

**N-ERGIE**

# We are there

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Annual Report 2022



# Foreword by the Board of Directors

**Dear reader,**

While the years before 2022 were always challenging in one way or another for the energy industry, the past year has shown us what real challenges are. The energy exchanges started at the beginning of the year with a doubling of the prices for electricity and natural gas compared to the previous year. The global political events from February 2022 then led to huge upheavals in the energy sector and especially on the energy markets. Security of supply moved into the focus of public interest. At N-ERGIE, we accepted this challenge and solved the resulting tasks in close cooperation with our customers and municipal partners, so that the energy supply in Nuremberg and the region was never endangered. At this point, a big thank you to all our employees for their commitment.

We see change as an opportunity and have been able to achieve very good solutions and thus results in many business areas through quick and clever action. We closed the 2022 financial year with consolidated sales of €4,928 million. The consolidated net income after distribution to the shareholders was €51 million.

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**Mike Render**



**Magdalena Weigel**

The past year has shown us how important it is to be less dependent on imports of energy sources. In parallel to the handling of the crisis situation, we have dealt intensively with our corporate strategy with a view to the coming years, which we have been implementing since December.

As a company providing services of general interest, one of our main tasks is to ensure the reliable operation of all supply systems. Since more and more systems for generating electricity from renewable energies will be fed into the power grid in the future, we are expanding them and making them future-proof for the integration of electromobility and the increasing number of heat pumps.

The expansion of renewable energies – sensibly coordinated with the expansion of the power grid and supplemented by climate-friendly conventional power plants and storage systems that support the system – is the right path, which we are consistently pursuing. We want to significantly increase our capacity to generate electricity from renewable energies with new photovoltaic and wind power plants.

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In order to generate CO2-neutral district heating for the people in Nuremberg , the proportion of climate-neutral energy sources is to be gradually increased. Almost 30% of Nuremberg's district heating already comes from non-fossil sources. In 2022, the two existing gas turbines in the combined heat and power plant in Nuremberg-Sandreuth were replaced by “H2-ready” turbines that are ready for hydrogen as an energy source. In addition to the perspective use of hydrogen, we are striving for a mix of waste wood recycling, large heat pumps and bioenergy. Another component of green district heating can be geothermal energy. Since we can make our climate-friendly district heating accessible to more and more people, we will expand our network in Nuremberg.

As a regional energy supplier, it is our task and also a matter close to our heart to supply our customers and the people in our supply area with drinking water and energy in a reliable and sustainable manner. It doesn't matter if the markets are going crazy or global political events are overturning, we're there.

Mike Render

Magdalena Weigel

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# Our topics in the online magazine



## insight into e-mobility drive up

“E” for electric, emission-free or successful: Last year, sales at around 450 N-ERGIE charging stations roughly doubled to 5,500,000 kilowatt hours compared to the previous year. This covered around 340,000 kilometers in a climate-friendly manner and saved around 38,000 tons of CO2.

To the online magazine



## Service Everything you need to know about rising energy prices

First a crisis for energy discounters, then a crisis for the entire energy market. We explain the background to the rising energy prices and provide information on the relief that has been decided for citizens.

To the report

**Martinsheim** Solar power for around 7,700 households: N-ERGIE's largest photovoltaic project to date N-ERGIE puts two solar parks into operation in Martinsheim in Lower Franconia. With 29 MW, the largest photovoltaic project in the portfolio to date supplies solar power for

**Nuremberg** Sebalder downpipe line is renewed

The renewal of the Sebalder downpipe between the Schmausenbuck elevated tank and Lake Wöhrder was carried out in four construction phases using the so-called inline method.



**Region:** Graffiti campaign: young people design transformer stations

A transformer station, many colorful spray cans and lots of creativity: During the 2022 summer holidays, young people together with the experienced graffiti artist Carlos Lorente transformed N-ERGIE transformer stations in Veitsbronn, Preith, Weikersheim and Ostenohe into colorful works of art.

and 7,700 households



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supervisory board

Marcus King

Lord Mayor of Nuremberg,  
chairman of the supervisory board

Ludwig Kränzlein, a

member of the Works Council of N-ERGIE  
Aktiengesellschaft, was elected Deputy  
Chairman of the Supervisory Board with effect from  
February 1, 2023

Karlheinz Kratz

Commercial employee of N-ERGIE  
Aktiengesellschaft, Deputy Chairman of  
the Supervisory Board, until  
December 31, 2022

Gabrielle Aplen

Head of the corporate law department and  
committees at Thüga Aktiengesellschaft

Claudia Arabackyj

City councilor and advertising clerk in the  
Marketing, public relations and events department  
at NürnbergBad

Dieter Goldman

City Councilor and Head of Internal Communications  
at Siemens AG

dr Klemens Gsell

City Councilor and Presiding Judge at  
the Finance Court

Tanja Haas,

exempted member of the N-ERGIE works council  
public company

Michael Kittelberger

Head of the Controlling Department,  
Finance and accounting of Thüga  
public company

Rainer Kleedorfer

Head of Corporate Development/  
Holdings of N-ERGIE Aktiengesellschaft

Catherine King

Property Manager of N-ERGIE Immobilien GmbH

Andreas Krieglstein

City councilor and head of corporate development  
for the VR Bank metropolitan region  
Nuremberg eG

Stefan Neubauer

Technical employee of the N-ERGIE network  
GmbH

Michael Riechel

Chairman of the Board of Thüga  
Public limited company, further deputy  
chairman of the supervisory board

Frank Rosenberger

Pensioner

Wolfgang Scharnagl

Chairman of the works council of N-ERGIE  
public company

Agnes Schreieder

trade union secretary ver.di Middle Franconia

dr Christoph Ullmer

Head of the Innovation Competence  
Center at Thüga Aktiengesellschaft

Markus Völkl

Member of the Works Council of N-ERGIE  
Aktiengesellschaft, from January 1, 2023

Britta Walthelm,

professional city councilor and speaker for  
Environment and Health of the City of Nuremberg

Rita Wittman

District manager ver.di Middle Franconia

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Josef Hasler,

Chief Executive Officer until  
September 21, 2022

Departments: Corporate Communications, Corporate  
Development, Legal, Finance and Accounting,  
Purchasing, Controlling

Chairman of the Board of Management of the  
Municipal Works Nuremberg Limited Liability Company,  
Nuremberg  
Chairman of the board of directors of VAG  
Verkehrs-Aktiengesellschaft, Nuremberg

Maik Render

Spokesman of the Board of  
Management, from September  
21, 2022 Member of the Board of Management  
and Board Member for Market and Sales until September 21, 2022

Department: N-ERGIE Sales and from  
September 21, 2022 Group  
Communications, Corporate Development, Finance  
and Accounting, Controlling

Magdalena Weigel

Member of the Board of Directors and Labor Director

Departments: Occupational medicine, occupational safety/  
environmental protection, pension subsidy fund,  
human resources, water and, from September 21, 2022,  
law, purchasing

Spokesperson for the management and labor  
director of the Nuremberg municipal works limited  
liability company, Nuremberg Member of the board  
and labor director of  
VAG Verkehrs-Aktiengesellschaft, Nuremberg

# N-ERGIE public limited company

## Business setting

The German economy proved resilient in 2022 despite the energy crisis and supply chain problems. Price-adjusted gross domestic product rose by 1.8% compared to 2.6% in the previous year. The inflation rate, which averaged 7.9% for the year, dropped towards the end of the year, mainly due to December emergency aid for gas and heat.

Gross domestic electricity consumption in Germany last year was affected by the slowdown in the economy, the mild weather and, above all, the impact of the Ukraine conflict and the resulting drastic increases in energy prices. Compared to the previous year, consumption fell by 3.1% to 546.5 billion kWh. Of this, 47.0% was derived from renewable energies. The most important source of renewable energy was again wind. The volume of wind energy produced rose by 7.8% compared to the previous year to account for 48.4% of renewable energy. Due to the many hours of sunshine, electricity production from photovoltaics increased by 20.6%; production from biomass rose by 3.5%. Warm weather was responsible for a 7.2% reduction in energy generated from hydropower.

Domestic natural gas consumption, which decreased by 14.8% to 866 billion kWh, which was also significantly impacted by the conservation efforts linked to the Ukraine conflict in 2022 as well as milder weather.

## Sales and earnings in 2022

The N-ERGIE Group's business performance in 2022 reflected the impact of growing competition and developments on energy markets relating to the energy transition.

The Group's consolidated sales rose in total by 43.3% to €4,928.4 million (compared to €3,438.0 million last year). The largest

share of sales was again accounted for by revenues from electricity sales, which rose by 37.9% to €3,569.9 million. Revenues from natural gas sales increased by 79.0% to €1,078.2 million and district heating sales by 18.8% to €100.5 million. Revenues of €75.1 million were generated from the sale of water, equal to an increase of 11.5%.

The result from operating activities increased by 11.0% to €172.0 million in 2022 and was thus significantly higher than forecast. The positive deviation essentially resulted from the price-related higher revenues for electricity and gas as well as the optimized procurement costs for these items. After deduction of the compensation payment to outside shareholder Thüga Aktiengesellschaft, amounting to €30.6 million, as well as of tax expenditure and appropriation to retained earnings, a total of €79.3 million was transferred to the controlling company Städtische Werke Nürnberg GmbH.

## personnel

In 2022 N-ERGIE had an average of 2,267 employees on its payroll (previous year 2,310) and 129 trainees (previous year 151).

## Outlook

The German economy is still feeling the impact of the energy crisis and accompanying high inflation. The economic and (foreign) policy stresses resulting from the Ukraine war cannot yet be finally quantified. According to the N-ERGIE Group's estimates, the burden on customers from further increases in producer prices will tend to worsen in 2023. N-ERGIE's business models are crisis-proof even under these circumstances. However, competition and market developments will continue to put pressure on energy and personnel costs in the future. Against this backdrop, and despite continuing uncertainties, N-ERGIE expects a robust, if significantly lower, result from operating activities in 2023 than in 2022.



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# Group management report

for the 2022 financial year  
of N-ERGIE Aktiengesellschaft, Nuremberg

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# A Basics

The range of services offered by the N-ERGIE Aktiengesellschaft (N-ERGIE) group, Nuremberg, includes the generation of electricity and district heating, the distribution and sale of electricity, natural gas and district heating, and the production and supply of drinking water. In addition, energy-related services are offered.

# B Economic report

## B.1 Macroeconomic situation

### Economic environment

In the past year, the German economy proved to be resilient in the face of the energy crisis and supply chain problems. According to initial forecasts, the price-adjusted gross domestic product increased by 1.8% (previous year: 2.6%). Positive impetus came primarily from private consumption and investments. According to initial estimates, the inflation rate fell to 8.6% in December compared to the previous month. This development is mainly due to the December emergency aid for gas and heat. On average for the year, consumer prices were 7.9% higher than in the previous year. The price increase for energy sources and for food has recently declined slightly.

### Labor market

The labor market in Germany developed positively in 2022. Nationwide, the unemployment rate fell from 5.7% in the previous year to 5.3%. In the city of Nuremberg, the value increased to 5.5% as of December 31, 2022 (previous year: 5.3%).

### More speed for climate protection

On June 23, 2021, the federal cabinet approved the 2022 climate protection emergency program. An additional €8 billion was made available to implement a large number of sectoral and overarching measures in order to achieve the stipulated climate targets. The focus was primarily on short-term measures to reduce greenhouse gas emissions. For the energy sector, the focus was mainly on the local heating networks and their expansion as well as the promotion of offshore electrolysis plants as part of the national hydrogen strategy.



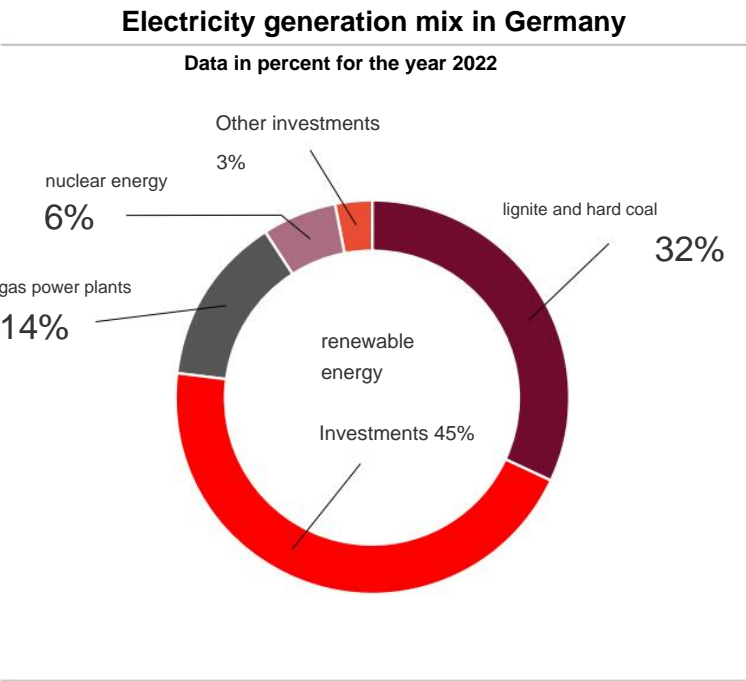
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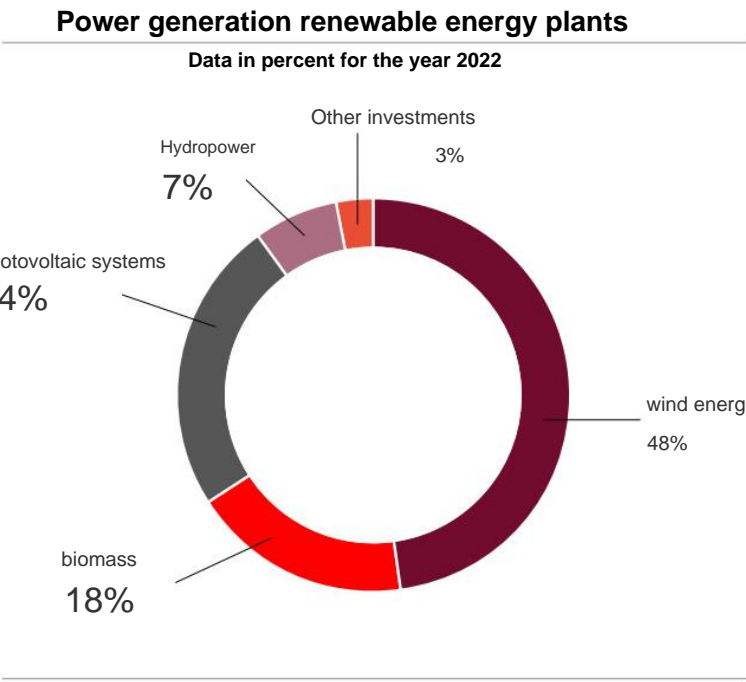
**EEG surcharge completely eliminated from July 1, 2022** On May 20, 2022, the Federal Council decided to reduce the EEG surcharge to 0.00 ct/kWh. The electricity suppliers were obliged to adjust the respective contractual relationships so that the end consumers also benefited from the relief.

**Renewable energies are given priority**  
Since July 29, 2022, it has been stipulated by law that renewable energies are in the overriding public interest and serve public safety. In this way, the speed of planning and approval procedures can be significantly accelerated.

