

Annual Report 2020

Open Grid Europe GmbH

Translation the German text is authoritative

Open Grid Europe GmbH, Essen

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INDEPENDENT AUDITOR'S REPORT

Open Grid Europe GmbH, Essen

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Introduction

Open Grid Europe GmbH (OGE), headquartered in Essen, is Germany's leading natural gas transmission system operator and operates Germany's largest transmission network with a length of approximately 12,000 km. As a network operator, OGE is subject to supervision by the Federal Network Agency (BNetzA), the German regulatory authority, and is bound by both European Union (EU) and German statutory regulations.

OGE's core activities include marketing gas transport capacities (including determining quantities and billing) in the market areas of NetConnect Germany GmbH & Co. KG (NCG) and GASPOOL Balancing Services GmbH (GASPOOL), operating, maintaining and repairing the pipeline system as well as controlling and monitoring the network. Furthermore, the core activities include the efficient development of the gas transmission pipeline networks on the basis of network development plans and in line with demand.

Overall economic and industry-related conditions

Overall economic development

In its annual report, the German Council of Economic Experts expects Germany's real gross domestic product to have declined by 5.1% in 2020. The reason for this is the Corona pandemic (COVID 19). This has led to one of the most severe recessions of the post-war period. After a sharp slump of 9.8% in the second quarter, there was initially strong recovery over the summer. The third quarter saw an overall increase of 8.5%. At the end of the year, gross domestic product remained virtually unchanged, only rising slightly by 0.1%.

As a result of the new lockdown measures introduced by the German government, gross domestic product is expected to stagnate in the fourth quarter of the financial year.

Owing to the sharp rise in the number of infections, the economic situation remains uncertain. Future performance will depend on how the pandemic can be contained and how the global economy develops.

Governments quickly introduced extensive monetary and fiscal measures that have provided support for the economy. At the European level, the Recovery Fund can increase the resilience and competitiveness of the European Economic Area through targeted investments and reforms in the EU member states. In particular, this fund is to promote economic growth and jobs, and boost efforts to meet the climate and digitalisation challenges ahead.

Primary energy consumption in Germany

According to the provisional calculations of the Working Group on Energy Balances (AGEB), energy consumption in Germany fell by 8.7% in 2020 compared with the previous year, reaching a historic low of 11,691 petajoules (PJ) or 398.8 million tonnes of hard coal equivalent (mtce).

The macroeconomic and sectoral effects of the Corona pandemic were primarily responsible for the significant decline in consumption. Other contributory factors were long-term trends such as a further improvement in energy efficiency, substitutions in the energy mix towards more renewable energies, and the comparatively mild weather. By contrast, the noticeable drop in energy prices over the course of the year had the effect of increasing consumption slightly.

Natural gas consumption decreased by 3.4% in 2020 to 3,105 PJ or 106.0 mtce. The main reason for the fall in consumption was reduced demand for natural gas in the industrial and commercial, trade and services sectors as a result of the Corona pandemic. By contrast, more natural gas was used for power and heat generation. A slight increase in the amount of gas used by private households is expected despite comparatively mild temperatures.

The shares of the various energies in the national energy mix shifted further in 2020 compared with the previous year: there was an overall decline in the use of fossil fuels leading to a further decrease in the carbon intensity of energy supply in Germany. However, a broad energy mix remains a characteristic feature of German energy supply. Oil and gas account for a good 60% of German energy consumption. Hard coal and lignite together make up just under 16% of the energy consumed. Renewables increased their share to nearly 17%.

Energy policy developments in Europe

A key element of the European Green Deal was the draft EU climate law presented by the EU Commission in March 2020, which will enshrine the EU's objective of greenhouse gas neutrality by 2050 in law. According to the draft, the EU Commission is to review progress in the member states at regular intervals and be able to specify binding reduction trajectories for the concrete achievement of the long-term goal. The draft initially left the emissions reduction target for the year 2030 open. Following an impact assessment, the EU Commission supplemented its draft in September 2020 to include an emissions reduction target for 2030 of minus 55% (compared with 1990). The heads of government of the member states also agreed to this target at an EU Council meeting in December. However, in its position statement, the EU Parliament calls for a target of reducing emissions by at least 60% by 2030 and an interim target for the year 2040.

With regard to financial market regulation, the Taxonomy Regulation, which defines criteria for sustainable investment, came into force in July 2020. The regulation provides the framework for a green classification system in the EU and was supplemented in November 2020 by the EU Commission draft of a Delegated Act which contains technical screening criteria for the environmental and climate protection objectives. In the field of energy infrastructure, the Taxonomy Regulation stipulates that investments in the construction of new hydrogen infrastructure and in the conversion or

retrofitting of existing gas infrastructure for the transport of hydrogen should generally be classified as sustainable financial activities.

The EU Commission's legislative proposals relating specifically to the gas market are expected in the course of 2021. The EU Commission announced that part of its annual work plan for the fourth quarter of 2021 would be a revision of the Third Internal Market Package Gas for regulating a competitive and decarbonised gas market. As far as content is concerned, the EU Commission will, in all likelihood, be guided by the strategy papers it published in 2020. In July 2020, the EU Commission not only presented an energy system integration strategy but also a European hydrogen strategy, which sets a policy target of at least 40 GW of electrolysis capacity in the EU by 2030. This was followed in October 2020 by a further strategy paper on the identification and reduction of methane emissions in the EU.

Energy industry developments in Germany

The German government presented its National Hydrogen Strategy on 10 June 2020. With the National Hydrogen Strategy, the German government aims to create a coherent action framework for the future production, transport, use and processing of hydrogen and thus for relevant innovations and investments. The National Hydrogen Strategy defines the steps it believes are necessary to help achieve the climate targets, create new value chains for the German economy and further develop international cooperation on energy policy. When the National Hydrogen Strategy is implemented, it will also be a matter of making the necessary adjustments to the legal and regulatory framework for hydrogen so that the switch to hydrogen transport can begin as soon as possible. The implementation and further development of the National Hydrogen Strategy are being overseen and steered by the National Hydrogen Council. The Council is made up of 26 high-ranking experts from the fields of science, business and society. The members were appointed by the Federal Cabinet in June 2020 and between them have expertise in the areas of hydrogen generation, research and innovation, the decarbonisation of industry, transport, buildings and heating, infrastructure, international partnerships and climate and sustainability. OGE is represented through the appointment of Dr Jörg Bergmann as a member of the National Hydrogen Council.

In addition, an amendment to the Renewable Energy Act (EEG) was passed by the German Bundestag in 2020. This defines how the individual technologies (onshore and offshore wind energy, photovoltaics & biomass) will be expanded over the next few years so that the target set by the German government of a 65 per cent share of renewable energies in the electricity supply by 2030 can be achieved. One element of the law that is also important for the gas industry is the exemption of hydrogen electrolyzers from the EEG surcharge. In future, electrolyzers can be exempted from the EEG surcharge either by extending the special equalisation scheme (section 64a EEG) or by a completely new entitlement to full exemption (section 69b EEG). This is an important step towards providing incentives for hydrogen production in Germany.

In addition, the German government already indicated that a further amendment to the EEG will follow in 2021 to bring German law into line with the new EU climate target (see above).

In connection with the development of an infrastructure for hydrogen transport based on the existing gas transmission networks, the Federal Ministry for Economic Affairs and Energy presented a key-issues paper in December 2020 discussing transitional regulation for hydrogen networks. This legislative process was initiated on 22 January 2021, with the publication of a draft bill by the Federal Ministry of Economic Affairs and Energy regarding an amendment to the Energy Industry Act (EnWG). The Federal Cabinet approved this draft bill on 10 February 2021. In essence, it regulates approval matters for hydrogen networks, thereby creating some degree of legal certainty for new hydrogen pipelines to be built in the future and for gas pipelines to be converted. The draft bill also sets a framework for optimal regulation of hydrogen networks, with accompanying regulations on, among other things, accounting and book-keeping, connection and access to hydrogen networks, and the responsibilities of the Federal Network Agency. With the exception of approval-related matters, the draft bill introduces separate cost treatment for hydrogen and natural gas networks. However, it does not contain any clear rules on cost regulation so it is currently not possible to perform a concrete economic efficiency calculation for investments in regulated hydrogen networks on this basis. It therefore falls short of expectations since financing is one of the questions that remains unanswered and so there is no investment security. The Federal Ministry of Economic Affairs and Energy has announced that it is working on an additional network fee ordinance to set out the details of cost regulation and on a funding regulation, which, together with the proposed amendment to the law, should create the necessary framework.

Business performance

National regulations

By decision of 13 June 2018, OGE received the final notification on the setting of the calendar-year revenue cap of the third regulatory period (2018-2022) in accordance with section 29, para. 1 of the Energy Industry Act (EnWG) in conjunction with section 32, para. 1, nos. 1, 5 and 11 and section 4, para. 2 of the German Incentive Regulation Ordinance (ARegV). The annual balance of the regulatory account is not part of the decision on the revenue cap and is decided in separate administrative proceedings. By decision of 12 June 2020, the Federal Network Agency (BNetzA) approved the regulatory account balance for the year 2017. The procedure for the 2018 and 2019 balances has not yet been completed.

In accordance with section 9, para. 3 ARegV, from the third regulatory period onwards the BNetzA must determine the sectoral productivity factor (X_{gen}) in each case before the start of the regulatory period using state-of-the-art methods. By decision of 21 February 2018, the X_{gen} factor was set at 0.49% for gas network operators. Alongside a large number of other gas network operators, OGE lodged an appeal against this stipulation with the 3rd Antitrust Senate of the Higher Regional Court of Düsseldorf. On 10 July 2019, the Higher Regional Court of Düsseldorf set aside the stipulation of the X_{gen} in separate proceedings. The BNetzA lodged an appeal with the Federal Court of Justice (BGH) against this ruling. The Federal Court of Justice held a hearing in three test cases on 10 November 2020. In its ruling of 26 January 2021, the Federal Court of Justice came to the conclusion that within

the scope of its decision-making authority the BNetzA had determined the Xgen amount for the 3rd regulatory period appropriately.

In connection with the Network Fee Modernisation Law and the discussion surrounding the refinancing of the offshore linkup costs for transmission system operators, changes in regulatory law entered into force with effect from 22 March 2019. The changes also relate to the investment measures (IMA) instrument which was established in the Incentive Regulation Ordinance (ARegV) and which regulates the remuneration of electricity and gas transmission system operators for expansion and restructuring investments. For example, the flat-rate operating cost allowances set so far are now to be remunerated more on the basis of actual costs and differentiated according to the date of commissioning of an investment. Against this background, in 2019 the BNetzA reviewed the allowances for natural gas compressors and gas pressure regulating and metering systems originally set as flat rates in 2011 and revised them on 11 December 2019. Within the framework of the IMA approval, the BNetzA now provides for an operating cost allowance of 1.5% of the acquisition costs for natural gas compressors and 1.7% for gas pressure regulating and metering systems as from 1 January 2020.

As required in the Incentive Regulation Ordinance in its amended version of 22 March 2019, on 3 December 2020 the BNetzA set the operating cost allowances applicable for the period up to the commissioning of assets (excluding compressors and gas pressure regulating and metering stations) that are part of an approved investment measure. From 1 January 2021, the BNetzA no longer provides for an operating cost allowance for the relevant assets. It set an annual allowance of 0.2% of the acquisition costs for investment measures which, as line measures, require connections to the existing pipeline network and can thus lead to disruptions and standstills there.

Furthermore, by decision of 15 December 2020, the BNetzA amended the existing stipulation on the calculation of capital and operating costs from approved investment measures. With effect from 1 January 2021, the stipulation now provides for a calculation of the imputed trade tax adjusted in line with current rulings on capital cost balancing as well as greater transparency in the event of actual debt financing.

On 21 May 2019, the Federal Ministry for Economic Affairs and Energy (BMWi) launched the "Industry Dialogue on the Further Development of Incentive Regulation". The aim of the talks was to identify where specific adjustments to the legal framework were necessary in order to accelerate expansion of the energy network. In addition to the regulatory treatment of bottleneck management costs (electricity grid operators), the core topics included fundamental questions on the two financing instruments, "investment measure (IMA)" and "capital cost balancing". This industry dialogue finished with a report in June 2020. The BMWi has not yet taken a final position on whether and to what extent an adjustment of incentive regulation will be sought, but is still considering harmonisation of the regulatory framework with regard to the "capital cost balancing" regulations already applicable to distribution system operators.

On 14 January 2021, the chief public prosecutor (Generalstaatsanwalt) delivered the concluding arguments in the European Commission's infringement action against Germany (case C-718/18)

before the European Court of Justice (ECJ), which has been ongoing since November 2018. In summary, it was argued that the independence of the national regulatory authority (BNetzA) is unlawfully restricted by national laws (Energy Industry Act (EnWG)) and ordinances (including Incentive Regulation Ordinance (ARegV), Gas Network Fee Ordinance (GasNEV)) in violation of European law. In essence, the ordinances contain excessively detailed regulations and requirements for determining network fees. If the ECJ agrees with the chief public prosecutor's assessment, the legislator's scope for deciding on the future regulatory framework could be significantly restricted and the regulatory authority's autonomous responsibility significantly extended. At present, it is not possible to predict the specific impact on the legal structure of network fee regulation. A decision by the ECJ is expected in mid-2021.

In addition to this possible specific adjustment to the legal framework, the BNetzA is expected to start the procedures setting the return on equity and the Xgen for the fourth regulatory period (2023-2027) is expected in 2021. Both parameters have a direct influence on OGE's revenue cap from 2023 onwards. At the beginning of November 2020, the BNetzA invited tenders for the expert report on the determination of the risk allowances for gas and electricity network operators for the fourth regulatory period. The scheduled date for completion of the expert report is mid-2021. The report is to serve as the basis for setting the return on equity. This is expected at the end of 2021.

In August 2019, the BNetzA initiated a procedure for setting additional requirements for the preparation and auditing of annual financial statements and activity reports of vertically integrated energy supply companies and legally independent network operators pursuant to section 6b EnWG. The authority made its final stipulation by decision of 25 November 2019. The changes are to be applied for the first time to annual financial statements with a reporting date from 30 September 2020. Accordingly, OGE will submit a corresponding supplementary certificate on the annual audit of the financial statements to the BNetzA by 31 August 2021 at the latest. OGE lodged an appeal against this stipulation with the 3rd Antitrust Senate of the Higher Regional Court of Düsseldorf on 17 January 2020, which, however, does not have a suspensive effect. The hearing is scheduled for 9 June 2021.

In preparation for determining the revenue cap for the fourth regulatory period, the BNetzA initiated consultations for specifying the data to be collected for determining the cost level as well as the efficiency comparison for transmission system operators. In accordance with the consultation of 9 December 2020, the cost data required for the BNetzA's cost review procedure pursuant to section 6, para. 1 ARegV must be submitted by 1 June 2021. In addition to the costs for the financial year 2020 (base year), these also include corresponding data for the previous years 2016 to 2019. In accordance with the stipulation of 20 January 2021, the load, structure and sales volume data needed for performing the efficiency comparison are to be submitted to the BNetzA by 30 April 2021.

Network development plans and market area conversion

Both European and national regulations oblige network operators to draw up plans which determine future network expansion requirements and set out the plans for network expansion.

In line with the stipulations of the Energy Industry Act (EnWG), natural gas transmission system operators have to jointly submit to the regulatory authority a ten-year network development plan in each even calendar year and, in each uneven calendar year, a joint implementation report on the network development plan last published.

On 17 June 2019, the transmission system operators published the scenario framework for the Gas Network Development Plan 2020-2030 for consultation. One focus of the scenario framework is the subject of "green gases" and their integration into the gas infrastructure. In addition to biomethane, hydrogen and synthetic methane are, for the first time, to be included in the modelling as green gases. The merger planned for 1 October 2021 of the two German market areas with their managing companies, NCG and GASPOOL, also plays a central role in the scenario framework. This move is to create one joint German market area "Trading Hub Europe" as a central starting point. With regard to the development of future gas demand, the scenario framework has been systematically developed further and therefore takes into account current climate protection scenarios and the latest deliberations on the phasing out of coal. After consultation and discussion with market participants, the revised scenario framework was submitted to the BNetzA on 16 August 2019 and confirmed by the BNetzA on 5 December 2019 with amendments and conditions, e.g. the obligation to calculate two modelling variants (the basic variant natural gas and the green gas variant natural gas and hydrogen). On the basis of the BNetzA's confirmation of the scenario framework, the transmission system operators carried out the modelling of the Gas Network Development Plan 2020-2030 and published the consultation document on the Gas Network Development Plan 2020-2030 on 4 May 2020. A public consultation was held from 4 May to 29 May 2020 to provide the public and the market with an opportunity to comment. A web-based workshop was also held on 13 May 2020 to explain and discuss the Gas Network Development Plan 2020-2030. After the end of the consultation period, the comments received were evaluated and the outcome of the consultation was incorporated into the draft Gas Network Development Plan 2020-2030, which was submitted to the BNetzA on 1 July 2020.

