prevail.

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CONSOLIDATED INCOME STATEMENT FOR THE AMPRION GROUP

For the reporting period from 1 January 2023 to 31 December 2023

in € million	Note	2023	2022
Revenue	[1]	4,829.4	3,512.6
Change in work in progress		0.0	0.0
Other own work capitalised		172.5	153.5
Other operating income	[2]	17.3	9.8
Cost of materials	[3]	-2,675.0	-2,883.1
Personnel expenses	[4]	-310.2	-297.1
Other operating expenses	[5]	-160.4	-145.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		1,873.6	350.5
Depreciation and amortisation	[6]	-443.1	-419.9
Earnings before interest and taxes (EBIT, operating profit)		1,430.5	-69.4
Financial result	[7]	-29.3	-10.9
<i>of which financial income</i>	[7]	24.6	3.8
<i>of which financial expenses</i>	[7]	-54.0	-14.8
Earnings before taxes (EBT)		1,401.2	-80.4
Income taxes	[8]	-451.4	19.9
Consolidated net income		949.8	-60.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE AMPRION GROUP

For the reporting period from 1 January 2023 to 31 December 2023

After-tax figures

in € million	Note	2023	2022
Consolidated net income		949.8	-60.4
Revaluation of defined benefit pension obligation and similar obligations	[8], [19], [20]	-36.9	114.1
Total income and expenses recognised in equity (other comprehensive income, OCI)	[8], [19], [20]	-36.9	114.1
<i>Income and expenses recognised in equity, not to be reclassified through profit and loss in the future</i>		-36.9	114.1
<i>Income and expenses recognised in equity, to be reclassified through profit or loss in the future</i>		0.0	0.0
Consolidated comprehensive income		912.9	53.7

CONSOLIDATED BALANCE SHEET FOR THE AMPRION GROUP

As at 31 December 2023

ASSETS

in € million	Note	31 Dec. 2023	31 Dec. 2022
Non-current assets			
Property, plant and equipment	[9]	10,422.4	7,665.8
Right-of-use assets	[10]	1,171.5	141.3
Intangible assets	[11]	47.6	41.0
Financial assets	[12]	5.2	5.3
Net defined benefit asset	[20]	160.9	170.7
Deferred tax assets	[23]	0.0	0.0
Total non-current assets		11,807.7	8,024.0
Current assets			
Inventories	[13]	86.6	70.1
Trade receivables and other receivables	[14]	936.1	846.6
Other financial assets	[15]	29.6	23.0
Income tax claims	[16]	49.7	82.0
Other non-financial assets	[17]	9.9	7.2
Cash and cash equivalents	[18]	311.5	5,533.4
Total current assets		1,423.5	6,562.4
Total ASSETS		13,231.2	14,586.5

LIABILITIES AND EQUITY

in € million	Note	31 Dec. 2023	31 Dec. 2022
Equity			
Subscribed capital	[19]	10.0	10.0
Additional paid-in capital	[19]	1,403.0	1,403.0
Retained earnings	[19]	1,666.4	1,856.8
Accumulated other comprehensive income	[19]	72.4	109.3
Consolidated net income	[19]	949.8	-60.4
Total equity		4,101.6	3,318.8
Non-current liabilities			
Provisions	[20]	44.9	33.1
Financial liabilities			
Financial debt	[21]	4,875.0	3,688.5
Other financial liabilities	[21]	1,044.5	73.9
Non-financial liabilities	[22]	44.2	48.9
Deferred tax liabilities	[23]	987.1	620.4
Total non-current liabilities		6,995.8	4,464.8
Current liabilities			
Provisions	[20]	77.3	111.9
Financial liabilities			
Financial debt	[21]	50.5	25.2
Trade payables and other liabilities	[24]	1,794.7	6,542.0
Other financial liabilities	[21]	167.5	73.5
Income tax liabilities	[16]	16.9	0.0
Non-financial liabilities	[22]	26.9	50.4
Total current liabilities		2,133.7	6,802.9
Total LIABILITIES AND EQUITY		13,231.2	14,586.5

CONSOLIDATED CASH FLOW STATEMENT FOR THE AMPRION GROUP

For the reporting period from 1 January 2023 to 31 December 2023

1. Operating activities

in € million	Note	2023	2022
EBIT (per income statement)		1,430.5	- 69.4
Depreciation/amortisation	[6], [9], [10], [11]	443.1	419.9
Change in provisions	[20]	- 61.8	- 8.2
Income from disposals of non-current assets	[2], [5]	16.1	14.2
Other non-cash expenses/income	[28]	- 10.3	- 5.4
Changes in assets and liabilities from operating activities			
Inventories	[13]	- 20.3	- 12.1
Net value of trade receivables and trade payables	[14], [24]	- 4,906.6	1,685.4
Net value of other assets and liabilities	[14], [15], [17], [21], [22], [24]	- 49.3	22.4
Income tax paid	[8], [16]	- 16.5	- 49.9
Operating cash flow		- 3,175.2	1,996.8
<i>of which from grid business</i>		<i>1,727.6</i>	<i>443.4</i>
<i>of which from EEG business</i>		<i>- 4,995.2</i>	<i>1,553.4</i>
<i>of which from KWKG business</i>		<i>92.4</i>	-

2. Investing activities

in € million	Note	2023	2022
Investments in intangible assets and property, plant and equipment	[7], [9], [11]	-2,986.7	-1,420.9
Sales of intangible assets and property, plant and equipment	[2], [5], [9], [11]	10.8	31.8
Investments in other financial assets	[12]	0.0	0.1
Interest received	[7]	120.0	9.8
Dividends received	[7]	0.7	0.7
Inflows/outflows of cash and cash equivalents for short-term liquidity management	[15]	0.0	1,450.0
Cash flow from investing activities		-2,855.2	71.4
<i>of which from grid business</i>		<i>-2,944.3</i>	<i>-1,385.5</i>
<i>of which from EEG business (cash inflows and outflows for short-term liquidity management and interest received)</i>		<i>87.3</i>	<i>1,457.0</i>
<i>of which from KWKG business (interest received)</i>		<i>1.9</i>	<i>-</i>

3. Financing activities

in € million	Note	2023	2022
Interest paid	[7]	-141.7	-49.4
Dividends paid	[19]	-130.0	-130.0
Entering into financial liabilities	[21]	1,203.6	1,998.5
Redemption of lease liabilities	[10]	-124.1	-158.1
Redemption of financial liabilities (exclusive lease liabilities)	[21]	-0.2	-200.2
Cash inflow from capital increases	[19]	0.0	0.0
Inflows/outflows for short-term liquidity management	[21]	1.0	-116.9
Cash flow from financing activities		808.4	1,343.7
<i>of which from grid business</i>		<i>808.4</i>	<i>1,362.0</i>
<i>of which from EEG business (cash inflows and outflows for short-term liquidity management and interest payments)</i>		<i>0.0</i>	<i>-18.2</i>
<i>of which from KWKG business</i>		<i>0.0</i>	<i>-</i>
Net change in cash and cash equivalents		-5,221.9	3,412.0
Cash and cash equivalents at the start of period	[18]	5,533.4	2,121.5
Cash and cash equivalents at the end of the period	[18]	311.5	5,533.4
<i>of which from grid business</i>		<i>12.1</i>	<i>420.3</i>
<i>of which from EEG business</i>		<i>205.1</i>	<i>5,113.1</i>
<i>of which from KWKG business</i>		<i>94.3</i>	<i>-</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE AMPRION GROUP

For the reporting period from 1 January 2023 to 31 December 2023

in € million	Subscribed capital	Additional paid-in capital	Retained earnings
As at 1 January 2022	10.0	1,403.0	1,848.2
Transactions with shareholders	0.0	0.0	0.0
<i>of which cash inflows from share offerings</i>	0.0	0.0	0.0
<i>of which dividend distributions</i>	0.0	0.0	0.0
Deposited net income for the previous year	0.0	0.0	8.6
Consolidated net income, current year	0.0	0.0	0.0
Other comprehensive income, current year	0.0	0.0	0.0
As at 31 December 2022	10.0	1,403.0	1,856.8
As at 1 January 2023	10.0	1,403.0	1,856.8
Transactions with shareholders	0.0	0.0	0.0
<i>of which cash inflows from share offerings</i>	0.0	0.0	0.0
<i>of which dividend distributions</i>	0.0	0.0	0.0
Deposited net income for the previous year	0.0	0.0	-190.4
Consolidated net income, current year	0.0	0.0	0.0
Other comprehensive income, current year	0.0	0.0	0.0
As at 31 December 2023	10.0	1,403.0	1,666.4

	Consolidated net income	Accumulated other comprehensive income (OCI)	Total equity
	138.6	- 4.8	3,395.1
	-130.0	0.0	-130.0
	0.0	0.0	0.0
	-130.0	0.0	-130.0
	-8.6	0.0	0.0
	-60.4	0.0	-60.4
	0.0	114.1	114.1
	-60.4	109.3	3,318.8
	-60.4	109.3	3,318.8
	-130.0	0.0	-130.0
	0.0	0.0	0.0
	-130.0	0.0	-130.0
	190.4	0.0	0.0
	949.8	0.0	949.8
	0.0	-36.9	-36.9
	949.8	72.4	4,101.6

NOTES

to the IFRS consolidated financial statements 2023 of the Amprion Group

BASIS OF PRESENTATION

Amprion GmbH (“the company” or “the parent company”) is a German limited liability corporation headquartered at Robert-Schuman-Straße 7 in 44263 Dortmund. It is registered with the District Court of Dortmund under number HRB 15940.

The company operates as an independent transmission system operator (TSO) in Germany in accordance with the Energy Industry Act (**EnWG**) and is therefore responsible for the security and stability of the German energy supply system. Accordingly, in line with its statutory mandate, it is responsible for the non-discriminatory operation, maintenance, demand-driven optimisation, reinforcement and expansion of a secure, reliable and efficient energy supply network. The object of the company associated with these tasks is, on the one hand, the construction, operation, acquisition, marketing and use of network facilities and other transport and distribution systems for electricity. On the other hand, it includes the procurement of control and loss compensation energy as well as the provision and marketing of services in these areas.

Amprion GmbH is the parent company of Amprion Offshore GmbH, which as the sole subsidiary together with Amprion GmbH forms the Amprion Group (hereinafter also referred to as “Amprion” or “the Group”). Amprion GmbH prepares its consolidated financial statements in accordance with Section 315e (1) of the German Commercial Code (*Handelsgesetzbuch* – HGB) and with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU) at the reporting date. The mandatory interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) are taken into account in equal measure.

IFRS and interpretations of the IFRS IC already approved by the International Accounting Standards Board (IASB) but not yet endorsed by the EU are not applied. The IFRS consolidated financial statements of Amprion thus comply with those IFRS and interpretations adopted by the IASB and endorsed by the EU, the application of which is mandatory as at the reporting date. Furthermore, the requirements of Section 315e (1) HGB are also met.

These IFRS consolidated financial statements have been prepared by Amprion GmbH in full compliance with the IFRS required to be applied in the EU as at the reporting date (here and hereinafter 31 December 2023).

The consolidated financial statements were prepared under the going concern principle. This is based on the assumption that the company has sufficient resources to continue business operations for at least one year from the reporting date and that management intends to do so.

The consolidated financial statements have been based on historical costs for acquisition or production as the central measurement basis, unless specific IFRS require a deviation from this principle. The relevant details can be found in the chapter *Accounting policies – Significant accounting policies*.

The amounts in the consolidated financial statements are specified either in million euros (€ million) or thousand euros (€ thousand), whereby this is noted accordingly. Numbers are rounded to one decimal place, whereby rounding differences can occur for single values and totals due to the calculation methods applied.

The IFRS consolidated financial statements of Amprion are based on a separate presentation of the consolidated income statement and the consolidated statement of comprehensive income (*two statement approach*), the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity.

For the sake of clarity, individual items have been combined in the consolidated balance sheet, in the consolidated income statement and the statement of comprehensive income. These are presented and explained separately in the Notes to the consolidated financial statements.

The consolidated income statement is presented using the nature of expense method.

The consolidated financial statements are prepared as at the same date as the parent company's financial statements, with the parent company's fiscal year being the calendar year. It contains complete comparative information for the previous reporting period (1 January 2022 to 31 December 2022).

For a presentation of the Amprion Group's core activities, please refer to Note [26], *Segment reporting*.

The consolidated financial statements of Amprion GmbH for the financial year ending on 31 December 2023 were prepared on 25 March 2024 and released for publication by management resolution. Approval by the Supervisory Board is scheduled for 9 April 2024.

ACCOUNTING POLICIES

Applied accounting principles

The accounting principles presented below form the basis for recognition and measurement of business transactions and balance sheet items in the Group's consolidated financial statements. In addition, the significant assumptions, estimates and judgments associated with the accounting policies applied that had to be made in the preparation of the IFRS consolidated financial statements are described. Those accounting principles regarded by Amprion as immaterial for the fair presentation of assets, liabilities and financial and earnings positions of the Group are not described in the consolidated financial statements. From the Group's perspective and in accordance with IAS 1.117, disclosures on accounting policies are considered material if, in conjunction with other information contained in the financial statements, they can reasonably be expected to influence the economic decisions of the primary users of the IFRS consolidated financial statements. The term *accounting policies* according to IAS 8.5 refers to the specific principles, bases, conventions, rules and practices applied by the Amprion Group in preparing and presenting its consolidated financial statements.

Principles and scope of consolidation

Investments in subsidiaries

The Amprion consolidated financial statements comprise the financial statements of Amprion GmbH and its sole subsidiary, Amprion Offshore GmbH, as at 31 December 2023. Amprion Offshore GmbH with its headquarters in Dortmund was founded by Amprion GmbH, which holds 100% of the capital and voting rights in the subsidiary.

The qualification as a subsidiary requires the control of the investee, in this case Amprion Offshore GmbH, by the parent or the Group parent (Amprion GmbH).

Control is deemed to exist when the Group (the investor) is exposed to variable returns from its involvement with, or interest in, the investee and has the ability to use its power over the investee to affect those returns. In detail, the existence of control requires the cumulative fulfilment of three control criteria, according to which the investor

- has power over the investee by virtue of its currently existing rights to direct the relevant activities of the investee (i.e. those activities that significantly affect its returns),
- is exposed, or has rights, to variable returns from the investee and
- can influence the returns of the investee through its power over the investee.

Generally, a majority of voting rights held by the investor is accompanied by a rebuttable assumption of control over the investee. When assessing whether the investor can exercise power over the investee, the investor must also take into account all other control-relevant facts and circumstances. Examples of these include:

- Contractual agreements with others entitled to vote (e.g. voting trust agreements),
- Existing rights resulting from other contractual agreements,
- Voting rights and potential voting rights of the Group.

If such facts and/or changes in circumstances indicate that at least one of the three control criteria may have changed, the investor shall reassess whether it controls the investee.

A subsidiary is to be fully consolidated in the consolidated financial statements of the parent company (full consolidation) for the first time on the day on which the parent company obtains control over the subsidiary. By way of full consolidation, the assets, liabilities, income and expenses of a subsidiary are recognised in full in the consolidated financial statements. The obligation to fully consolidate ends when the investor loses control over the subsidiary.

With regard to applied accounting principles, statements from subsidiaries are to be aligned with those of the Group. Accordingly, the statements included in the consolidated financial statements for both companies are based on the common, group-wide accounting policies of Amprion.

All intercompany transactions (i.e. assets and liabilities, equity, income and expenses, and cash flows resulting from transactions between group companies) are eliminated within the scope of full consolidation of investments, liabilities, income and expenses, and the elimination of intercompany profits and losses.

Changes in the ownership interest in a subsidiary that do not result in a loss of control by the parent or the group parent are accounted for as equity transactions between owners. In case of loss of control over the subsidiary, the connected assets (including any goodwill), liabilities, non-controlling interests and other equity components are derecognised. A resulting profit or loss is reflected in the income statement as result of deconsolidation. Any investment in the investee remaining at the time of loss of control is measured at fair value.

Investments in associates and joint ventures

An associate is an entity (investee) over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without controlling it or managing it jointly with other parties. However, when an investee is managed jointly with other parties, it is considered a joint venture. The criteria to assess whether significant influence or joint control exists are similar to those required to determine control of subsidiaries.

Scope of consolidation

As at the reporting date and in the previous year, the scope of consolidation of the Amprion Group consists solely of Amprion GmbH as the parent company and the fully consolidated Amprion Offshore GmbH as its only subsidiary.

Associates, joint operations and joint ventures in which the Group has an interest

The Group did not hold any shares in associates or joint ventures as at the reporting date or in the previous year.

The Group is involved in joint arrangements, classified as joint operations, to operate shared lines. Amprion establishes shared lines that become the property of both the Group and third parties outside the Group in contractually defined proportions (fractional ownership). In connection with these jointly owned assets, the Group recognises its share of the assets, liabilities, expenses and income, which are accounted for in accordance with the relevant IFRS.

Usually, Amprion bears sole responsibility for the construction of the joint lines in accordance with the contractual agreement. The Group is reimbursed by the third party for the construction costs incurred for the share that is transferred to the fractional ownership of the third party involved. Therefore, the Group recognises revenue from contracts with customers in accordance with IFRS 15 in the amount of the corresponding remuneration.

Companies with significant influence on the Amprion Group

M31 Beteiligungsgesellschaft GmbH & Co. Energie KG, Düsseldorf, held 74.9% (previous year: 74.9%) of Amprion GmbH at the end of the reporting year. Its shareholders consist of a consortium of predominantly German institutional financial investors from the insurance industry and pension funds.

The remaining shares in Amprion GmbH amounting to 25.1% (previous year: 25.1%) as at the reporting date and in the previous year were held by RWE Aktiengesellschaft (AG), Essen, a listed energy supply group.

Significant accounting policies

[a] Classification as current and non-current

An asset shall be classified as current if

- realisation of the asset is expected within the normal business cycle, or
- the asset is held for sale or consumption during this period,
- the asset is held primarily for trading purposes,
- realisation of the asset is expected within twelve months after the reporting date or
- the asset is cash or cash equivalent within the meaning of IAS 7 and is not restricted from being exchanged or used to settle a liability for a period of at least twelve months after the reporting date.

In distinction to the preceding definition of current assets, all other assets are classified as non-current assets.

A liability is to be classified as current if

- fulfilment of the liability is expected within the normal business cycle,
- the liability is held primarily for trading purposes,
- fulfilment of the liability – regardless of its original maturity – is expected within twelve months after the reporting date or
- the company does not have an unconditional right to postpone fulfilment of the liability by at least twelve months after the reporting date.

In distinction to the preceding definition of current liabilities, all other liabilities are classified as non-current liabilities.

Deferred tax assets and deferred tax liabilities shall be reported as non-current assets or liabilities.

[b] Fair value measurement

The Group measures its equity shares in other companies at fair value at each reporting date. Financial instruments, i.e. financial assets and financial liabilities, are generally to be measured at fair value at initial recognition, whereby an adjustment for transaction costs is required depending on the relevant subsequent measurement method. In addition, the fair values of financial instruments that are not subsequently measured at fair value are required to be disclosed in the Notes to the consolidated financial statements.

The fair value is the price between market participants that was/would be accepted in an orderly business transaction for the sale of an asset, or was/would be paid for the transfer of a liability. When measuring the fair value, it is assumed that the business transaction within which the asset is sold or the liability is transferred

- predominantly takes place on the principal market for the asset or the liability, or
- only if no principal market exists, is applied to the most advantageous market for the asset or the liability.

The prerequisite is that the Group has access to the principal market or to the most advantageous market.

Measuring the fair value of an asset or a liability is based on the assumptions that anonymous expert market participants would use when pricing the asset or liability, assuming that they act in their economic best interests.

If the fair value is determined for a non-financial asset, the most economically sensible and best possible usage is to be assumed. This perspective also includes the sale of the asset to another market participant, who would be able to put the asset to its most economically rational and best possible use to generate economic benefits.

To determine the fair value, the Group applies appropriate valuation techniques, for which sufficient data are available under the given circumstances. Principal attention is paid to observable input factors, followed by unobservable input factors, to determine the most objective market value possible.

The fair values determined for assets and liabilities or reported in the financial statements are to be classified within the fair value hierarchy below. Categorisation is based on the lowest-level input factor that is significant to the entire fair value measurement:

- Level 1: Immediate derivation of the fair value as quoted price (unadjusted) in an active market for an identical asset or an identical liability
- Level 2: Determination of the fair value based on valuation procedures, whereby the lowest-level input factor that has significant influence on the fair value can be observed directly or indirectly on the market
- Level 3: Determination of the fair value based on valuation procedures, whereby the lowest-level input factor that has significant influence on the fair value cannot be observed on the market

Assets and liabilities measured at fair value on a recurring basis require the assessment as to whether these are to be assigned to another level in the fair value hierarchy at the end of each reporting period. This estimation is based on the lowest-level input factor that significantly influences the determination of the fair value. In addition, an analysis is performed at the reporting date to determine whether the fair values of assets and liabilities that are subject to reassessment in accordance with the Group's accounting policies need to be adjusted. In particular, the main value-determining input factors are examined to determine whether they have changed since the last valuation.

Disclosures regarding the fair value of financial instruments for which a fair value is determined or reported can be found in the following sections of the Notes:

- Information on the Group's equity shares in external (non-group), unlisted companies are contained in Note [12], *Financial assets*
- Quantitative information on the measurement of the fair value of financial instrument, broken down by hierarchy level, are provided in Note [25], *Reporting on financial instruments*

[c] Revenue recognition from contracts with customers

As a regulated company, Amprion is responsible, in accordance with its legal mandate, for the non-discriminatory operation of a safe, reliable and efficient energy supply network as well as its maintenance, optimisation, reinforcement and expansion in line with demand (Section 11 (1) **EnWG**). The core activity of the Group is therefore the safe operation and demand-driven expansion of the German electricity transmission system. As a key service, the Group provides its customers with the transmission capacity required for electricity transport within the scope of grid usage. Additionally, system services are provided to comply with the obligation to operate a safe, reliable and efficient transmission system at all times.

The regulated business activities are usually based on standardised grid usage contracts concluded with Amprion's grid customers for an indefinite period of time. These give rise to regulatory and secured compensation claims for the Group in the amount of the grid fee to be paid for the electricity sector, which is calculated from the transport capacity used by the customer multiplied by the relevant regulatory tariff. In addition, the Group concludes standardised balancing group contracts with balancing group managers. On the basis of these contracts, Amprion processes the notified schedules and settles the balancing groups. As the system manager for the transmission system in its control area, Amprion is responsible, in particular, for the procurement and use of control energy (for a breakdown of revenue from contracts with customers, see Note [1], *Group Revenue*).

Revenue from contracts with customers is recognised when control of the contractually agreed services (goods, services) is transferred to the customer. It is recognised in the amount of the expected consideration, to which the Group is directly entitled in exchange for services rendered. Revenue reductions (e.g. in the form of price discounts) and variable considerations are to be taken into account. In addition, revenue from contracts with customers to which the Group is entitled under such an agreement may also include amounts that are not paid directly by the customer but by a third party.

Value-added taxes are not reported as revenue in the consolidated income statement.

No economically relevant obligations from customer rights of return or guarantee obligations arise for the Group from the ordinary, regulated business model. Multi-component contracts are not concluded, so that the transaction price to be claimed can be allocated directly and uniquely to each separately identifiable performance obligation.

If a contractual consideration includes a variable consideration component, the Group determines the amount of consideration to which it is entitled for the fulfilment of its performance obligation(s). The amount of the variable consideration is to be estimated at contract inception. It may only be included in the transaction price if – as soon as the uncertainty regarding the amount of the variable consideration no longer exists – it is highly probable that the already realised cumulative revenue will not be cancelled.

The Group acts as principal in its revenue transactions – except for various levies and compensation payments for the interim financing of costs incurred in connection with the Electricity Price Brake Act (StromPBG) effective from 1 January 2023 to 31 December 2023 – as it usually has power over the services to be provided before these are transferred to the customer.

With regard to various levies and levy mechanisms (EEG mechanism, KWKG levy, Section 19 StromNEV levy, etc.) and for the interim financing of costs incurred for the forwarding of reliefs under the Electricity Price Brake Act (StromPBG), the Group collects amounts on behalf of third parties and thus acts as agent. Therefore, the corresponding levy amounts and the aforementioned settlement payments are not reported as revenue in the income statement in accordance with IFRS 15 but are netted with the corresponding expenses.

As principal, the Group provides various services in the course of its ordinary business activities and, in exchange for the agreed consideration, enters into contractual performance obligations towards its customers (see Note [1], *Group Revenue*).

For short-term advance payments from customers, the Group applies the relevant practical expedient whereby the promised consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised service and the payment of the agreed consideration does not exceed one year.

[d] Contract balances**CONTRACT ASSETS**

Contract assets are recognised through profit or loss when the Group transfers goods or services to the customer before the customer settles its corresponding payment obligation, without an unconditional right to payment already existing at the time of the transfer to the customer.

In the course of revenue recognition from the construction of shared lines, the Group initially recognises a contract asset, as the receipt of the consideration is initially dependent on the successful and defect-free acceptance of the completed shared line. Since this is a time-period-related performance obligation, revenue is recognised proportionally over the period of construction. Advance payments received from a customer are deducted from the gross carrying amount of the contract asset, so that the underlying contract – depending on which of the two amounts exceeds the other – is recognised in the balance sheet as a net contract asset or contract liability. After construction and acceptance by the customer, a contract recognised as a contract asset is reclassified to trade receivables.

TRADE RECEIVABLES

Receivables are recognised when the Group receives an unconditional right to consideration from its customers (i.e. the receivables automatically become due once a specified period of time expires). The accounting policies for financial assets, here in the form of trade receivables, are explained in section [m], *Financial instruments – initial recognition and subsequent measurement*.

CONTRACT LIABILITIES

Contract liabilities are recognised when a customer either makes a payment or the payment becomes due before the Group has fulfilled its contractual obligation to perform or transferred the agreed goods or services to the customer. Revenue is only recognised once the Group fulfils its contractual obligations, by transferring control of the contractually promised services to the customer.

The Group recognises contractual liabilities, in particular, from construction cost grants and connection cost contributions received from customers prior to the fulfilment of its performance obligation.

[e] Taxes

CURRENT INCOME TAXES

Current income tax assets and tax liabilities are measured at the expected amount to be recovered from or paid to the taxation authorities. The measurement of current taxes is based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

If actual income taxes relate to items recognised directly in equity, these are not recognised in the income statement but also directly in equity. In addition, individual income tax matters are regularly assessed to determine whether they are subject to uncertainties due to existing income tax regulations and therefore have a scope for interpretation. In individual cases, in accordance with IAS 12 in conjunction with IFRIC 23, this can lead to the recognition of uncertain income tax refund claims or income tax liabilities and the disclosure of an income tax-related contingent liability or contingent asset.

DEFERRED TAXES

Deferred taxes are recognised using the liability method for all temporary differences between the carrying amount of an asset or liability in the IFRS balance sheet and the corresponding tax base as at the reporting date. This includes deferred taxes from consolidation processes.

Deferred tax liabilities result from future taxable temporary differences, deferred tax assets from future deductible temporary differences, unused tax losses and unused tax credits. The recognition of deferred tax assets also requires sufficient probability that taxable income will be available for offsetting in the future.

Deferred tax assets and liabilities are not recognised for non-deductible or non-taxable temporary differences that arise from the initial recognition of an asset or liability in a transaction that is neither a business combination nor – at the time of the transaction – affects the accounting profit or loss for the period before tax or taxable profit or loss. If, in contrast, a transaction leads simultaneously to the initial recognition of an asset and a liability, whereby both taxable and deductible differences arise in the same amount, but neither the IFRS accounting profit before tax nor the taxable profit is affected, the resulting deferred tax liabilities and assets must be recognised. Conceptually, this issue relates to the recognition of deferred taxes in connection with leases in accordance with IFRS 16 in these consolidated financial statements. However, due to Amprion's obligation to offset deferred tax assets and liabilities, this has no material impact on the presentation of deferred taxes in the balance sheet.

In individual cases, it may be necessary to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If, in the Group's opinion, this is unlikely, it is required to consider the effect of the uncertainty when measuring its income taxes.

The measurement of deferred taxes is based on the tax rates that are expected to apply in the period in which the underlying asset or liability is realised. Accordingly, the tax rates and tax laws to be applied are those that are enacted or substantively enacted at the reporting date. The combined tax rate applied in the reporting year is 31.67% (previous year: 31.63%).

Deferred taxes in connection with items recognised directly in equity likewise do not impact profit or loss. They are recognised in line with the underlying transaction either in other comprehensive income, such as actuarial gains and losses from defined benefit pension obligation, or directly in equity. The income and expenses recognised in other comprehensive income in the statement of comprehensive income are reported in equity on a cumulative basis over periods.

Deferred tax assets and liabilities must be offset if the relevant conditions are met at the level of the individual companies or the tax group. This is the case for Amprion GmbH, which as the controlling company forms a tax group for VAT and income tax purposes with Amprion Offshore GmbH as its sole controlled company.

VALUE-ADDED TAX

Expenses and assets are generally recognised after deducting value-added tax from the gross amount. However, if the value-added tax incurred on the purchase of an asset or the use of a service cannot be recovered from the tax authorities, it is part of the acquisition or production costs of the asset or part of the expenses.