**Power generation Germany**  
Electricity generation in Germany breaks down by energy source and generation type as follows:



The amount of electricity generated from renewable energies is made up of the following types of generation:



In the year under review, a total of around 256 billion kWh of electricity was generated from renewable energies in Germany. Wind turbines again accounted for the largest share at 48.4%. Compared to the previous year, the amount produced increased by 7.8%. Electricity generation from photovoltaics (PV) increased by 20.6% due to the many hours of sunshine, production from biomass recorded a small increase of 3.5% in 2022. Hydropower generation fell by 7.2% as a result of the warm weather.

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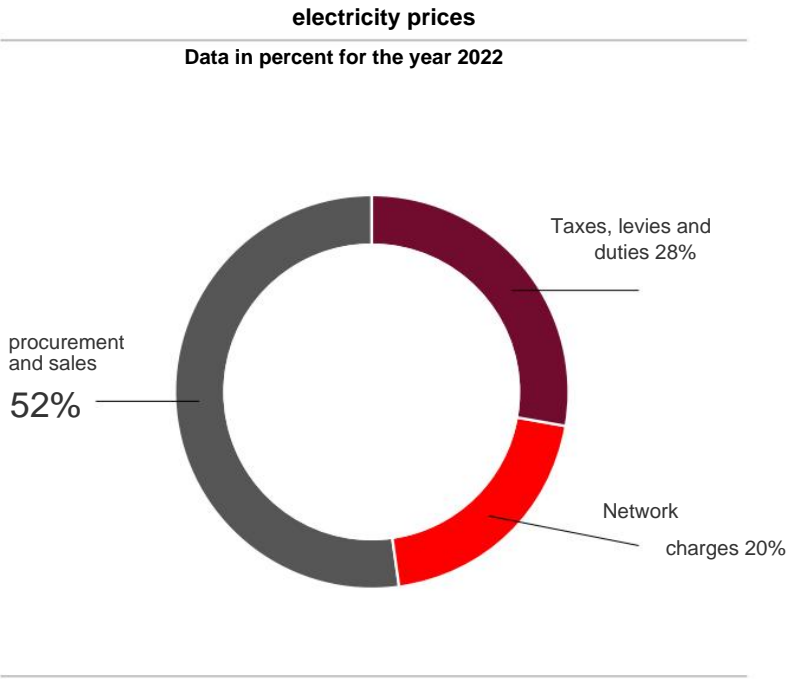
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In 2022, gross domestic electricity consumption in Germany was shaped by the slowdown in the economy, the milder weather and, above all, the consequences of the Ukraine conflict and the resulting drastic increase in energy prices. Overall, gross domestic electricity consumption fell by 3.1% to 546.5 billion kWh (previous year: 564.0 billion kWh). Around 47.0% of this was covered by renewable energies.

The consequences of the Ukraine conflict are also reflected in domestic natural gas consumption in the form of savings efforts. In addition, the milder weather had an impact on consumption and led to a significant decline by a total of 14.8% to 866 billion kWh (previous year: 1,016.7 billion kWh).

electricity prices

The cost components of the electricity price have changed significantly compared to the previous year due to the energy crisis (2021: taxes, Allocations and charges 51.0%, network charges 24.0%, procurement and sales 25.0%):





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B.2 Course of Business

The business development of the N-ERGIE Group in 2022 reflects the increasing competition and the development on the energy markets influenced by the energy transition.

Generation and extraction At

the end of 2022, the two renewed gas turbines in the combined heat and power plant (HKW) Sandreuth were commissioned. The gas and steam plant (CCPP plant), the CHP plants in Klingenhof and Langwasser as well as the biomass CHP plant in Sandreuth, the heating plants in Maxfeld and Muggenhof and the process steam plant in Klinikum Nord, which are owned by N-ERGIE, will be replaced by operated by N-ERGIE Kraftwerke GmbH (N-ERGIE Kraftwerke), Nuremberg. There is a lease agreement between N-ERGIE and N-ERGIE Kraftwerke.

In addition, with effect from January 1, 2022, N-ERGIE Kraftwerke took over the asset management and asset service for the decentralized contracting systems and for photovoltaic rooftop systems on properties outside the Group.

Due to its flexibility, the generation of district heating using natural gas is a perfect addition to the renewable electricity generators in the N-ERGIE Group. In order to be able to save even more CO2 in the future, N-ERGIE is already making the appropriate investments. In 2022, for example, two old gas turbines that had reached the end of their technical and economic lifespan were replaced by two new ones. The gas turbines are components of the gas and steam plant (CCPP plant) at the HKW Sandreuth, which works according to the principle of highly efficient combined heat and power generation. They are around 2% more efficient and save around 11,000 tons of CO2 per year compared to the old turbines . In addition, it is possible to add up to around 15 percent by volume of hydrogen during combustion. In the next few years, the hydrogen content can even be increased significantly in the course of pending revisions. The overall efficiency of the HKW is over 90%. Around 200,000 tons of CO2 can be avoided every year with the combination of gas and steam turbine system, biomass cogeneration plant, heat storage and electric heater .

N-ERGIE has a 25.2% stake in the joint power plant Irsching GmbH (GKI), Vohburg. On October 1, 2020, the Irsching 5 power plant block returned to the market after seven years in the grid reserve. Despite the highly volatile price situation on the energy markets as a result of the Ukraine conflict, the system was successfully marketed in the year under review and thus had more than 3,300 annual operating hours.

As in previous years, N-ERGIE was involved in the field of generation from renewable energies via its subsidiary N-ERGIE Regenerativ GmbH (N-ERGIE Regenerativ), Nuremberg. Together with partners from the municipal utility sector, the subsidiary holds shares in companies that operate PV and wind power plants. Overall, N-ERGIE Regenerativ has a total generation capacity (installed capacity) of 124.2 MWp (previous year 122.7 MWp).

When it comes to water supply, N-ERGIE concentrates on a reliable, sustainable and resource-saving supply of drinking water in the city of Nuremberg and the neighboring municipality of Schwaig. A large number of physical, chemical and microbiological individual tests per year ensure consistently high water quality.

network

From a regulatory point of view, the stipulations for the third regulatory period applied in 2022 to both the electricity grid and the gas grid.

**Regulatory environment for the electricity grid** In the electricity sector, N-ERGIE Netz GmbH (N-ERGIE Netz) was in the fourth year of the third regulatory period in the year under r The grid fees for electricity in 2022 were based on the starting level approved by the Federal Network Agency (BNetzA) for the third regulatory period and the adjustments from the definitions of efficiency, the productivity factor Xgen and the approved capital cost markup. Overall, network charges increased compared to the previous year. The main influencing factors were

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Increase in upstream network costs, the catch-up of Minder, in particular from the time of the corona pandemic and the increase in costs due to the necessary network expansion for the integration of decentralized generation systems. The basic price for standard load profile customers has been increased from €40 to €50.

The mild weather, the energy-saving measures taken by grid customers and increased compensation payments from congestion management (Redispatch 2.0) resulted in reduced revenue from grid fees (difference between the approved and actually received revenue in 2022). These were reflected accordingly in the regulatory account. They will have a negative effect on the annual result for 2022, but will be factored into the grid fees in subsequent years.

### Gas **network regulatory**

**environment** In the gas sector, N-ERGIE Netz 2022 was in the fifth and thus last year of the third regulatory period. The decision on the gas revenue cap for the third regulatory period was sent to the company in November 2021. N-ERGIE Netz has lodged an appeal against the BNetzA's final gas efficiency specification for the third regulatory period.

The gas network fees for 2022 were based on the starting level approved by the BNetzA for the third regulatory period as well as various resolutions and stipulations such as efficiency, the productivity factor Xgen and the cost of capital surcharge. Taking into account the expected sales for 2022, this resulted in an overall increase compared to the previous year.

Essentially due to the mild weather and the energy-saving measures taken by grid customers, there was a drop in revenue from the difference between approved and actually received revenue in 2022, which was reflected in the regulatory account accordingly. They will have a negative effect on the annual result for 2022, but will be factored into the grid fees in subsequent years. The year 2022 was marked by a possible gas shortage in the gas network. In this context, shutdown and restart scenarios were developed and prepared for emergencies.

### **district heating network**

In the area of district heating, the focus in 2022 was on the strategic focus. The maintenance activities were expanded and the planned further expansion was taken into account in the planning. An important measure to increase network capacity and security of supply was started with the strengthening of the district heating line towards Gebersdorf. In 2022, the first section "Hintere Marktstraße" was completed. The main activity in the maintenance of the substance was the replacement of pipe sections to improve the stock, which became necessary due to the frequency of damage and the sharp increase in network water make-up values. The development activities are based on the measures taken by developers for new buildings and the contracts concluded for existing buildings. The development of the new district of Lichtenreuth was continued. One of the largest single connections in Nuremberg went into operation in 2022.

### **Sales**

The dominant topic in 2022 was the Ukraine conflict and the resulting volatility on the energy markets.

The main consequences were the development of regulations in the event of a gas shortage and the consideration of the financial effects of the shutdown of customer systems as well as the price development on the procurement markets and the resulting price increases to be expected on the customer side. The market risks had increased significantly on the procurement side of N-ERGIE and led to restrictions in scheduled energy procurement and ultimately to a temporary, selective halt to offers in both the gas and electricity sales business for new customers.

On the sales side, N-ERGIE initiated an energy saving campaign for its private natural gas and district heating customers: Private households that save at least 10% of their thermal energy (natural gas and district heating) receive a bonus. In the private customer segment, the number of electricity and gas contracts increased in 2022 – the discontinuation of the supply business by competitors or extreme price increases by competitors have led to an increase in the number of customers at N-ERGIE guided.



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Especially in view of the current political situation, security of supply is an important issue for private and commercial customers. N-ERGIE offers a wide range of solution options with regard to the products and services offered.

In this way, customers benefit from N-ERGIE's energy management know-how without having to take care of the relevant work processes themselves.

The digital transformation continues to be a central topic at N-ERGIE – due to ongoing digitization, customers' expectations in terms of simple processes and a high degree of user-friendliness are increasing. In addition to simplified and clearer digital communication, more than 180,000 private and commercial customers now receive their bills online. When concluding an energy supply contract online and/or when registering for online services, electronic invoicing will become standard at N-ERGIE in the future.

The area of district heating was again in competition with other offers in 2022. There was a significantly increased demand behavior. The development of the planned Nuremberg construction areas Wetzendorf and Tiefen Feld was decided on in terms of sales. The effects of the Ukraine conflict were also reflected in the district heating segment in the form of appeals to save energy and very high prices.

General

After the ground-breaking ceremony in 2020 and the official opening in 2021, N-ERGIE's multi-storey car park of the future won in the "Innovation creates a competitive edge" competition in the year under review: It was awarded for its contribution entitled "Experiential sector coupling - digitization and electrification of parking space (Smart Parking)" was awarded the Innovation Prize. The prize, initiated by the Federal Association of Materials Management, Purchasing and Logistics (BME), is under the patronage of the Federal Ministry of Economics and Climate Protection (BMWK) and honors exemplary innovative achievements.

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## B.3 Personnel

In 2022, the N-ERGIE Group employed an average of 2,267 people (previous year: 2,310) and 129 people doing vocational training (previous year: 151).

### Promoting diversity

The world of work is changing rapidly, particularly as a result of demographic developments, digitization and a change in social values. The competition for qualified personnel plays a key role here. In order to present N-ERGIE even more attractively as an employer, diversity in the company should be systematically promoted. That is why N-ERGIE has joined the Diversity Charter.

With regard to age diversity, in-house vocational training has long been a key tool. Despite the difficult situation on the training market, N-ERGIE was able to fill 32 training positions in four professions in September.

### Mobile working continues

Mobile working has continued to develop positively in the company over the past two years. Even after the end of the corona restrictions, hybrid work will be maintained across the board at N-ERGIE. The operational prerequisites and technical framework conditions were established for this, with a high degree of flexibility in the individual design being important. With targeted training, managers and employees are supported in shaping the changed situation.

### Staying fit for the

**future** The employee survey conducted in 2021 included an assessment of demographic stability and the legally required risk assessment of mental stress. In the follow-up process, centralized and decentralized measures are developed, implemented and tracked via a central database.



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B.4 Significant fully consolidated companies

The range of services offered by **N-ERGIE power plants** includes operational management, maintenance and planning for energy and heat generation plants, as well as the generation and supply of energy. The HKW Sandreuth with the gas and steam plant, the HKW Klingenhof and Langwasser as well as the biomass HKW Sandreuth, the heating plants in Maxfeld and Muggenhof as well as the process steam plant in the Klinikum Nord of the N-ERGIE were used.

The sales revenues of the N-ERGIE power plants totaled €206,636 thousand in 2022 (previous year: €146,116 thousand). The cost of materials increased to €160,667 thousand (previous year: €113,973 thousand). The 2022 financial year ended with an annual result of €41,679 thousand (previous year: €28,644 thousand), which had to be transferred to N-ERGIE on the basis of the profit and loss transfer agreement.

The business activities of **N-ERGIE Netz** include the planning, construction, operation, maintenance and repair of electricity, gas, water and district heating networks and the associated data transmission systems. The existing contractual relationships and service agreements ensure efficient management of the leased and managed networks as well as our own networks.

The sales revenue of N-ERGIE Netz in 2022 was €1,064,687 thousand (previous year €1,187,138 thousand) and other income was €7,791 thousand (previous year €7,393 thousand). These were offset by expenses from business activities totaling €1,116,375 thousand (previous year: €1,232,764 thousand). Overall, N-ERGIE Netz had a negative annual result of €43,826 thousand (previous year: €38,335 thousand). It was settled by the shareholder N-ERGIE on the basis of the existing profit and loss transfer agreement.

Überlandwerk **Schäftersheim GmbH & Co. KG** (ÜWS) is an independent utility company in the N-ERGIE Group. The basic supply area covers parts of the district of Würzburg (Bavaria) and the Main-Tauber district (Baden-Württemberg).

In 2022, electricity sales amounted to 64.8 million kWh (previous year: 61.1 million kWh); natural gas sales were 42.8 million kWh (previous year 46.6 million kWh). The income from energy supplies and ancillary income totaled €21,323 thousand (previous year: €21,074 thousand). Operating expenses totaled €16,943 thousand (previous year: €17,945 thousand). On balance, the company generated a net income for the year of €3,927 thousand (previous year: €2,849 thousand).

As a service provider, N **-ERGIE Customer Service GmbH (N-ERGIE Customer Service)** draws up media, network usage and feed-in bills for customers of N-ERGIE and N-ERGIE Netz. The activities of meter operation and metering services from the acceptance test of the meters in our own test center to the management of the meter park to the recording and transmission of measured values round off the range of services.

In 2022, sales amounted to €70,963 thousand (previous year: €66,833 thousand). Taking into account the cost of materials of €66,995 thousand (previous year €58,827 thousand) and other operating expenses and income, the annual result was €1,939 thousand (previous year €3,550 thousand). It was to be transferred to N-ERGIE on the basis of the profit and loss transfer agreement.

The business activities of **N-ERGIE Immobilien GmbH (N-ERGIE Immobilien)** include facility management as a service provider in the Städtische Werke Nürnberg GmbH (StWN) group, Nuremberg. The range of tasks includes both asset management and asset service for commercial real estate.

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The sales revenues of N-ERGIE Immobilien in 2022 totaled €27,932 thousand (previous year: €27,861 thousand). These were offset by expenses from business activities of €26,821 thousand (previous year: €26,794 thousand). Taking into account the compensation payment to the outside shareholder wbg Nürnberg GmbH Immobilienunternehmen, Nuremberg, amounting to €194 thousand (previous year: €180 thousand), the 2022 financial year closed with a result of €920 thousand (previous year: €857 thousand). of the profit and loss transfer agreement was transferred to the controlling company N-ERGIE.