The natural gas transmission system operators' proposal for network expansion is based on the green gas variant. They propose that the gas transmission system should be extended by 1,746 km and 405 MW of new compressor capacity should be installed. In total, this results in a required investment volume of some € 8.5 billion by 2030. The share of the investment volume required for hydrogen and green gases is € 662 million.

OGE's share of the proposed investment volume for the Gas Network Development Plan 2020-2030 totals some € 1.8 billion. This sum also includes investment projects already under construction. OGE's share of the investment volume earmarked for hydrogen and green gases is € 212 million.

The additional measures compared with the previous Gas Network Development Plan are, for the most part, connected with the supply of Baden-Württemberg, the link-up of Liquefied Natural Gas (LNG) plants, the necessary expansion measures for green gases and the supply security of the Netherlands.

The possible costs for market-based instruments in the context of the future market area merger are compared for the first time with the costs of a potential expansion of the network in the Gas Network

Development Plan 2020–2030. 51,000 individual load cases per calculation year are used for the bottleneck analysis in the Germany-wide market area Trading Hub Europe. In the analysed scenarios with different characteristics of forecast market shifts, there are significant variations of the different sources Russia, Norway and LNG. From the perspective of the gas transmission system operators, the overall comparatively low cost of using market-based instruments does not provide sufficient justification for alternative network expansion. Therefore, this was not taken into consideration in the network expansion proposal contained in the Gas Network Development Plan 2020–2030.

The BNetzA is required to hear all actual and potential network users once again regarding the draft Gas Network Development Plan 2020–2030 submitted by the gas transmission system operators and to publish the result. This hearing took place in the period from 10 July to 28 August 2020. The BNetzA has yet to publish the results. It can then demand that changes be made to the Gas Network Development Plan, which the gas transmission system operators must incorporate within three months.

In a separate chapter, the Gas Network Development Plan 2020-2030 goes into detail on the challenges of the L-gas to H-gas conversion plans. For example, one part of the German gas market is supplied with L-gas that originates solely from German and Dutch deposits. The other deposits available in Germany supply H-gas. For technical and calibration law reasons, H-gas and L-gas are transported in separate systems. Due to the steady decline in German and Dutch L-gas production, the conversion of the relevant areas to H-gas is an important element for maintaining gas supply security. The changeover to H-gas means that all gas appliances in the relevant area have to be adjusted to the higher calorific value of H-gas. In accordance with section 19a EnWG, the gas transmission system operators spread the cost of this over the whole of Germany by means of a separate levy.

As part of the plans to switch over from L-gas to H-gas, L-gas balances, both in terms of supply/demand volumes as well as in terms of capacity, are established in the Gas Network Development Plan 2020-2030. In these supply/demand volume and capacity balances, forecasts for the development of demand and supply are compared taking into consideration the changeover from L-gas to H-gas and declining L-gas production. Through consultation with the "Task Force Monitoring L-Gas Market Conversion" set up by the Dutch Ministry of Economic Affairs, it was ensured that the decision taken on 21 September 2020 to reduce annual L-gas production in the Netherlands to 8.1 billion m³ is in line with the plan assumptions on L-gas demand in Germany made in the Gas Network Development Plan 2020-2030. This also applies to the announced end of L-gas production in the Netherlands from 2022.

A major element in the switch-over from L-gas to H-gas is the expansion of the existing gas transmission system in order to permit both the linking up of the areas currently supplied with L-gas to H-gas sources and a step-by-step changeover. In 2020, the changeover process at OGE affected 11 distribution network operators and 13 directly connected industrial customers in Hesse and North Rhine-Westphalia. The upstream natural gas supply of larger cities such as Gießen, Wetzlar and parts of Bergisch-Gladbach was successfully changed over from L-gas to H-gas. Although there were some delays during the year due to the Corona pandemic, all areas which OGE had scheduled for

changeover in 2020 were actually changed over in 2020. According to current plans, conversion to H-gas at OGE will be completed by 2029.

Technology

In 2020, OGE performed various measures to upgrade and expand its technical infrastructure. These included work carried out by Mittel-Europäische-Gasleitungsgesellschaft mbH & Co. KG (MEGAL), Essen, Trans Europa Naturgas Pipeline GmbH & Co. KG (TENP), Essen, Mittelrheinische Erdgastransportleitungsgesellschaft mbH (METG), Essen, Nordrheinische Erdgastransportleitungsgesellschaft mbH & Co. KG (NETG), Dortmund and ZEELINK GmbH & Co. KG (ZEELINK), Essen, which are integrated in the OGE network.

One of the projects of MEGAL, a project company of OGE and GRTgaz Deutschland GmbH, Berlin, is the construction of the Rimpar compressor station on the basis of the Gas Network Development Plan with a compressor capacity of 3 x 11 MW. The structural and civil engineering works and pipe construction work progressed to schedule. Completion of commissioning is scheduled for the end of 2023.

On the basis of the results of extensive investigations, in November 2019 TENP, a project company of OGE and Fluxys TENP, Düsseldorf, decided that the parts of the TENP I Boxberg-to-Wallbach pipeline section sheathed in Polyken would not be put back into service again. To ensure supply security, the projects for the construction of the new pipelines running from Mittelbrunn to Schwanheim (38 km, DN 1000) and Hügelsheim to Tannenkirchen (16 km, DN 900) as well as the construction of the necessary connecting pipelines to the TENP II pipeline were included in the Network Development Plan 2018. Commissioning is scheduled for December 2024. To reflect higher demand for capacity at the Wallbach exit point, the pipeline construction projects Schwanheim to Elchesheim (41 km, DN 1000), Schwarzach to Eckartsweier (29 km, DN 1000) and Tannenkirch to Hüsing (16 km, DN 900) were included in the draft document for the Gas Network Development Plan 2020-2030 with commissioning in December 2025. The engineering and approval work for these new construction projects is proceeding according to plan. On the basis of the results of further examinations of TENP I, one roughly 28-km section in the Schwanheim-to-Elchesheim expansion section was put into operation again.

In a joint project with Fluxys TENP, a deodorisation plant was completed and put into service in Schwörstadt, near the Swiss border. The plant removes the strong-smelling substance THT (tetrahydrothiophene) from gas coming from Switzerland, thus opening up additional transport routes from Italy or France to Germany via Switzerland.

The electric motor-driven compressor unit, which was commissioned at the OGE Krummhörn compressor station at the end of 2019, was run on surplus wind energy for the first time in February 2020. It is thus making an active contribution to sector linking in Germany. As far as the next expansion stage of the Krummhörn compressor station, the addition of a further gas turbine-driven compressor unit (15 MW), is concerned, construction is virtually completed. Commissioning will be finished by the end of 2022.

The OGE compressor station in Emsbüren was extended by a compressor unit (8 MW) driven by an electric motor. The unit was commissioned in December after successful completion of the 600 hour test.

The Network Development Plan pipeline project Heiden to Dorsten (approx. 18 km, DN 500/600) is in the official planning approval procedure.

Planning approval was given for the Network Development Plan pipeline project Erftstadt to Euskirchen (EUSAL, approx. 18.5 km, DN 400) in August. Preparatory work such as explosive ordnance clearance and archaeological investigations has begun.

With preparations for the construction of a pipeline from Voigtslach to Paffrath (approx. 24 km, DN 900), advancing well, construction commenced in mid-2020. The pipeline is a Network Development Plan project of NETG, a project company of OGE and Thyssengas GmbH, Dortmund. Commissioning is scheduled for the end of 2022.

The ZEELINK project – a joint project of Thyssengas GmbH, Dortmund, and OGE – is proceeding to plan. It consists of two compressor stations in Würselen (3 x 13 MW) und Legden (2 x 15 MW), a gas transmission pipeline running from Lichtenbusch to Legden (approx. 215 km, DN 1000) as well as four gas pressure regulating and metering stations and one gas pressure regulating station. All the ZEELINK pipeline was laid in 2019 and 2020 so the final work, such as the recultivation of the route, can now be continued. As part of the construction of the Würselen compressor station, the leak tests of the pipelines and equipment were successfully completed so filling with gas can start at the beginning of 2021. The pipeline and the Würselen compressor station will be commissioned in spring 2021, as scheduled. The application documents for the planning approval procedure for the compressor station in Legden were submitted to the district government in Münster. Due to a ruling made in the meantime by the European Court of Justice (ECJ), there are extended requirements for water protection. For this reason, approval will be delayed for about six months and therefore the planned commissioning of the station will also be delayed to mid-2024. This does, however, not jeopardise market area conversion. The permit application documents revised in light of the ECJ ruling have been submitted to the authority and will be made public shortly.

As part of the switchover from L-gas to H-gas running until 2029, OGE is planning and constructing gas pressure regulating and metering stations and gas pipelines to connect the former L-gas areas to the H-gas pipelines. In total, 7 gas pressure regulating and metering stations, three pipelines and four block-valve stations have now been put into operation. The remaining expansion work for the switchover from L-gas to H-gas laid down in the Gas Network Development Plan 2020-2030 is to be completed by 2026.

39 process gas chromatographs (PGC) in the OGE network have been retrofitted for the measurement of hydrogen. The PGCs serve as reference measuring points for the gas composition reconstruction system and make it possible to measure admixtures of up to 20% hydrogen in the OGE network in future.

As part of condition-based maintenance, old pipelines in the OGE network are being rehabilitated, particularly in North Rhine-Westphalia. In addition, numerous existing pipelines were re-routed in order to adapt to infrastructure expansions in Germany.

Analysis of net assets, financial position and results of operations

The Group is continuously monitoring current developments. As an operator of critical infrastructure, OGE has taken appropriate precautions to ensure operation and thus supply security.

In the financial year, COVID-19 had no material effect on the net assets, financial position and results of operations of OGE.

Investments

As expected, in the 2020 financial year OGE again made high investments in tangible assets and intangible assets totalling € 190.7 million (previous year: € 205.2 million). Of this figure, € 41.3 million went into the expansion and upgrading of compressor stations (previous year: € 65.3 million). The construction of a new compressor unit in Krummhörn accounted for € 11.9 million. Another € 8.4 million went into the adaption of the pressure relief system concept at the Waidhaus compressor station and the replacement of a vent stack. OGE invested € 72.5 million in expanding and upgrading pipelines (previous year: € 55.1 million), including a total of € 8.2 million in the re-routing of the pipeline between Werne and Schlüchtern and € 8.0 million in the construction of the Stockum-to-Bockum-to-Hövel connecting line. Other investments accounted for € 76.9 million (previous year: € 84.8 million) and included investments in gas pressure regulating and metering systems (€ 43.5 million) and IT projects (total of € 15.7 million).

Investments relating to obligations under the Network Development Plan therefore accounted for a total of € 82.8 million (previous year: € 116.5 million).

Financial investments totalled € 165.0 million. Additions to financial assets mainly relate to capital injections into ZEELINK (€ 150.8 million) and NETG (€ 13.2 million), which were made to finance investments in these companies.

Financing

OGE is a wholly owned subsidiary of Vier Gas Transport GmbH (VGT), Essen. Since 1 January 2013, there has been a profit-and-loss transfer agreement with VGT, under which OGE undertakes to transfer its entire profit to VGT and VGT undertakes to offset any losses sustained by OGE. The agreement was concluded for a period of five years and is extended by periods of one year if it is not terminated. Consequently, the agreement was last extended as of 31 December 2020 by a further year. Since 1 January 2013, VGT and OGE have formed a tax unit for corporate and trade tax purposes, according to which VGT is the controlling company and OGE the controlled company. OGE and VGT have concluded an income tax allocation agreement to allocate to OGE the taxes on income incurred by OGE in its commercial operations. As a result of the income tax allocations, OGE

recognises an income tax liability that it would have incurred if it had not formed a single tax unit with VGT. Since investments in a project were expected to be lower than originally planned, in 2020 it was possible to reverse revenue reserves of € 30 million that had been established in previous years. In view of the obligations under the Network Development Plan and the related increasing investments in the next few years, € 60 million was contributed to the capital reserve of the Company.

There is also a syndicated loan facility in the amount of € 600.0 million concluded by VGT until 2024. OGE is also a borrower under the loan and therefore entitled to use the credit line. As of the reporting date, the credit facility had not been drawn down.

This credit line includes three ancillary facilities in the amount of € 20.0 million, € 10.0 million and € 1.5 million. The first serves as an overdraft facility for the OGE cash pool and the second as an overdraft facility for VGT. The remaining third ancillary facility is reserved for surety (e.g. bank guarantees) and € 1.1 million had been utilised as of 31 December 2020 for the issuing of bank guarantees.

In August 2020, OGE concluded a further surety line in the amount of € 10 million. As of 31 December 2020, € 1.6 million of this facility had been utilised for the issuing of bank guarantees.

In order to cover its obligations arising from pension entitlements, OGE uses a Contractual Trust Agreement (CTA). The trust fund set up in this connection is managed on a fiduciary basis by Helaba Pension Trust e.V. (Helaba), Frankfurt am Main. Plan assets at Helaba have been netted with the corresponding pension obligations in the balance sheet. In the 2020 financial year, € 48.8 million was added to the plan assets for pension obligations and € 6.2 million for long-term working-time account obligations.

As at the reporting date, the fund's assets exceeded the provisions set up at OGE for pension obligations by € 5.8 million and for long-term working-time account obligations by € 0.7 million. The percentage of cover for pension obligations and for long-term working-time account obligations is 101.2% in both cases.

Report on economic position

The gas transport business was largely unaffected by the Corona pandemic in 2020. Capacity demand was within the expected range. By splitting staff into small teams, taking appropriate precautions to protect the health of its employees and by restricting personal contacts to a minimum, OGE ensured that the transportation of gas continued without restriction and the scheduled maintenance and investment work was also carried out largely to plan.

With effect from 1 January 2020, OGE adjusted the uniform transport tariffs for entry and exit. As a result, entry and exit fees were some 0.5% lower in the NCG market area and 83% higher in the GASPOOL market area than in 2019. The adjusted fees are based, in particular, on the uniform postage-stamp fee for each market area, which was set by the BNetzA in its recent REGENT stipulation. The uniform network fee for a firm freely allocable transport capacity, which applies from 1 January 2020, is based in particular on changes in the forecast capacity booking behaviour and the

permissible revenues of the transmission system operators for 2020 approved by the BNetzA, which are mainly based on network investments.

Overall, OGE's revenues fell by 1.7% to € 1,076.3 million in 2020 (previous year: € 1,095.3 million). As expected, revenues were therefore on a par with the previous year. Total revenues consist of revenues from the gas transport business and from the services business. Revenues from the gas transport business amounted to € 905.8 million in the 2020 financial year (previous year: € 913.7 million).

Revenues from the gas transport business totalled € 100.1 million and were therefore much higher than the revenue cap expected and allowed under section 4 of the Incentive Regulation Ordinance (ARegV). A large part of this considerable additional revenue was due to the reduction in the permitted flat-rate operating cost allowances for certain investment measures set by the BNetzA in 2019. Owing to the late date when this reduction was set, it could no longer be reflected in the fees for financial year 2020. Furthermore, increased marketing of transport capacities and lower costs for fuel gas also had an effect. The additional revenues were included by setting up a regulatory provision as of the reporting date and, in accordance with the Incentive Regulation Ordinance mechanism, will be deducted from the respective fee calculation in the years 2022 to 2024 as part of cross-period balancing.

Revenues from the services business including the change in work in progress totalled € 212.0 million and were therefore much higher than in the previous year (€ 197.0 million). This was due in particular to higher project activity, which was also partly reflected in higher cost of materials.

Cost of materials increased – as expected – compared with the previous year by some € 41.7 million. The increase is due in particular to higher cost allocation amounts for the market area conversion levy.

Income from equity investments fell by € 2.3 million compared with the previous year and was therefore, as forecast, slightly below the level of the previous year.

As expected, interest expenses were at € 63.2 million significantly higher than in the previous year (€ 26.9 million). The increase is mainly due to the measurement of long-term provisions.

OGE's profit before tax decreased by € 125.5 million compared with the previous year to € 221.3 million, largely as a result of the aforementioned changes in the line items of the income statement. Net income for the year before distribution of profit amounted to € 126.7 million in the 2020 financial year and was therefore, as expected, significantly lower than the figure for the previous year (€ 240.7 million). In the financial year, revenue reserves of the Company in the amount of € 30 million (previous year: € 0.0 million) were reversed. As a result, profit in the amount of € 156.7 million (previous year: € 200.0 million) was transferred to the sole shareholder VGT.