Receivables and liabilities from purchase and sales transactions on target are recognised including the VAT amount contained therein. The amount of VAT to be refunded by, or paid to, the tax authorities is in this case shown as a counter item in the balance sheet under receivables or liabilities.

[f] Foreign currency transactions and balances

Foreign currency transactions carried out by group companies are translated into the functional currency at the spot rate applicable at the time the transaction is first recognised in the balance sheet. The functional currency for the group companies is the Euro. Where the Group has monetary assets or liabilities denominated in foreign currencies, these are translated into the functional currency at each reporting date using the spot exchange rate. Any resulting settlement or translation differences are recognised in profit or loss.

The Group had no monetary assets or liabilities in foreign currency at the reporting date or in the previous year. Foreign currency transactions were also insignificant.

[g] Non-current assets held for sale and disposal groups

If the carrying amount of a non-current asset or disposal group is recovered through a planned sale or exchange transaction rather than through continued use, the Group classifies the asset or disposal group as *held for sale*. In this case, the non-current asset or disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Costs of disposal are incremental costs directly attributable to the disposal of the non-current asset or disposal group, excluding finance costs and income tax expense.

For a non-current asset (disposal group) to be classified as *held for sale*, its sale must be highly probable at the reporting date and it must be available for immediate sale in its present condition at the reporting date. Satisfaction of the probability criterion requires that it is unlikely, based on the actions necessary to complete the sale, that material changes will be made to the proposed sale. Similarly, it must also not be foreseeable that the decision to divest will be reversed. Rather, the management must have decided to implement a planned sale. Furthermore, the sale has to be expected to take place within one year from the date of classification as *held for sale*.

If a non-current asset with a limited or limited determinable useful life is classified as *held for sale* in accordance with the preceding criteria, it is no longer depreciated or amortised. Assets and disposal groups (incl. associated liabilities) classified as *held for sale* are to be reported separately in the balance sheet as current items.

The Group did not have any material non-current assets or disposal groups *held for sale* as at either the current or the previous year's reporting date.

[h] Dividends

The company recognises a liability for the payment of dividends when the distribution has been approved by the shareholders' meeting and is therefore no longer at the discretion of the company. The amount to be distributed is recognised directly in equity.

[i] Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (see [o], *Impairment of non-financial assets*). In exchange transactions with economic substance, the cost of the acquired item of property, plant and equipment is determined either by the fair value of the consideration given or, if this can be determined more reliably, by that of the acquired item of property, plant and equipment. Any difference between the carrying amount of the transferred asset and the cost of the newly acquired item of property, plant and equipment is recognised in profit or loss and reported as other operating income or other operating expenses.

Scheduled depreciation for assets under construction is only incurred from the time of their completion or their transfer to the operational state. Scheduled depreciation, impairment losses and reversals of impairment losses are recognised in profit or loss in the income statement (for details on the recognition of impairment losses and reversals of impairment losses, see the Notes-section *Significant accounting policies – [o] Impairment of non-financial assets*).

Borrowing costs are capitalised as part of costs for acquisition or production for qualifying assets or long-term construction projects if they can be directly allocated to the acquisition or production and the recognition criteria are met.

If significant parts or components of property, plant and equipment have to be replaced regularly, they are depreciated separately based on their economic useful life. Renewal and maintenance costs are capitalised in the carrying amount of the respective tangible asset if the recognition criteria are met. All other maintenance, servicing and repair costs are recognised immediately in profit or loss.

The acquisition or production costs of property, plant and equipment also include the estimated expenses for obligations in connection with their decommissioning and disposal as well as the restoration and recultivation of land. The corresponding payments are included at their present value in the acquisition or production cost of the corresponding asset if the recognition criteria for a provision are met.

Construction cost grants and contributions to building connection costs paid by customers, as well as investment grants and subsidies, are not taken into account to reduce acquisition costs, but are recognised as deferred income.

Depreciable tangible assets (i.e. other than land and rights equivalent to land) are depreciated on a scheduled basis in accordance with the expected useful life of their individual components. In the year of acquisition, this is carried out pro rata temporis. Depreciation is generally calculated on a straight-line basis, unless the expected consumption of future economic benefits is exceptionally better approximated by another depreciation method for the asset.

Scheduled depreciation is calculated on the basis of the following individual useful lives, which are based on the lower band in accordance with Annex 1 to Section 6 (5) StromNEV and are uniform throughout the Group:

Individual useful lives by asset group

	In years
Buildings	30-50
Operations buildings	30
Administrative and other buildings	30-50
Extra-high-voltage installations	20-40
Extra-high-voltage grid	40
Transformers	35
Extra-high-voltage switch panels	35
Station control system	25
Grid control system	25
AC/DC converter	20
Other installations and technical equipment	8-35
Operating and office equipment	3-23
Other assets	10-19

The useful lives and depreciation methods of property, plant and equipment are reviewed annually and adjusted prospectively, if necessary.

Property, plant and equipment is derecognised either on disposal (i.e. when control of the item passes to the transferee) or when no further economic benefits are expected from the continued use or disposal of the recognised asset. A derecognition gain is determined on derecognition as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised immediately in profit or loss.

[j] Capitalisation of borrowing costs

Borrowing costs include interest and other costs arising from borrowing external capital funds. Borrowing costs directly attributable to the acquisition, construction or production of a *qualifying* asset are capitalised as part of its cost. An asset is considered to be *qualifying* if a substantial period of time is required (more than twelve months) to bring it to its intended condition for use or sale.

If debt financing is directly attributable to a qualifying asset, the actual borrowing costs incurred are to be recognised. The Group does not have any corresponding dedicated project financing, but only general funding. In the reporting year, the uniform average borrowing cost rate was 2.92% (previous year: 1.70%) throughout the Group. Borrowing costs of €89.8 million (previous year: €31.2 million) were capitalised in the reporting year.

Borrowing costs that are not directly related to the acquisition or production of qualifying assets are expensed in the financial result as incurred.

[k] Leases

According to IFRS 16, a contractual agreement qualifies as a lease if it entitles a contractual partner to use an identifiable asset exclusively for a certain period of time in return for payment of a fee. Whether the respective agreement creates or contains a lease in accounting terms is to be assessed at the inception of the agreement. The Group has decided not to account for leases related to intangible assets as such under IFRS 16, but as intangible assets under IAS 38.

AMPRION AS LESSEE

In principle, the Group as a lessee recognises a liability to make lease payments (financial lease liability) and the right to use the underlying leased asset (right-of-use asset) for each contract that qualifies as a lease within the scope of IFRS 16. Short-term leases and low-value leases are exempt from this principle.

Right-of-use assets are capitalised at the date the leased asset is ready for use and are reported as a separate balance sheet item due to their material amount. They are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the related lease liability. The capitalisation amount comprises the amount of the recognised lease liability, the initial direct costs and the lease payments made up to the time of provision less any incentive payments received.

In subsequent measurement, right-of-use assets are amortised on a straight-line basis over the term of the lease. The terms of the leases for technical equipment are generally between two and ten years. The terms of leases for land and buildings can be up to 99 years due to agreements under hereditary building law. The usual duration bands are three to five years for vehicles and operating and office equipment.

In case of a triggering event for an impairment of right-of-use assets, these are to be tested for impairment by means of a quantitative assessment (see [o], *Impairment of non-financial assets*).

Lease liabilities are measured at the present value of the lease payments to be made over the term of the lease. This includes fixed or de facto fixed payments, variable lease payments linked to an index (e.g. consumer price index) or (interest) rate (e.g. LIBOR), and amounts expected to be paid under residual value guarantees. The Group's purchase and termination options must also be taken into account if they are reasonably certain to be exercised. Lease incentive payments received are to be deducted from the amount. Lease liabilities are reported as part of current and non-current other financial liabilities (see Notes [10], *Leases* and [21], *Financial liabilities*).

Variable lease payments that are not included in the carrying amount of the lease liability are recognised in profit or loss in the period in which the event or condition triggering these payments occurs and are disclosed separately in the Notes to the consolidated financial statements.

Since the (implicit) interest rates underlying the leases cannot be determined, the present value of the lease payments is regularly determined using the Group's incremental borrowing rate at the date of provision. The following term-dependent incremental borrowing rates were used for newly concluded contractual agreements to be recognised as leases:

Lease interest rates applied: incremental borrowing rate

Maturities	31 Dec. 2023	31 Dec. 2022
Less than 5 years	3.60%-4.59%	0.65%-3.88%
5 to 10 years	3.64%-4.54%	1.64%-4.32%
10 to 15 years	4.05%-4.74%	2.07%-4.50%
15 to 20 years	4.19%-4.96%	2.37%-4.48%
More than 20 years	4.18%-5.34%	2.75%-4.48%

Lease liabilities are subsequently measured using the effective interest method. The lease liability is increased by the effective interest expense from compounding the liability at the Group's incremental borrowing rate and reduced by the lease payments made. Interest expenses from the periodic compounding of lease liabilities are recognised in the financial result.

The carrying amount of lease liabilities is remeasured if there is a change in the lease, its term, the lease payments or the assessment of an option to purchase the underlying asset.

For short-term leases (i.e. leases with a term of twelve months or less from the date of provision) and low-value leases, the Group recognises the lease payments as an expense in the income statement on a straight-line basis over the term of the lease in accordance with the relevant exemption rule.

AMPRION AS LESSOR

Leases in which the Group acts as lessor but does not transfer substantially all risks and opportunities incidental to the ownership of the leased asset to the lessee are classified as operating leases. Consequently, the resulting rental income is to be recognised on a straight-line basis over the term of the lease and, due to its operating character, reported as miscellaneous revenues. The leased asset is reported as a tangible asset and is depreciated over its useful life applying the cost model in accordance with the relevant accounting regulations and, if necessary, in the event of impairment.

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee under a lease agreement, the lease is accounted for as a finance lease. In this case, the Group recognises a financial lease receivable in the amount of the net investment in the lease by derecognising the leased asset. In subsequent measurement, the lease receivable is amortised pro rata using the effective interest method, under which the lease payments are divided into an interest income and a redemption portion.

In its role as lessor and as in the previous year, Amprión only accounts for operating leases.

[I] Intangible assets

Intangible assets acquired for consideration are to be measured at acquisition or production cost upon initial recognition. Internally generated intangible assets are to be capitalised at the amount of their development costs, provided that the relevant recognition criteria are cumulatively met. In particular, their recognition as an intangible asset requires the generation of documented future economic benefits and the reliable measurement of the development expenditures attributable to the intangible asset. Research expenditures and non-capitalisable development costs are expensed immediately in the period in which they are incurred. Subsequent capitalisation of research and development expenditures incurred before the recognition criteria were cumulatively met is not permitted.

In subsequent measurement of intangible assets, their historical acquisition or production costs are reduced by accumulated scheduled amortisation and, if necessary, accumulated impairment losses. Scheduled amortisation is to be recognised corresponding to the consumption of the expected benefits over the economic useful life. If the pattern of consumption of benefits is unknown, the asset is depreciated on a straight-line basis.

After completion of the development phase, internally generated intangible assets are amortised on a scheduled basis over the period of the expected inflow of benefits from the start of usability. The production costs capitalised during the development phase have to be tested at least annually for impairment and additionally if there are indications of potential impairment (see [o], *Impairment of non-financial assets*). Both the amortisation period and the amortisation method shall be reviewed at least at the end of each reporting period.

The Group amortises its intangible assets on a straight-line basis over their individual useful lives. These are shown in the table below. The amortisation of intangible assets is reported in the income statement under amortisation expenses.

Individual useful lives by asset group

	in years
Rights and licences	20
Patents	20
Software acquired against payment	3-5

The derecognition of intangible assets conceptually follows that of property, plant and equipment. Similarly, any gains or losses realised in the course of derecognising intangible assets are recognised immediately in profit or loss.

[m] Financial instruments – initial recognition and subsequent measurement

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS

Upon initial recognition, financial assets are to be allocated to one of the three measurement categories *measured at amortised cost*, *measured at fair value through other comprehensive income* or *measured at fair value through profit or loss* for the purpose of subsequent measurement, depending on their characteristics and the company's intentions or management.

The starting point for categorisation is the qualification of the financial asset as an equity or debt instrument.

Equity interests

Equity interests in other companies are generally categorised as *measured at fair value through profit or loss*. However, equity instruments may be irrevocably classified as *measured at fair value through other comprehensive income* upon initial recognition, provided they meet the equity definition in IAS 32 "*Financial Instruments: Presentation*" and are not held for trading purposes. This classification option can be exercised individually for each equity instrument. When the option is exercised, all gains and losses from changes in fair value are recognised in other comprehensive income, presented cumulatively in equity and are not subsequently reclassified to profit or loss at any time thereafter. Only profit distributions received by the Group from these investments are recognised directly as income in the income statement when the legal claim to payment arises. Equity instruments *measured at fair value through other comprehensive income* are not subject to impairment testing.

The Group has irrevocably applied the classification option to all its equity interests in companies that do not qualify as subsidiaries, joint ventures or associates. These are thus classified as *measured at fair value through other comprehensive income*. There was no active market at the reporting date for any of these investments generally measured at fair value, so that no public price quotations were available for them. In this case, the fair value is to be measured on the basis of the most recent observable market transactions or by means of an appropriate valuation method (e.g. discounted cash flow models). Since the relevant input parameters – and thus also the fair value – cannot be reliably determined, the Group measures the investments at historical cost as long as no appropriate fair value indications are available.

Debt instruments

The categorisation of debt instruments at initial recognition depends on the characteristics of the contractual cash flows and the Group's business model for managing these debt instruments. Depending on this, the debt instruments are to be allocated for subsequent measurement to one of the three measurement categories: *measured at amortised cost*, *measured at fair value through other comprehensive income* or *measured at fair value through profit or loss*.

The classification of a debt instrument as *measured at amortised cost*, as well as an allocation to the measurement category *measured at fair value through other comprehensive income*, requires that the contractual cash flows of the financial asset qualify exclusively as interest and redemption payments on the outstanding amount (so-called cash flow condition). The corresponding assessment is made at the level of the individual financial instrument. If a debt instrument does not meet the cash flow condition, it must be *measured at fair value through profit or loss*. The same applies if the cash flows of a debt instrument exclusively represent interest and redemption payments on the outstanding amount, but the entity manages these with the objective of realising cash flows through the sale of the assets (business model: *sell*). If, on the other hand, the business model provides for the exclusive collection of contractual cash flows (business model: *hold*), the financial assets are to be subsequently measured at amortised cost using the effective interest method, provided that the cash flow condition is also met at the same time. If the business model at portfolio level consists of both *hold and sell* debt instruments, these assets are to be categorised as *measured at fair value through other comprehensive income*.

The Group generally holds its financial assets to maturity with the sole intention of collecting the contractual interest and redemption payments. Specifically, this concerns loans and advances, trade receivables, other (financial) receivables and lease receivables from operating leases. These are allocated to the measurement category *measured at amortised cost*. Trade receivables result primarily from contracts with customers.

Apart from trade receivables without a significant financing component, which are initially measured at the transaction price in accordance with IFRS 15 "*Revenue from Contracts with Customers*", the Group measures its financial assets at fair value plus the transaction costs at initial recognition.

Financial assets carried *at amortised cost* are measured using the effective interest method and are also tested for impairment in accordance with IFRS 9. Loans and borrowings of the Group bearing interest at market rates are subsequently carried at nominal value.

Income or expenses resulting from modifications, derecognitions or impairments/reversals are recognised in profit or loss.

As almost all financial receivables (trade receivables) have short (i.e. up to one year) residual terms and thus no financing component, their carrying amounts recognised as at the reporting date correspond approximately to their fair value. This also applies to the other (financial) receivables reported under current assets (Note [25], *Reporting on financial instruments*).

IMPAIRMENT OF FINANCIAL ASSETS (DEBT INSTRUMENTS)

For all debt instruments that are not measured at fair value through profit or loss, an allowance for expected credit losses (ECL) is recognised in accordance with the three-stage impairment model of IFRS 9. Expected credit losses result from the difference between the contractually agreed payments and the total cash flows that the Group expects to receive. The corresponding amount is to be discounted with the original effective interest rate. The expected payments include cash flows from the sale of collateral held or other credit protection that is an integral part of the contractual terms.

For level 1 debt instruments, risk provisioning for the expected credit loss for the amount of the twelve-month loss is recognised at initial recognition. The twelve-month loss indicates the amount of the expected loss that would arise in relation to the respective financial instrument as a result of a default event within the next twelve months. As far as the *probability of default* (PD) has not increased significantly as compared to the time of addition, risk provisioning for the amount of the twelve-month loss is also to be recognised for the subsequent periods.

For simplification purposes, it may be assumed that financial instruments with an *investment grade* credit rating have a low credit or default risk. In this case, there is generally no need to transfer such instruments to level 2. Where the Group holds debt instruments measured at amortised cost using the effective interest method, it applies this simplification for financial instruments with low credit risk.

If the creditworthiness of the debtor of the financial instrument in question deteriorates significantly compared to its date of acquisition (significant increase in the probability of default), it is to be allocated to level 2. Here, as in level 3, expected credit losses are recognised in the amount of the loss expected over the entire residual term of the financial instrument (lifetime expected credit loss). This indicates the amount of the total expected loss that would result from a default event within the entire term of the financial instrument (and thus regardless of when the specific default event occurs during the contract period). A significant increase in credit risk is assumed at the latest when the debtor is 30 days in arrears, unless the findings from the receivables management process suggest or require a different reclassification date. All reasonable and reliable information that is available without undue cost or effort is taken into account at each reporting date.

If the creditworthiness of the debtor is actually impaired or an actual default occurs, the financial instrument must be reclassified to level 3. This can be rebuttably assumed if the debtor is at least 90 days in arrears or overdue or if other internal or external events (e.g. the opening of insolvency proceedings) indicate that payment by the debtor is no longer probable. In contrast to levels 1 and 2, where the effective interest income is measured on the basis of the gross carrying amount of the financial instrument, any interest income in level 3 is determined by applying the original effective interest rate to the net carrying amount (i.e. after netting with the risk provision).

For its trade receivables and contract assets, the Group applies the simplified approach to calculate expected credit losses, regardless of their maturity. According to this approach, changes in credit risk do not need to be tracked over time. Instead, the allowance for credit losses is recognised at each reporting date in the amount of the lifetime-expected credit loss. To quantify the expected credit losses, the Group uses externally available – as far as possible customer-specific – credit report information and the associated probabilities of default. As current and future-related information is included in such credit report information, no additional corrections of the default probabilities are made.

A write-off of receivables becomes necessary if they are classified as irrecoverable. In this regard, relevant indicators can be, for example, an unsuccessful enforcement order or the filing of an application for insolvency proceedings, or the rejection of the opening of insolvency proceedings due to a lack of insolvency assets.

Additions to the allowance for losses on loans from applying the expected loss model or the resulting impairment losses are presented net in the income statement under other operating expenses. Reversals of risk provisions are recognised as other operating expenses.

For further details on the impairment of financial assets, please refer to the following Notes:

- *Significant assumptions, estimates and judgements in the application of the accounting policies*
- *[14], Trade receivables and other receivables*
- *[15], Other financial assets*
- *[25], Reporting on financial instruments*

FINANCIAL LIABILITIES

Financial liabilities are to be allocated to one of the two measurement categories *measured at fair value through profit or loss* or *measured at amortised cost* for subsequent measurement at the time of their initial recognition.

The former category includes financial liabilities held for trading (including derivatives that are not part of a hedging relationship) and financial liabilities designated as such at the time of initial recognition. The Group has not designated any financial liabilities as *measured at fair value through profit or loss*.

Financial liabilities categorised as *measured at amortised cost* are initially measured at fair value less directly attributable transaction costs. The Group assigns all current and non-current financial liabilities in the form of trade payables and other liabilities, other financial liabilities and credits and loans (incl. registered bonds, promissory note loans, commercial papers) including overdrafts to this category.

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest expense, as well as any expense or income arising from derecognition, is recognised in profit or loss and reported as part of financial expenses in the income statement. The effective interest expense is calculated by multiplying the carrying amount of the financial liability at the beginning of the period by the debt-specific effective interest rate. The latter is determined on the basis of the nominal interest rate, taking into account a premium or discount as well as directly attributable fees and/or (transaction) costs.

The fair values of the bonds listed on the unregulated capital market in Luxembourg is calculated as the product of the nominal value and its price quotation on the reporting date. The fair value of the fixed-interest financial liabilities not traded on the capital market is determined by discounting the contractually agreed cash flows with the term-equivalent market interest rate as at the reporting date. For current financial liabilities, the fair value approximates the reported carrying amount.

Trade payables and other (financial) liabilities are recognised at their repayment amount. As the other (financial) liabilities only have short residual terms (i.e. up to one year), their fair value corresponds approximately to the carrying amount reported on the reporting date. With regard to non-current trade payables and other liabilities, the fair value is determined for disclosure purposes analogously to the financial liabilities by discounting the contractual cash outflows with the market interest rate on the reporting date.

For further information, please refer to Notes [24], *Trade payables and other liabilities* and [25], *Reporting on financial instruments*.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as defined by IAS 32 are offset and the resulting net amount is recognised in the consolidated statement of financial position when there is a present legal right to set off the recognised amounts and the Group intends to exercise that right. This is assumed to be the case if settlement is to be effected on a net basis or the Group intends to settle the associated financial liability with the realisation of the financial asset concerned.

In the reporting year as well as in the previous year, the Group did not offset any financial instruments to a significant extent in accordance with IAS 32. In addition, the Group has not recognised any significant financial instruments that were subject to netting agreements.

[n] Inventories

The Group accounts for inventories at the time of their recognition at acquisition or production cost (i.e. at the acquisition or production costs and other costs incurred to bring the inventories to their present location and condition).

The cost of acquisition includes the purchase price, import duties and other taxes not recoverable from the tax authorities as well as direct costs from the acquisition of finished goods, materials and services. Production costs include the costs directly attributable to the individual product (direct costs) as well as fixed and variable production-related overheads. In particular, the latter include material overheads, production overheads as well as depreciation and administrative overheads.

Raw materials and supplies are subsequently measured at moving average prices. They are then measured at the lower of historical cost and net realisable value. The net realisable value is determined by reducing the estimated selling price in the ordinary course of business by the estimated costs of completion and the estimated costs necessary for the sale.

[o] Impairment of non-financial assets

The Group assesses at each reporting date whether there are any *triggering events* for impairment of non-financial assets. If there are such indications, the recoverable amount of the potentially impaired asset or a potentially impaired cash-generating unit needs to be determined. The recoverable amount is the higher of *value in use* and *fair value less costs to sell*.

The recoverable amount shall be determined primarily for each individual non-financial asset that generates cash inflows that are largely independent of those from other assets or groups of assets. If an asset does not generate independent cash flows, it shall be included in the smallest identifiable group of assets (cash-generating unit) that together generate cash flows independent of those from other assets or cash-generating units.

If the recoverable amount is less than the carrying amount of the asset or cash-generating unit tested for impairment, the asset or cash-generating unit is impaired. Accordingly, the carrying amount of the asset or cash-generating unit is written down to the recoverable amount through profit or loss.

The value in use is to be determined based on investment theory as the present value of the expected future cash flows before taking into account taxes and financing effects, whereby a risk-adjusted discount rate before taxes is to be used consistently for this purpose. This discount rate must adequately reflect current market expectations with regard to the interest effect and the specific risks of the asset.

To determine the fair value less costs to sell, primarily recent comparable market transactions are taken into account. If no such transactions are identifiable, the determination shall be made using an appropriate valuation model, taking into account valuation multiples, quoted market prices of shares in relevant comparable companies or other available (market) indicators of fair value.

As a basis for the quantitative impairment test, Amprion uses its most recent budget and forecast calculations, which are prepared for the individual cash-generating units of the Group.

In the income statement, impairment losses are recognised in profit or loss in the expense category consistent with the function of the impaired asset in the entity. Regarding non-financial assets in the form of property, plant and equipment, this relates to the income statement item *depreciation and amortisation*.

For assets that have already been impaired, a review must be conducted at each reporting date to determine whether there is any indication that the previously recognised impairment loss no longer exists or has decreased. If the reason for a previous impairment no longer exists, a write-up is recognised in profit or loss. The upper value limit is the recoverable amount or, if lower, the original carrying amount amortised up to the date of consideration. This is the value in case the asset had not been impaired in the past and, if necessary, would have been depreciated according to schedule.

[p] Cash and cash equivalents

The balance sheet item cash and cash equivalents includes cash at hand, cash at banks and short-term highly liquid deposits with an original maturity of three months or less, which can be converted into fixed cash amounts at any time and are only subject to an insignificant risk of fluctuation in value.

With regard to the definition of cash and cash equivalents for the cash flow statement, the relevant cash and cash equivalents include the items defined above. Bank overdrafts are not included in the Group's cash and cash equivalents.

[q] Other provisions

Provisions shall be recognised when

- a) the Group has a present obligation (legal or constructive) as a result of a past event,
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- c) the amount of the obligation can be reliably estimated.

Provisions are recognised at the settlement amount, whereby either the expected value or the amount with the highest probability of occurrence is used as the best possible estimate of the obligation amount. Debt-specific risks are considered when measuring the obligation amount.

If there is a material interest effect from discounting the obligation amount at a risk-free interest rate before tax on the reporting date, the provision shall be measured at the present value of the settlement amount. A significant interest effect is generally assumed for long-term provisions (i.e. those with expected maturities of more than one year). To determine the term-equivalent risk-free interest rates, yield curves and the corresponding estimates of Deutsche Bundesbank as at the reporting date are used, applying the Svensson method.

In subsequent measurement, the discounted provision amount is compounded with the risk-free interest rate, whereby the interest expense associated with the corresponding provision increase is recognised in the income statement as part of the financial expenses.

If there is a full or partial reimbursement right in connection with a recognised provision that will almost certainly lead to a cash inflow (e.g. in the case of an insurance contract), the reimbursement is to be recognised as a separate asset without being netted. In contrast, the expense arising from the recognition of a provision for which a reimbursement claim is virtually certain is reported in the income statement netted with the reimbursement amount.

If the Group is threatened with an economic burden from a pending legal transaction (onerous contract), the current contractual obligation is recognised and measured as a provision. However, before recognising such a provision for contingent losses, any assets associated with the contract must be impaired first.

A contract is considered onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the minimum net costs of exiting the contract and are the lower of the contractual performance costs and any compensation or penalties resulting from non-performance.

[r] Provisions for pensions and similar obligations

According to IFRS, a distinction is to be made between *defined contribution plans* and *defined benefit plans* when accounting for pension obligations. While an external (pension) provider bears the actuarial risk in the case of defined contribution plans, this risk lies with the employer in the case of defined benefit plans, even if only to a small extent. Provisions for pensions and similar obligations are recognised for defined benefit plans.

The Group recognises provisions for pensions and similar obligations in connection with its defined benefit plans, which are measured using the *projected unit credit method* in accordance with IAS 19. This forward-looking valuation method takes into account the pensions and entitlements known on the reporting date as well as expected future salary and pension trends, mortality rates, fluctuation and other actuarial parameters. Changes in pension obligations as a result of adjustments to these parameters are recognised in full as actuarial gains and losses in the financial year in which they occur. They are reported as part of other comprehensive income and recognised in equity within retained earnings on a cumulative basis over periods. These amounts are not subsequently reclassified to profit or loss.

The Group's pension obligations are secured by assets held in trust as part of a *contractual trust arrangement* (CTA). To cover its pension obligations, the Group makes regular payments to the trustee of the separately administered fund, which qualifies as plan assets within the meaning of IAS 19. Income and expenses from revaluation of plan assets (excluding amounts already included in net interest on the net defined benefit liability) is recognised analogously to actuarial gains and losses in other comprehensive income and cumulated in equity within retained earnings over periods without being subsequently reclassified to profit and loss.

The provision (net pension obligation) or asset from overfunding recognised in the balance sheet represents the positive (underfunding) or negative (overfunding) balance of the present value of the defined benefit obligation determined at the reporting date and the fair value of the corresponding plan assets. Service cost (including past service cost and expenses and income from plan settlements) is recognised as part of personnel expenses. The net interest expense resulting from the multiplication of the relevant discount rate with the balance of the present value of the defined benefit obligation and the plan assets determined at the beginning of the period is recognised within the financial result in the consolidated income statement.

[s] Contingent liabilities

Contingent liabilities only include possible but not probable obligations to third parties, as well as present obligations for which the outflow of resources is not probable or the amount of which cannot be quantified with sufficient reliability. Therefore, no provisions are recognised for contingent liabilities. A disclosure is merely required in the Notes to the consolidated financial statements. Details are provided in Note [30] *Contractual guarantees, contingent liabilities and other financial obligations*.

SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS IN THE APPLICATION OF THE ACCOUNTING POLICIES

In the process of applying the accounting policies used in the preparation of Amprion's consolidated financial statements, management makes forward-looking assumptions, estimates and judgements that affect the reported amounts of income and expenses as well as assets and liabilities. This concerns both the reported items in the financial statements and the related disclosures in the Notes, including the disclosure of contingent liabilities. Accounting-related estimates relate to monetary amounts stated in the consolidated financial statements that are subject to measurement uncertainties.

Due to the inherent uncertainties in accounting estimates and assumptions, there is a significant risk that actual results and amounts realised in future periods could require material adjustments to the carrying amounts of the assets and liabilities affected.