N -**ERGIE IT GmbH (N-ERGIE IT)** provides services from the planning and provision to the operational management of information and telecommunications systems and networks.

Sales in 2022 totaled €53,414 thousand (previous year: €49,747 thousand). Operating expenses amounted to €54,141 thousand (previous year: €50,328 thousand). The company closed the financial year with a positive annual result of €376 thousand (previous year: €150 thousand). It was transferred to the shareholder N-ERGIE on the basis of the existing profit and loss transfer agreement.

With a shareholder resolution of October 13, 2022, the implementation of a merger of N-ERGIE IT with N-ERGIE with effect from January 1, 2023 was approved. The operational business will be transferred accordingly.

The object of **N-ERGIE Regenerativ** are all activities related to regenerative energies (with the exception of biomass) including project planning, development, planning, construction and operation of plants for the generation and storage of regenerative energies as well as the acquisition of corresponding plants and participation in corresponding companies . It also includes the generation and marketing of energy as well as products and services


Related to this, the feeding of the generated energy and all related activities in the energy sector to the range of services of the company. Through its investments, the company has a total generation portfolio (installed capacity) from renewable energies of 124.2 MWp (previous year 122.7 MWp).

Sales, other operating income, income from investments and other interest and similar income totaled €1,776 thousand in 2022 (previous year: €1,586 thousand). Financial assets totaled €30,311 thousand (previous year: €42,167 thousand). Due to the high tax burden, the company closed the financial year with a net loss of €1,262 thousand (previous year net income of €266 thousand).

The business activities of **N-ERGIE Sonne und Wind GmbH & Co. KG (N-ERGIE Sonne und Wind)** includes the construction and operation of renewable energy generation systems, in particular PV and wind power plants, the generation and marketing of energy and the feeding of the generated energy. N-ERGIE Sonne und Wind, a subsidiary of N-ERGIE Regenerativ, has a total generation capacity (installed photovoltaic capacity) from renewable energies of 104.6 MWp (previous year 76.0 MWp).

Sales in the financial year totaled €16,583 thousand (previous year: €11,257 thousand). This was offset by expenses totaling €8,374 thousand (previous year: €9,868 thousand). The net income for the year amounted to €7,334 thousand (previous year: €1,248 thousand).

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B.5 Position

The earnings, financial and asset position of the N-ERGIE Group developed significantly more positively overall in 2022 than in the previous year, despite the volatile energy markets and political uncertainties.

Performance indicators

Due to the Group structure and the profit and loss transfer agreements concluded between N-ERGIE and the majority of its subsidiaries, no independent control parameters are used for the N-ERGIE Group as a whole. The N-ERGIE Group is managed indirectly via the key performance indicators of N-ERGIE. The earnings contributions of the key Group companies involved in profit and loss transfer agreements are taken into account. The operating result (EBT) of the respective subsidiary is used as a performance indicator to manage the subsidiaries of the N-ERGIE Group. The POA is determined according to the profit and loss account (item 10).

earnings situation	2022	2021	Change*	
	k€	k€	k€	%
revenues	4,928,408	3,438,033	+1,490,375	+43.3
Other income	60,060	75,005	ÿ14,945	ÿ19.9
cost of materials	ÿ4,417,185	ÿ3,006,779	ÿ1,410,406	ÿ46.9
personnel expenses	ÿ220,955	ÿ217,735	ÿ3,220	ÿ1.5
depreciation	ÿ97,410	ÿ91,561	ÿ5,849	ÿ6.4
other expenditures	ÿ102,365	ÿ97,091	ÿ5,274	ÿ5.4
financial result	21,407	54,998	ÿ33,591	ÿ 61.1
result of business activity	171,960	154,870	+17,090	+11.0

\*  
+= Improvement in results / – = Deterioration in results



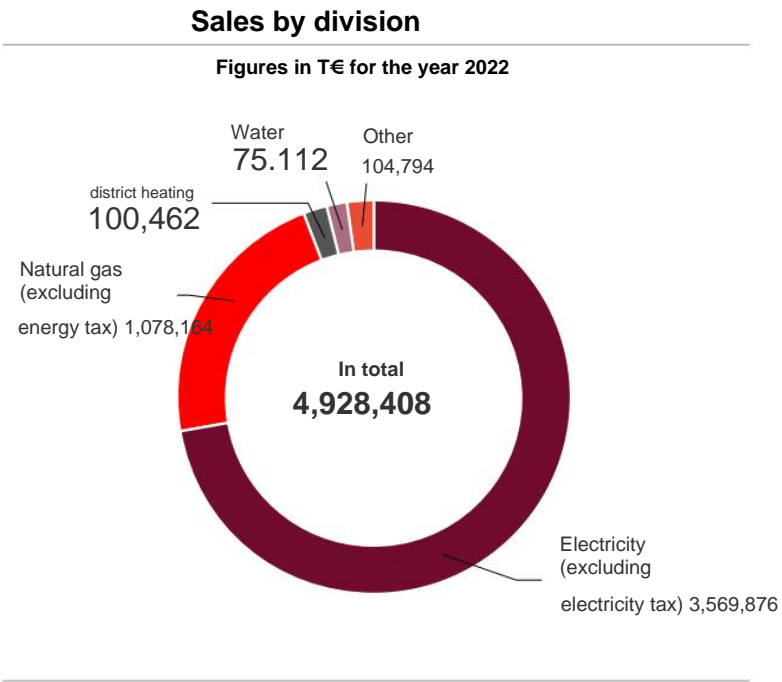
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Overall, the result of **N-ERGIE** 's business activities was well above the **forecasts** in the medium-term business plan for 2022. The positive deviation resulted primarily from the price-related higher revenues for electricity and gas and the optimized procurement costs for these two items. While other operating income developed positively compared to planning, the financial result deteriorated.

The EGT 2022 of the **N-ERGIE Group** increased by +17,090 T€ or 11.0% compared to the previous year to 171,960 T€. The main influences on the result are shown below:

Sales are distributed among the individual divisions as follows:



The **revenue from electricity supplies** (excluding electricity tax; including ancillary revenue) totaled €3,569,876 thousand and was 37.9% above the previous year's value. In the key account segment, sales proceeds increased mainly due to passing on the sharp rise in procurement costs. The increase in sales among resellers also had a positive effect. In the commercial customer segment, sales revenues were below the level of the previous year as a result of a lower order backlog and the passing on of lower procurement costs. This effect was somewhat mitigated by the higher network charges. While the sales volume in the private customer segment remained almost at the previous year's level, sales revenue fell mainly due to the passing on of the EEG surcharge, which was no longer applicable. This could not be compensated by the noticeable contract gains. Of the electricity sales, 80.8% (previous year 72.1%) came from key account customers and 19.2% (previous year 27.9%) from private and commercial cu

The electricity sales of the N-ERGIE Group increased by a total of 3.8% to 17,983.5 million kWh, mainly due to volume increases in the key account segment. At 90.3% (previous year: 89.5%), key account customers continued to represent the customer group with the highest sales.

Revenue from onward charging in accordance with the EEG and section 19 (2) of the Electricity Network Fees Ordinance fell to €391,012 thousand (previous year: €549,573 thousand). Correspondingly, there was a decrease in the cost of materials.

Revenues **from the sale of natural gas** (excluding energy tax; including ancillary revenues) increased by 79.0% year-on-year to €1,078,164 thousand. In the key account segment, a drop in sales to existing customers in particular led to a lower volume, which was overcompensated by the high positive price effect (passing on the higher procurement costs) and increased overall

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resulted in a significant increase in sales revenue. Sales revenue from commercial customers increased, in particular due to the passing on of the higher procurement costs and network charges. On the other hand, lower sales as a result of customer losses and milder weather had a negative effect. While sales among private customers declined mainly due to the weather, sales revenues increased significantly due to the price increases implemented on January 1, 2022 and June 1, 2022.

In 2022, key account customers accounted for 75.6% (previous year 72.0%) and private and commercial customers for 24.4% (previous year 28.0%) of natural gas sales.

As a result of the Ukraine conflict and the resulting drop in consumption by end customers, as well as milder weather, total sales in the natural gas business in 2022 fell by 9.5% to 15,325.2 million kWh. With a share of 84.1% (previous year 83.8%), the key account customers represented the largest customer group.

Revenues (including ancillary revenues) in the area of **district heating** increased by a total of 18.8% to €100,462k compared to the previous year. The decline in sales due to the warm weather was more than offset by the price effect (price increase as of October 1, 2022) and had a positive effect overall.

In 2022, revenues (including ancillary revenues) of €75,112 thousand were generated from the **sale of water** , which corresponds to an increase of 11.5% compared to the previous year. A total of 31.5 million m3 of water was supplied, of which 33.1% (previous year 33.9%) went to private customers, 56.8% to commercial customers (previous year 55.8%) and 10 to key account customers, 1% (previous year 10.3%) were accounted for.

Other **income** in the N-ERGIE Group fell significantly by €14,945 thousand, which was primarily due to lower income from the reversal of provisions. In 2021, high risk provisions had to be released.

The **cost of materials** was also characterized in 2022 by the increase in the procurement costs for electricity and gas, which increased primarily due to prices. In the field of heat generation, the

Procurement costs significantly increased mainly due to the raw material gas. While the water procurement costs fell slightly compared to the previous year, the network usage fees remained almost at the level of the previous year. The cost of materials was mainly determined by the purchase of electricity and gas with a share of 87.4% (previous year 83.3%).

**Personnel expenses** increased by 1.5% compared to the previous year, which was mainly due to a higher allocation to the partial retirement obligations. Current personnel expenses fell due to the lower number of employees compared to the previous year. The tariff increase on April 1, 2022 had the opposite effect out of.

Depreciation was 6.4% **higher** than in the previous year, due in particular to unscheduled depreciation on contracting systems.

**Other operating expenses** rose by 5.4% to €102,365 thousand . This was mainly due to higher losses from asset disposals and the obligation to dismantle the Eschenfelden storage facility.

The **financial result** fell by €33,591 thousand compared to the previous year. The investment income from associated companies fell by €19,960 thousand. This development is mainly due to the phase-shifted valuation as part of the at-equity valuation. Furthermore, the write-up requirement for the at-equity company GKI fell by €17,500 thousand to €3,500 thousand. In the interest expenses, the expenses from the compounding of provisions declined.

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The operating result was moderately above the **previous year's level**. The gross result without other operating income improved mainly due to the price-related higher revenues and the optimized procurement costs for electricity and gas. Other operating income, depreciation and the financial result developed negatively compared to the previous year.

**Income taxes** of €9,531 thousand (previous year: €6,707 thousand) mainly included the expected tax burden on the compensation payment to Thüga Aktiengesellschaft (Thüga), Munich, and the tax expense from the subsidiaries without a profit and loss transfer agreement.

Due to the **tax group relationship** , Thüga, as an outside shareholder, will receive a compensation payment of €30,631k in 2022. Taking into account the tax expense and after allocation to the retained earnings, €79,304k had to be paid to the controlling company StWN.



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financial position

The financial development of the N-ERGIE Group is presented in the following Cash flow statement according to DRS 21:

	2022
	k€
Cash flow from operating activities	165,547
Cash flow from investing activities	ÿ104,563
Cash flow from financing activities	ÿ1,624
Change in cash funds	59,360
Cash funds at the beginning of the period	23,497
Cash funds at the end of the period	82,857

The **cash flow from operating activities** resulted primarily from the cash result for the period before depreciation and the increase in trade receivables and provisions.

In the **cash flow from investing activities**, almost a third of the expenses for investments in property, plant and equipment were compensated by the dividends received.

In the **cash flow from financing activities**, new bank loans and financing grants received are essentially offset against bank loan repayments and distributions to shareholders.

As in the previous year, cash and cash equivalents consisted exclusively of cash and cash equivalents.

Overall, cash and cash equivalents increased significantly in 2022 by €59,360 thousand to €82,857 thousand. This development resulted primarily from taking out bank loans to finance current and future investments during the financial year. In 2022, the cash flow from operating activities was able to cover the cash flow from investing activities and the cash flow from financing activities.

Liquidity bottlenecks for 2023 are not to be expected due to the current financing situation in the N-ERGIE Group. At the end of 2022, there were unused credit lines of €268,100 thousand.

## Multi-year overview

	12/31/2022		12/31/2021	
	k€	%	k€	%
<b>Assets</b>				
Intangible assets	11,352	0.4	11,590	0.4
Property, plant and equipment	1,453,766	50.2	1,388,557	52.7
financial investments	513,289	17.7	536,091	20.4
Current assets (including prepaid expenses)	916,877	31.7	699,551	26.5
	<b>2,895,284</b>	<b>100.0</b>	<b>2,635,789</b>	<b>100.0</b>
<b>capital</b>				
Equity capital	666,151	23.0	615,177	23.3
equity-like funds	196,433	6.8	186,184	7.1
Medium and long-term debt capital	1,237,874	42.7	1,166,259	44.3
short-term borrowed capital	794,826	27.5	668,169	25.3
	<b>2,895,284</b>	<b>100.0</b>	<b>2,635,789</b>	<b>100.0</b>

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The **balance sheet total** increased by €259,495 thousand or 9.8% compared to the previous year. On the assets side, property, plant and equipment increased, in particular the distribution systems item. In current assets, trade accounts receivable in particular increased, which was due to the rise in gas and electricity prices in the second half of the year. In addition, cash and cash equivalents increased as a result of borrowing.

On the liabilities side, other provisions increased, especially in the area of network management, as well as liabilities to banks due to bank loans taken out to finance current and future investments. Trade payables increased significantly due to price factors.

The subordinated loans from StWN remain unchanged at €171,500 thousand.

From the annual result for 2022, €68,700 thousand was allocated to retained earnings with the approval of the StWN. This primarily takes into account the continuing high investment requirements in the network area, the conversion of metering to so-called smart meters and the planned investments in generation plants.

Including equity-like funds, the calculated equity ratio at the end of 2022 was 29.8% (previous year 30.4%).

**Investments and financing** €167,060 thousand (previous year: €176,530 thousand) was invested in the N-ERGIE Group in the year under review. Property, plant and equipment accounted for €160,820 thousand (previous year: €168,845 thousand), intangible assets for €4,165 thousand (previous year: €6,194 thousand) and financial assets for €2,075 thousand (previous year: €1,491 thousand).

The investments in property, plant and equipment focused on modernization and expansion measures for generation, extraction, procurement and distribution facilities, as well as advance payments made and assets under construction. 59.0% (previous year: 52.3%) of investments in intangible assets and property, plant and equipment were financed through depreciation.

Fixed **assets** were 43.6% (previous year 41.4%) covered by equity including equity-like funds or completely (previous year completely) by medium and long-term funds. The short-term financing area was completely offset by short-term assets (previous year completely).



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# C Opportunity, risk and forecast report

## C.1 Risk management and risk and opportunity report

The aim of the risk management system in the N-ERGIE Group is to identify deviations from the planned result as well as risks that could endanger the existence of the company at an early stage in order to be able to initiate countermeasures in good time.

Important framework conditions for the risk management process are the determination of the risk capital and its distribution as well as the definition of the risk limits for the individual entrepreneurial sub-activities. Another essential component is the associated multi-stage EGT early warning stage concept, which indicates changes in the risk situation and gives the opportunity for timely countermeasures. The risk management system is an integral part of Group management.

Risks and opportunities are identified and evaluated systematically and continuously. Recorded risks and opportunities are assigned statistical distribution functions and probabilities of occurrence.