OGE's total assets amounted to € 2,974.8 million as at the reporting date of 31 December 2020 (previous year: € 2,777.4 million). This gives an equity ratio of 76.8% (previous year: 81.2%). Of the external funds, provisions account for 72.5% (previous year: 69.3%), liabilities for 26.7% (previous year: 30.0%) and deferrals for 0.8% (previous year: 0.7%). Fixed assets accounted for € 2,693.0

million as at the reporting date (previous year: € 2,471.8 million) and therefore 90.5% (previous year: 89.0%) of OGE's total assets.

Cash and cash equivalents totalled € 53.1 million as at 31 December 2020, decreasing by € 95.0 million compared with the previous year. In the 2020 financial year, OGE generated cash flow from operating activities of € 294.8 million (previous year: € 227.3 million). Cash flow from investing activities amounted to € -292.4 million (previous year: € -346.4 million) and, in addition to purchases of investments, contains income received from equity investments in the amount of € 89.7 million (previous year: € 164.2 million). Cash flow from financing activities totalled € -97.4 million (previous year: € 177.2 million) and mainly included the cash-effective capital increase by the parent company, VGT, in the amount of € 60.0 million and, having the opposite effect, the cash outflow for profit distribution to VGT in the amount of € 156.7 million. Therefore, cash flow was, as forecast, well below the level of the previous year.

In summary, the Board of Management believes that the Group's net assets, financial position and results of operations for the financial year are stable and secure, as forecast in the previous year.

Presentation of activities pursuant to section 6b Energy Industry Act (EnWG)

OGE generates the majority of its revenues and income within the gas sector, particularly in the function of a gas transmission system operator "Grid Business". Activities in this sector mainly include the marketing of transport capacities in the pipeline network as well as the planning and construction, operation, dispatching and maintenance of this network.

With revenues of € 917.7 million in the past financial year (previous year: € 925.6 million), the "Grid Business" segment recorded a profit after tax of € 53.0 million (previous year: € 144.8 million).

The segment "Activities within Gas Sector" includes dispatching for other network operators and suppliers of gas infrastructure. This segment recorded a profit after tax of € 1.1 million in the past financial year (previous year: € 2.5 million) from revenues of € 7.5 million (previous year: € 7.3 million).

In accordance with OGE's business structure, the segment "Activities outside Gas Sector" consists primarily of equity investments, technical and engineering services as well as business and IT services. In the past financial year, this segment posted a profit after tax of € 73.1 million (previous year: € 94.0 million) from revenues of € 151.1 million (previous year: € 162.5 million) and income from equity investments of € 88.9 million (previous year: € 91.2 million).

Environmental and employee matters

Environmental protection

In October 2020, OGE passed external monitoring audits and thus obtained recertification for the integrated management system according to DIN EN ISO 9001 (Quality Management), DIN EN ISO 14001 (Environmental Management) and DIN ISO 45001 (Occupational Health and Safety Management). At the same time, the energy management system was changed in line with the new edition of DIN EN ISO 50001. The confirmation for Technical Safety Management (TSM) certification according to DVGW G1000 is still valid until the end of Q3 2021.

OGE attaches very great importance to environmental protection. No environmental events that had a monetary impact on OGE were recorded in the reporting year. The relevant environmental protection requirements were taken into account and complied with during construction work and the ongoing operation of the pipeline network.

The compressor stations are subject to the German Greenhouse Gas Emissions Trading Act (TEHG) and the related ordinances. All resulting obligations, such as the adjustment of monitoring plans, the recalculation and notification of changes in capacity, reports of changes in operation due to conversion measures and the annual reporting of emissions, were routinely met. The certificates for 2019 were submitted via the EU register in April 2020. The applications for the forthcoming fourth trading period (2021-2030) for the allocation of free emission rights were submitted in due time.

As part of its social responsibility, OGE has long been taking various measures to reduce methane emissions. Therefore, OGE also decided last year to become a member of the Oil and Gas Methane Partnership within the framework of the United Nations Environment Programme (UNEP). In doing so, OGE has committed to act in accordance with all those methane mitigation measures that are in line with the EU. OGE has already identified appropriate emission reduction measures and started to implement them. In addition, OGE has set itself a target of reducing methane emissions by 55% by 2025 compared with 2009 levels.

In order to exploit further potential for reducing emissions, another mobile compressor was bought and commissioned in the reporting year so there are now three compressor units that can be used during repair work on pipelines for pumping gas into other pipeline systems. Furthermore, the first of three mobile flare systems was commissioned. The mobile units make a significant contribution to reducing methane emissions both in the Company's own network and in third party networks.

OGE is also working on further developing procedures required for plant and pipeline construction and the safe operation of the transmission pipeline network. To meet the challenges of the energy transition, OGE is particularly focusing on the intelligent coupling of the electricity and gas infrastructures and the transport of hydrogen. In particular, it is examining the suitability of existing

assets for the transport of hydrogen. Positive feasibility studies from an independent expert have already be received for seven pipeline sections.

Employees

At the end of 2020, OGE had 1,486 employees (excluding the Board of Management and apprentices). Personnel expenses during the financial year amounted to € 176.9 million (previous year: € 162.3 million).

OGE trains apprentices for technical and administrative occupations at eight locations in North Rhine-Westphalia (Essen and Ummeln), Lower Saxony (Krummhörn), Bavaria (Rimpar, Waidhaus and Wildenranna), Hesse (Gernsheim) und Rhineland Palatinate (Mittelbrunn). We have also been providing additional technical apprenticeships for refugees since 2016.

OGE aims to continually reduce the number of accidents and other harmful effects on the health of its own employees and those of partner companies and to constantly improve work ergonomics and occupational health. The targets set for the 2020 financial year were achieved. The number of work-related accidents, measured in terms of TRIFcomb¹, is continuing to fall on a long-term average and taking account of the proportion of jobs with an increased risk (construction work). This indicator fell slightly to 4.7 (previous year: 4.9) despite the fact that construction work increased sharply compared with the previous year. The external auditors of the occupational health and safety management system again noted a further improvement in the safety culture. Activities in the field of Health, Safety and Environment (HSE) sub-contractor management were stepped up, particularly in the major new build projects.

Corporate governance statement in accordance with section 289f, para. 4 HGB²

In compliance with the German Act to Promote Equal Participation of Women and Men in Management Positions in the Private and Public Sectors and as a co-determined entity with generally more than 500 employees, in 2017 OGE set the targets for the percentage of women on the Supervisory Board, on the Board of Management as well as on the top two management levels that are to be achieved by 31 December 2021. By this deadline, the percentage share of women on the above boards and on the top two management levels is to be as follows:

Supervisory Board: 17%

Board of Management: 25%

Senior Vice Presidents: 8%

Head of Departments: 15%

¹ TRIFcomb = Total number of work-related accidents (accidents at work and on the way to and from work) of own employees and sub-contractors' employees with medical treatment and/or with lost time per one million hours worked.

² In accordance with section 317, para. 2 HGB, the content and subject matter of this chapter were not part of the audit by the financial statement auditors.

The target for the Board of Management was set on the basis of a four-member board. However, in mid-2019 it was decided not to fill the position of Managing Director for Business Services following the retirement of the incumbent on 31 March 2020 due to age. In the light of this decision, legal aspects such as length of contract term make it difficult to meet this target.

In order to be able to fill more management roles with women in the medium term, OGE continues to rely not only on external recruitments but also on suitable promotion and staff development measures. These measures are flanked by a wide range of support offerings to achieve a better work-life balance. Furthermore, the company supports the women's network women@OGE set up by OGE's female employees.

Report on opportunities and risks

In its business operations, OGE is exposed to a large number of risks connected with its activities. In line with the requirements of the Corporate Sector Control and Transparency Act (KonTraG), the aim of the company's internal risk management system is to use a management and control system to identify and record risks which might threaten the continued existence of the company and, if necessary, to take appropriate counteraction.

The basis for risk management is the opportunity and risk policy which is binding throughout the Group. Risk reporting is an integral part of the internal control system, thus ensuring the continual identification and evaluation of significant opportunities and risks.

Description of the opportunity and risk management process

The opportunity and risk situation of the company is assessed and documented every quarter in a standardised process. The Board of Management and the Supervisory Board are regularly informed as part of this process. The aim of the process is to recognise significant opportunities and risks at an early stage and – wherever possible and necessary – take action to exploit opportunities or mitigate risks.

A risk or opportunity is defined as an event which leads to a deviation from the mid-term planning, which covers a period of 5 years.

Risks are evaluated with regard to probability of occurrence and possible net impact (i.e. maximum impact of the event on profit before tax and/or liquidity) and their cumulative impact over the 5-year period is reported to the Board of Management. The reporting threshold per individual case is a cumulative net impact of € 10.0 million over the 5-year period. The net impact is defined as the value of the risk after allowance for precautionary measures in the worst case. Risks with a probability of occurrence of more than 50% are always included in the mid-term planning. In addition, potential opportunities are also recorded.

Risks in the order of magnitude of € 100.0 million and more in the above-mentioned period are considered to be significant. Risks of this order of magnitude are reported to the Supervisory Board.

Significant risks

Significant risks are classified according to probability of occurrence and net impact as shown in the following table:

Probability of occurrence in %	low	≤ 5
	moderate	> 5 ≤ 20
	high	> 20
Cumulative net impact in € million over 5 years	low	≥ 100 ≤ 200
	medium	> 200 ≤ 300
	high	> 300

Regulatory framework: The risk situation of OGE is largely governed by the regulatory environment. As a regulated company, OGE's earnings situation and earnings prospects are directly dependent upon decisions made by the regulatory authorities. Important parameters affecting regulated revenues are the approval of the cost base, return on equity, the general sectoral productivity factor and the company-specific efficiency factor. The decisions of the authorities affect the company's revenues, earnings and liquidity situation.

Probability of occurrence: moderate

Net impact: high

Technical plant and on-site conditions: Local site conditions change over the course of time (e.g. changed soil conditions due to erosion). As a result, measures to restore the original conditions may be necessary.

Probability of occurrence: low

Net impact of the individual risks: low

Investment requirements: Due to the high volume of plant and machinery that the OGE business involves, additional investment requirements may lead to considerable additional funding requirements in the medium term. However, against the background of regulation, opportunities frequently arising from additional transport revenues are to be weighed against these additional investments.

Market-driven price developments, additional measures that become necessary during the performance of a project and changes to the Network Development Plan or legal requirements (e.g. emission legislation) may lead to increases in the volume of investments.

Probability of occurrence: moderate

Net impact: high

External influences such as natural disasters may partly or completely destroy important plant (e.g. compressor stations), which may lead to temporary interruptions or a local outage preventing gas transportation. In addition to temporary losses of earnings, any necessary reconstruction work may require additional financing.

Probability of occurrence: low

Net impact: low

Further risks

Information technology:

OGE uses complex information technology (IT) to operate and control the pipeline network. As a consequence, there are fundamentally risks of the failure of parts of the IT systems leading to temporary impairments to business activities. Failure may be the result of deliberate, unauthorised modification (external access) and/or an impairment of functionality due to errors occurring during

operation or hardware and software component faults. This could affect both marketing systems and network control systems (dispatching).

Integrity breaches may also affect the marketing or the network dispatching systems. System errors or system failure may mean that proper handling of dispatching or transport capacity marketing can no longer be guaranteed. This may lead to claims for compensation by shippers.

OGE safeguards against these risks with redundant systems as well as comprehensive quality assurance and access protection systems. OGE is certified according to the BNetzA's IT security catalogue which is binding on all network operators. The legal requirements are met. Effects that give rise to possible third-party claims are adequately covered by insurance. Above and beyond the requirements of certification, from time to time OGE uses external consultants to review the threat posed by risks in the IT environment. Such a test was last performed in the reporting year.

Transport business operation:

To ensure fault-free operation of the transport business, OGE employs high quality standards and sophisticated quality assurance concepts. Nevertheless, errors and resultant claims for compensation by customers cannot be entirely excluded.

OGE generates the majority of its revenues from the marketing of transport capacities with a small number of key accounts. Due to the regulatory account system, terminations of long-term capacity bookings only lead to temporary declines in revenues. Resulting revenue shortfalls in comparison to the approved revenue cap are recognised in the so-called regulatory account, bear interest and are balanced out through an adjustment of the calendar-year revenue cap in future financial years. There is therefore no sustained risk from fluctuations in demand. The syndicated credit line also minimises the liquidity risk.

Disclosures in accordance with section 289, para. 2, no. 1 HGB

In principle, OGE hedges foreign exchange risks from procurement transactions using spot and forward exchange transactions. The company does not use any further derivative financial instruments. The hedged procurement transactions already expired during the financial year so the company no longer had such contracts in existence as at 31 December 2020.

Opportunities

The main opportunities are through additional increases in efficiency compared with the approved revenue cap. However, due to the regulatory framework these are only of a temporary nature.

Moreover, the regulatory framework may change, providing further opportunities and risks for OGE.

The risk of higher expansion obligations due to changes in the network development plan also presents, on the other hand, an opportunity for higher returns from additional investments.

Overall assessment of opportunity and risk situation

In summary and as in the previous year, the Board of Management sees no risks threatening the continued existence of the company as at the reporting date and for the forecast period and considers the company's risk-bearing capability to be fully ensured.

Expected development

According to the German Council of Economic Experts' assessment of the overall economic situation in Germany, the Corona pandemic led to the sharpest slump in economic output in a single quarter since the start of quarterly national accounts in 1970. Against this backdrop, the Council of Economic Experts forecasts recovery in 2021, accompanied by growth of 3.7%.

With effect from 1 January 2021, OGE adjusted the uniform transport tariffs for entry and exit. As a result, entry and exit fees are some 7.4% lower in the Net Connect Germany market area and approx. 1.2% lower in the GASPOOL market area than in 2019. In contrast to previous years, the network fees will only be applied from 1 January 2021 to 1 October 2021. On the basis of the Federal Network Agency's REGENT stipulation, starting from 1 October 2021 uniform fees will be charged for the new joint market area Trading Hub Europe (THE). OGE published the network fees on 28 September 2020. This results in around 1% higher fees in the new market area, THE, compared with the current market area Net Connect Germany and roughly 14% higher fees compared with the current market area GASPOOL.

Overall, the Board of Management is expecting transport revenues in 2021 to be slightly higher than in 2020.

Revenues and changes in work in progress of the services business are expected to be well below those in the 2020 financial year. The cost of materials is forecast to be on a par with the 2020 financial year.

Much lower interest expense from the measurement of provisions is expected in the financial result. Owing to the high ongoing investment activity compared with the reporting year, depreciation is forecast to be slightly higher and income from equity investments is expected to be slightly lower than the prior-year figure.

In view of the above-mentioned effects, the Board of Management anticipates that net income for 2021 will be appreciably higher than the figure for the 2020 financial year.

Investments continue to be largely based on measures under the Network Development Plan, extensive replacement investments and injections of equity into pipeline companies, although they are forecast to be well below the level of the reporting year.

In view of the expected lower investment activity, cash flow for 2021 as a whole is forecast to be well above the level of the 2020 financial year. In summary, the Board of Management believes that the Company's liquidity situation will be stable and secure.

In the field of occupational safety, the Board of Management's aim is to continue to keep the number of work-related accidents, as measured by TRIFcomb, at a low level and to further develop the safety culture. In order to achieve this, appropriate measures have been either put in place or continued.