Assumptions and estimates about future developments are based on parameters that were available to the Group at the time the consolidated financial statements were prepared, are not within the Group's control and are sometimes sensitive to changes in market movements and conditions. Since assumptions and estimates are uncertain and subject to change, they are reviewed on an ongoing basis, considering realised results and experience, trends, forecasts and assessments by experts, as well as other appropriate methods, and are adjusted as necessary. The Russia-Ukraine war and the associated substantial uncertainties are also factored into the assumptions and estimates to be made where relevant. In the reporting period as well as in the previous year, however, there were no significant adjustments to the carrying amounts of assets and liabilities from the aforementioned facts and circumstances due to Amprion's specific business model.

The most important accounting items and financial statement items affected by discretionary decisions, assumptions and estimates from Amprion's perspective are shown in the following table. These are items for which there is a considerable risk that a significant adjustment to the carrying amount could result within the following financial year. In addition, further information on risks and uncertainties can be found in Notes [25], *Reporting on financial instruments*, [29], *Disclosures on capital management* and, regarding sensitivity analyses in connection with pension obligations, [20], *Provisions*.

Accounting issue/ financial statements item	Explanation under	Assumptions, estimates and judgements
Significant judgements		
Impairment of financial assets	(a)	Accounting judgement in applying an appropriate method for determining expected credit losses (incl. assumptions on the counterparty default risk)
Accounting for commodity futures as pending transactions	(b)	Accounting judgement in the application of the own use exemption in the context of the forward management of grid losses
Revenue recognition from congestion management	(c)	Accounting judgement regarding the timing of revenue recognition from congestion management
Significant assumptions and estimates		
Calculation of the present value of the defined benefit pension obligation and personnel provisions	(d)	Determination of actuarial assumptions (financial, demographic)
Lease contracts – measurement of right-of-use assets and lease liabilities: estimation of the lease interest rate	(e)	Estimates of the term-equivalent incremental borrowing rate used to capitalise future lease payments
Recognition and measurement of tax refund claims, tax liabilities and deferred taxes as well as uncertainties over income tax treatment	(f)	Estimates in connection with the accounting of tax refund claims, the accounting of tax liabilities and the assessment of temporary differences between items in the IFRS financial statements and their tax base (formation of deferred tax assets and liabilities) and in the event of uncertainties regarding the income tax treatment of transactions and circumstances
Accrual of expenses and liabilities from system services and grid operation	(g)	Estimates of compensation costs to be recognised as expenses and liabilities from system services and transmission volumes within the scope of grid operation
Accrual of revenues	(h)	Estimates of variable charges or transaction price components

The aforementioned judgements, forward-looking assumptions and estimation uncertainties made as at the reporting date are briefly explained below.

(a) Impairment of financial assets

To determine the impairment of financial assets, the default risk of the respective counterparty has to be determined. To calculate this risk and to quantify the related expected credit losses on financial receivables as well as on cash at banks and cash investments, the Group uses its accounting judgement with regard to the valuation approach applied here. For this purpose, the Group uses credit ratings from credit agencies and external credit ratings from established rating agencies to derive customer- and bank-specific probabilities of default.

Alternatively, the expected credit losses on trade receivables could have been quantified using a provision matrix, for example. However, the Group has decided to use external credit ratings and external bank ratings because established credit agencies and rating agencies usually base their external ratings on information that reflects the current company and market situation or industry situation and also – as required by IFRS 9 – includes forward-looking information.

Further information on the expected credit loss model can be found in the corresponding Notes on financial instruments in the section *Accounting policies – significant accounting policies*.

(b) Accounting for commodity futures as pending transactions

As part of its grid loss management, the Group procures the electricity required to compensate for grid losses via over-the-counter (OTC) transactions by means of public tenders. Long-term procurement is provided on the basis of physically settled commodity futures (forward purchase of electricity). In this respect, a decision must be made as to whether the corresponding forward transactions are to be accounted for as derivatives in accordance with IFRS 9 or as pending transactions in accordance with the provisions of IAS 37 under the *own use exemption*. Regarding this long-term component of its grid loss management, the Group only enters forward or electricity supply transactions with purely physical delivery. These forward transactions serve exclusively to cover grid losses that inevitably occur in transmission system operations. Against this background, the Group considers the application requirements of the own use exception to be fully met and accounts for the forward transactions concluded as pending legal transactions in accordance with IAS 37.

(c) Revenue recognition from congestion management

Capacity bottlenecks exist at Germany's borders with various countries which, under EU law, require the auctioning of cross-border transmission capacity as part of a market-based, transparent and non-discriminatory congestion management procedure. Accordingly, daily, monthly and annual auctions are held at the German external borders for the allocation of transmission rights. The Group generates revenue from these auctions, which are subject to restrictions on use in accordance with EU law.

On this basis, the Group has decided, in accordance with the provisions of IFRS 15, to recognise revenue over the period in which it satisfies its performance obligation to the service recipient by providing the auctioned transmission capacity. This is the period over which the Group makes the auctioned transmission capacity available to the entitled party and thus transfers the service to the holder of the transmission right. The additional restriction on use represents a public-law obligation of the Group that exists independently of the performance obligation to the holder of the auctioned transmission right and to this extent does not affect the timing and amount of the revenue recognition (for the scope of restricted funds see Note [30], *Contractual guarantees, contingent liabilities and other financial obligations*).

(d) Calculation of the present value of the defined benefit pension obligation and personnel provisions

The expenses for defined benefit pension plans and the present value of the pension obligation are determined using an actuarial valuation method based on various actuarial assumptions. The same applies conceptually to various personnel provisions (partial retirement and anniversary obligations, long-term working time accounts and provisions for vacation entitlements). These assumptions include, among others, the interest rates used for discounting and compounding the pension obligation and personnel provisions, future salary and wage trends, the assumed mortality rate as well as future pension trends. The estimated parameters will regularly deviate from their actual future development. As pension obligations in particular qualify as a very complex and very long-term obligation to be valued, the defined benefit obligation reacts very sensitively to changes in actuarial assumptions. This applies specifically to the pension interest rate, which the Group determines using the "RATE-Link" method. Further details on personnel provisions and defined benefit pension obligations as well as their sensitivity to changes in actuarial assumptions can be found in Note [20], *Provisions*.

**(e) Lease contracts – measurement of right-of-use assets and lease liabilities:
estimation of the lease interest rate**

For the initial measurement of the right-of-use asset and the lease liability as well as subsequent measurement of the lease liability, the lessor's interest rate implicit in the lease should be determined. As the Group is unable to determine the lessor's interest rate, it draws on its estimated incremental borrowing rate instead. This is the interest rate that the Group would have to pay to finance an asset comparable to the right-of-use asset in an economic environment similar to that of the lease in terms of risk and maturity. The Group estimates the incremental borrowing rate using observable input factors (term-equivalent risk-free base rate) and expert estimates (risk premium on the base rate). In addition, observable market yields of maturity-equivalent listed bonds of the same rating category are used for validation purposes, if available.

**(f) Recognition and measurement of tax refund claims, tax liabilities and
deferred taxes as well as uncertainties over income tax treatments**

The capitalisation of tax refund claims, the recognition of tax liabilities and the determination of temporary differences between items in the IFRS financial statements and their tax base require estimates. For example, for recognising tax assets and tax liabilities, it must be *probable* that the forecasted payments will be received.

Deferred tax assets and liabilities are generally recognised when there are temporary differences between the tax base and the IFRS carrying amounts of items in the financial statements. The recognition of deferred tax assets is subject to the additional condition that the future tax benefits will be realised with sufficient probability or that corresponding deferred tax liabilities exist that offer a corresponding offsetting potential. Furthermore, the valuation of deferred tax assets that can be capitalised require estimates of the timing and the amount of the expected taxable income.

IFRIC 23 serves to clarify the accounting treatment under IAS 12 when there is uncertainty as to how tax law is to be applied to a particular transaction or circumstance and whether the responsible tax authority will accept the company's tax treatment under tax law. In case of existing uncertainties about an income tax treatment that the Group has used or intends to use in its income tax filings, the Group must assess whether it is probable or not probable that the tax authority will accept the uncertain tax treatment. In the latter case, the effects of the existing uncertainty on current and deferred taxes must be estimated using an appropriate method, whereby consistent judgements must be made for both types of taxes. If relevant facts and circumstances change in this regard or new relevant information becomes known, the necessary estimates and judgements must be reviewed and adjusted if necessary.

(g) Accrual of expenses and liabilities from system services and grid operation

In connection with the system services provided by the Group (see Note [1] *Group Revenue*), which comprise the measures taken by the Group to stabilise or secure the energy balance in the electricity grid, the associated expenses (balancing costs) must be recognised as a liability on an accrual basis as at the reporting date. To determine the amount of these balancing costs to be accrued in the balance sheet, they need be estimated as at the reporting date. The existing uncertainty results, in particular, from the total costs across control areas, which are not yet known, as well as from quantities not yet agreed with business partners as at the reporting date. Furthermore, in the course of normal grid operations, there are uncertainties regarding the actual volumes passed through in the most recent billing month, which are therefore also estimated as at the reporting date.

(h) Accrual of revenues

Accruals of revenues are mainly related to income from balancing group billing and grid charges for which the Group has already fulfilled its performance obligations. Uncertainties in this regard are usually caused by quantities that have not yet been agreed with business partners as at the reporting date and which therefore have to be estimated. The variability of the transaction price results directly from the uncertainty of the expenses incurred while providing the service. Thus, on the respective reporting date, the Group must first estimate the expenses incurred while fulfilling its performance obligation (see (g), *Accrual of expenses and liabilities from system services and grid operation*), which are then accrued as revenue on an accrual basis as a result of the compensation claim of the Group arising directly therefrom. By recognising revenue, the Group neutralises the expenses it incurs resulting from fulfilling its performance obligation as at the reporting date, based on the Group's direct legal claim to reimbursement of these costs.

CHANGES TO ACCOUNTING POLICIES

First-time application of amended IFRS accounting standards and IFRS IC interpretations

The IASB had issued amendments to existing IFRS/IAS, which the Group had to apply for the first time for its financial year ending 31 December 2023 following their adoption into European law. This concerns the following IFRS/IAS amendments:

- Amendments to IAS 12 *"Income taxes: International Tax Reform – Pillar Two Model Rules"* (2023)
- Amendments to IFRS 17 *"Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"* (2021)
- Amendments to IAS 12 *"Income Taxes: Deferred Tax related Assets and Liabilities arising from a Single Transaction"* (2021)
- Amendments to IAS 1 *"Presentation of Financial Statements"* and *"IFRS Practice Statement 2: Disclosure of Accounting Policies"* (2021)
- Amendments to IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates"* (2021)
- IFRS 17 *"Insurance Contracts"* (2017) including Amendments to IFRS 17 (2020)

These regulations, which are mandatory for the first time for the 2023 financial year, had no material effect on the Group's consolidated financial statements as at the reporting date.

Amendments to IAS 12 *"Income taxes: International Tax Reform – Pillar Two Model Rules"* (2023):

Amprion GmbH falls within the scope of the OECD model regulations of Pillar 2. Germany published the law implementing Council Directive (EU) 2022/2523 to ensure global minimum taxation and other accompanying measures (Minimum Tax Act; MinStG) of 21 December 2023 in the German Federal Law Gazette on 27 December 2023, meaning that the local implementing legislation for global minimum taxation came into force with effect from 1 January 2024. According to this law, the group parent company (headquartered in Germany) must in future pay a top-up tax in Germany on the profits of all its subsidiaries if these are taxed at an effective tax rate of less than 15%.

Amprion GmbH has analysed the potential impact. As all group companies are located exclusively in Germany (reference tax jurisdiction within the meaning of Section 83 (3) MinStG) and the company has no foreign permanent establishments, a five-year transitional regulation applies to the Group as a result of its immaterial international activities (Section 83 MinStG). As a result, the Group is exempt from the minimum tax (Section 2 MinStG) for the first five years. In addition, the amendment to IAS 12 *"Income taxes: International Tax Reform – Pillar Two Model Rules"* (2023) introduced a temporary exemption for deferred taxes in connection with income taxes from the German Minimum Tax Act (MinStG), which the

Group applied for the first time in the reporting year. Accordingly, the recognition, measurement and disclosure of information on deferred tax assets and liabilities in connection with supplementary taxes under the Pillar 2 minimum taxation regime are excluded from the scope of IAS 12. Taking into account the aforementioned exemption and the impact analysis, the German implementation of the new regulations therefore has no impact on the Group as at 31 December 2023.

Amendments to IAS 12 “Income Taxes: Deferred Tax related Assets and Liabilities arising from a Single Transaction” (2021):

The amendments to IAS 12 *“Income Taxes: Deferred Tax-related Assets and Liabilities arising from a Single Transaction”* have the following effect only on the Group’s disclosure requirements in the Notes:

The amendments to IAS 12 restrict the scope of the initial recognition exemption according to IAS 12.15(b) and 12.24, which was valid up to and including the 2022 financial year. Accordingly, the exemption provision existing until 2022 no longer applies to transactions in which both deductible and taxable temporary differences arise in the course of the initial simultaneous recognition of assets and liabilities. Going forward, resulting deferred tax assets and liabilities will have to be recognised in full on a gross basis. In terms of the Group’s current accounting practice, this new regulation relates to contracts that are to be recognised as lease contracts under IFRS 16. In accordance with the “integrally-linked” approach, the Group has so far recognised deferred taxes on the differences resulting from the different (subsequent) measurement of right-of-use assets and corresponding lease liabilities on a net basis. The change in accounting, which is relevant for the first time for the 2023 financial year, does not result in any differences for the Group in terms of the balance sheet and earnings compared to the accounting applied until 2022 due to the net recognition of deferred tax assets and liabilities in the balance sheet as a result of the existing tax group. Accordingly, the first-time application of the new regulation does not result in any cumulative effects as adjustment to the opening balance sheet value of retained earnings or other equity components. However, the gross values of the deferred tax asset and the deferred tax liability in connection with the initial recognition and subsequent measurement of lease liabilities and right-of-use assets under the new approach are presented retrospectively for the first time as part of the corresponding disclosures in Note [23], *Deferred taxes*.

Effects of IFRS accounting standards and IFRS IC interpretations published but not yet mandatory as at the reporting date

At the time the consolidated financial statements were prepared, the following new IFRS standards and amendments to IFRS standards had been approved by the IASB and adopted into EU law but were not yet mandatory for the reporting year.

The Group has not early-adopted any new or amended standards of the IASB or interpretations of the IFRS IC that have been published but are not yet effective as at the reporting date. It will apply these amended standards from the time of their mandatory entry into force, provided that they are relevant to the Group in terms of content.

New or amended IFRS/IAS standards of the IASB and interpretations of the IFRS IC	Time of mandatory application
Amendments to IAS 1 " <i>Presentation of Financial Statements</i> ": • " <i>Non-current Liabilities with Covenants</i> " (2022) • " <i>Classification of Liabilities as Current or Non-current</i> " (2020) • " <i>Classification of Liabilities as Current or Non-current – Deferral of Effective date</i> " (2020)	1 January 2024
Amendments to IFRS 16 " <i>Leases: Lease Liability in a Sale and Leaseback</i> " (2022)	1 January 2024

According to current estimates and taking into account the current business activities and situation of the Amprion Group, the aforementioned amendments to IFRS/IAS standards that are not yet mandatory in the reporting year will not have any impact on Amprion's IFRS consolidated financial statements in the future.

In addition, the following amendments to IFRS standards have already been adopted by the IASB, although at the time of preparation of the consolidated financial statements they had not yet been endorsed by the EU for mandatory future application.

New or amended IFRS/IAS standards of the IASB and interpretations of the IFRS IC (at the time of preparation of the consolidated financial state- ments not yet adopted into EU law)	Time of mandatory application (subject to adoption into EU law)
Amendments to IAS 21 <i>"The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"</i> (2023)	1 January 2025
Amendments to IAS 7 <i>"Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"</i> (2023)	1 January 2024

According to current estimates, and considering the current business activities and situation of Amprion Group, the above-mentioned amendments to IFRS/IAS standards will not have any future impact on the Group's IFRS consolidated financial statements.

NOTES TO THE AMPRION GROUP'S CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED BALANCE SHEET AND CONSOLIDATED CASH FLOW STATEMENT

[1] Group Revenue

Breakdown of revenues

The table below shows the total amount of consolidated Group revenue from contracts with customers broken down by revenue source and timing of revenue recognition, as well as the total of miscellaneous revenues. Moreover, Group revenue is reconciled to the amounts presented in the segment reporting (Note [26], *Segment reporting*):

Breakdown of revenues

Financial year ended 31 December 2023

in € million	Segments		Other/ consolidation	Total consolidated
	Transmission system operation	Offshore grid connections		
Revenue from grid fees and grid connection	3,076.1	0.0	0.0	3,076.1
Revenue from system services	1,151.1	0.0	0.0	1,151.1
Revenue from offshore grid business	53.9	0.0	0.0	53.9
Other revenues	80.5	2.5	0.0	83.0
Inter-segment revenue	56.4	54.6	-111.1	0.0
Total revenue from contracts with customers	4,418.0	57.2	-111.1	4,364.1
<i>of which control is transferred to a customer at a point in time</i>	<i>105.5</i>	<i>0.0</i>	<i>0.0</i>	<i>105.5</i>
<i>of which control is transferred to a customer over time</i>	<i>4,312.4</i>	<i>57.2</i>	<i>-111.1</i>	<i>4,258.5</i>
Miscellaneous revenues	465.3	0.0	0.0	465.3
Total revenue	4,883.3	57.2	-111.1	4,829.4

Breakdown of revenues

Financial year ended 31 December 2022

in € million	Segments			Total consolidated
	Transmission system operation	Offshore grid connections	Other/consolidation	
Revenue from grid fees and grid connection	2,120.3	0.0	0.0	2,120.3
Revenue from system services	857.2	0.0	0.0	857.2
Revenue from offshore grid business	3.3	0.0	0.0	3.3
Other revenues	73.3	0.0	0.0	73.3
Inter-segment revenue	36.5	3.6	-40.2	0.0
Total revenue from contracts with customers	3,090.7	3.6	-40.2	3,054.2
<i>of which control is transferred to a customer at a point in time</i>	<i>172.3</i>	<i>0.0</i>	<i>0.0</i>	<i>172.3</i>
<i>of which control is transferred to a customer over time</i>	<i>2,918.4</i>	<i>3.6</i>	<i>-40.2</i>	<i>2,881.9</i>
Miscellaneous revenues	458.5	0.0	0.0	458.5
Total revenue	3,549.2	3.6	-40.2	3,512.6

The significant year-on-year increase in sales revenue by a total of €1,316.8 million to €4,829.4 million (+ 37.5%) is mainly due to the €955.8 million increase in revenue from grid fees. This increase resulted, in particular, from the first-time receipt of a subsidy of €950.8 million to the transmission system operators in accordance with Section 24b (1) **EnWG** for the pro rata financing of the transmission system costs for 2023. In addition, revenue from system services increased by €293.8 million, in particular as a result of higher revenue from redispatch measures and control energy.

The main types of contracts, performance obligations, transaction price determinations and revenue recognition methods are briefly outlined below.

REVENUE FROM GRID FEES AND GRID CONNECTION

The Group realises most of its revenue from electricity transmission by making the transmission system available to customers. Customers include regional distribution network operators, power plant operators and industrial firms. Amprion's main performance obligation with regard to grid usage consists in the provision of the electricity transmission system infrastructure and the associated possibility to transmit electricity at any time. The performance obligation and corresponding entitlement to consideration are based on standardised contracts and regulatory tariffs defined under German law and monitored by the regulator (**Federal Network Agency** – BNetzA). As Amprion provides its transmission services on a continuous basis and the benefit is consumed at the same time by customers as the service is provided, the Group recognises the corresponding revenue over time.

To stabilise grid fees and thus relieve the burden on grid customers, the transmission grid costs for the calendar year 2023, which are generally to be covered by the grid usage fees, were financed partially by a subsidy to the transmission system operators in accordance with Section 24b (1) **EnWG**. In accordance with Section 24b (3) EnWG, this federal subsidy was deducted from the total amount of the revenue caps included in the calculation of the standardised federal transmission grid fees and used to reduce the grid fees accordingly. From an economic perspective, the amounts collected as a federal subsidy therefore represent part of the transaction price received for the transmission service and, in this respect, part of the total grid utilisation fee to be claimed. This is in line with the provisions of IFRS 15.47, according to which the transaction price for the provision of services from contracts with customers may also include amounts that the Group receives from third parties. As a result of the continuous provision of its transmission service described above, the Group recognises the federal subsidy received for the 2023 financial year as revenue over time.

Agreements with customers to connect them to Amprion's transmission system form part of the grid usage contract. At the customer's request, the Group provides a physical interface to the transmission system for which the customer pays a fee contribution for the network connection (connection cost contribution, German abbreviation "AKB") and/or bears part of the investment cost for constructing, expanding and/or reinforcing the supply systems as necessary (construction cost contribution, German abbreviation "BKZ"). Even though this does not transfer control of the asset, the customer receives the right to direct access to the transmission system, which represents an economic benefit for the customer. The Group thus receives compensation in the form of non-refundable contributions made by the customer.

Since network usage and network access are inseparably linked as customers conclude a network usage contract simultaneously with receiving network access rights, granting network access and providing network usage do not represent separate performance obligations. Accordingly, this constitutes a single performance obligation. As customers receive the associated benefits at the same time as the service is provided, the corresponding revenues are recognised over time. Accordingly, the advance payments received are initially recognised as deferred income as a performance or contract liability. As the contracts with customers are concluded for an indefinite period of time, the revenue associated with BKZ or AKB is recognised pro rata temporis over the useful life of the related asset.

REVENUE FROM SYSTEM SERVICES (MEASURES TO MAINTAIN ENERGY BALANCE)

As a transmission system operator, Amprion is obliged to take the necessary measures to keep electricity feed-ins (supply) and electricity consumption (demand) in balance at all times, thus ensuring a secure supply of electricity. This requires keeping the frequency, voltage and power load in the electricity transmission system within specific limits at any time.

To fulfil its obligation to stabilise the grid and ensure energy balance at all times, ongoing corrective measures are required by means of various system services provided by Amprion:

- *Compensation for frequency stabilisation measures (balancing energy):* In principle, balancing group managers, who are financially responsible for balancing the supply and demand for electricity of the grid connections in their portfolios, have to jointly ensure a stable frequency in the transmission system. This involves keeping their responsible balancing groups (virtual energy volume accounts for electricity) in balance. If an imbalance nevertheless occurs, Amprion is responsible for stabilising the transmission system frequency and charges the balancing group manager for the costs incurred. The exchange of services is based on standardised balancing group contracts between Amprion and the balancing group managers. As Amprion's primary performance obligation is to continuously stabilise and secure the energy balance and to provide corresponding balancing services reliably on a permanent and continuous basis, revenue is generally recognised over time in the amount of the costs incurred by the Group for the measures taken in this regard.

- **Compensation for voltage support measures:** In addition to power frequency, power voltage also has to be kept within a specific technical range. To avoid voltage dips, Amprion has to take measures for the compensation of grid losses (loss energy) and to compensate for reactive power. The Group provides these services on an ongoing basis, thus satisfying the corresponding performance obligations over time. Accordingly, the corresponding revenues, derived from the costs of the measures taken, are also realised over the contractual service period.
- **Compensation for grid congestion management measures:** Grid congestion management is the practice of taking measures to avoid foreseeable, potential or existing grid congestion by geographically shifting electricity production as instructed by Amprion (redispatch). In addition, in the course of feed-in management, Amprion can, for example, shut down the power feed-in from renewable energy systems if sections of the transmission system are overloaded, risking grid stability. Amprion has to make compensation payments to the power generation plant operators affected by such measures, for which the Group is, in turn, compensated. Since Amprion's performance obligation is to maintain energy balance continuously at all times, revenue is recognised over time.
- **Compensation for reserve capacity:** To maintain the energy balance, Amprion enters into contracts that ensure the availability of reserve capacity to the Group at all times. The Group is compensated for the costs of contracting these reserve power plants. As the maintenance of the energy balance is provided on a continuous basis, revenue is recognised over time.

REVENUE FROM OFFSHORE GRID BUSINESS (OFFSHORE GRID LEVY)

Revenues from the offshore grid levy, which is billed as a surcharge on top of grid charges, compensate the transmission system operator for construction-related grid connection costs and for costs of operating the offshore grid connection. This levy also covers costs resulting from disruptions or delays affecting the connection to offshore wind farms. The underlying contracts and tariffs are determined via the regulatory mechanism.

OTHER REVENUES

- *Contractual services for third parties (construction of shared lines):* The Group realises revenue from the construction of shared lines used jointly by Amprion and the contracting party upon completion. These shared lines are fractionally owned by the respective parties. The purpose for constructing shared lines is to minimise the negative impact on people and the environment. In addition, within the framework of corresponding agreements, a contractually defined section of the constructed shared line becomes the sole property of the customer. An unconditional payment claim arises through transfer of the completed shared line into the customer's ownership upon successful acceptance by the customer as defect-free. Since the customer receives benefit from the construction work on an ongoing basis as the line is progressively completed, Amprion's performance obligation is satisfied over time. The customer reimburses the Group for the associated construction costs without a profit mark-up. Completion progress is measured on an input-basis according to costs actually incurred relative to the total estimated cost (cost-to-cost method). Thus, the Group recognises revenue in the amount of costs actually incurred and billable to the customer within the respective reporting period.
- *Revenue from sales of inventory assets:* Occasionally, the Group sells inventory assets no longer required to external third parties. Corresponding revenue is realised at the point in time when goods sold are transferred to the customer.

INTER-SEGMENT REVENUE

Inter-segment revenue results from intra-group business relationships between Amprion GmbH and Amprion Offshore GmbH. These relate to transactions under the construction and usage agreement and the operating agreement concluded between the two companies. For details, please refer to Note [31], *Related party disclosures – transactions with related-party companies*.

MISCELLANEOUS REVENUES

The item *miscellaneous revenues* includes income from ordinary business activities of the Group which do not fall within the scope of IFRS 15 and are therefore not revenues from contracts with customers. This mainly relates to contractual agreements classified as operating leases, which the Group has contracted as lessor (Note [10], *Leases*), as well as revenue from cross-border congestion management (congestion revenue).

Congestion revenues are related to cross-border capacity bottlenecks at the national borders between Germany and certain neighbouring countries. Transmission system operators are obliged under EU law to auction the limited cross-border transmission capacity across the various national borders via a market-based mechanism. Amprion recognises revenue from auction sales over time, as the performance obligation is satisfied over the period in which the auctioned transmission capacity is made available to the purchaser.

Revenue from outstanding performance obligations and fulfilled contract liabilities

As at 31 December 2023, current and non-current contract liabilities totalled €70.5 million (31 December 2022: €67.2 million), resulting, foremost, from (partially) unfulfilled performance obligations to customers connected with construction cost contributions (BKZ) and connection cost contributions (AKB) (see Note [22], *Non-financial liabilities*). These items relate to non-refundable advance payments from customers that are deferred and released to income over remaining terms of three months to 33 years starting from the reporting date (previous year: six months to 33 years). In relation to the opening balance of BKZ and AKB of €48.2 million (previous year: €48.6 million) recognised as at 1 January 2023, €2.3 million was realised as revenue in the reporting year (previous year: €2.5 million).

The contract liabilities reported under non-financial liabilities essentially correspond to the total estimated revenue from existing performance obligations partially or wholly unfulfilled as at 31 December 2023. A large amount of these unsatisfied performance obligations concerns contract liabilities for BKZ and AKB contributions reported under non-current non-financial liabilities. The majority of these will fall due in the long term due to the expected long release periods. Within the next financial year, revenues of €2.1 million (previous year: €2.2 million) are expected from this matter. Revenue from satisfied performance obligations with an original term of one year or less is not included here. Similarly, expected revenue in connection with performance obligations from (framework) contracts concluded with customers for an indefinite period of time is not taken into account.

The Group recognises receivables upon fulfilling its performance obligation or upon completion of the underlying performance period, as it receives an unconditional legal claim to the agreed consideration at this point in time at the latest. For details on the receivables recognised, please refer to Note [14], *Trade receivables and other receivables*.

In the reporting period, €379.9 million (previous year: €70.8 million) was recognised as revenue for performance obligations that were fully or partially fulfilled in previous periods. As at 31 December 2023, of this total amount of aperiodic revenue, €26.1 million resulted from grid charges and grid connection revenue (previous year: €21.0 million). The remaining €353.8 million resulted from system service revenue (previous year: €49.8 million). The increase compared to the previous year is mainly due to revenue from redispatch and balancing group settlement as well as settlement between the transmission system operators (inter-TSO settlement).

[2] Other operating income

Other operating income

in € million	2023	2022
Income from disposal of non-current assets	2.0	8.0
Miscellaneous	15.3	1.8
Total	17.3	9.8

Miscellaneous other operating income mainly includes non-periodic income.

[3] Cost of materials

Cost of materials

in € million	2023	2022
Grid usage expenses	432.3	350.2
System services	2,112.8	2,409.6
Purchased services	64.3	70.0
Materials and purchased goods	60.5	51.1
Other cost of materials	4.9	2.2
Total	2,675.0	2,883.1

Cost of materials from grid usage (*Grid usage expenses*) in the reporting year mainly includes the expenses from passing on the nationwide uniform federal share of grid charges collected by Amprion. The amount passed on to other TSOs (TenneT TSO GmbH) totalled €432.0 million (previous year: €349.7 million).

