Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	821 186 242
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	MIDGARD VIND HOLDING AS
Forretningsadresse:	Klæbuveien 118 7031 TRONDHEIM

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Hege Johnsen
Dato for fastsettelse av årsregnskapet:	30.05.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.08.2025

Resultatregnskap

Beløp i: EUR	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Change in value PPA			29 968 000
Annen driftsinntekt		143 000	97 000
Sum inntekter		**143 000**	**30 065 000**
Kostnader			
Delivery settlement			100 952 000
Lønnskostnad	3	573 000	623 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	2 000	1 000
Annen driftskostnad		176 000	475 000
Sum kostnader		**751 000**	**102 051 000**
Driftsresultat		**-608 000**	**-71 986 000**
Finansinntekter og finanskostnader			
Net finance	11	413 000	
Sum finansinntekter		**413 000**	
Net finance	11		2 655 000
Sum finanskostnader			**2 655 000**
Netto finans		**413 000**	**-2 655 000**
Ordinært resultat før skattekostnad		**-195 000**	**-74 641 000**
Skattekostnad på ordinært resultat	1	895 000	-15 506 000
Ordinært resultat etter skattekostnad		**-1 090 000**	**-59 135 000**
Årsresultat		**-1 090 000**	**-59 135 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-1 090 000	-59 135 000
Sum overføringer og disponeringer		**-1 090 000**	**-59 135 000**

Balanse

Beløp i: EUR	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	1	27 324 000	28 219 000
Sum immaterielle eiendeler		**27 324 000**	**28 219 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	3 000	
Sum varige driftsmidler		**3 000**	
Finansielle anleggsmidler			
Investering i datterselskap	2	157 440 000	157 440 000
Sum finansielle anleggsmidler		**157 440 000**	**157 440 000**
Sum anleggsmidler		**184 767 000**	**185 659 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		69 000	63 000
Konsernfordringer		234 490 000	234 174 000
Sum fordringer		**234 559 000**	**234 237 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10	34 187 000	87 216 000
Sum bankinnskudd, kontanter og lignende		**34 187 000**	**87 216 000**
Sum omløpsmidler		**268 746 000**	**321 453 000**
SUM EIENDELER		**453 513 000**	**507 112 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			

Balanse

Beløp i: EUR	Note	2023	2022
Innskutt egenkapital			
Selskapskapital	6	305 000	305 000
Overkurs	7	144 178 000	144 178 000
Annen innskutt egenkapital	7	204 478 000	204 478 000
Sum innskutt egenkapital		**348 961 000**	**348 961 000**
Opptjent egenkapital			
Annen egenkapital	7	-101 977 000	-100 887 000
Sum opptjent egenkapital		**-101 977 000**	**-100 887 000**
Sum egenkapital		**246 984 000**	**248 074 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8	178 228 000	203 426 000
Sum annen langsiktig gjeld		**178 228 000**	**203 426 000**
Sum langsiktig gjeld		**178 228 000**	**203 426 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8	9 575 000	11 402 000
Leverandørgjeld		32 000	22 024 000
Skyldige offentlige avgifter		47 000	48 000
Kortsiktig konserngjeld		18 477 000	21 971 000
Annen kortsiktig gjeld		170 000	167 000
Sum kortsiktig gjeld		**28 301 000**	**55 612 000**
Sum gjeld		**206 529 000**	**259 038 000**
SUM EGENKAPITAL OG GJELD		**453 513 000**	**507 112 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer:	2024 542068

Enheten

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Organisasjonsform:	Aksjeselskap
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Brønnøysundregistrene, 16.07.2024

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 821 186 242
MIDGARD VIND HOLDING AS

RESULTATREGNSKAP

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Organisasjonsnr: 821 186 242
MIDGARD VIND HOLDING AS

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SUM EGENKAPITAL OG GJELD		**453 513 000**	**507 112 000**

Organisasjonsnr: 821 186 242
MIDGARD VIND HOLDING AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
3

Antall årsverk i regnskapsåret
3.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Skatteetaten

Vår dato	Din dato	Saksbehandler
07.10.2019	09.09.2019	Bente Halvorsen
800 80 000 Skatteetaten.no	Din referanse AR335220265	Postadresse Postboks 9200 Grønland 0134 OSLO
	Vår referanse 2019/6423613	

MIDGARD VIND HOLDING AS
Klæbuveien 118
7031 TRONDHEIM

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 9. september 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

Midgard Vind Holding AS	**org.nr. 821 186 242**
Midgard Vind AS	**org.nr. 921 894 066**
Stokkfjellet AS	**org.nr. 921 894 295**
Sørmarksfjellet AS	**org.nr. 921 886 241**
Frøya Vind AS	**org.nr. 921 886 098**
Ytre Vikna 1 AS	**org.nr. 921 886 292**
Hundhammerfjellet AS	**org.nr. 921 891 628**

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det pålegger den regnskapspliktige å dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn
Midgard Vind Holding AS eier de øvrige seks selskapene. Midgard Vind Holding eies 30 % av et norsk selskap og 70 % av et utenlandsk selskap. Konsernet driver med kraftproduksjon og eneste kunde vil være kraftbørsen Nord Pool. Långiver er utenlandsk og konsernets største enkeltleverandør av turbiner er også utenlandsk. Majoriteten av kommunikasjonen internt i konsernet og eksternt fra Midgard Vind holding skjer på engelsk fordi daglig leder er utenlandsk.

Skattekontorets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

Side 1 / 2

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> "Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på majoritetseier er et utenlandsk selskap og at konsernet har begrenset eierkrets. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Bente Halvorsen
spesialrevisor
Brukerdialog, juridisk stab, gruppe 1
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Admincontrol

List of Signatures

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Financial Statements Annual Report 2023 MVH AS.pdf

Name	Method	Signed at
Felix Corradini	One-Time-Password	2024-03-20 15:48 GMT+01
Welde, Håkon	BANKID_MOBILE	2024-03-20 12:59 GMT+01
Færestrand, Roger Beite	BANKID	2024-03-19 21:37 GMT+01
Vogt, Christian	BANKID	2024-03-19 14:19 GMT+01

MIDGARD

Midgard Vind Holding AS

Financial statement 2023

Profit & loss

in EUR 1000

	Note	2023	2022
Change in value PPA		0	29 968
Other income		143	97
Revenue		**143**	**30 064**
Delivery settlement		0	-100 952
Depreciation	5	-2	-1
Personnel cost	3	-573	-623
Other operating expenses	4	-176	-475
Total operating expenses		**-751**	**-102 050**
OPERATING PROFIT/ (LOSS)		**-608**	**-71 985**
Net finance	11	**413**	**-2 655**
PROFIT/ (LOSS) BEFORE INCOME TAX		**-195**	**-74 641**
Income tax expense	1	-895	15 506
NET PROFIT/ (LOSS)		**-1 090**	**-59 135**
Attributable to:			
Other equity		-1 090	-59 135
Total		-1 090	-59 135

Balance

in EUR 1000

Assets	**Note**	**2023**	**2022**
Intangible assets			
Deferred tax asset	1	27 324	28 219
Total intangible assets		**27 324**	**28 219**
Tangible assets			
Fixtures, equipment, tools, office machines etc.	5	3	0
Total tangible assets		**3**	**0**
Financial assets			
Investments in subsidiaries	2	157 440	157 440
Total financial assets		**157 440**	**157 440**
Total non-current assets		**184 768**	**185 659**
Current assets			
Other receivables		69	63
Group contribution		3 458	4 819
Group cashpool		231 032	229 355
Bank deposits	10	34 187	87 216
Total current assets		**268 746**	**321 452**
Total assets		**453 513**	**507 112**

in EUR 1000

Equity and liabilities		**2023**	**2022**
Equity			
Share capital	6	305	305
Share premium reserve	7	144 178	144 178
Other paid-in capital	7	204 478	204 478
Total paid-in equity		**348 961**	**348 961**
Other equity	7	-101 977	-100 887
Total equity		**246 983**	**248 074**
Non-current liabilites			
Other long term interest bearing debt	8	178 228	203 426
Power purchase agreement	9	0	0
Other long term debt	9	0	0
Total non-current liabilities		**178 228**	**203 426**
Current liabilities			
Short term interest bearing debt	8	9 575	11 402
Group cashpool		18 478	21 972
Accounts payable		32	22 024
Public duties payable		47	48
Other short debt	9	170	167
Total current liabilities		**28 302**	**55 612**
Total equity and liabilities		**453 513**	**507 112**

Trondheim 19.03.2024

Christian Vogt
Chairman

Felix Corradini
Board member

Håkon Welde
Board member

Roger Beite Færestrand
Board member

Cash flow statement

	in EUR 1000	
	2023	**2022**
Cash flow from operating activities		
Profit/ (loss) before income taxes	-195	-74 641
Depreciations	2	1
Change in value power purchase agreement (PPA)	0	-29 968
Interest expense/ Interest income (-)	-3 822	7 002
Changes in accounts receivables	1 354	-4 440
Changes in accounts payable	-21 992	13 517
Changes in other accruals	176	-115
Net cash flow from operating activities	**-24 476**	**-88 643**
Cash flow from investing activities		
Cash outflows for investments in property, plant and equipment	-5	0
Net cash flow from investing activities	**-5**	**0**
Cash flow from financing activities		
Cash inflows from issuance of loans	0	0
Cash outflows for redemption of loans	-27 200	-12 672
Cash inflows from additions to shareholders' equity	0	130 523
Interest expense/ Interest income (-)	3 822	-7 002
Net cash flow from financing activities	**-23 378**	**110 848**
Net change in cash and cash equivalents	-47 859	22 205
Net change group cashpool	-5 169	26 245
Cash and cash equivalents at 01.01	87 216	38 766
Cash and cash equivalents at 31.12	**34 187**	**87 216**

Parent company and goup accounts

Midgard Vind Holding AS is a subsidary of SWM Erneuerbare Energien Norwegen GmbH and the company's business office are in München.
Midgard Vind Holding AS and its subsidaries is consolidated into Stadtwerke München and the Annual report can be dowmloaded at www.SWM.de.

Accounting Principles

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Foreign currency
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into EURO using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into EURO using the exchange rate applicable on the transaction date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Sales revenue
Sales revenues are recognized upon delivery. Revenue from services is recognized when the service is rendered.

Taxes
The income tax expense is comprised of both tax payable for the period, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income, including year-end loss carry-forwards, calculated at 22%. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount.

Balance sheet classification
Current assets and short term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as non-current assets and long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Interest rate instruments are recognized at fair value if the value is negative.

Fixed assets and depreciation
Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component.

Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset.

The carrying amount of fixed assets are written down to recoverable amount when decreases in recoverable amount are expected to be permanent. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Impairments losses recognised are reversed when the basis for the impairment loss is no longer evident.

Account receivables and other receivables
Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined on the basis of an assessment of individual receivables.

Financial instruments
Interest rate instruments are recognized at fair value if the value is negative.
Hedge accounting is applicable on one interest rate swaps that is regarded as cash flow hedging and value change on the interest rate swap is not recognized in the balance sheet.

Power purchase agreements with financial settlement are valued at the lowest of cost or fair value.

Investments in subsidiaries
Investments in subsidiaries are reported in the annual accounts at cost. The shares in subsidiaries are written down to fair value, if the impairment is not temporary.

Pension costs and pension liabilities
The defined contribution scheme is expensed on an ongoing basis and the company's obligation to the employee is to provide continuous contributions of a specified size to the employees' pension savings.

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash and bank deposits.

Notes

1 Tax

In EUR 1 000

This years income tax expense consists of	**2023**	**2022**
Tax payable		
Correction of tax payable from prior period		
Changes in deferred tax	895	-15 506
Effect of changes in tax rate		
Total tax expense	**895**	**-15 506**

In EUR 1 000

Specification of temporary differences	**2023**		**2022**	
related to deferred tax	**Assets**	**Liability**	**Assets**	**Liability**
Tangible assets	0		0	
Financial instruments	22		22	
Profit and loss account	124 179		128 246	
Total	**124 201**	**0**	**128 268**	**0**
Deferred income tax liability	27 324		28 219	

2 Investments in subsidaries

In EUR 1 000

Company	Acquisition date	Share ownership	Voting rights	Acquisition cost	Book value 31.12.2023	Net P&L 2023	Book equity 31.12.2023
Ytre Vikna 1 AS	20.12.2018	100 %	100 %	26 226	26 226	197	18 770
Midgard Vind AS	20.12.2018	100 %	100 %	47 591	47 591	579	28 309
Stokkfjellet AS	20.12.2018	100 %	100 %	12 269	12 269	-191	12 799
Sørmarksfjellet AS	20.12.2018	100 %	100 %	23 893	23 893	1 736	18 310
Frøya Vind AS	20.12.2018	100 %	100 %	23 814	23 814	559	9 471
Hundhammerfjellet A:	20.12.2018	100 %	100 %	23 647	23 647	22	10 894
Total				**157 440**	**157 440**	**2 901**	**98 552**

All subsidaries are located in Trondheim

3 Personnell cost

In EUR 1 000

Personnell cost	2023	2022
Salaries	460	512
Payroll tax	84	77
Pension costs	25	28
Other personnell costs	4	6
Total	**573**	**623**

The company has employed 3 man-labour years in 2023.

Pension costs

The company has defined contribution plan in accordance with Norwegian legislation (Lov om obligatorisk tjenestepensjonsordning). The defined contribution plans cover full-time emplyees and at December 2023, 3 members were covered by the plans.
Costs related to the contribution plan are expensed as incurred.

General managers compensation

	2023
Wages	259
Provision for bonuspayment	75
Other compensation	12
Sum	**346**

The general manager is part of the company's ordinary pension scheme.
The general manager has a bonus arrangement for up to 30% of his yearly salary.
If the company terminates the employment contract, the general manager is entitled to 6 months severance pay after the 6-month notice period.

There is no compensation to board members.

4 Auditor compensation

In 2023 the company expensed EUR 10.994 for statutory audit

5 Fixed assets *In EUR 1 000*

	Equipment
Acquisition cost as at 01.01.2023	0
Additions	5
Disposals	
Acquisition cost as at 31.12.2023	5
Accumulated depreciation 31.12.2023	2
Accumulated write-downs 31.12.2023	
Net value 31.12.2023	**3**
Depreciation for the year	2
Useful economic life	3 years
Amortisation plan	linear

6 Share capital and shareholder information

in NOK

Share capital in Midgard Vind Holding AS 31.12.2023	Number of shares	Face value	Book value
Shares	300 000	10,10	3 030 000

Shareholders at 31.12.2023	Ownership interest	Voting rights
SWM Erneuerbare Energien Norwegen GmbH	70 %	70 %
Aneo Production Holding AS	30 %	30 %
Total	100 %	100 %

7 Equity

In EUR 1 000

	Issued capital	Share premium	Other pain-in capital	Other eqity	Total
Equity 01.01.2023	305	144 178	204 478	-100 888	248 074
New equity					0
New equity not registred					0
Net profit				-1 090	-1 090
Equity 31.12.2023	**305**	**144 178**	**204 478**	**-101 977**	**246 984**

8 Pledge and debt

In favor of the lender SEB / EKF, collateral has been provided in 100% of the company's bank accounts, operating accessories, inventories, accounts receivable and any intra-group loans in addition to all shares in all subsidiaries. The book value of pledged assets is 426 mEUR.

Final maturity date is 31.12.2039. As of 31.12.2023, 147mEUR has a maturity > 5 years

9 Financial instruments

In EUR 1 000

Instruments pr 31.12.2023	Off balance Asset	Asset	Non-current Liability	Current Liability
Interest rate swap	601	0	0	0

Hedge accounting

The construction loan is swapped from floating to fixed interest. The interest rate swap is regarded as cash flow hedging and value change on the interest rate swap is not recognized in the balance sheet. Unrecognized value of the interest rate swap is 19,9 mEUR as of 31.12.2023. The valuation is done by an external bank. Final maturity of the Interst rate swap and loan is 31.12.2039

10 Cash and restricted funds

Of the bank deposit of 34.187 tEUR, 28,8 tEUR is restricted funds on employee tax account
Midgard Vind Holding is the owner of the group cash pool.

11 Interest and financial expenses

In EUR 1 000

Income	2023	2022
Interest income	1 998	204
Interest income group	11 575	5 918
Currency gain	176	-6 256
Unrealized gains on Interest rate swaps	0	279
Group contribution	3 458	4 819
Total financial income	**17 207**	**4 965**

Expenses	2023	2022
Interest expenses	-5 820	-6 798
Interest expenses group	-1 256	-142
Interest expenses shareholder loan	0	-522
Currency loss	-9 440	-41
Other financial expenses	-278	-116
Total financial expenses	**-16 793**	**-7 620**
Net finance	**413**	**-2 655**

MIDGARD

The Board of Directors' Annual Report 2023 for Midgard Vind Holding AS

Nature of Business and Operations

Midgard Vind Holding AS owns operating wind farms and builds and finances wind power projects through its subsidiaries. The revenues come from sales of power, el-certificates and Guarantees of Origin.

The Group includes, in addition to Midgard Vind Holding AS, the following subsidiaries:
Midgard Vind AS
Ytre Vikna 1 AS
Frøya Vind AS
Hundhammerfjellet AS
Sørmarkfjellet AS
Stokkfjellet AS

All wind farms and projects are located in the region of Trøndelag, Norway. Midgard's head office is located in the city of Trondheim.
The wind farms in production during 2023 delivered 1197,5 GWh (1285 GWh in 2022) of renewable energy.

Comments related to the Financial Statements

The Company's revenues decreased from 30 mEUR in 2022 to 143 tEUR in 2023. The change is due to the end of the financial PPA in Midgard. This is replaced by a physical PPA in the SPVs.

Net income in 2023 has been -195 tEUR against mEUR -74,6 in 2022. The reduction of negative net income is due to the end of the Company's financial power purchase agreement and subsequent negative delivery settlement for 2022.

The Company's interest-bearing debt as of 31.12.2023 was mEUR 187,8 compared to mEUR 214,8 as of 31.12.2022. The Company's liquidity reserve as of 31.12.2023 is mEUR 34,2, a decrease from mEUR 87,2 in 2022. Total assets at year-end amounted to mEUR 453, compared to mEUR 507 last year. The equity ratio was 54 % as of 31.12.2023, compared to 49 % the previous year.

Financial Risk and Future Challenges

Overall view on objectives and strategy
The Company is exposed to financial risk, especially regarding exchange rate risk and fluctuating power prices. The goal is to reduce the financial risk as much as possible. The Company's current strategy includes the use of financial instruments to reduce the risk on volatile interest, power price and currency exchange rates.

In 2023 all wind farms have been in production and the focus has been on the operation of these.

Credit risk
The risk for losses on receivables is low. The Group has not yet experienced significant losses on receivables.

Liquidity risk
The Group's liquidity is good. The Company has a 10 MEUR Debt service reserve facility, that in addition to now high production and solid owners, ensures low liquidity risk for the Group.

Going Concern
In accordance with the Accounting Act § 3-3a, it is hereby confirmed that the financial statements have been prepared under the assumption of Going Concern. This assumption is based on profit forecasts for the year 2024-2050 and the Group's long-term strategic forecasts. The Company's and Group's economic and financial position is sound and conditions for continued operations are thereby met.

Directors and Officers Liability Insurance
The Directors and the CEO of the Company are covered as representatives of their respective Shareholder by the Shareholders' insurances of Outside Directorship Liability Coverage and Outside Capacity Coverage.

Allocation of Net Income
The Board of Directors has proposed the net income of Midgard Vind Holding AS to be attributed to:

Other equity	-1,090 tEUR
Net income allocated	-1,090 tEUR

Ethics, Social Responsibility and Anti-Corruption
Midgard Vind Holding has implemented strict ethical guidelines through rules on business ethics and social responsibility that the employees are required to follow, and the same standard is expected and demanded by the Company of its business partners and customers.

The Company has a high focus on having a good and safe working environment for their employees. There were in 2023 no accidents or work-related injuries for the Company's own employees. The same focus on a safe working environment is also held in relation to the subcontractors of the Company. The Board of Directors is kept informed about HSE status both for subcontractors in the projects and for subcontractor in operations on a regularly and ongoing basis.

The Company is obligated to make and publish a due diligence assessment report (Norwegian "Redegjørelse for aktsomhetsvurdering") under the Transparency Act, section 5. As the Company has no webpage or other media account, the due diligence assessment report for 2023 will be available within 30.06.24 upon request directly to the Company either electronically or by inquiry at the Company's official visiting address. Our wind farms' operations are managed by Aneo Vind AS, and Aneo has their due diligence assessment published at: https://www.aneogroup.com/no/baerekraft/aktsomhet/

Environment

The Company's main activity is based on wind power, a clean, climate friendly and renewable source of energy.

The construction of wind power plants could affect the environment in the surrounding area. In addition to strictly fulfilling the environmental requirements from the regulatory authority, the Company has taken efforts to build the new wind farms in a way that harms the environment as little as possible, E.g., by minimizing the length of road constructed, make use of existing infrastructure, and perform bird studies to prevent interventions in bird habitats.

(This document is signed electronically)

Christian Vogt CEO & Chairman	Felix Corradini Board Member
Håkon Welde Board Member	Roger Beite Færestrand Board Member


SW//M
The pulse of Munich
MVG
M-net
muenchen.de
SWM Infrastruktur
bayerngas

Group in figures

in EUR million		2019	2020	2021	2022	2023
Key operating figures						
Revenues	1)	10,711.2	7,483.4	8,296.5	10,629.4	9,672.2
Electricity		2,811.7	2,859.1	2,940.2	3,885.7	3,718.2
Gas		6,225.1	3,021.6	3,724.5	4,787.4	3,727.6
District Heating		396.5	351.2	391.1	653.5	786.8
Water		169.5	172.4	174.7	171.0	168.9
Public Transport		563.2	438.8	381.1	429.9	548.8
Public Pools		20.1	9.3	7.0	14.7	18.4
Telecommunications		259.4	271.4	273.2	266.9	271.4
Other		265.8	359.6	404.7	420.2	432.1
Consolidated net income for the year		116.1	–152.0	99.4	281.7	655.9
EBIT		458.6	414.4	260.3	455.4	239.5
EBITDA		928.0	905.2	789.1	1,054.9	815.2
Structure of assets and capital						
Fixed assets		8,801.7	8,599.7	9,438.6	9,130.7	9,201.0
Current assets	2)	2,379.2	2,163.4	2,828.0	4,229.4	3,636.4
Shareholders' equity	3)	5,865.1	5,714.2	5,932.4	6,190.4	6,811.9
Debt and liabilities	3)	5,315.8	5,048.8	6,334.2	7,169.7	6,025.5
Non-operating financial assets	4)	1,893.6	1,813.9	1,970.6	1,726.6	1,611.6
Bank borrowings		2,112.8	2,041.8	1,750.4	1,741.1	1,491.7
Total assets		11,180.9	10,763.0	12,266.6	13,360.1	12,837.4
Cash flow/capital expenditure/ depreciation and amortisation						
Cash flow from operating activities		360.3	949.9	1,167.1	216.5	824.4
Quick ratio	5)	221 %	196 %	120 %	178 %	162 %
Capital expenditure on property, plant, and equipment (PPE)		751.4	1,086.8	879.3	739.8	731.8
Equity investments	6)	86.1	71.6	71.4	13.3	18.7
Employees						
Employees	7)	9,444	10,004	10,418	10,647	10,851
Key ratios						
ROS	8)	2.9 %	–0.6 %	2.8 %	5.0 %	8.5 %
Equity ratio	3)	52 %	53 %	48 %	46 %	53 %
Reinvestment rate (tangible and intangible fixed assets)	9)	150 %	228 %	168 %	124 %	129 %

1) Revenues, excl. electricity and energy tax
2) Including deferred tax assets, prepayments and accrued income, and excess of plan assets over pension liabilities
3) Including pro-rata investment grants, pro-rata income grants, and pro-rata construction cost grants
4) Securities held as fixed and current assets, incl. cash and cash equivalents
5) (Current assets (see 3) less inventories) / current liabilities
6) Investments in affiliated companies and equity participations, excluding loans to companies in which participating interests are held and in affiliated companies
7) Average number of employees in the fully consolidated companies (excluding trainees, temporary employees, and seasonal workers)
8) Result from ordinary operations / revenues
9) Ratio of capital expenditure on PPE and investments in intangible assets to scheduled depreciation and amortisation

Note: Rounding differences may occur in percentages and figures.

Contents

Munich, April 2024

Dear SWM customers, employees, and business partners,

Following the exceptional developments witnessed in 2022, the energy supply in Germany once again stabilised in 2023. Lower demand for natural gas – due to a mild winter, decreasing consumption in industry, and more energy-efficient behaviour on the part of residential customers – was accompanied by a stable supply situation and expanded liquefied natural gas (LNG) capacities. In the course of the year, consumers were able to benefit from falling market prices for electricity and gas.

We at SWM also used the leeway emerging in the course of 2023 to reduce prices for our customers. Taking a critical look at ourselves, we must, however, note that we were not able to bring down prices as early as some of the other suppliers in the market, which meant that we recorded a loss of customers. The implementation of the complex energy price caps also had a negative impact on our customers' satisfaction. As market leader in Munich, we cannot be satisfied with these developments. We members of the Management Board and the employees of SWM are putting a lot of effort into making our prices and services attractive and ensuring that our customers also see their attractiveness. A positive bottom line – net income after tax – gives us the requisite room for manoeuvre.