**Annual Financial Statements for the period
from January 1 to December 31, 2020**

Open Grid Europe GmbH, Essen

Balance Sheet as of 31 December 2020

Assets		2020		Shareholders' Equity and Liabilities	
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	Note	€	€	€	€
A. Fixed assets					
I. Intangible assets	(1)				
1. Internally generated intangible assets		7,131,604	7,769		110,324
2. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets		56,263,661	52,305	1,363,703,066	1,323,703
3. Prepayments		3,396,471	8,329	791,620,679	821,521
		66,792,336	68,423	2,395,547,979	2,256,546
II. Tangible assets	(2)				
1. Land, land rights and buildings, including buildings on time-share and		158,534,093	146,930		8,260
2. Technical equipment and machinery		1,263,732,236	1,253,419		12
3. Other equipment, operating and office equipment		44,466,669	35,021		353,235
4. Prepayments and assets under construction		162,622,373	133,884	689,277,879	353,235
		1,628,355,670	1,569,254	500,026,105	361,527
III. Financial assets	(3)				
1. Shares in affiliated companies		813,853,274	663,103		16,487
2. Other long-term equity investments		180,737,186	168,469		27,613
3. Other loans		2,394,229	2,592		4,600
		996,894,689	834,144		78,696
		2,693,042,695	2,471,921		15,300
B. Current assets					
I. Inventories	(4)				
1. Raw materials and supplies		13,450,766	13,145		13,131
2. Work in progress		111,014,471	69,479		156,397
3. Merchandise		12,069,650	11,750		
4. Other inventories		7,658,936	11,501		
		144,193,823	106,875		
II. Receivables and other assets	(5)				
1. Trade receivables		17,488,791	17,133		
2. Receivables from shareholders		6,194,793	0		
3. Receivables from affiliated companies		27,469,667	14,213		
4. Receivables from companies in which equity investments are held		6,253,604	2,474		
5. Other assets		17,915,479	14,081		3,921
		76,269,324	47,901		
III. Cash in hand and bank balances	(6)	53,087,734	148,103		
		272,563,691	301,679		
C. Prepaid expenses					
D. Excess of plan assets over post-employment benefit liability	(7)				
		6,507,367	1,949		
		2,974,798,600	2,777,393	2,974,798,600	2,777,393

Open Grid Europe GmbH, Essen
Income Statement
for the period from 1 January to 31 December 2020

	Note	€	€	2019 €k
1. Revenues	(11)		1.076.300.772	1.095.325
2. Change in finished goods and work in progress			41.535.568	15.379
3. Other own work capitalised	(12)		22.718.283	19.648
4. Other operating income	(13)		22.135.181	32.068
- of which income from currency translation € 4,163 (previous year € 2k)				
5. Cost of materials	(14)			
a) Cost of raw materials and supplies		-73.443.936		-86.953
b) Cost of purchased services		<u>-487.931.917</u>		<u>-432.691</u>
			-561.375.853	-519.644
6. Personnel expenses				
a) Wages and salaries		-138.719.429		-130.382
b) Social security, pensions and other benefits				
- of which for pensions € 16,451,138 (previous year € 11,268k)		<u>-38.172.960</u>		<u>-31.898</u>
			-176.892.389	-162.280
7. Amortisation of intangible assets and depreciation of tangible assets	(15)		-132.205.289	-115.573
8. Other operating expenses	(16)		-96.811.121	-82.602
- of which expenses from currency translation € 32,541 (previous year € 79k)				
9. Income from equity investments	(17)		88.888.588	91.166
- of which from affiliated companies € 73,964,473 (previous year € 77,453k)				
10. Other interest and similar income	(18)		198.645	198
- of which from affiliated companies € 77,638 (previous year € 59k)				
11. Interest and similar expenses	(19)		-63.223.660	-26.895
- of which interest expense from unwinding of discounting of provisions € 71,625,775 (previous year € 70,884k)				
12. Income taxes	(20)		-94.053.786	-105.512
13. Profit after tax			127.214.939	241.278
14. Other taxes	(21)		-489.500	-571
15. Transfers under profit-and-loss transfer agreements	(22)		-156.725.439	-200.000
16. Net loss/income for the year			-30.000.000	40.707
17. Transfer from other revenue reserves			30.000.000	0
18. Transfers to other revenue reserves			0	-40.707
19. Unappropriated profit			0	0

Open Grid Europe GmbH, Essen

Notes to the financial statements for the 2020 financial year

I. General information on the annual financial statements

Open Grid Europe GmbH (OGE), Essen, is entered in the commercial register at Essen local court under commercial register number HRB 17487.

The annual financial statements have been prepared in accordance with the accounting principles laid down in section 242 ff of the German Commercial Code (HGB), taking the supplementary requirements for corporations (section 264 ff HGB), the Limited Liability Companies Act (GmbHG) and the Energy Industry Act (EnWG) into account.

In the reporting year, the company fulfilled the size requirements to be classified as a large corporation pursuant to section 267, para. 3 HGB in conjunction with section 267, para. 4 HGB.

The income statement has been prepared in accordance with the type of expenditure format (section 275, para. 2 HGB).

Vier Gas Transport GmbH (VGT), Essen, is the sole shareholder of OGE. A profit-and-loss transfer agreement has been concluded with VGT with effect from 1 January 2013. Fiscal unity for corporate income tax purposes has also existed between the two companies since 1 January 2013.

II. Explanations on the accounting, measurement and disclosure methods

Fixed assets

The change in the fixed asset items in the balance sheet as defined by section 266 HGB in the financial year is shown in detail in the statement of changes in fixed assets (section 284, para. 3 HGB).

Intangible and tangible assets are measured at acquisition or production cost less scheduled amortisation/depreciation.

The production cost consists of the mandatory elements in accordance with commercial law pursuant to section 255, para. 2, sentence 2 HGB plus general administrative expenses. Appropriate expenses within the meaning of section 255, para. 2, sentence 3 HGB for social amenities of the company, for voluntary benefits to personnel and for company pensions are included in production cost to the extent that they were incurred during the period of production.

Only the straight-line depreciation method is used. Regular depreciation is charged in conformity with the fiscal depreciation tables. The useful life is 3 years for purchased intangible assets and ranges from 2 to 10 years for internally generated intangible assets. For tangible assets the useful life is between 5 and 50 years.

The company exercises the option in accordance with section 248, para. 2, sentence 1 HGB and recognises internally generated intangible assets classified as fixed assets. Due to the amount of freely available reserves (capital reserve and revenue reserves), the restriction on distribution and/or transfer pursuant to section 268, para. 8 HGB does not apply.

The company uses the component approach within the meaning of the IDW Accounting Rule HFA 1.016. According to this method, a tangible asset subject to wear and tear is theoretically broken down into its main components with different useful lives in order to determine the amount of the scheduled depreciation for each period for the asset as a whole as the sum of the scheduled depreciation for each period for the individual components of said asset. The component approach is only applicable to such cases where physically separable components are replaced which are material in relation to the total tangible asset. The expense for replacing a component does not affect income as a maintenance expense at the time of incurrence but is capitalised as subsequent acquisition or production cost and depreciated thereafter over the useful life of the respective component.

Due to their minor importance, assets of minor value costing more than € 150 (from 1 January 2018 assets costing more than € 250) and up to € 1,000 are posted to an asset pool and depreciated on a straight-line basis over a period of five years in line with the tax regulations (section 6, para. 2a German Income Tax Law (EStG)).

Shares in affiliated companies and equity investments are stated at acquisition cost. If permanent value impairment is probable, in accordance with section 253, para. 3, sentence 5 HGB the lower fair value is recognised.

Other loans shown under financial assets relate mainly to non-interest-bearing loans granted to employees, which are stated at their present value as of the balance-sheet date. The present values are calculated using an interest rate which is adequate for the remaining term.

Inventories

Raw materials and supplies stated under inventories are generally recognised at average acquisition cost in accordance with section 240, para. 4 HGB or the lower market value, with the strict lower-of-cost-or-market principle in accordance with section 253, para. 4 HGB being applied. Appropriate write-downs are made for inventory risks arising from storage periods and reduced usability.

Work in progress is stated at production cost. Production cost is stated with the mandatory elements under commercial law, plus general administrative expenses as defined by section 255, para. 2, sentence 2 HGB. Appropriate expenses within the meaning of section 255, para. 2, sentence 3 HGB for social amenities of the company, for voluntary benefits to personnel and for company pensions are included in production cost to the extent that they were incurred during the period of production.

The gas stocks in the transmission network recognised under merchandise are measured at acquisition cost. Measurement is generally made using the LIFO method, the strict lower-of-cost-or-market-principle being applied.

Emission rights stated under other inventories are stated at acquisition cost, the strict lower-of-cost-or-market principle being applied.

Receivables and other assets

Receivables and other assets are capitalised at nominal value and measured taking into account all discernible (individual) risks. In addition to individual valuation adjustments, the measurement of trade receivables allows for the general credit risk by making a general valuation adjustment of 1.50% on net receivables reduced by receivables for which individual valuation adjustments have been made.

Unless stated otherwise in section III, the company's receivables and other assets have a remaining term of less than one year.

Cash in hand and bank balances

Cash and bank balances are recognised at nominal value.

Provisions

In accordance with section 253, para. 1, sentence 2 HGB, provisions are stated at the settlement amounts considered necessary when applying sound business judgement, future price and cost increases being taken into account. Provisions with a remaining term of more than one year are discounted in accordance with section 253, para. 2, sentence 1 HGB in conjunction with section 253, para. 2, sentences 4 and 5 HGB, subject to the remaining-term-specific average interest rate (euro zone) for the previous seven - in the case of pensions and gas allowances (pension obligations) ten - financial years published monthly by Deutsche Bundesbank. The individual provisions are discounted taking into account the remaining term of the respective provision as of the balance-sheet date.

Aggregated other provisions of not insignificant importance are explained in accordance with section 285, no. 12 HGB.

Income from the discounting of provisions as well as expenses from the subsequent unwinding of discounting are stated in the income statement under "Other interest and similar income" and "Interest and similar expenses", respectively, and disclosed as "thereof" items pursuant to section 277, para. 5 HGB.

The 2018 G mortality tables of Prof. Dr. Klaus Heubeck have been used as a biometric basis for calculating pension provisions.

In deviation from the discounting of provisions generally based on their remaining terms in accordance with section 253, para. 2, sentence 1 HGB, the company exercises the option in accordance with section 253, para. 2, sentence 2 HGB. Accordingly, pension and gas allowance provisions are discounted assuming a term of fifteen years and using an average interest rate of the last ten financial years determined by Deutsche Bundesbank.

The difference between the value based on an average market rate of the past ten financial years and that based on the past seven financial years is to be determined in accordance with section 253, para. 6 HGB and is in principle subject to the restriction on distribution.

Due to the amount of freely available reserves, the restriction on distribution in section 253, para. 6, sentence 2 HGB does not apply.

Pension and gas allowance provisions are measured on the basis of actuarial principles using the projected unit credit method and taking into account the average interest rate of the past ten financial years published in December 2020 in the amount of 2.30% p.a. In doing so, the following dynamic components are taken into account, in addition to the estimated duration of the beneficiary employees:

- Wage and salary trend: 2.50% p.a.
- Pension trend: 2.00% p.a.

Effects resulting from the change in the discount rate are recognised in the interest result.

To secure against insolvency and to finance the employees' claims under retirement pensions and long-term working-time accounts, a double-sided CTA trust relationship exists between OGE as the trustor and Helaba Pension Trust e. V. (Helaba), Frankfurt am Main, as the trustee.

The trustee holds and administers the trust assets for the trustor in a fiduciary capacity ring-fenced and separate from the trust assets of other trustors and the trustee's own assets.

The trust assets fulfil the requirements for recognition as plan assets in accordance with section 246, para. 2, sentence 2 HGB as they are protected from all other creditors and serve exclusively to meet the liabilities from retirement pension benefits or similar long-term obligations. In accordance with section 253, para. 1, sentence 4 HGB, the plan assets are stated at fair value (corresponding to market value) and, in accordance with section 246, para. 2, sentence 2 HGB, are offset against the provisions for pensions and the provisions for long-term working-time accounts. Related expenses and income from discounting and from plan assets are also offset. Should an asset surplus result from the offsetting of provisions against the relevant plan assets, this surplus is shown on the assets side under "Excess of plan assets over post-employment benefit liability".

Provisions for obligations to reduce fees in future are stated at their settlement amount. The obligations are first compounded at the interest rate applicable in accordance with section 5, para. 2 of the German Incentive Regulation Ordinance (ARegV) and then discounted subject to a remaining-term-specific average interest rate for the previous seven financial years published monthly by Deutsche Bundesbank. When the provisions are measured, advantages from hitherto unrealised future claims are taken into account provided that they will definitely be realised when the obligation is fulfilled.

Liabilities

Liabilities are stated at their settlement amounts in accordance with section 253, para. 1, sentence 2 HGB.

Deferred taxes

OGE and VGT have formed a fiscal unit since 1 January 2013 with VGT as the controlling company. Therefore, OGE as the controlled company does not fall within the scope of section 285, no. 29 HGB, has not established any deferred taxes and has also not made any disclosures in accordance with section 285, no. 30 HGB.

III. Notes to the Balance Sheet

(1) Intangible assets

Additions to intangible assets mainly comprise software in the amount of € 14.3 million.

In the financial year, additions to internally generated intangible assets amounted to € 0.5 million. Total research and development expenses pursuant to section 285, no. 22 HGB also amounted to € 0.5 million in the financial year as no research expenses were incurred. Of this figure, only € 5k relates to assets which are still under development.

(2) Tangible assets

As at the reporting date, the net book value of tangible assets amounted to € 1,629.4 million (previous year: € 1,569.3 million). Additions to tangible assets break down as follows:

• Land, land rights and buildings	4.93 %
• Technical equipment and machinery	33.28 %
• Other tangible assets and assets under construction	61.79 %
	100.00 %

Additions to technical equipment and machinery result mainly from the construction of a new compressor unit in Krummhörn (€ 11.9 million), the adaption of the pressure relief system concept at the Waidhaus compressor station (€ 8.4 million), the re-routing of the pipeline between Werne and Schlüchtern (€ 8.2 million) and the construction of the Stockum-to-Bockum-to-Hövel connecting line (€ 8.0 million).

(3) Financial assets

The list of shareholdings (section 285, no. 11 HGB) is attached.

Additions to financial assets (€ 165.0 million) relate mainly to contributions of € 150.8 million to Zeelink GmbH & Co. KG (Zeelink), Essen, € 13.2 million to Nordrheinische Erdgastransportleitungsgesellschaft mbH & Co. KG (NETG), Dortmund, and € 0.8 million to evety GmbH, Essen.

Other loans mainly comprise non-interest-bearing loans to employees.

(4) Inventories

The items disclosed under inventories relate to work in progress (€ 111.0 million), raw materials and supplies (€ 13.5 million), merchandise (gas stocks in the transmission network (€ 12.1 million)) and emission rights (€ 7.7 million).

Gas inventories were recognised at fair value in accordance with the strict lower-of-cost-or-market principle.

(5) Receivables and other assets

Trade receivables result from the service and transport businesses.

Receivables from affiliated companies mainly result in the amount of € 9.1 million from the profit-and-loss transfer agreement and in the amount of € 8.0 million from clearing transactions, both with Line WORX, GmbH (Line WORX), Essen, as well as from imputable taxes from Vier Gas Services GmbH & Co. KG (VGS), Essen, in the amount of € 1.6 million.

Receivables from companies in which equity investments are held mainly comprise trade receivables in the amount of € 4.5 million from GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, Straelen, and entitlements to profits in the amount of € 1.3 million from NETG and € 0.4 million from DEUDAN-Deutsch/Dänische Erdgastransportgesellschaft mbH & Co. Kommanditgesellschaft, Handewitt.

Other assets mainly comprise market area conversion and biogas levy accruals of € 14.2 million as well as value-added tax refund claims of € 1.1 million. As in the previous year, there were no other assets with a remaining term of more than one year on the reporting date.

(6) Cash in hand and bank balances

Cash in hand and bank balances relate to cash in hand at the operating sites and credit balances with banks.

(7) Excess of plan assets over post-employment benefit liability

This item includes firstly the excess of plan assets from the offsetting of the plan assets at Helaba (€ 506.2 million) against the corresponding provisions for pensions (€ 500.5 million). The plan asset acquisition costs for provisions for pensions amount to € 402.6 million. In the financial year, payments in the amount of € 48.8 million were made into these plan assets.

Secondly, this item includes the excess of plan assets from the offsetting of the plan assets at Helaba (€ 44.6 million) against the corresponding provisions for long-term working-time account obligations (€ 43.8 million). The plan asset acquisition costs for long-term working-time accounts amount to € 35.8 million. In the financial year, payments in the amount of € 6.2 million were made into these plan assets.

(8) Shareholders' equity

As in the previous year, the **subscribed capital** (share capital) amounts to € 110.3 million. The sole shareholder of OGE is VGT.

€ 60.0 million was paid into the **capital reserve**.

Revenue reserves in the amount of € 75.4 million result from the direct transfer of reversed amounts from the first-time valuation of provisions in accordance with the provisions of BilMoG and refer to the financial years 2009 and 2010. Furthermore, in the financial years 2014 to 2019 in line with the profit-and-loss transfer agreement existing with VGT, on the basis of sound commercial judgement economically sensible transfers totalling € 746.1 million were made to revenue reserves with a view to future investment projects in connection with the network development plan.

Since investments were expected to be lower than originally planned, revenue reserves in the amount of € 30.0 million were reversed in the 2020 financial year and paid out to VGT.

Revenue reserves refer exclusively to “other revenue reserves” according to section 266, para. 3 A. III No. 4 HGB HGB.

(9) Provisions

Provisions for pensions and similar obligations contain solely provisions for gas allowances.