Cost of materials from system services principally comprise expenses from the provision of control energy and network loss compensation as well as expenses from redispatch measures, feed-in management and reserve capacity. The significant decrease in expenses for system services is primarily due to the lower expenses for redispatch and reserve capacity in the reporting year.

Cost of materials from purchased services primarily concern third-party plant operation and maintenance services.

The item *Materials and purchased goods* includes own consumption of raw materials and supplies as well as expenses from the resale of purchased goods and raw materials.

[4] Personnel expenses

Personnel expenses

in € million	2023	2022
Wages and salaries	244.5	211.1
Social security contributions	39.0	33.3
Pension expenses	26.7	52.7
Total	310.2	297.1

The 4.4% increase in personnel expenses compared to the previous year is due, in particular, to the increase in wages and salaries as a result of the ongoing increase in personnel at Amprion and last year's inflation-driven wage and salary adjustments. This increase was offset by the interest rate-driven lower service cost (pension expenses) in the reporting year.

The aforementioned growth in personnel is evident in the year-on-year change in average number of employees, shown below, which increased by 12.8% in the reporting year.

Average number of employees

Full time equivalents (FTE)	2023	2022
Senior executives	40	40
Employees not covered by collective agreements	543	460
Employees covered by collective agreements	1,967	1,761
Total	2,550	2,261

The preceding table refers to the average number of full-time equivalent employees (FTE) during the respective financial year. Part-time employees were included proportionately to their regular weekly working hours.

[5] Other operating expenses

Other operating expenses

in € million	2023	2022
Auditing, legal and consulting fees	12.8	7.1
Service expenses	82.9	72.1
Other taxes	2.2	1.7
Fees, charges, contributions	4.2	7.1
Losses from disposal of non-current assets	15.4	22.1
Miscellaneous	43.0	35.1
Total	160.4	145.3

Auditing, legal and consulting fees included under other operating expenses cover, in particular, commercial, technical and legal consulting services. For the amount and breakdown of the remuneration of the auditor included in this item, see Note [27], *Auditor fees*.

Service expenses primarily relate to IT operating and support services.

Expenses recorded for fees, charges and contributions included, among other things, membership fees for the European Transmission System Operators Association ENTSO-E, compensation payments and fees from the **Federal Network Agency**.

The lower year-on-year losses from the disposal of non-current assets mainly relate to book value losses from property exchange transactions and from the sale and scrapping of property, plant and equipment.

The item *Miscellaneous* mainly comprises expenses connected with partial retirement scheme obligations in the amount of €10.9 million and expenses for the purchase of other materials totalling €12.6 million. This item also includes travel expenses totalling €7.3 million, expenses in connection with vehicle fleet management amounting to €3.0 million and insurance expenses of €2.1 million.

[6] Depreciation and amortisation

Depreciation and amortisation

in € million	2023	2022
Amortisation of intangible assets	15.1	12.7
Depreciation of property, plant and equipment	284.8	249.8
Amortisation of right-of-use assets from leases	143.2	157.4
Total	443.1	419.9

The overall increase in depreciation and amortisation of €35.1 million or 5.5% in the reporting year compared to the previous year is due to the increase in the depreciation of property, plant and equipment in the course of the steadily progressing network expansion.

Amortisation of right-of-use assets from leases fell by €14.1 million or 9.1%, compared to the previous year. This is due to the fact that the rights of use for reserve power plants that returned to the market in the second half of 2022 were no longer recognised in the reporting year. This decrease was partially offset by the pro rata temporis amortisation of the rights of use initially recognised in the reporting year in connection with the special technical grid operating facilities, Biblis and Leipheim, which were put into operation in March and July.

Impairment losses of €5.7 million were recognised on property, plant and equipment in the reporting year in accordance with IAS 36 (previous year: €0.0 million) (see also Note [9] *Property, plant and equipment*), which are included in the depreciation line for property, plant and equipment. As in the previous year, there were no impairment losses on intangible assets and right-of-use assets from leases.

[7] Financial result

Financial income and expenses

Financial result

in € million	2023	2022
Interest and similar income	24.0	3.1
Negative interest from short-term financing	0.0	0.1
Income from investments	0.7	0.7
Total financial income	24.6	3.8
Financing interest expense	-142.5	-50.8
Capitalised borrowing costs (IAS 23)	89.8	31.2
Interest result from other provisions	-0.7	5.5
Other interest and similar expenses	-0.5	-0.7
Total financial expenses	-54.0	-14.8
Financial result [+ income/- expense]	-29.3	-10.9

Interest and similar income mainly includes current account interest on cash at banks amounting to €20.5 million (previous year: €3.1 million) and interest income from tax refund claims totalling €3.4 million (previous year: €0.0 million).

Income from investments exclusively consists of dividend income from the Group's equity interests held as financial investments, which are allocated to the measurement category of financial assets *measured at fair value through other comprehensive income* (see Note [12], *Financial investments*).

Financing interest expense consists of effective interest expense from current and non-current financial liabilities (see Note [21], *Financial liabilities*), interest expense from lease liabilities (see Note [10], *Leases*) and net interest expense from the Group's pension accounting (see Note [20], *Provisions*). The considerable increase in *financing interest expenses* in the reporting year compared to the previous year is due, in particular, to the green bonds issued in 2022 and 2023 and the significant increase in leasing interest expenses. The latter mainly resulted from lease

liabilities in connection with the special technical grid operating facilities, Biblis and Leipheim, which were commissioned in the reporting year.

Interest result from other provisions relates to the effects of compounding and changes in interest rates (see Note [20], *Provisions*).

The item *Other interest and similar expenses* mainly includes interest on overdue payments in the amount of €0.5 million (previous year: €0.7 million, including interest on back tax payments in accordance with Section 233 German Tax Code (AO)).

Financing interest expense

Breakdown of financing interest expense

in € million	2023	2022
Interest expense on promissory note loans, registered bonds, bonds, credit and syndicated loans	109.1	45.0
Interest expense from jouissance rights	2.0	1.8
Net interest income [-]/expense [+] from pension obligations	-6.2	0.4
Interest expense from lease liabilities	32.5	1.5
Other finance costs	5.1	2.1
Total	142.5	50.8

Financing interest expense includes, among others, effective total interest expense from subsequent measurement of non-current financial debt (without jouissance rights and lease liabilities) at amortised cost. The corresponding effective interest expense in the reporting year amounted to €109.0 million (previous year: €44.0 million) and resulted, in particular, from the subsequent measurement of promissory note loans, registered bonds, the long-term syndicated loan and bonds issued, applying the effective interest method mandated by IFRS 9.

[8] Income taxes

Income taxes recognised in the income statement

in € million	2023	2022
Current taxes on income [+ income/- expense]	- 67.7	- 33.2
Deferred income taxes [+ income/- expense]	- 383.8	53.1
Total [+ income/- expense]	- 451.4	19.9

Income taxes recognised in other comprehensive income

in € million	2023	2022
Deferred tax expense [-]/tax income [+] from revaluation of defined benefit pension obligation	16.0	- 59.7
Deferred tax expense [-]/tax income [+] from revaluation of plan assets	1.0	6.9
Total [+ income/- expense]	17.0	- 52.8

The significant year-on-year increase in deferred tax expenses recognised in the income statement is mainly due to the recognition of obligations from the regulatory account in accordance with Section 5 **ARegV**, which is not required under tax law but not yet permitted under IFRS.

The following reconciliation shows the relationship between the effective income taxes and the respective product of earnings before taxes and the applicable tax rate (expected income taxes) for the financial years 2023 and 2022.

Tax reconciliation

in € million	2023	2022
Earnings before taxes (EBT)	1,401.2	-80.4
Expected tax rate	31.67%	31.63%
Expected income taxes [+ income/- expense]	- 443.8	25.4
Tax effects from:		
Expenses not deductible for tax purposes	-1.5	-0.3
Trade tax add-ons/reductions	-5.2	-2.6
Taxes relating to other periods	-0.1	-1.1
Changes in tax rates	-0.8	-0.5
Other	-0.1	-1.0
Effective income taxes [+ income/- expense]	- 451.4	19.9
Effective tax rate	32.22%	24.82%

The tax rate applied to determine the expected income taxes is derived from the applicable corporate income tax rate of 15% (previous year: 15%) and the solidarity surcharge of 5.5% on the corporate income tax rate (previous year: 5.5%) as well as the average trade tax rate for the Group of 15.847% (previous year: 15.804%).

[9] Property, plant and equipment

Statement of changes in property, plant and equipment – reporting period

in € million	Land, land rights and buildings	Technical plant and machinery	Other equipment, factory and office equipment	Plants under construction and advance payments	Total
Historical cost					
Balance as at 31 December 2022	877.2	9,943.2	98.6	1,484.5	12,403.6
Additions	100.6	882.3	18.4	2,072.7	3,074.1
Disposals	-18.9	-81.1	-6.0	-4.0	-110.0
Transfers	115.7	165.8	0.3	-281.8	0.0
Balance as at 31 December 2023	1,074.5	10,910.3	111.3	3,271.5	15,367.7
Accumulated depreciation (including impairments)					
Balance as at 31 December 2022	-214.4	-4,459.8	-63.6	0.0	-4,737.8
Additions	-16.0	-257.7	-11.1	0.0	-284.8
Disposals	2.0	69.9	5.5	0.0	77.4
Transfers	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Balance as at 31 December 2023	-228.5	-4,647.6	-69.1	0.0	-4,945.2
Carrying amount as at 31 December 2023	846.1	6,262.7	42.2	3,271.5	10,422.4

Statement of changes in property, plant and equipment – previous year

in € million	Land, land rights and buildings	Technical plant and machinery	Other equipment, factory and office equipment	Plants under construction and advance payments	Total
Historical cost					
Balance as at 31 December 2021	850.6	9,242.1	89.5	903.2	11,085.4
Additions	41.7	710.1	10.6	671.6	1,434.0
Disposals	-17.6	-93.7	-1.5	-3.0	-115.8
Transfers	2.5	84.7	0.0	-87.3	0.0
Balance as at 31 December 2022	877.2	9,943.2	98.6	1,484.5	12,403.6
Accumulated depreciation					
Balance as at 31 December 2021	-202.5	-4,301.0	-56.0	0.0	-4,559.4
Additions	-13.4	-227.3	-9.0	0.0	-249.8
Disposals	1.4	68.5	1.4	0.0	71.4
Transfers	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Balance as at 31 December 2022	-214.4	-4,459.8	-63.6	0.0	-4,737.8
Carrying amount as at 31 December 2022	662.7	5,483.5	35.1	1,484.5	7,665.8

Property, plant and equipment were not used as collateral to secure debts with banks or other third parties, neither in the reporting year nor in the previous year.

The Group capitalises borrowing costs for qualifying assets relating to plants under construction, network expansion investments and corresponding advance payments. Borrowing costs capitalised during the reporting year totalled €89.8 million (previous year: €31.2 million). To calculate capitalised interest on borrowings in the reporting year, a borrowing cost rate of 2.92% was applied (previous year: 1.70%). This rate represents the weighted average cost of debt, factoring in effective interest on all non-current and current Group-external financing, such as effective interest expense from financial liabilities (see Note [7], *Financial result*; for a breakdown of financial liabilities see also [21], *Financial liabilities*), net interest expense from a recognised net pension obligation (see Note [20], *Provisions*) and effective interest expense from leases (see Note [10], *Leases*).

In the reporting year, the Group recognised disposals of property, plant and equipment from decommissioning or scrapping and sales with a net carrying amount of €31.4 million (previous year: €44.4 million). Net income/expense realised from disposals was reported on the income statement as other operating income or other operating expense (see Notes [2], *Other operating income*, and [5], *Other operating expenses*).

Impairment losses of €5.7 million (previous year: €0.0 million) were realised on property, plant and equipment in the reporting year. These relate mainly to transport damage in connection with a transformer, which is covered by insurance. As the specific amount of the insurance claim could not yet be adequately substantiated and thus legally asserted as at the reporting date, no corresponding compensation claim (receivable) was recognised.

[10] Leases

Disclosures on the Group as lessee

The Group has entered into contracts qualifying as leases according to IFRS 16 for various technical equipment assets concerning transmission system operation, land and buildings, motor vehicles as well as operating and office equipment. The table below shows the development of the carrying amount of right-of-use assets during the reporting and the comparison periods broken down by the aforementioned asset categories.

Statement of changes in right-of-use assets

in € million	Technical plant and machinery	Land and buildings	Other equipment, factory and office equipment	Total
31 December 2021	171.3	12.0	1.2	184.5
Additions	140.9	14.3	0.7	155.9
Amortisation	-150.6	-6.1	-0.7	-157.4
Disposals	-39.2	-2.5	0.0	-41.7
31 December 2022	122.4	17.8	1.2	141.3
Additions	1,160.2	10.3	2.8	1,173.4
Amortisation	-135.8	-6.3	-1.1	-143.2
Disposals	0.0	0.0	0.0	0.0
31 December 2023	1,146.9	21.7	2.9	1,171.5

The significant increase in right-of-use assets and lease liabilities in the reporting year compared to the previous year is due to the two new special grid assets, Biblis and Leipheim, which were commissioned during the reporting year to maintain short-term grid stability. The capacity created exclusively serves to stabilise the grid and therefore explicitly does not represent reserve or backup capacity.

In addition to the leases shown in the table above, the Group holds low-value leases within the meaning of IFRS 16 for IT and communications hardware.

For accounting purposes, the Group utilises the practical expedients granted by IFRS 16, optionally applicable to short-term and low-value asset leases. Accordingly, the Group does not recognise any right-of-use assets and lease liabilities, but recognises the lease payments as expenses on a straight-line basis over the lease term.

The table below shows the development of the carrying amount of the lease liabilities reported on the balance sheet under current and non-current other financial liabilities (see Note [21], *Financial liabilities*).

Change in carrying amount of lease liabilities

in € million	
31 December 2021	185.8
Additions	155.9
Disposals	- 42.0
Interest expense	1.5
Lease payments	-159.6
31 December 2022	141.5
Additions	1,173.4
Disposals	0.0
Interest expense	32.5
Lease payments	-156.7
31 December 2023	1,190.7
of which current	147.5
of which non-current	1,043.2

The following table illustrates the effects of leases entered into by Amprion as lessee on the income statement.

Lease expenses recognised in the income statement

in € million	2023	2022
Expenses from leases for low-value assets	4.3	3.9
Expenses for variable lease payments not included in the measurement of lease liabilities	8.0	2.2
Amortisation on right-of-use assets	143.2	157.4
Interest expense incurred for lease liabilities (compounding)	32.5	1.5
Total	188.0	165.0

Low-value lease assets include IT and office equipment. Variable lease payments not included in the carrying amount of the lease liability arose from a service contract concluded in the previous year.

In the cash flow statement, leases were recognised as follows:

Cash outflows from leases recognised in the cash flow statement

in € million	2023	2022
Lease payments	156.7	159.6
<i>of which redemption payments on lease liabilities</i>	<i>124.1</i>	<i>158.1</i>
<i>of which interest payments on lease liabilities</i>	<i>32.5</i>	<i>1.5</i>
Cash outflows from leases for low-value assets	4.3	3.9
Expenses for variable lease payments not included in the measurement of lease liabilities	8.0	2.2
Total	169.0	165.7

The redemption as well as the interest portion included in the lease payments are reported in the cash flow from financing activities. Expenses from low-value asset leases and variable lease payments are included in the operating cash flow.

Lease liabilities recorded under current and non-current financial liabilities had maturity profiles as follows as at the end of the reporting year and previous year, respectively, where the amounts reported reflect the nominal interest and redemption portions of the lease payments (debt service):

Maturity profiles of lease liabilities

in € million	31 Dec. 2023	31 Dec. 2022
Due in up to 1 year	192.9	71.8
Due in 1 to 2 years	155.0	48.6
Due in 2 to 3 years	149.4	10.6
Due in 3 to 4 years	144.0	5.7
Due in 4 to 5 years	143.8	1.0
Due after 5 years	645.8	12.9
Total	1,430.9	150.5

The significant year-on-year increase in future debt service payments is due to the commissioning of the two special technical grid facilities, Biblis and Leipheim, in the reporting year. These two contracts, which are to be recognised as leases in accordance with IFRS 16, each have original terms of ten years. In the previous year, the corresponding payment obligations had been recognised under other financial obligations in Note [30] *Contractual guarantees, contingent liabilities and other financial obligations*.

Some lease contracts – primarily for rented land and buildings – have limited extension and termination options which were not factored into initial measurement of the right-of-use assets and lease liabilities. The non-inclusion of these options is based on corresponding discretionary decisions of the management, according to which their exercise was not classified as sufficiently probable. In individual cases, variable lease payments linked to a consumer price index have been contractually agreed, which were included in the carrying amount of the lease liability.

The Group's obligations under its leases are secured by the lessor's ownership of the leased assets.

Future cash outflows from lease contracts that have not yet commenced because the provision date for the leased asset lies in the future are disclosed in the Notes on other Group financial obligations, see Note [30], *Contractual guarantees, contingent liabilities and other financial obligations*.

Disclosures on the Group as lessor

The Group primarily leases usage rights to electrical **substations** and overhead line pylons as well as transformers to customers as exclusive-use equipment in accordance with Section 19 (3) of the Electricity Network Charges Ordinance (StromNEV).

The Group, in its role as lessor, has classified all of its leases as operating leases, as not all material risks and rewards incidental to the ownership of the leased asset have been transferred to the lessee. Income from operating leases amounted to €48.8 million in the reporting period (previous year: €96.6 million). The year-on-year decline is due to lower income from leases of exclusive-use equipment. Income from operating leases also includes contracts for land and buildings in the amount of €1.3 million (previous year: €1.2 million), with original terms ranging between one month (previous year: one month) and 83 years (previous year: 83 years). Due to their minor significance for the economic situation of the Group, these are not reported separately under property, plant and equipment.

The following table contains the maturity profiles of outstanding undiscounted lease payments under operating leases as at the reporting date and previous year's reporting date, taking into account the best estimate of the lease terms.

Maturity profiles of nominal lease payments from operating leases

in € million	31 Dec. 2023	31 Dec. 2022
Due in up to 1 year	47.2	91.6
Due in 1 to 2 years	28.2	25.8
Due in 2 to 3 years	26.1	23.8
Due in 3 to 4 years	24.5	0.4
Due in 4 to 5 years	24.5	0.4
Due after 5 years	69.6	15.1
Total	220.0	157.2

The year-on-year decrease in short-term outstanding lease payments "Due in up to 1 year" is mainly due to the reduction in payments for exclusive-use equipment due to a change in the customer's voltage level.

The increase in lease payments "Due in 3 to 4 years" and in the subsequent due periods compared to the previous period is a result of a co-utilisation agreement for Amprion's infrastructure facilities, which was newly concluded in the reporting period.

[11] Intangible assets**Statement of changes in intangible assets – reporting period**

in € million	Rights, licences and patents	Acquired software	Self-developed software	Advance payments	Total
Historical cost					
Balance as at 31 December 2022	2.8	89.3	3.9	12.7	108.7
Additions	0.0	16.7	0.2	5.0	21.9
Disposals	0.0	-0.6	0.0	0.0	-0.6
Transfers	0.0	6.9	0.0	-6.9	0.0
Balance as at 31 December 2023	2.8	112.3	4.1	10.8	130.0
Accumulated depreciation					
Balance as at 31 December 2022	-2.7	-62.5	-2.6	0.0	-67.7
Additions	0.0	-14.7	-0.4	0.0	-15.1
Disposals	0.0	0.4	0.0	0.0	0.4
Transfers	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Balance as at 31 December 2023	-2.7	-76.8	-2.9	0.0	-82.4
Carrying amount as at 31 December 2023	0.1	35.6	1.2	10.8	47.6

Statement of changes in intangible assets – previous period

in € million	Rights, licences and patents	Acquired software	Self-developed software	Advance payments	Total
Historical cost					
Balance as at 31 December 2021	2.8	75.3	3.5	10.5	92.1
Additions	0.0	14.1	0.3	3.8	18.2
Disposals	0.0	0.0	0.0	-1.6	-1.6
Transfers	0.0	0.0	0.0	0.0	0.0
Balance as at 31 December 2022	2.8	89.3	3.9	12.7	108.7
Accumulated depreciation					
Balance as at 31 December 2021	-2.7	-50.2	-2.1	0.0	-55.0
Additions	0.0	-12.2	-0.4	0.0	-12.7
Disposals	0.0	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Balance as at 31 December 2022	-2.7	-62.5	-2.6	0.0	-67.7
Carrying amount as at 31 December 2022	0.1	26.9	1.3	12.7	41.0

Research and development expenses for the financial year 2023, excluding the immaterial development expenses recognised as self-developed software under *additions*, in the statement of changes in intangibles assets totalled €4.4 million (previous year: €4.9 million). The IFRS criteria for capitalisation of development costs were not met for the latter.

[12] Financial assets

In the reporting period and in the previous year, financial assets included exclusively minority interests in other companies, as well as an insignificant amount of long-term loans (employee loans).

Financial assets

in € million	31 Dec. 2023	31 Dec. 2022
Equity stakes held as financial investments (<20% equity share)	5.2	5.2
Loans	0.0	0.0
Total	5.2	5.3

All equity interests in other companies held as financial investment are *measured at fair value through other comprehensive income*. The Group carries loans *measured at amortised cost*.

The table below provides an overview of the minority interests the Group holds in other companies. The Group had no ability to exercise significant influence over these companies or control them jointly with other partner companies. These non-controlling interests are instead held as strategic investments. Thus, the Group irrevocably classifies these as equity instruments *measured at fair value through other comprehensive income*.

Carrying amounts of equity stakes held as financial investments

in € million	31 Dec. 2023	31 Dec. 2022
Equity stake in Joint Allocation Office SA (JAO), Luxembourg/Luxembourg	0.1	0.1
Equity share/shareholding	4.0%	4.0%
Equity stake in TSCNET Services GmbH, Munich/Germany	0.4	0.4
Equity share/shareholding	6.3%	6.3%
Equity stake in H.G.R.T. SAS, Paris/France	4.8	4.8
Equity share/shareholding	5.0%	5.0%
Total	5.2	5.2

Equity and net income of equity stakes held as financial investments*

in € million	31 Dec. 2023**		31 Dec. 2022***	
	Equity	Net income	Equity	Net income
Joint Allocation Office SA (JAO)	7.4	0.3	7.1	0.3
TSCNET Services GmbH	10.6	0.9	8.2	0.7
H.G.R.T. SAS	91.3	12.9	91.4	10.9

* The equity and net income figures of the investment portfolio companies for financial year 2023 were not available at the time of preparation of the consolidated financial statements.

** Equity and net income for financial year 2022.

*** Equity and net income for financial year 2021.

Equity interests held as financial investments are exclusively shares in unlisted companies, for which reason there are no price quotations in an active market (level 1 of the fair value hierarchy). The necessary input parameters being unavailable, fair value could not be reliably estimated, neither on the reporting date nor in the previous year, applying an appropriate measurement technique. Equity interests held as financial investments are thus carried at acquisition cost until new price information is available indicating that the fair value is higher or lower. Such price information may, for example, become available from recent transactions of the shares in the investee.

In the 2023 financial year, the Group reported dividends from these investments totalling €0.7 million (previous year: €0.7 million) as financial income in the consolidated income statement (Note [7], *Financial result*).

[13] Inventories

Inventories

in € million	31 Dec. 2023	31 Dec. 2022
Raw materials and supplies	86.6	70.1
Total	86.6	70.1

In the reporting period and in the previous year, inventory assets consisted exclusively of raw materials and supplies.

Inventory assets are carried at the lower of acquisition cost or net realisable value as at the reporting date. Impairments of €4.0 million were recorded on these assets in the reporting period (previous year: €0.2 million).

In the reporting period, €110.5 million (previous year: €69.4 million) was recognised in the cost of materials from the operational consumption of inventory assets.

[14] Trade receivables and other receivables

Trade receivables and other receivables

in € million	31 Dec. 2023	31 Dec. 2022
Trade receivables – grid (incl. KWKG)	439.9	387.4
Trade receivables – EEG	18.1	38.4
Trade receivables – other	0.1	0.1
Receivables from companies in which an equity stake is held	0.4	0.8
Unbilled services	409.3	371.7
<i>of which from grid business (incl. KWKG)</i>	402.9	352.5
<i>of which from EEG business</i>	6.4	19.2
Trade receivables	867.8	798.3
Other receivables from levies	0.4	13.0
Other tax receivables	67.9	35.3
Other receivables	68.3	48.3
Total	936.1	846.6

As at 31 December 2023, current trade receivables totalled €812.5 million (previous year: €798.2 million) while non-current trade receivables came to €55.4 million (previous year: €0.1 million). The increase in non-current trade receivables is due to the Group's claims from the KWKG compensation mechanism and the offshore grid fee.

As at the reporting date, current other receivables totalled €68.3 million (previous year: €48.3 million) while non-current other receivables came to €0.0 million (previous year: €0.0 million).

The customary payment due period for billed grid charges and balancing group billing are ten working days or 14 calendar days from invoice receipt. Deviating from the above, however, the payment due period for the various levies varies from case to case between one day (daily clearing bank transfer of EEG marketing revenue) up to an invoice due date for corresponding annual invoices in year t+2 (value date 30 June). The payment due deadline for most levies is the 15th of the following month, based on the respective month of supply.

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

In the reporting year, loss allowances for expected credit losses of €0.5 million on trade receivables and other receivables recognised in the balance sheet under risk provisions were released to income (previous year: €0.3 million released to income). See Note [25], *Reporting on financial instruments* regarding default risks, write-downs and changes in expected loss provisioning for expected credit losses on trade receivables and other receivables.

[15] Other financial assets

Other financial assets

in € million	31 Dec. 2023	31 Dec. 2022
Contract assets	7.4	11.3
Receivables from margin requirements (initial margins) and collaterals	21.0	11.2
Loans	0.0	0.0
Other	1.2	0.5
Total	29.6	23.0

Contract assets were recognised on commissioned work for external third parties, primarily concerning the construction of (shared) lines that become the sole or partial property of the customer upon completion (fractional ownership).

Receivables from margin requirements and collaterals stemmed primarily from transactions on the spot market of the electricity exchange (EPEX Spot), which the Group has to back with collateral in the form of initial margin payments. The exchange is only allowed to claim this collateral if the Group fails to meet its payment obligations from transactions on the relevant exchanges. Of the receivables from margin payments, €3.0 million is attributable to the grid business (previous year: €7.6 million) and €18.0 million (previous year: €3.6 million) to the EEG business.

The line item *loans* covers the short-term portion of loans to Group employees.

[16] Income tax claims and liabilities

Income tax claims

in € million	31 Dec. 2023	31 Dec. 2022
Corporate tax refund claim (incl. solidarity surcharge)	33.6	42.9
Trade tax refund claim	14.1	39.0
Other tax refund claims	2.0	0.1
Total	49.7	82.0

Due to advance tax payments made in the reporting year, the Group had a corporation tax refund claim (including solidarity surcharge) of €13.9 million for 2023 (previous year for 2022: €19.7 million including solidarity surcharge). Trade tax arrears obligations amounted to €6.0 million (previous year for 2022: €16.0 million trade tax refund claim).

Final assessments from tax authorities for previous-year periods were still outstanding in the reporting year, leading to a corporation tax refund claim (including solidarity surcharge) of €19.7 million (previous year: €23.2 million) and a trade tax refund claim of €14.1 million (previous year: €23.0 million).

Due to the trade tax arrears payment obligation for 2023 in the amount of €6.0 million as well as trade tax and corporation tax arrears payment obligations from previous years in the amount of €1.0 million (trade tax) and €9.8 million (corporation tax including solidarity surcharge), income tax liabilities of €16.9 million (previous year: €0.0 million) were recognised as at the reporting date in addition to the income tax assets.

The Group companies forming a VAT and income tax group pay income taxes in Germany. As in the previous year, the corporate income tax rate was 15.0% plus the solidarity pass-on charge of 5.5% on the corporate income tax. The trade tax rate was 15.847% (previous year: 15.804%). This resulted in a combined income tax rate of 31.67% (previous year: 31.63%).

Up to the reporting date, corporation and trade tax filings have been submitted for years up to and including the 2021 tax year. The tax authorities are currently reviewing the 2018/2019 and 2020/2021 financial years.

[17] Other non-financial assets

Other non-financial assets

in € million	31 Dec. 2023	31 Dec. 2022
Advance payments	8.8	6.7
Other assets	1.1	0.5
Total	9.9	7.2

The slight increase in advance payments made as at 31 December 2023 mainly reflects payments for IT operation services.

[18] Cash and cash equivalents

Cash and cash equivalents consisted primarily of cash at banks invested as fixed-term and overnight deposits. Having original maturities of up to a maximum of three months, these are subject to only minimal value fluctuation risk and thus included as cash equivalents. As at the reporting date and for the previous year, cash and cash equivalents broke down as follows for the purposes of the cash flow statement:

Cash and cash equivalents

in € million	31 Dec. 2023	31 Dec. 2022
Cash	0.0	0.0
Cash at banks (sight deposits)	311.5	5,533.4
Total	311.5	5,533.4

The cash and cash equivalents held at the end of the reporting year largely relate to credit balances at banks from the EEG (€205.1 million) and KWKG compensation mechanism (€94.3 million).

