



FINANCIAL REPORT

2021

What could a climate-neutral Germany look like?

We are addressing this question more intensively than ever before. As a transmission system operator, we ensure that 29 million people and thousands of companies located in our grid area enjoy a secure power supply at all times – today and in the future. After all, this is our statutory duty, our legal mandate – for which we give our best day in, day out. By expanding and upgrading our grid, we're helping to keep the lights from going out – and the idea of a climate-neutral energy supply in Germany to take shape.

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THE AMPRION GRID

- Power lines
- Substations
- National borders

At a glance

Amprion can look back on a challenging financial year 2021. Revenues from our power grid business increased by 825.3 million euros (2020) to 4,035.4 million euros. At 183.6 million euros, net income generated fell compared with the previous year. To help shape the transformation of the energy environment, we will be investing around 12 billion euros over the next five years in upgrading and expanding our grid.

1,223 MILLION EUROS

- the amount invested by Amprion in modernising and expanding its grid.

8,467 MILLION EUROS

- the amount of revenue attributable to the Renewable Energy Sources Act equalisation mechanism, which had no effect on net income.

12,100 MILLION EUROS

- the amount Amprion plans to invest in expanding and upgrading its grid between now and 2026.*

4,035 MILLION EUROS

- the revenues from our grid business.

184 MILLION EUROS

- Amprion's net income.

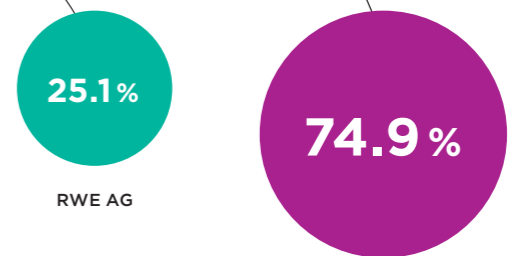
5,148 MILLION EUROS

- Amprion's Regulated Asset Base (RAB) in 2021.*

*including Amprion Offshore GmbH

SHAREHOLDER STRUCTURE

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



25.1%

RWE AG

74.9%

M31 BETEILIGUNGSGESELLSCHAFT MBH & CO. ENERGIE KG

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DR HANS-JÜRGEN BRICK

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

PETER RÜTH

Chief Financial Officer (CFO)

DR HENDRIK NEUMANN

Chief Technical Officer (CTO)

DEAR READERS,

We can look back on a demanding financial year. Revenues from the grid business increased by € 825.3 million to € 4,035.4 million. Conversely, revenues from the income-neutral EEG redistribution mechanism fell to € 8,466.9 million. In total, our sales in 2021 amounted to 12,502.2 million euros, which is 19.4 percent below the previous year's level. Overall, we recorded expected decrease in net profit by 15.2 percent to 183.6 million euros.

The coronavirus pandemic continued to prove particularly challenging in 2021. As the operator of a critical infrastructure, our primary objective was to protect the health of our employees and to reliably maintain system and business operations. We succeeded in doing this. We successfully kept our processes running and offered our staff vaccinations at an early stage.

On its way to achieving a climate-neutral energy system, Germany has initiated the phase-out of coal-fired power generation. The shut-down of lignite- and hard-coal-fired power plants as well as the continued expansion of renewable energies are ramping up the pressure to restructure our energy system. We have therefore significantly extended our investment measures, focusing on expanding the north-south axes of the transmission grid. Important progress was achieved over the past year. The planning approval procedures for the entire power line route got underway in the A North project, the northern part of DC corridor A from Lower Saxony to Baden-Württemberg. We presented an additional major energy transition project to the public for the first time: corridor B is intended first and foremost to transport wind power from the coastal region to the centres of consumption in the Ruhr area.

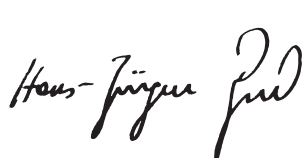
In order to get more wind power ashore, we are also linking additional offshore wind farms in the North Sea to our transmission grid. Our LanWin1 and LanWin3 projects got off to a successful start. They will each enable us to transmit an output of 2,000 megawatts for the first time – sufficient to meet the electricity needs of around four million people. Amprion is also installing and planning innovative technologies in various locations throughout the grid in order to keep the system voltage stable at all times.

A climate-neutral energy system is achievable, although the task is a complex one. We are tackling it in numerous projects and initiatives. We are supporting the harnessing of additional offshore wind potentials and are driving the “Eurobar” initiative forward. Its objective is to standardise offshore connection systems so that they can be optimally interconnected in the future. Also, new technical topics are making their way onto the agenda. We are looking at the form that a climate-neutral Germany might take in the “Systemvision 2050” project together with partners from the realms of business and politics. This is focusing on an entire range of factors such as onshore and offshore power generation developments, demand for green hydrogen and electromobility.

At Amprion, we want to play an active role in structuring the transformation of the world of energy and intend to invest around €12 billion in upgrading and expanding our grid over the coming five years – more than ever before. To implement this ambitious programme, we issued a corporate bond on the international capital market for the first time last year. With a nominal volume of €800 million, this benchmark bond was oversubscribed roughly three-times and marks the start of regular issues in the future. This is how we are strengthening the financing structure of our grid business.

Our continuingly good financial basis is also confirmed by the ratings from the independent agencies Moody's Investors Service and Fitch Ratings. They lie in the sound investment grade range. We are not only meeting our growing responsibility for restructuring the energy system with our financial instruments, however. A team that is fully committed to helping make Germany climate-neutral is equally important. Our workforce, which grew to 2,180 employees in 2021, is contributing extensively to the success of the energy transition in Germany. We would like to express our heartfelt thanks for our team's commitment in this challenging environment.

In the 2022 financial year, we will once again be making every effort to reach the best solutions for a new world of energy in dialogue with our stakeholders. We can look to the future with confidence thanks to the support of our shareholders and our employees.

**DR HANS-JÜRGEN BRICK**

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

**PETER RÜTH**

Chief Financial Officer (CFO)

**DR HENDRIK NEUMANN**

Chief Technical Officer (CTO)

SUSTAINABILITY COUNTS

Following Amprion's successful debut on the international capital market, CFO Peter R uth is planning the issue of further bonds. He believes Amprion is well-positioned for this.



Interview: **VOLKER G TTSCHE**

Photos: **JULIA SELLMANN**

What was the highlight of your year as Chief Financial Officer?

PETER RÜTH: Without a doubt, it was our debut on the international capital market. We issued a benchmark bond with a nominal volume of 800 million euros. That was a big step for us, because so far we've only been familiar to domestic investors with more classic funding vehicles. These include promissory notes and registered bonds, supplemented with syndicated loans and long-term loans. However, this mix of instruments has not proved sufficient to implement our investment programme over the coming years. We are putting ourselves on a broader footing for such dimensions and have accordingly initiated a bond programme, a so-called debt issuance programme.

Why is it important for Amprion to be represented on the international capital market?

As with the funding vehicles, we are also aiming to achieve a broader basis here. We are extending our investor base in order to strengthen our financing structure in view of the tasks ahead of us. In the coming five years, onshore and offshore grid expansion including the connection of offshore wind farms to the power grid will necessitate investments of around twelve billion euros. We will continue to invest substantially even after this period of time.

To what extent will these investments contribute to the energy transition?

The aforementioned level of funding needed for grid expansion is essential for a sustainable energy system. It should be climate-neutral, safe and efficient at the same time. Germany and Europe are focusing on an increased amount of wind and solar power. It has to be transported in large quantities to wherever it is needed. In this regard, our lines are making a significant contribution to ensuring that the energy transition succeeds, which is in keeping with our legal mandate as a transmission system operator: we are not only responsible for "long-distance transport" within the power grid, but are also expanding our grid in line with demand. Henceforth, we will be using the international capital market to finance the forthcoming volumes.

Are you planning further bond issues in the future?

We certainly are. This is not only indicated by the extensive interest in our first issue, but also by the increasing investment volume, of course. The past bond marked the starting point to becoming a frequent issuer on the capital market. We are aiming for at least one benchmark bond per year. This is why we implemented our debt issuance programme with a volume of six billion euros last year.

What makes you optimistic that future bonds from Amprion will be accepted so well?

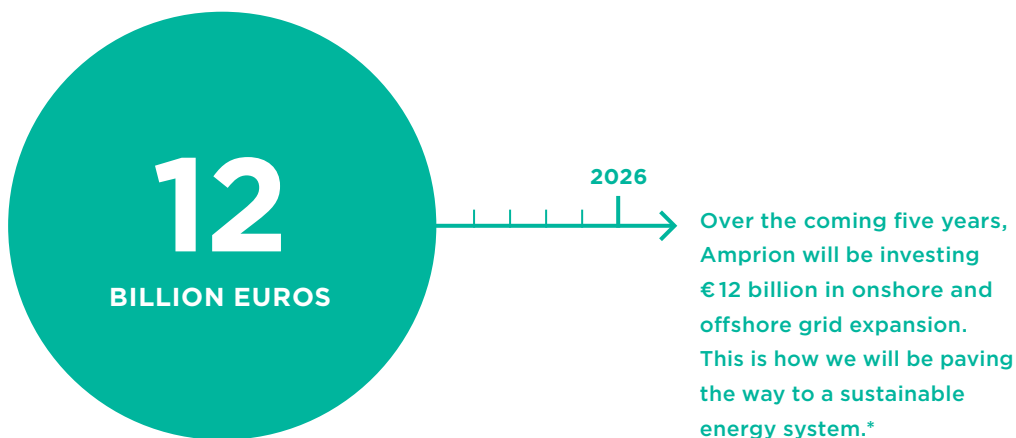
We have a robust, sustainable and stable business model that is independent of economic trends. All of the grid expansion projects that we intend to finance on the capital market have been legally confirmed. We know how to plan and implement projects successfully, as it is demonstrated by our grid expansion successes. And we are seeing a high demand for sustainable investment options. This is why we are currently working on a framework to issue green bonds in the future so that we can also target investors from this sector.

How much effort does issuing bonds involve?

The initial effort was high, as anticipated: we prepared the documentation for the stock exchange for the first time, planned and conducted roadshows and also established new processes within the company, including setting up a capital market committee, for instance. In order to bundle everything sensibly, we established a separate investor relations department. Meanwhile, the processes have become established and are running smoothly, as expected.

What did you personally take away from the meetings with the investors?

All of the discussions showed just how important sustainability is to investors. As the Management Board, we are gearing Amprion up for this. It corresponds to our social responsibility. These interests find each other on the capital market. And we want to take full advantage of this opportunity.



*Planning as at December 2021

“We have a robust, sustainable and stable business model that is independent of economic trends. All of the grid expansion projects that we intend to finance on the capital market have been legally confirmed.”



Let's dare to take a look ahead: what would you like to see in the coming financial year?

I believe that I am speaking for a lot of people when I say I would like to see the coronavirus pandemic come to an end. This is also linked to a desire for more personal encounters with investors and business partners. I would additionally like us to remain successful in implementing our grid expansion projects, but I would also like politicians to set the appropriate course for speeding things up. Our financing strategy is aimed at this. We are contributing by optimising our reporting, for instance. This year, we will adopt the International Financial Reporting Standards (IFRS) for the first-time preparation of our Group's consolidated financial statements.

AMPRION ON THE CAPITAL MARKET

Amprion tapped the international capital market for the first time in the 2021 financial year by issuing a benchmark bond with a nominal volume of €800 million. The company's successful debut in mid-September, with the bond being oversubscribed three times, marked the starting point for regular issues in the future at the same time.

In the light of the company's growing need for financing in the course of increasing investments in grid expansion, Amprion is aiming to strengthen its financing structure and access new investors with its expansion onto the international capital market. With a coupon of 0.625% and a maturity of twelve years, the financing conditions were additionally attractive. Amprion's rating as well as that of the benchmark bond, which is listed in Luxembourg, is shown in the adjacent information boxes.

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

* As at 31.12.2021

With its issue, Amprion also benefited from the favourable market environment stemming from the European Central Bank's zero-interest policy. According to Germany's Bundesbank, the current yield for European government bonds hovered around the 0% mark over the course of the year. At most, minor interest fluctuations were seen over the year depending on the influence of the pandemic situation: rising numbers of infections also led to increased economic concerns on the markets, causing yields to decline, especially for government bonds, as investors reduced their risks. Conversely, interest rates rose as the situation relaxed due to falling numbers of infections and increasing vaccination rates. Towards the end of the year, increasing certainty surrounding expectations of higher rates of inflation in the long term caused prices to slide and yields to increase throughout the bond market. Over the course of the year, the spread of Amprion's bond narrowed to as little as 50 basis points in September compared to the virtually risk-free market interest rate (swap rate), whereas a premium of 90 basis points had been estimated at the start of the issue. By the end of November, the spread increased again to a good 80 basis points before being pushed back down to around 65 basis points by the European Central Bank's bond purchases as part of its Pandemic Emergency Purchase Programme (PEPP), among other effects. At the end of the year, the yield spread compared to the swap rate was around 60 basis points.

With its debut on the international capital market, Amprion intensified its dialogue with external capital investors. This includes the establishment of an investor relations department set up specifically for this purpose. Among other tasks, it controls the flow of communication to and from investors and monitors the internal processes that comply with the subsequent obligations arising from the listing of the present and future bonds.

While marketing its benchmark bond, Amprion conducted a virtual roadshow with potential investors. Alongside the major kick-off event involving more than 65 linked-in potential investors, Peter R uth (CFO) and his team conducted around 25 one-on-one and group meetings over a two-day period. Amprion’s Chief Financial Officer additionally presented the company at an international investor conference in November 2021. Amprion will continue and intensify this dialogue over the coming year with a view to avail itself of the capital market in the future.

Chart
Bond price curve



Issuer
Amprion GmbH

Documentation — Debt issuance programme	Coupon payment — Annually (initially on 23.09.2022)
Bond rating — Baal (Moody’s)	Issuing price — 98.741%
Currency — Euro	Stock exchange/law — Luxembourg/Euro MTF/German law
Principal — € 800 million	Nominal value — €100,000
Value date — 23.09.2021	Clearing house — Clearstream Banking AG
Term/due date — 12 years/23.09.2033	Paying agent — Commerzbank Aktiengesellschaft
Coupon (fixed interest rate) — 0.625%	ISIN/WKN — DE000A3E5VX4 / A3E5VX



Current information for investors is provided in a separate rubric on the company’s website:
www.amprion.net/Amprion/Finance/



PAVING THE WAY FOR A SUSTAINABLE ENERGY SYSTEM

The transformation of the energy system is striding ahead. Amprion's responsibilities are changing: as a next-generation transmission system operator, we are developing solutions for a climate-neutral, secure and efficient energy system. By looking at things from the perspective of the power routing infrastructure, we take a cross-sector approach and are considering all potential energy sources. We bring our strengths to bear in system planning, driving digitalisation and innovation.