The difference between the recognition of provisions for gas allowances and provisions for pensions mentioned under note (7) based on the average market rate of the past ten financial years and recognition of the provisions based on the average market rate of the past seven financial years is € 1.1 million and € 72.6 million, respectively.

Tax provisions mainly include provisions for trade tax and interest on tax payments.

Other provisions (€ 489.3 million) mainly comprise provisions for regulatory account balancing amounting to € 141.2 million, provisions for the removal of above-ground facilities amounting to € 139.7 million, provisions for the removal of disused pipelines amounting to € 121.3 million and staff-related provisions amounting to € 44.3 million. In addition, there are obligations amounting to € 11.2 million to hand over gas in the pipelines.

(10) Liabilities

Liabilities as of 31 December 2020:

	Total	Remaining term of up to 1 year	Remaining term of more than 1 year
Payments received on account of orders	€ 30,774,798	€ 30,774,798	€ 0
Trade payables	€ 15,934,297	€ 14,367,322	€ 1,566,975
Liabilities to affiliated companies	€ 93,471,719	€ 93,471,719	€ 0
Liabilities to companies in which equity investments are held	€ 27,446,032	€ 27,446,032	€ 0
Other liabilities	€ 16,212,856	€ 16,212,856	€ 0
(of which taxes)	(€ 5,517,489)	(€ 5,517,489)	(€ 0)
(of which relating to social security)	(€ 0)	(€ 0)	(€ 0)
	<u>€ 183,839,702</u>	<u>€ 182,272,727</u>	<u>€ 1,566,975</u>

Liabilities as of 31 December 2019:

	Total	Remaining term of up to 1 year	Remaining term of more than 1 year
Payments received on account of orders	€ 16,487,274	€ 16,487,274	€ 0
Trade payables	€ 27,613,348	€ 27,393,041	€ 220,307
Liabilities to shareholders	€ 4,900,589	€ 4,900,589	€ 0
Liabilities to affiliated companies	€ 78,965,937	€ 78,965,937	€ 0
Liabilities to companies in which equity investments are held	€ 15,299,908	€ 15,299,908	€ 0
Other liabilities	€ 13,130,762	€ 13,077,490	€ 53,272
(of which taxes)	(€ 2,211,641)	(€ 2,211,641)	(€ 0)
(of which relating to social security)	(€ 50,294)	(€ 50,294)	(€ 0)
	<u>€ 156,397,818</u>	<u>€ 156,124,239</u>	<u>€ 273,579</u>

There are no liabilities with a remaining term of more than five years nor liabilities secured by liens or other rights.

Liabilities to affiliated companies comprise mainly payments received on account of orders and liabilities arising from clearing transactions netted against receivables under profit-and-loss transfer agreements. The amount of trade payables included in this line item is insignificant.

Liabilities to companies in which equity investments are held mainly comprise liabilities to NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG (NETRA), Schneiderkrug, from cash management in the amount of € 17.7 million and from payments received on account of orders in the amount of € 8.2 million netted against entitlements to profits in the amount of € 0.3 million as well as liabilities to TENP from payments received on account of orders in the amount of € 4.0 million netted against entitlements to profits in the amount of € 1.9 million. In addition, trade payables are only included in this item to an insignificant extent.

Other liabilities result mainly from construction cost subsidies received in the amount of € 9.4 million and taxes of € 5.5 million.

Contingent liabilities, off-balance-sheet transactions and other financial obligations

The syndicated loan facility in the amount of € 600.0 million concluded by VGT on 4 August 2017 still exists and was extended on 15 July 2019 by one year to 2024. OGE is also a borrower under the corresponding loan agreement and therefore entitled to use the credit line. As of the reporting date, the credit facility had not been drawn down. This credit line includes an ancillary facility at VGT level in the amount of € 10 million (overdraft facility) as well as two ancillary facilities at OGE level in the amount of € 20 million (overdraft facility for the cash pool) and € 1.5 million (reserved for surety and bank guarantees). As of 31 December 2020, only the surety line had been utilised for the issuing of bank guarantees in the amount of € 1.1 million. In August 2020, OGE concluded a further surety line in the amount of € 10 million. As of 31 December 2020, € 1.6 million of this facility had been utilised for the issuing of bank guarantees. OGE does not expect any claims under the bank guarantees, as this kind of bank guarantee is merely used to protect suppliers or municipalities should OGE fail to meet its payment or ecological restoration obligations.

The financial impact of transactions not contained in the balance sheet within the meaning of section 285, no. 3a HGB amounts to € 187.3 million p.a. at the balance-sheet date from long-term contracts for the beneficial use of the pipeline network, of which € 132.4 million p.a. relates to affiliated companies.

As of the reporting date, there were payment obligations to Zeelink in the amount of € 63.0 million and to NETG in the amount of € 19.9 million for contributions to the capital reserve that have not yet been called in.

Furthermore, other financial obligations of € 383.0 million exist and relate to purchase commitments. Of this amount, € 10.6 million relates to affiliated companies.

IV. Notes to the income statement

(11) Revenues

In the 2020 financial year, revenues were recognised in accordance with section 277, para. 1 HGB.

Revenues result from the gas transport business and transport-related services (€ 905.8 million) and from technical and commercial services (€ 170.5 million); they are mainly generated in Germany. € 113.3 million of the revenues was generated with affiliated or associated companies.

(12) Other own work capitalised

The company capitalised own work for intangible assets in the amount of € 4.4 million in the financial year.

(13) Other operating income

This item mainly contains income from the market area conversion and biogas levies in the amount of € 14.2 million, income from the disposal of fixed assets in the amount of € 3.3 million, income from cost reimbursements from third parties for pipeline rerouting in the amount of € 2.2 million and income not relating to the accounting period from the reversal of provisions in the amount of € 1.2 million. Furthermore, this item contains income not relating to the accounting period in the amount of € 0.3 million.

(14) Cost of materials

Cost of materials covers expenses for beneficial use fees, also in regard to affiliated companies and companies in which equity investments are held, expenses for fuel energy, natural gas tax as well as expenses arising from the market area conversion and biogas levies. Furthermore, this item also includes repair and maintenance expenses as well as other purchased services.

(15) Depreciation and amortisation

In the reporting year, amortisation of intangible assets and depreciation of tangible assets amounted to € 132.2 million (previous year: € 115.6 million). Of this figure, amortisation of intangible assets amounted to € 16.5 million and depreciation of tangible assets to € 115.7 million.

(16) Other operating expenses

Other operating expenses mainly comprise IT costs, other administrative expenses and market area conversion and biogas levy expenses. This item contains expenses not relating to the accounting period only to an insignificant amount.

(17) Income from equity investments

	2020	2019
Income from profit-and-loss transfer agreements	€ 64.9 m	€ 66.8 m
Income from equity investments	€ 24.0 m	€ 24.5 m
Cost of loss absorption	€ 0.0 m	€ -0.1 m
	€ 88.9 m	€ 91.2 m

The income from profit-and-loss transfer agreements mainly contains profits transferred from Mittelrheinische Erdgastransportleitungsgesellschaft mbH, Essen, (€ 54.8 million) and Line WORX (€ 9.1 million). The income from equity investments mainly results from equity investment income from NETRA (€ 10.1 million) and MEGAL (€ 9.1 million).

(18) Other interest and similar income

Other interest and similar income comprise mainly interest income from the unwinding of discounting of loans, interest income on bank balances and interest on arrears received.

(19) Interest and similar expenses

The unwinding of discounting of provisions to be disclosed separately in the income statement pursuant to section 277, para. 5, sentence 1 HGB, amounts to € 71.6 million. Of this figure, € 53.0 million relates to the unwinding of discounting of provisions for pension obligations and long-term working-time accounts. Also included in this item and offset against the above is income in the amount of € 14.0 million from the measurement of the corresponding plan assets at fair value in accordance with section 285, no. 25 HGB in conjunction with section 246, para. 2, sentence 2 HGB. Due to the amount of freely available reserves, the restriction on distribution and/or transfer under section 268, para. 8 HGB does not apply.

(20) Income taxes

The taxes on income relate mainly to Group tax levies by VGT for the financial year (€ 79.9 million).

(21) Other taxes

This item includes real estate tax, non-deductible value-added tax and motor vehicle tax.

(22) Transfers under profit-and-loss transfer agreements

The transfers under the profit-and-loss transfer agreements result from the profit-and-loss transfer agreement concluded with VGT.

V. Other disclosures

Restriction on distribution or transfer

Capitalisation of internally generated intangible assets (€ 7.1 million) and accounting for plan assets at fair value (€ +112.3 million compared with the acquisition costs) according to section 268, para. 8 HGB result in a total amount of € 119.4 million, which is subject to a restriction on transfer. Due to the amount of freely available reserves (capital reserve and revenue reserves), this restriction on transfer does not apply.

Number of employees on an annual average

In the financial year, the number of employees, as defined by section 285, no. 7 in conjunction with section 267, para. 5 of the German Commercial Code (HGB), i.e. excluding management and apprentices, totalled an average of 340 industrial workers and 1,138 salaried employees (previous year: 342 industrial workers and 1,087 salaried employees).

Transactions with related parties

Related natural persons within the meaning of section 285, no. 21 HGB are the management and the members of the Supervisory Board. Related legal entities are, in particular, VGT and VGS, as well as the equity investments.

Material transactions agreed on terms and conditions unusual in the market have not taken place either with natural persons or with legal entities in the reporting year.

Auditor's fee

The company does not disclose the auditor's fee in accordance with section 285, no. 17 HGB as this figure is disclosed in the consolidated financial statements of VGT.

Large-volume transactions pursuant to section 6b, para. 2 of the Energy Industry Act (EnWG)

Large-volume transactions were carried out mainly with the equity investments of OGE and primarily relate to income from services (€ 112.9 million) as well as expenses for the beneficial use of the pipeline network (€ 187.3 million).

Supervisory Board of Open Grid Europe GmbH, Essen

The following were members of the Supervisory Board in the 2020 financial year:

Hilko Schomerus

Chairman

Darmstadt

Managing Director, Macquarie Capital (Europe) Limited

Frank Lehmann

Deputy Chairman

Moers

Chairman of the Works Council of Open Grid Europe GmbH

Önder Ata

Mülheim an der Ruhr

Deputy Chairman of the Works Council of Open Grid Europe GmbH

Alexander Bögle

Munich

Senior Investment Manager, Private Equity & Infrastructure, MEAG MUNICH ERGO Asset Management GmbH

Guy Lambert

Abu Dhabi/United Arab Emirates

Head of Utilities, Abu Dhabi Investment Authority (ADIA)

Lincoln Hillier Webb

Victoria/Canada

Vice President, British Columbia Investment Management Corporation

The members of the Supervisory Board received remuneration of € 0.1 million for their work in the 2020 financial year.

Management of Open Grid Europe GmbH

The Members of the Management in the reporting year were:

Dr Jörg Bergmann

Bochum

Managing Director responsible for Operations and Chairman of the Board of Management

Wolfgang Anthes

until 31 March 2020

Moers

Managing Director responsible for Business Services and Human Resources

Dr Thomas Hübener

Haltern

Managing Director responsible for Technology

Dr Frank Reiners

Düsseldorf

Managing Director responsible for Finance and Regulation

In the reporting year, the Board of Management received total remuneration of € 2.7 million (previous year: € 3.1 million) as defined by section 285, no. 9a HGB for its work. The total remuneration of former managing directors as defined by section 285, no. 9b HGB amounted to € 0.2 million (previous year: € 0.1 million). At the reporting date, the provisions for pensions of former managing directors amount to € 6.8 million.

Events after the reporting date

There have been no other events of particular importance as defined by section 285, no. 33 HGB that occurred after the reporting date and are neither taken into account in the income statement nor in the balance sheet.

Group

With reference to section 291 HGB, OGE itself does not prepare consolidated financial statements and a Group management report but is included with exempting effect in the consolidated financial statements prepared by VGT in accordance with IFRS, as they are to be applied in the European Union. VGT, as the parent company, prepares consolidated financial statements for the smallest group of companies. Vier Gas Holdings S.à r.l., Luxembourg, as the parent company, prepares consolidated financial statements for the largest group of companies. Both financial statements are published in the electronic Federal Gazette in accordance with section 325 HGB.

Essen, 15 March 2021

Open Grid Europe GmbH
The Board of Management

Dr Bergmann

Dr Hübener

Dr Reiners

Statement of changes in fixed assets of Open Grid Europe GmbH for the 2020 financial year

	Acquisition and production costs				Cumulative amortisation/depreciation			Net book values	
	1 Jan. 2020	Additions	Disposals	Transfers	1 Jan. 2020	Additions	Disposals	31 Dec. 2020	31 Dec. 2019
	€	€	€	€	31 Dec. 2020	€	€	€	€
Intangible assets									
Internally generated intangible assets	11.366.134,23	538.231,15	0,00	0,00	3.576.606,83	1.195.864,31	0,00	7.131.904,24	7.789.527,40
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	138.519.119,27	11.814.160,87	-1.756.867,41	7.495.737,60	86.214.562,77	15.349.532,91	-1.755.906,47	56.263.961,12	52.304.556,50
Prepayments	8.328.845,06	2.583.363,20	0,00	-7.495.737,60	0,00	0,00	0,00	3.396.470,86	8.328.845,06
	158.214.098,56	14.915.755,22	-1.756.867,41	0,00	89.791.169,60	16.545.387,22	-1.755.906,47	66.792.336,02	68.422.928,96
Tangible assets									
Land, land rights and buildings, including buildings on third-party land	288.845.336,29	8.667.715,30	-897.439,55	10.495.642,80	141.915.159,00	7.560.442,23	-897.439,55	158.534.093,16	146.930.177,29
Technical equipment and machinery	4.806.041.307,10	58.504.607,76	-11.312.877,34	52.194.772,66	3.552.622.505,81	100.385.945,39	-11.312.877,34	1.263.732.236,32	1.253.418.801,29
Operating and office equipment	99.944.957,32	11.490.685,69	-1.902.637,04	5.688.928,88	64.923.427,61	7.713.514,71	-1.881.975,21	44.466.967,74	35.021.528,71
Prepayments and assets under construction	133.883.681,97	97.119.095,26	0,00	-68.380.344,34	0,00	0,00	0,00	162.622.372,89	133.883.681,97
	5.328.715.282,68	175.782.044,01	-14.112.953,93	0,00	3.759.461.092,42	115.659.902,33	-14.092.292,10	1.629.355.670,11	1.569.254.190,26
Financial assets									
Shares in affiliated companies	663.603.272,39	150.750.000,00	0,00	0,00	499.999,00	0,00	0,00	813.853.273,39	663.103.273,39
Equity investments	168.459.097,84	14.032.641,26	-1.754.552,90	0,00	0,00	0,00	0,00	180.737.186,20	168.459.097,84
Other loans	2.765.672,77	175.303,10	-514.208,88	0,00	183.902,06	0,00	-61.364,17	2.304.229,10	2.581.770,71
	834.828.043,00	164.957.944,36	-2.268.761,78	0,00	683.901,06	0,00	-61.364,17	996.894.688,69	834.144.141,94
	6.321.757.424,24	355.655.743,59	-18.138.583,12	0,00	3.849.936.163,08	132.205.289,55	-15.909.562,74	2.693.042.694,92	2.471.921.261,16

**List of shareholdings in accordance with section 285, no. 11 HGB
as of 31 December 2020**

Consecutive number	Company	Share of Open Grid Europe GmbH or subsidiary in the company's equity in %	Shareholding companies (consecutive number)	Equity (in €k) ¹⁾ 31 Dec. 2020	Annual result (in €k) ¹⁾ 2020
Major affiliated companies					
1	Open Grid Europe GmbH, Essen ²⁾			2.285.548	126.725
2	Line Worx GmbH, Essen ²⁾	100,00	1	84.725	9.054
3	MEGAL Mittel-Europäische-Gasleitungsgesellschaft mbH & Co. KG, Essen	51,00	1	160.116	17.564
4	Mittelrheinische Erdgastransportleitungsgesellschaft mbH, Essen ²⁾	100,00	1	64.150	54.805
5	Zeelink GmbH & Co. KG, Essen	75,00	1	630.503	-506
Other major equity investments					
6	GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, Straelen	29,24	2	92.853	24.455
7	NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG, Schneiderkrug	55,94	1	65.258	17.557
8	Trans Europa Naturgas Pipeline Gesellschaft mbH & Co. KG, Essen	51,00	1	223.512	8.763
Affiliated companies of minor importance					
9	MEGAL Verwaltungs-GmbH, Essen	51,00	1	53	2
10	NEL Beteiligungs GmbH, Essen ²⁾	100,00	1	25	-1
11	Open Grid Regional GmbH, Essen ²⁾	100,00	1	500	81
12	Open Grid Service GmbH, Essen ²⁾	100,00	1	297	125
13	PLEdoc GmbH, Essen ²⁾	100,00	1	589	869
14	Zeelink-Verwaltungs-GmbH, Essen	75,00	1	33	2
Other equity investments of minor importance					
15	DEUDAN-Deutsch/Dänische Erdgastransport-Gesellschaft mbH & Co. Kommanditgesellschaft, Handewitt	24,99	1	5.107	592
16	DEUDAN-Deutsch/Dänische Erdgastransport-Gesellschaft mbH, Handewitt ³⁾	24,99	1	83	2
17	evety GmbH, Essen ⁴⁾	40,00	1		
18	GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen	29,24	2	72	2
19	Liwacom Informationstechnik GmbH, Essen ³⁾	33,33	1	525	104
20	NetConnect Germany GmbH & Co. KG, Ratingen ³⁾	16,67	1	5.000	0
21	NetConnect Germany Management GmbH, Ratingen ³⁾	16,67	1	84	3
22	NETRA GmbH-Norddeutsche Erdgas Transversale, Schneiderkrug ³⁾	50,00	1	116	2
23	Nordrheinische Erdgastransportleitungsgesellschaft mbH & Co. KG, Dortmund ³⁾	50,00	1	29.484	1.224
24	Nordrheinische Erdgastransportleitungs-Verwaltungs-GmbH, Dortmund ³⁾	50,00	1	41	1
25	PRISMA European Capacity Platform GmbH, Leipzig ³⁾	1,33	1	1.321	396
26	Trans Europa Naturgas Pipeline Verwaltungs-GmbH, Essen	50,00	1	51	2

1) Equity and annual result based on accounting principles in accordance with HGB
2) Profit-and-loss transfer agreement (result before profit transfer or loss absorption)
3) Equity and annual result relate to the previous year
4) Company founded in the financial year. There are no published values yet.