In the 2023 financial year, we made a wide variety of investments, which helped us take a further step in the direction of Munich's climate neutrality. From 2025 onwards, we plan to generate sufficient green electricity in our own plants to cover all of Munich's consumption. We are consistently continuing our renewable energies expansion and are confident that we will reach this goal as scheduled. Our plans for an environmentally benign heating supply envisage CO_2-neutral coverage of Munich's district heating requirements by 2040. Geothermal energy will play a decisive role here. In 2023, we laid the groundwork for the construction of our seventh geothermal plant: we will build the largest inner-city geothermal plant in Continental Europe on the grounds housing the Michaelibad public pool. Our district heating supply is a key pillar of the municipal heating planning of the City of Munich. According to these plans, approximately 60 % of Munich's heating demand is to be covered by district heating by 2045. In areas where we cannot offer district heating, we intend to realise various decentralised solutions such as local heating systems and heat pumps.

As part of our company's decarbonisation, we are driving forward a further strengthening of local public transport. With the conversion of our bus fleet to battery-electric drives, we want to achieve 100 % electromobility in local public transport. In 2023, we also made progress in this respect and acquired more electric buses. To encourage as many people as possible to use the climate-friendly local public transport system, we are implementing numerous maintenance and modernisation measures to ensure that our offerings remain attractive and highly efficient. Even in the challenging situation currently faced by the local public transport sector, we will expand our offerings for passengers in line with their requirements, especially in areas where new neighbourhoods are being developed or existing capacities are reaching their limits.

From left to right:
Helge-Uve Braun, Dr Karin Thelen, Dr Florian Bieberbach, Dr Gabriele Jahn, Ingo Wortmann

To pool our regional activities for the expansion of renewable energies, we have set up a new area of responsibility, Regional Energy Transition. Dr Karin Thelen has headed this new division as Director, Regional Energy Transition since July 2023. Furthermore, we are pleased to report that Dr Gabriele Jahn took on the position of Director, Human Resources, Real Estate, and Public Pools, in November 2023, and we thank the outgoing member of the Management Board, Werner Albrecht, for his extremely valuable contributions to the development of the company in the last few years.

Together with our employees who contribute to Munich's quality of life every single day, we will continue to represent and drive forward our vision of Munich as a future-oriented city where life is worth living. We thank you for your constructive support of the ambitious path pursued by Stadtwerke München.

Sincerely yours

Dr Florian Bieberbach
Chief Executive Officer

Ingo Wortmann
Director, Mobility

Helge-Uve Braun
Director, Technology

Dr Karin Thelen
Director,
Regional Energy Transition

Dr Gabriele Jahn
Director, Human Resources,
Real Estate, and Public Pools

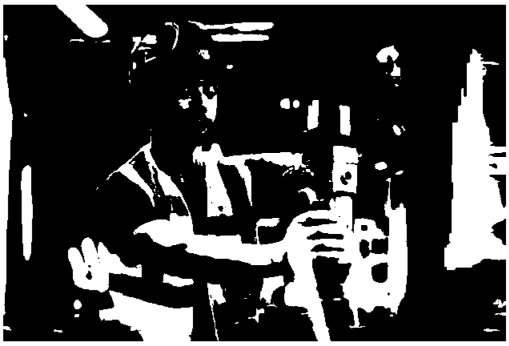
For 125 years, we have been responsible for basic needs of the people in Munich, supplying energy, drinking water, and mobility. **With our portfolio, we are a fundament element of the basic municipal services and make a major contribution to the economic strength and quality of life in Munich and the surrounding region.**

"Our core businesses are undergoing a radical transformation on our way towards climate neutrality. We are strongly committed to this task and are seizing the emerging opportunities."

Dr Florian Bieberbach, CEO

Electricity: We provide a secure supply of electricity to Munich and the metropolitan region and invest in renewable energies (page 8 et seqq.). In addition, we take care of grid management, distribution, and sales. We also offer individual energy solutions such as photovoltaic plants.

Heating: We reliably supply heating energy to our customers – increasingly also from renewable sources. To drive the heating transition forward (page 12 et seqq.), we invest in geothermal energy, expand our district heating grid, and offer heating pumps. Our services also include energy-saving district cooling.

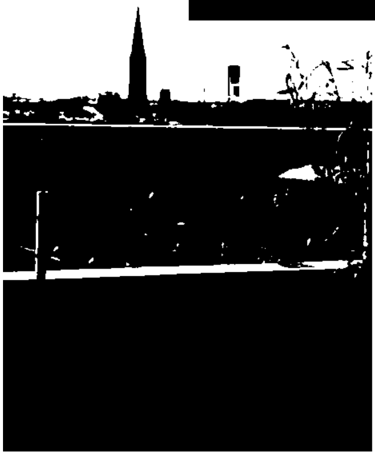


Mobility: Together with our MVG subsidiary, we are creating Munich's best mobility (see page 16 et seqq.). This includes not only electrification, expansion, and modernisation of local public transport, but also enabling individual e-mobility with our M-Ladelösung charging solutions.

Water: We supply approximately 1.6 million people with M-Wasser drinking water delivered fresh from the source directly from the foothills of the Bavarian Alps. It ranks among Europe's best drinking waters. We preserve its quality through numerous targeted drinking-water protection measures and regular controls.

Telecommunications: Together with our M-net subsidiary, we offer Munich and large sections of Bavaria reliable communications technology and continuously expand the fibre-optic network.

Public Pools: We operate 18 outdoor and indoor pools as well as ten sauna facilities, offering one of Germany's most state-of-the-art public pool systems. Our services also include one ice stadium and two fitness centres.



Our customers' needs are of key importance to us. As a subsidiary of the City of Munich, we also pursue the target of distributing EUR 100 million per annum to our shareholder, thereby strengthening the municipal coffers.

With approximately 11,000 employees, we are also one of Munich's largest employers. For continued recruitment and retention of qualified skilled specialists, we implement measures aimed at promoting an attractive work environment (page 20 et seq.).

Five overarching goals guide our actions:

Customer-centric:
We exceed our customers' and passengers' expectations.

Ecological:
We avoid and reduce greenhouse gas emissions to achieve climate neutrality by 2040.

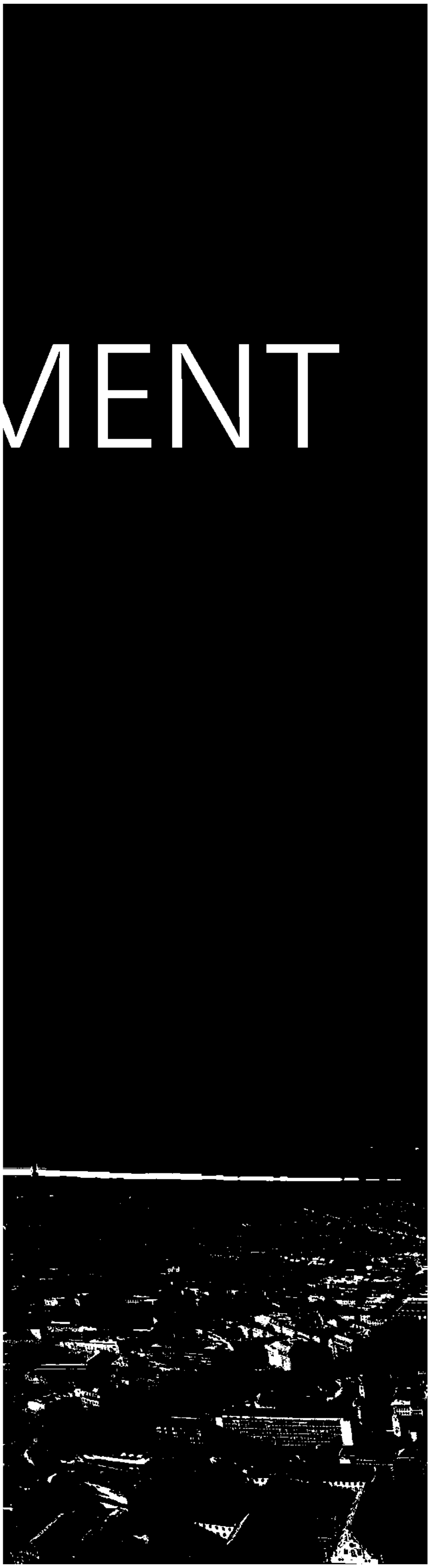
Entrepreneurial:
We top the economic success ranking among Germany's municipal utilities.

Reliable:
Our quality and reliability are the benchmark for our competitors.

Dynamic:
We are one of Munich's most attractive employers.

million is the average annual contract volume we award in the Munich metropolitan region.

million is the average annual order volume we place in the city of Munich alone.



Munich is a city with a high quality of life. To preserve this quality in the long term, we are a trail blazer, solution provider, and competent partner for the Munich metropolitan region and the people who live there. Our strategy focuses on three major transition topics: the energy transition, the heating transition, and the mobility transition. **With our activities, we support the City of Munich in the achievement of its climate goals for mobility and energy.**

Our climate goals

From 2025 onwards, we will generate sufficient green electricity in our own plants to cover all of Munich's consumption.

By 2040, we will supply CO_2-neutral district heating to Munich. We will cover the remaining heating demand from other heating solutions such as local heating networks and heat pumps.

We will shape a cost-effective transformation to hydrogen along the value chain.

We will electrify our fleets by 2035.

As a relevant and sustainable buyer, we will also embed our climate-neutrality goals in our supply chain and at our contractual partners.

By 2040, we will achieve CO_2-neutral operation of all public pools in Munich.

Read more on our engagement on the pages that follow and on **our website.**

ENERGY TRANSITION

We believe it is our responsibility as a municipal energy utility to contribute to climate protection and help shape the energy transition. **As far back as in 2009, we defined our ambitious goal: we want to generate sufficient green electricity in our own plants to cover all of Munich's consumption from 2025 onwards.** A look at the current situation shows that we are well on track towards achieving this goal.

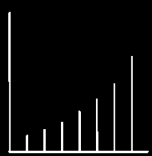
Our largest green electricity producers are the two German offshore wind parks operated by DanTysk Sandbank Offshore Wind GmbH & Co. KG (SWM stake: 49 %) and the Norwegian onshore wind parks operated by Midgard Vind Holding AS (SWM stake: 70 %). They have a generation capacity of more than 1 billion kilowatt-hours each (SWM share). This corresponds to more than 15 % of Munich's electricity consumption per shareholding.

We are driving the energy transition forward:

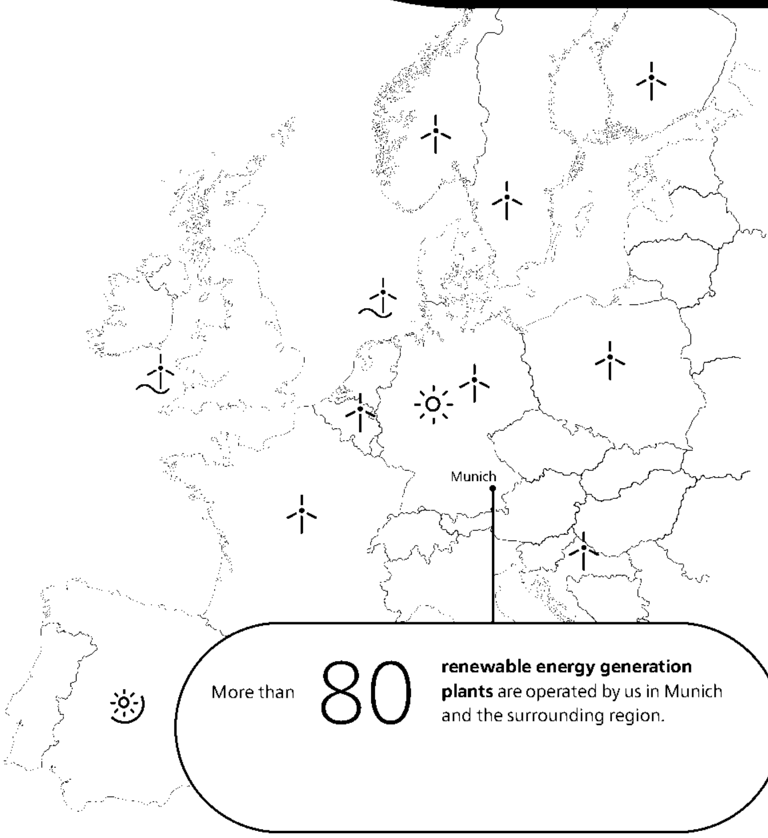
We are committed to the **expansion of renewable energies**; from a supraregional perspective, our main focus is on wind energy.

In Munich and the surrounding region, we are putting particular emphasis on unleashing the **potential of photovoltaics**. In these efforts, we rely on ground-mounted PV plants in rural areas and rooftop PV plants in the city.

We are shaping a secure **exit and transition from fossil energy sources.**



The population in the city of Munich is growing, and the same goes for e-mobility and the use of heat pumps. We therefore expect **Munich's electricity demand to continue to grow in the period until 2035**. Our plans provide for also covering this increase from renewable sources.



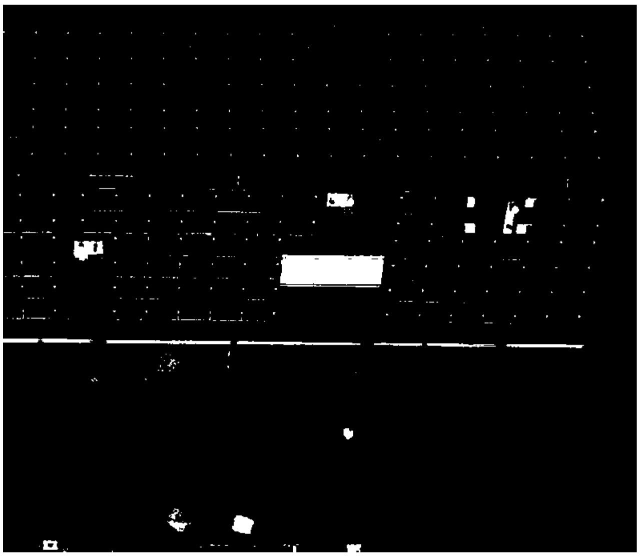
More than 80 **renewable energy generation plants** are operated by us in Munich and the surrounding region.

A transition without borders

Our wind parks in Germany and Europe are the main contributors to big leaps in the generation of renewable energies. Concurrently, we are also using the potential in and around Munich: in this region, we now operate more than 80 electricity plants relying on renewable energy sources, including hydroelectric, photovoltaic, wind-energy, and geothermal power plants, as well as one biomass cogeneration plant.

Renewable energies: SWM plants

- Onshore wind parks
- Offshore wind parks
- Photovoltaic plants and solar thermal systems
- Parabolic trough power plants
- Hydropower plants
- Geothermal power plants
- District cooling systems from ground water/underground streams
- Biomass power plants



In 2023, we concluded energy partnerships with the municipal housing company Münchner Wohnen (formerly GWG and GEWOFAG) and initiated a wide variety of projects. They include **Munich's largest tenant-geared electricity project** in the Harthof neighbourhood: 47 PV plants with an output of 1,900 kilowatts peak and an area of 9,000 square metres.

Photovoltaics as focus of the regional energy transition

With our expansion of photovoltaics in Munich, we are supporting the goal of the City of Munich to cover a share of approximately 20–25 % of municipal electricity consumption with green electricity generated within the Munich city limits by 2050. In the period until 2028, we intend to expand rooftop PV plants by up to 30 megawatts peak per annum. This corresponds to roughly half of the City of Munich's expansion goals and the electricity demand of approximately 12,000 Munich households.

"We want to remain a tried-and-proven and reliable partner for the people in Munich and the surrounding region and continue to facilitate their easy entry into renewable energies. With this approach, we will also strengthen the attractiveness of the region as a business location and enhance the quality of life for all."

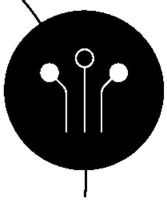
Dr Karin Thelen, Director, Regional Energy Transition

Managing the regional energy transition – pooled in a new division

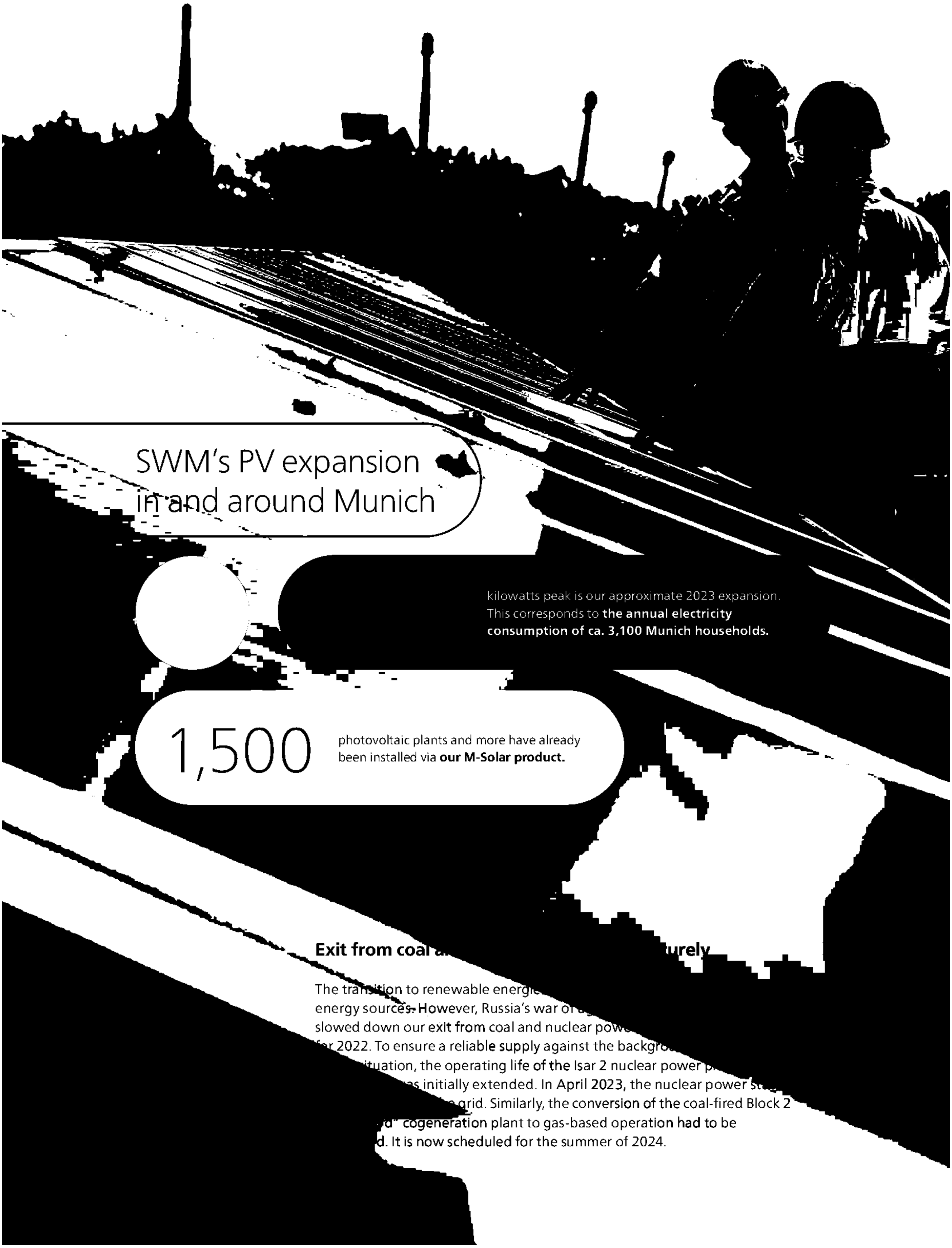
Our focus in the expansion of renewable energies has always also been on Munich and the surrounding region. To tap the regional potentials to an even greater extent, we have now established a dedicated division for the regional energy transition. Dr Karin Thelen has headed this Regional Energy Transition division since July 2023. In the Munich metropolitan region, we focus on both photovoltaics and the expansion of CO_2-neutral heating generation, mainly through geothermal energy (see page 12 et seqq. for more information on this topic).

A trail blazer for the power supply grid of the future: supraconductors

Our grid operating subsidiary, SWM Infrastruktur, wants to realise a 12-kilometre superconductor cable in Munich within the framework of a collaboration project. This would be the world's longest cable of its kind. Supraconductors could help us make the power grid even more future-proof and reduce the environmental burden of grid operation even further. The reason: superconductors transmit electricity virtually without any losses. What is more, such cables are very compact and thus particularly well suited for urban areas, as cable laying requires much less effort.



12km



SWM's PV expansion in and around Munich

kilowatts peak is our approximate 2023 expansion. This corresponds to **the annual electricity consumption of ca. 3,100 Munich households.**

1,500 photovoltaic plants and more have already been installed via **our M-Solar product.**

Exit from coal a[illegible] [illegible]urely

The transition to renewable energi[illegible] energy sources. However, Russia's war o[illegible] slowed down our exit from coal and nuclear pow[illegible] for 2022. To ensure a reliable supply against the backgro[illegible] situation, the operating life of the Isar 2 nuclear power p[illegible] was initially extended. In April 2023, the nuclear power st[illegible] grid. Similarly, the conversion of the coal-fired Block 2 [illegible]d" cogeneration plant to gas-based operation had to be [illegible]d. It is now scheduled for the summer of 2024.

By 2040 at the latest, we want to ensure CO_2-neutral coverage of Munich's demand for district heating, largely relying on geothermal energy. Sustainable district heating is a key component of a future-ready heating supply and the municipal heating planning of the City of Munich. The latter is to show which type of sustainable heating supply is suitable for which parts of Munich. In neighbourhoods not linked to the district heating grid, we supplement our offerings with local heating networks and heat pumps.

HEATING TRANSITION

Secure transition

During the transitional period to climate-neutral heating, we will certainly continue to provide a reliable gas supply to our customers. Concurrently, we are consistently converting our services to renewable energies. The best possible supply solution depends on the location:

→ **M-Fernwärme:** With the help of deep geothermal energy, we are tapping hot-water reserves underneath the city's and the region's surface, making our M-Fernwärme district heating CO_2-neutral in the long run.

→ **M-Nahwärme:** Outside the district heating grid, we want to use local heating infrastructure to hook up entire neighbourhoods to close-to-the-surface geothermal sources.

→ **M-Wärmepumpen:** We offer ground-water and air heat pumps for individual heating supply.

→ **M-Fernkälte:** We use the emission-free environmental cold of ground water and underground streams and are cooling more and more buildings in Munich with our steadily growing M-Fernkälte district cooling grid.

Using district heating potential, modernising the grid

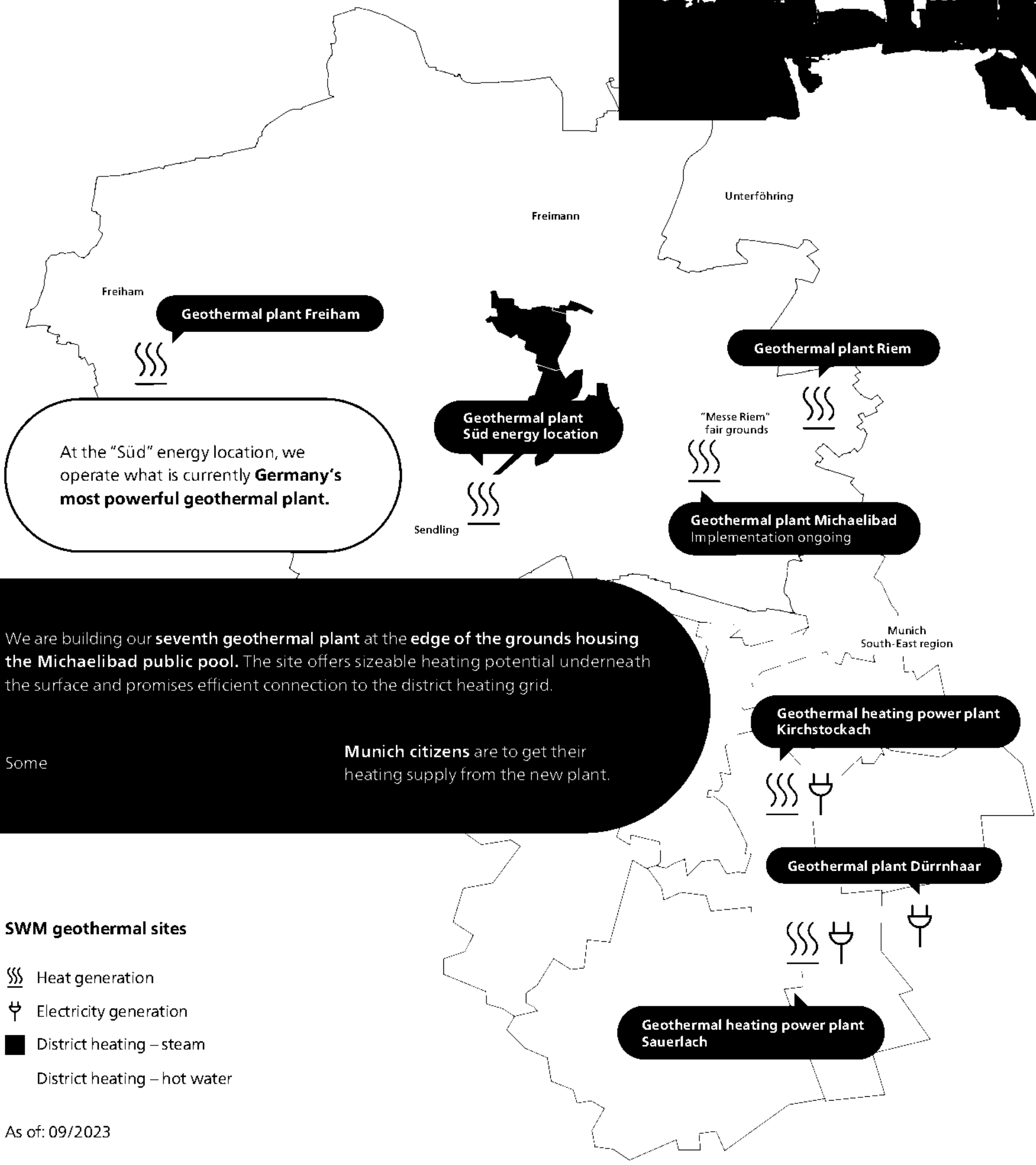
Our approximately 1,000-kilometre-long district heating grid supplies Munich with eco-friendly heating. Currently, district heating is still largely generated in gas-fired combined heat-and-power (CHP) plants. The expansion of geothermal energy will make district heating CO_2-neutral in the future. To be able to use heat from geothermal sources, we will convert large sections of our grid from steam to hot-water operation by 2033. In addition, we will expand and solidify the existing district heating grid.