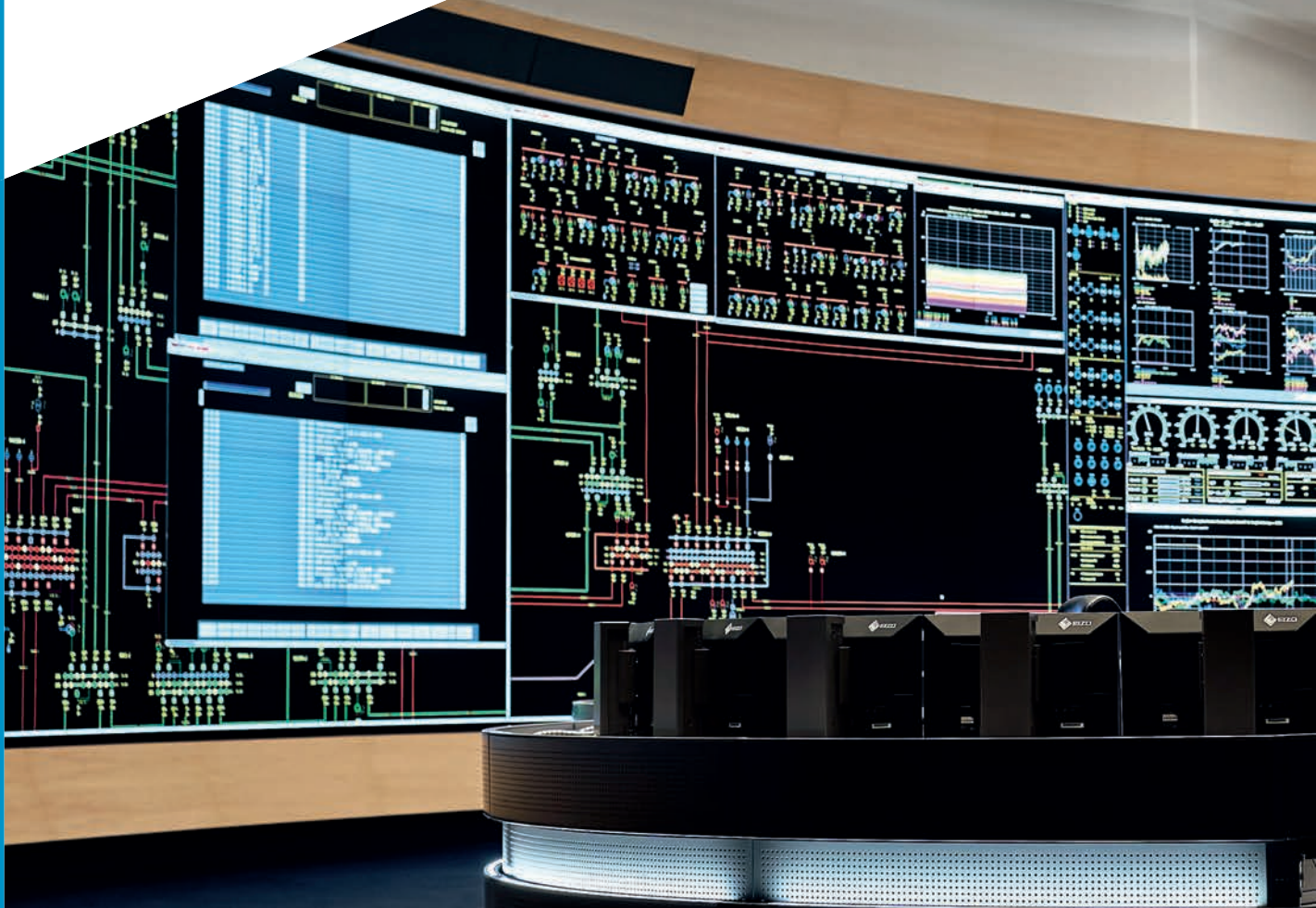


System planning

Together with many different partners in the project known as “Systemvision 2050”, we are planning ahead by developing a robust model of a climate-neutral energy system that will bring about the energy transition. In addition, we are identifying concrete solutions that demonstrate how the transformation of the energy system can succeed, all with the aim of facilitating a climate-neutral economy. To this end, Amprion’s System Operation & Control Centre contributes its particular operational expertise in the power system, while System Planning brings its strength to bear by capturing the energy system of the future in models.

Digitalisation

By building the new System Operation & Control Centre in Brauweiler, we are creating the core of a future “operating system” for the energy transition. From here, we can coordinate the energy system of tomorrow with its various energy sources and sectors. The centrepieces of the System Operation & Control Centre are two state-of-the-art data centres and a video wall that is unparalleled in Europe. We process and visualise millions of pieces of information from the German and European grids every day there. And we also ensure the secure supply of electricity for more than 500 million people across Europe.



The video wall of the System Operation & Control Centre visualises continental Europe’s interconnected grid. Among other things, it allows engineers to monitor the electricity flows. Every three seconds, the measured values of around 2,800 power lines and the state of more than 50,000 switchgears in 800 substations are processed in the data centres.

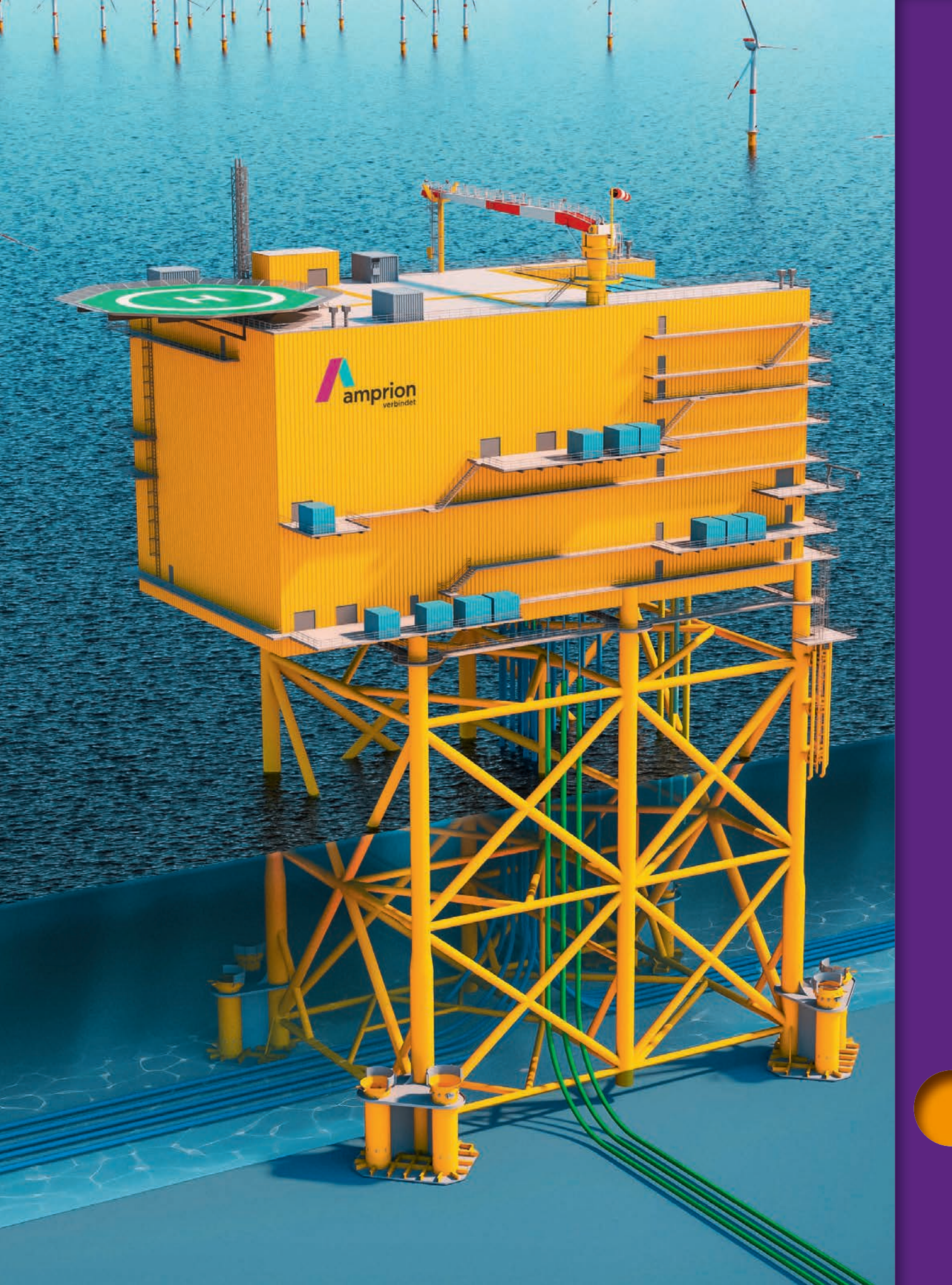


Innovations

We are driving innovation to make the power system fit for tomorrow's requirements. Technical innovations allow the grid to be utilised to a higher degree and controlled more efficiently while maintaining its stability. For the first time, we have integrated a DC link into the close-meshed European transmission grid in the form of an underground cable - in the ALEGrO project, the power bridge between Germany and Belgium. Initiatives such as Eurobar - in which transmission system operators from all over Europe are working to standardise offshore wind technologies - are innovation drivers and promote international dialogue.



The German-Belgian power bridge that goes by the name of ALEGrO includes installations known as “converters”. These high-tech units convert alternating current to direct current for transmission purposes and then convert it back to alternating current again at the other end. Converters also play an important role in transporting electricity from offshore wind farms to the mainland, and Amprion is planning to build stand-alone platforms in the North Sea to house them.



 **amprion**
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REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

Amprion GmbH can look back on a good financial year 2021. Even in year 2 of the Covid-19 pandemic, the company has successfully fulfilled its legal mandate to expand and upgrade the power grid in line with demand and has set a course for its future.

The Supervisory Board has monitored this development. The Supervisory Board fulfilled all duties incumbent upon it under the law and articles of association and, in particular, performed its supervisory and advisory functions vis-à-vis the Management Board. To this end, the Board requested written and verbal reports from the Management Board regarding the status of commercial operations, fundamental issues of business policy and the position and development of the company. Furthermore, the Board discussed significant business transactions with the Management Board in depth and took all necessary decisions. Moreover, the Chairman of the Supervisory Board also discussed important individual transactions and matters of corporate strategy and business policy in meetings held with management outside the Supervisory Board meetings, in preparation for the committee meetings. Furthermore, the Audit Committee performed all duties and responsibilities required of it by company articles and, in particular, carried out all preparations for approval of the annual financial statements by the Supervisory Board.

The Supervisory Board held four meetings over the course of the reporting period. These meetings focused on the detailed reports submitted by the Management Board relating to the position of the company, including the sales trends, earnings performance and the company's strategic goals. In addition, the Supervisory Board engaged in intensive discussions regarding the financial budget submitted for 2022 and approved said budget. Furthermore, the company's long-term investment plans through to 2031 were likewise debated in great detail and approved by the Supervisory Board. The Supervisory Board has also concerned itself with the regulatory environment in which the company operates and the pending or effected changes of the legal framework.

BDO AG Wirtschaftsprüfungsgesellschaft Hamburg, the auditors selected in accordance with the resolution of the shareholders passed on 5 May 2021 and appointed by the company's Supervisory Board to carry out the audit, have audited the annual financial statements and the management report of Amprion GmbH for financial year 2021, including the accounting records, and issued an unqualified auditors' opinion.

The auditors' report, the annual financial statements and the management report were delivered to the members of the Supervisory Board in good time, prior to the Supervisory Board meeting held on 12 April 2022, and discussed in depth at this meeting. The auditors participated in the meetings of the Supervisory Board and reported on the fundamental results of their report.

Furthermore, the auditors were also available to provide supplementary information as required. The Supervisory Board has endorsed the results of the audit. For its part, the Board has studied the annual financial statements and the management report prepared by the Management Board. In accordance with the final results of its review, the Supervisory Board confirms that no objections are to be raised. The Supervisory Board has approved the management report and the annual financial statements for financial year 2021, and the financial statements are thus adopted.

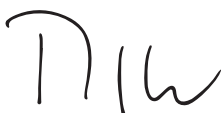
The following changes were made to the composition of the Supervisory Board in financial year 2021:

Supervisory Board member Ms Dagmar Paasch (ver.di) resigned from her post as a member of the Supervisory Board of Amprion GmbH with effect from 13 September 2021. Upon service of the order of the Dortmund Local Court dated 7 December 2021, Ms Helga Jungheim (ver.di) became a new member of the Supervisory Board appointed on behalf of the employees.

Supervisory Board member Mr Patrik Peter Riehm's period in office as a member of the Supervisory Board of Amprion GmbH ended with effect from 31 December 2021.

The Supervisory Board wishes to acknowledge and express its thanks and appreciation to the management and all employees of Amprion GmbH for their commitment and the work they have performed during financial year 2021.

Dortmund, 12 April 2022



UWE TIGGES

Chairman of the Supervisory Board



MANAGEMENT REPORT



FUNDAMENTALS OF THE COMPANY

Business activities of the company

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

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

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

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

FINANCIAL REPORT

Political and energy regulatory environment

EU Clean Energy Package

Amprion is implementing the European regulatory requirements of the “Clean Energy Package” and the legal regulations contained therein. These are concerned particularly with the continued development of European electricity market integration in the corresponding projects and in the European TSO association ENTSO-E. The potential for electricity exchange in Europe will be further expanded as a result of this. This will impact on numerous Amprion business processes (e.g. European redispatch optimisation, European control energy procurement) and investments.

EnWG (Energy Industry Act) amendment

The “Act on the Implementation of EU Legal Requirements and on the Regulation of Pure Hydrogen Networks in Energy Industry Law” came into force on 27 July 2021. It serves to implement EU Directive 2019/944 in national law. The regulations of the Energy Industry Act (EnWG) have been adapted and supplemented accordingly. Implementation of the directive is supplemented by additional amendments in the act. Transparency regulations from the ordinances regulating grid charges and grid access are bundled in the EnWG and placed on a direct legal footing.

EEG (Renewable Energy Sources Act) amendment

The Renewable Energy Sources Act (EEG 2021) came into effect on 1 January 2021. It was amended by the “Act Amending the Renewable Energy Sources Act and Other Energy Regulations” and establishes the new framework conditions for the continued expansion of renewable energies in Germany. It also serves to implement the Climate Protection Programme 2030. On 29 April 2021, the European Commission approved significant parts of the EEG 2021 under state aid law. The “Act on the Implementation of EU Legal Requirements and on the Regulation of Pure Hydrogen Networks in Energy Industry Law” led to further adjustments to the EEG 2021 that came into effect on 27 July 2021. In addition, the legislative process for the “Ordinance on the Implementation of the Renewable Energy Sources Act 2021 and on the Amendment of Other Energy Regulations” was concluded.

KWKG (Combined Heat and Power Act) amendment

The Combined Heat and Power Act (KWKG) has also been amended in Article 17 of the “Act Amending the Renewable Energy Sources Act and Other Energy Regulations”. The amendments concern subsidy categories and periods of validity, and are essentially attributable to the implementation of the European Commission’s requirements under state aid law.