All of the risks and opportunities are aggregated and evaluated using simulations, taking into account the distribution functions and probability of occurrence assigned to them. A regular reporting system to all relevant recipients is implemented. Significant changes in individual risks and opportunities are reported on an ad hoc basis. In addition, a stress test is carried out once a calendar year to determine the extent to which the company's continued existence is guaranteed, even taking extreme situations into account.

The main risks and opportunities are listed below:

### Political and regulatory risks and opportunities

The Ukraine crisis, with its direct impact on gas supplies from Russia, led to a price rally on the energy markets in the course of 2022.

The energy purchase volumes for gas and electricity are largely fixed for 2023. Developments on the energy exchanges and the political discussion are constantly monitored by the group management and risk management so that the necessary countermeasures can be taken at any time.

### Generation

**District** heating generation (heating) will be decarbonized in the next few years. Significant building blocks on the decarbonization path will involve the use of electricity (heat pumps, geothermal energy, electric heaters, etc.). The successfully completed CHP modernization with the renewal of the two gas turbines in the HKW Sandreuth ensures reliable and adequate electricity production for the coming years - in particular through the CHP subsidy surcharges per kWh generated and the receipt of the avoided grid usage fees (vNNE). Since up to now only around a fifth of the heat consumption in the city of Nuremberg has been covered by district heating and the remaining part mainly by gas and oil heating, there is considerable growth potential in the expansion of district heating thanks to the federal government's climate path. The development of new districts in Nuremberg such as Tiefens Feld, Wetzendorf, Züricher Strasse and Regensburger Viertel with district heating is already being planned. There are no risks from volatility on the commodity markets, since the production costs in the generation plants are secured via the district heating formula for the customer. With the politically agreed district heating price cap, the difference to the calculated price is compensated.

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The procurement costs for natural gas and the exchange electricity prices rose sharply in 2022. As a result, the sales volume of the power plants has more than doubled. The clean spark spread also shows a positive trend for the following years, which is increasingly used for short-term marketing with reduced date fixing.

The electricity price brake law passed by the Bundestag and Bundesrat on December 16, 2022 provides for the skimming off of so-called random profits, which will dampen the positive effects in the targeted period of December 1, 2022 to June 30, 2023 with an option to extend until April 30, 2024. Affected are biomass, waste steam as well as the photovoltaic open space and wind turbines of the associated companies of N-ERGIE, which are in the other direct marketing during this period and are now being shortened. However, this does not result in any specific risk of loss for these companies - it is rather a matter of missed opportunities, since the possibly higher revenues that would have been reinvested in new systems are now temporarily not being generated.

network

In the grid business, there are uncertainties for the fourth regulatory period (gas: 2023-2027, electricity: 2024-2028) from the outstanding decisions on cost applications. Risks in the current year arise from the weather- and economic-dependent volatility of revenue from grid usage and the currently difficult-to-predict congestion management (Redispatch 2.0). Both of these issues can lead to significant fluctuations in earnings and liquidity in the respective financial year, but the effects are offset over the following years as part of the regulatory account process.

Taking into account the current economic forecasts and the development of inflation, it must be expected that the costs for external services, material and personnel will rise faster than the upper revenue limit in the incentive regulation for the coming years. In addition, the ongoing delays in the roll-out of intelligent measuring systems and the associated high start-up costs will lead to further burdens on earnings in the future.

Sales

The greatest risks in sales are market risks and opportunities arising from different consumer behavior in connection with the sharp increase in market prices and possible damage from bad debts. The price developments on the energy markets intensified all market risks. This led to restrictions in procurement and as a result to a temporary stop in sales. In gas sales in particular, the volume risk is influenced by the temperature development during the heating periods. The extent of the actual savings made by customers cannot currently be estimated with certainty.

Risks from possibly rising prices in 2023 arise in particular from a resulting change in consumer behavior. The resulting deviations in quantity would have to be procured on the market or sold. This can lead to losses but also to additional effects on earnings.

The risk of resale from quantities procured in previous years has fallen due to the current market prices. In the case of new contracts, the increased price level is passed on to the customers.

Risks of bad debts exist in particular with key account customers. However, they are limited by bad debt insurance. Due to the economic development and the high energy costs, the probability of failures increases. In the case of private customers as well as corporate and commercial customers, this risk is taken into account through adequately measured individual and general value adjustments.

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In procurement, opportunities and risks arise from the potential loss of suppliers, from portfolio management and from price fluctuations in electricity and gas. Procurement strategies and internal guidelines are used to actively control and monitor these risks. There are also risk limits that are regularly monitored and reported. Due to the sharp rise in electricity and gas prices and the sometimes very low liquidity in the market, limit limits were reached more frequently. Price variable procurement contracts were therefore supplemented by price hedging transactions to minimize risk within an economically reasonable framework. In particular, the risk of supplier default increased disproportionately and thus led to significant restrictions in the selection of suppliers.

**Human resources risks and opportunities** The trend in consumer prices, with the particularly noticeable rise in energy prices, is being put forward by the trade unions in ongoing collective bargaining as a key argument for wage and salary increases. The resulting cost increases for 2023 and the following years cannot yet be estimated.

Internal potential for filling future requirements is identified annually as part of the performance management process. Based on this, the trainee planning was adapted to future needs in order to take demographic change into account. The results of the employee survey conducted in 2021, including a psychological risk assessment, were evaluated at the beginning of 2022 and backed up with measures to take advantage of HR opportunities and minimize risks.

With the help of internal protective measures and a continuous communication policy, the risks for the staff of N-ERGIE due to the pandemic situation could be averted. The number of corona infections and the health rate were monitored through regular pandemic meetings.

In addition to the personnel risks, there is still a risk in the sharply increasing contribution rates to statutory social insurance predicted by available studies, which are to be borne equally by the employer and the employee. A first sign is the increase in additional contributions to health insurance for 2023.

**Financial risks and opportunities** As a result of the turnaround in interest rates that occurred in the second half of 2022, an increase in financing costs is to be expected for 2023 and the years to come. As a result, it will be challenging to present the upcoming network investments and the short-term liquidity requirements in the procurement of funds. Since the turnaround in interest rates, positive interest rates have occasionally been achievable again on the investment market, but these are more than compensated for by the increased interest burden on the loan side.

The pension systems for the employees of N-ERGIE (pension obligations) are only supposedly benefiting from the current interest rate trend. The higher interest rates are taken into account with a time lag, while the burdens from the current increase in long-term inflation are felt without delay. Further risks and opportunities continue to arise from the investment portfolio. N-ERGIE's holdings are often in strong competition and are confronted with volatile market developments and regulatory decisions that are putting increasing pressure on economic results. There is therefore a risk that planned distributions cannot be made or that future expectations of earnings development will have to be reduced. One focus is on the earnings situation of Thüga Holding GmbH & Co. KG, as this plays a central role in N-ERGIE's investment income. The difficult environment in which the energy industry finds itself will increasingly present the Thüga Group with economic challenges.

From 2024, burdens are also expected from the fourth electricity regulation period, which will have to be compensated for with countermeasures.



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Active management of the Group companies and the non-consolidated associated companies means that risks with a negative impact on the net assets, financial position and results of operations are identified and evaluated at an early stage in order to ensure the results of operations and the value of the companies over the long term. If necessary, together with the management of the subsidiaries or Associated companies developed and initiated measures to counteract risks as best as possible. Opportunities at the portfolio companies can arise in particular from process-related and structural optimizations in the existing business models and the successful implementation of new ones.

**Tax risks** Due to the clearly short-term and diverse changes in tax legislation, case law and financial management opinion, there is a risk for N-ERGIE that tax-related issues are not correctly and promptly presented. In addition, N-ERGIE and its subsidiaries are audited with a large time lag. Experience has shown that the external tax audits by the tax authorities are longer than average and the completion of the external audits cannot be influenced. In order to counter these risks, among other things, a Group-wide tax compliance management system was introduced to ensure compliance with all tax regulations.

**Overall assessment**  
There are currently no discernible risks that could jeopardize the Group's continued existence.

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### Generation and extraction

With the prospective decline in German power plant capacities, particularly in the context of the decision to phase out nuclear power by April 2023 and a possibly faster phase-out of coal by 2030, gas-fired power plants remain of particular importance for the residual load and as a partner for renewable energies, despite the gas/energy crisis . The value of gas-fired power plants specifically for security of supply has increased, which is reflected in the consistently positive clean spark spread. With the comprehensive modernization of the gas turbines of the combined cycle power plant in the Sandreuth HKW in 2022, N-ERGIE is still able to meet the district heating requirements in Nuremberg in a future-proof manner and to take advantage of opportunities from the flexible marketing of electricity generation volumes. In the coming years, the improved spreads will increase the chances of adequate operation of the Irsching 5 power plant in particular.

With its predominantly regional projects, the Group company N-ERGIE Regenerativ is helping to ensure that half of the electricity consumed in its grid area is generated on site from renewable sources. The first project by Ökostrom Franken GmbH & Co. KG, which was founded in Rötthlein near Schweinfurt in 2021 and in which six Franconian municipal utilities are cooperating on the regional expansion of photovoltaics, was successfully connected to the grid in July 2022. The new solar power plant produces electricity for around 1,900 households – electricity marketing is organized by means of special electricity supply contracts, so-called Power Purchase Agreements (PPA).

The group company N-ERGIE Sonne und Wind GmbH & Co. KG in Martinsheim, Lower Franconia, acquired the largest solar project.

The two solar parks, which went into operation in summer 2022, will generate electricity for around 7,700 households. The project was funded by STROM PURNATUR customers of N-ERGIE, since for every kilowatt hour consumed of this regional green electricity product, one cent (net) flows into environmental projects in the region - in this case into a regenerative generation project, largely without statutory remuneration.

### network

In order to be able to cope with the fundamental changes in the energy sector in the future, the existing structure of the grid business is regularly reviewed. In addition to optimizing processes, adjustments and improvements to the basic systems of the grid business and the resulting digitization strategy of N-ERGIE Netz will be required over the next few years in order to be able to meet the increasing challenges.

In 2022, N-ERGIE Netz was at the end of the third regulatory period. The final decisions are available for the relevant components of the revenue caps.

Due to the further reduction in the return on equity for the fourth regulatory period determined in 2021, there will be another significant reduction in the returns on fixed assets in the future. Furthermore, in the next few years it is to be expected that the costs for external funds and, in particular, for external services and personnel will continue to rise faster than taken into account in the revenue cap based on the incentive regulation. In addition, the delay in the rollout of intelligent metering systems, which resulted in higher start-up costs, is having a significant impact on earnings.

The current effects of the more stringent climate protection goals, the accelerated change in the energy system due to the Russian war of aggression in Ukraine and the associated consequences, especially in the area of the expansion of renewable energy, are leading to significantly more dynamic growth in the grid business than previously assumed. In addition to the network expansion and optimization measures that still have to be implemented, this requires a strengthening of the network business in terms of resources and funds. This is the only way that N-ERGIE Netz can continue to meet the significant increases in volume and demand in the future and ensure stable grid business.

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Due to the continued strong increase in decentralized feed-in, the focus in the power grid will also be on reducing and avoiding bottlenecks in the area of high-voltage grids and systems and the associated transformation in the grid in the coming years. To ensure continued safe operation, the renewal and rehabilitation programs for the high and medium voltage overhead line pylons and the 110 kV oil cables in the city of Nuremberg must be continued.

In the gas network, investments in the substance maintenance based on the condition assessment and the target network planning will be necessary in the next few years. This applies above all to the replacement of gas supply lines in urban areas and high-pressure gas lines due to the issue of corrosion protection. The future way to achieve the decarbonization goals in the gas network (from green/blue hydrogen to synthetic gases to network decommissioning) remains open.

In the area of district heating, the main activities are measures to develop the new districts of Lichtenreuth, Tiefen Feld and Wetzendorf, maintenance of the substance (shaft rehabilitation, replacement of damaged pipe sections) and network optimization (renewal of the Schweinau pipe).

In the water network, the investments essentially include measures for the renovation of the Lorenzer downpipe and the development of the new districts of Lichtenreuth and Tiefens Feld.

Sales N-

ERGIE places a strong focus on direct marketing as part of PPAs. All conditions are regulated in these agreements so that they offer planning security for plant operators and electricity suppliers after the end of the EEG subsidy. In this way, solutions are created for system operators and customers so that they can obtain green electricity directly from N-ERGIE.

Key **account management** is the central interface between N-ERGIE and its largest customers, for each of whom a permanent contact person is established. The goal is beyond the pure

In addition to energy sales, energy management requirements and in particular the integration of renewable energies must be fulfilled as comprehensively as possible.

Electricity sales from sales to municipal utilities are expected to fall below the previous year's level in 2023. From today's perspective, industrial customers will not reach the sales level of 2022 either.

The supply of natural gas to industrial customers is expected to remain stable in 2023 and will be below the previous year's level for resellers.

In the **private customer segment** , electricity and natural gas consumption is expected to initially decrease slightly, which is primarily due to legal requirements and initiatives (e.g. Energy Saving Ordinance, Fuel Emissions Trading Act, measures to secure the energy supply as a result of the Ukraine conflict) and the increasingly decentralized generation of own electricity is. This is reinforced by the experiences from the current price developments on the trading markets and the resulting massive price increases, which lead to an even more economical and conscious use of energy on the part of the customers.

The growth in the number of contracts achieved has the opposite effect - among other things due to the customer gains in 2022 and an expansion of the sales area in the future. Accordingly, a slight overall increase in sales is expected in the private customer segment in the coming years.

N-ERGIE will pass on all of the measures taken by the Federal Government to relieve citizens of energy costs (emergency aid for natural gas and heat; price brakes for natural gas, electricity and heat) to its customers. The end customer prices will probably be adjusted during the year to reflect current market prices.

The focus of business development in 2023 is on price brakes. With a power consumption of up to 30,000 kWh per year, the electricity price for private households and companies in 2023 is limited to 40 cents gross per kWh (including all taxes, levies, levies and network charges). Analogous to the gas price brake, there is for

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Industrial customers with a power consumption of more than 30,000 kWh per year a price cap of 13 cents net per kWh (including all taxes, levies and surcharges). The relief provided by the electricity price brake is partly refinanced by skimming off random profits in the electricity market that were generated solely as a result of the energy crisis.

With a gas consumption of up to 1.5 million kWh per year, the gas price for private households and companies is partially capped at 12 cents gross per kWh from March 2023 to December 2023 (heat 9.5 cents per kWh). In March, the relief also applies retroactively to January and February. For bulk consumers, industrial companies and hospitals with a gas consumption of more than 1.5 million kWh per year, the price is capped at 7 cents net (heat 7.5 cents per kWh). This should help to secure industrial production and health care and to preserve jobs threatened by the energy crisis.

District heating sales are expected to increase in the coming years. The gradual connection of new urban areas and the densification in existing supply areas are counteracting a fundamentally declining trend, among other things due to current energy-saving measures as a result of the current political situation and the economic situation.

The long-distance heating supply is said to have great potential for the future, since the chances of realizing a completely regenerative generation are considerable. Almost 30% of district heating already comes from non-fossil sources. N-ERGIE has set itself the goal of generating CO<sub>2</sub>-neutral district heating for the people of Nuremberg by 2035. This can be used as an effective sales argument.

The district heating prices will continue to follow the procurement prices in 2023 thanks to the price formula.

Water prices remained unchanged as of January 1, 2023. In the future, too, it is assumed that water sales will remain almost constant, since regional population growth and water-saving opportunities are more or less balanced.

## Energy policy and legal environment

### Electricity and gas price

**brakes** The price caps are the focus of the relief measures.

A total of almost €300 billion is available in various funds for measures to curb energy costs and secure supplies in Germany. Additional funds are available for cases of particular hardship.

