

## Press Release

### **Natural gas supply contract: VNG and WIEH reach out-of-court settlement**

Leipzig, 10 October 2022. VNG Handel & Vertrieb GmbH (VNG H&V), a subsidiary of VNG AG, and SEFE Securing Energy for Europe GmbH (formerly GAZPROM Germania GmbH) – via its subsidiary WIEH GmbH (WIEH) – today reached an out-of-court settlement on apportionment of the costs of replacement procurement incurred as a result of the Russian GAZPROM Export LLC ceasing to supply WIEH. In reaching the settlement, the companies have resolved their dispute over differences with regard to the legal interpretation of supply obligations. Under the settlement, WIEH will meet all additional costs of replacement procurement in the 2022 financial year and will also refund the financial impact of replacement procurement borne so far by VNG. In addition, the parties will terminate the supply relationship from 2023. WIEH and VNG H&V agreed not to disclose further details of the agreement signed today.

VNG H&V has a natural gas supply contract with WIEH for approximately 65 TWh per year, which WIEH has not consistently fulfilled since mid-May 2022 due to Russian sanctions. Because of this, VNG H&V has been forced to procure replacement quantities at considerably higher prices on the energy markets in order to maintain the ability to reliably supply its customers at contractually agreed significantly lower prices.

“Today’s settlement between VNG H&V and WIEH marks an important step for the stabilisation of the German gas market and the VNG Group. In dialogue with all parties involved, and in particular with the SEFE Group, it has been possible to find a constructive arrangement for terminating a long-term business relationship. At the same time, we have been able to eliminate a significant part of our financial risk, although we still need a long-term solution for the negative financial impacts that remain unresolved so that we can continue to fully meet our obligation with regard to security of supply in Germany. We are in ongoing talks with the German government and our shareholders in this regard,” said Ulf Heitmüller, CEO of VNG AG. “We welcome the German government’s announcement of an economic defence shield as an alternative proposal for gas importers in place of the so-called gas levy. The precise shape of the solution for offsetting the costs of replacement procurement for VNG now has to be clarified as quickly as possible in talks with the government. We need a swift, economically viable solution so that we can steer back into calmer waters,” Heitmüller continued.

VNG submitted an application for stabilisation measures under section 29 of the German Energy Security of Supply Act in early September and before that an application in due time for the energy levy under section 26 of the same act.

#### **About VNG**

VNG is a group of over 20 companies with more than 1,500 employees. Headquartered in Leipzig, the Group serves to ensure the secure supply of gas in Germany as the country’s third-largest gas importer and storage operator and also, via ONTRAS Gastransport GmbH, the operator of a 7,700 km network of long-distance gas pipelines. VNG supplies gas to approximately 400 municipal utilities, meeting some 20% of German gas requirements.

In addition, with its VNG 2030+ strategy, VNG is pursuing an ambitious path for its commitment to renewable and decarbonised gases. VNG is already one of the leading biogas producers in Germany and is actively involved in numerous projects to build a carbon-neutral hydrogen industry. Based on its core competencies in gas and critical infrastructure, VNG works along the entire gas value chain to create a sustainable, secure and ultimately climate-neutral energy system. More about VNG at [www.vng.de](http://www.vng.de).

#### **VNG AG**