ARegV (Incentive Regulation Ordinance) amendment

The “Ordinance on the Amendment of the Incentive Regulation Ordinance and the Electricity Grid Charge Ordinance” came into force on 31 July 2021. An incentive instrument to reduce the transmission system operators’ congestion management costs as well as the capital cost reconciliation already applicable at distribution grid level were additionally introduced at transmission system level as essential elements of the ordinance. The incentive system for congestion management costs provides for a bonus or malus on the annual congestion management costs depending on a reference value. A pure bonus model will initially be in place during the last two years of the third regulatory period (2022 and 2023). The capital cost reconciliation model for TSOs provides for a cost reimbursement principle without time lag for the capital costs of both renewal and expansion investments. It is intended to support continued grid expansion in the light of sharp increases in investments. The legal regulations pertaining to capital cost reconciliation give consideration to TSO-specific requirements for refinancing interest on borrowed capital. By means of transitional regulations, they offer the option of continuing the instrument of investment measures until 2028 with simultaneous cancellation of the deduction amount.

Regulatory environment

Equity interest rates for the fourth regulatory period

With its decision of 12 October 2021, the **Federal Network Agency** (FNA) set an equity interest rate of 5.07% before tax for new plants and 3.51% before tax for existing plants for the fourth regulatory period. This equates to an equity interest rate reduction of around 27% and 32%, respectively, compared to the previous interest rates (before tax) of 6.91% for new plants and 5.12% for existing plants. The Federal Network Agency attributed this lowering of the interest rates to the current situation on the capital markets. On 8 December 2021, Amprion submitted an appeal against this decision to the Higher Regional Court (OLG) of Düsseldorf.

Productivity factor for the third regulatory period

The individual and sectoral productivity factors are elements used to determine the revenue cap. The portions of the costs that can be influenced within the revenue cap of the grid operators are adjusted to a level deemed efficient from the point of view of the **ARegV** (Incentive Regulation Ordinance) with the aid of these two factors. For this reason, the Federal Network Agency carries out an efficiency comparison for the TSOs prior to each regulatory period.

With its decision of 20 December 2018, the Federal Network Agency set the individual productivity factor for Amprion at 100.0% and, with its decision of 28 November 2018, the general sectoral productivity factor for electricity (Xgen electricity) at 0.9%. On 18 January 2019, Amprion submitted an appeal against this decision concerning the sectoral productivity factor to the Higher Regional Court (OLG) of Düsseldorf. The first court hearing took place on 9 December 2021. The deadline for stating grounds was scheduled to expire on 18 February 2022. The judgement is expected to be pronounced on 16 March 2022.

Efficiency value determination for the fourth regulatory period

Pursuant to Section 22 (2) ARegV (Incentive Regulation Ordinance), a relative reference grid analysis will be conducted in order to determine the individual efficiency value of TSOs for the fourth regulatory period. This involves an optimisation procedure for determining exemplary grid structures and plant quantity frameworks that reveal an optimum cost and grid management performance relationship (reference grid) under the existing boundary conditions. The **Federal Network Agency** commenced its consultation regarding the “Determination of data collection for the reference grid analysis” on 22 November 2021.

Decisions concerning the regulatory account

The regulatory account is used to record the differences between the generated and the permissible revenues under consideration of the actual growth in volume. The differences between planned and actual costs of individual cost items that permanently cannot be influenced are additionally recorded here. The regulatory account balance determined by the grid operator and its distribution through increases in or reductions of the revenue caps are to be approved by the Federal Network Agency.

On 19 February 2021, the Federal Network Agency approved the regulatory account balance for 2013 to 2016 as well as its distribution through increases in or reductions of the revenue caps for the years 2018 to 2023. This was acknowledged by Amprion.

With its decision of 2 June 2021, the Federal Network Agency approved the regulatory account balance for 2017 as well as its distribution through increases in or reductions of the revenue caps for the years 2019 to 2021. On 16 July 2021, Amprion submitted an appeal against this decision to the Higher Regional Court (OLG) of Düsseldorf.

Operating cost flat rate

On 19 January 2021, the Federal Network Agency decided to specify an operating cost flat rate for the period up to the date of commissioning of fixed assets within an approved investment measure for TSOs. According to this, an operating cost flat rate of 0.2% is assumed for the period up to the date on which the investment measure starts operation. The operating cost flat rate will be applied for the first time in calculating the annual operating costs as at 1 January 2021.

Calculation of capital and operating costs resulting from approved investment measures

With its decision of 15 December 2020, the Federal Network Agency amended its specification for calculating capital and operating costs resulting from approved investment measures. Amongst other aspects, this amendment of the specification limits the basis for calculating the imputed trade tax to the notional equity ratio of 40%. Amprion submitted an appeal on 18 January 2021. The Higher Regional Court (OLG) of Düsseldorf granted Amprion an extension on the deadline for submitting the grounds for its appeal until 18 February 2022.

Redispatch 2.0

The new statutory regulations concerning grid congestion management came into effect on 1 October 2021 in Sections 13 et seq. **EnWG**. Among other aspects, these provide for the discontinuation of the previous regulations concerning feed-in management and the integration of renewable energy plants and CHP plants as of a minimum output of 100 kW into the existing redispatch regime. To this end, an industry solution was developed under the leadership of the German Energy and Water Industry Association (BDEW). Delays that do not lie within Amprion's sphere of influence occurred during the finalisation and implementation of the industry solution in the companies. The legally intended standardisation of responsibility for the balancing of redispatch measures to the grid operator therefore failed to take place on time. In cooperation with the Federal Network Agency, the industry has developed a "transitional solution for the secured commencement of Redispatch 2.0". This stipulates that the balancing of any measures will initially continue to be ensured by the respective balancing group manager. According to the transitional solution concept, the balancing group manager is provided with a cost reimbursement in the form of agreed financial compensation that can be refinanced via the grid charges. This transitional solution was ensured until 28 February 2022, and can be extended until 31 May 2022 in justified, exceptional cases.

Business performance

Grid business

In 2021, the third step towards introducing uniform grid charges throughout Germany was implemented based on the German Grid Charge Modernisation Act which came into force in July 2017. It provides for the gradual standardisation of transmission grid charges over a period of five years starting from 2019, with the result that grid charges will be completely standardised as of 2023. The 2021 grid charges consisted of a 40% company-specific grid charge and a 60% grid charge that is uniform throughout Germany.

On 20 December 2018, the **Federal Network Agency** fixed the revenue cap for the third regulatory period from 2019 to 2023 on the basis of the costs in the 2016 financial year. This initial base level, the development of the permanently non-controllable costs, the general consumer price index, the general productivity factor and the individual efficiency value constitute the basis for the revenue cap and consequently the grid charges published on 11 December 2020. The revenue cap for 2021 has decreased due to the following developments:

- Reimbursement of additional revenue that has been generated through the regulatory account system
- Lower costs for feed-in management, grid losses and control reserve

This effect was partly offset by:

- Higher costs from approved investment measures for further grid expansion

The aforementioned changes are not or only partially within Amprion's sphere of influence and lead to a minor increase in the grid charges in the extra-high-voltage grid level of between 1.1% and 1.3% in the usage hour range between 5,000 and 8,760 which is relevant to the majority of customers.

Amprion's customers are industrial companies, distribution network operators and power stations connected directly to the extra-high-voltage grid. The sales and revenue structure is characterised largely by major distribution network operators, from whom Amprion receives around 81% of its grid charges. Some 16% of the grid charges come from enterprises in the chemicals, steel and aluminium industries. The remaining grid charges result from the own requirements of the power stations connected to the transmission grid.

The volume of electricity withdrawn by directly connected customers increased by around 8% during the financial year. The increase is due, firstly, to positive economic growth in 2021 and, secondly, to a decrease in gas-fired power plant generation in customer grids. Due to the sharp rise in CO₂ pricing and the price of gas, this led to increased procurement via the Amprion grid.

EEG surcharge

The EEG equalisation mechanism operates on the basis of the Renewable Energy Sources Ordinance (EEV) and the Renewable Energy Sources Implementation Ordinance (EEAV). The electricity generated and fed in under the EEG outside of direct marketing and self-supply measures is marketed by the TSOs on the electricity exchange, with the difference between their marketing revenues and expenditure for the EEG subsidy payments being passed on to the power utilities, end consumers and certain self-suppliers via the EEG surcharge.

The German Federal Government had already decided back in 2019 in its "Climate Protection Programme 2030" to reduce the EEG surcharge pursuant to Section 60 EEG from 1 January 2021 through payments from the economic plan of the Energy and Climate Fund. The legal basis for giving consideration to Federal Government payments to the TSOs when determining the EEG surcharge was established with the revenue element of Section 3 (3) no. 3a EEV. An amount of €10.8 billion was reserved in the budget for 2021. The modalities and the breakdown of the payments by the German Federal Government to the TSOs' EEG accounts as of 1 January 2021 are regulated by a contract under public law concluded in January 2021 between the TSOs and the Federal Republic of Germany, represented by the Federal Ministry for Economic Affairs and Energy (BMWi), pursuant to Section 3 (9) EEV.

On 15 October 2021, the TSOs published the EEG surcharge for 2022, which will be 3.723 cents/kWh. This amounts to a year-on-year decrease of around 43%, marking the lowest level for ten years. Above all, the main reasons for this development are increased income from TSO marketing due to the significantly higher exchange electricity prices and lower payments for market premiums. In calculating the EEG surcharge, the liquidity reserve was reduced from its present level of 10% to 5% of the cover shortfall in 2022 due to the high liquidity on the EEG account. This corresponds to an amount of around €1.0 billion (2021: €2.6 billion).

Grid charge-based surcharges

The implementation of grid charge-based surcharges is essentially income-neutral for Amprion.

The following overview shows the development of the grid charge-based surcharges in 2020 to 2022:

	2022	2021	2020
KWKG surcharge	0.378 cents/kWh	0.254 cents/kWh	0.226 cents/kWh
Section 19 StromNEV (Electricity Grid Charge Ordinance) surcharge	0.437 cents/kWh	0.432 cents/kWh	0.358 cents/kWh
Offshore grid surcharge	0.419 cents/kWh	0.395 cents/kWh	0.416 cents/kWh
Surcharge for interruptible loads	0.003 cents/kWh	0.009 cents/kWh	0.007 cents/kWh

System services

The costs for the provision of control reserve have increased significantly since March 2021. Besides a seasonal increase as of October 2020, the introduction of the control power market in November 2020, with separate tendering of control reserve and control power, is contributing to an increase in power prices. Added to this are the increased unavailability of pumped storage power plants in 2021 as a result of revision postponements during the pandemic in 2020 as well as a price increase on the wholesale markets – in connection with, among other aspects, the prices for emission certificates. At that, no fundamental shortage situation can be observed on the market. While the control reserve prices fell again in the summer of 2021, a renewed price increase was seen in the autumn of 2021. This was attributable to the sharp rise in prices on the energy markets. Together with the other German TSOs, Amprion is engaged in dialogue with the **Federal Network Agency** with respect to the further course of action in view of this price development.

Feed-in management costs during the first three quarters of the financial year were almost on a par with the previous year. The previous feed-in management was transferred to the redispatch process due to the coming into force of the Redispatch 2.0 regulations on 1 October 2021. During the financial year, the costs for redispatch measures were around €170 million higher year-on-year. Above all, this was due largely to the significantly higher prices of CO₂ emission certificates, electricity, hard coal and natural gas, which were higher than ever before during the final quarter of 2021. At the same time, weather influences such as high wind situations and necessary safety-relevant disconnections impacted on redispatch measures. The majority of these redispatch activities resulted from the processes coordinated by the four TSOs.

Grid loss costs were reduced above all due to a lower price level for procuring the long-term component as well as from sales of surplus quantities on the electricity exchange.

Network reserve

Every year, the Federal Network Agency examines and confirms the network's reserve needs for the following winter half-year based on analyses conducted by the TSOs. The remaining additional needs that cannot be covered by domestic network reserve power plants must be covered via an expression-of-interest procedure. On 1 March 2021, the TSOs submitted their system analysis and the resulting need for network reserve power plants to the Federal Network Agency for confirmation. In its report of 28 April 2021, the Federal Network Agency disclosed a need for a reserve capacity of 5,670 MW for the 2021/2022 winter half-year, as determined by the TSOs. The determined requirement is therefore 926 MW lower than that for the 2020/2021 winter half-year. This decline is primarily attributable to the return of temporarily shut-down power plants from the network reserve to the market. The need for network reserve can be covered by domestic power plants that are already contractually or legally bound. The costs of the network reserve are fully refunded through grid charges. Due to the new regulatory requirements introduced by Redispatch 2.0, the TSOs are required by the legislator to structure the implementation sequence of all redispatch measures depending on costs as of 1 October 2021. Amprion therefore assumes that the network reserve power plants will be used more frequently in the future than has been the case in the past. This trend was already emerging in October and November 2021.

Coal-fired Power Generation Phase-out Act (KVBG)

In Amprion's control area, contracts were awarded to five hard-coal-fired power plants with a total output of 2 GW in the first tendering round in accordance with the "Coal-fired Power Generation Phase-out Act (KVBG)" on 1 December 2020. These plants are subject to the marketing ban with effect from 1 January 2021. Until the ban on coal firing came into effect on 8 July 2021, operators were required to maintain the operational readiness of their plants for adjustments in accordance with Section 13a (1) **EnWG** and for undertaking redispatch measures. In accordance with Section 26 (2) KVBG, Amprion has additionally reviewed the system relevance of the contract-winning hard-coal-fired power plants and has demanded their conversion to operating facilities in the case of plants with corresponding **Federal Network Agency** approval. In the future, they can therefore be used as rotating phase shifters that provide reactive and short-circuit power. For operational readiness following the phasing-out of coal, the plant operators have an entitlement vis-à-vis Amprion for the reimbursement of the costs that can be refinanced via the grid charges.

In the third tendering round in accordance with the KVBG, a total of nine hard-coal-fired power plants in Amprion's control area were awarded contracts by the tender deadline, 30 April 2021. The ban on coal firing and the marketing ban for these plants will come into effect on 31 October 2022.

In the fourth tendering round in accordance with the KVBG, one hard-coal-fired power plant in Amprion's control area was awarded a contract by the tender deadline, 1 October 2021. The ban on coal firing and the marketing ban for this plant will come into effect on 1 July 2023.

Phase shifters

RWE Generation SE has successfully taken part in the tendering in accordance with the KVBG with its Westfalen Block E power plant. Critical voltage conditions may occur when the power plant is shut down. Based on this, the Federal Network Agency ruled on 1 June 2021 that Amprion can immediately demand the conversion of the plant to a rotating phase shifter. Amprion requested RWE Generation SE to do so on 8 June 2021. Conversion to a phase shifter plant is an alternative to transfer into the network reserve. The rotating phase shifter is likely to be commissioned by 31 March 2022. RWE Generation SE has an entitlement vis-à-vis Amprion to the reimbursement of the costs for converting the plant and for operating the rotating phase shifter. These can be refinanced via the grid charges based on a voluntary self-obligation.