Due to the legal requirement to collect and hold the funds from the EEG and KWKG equalisation mechanism in separate accounts to finance corresponding payments, the relevant cash holdings totalling €299.4 million (previous year: €5,113.1 million) were subject to restrictions on disposal as at the reporting date, thus being unavailable to the Group for free disposal.

Cash at banks earns interest at variable rates. These funds are callable on a daily basis. Short-term deposits have varying investment periods ranging from one day to three months, depending on the Group's cash requirements. They bear interest at the respective contractual short-term deposit rates.

[19] Equity

The development of equity is shown in the statement of changes in equity, taking into account the consolidated comprehensive income.

A separate disclosure of the latter Group-relevant components can be found in the Group's statement of comprehensive income.

Subscribed capital

As at 31 December 2023, Amprion GmbH had share capital of €10.0 million (previous year: €10.0 million), consisting of three shares (previous year: three) with nominal amounts of €2.5 million, €6.4 million and €1.1 million. All share capital is fully paid-in. In the reporting year and in the previous year, 74.9% of the shares were held by M31 Beteiligungsgesellschaft mbH & Co. Energie KG, Düsseldorf, and 25.1% by RWE AG, Essen.

Additional paid-in capital

Additional paid-in capital includes the difference between the nominal amount and the amount upon issuance of the shares of Amprion GmbH. Neither in the reporting year nor in the previous year amounts were contributed to the Group's additional paid-in capital.

Retained earnings

Based on the equity effect resulting from the first-time application and transition to IFRS as at 1 January 2020, the retained earnings reported in the balance sheet include the accumulated retention amounts from the realised consolidated net income and the accumulated withdrawals from retained earnings.

By resolution of the Supervisory Board of 12 April 2023, a partial amount of €130.0 million (financial year 2021: €130.0 million) of the HGB net income of Amprion GmbH of €213.4 million realised for the 2022 financial year (financial year 2021: €183.6 million) was distributed to the shareholders. The consolidated deficit of €190.4 million remaining after dividend distribution in the 2022 financial year (2021 financial year: consolidated surplus after dividend distribution of €8.6 million) was recognised in the consolidated retained earnings in the 2023 financial year.

Accumulated other comprehensive income

Accumulated other comprehensive income represents the cumulative total amount of those items that are recorded in other comprehensive income through the end of the reporting period. This concerns particularly changes in the fair value of equity interests in other companies held by the Group as financial investments, for which the OCI option has been irrevocably chosen, as well as remeasurements of pensions and similar obligations (including pension plan assets) and the corresponding deferred tax effects.

Up to now, the equity interests held – consisting exclusively of shares in unlisted companies – were carried at the acquisition cost approximately due to the lack of reliable determinability of their fair values. Therefore, the subsequent measurement of these investments did not result in any changes in value to be recognised in other comprehensive income, neither in the reporting year nor in the previous years.

Please refer to Note [20], *Provisions* regarding expenses and income from pension obligations and outsourced plan assets recognised in other comprehensive income in the reporting year and the previous year, as well as Note [8], *Income taxes* regarding corresponding tax effects.

The income and expenses from the above-mentioned items recognised in other comprehensive income, including the related tax effects, will not be reclassified subsequently to profit or loss at any time.

Consolidated net income

The consolidated net income is the balance of all expenses and income recognised in the consolidated income statement in a specific period. It represents – together with the amount recognised in other comprehensive income for the respective period – the net increase in the Group's net assets realised during the period that is not attributable to transactions with equity investors.

Paid and proposed dividends

By resolution of the Supervisory Board of 12 April 2023, of the net profit of €213.4 million realised for the financial year 2022 (financial year 2021: €183.6 million) by Amprion GmbH under HGB a partial amount of €130.0 million (financial year 2021: €130.0 million) was distributed to shareholders.

For the appropriation of the 2023 net income of Amprion GmbH amounting to €293.2 million, the Management Board proposed a distribution amount of €170.0 million to the Supervisory Board in accordance with Section 16 (1) of the Articles of Association. With regard to the remaining amount of €123.2 million, the Management Board proposed to transfer this to other revenue reserves in accordance with Section 266 (3) A. III. No. 4 HGB to build up appropriate reserves for future investments.

[20] Provisions

Other provisions

In the following, rather than addressing provisions according to expected maturity as shown on the balance sheet, other provisions are summarised in the Notes to the consolidated financial statements and broken down into the categories of *personnel provisions*, *energy provisions* and *miscellaneous provisions*.

The development of other provisions in the reporting year and the comparative year is shown in the following tables:

Statement of changes in other provisions – reporting period

in € million	Personnel provisions	Energy provisions	Miscellaneous provisions	Total
Balance as at 31 December 2022	77.2	14.2	53.6	145.0
Increases	50.6	2.3	20.3	73.1
Amounts used	-35.2	-1.6	-32.2	-69.1
Unused amounts released	0.0	-12.6	-15.1	-27.7
Accrued interest and discount rate changes	0.7	0.0	0.2	0.9
Balance as at 31 December 2023	93.2	2.3	26.7	122.2
of which current	56.1	2.3	18.9	77.3
of which non-current	37.1	0.0	7.8	44.9

Statement of changes in other provisions – previous year

in € million	Personnel provisions	Energy provisions	Miscellaneous provisions	Total
Balance as at 31 December 2021	76.2	10.1	34.5	120.8
Increases	38.5	12.0	29.6	80.2
Amounts used	- 32.0	- 7.6	- 8.3	- 47.9
Unused amounts released	0.0	- 0.4	- 2.2	- 2.6
Accrued interest and discount rate changes	- 5.6	0.0	0.0	- 5.5
Balance as at 31 December 2022	77.2	14.2	53.6	145.0
<i>of which current</i>	<i>47.7</i>	<i>14.2</i>	<i>49.9</i>	<i>111.9</i>
<i>of which non-current</i>	<i>29.4</i>	<i>0.0</i>	<i>3.7</i>	<i>33.1</i>

Personnel provisions mainly include obligations arising from partial retirement schemes, employee jubilee obligations, future bonuses and other one-off payouts, long-term working time accounts as well as holiday entitlements. The provisions for jubilee benefits and for partial retirement benefits are formed on the basis of actuarial calculations, taking into account company-specific adjusted Klaus Heubeck 2018 G mortality tables. Wage and salary increases of 2.75% and 3.50% p.a. (previous year: 2.75% and 3.50% p.a.) were, depending on the specific anniversary regulation, assumed for the anniversary obligations and 3.50% p.a. (previous year: 3.50% p.a.) for the partial retirement obligations. The relevant actuarial interest rates were 3.70% p.a. for the anniversary obligations (previous year: 3.81% p.a.) and 3.70% p.a. for the partial retirement obligations (previous year: 3.68% p.a.).

In the 2023 financial year, the company concluded an amendment to the company agreement on partial retirement, which allows for a longer term of partial retirement through later entry into the statutory pension.

The obligations from partial retirement and long-term working time accounts are partially funded. The credit balances from the block model for partial retirement in accordance with Section 8a of the German Part-Time Retirement Act (AltTZG) and the credit balances on long-term working accounts in accordance with Section 7e of the German Social Security Code (SGB IV) are secured by assets held in trust within the framework of a Contractual Trust Arrangement (CTA), which qualifies as plan assets under IFRS. These were measured at fair value as at the

reporting date and amounted to €13.0 million (previous year: €12.6 million). Based on this, the personnel provisions shown in the provisions table include the Group's net obligations from partial retirement and long-term working accounts remaining after offsetting against the plan assets. Provisions for partial retirement and long-term working time accounts amounted to €45.6 million before netting with the CTA assets as at the reporting date (previous year: €37.2 million). The increase compared to the previous year is mainly due to the accounting effects of the amendment to the company agreement on partial retirement.

The current portion of personnel provisions reported in the balance sheet corresponds to the outflows expected for 2024 (previous year: for 2023). We estimate that 64% of expected outflows for non-current personnel provisions (previous year: 72%) will be utilised between 2025 and 2028 (previous year: 2024–2027), and that 36% (previous year: 28%) will be utilised between 2029 and 2063 (previous year: 2028–2062). The wide maturity range of the expected outflows reflects the long-term forecast horizon of the employee jubilee obligations.

Energy provisions mainly concern provisions for repayment obligations from annual invoices. The decrease compared to the previous period is due to the elimination of provisions for off-setting obligations between the transmission system operators to maintain security of supply.

Miscellaneous provisions mainly consist of provisions for legal proceedings (provisions for legal costs) and legal disputes. Provisions were also recorded for business document archiving and expected credit losses according to IFRS 9 (expected loss provisioning).

The current portion of other provisions carried reflects the outflows expected for 2024 (previous year: 2023). We estimate, based on the latest projections, that 96% of other *non-current other provisions* will be utilised between 2025 and 2028 (previous year: 52% utilised between 2024 and 2027). We estimate that the rest of the *non-current other provisions* will be utilised between 2029 and 2033 (previous year: 2028–2032).

Pension provisions

The Group recognises provisions for pension obligations arising from defined benefit plans in respect of retirement, disability and surviving dependants' benefits. The following pension systems are in place, depending on when employees joined the company:

- Most employees hired before 2001 are in final salary-based retirement systems in which pension benefits are calculated based on years of employment and final pensionable income. The final-salary systems include comprehensive and decoupled pension plans. The pension commitments each define a specific pension target depending on the final salary.

- With comprehensive (or total retirement earnings) schemes, a specific pension level is guaranteed which includes the statutory pension. The employer thus fills the gap between the target pension and the amount of the employee's statutory pension.
- The decoupled pension schemes introduced later, which replaced the comprehensive pension schemes for new hires, involve pension commitments that do not factor in the statutory pension.

As at 31 December 2023, pension commitments from final salary schemes totalled €190.9 million (previous year: €155.2 million).

- For employees hired after 2001, pension commitments are based on a pension components system; benefits are accumulated as annual pension credits. In this system, a pay-based pension contribution is converted into a lifelong pension entitlement applying annuity factors. When benefits are to be drawn, the pension credits accrued each year are added up.

Fixed-amount commitments from pension settlements are converted into credits under the pension credit system as well. The pension amount is thus based on the underlying settlement amount.

Obligations under employer-funded pension credit plans totalled €66.1 million as at 31 December 2023 (previous year: €47.2 million).

- In addition to the employer-funded pension commitments, Group employees can also accrue pension credits by funding their own personal retirement accounts through deferred compensation. Pension credits accrue annually based on the same system as under the employer-funded credit-based pension plan. Deferred compensation contributed to the retirement account is converted into a lifelong pension entitlement applying annuity factors.

Obligations under deferred compensation retirement plans totalled €69.7 million as at 31 December 2023 (previous year: €49.1 million).

Other commitments totalled €12.3 million as at the reporting date (previous year: €8.2 million). These consist mainly of energy price concessions that became effective during the retirement period of employees hired before 2002 as well as deferred compensation plan pension commitments with pledged pension obligation insurance.

The breakdown of staff with prospective pension entitlements, departed employees with a vested pension entitlement and pensioners by the various employer-funded pension plans was as follows as at 31 December of 2023 and 31 December of 2022:

Number of employees

	31 Dec. 2023			31 Dec. 2022		
	Staff with prospective pension entitlements	Vested pension entitlement	Pensioners	Staff with prospective pension entitlements	Vested pension entitlement	Pensioners
Closed systems dependent on final salary	352	14	288	379	16	259
Pension components systems	2,384	134	16	2,029	108	14
Total	2,736	148	304	2,408	124	273

The pension provisions recognised were calculated via the *projected unit credit method* required under IAS 19 referencing actuarial reports.

The recognised amount of either the pension provisions or the net defined benefit asset corresponds to the balance of the present value of the expected future pension obligations and the plan assets formed exclusively to cover these obligations.

In the actuarial determination of the defined benefit obligation, the pro rata benefit entitlements acquired are measured at the respective reporting date. The measurement takes into account actuarial assumptions for, among other things, the discount rate, the compensation and pension trend, the fluctuation rate and life expectancy. The plan assets were recognised in accordance with IAS 19.8 and IAS 19.113-119 and are used exclusively to cover the Group's pension obligations. A *contractual trust arrangement* (CTA) is in place as legal framework model. This is a structured trustee agreement providing for the covering of direct pension commitments by separate assets held in trust outside of the company.

The primary objective of asset management is to cover the pension provisions through the outsourced assets held in trust (plan assets) while accepting low investment risks. In line with this, the investment strategy of the plan assets invested in MI-Fund 87 in the reporting period and in the previous year was to hedge 100% of the value of the pension entitlements recognised in the financial statements of Amprion GmbH under HGB. The pension entitlements determined in accordance with HGB serve as a value reference to fully cover the pension obligations recognised in the balance sheet. Accordingly, the Group's pension obligations are managed on the basis of their measurement in the separate financial statements of Amprion GmbH under HGB in such a way that they are fully funded at the end of a financial year (net pension obligation in the financial statements under HGB of zero). A funding shortfall measured in accordance with HGB is therefore closed at the end of a financial year by a corresponding addition to plan assets.

The pledged reinsurance policy in connection with the *deferred compensation* pension commitments from *deferred compensation* included under other commitments is a qualified reinsurance policy. In the event of insolvency, this serves exclusively to offset the *deferred compensation* pension obligation and therefore also qualifies as plan assets within the meaning of IAS 19. As a result of the resulting netting with the *deferred compensation* pension obligation, the status of a defined contribution plan is economically achieved.

As the valuation of pension obligations differs between HGB and IFRS, the capital management presented in the IFRS consolidated financial statements regularly does not lead to a congruence of plan assets and pension obligations of the Group. If, as in the reporting year and the previous year, there is a surplus of plan assets over pension obligations as at the end of a financial year, this has to be recognised in full as an asset due to the fact that the reimbursement of a surplus at the end of the plan is not limited to a certain amount according to the trust agreement. Accordingly, the Group can reclaim any remaining surplus after all pension commitments under the pension plan have been fulfilled. The economic benefit from this refund and the corresponding asset to be recognised is realisable in full at the planned end of the pension plan and corresponds to the surplus determined in accordance with IAS 19.64 in conjunction with IFRIC 14.13 as at the reporting date.

As at 31 December 2023, the CTA plan assets and *deferred compensation* plan assets covered by pension obligation insurance totalled €499.9 million (previous year: €430.3 million).

The expected development of cash flows from the various pension plans is shown in the following table:

Cash flow development of the pension schemes

Cash flow development as at 31 Dec. 2023				
in € million	Closed systems dependent on final salary	Pension components systems	Other commitments	Total
2024	3.1	0.3	0.2	3.5
2025	3.8	0.3	0.2	4.3
2026	4.8	0.5	0.2	5.5
2027	5.3	0.6	0.3	6.2
2028	6.0	0.8	0.3	7.0
2029-2033*	8.3	1.7	0.4	10.4
2034-2038*	10.9	3.4	0.5	14.8
2039-2043*	12.0	6.0	0.6	18.6
2044-2048*	12.3	10.7	0.7	23.7
2049-2053*	11.7	17.2	0.7	29.6
2054-2058*	9.9	25.5	0.6	36.0
2059-2063*	7.1	29.8	0.5	37.5
2064-2068*	4.2	30.2	0.3	34.7
2069-2073*	2.0	28.8	0.2	31.0

* Five-year averages.

Cash flow development as at 31 Dec. 2022				
in € million	Closed systems dependent on final salary	Pension components systems	Other commitments	Total
2023	2.4	0.2	0.1	2.7
2024	3.2	0.2	0.1	3.5
2025	3.7	0.4	0.1	4.2
2026	4.6	0.5	0.1	5.2
2027	5.1	0.6	0.2	5.9
2028-2032*	7.1	1.4	0.2	8.7
2033-2037*	9.7	2.8	0.4	12.8
2038-2042*	10.8	4.8	0.4	16.0
2043-2047*	11.1	8.5	0.5	20.1
2048-2052*	10.6	13.8	0.5	24.9
2053-2057*	9.2	20.5	0.4	30.1
2058-2062*	6.8	24.3	0.4	31.5
2063-2067*	4.2	24.6	0.3	29.0
2068-2072*	2.1	23.5	0.2	25.7

* Five-year averages.

The calculation for the reporting year was based on an average duration of 24.3 years (previous year: 23.5 years).

The company pensions are subject to an adjustment review obligation every three years in accordance with the Act on the Improvement of Company Pensions (Section 16 BetrAVG). In addition, some commitments grant annual pension adjustments that may be higher than the adjustment under the statutory adjustment obligation.

Comprehensive pension schemes may be affected by future reductions in the statutory pension level due to the statutory pension being factored into the guaranteed pension level, thus leading to potentially higher pension payments.

The following key actuarial assumptions were applied for the calculation of pension provisions (average values):

Significant actuarial assumptions

in %	31 Dec. 2023	31 Dec. 2022
Actuarial interest rate	3.12	3.59
Future expected wage and salary increases (salary trend)	3.50	3.50
Future expected pensions increase (pension trend)	1.00 resp. 2.50	1.00 resp. 2.40

The actuarial interest rate is determined based on the yields on top-rated corporate bonds whose maturities correspond to the respective obligations. The Bloomberg Barclays Classification System (BCLASS) was utilised as the basis for determining the interest rate via the "RATE:Link" method.

The mortality assumptions were based on the company-specific adjusted mortality tables 2018 G by Klaus Heubeck.

The salary increase rate includes expected wage and salary increases, which also take into account increases due to career developments.

An annual pension adjustment factor of 1.00% is stipulated in the pension plan regulations of pension credit schemes. With final salary pension schemes, pension adjustments are either tied to changes in the consumer price index or to collective bargaining pay indexing. Provisions are measured applying an average annual pension increase factor of 2.50% (previous year: 2.40%).

Potential changes in the actuarial assumptions would have the following simulated effects on the present value of the defined benefit obligation:

Sensitivity analyses for significant actuarial assumptions

in € million	31 Dec. 2023		31 Dec. 2022	
	Closed systems dependent on final salary	Pension components systems	Closed systems dependent on final salary	Pension components systems
Discount rate +/- 50 basis points	-16.0/18.1	-19.7/24.0	-12.9/14.6	-13.6/16.5
Salary trend +/- 50 basis points	3.2/- 3.1	0.1/- 0.0	3.7/- 3.6	0.0/- 0.0
Pension trend +/- 50 basis points	13.9/-12.6	-/-	10.8/- 9.8	-/-
Life expectancy +/- 1 year	6.0/- 6.1	2.9/- 3.0	4.5/- 4.6	1.9/- 2.0

The above sensitivity analyses reflect a change in one respective assumption, the other assumptions remaining unchanged in each scenario to avoid interactive effects. The methods used to calculate the aforementioned sensitivities and to calculate the pension provisions were applied consistently.

Expenses for pension and similar obligations broke down as follows for the reporting period and the previous year:

Breakdown of pension expenses

in € million	2023	2022
Current service cost	17.4	37.6
Past service cost	-	-
Interest income from plan assets	-15.5	-4.7
Interest cost for pension entitlements already earned	9.3	5.1
Recording in the income statement [+ expense/- income]	11.3	38.0
Income [-]/expense [+] from plan assets excluding interest income	3.0	21.9
Actuarial gains [-]/losses [+] from changes in demographic assumptions	-	-
Actuarial gains [-]/losses [+] from changes in financial assumptions	36.9	-194.5
Actuarial gains [-]/losses [+] from experience-based adjustments	14.0	5.7
Recording in other comprehensive income (OCI) [+ expense/- income]	53.9	-166.9
Total [+ expense/- income]	65.2	-128.9

Pension expenses on the income statement also include annual pension expenses to be reimbursed by the Group to RWE AG for obligations under warranty agreements (see Note [30], *Contractual guarantees, contingent liabilities and other financial obligations*). These totalled €8.8 million in the reporting year (previous year: €15.1 million).

For the reporting year and the previous year, the development of pension provisions or of a net defined benefit asset from overfunding is shown below, broken down into present value of the defined benefit obligation and fair value of plan assets.

Development of pension provisions

in € million	2023	2022
Defined benefit obligation at the beginning of the financial year	259.7	404.0
Current service cost	17.4	37.6
Interest cost	9.3	5.1
Benefits paid	-2.2	-1.7
Actuarial gains [-]/losses [+]	50.9	-188.8
<i>of which from changes in demographic assumptions</i>	-	-
<i>of which from changes in financial assumptions</i>	36.9	-194.5
<i>of which from experience-based adjustments</i>	14.0	5.7
Employee contributions	3.9	3.5
Past service cost	-	-
Reclassifications	-	-
Present value of the defined benefit obligation at the end of the financial year	339.0	259.7
Fair value of plan assets at the beginning of the financial year	430.3	370.6
Interest income	15.5	4.7
Appropriations to [+]/transfers from [-] plan assets*	57.3	76.9
Benefits paid	-0.1	-
Income [+]/expense [-] from plan assets excluding interest income	-3.0	-21.9
Fair value of plan assets at the end of the financial year	499.9	430.3
Provisions for pensions and similar obligations [+] or net defined benefit asset from overfunding [-]	-160.9	-170.7

* Applies almost exclusively to the employers' contributions.

Contributions to plan assets for the subsequent period starting after 31 December 2023 are forecast to total €24.2 million (previous year: €45.1 million).

Pension entitlements are secured by plan assets, which are primarily invested within the eurozone in the fund MI-Fund 87. As at the reporting date and the end of the previous year the fair values of plan assets by asset class were as follows:

Composition of plan assets transferred to MI-Fund 87 based on fair values

in %	31 Dec. 2023	31 Dec. 2022
Fixed income securities (bearer instruments)	75.4	75.9
Pension funds	23.4	20.8
Cash and cash equivalents	0.5	2.9
Other	0.7	0.3
Total	100.0	100.0

The asset class *Fixed income securities (bearer instruments)* consists of bonds, mortgage certificates (*Pfandbriefe*) and public treasury notes. The asset class *Other* consists chiefly of accrued interest. As at the reporting date, the fund equity ratio, which is the ratio of equity market exposure managed via equity futures to fund volume, was 0.0% (previous year: 0.6%) as a result of reallocations between asset classes. The asset class *Cash and cash equivalents* mainly comprises cash at banks and money market investments.

As at the reporting date and the end of the previous year, the fair values of securities in the asset classes *fixed income securities* and *pension funds* were derived from market prices in active markets (level 1 fair values).

In addition to the financial resources invested in the above-described special fund, the plan assets transferred to the CTA as at 31 December 2023 included uninvested cash and cash equivalents of €57.3 million (previous year: €76.9 million), which were transferred to the CTA as at the reporting date to fully cover the pension obligations calculated in accordance with HGB. This allocation took place in due time at the end of the reporting year.

[21] Financial liabilities

Financial liabilities measured at amortised cost as at 31 December 2023, compared with the previous year, were as follows:

Financial liabilities*

in € million	31 Dec. 2023	31 Dec. 2022
Financial debt – non-current	4,875.0	3,688.5
Other financial liabilities – non-current	1,044.5	73.9
Trade payables and other liabilities – non-current	43.9	2,580.4
Total financial liabilities – non-current	5,963.5	6,342.9
Financial debt – current	50.5	25.2
Trade payables and other liabilities – current	1,750.7	3,961.6
Other financial liabilities – current	167.5	73.5
Total financial liabilities – current	1,968.7	4,060.2
Total	7,932.2	10,403.1

* For detailed remarks on credit and liquidity risk, fair values and maturity profiles based on undiscounted cash flows, see Note [25], *Reporting on financial instruments*.

Financial debt

The following individual items of current and non-current financial debt were recognised as at 31 December 2023 compared with the previous year:

Financial debt

in € million	31 Dec. 2023	31 Dec. 2022
Promissory note loans – non-current	230.7	239.6
Registered bonds – non-current	638.8	638.7
Bank loans (syndicated loan) – non-current	199.8	199.7
Bonds – non-current	3,773.6	2,582.4
Jouissance rights – non-current	32.2	28.1
Total financial debt – non-current	4,875.0	3,688.5
Promissory note loans – current	9.0	0.0
Bank credit/overdraft lines – current	1.0	0.0
Terminated jouissance rights – current	0.1	0.1
Interest liabilities – current	40.4	25.1
Total financial debt – current	50.5	25.2
Total	4,925.5	3,713.7

The maturity profiles of non-current financial debt, excluding lease liabilities reported as other financial liabilities (see Note [10], *Leases*), were as follows at the end of the reporting year and the previous year. The amounts stated represent the contractually fixed nominal interest and redemption payments until final maturity:

Maturity profiles of non-current financial debt (excluding lease liabilities)

in € million	31 Dec. 2023	31 Dec. 2022
Due in up to 1 year	140.7	90.7
Due in 1-2 years	159.9	114.8
Due in 2-3 years	147.1	94.6
Due in 3-4 years	1,047.1	895.0
Due in 4-5 years	627.9	167.4
Due after 5 years	4,119.0	3,165.7
Total	6,241.7	4,528.3

Overview of outstanding promissory note loans

As at the reporting date and the end of the previous year, the Group held the following outstanding promissory note loans (*Schuldscheindarlehen*), all of which have a bullet repayment structure. With the exception of a promissory note loan with a nominal volume of €9.0 million (nominal interest rate: 0.929%), which matures on 9 December 2024 and is therefore reported under current financial liabilities, all other promissory note loans reported in the balance sheet were classified as non-current financial liabilities at the end of the reporting year due to their maturities:

Promissory note loans (PNL)

in € million	Effective interest rate	Due date	Redemption	Carrying amount	
				31 Dec. 2023	31 Dec. 2022
1.397% PNL; €33 million	1.427%	12 Jul. 2027	At maturity	33.0	33.0
0.929% PNL; €9 million	0.965%	9 Dec. 2024	At maturity	9.0	9.0
1.377% PNL; €31 million	1.403%	8 Dec. 2027	At maturity	31.0	31.0
1.377% PNL; €8.5 million	1.402%	8 Dec. 2027	At maturity	8.5	8.5
1.100% PNL; €32.5 million	1.127%	25 Nov. 2030	At maturity	32.4	32.4
0.900% PNL; €27 million	0.933%	23 Nov. 2027	At maturity	27.0	27.0
1.100% PNL; €81.5 million	1.127%	25 Nov. 2030	At maturity	81.4	81.3
1.302% PNL; €17.5 million	1.321%	23 Nov. 2035	At maturity	17.5	17.5
Total				239.6	239.6

In December of the reporting year, Amprion GmbH entered into a fixed-interest promissory note loan with Bayerische Landesbank and LfA Förderbank Bayern, both Munich, with a nominal volume of €100 million, a nominal interest rate of 3.700% p.a. (effective interest rate: 3.725%) and a term of seven years for general corporate financing. The loan was paid out to the company at nominal value on 17 January 2024 and is due for repayment at nominal value on 17 January 2031. No new promissory note loans were taken out in the previous year.

Overview of outstanding registered bonds

As at the reporting date and the end of the previous year, the Group had the following registered bonds (*Namensschuldverschreibungen*) outstanding, all of which were bullet bonds, which were to be classified as non-current financial liabilities due to their maturities and recognised accordingly in the balance sheet:

Registered bonds (RB)

in € million	Effective interest rate	Due date	Redemption	Carrying amount	
				31 Dec. 2023	31 Dec. 2022
1.932% RB; €14 million	1.954%	12 Jul. 2032	At maturity	14.0	14.0
2.154% RB; €48 million	2.171%	10 Jul. 2037	At maturity	47.9	47.9
2.267% RB; €65 million	2.282%	10 Jul. 2042	At maturity	64.9	64.8
2.418% RB; €40 million	2.431%	10 Jul. 2047	At maturity	39.9	39.9
1.914% RB; €39 million	1.933%	8 Dec. 2032	At maturity	38.9	38.9
2.250% RB; €34.5 million	2.265%	8 Dec. 2037	At maturity	34.4	34.4
2.250% RB; €15 million	2.265%	8 Dec. 2037	At maturity	15.0	15.0
2.375% RB; €10 million	2.388%	8 Dec. 2042	At maturity	10.0	10.0
2.500% RB; €53 million	2.512%	9 Dec. 2047	At maturity	52.9	52.9
2.228% RB; €30 million	2.234%	10 Aug. 2038	At maturity	30.0	30.0
2.084% RB; €70 million	2.091%	11 Jan. 2039	At maturity	69.9	69.9
2.200% RB; €30 million	2.206%	11 Jan. 2044	At maturity	30.0	30.0
1.100% RB; €10.0 million	1.127%	25 Nov. 2030	At maturity	10.0	10.0
1.302% RB; €14.0 million	1.321%	23 Nov. 2035	At maturity	14.0	14.0
1.302% RB; €34 million	1.322%	23 Nov. 2035	At maturity	33.9	33.9
1.588% RB; €18 million	1.604%	23 Nov. 2040	At maturity	18.0	18.0
1.869% RB; €65.5 million	1.881%	23 Nov. 2050	At maturity	65.3	65.3
1.588% RB; €35 million	1.603%	23 Nov. 2040	At maturity	34.9	34.9
1.869% RB; €15 million	1.880%	23 Nov. 2050	At maturity	15.0	15.0
TOTAL				638.8	638.7

Overview of bank and syndicated loans

Bank and syndicated loans include a long-term, fixed-interest syndicated loan with two banks, one of which is a development bank. This syndicated loan is subject to compliance with a standard market financial covenant. As at the reporting date and in the previous year, the condition for compliance with this financial covenant was met.