2,000

(metric) tonnes of CO_2 per annum: we have realised this reduction through an expansion of the district heating grid in Moosach. As early as in 2025, buildings will gradually be hooked up to the grid in this neighbourhood.

"Geothermal energy plays a key role for Munich's energy transition. It has the potential to become the third pillar of the energy transition alongside wind and solar energy."

Helge-Uve Braun, Director, Technology

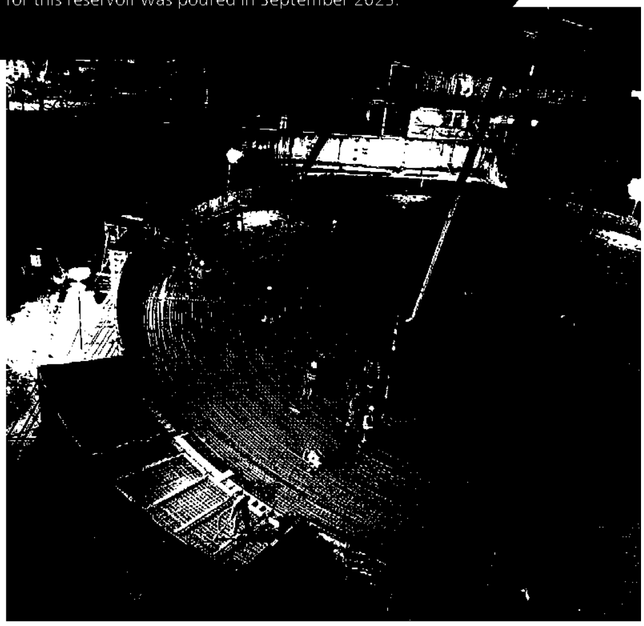


We are building our **seventh geothermal plant** at the **edge of the grounds housing the Michaelibad public pool.** The site offers sizeable heating potential underneath the surface and promises efficient connection to the district heating grid.

Some

Munich citizens are to get their heating supply from the new plant.

is the **gross filling capacity** of the new heat storage reservoir at the **"Süd" energy location**. The heat storage reservoir can decouple generation and demand, facilitating more flexible use of district heating. The foundation for this reservoir was poured in September 2023.



Climate-neutral heating supply outside the district heating area

We are expanding district heating where it makes economic and technological sense. In areas where grid expansion cannot be realised, we rely on local heating systems and M-Wärme-pumpen heat pumps. As individual self-supply solutions, we offer air and groundwater-operated heat pumps. With M-Nahwärme, we supply local heat to compounds, streets, or districts, usually from close-to-the-surface groundwater. Depending on the supply concept, building cooling solutions can also be provided.

The future of air conditioning

More than 120 buildings in downtown Munich are already equipped with climate-friendly M-Fernkälte district cooling. Our use of ground water and underground streams reduces energy consumption compared to conventional cooling systems. Our district cooling system is now approximately 40 kilometres long and will be expanded continuously – there are already plans to link up many more buildings.

Germany's largest district cooling centre, with a cooling output of 36 megawatts, is being constructed at our "Süd" energy location. Alongside cold water from the Isarwerkkanal conduit, the centre will also use water from the deep to operate absorption cooling machines.

As **Germany's largest municipal utility**, we see ourselves as an important player in the future hydrogen market. Please go **to our website** to learn about our assessment of the **potential offered by hydrogen** and our plans for the future.

MOBILITY OF TOMORROW

As the organisation responsible for local public transport in Munich, we keep daily bus, tram, and underground operations running and have our eyes firmly on the mobility of the future. **Together with our MVG subsidiary, we are seeking to achieve 100 % electromobility in local public transport.** In addition, we operate charging points for eco-friendly individual traffic in Munich and provide private charging solutions for peoples’ homes.

Attractive eco-friendly local public transport

We are working on a wide range of activities aimed at enabling many people to use environmentally benign local public transport:

- Today, we are already transporting 80 % of our passengers to their destinations in underground trains and trams powered with green electricity. **We are streadily increasing the share of electric buses.**
- **Expansions of the local public transport system** ensure higher capacities and attractive direct connections, which reduces congestion at downtown stations, in particular.
- We are spending millions on **modernisation measures** keeping stations as well as tunnel and track systems in good repair. In addition, we are investing in high-capacity new underground trains and trams.
- The "traditional" local public transport services are moreover supplemented by **innovative apps and new flexible mobility offerings.**

At present, **61 out of MVG's 400 buses are electrically powered**. A further 71 electric buses have been ordered (30 Daimler Buses articulated buses, 28 Ebusco articulated buses, 13 MAN solo buses). **Investments total approximately EUR 54 million**, with more than half of this amount being financed from public funds.

public charging stations and **approx. 2,500 charging points in the private/commercial sector** are operated by us to support individual electromobility.

In 2023, we put **21 new MAN Lion's City electric buses** in operation. They use a design without engine tower, offering passengers more space and comfort.

"When we count the electric buses we have already in use and the new orders, our fleet will consist of 132 electric buses. This brings us another big step closer to our goal of deploying only electrically powered buses."

Ingo Wortmann, Director, Mobility

Local public transport expansion

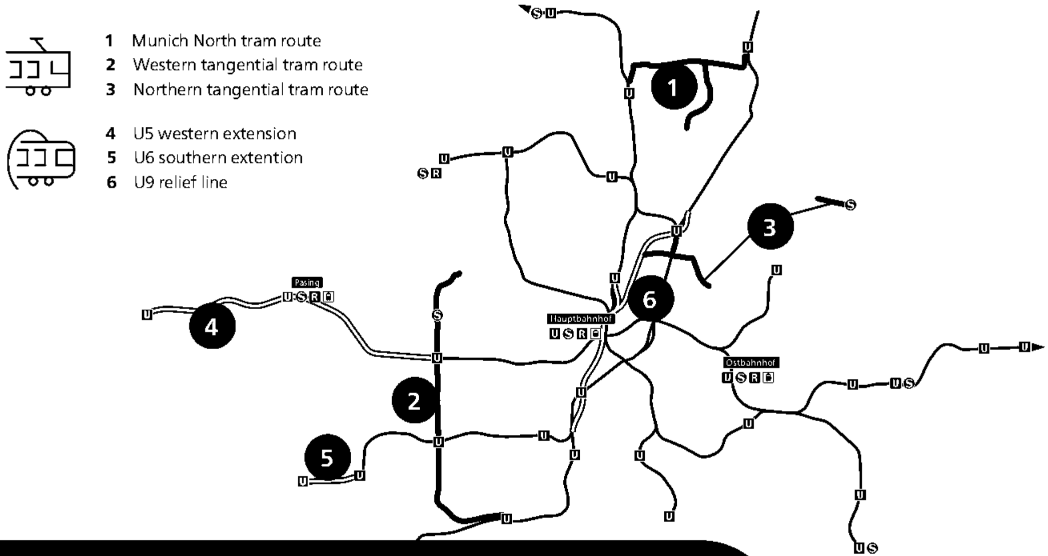
The tram system will be expanded by approximately 15 kilometres in the coming years. Specifically, the following projects are planned:

Western tangential tram route: The new route will link three underground lines, four tram lines, and six suburban train lines in the western part of Munich. Construction started in spring 2024, and an initial partial route is already slated to commence operation in late 2025.

Munich North tram route: This extension of the 23 tram line will set up a link to the Neufreimann neighbourhood and make a cross connection between the U2 and U6 underground lines possible. An initial partial route is scheduled to commence operation in late 2027.

Northern tangential tram route: New routes in Schwabing and Bogenhausen will make it possible to offer new connections across neighbourhoods. The most advanced planning stage has been reached for the junction to the Johanneskirchen suburban train station.

Our **largest underground new construction project** (the U9 line) will run across downtown Munich. This centrepiece of the mobility transition will reduce congestion in the existing network. Construction is scheduled to begin in the 2030s, which means that partial routes could commence operation in the 2040s. Further underground expansion projects include the U6 extension to Martinsried and the U5 extension to Pasing.



Additional tram and underground train depots are also prerequisites for the maintenance and expansion of our local public transport services. Read more on other expansion projects **on our website.**

One app, ride everything: alongside local public transport with mobile tickets, connection information, and disruption reports, **MVGO** also includes the MVG Rad bicycle-rental service, the display of public charging stations (M-Ladelösung), and various sharing offers.

Expanded local public transport services with MVG MIJA

Simply select your personal departure point and destination via an app and book – MVG MIJA shall make this possible from autumn 2025 onwards. Electric vehicles that can carry up to six passengers will then supplement the existing underground, bus, and tram services. They will let passengers on and off at virtual stops, making flexible boarding possible. This is why fares will also vary, depending on the route requested, but discounts will be granted in combination with a local public transport ticket.

Modernisation measures

A further prerequisite for future-ready local public transport is the modernisation of existing infrastructure. The underground system is a case in point – after all, our first underground tracks were built 50 years ago. Several underground stations have already been renovated and, wherever possible, expanded. On average, we moreover replace slightly over 6,000 metres of rails and 13 points per annum. Our activities in 2023 included a fundamental overhaul of the U3/U6 underground lines.

After **seven years**, the **complex modernisation project** at the Sendlinger Tor underground hub has been completed. The upgraded mezzanine floor, including new stores, was inaugurated on 12 December 2023.

The future of mobility

For tomorrow's local public transport, MVG is playing a leading role in various research projects studying possibilities to use digitalisation and autonomous driving in bus systems.

→ **TEMPUS research project:** This pilot project for automated urban road traffic that uses Munich as testing grounds examines the automation of bus convoys and digital communications between buses and traffic lights. In an approach called "platooning", at least two buses drive in a convoy, with only the first bus being operated by a driver. The other buses follow in automated mode, linked without coupling. Together with twelve other partners, we are analysing under the aegis of the German Aerospace Centre (Deutsches Zentrum für Luft- und Raumfahrt – DLR) whether this theory can be put into practice. The German Federal Ministry for Digital and Transport is funding this project with approximately EUR 11 million.

→ **MINGA:** For the MINGA project, we are conducting research together with 16 partners and several universities. Our focus is on the automation of buses and on-demand vehicles. The project, which the German Federal Ministry for Digital and Transport is sponsoring with approximately EUR 13 million, is to be completed by the end of 2025.

With approximately 11,000 employees, we are one of the most important employers in Munich. We offer sophisticated tasks with prospects for ambitious people. In Munich, we compete with many large and attractive companies in our search for skilled specialists. This is why we pursue the goal of ranking among the five most attractive employers in the city by 2025.

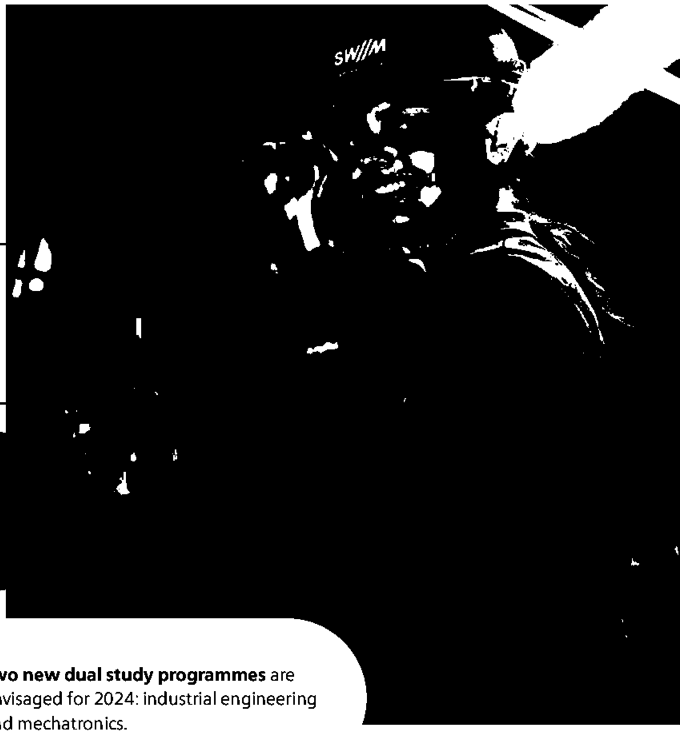
In these efforts, we take our bearings from the regional employer market analysis prepared by a market research institute specialising in this area. Since 2016, our ranking has improved continuously. Currently, we are No. 6 in the regional application intention. This means that we are only one rank away from our goal. Our development of an innovative and dynamic work environment is guided by our strategic goals.

To foster diversity, we, as a technically oriented company, have inter alia set ourselves the goal of increasing the share of women in our workforce. We intend to boost the share female managers to at least 25 % – if possible by 2025, but at the latest by 2030.

Our measures

to promote a diverse and **attractive work environment** include:

- Attractive salaries, profit sharing, and benefits such as special employee tariffs
- Strong commitment to the construction of company flats
- Numerous offers for flexible working
- Encouragement of diversity
- Broad range of traineeship positions, possibilities to attend dual study courses, and a trainee programme
- Development opportunities



Shaping the future

150 new trainees in **16 vocational professions** per year

4 **dual study programmes** per year

Two new dual study programmes are envisaged for 2024: industrial engineering and mechatronics.

Diverse, networked, there for everybody

Through targeted initiatives and events, we give diversity more room at SWM. We want to offer a working environment in which all employees are appreciated and integrated, irrespective of their gender, nationality, ethnic background, religion or worldview, disability, age, sexual orientation, and identity. Contributions to this are, for example, made by our Groupwide LGBTI* network, "Proud@SWM", and the in-house women's network, "Die Expertisen". In addition, we recently established a network for barrier-free access, "Die Barrierefreien".

Exciting prospects through our job events

In the keenly contested Munich labour market, we rely on target-group-focused formats ensuring that obstacles to applications are as low as possible. This approach has already brought us considerable success: thanks to these efforts, we recorded significantly more than 30,000 applications in 2023. One example of this approach is the "job application tram" and "job application bus", from which applicants, in a best-case scenario, disembark with a firm job offer.

Flexible working-time models

Manifold professional fields and tasks at SWM open up numerous individual opportunities and development options. At the same time, we make it possible for our employees to enjoy a work/life balance and offer flexibility through various part-time and working-time models – also in shift schedules. In addition, our employees have the possibility to take some time off in the form of a sabbatical.

Company flats for our employees

company flats are available today.
3,000 is the number we envisage for 2030.

"SWM is the flagship among municipal companies and sets standards for others in many areas such as the guidelines for mobile working or company flats."

Dr Gabriele Jahn, Director, Human Resources, Real Estate, and Public Pools

Fibre optics for a future-proof digital infrastructure

A total of 70 % of Munich's households are already benefiting from our powerful fibre-optic network. Together with our M-net subsidiary, we hooked up a further 3,300 buildings with 18,400 households and commercial businesses in 2023, We are placing increasing emphasis on fibre-to-the-home (FTTH). Unlike fibre-to-the-building (FTTB), FTTH allows us to provide the highest bandwidths in each individual flat. Increasing digitalisation, electricity savings, and CO_2 reduction make fibre optics indispensable for the Munich of tomorrow.

EUR 450,000 was SWM Education Foundation's 2023 investment.

SWM Education Foundation fosters equal opportunities

Our SWM Education Foundation supports projects aimed at improving the educational opportunities of disadvantaged children and adolescents. With basic foundation assets totalling EUR 20 million, the foundation ranks among the largest organisations of its kind in Germany's educational sector. Since 2007, it has funded 141 projects with an amount in excess of EUR 9,4 million. In 2023, we paid out EUR 450,000 to eleven projects. They included "Ambulante Lerngruppen im Dominik-Brunner-Haus der Johanniter". This project initiated by the Johanniter-Unfall-Hilfe e.V. humanitarian association gives children and adolescents from socially disadvantaged families the opportunity to attend study groups offering qualified, regular, and free tutoring.

30 years

Organic farming to preserve the quality of M-Wasser drinking water

The project that started with 23 farms on an area of 753 hectares in 1992 rapidly evolved into a sustainable success for the quality of Munich's drinking water. We extract most of our water from the Mangfall valley, located south-east of the city. Today, 185 farming partners have converted an aggregate area of 4,400 hectares to organic farming. Their efforts safeguard the excellent drinking water quality for future generations.

100 years

Green electricity from our Isarwerk 2 hydropower plant

In 2023, we celebrated the 100-year anniversary of our Isarwerk 2 hydropower plant on the Munich Werkkanal conduit. Since 1923, the plant has generated green electricity from water power and has played a major role in Munich's electrification. Visitors had the opportunity to explore the plant on an open day in October.

Sustainable transformation at the Georgenschwaige public pool

Since March 2023, we have been working on the conversion of the Georgenschwaige outdoor pool into a CO_2-neutral natural pool. From the 2025 season onwards, it will offer all Munich citizens a state-of-the-art and eco-friendly outdoor bathing experience – including barrier-free pool design and new attractions. In this project, we rely on environmentally friendly construction standards, the use of wood, and recycling. A biological water treatment system will allow us to dispense with chlorine. And a photovoltaic plant will generate electricity for the circulation pumps and the heat pump and keep the water in the pool at a constant temperature. We intend to switch all our public pools to CO_2-neutral operation by 2040.

Reliable assistance from the SWM heating fund

In cooperation with welfare organisations and the City of Munich, we set up our heating fund in 2023, making EUR 20 million available. This fund supports low-income households in handling the high heating costs. In 2023, approximately 19,000 Munich citizens in 6,800 households received grants totalling more than EUR 8.3 million from the heating fund. And we will again provide financial assistance from the heating fund in 2024.

muenchen app: an innovative app for an innovative city

Together with München Ticket and muenchen.de, we have developed an app that aims to give users faster and easier access to Munich's universe of events. The app provides information on more than 300 events and leisure activities in and around Munich, shows opening hours and prices, and offers a secure payment system for digital tickets via M-Login.

2 million

users are relying on M-Login.

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Group Management Report

1. Business model

Stadtwerke München (SWM) is a major contributor to the economy and quality of life of the people in Munich and the surrounding region. From energy and water supplies to mobility to telecommunications and Munich's public swimming pools, SWM offers important infrastructure services at fair terms and conditions. SWM gears its offerings to both the needs of its customers and the benefit of the Munich metropolitan region. To achieve these goals, SWM also plays an active role in the national and international energy markets.

SWM manages its business across all segments of the value chain: Energy – subdivided into Sales, Trade, Generation, and Networks –, Water, Mobility, Telecommunications, and Public Pools.

Energy

Sales
As market leader in the Munich metropolitan region, SWM is a high-performing and future-oriented partner for energy supply services that are both reliable and climate-friendly. We achieve this by supplying electricity, gas, district heating, and district cooling to our customers. In addition, we offer all customer segments market-geared solutions and services for decentralised energy generation and heating supply as well as for electromobility at home.

Trade
Trade is a key driver of the energy management and business model aimed at optimising SWM's energy business and hedging against risks. Its most important responsibilities are market-driven procurement and marketing of energy and the associated input materials, the management of the Group's aggregated market price risks (mainly for electricity, natural gas, and energy-specific certificates), the expansion and operation of the virtual power station, and deployment planning for power stations. In addition, Trade gives Energy Generation, Sales, and individual SWM majority shareholdings access to the energy markets.

Generation
In the Munich metropolitan region, the Generation segment of the value chain comprises the operation and maintenance of all plants for the generation of electricity, district heating, and district cooling. The supra-regional activities within this value chain segment focus on the areas of renewable energies and gas extraction.

SWM's district heating vision aims to achieve CO_2-neutral coverage of Munich's district heating requirements by 2040 at the latest. This is the reason why SWM will increasingly generate district heating from renewable energies, primarily geothermal energy. SWM is ambitiously expanding the use of geothermal energy in the heating supply in Munich and the surrounding region.

With its renewable energies expansion campaign, SWM plans to generate enough green electricity from its own plants to cover all of Munich's consumption from 2025 onwards. To achieve this goal, SWM is continuously expanding the share of electricity generation from renewable sources in the Munich region as well as in Germany and internationally. As it is not possible to generate enough green electricity entirely in Munich and the surrounding region for a city with a population of more than one million inhabitants, SWM is also investing in the expansion of renewable energies throughout Germany and Europe.

SWM also engages in gas production in north-western Europe via its shareholding in Spirit Energy Limited (Spirit Energy). The UK and Dutch business remaining after the sale of both the Norwegian business activities – completed in 2022 – and the shareholding in the British section of the Statfjord field focuses on natural gas and will be aligned with the requirements of the energy transition. To this end, the existing gas exploration infrastructure in the UK is to be used for sustainable and climate-friendly activities such as storage of CO_2 from industrial processes, hydrogen production with subsequent CO_2 storage (blue hydrogen), or hydrogen storage in former gas deposits (green hydrogen).

Networks
Expansion and operation of distribution networks for electricity, gas, district heating and district cooling, and water are key elements of the basic public services SWM provides to the people in Munich. The main task of Networks is to continue to ensure above-average supply quality and reliability of the SWM networks and grids despite the cost pressure that has increased further due to incentive regulations for electricity and gas grids.

Water
Every day, SWM delivers Munich's drinking water (M-Wasser) fresh from the source directly from the foothills of the Bavarian Alps to Bavaria's capital.

Mobility
The Mobility business segment comprises Münchner Verkehrsgesellschaft mbH (MVG) and the Mobility division of Stadtwerke München GmbH. MVG is the passengers' contracting partner. Stadtwerke München GmbH is responsible for providing underground and tramway transport services on behalf of MVG. The bus services are provided by MVG, Stadtwerke München GmbH, as well as private cooperation partners. Stadtwerke München GmbH holds an equity interest under company law in one of these cooperation partners – Münchner Linien GmbH & Co. KG.

Telecommunications
The product portfolio of Telecommunications is comprised of Internet, voice, and transmission services for residential and business customers based on fixed-network and mobile communications. As a regional provider, SWM offers services to large sections of Bavaria, the greater Ulm area, and the Main-Kinzig district in Hesse. The product portfolio is continuously developed further in order to maintain SWM's competitiveness. The services are performed jointly by M-net Telecommunications GmbH (M-net), SWM Services GmbH, and Stadtwerke München GmbH.

Public Pools
Through the operation of 18 indoor and outdoor pools, ten sauna facilities, the Prinzregenten ice stadium, and two fitness centres, M-Bäder offers its guests a wide range of opportunities to keep themselves fit and healthy, spend leisure time, and relax. Munich's modern public pools are available at a total of 15 locations throughout the city. They are sports and leisure facilities for the people in Munich.

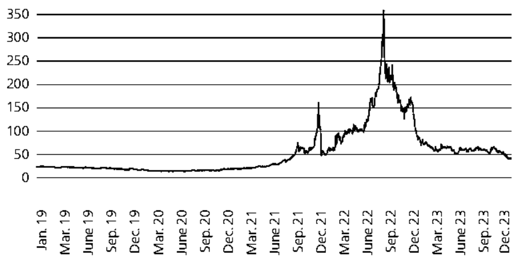
2. Business report

Economic environment

Energy markets
After the turbulent developments in 2022, which were largely shaped by the repercussions of Russia's war of aggression and shortages in the supply of Russian gas, 2023 was the year in which the European energy markets grew accustomed to this situation. The markets adjusted to a supply situation characterised by an almost total lack of pipeline-transported Russian gas deliveries. Accordingly, a downward trend in prices in the gas and electricity markets could be observed – and the same applied to clean dark und clean spark spreads (contribution margins of power plants). However, price levels are still higher than before Russia's attack on Ukraine.

Developments in the energy markets are key influencing factors for SWM. In particular, the prices of electricity, coal, natural gas, and emission certificates, and the contribution margins of power plants have a major impact on SWM's result of operations, financial position, and net assets.