Capacity reserve

The plants included in the capacity reserve are used to balance the system in the event of exceptional and unforeseeable situations. They can also be used by the TSOs to eliminate grid congestions. For the first provision period from 1 October 2020 to 30 September 2022, a reserve capacity of 1,056 MW is available to the German TSOs for a period of two years. Within Amprion's control zone, two power plant blocks with a total output of 680 MW have been transferred to the capacity reserve. For the second capacity reserve provision period from 1 October 2022 to 30 September 2024, 2,000 MW have been put out to tender by the TSOs. In the context of the procurement process, bidders were able to submit bids until 1 December 2021. The bids will be accepted by mid-February 2022. The capacity reserve costs are fully refunded through grid charges. In addition to the network reserve power plants, the plants included in the capacity reserve can also be used more frequently to eliminate grid congestions from 1 October 2021 onwards.

Special technical grid operating facilities

Special technical grid operating facilities (bnBm) are one element for maintaining system security. A total requirement of 1,200 MW for special technical grid operating facilities was ascertained by the TSOs and confirmed by the Federal Network Agency in 2017. In November 2020, Amprion awarded RWE Generation SE the contract to construct and operate a gas-fired power plant with an output of 300 MW at the Biblis site. It is scheduled to enter operation by 1 October 2022. In addition, Gaskraftwerk Leipheim GmbH & Co. KG was awarded a contract for a further 300 MW in February 2021. It is scheduled to enter operation by 5 August 2023. It will be used exclusively in emergency situations to maintain grid stability in Germany. The special technical grid operating facilities are not allowed to participate in the market.

System operation and control

Amprion did not record any extensive disruptions in its own extra-high-voltage grid during the financial year. However, two system disconnects did occur in the European transmission grid: on 8 January 2021 with the starting point in Croatia and the separation of the integrated continental European grid into two parts and on 24 July 2021 with the separation of the Iberian Peninsula after a double outage as a result of fires in southern France. As the European co-ordination centre, Amprion played a major role in coordinating the speedy elimination of the disruptions in both cases. No negative effects were felt in Germany. On the whole, system operation has become more complex due to the further addition of renewable energy plants and the simultaneous elimination of conventional generation as well as increasing cross-border transmission capacity in line with the "Clean Energy Package". The German TSOs therefore use common models and processes for the efficient use of redispatch measures. With the extensive involvement of Amprion, they also jointly validate electricity trading capacities in order to be able to limit them in the event of possible system threats.

Offshore company

Amprion Offshore GmbH commenced operation on 1 January 2020. This company is wholly owned by Amprion GmbH. The purpose of the company is the establishment, operation, acquisition, marketing and use of network facilities for offshore connections, associated transport and distribution systems for electricity and facilities for information transmission as well as the provision and marketing of services in these areas. The company will be the owner of the grid connections. It will act as the project developer for the related approval procedures. Amongst others, Amprion GmbH will be commissioned to provide services for implementing the grid connections. To structure the legal relationships between the two companies, the mutual rights and obligations have been regulated in a control and profit transfer agreement, a management agreement and a construction and usage transfer agreement.

Innovative projects

With its “Green Deal” package of measures, the EU Commission has set the target for Europe to be climate-neutral by 2050 at the latest. The form that this might take, particularly for Germany, is being analysed by Amprion together with partners from the realms of business and politics in the joint “System Vision 2050” project. Amprion is putting its modelling expertise at the disposal of this project in order to develop individual target visions for the energy system. Essential parameters in this case include developments in onshore and offshore power generation, the demand for green hydrogen or electromobility. The results are enabling industry-wide dialogue regarding the energy system of the future.

Amprion is also supporting the exploitation of offshore wind potential, which is estimated to be as high as 200 GW for the entire North Sea. In order to integrate these potentials, Amprion is developing new concepts for networking offshore platforms at sea. This additionally gives rise to international trading opportunities and strengthens the national grid. Specifically, Amprion is advocating a concept based on the connection of European offshore wind clusters at sea, which can be expanded in modular form, together with European partners as part of the “Eurobar” initiative.

Together with seven leading European TSOs, Amprion also launched a joint initiative in July 2021 to support the energy supply system in order to achieve climate neutrality. The objective is to speed up the expansion of the transmission infrastructure.

A two-kilometre-long walkable cable tunnel will be constructed in Amprion's grid area for the first time. This will carry twelve 380 kV cables.

Asset management

Amprion has been certified in accordance with the requirements of International Standard ISO 55001 "Asset management/Management systems" since 2015. ISO 55001 helps companies to establish systematic and efficient asset management. Compliance with the requirements is regularly verified by external auditors, most recently in June 2021.

Technical safety management (TSM)

Amprion has been meeting the technical safety management (TSM) requirements since 2011. TSM is a voluntary instrument for self-monitoring in which structures and procedures are reviewed. Its focus lies on occupational safety and working in accordance with legal regulations and recognised codes of technical practice. The requirements are regularly reviewed by external auditors, most recently in October 2021.

Workforce

Amprion continued to expand its workforce as planned throughout the financial year. The number of permanent employees rose by 5.6% year-on-year from 1,953 FTE (full-time equivalent) to 2,062 FTE on 31 December 2021. This is 2.6% less than the figure forecast for this performance indicator in the 2020 management report. This is attributable, on the one hand, to a lack of skilled workers and, on the other hand, to a decline in willingness to change jobs during the coronavirus pandemic. Based on the assumption of event- and process-related assignment analyses and especially the establishment of offshore activities, Amprion's personnel requirements for 2022 have been adjusted to 2,312 permanent FTE.

In addition, twelve apprentices began their training in both commercial and technical occupations at Amprion during the 2021 financial year. All in all, a total of 44 apprentices are currently receiving their training at Amprion. During the financial year, eleven apprentices successfully completed their training, with ten of them accepting a subsequent job offer.

During the financial year, the number of participants in internal and external advanced training measures to strengthen their occupational and personal skills increased by almost 90% from roughly 5,000 to around 9,400. Due to the coronavirus pandemic, the majority of these advanced training measures once again took place online. The company has also established a system

designed to assess employees' potential, with a view to ensuring that the majority of future management positions are filled by people from within the company. The potential candidates identified in this way then undergo further training as executives in needs-based programmes. These potential assessments take place every two years.

At 1.9% (previous year: 1.5%), the fluctuation rate remained at a low level. As in the previous year, the average age of the workforce on 31 December 2021 was 39.8 years. The average length of employment at the company fell slightly from 9.5 to 9.4 years. At the end of the reporting year, the proportion of women in the workforce was 20.3%, almost on a par with the previous year (20.4%).

In 2021, Amprion continued its equity participation scheme for employees through the issue of profit-sharing rights. The participation rate was 81.7% (previous year: 84.0%).

Occupational health and safety

Occupational health and safety are given high priority by Amprion. The coronavirus pandemic continued to prove particularly challenging in 2021. As the operator of a critical infrastructure, Amprion implemented preventive measures to protect the health of its employees and to maintain business and system operations. These protective measures were regularly adapted to the dynamically changing public law regulations. Above all, Amprion additionally pursued the objective of offering all of its employees vaccinations as early as possible, which enabled the company to achieve a vaccination rate of over 92%.

The handbook for the occupational health and safety management system (ISO 45001) and the handbook for the environmental management system (ISO 14001) were combined to form a common, integrated management handbook. This enables the utilisation of synergies to maintain and evolve both systems.

Environmental management / environmental protection

In 2017, Amprion introduced an environmental management system in accordance with the ISO 14001 standard and also had it certified for the first time. Following recertification in 2020, it underwent the annual monitoring audit during the 2021 financial year. The auditors confirmed the implementation, improvement and evolution of Amprion's environmental management system in compliance with the standard. The next monitoring audit is scheduled for 2022 and recertification is next set to take place in 2023.

Information security

Information security is a key factor in ensuring stable business processes within the company. This is particularly true for the areas of system operation and control, project management and the running of Amprion's power transmission network. This assessment is confirmed by the Federal Office for Information Security. The operation and continuous improvement of an information security management system are vital prerequisites for achieving an appropriate level of information security. Successful recertification of the information security management system in 2020 demonstrates that Amprion implements and complies with the provisions of the IT Security Act and, in particular, the requirements of the **Federal Network Agency's** IT security catalogue. The maintenance of the certificate was confirmed by the monitoring audit in 2021.

FINANCIAL SITUATION

Earnings

in € million	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020	Change
Revenues and income	12,637.2	15,649.4	-3,012.2
Operating expenses	-12,273.0	-15,281.1	3,008.2
Operating result	364.2	368.3	-4.1
Financial result	-100.3	-73.0	-27.3
Profit before taxes	263.9	295.3	-31.4
Tax result	-80.3	-78.7	-1.6
Net profit	183.6	216.6	-33.0

Revenues fell by 19.4% to €12,502.2 million (previous year: €15,504.1 million). This performance indicator is significantly lower than the level anticipated in the previous year's management report. The decline largely relates to the income-neutral EEG equalisation mechanism amounting to €8,466.9 million (previous year: €12,294.0 million). The root cause of this is lower revenues from sales subject to the surcharge and power utilities as well as from equalisation with the other TSOs. This was partially offset by higher revenues from the federal subsidy from the economic plan of the Energy and Climate Fund and from marketing on the electricity exchange due to increased electricity exchange prices. Revenues from grid business amount to €4,035.4 million (previous year: €3,210.1 million). The €825.3 million increase in grid revenue is due above all to volume-related increases in revenue from grid charges, from control energy and from balancing group settlements. The surcharge in accordance with Section 19 StromNEV and the offshore surcharge also resulted in higher revenue. These surcharge revenues correspond to expenditures of the same amount.

The operating result only declined slightly by €4.1 million. The result was impacted mainly by higher personnel expenses due to continued workforce expansion as well as higher investment-related depreciation. The biggest improvements in earnings arose due to the recovery of capital costs pursuant to the **ARegV** amendment of 31 July 2021 and the recognition of capital costs for investment measures.

The financial result decreased by €27.3 million, largely due to higher interest expenses for long-term debt and compound interest on pension provisions. Amprion issued a bond for €800.0 million with a maturity of 12 years on the international capital market for the first time during the financial year. An additional impact resulted from negative interest due to the high credit balances at financial institutions in connection with the income-neutral processing of the EEG equalisation mechanism.

The tax result primarily includes expenses for current taxes on income as well as deferred taxes. This remains virtually unchanged at the previous year's level.

The aforementioned effects led to a 15.2% decrease in net profit to €183.6 million. A slight decline in profit was forecast for this performance indicator in last year's management report.

Financial situation

in € million	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020	Change
Cash flow from operating activities	5,500.9	-1,565.5	7,066.4
Cash flow from investing activities	-1,205.7	-1,057.2	-148.5
Cash flow from financing activities	-718.8	1,943.5	-2,662.3
Change in cash and cash equivalents	3,576.4	-679.2	4,255.6
Cash and cash equivalents at the end of the period	3,576.4	0.0	3,576.4

During the financial year, the cash flow from operating activities was influenced by the EEG equalisation mechanism, leading to a considerable inflow of cash. Above all, this increase is attributable to the German Federal Government's €3.6 billion payments from the economic plan of the Energy and Climate Fund as well as the sharp rise in market prices and the related increase in income. This steep price rise is largely attributable to the increase in the CO₂ certificate price and the price of gas.

The negative cash flow from investing activities is mainly the result of investments in the transmission network, which increased by 15.4%.

The significant decrease in cash flow from financing activities arises largely from the complete reduction of debt capital in the context of the EEG equalisation mechanism.

By the end of the period, cash and cash equivalents had built up to €3,576.4 million; above all, this is tied up to cover future charges arising from the EEG equalisation mechanism.

Financing

A consortium loan agreement with a bank consortium consisting of a total of five commercial and regional banks was concluded to cover operating processes, the interim financing of investments and the cash requirements for the EEG equalisation mechanism. The consortium loan agreement includes a customary financial covenant. Its compliance is audited annually on the closing date of 31 December. As at the closing date, there are no indications that this financial covenant is not being met. The EEG loan tranche level of the syndicated loan agreement was reduced from the original €350.0 million to €100.0 million on 30 November 2021. The agreement is scheduled to run until March 2022. The interest rate is based on the EURIBOR reference interest rate plus a maturity-based margin. The credit line had not been utilised as at the closing date.

In October 2021, Amprion prematurely terminated the grid loan tranche of the syndicated loan agreement in the amount of €850.0 million, which was scheduled to run until March 2023, and replaced it with a new syndicated loan agreement with a total volume of €1,500.0 million with a total of eight financial institutions. The interest rate is based on the EURIBOR reference interest rate plus a margin. As at the closing date, €81.1 million of the syndicated loan agreement (of which €4.6 million in sureties) had been utilised. €40.0 million of an unconfirmed credit line had additionally been utilised as at the closing date. Amprion additionally has established a commercial paper programme with an issue volume of up to €900.0 million. It offers Amprion access to the short-term capital market. As at the closing date, Amprion had not emitted any commercial papers.

In September 2021, Amprion placed a bond with a total volume of €800.0 million on the Luxembourg Stock Exchange for the first time in the context of its €6.0 billion debt issuance programme that was initiated in May 2021. The bond listed on the Euro MTF in Luxembourg has a maturity of twelve years and a coupon of 0.625%.

As at 31 December 2021, total fixed-interest borrower's note loans and registered bonds amounted to €888.0 million. Moreover, a long-term, fixed-interest consortium loan of €200.0 million with a maturity of 15 years until June 2033 exists with two banks, including a development bank. This consortium loan includes a customary financial covenant. Its compliance is audited annually on the closing date of 31 December. As at the closing date, there are no indications that this financial covenant is not being met. In addition, the borrowing of long-term outside capital via the capital and bank market for the financing of investments is planned for 2022.

Amprion was also rated by the two independent rating agencies Moody's Investors Service and Fitch Ratings during the 2021 financial year. In its annual review, Moody's Investors Service reiterated its "Baa1" rating for Amprion and changed its outlook from "stable" to "negative". Fitch Ratings reiterated last year's rating of "BBB+" with an unchanged, stable outlook. Both ratings remain in the sound investment grade range.

In the context of the bond issue, the bond was also given a "Baa1" rating by Moody's.

The commercial paper programme was given a short-term rating of "Prime-2" by Moody's.

Investments

The requirements placed on the transmission network have increased significantly in recent years, particularly in the light of the tighter medium-term climate targets up to 2030. The new coalition government has decided that the amount of renewable energy in gross electricity consumption is to increase to 80% by 2030. This amounts to a 15% increase compared to the previous target set by the last Federal Government. Increases in feed-ins from renewable energy sources and changes to the power stations mean that increased electrical output needs to be transported over increasingly greater distances. In addition, the energy transports throughout Europe have increased considerably due to trading resulting from the liberalisation of the European energy market.

The deadlines specified for decommissioning nuclear power stations, the shut-down of lignite- and hard-coal-fired power plants as well as the expansion of renewable energies are driving the need for grid expansion. During the financial year, despite the constraints of the coronavirus pandemic, Amprion expanded its investment activities to increase transport capacity and stabilise the transmission network so that system security can be assured. The north-south axes of the transmission network, above all, are being steadily expanded to integrate the growing feed-in of renewable energies into the grid and ensure the provision of the required transmission capacities once all nuclear power stations go offline. The biggest investments during the financial year were undertaken in the A-North, Kruckel – Dauersberg, Ultranet, Wehrendorf – St. Hülfe and Bürstadt – Kühmoos projects, as well as reactive power compensation measures.