In addition, a short-term syndicated loan agreement exists with a bank consortium, which is used for operational processing and interim financing of investments.

Bank loans and syndicated loans

in € million	Effective interest rate	Due date	Redemption	Carrying amount	
				31 Dec. 2023	31 Dec. 2022
1.710% syndicated loan €200 million	1.740%	30 June 2033	From October 2028	199.8	199.7
Total loans – non-current				199.8	199.7
Bank loans – current				1.0	0.0
Total loans – current				1.0	0.0
Total				200.7	199.7

The long-term syndicated loan concluded in the amount of €200 million with a coupon of 1.710% had an original term of 15 years (remaining term as at the reporting date: 9.5 years) and is to be repaid quarterly on an annuity basis by the end of June 2033, starting October 2028.

The short-term, variable-interest syndicated loan with a total of eight banks and a term until October 2026 had a total volume of €2,000.0 million (previous year: €1,500.0 million) as at the reporting date. There is an option to extend the agreement by one year. Interest on the syndicated loan is based on the EURIBOR reference interest rate plus a margin. As at the reporting date, the syndicated loan was drawn down in the amount of €1.0 million and additionally utilised through guarantees in the amount of €6.3 million (previous year: utilisation exclusively through guarantees in the amount of €6.0 million).

As at 31 December 2023, the uncommitted short-term credit facilities amounting to €600.0 million (previous year: €400.0 million) were not used, as in the previous year. An uncommitted credit line is a non-binding credit line agreement without a definite financing commitment. Credit decisions are made case-by-case per drawdown request, and the borrowing terms are as at the request date. No credit line fees are paid. The interest rate is based on internal bank reference rates.

Overview of outstanding bonds

Bonds

in € million	Effective interest rate	Due date	Redemption	Carrying amount	
				31 Dec. 2023	31 Dec. 2022
0.625% bond; €800 million	0.767%	23 Sep. 2033	At maturity	789.4	788.3
3.450% bond; €800 million	3.523%	22 Sep. 2027	At maturity	797.9	797.4
3.971% bond; €1,000 million	4.012%	22 Sep. 2032	At maturity	996.9	996.6
3.875% bond; €500 million	3.994%	7 Sep. 2028	At maturity	497.5	-
4.125% bond; €700 million	4.261%	7 Sep. 2034	At maturity	691.9	-
Total				3,773.6	2,582.4

In September of the reporting year, Amprion GmbH placed a green dual-tranche bond with a total volume of €1,200.0 million (previous year: €1,800.0 million) on the “Euro MTF” market segment and thus on the unregulated capital market in Luxembourg under its Green Finance Framework established in 2022. The nominal values of the two tranches amount to €500.0 million (maturity: 5 years) and €700.0 million (maturity: 11 years). The five-year bond bears a nominal interest rate of 3.875%, the eleven-year bond 4.125%. In addition, a green dual-tranche bond with a total nominal value of €1,800.0 million was issued in the previous year. The nominal values and terms of these two bond tranches are €800.0 million and five years (nominal interest rate: 3.450%) and €1,000.0 million and ten years (nominal interest rate: 3.971%). In contrast to the green bond issued in the previous year, the issue of the new dual-tranche bond resulted in a discount totalling €6.9 million at the time of issue.

Overview of outstanding jouissance rights (by tranches)

Company employees hold unsecuritised jouissance rights which are non-transferable. Each tranche can be terminated after a minimum holding period of at least five years. They grant a limited claim to interest on the nominal value depending on company profits, which outranks shareholder entitlement to profits. They do not grant a share in the liquidation proceeds.

In the reporting period, interest expenses of €2.0 million (previous year: €1.8 million) were attributable to jouissance rights. At the end of the reporting year, the following tranches of jouissance rights were outstanding:

Jouissance rights

in € million	Effective interest rate	Due date	Redemption	Carrying amount	
				31 Dec. 2023	31 Dec. 2022
Jouissance rights 2011 tranche	7.0%	Open-ended	Upon termination	0.9	0.9
Jouissance rights 2012 tranche	7.0%	Open-ended	Upon termination	1.0	1.0
Jouissance rights 2013 tranche	7.0%	Open-ended	Upon termination	1.1	1.1
Jouissance rights 2014 tranche	7.0%	Open-ended	Upon termination	1.1	1.1
Jouissance rights 2015 tranche	7.0%	Open-ended	Upon termination	2.2	2.2
Jouissance rights 2016 tranche	7.0%	Open-ended	Upon termination	2.2	2.2
Jouissance rights 2017 tranche	7.0%	Open-ended	Upon termination	2.3	2.4
Jouissance rights 2018 tranche	7.0%	Open-ended	Upon termination	2.5	2.5
Jouissance rights 2019 tranche	7.0%	Open-ended	Upon termination	3.1	3.1
Jouissance rights 2020 tranche	7.0%	Open-ended	Upon termination	3.5	3.5
Jouissance rights 2021 tranche	7.0%	Open-ended	Upon termination	4.0	4.0
Jouissance rights 2022 tranche	7.0%	Open-ended	Upon termination	4.0	4.0
Jouissance rights 2023 tranche	7.0%	Open-ended	Upon termination	4.4	0.0
Total jouissance rights - non-current				32.2	28.1
Unsettled redemption amounts for terminated jouissance rights				0.1	0.1
Total terminated jouissance rights - current				0.1	0.1
Total				32.4	28.1

Jouissance rights terminated as at the reporting date are reported as current. Termination entitles the holder of jouissance rights to an unconditional payment claim which is due within one year. Underminated jouissance rights outstanding as at the reporting date are classified as non-current financial liabilities.

Group obligations to related parties under jouissance rights totalled €1.4 million as at the reporting date (previous year: €1.2 million).

As at the reporting date and for the previous year, underminated jouissance rights were outstanding in the following denominations and reported as non-current financial liabilities:

Jouissance rights – denomination

Jouissance right nominal amount	31 Dec. 2023		31 Dec. 2022	
	Number outstanding	Amount (in € thousand)	Number outstanding	Amount (in € thousand)
€ 180	174,101	31,338.2	150,858	27,154.4
€ 360	14	5.0	14	5.0
€ 720	274	197.3	278	200.2
€ 1,220	67	81.7	67	81.7
€ 1,720	360	619.2	361	620.9
Total	174,816	32,241.4	151,578	28,062.3

Commercial paper programme

The Group has set up a commercial paper programme for short-term financing purposes, the maximum permitted issue volume of which was increased from €900.0 million in the previous year to €1,500.0 million in the reporting year. This had neither been utilised as at the reporting date nor the end of the previous year. The maximum utilisation during the reporting year was €0.0 million (previous year: €180.0 million). For further information on the commercial paper programme, see the discussion of risk management objectives and methods under Note [25], *Reporting on financial instruments*.

Other financial liabilities

Other financial liabilities

in € million	31 Dec. 2023	31 Dec. 2022
Lease liabilities – non-current	1,043.2	72.6
Other financing	1.3	1.4
Total other financial liabilities – non-current	1,044.5	73.9
Lease liabilities – current	147.5	68.9
Other liabilities	19.9	4.6
Total other financial liabilities – current	167.5	73.5
Total	1,212.0	147.4

The Group recognises obligations from rental, leasehold, service and leasing contracts as lease liabilities, provided that they qualify as leases under IFRS 16 and are not classified as short-term leases or as leases of low-value assets (see Note [10], *Leases*).

Other liabilities cover obligations from exchange-based electricity trading transactions on the EPEX SPOT market. This includes cash collateral, deposits and security deposits received from corresponding transactions in the form of initial margins amounting to €5.0 million (previous year: €4.4 million).

[22] Non-financial liabilities

Non-financial liabilities

in € million	31 Dec. 2023	31 Dec. 2022
Other non-financial liabilities – non-current	0.4	2.8
Contract liabilities – non-current	43.9	46.0
Non-financial liabilities – non-current	44.2	48.9
Other non-financial liabilities – current	0.2	29.2
Contract liabilities – current	26.7	21.2
Non-financial liabilities – current	26.9	50.4
Total	71.1	99.3

Non-financial liabilities mainly include contract liabilities from construction cost contributions (BKZ) and connection cost contributions (AKB) from contracts with customers (see Note [1], *Group Revenue*) and contract liabilities from prepayments received in connection with contract work and deliveries of goods to third parties.

Contract liabilities from BKZ and AKB contributions were recorded in the total amount of €46.0 million as at 31 December 2023 (previous year: €48.2 million). Of this amount, €43.9 million (previous year: €46.0 million) were classified as non-current and €2.1 million (previous year: €2.2 million) as current at the end of the reporting year.

Other non-financial liabilities primarily comprise prepayments received for operating leases in which the Group is lessor and from cross-border congestion management. The significant decrease in current other non-financial liabilities compared to the previous year is essentially due to decreased income from congestion management in 2023.

[23] Deferred taxes

Deferred taxes recognised resulting from temporary differences in the measurement of assets and liabilities recognised under IFRS compared with the tax base are composed as follows as at 31 December 2023 and in the previous year:

Breakdown of deferred taxes

in € million	Deferred taxes	
	31 Dec. 2023	31 Dec. 2022
Balance sheet effects		
Non-current assets	- 896.6	- 507.4
<i>of which regulatory claims</i>	27.8	40.7
<i>of which other non-current assets</i>	- 924.5	- 548.1
Current assets	4.9	7.5
Special tax items	9.0	8.8
Non-current liabilities	- 133.1	- 111.0
<i>of which pension provisions</i>	- 46.5	40.1
<i>of which other non-current liabilities</i>	- 86.6	- 151.1
Current liabilities	28.7	- 18.2
Net amount deferred tax assets [+)/deferred tax liabilities [-]	- 987.1	- 620.4
Effects on comprehensive income		
Non-current assets	- 425.5	- 40.0
<i>of which regulatory claims</i>	- 12.8	40.7
<i>of which other non-current assets</i>	- 412.7	- 80.7
Current assets	- 2.7	1.6
Special tax items	0.2	0.8
Non-current liabilities	36.0	38.3
<i>of which pension provisions</i>	- 5.6	- 46.3
<i>of which other non-current liabilities</i>	41.6	84.6
Current liabilities	25.2	- 0.4
Deferred tax expense [-]/tax income [+]	- 366.8	0.3

Deferred tax assets were carried in the amount of €527.4 million as at 31 December 2023 (previous year [adjusted]: €192.5 million), set off by deferred tax liabilities of €1,514.5 million (previous year [adjusted]: €812.5 million). The adjustment of the previous year's figures is based on this year's retrospective first-time application of the *"Amendments to IAS 12 – Income Taxes: Deferred Tax related Assets and Liabilities arising from a Single Transaction"*. Deferred taxes are offset at the level of the VAT and income tax group, which is formed by Amprion GmbH as tax group parent along with Amprion Offshore GmbH (tax group company).

Deferred tax liabilities on non-current assets result largely from temporary differences due to different depreciation methods (tax accounting: partial application of declining balance depreciation) and shorter useful lives for tax purposes for property, plant and equipment. Deferred tax assets have an offsetting effect as a result of the IFRS prohibition on recognising regulatory claims recognised under tax law in accordance with Section 21b (1) **EnWG**.

While deferred taxes in connection with other non-current liabilities mainly arise from the non-recognition of regulatory obligations under IFRS, temporary differences in pension obligations result, in particular, from differing discount rates and the inclusion of trend assumptions, which is not permitted under tax law. Furthermore, the valuation of the corresponding plan assets for tax purposes is – in contrast to their valuation at fair value under IFRS – limited to a maximum of their historical cost.

The development of the unnetted and netted carrying amounts of deferred taxes and their recognition in profit or loss and other comprehensive income in the IFRS statement of comprehensive income for the reporting year and the previous year are shown in the following table:

Deferred taxes recognised in the balance sheet

in € million	Deferred taxes		
	Deferred tax assets	Deferred tax liabilities	Net amount
Carrying amount as at 31 December 2021	184.5	- 805.2	- 620.7
Tax expense [-]/tax income [+] recognised in the income statement for the period	10.1	43.0	53.1
Tax expense [-]/tax income [+] recognised in other comprehensive income for the period	- 2.2	- 50.6	- 52.8
Carrying amount as at 31 December 2022	192.5	- 812.8	- 620.4
Tax expense [-]/tax income [+] recognised in the income statement for the period	334.9	- 718.6	- 383.8
Tax expense [-]/tax income [+] recognised in other comprehensive income for the period	0.0	17.0	17.0
Carrying amount as at 31 December 2023	527.4	- 1,514.5	- 987.1

The significant increase in the gross deferred tax assets and liabilities compared to the previous year is due, among other factors, to the commissioning of the two special technical grid facilities in Biblis and Leipheim in the reporting year in conjunction with the first-time application of the new “Amendments to IAS 12 – Deferred taxes relating to assets and liabilities arising from a single transaction” (see also Notes-section *Changes to accounting policies – First time application of amended IFRS accounting standards and IFRS IC interpretations*). Accordingly, deferred tax assets and liabilities in connection with right-of-use assets and lease liabilities resulting from the same transaction must be presented gross in the table above and not netted as in the prior-year’s Notes to the financial statements. Accordingly, the previous year’s deferred tax assets and liabilities shown in the table are restated values as a result of the first-time application of the new IAS 12 regulation (amendment). However, the first-time application of this regulation has no (cumulative) effects on the opening balance sheet value of retained earnings or other equity items in the consolidated financial statements.

Tax expenses and income shown in other comprehensive income are exclusively attributable to the recognition of actuarial gains and losses and the remeasurement of plan assets in connection with net pension obligations.

[24] Trade payables and other liabilities

Trade payables and other liabilities

in € million	31 Dec. 2023	31 Dec. 2022
Trade payables – grid (incl. KWKG)	442.3	354.1
Trade payables – EEG	0.0	11.0
Payables to companies in which an investment is held	11.8	3.6
Unbilled services – grid (incl. KWKG)	1,033.2	983.6
Unbilled services – EEG	250.8	5,123.7
Total trade payables	1,738.1	6,475.9
Other payables from levies	36.0	49.2
Other tax liabilities	8.5	7.2
Other personnel liabilities	12.1	9.5
Miscellaneous other liabilities	0.0	0.3
Total other liabilities	56.6	66.1
Total	1,794.7	6,542.0

As at the reporting date, non-current *trade payables* totalled €43.9 million (previous year: €2,580.4 million); current *trade payables* totalled €1,694.1 million (previous year: €3,895.5 million).

The total amount of *trade payables* as at the reporting date included €1,284.0 million in amounts owed from transactions not yet invoiced or outstanding invoices, i.e. unbilled services (previous year: €6,107.2 million). In contrast to the previous year, the majority of this was attributable to the grid business in the reporting year.

All *other liabilities*, totalling €56.6 million (previous year: €66.1 million), were due in the short term in relation to the respective reporting date.

Trade payables and other liabilities are generally non-interest bearing.

Trade payables for investments and operational have different due dates of up to 30 days after the month of performance, depending on the service provided. In addition, depending on the underlying transaction, the due dates range from ten working days after the invoice is created, through due dates on the 15th of the month following the month of performance, to due dates of levy-related annual invoices in year t+2 with a value date of 30 June of the respective year.

[25] Reporting on financial instruments

Financial instruments include both primary and derivative financial instruments. On the asset side of the consolidated balance sheet, primary financial instruments within the scope of IFRS 9 and IFRS 7 include financial investments, other financial assets, trade receivables, other financial receivables and cash and cash equivalents. Financial instruments carried on the liabilities side include financial debt, miscellaneous financial liabilities, trade payables and other (financial) liabilities.

In the reporting year and in the previous year, the Group neither held any stand-alone derivatives or derivatives designated as hedging instruments nor any financial assets *measured at fair value through profit or loss*.

Fair value disclosures

The table contained in this section shows carrying amounts, fair values and fair value hierarchy levels of the financial instruments of the various categories recognised. This does not apply to financial assets and financial liabilities whose carrying amounts reasonably approximate or reflect their fair values at the respective reporting date.

In the opinion of the Group's management, the fair values of cash and short-term deposits, trade receivables, bank overdrafts and other current (financial) liabilities approximate their carrying amounts due to their short maturities.

The fair values of the bonds issued by the Group in the years 2021 through 2023 on the unregulated capital market in Luxembourg are each based on quoted prices as at the reporting date (level 1 fair value).

To determine the fair values shown in the table, which are classified as level 3 of the fair value hierarchy, the Group applied the following approach and assumptions:

- The fair values of long-term promissory note loans, registered bonds, bank loans and non-current trade payables as well as other financial liabilities not traded on an active market are estimated using the discounted cash flow method.
- The discount rate applied is a debt interest rate determined for debt instruments of comparable terms and conditions, default risk and term to maturity. This rate reflects the issuer's borrowing interest rate at the end of the financial year. As in the previous year, default risk as at 31 December 2023 was classified as low in view of the Group's *investment grade* rating.
- The risk-free interest rate factored into the maturity-equivalent discount rates was determined from swap rates observed at the respective reporting date. The derived risk-free interest rate was then increased by a maturity- and risk-equivalent credit spread, the determination of which was essentially based on Amprion-specific bank indications that were condensed to their mean value in the corresponding maturity bands.

Financial instruments: carrying amounts and fair values

in € million	Carrying amount		Fair value		Level of fair value hierarchy
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	
Financial assets					
Financial investments and loans*	5.2	5.3	-	-	-
Trade receivables and other receivables**	936.1	846.6	936.1	846.6	-
Other financial assets**	29.6	23.0	29.6	23.0	-
Cash and cash equivalents**	311.5	5,533.4	311.5	5,533.4	-
Total	1,282.5	6,408.3	1,277.2	6,403.0	-
Financial liabilities					
Registered bonds	638.8	638.7	496.4	453.8	Level 3
Promissory note loans	239.6	239.6	214.2	199.8	Level 3
Bonds	3,773.6	2,582.4	3,717.5	2,332.4	Level 1
Bank loans	200.7	199.7	177.3	163.8	Level 3
Interest liabilities**	40.4	25.1	40.4	25.1	-
Jouissance rights**	32.4	28.1	32.4	28.1	-
Lease liabilities***	1,190.7	141.5	-	-	-
Trade payables and other liabilities	1,794.7	6,542.0	1,761.1	6,205.8	Level 3
Other financial liabilities (excluding lease liabilities)**	21.3	6.0	21.3	5.7	-
Total	7,932.2	10,403.0	6,460.5	9,414.5	-

* Financial instruments measured at fair value through other comprehensive income are financial investments in equity instruments (investments) for which there is no quoted price in an active market (i.e. hierarchy level 1) and whose fair value cannot be reliably determined. Since the fair value of these investments cannot be reliably determined, no corresponding disclosure is required (IFRS 7.29).

** The carrying amount recognised at the reporting date is a reasonable approximation of fair value.

*** According to IFRS 7.29, disclosures on the fair value of lease liabilities are not required.

Financial instrument risk management objectives and methods

NOTES ON THE FINANCIAL RISK MANAGEMENT SYSTEM

As at the reporting date, the Group had exposure to financial risks from financial instruments due to its operational business activities as a transmission system operator and in connection with cash at banks and short-term, usually overnight holdings of money market investments. Such exposure primarily includes default, liquidity and refinancing risk as well as, to an insignificant extent at present, market risks. Risk management is the responsibility of Group management. This includes both taking and monitoring suitable measures for the early detection of risks that could jeopardise the company's existence. The Management Board informs the Audit Committee and the Supervisory Board of Amprion GmbH about the overall risk situation.

The control and monitoring of the group-wide risk management process is the responsibility of the Risk Management Committee, which is formed by the Management Board and the heads of the organisational units at the second management level (department heads) and the Chairman of the Risk Management Committee. The objective of the Group-wide risk management process is to identify risks at an early stage and to obtain information about them in order to be able to derive and take appropriate measures based on defined risk management strategies. In addition to a conscious acceptance of risks, further risk management measures in the form of limiting, avoiding or passing on risks can be considered within the framework of risk management.

The measures involved in managing the Group's financial risks are primarily designed to ensure solvency at all times, maintain a financially appropriate equity base and generate stable annual profits under German commercial accounting principles. The focus of financial risk management is therefore on earnings and liquidity risks as the primary management parameters. This relates to market price, liquidity and default risks. Appropriate risk management measures are designed to ensure that the Group is able to generate a return on equity in line with the market for its shareholders while maintaining business operations at all times.

The risk management process (risk identification, assessment, control, aggregation in connection with risk monitoring, reporting, decision-making, approval and information to the Supervisory Board) as well as the risk responsibilities are documented in an internal risk management guideline, which was adopted by the Management Board. Complementary to the risk management guideline, the risk management manual concretises the risk management process and presents the detailed business processes and procedures. The manual is updated on an ongoing basis by Risk Management and, in the case of substantial adjustments, adopted by the Risk Management Committee. In addition, the overarching objectives, general principles, tasks and responsibilities of group-wide financial management are set out in an internal Group financial guideline adopted by the Management Board.

The Group's approach to managing financial risks is presented in this section of the Notes, taking into account specific disclosure requirements under IFRS. These disclosures include, for example, maturity analyses of financial liabilities based on undiscounted future cash flows, which include contractual interest and redemption payments.

The Finance department manages the Group's funding and liquidity risk in accordance with the requirements under the Group-internal risk management guideline, the risk management manual and finance policies. The implementation of appropriate (re)financing measures and the target-oriented management of financial risk are intended to contribute to the achievement of the company's financial and strategic objectives.

To date, the Group does not use derivative financial instruments for risk management purposes. Trading in financial instruments (including derivatives) for speculative purposes is currently not permitted as a result of internal Group regulations documented in the financial guidelines. Accordingly, only financial instruments approved by the CFO may be used for risk management purposes, with the corresponding list of approved financial instruments being managed by the Finance department.

There have been no significant changes since the previous year in the risks arising from financial instruments or in the methods used by the Group to measure and manage these risks.

MARKET PRICE RISK

Market price risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices. It generally comprises interest rate risk, currency risk and the risk of other price changes (e.g. in the form of energy and commodity price risk).

Price risks for Amprion generally result from interest rate fluctuations on the money and capital markets as well as from commodity price fluctuations (especially electricity, coal and gas). Financial instruments exposed to such risks which could affect earnings and equity are limited on the asset side of the balance sheet to equity interests in other unlisted companies measured at fair value in other comprehensive income. On the liability side, these are limited to variable-interest current financial liabilities. Due to the immateriality of the above-mentioned items and their associated immaterial potential impact on equity and earnings, the sensitivities with regard to interest rate risks are not presented herein, as was the case in the previous year.

Any effects from changes in relevant market variables or financial actuarial parameters on the pension obligations are outlined in Note [20], *Provisions*.

Interest rate risk

Interest rate risk concretises itself in changes in the fair value of future cash flows from a financial instrument due to fluctuating market interest rates. The Group is exposed to such interest rate risk, with potential effects on earnings and equity, through current variable-rate liabilities with banks. There was no significant utilisation of the corresponding syndicated loan as at the reporting date. The Group is only exposed to interest rate risks on positions denominated in euros.

Amprion's exposure to earnings risk due to interest rate changes was very minor as at the reporting date for the reporting period and the previous year due to measures taken to avoid and reduce interest rate risk to the extent possible. To meet this financial policy objective, the Group bases its portfolio of long-term financing on fixed-interest agreements to the greatest possible extent. In line with this, non-current financial liabilities as at 31 December 2023 consisted – apart from the outstanding jouissance rights – exclusively of fixed-interest debt instruments, as in the previous year.

As the Group was not exposed to any significant interest rate risks, neither at the reporting date nor in the previous year, the simulated effects of interest rate changes on profit before tax and equity are not presented here.

Currency risk

Currency risks generally result from changes in exchange rates and manifest themselves in exchange rate-induced fluctuations in the fair value or future cash flows of financial instruments. The Group is not exposed to any significant currency risks due to its operating activities being generally limited to the eurozone and seeks to invoice transactions exclusively in euros.

Energy and commodity price risk

Group operations can be significantly impacted by the volatility of energy and certain commodity prices. The Group has to purchase electricity to properly fulfil its legal responsibilities as transmission system operator – for example, to compensate for grid losses that inevitably occur. Accordingly, the Group is exposed to the risk of price fluctuations in its forecast electricity purchases. To hedge this price risk, the Group concludes forward contracts based on the forecast grid loss profile within the framework of weekly tenders. These forward contracts are exclusively for physical delivery in the context of the company's usual purchase, sale or usage requirements. They are therefore not accounted for as financial instruments under IFRS 9 in application of the *own use exemption* and are therefore not taken into account with regard to the requirement to conduct sensitivity analyses in relation to price risks. With regard to these contracts, which are to be accounted for as pending legal transactions, and the future financial obligations associated with them, we refer to Note [30], *Contractual guarantees, contingent liabilities and other financial obligations*.

Market price risk from unlisted equity instruments

Unlisted equity instruments held by the Group as financial investments (see Note [12], *Financial investments*) are subject to market price risk resulting from the uncertainty of the future performance of the shares. The Group holds these as long-term financial investments based on existing business relationships with the investees concerned. Therefore, the existing risk of price changes, which from the Group's point of view can be regarded as immaterial in terms of its magnitude, is of only minor importance for the economic situation of the Group. There is no active management and assessment of this risk.

As with their fair value, the sensitivities from price change risks cannot be reliably determined for these unlisted equity instruments, so no quantification is provided here. Subsequent measurement of these equity instruments classified as *measured at fair value through other comprehensive income* does not have any effect on profit or loss before tax. Any – in this case immaterial – price risks only affect other comprehensive income and consolidated equity.

Default risk

In the course of its operating activities, the Group is exposed to default risks from its financial receivables (in particular trade receivables), cash investments and cash at banks and deposits with banks. For Amprion, default risk is the potential that a customer or business partner cannot or does not meet its financial obligations and that the Group incurs a financial loss from the partial or complete non-fulfilment of agreed services.

Nevertheless, the risk of default by customers and business partners is limited to some extent by contractual provisions that allow the Group to demand appropriate collateral or advance payments in justified cases. This is supplemented by continuous receivables management. In addition, the vast majority of network charges are collected by the distribution network operators, who are also subject to regulation. Accordingly, the insolvency risk is still considered to be very low.

With regard to some of the outstanding receivables that are subject to a significant risk of default, information on the creditworthiness of the business partners is regularly obtained and monitored in order to reduce the risk. This serves as a further basis for decisions on any measures to be taken (see Notes below on the default risk of trade receivables).

Financial and money market transactions are only entered into with business partners who are approved under company finance policies and conform with defined investment limits thereunder.

The Group's maximum default risk exposure without taking into account corresponding securities is the total carrying amount of the individual financial assets (debt instruments) carried on the balance sheet as at the reporting date and also as at the beginning and end of the previous year. The items specifically concerned are loans reported under [12], *Financial investments* as well as [14], *Trade receivables and other receivables*, [15], *Other financial assets* and [18], *Cash and cash equivalents*. The total maximum amount at risk as at 31 December 2023 was €1,277.2 million (previous year: €6,403.0 million).

Trade receivables and other receivables

The default risk from receivables from network customers and balancing group managers is monitored on the basis of the Group's standardised default risk management procedures and controls. Bad debt insurance is not taken out due to the associated cost-benefit ratio. Instead, the creditworthiness of network customers and balancing group managers is assessed on the basis of regularly obtained external credit reports from an established credit agency or, if no credit report is available or if it is slightly below or above a relevant threshold, (additionally) on the basis of an individual credit assessment. Based on these credit assessments, a decision is then made on further measures that may need to be taken on a case-by-case basis.

Default risks exist in the context of balancing group settlement and on the grid customer side in the event of non-payment of receivables by a balancing group manager or grid customer. Appropriate security deposits may only be demanded in justified cases that are limited to ex ante recognisable or probable defaults on receivables (e.g. in the event of enforcement measures against the balancing group manager or grid customer, application for the opening of insolvency proceedings, or in the event of justified concern of non-performance of the contract due to insufficient creditworthiness as well as repeated, non-insignificant delay in payment). Comprehensive hedging of default risks by means of security is therefore not possible or permissible.

In connection with balancing group settlement, Amprion counters default risks by monitoring the schedule registration of the balancing group management in a timely manner and by demanding collateral on a case-by-case basis. In accordance with the provisions of the balancing group contract, the directly enforceable guarantee of a creditworthy third party as well as pledges and, if applicable, cash collateral can be considered as collateral. If the permissible trading volume of a balancing group manager is exceeded, an increase in the collateral to be deposited is usually requested.

To determine the need for impairment losses on receivables, the probability of default of the counterparty is calculated using the expected loss model required by IFRS 9 and external credit ratings. The lifetime expected credit loss is calculated by multiplying the exposure at default by the individual probability of default and the loss given default. The individual default rate is calculated as the share of the receivable amount reduced by the collateral deposited in the individual case in the total receivable amount. Interest effects are negligible due to the generally short-term maturity of the receivables. The Group applies the simplified impairment approach to these trade receivables, which do not contain a significant financing component.

The impairment loss determined in accordance with the approach described above is recalculated at each reporting date on the basis of updated parameter values. As the external credit assessments take into account past events, current circumstances and expected developments, the impairment loss requirement has not yet been further adjusted or calibrated.