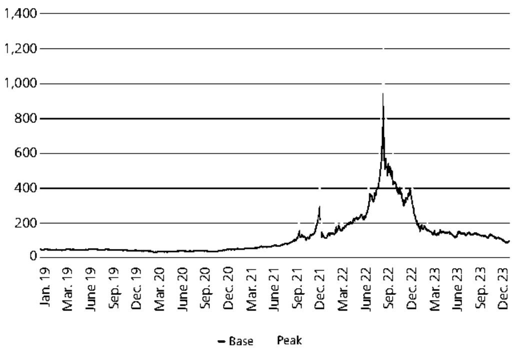
Gas, rolling front year, Trading Hub Europe (THE), EUR/MWh



Source: European Energy Exchange; data supplied by Refinitiv

Pipeline-transported gas deliveries from Russia to north-western Europe were limited to small volumes via the Ukraine route that have been observed since September of last year. Alternative delivery routes, e.g. through Poland, were not used. Much lower gas demand was one factor that helped ease tensions in the market, with changes in consumption behaviour on the part of residential customers, lower consumption in industry, and a mild winter all playing a role in this decrease in demand. In addition, deliveries of liquefied natural gas (LNG) to Europe were high compared to previous years, and the LNG infrastructure was expanded through the addition of floating storage and regasification units. Furthermore, natural gas deliveries from Norway were at a robust level through most of the year. During the summer months, it therefore already became clear that the gas storage facilities in Germany and Europe would be completely filled in time for the start of the 2023/2024 winter heating season. Accordingly, prices of gas forward contracts fell significantly year-on-year.

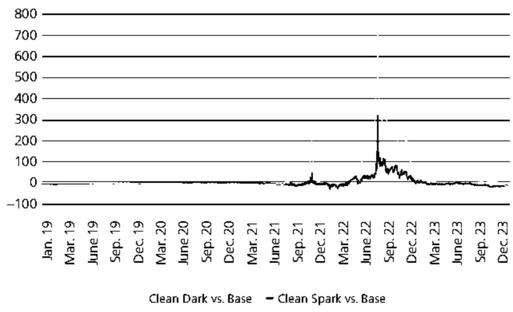
Electricity, DE rolling front year, EEX, EUR/MWh



Source: European Energy Exchange; data supplied by Refinitiv

The easing of tensions in the market also resulted in a gradual downward trend in electricity forward contract prices, which followed the price developments in the gas market and was additionally reinforced by the reduction in risk premiums.

Clean Dark Spreads and Clean Spark Spreads, rolling front year, EUR/MWh



Data supplied by Refinitiv

Another consequence of falling prices and narrowing risk premiums was a downward movement in clean dark und clean spark spreads for the front year. Both depreciated noticeably, especially in the first two months of 2023 when risk premiums in the electricity markets were whittled down.

Conditions in the sales market
SWM's 2023 sales year was strongly influenced by the repercussions of the massive price movements and the energy price caps adopted by the German federal government. The implementation of these caps was an enormous challenge for SWM and the entire industry. The gradual downtrend in market prices for electricity and natural gas that could be observed from the turn of the year onwards created a situation in which competition once again intensified considerably, especially on price comparison portals such as Verivox und Check24.

Compared to the peaks reached in 2022, wholesale prices for electricity and natural gas have come down significantly amid high volatility, but they are still clearly above their pre-war levels. It was possible to reduce risk premiums in new contract offers to business customers to some extent, but they still accept only contracts with very short durations. One exception were structured exchange-aligned products.

Conditions in energy policy
In 2023, numerous ground-breaking "Fit for 55" files were completed at the EU level within the framework of the Green Deal. They are to contribute to achieving climate neutrality within the EU by 2050 and the interim goals of a 55 % reduction in greenhouse gas emissions by 2030 compared to 1990.

The cornerstone of the legislative package was the reform of the EU Emissions Trading System, or EU ETS for short, which regulates the generation of emissions in the industrial and energy sectors and therefore also has a direct impact on SWM. The reform envisages a substantial reduction in emission certificates by 2030, namely 62 % compared to 2005. Furthermore, emissions generated by the treatment of municipal waste are to be included in emissions trading over time. This rule might be applied as early as from 2028 onwards.

In addition, the Renewable Energy Directive and the Energy Efficiency Directive were revised, with ambitious goals being incorporated. Among other things, the share of renewable energies in total energy generation is to increase to 42.5 % by 2030 and energy consumption is to be reduced by 11.7 % compared to 2020 by the same year. The public sector shall become a role model in the area of energy efficiency, with measures including renovation of 3 % of the total floor area of buildings owned by public bodies on a yearly basis.

The files on decarbonisation of the internal gas market adopted in 2023 defined guideposts for network regulation such as ownership unbundling rules for future hydrogen grid operators or admixture rules for cross-border pipes. These regulations make an essential contribution to guaranteeing the ramp-up of the European hydrogen market. Green hydrogen generated with electricity from renewable energy sources might become a large-scale substitute for methane and moreover cover peak loads in a climate-neutral world. Concurrently, the Methane Emissions Regulation tightened the rules for tracking and reducing methane emissions in gas grids, which, in turn, means that grid operators will have to shoulder considerable additional costs and efforts.

Alongside these climate action files, the Brussels agenda also included the reform of the EU electricity market design. Many EU member states had requested such a reform amid the distortions witnessed in the energy market. In March 2023, the European Commission therefore submitted pertinent proposals, e.g. measures to encourage energy utilities to conclude more long-term procurement contracts and the possibility to introduce price caps in emergency situations. Within only a few months, the files were subsequently discussed and adopted by the European Council and the European Parliament.

In the year under review, the European Commission felt confirmed in its decision to adopt emergency measures in 2022, frequently in fast-track procedures. The requirements, e.g. for gas storage facility filling levels, were complied with in 2023. Some of the gas storage facilities were 100 % full in autumn. On an EU-wide basis, the legal requirement of 90 % was already reached in August – two months earlier than stipulated. This and other measures helped calm down the situation in the energy markets and stabilise supply reliability.

At the German national level, 2023 was the year of decarbonisation (reduction in the use of fossil fuels) and climate action, not least also to further reduce dependence on oil, gas, and coal imports:

- Energy price caps were introduced to mitigate the energy price crisis.
- The Buildings Energy Act (Gebäudeenergiegesetz; GEG) and the Heat Planning Act (Wärmeplanungsgesetz; WPG) were adopted to implement the heating transition. These two pieces of legislation lay important groundwork for the heating transition. The GEG stipulates that newly installed heating systems are to generate at least 65 % of their heat from renewable energy from 2024 onwards. With the WPG, nationwide and comprehensive municipal heat planning has been enshrined in law, the goal being to expedite heating grid expansion and thereby decarbonise the heating systems.
- Various amendments to the Energy Industry Act (Energiewirtschaftsgesetz; EnWG) are, on the one hand, a response to the European Court of Justice (ECJ) ruling on giving the German Federal Network Agency (Bundesnetzagentur; BNetzA) more independence. On the other, the regulations in the draft bill aim to drive forward the development of the hydrogen infrastructure (hydrogen core network) and realise the continuation of the National Hydrogen Strategy. This creates a regulatory framework for the second stage of the hydrogen network ramp-up, during which further hydrogen users and generators as well as hydrogen storage facilities can be hooked up to a comprehensive and interconnected network. Furthermore, regulations for the funding of the hydrogen core network are to be established, which can be used as a basis for a ramp-up by the private sector.
- With its Solar Package I, the German federal government mainly intends to introduce new regulations for the subsidisation of special photovoltaic plants (agrivoltaics, floating voltaics, moor voltaics, and parking-lot voltaics), make it easier to add rooftop photovoltaic plants, simplify tenant-geared electricity, and facilitate communal building supply. In addition, the use of plug-in solar devices is to be made easier and grid connections are to be expedited.
- With the submission of its Power Plant Strategy, the German federal government intends to create a framework for the short and medium-term build-up of new power plants that can ultimately be switched to climate-neutral operation. This will involve tenders for hydrogen sprinter power plants, hydrogen hybrid power plants, H_2-ready power plants, or convertible power plants for which the switch to hydrogen will be mandatory by 2035.

The ruling of the German Federal Constitutional Court on the constitutionality of the German federal government's Climate and Transformation Fund (CTF) and the subsequent freezing of the Economic Stabilisation Fund (ESF) have created a situation in which the funding of the energy, heating, and mobility transitions are also being scrutinised.

Conditions in the mobility sector
In the mobility sector, the coalition agreement reflects the climate targets with its commitment to a strong railway industry and efficient and economically sound local public transport. The agreement thus addresses the major challenges of the future. A key objective is to increase passenger numbers in local public transport, as this would make a major contribution to the realisation of the climate targets. In this context, the German federal government wants to discuss an expansion and modernisation pact with the federal states and municipalities as well as increase the regionalisation funds, which are an important source of financing. According to the decision of the conference of transport ministers of November 2022, the regionalisation funds will indeed be increased, but presumably the money will mostly go to regional rail passenger transport. The negotiations on the extension and modernisation pact were postponed until 2024. This means that any results will, at the earliest, make themselves felt from 2025 onwards. Consequently, it remains unclear how the service expansion in local public transport as a contribution to the realisation of the climate targets will be funded. The requests made by the transport industry in this respect have thus not been taken up either.

The key drivers of conditions in the public transport sector continue to be the German Passenger Transportation Act (Personenbeförderungsgesetz; PBefG), European state aid regulations (Regulation (EC) 1370/2007), and contract award legislation. It is still necessary to put municipal mobility service providers in a position that allows them to provide transport services under competitive terms. This results not only from legal rulings, but also from the financial state of local public transport systems.

Competition for public funding of transport infrastructure expansion and maintenance continues under the prevailing financial framework. A decision was made to continue to offer and also increase federal financial assistance under the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) beyond 2022. In addition to the funding of new construction projects, cost-intensive refurbishing projects for the existing infrastructure will also qualify for subsidies in the future, as the industry has demanded for many years – although such subsidisation will be subordinate to new construction projects and limited until 2030. This decision is of major significance for SWM given the increasing need for renewal of Munich's underground infrastructure in particular. However, the previously available unbundling funds continue to be part of states' budgets without being earmarked for any specific purpose under federal law. Pertinent case-by-case regulations must thus be enacted into state law. At the same time, it is becoming more and more difficult to convince the competent political bodies to approve cost-covering fare increases.

In the city of Munich, local public passenger transport continues to face fundamental quantitative, qualitative, and economic challenges due to a medium and long-term increase in demand associated with population and commuter growth, especially at peak hours. At the same time, the recruitment of qualified staff, notably operators and construction engineers, is becoming ever more challenging, which makes completely novel personnel hiring approaches necessary. Furthermore, digitalisation is creating completely new framework conditions and tasks for the entire industry.

The consequences of the Covid pandemic continue to create an additional challenge. Despite a renewed rise in passenger numbers, it has not been possible to fullly make up for their previous decline. The introduction of what is known as the "Deutschlandticket" – a special flat-rate public transport ticket offered in a monthly subscription model – created further massive challenges in sales, as extremely high demand for this type of ticket for private and job purposes had to be handled. Even though the politically endorsed local public transport subscription must be regarded as a success in terms of its sheer sales numbers, its funding for the coming years from 2025 onwards is currently still uncertain.

Telecommunications market
The German telecommunications market presented a stable picture in 2023, generating revenues of EUR 60.2 billion. Investments in tangible assets in the telecommunications market increased from EUR 13.1 billion in the previous year to a total of EUR 13.6 billion. The majority of these investments is going to fibre-to-the building/home (FTTB/H) and 5G infrastructure.

The opening of the already installed fibre-optic networks to other competitors ("open access") within the framework of what is known as "wholesale marketing" continued in 2023, too. SWM expects this trend to intensify further as the telecommunications providers actively involved in the expansion of fibre-optic networks seek not only high utilisation rates for their networks, but also fast amortisation of the investments made. Many fibre-optics providers, including M-net, have already concluded cooperation agreements and opened their networks to competitors. Competition in the fibre-optics market intensified even further in 2023. Given the increase in roll-out costs, the expansion of the fibre-optics networks will, in all likelihood, slow down in the coming years.

Business development

Sales

SWM's goal is to ensure high customer satisfaction and loyalty with its sales activities and continuously expand its market position on this basis. In the year under review, SWM did not succeed in making progress towards this goal. Temporarily very high electricity and gas prices resulted in noticeable customer losses in the residential and business customer segments. In the fourth quarter, however, these losses were curtailed significantly as SWM consistently used the price reduction leeway that had emerged during the course of the year. The complex implementation of the energy price caps placed additional burdens on customer satisfaction. The company is putting a lot of effort into once again improving its trust scores, customer satisfaction, and loyalty towards SWM. Despite these major challenges, SWM was able to maintain its position of market leader in Munich and still has an extraordinarily high market share.

Energy sales to business customers above all reflected further savings on the part of customers in the heating segments. The sale of procured volumes in the wholesale market had a negative effect on sales results. A countervailing trend resulting from the continuous focus of the Business Customer Sales units on flexible, structured, and exchange-aligned products with adequate risk sharing. The uncertain geopolitical situation continues to impact the energy markets and energy sales of SWM's Energie Südbayern GmbH (ESB) shareholding. The corporate and business customer segments did record slight volume declines, but margins improved. Thanks to structured procurement in conjunction with a differentiated price and product strategy, ESB succeeded in significantly increasing its number of customers in the residential segment, especially in the electricity business.

Overall, electricity and gas sales volumes decreased slightly in 2023 due to customer losses and temperatures that were higher than average in a multi-year comparison. By contrast, district heating sales volumes rose slightly, while water sales volumes remained more or less at the previous year's level.

Trade

After temporarily very high prices and volatilities in the previous year that reached their peak in August, induced by reduced gas flows from Russia along with limited availability of French nuclear power plants, prices began to drop sharply at the end of 2022 and subsequently stabilised from mid-2023 onwards at levels slightly above those recorded before Russia's war of aggression. Thanks to SWM's hedging strategy for the market-price-dependent portfolio, the high prices recorded in 2022 had a positive effect on operating result in 2023. The power plant position benefited from temporarily positive spreads. The clean dark spread, in particular, was noticeably in positive territory when the hedging transactions for 2023 were concluded.

The business performance of SWM's Bayerngas shareholding was affected by developments in the gas market. The shareholders of Bayerngas agreed to discontinue the business operations of bayernets GmbH, the Bayerngas subsidiary responsible for trade and sales, by the end of 2025. The wind-down process is scheduled to be completed in 2026.

In the Plattform Energie GmbH purchasing pool, headquartered in Bad Aibling, Energie Südbayern GmbH (ESB) is responsible for energy procurement and the management of an electricity and natural gas portfolio with a total volume of approximately 4.4 terawatt-hours for 45 current municipal partners. The plans provide for the inclusion of additional municipal partners.

Generation

Extensive measures are being implemented on the site of SWM's "Süd" energy location: the geothermal plant with six wells is in trial operation and provides another important pillar of the heating supply. To cover the steadily growing demand for district cooling, a powerful district cooling centre is being built. In autumn 2023, work on the foundation for the construction of a heat storage reservoir was completed. Its storage capacity will be 2,200 megawatt-hours, with a storage output of a maximum of 300 megawatts and an available net volume of approximately 43,300 cubic metres. After the commissioning of the modernised gas-and-steam turbine 2 (GuD2) and extensive performance test runs, official acceptance of the turbine followed in 2023. The modernised system has a much higher efficiency level. The GuD1 turbine is likewise being upgraded.

2023 brought the official acceptance of new gas turbines at the Freimann combined heat-and-power (CHP) plant. These turbines feature high efficiency levels. Together with the geothermal systems at SWM's "Süd" energy location, they form an innovative combined heat-and-power system and have therefore been granted a special funding status.

Furthermore, the conversion of the coal-fired Block 2 in our "Nord" CHP plant to natural gas is being prepared for the 2024/2025 heating season. In addition, the plans provide for the future construction of a biomass CHP plant at the same site with a view to further expediting generation from renewable energy sources.

We are strongly driving forward the expansion of CO_2-neutral district heating generation through geothermal energy. The realisation of the geothermal plant on the grounds housing the Michaelibad public pool is in the planning stage. Preparatory measures such as the development and clearing of the construction site and the demolition of old existing buildings have already been completed. Further sites and/or projects are being analysed and will contribute to transforming district heating in the direction of greenhouse gas neutrality. More small-scale measures for geothermal systems integration such as the installation of pressure boosting systems and district heating substations are in the implementation stage. In addition, SWM is active in various geothermal research projects.

To offset the feed-in fluctuations of green electricity plants, SWM supplements its generation portfolio with stationary large-volume batteries. In addition to the already up-and-running storage batteries at the Freiham (1 megawatt) und Freimann (10 megawatts) sites, a 25-megawatt storage battery is under construction and in the certification process at the Uppenborn 1 site. In the area of hydroelectric power, 2023 brought the ground-breaking for the renewal of the Großhesselohe weir. This landmarked weir, which has been in operation since 1908, is being upgraded to the state of the art and aligned with today's safety requirements. The new replacement structure chosen by SWM is the best possible solution from both an ecological and operational perspective and will offer enhanced flood protection for Munich.

The "Isar 2" nuclear power station, which had commenced operations in 1988, went off the grid in mid-April 2023 as stipulated by law. The post-operation and dismantling phase began immediately after decommissioning and will presumably take approximately 15 years.

In the implementation of the renewable energies expansion campaign, SWM mainly focuses on wind energy in electricity generation. Wind energy can generate large quantities of green electricity all year round, independent of other resources.

At wpd europe GmbH (SWM stake: 33 %), sales volumes slightly exceeded the expected generation capacity sales thanks to a large-volume sales transaction in Finland. This is the reason why the capacity of the wind parks held by wpd europe GmbH in its own portfolio decreased slightly, to 775 megawatts.

In the SWM 50 MW, SWM Wind Havelland, SWM Wind Onshore France, Sidensjö, Austri Raskiftet, Austri Kjølberget, Jasna, Midgard, and Roan onshore wind parks, and the Andasol 3 solar thermal power plant in Spain, operations proceeded as expected. However, their aggregate output fell somewhat short of expectations in 2023, the reason being a weather-induced decline in wind yields.

The Gwynt y Môr, DanTysk, Sandbank, and Global Tech I offshore wind parks are in regular operation. Their output was slightly below expectations in 2023, which was due to generally lower weather-induced wind yields and a high share of feed-in management measures in the German parks.

Most wind parks operated in a price environment that was returning to normal. The projects for green electricity generation that have already been implemented, together with those that have been initiated, give SWM access to generation capacities in its own plants that arithmetically already correspond to last year's electricity consumption in Munich. SWM's goal is to sustainably generate sufficient green electricity from renewable sources to cover all of Munich's annual requirements from 2025 onwards. To cover the additional electricity demand that is expected to arise from heat pumps and, above all, from electromobility, the goal has already been increased accordingly: up to 8.4 billion kilowatt-hours of electricity are to be generated from renewable energies by 2035. Further investments will be made to expand generation capacities.

The output of Spirit Energy was slightly above plan in 2023. Due to the trend in gas prices, operating profit was below expectations, while free cash flow exceeded expectations. Activities in the area of potential new, climate-friendly business segments were driven forward, but are still in the planning stage. The projects that have been realised and are being implemented ensure SWM's future-ready positioning in the Generation segment. The expansion of geothermal energy use is proceeding as planned and highlights SWM's active role in helping shape the heating transition. In 2023, the renewable energies expansion campaign continued to make further headway, especially thanks to the stabilisation of operations in already up-and-running power plants.

Energy Networks – Electricity
Based on the German Energy Industry Act (Energiewirtschaftsgesetz; EnWG) and the German Ordinance on Electricity Grid Access Charges (Stromnetzentgeltverordnung; StromNEV), SWM Infrastruktur GmbH & Co. KG (SWM Infrastruktur) annually calculates the preliminary grid access charges for the following year and publishes them in October of the current year. These preliminary grid access charges are the basis of calculation for the Sales units. In 2023, access charges in the grid territory of SWM Infrastruktur increased by approximately 15 %. The single largest item and main reason for the increase is the share of upstream transmission grid costs.

To ensure supply reliability in the operation of the electricity grids, the integration of electricity generated from renewable energies must be accompanied by offsetting interventions in the power system. Such offsetting measures to ensure grid stability, e.g. through large stationary reservoirs, must be performed more frequently as the share of renewable energies in electricity generation continues to increase. Grid operators' goal is to keep the costs of these measures as low as possible. In their industry-wide "Redispatch 2.0" project, distribution grid operators are setting up uniform processes to achieve this outcome. In addition, SWM Infrastruktur got intensively involved in the consultation proceedings the German Federal Network Agency (Bundesnetzagentur; BNetzA) had launched for the determination of Section 14a of the German Energy Industry Act (EnWG). These proceedings lay the foundation for intelligent control in the low-voltage segment. This will make it possible to align grid access charges with grid utilisation rates in the future.

Energy Networks – Gas
Based on the German Energy Industry Act (EnWG) and the German Ordinance on Gas Grid Access Charges (Gasnetzentgeltverordnung; GasNEV), SWM Infrastruktur annually calculates the preliminary grid access charges for the following year and publishes them in October of the current year. These preliminary grid access charges are the basis of calculation for the Sales units. In 2023, access charges in the grid territory of SWM Infrastruktur increased by approximately 18 %. In addition, the year was again dominated by the looming gas deficit situation triggered by Russia's war of aggression. The shutdown possibilities that had been identified in the previous year were incorporated in a software solution. Under the leadership of the German Federal Network Agency (BNetzA), SWM Infrastruktur participated in the design of the process to be followed in the event of a nation-wide gas deficit situation.

bayernets GmbH, a subsidiary of Bayerngas, not only continued to perform its key function, i.e. operation of long-distance gas pipeline networks, but also implemented preparatory measures for the transformation to hydrogen transport. Framework conditions in the gas storage market have changed fundamentally since the risk of a potential gas deficit situation emerged in the previous year. Storage operators are now obligated by law to comply with mandatory storage requirements including predefined minimum filling levels at certain dates. Since then, the Wolfersberg underground storage facility owned by Bayerngas has mainly been used by the market area manager, Trading Hub Europe, in accordance with normal market terms and conditions.

Energy Networks – District Heating
In the area of its district heating grids, SWM Infrastruktur is actively contributing to the realisation of the vision of a CO_2-neutral heating supply for Munich. This includes the development of strategies for future district heating supply areas and transport pipes for geothermal energy. These efforts are based on the district heating transformation plan. Plan preparation includes the identification of new customer potentials and grid extension possibilities.

Conversion of large parts of the existing steam-operated grid to hot-water operation is an indispensable prerequisite for a CO_2-neutral heating supply. Among other things, this will involve modification of grid components down to the customer station and their integration into the new grid environment in large supply areas east and west of the Isar river in the period until 2035.

Energy Networks – District Cooling
The supply of environmentally benign cooling is gaining increasing importance for SWM Infrastruktur. In the Munich downtown area, in particular, a well-developed district cooling grid has already been installed. The roll-out and expansion of this grid continued in 2023.

Water
SWM is actively engaged in preserving and protecting the high quality of Munich's drinking water directly in the water extraction areas. It therefore collaborates closely with the locals in those areas to keep spring water and groundwater clean. A key measure in this respect is the encouragement of organic farming and sustainable forestry. Furthermore, extensive measures and investments are continuously required and implemented to maintain the extraction plants and the supply infrastructure. Currently, plans are being drawn up for the replacement of a feeder line between the Mangfall valley and the village of Unterdarching. Extensive analyses will be carried out and expert opinions obtained to safeguard drinking water extraction from the area of moraine deposits east of Munich known as the "Schotterebene" for the future and secure the existing water rights.

Mobility

MVG faced wide-ranging challenges in 2023. Not only did the still prevailing aftereffects of the Covid pandemic and the ensuing decrease in passenger numbers continue to make themselves felt, but the "Deutschland-ticket" – a special flat-rate public transport ticket offered in a monthly subscription model – was not introduced until May. This meant that MVG did not receive any compensation payments either for the first four months of the year, which was the reason why it missed its objective of breaking even. An emergency entrustment adopted by the City of Munich for the purpose of buttressing results makes it possible to offset the loss at SWM in compliance with state aid legislation. Various measures have secured the financing of the existing level of service for the time being, with the rescue package for local public transport companies playing a key role, however. Due to the repercussions of the pandemic and consequential effects such as increased use of remote-working options ("home office"), passenger numbers are still lower than during the pre-pandemic period, but they continue to recover. In total, the Mobility division had 4,679 employees as of 31 December 2023, of which 1,739 were at MVG.

Evaluations of customer surveys for 2022 and the first half of 2023 showed that customer satisfaction scores had taken a turn for the worse. The main reasons behind this trend were the individually perceived sense of safety during the pandemic and the fear of infections. As passenger numbers began to rise again in 2023, there have been indications that customer satisfaction will return to its pre-pandemic level. A continuous rise in demand is still expected. For this reason, planning for the future expansion of services continues (MVG services campaign). Given the lack or inadequacy of funding provided by the German federal government and the German states, especially the increase in regionalisation funds, the implementation of these plans is, however, subject to the proviso that financing can indeed be obtained. In 2023, the funding gap prompted a revision of the target of a 30 % public transport share in Munich as well as a comparison with a share of 28 %. Decisions on this scenario are still pending.