After a planning and approval period of over five years and more than two years of construction, the new 380 kV Herbertingen – Rommelsbach **overhead line** was successfully completed and put into operation during the financial year despite the adversities caused by the coronavirus pandemic.

In what is currently Amprion's biggest overhead line project in Lower Saxony, between the Wehrendorf and St. Hülfe **substations**, a 380 kV temporary bypass arrangement consisting of a total of 40 so-called temporary loading arrangements was put into operation for the first time for an important north-south connection between the Amprion and TenneT grid areas. This enables the existing lines to be dismantled and the new, considerably more powerful 380 kV line to be erected. Construction of the new, approximately 20-km-long 380 kV line from Gütersloh to Hesseln was also completed after a construction period of over two years in eastern Westphalia.

Following the receipt of all planning approval decisions in NRW, a total of three overhead line sections are under construction in the Münster region over a length of approximately 50 km in the Dörpen West – Lower Rhine project. The new line is partially being set up as an **underground cable** on a section of about five kilometres. Tunnelling has been completed.

Significant station construction projects include the conversion of the Bürstadt, Herbertingen and Maximiliansau stations and the construction of the new Leipheim switchgear to connect the special technical grid operating facilities in Leipheim. Commissioning is scheduled for 2023. Construction of the new Rommersheim station was completed and the system was put into operation in July 2021.

Together with the Ultranet project in the south from Osterath to Philippsburg, the A-North DC connection from Emden/East to Osterath forms the western German DC corridor A from Lower Saxony to Baden-Württemberg via North Rhine-Westphalia and Rhineland-Palatinate.

Amprion has submitted the planning approval applications in accordance with Section 19 of the Grid Expansion Acceleration Act (NABEG) to the **Federal Network Agency** in all six planning approval sections, with the result that the A-North planning approval procedure has begun for the entire route.

The Federal Network Agency will commence the public process in Ultratnet section A1 (Ried-Wallstatt), as the first of six planning approval sections, in January 2022. The planning approval application for section C (Osterath-Rommerskirchen) was submitted to the Federal Network Agency in September 2021 in accordance with Section 19 NABEG. The Federal Network Agency decision for section E (Rommerskirchen-Weißenthurm) in accordance with Section 12 NABEG is still forthcoming. The federal planning decision for section D (Weißenthurm-Riedstadt) is also still pending. The responsible Rhine district of Neuss was unable to complete the approval procedure under immission control law for the construction and operation of the converter in Meerbusch-Osterath in the 2021 financial year.

As additional transport capacity from the North Sea coast to North Rhine-Westphalia, Corridor B is being implemented as a high-voltage direct current transmission link over a total length of 710 km, primarily as an underground cable, and is likely to be put into operation in 2030. With the two “Wilhelmshaven-Hamm” and “Heide-West-Polsum” projects, Corridor B was included in the Federal Requirements Plan Act (**BBPIG**) on 4 March 2021. Responsibility for the overall project was initially borne by both Amprion and TenneT. With the **EnWG** amendment that came into effect on 27 July 2021, Amprion assumed sole responsibility for the entire Corridor B project.

The so-called reactive power, which was previously provided mainly by the generators of the major power plants, is indispensable for voltage regulation in the transmission grid. During the course of the energy transition, many of the large power plants will be taken offline, with the result that their controllable reactive power potential will no longer be available to ensure stable voltage. Capacity utilisation of the transmission grid is additionally increasing, particularly due to the transport of offshore wind power to the south, and thus also the demand for reactive power as a whole. To enable the unhindered transport of the supply-dependent renewable energy feed-in and flexible electricity trading in the future, a sufficient number of reactive power compensation systems will be needed in Amprion's control area to keep the voltage stable in any situation. During the financial year, Amprion began construction of a rotating phase shifter at the Hoheneck site. Commissioning is scheduled for 2023. Work on installing phase shifter transformers in the Oberzier station was also begun. The reactive power compensation systems in the Wehrendorf, Rheinau, Polsum and Bürstadt stations are currently in the approval phase under public law. Installation is set to commence in 2022.

The total volume of Amprion GmbH's investments during the financial year came to €1,222.8 million and was therefore higher than the level forecast in the management report for 2020. Of this amount, €1,012.3 million related to investments in expansion and €210.5 million to investments in renovation and other investments. Investments increased by 16% year-on-year.

For Amprion Offshore GmbH, €35.6 million related to offshore investments during the financial year.

Assets and liabilities

ASSETS

in € million	31 Dec. 2021	31 Dec. 2020	Change
Non-current assets	6,368.2	5,427.3	940.9
Current assets	4,962.9	2,816.9	2,146.0
	11,331.1	8,244.2	3,086.9

LIABILITIES AND SHAREHOLDERS' EQUITY

in € million	31 Dec. 2021	31 Dec. 2020	Change
Equity	2,530.7	2,466.4	64.3
Non-current liabilities	1,913.3	2,218.5	- 305.2
Current liabilities	6,887.1	3,559.3	3,327.8
	11,331.1	8,244.2	3,086.9

At 55.6% (previous year: 65.3%), tangible fixed assets make up the largest portion of the company's assets and are covered up to 70.6% (previous year: 87.0%) by equity and long-term debt.

The assets from the EEG equalisation mechanism of €4,241.6 million (previous year: €2,146.0 million) represent 85.5% of current assets (previous year: 76.2%). This essentially concerns liquidity to cover future charges arising from the EEG equalisation mechanism. On the other hand, current liabilities amount to €4,237.2 million (previous year: €2,140.5 million). Above all, this concerns the establishment of a liability due to lower expenditure for market and management premiums as a result of increased market prices.

The equity ratio amounts to 22.3% (previous year: 29.9%). The decrease results mainly from the increase in current liabilities due to the EEG equalisation mechanism and from the issue of a bond on the international capital market.

General statement on the development of business and the financial situation

The Amprion Management Board assesses the course of business and the financial situation as positive. The overall financial situation can be regarded as sound and represents the basis for further investments in the transmission network.

OUTLOOK, OPPORTUNITIES AND RISK REPORT

Outlook

Grid business

The fourth stage of grid charge standardisation at transmission network level is set to take place in 2022. Accordingly, the 2022 grid charges will consist of a 20% company-specific grid charge and an 80% grid charge that is uniform throughout Germany.

The resolution of the **Federal Network Agency** of 20 December 2018 specified the revenue cap for the third regulatory period from 2019 to 2023 on the cost basis of 2016. Amprion submitted an appeal against this decision on 25 January 2019. The Higher Regional Court (OLG) of Düsseldorf rejected this appeal in its ruling of 13 May 2020. Amprion has submitted an appeal against this ruling to the Federal Court of Justice (BGH). This initial base level, the development of the permanently non-controllable costs, the general consumer price index, the general productivity factor and the individual efficiency value constitute the basis for the grid charges published on 14 December 2021. The revenue cap for 2022 has increased due to the following developments:

- Rising costs for system services and grid losses due to increased procurement costs
- Higher redispatch and network reserve costs due to sharp fuel and CO₂ price rises
- Higher costs arising from approved investment measures due to continuing grid expansion
- Contracting of a special technical grid operating facility and a rotating phase shifter

This was partly offset by:

- Reimbursement of additional revenue that has been generated through the regulatory account system
- Removal of individual lignite-fired power plants from security readiness

The aforementioned changes are not or are only partially within Amprion's sphere of influence and lead to an increase in the grid charges in the extra-high-voltage grid level of between 19.1% and 20.8% in the usage hour range between 5,000 and 8,760 that is relevant to the majority of customers.

System services

As before, Amprion will source the control reserve together with the other German TSOs according to the Federal Network Agency guidelines. Rising expenses are assumed.

The tender for the long-term component for grid losses has been completed in full for 2022. Significantly increased costs due to higher prices and volumes are anticipated.

Since 1 October 2021, the redispatch measures and feed-in management measures have been merged due to the amended Grid Expansion Acceleration Act (NABEG 2.0). In combination with higher fuel prices, this means that an increase in expenses for redispatch measures is to be anticipated.

Investments

The national grid development plan (**NEP**) constitutes the basis for the four German TSOs' project planning. The projects contained in the NEP confirm the energy industry necessity and the prevailing need. The Federal Network Agency issued its final confirmation of the current NEP 2035, version 2021, on 14 January 2022. This confirmed important new offshore grid connection systems and high-voltage direct current transmission projects from Northern Germany to the load centres for Amprion. These grid expansion measures are supporting the Federal Government's goals of further accelerating the expansion of renewable energy and its integration into the grid. At the same time, the German TSOs are working on the draft of the scenario framework for the NEP 2037, version 2023. This focuses on the time horizons of 2037 and 2045 with a total of five scenarios. Particular attention will be paid to the year 2045, with the goal of climate neutrality for Germany; the content of the new Federal Government's coalition agreement is also taken into consideration here.

At the European level, Amprion is making a significant contribution to drawing up the Ten-Year Network Development Plan (TYNDP). This determines the need for cross-border grid expansion. The results of the process are incorporated into the German network development plan, which passes into legislation and defines Amprion's investments in the long term. The TYNDP also identifies Projects of Common Interest (PCI) in order to optimise overall European welfare. The 5th PCI list based on the TYNDP 2020 was published in December 2021. The scenarios for the TYNDP 2022 with the 2025–2050 planning horizon were finalised in January 2022.

In addition to network development planning, focus is always placed on supply security. The European Resource Adequacy Assessment (ERAA) is a European format for this and the successor to the Mid-term Adequacy Forecast (MAF) report. Based on the TSOs' assumptions, the results in the ERAA 2021 reveal a picture that is consistent with the supply security monitoring studies conducted by the Federal Ministry for Economic Affairs and Energy (BMWi). The supply security standard defined by the BMWi for Germany can be adhered to in the analysed target years of 2025 and 2030. Based on current circumstances, the ERAA additionally shows that an increasing number of conventional power plants will be shut down in the event of uneconomical framework conditions. This may jeopardise supply security. The introduction of measures, possibly including capacity mechanisms, must be examined in order to counteract this. Interaction with neighbouring countries must be taken into consideration in this process.

The investment volume planned by Amprion up to 2031 consists of investment in expansion and renovation, and amounts to around €18.5 billion, of which around €1.5 billion are allocated to 2022. An investment volume of around €9.5 billion is planned for the subsidiary company Amprion Offshore GmbH up to 2031. This therefore results in a total investment volume of around €28.0 billion for both companies.

Sales and net profit

A slight to significant decline in overall revenues is anticipated in 2022, particularly due to the possible abolition of the EEG equalisation mechanism. Revenues from the grid business are set to increase, in particular, due to higher revenues from the allocations for combined heat and power generation, offshore and electricity-intensive customers. These revenues correspond to expenditures of the same amount.

A net profit on a par with that of the previous year is anticipated for the 2022 financial year.

Overall statement on future development

The Management Board expects business to continue developing positively in the 2022 financial year with a stable asset, financial and earnings situation due to the prevailing regulatory conditions.

Opportunities and risk report

Risk management

Amprion's risk management includes extensive organisational measures pertaining to the company's processes and structure with the aim of ensuring that risks are identified, analysed and controlled at an early stage and that they are reported, thereby taking into account the requirements of the German Corporate Sector Supervision and Transparency Act. The primary objectives of risk management are the avoidance and control of risks which impact the financial result and liquidity or even endanger the existence of the company and the optimisation of the overall portfolio of opportunities and risks.

Risk identification includes the structural recording of possible risks in all operational processes and functional divisions. As part of the risk analysis, the risks identified are assessed in terms of their origin, early warning indicators, risk control and preventive measures, the amount of any loss and the probability of their occurrence. The objective of risk control is to reduce the potential amount of any loss and the probability of its occurrence or – insofar as this is possible – to avoid risks by not carrying out high-risk activities.

As part of regular risk reporting, the Management Board and the Supervisory Board are kept informed of the current risk situation. In addition, material adverse changes are immediately reported to the decision makers. Risk management is an integral component of the business, planning and control processes and is reviewed regularly for its functional capability and its effectiveness.

In addition, a risk-oriented approach is used as part of internal audits to ensure a comprehensive appraisal of risks. The existing risk portfolios and the resulting areas for action are specified as early as during the preparation stage for auditing schedules and the specific auditing activities.

Significant opportunities and risks

System services

Market opportunities and risks result from supplying the control area. The voluntary self-obligations for the control reserve, grid losses and redispatch for the third regulatory period were effectively introduced by the **Federal Network Agency**. The costs for procuring these system services are therefore considered permanently non-controllable in accordance with Section 11 (2) **ARegV** (Incentive Regulation Ordinance) and can be recognised at planned costs in the revenue cap.

Opportunities and risks result from changes in the cost of procurement of control reserve based on unforeseeable volume effects. The voluntary self-obligation for the control reserve provides for price indexation resulting in opportunities and risks for the company's income due to volume effects, which are limited by an incentive regulation. Only around 25.0% of the cost savings or cost increases generated from unforeseen volume effects influence Amprion's income up to an absolute cap of 2.5% of the planned costs. Any remaining difference arising from volume and price changes in excess of this amount is recognised with interest in the regulatory account and is taken into account in the grid charges with a time lag.

In the case of the voluntary self-obligation for grid losses, a risk or opportunity arises from the price development because the settlement price is fixed. Moderate risks or opportunities exist from the procurement of grid losses. Around 50.0% of the cost savings or cost increases influence Amprion's income up to an absolute cap of 2.5% of the planned costs. Any remaining difference arising from volume changes in excess of this amount and the complete difference resulting from price changes are recognised with interest in the regulatory account and are taken into account in the grid charges with a time lag.

Since 1 October 2021, the voluntary self-obligation for redispatch has also included feed-in management in addition to the redispatch of conventional power generation. The voluntary self-obligation for redispatch results in periodic risks from the difference between the planned costs set in the revenue cap and the actual costs incurred due to redispatch measures. This is recognised with interest in the regulatory account and is taken into account in the grid charges with a time lag.

Financing

As a TSO, Amprion is responsible for the implementation of the EEG equalisation mechanism in its control area. In principle, the implementation of the EEG is income-neutral based on the statutory provisions. In the event of developments that differ from the forecast, however, income from the EEG allocation and the actual revenues from sales on the electricity exchange may not be sufficient to cover the volatile feed-in remuneration to EEG plant operators. This can lead to a periodic liquidity risk. However, this is counteracted by sufficient liquidity and credit lines.

Credit risks arise if business partners fail to meet their payment obligations or meet them inadequately. Credit risks are largely avoided through creditworthiness checks, continuous receivables management and, if necessary, the use of collateral security.

Regulation

Regulatory risks arise from changes in European and national laws. Amprion follows and assists in legislative processes in order to use any possible opportunities for financial stability in the regulated grid business and to limit costs to the company.