### Increase in the CO<sub>2</sub> price through the BEHG will be suspended in

**2023** On October 28, 2022, the Federal Council passed the amendment to the BEHG. The CO<sub>2</sub> tax for combustibles and fuels containing carbon will rise more slowly than previously planned, and no increase is planned for 2023. The background to this slowdown was the recent sharp rise in prices on the energy markets. The suspension of the price increase is intended to ensure social justice and relieve households and the economy. The previous income from the company's CO<sub>2</sub> tax is used to finance climate-friendly support programs.

The amendment also provides for two changes: On the one hand, CO<sub>2</sub> pricing for greenhouse gas emissions from the burning of coal started on January 1, 2023. On the other hand, the pricing of fuel emissions from waste incineration will be postponed by one year to January 1, 2024. This will enable the operators of waste incineration plants to correctly implement all the necessary preparatory measures.



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Overall prognosis and outlook 2023

The N-ERGIE Group coped well with the turbulence on the energy markets in 2022, despite the high level of uncertainty at times. The economic situation in Germany is characterized by the energy crisis and the associated high inflation, especially from the second half of 2022. For the year 2023, the economic and (foreign) political burdens, primarily caused by the Russian war of aggression in Ukraine, cannot yet be finally quantified. Even if a recession in Germany can be avoided from the current perspective, the N-ERGIE Group expects that the monetary policy measures of the European Central Bank will only help to lower inflation towards price stability from 2024 onwards. In 2023, the increased producer prices will tend to aggravate the economic situation of our customers.

The business models of the companies in the N-ERGIE Group are crisis-proof even under these circumstances, but competition and market developments will continue to put pressure on the cost situation (energy and personnel costs) in the future. Above all, the rising personnel costs expected in the coming years as a result of the 2023 collective bargaining will also increase this. On the regulatory side in the network area, cuts in earnings are already visible, in particular due to the lower return on equity, so that a decline in the operating result at N-ERGIE Netz can be expected in the next few years. On the generation side, a clearly positive result is expected for the coming year from the CHP subsidy for the modernized gas turbines by the N-ERGIE power plants.

Despite the competitive and regulatory pressure on earnings, there is still a high investment burden, especially in the network area, which is increasing again due to the current sharp rise in prices for raw materials, materials and third-party services. The aim is to continue to achieve the highest possible results at N-ERGIE and its subsidiary N-ERGIE Netz in order to continue to finance the investments congruently from own funds

and to keep the company's indebtedness at a manageable level. This will be challenging, since further borrowing will have to be made in the coming years, which will increasingly have a dampening effect on earnings as a result of the interest rate turnaround that has been initiated. A significant increase in the dynamic gearing ratio can be expected with a simultaneous decline in interest coverage. Due to the effects described, the N-ERGIE Group expects a robust, albeit significantly lower POA for 2023 than for 2022, given the uncertainties that still exist.

Nuremberg, March 8, 2023

N-ERGIE public limited company  
The board

Mike Render                      Magdalena Weigel

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# Consolidated Financial Statements










for the 2022 financial year  
of N-ERGIE Aktiengesellschaft, Nuremberg

Consolidated balance sheet as of December 31, 2022 of N-ERGIE Aktiengesellschaft, Nuremberg

active side	Appendix TZ	12/31/2022 €k	12/31/2021 €k
A. Fixed assets	E.1		
I. Intangible assets		11,352	11,590
II. Tangible assets		1,453,766	1,388,557
III. financial investments		513,289	536,091
		1,978,407	1,936,238
B. Current Assets			
I. Inventories	E.2	125,868	102,753
II. Receivables and other assets	E.3	699,401	570,130
III. Cash on hand, bank balances and cheques	E.4	82,857	23,497
		908.126	696,380
C. Prepaid expenses		8,751	3.171
		2,895,284	2,635,789

passive side	Appendix TZ	12/31/2022 €k	12/31/2021 € thousand
A. Equity	E.5		
I. Subscribed capital		156,400	156,400
II. Capital reserve		119,886	119,886
III. retained earnings		388,275	337,440
IV. Non-Controlling Interests		1,590	1,451
		666,151	615,177
B. Grants	E.6	218,259	206,871
C. Provisions	E.7	544,590	504,499
D. Liabilities	E.8	1,461,339	1,304,666
E. Accruals and Accruals		4,945	4,576
		2,895,284	2,635,789

# Consolidated income statement for the financial year from January 1 to December 31, 2022 of N-ERGIE Aktiengesellschaft, Nuremberg

	Appendix TZ	2022 k€	2021 k€
1. Revenue	 F.1	4,928,408	3,438,033
2. Increase/decrease in inventories of finished goods and work in progress 3. Other own work capitalized 4. Other		266	ÿ54
operating income		30,661	29,944
5. Cost of Materials	 F.2	29.133	45.115
6. Personnel expenses	 F.3	ÿ4,417,185	ÿ3,006,779
7. Amortization of intangible assets of fixed assets and tangible assets	 F.4	ÿ220,955	ÿ217,735
8. Other operating expenses 9. Financial result	 F.5	ÿ97,410	ÿ91,561
	 F.6	ÿ102,365	ÿ97,091
	 F.7	21,407	54,998
10. Results of Operations		171,960	154,870
11. Income taxes 12. Earnings after taxes		ÿ9,531	ÿ6,707
		162,429	148,163
13. Other Taxes		ÿ1,233	ÿ1,446
14. Compensation payment according to § 304 AktG	 F.8	ÿ30,631	ÿ30,614
15. Guaranteed Dividends for Non-Controlling Interests	 F.9	ÿ194	ÿ180
16. Profit transferred on the basis of a profit and loss transfer agreement. 17. Consolidated net		ÿ79,304	ÿ63,613
income for the year		51,067	52,310
18. Non-Controlling Interests		ÿ185	ÿ46
19. Allocations to the group retained earnings 20. Group unappropriated		ÿ50,882	ÿ52,264
profit		0	0



# Consolidated notes for the 2022 financial year of N-ERGIE Aktiengesellschaft, Nuremberg

## A General explanations

The company N-ERGIE Aktiengesellschaft (N-ERGIE) with its registered office in Nuremberg is entered in the Commercial Register B of the District Court of Nuremberg under number HRB 17412.

The consolidated financial statements were prepared in accordance with the provisions of the German Commercial Code (HGB), the Stock Corporation Act (AktG) and the German Accounting Standards (DRS). The consolidated financial statements are rounded to thousands of euros. The use of rounded amounts and percentages may result in differences due to commercial rounding.

The profit and loss account was supplemented by the subtotal “Result of business activities” (item 10). The result represents a control variable.

To improve clarity, items summarized in the consolidated balance sheet and the consolidated income statement are shown and explained in the notes to the consolidated financial statements. Furthermore, all of them are shown in the notes to the consolidated financial statements. The numbers in the first column of the consolidated balance sheet and the consolidated income statement correspond to those in the notes to the consolidated financial statements.

In the cash flow statement, the cash flows are broken down into the areas of business, investment and financing activities in accordance with the pronouncement of the German Standardization Council (DRS 21). The changes in group equity are shown in the group equity statement in accordance with the pronouncement of the German Standardization Council (DRS 22).

As the ultimate parent company (smallest and largest group), the Municipal Works Nuremberg Limited Company (StWN), Nuremberg, prepares consolidated financial statements in which N-ERGIE is included. This will be disclosed after submission to the operator of the Federal Gazette. N-ERGIE has waived the exempting effect pursuant to Section 291 HGB and has drawn up its own consolidated financial statements.

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# B Scope of consolidation

The consolidated financial statements include N-ERGIE as the parent company and all significant subsidiaries in which N-ERGIE directly or indirectly holds the majority of the shares.

In addition to N-ERGIE, the scope of consolidation of the consolidated financial statements includes 13 (previous year: 14) affiliated companies.

The number of fully consolidated companies decreased by one compared to the previous year. Überlandwerk Schäftersheim Verwaltungs GmbH, Weikersheim, is no longer included in the consolidated financial statements as it is of minor importance for the Group's net assets, financial position and results of operations.

35 (previous year: 37) companies are valued as associated companies using the equity method.

The shares in ENTRO GmbH Marktbergel and ENTRO GmbH Schnelldorf were sold over the course of 2022, reducing the number of companies included using the equity method.

There was no significant impact on the comparability of the previous year's figures for the N-ERGIE Group.

Insofar as there was no inclusion in accordance with Section 296 (2) HGB or a valuation in accordance with Section 311 (2) HGB, these are investments that are necessary to give a true and fair view of the asset, financial and earnings situation of the Group are of minor importance because the sales of these companies account for less than 1% of the total sales of the Group, or where there is no significant influence on the business and financial policy. The allocation of the companies can be seen in the list of shareholdings (Item G.4).

# C Consolidation Principles

The financial statements of the consolidated companies are prepared in accordance with the statutory provisions based on uniform accounting and valuation principles, insofar as the requirements are met given the different areas of activity of the companies included in the consolidated financial statements. Only for the investment in Thüga Holding GmbH & Co. KGaA, which was valued using the equity method, were the values in the IFRS consolidated financial statements adjusted to the HGB financial statements of the N-ERGIE Group using a reconciliation statement. The fiscal year of the consolidated companies is the calendar year.

Up to and including 2009, the capital consolidation of the subsidiaries included in the consolidated financial statements was based on the book value method. Subsidiaries have been consolidated for the first time using the revaluation method since the 2010 financial year. With this method, the book values of the investments are offset against the proportionate equity capital at the time of their acquisition or initial consolidation at fair value.

The asset differences resulting from the capital consolidation are always assigned to the individual assets. Any remaining debit difference is shown as goodwill.

Negative differences from the capital consolidation are included in the adjustment items from the capital consolidation in accordance with their balance sheet character. Asset and liability differences of different subsidiaries are not offset against each other.

Investments in significant associated companies are recognized in the consolidated balance sheet using the equity method with the proportionate equity capital of these companies at the time of their acquisition or their initial valuation (book value method). The option to standardize the accounting and valuation methods used in the annual financial statements of the associated companies was not exercised.

The companies accounted for using the equity method are included in the annual financial statements as of December 31, 2021. An investment is included on the basis of the consolidated financial statements as of December 31, 2022, as the annual updating of the investment book value results in a significant contribution to earnings and this in each case with the current value is to be recorded.

Receivables and liabilities are offset against each other as part of debt consolidation. A consolidation of expenses and income was carried out in the year under review. An adjustment for interim results is omitted with regard to § 304 Para. 2 HGB.

# D Accounting and valuation methods

Accounting and valuation are carried out in detail according to the the following principles:

## Fixed assets

Intangible and tangible assets are stated at acquisition or production cost less scheduled depreciation. Non-scheduled depreciation is carried out if the impairment is expected to be permanent. Depreciation is generally linear over the individual company's useful life and begins in the month of acquisition.

In the case of tangible assets that were acquired before January 1, 2010, use is made of the right to retain them in accordance with Art. 67 Para. 4 Sentence 1 EGHGB. In principle, the declining balance method is used within the framework permitted under tax law, otherwise the depreciation is linear and the linear depreciation method is used at the most favorable point in time.

Beginning in the 2010 financial year, new additions to property, plant and equipment are depreciated on a straight-line basis over the individual company's useful life. The acquired property, plant and equipment are taken over at book value.

Movable assets that can be used independently and whose acquisition or production costs exceed €250 but not €800 are written off in full in the year of acquisition.

The depreciation of intangible assets and property, plant and equipment is essentially based on the following useful lives:

	useful life in years
Intangible assets	1-50
Property rights and buildings, including buildings on third-party property	5-99
Generation, extraction and supply plants	3-50
distribution systems	2-50
Technical equipment and machinery	4-35
Other equipment, factory and office equipment	1-25

The depreciation periods are determined on the basis of the shortest useful lives specified in the tax depreciation tables, unless there are indications of a different individual company useful life in individual cases.

The amortization periods for goodwill are 11 years and 3 months or 15 years and are based on the remaining useful life of the assets.

Prepayments made are stated at their nominal value and assets under construction are stated at the acquisition and production costs incurred to date. The production costs of self-constructed systems (own work capitalized) include the minimum scope of the cost components that must be capitalized as defined in Section 255 (2) sentence 1 HGB. Interest on borrowed capital is not included. The investment grants received are deducted from the acquisition and production costs of the assets concerned.



The shares and holdings in non-consolidated affiliated or associated companies and securities reported under financial assets are valued at the lower of cost or fair value in the event of permanent impairment. If the reasons that led to a lower valuation no longer existed on the balance sheet date, the fair value was written up to a maximum of the amortized cost. Loans are recognized at their nominal or cash value.

Current assets

Inventories are valued at acquisition or production cost, taking into account the lower of cost or market principle. The risk of reduced usability is taken into account through appropriate value deductions. The valuation of raw materials, consumables and supplies as well as goods corresponds to the moving average of acquisition costs or the lower replacement costs, with the exception of the CO2 emission allowances allocated free of charge, which are shown in the balance sheet with a value of zero and a current value of €3,785 thousand (previous year: €3,266 thousand). Finished and unfinished services are accounted for at production cost. The production costs include the minimum scope of the cost components that must be capitalized as defined in Section 255 (2) sentence 1 HGB. Interest on borrowed capital is not included in the production costs.

Receivables and other assets as well as cash and cash equivalents are valued at their nominal amounts, reduced by adequate individual and general allowances. The claims for energy and water supplies as well as grid usage against customers with registering load profile measurement and distributors are based on key date readings; Deliveries and services that have not been invoiced have been accrued as of the balance sheet date on the basis of a point-of-delivery extrapolation. The receivables from dealers who supply standard load profile customers were based on the rolling annual consumption bill, whereby the deliveries and services deferred but not yet metered as of the balance sheet date were determined on the basis of a meter point-related extrapolation. The advance payments received are openly deducted from these receivables.

In comparison to the previous year, receivables and liabilities to and from affiliated companies that arose at the same time and were effective were not fully offset in the year under review. As a result, comparability with the previous year is limited. This resulted in a balance sheet reduction of €597 thousand in the previous year.

**Prepaid expenses** Expenditures before the reporting date are shown as prepaid expenses on the assets side if they represent an expense for a specific period after this date.

**Equity** The subscribed capital is stated at the nominal amount.

**Subsidies** The construction cost subsidies received up to December 31, 2002 and from January 1, 2010 were reversed at 5% of the original amounts in favor of sales. The building cost subsidies received from January 1, 2003 to December 31, 2009 were carried as a special item for investment subsidies; the dissolution takes place according to the useful life of the asset.

**Provisions** The pension provisions are calculated according to actuarial principles using the partial value method. The report is based on the 2018 G mortality tables by Prof. Dr. Klaus Heubeck and the discount rate of 1.78% (previous year 1.87%) announced by the Deutsche Bundesbank, which corresponds to the average market interest rate over the past ten financial years with an assumed term of 15 years. A salary trend of 2.1% (previous year 2.1%) is also taken into account. A fluctuation rate is not assumed. The pension adjustment is taken into account at 2.8% (previous year 1.7%) for general pensions and at 2.5% (previous year 2.0%) for individual commitments.

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The other accruals and tax accruals take into account all contingent liabilities in accordance with Section 249 (1) of the German Commercial Code (HGB) and are recognized at the level of the required settlement amount based on prudent business judgment (ie including future cost and price increases). The provisions for impending losses are recognized in the amount of the excess obligation based on a full cost calculation. The non-current other provisions for anniversary obligations, obligations from partial retirement and death benefit obligations are calculated in accordance with actuarial principles using the entry age value method, an interest rate of 1.44% (previous year 1.35%), which corresponds to the average market interest rate for the past seven financial years, and a salary trend of 2.0% (previous year 2.0%).