The introduction of the "Deutschlandticket", which led to high sales-related expenses and workloads, was also a game changer. At the same time, the delayed introduction of this monthly subscription ticket in May 2023 and the ensuing lack of compensation payments in the first four months of 2023 resulted in an income shortfall of approximately EUR 47 million.

Nevertheless, we continue to plan for the mobility transition. Our plans still provide for the expansion of two-minute interval frequencies on particularly highly utilised underground sections and the creation of attractive tangential routes served by trams and express buses. From a structural perspective, there is still an urgent need for the construction of a new "U9" underground route running from the Implerstrasse to the Munich Main Station and Münchner Freiheit stops and the new northern and western tangential and "Munich North" tram routes. In 2023, the services campaign involved expenditures totalling around EUR 326 million for underground, bus, and tram projects. Investments mainly focused on the procurement of state-of-the-art vehicles and the refurbishment and modernisation of the underground infrastructure. The MVG Rad bicycle-rental service continues to be a useful supplement of the "traditional" local public transport system. In the 2023 financial year, MVG Rad recorded more than 270,000 registered customers and some 710,000 rental transactions. We are preparing a tender aimed at awarding a new contract for the bicycle-rental system.

At the current juncture, it is not yet foreseeable when there will be a sustainable resurgence in demand for local public transport services under the current framework conditions. However, there are clear indications that Munich's local policymakers in principle remain committed to the mobility transition, despite the difficult financial situation. Substantial investments will thus be necessary for a long time to meet the rising demand. The need to refurbish underground facilities and replace rail vehicles remains high; in addition, the approval and commissioning procedures at the technical supervisory authority are still complex. As existing depot capacities for all areas of operation are fully utilised, capacities at new or extended sites – and if necessary, also at decentralised locations – will gain increasing significance for all areas of operation. Concrete planning processes are being driven forward for a second underground train depot in the Neuperlach Süd neighbourhood and an additional tram depot in the immediate vicinity of the current main workshop on Ständlerstraße. The most important task for the next few years will be to reliably safeguard operating performance and quality and improve it in line with requirements. At the same time, the necessary construction and maintenance work must be handled in a manner ensuring customers' continued mobility. In particular, this means that greater efforts are being made to implement a wide range of measures to recruit and retain personnel in understaffed professions such as drivers and workshop specialists.

Telecommunications
Demand for higher bandwidth continued to increase in 2023, which is why SWM has continued to drive forward the expansion of a fibre-optic infrastructure. Over a multi-year period, SWM has already invested several hundred million euros in the provision of fibre-optic broadband networks, inter alia in Munich, Augsburg, and Erlangen – in some cases jointly with infrastructure partners. These networks permit Internet access with transmission rates of up to 1,000 Mbit/s. In Munich, fibre-optic infrastructure (fibre-to-the-building – FTTB) has gradually been rolled out in 24 city neighbourhoods, hooking up approximately 32,000 buildings outside the Mittlerer Ring beltway. Further investments were made in the linking of additional locations to a public WLAN (WiFi) network.

In 2023, FTTB installation was completed in two additional Munich neighbourhoods. In the coming years, the expansion of network level 4 (fibre optics from the basement to the flat – FTTH) will be intensified in those Munich areas already linked to the existing fibre-optic network.

One additional element of the telecommunications strategy is SWM's digital trunk radio network, which is distinguished by high security standards.

In sum, the key task in 2023 was to expand a powerful data infrastructure even further with a view to enabling residential and business customers to benefit from the use of digital applications and technological evolution.

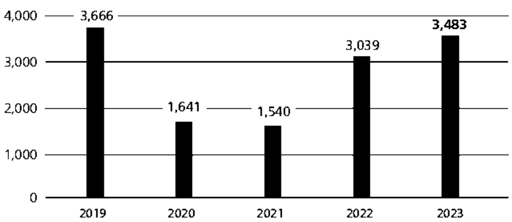
Public Pools
When regular operation is possible, M-Bäder public pools offer bathers fun, sports, and relaxation all year round and are thus leisure spots for guests with a variety of needs – from recreation to competitive sports. Investments in the infrastructure and the continuous further development of the pools' facilities and services will ensure that this will be the case in the future, too. Important construction measures are on the agenda in the coming years: the refurbishment/rejuvenation of the Forstenrieder Park indoor pool including sauna facilities, the refurbishment of the Georgenschwaige outdoor pool and its transformation into a CO_2-free natural pool, the renovation of the entrance building of the Ungererbad outdoor pool, including refurbishing of the ticket booths as well as the changing, restroom, and staff areas, fire protection enhancements, structural reinforcements, and renovation of the copper roofs at the Volksbad indoor pool, and renovation of the roof cladding and glass dome at the Westbad indoor pool.

In 2023, operating performance was still impacted by efforts to save energy. Accordingly, most pools and saunas did not return to regular operation until the beginning of the carnival school holidays. At this time, the saunas opened their doors again and water temperatures at most indoor pools were once again increased to normal levels. Visitor numbers and revenues, in particular, were still at much lower levels than planned. The reduction in operating costs offset only a small part of the decline in revenues. Higher prices and the impact of collective bargaining agreements on personnel expenses have also played a major role in this context. Nevertheless, the trend in visitor numbers has been positive after the Covid-induced crisis. The outdoor pools even exceeded the mark of one million visitors, even though one of the pools was not available to the public.

Children under twelve were again allowed free entry to the outdoor pools in the summer of 2023.

Prinzregentenbad is still closed following the fire that broke out in this public pool in the previous year. After the restoration of the fire damage, the sauna facilities will now be refurbished in the next few years. The Georgenschwaige outdoor pool is also being refurbished and will therefore remain closed. It is scheduled to reopen for the 2025 summer season.

M-Bäder visitor trend
in thousands



Business situation

Results of operations

Revenues
SWM's revenues decreased from EUR 10,629 million to EUR 9,672 million.

Revenues and volume sales

	Volume sales 2023	Revenues 2023 in kEUR	Volume sales 2022	Revenues 2022 in kEUR
Electricity (GWh)	22,197	3,718,208	31,004	3,885,736
Natural Gas (GWh)	62,754	3,727,639	94,385	4,787,408
District Heating (GWh)	4,060	786,769	4,401	653,488
Water (million m^3)	95	168,865	97	170,992
Public Transport		548,756		429,900
Public Pools (thousand visitors)	3,483	18,438	3,039	14,735
Telecommunications		271,441		266,945
Other		432,076		420,197
		9,672,192		**10,629,401**

Despite a significant decline in volume sales, electricity revenues decreased only slightly, by 4.3 % to EUR 3,718 million. Higher prices more or less offset the decrease in volume sales.

Natural gas revenues went down by EUR 1,060 million to EUR 3,728 million. This downtrend in revenues was both volume and price-related.

District heating revenues increased by EUR 133 million to EUR 787 million, with volume sales decreasing by 7.7 % year-on-year in the 2023 financial year.

At EUR 169 million, water revenues remained virtually flat versus the previous year's revenues of EUR 171 million.

An increase in revenues from EUR 430 million to EUR 549 million was recorded in the underground, tram, and bus services of the local public transport system.

At EUR 18 million, public pool revenues were again significantly higher than the previous year's revenues of EUR 15 million.

In the highly competitive telecommunications market, SWM maintained its successful performance with revenues of EUR 271 million, which even corresponded to a slight increase versus the previous year's level of EUR 267.

Development of further significant items in the income statement
Other operating income decreased by EUR 273 million year-on-year, to EUR 564 million. One-time income of EUR 263 million from settlement payments received from banks in the previous year were the main driver of this downtrend. Movements in the opposite direction were recorded for income from the reversal of provisions (EUR +108 million), exchange rate gains from foreign currency translation (EUR +10 million), income from the release of value adjustments on receivables (EUR +16 million), and asset disposal gains (EUR +6 million).

Cost of materials decreased from EUR 8,727 million to EUR 6,919 million. Lower procurement volumes were the main factor providing relief here.

Personnel expenses increased from EUR 924 million to EUR 982 million. On a group-wide basis, the number of employees (excluding trainees, temporary, and seasonal workers) increased from an average of 10,647 to 10,851 in the fully consolidated companies. Furthermore, salary adjustments resulting from collective bargaining agreements contributed to driving up expenses.

Amortisation and depreciation on intangible assets and property, plant, and equipment amounted to EUR 576 million. Scheduled write-downs accounted for the entire amount.

Other operating income went up from EUR 765 million to EUR 1,008 million. This increase was mainly due to higher expenses for variation margins.

Tax expenses
Taxes decreased from EUR 245 million to EUR 163 million. The income tax burden contained therein went down from EUR 224 million to EUR 129 million, mainly due to non-taxable income from the reversal of provisions.

Profit
Profit before taxes amounted to EUR 819 million (previous year: EUR 528 million). Consolidated net income after tax and before profit and loss transfer came to EUR 657 million.

Operating result after adjustment for one-off effects amounted to EUR 240 million in the financial year under review, which corresponds to a year-on-year decrease of EUR 216 million. Adjusted EBITDA went down from EUR 1,055 million to EUR 815 million.

SWM's financial result stood at EUR –22 million in 2023, compared to EUR 35 million in the previous year. The EUR 57 million decrease in the company's financial result was mainly due to a EUR 58 million decrease in income from associated companies.

Net assets
SWM's total assets decreased by 3,9 % year-on-year, to EUR 12,837 million, in the year under review.

Assets
Property, plant, and equipment went up from EUR 7,163 million to EUR 7,290 million. This was mainly attributable to investments in passenger transport vehicles, above all underground trains. Financial investments went down from EUR 1,840 million to EUR 1,800 million. This was mainly due to a decrease of EUR 33 million for shareholdings in associated companies and a EUR 28 million reduction in securities held as financial assets.

Overall, fixed assets increased by EUR 70 million to EUR 9,201 million.

Due to the increase in fixed assets that contrasted with the trend in total assets, SWM's fixed asset intensity increased from 68.3 % in the previous year to 71.7 %. The shareholders' equity in the balance sheet provides 70.9 % cover for the long-term assets tied up in the Group, up from 64.7 % in the previous year.

Overall, investments in property, plant, and equipment and intangible assets decreased slightly, from EUR 744 million to EUR 741 million.

Investments in property, plant, and equipment and intangible assets

in kEUR	2023	2022
Energy and Water	353,680	351,708
Mobility	231,515	226,923
Public Pools	5,742	2,736
Telecommunications	56,248	50,746
City of Munich Services	0	28,394
Central Services	94,050	83,116
	741,235	**743,623**

In Generation, investments mainly focused on the new gas-and-steam turbines 1 and 2 in the "Süd" combined-heat-and-power (CHP) plant, continued operation of the Freimann site, and the heating supply. In addition, investments were made in the area of district cooling.

In Energy Networks, notable focal points of investment were the expansion of distribution installations and networks for energy and water supply, the refurbishment of transformer stations and building connections, as well as customer connections and meter procurement.

Investments in the Mobility segment focused on the acquisition of vehicles, especially new underground trains. Further investments concerned the modernisation of the Sendlinger Tor underground stop, digital radio systems, as well as fire protection in the underground train system. In addition, investments were made in the procurement of new motor vehicles and in escalator replacement.

In Public Pools, investments mainly focused on the refurbishment of the Georgenschweige public pool.

The bulk of investments in Telecommunications went into the continued expansion of fibre-optic networks.

Current assets decreased from EUR 4,161 million to EUR 3,576 million. A price-induced increase in trade accounts receivable of EUR 807 million was offset by a decrease in other assets of EUR 1,175 million, which essentially corresponded to margin payments made.

Liabilities
As of 31 December 2023, shareholders' equity amounted to EUR 6,525 million. Including the equity shares contained in the special items for investment and income grants as well as in subsidies for construction costs, SWM's economic equity ratio decreased year-on-year to 53.0 %.

Provisions decreased from EUR 2,981 million to EUR 2,269 million. This was mainly attributable to the fact that provisions for contingent losses on hedging transactions went down by EUR 370 million and provisions for outstanding invoices were EUR 155 million lower.

Liabilities decreased from EUR 3,947 million in the previous year to EUR 3,516 million, the key driver being a EUR 321 million decrease in bank borrowings and a EUR 155 million decrease in trade accounts payable.

Financial position

Cash flow
Cash flow from operating activities amounted to EUR 824 million. Alongside consolidated net income of EUR 656 million, the key driver of the positive cash flow was the non-cash balance of write-downs and write-ups on fixed assets of EUR 601 million. The non-cash decrease in provisions of EUR 647 million had an opposite effect.

Other major effects in the area of operating activities were attributable to a decrease in inventories, trade accounts receivable, and other assets (EUR +497 million) and a decrease in trade accounts payable and other liabilities (EUR –205 million) on the other.

The significant year-on-year increase in cash flow from operating activities was mainly due to cash-relevant changes in the area of trade accounts receivable.

Cash flow from investing activities amounted to EUR –482 million. Outflows for property, plant, and equipment (EUR 732 million) and intangible assets (EUR 9 million) primarily related to Generation, Energy Sales, Mobility, and Telecommunications. Investments in financial assets (EUR 171 million) mostly comprised securities and loans. On the other hand, inflows from the sale of securities held as fixed assets and changes in the consolidation group had a positive effect on cash flow from investing activities.

Cash flow from financing activities amounted to EUR –404 million. Cash received from financial loans with a net amount of EUR 26 million and inflows into additional paid-in capital of EUR 52 million were mainly offset by the profit transfer of EUR 74 million for the previous year, the redemption of borrowings of EUR 343 million, and interest payments of EUR 69 million.

In addition, reference is made to the detailed consolidated cash flow statement.

Liquidity
The negative cash flow of EUR –62 million in conjunction with a EUR 25 million decrease in cash and cash equivalents due to changes in the consolidation group resulted in a decrease in funds available at short notice from EUR 564 million to EUR 477 million.

SWM's ordinary operations result in price-change, interest-rate, and foreign-currency risks, which the Treasury Unit partially hedges with derivative financial instruments. To the extent possible, derivatives are shown as valuation units. In the financial year under review, SWM was able to meet its financial obligations at all times.

On the reporting date, SWM had credit lines totalling EUR 1,269 million, with Stadtwerke München GmbH accounting for EUR 1,056 million of this total. EUR 73 million thereof can be drawn as both cash loans or sureties and EUR 35 million as sureties only. On the reporting date, EUR 11 million of this total was drawn as sureties only and EUR 5 million as credit lines that can be used as both cash loans and sureties. Credit lines of EUR 10 million revolve annually, while credit lines with total volumes of EUR 100 million, EUR 290 million, and EUR 500 million have maturities until February 2024, 31 December 2024, and April 2026, respectively.

Target/actual comparison

Financial performance indicators

To ensure correct presentation of the operating business, SWM uses operating earnings (EBIT) adjusted for one-off effects for steering purposes. This approach involves adjustments for expenses and income that are non-recurrent (e.g. unscheduled impairments), attributable to other periods, and outside of SWM's control to ensure presentation of the result of operations in a manner that can be compared over time. Adjusted EBIT amounted to EUR 240 million in the financial year under review.

Total revenues were considerably below expectations in 2023, which was attributable to lower electricity and gas prices, in particular. Despite these significant revenue decreases, EBIT slightly exceeded expectations. Due to a much-improved neutral income, which was mainly caused by the reversal of provisions, net profit after tax was considerably higher than budgeted.

Non-financial performance indicators

SWM's performance is not only reflected in economic indicators, but also influenced by other factors. Indicators such as the trend in electricity generation from renewable energies and the number of employees play an important role for SWM's future development.

On average, the Group employed 11,637 staff members in the fully consolidated companies during the 2023 financial year (previous year: 11,468). This figure can be subdivided into 10,851 employees (previous year: 10,647), 404 trainees (previous year: 462), 342 temporary staff (previous year: 317), and 40 seasonal workers (previous year: 42). The increase was in line with expectations.

At the proportionately consolidated companies, 483 staff members were employed (previous year: 474). This figure can be subdivided into 445 employees (previous year: 435), 24 trainees (previous year: 22), and 14 temporary staff and seasonal workers (previous year: 17). Such a development had been expected.

SWM's electricity generation capacity from plants using renewable energies decreased to 5,328 gigawatt-hours (previous year: 5,613 gigawatt-hours) and was thus significantly below plan. Key reasons were the "Redispatch 2.0" curtailments in offshore wind parks and low wind yields in 2023.

Overall statement

Operating profit (EBIT) after adjustment for one-offs and the number of employees exceeded expectations, and net income after tax significantly surpassed them. The electricity volume generated in plants using renewable energies decreased, but its contribution to net income after tax was again very positive.

3. Forecast, Risk, and Opportunity Report

Forecast report

In its 2023 autumn report, the Joint Economic Forecast Project Group of the ifo Institute assumes that higher wages and falling energy prices will lead to a rebound in purchasing power despite political uncertainties. The downturn will thus probably fade away, and utilisation rates in the economy should rise again. Accordingly, the year 2024 should be characterised by significantly lower inflation rates, with a further downward trend in inflation to follow in 2025. Against this background, the Project Group, in its autumn report, forecasts 1.3 % growth of Germany's gross domestic product (GDP) in 2024. More recent economic forecasts such as the economic outlook presented by the German Council of Economic Experts (also known as the "Five Sages of Economy") anticipate less buoyant growth of 0.2 % and thus stagnation of the German economy in 2024.

As of the reporting date, SWM took the energy price assumptions for all plan years and the new statutory regulations or their drafts into account in the assumptions on which its plans for 2024 are based. The assumption is that energy prices will fall in the year that follows, but remain above the levels recorded for many years before the war. Overall, SWM anticipates a decrease in revenues, which will essentially be attributable to falling revenues in the Gas segment. Revenue gains in the high single-digit percentage range are expected in the Electricity segment. Assuming normal weather conditions in conjunction with unchanged customer behaviour, sales volumes in the end customer business are expected to remain stable. A slight uptick in demand is expected in the Mobility segment.

On this basis and from its current vantage point, SWM envisages the 2024 EBIT adjusted for one-off effects to exceed the mark of EUR 600 million. Net profit after tax is expected to be clearly in positive territory, but lower than in the 2023 financial year. Due to rising operating costs required for maintaining its performance capabilities and the continuous expansion of its services in the Mobility segment, SWM expects EBIT to remain stable in subsequent periods, but at a lower level than in the business year under review.

For 2024, SWM's plans provide for an average number of employees in fully consolidated companies that exceeds the previous year's level, mainly due to the rising number of employees in the Mobility segment. Electricity generation from renewable energies will presumably be in the order of 6,000 gigawatt-hours.

Given Russia's war of aggression and the increased political uncertainty, the forecast for the 2024 financial year is subject to higher uncertainties as the future impact cannot yet be foreseen at the current juncture.

Risk report

Risk management system
The objective of risk management at SWM is to ensure the company's long-term success by continuously monitoring and controlling significant risks.

Risk Controlling submits reports twice a year to the Risk Committee and Management Board within the framework of systematic risk inventories. For key energy and financial market risks, the limits, positions, profits, and losses are monitored daily in the respective IT systems. In addition, there are specific channels for submitting detailed reports to Specialist Risk Committees.

Treasury and Energy Trading use only products that have been approved by the Risk Committees. Details of the transactions carried out and hedged in the financial markets and energy trading in 2023 as well as the derivatives and valuation units used are explained in the Notes.

Relevant credit risks are assumed only after a credit quality analysis and are managed based on limits and framework agreements.

Risk position
SWM's management has analysed the consequences of Russia's war of aggression, the associated volatile energy prices, and the impact of these factors on the company's risk exposures. SWM is continuously monitoring the developments and announcements of the national authorities and takes the measures required where necessary.

Economic risks
Economic risks are mainly associated with the absence of an economic recovery in China and the ensuing knock-on effects on German industry, a worsening geopolitical situation, a renewed rise in energy prices, and a more pronounced dampening of demand by monetary policy than expected, or with spending restraint on the part of consumers. Furthermore, the economy might be affected in the event of restrictions of physical energy deliveries and the associated production restrictions.

Energy market risks

Developments in the energy markets have a strong impact on the results of operations at SWM. This may be reflected in both operating results from current business and the valuation of future transactions, e.g. in the assessment of asset values and the calculation of provisions for contingent losses. In its trading activities, in particular, SWM therefore pursues the objective of identifying and evaluating market-price and weather risks resulting from the production, generation, and sale of electricity and gas as well as district heating and public transport and hedging these risks in accordance with a predefined strategy.

Depending on the future development of Russia's war of aggression and trends in the energy markets, elevated energy market risks exist; in particular, such risks may arise from the resultant market price developments and the associated valuation of assets and debts. In the event of a significant rise in energy prices, supplier defaults would lead to substantial replacement costs. The dismantling of the "Isar 2" joint power station involves cost risks for which the plant's owners, PreussenElektra GmbH and SWM, are liable. The dismantling costs expected at the current juncture are fully covered by the associated provisions.

Financial risks

Volatile equity prices, interest rates, and exchange rates, e.g. due to political uncertainties, can negatively impact SWM's financial position and results. In addition, they are reflected in the valuation of assets and liabilities. SWM's Treasury Unit aims at centrally pooling the financing, investment, and foreign currency risks. The investment policy is based on diversified and, hence, risk-reducing asset allocation. The use of derivatives serves the purpose of mitigating risks associated with the underlying transactions and stabilising cash flows. As long as the uncertainties resulting from Russia's war of aggression against Ukraine persist, elevated financial risks continue to exist due to significantly more volatile markets and the associated valuation of assets.

Thanks to its good liquidity and the credit lines available, SWM has been able to completely cover its financial requirements at all times and continues to classify liquidity risks as very small.

Political and regulatory risks

Political guidelines at the European, national, and municipal levels are relevant for SWM in all areas. They may lead to cost increases in Networks and Generation due to more stringent requirements. In addition, there is the risk of further interventions in the energy markets aimed at financing the impact of higher energy prices and the government's ensuing relief measures. Changes in the tax framework may also have a negative impact on SWM.

Changed framework conditions, e.g. in the area of state investment subsidisation for the increasingly significant refurbishment of transport facilities, may lead to unforeseeable difficulties in the financing of public sector transport. The impact of digitalisation and the discussions about changes in pertinent legal framework conditions, especially the German Passenger Transportation Act (Personenbeförderungsgesetz; PBefG), must be influenced proactively to the extent possible. According to the current assessment, there is not least a considerable risk that the service range expansion required for the mobility transition may prove impossible to implement for economic reasons.

SWM counters these risks through transparency and a proactive information policy in the relevant associations and vis-à-vis decision-makers.

Legal and compliance risks

SWM's operating activities involve legal risks arising from contractual relations with customers and other business partners. In addition, authorities and courts may intervene in pricing. The requirements of the German Energy Industry Act (Energiewirtschaftsgesetz; EnWG) and the associated ordinances along with regulatory authorities' activities may have a negative financial impact. Authorisation procedures for technical installations may give rise to legal risks that have a negative economic effect on operations.

In addition, there are compliance risks, e.g. in the areas of corruption, antitrust law, and data protection. These risks are addressed with prevention measures such as training workshops and internal policies that are coordinated on a group-wide basis.

Operational and technical risks
SWM constructs plants for generating and distributing energy and water. The technological complexity of these plants involves technological and time-related risks as well as cost and authorisation risks. There is an elevated risk of resource bottlenecks and time delays, e.g. due to lack of skilled employees, which may lead to higher costs. Furthermore, there are technical risks in the areas of the transport infrastructure and transport supplies. The risks of existing plants are minimised through regular maintenance, high safety standards, emergency plans, and many other quality assurance measures and independent audits.

In addition, the situation currently prevailing in the energy market continues to give rise to the risk that procured gas or coal volumes cannot even be delivered physically, making it impossible to guarantee supply reliability for our electricity, gas, and district heating customers.

Participating interests in renewable energies involve risks arising from new technologies and realisation concepts. SWM counters these risks by choosing its locations carefully, carrying out due diligence checks, using leading technologies, commissioning experts, and maintaining a diversified portfolio. In the realisation and operation phase, risks are managed through close monitoring or representation on the management teams of the respective participations.

Gas production bears technical risks that are reduced by collaborating with experienced companies and maintaining a diversified portfolio. Technological and project-specific risks can be controlled, but not eliminated. For risk diversification purposes, SWM therefore cooperates with Centrica plc, Windsor (United Kingdom), in gas production via the Spirit Energy joint venture. Spirit Energy's portfolio has been reduced, so essentially only its UK and Dutch business that is focused on natural gas and the associated risks remain.

Sales and procurement risks
In all business units of SWM, there is a risk of external influences triggering a decline in revenues. Specifically, the sale of district heating and natural gas depends on the temperatures prevailing in the winter months. In addition, the general economic situation gives rise to the risk of elevated payment defaults of residential and business customers triggered by impending insolvencies. On the other hand, the procurement of materials, services, and supplies may be disrupted by external factors, resulting in cost increases as well as delivery delays and failures. As long as the energy markets remain as volatile as they are now, elevated sales and procurement risks will continue to exist, which may be reflected in decreasing revenues and rising expenses.

Personnel risks
SWM is seeing signs of a tightening labour market for technical and commercial professions as well as specialist functions in spite of the stream of people moving to the Munich area. SWM is proactively addressing these challenges with new forms of recruiting and employer marketing. Target-group-specific candidate attraction and retention along with targeted talent management aim to ensure the staffing of specialist and managerial positions.