Activity Reports 2020

Unbundling balance sheet as of 31 December 2020

Assets	Grid Business	Other Activities within Gas Sector	Activities outside Gas Sector	Consolidation Column	Sum
€					
A. Fixed assets					
I. Intangible assets					
1. Internally generated intangible assets	6,604,726	8,225	518,953	0	7,131,904
2. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	49,429,353	2,204,020	4,630,588	0	56,263,961
3. Prepayments	2,546,907	132,578	716,986	0	3,396,471
	58,580,986	2,344,823	5,866,527	0	66,792,336
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	146,944,804	220,807	11,368,482	0	158,534,093
2. Technical equipment and machinery	1,262,158,997	-257,911	1,831,150	0	1,263,732,236
3. Other equipment, operating and office equipment	30,998,470	114,871	13,353,627	0	44,466,968
4. Prepayments and assets under construction	162,072,644	46,919	502,810	0	162,622,373
	1,602,174,915	124,686	27,056,069	0	1,629,355,670
III. Financial assets					
1. Shares in affiliated companies	0	0	813,853,274	0	813,853,274
2. Other long-term equity investments	0	0	180,737,186	0	180,737,186
3. Other loans	1,452,313	27,639	824,277	0	2,304,229
	1,452,313	27,639	995,414,737	0	996,894,689
	1,662,208,214	2,497,148	1,028,337,333	0	2,693,042,695
B. Current assets					
I. Inventories					
1. Raw materials and supplies	11,859,541	4,035	1,587,190	0	13,450,766
2. Work in progress	6,350,298	0	104,664,173	0	111,014,471
3. Merchandise	12,069,650	0	0	0	12,069,650
4. Other inventories	7,658,936	0	0	0	7,658,936
	37,938,425	4,035	106,251,363	0	144,193,823
II. Receivables and other assets					
1. Trade receivables	13,412,915	0	4,086,257	-30,381	17,468,791
2. Receivables from shareholders	529,326	11,104	5,644,363	0	6,184,793
3. Receivables from affiliated companies	1,019,885	21,473	26,418,299	0	27,459,657
4. Receivables from companies in which equity investments are held	-181,830	0	6,435,436	-2	6,253,604
5. Other assets <i>from that receivables with a residual term of one year</i>	17,408,595	14,328	492,556	0	17,915,479
	0	0	0	0	0
	32,188,891	46,905	43,076,911	-30,383	75,282,324
III. Cash in hand and bank balances	22,047,336	461,863	30,578,535	0	53,087,734
	92,174,652	512,803	179,906,809	-30,383	272,563,881
C. Prepaid expenses	1,967,248	21,524	695,885	0	2,684,657
D. Excess of plan assets over post-employment benefit liability	4,137,384	78,739	2,291,244	0	6,507,367
E. Capital clearing item	451,295,090	0	0	-451,295,090	0
	2,211,782,588	3,110,214	1,211,231,271	-451,325,473	2,974,798,600

Unbundling balance sheet as of 31 December 2020

Shareholders' equity and Liabilities		Grid Business	Other Activities within Gas Sector	Activities outside Gas Sector	Consolidation Column	Sum
€						
A.	Shareholders' equity					
I.	Subscribed capital	68,094,728	102,299	42,127,305	0	110,324,332
II.	Capital reserve	854,053,524	1,283,052	528,366,492	0	1,383,703,068
III.	Revenue reserves	762,643,328	69,954	28,807,297	0	791,520,579
		1,684,791,580	1,455,305	599,301,094	0	2,285,547,979
B.	Provisions					
1.	Provisions for pensions and similar obligations	5,602,820	106,628	3,102,788	0	8,812,236
2.	Tax provisions	1,197,361	25,117	713,512	0	1,935,990
3.	Other provisions	468,588,551	578,675	20,110,653	0	489,277,879
		475,388,732	710,420	23,926,953	0	500,026,105
C.	Liabilities					
1.	Payments received on account of orders <i>from that with a residual term of one year</i>	18,018,126 18,018,126	0 0	12,756,672 12,756,672	0 0	30,774,798 30,774,798
2.	Trade payables <i>from that with a residual term of up to one year</i> <i>from that with a residual term between one and five years</i> <i>from that with a residual term of more than five years</i>	14,406,037 12,895,741 1,510,296 0	38,254 38,254 0 0	1,520,387 1,463,709 56,678 0	-30,381 -30,381 0 0	15,934,297 14,367,323 1,566,974 0
3.	Liabilities to shareholders <i>from that with a residual term of up to one year</i>	0 0	0 0	0 0	0 0	0 0
4.	Liabilities to affiliated companies <i>from that with a residual term of up to one year</i>	109,746 109,746	2,117 2,117	93,359,856 93,359,856	0 0	93,471,719 93,471,719
5.	Liabilities to companies in which equity investments are held <i>from that with a residual term of up to one year</i>	140,672 140,672	307 307	27,305,055 27,305,055	-2 -2	27,446,032 27,446,032
6.	Other liabilities <i>from that with a residual term of up to one year</i> <i>from that taxes</i>	13,840,761 13,840,761 3,677,817	48,214 48,214 47,675	2,323,881 2,323,881 1,791,996	0 0 0	16,212,856 16,212,856 5,517,488
		46,515,342	88,892	137,265,851	-30,383	183,839,702
D.	Deferred income	5,086,934	0	297,880	0	5,384,814
E.	Capital clearing item	0	855,597	450,439,493	-451,295,090	0
		2,211,782,588	3,110,214	1,211,231,271	-451,325,473	2,974,798,600

Contingent liabilities, off-balance-sheet transactions and other financial obligations

The syndicated loan facility in the amount of € 600.0 million concluded by VGT on 4 August 2017 still exists and was extended on 15 July 2019 by one year to 2024. OGE is also a borrower under the corresponding loan agreement and therefore entitled to use this credit line. As of the reporting date, the credit facility had not been drawn down. This credit line includes an ancillary facility at VGT level in the amount of € 10 million (overdraft facility) as well as two ancillary facilities at OGE level in the amount of € 20 million (overdraft facility for the cash pool) and € 1.5 million (reserved for surety and bank guarantees). As of 31 December 2020, only the surety line had been utilised for the issuing of bank guarantees in the amount of € 1.1 million. In August 2020, OGE concluded a further surety line in the amount of € 10 million. As of 31 December 2020, € 1.6 million of this facility had been utilised for the issuing of bank guarantees. OGE does not expect any claims under the bank guarantees. The ancillary facilities will be allocated to the Activities outside Gas Sector.

The financial impact of transactions not contained in the balance sheet within the meaning of section 285, No. 3a HGB amounts to € 187.3 million p.a. at the balance-sheet date from long-term contracts for the beneficial use of the pipeline network (Grid Business), of which € 132.4 million p.a. relates to affiliated companies. As of the reporting date, there were payment obligations to Zeelink in the amount of € 75.0 million and to NETG in the amount of € 19.9 million for contributions to the capital reserve that have not yet been called in. (Activities outside Gas Sector).

Furthermore, other financial obligations of € 383.0 million exist and relate to purchase commitments. These purchase commitments are split using the key for materials and therefore classified as follows: Grid Business € 337.7 million, Other Activities within Gas Sector € 0.1 million and Activities outside Gas Sector € 45.2 million. Of this amount, € 10.6 million relates to affiliated companies.

Unbundling Income Statements
for the period from 1 January to 31 December 2020

€	Grid Business	Other Activities within Gas Sector	Activities outside Gas Sector	Sum
1. Revenues	917,685,184	7,466,112	151,149,476	1,076,300,772
2. Change in finished goods and work in progress	3,995,561	0	37,540,008	41,535,568
3. Other own work capitalised	22,718,283	0	0	22,718,283
4. Other operating income	19,677,705	8,539	2,448,936	22,135,181
- of which income from currency translation	3,395	22	746	4,163
5. Cost of materials	-494,911,708	-176,977	-66,287,168	-561,375,853
a) Cost of raw materials and supplies	-66,396,873	-17,207	-7,029,855	-73,443,936
b) Cost of purchased services	-428,514,835	-159,770	-59,257,312	-487,931,917
6. Personnel expenses	-112,459,560	-2,146,767	-62,286,062	-176,892,389
a) Wages and salaries	-88,315,490	-1,694,340	-48,709,599	-138,719,429
b) Social security, pensions and other benefits	-24,144,070	-452,427	-13,576,463	-38,172,960
- of which for pensions	-10,510,810	-180,727	-5,759,601	-16,451,138
7. Amortisation of intangible assets and depreciation of tangible assets	-126,691,394	-1,046,306	-4,467,589	-132,205,290
8. Other operating expenses	-72,983,214	-1,233,245	-22,594,662	-96,811,121
- of which expenses from currency translation	-23,784	-252	-8,506	-32,541
9. Income from equity investments	0	0	88,888,588	88,888,588
a) Income from investments	0	0	24,002,040	24,002,040
- of which from affiliated companies	0	0	9,077,925	9,077,925
b) Income from profit transfer agreement	0	0	64,887,316	64,887,316
- of which from affiliated companies	0	0	64,887,316	64,887,316
c) Expenses from transfer of losses	0	0	-768	-768
- of which from affiliated companies	0	0	-768	-768
10. Other interest and similar income	114,846	2,131	81,668	198,645
- of which from affiliated companies	42,884	784	33,970	77,638
- of which interest income from discounting	0	0	0	0
11. Interest and similar expenses	-46,036,644	-545,820	-16,641,196	-63,223,660
- of which interest expense from unwinding of discounting of provisions	-51,842,780	-659,128	-19,123,867	-71,625,775
12. Income taxes	-58,150,865	-1,218,225	-34,684,696	-94,053,786
13. Profit after tax	52,958,194	1,109,442	73,147,303	127,214,939
14. Other taxes	-335,178	-3,226	-151,096	-489,500
15. Transfers under profit-and-loss transfer agreements	-82,623,015	-1,106,216	-72,996,207	-156,725,439
16. Net income for the year	-30,000,000	0	0	-30,000,000
17. Transfer from revenue reserves	30,000,000	0	0	30,000,000
18. Transfers to revenue reserves	0	0	0	0
19. Unappropriated profit	0	0	0	0

Explanation of accounting unbundling

Preliminary note

Due to the German Energy Industry Act (Energiewirtschaftsgesetz – EnWG) as amended on 25 February 2021, Open Grid Europe GmbH is, in compliance with the provisions of section 6b para. 3 EnWG, obliged to provide separate balance sheets and income statements presenting the segments grid business, other activities within the gas sector and activities outside the gas sector.

For information regarding the accounting and measurement methods (incl. depreciation and amortisation methods), we refer to the explanation included in the notes to the financial statements.

Rules in accordance with section 6b para. 3 EnWG

In the balance sheet and the income statement, assets, liabilities, revenues and expenses are generally assigned directly to each segment. Where direct assignment to certain activities is not possible or would require unreasonable effort, items are assigned on the basis of keys that represent the underlying cost causalities. In comparison to the previous year particular keys have been slightly developed to reflect the organisational and economical conditions and source-related allocation of costs. The result is a slightly modified allocation to the segments grid business, other activities within gas sector and activities outside gas sector.

In detail the following allocation bases are primarily used for calculating the keys:

- Full-Time Equivalent (FTE)
- Keys based on costs (personnel costs, material and maintenance costs)
- Technical parameters (e.g. pipeline length, compressor capacity)
- Total costs
- Profit/loss on ordinary activities
- Net income for the year
- Fixed assets book value

The above-mentioned keys are primarily derived from the corresponding revenues and expenses in the income statement and the items of the balance sheet of Open Grid Europe GmbH.

Business relations between different segments are shown according to the gross method and are assessed on the basis of the costs incurred. In the first step, the gross method assigns

total revenues and total expenses by functional reference to activities. In the second step, the actual economic success of the respective activity is derived by using internal cost allocation to the individual segments based on the respective consumption of resources (personnel, equipment etc.).

Entwicklung des Anlagevermögens der Open Grid Europe GmbH für das Geschäftsjahr 2020
- Anlagenspiegel nach Tätigkeiten -