The restoration provisions are accrued evenly over the distribution period and calculated using the present value method, based on their remaining term, using the average market interest rate for the past seven financial years as published by the Deutsche Bundesbank.

All other long-term provisions are discounted according to their remaining term using the average market interest rate for the past seven financial years as published by the Deutsche Bundesbank; allocation is based on the net method.

The application of IDW RS ÖFA 3 deviates from the principle of imparity individual valuation for the accounting presentation of procurement and sales transactions combined in portfolios as well as any financial derivatives for electricity and gas. According to IDW RS ÖFA 3, any excess volumes or open positions are valued imparity at segment level and, if necessary, a provision is formed. For the district heating and biogas portfolios, valuation units are formed from purchase and sales transactions and, if necessary, derivative financial instruments in accordance with Section 254 HGB. The valuation units are shown in the balance sheet according to the

freezing method. Provisions for valuation units are to be made for excess negative changes in market value over positive changes in market value. The fair value of forward transactions is calculated based on the present value of future cash flows.

**Liabilities** Liabilities are reported at their settlement amount as of the balance sheet date.

**Deferred income** Income before the reporting date is shown as deferred income on the liabilities side, insofar as it represents income for a specific period after this date.

Raw material hedging transactions were concluded using derivative financial instruments as part of procurement contracts, for which balance sheet valuation units were formed.

**Deferred taxes** There is no recognition of deferred taxes in accordance with § 306 HGB, since due to the comprehensive tax unity with the StWN no tax refunds or payments can result from consolidation entries.

# E Notes to the balance sheet

## E.1 Fixed Assets

The breakdown and development of fixed assets is shown in detail in the asset history sheet attached to the notes. Shareholdings are detailed under G.4.

Fixed asset securities are shares in special securities funds (mixed funds based on bonds and shares). The market value as of December 31, 2022 totals €54,698 thousand and is thus €16,158 thousand above the book value. €640 thousand was distributed in the financial year.

As of December 31, 2022, there is a total positive equity value for associated companies of €16,409 thousand, which is carried forward in an ancillary calculation.

## E.2 Stocks

Inventories break down as follows:

	12/31/2022 €k	12/31/2021 € thousand
Raw materials and supplies	23,549	16,150
Work in progress, work in progress	1,186	915
Finished Goods and Goods	15,653	9,977
emission rights	85,480	75,711
	125,868	102,753

## E.3 Receivables and other assets

Receivables and other assets break down as follows:

	12/31/2022 €k	12/31/2021 € thousand
Requests from deliveries and services	593,935	453,273
of which billed receivables from energy and water supplies as well as grid usage	(327,371)	(285,402)
thereof usage limit	(559,708)	(422,787)
advance payments received therefrom	(ȳ440,466)	(ȳ324,111)
thereof value adjustments	(ȳ9,495)	(ȳ6,955)
Receivables from affiliated companies	40,003	35,904
Receivables from companies in which an investment is held	9,697	10,367
Other assets	55,766	70,586
	699,401	570,130

Receivables from affiliated companies amount to € 9,648 thousand (previous year € 5,205 thousand) for trade accounts receivable, including € 494 thousand (previous year € 54 thousand) from the shareholder StWN. Other receivables from the shareholder StWN in the amount of €30,355 thousand (previous year: €30,699 thousand) are also included. Receivables from companies in which an investment is held relate to trade accounts receivable in the amount of €7,978 thousand (previous year: €8,013 thousand) and other receivables in the amount of €1,719 thousand (previous year: €2,354 thousand)

Other assets include tax refund claims of €24,254 thousand (previous year: €19,473 thousand), in particular from energy tax.

Receivables from companies in which an investment is held amount to €30 thousand (previous year: €30 thousand) and have a term of more than one year. All other receivables and other assets have a remaining term of less than one year.

## E.4 Cash on hand, bank balances and cheques

Bank balances include a project reserve of €2,128 thousand (previous year: €2,110 thousand), which can be used to accumulate and maintain a capital service reserve, for repairing inverters and to secure surety bonds, and is pledged as part of property financing.

## E.5 Equity

### Subscribed capital

The share capital, divided into 156,400,000 bearer shares (shares with no par value), remains unchanged at €156,400,000.00. The calculated value is €1 per bearer share.

60.2% of the shares in N-ERGIE are held by StWN and 39.8% by Thüga Aktiengesellschaft (Thüga), Munich. In a letter dated August 28, 2000, StWN informed us that you own more than 25.0% of the shares. Furthermore, she announced that she is entitled to a majority stake within the meaning of Section 16 (1) AktG. The city of Nuremberg in turn holds a 100.0% stake in StWN.

In a letter dated December 8, 2009, Thüga Holding GmbH & Co. KGaA, Munich, informed N-ERGIE in accordance with Section 20 (1) and (3) and Section 21 (1) AktG that in the event of Section 20 (1) 3 AktG holds a stake of more than 25.0% in our company without attribution of shares in accordance with Section 20 (2) AktG.

### Retained earnings

The retained earnings relate exclusively to other retained earnings. They mainly contain the Group's share of the earnings of the companies included, insofar as they were not distributed, as well as amounts from the BilMoG changeover.

### Balancing items for shares held by other shareholders

The shares held by non-group shareholders in the equity of the consolidated subsidiaries relate primarily to third-party shares in N-ERGIE Immobilien GmbH, Nuremberg.

## E.6 Grants

The grants developed as follows:

12/31/2021 € thousand	feeding k€	resolution k€	departure k€	12/31/2022 €k
206,871	28,409	16,996	25	218,259

## E.7 Provisions

The provisions break down as follows:

	12/31/2022 €k	12/31/2021 € thousand
Provisions for pensions and similar obligations	325,671	316,377
tax provisions	5.243	2.208
Other provisions	213,676	185,914
	544,590	504,499

The difference between the recognition of the provision for pensions and similar obligations based on the average market interest rate from the past ten financial years and the recognition based on the average market interest rate from the past seven financial years is €16,216 thousand (previous year: €24,481 thousand).

According to current knowledge, the other provisions are sufficient for future obligations and risks. They mainly include provisions for impending losses (€ 45,730k), obligations to issue CO2 certificates (€ 45,429k), uncertain liabilities from the human resources area, including partial retirement and anniversary obligations (€ 36,433k) and dismantling obligations (€ 17,078k €).



## E.8 Liabilities

Liabilities break down as follows:

		thereof with a remaining maturity		
	12/31/2022 €k	up to 1 year k€	over 1 year k€	of it over 5 years T€
Liabilities to credit institutions	664,491	53,950	610,541	331,695
Previous year	593.151	46,823	546,328	298.110
liabilities from goods and services	391,484	391,484	0	0
Previous year	332,356	332,356	0	0
Liabilities to affiliated companies	255,433	83,933	171,500	171,500
Previous year	237,239	65,739	171,500	171,962
Liabilities to companies in which an investment is held	62,534	62,534	0	0
Previous year	46,944	46,944	0	0
Other liabilities	87,397	58,224	29,173	0
Previous year	94,976	65,784	29,192	0
from taxes	(26.104)	(26.104)	0	0
Previous year	(40,706)	(40,706)	0	0
of which in the context of social security	(22)	(22)	0	0
Previous year	(10)	(10)	0	0
In total	1,461,339	650,125	811.214	503.195
Previous year	1,304,666	557,646	747,020	470,072

The total amount of liabilities to banks, which are secured by mortgages, the transfer of ownership of fixed assets, the assignment of receivables and liens on bank balances, is €57,983 thousand (previous year: €57,681 thousand).

Liabilities to affiliated companies result from deliveries and services in the amount of €4,163 thousand (previous year: €1,051 thousand). Furthermore, there are liabilities to the shareholder StWN from the profit transfer of €79,304 thousand (previous year: €63,613 thousand), trade payables

of €466 thousand (previous year: €1,075 thousand) and other liabilities of €171,500 thousand (previous year: €171,500 thousand).

Liabilities to companies in which an investment is held relate to the compensation payment of €30,631 thousand (previous year: €30,614 thousand). In the previous year, these still included trade accounts payable to the minority shareholder in the amount of €393 thousand. The item also includes trade accounts payable of €25,251 thousand (previous year: €13,287 thousand) and other liabilities of €6,652 thousand (previous year: €2,650 thousand).

# F Explanations for income statement

## F.1 Revenue

Sales break down by division as follows:

	2022 k€	2021 k€
Electricity	3,679,652	2,698,235
ÿ Electricity tax	109,776	108,622
Electricity (without electricity tax)	3,569,876	2,589,613
natural gas	1,116,548	643,708
ÿ Energy tax	38,384	41,336
Natural gas (without energy tax)	1,078,164	602,372
district heating	100,462	84,588
Water	75.112	67,378
Other	104,794	94,082
	4,928,408	3,438,033

The item includes significant revenue from other periods of €23,788 thousand (previous year: €15,226 thousand), which mainly results from the sale of CO2 certificates from 2021. Sales were generated almost exclusively domestically.

## F.2 Other Operating Income

The item includes income from other periods of €18,631 thousand (previous year: €33,456 thousand), which mainly includes income from the reversal of provisions.

## F.3 Cost of Materials

	2022 k€	2021 k€
Expenses for raw, auxiliary and operating materials and for purchased goods	4,025,847	2,618,832
Expenses for purchased services	391,338	387,947
	4,417,185	3,006,779

This item includes significant material expenses relating to other periods in the amount of €29,677 thousand (previous year: €11,021 thousand), which primarily result from expenses for electricity and gas purchases.

## F.4 Personnel Expenses

	2022 k€	2021 k€
Wages and salaries	166,437	162,508
Social security contributions and expenses for pensions and support thereof for pensions	54,518 (25,915)	55,227 (25,816)
	220,955	217,735

## F.5 Depreciation of intangible assets and property, plant and equipment

This item includes unscheduled depreciation of €3,241 thousand (previous year: €0 thousand).

## F.6 Other Operating Expenses

T€ 7,099 (previous year: T€ 2,175) are attributable to other operating expenses relating to other periods, which mainly result from additions to individual and general value adjustments.

## F.7 Financial Result

	2022 k€	2021 k€
Income from investments thereof from affiliated companies	246 (104)	6 (2)
Income from investments in associated companies	32,944	52,904
Write-ups on financial assets	3,500	21,000
<b>investment result</b>	<b>36,690</b>	<b>73,910</b>
Income from other securities and Loans of financial assets	659	655
Other interest and similar income thereof from affiliated companies	1,531 (57)	612 (51)
Depreciation on financial assets	0	ÿ200
Interest and similar expenses of which to affiliated companies of which from the compounding of long-term provisions in accordance with Section 277 (5) HGB	ÿ17,473 (ÿ2,573)  (ÿ6,181)	ÿ19,979 (ÿ2,838)  (ÿ8,524)
<b>interest result</b>	<b>ÿ15,283</b>	<b>ÿ18,912</b>
<b>financial result</b>	<b>21,407</b>	<b>54,998</b>

The write-ups on financial assets of €3,500 thousand (previous year: €21,000 thousand) relate to the revaluation of the shares in the Gemeinschaftskraftwerk Irsching GmbH, Vohburg, due to the current business development.

## F.8 Compensation payment pursuant to Section 304 AktG

According to the existing profit transfer agreement with StWN, a compensation payment is to be made to Thüga as an outside shareholder. The compensation payment contains a fixed and a variable component.

## F.9 Guaranteed Dividends for Not controlling interests

This item relates to the compensation payment from the existing profit and loss transfer agreement between N-ERGIE and N-ERGIE Immobilien GmbH, according to which a compensation payment is to be made to wbg Nürnberg GmbH Immobilienunternehmen, Nuremberg, as the outside shareholder. The compensation payment contains a fixed and a variable component.

# G Supplementary information

## G.1 Contingent Liabilities and Others financial responsibilities

The contingent liabilities break down as follows:

	2022 k€	2021 k€
Guarantees of	2,371	2,548
which to affiliated companies of which to associated companies	(31) (2,340)	(31) (2,517)
	2,371	2,548

The guarantees essentially exist to secure financing for associated companies and for the delivery of wind turbines. A claim is currently not to be expected due to the financial situation of the companies.

The unclaimed, outstanding contributions for N-ERGIE Regenerativ GmbH, Nuremberg, to the subscribed capital of PVG Gnötzheim II Verwaltungs GmbH amount to €13,000.

## Obligations from rental, leasing and lease agreements

		related to it	thereof towards associates
	k€	Company k€	Company k€
due 2023	8,790	410	0
due 2024 to 2027	26,536	1,943	0
due after 2027	34,726	520	0
	70,052	2,463	
Purchase commitments for investments in fixed assets	57,754	2.161	1,414
	127,806	4,624	1,414

The other financial obligations mainly result from rental, service and maintenance contracts.

In addition, there are obligations from energy and water procurement contracts to the extent customary in the industry.

## G.2 Auditor's Fees

Fees of €434 thousand for the services provided by the group auditor in the 2022 financial year are included in the expenses. Specifically, the auditing services accounted for €410,000 and other confirmation services for €24,000.

## G.3 Valuation Units

### Interest rate

**derivatives** In the year under review, an interest rate swap was concluded on July 1, 2022 to hedge the interest rate risk. The associated credit financing begins on March 31, 2023 and has a maximum term until December 31, 2032. The swap will form a valuation unit in the form of a micro-hedge with the loan to be taken out on a variable interest basis from March 31, 2023. The market value of this interest rate swap was calculated at €1,272 thousand as of December 31, 2022. The market value is determined on the basis of a mark-to-market valuation, taking into account the yield curve on the balance sheet date and discounting future cash flows.

### Commodity

**derivatives** N-ERGIE forms valuation units for purchasing and sales transactions and, if necessary, derivative financial instruments for district heating and biogas.

The pending purchase and sales transactions are included in portfolio valuation units at fair value and the following nominal values:

Nominal in MWh	2023	2024	2025	2026	2027
GuD Sandreuth	1,487,082	798,358	0	0	0
biogas	14,985	9,746	3,534	2,500	1,250

The amount of the risks that were hedged as part of the various valuation units corresponds to the fair values of the pending sales transactions per delivery year. The opposing changes in value of the underlying and hedging transactions are expected to balance out in full for the hedged risk (risk of market price changes) in the future. The changes in value of the underlying transactions in the electricity and gas portfolios are secured using the annual slices shown in the tables. The assessment of effectiveness is determined in cumulative form using the dollar offset method. Ineffectiveness is to be recognized if there is an excess of negative changes in market value over positive changes in market value. In this case, the amount of the net loss must be entered as an expense in a provision for valuation units. An unrealized net gain is not taken into account.

In 2022, a provision for impending losses had to be recognized due to ineffectiveness in the amount of €0 thousand (previous year: €191 thousand).

Isolated financial commodity derivatives or physical gas or electricity sales or procurement transactions result from valuation units from quantitative over- or under-hedging. A provision of EUR 1,268k (prior year: EUR 4,660k) was recognized as of the balance sheet date for derivatives and procurement contracts with a negative market value that are not part of a valuation unit. These valuation units are shown in the balance sheet using the freezing method.



ÖFA 3

N-ERGIE combines physical electricity and gas procurement and sales transactions using IDW RS ÖFA 3 in various portfolios. The following portfolios are formed:

- Electricity procurement and sales transactions per delivery year and customer segment
- Gas procurement and gas sales transactions per delivery year and customer segment.