As a result of the credit collateral deposited by balancing group managers as at the reporting date, the Group's expected credit losses from trade receivables and other receivables decreased by a total of €0.1 million as at the reporting date (previous year: €0.0 million).

Due to the nature and degree of diversification of the customer structure and business partners, the Group considers the risk concentration in trade receivables to be low, similar to the previous year.

Money market investments and deposits with banks and financial institutions

The risk of default on short-term deposits and on balances with banks and financial institutions is managed by the Finance department in accordance with the Group's financial guidelines. This includes the measurement, limit monitoring and management of counterparty risks, with a daily counterparty determination for banks.

As part of the management of counterparty default risks, risk diversification of cash at banks and cash investments among various banks is ensured, taking into account economic aspects and compliance with limits. Risk limitation includes the definition of approved counterparties, on the one hand, and the establishment and, if necessary, adjustment of the limits applicable to the approved counterparties, on the other hand. External long-term deposit ratings from established rating agencies, the bank's equity base and current credit default swaps are used to assess bank limits. The counterparty limits are reviewed on a daily basis before any financial transactions are entered into. Transactions involving (potential) counterparty risk may only be carried out within the limits set for the respective counterparty.

Value adjustments and expected loss provisioning on receivables, other financial assets and bank deposits

The value adjustments on financial assets in the form of trade receivables, other receivables as well as cash investments and cash at banks, which are each subsequently measured at amortised cost, developed as follows from the beginning of the previous year to the end of the reporting period:

Loss allowance for financial assets

in € million	Trade receivables and other receivables	Money market investments and cash at banks	Total
As at 31 December 2021	1.7	0.9	2.7
Additions	0.9	0.9	1.8
Amounts used	0.0	0.0	0.0
Unused amounts released	-1.2	-0.4	-1.6
As at 31 December 2022	1.5	1.4	2.8
Additions	0.0	0.0	0.0
Amounts used	0.0	0.0	0.0
Unused amounts released	-0.5	-1.4	-1.9
As at 31 December 2023	0.9	0.0	0.9

The reduction in expected credit losses on cash investments and cash at banks is due to the reduction in cash at banks during the year. In the reporting year, valuation allowances for expected credit losses of €1.4 million recognised in risk provisions were released to income (previous year: €0.4 million impairment expenses on cash at banks). The decrease in risk provisions for trade receivables and other receivables is due to a reduction in the risk provision ratio compared to the previous year.

LIQUIDITY RISK

Through its current financial obligations, Amprion is exposed to liquidity risks, of potentially not being able to meet its payment obligations in full or on time. Therefore, a key objective of the Group is to ensure full solvency at all times through centralised liquidity management. To this end, measures are taken to ensure a continuous balance between the coverage of short-, medium- and long-term financial requirements and to maintain financing flexibility through the use of overdrafts, bank loans, promissory note loans, registered bonds, leasing contracts and financing via the public capital market. Against this background, Amprion GmbH had launched its first *Debt Issuance Program* (DIP) in 2021 with an initial total financing framework of €6,000.0 million, which was increased by €3,000.0 million to €9,000.0 million in the reporting year. In the reporting year, based on the DIP the Group – as in the previous year – placed a green dual-tranche bond with a total nominal volume of €1,200.0 million on the “Euro MTF” market segment of the Luxembourg Stock Exchange. The first bond tranche has a nominal value of €500.0 million, a maturity of five years, a coupon of 3.875% (IFRS effective interest rate: 3.994%) and an issue price of 99.804% (discount: €0.98 million). The second tranche has a nominal value of €700.0 million, a maturity of eleven years, a coupon of 4.125% (IFRS effective interest rate: 4.261%) and an issue price of 99.160% (discount: €5.88 million). The bond was given a “Baa1” rating by Moody’s.

Amprion GmbH had already successfully placed a green dual-tranche bond with a total nominal value of €1,800.0 million on the unregulated capital market in Luxembourg for the first time in 2022. In addition, the Group has the option of obtaining short-term financing through its commercial paper programme launched in the 2020 financial year. The maximum permitted issue volume was increased from €900.0 million to €1,500.0 million in the reporting year. The steady use of the public capital market planned for the future and the associated establishment as a frequent issuer significantly reduces the Group’s dependence on bank financing.

Amprion’s cash management includes the centralised execution of payment transactions, bank accounting, liquidity management and liquidity balancing including cash pooling under a corresponding agreement with Amprion Offshore GmbH (see Note [31], *Related party disclosures*).

To monitor liquidity risk and avoid liquidity shortfalls, Amprion uses Group-wide central liquidity planning tools and takes the measures described below:

Liquidity planning

Group liquidity planning is a set of processes building upon the primary objective of ensuring solvency at all times that are aimed at optimising the capital structure and the financial result. Achieving this requires not only determining the short-term liquidity trend, but also that of the forecast year as well as the liquidity trend within the framework of the long-term planning process.

The Group's short-term liquidity is planned and monitored on a rolling basis with a forecast time window that extends from the respective point in time under consideration to the end of the following financial year. Liquidity planning and the future liquidity trend are updated at regular intervals through integration in the general corporate planning process. Liquidity planning thus factors in actual figures, current and forecast data, market data and corporate planning. As Amprion GmbH operates a cash pooling system with Amprion Offshore GmbH, this is also included in the Group liquidity planning.

In addition to its responsibilities as transmission system operator (grid business), Amprion is also responsible for the settlement of accounts for the EEG compensation mechanism within its balancing area (EEG business). The same applies to the KWKG compensation mechanism, under which Amprion has been required to – analogous to EEG compensation – maintain a separate KWKG bank account in accordance with Section 47 (1) EnFG since 1 January 2023. All income and expenses are to be processed via this KWKG account on the basis of the EnFG in conjunction with the KWKG. Analogous to the EEG compensation mechanism, this is intended to ensure transparency for the financial KWKG load balancing as well as for the KWKG levy system and the smooth processing of vertical and horizontal cost balancing.

The clearing activities of Amprion, which are associated, in particular, with the EEG and KWKG compensation, have a significant impact on the short-term liquidity requirements for this, which need to be financed separately for regulatory reasons. Accordingly, in addition to the liquidity planning for the grid business, Amprion maintains a separate EEG and KWKG liquidity planning based on monthly updated data for the current and, if necessary, the following financial year.

Monitoring liquidity risk and ensuring sufficient liquidity

With the accounting separation of the EEG-, KWKG- and grid business, liquidity management and liquidity risks are also considered separately. To control and monitor the essential liquidity risks, the planned liquidity developments for the EEG, KWKG and grid business are determined along with different stress-test scenarios. For the grid liquidity risk, the risks at company level are used for the stress test. Stress testing for EEG liquidity risk is carried out under scenario risk parameters specified by an independent expert. The change in liquidity indicated in stress testing is compared against the available cash and cash equivalents and credit lines so as to identify a possible liquidity shortfall early in advance and to initiate appropriate countermeasures. Top- and second-level management and the Supervisory Board receive regular reporting on the liquidity situation and stress testing findings, in order to assess the Group's liquidity risk.

Grid business

To reduce the liquidity risk and to maintain and secure its financial flexibility, the Group has concluded a syndicated loan agreement with eight credit institutions. As at the reporting date, the Group had revolving confirmed credit facilities amounting to €2,000.0 million (previous year: €1,500.0 million), whereby the total volume of the syndicated loan agreement was increased by €500.0 million in the first quarter of the reporting year. In contrast to unconfirmed credit lines, committed credit facilities are contractually guaranteed credit lines with fixed credit margins that are available to the borrower at any time. The borrower usually pays a commitment fee for this.

The aforementioned credit facilities were available to the Group for free use within the scope of general corporate purposes or normal business activities. As at 31 December 2023, these were drawn in the amount of €1.0 million (previous year: €0.0 million). In addition, guarantees were utilised in the amount of €6.3 million (previous year: €6.0 million).

As at 31 December 2023, the Group had a further €600.0 million (previous year: €400.0 million) in unconfirmed short-term credit facilities. These were not utilised as at 31 December 2023 (previous year: €0.0 million).

Unlike in the previous year, the commercial paper programme, which currently has a total financing framework of €1,500.0 million (previous year: €900.0 million), was not used for short-term interim financing in the reporting year (previous year: €180.0 million). As at 31 December 2023, Amprion had not issued any commercial paper, in line with the previous year's reporting date. The commercial paper programme was confirmed by Moody's in the reporting year with a short-term rating of "Prime-2" (P-2) as in the previous year.

EEG settlement

In principle, the EEG settlement by way of the EEG compensation mechanism can result in liquidity risks for the Group. In this respect, the EEG levy already reduced to 0.00 ct/kWh as of 1 July 2022 and abolished with effect from 1 January 2023 provided for a liquidity buffer accruing to the transmission system operators to avoid potential negative EEG account balances resulting from Amprion's clearing activities as well as additional short-term transitional financing.

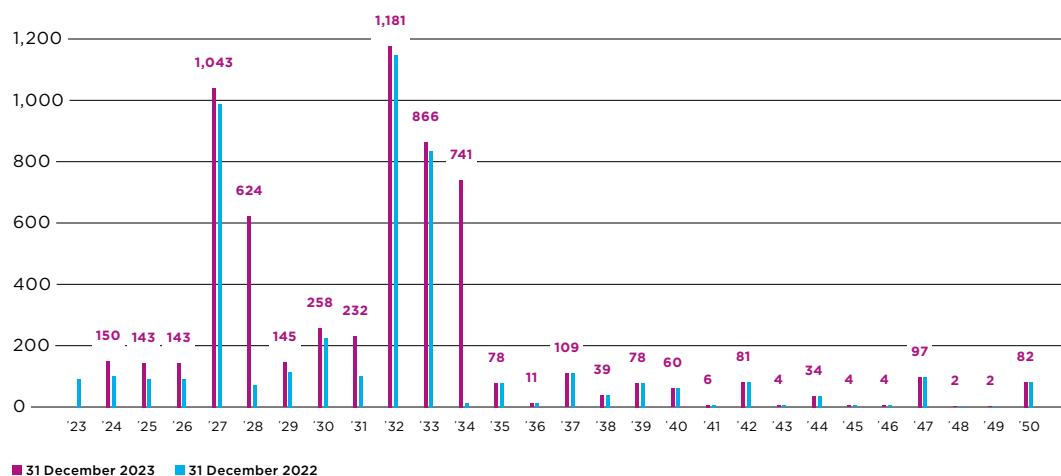
Due to the high level of EEG liquidity held, there was no need in the reporting year, as in the previous year, to continue to use earmarked confirmed EEG credit facilities to reduce any potential liquidity risk resulting from the EEG settlement. Similarly, in 2022, the four German transmission system operators waived the funds to which they are generally entitled for financing the payments to be made to the EEG plant operators (Amprion's share: €1,073 million) from the 2030 climate protection programme due to the clearly positive EEG account balance. Regardless of this, the Group has the ability to use its credit line resulting from the syndicated loan agreement for interim EEG financing at any time if necessary.

Ensuring a balanced liability maturity structure

The following chart illustrates the maturity profiles of the promissory note loans, registered bonds, the syndicated loan (promotional loan) and the bonds listed in Luxembourg shown in the consolidated balance sheet under non-current financial liabilities as at the reporting dates of the reporting year and the previous year. Presented is the sum of the contractually agreed, undiscounted interest and redemption payments. This does not include payment obligations from contracts recognised as leases under IFRS 16 or payment obligations connected with jouissance rights (see Note [10], *Leases* and [21], *Financial liabilities*).

Maturity structure of interest and redemption payments for promissory note loans, registered bonds, syndicated loans and bonds presented by reporting dates

in € million



The maturity profiles reveal a diversified maturity structure of non-current financial debt utilised for Group financing (see Note [21], *Financial liabilities*), which is beneficial for reducing both long-term liquidity and refinancing risks.

The table below shows the aggregated maturity structure of all recognised current and non-current financial liabilities (here including jouissance rights and trade payables) and other (financial) liabilities, individually for each of the following five financial years and in total for financial years beyond that horizon.

Maturity profiles of financial liabilities (excluding lease liabilities)

in € million	31 Dec. 2023	31 Dec. 2022
Due in up to 1 year	1,968.0	4,077.5
Due in 1-2 years	203.9	2,695.4
Due in 2-3 years	147.1	94.7
Due in 3-4 years	1,047.1	895.2
Due in 4-5 years	627.9	167.5
Due after 5 years	4,119.0	3,191.6
Total	8,112.9	11,122.0

FINANCING RISK

The Group has significant funding requirements in the coming years to finance its onshore and offshore investment projects. There is a risk that the liquidity required for this might not be available either at attractive conditions or through external – neither public nor private – financing channels. Events having a negative impact on national and international capital markets can adversely affect the general availability of funds and the Group's financing costs.

If Amprion were unable to procure the planned financing, it would be at risk of not being able to carry out the planned investments or not to the extent planned. The associated negative impact on the feasibility of the strategic plans could have an adverse effect on business, financial positions and net profit. If, in an extreme scenario, the capital markets were not available even for a longer period of time, sufficient access to external sources of financing might not be ensured. This would entail the risk for the Group of not being able to meet its financial obligations in full or on time.

In addition to debt financing, the considerable investment volume of the years to come will require additional equity capital in order to secure a stable credit rating in the investment grade range targeted by the Group. As a non-listed company, refinancing risks for Amprion result from the potentially limited possibility to sustainably finance itself through external equity

injections. Therefore, the Group holds regular discussions with its shareholders about possible injections of additional equity and about the scope and timing of such injections. Nevertheless, the risk remains that equity may not be available in sufficient amounts or in a timely manner and that Amprion may not receive further equity commitments. This could adversely impact investment plans and thus the Group's business activities, financial situation, earnings as well as credit ratings.

Amprion takes, in particular, the measures outlined below in managing its financing risk:

- (1) The Group pursues an active financing strategy to maintain an *investment grade* credit rating, striving to create and maintain an optimally sustainable capital structure based on long-term forecast investment portfolio.
- (2) Additional capital requirements for long-term investment projects are proactively coordinated with Amprion shareholders in a timely fashion to ensure sufficient available equity and debt capital at the times required, while adhering to the planned capital structure and the agreed funding requirements.
- (3) Amprion maintains a high degree of flexibility for securing financing for its long-term investment projects through diversification of its external financing instruments, including bank loans, promissory note loans, registered bonds and the open bond market in addition to equity financing sources. Particularly regarding public capital market financing, Amprion is striving to position and establish itself as a reliable frequent issuer.
- (4) In the previous year, the Group had published a Green Finance Framework for the first time, which defines the framework conditions for green financing and specifies project categories for which funds from green financing instruments can be used. In addition, Amprion was given a low-risk ESG risk rating of "9.6" (previous year: "12.8") by the ESG rating agency Sustainalytics and an ESG entity, framework and instrument rating of "2" each by Sustainable Fitch in the reporting year. This demonstrates that the Group is successfully pursuing a strict focus on sustainable business and a sustainable economic strategy. This is considered indispensable by Amprion in order to be able to continue to finance the financial resources required for the grid expansion to a sufficient extent and at attractive conditions via the public capital market.
- (5) Amprion remains in continuous dialogue with politics to ensure that the regulatory system/framework provides an appropriate basis for the Group to completely fulfil its tasks and obligations as transmission system operator while generating a risk-adequate and fair market return for existing and potential shareholders.

RISK CONCENTRATION

Risk concentrations can arise from significant transactions with individual clients or business partners or from transactions of a significant volume conducted with several business partners with similar economic characteristics. Such homogeneous groups may be impaired in their ability to meet their contractual obligations on time and in full due to changes in the economic or political situation as well as other – especially regulatory – (framework) conditions, which would expose the Group to concentrated default risks and thus also to liquidity risks.

Based on the existing receivables structure of the Group, a significant concentration of risk can be identified in the bundling of receivables with distribution grid operators. However, it should be noted that these distribution grid operators also operate within the regulatory framework and also have a large number of end consumers. Therefore, the Group assesses any default and liquidity risks from risk concentration as low as at the reporting date and in the previous year, due to the nature of its customers and the existing customer structure.

[26] Segment reporting

In line with corporate management structures, the Group is divided into the two segments *Transmission System Operation* and *Offshore Grid Connections*. These are distinguished as being subject to different regulatory regimes formed by different regulation systems, which significantly shape the economic framework conditions and business activities of the two segments and thus also of the Group as a whole.

The regulatory framework for the *Transmission System Operation* segment is derived from the legal requirements of the Energy Industry Act (**EnWG**), the Electricity Network Charges Ordinance (StromNEV), the Electricity Network Access Ordinance (StromNZV) and the Incentive Regulation Ordinance (**ARegV**). The revenues for the access to the transmission grid are collected by setting revenue caps by means of an incentive-based regulation. The regulatory framework for the *Offshore Grid Connections* segment is derived from the statutory obligation to construct and operate offshore grid connection systems pursuant to Section 17d (1) EnWG. The revenues from the apportionable network costs for the construction and operation of offshore connection lines are collected separately from the other network costs via the offshore network levy pursuant to Section 17f (1) sentence 2 EnWG or, from 1 January 2024, in accordance with Section 10 EnFG in conjunction with Section 17f EnWG. These leviable grid costs are determined on the basis of the provisions of Section 3a StromNEV.

Activities in the *Transmission System Operation* segment are conducted by Amprion GmbH as an independent legal entity, while Amprion Offshore GmbH is the independent legal entity conducting operations in the *Offshore Grid Connections* segment.

Activities in the *Transmission System Operation* business segment revolve around the safe, reliable and efficient operation and provision of the transmission grid in the Group's balancing zone as codified in the Energy Management Act (EnWG). In addition to providing non-discriminatory access and ensuring system security at all times, the company is also responsible for expansion of the transmission system as demand requires. Business activity is influenced by incentive regulations forming the legal framework.

Activities in the *Offshore Grid Connections* segment are likewise influenced by the regulatory framework, revolving around the construction, commissioning, maintenance, repair and intra-group leasing of grid connection systems lying outside the scope of the existing onshore transmission system.

No business segments were combined to form the two business segments reported.

Given the proximity to the calculatory standards and measurements of the incentive regulation, the net profit or loss (*result*) of Amprion GmbH and, for the first time from the reporting year onwards, the *Investments in property, plant and equipment* of Amprion GmbH (Transmission System Operation segment) and of Amprion Offshore GmbH (Offshore Grid Connections segment) determined in accordance with the accounting principles under HGB serve as the key internal management parameters and financial performance indicators of the Group.

In addition, property, plant and equipment determined in the two business segments according to HGB is reported as a key figure with a significant influence on the company's performance. In contrast to the previous year, the management no longer considers the sales revenue under HGB influenced by the EEG settlement, the levy mechanisms and payments from the electricity price brake as a financial performance indicator in corporate management.

In the context of external capital market communication and the external ratings, *net debt* determined in accordance with IFRS is also utilised as a parameter within the framework of the Group's capital management. Due to the current centralised Group financing, financial debt to third parties outside the Group only arises at the level of the *Transmission System Operation* segment. Therefore, the segment key figure *net debt* corresponds to the Group-wide net debt figure. For the quantitative derivation of Group *net debt*, please refer to Note [29], *Disclosures on capital management*.

Based on the Amprion Group's internal management figures presented above, the following IFRS segment reporting reconciles the segment figures determined in accordance with HGB with the items reported in the IFRS consolidated financial statements. The classification of the segment figures determined in accordance with HGB already follows the IFRS structure, which forms the basis for the reporting of expenses and income in the consolidated income statement. In addition to the revaluation effects from the application of IFRS recognition and measurement rules, the table column *Revaluations and other reclassifications* includes also individual reporting adjustments resulting from the different classification structures of the HGB annual financial statements and the IFRS consolidated financial statements.

The internal revenues shown in the reconciliation of earnings are revenues generated between the two Group companies (intra-group revenue). These intercompany proceeds, which also reflect the transactions between the two segments, are eliminated in the consolidation of income and expenses along with the corresponding expenses and are shown in the Consolidation column. The same applies to the interest income in the Transmission System Operation segment and the corresponding interest expenses at the level of the *Offshore Grid Connections* segment arising from the intra-group debt financing of Amprion Offshore GmbH by Amprion GmbH. The intra-group, purely cost-based settlements between the business segments do not include any intercompany profits.

Total property, plant and equipment relates to the assets reported in the statement of changes in property, plant and equipment. Their carrying amounts under HGB are reconciled to the values shown in the IFRS consolidated balance sheet.

Investments in property, plant and equipment represent additions to property, plant and equipment of both Amprion GmbH and Amprion Offshore GmbH, consistent with the financial performance indicator under HGB. The corresponding amount can be found in the segment reporting in the *Investments in property, plant and equipment* line and the *Total for the business segments* column.

Segment reporting – reporting period

Business segments	Transmission system operation	Offshore grid connections	Total for the business segments
Accounting system	German GAAP (HGB)		
in € million			
External revenue	15,424.8	2.5	15,427.4
Intra-group revenue	56.4	54.6	111.1
Total revenue	15,481.3	57.2	15,538.5
Other income	254.1	0.1	254.1
Operating expenses	-15,063.6	-3.6	-15,067.3
Depreciation and amortisation	-294.5	0.0	-294.5
Investment result	25.9	0.0	25.9
Interest income	150.1	0.0	150.1
Interest expenses	-113.6	-28.3	-141.9
Income tax expense	-146.5	-8.1	-154.6
Expenses from profit/loss transfer	0.0	-17.2	-17.2
Result	293.2	0.0	293.2
Total property, plant and equipment	8,797.5	1,441.8	10,239.3
Investments in property, plant and equipment	1,736.9	1,308.5	3,045.3

Segment reporting – previous year

External revenue	11,911.9	0.0	11,911.9
Intra-group revenue	36.5	3.6	40.2
Total revenue	11,948.4	3.6	11,952.0
Other income	188.7	0.0	188.7
Operating expenses	-11,476.3	-0.5	-11,476.8
Depreciation and amortisation	-258.9	0.0	-258.9
Investment result	3.5	0.0	3.5
Interest income	3.9	0.0	3.9
Interest expenses	-90.5	-0.3	-90.8
Income tax expense	-105.3	-0.9	-106.2
Expenses from profit/loss transfer	0.0	-1.9	-1.9
Result	213.4	0.0	213.4
Total property, plant and equipment	7,370.3	135.2	7,505.5
Investments in property, plant and equipment	1,360.3	77.2	1,437.5

	Remeasurements and reclassifications	Consolidation	Amprion Group
	International Financial Reporting Standards (IFRS)		
	-10,598.0	0.0	4,829.4
	0.0	-111.1	0.0
	-10,598.0	-111.1	4,829.4
	-98.2	33.9	189.8
	11,844.5	77.2	-3,145.6
	-148.6	0.0	-443.1
	0.0	-25.3	0.7
	-97.8	-28.3	24.0
	59.6	28.3	-54.0
	-304.9	8.1	-451.4
	0.0	17.2	0.0
	656.6	0.0	949.8
	183.1	0.0	10,422.4
	28.8	0.0	3,074.1
	-8,399.2	0.0	3,512.6
	0.0	-40.2	0.0
	-8,399.2	-40.2	3,512.6
	-52.2	26.7	163.3
	8,137.9	13.4	-3,325.5
	-161.0	0.0	-419.9
	0.0	-2.8	0.7
	-0.4	-0.3	3.2
	75.7	0.3	-14.8
	125.3	0.9	19.9
	0.0	1.9	0.0
	-273.9	0.0	-60.4
	160.3	0.0	7,665.8
	-3.5	0.0	1,434.0

Significant adjustments and remeasurements resulting from the reconciliation of the amounts under HGB to the consolidated IFRS values presented in the segment reporting concern, in particular

- the required netting of income and expenses under IFRS from EEG compensation mechanism, regulatory levies and the one-off fees collected in 2023 for the interim financing of costs incurred for the granting of relief under the Electricity Price Brake Act, all of which are presented gross in revenue under national GAAP (HGB),
- the recognition of regulatory claims and obligations that is not permitted under IFRS, in particular in connection with the regulatory account pursuant to Section 5 ARegV and with regard to congestion income subject to regulatory utilisation restrictions,
- lower operating (rental) expenses as well as higher IFRS depreciation and amortisation and higher IFRS interest expenses due to the recognition of right-of-use assets as part of lease accounting in accordance with IFRS 16,
- deviating interest income and expenses from the accounting of personnel provisions and net pension obligations or net plan assets, and
- different amounts of capitalised borrowing costs.

The revaluation effect on the total of property, plant and equipment results from the cumulative valuation effect of different depreciation and capitalisation of borrowing costs as well as valuation differences from property exchange transactions.

The revaluation effect in investments in property, plant and equipment of both Amprion GmbH and Amprion Offshore GmbH is mainly due to the different levels of capitalisation of borrowing costs under HGB and IFRS as well as the different valuation of property exchange transactions.

The following table shows, differentiated according to accounting topics, the reconciliation of the annual result under HGB – based on the total of the segment amounts – to the IFRS consolidated net income:

Reconciliation of earnings

in € million	2023	2022
Total segment revenue (German GAAP [HGB])	293.2	213.4
Regulatory items	892.9	- 421.8
Staff-related provisions (incl. pension obligations)	52.9	40.1
Property, plant and equipment	23.7	- 8.7
Other provisions	1.7	- 15.0
Financial liabilities	10.1	4.8
Deferred taxes	- 304.9	125.3
Other	- 19.8	1.5
Consolidated net income (IFRS)	949.8	- 60.4

The amounts shown in the reconciliation under regulatory items mainly relate to recognition and measurement differences from the accounting of regulatory claims and obligations from the regulatory account as well as regulatory obligations in connection with the congestion income recognised in profit or loss in accordance with IFRS.

The differences in earnings relating to personnel provisions (including pension obligations) are mainly due to the different discount rates under HGB and IFRS. This relates, in particular, to the associated difference in the amount of the service cost, the different recognition of actuarial gains and losses and the remeasurement of the plan assets as part of the measurement of the net pension obligation.

The difference in earnings in connection with the recognition of property, plant and equipment mainly relates to differences in capitalised interest on borrowed capital and different levels of scheduled depreciation.

The differences from the recognition of other provisions mainly result from items that cannot be recognised as provisions in the balance sheet under IFRS and from different interest rates under HGB and IFRS.

The effect on earnings from financial liabilities results from the mandatory application of the effective interest method under IFRS – in contrast to HGB – and the associated neutralisation of discounts and transaction costs at the time of initial recognition of a financial liability.

The change in the item *Other* totalling €–21.3 million is mainly due to the front-loading interest effect from IFRS lease accounting in connection with the two newly commissioned bnBm Biblis and Leipheim.

[27] Auditor fees

The table below shows the total fees of the Group's auditor *BDO AG Wirtschaftsprüfungsgesellschaft*, Düsseldorf, recognised as expenses, broken down by service type for the reporting year and the previous year:

Audit fees

in € thousand	2023	2022
Statutory audit services	399.8	262.2
Other assurance services	720.9	403.3
Tax advisory services	0.0	3.8
Total	1,120.7	669.3

BDO AG Wirtschaftsprüfungsgesellschaft audited the separate financial statements of Amprion GmbH and Amprion Offshore GmbH and the IFRS consolidated financial statements of Amprion GmbH. Non-statutory audit services were performed on financial information for quarterly reviews.

Other assurance services include, on the one hand, mandatory certification services in accordance with energy law regulations (EEG, EEV, KWKG, StromNEV, AbLaV, EnWG, EnFG). On the other hand, these include, among others, non-statutory confirmation services for comfort letters provided in connection with the bond issues carried out by the Group on the unregulated market in Luxembourg and the first-time audit of the use of funds from the issue of green bonds in accordance with the requirements of the Green Finance Framework.

Of the amounts stated under *Statutory audit services* and *Other assurance services* for the reporting year, €128.9 thousand relate to previous years (of which €81.3 thousand to *Statutory audit services* and €47.6 thousand to *Other assurance services*).

[28] Notes on the cash flow statement

The cash flow statement is broken down into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities, depending on the source and application of cash and cash equivalents. The overall balance from these three positions represents the change in the Group's cash and cash equivalents, which totalled €-5,221.9 million at the end of the reporting period (previous year: €3,412.0 million). The change of around €-8.6 billion compared to the previous year is mainly due to EEG equalisation payments made in the reporting year, which are shown in the operating cash flow, as well as the high investments in the transmission grid shown in the investment cash flow.

Cash and cash equivalents consisted almost exclusively of cash at banks, most of which were invested as time and overnight deposits with maturities of less than three months. They were therefore only subject to an insignificant risk of fluctuation in value.

Cash flow from operating activities, calculated applying the indirect method, came to €-3,175.2 million for the reporting year (previous year: €1,996.8 million). Of this amount, €1,727.6 million (previous year: €443.4 million) stemmed from the Group's grid business, €-4,995.2 million from EEG settlement (previous year: €1,553.4 million) and €92.4 million from the KWKG settlement. The significantly lower cash flow from EEG settlement in the reporting year compared to the previous year is due to the complete elimination of the EEG levy on 1 January 2023 – following the reduction of EEG levy to 0.00 ct/kWh as of 1 July 2022 – and the reduction of related EEG liabilities from the EEG liquidity held for this purpose. The latter may only be used to finance the payments to be made to the EEG plant operators. The same

has applied since 2023 regarding the KWKG liquidity in relation to the KWKG plant operators. As at the reporting date, the corresponding liquidity holdings totalled €205.1 million for the EEG business (opening balance reporting year: €5,113.1 million) and €94.3 million for the KWKG business (previous year: €2.0 million).