	Anschaffungs- und Herstellungskosten				Kumulierte Abschreibungen				Buchwerte		
	01.01.2020		31.12.2020		01.01.2020		31.12.2020		31.12.2020	31.12.2019	
	€	€	€	€	€	€	€	€	€	€	
Immaterielle Vermögensgegenstände											
Selbst geschaffene gewerbliche Schutzrechte und ähnliche Rechte und Werte	11.366.134,23	538.231,15	0,00	11.904.365,38	3.576.606,83	1.195.854,31	0,00	4.772.461,14	7.131.904,24	7.789.527,40	
davon Gastfemleitung	9.919.292,42	377.239,03	0,00	10.296.531,45	2.659.272,88	1.032.531,41	0,00	3.691.804,29	6.604.727,16	7.253.230,23	
davon andere Tätigkeiten innerhalb des Gassektors	37.060,10	1.236,18	0,00	38.296,28	27.795,83	2.275,90	0,00	30.071,73	8.224,55	8.354,11	
davon Tätigkeiten außerhalb des Gassektors	1.409.781,71	159.755,94	0,00	1.569.537,65	889.538,12	161.047,00	0,00	1.050.585,12	518.952,53	527.943,06	
Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten	138.519.119,27	11.814.160,87	-1.756.867,41	156.072.150,33	86.214.562,77	15.349.532,91	-1.755.906,47	99.808.189,21	56.263.961,12	52.304.556,50	
davon Gastfemleitung	121.993.450,39	8.997.744,23	-1.301.072,99	136.451.304,59	74.948.097,24	12.826.355,86	-1.300.710,14	86.473.742,96	49.977.561,63	47.446.090,29	
davon andere Tätigkeiten innerhalb des Gassektors	3.888.817,27	572.893,95	-41.133,15	195.533,22	1.715.938,48	1.280.071,89	-41.133,15	2.954.877,22	1.661.234,07	1.540.588,60	
davon Tätigkeiten außerhalb des Gassektors	12.636.851,61	2.243.522,69	-414.661,27	15.004.734,45	9.550.527,05	1.243.105,16	-414.063,18	10.379.569,03	4.625.165,42	3.317.877,61	
Geleistete Anzahlungen	8.328.845,06	2.563.363,20	0,00	7.495.737,60	7.495.737,60	0,00	0,00	0,00	3.396.470,66	8.328.845,06	
davon Gastfemleitung	7.403.663,68	1.964.571,70	0,00	6.821.328,94	6.821.328,94	0,00	0,00	0,00	2.546.906,44	7.500.003,93	
davon andere Tätigkeiten innerhalb des Gassektors	144.536,35	119.697,46	0,00	132.576,47	132.576,47	0,00	0,00	0,00	132.576,47	83.934,88	
davon Tätigkeiten außerhalb des Gassektors	780.645,03	479.094,04	0,00	542.753,32	542.753,32	0,00	0,00	0,00	716.985,75	744.901,25	
	158.214.098,96	14.915.755,22	-1.756.867,41	171.372.986,37	89.791.169,60	16.545.387,22	-1.755.906,47	104.580.650,35	66.792.336,02	68.422.925,96	
Sachanlagen											
Grundstücke, grundstücksgleiche Rechte und Bauten einschließlich der Bauten auf fremden Grundstücken	288.845.336,29	8.667.715,30	-897.439,55	10.496.642,80	141.915.159,00	7.560.442,23	-897.439,55	148.576.161,68	158.534.093,16	146.930.177,29	
davon Gastfemleitung	258.745.913,74	8.559.470,50	-371.927,76	10.493.653,81	123.924.676,36	6.929.557,87	-371.927,76	130.482.306,47	146.944.803,82	136.578.545,71	
davon andere Tätigkeiten innerhalb des Gassektors	456.505,26	2.685,97	0,00	459.191,23	226.048,45	12.335,53	0,00	236.383,98	220.807,25	164.719,82	
davon Tätigkeiten außerhalb des Gassektors	29.642.917,29	105.558,83	-525.511,79	2.988,99	17.764.434,19	618.548,83	-525.511,79	17.857.471,23	11.368.482,09	10.186.911,76	
Technische Anlagen und Maschinen	4.806.041.307,10	58.504.607,76	-11.312.877,34	4.905.427.810,18	3.552.622.505,81	100.385.945,39	-11.312.877,34	3.641.695.573,86	1.263.732.236,32	1.253.418.801,29	
davon Gastfemleitung	4.800.480.334,61	57.440.796,88	-11.312.877,34	4.898.609.762,62	3.547.778.565,32	100.657.195,42	-11.312.877,34	3.637.122.883,40	1.261.486.879,22	1.252.614.473,02	
davon andere Tätigkeiten innerhalb des Gassektors	2.344.316,30	0,00	0,00	2.344.316,30	2.315.228,86	-281.416,99	0,00	2.033.811,87	310.504,43	44.045,24	
davon Tätigkeiten außerhalb des Gassektors	3.216.656,19	1.063.810,88	0,00	193.264,19	2.528.711,63	10.166,96	0,00	2.538.878,59	1.934.852,67	760.283,03	
Betriebs- und Geschäftsausstattung	99.944.957,32	11.490.685,69	-1.902.637,04	5.688.928,88	64.923.427,61	7.713.514,71	-1.881.975,21	70.754.967,11	44.466.967,74	35.021.529,71	
davon Gastfemleitung	63.226.931,53	8.071.514,56	-1.200.341,09	4.196.337,68	39.240.320,64	5.245.753,56	-1.190.101,29	43.295.972,91	30.998.469,77	23.254.207,73	
davon andere Tätigkeiten innerhalb des Gassektors	217.476,45	24.538,25	-6.925,56	299,58	94.379,77	33.039,69	-6.901,44	120.518,02	114.870,70	53.236,21	
davon Tätigkeiten außerhalb des Gassektors	36.500.549,34	3.394.632,88	-695.370,39	1.492.291,62	25.568.727,20	2.434.721,46	-684.972,48	27.338.476,18	13.353.627,27	11.714.085,77	
Geleistete Anzahlungen und Anlagen im Bau	133.883.681,97	97.119.035,26	0,00	162.622.372,89	0,00	0,00	0,00	0,00	162.622.372,89	133.883.681,97	
davon Gastfemleitung	132.092.999,86	96.866.277,87	0,00	162.072.843,66	0,00	0,00	0,00	0,00	162.072.843,66	116.468.614,26	
davon andere Tätigkeiten innerhalb des Gassektors	13.839,76	33.079,49	0,00	46.919,25	0,00	0,00	0,00	0,00	46.919,25	14.951,70	
davon Tätigkeiten außerhalb des Gassektors	1.776.842,35	219.677,90	0,00	502.809,98	0,00	0,00	0,00	0,00	502.809,98	17.400.116,01	
	5.328.715.282,68	175.782.044,01	-14.112.953,93	5.490.384.372,76	3.759.461.092,42	115.659.902,33	-14.092.292,10	3.861.028.702,65	1.629.355.670,11	1.569.254.190,26	

Entwicklung des Anlagevermögens der Open Grid Europe GmbH für das Geschäftsjahr 2020
- Anlagenspiegel nach Tätigkeiten -

in €	Anschaffungs- und Herstellungskosten				Kumulierte Abschreibungen				Buchwerte	
	01.01.2020	Zugänge	Abgänge	Umbuchungen	31.12.2020	01.01.2020	Zugänge	Abgänge	31.12.2020	31.12.2019
	€	€	€	€	€	€	€	€	€	€
Finanzanlagen										
Anteile an verbundenen Unternehmen	663.603.272,39	150.750.000,00	0,00	0,00	814.353.272,39	499.999,00	0,00	0,00	813.853.273,39	663.103.273,39
davon Gasfernleitung	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
davon andere Tätigkeiten innerhalb des Gassektors	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
davon Tätigkeiten außerhalb des Gassektors	663.603.272,39	150.750.000,00	0,00	0,00	814.353.272,39	499.999,00	0,00	0,00	813.853.273,39	663.103.273,39
Beteiligungen	168.459.097,84	14.032.641,26	-1.754.552,90	0,00	180.737.186,20	0,00	0,00	0,00	180.737.186,20	168.459.097,84
davon Gasfernleitung	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
davon andere Tätigkeiten innerhalb des Gassektors	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
davon Tätigkeiten außerhalb des Gassektors	168.459.097,84	14.032.641,26	-1.754.552,90	0,00	180.737.186,20	0,00	0,00	0,00	180.737.186,20	168.459.097,84
Sonstige Ausleihungen	2.765.672,77	175.303,10	-514.208,88	0,00	2.426.766,99	183.902,06	0,00	-61.364,17	2.304.229,10	2.581.770,71
davon Gasfernleitung	1.758.414,75	98.741,71	-326.934,00	0,00	1.530.222,46	116.924,93	0,00	-39.015,34	1.452.312,87	1.573.951,91
davon andere Tätigkeiten innerhalb des Gassektors	33.464,64	1.879,17	-6.221,93	0,00	29.121,88	2.225,21	0,00	-742,51	27.639,18	32.022,14
davon Tätigkeiten außerhalb des Gassektors	973.793,38	74.682,22	-181.052,95	0,00	867.422,65	64.751,92	0,00	-21.606,32	824.277,05	975.796,66
	834.828.043,00	164.957.944,36	-2.268.761,78	0,00	997.517.225,58	683.901,06	0,00	-61.364,17	996.894.688,69	834.144.141,94
	6.321.757.424,24	355.655.743,59	-18.138.583,12	0,00	6.659.274.584,71	3.849.936.163,08	132.205.289,55	-15.909.562,74	2.693.042.694,82	2.471.821.261,16

Activity Reports 2019

Unbundling balance sheets as of 31 December 2019

Assets		Grid Business	Other Activities within Gas Sector	Activities outside Gas Sector	Consolidation Column	Sum
€						
A.	Fixed assets					
	I. Intangible assets					
	1. Internally generated intangible assets	7,253,230	8,354	527,943	0	7,789,527
	2. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	47,475,289	1,541,756	3,287,512	0	52,304,557
	3. Prepayments	7,470,811	82,767	775,267	0	8,328,845
		62,199,330	1,632,877	4,590,722	0	68,422,929
	II. Tangible assets					
	1. Land, land rights and buildings, including buildings on third-party land	136,578,545	164,720	10,186,912	0	146,930,177
	2. Technical equipment and machinery	1,252,614,473	44,045	760,283	0	1,253,418,801
	3. Other equipment, operating and office equipment	23,777,109	53,236	11,191,185	0	35,021,530
	4. Prepayments and assets under construction	116,468,614	14,952	17,400,116	0	133,883,682
		1,529,438,741	276,953	39,538,496	0	1,569,254,190
	III. Financial assets					
	1. Shares in affiliated companies	0	0	663,103,273	0	663,103,273
	2. Other long-term equity investments	0	0	168,459,098	0	168,459,098
	3. Other loans	1,573,953	32,022	975,796	0	2,581,771
		1,573,953	32,022	832,538,167	0	834,144,142
		1,593,212,024	1,941,852	876,667,385	0	2,471,821,261
B.	Current assets					
	I. Inventories					
	1. Raw materials and supplies	11,885,352	2,629	1,256,624	0	13,144,605
	2. Work in progress	2,354,737	0	67,124,166	0	69,478,903
	3. Merchandise	11,750,458	0	0	0	11,750,458
	4. Other inventories	11,501,194	0	0	0	11,501,194
		37,491,741	2,629	68,380,790	0	105,875,160
	II. Receivables and other assets					
	1. Trade receivables	16,087,102	0	1,090,563	-44,861	17,132,804
	2. Receivables from shareholders	0	0	0	0	0
	3. Receivables from affiliated companies	1,893,321	32,145	12,287,638	0	14,213,104
	4. Receivables from companies in which equity investments are held	76,543	0	2,398,226	-968	2,473,801
	5. Other assets <i>from that receivables with a residual term of one year</i>	12,976,781	28,026	1,076,117	0	14,080,924
		0	0	0	0	0
		31,033,747	60,171	16,852,544	-45,829	47,900,633
	III. Cash in hand and bank balances	88,817,405	1,510,651	57,775,003	0	148,103,059
		157,342,893	1,573,451	143,008,337	-45,829	301,878,852
C.	Prepaid expenses	1,091,087	19,898	633,362	0	1,744,347
D.	Asset surplus arising from offsetting	1,197,438	24,362	727,155	0	1,948,955
E.	Capital clearing item	354,278,307	0	0	-354,278,307	0
		2,107,121,749	3,559,563	1,021,036,239	-354,324,136	2,777,393,415

Unbundling balance sheets as of 31 December 2019

Shareholders' equity and Liabilities		Grid Business	Other Activities within Gas Sector	Activities outside Gas Sector	Consolidation Column	Sum
€						
A.	Shareholders' equity					
I.	Subscribed capital	71,109,532	86,670	39,128,130	0	110,324,332
II.	Capital reserve	853,192,613	1,039,896	469,470,559	0	1,323,703,068
III.	Revenue reserves	794,704,896	59,267	26,756,416	0	821,520,579
		1,719,007,041	1,185,833	535,355,105	0	2,255,547,979
B.	Provisions					
1.	Provisions for pensions and similar obligations	5,087,237	103,500	3,089,271	0	8,280,008
2.	Tax provisions	10,446	41	1,283	0	11,770
3.	Other provisions	333,608,772	556,111	19,070,164	0	353,235,047
		338,706,455	659,652	22,160,718	0	361,526,825
C.	Liabilities					
1.	Payments received on account of orders <i>from that with a residual term of one year</i>	9,758,355 9,758,355	0 0	6,728,919 6,728,919	0 0	16,487,274 16,487,274
2.	Trade payables <i>from that with a residual term of up to one year</i> <i>from that with a residual term between one and five years</i> <i>from that with a residual term of more than five years</i>	22,228,390 22,026,464 201,926 0	56,114 56,114 0 0	5,373,705 5,362,815 10,890 0	-44,861 -44,861 0 0	27,613,348 27,400,532 212,816 0
3.	Liabilities to shareholders <i>from that with a residual term of up to one year</i>	3,167,616 3,167,616	54,689 54,689	1,678,284 1,678,284	0 0	4,900,589 4,900,589
4.	Liabilities to affiliated companies <i>from that with a residual term of up to one year</i>	267,033 267,033	3,028 3,028	78,695,876 78,695,876	0 0	78,965,937 78,965,937
5.	Liabilities to companies in which equity investments are held <i>from that with a residual term of up to one year</i>	18,266 18,266	1,003 1,003	15,281,607 15,281,607	-968 -968	15,299,908 15,299,908
6.	Other liabilities <i>from that with a residual term of up to one year</i> <i>from that taxes</i>	10,348,478 10,298,492 1,393,254	28,417 28,417 26,063	2,753,867 2,718,536 792,323	0 0 0	13,130,762 13,045,445 2,211,640
		45,788,138	143,251	110,512,258	-45,829	156,397,818
D.	Deferred income	3,620,115	0	300,678	0	3,920,793
E.	Capital clearing item	0	1,570,827	352,707,480	-354,278,307	0
		2,107,121,749	3,559,563	1,021,036,239	-354,324,136	2,777,393,415

Contingent liabilities, off-balance-sheet transactions and other financial obligations

The syndicated loan facility in the amount of € 600.0 million concluded by VGT on 4 August 2017 was extended on 15 July 2019 by one year to 2024. OGE is also a borrower under the corresponding loan agreement and therefore entitled to use this credit line. As of the reporting date, the credit facility had not been drawn down. This credit line includes an ancillary facility at VGT level in the amount of € 10 million (overdraft facility) as well as two ancillary facilities at OGE level in the amount of € 20 million (overdraft facility for the cash pool) and € 1.5 million (reserved for surety and bank guarantees). As of 31 December 2019, only the surety credit line had been utilised in the amount of € 1.1 million for issuing bank guarantees. OGE does not expect any claims under the bank guarantees. The ancillary facilities will be allocated to the Activities outside Gas Sector.

The financial impact of transactions not contained in the balance sheet within the meaning of section 285, No. 3a HGB amounts to € 182.2 million p.a. at the balance-sheet date from long-term contracts for the beneficial use of the pipeline network (Grid Business), of which € 132.4 million p.a. relates to affiliated companies.

Capital contribution liabilities to Zeelink GmbH & Co. KG, Essen, for uncalled capital contributions exist in the amount of € 138.8 million as of the reporting date (Activities outside Gas Sector).

Furthermore, other financial obligations of € 257.6 million exist and relate to purchase commitments. These purchase commitments are split using the key for materials and therefore classified as follows: Grid Business € 232.9 million, Other Activities within Gas Sector € 0.1 million and Activities outside Gas Sector € 24.6 million. € 12.0 million of other financial obligations relate to affiliated companies.

Open Grid Europe GmbH, Essen

**Unbundling Income Statements
for the period from 1 January to 31 December 2019**

€	Grid Business	Other Activities within Gas Sector	Activities outside Gas Sector	Sum
1. Revenues	925,569,030	7,263,579	162,492,735	1,095,325,344
2. Change in finished goods and work in progress	1,209,054	0	14,170,198	15,379,253
3. Other own work capitalised	19,648,274	0	0	19,648,274
4. Other operating income	31,212,818	8,455	846,848	32,068,121
- of which income from currency translation	1,586	16	617	2,219
5. Cost of materials	-469,807,856	-124,318	-49,711,213	-519,643,387
a) Cost of raw materials and supplies	-80,870,517	-15,943	-6,066,327	-86,952,787
b) Cost of purchased services	-388,937,339	-108,375	-43,644,886	-432,690,600
6. Personnel expenses	-99,705,786	-2,032,990	-60,542,048	-162,280,824
a) Wages and salaries	-80,248,593	-1,630,784	-48,502,999	-130,382,376
b) Social security, pensions and other benefits	-19,457,193	-402,206	-12,039,049	-31,898,448
- of which for pensions	-6,941,297	-136,593	-4,189,835	-11,267,726
7. Amortisation of intangible assets and depreciation of tangible assets	-111,391,814	-447,521	-3,734,221	-115,573,556
8. Other operating expenses	-61,150,221	-919,272	-20,532,930	-82,602,422
- of which expenses from currency translation	-60,388	-482	-18,398	-79,268
9. Income from equity investments	0	0	91,166,390	91,166,390
a) Income from investments	0	0	24,451,639	24,451,639
- of which from affiliated companies	0	0	10,738,404	10,738,404
b) Income from profit transfer agreement	0	0	66,807,257	66,807,257
- of which from affiliated companies	0	0	66,807,257	66,807,257
c) Expenses from transfer of losses	0	0	-92,507	-92,507
- of which from affiliated companies	0	0	-92,507	-92,507
10. Other interest and similar income	124,352	2,095	71,797	198,244
- of which from affiliated companies	36,944	588	21,038	58,570
- of which interest income from discounting	0	0	0	0
11. Interest and similar expenses	-22,545,366	-141,304	-4,208,432	-26,895,102
- of which interest expense from unwinding of discounting of provisions	-49,572,109	-692,396	-20,619,428	-70,883,933
12. Income taxes	-68,364,445	-1,157,372	-35,990,574	-105,512,391
13. Profit after tax	144,798,041	2,451,351	94,028,551	241,277,944
14. Other taxes	-425,398	-3,710	-141,956	-571,064
15. Transfers under profit-and-loss transfer agreements	-119,957,222	-2,033,711	-78,009,067	-200,000,000
16. Net income for the year	24,415,421	413,930	15,877,528	40,706,879
17. Transfers to revenue reserves	-24,415,421	-413,930	-15,877,528	-40,706,879
18. Unappropriated profit	0	0	0	0

Explanation of accounting unbundling

Preliminary note

Due to the German Energy Industry Act (Energiewirtschaftsgesetz – EnWG) as amended on 05 December 2019, Open Grid Europe GmbH is, in compliance with the provisions of section 6b para. 3 EnWG, obliged to provide separate balance sheets and income statements presenting the segments grid business, other activities within the gas sector and activities outside the gas sector.