In order to meet the requirements regarding the temporal and factual homogeneity of the IDW RS ÖFA 3, basic and hedging instruments with the same commodity risk and the same term were combined and managed. The open position is constantly monitored with regard to the quantity of the underlying transaction and the hedging instrument being the same.

The procurement and sales transactions contained in the portfolios also reflect planned quantities in some cases. These are part of N-ERGIE's economic planning, the occurrence of which is monitored and a high probability of the transactions occurring is assumed.

In order to evaluate the various portfolios for electricity and gas that meet the requirements of IDW RS ÖFA 3, a profit contribution calculation is prepared for all managed years, taking into account all directly attributable costs. The price-fixed order quantities from sales and the procurement transactions carried out for them as of the balance sheet date form the basis of the profit contribution calculation. In the profit contribution calculation, the open positions are valued for each portfolio and annual slice by netting the unrealized losses and gains and a provision for impending losses of €225 thousand (previous year: €4,849 thousand) is recorded.

# G.4 Affiliates and Affiliates

List of shareholdings as of December 31, 2022  
(according to Section 313 (2) HGB)

Company name and registered office	Shareholding %
A) Affiliated companies included in the consolidated financial statements	
AquaOpta Limited Liability Company, Nuremberg	100.00
N-ERGIE Efficiency GmbH, Nuremberg	100.00
N-ERGIE IT GmbH, Nuremberg	100.00
N-ERGIE Kraftwerke GmbH, Nuremberg	100.00
N-ERGIE Customer Service GmbH, Nuremberg	100.00
N-ERGIE Netz GmbH, Nuremberg	100.00
N-ERGIE Regenerativ GmbH, Nuremberg	100.00
N-ERGIE Solarstrom GmbH & Co. KG, Nuremberg	100.00
N-ERGIE Sun and Wind GmbH & Co. KG, Martinsheim	100.00
Überlandwerk Schäftersheim GmbH & Co. KG, Weikersheim	100.00
N-ERGIE Immobilien GmbH, Nuremberg	74.90
Photovoltaic power plant Weißenbronn GmbH & Co.KG, Heilsbronn	67.10
Photovoltaic power plant Bonnhof GmbH & Co. KG, Heilsbronn	62.40

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Company name and registered office	Shareholding %
B) The following affiliated companies were included in accordance with Section 296 (2) HGB waived, as they are of minor importance for the assessment of the net assets, financial position and results of operations of the Group, both individually and as a whole.	
Ernst and Ludwig Langguth GmbH construction company, Eckental	100.00
N-ERGIE Biomasse GmbH, Nuremberg	100.00
N-ERGIE Solarstrom Verwaltungs-GmbH, Nuremberg	100.00
N-ERGIE sun and wind administration GmbH, Martinsheim	100.00
Photovoltaic power plant Bonnhof Verwaltungs-GmbH, Heilsbronn	100.00
Photovoltaic power plant, Leutershausen Verwaltungs-GmbH, Nuremberg	100.00
Photovoltaic power plant Schweinfurt Verwaltungs-GmbH, Nuremberg	100.00
Photovoltaic power plant Seitendorf Verwaltungs-GmbH, Heilsbronn	100.00
PVG Gnötzheim II Verwaltungs GmbH, Martinsheim	100.00
Überlandwerk Schäfersheim Verwaltungs GmbH, Weikersheim	100.00
Sandarak Immobilienverwaltungsgesellschaft mbH & Co. Autovermietung KG, Mainz	100.00
Wind park Schauenstein-Selbitz Verwaltungs-GmbH, Nuremberg	100.00
Wind farm Stadelhofen-Titting Verwaltungs GmbH, Nuremberg	100.00
SYNECO Verwaltungs GmbH i. L., Munich	74.90
Nahwärme Neuendettelsau GmbH, Neuendettelsau	70.00
solid GmbH, Fuerth	50.70

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Company name and registered office	Shareholding %
C) Associated companies included using the equity method	
Photovoltaic power plant in Leutershausen GmbH & Co. KG, Leutershausen	68.90
BELUK GmbH, Schongau (formerly BELUK GmbH operating facilities for lighting and power plants, Schongau)	50.00
Gas Burgbernheim GmbH, Burgbernheim	50.00
Natural gas Uffenheim GmbH & Co. KG, Uffenheim	50.00
Natural gas Uffenheim Verwaltungs GmbH, Uffenheim	50.00
GOLLIPP Bioerdgas GmbH & Co. KG, Gollhofen	50.00
GOLLIPP Bioerdgas Verwaltungs GmbH, Gollhofen	50.00
GVL Gas Supply Lauf ad Pegnitz GmbH, Lauf ad Pegnitz	50.00
N-ERGIE & MÜNCH Energy Solutions GmbH & Co. KG, Nuremberg	50.00
Service4EVU GmbH, Coburg	50.00
Wind Energy Burgsalach GmbH, Burgsalach	50.00
Wind energy FLEMMMA / N-ERGIE Verwaltungs GmbH, Nuremberg	50.00
Photovoltaic power plant Schweinfurt GmbH & Co. KG, Nuremberg	49.90
Citizen power plants Schwabach GmbH, Schwabach	49.00
Citizen power plants Stein GmbH, Stein	49.00
Stadtwerke Neustadt ad Aisch GmbH, Neustadt ad Aisch	49.00
Stadtwerke Röthenbach ad Pegnitz GmbH, Röthenbach ad Pegnitz	49.00
Stadtwerke Stein GmbH & Co. KG, Stein	49.00

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Company name and registered office	Shareholding %
Municipal utilities Wendelstein Bürgerkraftwerk GmbH, Wendelstein	45.00
reev GmbH, Munich	45.00
Stadtwerke Altdorf GmbH, Altdorf	40.00
Windpark Schauenstein GmbH & Co. KG, Nuremberg	39.183
EFR GmbH, Munich	35.00
FLEMMMA W.1 Energie GmbH & Co.KG, Neumarkt id OPf.	33.68
WEO GmbH & Co. KG, Berlin	33.33
Water Supply Association in the Franconian Economic Area, Nuremberg	33.33
Wind farm Stadelhofen-Titting GmbH & Co. KG, Nuremberg	30.49
Nahwärme Schnelldorf GmbH, Schnelldorf	30.00
Bürgersolar Ermetzhofen GmbH & Co. KG, Ergersheim	25.70
Joint power plant Irsching GmbH, Vohburg	25.20
Citizen wind park Denkdorf GmbH & Co. KG, Denkdorf	25:10
Municipal utilities Wendelstein Gasversorgung GmbH, Wendelstein	25:10
Ökostrom Franken GmbH & Co. KG, Fürth	25:10
Stadtwerke Schwabach GmbH, Schwabach	25:10
Thüga Holding GmbH & Co. KGaA, Munich	20.53



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Continuation of G.4 Associated companies and corporate affiliations^

Company name and registered office	Shareholding %		
D) The following associated companies were included in accordance with Section 311 (2) of the German Commercial Code (HGB) is dispensed with, as both individually and collectively they are of minor importance for the assessment of the Group's net assets, financial position and results of operations.			
N-ERGIE & MÜNCH Energy Solutions Administration GmbH, Nuremberg	50.00		
Green electricity Franken Verwaltungs-GmbH, Fürth	50.00		
Business Park Nuremberg-Feucht Supply and Sewage Disposal Limited Liability Company, Moist	40.00		
Company name and registered office	Shareholding %	Equity capital k€	Annual result 2021 k€
E) Other investments			
SYNECO GmbH & Co. KG i. L., Munich	13.93	2,291	-107 1
8KU GmbH, Berlin	12.50	285	12
Bürgerwindrad Alfeld GmbH & Co. KG, Alfeld	5.77	1,288	ÿ3
M-net telecommunications GmbH, Munich	4.58	69,495	5,966
Energy project agency Nürnberger Land GmbH, Lauf ad Pegnitz	3.23	69	-11 2

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G.5 Staff levels

During the reporting year, the annual average was as follows  
Number of employees employed:

	2022	2021
employees	2.267	2,310
thereof full-time	1,744	1,764
thereof part-time	523	546

G.6 Supplementary report

After the end of the fiscal year, no risks or events of particular importance were identified that would jeopardize the company's continued existence or materially impair the asset, financial and earnings situation.

G.7 Bodies and expenses for bodies  
of society

supervisory board	
Marcus King	Lord Mayor of Nuremberg, chairman of the supervisory board
Ludwig Kranzlein	exempted member of the works council of N-ERGIE Aktiengesellschaft, was elected Deputy Chairman of the Supervisory Board with effect from February 1, 2023
Karlheinz scratches	Commercial employee at N-ERGIE Aktiengesellschaft, Deputy Chairman of the Supervisory Board, until December 31, 2022
Gabrielle Aplen	Head of the corporate law department and committees at Thüga Aktiengesellschaft
Claudia Arabackj	City councilor and advertising clerk in the department Marketing, public relations and events at NürnbergBad
Dieter Goldman	City Councilor and Head of Internal Communications at Siemens AG
dr Klemens Gsell	City councilor and presiding judge at the Finance Court
Tanya Haas	exempted member of the works council of N-ERGIE public company
Michael Kittelberger	Head of Controlling, Finance and Accounting of Thüga Aktiengesellschaft
Rainer Kleedorfer	Head of Corporate Development/ Holdings of N-ERGIE Aktiengesellschaft
Catherine King	Property Manager of N-ERGIE Immobilien GmbH
Andreas Krieglstein	City councilor and head of corporate development at VR Bank Metropolregion Nürnberg eG
Stefan Neubauer	Technical employee at N-ERGIE Netz GmbH
Michael Riechel	Chairman of the Board of Thüga Public limited company, further deputy chairman of the supervisory board
Frank Rosenberger	Pensioner
Wolfgang Scharnagl	Chairman of the Works Council of N-ERGIE Aktiengesellschaft

supervisory board	
Agnes Schreieder	Trade union secretary ver.di Middle Franconia
dr Christopher Ulmer	Head of the Innovation Competence Center at Thüga Aktiengesellschaft
Markus Volkl	Released member of the works council of N-ERGIE Aktiengesellschaft, from January 1, 2023
Britta Walthelm	professional city councilor and advisor for environment and health of the city of Nuremberg
Rita Wittman	District manager ver.di Middle Franconia
board of directors	
Joseph Hasler	until September 21, 2022 Chief Executive Officer Responsibilities: Corporate Communications, Corporate Development, Legal, Finance and Accounting, Purchasing, Controlling; Chairman of the Board of Management of the Municipal Works Nuremberg Limited Liability Company, Nuremberg; Chairman of the Board of Management of VAG Verkehrs-Aktiengesellschaft, Nuremberg
Mike Render	Spokesman of the Board of Management, from September 21, 2022 Member of the Board of Management and Board Member for Market and Sales, until September 21, 2022 department: N-ERGIE Sales and from September 21, 2022 Group Communications, Corporate Development, Finance and Accounting, Controlling
Magdalena Weigel	Member of the Executive Board and Director of Labor Responsibilities: Occupational medicine, occupational safety/environmental protection, pension subsidy fund, human resources, water and, from September 21, 2022, law, purchasing Spokeswoman for the management and Labor Director of the Municipal Works Nuremberg Limited Liability Company, Nuremberg; Member of the Board of Management and Labor Director of VAG Verkehrs- Aktiengesellschaft, Nuremberg

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The members of the Supervisory Board received remuneration of €139 thousand.

The total remuneration of the members of the Executive Board was €1,124 thousand.

The remuneration of the Management Board consists of a fixed amount of €160k

for Mr. Josef Hasler, a variable amount of €180k and benefits in kind of €6k, a

fixed amount of €296k for Mr. Maik Render, a variable amount of €171k

and benefits in kind of €0k and a fixed amount for Ms €138k, variable €171k and

benefits in kind €2k. In addition, there are pension commitments of €1,854

thousand, which are reported under pension provisions.

Former members of the Management Board and their surviving dependents received

a total of €749 thousand. €12,775 thousand has been set aside for pension

obligations to former members of the Management Board and their surviving

dependents.

Nuremberg, March 8, 2023

N-ERGIE public limited company

The board

Mike Render

Magdalena Weigel

Development of the group fixed assets of N-ERGIE Aktiengesellschaft, Nuremberg

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	Acquisition and production costs						write-ups/write-downs						book values		
asset group	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€
I. Intangible assets															
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	83,570	0	2,000	1,076	921	85,415	77,233	0	3,070	1,076	0	0	79,227	6.188	6,337
2. Purchasing and delivery rights	26,542	0	0	0	0	26,542	26,541	0	1	0	0	0	26,542	0	1
3. Goodwill	1,326	0	0	0	0	1,326	202	0	111	0	0	0	313	1,013	1.124
4. Advance payments made	4.128	0	2.165	1,361	ȳ781	4.151	0	0	0	0	0	0	0	4.151	4.128
Intangible assets	115,566	0	4.165	2,437	140	117,434	103,976	0	3.182	1,076	0	0	106,082	11,352	11,590
II. Tangible assets															
1. Land and land rights with commercial, operational and other buildings	387,776	0	2,912	1,478	204	389,414	217,594	0	6,469	1.207	0	0	222,856	166,558	170.182
2. Land and land rights with residential buildings	2,943	0	0	0	0	2,943	1,946	0	33	0	0	0	1,979	964	997
3. Land and land rights without buildings	19,816	0	0	7	0	19,809	2,794	0	52	0	0	0	2,846	16,963	17,022
4. buildings on third-party land, that do not belong to the digits 1 or 2	9.107	0	42	9	0	9,140	6,571	0	130	6	0	0	6,695	2,445	2,536
	419,642	0	2,954	1,494	204	421,306	228,905	0	6,684	1,213	0	0	234,376	186,930	190,737
5. Production, extraction and procurement facilities 6. Distribution facilities 7. Technical facilities	508,523	0	21,003	30,612	34,839	533,753	330,200	0	20,391	30,398	0	0	320,193	213,560	178,323
and machines 8. Other facilities, operating and office equipment 9. Advance payments made and facilities under construction	3,670,734	0	88,234	16.151	17,035	3,759,852	2,746,185	0	59,943	16,033	0	0	2,790,095	969,757	924,549
	15,305	0	609	75	428	16,267	10,717	0	916	17	0	0	11,616	4,651	4,588
	106,348	0	6,689	8.007	1,009	106,039	85,775	0	6,294	7,928	0	0	84.141	21,898	20,573
	69,787	0	41,331	493	ȳ53,655	56,970	0	0	0	0	0	0	0	56,970	69,787
Property, plant and equipment	4,790,339	0	160,820	56,832	ȳ140	4,894,187	3,401,782	0	94,228	55,589	0	0	3,440,421	1,453,766	1,388,557
III. financial investments															
1. Shares in affiliated companies	3.316	25	0	0	0	3.341	229	0	0	0	0	0	229	3.112	3,087
2. Loans to affiliated companies 3. Investments in associated companies 4. Investments 5. Loans to companies with	375	0	0	125	0	250	0	0	0	0	0	0	0	250	375
	590,623	0	1,625	3,891	0	588,357	99,341	0	0	509	24,717	3,500	120,049	468,308	491,282
	10,251	0	0	0	0	10,251	8,699	0	0	0	0	0	8,699	1,552	1,552
who have a shareholding relationship	6,728	0	450	260	0	6,918	6,530	0	0	200	0	0	6,330	588	198
6. Long-term securities 7. Other loans Financial	38,540	0	0	0	0	38,540	0	0	0	0	0	0	0	38,540	38,540
assets	1,303	0	0	136	0	1.167	246	0	0	0	0	18	228	939	1,057
	651,136	25	2,075	4,412	0	648,824	115,045	0	0	709	24,717	3,518	135,535	513,289	536,091
total fixed assets	5,557,041	25	167,060	63,681	0	5,660,445	3,620,803	0	97,410	57,374	24,717	3,518	3,682,038	1,978,407	1,936,238