The grid charges are subject to regulatory supervision by the Federal Network Agency. The Federal Network Agency's approvals or decisions can impact positively or negatively on the asset, financial and earnings situation. This particularly includes the determination of the equity interest rate, which has a material influence on economic development, or the specification of the productivity factors. One central point is the approval practice for the cost reviews, which determine the basis for the grid charges for the following regulatory period. The grid charges are calculated based on forecast sales quantities. In the event of unscheduled quantity deviations resulting from external factors (e.g. weather, economy, local generation), revenue surpluses or shortfalls occur; they are recorded in the regulatory account and taken into consideration for future grid charges.

Further risks may arise if the investment measures applied for are only partially accepted by the Federal Network Agency because these may lead to lower imputed costs and thus to lower revenues from grid charges. The company reduces this risk by controlling costs and justifying the costs of investments to the Federal Network Agency.

Overall statement on risks

No risks that could threaten the continued existence of the company either individually or in their entirety were identified during the 2021 financial year. No such risks are foreseeable in the future based on current knowledge. The coronavirus pandemic only had a minor influence on the risk situation.

ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

The regulations are summarised in a guideline that is supplemented by work instructions. In addition, the guideline presents the specific accounting-related risks in a control matrix with the areas of activity and responsibilities, which is regularly updated. Risk identification and risk assessment take place in compliance with the accounting processes and the risk management system in consultation with all of the operating accounting units.

Each identified risk is assigned to one or more specific manual and/or system-based controls. The quantitative (materiality per balance sheet item) and qualitative (complexity and discretionary powers) assessment of the risks determine the intensity of the controls. Some of these controls are used for subsequent audits, i.e. to maintain the accuracy of the content and the completeness of the annual financial statements (ex post controls). By contrast, other control activities are of a preventive nature in order to secure risky processes in advance and reduce the system's susceptibility to errors (ex ante controls). The combination of ex post and ex ante controls ensures a more robust overall accounting process.

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

- a continuously applied dual-control principle,
- separation of functions and assignment of responsibilities,
- tiered release strategies,
- use of standard business software for accounting with a comprehensive authorisation concept to prevent fraud, and
- IT access restrictions set up according to the principle of the separation of functions to prevent unauthorised access to data.

The accounting-related internal control and risk management system includes the central documentation of the control activities and reporting to the Head of Accounting, who is responsible for introducing any necessary additional measures. Moreover, regular discussions are held with the staff operating the internal control system and with the Amprion risk management department.

Corporate governance declaration pursuant to Section 289f (4) HGB (German Commercial Code)

In 2017, target quotas of 0.0% were stipulated for the Management Board and 6.7% for the two management levels directly below the Management Board as targets for the proportion of women to be achieved by 30 June 2022. A target quota of 25.0% was stipulated for the proportion of women in the Supervisory Board and is to be achieved by 1 December 2025.

Dortmund, 15 March 2022


The Management Board



DR HANS-JÜRGEN BRICK



PETER RÜTH



DR HENDRIK NEUMANN

FINANCIAL STATEMENTS



BALANCE SHEET

of Amprion GmbH as at 31 December 2021

ASSETS

in € million	Notes	31 Dec. 2021	31 Dec. 2020
Non-current assets	(1)		
Intangible assets		37.0	27.9
Tangible assets		6,298.9	5,385.0
Financial assets		32.4	14.5
		6,368.3	5,427.4
Current assets			
Inventories	(2)	63.9	74.7
Accounts receivable and other assets	(3)	1,318.6	2,741.4
Cash and cash equivalents	(4)	3,576.4	0.0
		4,958.9	2,816.1
Prepaid expenses		3.9	0.7
		11,331.1	8,244.2

LIABILITIES AND SHAREHOLDERS' EQUITY

in € million	Notes	31 Dec. 2021	31 Dec. 2020
Equity	(5)		
Subscribed capital		10.0	10.0
Jouissance rights capital		24.2	20.4
Additional paid-in capital		1,403.0	1,403.0
Retained earnings		909.9	816.4
Net profit		183.6	216.6
		2,530.7	2,466.4
Special items	(7)	26.6	28.0
Provisions and accruals	(8)	904.5	1,062.4
Liabilities	(9)	7,300.3	4,202.0
Deferred income	(10)	358.0	318.4
Deferred tax liabilities	(11)	211.0	167.0
		11,331.1	8,244.2

INCOME STATEMENT

of Amprion GmbH from 1 January 2021 to 31 December 2021

in € million	Notes	31 Dec. 2021	31 Dec. 2020
Revenues	(13)	12,502.3	15,504.1
Change in inventory of work in progress		0.3	-0.5
Other own work capitalised		99.8	93.4
Other operating income	(14)	34.8	52.4
Cost of materials	(15)	-11,619.2	-14,730.5
Personnel expenses	(16)	-256.6	-224.3
Depreciation		-243.5	-208.8
Other operating expenses	(17)	-153.7	-117.5
Financial result	(18)	-100.3	-73.0
Profit before taxes		263.9	295.3
Taxes on income and earnings	(19)	-80.3	-78.7
Profit after taxes/net profit		183.6	216.6

NOTES TO THE FINANCIAL STATEMENTS

of Amprion GmbH, Dortmund
as at 31 December 2021

Basis of presentation

The company, based in Dortmund, is entered in the Commercial Register of the District Court of Dortmund under registration number HRB 15940. The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) for a large capital corporation as required by Section 267 (3) HGB and pursuant to the supplementary provisions of the Act Regarding Limited Liability Companies (GmbHG) and the Energy Industry Act (EnWG). To reflect the specific nature of the company's business activities, certain items of the financial statements have been adjusted pursuant to Section 265 (5) HGB.

To ensure clarity of presentation, individual items have been combined in the balance sheet and in the income statement and are explained separately in the notes. The income statement has been prepared according to the nature of expense method. The amounts disclosed in the annual financial statements are stated in millions of euros (€ million) and thousands of euros (€ thousand), which may lead to rounding differences.

Accounting policies

Non-current assets

Separately acquired intangible assets are initially recognised at acquisition costs and are amortised using the straight-line method over their normal useful lives of two to five years; if their value is likely to be permanently impaired, they are written down.

Tangible assets are measured at acquisition or manufacturing costs less accumulated scheduled straight-line depreciation and any unscheduled write-offs. Manufacturing costs include direct costs and any applicable overhead costs. If the reasons for the unscheduled write-offs cease to exist, appropriate reversals are recorded, but not in excess of the amortised cost. Depreciation pro rata temporis begins in the year of the addition. Scheduled write-offs are based on the lower range of useful life pursuant to Annex 1 to Section 6 (5) StromNEV (Electricity Network Fee Regulation Ordinance). Pursuant to Section 6 (2) EStG (German Income Tax Act), low-value assets whose acquisition costs do not exceed €250 are recognised as costs in the year of their

acquisition. If the acquisition costs exceed €250, but do not exceed €800, they are capitalised at the point in time of their addition; at the end of the financial year, they are fully depreciated and recognised as disposals.

Financial assets are recognised at acquisition costs and, if their value is expected to be permanently impaired, they are measured at the lower fair value at the balance sheet date.

Current assets

Raw materials and supplies are recognised at acquisition or manufacturing costs measured by applying moving average prices according to the strict lower of cost or market principle. Inventory risks arising from reduced exploitability are given consideration in the form of appropriate allowances. Work in progress is measured at manufacturing costs. In addition to directly attributable direct costs, appropriate portions of material and production overheads are also included. The receivables and other assets are recognised at nominal value or acquisition costs. All discernible specific risks and the general credit risk are given consideration in the form of reasonable value allowances.

Cash and cash equivalents are reported at nominal value.

Special items

Special items include advances and contributions in aid of construction and building connection that were received from 1 January 2003 to 31 December 2010, and are reversed through profit or loss in line with the useful lives of the related assets.

Provisions

Provisions for pensions and similar obligations are created on the basis of actuarial calculations, taking into account company-specific adjusted Klaus Heubeck 2018 G reference tables and using the projected unit credit method. They are discounted by 1.87% per year, based on the 10-year-average market interest rate as at 31 December 2021 published by the German central bank with an assumed residual term of 15 years. Other calculation assumptions include a 3.50% per year increase in wages and salaries and pension increases of 1.00% and 2.10% per year.

In the assessment of other provisions, all identifiable risks and contingent liabilities have been taken into account. They are recognised at the amount required for settlement based on reasonable commercial judgement. Provisions with a residual term of more than one year are discounted in accordance with their residual term using the average market interest rate for the previous seven financial years published by the German central bank. Interest accretion on these provisions is calculated using the interest rate at the end of the financial year. The effects of the change in the discounting rate or in the estimation of the residual term are shown in the financial result.

Provisions for service anniversaries are accrued on the basis of an actuarial analysis, taking into account company-specific adjusted Klaus Heubeck 2018 G reference tables. They are discounted using the average market interest rate for the previous seven financial years as at 31 December 2021 of 1.35% per year published by the German central bank. Furthermore, depending on the relevant service anniversary regulations, wage and salary increases of 2.75% and 3.50% per year are used as actuarial assumptions.

Provisions for pre-retirement part-time employment are accrued on the basis of actuarial calculations, taking into account company-specific adjusted Klaus Heubeck 2018 G reference tables. They are discounted using the average market interest rate for the previous seven financial years as at 31 December 2021 of 0.40% per year for potential and concluded pre-retirement part-time employment agreements. Furthermore, wage and salary increases of 3.50% per year are used as actuarial assumptions.

Provisions for pensions and similar obligations are covered in full by assets held in trust as part of a contractual trust arrangement. Credits from the block model pre-retirement part-time employment in accordance with Section 8a of the German Partial Retirement Act (Altersteilzeitgesetz - AltTZG) and credits on long-term working time accounts under Section 7e of the German Social Code Vol. IV (Sozialgesetzbuch - SGB IV) are likewise secured by assets held in trust as part of a contractual trust arrangement. These assets held in trust are recognised at fair value and are offset against the respective underlying obligations in accordance with Section 246 (2) sentence 2 HGB. Expenses associated with the interest accretion to provisions are netted against income and expenses from the related assets in the financial result.

Liabilities

Liabilities are generally measured at their settlement amount.

Deferred income

The advances and contributions in aid of construction and building connection accrued up until 31 December 2002 and after 1 January 2011 reported as deferred items are reversed through profit and loss using the straight-line method over a period of 20 years. The income from congestion management is used for maintenance or expansion of cross-border transmission capacities and is, in the same way as the construction grants, recognised in the balance sheet as deferred income.

Deferred tax liabilities

Deferred taxes arise from temporary differences in accounting treatment under commercial and tax law and are calculated using the current applicable tax rate and shown net.

Currency conversion

Transactions in foreign currency are valued at the current exchange rate at the time of their initial posting. Assets and liabilities quoted in foreign currency are converted at the mean spot rate of exchange prevailing on the accounting date.

Notes to the balance sheet

(1) Non-current assets

The development of non-current assets during the financial year and their composition as at 31 December 2021 are described in the appendix.

The following table provides information on the company's stockholdings.

Name and headquarters of the company	Share of capital	Equity in € million	Net profit in € million
Amprion Offshore GmbH, Dortmund*	100.0 %	27.0	*
Holding des Gestionnaires de Réseau de Transport d'électricité SAS, Paris/France**	5.0 %	91.6	9.9
Joint Allocation Office S. A., Luxembourg/Luxembourg**	4.0 %	6.8	0.3
TSCNET Services GmbH, Munich**	7.1 %	7.4	0.6

* Equity and profit of financial year 2021; profit-and-loss transfer agreement

** Equity and profit of financial year 2020

Due to the subordinate significance of Amprion Offshore GmbH for the true and fair presentation of Amprion Group, the parent company Amprion GmbH is exempt from preparing consolidated financial statements and Group management reports in accordance with Section 290 (5) HGB in conjunction with Section 296 (2) HGB as at 31 December 2021.

(2) Inventories

in € million	31 Dec. 2021	31 Dec. 2020
Raw materials and supplies	58.1	69.2
Work in progress	5.8	5.5
	63.9	74.7

(3) Accounts receivable and other assets

in € million	31 Dec. 2021	31 Dec. 2020
Trade receivables	1,102.8	2,657.4
Receivables from affiliated companies	29.9	14.6
Receivables from companies in which participations are held	5.4	0.5
Other assets	180.5	68.9
	1,318.6	2,741.4

Trade receivables largely result from the EEG allocation mechanism.

Receivables from affiliated companies arise entirely from cash pooling and profit transfers (incl. tax levy) with Amprion Offshore GmbH.

Receivables from companies in which participations are held relate entirely to trade receivables.

(4) Cash and cash equivalents

Cash and cash equivalents consist largely of bank deposits resulting from the EEG allocation mechanism.

(5) Equity

The company's authorised capital has been paid in full; 74.9% is held by M 31 Beteiligungsgesellschaft mbH & Co. Energie KG, Düsseldorf, and 25.1% by RWE AG, Essen.

The jouissance rights, which are not securitised, are held by the company's employees and are not transferable. They can be redeemed after a minimum holding period of five years. The jouissance rights entitle to a limited interest claim on the nominal amount which is prioritised over the shareholders' interests. The amount of the interest yield is dependent on the company's profit. They do not entitle to any participation in returns from liquidation of the company. The yield on the jouissance rights capital in the financial period amounted to €1.5 million. In total, jouissance rights in the following denominations have been issued.

Nominal amount	Quantity 31 Dec. 2021
€ 180	129,402
€ 360	16
€ 720	284
€ 1,220	67
€ 1,720	363
	130,132

The retained earnings are entirely composed of the item “other retained earnings” within the meaning of Section 266 (3) A. III, no. 4 HGB.

By resolution of the Supervisory Board dated 13 April 2021, €100.0 million of the net profit of € 216.6 million for the 2020 financial year was distributed to the owners. The remainder of € 116.6 million was transferred to other retained earnings.

By resolution of the shareholders on March 26, 2021, a special distribution was made to the shareholder RWE AG. The distribution amount of € 23.2 million was withdrawn from other revenue reserves.

(6) Payout block

The total amount of non-distributable profits in accordance with Section 268 (8) HGB of € 14.2 million results from the measurement of covering assets at their fair value pursuant to Section 253 (1) sentence 4 HGB. The fair value exceeds the cost of acquisition by € 20.8 million. The deferred tax liability due on this amount totals € 6.6 million.

The non-distributable amount of € 54.8 million (previous year: € 58.6 million) in accordance with Section 253 (6) HGB arises from discounting the provisions for pension obligations using the 10-year-average market interest rate instead of the previous 7-year-average.

The freely disposable reserves of € 2,312.8 million exceed the non-distributable amounts of € 69.1 million.

(7) Special items

Advances and contributions in aid of construction and building connection received from 1 January 2003 to 31 December 2010 are recognised under special items for investment grants associated with fixed assets.