IT and information security risks
As an operator of critical infrastructure, SWM faces the risk of becoming the target of deliberate attacks on information security. SWM applies technological, physical, and organisational measures to counter potential threats that might affect confidentiality, integrity, or availability of information. Critical information systems, including the information and communications infrastructure components supporting them, are based on redundant design. In addition, SWM has implemented a systematic disruption and emergency management system based on pertinent industry standards. At the same time, the high requirements for IT security in the area of critical infrastructure give rise to the risk that the company may fail to satisfy legal obligations to provide supporting documents.

The high complexity and interdependence of IT systems give rise to the risk of an inability to comply with envisaged solution times in the event of disruptions. This risk is countered with organisational measures.

Overall assessment
No risks that might pose a potential threat to the continued existence of SWM as an ongoing concern arose in 2023, and none have been identified for 2024. Elevated risks will continue to exist as long as the uncertainties arising from Russia's war of aggression against Ukraine persist.

Opportunity report

The goal of the group strategy is to make progress towards SWM's vision of "Munich as a shining example of a networked city with a high quality of life" and to steer SWM's business development in this direction. Its implementation aims at securing long-term economic success.

Now that the market situation has returned to normal, the positive perception of SWM that has grown over many years gives the company a good chance to win back lost customers in Munich and the surrounding region. The people moving to Munich and the continued population growth in the region provide SWM with an excellent starting position for a further expansion of its business with residential and business customers. Further opportunities exist with respect to the retention of existing customers that move from the city of Munich to the region.

Thanks to Munich's dynamic urban development, SWM can continue to pursue the expansion of its district heating and district cooling offers. The requirements of the heating transition are creating market opportunities in the development of eco-friendly utility services for housing developments and neighbourhoods. A further focus area supplementing district heating and district cooling is the supply via heat pumps and local heating networks.

To seize the opportunities arising from the energy transition, SWM will drive forward its renewable energies expansion campaign, both regionally and in Europe, and continue to bank on economically viable projects. The expansion of renewable energies not only contributes to climate protection but can also help achieve greater independence from fossil fuels and their suppliers.

On the one hand, the trend towards decentralisation of the energy supply gives rise to risks for our market shares in grid-bound energies; on the other, it above all offers considerable growth opportunities. This is the reason why SWM is significantly expanding its product and service range in the area of decentralised energy solutions (e.g. photovoltaic plants and storage systems). To supplement its M-Solar Plus photovoltaic offer for homeowners, SWM is expanding its electricity portfolio for tenants by cooperating with various housing companies for this purpose. In addition, SWM is developing M-Wärme Plus, a comprehensive heat pump package that includes on-site energy counselling, grant application services, heat pump installation, and electricity generation. In the growing electromobility market, SWM plans to continue to seize the resulting opportunities by offering differentiated charging solutions to all customer segments and charging facilities in private and semi-public spaces.

Increasing awareness of climate and environmental protection issues is basically benefiting local public transport as a resource-efficient mobility alternative. As far as economically possible, MVG will continue to expand its range of services as part of its services campaign to meet the increase in demand that is expected in the long term. With add-on products and user-friendly apps that aim to interlink environmentally benign means of transport, MVG plays its part as multimodal mobility service provider for Munich.

To the extent to which this is operationally feasible, MVG will continue its vigorous efforts to implement the electrification of local public transport, especially also the bus and passenger car fleets within the framework of the renewable energies expansion campaign.

Digitalisation and growing demand for future-proof telecommunications solutions create opportunities for SWM to maintain its competitive position in the prevailing market environment through further expansion of the fibre-optic infrastructure along with continuous adjustment of the product portfolio.

Since 2004, Munich's population has increased by over 20 % to nearly 1.6 million, and it continued to increase slightly in 2023. SWM has the opportunity to grow along with the ever-expanding Munich metropolitan region by offering its utility services and infrastructure solutions.

Munich, 22 March 2024

Stadtwerke München GmbH

Dr Florian Bieberbach
Chief Executive
Officer

Ingo Wortmann
Director,
Mobility

Helge-Uve Braun
Director,
Technology

Dr Karin Thelen
Director,
Regional Energy Transition

Dr Gabriele Jahn
Director,
Human Resources,
Real Estate and Public Pools

Consolidated Financial Statements

Consolidated Balance Sheet

in kEUR	Notes	31 Dec. 2023	31 Dec. 2022
Assets			
Non-current assets	1		
Intangible assets		111,357	127,284
Property, plant, and equipment		7,289,542	7,163,475
Financial assets		1,800,100	1,839,972
		9,200,999	**9,130,731**
Current assets			
Inventories	2	329,271	269,430
Receivables and other assets	3	2,769,674	3,327,316
Securities	4	50,055	26,137
Cash in banks	5	427,422	538,183
		3,576,422	**4,161,066**
Prepayments and accrued income	6	**57,912**	**68,218**
Positive difference of plan assets over pension liabilities	7	**2,043**	**99**
		12,837,376	**13,360,114**
Equity and liabilities			
Shareholders' equity	8		
Subscribed capital		485,000	485,000
Additional paid-in capital		6,055,062	5,700,946
Retained earnings		–261,232	–537,861
Non-controlling interests		245,806	259,104
		6,524,636	**5,907,189**
Difference arising from capital consolidation		**6,333**	**9,507**
Special item for investment grants	9	**101,595**	**91,735**
Income grants received	10	**118,965**	**117,823**
Provisions and accruals	11	**2,269,043**	**2,981,053**
Liabilities	12	**3,516,475**	**3,947,453**
Deferred income	13	**222,226**	**233,817**
Deferred tax liabilities	14	**78,103**	**71,537**
		12,837,376	**13,360,114**

Consolidated Income Statement

in kEUR	Notes	2023	2022
Revenues		9,864,987	10,838,130
Electricity tax		–81,472	–92,873
Energy tax		–111,323	–115,856
Revenues, excluding electricity and energy tax	15	**9,672,192**	**10,629,401**
Increase or reduction in inventories of finished goods or work-in-progress		–837	3,185
Other capitalised own work		90,634	79,296
Other operating income	16	564,314	837,492
Cost of materials	17	6,919,167	8,726,757
Personnel expenses	18	982,133	924,461
Depreciation and amortisation	19	575,689	640,681
Other expenses	20	1,007,974	764,711
Financial result	21	–21,891	35,359
Income tax	22	128,740	224,380
Net income		**690,709**	**303,743**
Other taxes	22	33,889	21,118
Equalisation payment to non-controlling interests		956	956
Consolidated net income before profit transfer		**655,864**	**281,669**
Profit transferred as a result of a profit transfer agreement	23	410,884	74,082
Consolidated net profit (previous year: loss)		**244,980**	**207,587**
Profit (previous year: loss) attributable to non-controlling interests		–13,616	–8,994
Consolidated profit		**231,364**	**198,593**
Payment into retained earnings		–231,364	–198,593
Consolidated cumulative profit/loss		**0**	**0**

Consolidated Cash Flow Statement

	in kEUR	2023	2022
	Consolidated net income (before profit transfer and including profit/loss attributable to non-controlling interests)	655,864	281,669
+/–	Depreciation netted with write-ups for fixed assets	601,203	601,163
+/–	Increase/decrease in provisions	–647,309	285,155
+/–	Other non-cash-effective expenses/income	–18,117	9,650
–/+	Increase/decrease in inventories, trade accounts receivable, as well as other assets not classified as investing or financing activities	497,181	–1,507,146
+/–	Increase/decrease in trade accounts payable and other liabilities not classified as investing or financing activities	–205,191	422,405
–/+	Profits/losses from the disposal of fixed assets	1,176	25,615
+/–	Interest expenses/income	38,287	41,813
–	Other income from equity investments	–29,105	–32,521
+/–	Income tax expenses/credits	128,740	224,380
–/+	Income tax payments	–198,298	–135,704
	Cash flow from operating activities	**824,431**	**216,479**
+	Inflows from disposals of property, plant, and equipment	7,698	5,840
–	Outflows for investments in property, plant, and equipment	–731,807	–739,848
+	Inflows from disposals of intangible assets	4	1,456
–	Outflows for investments in intangible assets	–9,428	–3,775
+	Inflows from disposals of financial assets	275,940	448,826
–	Outflows for investments in financial assets	–171,391	–22,952
+	Inflows from diposals from the consolidation group	80,601	0
+	Interest received	37,308	16,291
+	Dividends received	29,105	32,521
	Cash flow from investing activities	**–481,970**	**–261,641**
+	Inflows from additions to shareholders' equity	52,277	49,281
+	Inflows from net borrowings	26,018	58,331
–	Outflows for the redemption of borrowings	–342,665	–74,648
+	Inflows from grants received	20,712	30,517
–	Interest paid	–69,199	–43,774
–	Outflows to shareholders of the parent company	–74,082	–100,000
+/–	Contributions from/payments to other shareholders	–17,033	–6,588
	Cash flow from financing activities	**–403,972**	**–86,881**
Net change in cash and cash equivalents		**–61,511**	**–132,043**
Changes in cash and cash equivalents due to consolidation group		–25,332	10,089
Cash and cash equivalents at the start of the period		564,320	686,274
Cash and cash equivalents at the end of the period		**477,477**	**564,320**

Breakdown of cash and cash equivalents

in kEUR	2023	2022
Liquid assets	427,422	538,183
Securities held as current assets	50,055	26,137
	477,477	**564,320**

Schedule of Consolidated Shareholders' Equity

	Parent company					
in kEUR	Subscribed capital	Additional paid-in capital	Retained earnings	Shareholders' equity currency translation differences	Cumulative loss/profit	Share-holders' equity
As of 31 Dec. 2021	**485,000**	**5,651,665**	**–648,935**	**–15,746**	**0**	**5,471,984**
Consolidated result before profit transfer					272,675	272,675
Profit transfer					–74,082	–74,082
Consolidated net loss/ net income					198,593	198,593
Payment into additional paid-in capital		49,281				49,281
Transfer of cumulative profit			198,593		–198,593	0
Currency translation differences				–21,308		–21,308
Other changes			–50,258	–207		–50,465
Changes in the consolidation group						0
Other changes in non-controlling interests						0
As of 31 Dec. 2022	**485,000**	**5,700,946**	**–500,600**	**–37,261**	**0**	**5,648,085**
Consolidated result before profit transfer					642,248	642,248
Profit transfer					–410,884	–410,884
Consolidated net income/net loss					231,364	231,364
Payment into additional paid-in capital		363,161				363,161
Transfer of cumulative profit			231,364		–231,364	0
Currency translation differences				24,119		24,119
Other changes		–9,045	21,146			12,101
Other changes in non-controlling interests						0
As of 31 Dec. 2023	**485,000**	**6,055,062**	**–248,090**	**–13,142**	**0**	**6,278,830**

Non-controlling interests				Consolidated shareholders' equity
Non-controlling interests before shareholders' equity currency translation differences and net income	Shareholders' equity currency translation differences allocable to non-controlling interests	Profit allocable to non-controlling interests	Total	
217,112	**790**	**–27,757**	**190,145**	**5,662,129**
		8,994	8,994	281,669
			0	–74,082
		8,994	8,994	207,587
			0	49,281
			0	0
	0		0	–21,308
50,258	207		50,465	0
16,088			16,088	16,088
–34,345		27,757	–6,588	–6,588
249,113	**997**	**8,994**	**259,104**	**5,907,189**
		13,616	13,616	655,864
			0	–410,884
		13,616	13,616	244,980
			0	363,161
			0	0
	0		0	24,119
–9,881			–9,881	2,220
–8,039		–8,994	–17,033	–17,033
231,193	**997**	**13,616**	**245,806**	**6,524,636**

Notes

General information

Stadtwerke München GmbH (the parent company) is headquartered in Munich and registered in the Commercial Register of the Munich Local Court (HRB 121920).

The consolidated financial statements for the 2023 financial year have been prepared in accordance with the German Commercial Code (Handelsgesetzbuch; HGB) and the supplementary provisions of the German Limited Liability Companies Act (GmbH Gesetz) and in compliance with the German Accounting Standards (Deutsche Rechnungslegungs Standards; DRS) published by the Accounting Standards Committee of Germany (Deutsches Rechnungslegungs Standards Committee e. V.; DRSC). Due consideration has also been given to the requirements of the German Energy Industry Act (Energiewirtschaftsgesetz; EnWG).

The structure of the consolidated financial statements has been extended to include utility and transportation-specific items.

Items in the consolidated balance sheet and the consolidated income statement have been aggregated to provide clarity and better information; these items are shown separately in the notes to the financial statements.

The nature of expense method has been used to prepare the income statement.

Consolidation Group

In its capacity as parent company, Stadtwerke München GmbH prepares its consolidated financial statements in accordance with Sections 290 et seqq. HGB. Pursuant to Section 313 (2) HGB, a breakdown of the shareholdings of Stadtwerke München GmbH Group showing the companies included in the consolidated financial statements has been enclosed with the notes to the financial statements.

In addition to Stadtwerke München GmbH, in its capacity as parent company, the consolidated financial statements on the reporting date comprised the financial statements of 34 (previous year: 35) fully consolidated subsidiaries in which Stadtwerke München GmbH directly or indirectly holds a majority of voting rights.

As of 1 January 2023, LHM Services GmbH was deconsolidated due to the sale of the shares held in this company to the City of Munich.

On the reporting date, four (previous year: four) companies were proportionately consolidated in accordance with Section 310 HGB.

In addition, five (previous year: five) participations in associated companies have been included in the consolidated financial statements at equity in accordance with Sections 311 and 312 HGB, because included companies have a major impact on their business and financial policies.

A total of 18 (previous year: 18) affiliated companies without operations or with only minor business volumes are not included in the consolidated financial statements in accordance with Section 296 (2) HGB. Further equity participations which, from the point of view of the Group, are of minor significance for providing a true and fair view of the net assets, financial position, and results of operations are shown as financial investments in the consolidated balance sheet.

SWM Services GmbH, a subsidiary and simultaneously the parent company of M-net Telekommunikations GmbH (M-net), is included in the consolidated financial statements of Stadtwerke München GmbH (HRB 121920) and is accordingly not required to prepare separate (subgroup) consolidated financial statements in accordance with Section 291 (1) and (2) HGB.

SWM Gasbeteiligungs GmbH, a subsidiary and simultaneously the parent company of SWM Bayerische E&P Beteiligungsgesellschaft mbH and Bayerngas GmbH, is included in the consolidated financial statements of Stadtwerke München GmbH (HRB 121920) and is accordingly not required to prepare separate (subgroup) consolidated financial statements in accordance with Section 291 (1) and (2) HGB.

SWM Erneuerbare Energien Norwegen GmbH, a subsidiary and simultaneously the parent company of Midgard Vind Holding AS, is included in the consolidated financial statements of Stadtwerke München GmbH (HRB 121920) and is accordingly not required to prepare separate (subgroup) consolidated financial statements in accordance with Section 291 (1) and (2) HGB.

SWM Erneuerbare Energien Skandinavien GmbH & Co. KG, a subsidiary and simultaneously the parent company of Austri Raskiftet DA and Austri Kjølberget DA, is included in the consolidated financial statements of Stadtwerke München GmbH (HRB 121920) and is accordingly not required to prepare separate (subgroup) consolidated financial statements in accordance with Section 291 (1) and (2) HGB.

Consolidation principles

The consolidated financial statements and the annual financial statements of the companies included have been prepared as of the reporting date of the annual financial statements of the parent company (31 December 2023).

The annual financial statements of the companies included in the consolidated financial statements have been prepared in accordance with uniform accounting policies, taking account of the specific requirements applicable to the sector. The company also implemented any further adjustments to standard Group accounting and valuation that were required. The same consolidation principles are applicable on a pro-rata basis to those companies included proportionally in the consolidated financial statements.

Participations in associated companies are shown as a separate item in the consolidated balance sheet. As a basic principle, the associated companies use the harmonised accounting and valuation methods throughout the Group. The subgroup financial statements of the associated companies wpd europe GmbH and Spirit Energy Limited and the annual financial statements of Aneo Roan Vind Holding AS apply valuation methods that differ from those applied in the consolidated financial statements.

Capital consolidation
For companies initially included before 1 January 2010, capital has been consolidated by means of the carrying amount method by netting the carrying amounts of first-time investments with the proportionate shareholders' equity of the respective subsidiaries and joint ventures at the time when they were acquired or initially included.

For companies initially included or transferred to full consolidation after 1 January 2010, capital has been consolidated by means of the revaluation method by netting the shareholdings' book values with the proportionate revalued shareholders' equity allocable to the parent company in accordance with Section 301 HGB.

Goodwill and negative difference attributable to initial consolidation
The positive differences arising in capital consolidation in previous years were recognised as goodwill and are, as a basic principle, amortised in scheduled amounts over periods of five to 16 years using the straight-line method.

The negative difference resulting from the first-time consolidation of SWM Wind Havelland will, in line with the remaining life of the wind park, be amortised over a period of four years using the straight-line method.

Non-controlling interests
Minority interests in consolidated net income are allocated to the non-controlling interests within shareholders' equity.

Debt consolidation
Inter-company receivables, liabilities, provisions, and accrued and deferred items are offset or eliminated (Section 303 HGB).

Internal expenses and income
Internal income and expenses between the consolidated companies were netted (Section 305 (1) HGB). Inter-company profit and loss transfers in the financial year under review were also eliminated.

Treatment of inter-company results
Inter-company results attributable to internal supplies, deliveries, and services were eliminated unless they are of minor significance (Section 304 (2) HGB).

Foreign currency translations
The balance-sheet items of subsidiaries' financial statements denominated in foreign currencies were translated into EUR at the average spot exchange rate as of the reporting date or, in the case of the "shareholders' equity" item, at the historical exchange rate. Income statement items are, as a basic principle, translated at average exchange rates. Any differences arising from the translation of the balance sheets due to the translation of the "shareholders' equity" item at historical exchange rates and the "net income" item item at average exchange rates are, as a basic principle, recognised in shareholders' equity with no effect on the income statement.

Accounting policies

Non-current assets
Intangible assets acquired for a monetary consideration are shown at cost and amortised using the straight-line method over the economic life of the assets. Impairments are recognised if they are considered to be of a permanent nature.

Goodwill resulting from capital consolidation is, as a basic principle, amortised in scheduled amounts over periods between five and 16 years using the straight-line method. Impairments are recognised if they are considered to be of a permanent nature.

Property, plant, and equipment are recognised at cost of purchase or production, without consideration of borrowing interest, less scheduled depreciation and unscheduled impairments. The capitalised own work contained therein comprises cost of labour, cost of materials, machine output and haulage, and appropriate portions of overheads.

Scheduled depreciation is applied primarily on a straight-line basis using normal useful operating lives. Assets acquired during the course of the year are subject to pro-rata-temporis depreciation. In the case of existing declining balance depreciation, the method used is changed to the straight-line method as soon as such a change results in higher levels of depreciation.

From 2010 through 2020, public capital grants received were deducted from the asset balance if the company in question was both the recipient of the subsidy and the owner of the asset. Prior to 2010 and since 2021, new investment grants were and have been recognised as a special item. Where the recipient of the subsidy is not the owner of the asset at the same time, public capital grants are recognised as deferred income and written off using the straight-line method.

Costs of purchase or production of independently usable depreciable movable non-current assets are immediately expensed in the year of acquisition if their costs of purchase or production, adjusted for input VAT, do not exceed EUR 800.00 (previous limit applicable from 2018 to 2021: EUR 250.00).

Under financial assets, equity investments are recognised at cost and lendings are posted at their nominal value. If the impairment is permanent, they are written down to the lower fair value as of the reporting date. If the reasons leading to lower valuation no longer apply on the reporting date, a write-up to a level not exceeding the carrying amount is posted.

Current assets
Raw materials and supplies including unfinished products and services, finished products and goods, and advance payments made on inventories are consistently recognised at the lower of market value or cost. Reasonable valuation adjustments are applied to inventory risks resulting from storage duration and diminished marketability.

Receivables and other assets are shown at nominal value less any impairments reflecting actual default risk.

Receivables due to affiliated companies are netted with liabilities due from affiliated companies if a netting situation pursuant to Section 387 of the German Civil Code (BGB) exists.

In individual Group companies, no current meter data is available for some of the customers at the reporting date due to the rolling annual meter reading approach used. This makes it necessary to calculate annual consumption accruals at the reporting date on the basis of current prices and an assumed consumption behaviour. The relevant receivables were extrapolated as of 31 December 2023 and recognised after netting with advance payments received from customers.

The securities included among current assets are consistently recognised at the lower of cost or market value.

Loans with a term of less than one year that have been extended to affiliated companies and companies in which participating interests are held are reported as accounts due from affiliated companies and accounts due from companies in which participating interests are held. For terms between one and four years, reporting is based on the company's intention to hold the loans in question. Loans with terms of at least four years are reported under financial assets.

Cash at banks is recognised at nominal value.

Prepayments and accrued income
Prepayments and accrued income include expenditures realised before the reporting date to the extent that they comprise expenditure for a particular time after this date.

Positive difference of plan assets over pension liabilities
At various Group companies, reinsurance policies exist for pension liabilities or comparable obligations due over a long-term horizon, which are excluded from all other creditors' recourse and serve exclusively to satisfy these obligations. For semi-retirement and sabbatical obligations, various companies have transferred assets serving exclusively to satisfy these obligations and excluded from all other creditors' recourse (which are both cover assets within the meaning of Section 246 (2) sentence 2 HGB) to a trustee. The relevant assets comprise securities and credit balances in current accounts and are recognised at their fair value, as stipulated in Section 253 (1) sentence 4 HGB. Accordingly, the liabilities are netted with the fair value of the cover assets as stipulated in Section 246 (2) sentence 2 HGB. If the fair value of the cover assets exceeds the liabilities, the overfunding is capitalised in a separate item, "positive difference of plan assets over pension liabilities", pursuant to Section 246 (2) sentence 3 HGB in conjunction with Section 266 (2) HGB.

Shareholders' equity
The subscribed capital is recognised at nominal value.

Special item
Capital grants in relation to fixed assets received before 2010 and newly received capital grants in relation to fixed assets since 2021 are shown as a special item for investment grants. They are shown at their nominal value less the proportionate reversal recognised in the income statement, with due consideration being given to the useful economic life of the asset. The capital grants received in the period from 2010 through 2020 were deducted from assets.

Income grants received
Construction cost grants received for electricity and gas grids from 2016 and 2017 onwards, respectively, are shown in this item. They are released concurrently to the write-down of the assets for which the grants were paid.

Provisions
Pursuant to Section 253 (1) sentence 2 HGB, provisions are recognised at the amount required for settlement according to prudent commercial judgement. Provisions with residual terms of more than one year are, as stipulated in Section 253 (2) HGB, discounted using the maturity-matched average market interest rates for the past seven financial years as published by Deutsche Bundesbank in accordance with to the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung; RückAbzinsV).

Actuarial expert opinions applying Prof Dr Klaus Heubeck's 2018 G guideline tables have been obtained for all pension provisions as well as provisions for anniversary bonuses and benefit payments.

The calculation of pension provisions is based on the parameters set forth below:

	Civil servants and salaried employees	Employees not covered by collective wage agreements
Actuarial calculation method	Net present value method	Projected unit credit method
Interest rate in accordance with the RückAbzinsV for the past 10 years in %		
2023	**1.83**	**1.83**
Previous year (2022)	(1.79)	(1.79)
Interest rate in accordance with the RückAbzinsV for the past 7 years in %		
2023	**1.76**	**1.76**
Previous year (2022)	(1.45)	(1.45)
Salary and benefits growth in %		
2024 (TV-V collective wage agreement for utilities)	EUR 200 + 5.50 %	–
2024 (all others)	10.00	–
From 2025 (all)	2.00	–
Previous year (2022)	(2.00 – 6.00)	–
Career trend in %		
2023	**0.50**	–
Previous year (2022)	(0.50)	–
Pension growth in %		
2024 (TV-V collective wage agreement for utilities)	EUR 200 + 5.50 %	–
2024 (all others)	10.00	2.00
From 2025 (all)	2.00	2.00
Previous year (2022)	(2.00 – 6.00)	(2.00)
Difference of plan assets over pension liabilities pursuant to Section 253 (6) HGB in kEUR	**5,552**	**20**

Pursuant to the procedure stipulated in the German Regulation on the Discounting of Provisions (RückAbzinsV), the actuarial interest rate under commercial law is derived from an average residual term of 15 years. In accordance with Section 253 (2) HGB, the actuarial interest rate for the valuation of pension liabilities is based on the average market interest rate for the past ten years.

In a letter dated 23 December 2016, the German Federal Ministry of Finance published its statement on the effect of Section 253 HGB (new version) on the recognition of single entities deemed to exist for tax purposes. As a single entity is deemed to exist for tax purposes, the difference pursuant to Section 253 (6) HGB is not barred from transfer to the shareholder.

In accounting, pension liabilities due to employees not covered by collective wage agreements that are determined solely by the fair value of a reinsurance policy must be treated like pension commitments that are linked to securities. This means that pension commitments covered by benefits-congruent reinsurance policies are also valued in accordance with Section 253 (1) sentence 3 HGB, even though the claims arising from a reinsurance policy formally do not constitute securities held as fixed assets within the meaning of Section 266 (2) A. III. 5 HGB. A reinsurance policy can be classified as benefits-congruent when both the amounts and the timing of payments made under such policy are identical to the payments made to the beneficiaries entitled to pension payments (cf. the IDW RS HFA 30 standard promulgated by the Institute of Public Auditors in Germany, new version, marginal No. 74). Since 31 December 2022, the regulations of the IDW RH FAB 1.021 standard have also been taken into account.