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# Consolidated cash flow statement of N-ERGIE Aktiengesellschaft, Nuremberg

	2022 k€	2021 k€
Result for the period (consolidated net profit/loss including minority interests)	161,196	146,717
Depreciation/write-ups on fixed assets	93,892	70,720
Increase/decrease in provisions	40,091	14,945
Other non-cash expenses and income	ÿ18,580	ÿ19,991
Increases/decreases in inventories, trade accounts receivable and other assets not allocated to investing or financing activities	ÿ161,551	ÿ177,416
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	67,475	112,625
Gain/loss on disposal of fixed assets	ÿ1,298	ÿ544
Interest expenses/interest income Other	15,283	18,712
investment income/loss absorption (incl. profit transfer)	ÿ33,190	ÿ52,911
Income tax expense/income	9,532	6,707
Income Tax Payments	ÿ7,303	ÿ7,472
Cash flow from operating activities	165,547	112,092
Proceeds from disposals of intangible assets	0	0
Payments for investments in intangible assets	ÿ4,165	ÿ6,194
Proceeds from disposals of property, plant and equipment	3,590	892
Payments for investments in property, plant and equipment	ÿ162,668	ÿ170,551
Proceeds from disposals of financial assets	4.015	4,339
Payments for investments in financial assets	ÿ2,075	ÿ1,491
Payments due to financial investments as part of short-term financial management	1,910	2,422
Payments due to financial investments within the scope of short-term financial management	ÿ3,963	ÿ1,800
Interest Received	886	595
Dividends Received	57,907	58,125
Cash flow from investing activities	ÿ104,563	ÿ113,663
Proceeds from the issuance of citizen loans	38	1,560
Proceeds from issuing bonds and taking out (financial) loans	127,195	163,793
Payments from the repayment of citizen loans and other loans	ÿ57	0
Payments from the repayment of bonds and (financial) loans	ÿ55,855	ÿ62,189
Proceeds from received grants/grants	30,526	24,295
Interest Paid	ÿ9,018	ÿ9,773
Dividends paid to shareholders of the parent company	ÿ63,613	ÿ72,349
Dividends paid to other shareholders	ÿ30,840	ÿ31,900
Cash flow from financing activities	ÿ1,624	13,437
Cash-effective change in cash and cash equivalents	59,360	11,866
Cash funds at the beginning of the period	23,497	11,631
Cash funds at the end of the period	82,857	23,497

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Consolidated statement of changes in equity as of December 31, 2022 of N-ERGIE Aktiengesellschaft, Nuremberg

	equity of the parent company					Non-Controlling Interests				
	equity	reserves	Other	Other	Other	equity	reserves	Other	Other	Other
	k€	k€	k€	k€	k€	k€	k€	k€	k€	k€
As of 12/31/2020	156,400	119,886	285,176	0	561,462	1,405	89	1,494	562,956	
settings in the										
Group retained earnings	0	0	52,264	0	52,264	0	0	0	52,264	
Distributions Other	0	0	0	0	0	0	ÿ89	ÿ89	ÿ89	
changes	0	0	0	ÿ52,264	ÿ52,264	0	0	0	ÿ52,264	
Consolidated net income/loss	0	0	0	52,264	52,264	0	46	46	52,310	
As of 12/31/2021	156,400	119,886	337,440	0	613,726	1,405	46	1,451	615,177	
Settings in reserves	0	0	50,882	0	50,882	0	0	0	50,882	
Distributions Other	0	0	0	0	0	0	ÿ46	ÿ46	ÿ46	
changes	0	0	ÿ47	ÿ50,882	ÿ50,929	0	0	0	ÿ50,929	
Consolidated net income/loss	0	0	0	50,882	50,882	0	185	185	51,067	
As of 12/31/2022	156,400	119,886	388,275	0	664,561	1,405	185	1,590	666,151	

# Independent Auditor's Report

To N-ERGIE Aktiengesellschaft, Nuremberg

## audit opinions

We have prepared the consolidated financial statements of N-ERGIE Aktiengesellschaft, Nuremberg, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of December 31, 2022, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2022 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of N-ERGIE Aktiengesellschaft, Nuremberg, for the financial year from January 1 to December 31, 2022.

In our judgment based on the obtained in the exam findings

- Do the attached consolidated financial statements comply with German commercial law in all material respects and, in compliance with German generally accepted accounting principles, provide a true and fair view of the Group's net assets and financial position as of December 31, 2022 and its earnings position for the financial year from December 1, 2022 to January to December 31, 2022 and

- the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the group management report.

## Basis for the test results

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is described in more detail in the “Auditor's responsibility for the audit of the consolidated financial statements and group management report” section of our auditor's report. We are independent of the group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the consolidated financial statements, in compliance with German generally accepted accounting principles, give a true and fair view of the assets, financial and and results of operations of the group. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of consolidated financial statements that are free from material misstatements due to fraudulent activities (ie manipulation of the accounts laying and damage to assets) or errors.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern.

In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the executive directors are responsible for preparing the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and appropriately reflects the opportunities and risks of future development represents. Furthermore, the legal representatives are responsible for the precautions and measures

(Systems) that you have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal requirements and to be able to provide sufficient suitable evidence for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

# Auditor's responsibility for the audit of the consolidated financial statements and the group management report

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

Adequate security is a high level of security, but it is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper annual auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements can result from fraudulent actions or errors and are considered to be material if, individually or collectively, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Over and beyond

- we identify and assess the risks of material errors  
Presentations in the consolidated financial statements and in the group management report due to fraud or error, plan and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate

net to provide a basis for our audit opinions.  
The risk that material misstatements resulting from fraud will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, since fraud involves collusion, forgery, intentional omissions, misleading representations or the override of internal controls.

- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion deliver the effectiveness of these systems.
- we assess the adequacy of the legal Accounting methods used by the legal representatives and the reasonableness of the estimated values and related information presented by the legal representatives.
- Conclude on the appropriateness of management's 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 cast significant doubt on the Group's ability to continue as a going concern of corporate activity. If we come to the conclusion that there is a material uncertainty, we are obliged to draw attention to the relevant information in the consolidated financial statements and in the group management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with German legally required accounting principles, give a true and fair view of the assets, Group's financial and earnings situation.

- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions.

- we assess the consistency of the group management report with the Consolidated financial statements, their compliance with the law and the picture they convey of the Group's position.

- we perform audit procedures on the future-oriented information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Nuremberg, March 8, 2023

Deloitte Ltd  
accounting firm

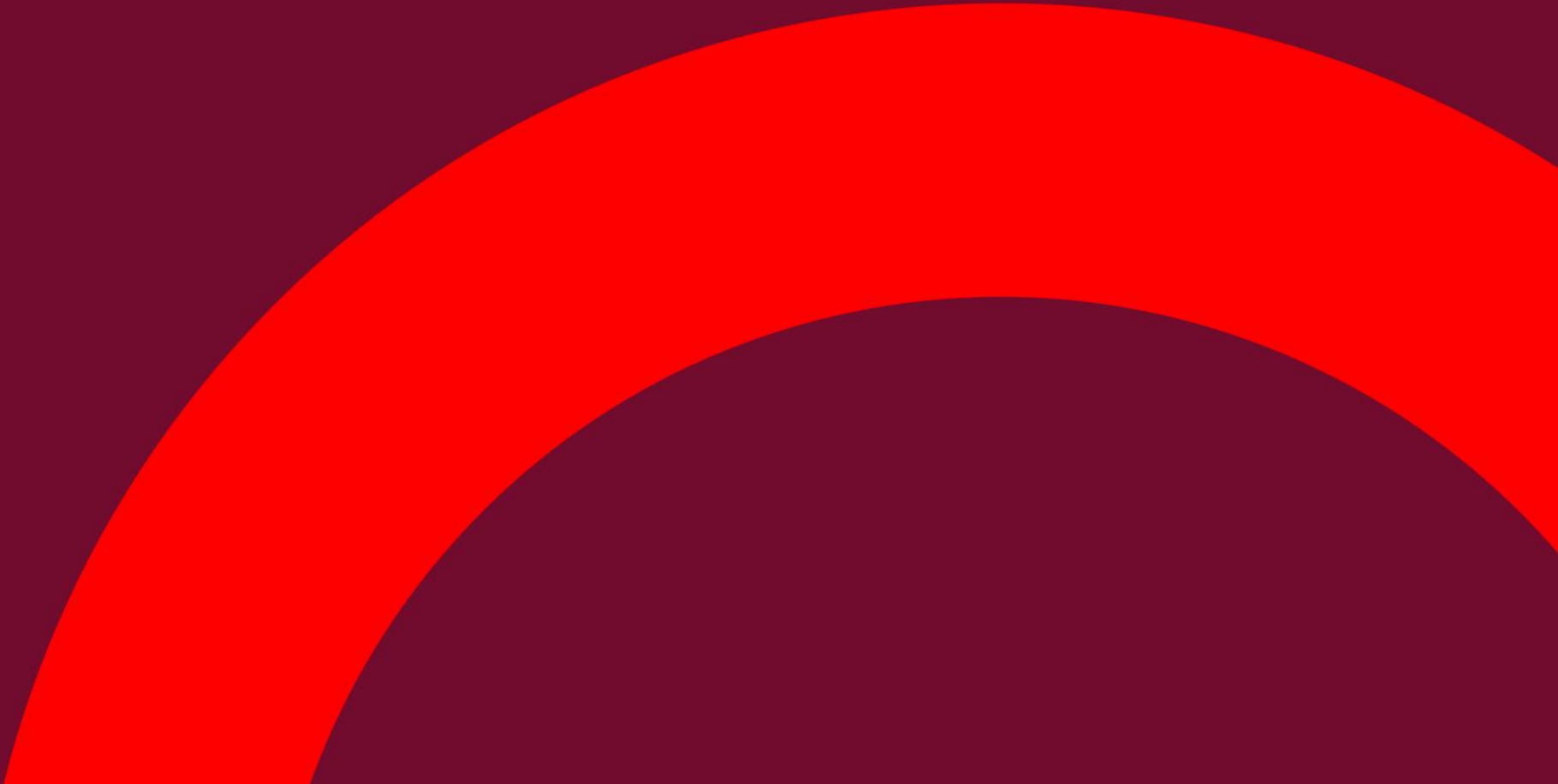
*Brüggemann Markus Putz*

dr Benedikt Brüggemann  
Certified Public Accountant

Markus Putz  
Auditors



# report of supervisory board



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# Supervisory Board Report

## Activities of the Supervisory Board

The Supervisory Board monitored and closely accompanied the measures taken by the Management Board during the 2022 financial year in accordance with the tasks assigned to it by law and the Articles of Association. Four ordinary and one extraordinary Supervisory Board meeting were held last year.

The Supervisory Board was involved in all decisions of fundamental importance for the company and its associated companies. In addition, it was continuously informed about strategic and operational development issues by means of regular written reports and draft resolutions as well as verbal reports from the Management Board. In the Supervisory Board and committee meetings, all business transactions and decisions that require the approval of the Supervisory Board by law and the Articles of Association were discussed to the desired extent. Among other things, the Supervisory Board approved the resignation of Josef Hasler as a member of the Management Board and Chairman of the Management Board effective September 20, 2022. In addition, the change in the rules of procedure for the Management Board of N-ERGIE Aktiengesellschaft was approved at the meeting on September 30, 2022, according to which there will no longer be a Chairman of the Management Board in the future, but rather a Spokesman of the Management Board.

The company's strategy continued to be a key topic, which was discussed in particular at the extraordinary Supervisory Board meeting.

The Supervisory Board approved the transactions requiring its approval.

Outside of the meetings, too, the Executive Board kept the Chairman of the Supervisory Board and his deputy informed about important business matters and decisions and consulted with them.

## Composition of the Supervisory Board

Karlheinz scratch left the board on December 31, 2022. The Supervisory Board would like to thank Karlheinz Kratz for the constructive and trusting cooperation. He is succeeded by Markus Völkl as an elected substitute member with effect from January 1, 2023.

## meetings of the committees

The Accounting and Finance Committee met twice in the past financial year and, in particular, discussed financial and business issues related to the company in an advisory capacity.

The Personnel and Presiding Committee met twice and dealt with Executive Board matters.

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The annual and consolidated financial statements prepared by the Management Board as of December 31, 2022, as well as the management and group management report, were audited by Deloitte GmbH, Wirtschaftsprüfungsgesellschaft, Nuremberg, which was selected for the audit. The order to carry out the audits was issued by the Chairman of the Supervisory Board. The audit reports were given to all members of the Supervisory Board in good time. The Management Board also explained the documents verbally during the Supervisory Board's consultation on the annual and consolidated financial statements. The auditors reported at this meeting and raised no objections and issued an unqualified audit opinion on the annual and consolidated financial statements.

For its part, the Supervisory Board thoroughly examined the annual and consolidated financial statements as of December 31, 2022, including the management report and Group management report, and based on the final result of these examinations, has no objections to raise. As recommended by the Accounting and Finance Committee, the Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board; the annual financial statements are thus approved in accordance with Section 172 of the German Stock Corporation Act.

Thanks to the Board of Directors, Works Council and company employees

The Supervisory Board would like to thank the Management Board, the Works Council and all employees for their commitment and the work they have done in the past financial year and expresses its appreciation for this.

Nuremberg, March 30, 2023



The board of directors  
Marcus King  
chairman

# Multi-year overview

N-ERGIE Group		2022	2021	2020	2019	2018
Subscribed capital	k€	156,400	156,400	156,400	156,400	156,400
Fixed assets (book value)	k€	1,978,407	1,936,238	1,840,330	1,779,619	1,735,866
current assets	k€	908.126	696,380	514,544	478,990	519,047
Investments (intangible assets and property, plant and equipment)	k€	164,985	175,876	165.105	146,403	154,652
revenues	T€	4,928,408	3,438,033	3,110,882	2,963,621	2,840,968
personnel expenses	k€	220,955	217,735	221,280	227,421	221,675
Dissipated profit	k€	79,304	63,613	72,349	69,684	73,597
compensation payment	k€	30,631	30,614	31,616	32,084	33,882
Consolidated net income	k€	51,067	52,310	3,736	5,447	15.206
Employees (average)	Number	2,396	2,461	2,512	2,580	2,648

power supply						
Revenue (excluding electricity tax)		T€ 3,569,876	2,589,613	2,444,749	2,290,698	2,175,166
delivery to customers	million kWh	17,984	17,329	15,948	16,621	15,976
distribution network	km	28,517	28,290	28,092	27,929	27,708

natural gas supply						
Revenue (excluding energy tax)	k€	1,078,164	602,372	425,194	440,283	435,271
delivery to customers	million kWh	15,325	16,940	13,092	13,767	13,166
distribution network	km	4,535	4,516	4,489	4,461	4,427

district heating supply						
revenues	k€	100,462	84,588	81,060	77,431	77,405
delivery to customers	million kWh	1,045	1,213	1.102	1.110	1,058
distribution network	km	350	349	346	344	342

water supply						
revenues	k€	75.112	67,378	69,807	69,024	71,718
delivery to customers	million m3	32	31	32	33	34
distribution network	km	2,262	2,262	2.261	2,361	2,365



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