Income taxes paid by Amprion included in the operating cash flow amounted to €16.5 million in the reporting year (previous year: €49.9 million).

Other non-cash expenses [-] and income [+] relating to the operating cash flow are shown in the following table:

Other non-cash expenses and income

in € million	2023	2022
Income from the reversal of construction cost contribution	2.3	0.4
Recognition and reversal of impairments	-4.7	5.4
Other	12.8	-0.3
Total	10.3	5.4

The financial liabilities included in the cash flow from financing activities in the cash flow statement can be reconciled to the carrying amounts in the balance sheet as shown in the table below.

Reconciliation of financial liabilities included in cash flow from financing activities to their carrying amounts

in € million	Liabilities to banks	Bonds	Other financial debt	Lease liabilities	Total
As at 1 January 2022	1,203.9	787.3	25.6	185.8	2,202.5
Cash-effective changes	-141.2	1,795.1	3.2	-158.1	1,498.9
Non-cash-effective changes	40.5	0.0	0.7	113.8	155.0
of which additions to accrued interest	40.5	1.0	0.0	0.0	41.5
of which additions to lease liabilities	0.0	0.0	0.0	155.9	155.9
of which other changes	0.0	-1.0	0.7	-42.0	-42.3
As at 31 December 2022	1,103.2	2,582.4	29.5	141.5	3,856.5
As at 1 January 2023	1,103.2	2,582.4	29.5	141.5	3,856.5
Cash-effective changes	-90.6	1,189.1	3.4	-124.1	977.7
Non-cash-effective changes	107.1	2.1	0.8	1,173.4	1,283.3
of which additions to accrued interest	107.1	2.1	0.0	0.0	109.1
of which additions to lease liabilities	0.0	0.0	0.0	1,173.4	1,173.4
of which other changes	0.0	0.0	0.8	0.0	0.8
As at 31 December 2023	1,119.6	3,773.6	33.7	1,190.7	6,117.6

The *Liabilities to banks* listed in the table include the promissory note loans, registered bonds and bank and syndicated loans issued by the Group. *Other financial debt* consists of the jouissance rights recognised as part of financial liabilities (see section [21] *Financial liabilities*) and the other financing reported under other financial liabilities.

The Group recognises interest and dividends paid within cash flow from financing activities, while interest and dividends received are recognised within cash flow from investing activities.

In the reporting year, the Group invested a total of €3,074.1 million in property, plant and equipment (previous year: €1,434.0 million). This investment amount was offset by depreciation of property, plant and equipment amounting to €284.8 million (previous year: €249.8 million).

[29] Disclosures on capital management

With regard to the Group capital structure, the Group pursues a policy of maintaining a balanced mix of debt and equity financing at all times. In this respect, the management of the capital structure (capital management) is primarily aimed at

- ensuring a solid equity base for the Group to buffer effects from changes in the regulatory environment as well as unpredictable economic fluctuations and events.
- generating a market-appropriate risk-adjusted target return on equity for shareholders. This is a key prerequisite for the Group to have sufficient equity capital available to implement the substantial investment programme and to maintain the target rating (*investment grade*) it is striving for.
- ensuring the Group's access to the organised capital market at favourable financing conditions to be able to implement the investment programme in full and on time. The issue of the second green dual-tranche bond in a challenging capital market environment in the reporting year and the "low-risk" ESG risk ratings from the ESG rating agencies Sustainalytics and Sustainable Fitch are highlights in this regard. These events illustrate the Group's strategic orientation towards sustainable business and the associated anticipation of the requirements of the European Sustainable Finance Strategy. Only in this way can the financial resources required for the network expansion be financed in the long term to the necessary extent at attractive conditions via the public capital market.

The Group's capital structure is managed in accordance with existing regulatory requirements, amendments to the regulatory framework, the current market conditions and the primary objectives mentioned above.

The majority of the Group's planned investment programme will be financed by borrowings in the form of bank loans, promissory note loans and registered bonds as well as bonds listed on the international capital market.

To ensure the necessary access to the public capital market while at the same time maintaining favourable financing conditions in the future, the Group's capital management is based on the three primary objectives of the Group, on the one hand, and on compliance with the following secondary conditions, on the other hand:

- (1) Maintaining an investment grade corporate credit rating over the long term.
- (2) Ensuring that Amprion hits its key financials to maintain the target credit rating.
- (3) Compliance with financial covenants under existing credit agreements.
- (4) Maintaining a balanced maturity profile of Group financial liabilities to reduce financing risks.

(1) Maintaining an investment grade credit rating over the long term:

Amprion GmbH receives solicited external corporate ratings from the two internationally established rating agencies Moody's Investors Service and Fitch Ratings. As at 31 December 2023, Amprion GmbH had a long-term investment grade rating of "Baa1" (Moody's) and "BBB+" (Fitch Ratings), each with a stable outlook, in line with its capital management policy and target rating.

External corporate credit ratings

Rating agency	Forecast horizon	31 Dec. 2023	31 Dec. 2022
Moody's Investors Service	Long-term rating	Baa1	Baa1
	Short-term rating	P-2	P-2
	Outlook	Stable	Stable
Fitch Ratings	Long-term rating	BBB+	BBB+
	Short-term rating	-	-
	Outlook	Stable	Stable

(2) Ensuring that Amprion hits its key financials to maintain the target rating

In order to ensure the target rating in the investment grade area, Amprion GmbH takes into account the relevant rating requirements for the financial risk profile as part of its capital management. These requirements chiefly pertain to specific rating ratios which have to meet certain levels to earn an investment grade rating. *Net debt* is a ratio of key importance, as it is included in key financial ratios by rating agencies and is thus of great importance for the agencies' assessment of the financial risk profile.

In view of its practical relevance for Amprion, the Group attaches particular importance to the net debt figure relating to the grid business as part of its capital management. Its calculation is presented below for the reporting year and for the comparison year with regard to the Group's grid business (i.e. excluding the **EEG** business and for 2023 also without the KWKG business):

Net debt – grid business

in € million	31 Dec. 2023	31 Dec. 2022
Financial debt	4,925.5	3,713.7
+ Lease liabilities	1,190.7	141.5
+ Other financing	1.3	1.4
+ Pension provisions (net pension obligation) and similar obligations	32.3	24.2
- Cash and cash equivalents	-12.1	-420.3
= Net debt	6,137.7	3,460.4

The Group's pension obligations are managed on the basis of their measured value under HGB, so as to ensure that these are fully funded as at the end of the financial year (net pension obligation of zero in the HGB separate financial statements of Amprion GmbH). Accordingly, a coverage gap existing at the end of the financial year is completely closed by a corresponding allocation to the plan assets externally outsourced to a fund. This is structured as a Contractual Trust Arrangement (CTA) and is thus protected from access by the Group or other creditors. It serves exclusively to cover the pension claims of the employees.

Due to a different valuation of the pension obligations under HGB, they are valued significantly lower in the reporting year, as in the previous year, under IFRS than under HGB due to the use of a higher discount rate. Accordingly, the significant rise in interest rates in 2022 already led to a significant overfunding of the pension obligation by the plan assets according to IFRS as at the reporting and the end of the previous year, so that an asset from overfunding is recognised in the IFRS consolidated financial statements (see Note [20], *Provisions*).

(3) Compliance with financial covenants under existing credit agreements

Based on the primary objectives set out above, the Group manages its capital on the secondary condition that it complies with all agreed financial covenants for interest-bearing debt. In the event of non-compliance with such agreements, the contracting counterparties may immediately terminate the credit agreement extraordinarily and declare the outstanding capital amount due and payable in its entirety at short notice. As with the rating, the net debt indicator is of particular importance in this context for the Group, and is therefore also taken into consideration regarding compliance with financial covenants. Specifically, as in the previous year, this related to the long-term fixed-interest syndicated loan with two banks, one of which is a development bank, as at the reporting date.

The syndicated loan agreement concluded with eight banks for revolving confirmed credit facilities totalling €2,000.0 million contains a margin grid. According to the agreement, the amount of the interest margin is contractually fixed depending on the rating classification.

In the reporting year and in the previous year, the Group complied with all covenants agreed in the context of interest-bearing loans.

(4) Ensuring a balanced maturity profile of Group financial liabilities to limit financing risk

In view of the considerable borrowing requirements resulting from the investment programme, the Group aims to keep the refinancing risk of the Group as low as possible by maintaining a balanced maturity profile of its long-term interest-bearing financial liabilities. For detailed information in this regard, see the remarks on Group liquidity risk management under Note [25], *Reporting on financial instruments*.

As at 31 December 2023, there had been no changes in the company's capital management objectives, policies or processes vis-à-vis the previous year.

[30] Contractual guarantees, contingent liabilities and other financial obligations

The following information on contractual guarantees (contingencies), contingent liabilities and other financial obligations is based on nominal values.

Contingencies and contingent liabilities

Contingent liabilities are only entered into after a thorough examination of the associated risks and within the scope of the Group's business activities. Based on the information available up to the preparation of the consolidated financial statements, it is assumed that the liabilities underlying the contingent liabilities can be fulfilled by the respective principal debtors and that a claim is therefore not currently expected. Accordingly, no provisions were made for these liabilities as at the reporting date or in the previous year.

The Group's contingencies exclusively comprised obligations from warranty agreements in the total amount of €223.2 million (previous year: €195.1 million) whose occurrence cannot be completely ruled out. Of this amount, €216.7 million (previous year: €189.1 million) relates to the assumption of debt with transfer of fulfilment for pension obligations recognised by the shareholder RWE AG (*Schuldbeitritt mit Erfüllungsübernahme*). Amprion GmbH bears the economic burden and relief from these pension obligations by RWE AG. As in the past, a claim against Amprion by the pension beneficiaries is currently not expected and therefore does not qualify as a contingent liability under IAS 37. The same applies to the total amount of the Group's remaining contingent liabilities of €6.5 million (previous year: €6.1 million), which mainly relate to obligations of Amprion GmbH from various bank guarantees that are unlikely to materialise according to current estimates.

Due to the transfer of certain pension obligations of Amprion GmbH to RWE Pensionsfonds AG in previous years, the company has a statutory obligation to make additional contributions in its capacity as employer in the event of a future shortfall in the pension fund. As in previous years, there is currently no shortfall in funding. In view of the current level of coverage of the minimum coverage provision and the level of coverage realised in previous years, it is highly probable that such a shortfall will not occur, but it cannot be completely ruled out for the future.

The Group is not exposed to any significant risks in connection with contingent liabilities from lawsuits or passive proceedings that were ongoing as at the reporting date. Insofar as such obligations had already been sufficiently substantiated as at the reporting date, provisions were recognised for them, which in this case are reported under other provisions (Note [20], *Provisions*).

Financial collateral provided by the Group

Amprion GmbH has deposited financial collateral (initial margins) as required to engage in electricity trading on EPEX Spot and trading on other exchanges. These security deposits are reported under *other financial assets* (Note [15], *Other financial assets*). As at 31 December 2023, the fair value of the margin funds provided as collateral was €21.0 million (previous year: €11.2 million). Margin collateral is released when the Group has met its payment obligations to settle exchange trades fully and promptly.

Other financial obligations

As at 31 December 2023, the Amprion Group had financial obligations from the forward purchase of electricity totalling €570.9 million in connection with over-the-counter electricity forward transactions (forwards) concluded as part of grid loss management (long-term component) and falling under the *own use exemption* for accounting purposes (previous year: €577.8 million). Of this total, €493.6 million (previous year for 2023: €393.1 million) is due in financial year 2024 and €77.3 million (previous year for 2024: €184.7 million) in the following year.

Other financial obligations from leases that are contractually agreed but not yet in progress as at 31 December 2023 relate to future property rental payments and leasehold rights of €1.0 million for the years 2024 to 2028 (previous year: €4.2 million for the years 2023 to 2027) and €2.0 million for the years 2029 to 2054 (previous year: €5.9 million for the period 2028 to 2114).

Other financial obligations from purchase commitments totalled €10,314.8 million (previous year: €9,841.2 million) as at the reporting date and mainly related to obligations from the acquisition of property, plant and equipment in the amount of €8,027.3 million (previous year: €8,199.7 million).

The volume of obligations from purchase commitments is mainly due to the contracts already concluded in 2022 for the construction and maintenance of offshore converter systems (offshore platforms and land stations) and the awarding of cable lots in connection with the offshore projects DolWin4 and BorWin4 as well as BalWin1 and BalWin2. In addition, a multi-party contract was concluded in the reporting year in connection with the A-North project, which obliges the contracting parties to implement the contract on the basis of so-called integrated project execution (IPA). The IPA contract model is characterised by the willingness of all contracting parties to trust each other, to bear the project risk jointly to a large extent and to make the key

decisions for the project jointly. The contract covers civil engineering including the construction of the protective conduit system required for the **underground cables** and has an estimated commitment volume of currently around €1,500.0 million, which is considered accordingly in the purchase commitments.

As at the reporting date and compared to the previous year, the maturity profile of the future payments resulting from the Group's purchase commitments is as follows:

Maturity profiles of purchase commitments

in € million	31 Dec. 2023	31 Dec. 2022
Due in up to 1 year	1,365.0	2,858.6
Due in 1 to 2 years	1,142.8	1,144.1
Due in 2 to 3 years	1,574.9	1,058.0
Due in 3 to 4 years	3,746.1	1,318.3
Due in 4 to 5 years	685.0	1,023.2
Due after 5 years	1,801.0	2,439.1
Total	10,314.8	9,841.2

The total amount of other financial obligations from closed property purchase agreements, where the legal and economic transfer takes place after the reporting date, amounted to €64.9 million in the reporting year (previous year: €11.4 million).

There was no collateralisation of the Group's outstanding loans, neither in the reporting year nor in the previous year.

In connection with the management of cross-border grid constraints, the Group generates congestion income that is subject to restrictions on use in accordance with EU law. As at 31 December 2023, financial obligations not recognisable under IFRS amounted to €399.1 million in this context under public law (previous year: €99.0 million). Of this amount, €300.1 million (previous year: €0.0 million) is attributable to a reduction in future grid fees for 2025.

[31] Related party disclosures

Transactions with related party companies

During the reporting year, transactions in the form of distributed dividends were made between the Group and the shareholders of the Group parent company, M31 Beteiligungsgesellschaft mbH & Co. Energie KG and RWE AG. Nevertheless, transactions with companies of the RWE Group were carried out as part of Amprion's ordinary business operations. By resolution of the Supervisory Board of 12 April 2023, a partial amount of €130.0 million of the net profit of Amprion GmbH for the financial year 2022 under HGB was distributed to shareholders (previous year: €130.0 million).

The Group recognised income and expenses with RWE Group companies totalling €115.6 million (income) (previous year: €41.1 million) and €461.8 million (expenses) (previous year: €408.1 million). In the reporting year, RWE AG charged Amprion €2.6 million for pension settlements in connection with the assumption of debt for pension obligations recognised by the shareholder RWE AG (previous year: €8.8 million).

As at 31 December 2023, there were outstanding trade receivables of €30.7 million (previous year: €8.8 million) and outstanding trade payables of €18.2 million (previous year: €9.7 million) between the Group and the RWE Group companies. In addition, the Group recognised lease liabilities to RWE Group companies in the amount of €616.4 million (previous year: €107.3 million) as at the reporting date in accordance with IFRS 16. The significant increase compared to the previous year is due to the commissioning of the Biblis special technical grid facility in the reporting year.

Amprion GmbH maintains business relations with Amprion Offshore GmbH under various agreements governing the contractual and legal rights and obligations between the parties. These include a construction and usage transfer contract between the two companies, an operational management agreement, a control and profit and loss transfer agreement, a cash pooling agreement and a Group loan agreement concluded during the reporting year for a nominal amount of €500.0 million (term: 11 years with final maturity on 31 August 2034; nominal interest rate 4.222%). In addition, Amprion GmbH issued hard letters of comfort for Amprion Offshore GmbH in connection with the two converter systems BalWin1 und BalWin2 in the reporting year. These complement the hard letters of comfort already issued in the previous year for the two converter systems DolWin4 and BorWin4. Accordingly, Amprion GmbH as patron is required to ensure that Amprion Offshore GmbH has sufficient financial resources at all times to fulfil its contractual obligations to the DolWin4 Offshore Consortium, the BorWin4 Offshore Consortium, the BalWin1 Offshore Consortium and the BalWin2 Offshore Consortium at all times.

Transactions with related party individuals and their total remuneration

The Management Board and Supervisory Board members of Amprion GmbH were classified as related parties for the financial year 2023 and the previous year in view of the key governance positions they hold in the Amprion Group. The following information is provided in fulfilment of the disclosures of total remuneration paid to such parties required under IAS 24 and of the Group's receivables and liabilities from/to these individuals.

The table below shows the total remuneration paid to Management Board members of Amprion GmbH expensed in the reporting year and the previous year, broken down by remuneration component:

Remuneration of the Management Board

in € thousand	2023	2022
Short-term remuneration	2,093.9	2,043.2
Long-term remuneration	466.8	466.8
Post-employment benefits (service cost)	133.9	188.9
Total	2,694.6	2,699.0

Interest expense from jouissance rights held by current and former members of the Management Board amounted to €95.3 thousand for the reporting year (previous year: €84.8 thousand).

As at the end of the reporting year, the Group's obligations to current and former managing directors and their surviving dependants in the form of pension claims and jouissance rights totalled €11.0 million (previous year: €9.5 million).

In the reporting year, Supervisory Board members received a fixed total remuneration of €360.0 thousand for their respective duties (previous year: €360.0 thousand).

[32] Application of the exemption rule pursuant to Section 264 (3) HGB

Amprion Offshore GmbH, Dortmund, as a German subsidiary of Amprion GmbH, Dortmund, made use of the exemption rule pursuant to Section 264 (3) HGB in the 2023 financial year and thus did not prepare the Notes to its separate annual financial statement under HGB. The resolution of approval of all shareholders of the subsidiary required to make use of this exemption provision was passed at the shareholders' meeting on 4 December 2023.

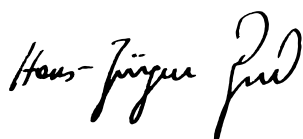
[33] Events after the reporting period

In February 2024, Amprion GmbH and Amprion Offshore GmbH concluded overall three contracts with Prysmian Powerlink S.r.l., Milan (Italy), for cable resources. The agreed order volume in connection with the two offshore grid connection systems BalWin1 and BalWin2 and the underground cable project DC34 totalled around €5 billion at the time the IFRS consolidated financial statements were prepared.

At the beginning of March 2024, Amprion GmbH concluded three contracts with NKT GmbH & Co. KG, Cologne, and Sumitomo Electric Industries Ltd., Osaka (Japan), for the production and turnkey construction of new cable routes. The agreed order volume in connection with the three projects **EnLAG** 14 – Rhine Crossing, Corridor B V48 and Corridor B V49 totalled around €1.9 billion at the time the IFRS consolidated financial statements were prepared.

Dortmund, 25 March 2024

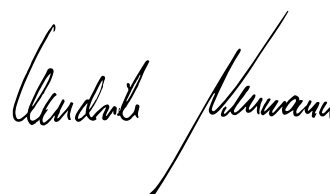
The Management Board



DR HANS-JÜRGEN BRICK



PETER RÜTH



DR HENDRIK NEUMANN

INDEPENDENT AUDITOR'S REPORT

To Amprion GmbH, Dortmund

Audit opinions

We have audited the consolidated financial statements of Amprion GmbH, Dortmund, and its subsidiary (the group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023 and notes to the consolidated financial statements, including a presentation of the recognition and measurement policies.

In addition, we have audited the group management report of Amprion GmbH for the financial year from January 1, 2023 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of parts of the group management report as specified in section **"Other information"**.

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 IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315 e (1) HGB [Handelsgesetzbuch: German Commercial Code] and give a true and fair view of the assets, liabilities and financial position of the group as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group management report listed in section **"Other information"**.

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

Basis for the audit opinions

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Our responsibilities under those requirements and principles are further described in the **“auditor’s responsibilities for the audit of the consolidated financial statements and the 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 compliance 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 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 Sec. 289f (4) of the German Commercial Code (HGB) (Disclosure on the target quota of the proportion of women)
- the other parts of the annual report, except the audited consolidated financial statements, the group management report and our audit opinions.

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 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.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report those facts. We have nothing to report in this regard.

Responsibilities of the management 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 the requirements of IFRS as adopted by the EU and that the consolidated financial statements, in compliance with German Legally Required Accounting principles (§ 315 e (1) HGB), 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 controls as they, in accordance with German Legally Required Accounting Principles, 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 provided no actual or legal circumstances conflict therewith.

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 the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and 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 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 the group management report.

During the audit, we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore, we

- identify and assess the risks of material misstatement of the consolidated financial statements 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, and intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements 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 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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 e (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 the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- 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 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.

Düsseldorf, 25 March 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

Signed Reese	Signed Dirks
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

GLOSSARY

ARegV

The Ordinance on Incentive Regulation (*Anreizregulierung* – ARegV) is an official instrument for the regulation of monopolistic markets. As grids are seen as natural monopolies, grid operators theoretically have no incentive to maintain their efficiency and thus keep the costs of their services low. The Federal Network Agency therefore sets a revenue cap for network operators via the Incentive Regulation which is stipulated on the basis of the efficiency ratings of the least expensive grid operator. Within this framework, grid operators are allowed some leeway – for example, for investments in the grid. The difference between the revenue cap and the actual revenue is recognised in a regulatory account and is included in the calculation of grid fees via future revenue caps.

BBPG

The Federal Requirement Plan Act (*Bundesbedarfsplangesetz*, BBPG) contains grid expansion projects confirmed as necessary by the Federal Network Agency which must be implemented by the transmission system operators. They are deemed necessary for the energy industry and are urgently required. The Federal Network Agency normally carries out federal planning for these projects.

🌐 www.netzausbau.de

EEG

The Renewable Energy Sources Act (*Erneuerbare-Energien-Gesetz*, EEG) regulates the preferential feed-in of electricity from renewable sources such as wind, sun, water or biomass into the German electricity grid. This is intended to enable the operation of regenerative generation facilities on a financially sustainable basis. According to the EEG, grid operators are obliged to accept electricity from these facilities and market it on the spot market on the electricity exchange. Since the abolition of the EEG surcharge, funding for the expansion of renewable energies has been provided by the federal budget. This financing covers the difference between the income and expenditure of the TSOs in implementing the EEG.

EEV

The Renewable Energies Regulation (*Erneuerbare-Energien-Verordnung*) regulates the marketing of electricity generated from renewable sources. This electricity must be sold at the level of transmission grid operators and no longer has to be purchased from energy utilities which supply end customers. In addition, the EEV contains provisions on calculating the EEG allocation.

EnLAG

The Power Grid Expansion Act (*Energieleitungsbaugesetz*, EnLAG) regulates the expansion of power lines in the extra-high-voltage transmission grid. Attached to the law as an appendix is a project overview which contains the planned construction projects for the expansion of the transmission grids.

EnWG

The Energy Industry Act (*Energiewirtschaftsgesetz*, EnWG) contains fundamental regulations on the law on powerline-based energies. The objective of EnWG, amongst others, is to ensure a “best possible secure, affordable, consumer-friendly, efficient and environmentally sustainable” energy supply to the general public. This includes safeguarding effective and transparent competition on the energy market. The law also contains regulations on the supervision of grid operations by the regulatory authorities.

Federal Network Agency (FNA)

The Federal Network Agency (*Bundesnetzagentur*, BNetzA) is a regulatory body that supervises, maintains and promotes competition in the grid markets (electricity, gas, railway tracks). Every two years, the Federal Network Agency reviews and approves the Power Grid Development Plan and its basis as produced by transmission system operators and the scenario parameters for the development of electricity generation for the next ten to twenty years.

Overhead lines

Overhead lines – also known as overhead transmission lines – are electrical lines whose conductor cables – unlike underground cables – are insulated by the surrounding air. For the foreseeable future, overhead lines will continue to be the most economical form of power transmission, particularly over long distances.

NEP

The Power Grid Development Plan (*Netzentwicklungsplan*, NEP) sets out the expansion projects in the German transmission grid in the following ten years. The Power Grid Development Plans are developed by the four transmission system operators on the basis of assumptions about the development of electricity generation and consumption. The plan was created for the first time in 2012, and is to be further developed in a two-year cycle as of 2017.

Substation

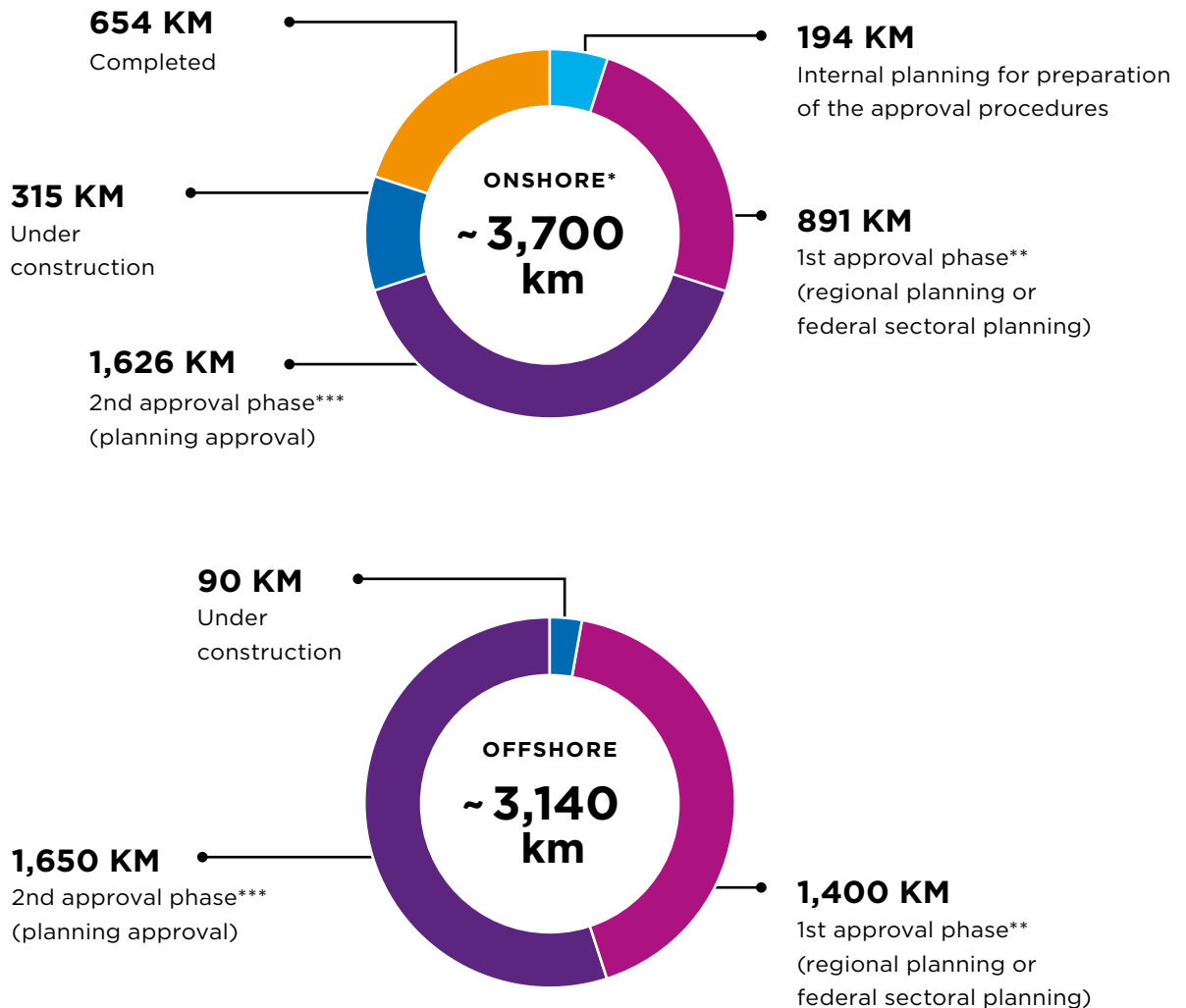
This is a junction in the electricity grid. Several high-voltage and extra-high-voltage transmission lines converge at a substation. In these facilities, individual electricity circuits can be selectively switched on or off. It is also possible to direct the electricity via the transformers – voltage converters – to be distributed further on grids with lower voltage.

Underground cables

The use of underground cables is widespread amongst lines for supplying towns and in regional electricity grids. On the other hand, in sections with 380 kilovolts, underground cables are unusual. Since 2015, however, the German government has been focusing increasingly on underground cables for grid expansion. In the future, the major direct current connections are to be designed primarily as underground cables. In the field of alternating current, the cable technology is being tested in pilot projects. Cabled sections are essentially more cost-intensive than overhead lines. The additional costs are passed on to the consumer through grid use charges.

GRID EXPANSION AT AMPRION

Amprion is expanding and converting 6,840 kilometres of onshore transmission grid and offshore grid connections. This is how we are paving the way for a sustainable energy system.



Route kilometres per procedural phase. Status: February 2024.

* Only includes projects that are stipulated in the EnLAG and BBPIG.

** The 1st approval phase leads to the determination of the approximate route, the so-called route corridor.

*** The 2nd approval phase results in the determination of the exact route within the route corridor.

IMPRINT

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Note

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