Reinsurance policies exist for pension liabilities due to employees not covered by collective wage agreements in the core companies. These policies are recognised at fair value pursuant to Section 253 (1) sentence 4 HGB, with some of them being pledged to the retired employees. Until 31 December 2021, the fair value of new policies corresponded to the amortised cost. Since 1 January 2022, new policies are concluded only as unit-linked reinsurance policies (i.e. they are linked to securities). In these cases, the fair value corresponds to the market price. Accordingly, these liabilities are netted with the asset value of the reinsurance cover, as stipulated in Section 246 (2) sentence 2 HGB. On balance, this results in both pension provisions and asset values in the financial year under review, with the latter being capitalised under other assets.

The calculation of provisions for semi-retirement, anniversary bonuses, and benefit payments is based on the parameters set forth below:

	Semi-retirement	Anniversary bonuses	Benefit payments
Actuarial calculation method	**Net present value method**	**Net present value method**	**Net present value method without minimum age**
Interest rate in accordance with the RückAbzinsV for the past 7 years in %			
2023	**1.00**	**1.76**	**1.76**
Previous year (2022)	(0.42)	(1.45)	(1.45)
Salary and benefits growth in %			
2024 (employees subject to collective wage agreements)	EUR 200 + 5.50 %; min. EUR 340	–	–
2024 (civil servants, employees not covered by collective wage agreements)	6.50 – 10.00	–	–
From 2025	2.00	–	–
Previous year (2022)	(2.00 – 4.00)	–	–
Trend in contribution ceiling in %			
2024	–	2.00	–
From 2025	–	2.00	–
Previous year (2022)	–	(2.00 – 4.00)	–
Remuneration growth in %			
2024 (employees subject to collective wage agreements)	–	EUR 200 + 5.50 %; min. EUR 340	–
2024 (civil servants, employees not covered by collective wage agreements)	–	6.50 – 10.00	–
From 2025	–	2.00	–
Previous year (2022)	–	(2.00 – 4.00)	–
Trend in contribution cost in %			
2024	–	–	5.00
From 2025	–	–	2.50
Previous year (2022)	–	–	(5.00)
Trend in net present value premiums in %			
2024	–	–	10.00
From 2025	–	–	2.00
Previous year (2022)	–	–	(5.00)

The calculation of provisions for semi-retirement is based on an average time to maturity of one year. Payment arrears, top-up amounts, and lump-sum settlements were taken into account in the calculation. In accordance with Section 246 (2) sentence 2 HGB, provisions for semi-retirement are netted with the asset value of the reinsurance cover.

In the financial year under review, a material provision for lifetime work accounts (sabbaticals) was set aside for the first time. The value of this provision corresponds to the time credits accrued plus the associated employer share of the total social security contribution. In accordance with Section 246 (2) sentence 2 HGB, provisions for sabbaticals are netted with the asset value of the reinsurance cover.

The calculation of provisions for anniversary bonuses and benefit payments is based on an average time to maturity of 15 years.

Provisions for disposal of nuclear power operations are stated at their settlement amount, as set forth in German commercial law (HGB) accounting principles. The amount of provisions recognised complies with the commercial prudence principle. Decommissioning provisions are accumulated on a straight-line basis. Cost calculations are based on external expert reports assuming complete installation disposal. The interest rates applied range between 0.99 % (previous year: 0.43 %) and 1.79 % (previous year: 1.54 %). Price increases of 2.00 % (previous year: 2.00 %) were taken into account. In deviation thereof, price increase rates of 6.70 % and 3.00 % were applied for 2023 and 2024, respectively.

Provision calculations are based on due consideration of all identifiable risks.

The effects of changes in discount rates are recognised in the "financial result" item.

Liabilities
Liabilities are recognised at their settlement amount.

Deferred income
Deferred income is formed for income received prior to the reporting date and assigned to income statements for subsequent periods. Such items are released in accordance with contractual agreements.

To the extent to which they are not recognised separately as income grants received from 2016 or 2017 onwards, income grants received for distribution installations and household connections are posted as deferred income and released in an instalment of 2.5 % in the year of their addition and instalments of 5.0 % in each of the following years.

The investment grants received for assets passed on by Group companies to Stadtwerke München GmbH in its capacity of owner of such assets are shown under deferred income.

Foreign currency translation
Assets and liabilities denominated in foreign currencies are translated into euro using the bid or offer rate prevailing at the time at which they originated.

Assets and liabilities denominated in foreign currencies with a residual term of less than one year are translated at the average spot exchange rate applicable on the reporting date, as set forth in Section 256a HGB. For assets and liabilities with a residual term in excess of one year, translation is performed at the average spot exchange rate applying the lower of cost or net realisable value principle, as set forth in Section 256a HGB (Section 252 (1) No. 4 second half-sentence HGB).

Deferred taxes
Deferred taxes are set aside to account for temporary differences between the carrying amounts in the financial statements and the tax accounts to the extent to which such differences will presumably be dissolved in future financial years.

As a basic principle, overall tax liabilities that arise are recognised under deferred tax liabilities in the balance sheet. If an overall tax relief is recorded, no use is made of the option to capitalise the net surplus of deferred tax assets on the reporting date that is granted by Section 274 (1) sentence 2 HGB.

In accordance with the option granted by Section 274 (1) sentence 3 HGB, deferred taxes are recognised on a netted basis.

No deferred taxes are set aside for temporary differences between the carrying amounts in the financial statements and the tax accounts within the framework of the "Betrieb gewerblicher Art (BgA) U-Bahnbau und -verpachtung" (Commercial Operations for Building and Leasing of Municipal Underground Railway Systems) single entity deemed to exist at the shareholder for tax purposes.

One exception applies to deferred taxes of foreign permanent establishments as the latter are not included in the group that is deemed to exist for income tax purposes. In the tax assessment year under review, an overhang of deferred tax liabilities thus had to be posted for two Norwegian permanent establishments due to temporary differences in fixed assets. Section 274 (1) sentence 1 HGB stipulates that recognition of such differences is mandatory, and they cannot be offset against the deferred taxes posted by the income tax group either. The calculation of the deferred taxes of the Norwegian permanent establishments is based on a tax rate of 22%.

Valuation units
Stadtwerke München GmbH and individual subsidiaries use derivative financial instruments to reduce market price risks arising from the purchase and sale of electricity, gas, and coal, as well as emission rights, oil and diesel products, district heating, and water. In addition, hedging relationships are also created in relation to interest rate and currency hedges.

To the extent possible, derivatives are shown in the balance sheet as valuation units with the respective underlying transaction, differentiating by commodity and annual tranche. To hedge against currency fluctuations in the coal and oil portfolios, the relevant currency hedging transactions in US dollar are also included.

Balance-sheet recognition of valuation units is based on the net hedge presentation method.

If the net balance of all fair values of the underlying and hedging transactions in the relevant valuation unit is negative, a corresponding provision arising from valuation units is formed for the resultant contingent loss, in accordance with the principle of prudence. Any positive net balance of all fair values of the underlying and hedging transactions in the relevant valuation unit is not recognised.

The fair value of derivative financial instruments corresponds to the market value as of the reporting date. To the extent possible, a price quoted in an active market (e. g. exchange price) is used as the basis of market value calculation. If derivatives' market values cannot be determined reliably via an active market, their present value is calculated using generally recognised valuation models and methods (e.g. the discounted-cash-flow method). Market yield curves and forward commodity prices are the most important components of such models.

Extended netting units (pursuant to the IDW RS ÖFA 3 standard promulgated by the Institute of Public Auditors in Germany) have been formed for both electricity generation portfolios and the standard customer segment.

Notes to the consolidated balance sheet

1. Non-current assets
The breakdown of the non-current asset items aggregated in the consolidated balance sheet and the development of these assets in the 2023 financial year are shown in a separate overview (movements in non-current assets) in the notes to the financial statements.

2. Inventories

in kEUR	As of 31 Dec. 2023	As of 31 Dec. 2022
Raw materials and supplies	297,149	239,044
Unfinished products, unfinished services	14,171	14,863
Finished products and goods	17,871	15,255
Advance payments	80	268
	329,271	**269,430**

3. Receivables and other assets

in kEUR	As of 31 Dec. 2023	Thereof remaining term > 1 year	As of 31 Dec. 2022	Thereof remaining term > 1 year
Trade accounts receivable	1,811,148	7,762	1,004,405	2,513
Accounts due from affiliated companies	11,261	0	10,694	0
Accounts due from other companies in which participating interests are held	9,055	980	26,371	0
Receivables due from the shareholder	938,210	40,031	2,285,846	17,073
	2,769,674	**48,773**	**3,327,316**	**19,586**

Accounts due from affiliated companies mainly include accounts due from profit transfer agreements and profit withdrawals. Accounts due from other companies in which participating interests are held mainly consist of trade accounts receivable and other income from equity investments.

As offsetting is permissible, receivables due from the shareholder were offset against liabilities of kEUR 132,840 due to the shareholder.

Other assets include margin payments of kEUR 708,557 (previous year: kEUR 2,147,336).

4. Securities
This item shows security and fund investments.

5. Cash at banks
Cash at banks essentially comprises short-term investments in the form of fixed-term deposits and credit balances in current accounts.

6. Prepaid expenses and accrued income

This item mostly comprises prepaid line rental charges in the telecommunications segment, IT maintenance contracts, and construction cost grants, as well as emoluments paid in advance for January 2024. A discount on issued debt of kEUR 454 (previous year: kEUR 558) is also shown under prepaid expenses and accrued income.

7. Positive difference of plan assets over pension liabilities

Pursuant to Section 246 (2) sentence 2 HGB, the reinsurance cover assets for pension provisions and semi-retirement obligations, which are excluded from all other creditors' recourse and serve exclusively to satisfy pension liabilities, are offset with these liabilities.

In the 2023 financial year, a positive difference of kEUR 2,043 by which plan assets exceeded pension liabilities was calculated overall. The amortised cost of the assets amounted to kEUR 15,865, the fair value of the cover assets eligible for offsetting stood at kEUR 15,717, and the settlement amount for the offset liabilities came to kEUR 13,674.

Expenses arising from the compounding of semi-retirement obligations amounted to kEUR 44. Income from assets eligible for offsetting came to kEUR 173 before offsetting.

8. Shareholders' equity

in kEUR	As of 31 Dec. 2023	As of 31 Dec. 2022
Subscribed capital	485,000	485,000
Additional paid-in capital	6,055,062	5,700,946
Retained earnings	–248,090	–500,600
Difference in shareholders' equity from currency translation	–13,142	–37,261
Minority interests	245,806	259,104
	6,524,636	**5,907,189**

The increase in additional paid-in capital was mainly due to contributions of kEUR 52,277 and the in-period addition of kEUR 310,884 paid into this item by the City of Munich.

Retained earnings mainly comprise the retained earnings of Stadtwerke München GmbH and the earnings generated by consolidated companies during their group affiliation. The consolidation measures recognised in the income statement and the consolidated profit of kEUR 231,364 for the financial year under review were allocated to retained earnings.

9. Special item for investment grants
Capital grants received before 2010 and since 2021 are shown in the special item for investment grants. The capital grants from the period between 2010 through 2020 were deducted from assets.

10. Income grants received
This item in particular comprises the construction cost grants received for electricity and gas grids from 2016 and 2017 onwards, respectively.

11. Pensions and accruals

in kEUR	As of 31 Dec. 2023	As of 31 Dec. 2022
Pension provisions	692,620	754,594
Tax provisions	166,575	195,340
Provisions for disposal of nuclear power operations	370,280	407,912
thereof: post-shutdown and residual operation	147,274	181,474
thereof: phasing-out	93,709	101,550
thereof: residue and waste management	129,297	124,888
Other accruals and provisions	1,039,568	1,623,207
	2,269,043	**2,981,053**

Pursuant to Section 246 (2) sentence 2 HGB, the cover assets for pension provisions, semi-retirement obligations, and sabbatical obligations, which are excluded from all other creditors' recourse and serve exclusively to satisfy liabilities arising from such obligations, are offset with these liabilities.

In the 2023 financial year, the provisions resulting from offsetting cover assets with pension liabilities totalled kEUR 25,649. The amortised costs of the assets amounted to kEUR 16,825, the fair value of the cover assets eligible for offsetting stood at kEUR 16,020, and the settlement amount for the offset liabilities came to kEUR 41,669.

Interest expenses from the valuation of pension liabilities and semi-retirement obligations amounted to kEUR 711. Income from assets eligible for offsetting came to kEUR 502 before offsetting.

Tax provisions mainly comprised corporation tax, including solidarity surcharge, and trade tax for the financial year under review as well as previous years. They were charged on to Stadtwerke München GmbH by the shareholder within the framework of the "Betrieb gewerblicher Art U-Bahnbau und -verpachtung" (Commercial Operations for Building and Leasing of Municipal Underground Railway Systems) single entity deemed to exist at the shareholder for tax purposes.

Other accruals and provisions were mainly created for outstanding invoices (kEUR 366,350), personnel obligations (kEUR 157,091), and contingent losses (kEUR 20,316).

12. Liabilities

in kEUR	As of 31 Dec. 2023	Thereof remaining term up to 1 year	Thereof remaining term 1–5 years	Thereof remaining term > 5 years	As of 31 Dec. 2022	Thereof remaining term up to 1 year	Thereof remaining term 1–5 years	Thereof remaining term > 5 years
Bank borrowings	1,419,654	421,313	283,020	715,321	1,741,094	351,980	739,998	649,116
Advance payments received	18,854	18,854	0	0	16,898	16,898	0	0
Trade accounts payable	309,651	309,071	580	0	444,992	444,707	285	0
Accounts due to affiliated companies	6,176	6,176	0	0	5,876	5,876	0	0
Accounts due to other companies in which participating interests are held	91	91	0	0	651	651	0	0
Liabilities due to the shareholder	147,703	130,875	16,828	0	160,638	125,903	34,735	0
Other liabilities	1,614,346	1,154,602	158,779	300,965	1,577,304	1,281,070	255,733	40,501
thereof: for taxes	32,209	31,903	306	0	46,859	46,593	266	0
thereof: for social security	77	77	0	0	75	75	0	0
	3,516,475	**2,040,982**	**459,207**	**1,016,286**	**3,947,453**	**2,227,085**	**1,030,751**	**689,617**

All liabilities are unsecured. Accounts due to affiliated companies essentially comprise other liabilities from cash pooling. Accounts due to other companies in which participating interests are held mostly related to trade accounts payable.

Liabilities due to the shareholder essentially include other liabilities from the profit transfer agreement concluded by Stadtwerke München GmbH as well as trade accounts payable.

In the 2023 financial year, new registered bonds with a volume of kEUR 300,000 were issued. Liabilities arising from registered bonds and promissory note loans (Schuldscheindarlehen) not issued to banks are reported in the "other liabilities" item (kEUR 456,000; previous year: kEUR 0).

Registered bonds and promissory note loans issued to banks are included in the "bank borrowings" item (kEUR 222,000; previous year: kEUR 378,000).

As offsetting is permissible, receivables due from the shareholder were offset against liabilities of kEUR 132,840 due to the shareholder.

Other liabilities include margin payments of kEUR 502,363 (previous year: kEUR 1,080,399).

On the reporting date, credit lines totalling kEUR 1,269,401 existed. kEUR 73,400 thereof can be used as both cash loans or sureties and kEUR 35,001 as sureties only. Out of the total amount, kEUR 10,697 was drawn on the reporting date as sureties only and kEUR 5,480 was drawn as credit lines that can be used as both cash loans and sureties. Credit lines of kEUR 10,000 revolve annually, while credit lines with total volumes of kEUR 100,000, kEUR 290,000, and kEUR 500,000 have maturities until 28 February 2024, 31 December 2024, and April 2026, respectively.

13. Deferred income
This item mainly comprised income grants received for distribution installations and household connections.

14. Deferred taxes
Deferred tax liabilities essentially resulted from differences in depreciation and amortisation on non-current assets at individual foreign subsidiaries and consolidation measures recognised in the income statement. The tax rates on which calculations are based are the same as in the previous year, i.e. they range between 22 % and 30 %.

Notes to the income statement

15. Revenues

Revenues can be broken down as follows:

in kEUR	2023	2022
Electricity	3,799,680	3,978,609
Electricity tax	–81,472	–92,873
Electricity, excluding electricity tax	**3,718,208**	**3,885,736**
Natural gas	3,838,962	4,903,264
Energy tax	–111,323	–115,856
Natural gas, excluding energy tax	**3,727,639**	**4,787,408**
District Heating	786,769	653,488
Water	168,865	170,992
Public Transport	548,756	429,900
Public Pools	18,438	14,735
Telecommunications	271,441	266,945
Other revenues	432,076	420,197
	9,672,192	**10,629,401**

16. Other income

Other operating income included income attributable to other periods from the reversal of provisions of kEUR 233,693 and income from asset disposals of kEUR 8,596.

Payments of kEUR 135,013 received as compensation for the "Deutschlandticket" – a special flat-rate public transport ticket offered in a monthly subscription model – are also included in other operating income.

Foreign currency translation gains amounted to kEUR 11,370 (previous year: kEUR 27,778).

17. Cost of materials

in kEUR	2023	2022
Cost of raw materials and supplies and for purchased products	6,041,692	7,940,597
Costs of purchased services	877,475	786,160
	6,919,167	**8,726,757**

This item mainly comprised the sourcing of energy for power stations and energy sales, fuel utilisation, as well as external deliveries and supplies for facility operation and maintenance.

18. Personnel expenses

in kEUR	2023	2022
Wages and salaries	749,796	706,140
Social security, pension, and other benefit costs	232,337	218,321
thereof: for pensions	77,971	76,749
	982,133	**924,461**

On average, 11,637 persons were employed in the Group at the fully consolidated companies during the 2023 financial year (previous year: 11,468). This figure can be subdivided into 10,851 employees (previous year: 10,647), 404 trainees (previous year: 462), 342 temporary staff (previous year: 317), and 40 seasonal workers (previous year: 42).

At the proportionately consolidated companies, 483 staff members were employed (previous year: 474). This figure can be subdivided into 445 employees (previous year: 435), 24 trainees (previous year: 22), and 14 temporary staff and seasonal workers (previous year: 17).

19. Depreciation and amortisation

in kEUR	2023	2022
Depreciation and amortisation	588,739	652,221
less the depreciation allowance adjustment of investment grants	13,050	11,540
	575,689	**640,681**

Depreciation and amortisation refer to non-current intangible assets and property, plant, and equipment.

In the financial year under review, depreciation and amortisation did not include any unscheduled impairments.

20. Other expenses

Other operating expenses included expenses attributable to other periods from asset disposals of kEUR 9,772.

Currency translation losses amounted to kEUR 16,258 (previous year: kEUR 30,515).

21. Financial result

in kEUR	2023	2022
Income from other investments	21,279	21,729
Income from profit transfer agreements	8,284	11,202
Income from other long-term securities and loans held as financial assets	14,923	14,878
Other interest and similar income	37,031	9,485
thereof: from discounting	5,152	385
Income from associated companies	–3,778	53,963
Write-downs on financial assets and marketable securities held as current assets	–8,931	–9,313
Expenses arising from loss absorption	–458	–410
Interest and similar expenses	–90,241	–66,175
thereof: from compounding	–15,559	–22,880
thereof: from interest on external loans	–67,079	–29,699
	–21,891	**35,359**

22. Taxes

in kEUR	2023	2022
Income taxes	122,935	199,235
Deferred taxes	5,805	25,145
	128,740	**224,380**
Other taxes	33,889	21,118
	162,629	**245,498**

Income taxes mainly comprised corporation tax, including solidarity surcharge, trade tax, as well as trade tax to be absorbed within the framework of the "Betrieb gewerblicher Art (BgA) U-Bahnbau und -verpachtung" (Commercial Operations for Building and Leasing Municipal Underground Railway Systems) single entity deemed to exist at the City of Munich for tax purposes.

23. Profit transfer expenses
In accordance with the profit transfer agreement, the parent company's net profit of kEUR 410,884 was transferred to the "Betrieb gewerblicher Art (BgA) U-Bahnbau und -verpachtung" (Commercial Operations for Building and Leasing of Municipal Underground Railway Systems) entity of the City of Munich.

Other information

Cash flow statement

Of the figure shown for cash and cash equivalents, kEUR 56,218 was attributable to proportionately consolidated companies (previous year: kEUR 55,187).

Information concerning proportionately consolidated companies (pro-rata figures)

in kEUR	Long-term	Short-term
Assets	584,695	232,593
Liabilities	158,070	163,244

in kEUR	Operating	Other
Costs	1,060,730	30,250
Income	1,153,808	16,409

Valuation units and financial instruments

Stadtwerke München GmbH and individual subsidiaries use derivative financial instruments to hedge price change, interest rate, and currency risks. These instruments primarily comprise futures and forwards, options, and swaps.

Two extended netting units (pursuant to the IDW RS ÖFA 3 standard promulgated by the Institute of Public Auditors in Germany) have been formed for electricity generation portfolios. They relate to electricity generation in the Group's own power plants. The hedging instruments deployed to hedge the clean dark spread and the clean spark spread comprise commodity price hedging derivatives in conjunction with the sale of electricity and the highly likely sale of district heating. To hedge against currency fluctuations in the coal and oil commodity portfolios, the relevant currency hedging transactions (forward exchange transactions) in US dollars are also included. Open currency positions from commodity transactions are closed directly in the market. Expenses and income from the extended netting units are aggregated. The extended netting units generated a positive contribution margin, so no provisions for contingent losses had to be set aside as of the 31 December 2023 reporting date.

An extended netting unit (pursuant to the IDW RS ÖFA 3 standard promulgated by the Institute of Public Auditors in Germany) has been formed in each of the standard customer segments (residential, small business, and standard business customers), subdivided into electricity and gas. The hedges formed include forward commodities transactions and highly likely sales transactions (based on assumptions and empirical values). Expenses and income from the extended netting units are aggregated. These extended netting units did not result in any provisions for contingent losses as of the 31 December 2023 reporting date.

The expected highly likely transactions included in the extended netting units comprise monthly budgeted sales volumes to electricity and gas customers, and monthly procurement volumes generated from third-party and the company's own power plants. The budgeted volumes are based on annual planning approved by the management, which is derived from last year's volumes and expected business trends. Historical sales figures indicate a high probability of occurrence for the budgeted figures.

Micro valuation units have been formed for business customers where it is possible to clearly allocate sales and purchasing agreements (back-to-back agreements). These hedges are categorised according to time bands (annual tranches until 2026) in which countervailing value changes and cash flows have offset each other and will prospectively offset each other in the future.

Portfolio hedges have been formed for all trading transactions in each of the following areas: electricity, gas, CO_2, and diesel. These hedges are categorised according to time bands (annual tranches until 2026) in which countervailing value changes and cash flows have offset each other and will prospectively offset each other in the future.

At one shareholding, highly likely sales transactions are included in the electricity and gas portfolio hedges for residential customers. They are monthly budgeted sales volumes. The budgeted volumes are derived from the previous year's plans and expected future business trends. Historical sales figures indicate a high probability of occurrence for the budgeted figures.

The trading transactions are included in the portfolio hedges with the following amounts:

Portfolio hedge

	Nominal volume	Hedged risk in kEUR
Electricity (TWh)	14.7	372,768
Gas (TWh)	71.5	999,173
Diesel (kt)	16.9	0

In the individual hedging instruments, the relevant price index is selected in a way conforming to the underlying transaction as much as possible, subjecting the hedging instruments to the same commodity price risk as the underlying transactions. The value changes to the underlying transactions are hedged over a period of up to five years.

Hedging relationships have also been created in relation to interest-rate hedges. The interest-rate risk arising from liabilities is hedged. Interest-rate swaps are used as hedging instruments. The hedging horizon extends up to the year 2025. These are micro and portfolio valuation units.

As of the reporting date, the portfolio of the derivative financial instruments serving as hedging instruments within valuation units consisted of the following components:

in kEUR	Nominal value	Derivatives with positive fair value	Derivatives with negative fair value
Interest-related transactions	120,434	6,700	–276
Index-related transactions	6,130	458	0
Total	**126,564**	**7,158**	**–276**

The hedging relationships prospectively entail a high degree of effectiveness, since the countervailing value changes to the underlying transactions and hedging instruments will presumably fully offset each other in the future. The underlying transactions aggregated within the portfolio valuation units exhibit homogeneous risks.

The dollar offset method is applied cumulatively to quantify the ineffective amount to date. It entails a comparison of the cumulative market changes to the underlying transactions with the cumulative market changes to the hedging instruments in absolute monetary amounts from the designation date. The dollar offset test is performed on each reporting date.

In valuation units involving a 1 : 1 ratio between purchase and sales agreements (micro valuation units), the company refrains from quantifying ineffectiveness if all other significant contractual parameters (supply volumes, delivery dates, prices, etc.) of the underlying and hedging transactions match.

In commodity hedging, ineffectiveness is reported if a net loss arises from the cumulative value changes to the underlying transactions and the cumulative value changes to the hedging instruments. In interest-rate hedging, ineffectiveness is reported as soon as the cumulative value changes of the underlying and hedging transactions do not fully offset each other.