(8) Provisions and accruals

in € million	31 Dec. 2021	31 Dec. 2020
Tax provisions	39.4	43.4
Other provisions	865.1	1,019.0
<i>thereof for regulatory obligations</i>	<i>707.3</i>	<i>894.5</i>
<i>thereof for miscellaneous obligations</i>	<i>157.8</i>	<i>124.5</i>
	904.5	1,062.4

Due to the offsetting rule pursuant to Section 246 (2) sentence 2 HGB, the provisions for pensions and similar obligations reported under other provisions are offset against plan assets.

in € million	Historical cost	Fair value	Settlement amount
Netted assets			
Securities	286.4	307.2	
Other assets	63.4	63.4	
	349.8	370.6	
Netted liabilities			
Provisions for pensions and similar obligations			370.6
			370.6
Difference from offsetting			-

The fair value corresponds to the market value as at 31 December 2021. The corresponding offsetting of expenses and income is disclosed in the notes to the financial result.

Tax provisions relate to tax periods not yet irrevocably closed.

Other provisions include regulatory obligations, which substantially result from the regulatory account. The remaining miscellaneous provisions are accrued essentially for personnel-related obligations as well as obligations for the overhaul of pylons.

In accordance with the consolidation requirement pursuant to Section 246 (2) sentence 2 HGB, the provisions for pre-retirement part-time employment and long-term working hour accounts disclosed under other provisions are offset against the plan assets.

in € million	Historical cost	Fair value	Settlement amount
Netted assets			
Other assets	12.2	12.2	
	12.2	12.2	
Netted liabilities			
Provisions for pre-retirement part-time employment and long-term working time accounts			47.8
			47.8
Difference from offsetting			35.6

The fair value corresponds to the market value as at 31 December 2021. The corresponding offsetting of expenses and income is disclosed in the notes to the financial result.

(9) Liabilities

in € million	31 Dec. 2021	Of which, residual term		
	(31 Dec. 2020)	≤1 year	>1 year	> 5 years
Bonds	800.0 (-)	- (-)	- (-)	800.0 (-)
Liabilities towards credit institutions	1,205.9 (2,604.5)	125.9 (1,724.5)	9.0 (9.0)	1,071.0 (871.0)
Prepayments received	21.4 (17.1)	8.7 (12.2)	8.8 (4.9)	3.9 (-)
Trade payables	5,129.3 (1,511.4)	5,129.3 (1,511.4)	- (-)	- (-)
Liabilities towards affiliated companies	0.4 (-)	0.4 (-)	- (-)	- (-)
Liabilities towards companies with participation interest	1.9 (*)	1.9 (*)	- (-)	- (-)
Other liabilities	141.4 (69.0)	127.2 (62.2)	13.4 (6.8)	0.8 (-)
<i>of which taxes</i>	5.8 (10.1)	5.8 (10.1)	- (-)	- (-)
<i>of which for social security</i>	0.1 (*)	0.1 (*)	- (-)	- (-)
	7,300.3 (4,202.0)	5,393.4 (3,310.3)	31.2 (20.7)	1,875.7 (871.0)

*Negligible amount

The €800.0 million bond issued on the international capital market has a term of twelve years.

Liabilities to credit institutions chiefly comprise long-term promissory note loans and registered debentures totalling €880 million as well as a syndicated loan amounting to €200 million.

Other liabilities primarily comprise liabilities for regulatory obligations.

(10) Deferred income

Deferred income includes €14.8 million (previous year: €16.7 million) in advances and contributions in aid of construction and building connection received up to 31 December 2002 and from 1 January 2011; appropriated advances from congestion management according to Article 19 (5) Regulation (EU) 2019/943 amounting to €331.5 million (previous year: €285.2 million) as well as various other advances for income in subsequent years amounting to €11.6 million (previous year: €16.5 million).

(11) Deferred tax liabilities

in € million	31 Dec. 2021	Change	31 Dec. 2020
Deferred tax assets	206.1	33.0	173.1
Deferred tax liabilities	417.1	77.0	340.1
Net deferred tax liability	211.0	44.0	167.0

The deferred tax liabilities arise essentially from valuation differences with regard to land and buildings as well as technical plant and machinery. These liabilities exceed the deferred tax assets, which stem mainly from differences in the valuation of provisions for pensions and similar obligations, other provisions and deferred income. The calculation was based on a tax rate of 31.56 % (previous year: 31.54 %).

(12) Guarantees and other financial obligations

The guarantees consist exclusively of liabilities from guarantee contracts totalling €216.3 million (previous year: €203.2 million), with €211.6 million of this amount (previous year: €198.6 million) relating to the joint liability for pension obligations stated in the partner RWE AG's accounts. Amprion is responsible for the economic burdens and relief.

Guarantees are provided only after a thorough review of the related risks and are restricted to the company's scope of business activities. Based on all indications available up until the preparation of the annual financial statements, it is assumed that the main debtors will be able to fulfil the obligations underlying the guarantees and that the guarantees will therefore not be called upon.

The aggregate total of other financial liabilities amounts to €668.4 million and relates to order commitments resulting from submitted investment and maintenance orders and to framework agreements regarding purchase obligations, long-term property leases as well as from contracts for the purchase of land that will be legally and commercially conveyed after 31 December 2021.

Due to the transfer of certain pension scheme liabilities to RWE Pensionsfonds AG which took place in previous years, the company – in its capacity as employer – has a legally mandated funding obligation in the event of a possible shortfall in the pension fund in the future. There is no shortfall as at the balance sheet date. Although there is no such deficit to be expected, future shortfalls cannot be completely ruled out.

Notes to the income statement

(13) Revenues

in € million	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Electricity	12,452.7	15,454.8
Other	49.6	49.3
	12,502.3	15,504.1

Electricity revenues essentially include revenues from the passing on of expenses from the EEG allocation mechanism, network charges and income-neutral allocations. They are generated mainly within Germany.

(14) Other operating income

in € million	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Reversal of provisions	27.1	41.8
Profits from disposal of non-current assets	1.1	1.4
Other	6.6	9.2
	34.8	52.4

Other operating income includes income related to other periods in the amount of €29.8 million (previous year: €48.2 million). As in the previous year, no significant income was incurred in the fiscal year as a result of currency translation.

(15) Cost of materials

in € million	1 Jan.- 31 Dec. 2021	1 Jan.- 31 Dec. 2020
Cost of raw materials, supplies and purchased goods	-10,959.3	-14,123.5
Cost of purchased services	-659.9	-607.0
	-11,619.2	-14,730.5

The cost of materials essentially consist of charges resulting from the EEG allocation mechanism and expenses for system services as well as other income-neutral allocations.

(16) Personnel expenses

in € million	1 Jan.- 31 Dec. 2021	1 Jan.- 31 Dec. 2020
Wages and salaries	-189.1	-165.6
Costs of social security, pensions and other benefits	-67.5	-58.7
<i>of which relating to pensions</i>	-36.7	-32.5
	-256.6	-224.3

in € million	1 Jan.- 31 Dec. 2021	1 Jan.- 31 Dec. 2020
Executive employees	34	33
Non-tariff employees	419	365
Employees covered by collective wage agreements	1,665	1,504
	2,118	1,902

The figures stated above are related to the average employee equivalents employed during the financial year. Part-time employees are taken into account proportionally to their regular weekly working hours.

(17) Other operating expenses

in € million	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Services	-57.8	-52.9
Losses from disposal of non-current assets	-13.6	-6.0
Legal and consulting fees	-22.0	-18.0
Miscellaneous	-60.3	-40.6
	-153.7	-117.5

Expenses related to other periods amounted to €16.3 million (previous year: €6.2 million). As in the previous year, no significant expenses were incurred in the fiscal year as a result of currency translation.

Expenses for services largely relate to data processing.

Miscellaneous other operating expenses essentially include expenses for partial retirement plans, fees, rent as well as other taxes amounting to €3.5 million (previous year: €3.0 million).

(18) Financial result

in € million	1 Jan. - 31 Dec. 2021	1 Jan. - 31 Dec. 2020
Income from profit transfer agreements	1.8	0.3
Income from other participations	0.6	0.5
Other interest and similar income	-7.5	0.4
<i>of which negative interest on bank deposits</i>	-8.5	-0.5
<i>of which from affiliated companies</i>	0.1	*
Interest and similar expenses	-95.2	-74.2
<i>of which interest accretion</i>	-50.3	-39.7
<i>of which negative interest from debt financing</i>	0.3	-
<i>of which remuneration from jouissance rights</i>	-1.5	-1.2
	-100.3	-73.0

*Negligible amount

The control and profit and loss transfer agreement was concluded with Amprion Offshore GmbH.

The negative interest included in other interest and similar income mainly relates to interest on bank balances from the EEG equalisation mechanism.

The item "Interest and similar expenses" includes expenses relating to other periods amounting to €9.8 million (previous year: €0.0 million) which result from a bond issued at a discount.

Expenses and income from plan assets and interest accrued on non-current provisions have been netted in accordance with Section 246 (2) sentence 2 HGB. The resulting net amount is included in the item "Interest and similar expenses".

in € million

Netted income	
Other operating income	3.6
Other interest and similar income	-0.1
	3.5
Netted expenses	
Interest and similar expenses	-45.5
	-45.5
Difference from offsetting	-42.0

(19) Taxes on income and earnings

Expenses arising from taxes on income and earnings relating to the current financial year amount to €19.6 million (previous year: €65.5 million). Deferred tax expenses amount to €44.0 million (previous year: €28.1 million). Tax expenses related to other periods amount to €16.6 million (previous year: €14.9 million tax income).

Additional information

Directors and officers

The members of the Supervisory Board are listed below:

- **Uwe Tigges**
Former Executive Board Chairman (CEO), innogy SE
Chairman
- **Detlef Börger-Reichert***
Chairman of Amprion GmbH's Works Council at its Dortmund site
and Deputy Chairman of the General Works Council of Amprion GmbH
1st Deputy Chairman
- **Christian Mosel**
Chief Executive Officer of Ärzteversorgung Westfalen-Lippe – Corporation under public law
2nd Deputy Chairman
- **Dr Peter-Henrik Blum-Barth**
Head of Capital Investments Liquid Assets, SV SparkassenVersicherung Holding AG
- **Dr Christoph Gehlen* (since 25 January 2022)**
Member of the Company Spokesman Committee of Amprion GmbH,
Head of Power Lines at Amprion GmbH
- **Wolfgang Hölzle***
Chairman of Amprion GmbH's Works Council at its Hoheneck site
and member of the General Works Council of Amprion GmbH
- **Gudrun Janßen***
Deputy ver.di District Manager for Westphalia, responsible for the Supply
and Waste Management Department
- **Helga Jungheim* (since 7 December 2021)**
ver.di Union Secretary in the Supply and Waste Management Department
(district Aachen/Düren/Erft)

*Employees' Representative

- **Natalie Kornowski***
 Chairwoman of Amprion GmbH's Works Council at its Brauweiler site and Chairwoman of the General Works Council of Amprion GmbH
- **Frank Lefeber***
 Member of Amprion GmbH's Works Council at its Dortmund site and member of the General Works Council of Amprion GmbH
- **Dr Thomas Mann**
 Executive Board Spokesman at Ampega Investment GmbH, Managing Director of Ampega Asset Management GmbH
- **Christoph Manser**
 Head of Infrastructure Investments at Swiss Life Asset Managers
- **Dr Michael Müller**
 Chief Financial Officer of RWE AG
- **Dagmar Paasch* (until 13 September 2021)**
 ver.di Regional Department Manager, North Rhine-Westphalia Supply and Waste Management Department
- **Robert Pottmann**
 Head of Portfolio Management Illiquid Assets of MEAG MUNICH ERGO AssetManagement GmbH
- **Fred Riedel**
 Financial auditor/tax consultant
- **Patrik Peter Riehm* (until 31 December 2021)**
 Deputy Chairman of the Company Spokesman Committee of Amprion GmbH, Head of Accounting, Taxes, Insurance at Amprion GmbH
- **Nerima Uzeirovic***
 Member of the General Works Council at Amprion GmbH and member of the Works Council at Amprion in Dortmund

*Employees' Representative

The members of the Management Board are listed below:

- **Dr Hans-Jürgen Brick**
Chief Commercial Officer
Chief Executive Officer
- **Dr Hendrik Neumann (since 1 January 2021)**
Chief Technical Officer
- **Peter RÜth**
Chief Financial Officer

In exercising the option under Section 286 (4) HGB, total compensation pursuant to Section 285 no. 9a and b HGB has not been disclosed for members of the Management Board, former members and their surviving dependents.

Members of the Supervisory Board received remuneration in the amount of €356.7 thousand during the financial year.

Auditor's fee

The auditor's fee breaks down as follows:

in € thousand		of which for previous years
Auditing services	357.5	-
Other assurance services	384.8	0.5
Miscellaneous services	3.9	-
	746.2	0.5

Appropriation of net profit

The net profit for the financial year amounts to €183.6 million. Pursuant to Section 16 (1) of the company's Articles of Association, the Management Board proposes to the Supervisory Board a distribution of €130.0 million. Furthermore, the Management Board proposes to allocate the surplus amount of €53.6 million to other retained earnings according to Section 266 (3) A. III. no. 4 HGB for the purpose of creating appropriate reserves for future investments.

Events after the end of the reporting period

As a result of the Ukraine crisis, energy prices rose sharply in the period up to the preparation of the annual financial statements. This circumstance, if it is permanent, may lead to a significant increase in the costs of system services. The exact effects for fiscal year 2022 cannot be forecast at present. Overall, this event will not have any impact on the company across the current and future accounting periods, as the increased costs can be refinanced via future grid charges.

Information pursuant to EnWG

The company's business activities are related exclusively to the area "transport of electricity". Consequently, the activity report required pursuant to Section 6b (3) EnWG is equivalent to the financial statements.

In accordance with Section 6b (2) EnWG, substantial transactions with affiliated and associated companies shall be described in the notes. During the financial year, Amprion GmbH assigned Amprion Offshore GmbH with the construction, commissioning, maintenance and servicing as well as leasing of offshore grid connection systems as stipulated in the Construction and Leasing Contract, in which Amprion GmbH acts as the lessee. The resulting expenses amounted to € 4.8 million (previous year: € 3.9 million).

Inversly, Amprion GmbH was contracted by Amprion Offshore GmbH to render commercial and technical services during the construction and operating phase of the offshore grid connection systems as specified in the Operating Agreement. On this basis, Amprion Offshore GmbH was charged € 26.1 million during the financial year (previous year: € 19.7 million).