For information regarding the accounting and measurement methods (incl. depreciation and amortisation methods), we refer to the explanation included in the notes to the financial statements.

In addition, in the 2019 financial year, in line with the profit-and-loss transfer agreement existing with VGT, on the basis of sound commercial judgement economically sensible transfers of € 40.7 million were made to revenue reserves with a view to future investment projects in connection with the network development plan.

Rules in accordance with section 6b para. 3 EnWG

In the balance sheet and the income statement, assets, liabilities, revenues and expenses are generally assigned directly to each segment. Where direct assignment to certain activities is not possible or would require unreasonable effort, items are assigned on the basis of keys that represent the underlying cost causalities. In comparison to the previous year particular keys have been slightly developed to reflect the organisational and economical conditions and source-related allocation of costs. The result is a slightly modified allocation to the segments grid business, other activities within gas sector and activities outside gas sector.

In detail the following allocation bases are primarily used for calculating the keys:

- Full-Time Equivalent (FTE)
- Keys based on costs (personnel costs, material and maintenance costs)
- Technical parameters (e.g. pipeline length, compressor capacity)
- Total costs
- Profit/loss on ordinary activities
- Net income for the year
- Fixed assets book value

The above-mentioned keys are primarily derived from the corresponding revenues and expenses in the income statement and the items of the balance sheet of Open Grid Europe GmbH.

Business relations between different segments are shown according to the gross method and are assessed on the basis of the costs incurred. In the first step, the gross method assigns total revenues and total expenses by functional reference to activities. In the second step, the actual economic success of the respective activity is derived by using internal cost allocation to the individual segments based on the respective consumption of resources (personnel, equipment etc.).

**Statement of changes in fixed assets of Open Grid Europe GmbH for the 2019 financial year
- Unbundling Statement of changes in fixed assets -**

	Acquisition and production costs						Accumulated amortisation/depreciation				Net book values	
	1 Jan. 2019	Additions	Disposals	Transfers	31 Dec. 2019	1 Jan. 2019	Additions	Disposals	31 Dec. 2019	31 Dec. 2019	31 Dec. 2018	
	€	€	€	€	€	€	€	€	€	€	€	
Intangible assets												
Internally generated intangible assets	10,915,896.26	450,235.97	0.00	0.00	11,366,134.23	3,038,936.12	537,670.71	0.00	3,576,606.83	7,789,527.40	7,876,962.14	
from that Grid Business	9,552,707.90	346,757.03	0.00	0.00	9,899,464.93	2,226,529.44	419,705.26	0.00	2,646,234.70	7,253,230.23	7,262,137.46	
from that Other Activities within Gas Sector	33,917.42	86.05	0.00	0.00	34,003.47	22,781.58	2,867.78	0.00	25,649.36	8,354.11	11,590.93	
from that Activities outside Gas Sector	1,329,272.94	103,392.89	0.00	0.00	1,432,665.83	789,625.10	115,097.67	0.00	904,722.77	527,943.06	603,233.75	
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	123,241,427.74	9,517,318.00	-3,546,253.48	9,306,627.01	138,519,119.27	80,119,532.41	9,641,283.84	-3,546,253.48	86,214,562.77	52,304,556.50	43,121,895.33	
from that Grid Business	109,904,210.09	8,044,495.76	-3,193,159.94	7,071,423.88	121,826,969.79	69,133,760.57	8,440,278.87	-3,193,159.94	74,380,879.50	47,446,090.29	40,971,084.07	
from that Other Activities within Gas Sector	2,146,082.88	387,591.88	-84,695.08	1,018,332.32	3,467,312.00	1,585,622.53	425,795.95	-84,695.08	1,926,723.40	1,540,888.60	349,282.45	
from that Activities outside Gas Sector	11,191,134.77	1,085,230.36	-268,398.46	1,216,870.81	13,224,837.48	9,400,149.31	775,209.02	-268,398.46	9,906,959.87	3,317,877.61	1,801,528.81	
Prepayments	14,157,896.10	3,477,575.97	0.00	-8,306,627.01	8,328,845.06	0.00	0.00	0.00	0.00	8,328,845.06	14,157,896.10	
from that Grid Business	13,038,370.16	2,776,167.55	0.00	-8,314,528.78	7,500,008.93	0.00	0.00	0.00	0.00	7,500,008.93	12,675,842.73	
from that Other Activities within Gas Sector	411,686.53	33,496.96	0.00	83,934.88	500,111.41	0.00	0.00	0.00	0.00	83,934.88	703,382.79	
from that Activities outside Gas Sector	707,839.41	667,911.46	0.00	-630,849.62	744,901.25	0.00	0.00	0.00	0.00	744,901.25	778,670.58	
	148,315,222.10	13,445,129.94	-3,546,253.48	0.00	158,214,098.56	83,158,468.53	10,176,954.55	-3,546,253.48	88,791,169.60	68,422,928.96	65,156,753.57	
Tangible assets												
Land, land rights and buildings, including buildings on third-party land	263,973,893.87	26,362,309.28	-1,632,105.51	141,238.65	288,845,336.29	136,987,365.98	6,528,808.03	-1,601,015.01	141,915,159.00	146,930,177.29	126,986,527.89	
from that Grid Business	235,889,988.83	26,290,871.48	-1,536,363.97	100,910.34	260,745,406.68	119,687,986.05	5,984,148.39	-1,505,273.47	124,166,860.97	136,578,545.71	115,977,989.08	
from that Other Activities within Gas Sector	367,810.28	1,617.42	0.00	0.00	369,427.70	195,148.37	9,559.51	0.00	204,707.88	164,719.82	171,280.62	
from that Activities outside Gas Sector	27,716,094.76	69,820.38	-95,741.54	40,328.31	27,739,501.91	17,104,231.56	535,100.13	-95,741.54	17,543,590.15	10,186,911.76	10,637,258.19	
Technical equipment and machinery	4,552,712,151.46	135,335,858.39	-28,392,983.70	146,386,280.95	4,806,041,307.10	3,487,612,303.31	93,069,286.17	-28,059,083.67	3,552,622,505.81	1,253,418,801.29	1,065,099,848.15	
from that Grid Business	4,546,755,107.58	135,178,464.36	-27,992,804.33	146,117,324.96	4,800,058,092.57	3,482,102,089.56	93,000,434.29	-27,658,904.30	3,547,443,619.55	1,252,614,473.02	1,064,572,564.44	
from that Other Activities within Gas Sector	3,042,220.26	0.00	-388,910.77	0.00	2,653,309.49	3,005,704.76	-7,529.74	-388,910.77	2,609,284.25	44,045.24	68,779.99	
from that Activities outside Gas Sector	2,914,823.62	157,394.03	-11,268.60	268,955.99	3,329,905.04	2,504,508.99	76,381.62	-11,268.60	2,569,622.01	760,283.03	458,503.72	
Operating and office equipment	89,214,875.57	13,671,061.66	-4,594,961.94	1,654,282.03	99,944,957.32	63,644,370.11	5,796,507.08	-4,517,449.58	64,923,427.61	35,021,529.71	25,570,205.46	
from that Grid Business	52,534,151.78	10,471,306.48	-2,786,339.74	1,091,481.61	61,310,600.13	37,243,164.85	3,547,247.03	-2,734,019.48	38,056,392.40	23,254,207.73	15,941,050.85	
from that Other Activities within Gas Sector	135,592.64	18,525.91	-28,402.86	10,371.40	136,087.09	94,209.25	16,827.96	-28,186.33	82,850.88	53,236.21	40,107.40	
from that Activities outside Gas Sector	36,544,831.15	3,181,229.27	-1,780,219.34	562,429.02	38,498,270.10	26,306,996.01	2,232,432.09	-1,755,243.77	26,784,184.33	11,714,085.77	9,589,047.21	
Prepayments and assets under construction	271,186,546.43	16,355,102.60	-5,476,165.43	-146,181,601.63	133,883,681.97	3,993,387.64	0.00	-3,993,387.64	0.00	133,883,681.97	267,193,158.79	
from that Grid Business	263,992,508.61	5,274,402.53	-5,476,165.43	-147,322,631.45	116,468,614.26	3,993,387.64	0.00	-3,993,387.64	0.00	116,468,614.26	259,923,300.76	
from that Other Activities within Gas Sector	14,615.03	10,795.92	0.00	-10,459.25	14,951.70	0.00	0.00	0.00	0.00	14,951.70	19,821.34	
from that Activities outside Gas Sector	7,179,422.79	11,069,404.15	0.00	-848,710.93	17,400,116.01	0.00	0.00	0.00	0.00	17,400,116.01	7,249,936.69	
	5,177,087,167.33	191,724,331.93	-40,096,216.58	0.00	5,328,715,282.68	3,692,237,427.04	105,394,601.28	-38,170,935.90	3,759,461,092.42	1,569,254,190.26	1,484,849,740.29	

**Statement of changes in fixed assets of Open Grid Europe GmbH for the 2019 financial year
- Unbundling Statement of changes in fixed assets -**

	Acquisition and production costs					Accumulated amortisation/depreciation					Net book values	
	1 Jan. 2019	Additions	Disposals	Transfers	31 Dec. 2019	1 Jan. 2019	Additions	Disposals	31 Dec. 2019	31 Dec. 2019	31 Dec. 2018	
	€	€	€	€	€	€	€	€	€	€	€	
Financial assets												
Shares in affiliated companies from that Grid Business	473.853.272,39	189.750.000,00	0,00	0,00	663.603.272,39	499.999,00	0,00	0,00	499.999,00	663.103.273,39	473.353.273,39	
from that Other Activities within Gas Sector	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
from that Activities outside Gas Sector	473.853.272,39	189.750.000,00	0,00	0,00	663.603.272,39	499.999,00	0,00	0,00	499.999,00	663.103.273,39	473.353.273,39	
Equity investments from that Grid Business	101.258.587,87	67.200.509,97	0,00	0,00	168.459.097,84	0,00	0,00	0,00	0,00	168.459.097,84	101.258.587,87	
from that Other Activities within Gas Sector	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
from that Activities outside Gas Sector	101.258.587,87	67.200.509,97	0,00	0,00	168.459.097,84	0,00	0,00	0,00	0,00	168.459.097,84	101.258.587,87	
Other loans from that Grid Business	2.844.846,65	292.150,00	-371.323,88	0,00	2.765.672,77	224.614,75	0,00	-40.712,69	183.902,06	2.581.770,71	2.620.231,90	
from that Other Activities within Gas Sector	1.747.873,78	167.208,95	-228.141,39	0,00	1.686.941,34	138.003,31	0,00	-25.013,88	112.989,43	1.573.951,91	1.587.181,55	
from that Activities outside Gas Sector	35.560,58	3.401,88	-4.641,55	0,00	34.320,91	2.807,68	0,00	-508,91	2.298,77	32.022,14	32.242,88	
	1.061.412,29	121.539,17	-138.540,94	0,00	1.044.410,52	83.803,76	0,00	-15.189,90	68.613,86	975.796,66	1.000.807,47	
	577.956.706,91	257.242.659,97	-371.323,88	0,00	834.823.043,00	724.613,75	0,00	-40.712,69	683.901,06	834.144.141,94	577.232.093,16	
	5.903.359.096,34	462.412.121,84	-44.013.793,94	0,00	6.321.757.424,24	3.776.120.509,32	115.573.555,83	-41.757.902,07	3.849.936.163,08	2.471.821.261,16	2.127.238.587,02	

INDEPENDENT AUDITOR'S REPORT

To Open Grid Europe GmbH, Essen

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT*Audit Opinions*

We have audited the annual financial statements of Open Grid Europe GmbH, Essen, which comprise the balance sheet as at 31 December 2020, and the statement of profit and loss for the financial year from 1 January to 31 December 2020 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Open Grid Europe GmbH for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements We have not audited the content of the statement on corporate governance pursuant to § [Article] 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures regarding women's quota).

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the above-mentioned corporate governance statement.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 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 Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we

have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f (4) HGB (disclosures regarding women's quota).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion 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 annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

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

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management

report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of Compliance with the Accounting Obligations pursuant to § 6b Abs. 3 EnWG

Audit Opinions

We have audited compliance with the obligations pursuant to § 6b (3) sentences 1 to 5 EnWG [Energiewirtschaftsgesetz: German Energy Industry Act] which require that separate accounts be maintained for the period from 1 January to 31 December 2020. Moreover, we have audited the

activity reports for the activities "Grid Business", "Other Activities within the Gas Sector" and "Activities outside the Gas Sector" pursuant to § 6b (3) sentence 1 EnWG - comprising in each case a balance sheet as of 31. Dezember 2020 and the income statement for the financial year from 1. January to 31. Dezember 2020 as well as the disclosures relating to the accounting methods used for the preparation of the activity reports - which are attached as an appendix.

- In our opinion, the obligations pursuant to § 6b (3) sentences 1 to 5 EnWG regarding the keeping of separate accounts have been fulfilled in all material respects.
- In our opinion, based on the information gained during the audit, the accompanying activity reports comply in all material respects with the German regulations of § 6b (3) sentences 5 to 7 EnWG.

Basis for the Audit Opinions

We conducted our audit of the compliance with the obligations for maintaining separate accounts and the activity reports in accordance with § 6b (5) EnWG in consideration of the IDW Auditing Standard: "Audit according to § 6b of the German Law on Energy Management (Energiewirtschaftsgesetz (IDW EPS 610 n.v.)). Our responsibility under those requirements and principles is described in further detail in the Section "Auditor's Responsibilities for the Audit of Compliance with the Accounting Obligations pursuant to § 6b (3) EnWG". We are independent of the Company in accordance with the German commercial and professional legal requirements and have fulfilled our other German professional obligations in accordance with these requirements. As an auditing firm, we apply the requirements of the IDW quality assurance standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance with the accounting obligations pursuant to § 6b (3) EnWG.

Responsibility of the Executive Directors and the Supervisory Board for compliance with the accounting obligations pursuant to § 6b (3) EnWG

The executive directors are responsible for maintaining compliance with the obligations in accordance with § 6b (3) sentences 1 to 5 EnWG regarding the keeping of separate accounts. The executive directors are also responsible for the preparation of the activity reports in accordance with the German requirements of § 6b (3) sentences 5 to 7 EnWG.

In addition, the executive directors are responsible for the internal controls, which they consider as necessary in order to maintain compliance with the obligations for keeping separate accounts.

The responsibility of the executive directors for the activity reports corresponds to the responsibility described in the section "Responsibility of the Executive Directors and the Supervisory Board for

the Annual Financial Statements and the Management Report" with the exception that the respective activity report does not have to present a true and fair view of the net assets, financial position and results of operations of the activity in accordance with German generally accepted accounting standards.

The Supervisory Board is responsible for monitoring compliance with the Company's accounting obligations pursuant to § 6b (3) EnWG.

Responsibility of the Auditor for the audit of compliance with the accounting obligations pursuant to § 6b (3) EnWG

Our objective is to obtain reasonable assurance about

- whether the executive directors have fulfilled their obligations in accordance with § 6b (3) sentences 1 to 5 EnWG for the keeping of separate accounts in all material respects, and
- whether the activity reports correspond in all material respects to the German provisions of § 6b (3) sentences 5 to 7 EnWG.

Furthermore, our objective is to include a note in the audit opinion, which expresses our audit opinions regarding the level of compliance maintained with the accounting obligations pursuant to § 6b (3) EnWG.

The audit of compliance with the obligations under § 6b (3) sentences 1 to 5 EnWG for the keeping of separate accounts includes the opinion whether the classification of accounts to the activities pursuant to § 6b (3) sentences 1 to 4 EnWG has been made appropriately and comprehensibly and if the principle of consistency was observed.

Our responsibility for the audit of the activity reports is the same as that described in the section "Auditor's Responsibility for the Audit of the Financial Statements and Management Report" with regard to the responsibility described for the financial statements, with the exception that we cannot express an opinion on the fair overall presentation with regard to the respective activity report.

Essen, March 15, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Michael Preiß)
Wirtschaftsprüfer
(German Public Auditor)

(sgd. ppa. Ronald Koch)
Wirtschaftsprüfer
(German Public Auditor)