As of 31 December 2023, a provision for valuation units totalling kEUR 3,510 was formed to reflect ineffectiveness.

As of the reporting date, the volume of derivative financial instruments not included in valuation units consisted of the following components:

in kEUR	Nominal value	Derivatives with positive fair value	Derivatives with negative fair value
Interest-related transactions	250,047	21,121	0
Currency-related transactions	152,199	0	–3,072
Other transactions	212,741	67,272	–12,472
Total	**614,987**	**88,393**	**–15,544**

The derivative financial instruments comprised the following types:

in kEUR	Nominal value	Derivatives with positive fair value	Derivatives with negative fair value
Options	302,099	21,121	–598
Swaps	100,147	0	–2,474
Forward / future	212,741	67,272	–12,472
Total	**614,987**	**88,393**	**–15,544**

Calculation is carried out on the basis of mark-to-market valuations using present value and option price models, inter alia.

A contingent loss provision of kEUR 16,806 for pending transactions was created for derivative financial instruments not included in valuation units. This provision also includes the negative market values on the designation date.

Units and shares in German investment undertakings within the meaning of Section 1 of the German Capital Investment Code (KAGB)

Note regarding investments within the meaning of Section 285 No. 26 HGB:

The majority of securities held as fixed assets are shares of German investment undertakings within the meaning of Section 1 of the German Capital Investment Code (KAGB), in which Stadtwerke München GmbH holds an interest of more than 10 %.

The investment objective of all investment funds is continuous value growth through broad distribution of investments across various asset classes (Markowitz portfolio theory). In addition to compliance with the provisions of the KAGB, risk is monitored on an ongoing basis at both the manager and investor levels. The option for daily redemption of fund shares is unrestricted.

The following figures were reported as of 31 December 2023:

in kEUR

Security	Carrying amount	Value pursuant to Section 36 German Capital Investment Code (KAGB)	Market value less carrying amount	Dividend payout in FY 2023
Master funds	1,086,001	1,164,840	78,839	1,530

Other financial obligations

- Stadtwerke München GmbH has undertaken to meet its obligations arising from its nuclear liabilities for its stake in KKI 2 at all times.
- Existing long-term agreements for the disposal of nuclear fuels involve corresponding obligations, and their volume and price components are variable.
- To the extent to which employees of Stadtwerke München GmbH and some of its subsidiaries are not entitled to retirement benefits under the principles of civil servant or independent benefit law, for which the company has set aside adequate pension provisions, they are members of Bayerische Versorgungskammer, the complementary pension fund of the Bavarian municipalities. The standard levy for the complementary pension fund is 7.75 % (since 1 January 2013). These employer contributions are included in the gross total. In 2023, the salary total that is relevant for levy purposes was kEUR 445,127 für 8,169 beneficiaries.
- The order commitments in the Group amount to a total of kEUR 852,154. Of this amount, kEUR 10,219 is attributable to companies included on a proportional basis.
- Other financial obligations in the amount of kEUR 2,465,073 exist at fully consolidated affiliated companies. They primarily comprise financial obligations attributable to long-term supply agreements, franchise and lease agreements, current leasing and rental agreements, purchase or consortium agreements, licence rights, property charges, and loans.
- Other financial obligations in the amount of kEUR 2,089,793 exist at joint-venture companies. They comprise financial obligations attributable to long-term supply agreements, licence or franchise agreements, and current leasing and rental agreements. Full figures rather than proportional figures are reported in this respect.

Contingencies
The following contingencies existed as of the reporting date:

in kEUR	
Guarantee liabilities	482,274

One subsidiary had issued five letters of comfort, with a volume of around kEUR 1,900 as of the reporting date, to counterparties of the sales and trading subsidiary Bayerngas Energy GmbH.

SWM Gasbeteiligungs GmbH still has a subordinate contingency for potential dismantling costs at Spirit Energy Limited. Given the orderly financial situation of Spirit Energy Limited, no claims are currently expected to arise from this contingency.

As of the reporting date, we were not aware of any risks suggesting that the reported contingencies might be utilised. We do not anticipate the guarantees and other obligations to be utilised due to the counterparties' solid financial position.

Relations with affiliated companies and equity participations
Affiliated companies and major equity participations in accordance with Section 313 (2) HGB are shown in Appendix 2 to the notes to the financial statements.

Application of disclosure exemptions
It is intended to utilise the disclosure exemptions pursuant to Section 264 (3) HGB for the following subsidiary:

- Münchner Verkehrsgesellschaft mbH (MVG)

Remuneration for active and former Management Board members, their surviving dependants, and the Supervisory Board
The total remuneration paid to the current members of the Management Board in the 2023 financial year amounted to kEUR 1,541 (previous year: kEUR 1,689). The amount paid to former Management Board members (retirement benefits and benefits for surviving dependants) was kEUR 985 (previous year: kEUR 978). Provisions of kEUR 18,431 (previous year: kEUR 16,775) had been set aside for pension obligations due to former Management Board members.

The emoluments paid to the Supervisory Board amounted to kEUR 73 (previous year: kEUR 76) in the 2023 financial year.

Auditor's fee
Of the total fee of kEUR 941 charged by the auditor of the consolidated financial statements for the financial year under review, kEUR 712 related to work performed in the auditing of the financial statements, kEUR 68 to other attestation services, kEUR 4 to tax consulting services, and kEUR 157 to other services.

Consolidated financial statements
In its capacity as parent company, Stadtwerke München GmbH prepares consolidated financial statements for the largest and smallest consolidation group. These statements are submitted for publication to the operator of the German electronic Company Register.

Subsequent events after the reporting period
No events of particular significance with major financial repercussions have been observed after the reporting date.

The executive bodies of Stadtwerke München GmbH

Supervisory Board

Chairman:

Dieter Reiter, Mayor of Munich

Deputy Chairman:

Benno Angermaier, Works Council Chairman

Gerhard Bernhard, QSA quality assurance / tram trainer

Christoph Bieniek, executive

Simone Burger, sociologist, Honorary City Councillor

Christoph Frey, Professional City Councillor

Mona Fuchs, Honorary City Councillor

Alfred Köhler, Works Council member

Dominik Krause, physicist, Honorary City Councillor

Christine Kugler, Professional City Councillor

Cornelius Müller, Works Council Chairman

Manuel Pretzl, Director of the Hunting and Fishing Museum, Honorary City Councillor

Franz Schütz, trade union secretary

Prof Dr Hans Theiss, medical doctor, Honorary City Councillor

Claudia Weber, trade union secretary

Gertraud Wegertseder, Works Council member

Management Board

Chief Executive Officer
Dr Florian Bieberbach

Director, Real Estate and Public Pools
Werner Albrecht (until 31 October 2023)

Director, Mobility
Ingo Wortmann

Director, Technology
Helge-Uve Braun

Director, Regional Energy Transition
Dr Karin Thelen (since 1 July 2023)

Director, Human Resources, Real Estate, and Public Pools
Dr Gabriele Jahn (since 1 November 2023)

Munich, 22 March 2024

Stadtwerke München GmbH

Dr Florian Bieberbach
Chief Executive Officer

Ingo Wortmann
Director,
Mobility

Helge-Uve Braun
Director,
Technology

Dr Karin Thelen
Director,
Regional Energy Transition

Dr Gabriele Jahn
Director,
Human Resources,
Real Estate, and Public Pools

Movements in non-current assets 2023

	Cost of acquisition/production						
in kEUR	As of 1 Jan. 2023	Currency translation differences	Changes in the consolidation group	Additions	Disposals	Transfers (+/–)	As of 31 Dec.2023
I. Intangible assets							
1. Purchased trademarks, patents, licences, and similar rights	318,311	0	–1,033	6,796	7,275	14,570	331,369
2. Goodwill	260,135	0	0	0	0	0	260,135
3. Advance payments	528	0	0	2,632	0	–44	3,116
	578,974	**0**	**–1,033**	**9,428**	**7,275**	**14,526**	**594,620**
II. Property, plant, and equipment							
1. Land, leasehold rights, and buildings including buildings on non-owned land	2,775,678	0	0	25,629	620	54,428	2,855,115
2. Generation, production, and sourcing installations	5,358,529	26,443	0	1,747	1,025	7,761	5,393,455
3. Distribution installations	5,678,640	0	0	57,834	8,708	154,414	5,882,180
4. Track, line equipment, and safety equipment	612,673	0	0	674	4,841	599	609,105
5. Rolling stock for passenger services	1,073,372	0	0	39,918	13,646	206,402	1,306,046
6. Other technical equipment, plant, and machinery	874,326	15	–32	39,729	8,151	22,114	928,001
7. Operational and office equipment	491,874	0	–103,989	24,763	9,824	18,360	421,184
8. Advance payments and construction in progress	1,795,241	3	–5,841	541,513	6,394	–478,604	1,845,918
	18,660,333	**26,461**	**–109,862**	**731,807**	**53,209**	**–14,526**	**19,241,004**
III. Financial assets							
1. Shares in affiliated companies	125,349	0	77,025	3,389	79,600	0	126,163
2. Loans due from affiliated companies	8,427	0	0	0	2,945	0	5,482
3. Equity investments in associated companies	1,064,811	0	0	0	28,818	0	1,035,993
4. Other investments	96,923	170	0	15,331	170	0	112,254
5. Loans due from companies in which participating interests are held	220,920	0	0	32,660	18,024	0	235,556
6. Securities held as fixed assets	1,177,508	0	0	120,011	146,395	0	1,151,124
7. Other loans	3,897	0	0	0	111	0	3,786
	2,697,835	**170**	**77,025**	**171,391**	**276,063**	**0**	**2,670,358**
Total	**21,937,142**	**26,631**	**–33,870**	**912,626**	**336,547**	**0**	**22,505,982**

Cumulative depreciation/amortisation								Carrying amounts	
As of 1 Jan. 2023	Currency translation differences	Changes in the con-solidation group	Additions	Disposals	Write-ups	Transfers (+/–)	As of 31 Dec. 2023	As of 31 Dec. 2023	As of 31 Dec. 2022
268,155	0	–1,716	24,327	7,271	0	41	283,536	47,833	50,156
183,535	0	0	16,192	0	0	0	199,727	60,408	76,600
0	0	0	0	0	0	0	0	3,116	528
451,690	**0**	**–1,716**	**40,519**	**7,271**	**0**	**41**	**483,263**	**111,357**	**127,284**
1,616,573	0	0	56,393	433	0	0	1,672,533	1,182,582	1,159,105
3,421,318	6,925	0	226,362	792	0	0	3,653,813	1,739,642	1,937,211
4,311,002	0	0	119,453	7,102	0	0	4,423,353	1,458,827	1,367,638
506,047	0	0	13,675	4,703	0	0	515,019	94,086	106,626
674,410	0	0	51,903	13,422	0	0	712,891	593,155	398,962
613,076	4	–32	48,806	6,261	0	0	655,593	272,408	261,250
354,432	0	–59,659	31,628	8,100	0	–41	318,260	102,924	137,442
0	0	0	0	0	0	0	0	1,845,918	1,795,241
11,496,858	**6,929**	**–59,691**	**548,220**	**40,813**	**0**	**–41**	**11,951,462**	**7,289,542**	**7,163,475**
31,652	0	0	1,730	0	0	0	33,382	92,781	93,697
0	0	0	0	0	0	0	0	5,482	8,427
665,852	0	0	4,273	0	247	0	669,878	366,115	398,959
1,429	0	0	4,960	123	0	0	6,266	105,988	95,494
143,686	0	0	0	0	0	0	143,686	91,870	77,234
15,244	0	0	2,241	0	439	0	17,046	1,134,078	1,162,264
0	0	0	0	0	0	0	0	3,786	3,897
857,863	**0**	**0**	**13,204**	**123**	**686**	**0**	**870,258**	**1,800,100**	**1,839,972**
12,806,411	**6,929**	**–61,407**	**601,943**	**48,207**	**686**	**0**	**13,304,983**	**9,200,999**	**9,130,731**

Affiliated companies and major equity participations

(in accordance with Section 313 (2) HGB)

Company and registered office	Share capital 31 Dec. 2023		Shareholders' equity	Last annual net income
	%	Year	in kEUR	in kEUR
Affiliated companies (fully consolidated)				
Münchner Verkehrsgesellschaft mbH (MVG), Munich	100	2023	50,110	0 [1]
SWM Gasbeteiligungs GmbH, Munich	100	2023	280,888	307
SWM Bayerische E&P Beteiligungsgesellschaft mbH, Munich	*100*	*2022*	*101,736*	*49,764*
SWM Infrastruktur GmbH & Co. KG, Munich	100	2023	649,603	0 [1]
SWM Infrastruktur Verwaltungs GmbH, Munich	100	2023	25	0 [1]
SWM Kundenservice GmbH, Munich	100	2023	104	0 [1]
SWM Services GmbH, Munich	100	2023	10,170	0 [1]
M-net Telekommunikations GmbH, Munich	*63.84*	*2022*	*69,566*	*3,071*
SWM Versorgungs GmbH, Munich	100	2023	10,015	0 [1]
SWM Erneuerbare Energien Norwegen GmbH, Munich	100	2022	97,560	–149,518
SWM Erneuerbare Energien Skandinavien GmbH & Co. KG, Munich	100	2022	72,296	24,980
Austri Kjølberget DA, Søre Osen (Norway)	*60*	*2022*	*59,686*	*16,622*
Austri Raskiftet DA, Søre Osen (Norway)	*60*	*2022*	*128,204*	*38,699*
SWM UK Wind One Limited, Tunbridge Wells (UK)	100	2022	354,545 [3]	99,483 [3]
GyM Offshore One Limited, Tunbridge Wells (UK)	*100*	*2022*	*154,713* [3]	*46,881* [3]
GyM Offshore Two Limited, Tunbridge Wells (UK)	*100*	*2022*	*103,041* [3]	*31,248* [3]
GyM Offshore Three Limited, Tunbridge Wells (UK)	*100*	*2022*	*51,467* [3]	*15,584* [3]
Sidensjö Vindkraft AB, Göteborg (Sweden)	100	2022	41,769	1,839
Sidensjö Vindkraft Elnät AB, Göteborg (Sweden)	*100*	*2022*	*12,887*	*0* [1]
SWM Renewables Poland Sp. z o. o. (formerly Windfarm Polska III sp. z o. o.), Koszalin (Poland)	100	2022	791,919 [4]	107,520 [4]
SWM Wind Havelland Holding GmbH & Co. KG, Munich	75	2022	44,350	11,847
SWM Windpark Havelland GmbH & Co. KG, Bremen	*100*	*2022*	*2,001*	*21,873*
Midgard Vind Holding AS, Trondheim (Norway)	*70*	*2022*	*248,074*	*–59,135*
Frøya Vind AS, Trondheim (Norway)	*100*	*2022*	*8,912*	*3,512*
Hundhammerfjellet AS, Trondheim (Norway)	*100*	*2022*	*10,872*	*4,105*
Midgard Vind AS, Trondheim (Norway)	*100*	*2022*	*29,726*	*2,720*
Stokkfjellet AS, Trondheim (Norway)	*100*	*2022*	*12,990*	*4,183*
Sørmarkfjellet AS, Trondheim (Norway)	*100*	*2022*	*16,574*	*3,642*
Ytre Vikna 1 AS, Trondheim (Norway)	*100*	*2022*	*19,275*	*1,155*
Marquesado Solar, S.L., Aldeire-La Calahorra (Spain)	61.91	2022	103,266	8,476
Bayerngas GmbH, Munich	*56.3*	*2022*	*122,491*	*31,598*
bayernets GmbH, Munich	*91.49*	*2022*	*150,211*	*0* [1]
Bayerngas Energy GmbH, Munich	*100*	*2022*	*25,900*	*0* [1]
bayernugs GmbH, Munich	*100*	*2022*	*100*	*0* [1]

Company and registered office	Share capital 31 Dec. 2023		Shareholders' equity	Last annual net income
	%	Year	in kEUR	in kEUR
Affiliated companies (unconsolidated)				
Bioenergie Taufkirchen GmbH & Co. KG, Taufkirchen	100	2022	14,675	6,673
eta Energieberatung GmbH, Pfaffenhofen an der Ilm	100	2022	3,957	0 [1)]
Hanse Windkraft GmbH, Hamburg	100	2022	27,966	0 [1)]
Praterkraftwerk GmbH, Munich	100	2022	3,425	–334
QuartiersNetz Bayern GmbH, Munich	100	2022	575	0 1
SWM 50 MW Windpark Portfolio GmbH & Co. KG, Bremen	100	2022	5,057	3,120
Lockstedt-Siestedt II Netzanschluss GbR, Bremen	*81.82*	*2022*	*64*	*1*
SWM Erneuerbare Energien Region Verwaltungs GmbH, Munich	100	2022	36	6
SWM Erneuerbare Energien Verwaltungsgesellschaft mbH, Munich	100	2022	234	209
SWM Wind Havelland Umspannwerk Holdinggesellschaft Wustermark GmbH & Co. KG, Bremen	*100*	*2022*	*965*	*2*
SWM Wind Havelland Umspannwerk GmbH, Bremen	*100*	*2022*	*113*	*224*
SWM Wind Onshore Frankreich SAS, Nîmes (France)	100	2022	18,788	417
Portal Munich Betriebs-GmbH & Co. KG, Munich	97	2022	2,220	–46
Gasversorgung Germering GmbH, Germering	90	2022	4,043	986
KommEnergie Gasnetz GmbH & Co. KG, Eichenau	74.9	2022	19,115	378
KommEnergie Gasnetz Verwaltungs GmbH, Eichenau	74.9	2022	29	2
Münchner U-Bahn-Bewachungsgesellschaft mbH, Munich	51	2022	24	–2
Portal Munich Verwaltungsgesellschaft mbH, Munich	51	2022	55	1
Joint ventures (consolidated pro rata)				
Energie Südbayern GmbH, Munich	50	2022	148,696	52,078
Energienetze Bayern GmbH & Co. KG, Munich	*50*	*2022*	*166,721*	*11,114*
Energienetze Bayern Management GmbH, Munich	*50*	*2022*	*46*	*–28*
DanTysk Sandbank Offshore Wind GmbH & Co. KG, Hamburg	49	2022	708,019	232,701
Participations in associated companies (consolidated at equity)				
bayernServices GmbH, Munich	*50*	*2022*	*175*	*105*
Aneo Roan Vind Holding AS, Trondheim (Norway)	49	2022	1,271,141 [2)]	135,859 [2)]
wpd europe GmbH, Bremen	33	2022	394,840	16,120
Spirit Energy Limited, Staines-upon-Thames (UK)	*31*	*2022*	*909,000* [3)]	*137,000* [3)]
Global Tech I Offshore Wind GmbH, Hamburg	24.9	2022	–293,408	–21,284

Company and registered office	Share capital 31 Dec. 2023		Shareholders' equity	Last annual net income
	%	Year	in kEUR	in kEUR
Major other participations				
GVH Gasversorgung Haar GmbH, Haar	50	2022	3,476	932
RegioNetzMunich GmbH & Co. KG, Garching	50	2022	11,198	1,401
RegioNetzMunich Verwaltungs GmbH, Garching	50	2022	30	1
UWB Umspannwerk Betriebsgesellschaft Etzin mbH, Halstenbek	*50*	*2022*	*–88*	*30*
Aneo Vind AS, Trondheim (Norway)	*49*	*2022*	*34,157* [2]	*–7,786* [2]
DanTysk Sandbank Offshore Wind Verwaltungs GmbH, Hamburg	49	2022	33	1
Gasversorgung Unterschleißheim GmbH & Co. KG, Unterschleißheim	49	2022	1,084	527
Gasversorgung Unterschleißheim Verwaltungs GmbH, Unterschleißheim	49	2022	29	1
Gehrlicher GmbH & Co. Solarpark Helmeringen KG, Sulzemoos	49	2022	5,965	1,872
GVI – Gasversorgung Ismaning GmbH, Ismaning	49	2022	2,701	235
Münchner Linien GmbH & Co. KG, Munich	49	2022	155	518
Stadtwerke Olching Gasnetz GmbH & Co. KG, Olching	49	2022	923	305
Stadtwerke Olching Gasnetz Verwaltungs GmbH, Olching	49	2022	31	1
unlimited energy GmbH, Schönefeld	49	2022	4,459	5,416
VVG Verkehrsverwaltungs GmbH, Munich	49	2022	40	5
Gehrlicher GmbH & Co. Solarpark Rothenburg KG, Sulzemoos	40	2022	14,284	2,921
Windparks Gimbweiler & Mosberg Infrastruktur GbR, Bremen	*33.33*	*2022*	*47*	*1*
Awel y Môr Offshore Windfarm Limited, Swindon (UK)	*30*	*2022*	*26,066* [3]	*–24* [3]
Gwynt y Môr Offshore Windfarm Limited, Swindon (UK)	*30*	*2022*	*–3,092* [3]	*0* [3]
Gemeinschaftskernkraftwerk Isar 2 GmbH, Essenbach	25	2022	51	3
Mobility inside Holding GmbH & Co. KG, Frankfurt am Main	21.85	2022	16,336	–1,064
Mobility inside Verwaltungs GmbH, Frankfurt am Main	20.02	2022	54	2

All companies shown in italics are held indirectly.
bayernets GmbH is held directly and indirectly.

1) Profit and loss transfer agreements exist.
2) Exception: in kNOK
Exchange rate at 31 Dec. 2023: EUR 1 = NOK 11.22390 / 2023 annual average exchange rate: 1 EUR = NOK 11.42465
Exchange rate at 31 Dec. 2022: EUR 1 = NOK 10.49940 / 2022 annual average exchange rate: 1 EUR = NOK 10.10523
3) Exception: in kGBP
Exchange rate at 31 Dec. 2023: EUR 1 = GBP 0.86691 / 2023 annual average exchange rate: 1 EUR = GBP 0.86953
Exchange rate at 31 Dec. 2022: EUR 1 = GBP 0.88534 / 2022 annual average exchange rate: 1 EUR = GBP 0.85269
4) Exception: in kPLN
Exchange rate at 31 Dec. 2023: EUR 1 = PLN 4.34300 / 2023 annual average exchange rate: 1 EUR = PLN 4.54144
Exchange rate at 31 Dec. 2022: EUR 1 = PLN 4.68520 / 2022 annual average exchange rate: 1 EUR = PLN 4.68474

Independent Auditor's Report

To Stadtwerke München GmbH, München

Audit Opinions
We have audited the consolidated financial statements of Stadtwerke München GmbH and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement for the fiscal year from 1 January to 31 December 2023, notes to the consolidated financial statements, including the recognition and measurement policies presented therein, and the consolidated cash statement and consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2023. In addition, we have audited the group management report of Stadtwerke München GmbH for the fiscal year from 1 January to 31 December 2023.

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

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023 and of its financial performance for the fiscal year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report
The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

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

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

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

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

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

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

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

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

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

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

Nürnberg, 22 March 2024

PKF Fasselt
Partnerschaft mbB
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Rechtsanwälte

Hünger	**Sommer**
German Public Auditor	German Public Auditor

Report of the Supervisory Board

During the 2023 financial year, the Supervisory Board was regularly and comprehensively informed at its meetings and by means of written reports about the economic position and development of the company and about any material transactions, notably also about the service and performance development and funding of the Mobility division. On the basis of the documents and information submitted, the Supervisory Board monitored the activities of the Management Board and carried out the tasks for which it is responsible as specified by law and the articles of association.

Seven meetings of the Supervisory Board were held during 2023. Its Preparatory Committee, responsible for preparing Supervisory Board meetings, convened in one meeting, the Personnel Committee met six times in 2023.

PKF Fasselt Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte, the independent auditors appointed by decision of the Supervisory Board on 28 April 2023, audited the single-entity financial statements and management report of Stadtwerke München GmbH together with the consolidated financial statements and the group management report prepared by the Management Board for the 2023 financial year, and in each case granted an unqualified audit certificate. The audit reports prepared by the independent auditors were submitted to the members of the Supervisory Board. The independent auditors were present at the discussion of the annual financial statements by the Supervisory Board on 26 April 2024. Following its own review, the Supervisory Board raised no objections to the annual financial statements and management report of Stadtwerke München GmbH and proposed to the shareholder that the 2023 annual financial statements be formally adopted and the management report approved.

Following a review, the Supervisory Board noted the consolidated financial statements and the group management report for 2023 with approval and raised no objections. The Supervisory Board proposed to the shareholder that the consolidated financial statements be formally adopted and the group management report approved.

The Supervisory Board would like to take this opportunity to express its gratitude to the Management Board and all employees for their valuable contributions to the success of the Group in 2023.

Munich, 26 April 2024

The Supervisory Board

Dieter Reiter
Chairman

Contact and imprint

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Medlem av Den norske Revisorforening

To the General Meeting of Midgard Vind Holding AS

INDEPENDENT AUDITOR`S REPORT

Opinion

We have audited the financial statements of Midgard Vind Holding AS (the company) showing a loss of EUR 1 090 000. The financial statements comprise the balance sheet as at 31 December 2023, the statement of income and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of financial position of the Company as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical 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 opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report 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.

PKF ReVisjon

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Social Responsibility.

Responsibilities of management for the Financial Statements

The management are responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

Oslo, 19 March 2024
PKF REVISJON AS

Rolf Arentz-Hansen
State Authorised Public Accountant