Dortmund, 15 March 2022

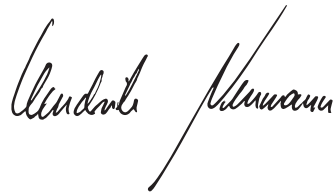
The Management Board



DR HANS-JÜRGEN BRICK



PETER RÜTH



DR HENDRIK NEUMANN

DEVELOPMENT OF FIXED ASSETS (APPENDIX TO THE NOTES)

of Amprion GmbH from 1 January 2021 to 31 December 2021

in € million	Costs of acquisition or production				as at 31 Dec. 2021
	as at 1 Jan. 2021	Additions	Transfers	Disposals	
Intangible assets					
Purchased concessions, patent rights and similar rights and assets as well as licences in such rights and assets	65.4	16.2	-	-	81.6
Prepayments	5.1	5.6	0.1	0.2	10.5
	70.5	21.8	0.1	0.2	92.1
Tangible assets					
Land, land rights and buildings including buildings on third-party land	777.8	69.5	40.2	23.3	864.2
Technical plant and machinery	8,661.0	724.7	197.2	62.9	9,520.0
Other equipment, factory and office equipment	79.3	11.4	-	1.2	89.5
Advance payments and construction in progress	692.0	377.4	-237.5	1.0	830.9
	10,210.1	1,183.0	-0.1	88.4	11,304.6
Financial assets					
Shares in subsidiaries	9.0	18.0	-	-	27.0
Other participations	5.2	-	-	-	5.2
Other loans	0.3	-	-	0.1	0.2
	14.5	18.0	-	0.1	32.4
	10,295.1	1,222.8	-	88.7	11,429.1

	Accumulated depreciation			Carrying amounts		
	as at 1 Jan. 2021	Depreciation during the reporting period	Disposals	as at 31 Dec. 2021	as at 31 Dec. 2021	as at 31 Dec. 2020
	42.6	12.5	-	55.1	26.5	22.8
	-	-	-	-	10.5	5.1
	42.6	12.5	-	55.1	37.0	27.9
	203.1	13.4	0.8	215.7	648.5	574.7
	4,572.6	209.8	48.4	4,734.0	4,786.0	4,088.4
	49.4	7.8	1.2	56.0	33.5	29.9
	-	-	-	-	830.9	692.0
	4,825.1	231.0	50.5	5,005.7	6,298.9	5,385.0
	-	-	-	-	27.0	9.0
	-	-	-	-	5.2	5.2
	-	-	-	-	0.2	0.3
	-	-	-	-	32.4	14.5
	4,867.7	243.5	50.5	5,060.8	6,368.3	5,427.4

INDEPENDENT AUDITOR'S REPORT

To Amprion GmbH, Dortmund

Report on the audit of the financial statements
and the management report

Audit opinions

We have audited the annual financial statements of Amprion GmbH, Dortmund, which comprise the balance sheet as of 31 December 2021 and the income statement for the financial year from 1 January 2021 to 31 December 2021 as well as the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the Amprion GmbH management report for the financial year from 1 January 2021 to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration pursuant to Section 289f (4) HGB (German Commercial Code).

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

- the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company as of 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in compliance with the German principles of proper accounting and
- the accompanying management report as a whole provides an appropriate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the aforementioned corporate governance declaration or the other elements of the management report listed under **"Other information"**.

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

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits set out by the Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the **“Auditor’s responsibilities for the audit of the annual financial statements and the management report”** section of our auditor’s report. We are independent of the company in accordance with the requirements of German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other information

The executive directors or the Supervisory Board are responsible for the other information. The other information comprises the corporate governance declaration pursuant to Section 289f (4) of the German Commercial Code (HGB) (information on the proportion of women).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of audit conclusion regarding this.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and for the fact that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with the German principles of proper accounting. In addition, the executive directors are responsible for such internal controls as they have deemed necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the company's continuation as a 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 with this.

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

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- obtain an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these company systems.

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

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

Other legal and regulatory requirements

Report on the audit of the fulfilment of the accounting duties pursuant to Section 6 b (3) EnWG

Audit opinions

We have audited whether the company has complied with its obligations pursuant to Section 6 b (3) sentences 1 to 5 EnWG to maintain separate accounts for the financial year from 01 January 2021 to 31 December 2021. In addition, we have audited the activity report for the activity of electricity transmission pursuant to Section 6 b (3) sentence 1 EnWG, consisting of the balance sheet as of 31 December 2021 of the annual financial statements, which also represents the balance sheet of the activity report, and the income statement for the financial year from 01 January 2021 to 31 December 2021 of the annual financial statements, which also represents the income statement of the activity report.

- In our opinion, the obligations pursuant to Section 6 b (3) sentences 1 to 5 EnWG to maintain separate accounts have been complied with in all material respects.
- In our opinion, based on the findings of our audit, the enclosed activity report complies in all material respects with the German regulations of Section 6 b (3) sentences 5 to 7 EnWG.

Basis for the audit opinions

We conducted our audit of compliance with the obligations to maintain separate accounts and of the activity report in accordance with Section 6 b EnWG taking into account the *IDW auditing standard: audit pursuant to Section 6 b (5) of the German Energy Industry Act (IDW AS 610 as amended)*. Our responsibilities under those requirements and principles are further described in the section entitled **“Auditor’s responsibilities for the audit of the fulfilment of the accounting duties pursuant to Section 6 b (3) EnWG”**. We are independent of the company in accordance with the requirements of German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements. As an auditing company, we apply the requirements of the *IDW quality assurance standard: requirements for quality assurance in auditing practice (IDW QA 1)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion concerning compliance with the accounting requirements pursuant to Section 6 b (3) EnWG.

Responsibilities of the executive directors and the Supervisory Board for the fulfilment of the accounting duties pursuant to Section 6b (3) EnWG

The executive directors are responsible for compliance with the obligations to maintain separate accounts pursuant to Section 6b (3) sentences 1 to 5 EnWG. The executive directors are also responsible for the preparation of the activity report pursuant to the German regulations of Section 6b (3) sentences 5 to 7 EnWG.

In addition, the executive directors are responsible for the internal controls they have deemed necessary to comply with the obligations to maintain separate accounts.

The responsibility of the executive directors for the activity report corresponds to the responsibility described in the **“responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report”** section with regard to the annual financial statements.

The Supervisory Board is responsible for monitoring compliance with the company’s accounting obligations pursuant to Section 6b (3) EnWG.

Auditor’s responsibilities for the audit of the fulfilment of the accounting duties pursuant to Section 6b (3) EnWG

Our objectives are to obtain reasonable assurance about

- whether the executive directors have complied in all material regards with their obligations to maintain separate accounts pursuant to Section 6b (3) sentences 1 to 5 EnWG and
- whether the activity report complies in all material regards with the German regulations of Section 6b (3) sentences 5 to 7 EnWG.

In addition, our objectives encompass the inclusion of a note in the auditor’s report documenting our audit opinions on compliance with the accounting obligations pursuant to Section 6b (3) EnWG.

The audit of compliance with the obligations to maintain separate accounts pursuant to Section 6b (3) sentences 1 to 5 EnWG includes an assessment of whether the allocation of accounts to activities in accordance with Section 6b (3) sentences 1 to 4 EnWG has been carried out in a proper and comprehensible manner and whether the principle of consistency has been observed.

Our responsibility for auditing the activity report corresponds to the responsibility described in the **“Auditor’s responsibilities for the audit of the annual financial statements and the management report”** section.

Düsseldorf, 15 March 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

Signed Reese
Auditor

Signed Dirks
Auditor

GLOSSARY

ARegV

The Ordinance on Incentive Regulation (Anreizregulierung – ARegV) is an official instrument for the regulation of monopolistic markets. As grids are seen as natural monopolies, grid operators theoretically have no incentive to maintain their efficiency and thus keep the costs of their services low. The Federal Network Agency therefore sets a revenue cap for network operators via the Incentive Regulation which is stipulated on the basis of the efficiency ratings of the least expensive grid operator. Within this framework, grid operators are allowed some leeway, for example for investments in the grid. The difference between the revenue cap and actual revenues is placed in a regulatory account by the Federal Network Agency. The revenue cap is implemented through the transmission charges. If revenues exceed the cap by more than 5%, the transmission charges must be adjusted.

BBPIG

The Federal Requirement Plan Act (Bundesbedarfsplangesetz, BBPIG) contains grid expansion projects confirmed as necessary by the Federal Network Agency which must be implemented by the transmission system operators. They are deemed necessary for the energy industry and are urgently required. The Federal Network Agency normally carries out federal planning for these projects.

🌐 www.netzausbau.de

EEG

The Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, EEG) regulates the preferential feed-in of electricity from renewable sources such as wind, sun, water or biomass into the German electricity grid. This is intended to enable the operation of regenerative generation facilities on a financially sustainable basis. According to the EEG, grid operators are obliged to accept electricity from these facilities and market it on the spot market on the electricity exchange. The law also lays down fixed rates of remuneration for electricity from renewable sources. The difference between the remuneration and the price achieved on the spot market is balanced out via the EEG allocation.

EEV

The Renewable Energies Regulation (Erneuerbare-Energien-Verordnung) regulates the marketing of electricity generated from renewable sources. This electricity must be sold at the level of transmission grid operators and no longer has to be purchased from energy utilities which supply end customers. In addition, the EEV contains provisions on calculating the EEG allocation.

EnLAG

The Power Grid Expansion Act (Energieleitungsausbaugesetz, EnLAG) regulates the expansion of power lines in the extra-high-voltage transmission grid. Attached to the law as an appendix is a project overview which contains the planned construction projects for the expansion of the transmission grids.

EnWG

The Energy Industry Act (Energiewirtschaftsgesetz, EnWG) contains fundamental regulations on the law on powerline-based energies. The objective of EnWG, amongst others, is to ensure a “best possible secure, affordable, consumer-friendly, efficient and environmentally sustainable” energy supply to the general public. This includes safeguarding effective and transparent competition on the energy market. The law also contains regulations on the supervision of grid operations by the regulatory authorities.

Federal Network Agency (FNA)

The Federal Network Agency (Bundesnetzagentur, BNetzA) is a regulatory body that supervises, maintains and promotes competition in the grid markets (electricity, gas, railway tracks). Every two years, the Federal Network Agency reviews and approves the Power Grid Development Plan and its basis as produced by transmission system operators and the scenario parameters for the development of electricity generation for the next ten to twenty years.

Overhead lines

Overhead lines – also known as overhead transmission lines – are electrical lines whose conductor cables – unlike underground cables – are insulated by the surrounding air. For the foreseeable future, overhead lines will continue to be the most economical form of power transmission, particularly over long distances.

NEP

The Power Grid Development Plan (Netzentwicklungsplan, NEP) sets out the expansion projects in the German transmission grid in the following ten years. The Power Grid Development Plans are developed by the four transmission system operators on the basis of assumptions about the development of electricity generation and consumption, the scenario parameters. The plan was created for the first time in 2012, and is to be further developed in a 2-year cycle as of 2017.

Substation

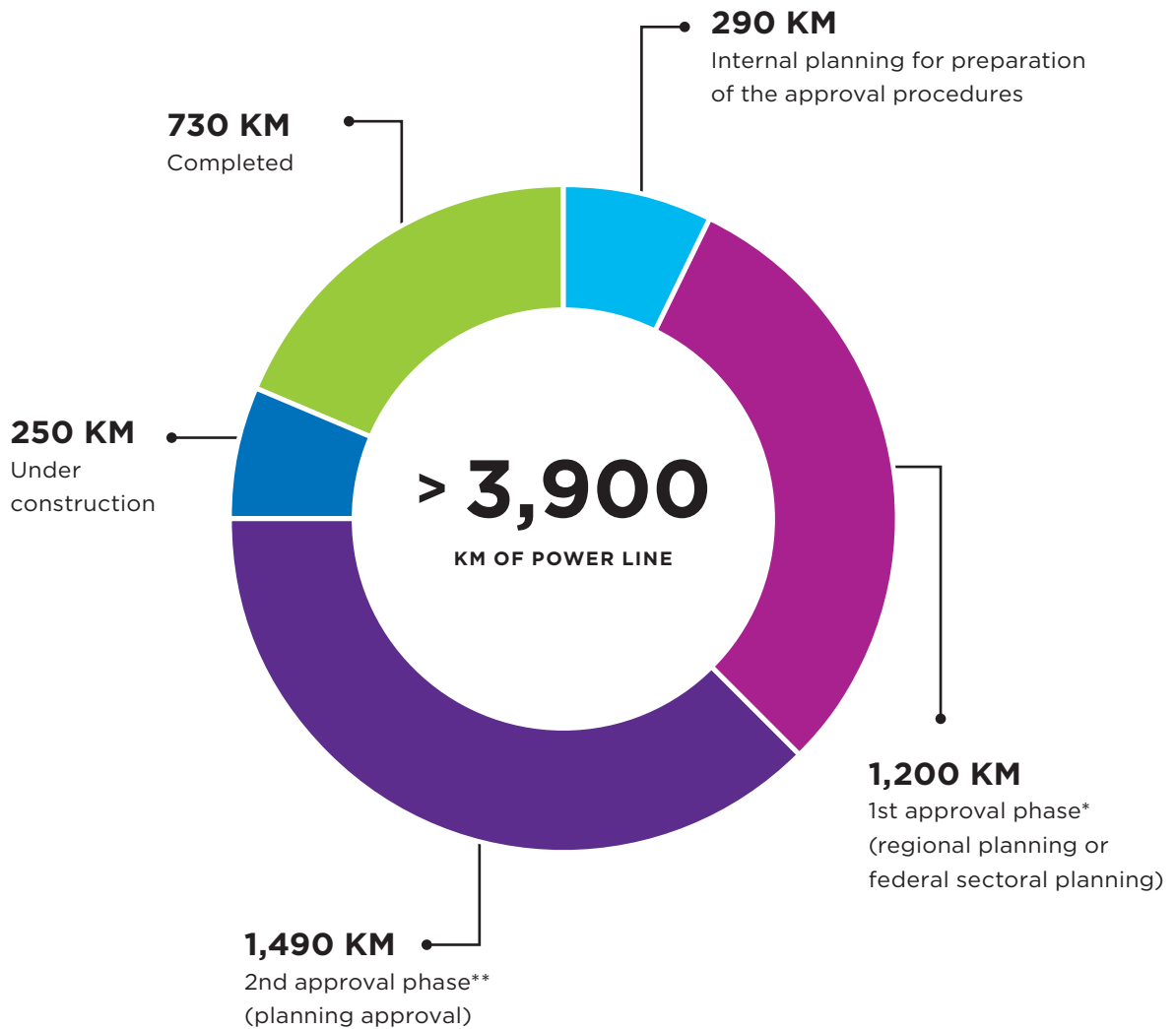
This is a junction in the electricity grid. Several high-voltage and extra-high-voltage transmission lines converge at a substation. In these facilities, individual electricity circuits can be selectively switched on or off. It is also possible to direct the electricity via the transformers – voltage converters – to be distributed further on grids with lower voltage.

Underground cables

The use of underground cables is widespread amongst lines for supplying towns and in regional electricity grids. On the other hand, in sections with 380 kilovolts, underground cables are unusual. Since 2015, however, the German government has been focusing increasingly on underground cables for grid expansion. In the future, the major direct current connections are to be designed primarily as underground cables. In the field of alternating current, the cable technology is being tested in pilot projects. Cabled sections are essentially more cost-intensive than overhead lines. The additional costs are passed on to the consumer through grid use charges.

GRID EXPANSION AT AMPRION

The scope of the legally mandated grid expansion work to be implemented by Amprion is increasing from around 3,600 to some 3,900 km of power line. To this end, 2021 saw us once again invest more than € 1 billion – despite the COVID pandemic.



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** including preparation and implementation

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