VNG

ENERGY IN MOTION

ANNUAL REPORT 2024

Present in five countries

From its headquarters in Leipzig, VNG operates an extensive Group network with subsidiaries and equity holdings in Germany, Poland, the Czech Republic, Austria and Italy.

Key financial figures

in € million	2024	2023
Billed revenue [1]	16,099	23,196
Adjusted EBIT [2]	321	447
Consolidated result	232	380
FFO [3]	484	486
Gross investments	329	197
Net investments	308	189
Net financial liabilities	671	970
Equity ratio (%)	33	24

[1] Before application of the IFRIC agenda decision on IFRS 9.
[2] EBIT adjusted to eliminate extraordinary and one-off effects on results.
[3] Funds from operations, i.e. consolidated earnings adjusted for non-cash expenses and income as well as gains/losses from the disposal of fixed assets.
[4] Total employees of all fully consolidated companies; as of: 31/12/2024.

Key performance indicators

	2024	2023
Number of employees at end of year [4]	1,939	1,688
Group companies and holdings	66	68
Number of European countries in which VNG holdings operate	5	5
Gas sales in billion kWh	352	378
Pipeline network in km	7,700	7,700
Storage capacity in billion m³	2.7	2.4

Our business areas

TRADING & SALES

As a gas importer and trader, **VNG Handel & Vertrieb GmbH (VNG H&V)** offers a wide range of products and services to more than 400 municipal utilities and industrial companies. VNG H&V has a deep regional structure and has holdings in Germany and abroad.

TRANSPORT

The independent transmission system operator **ONTRAS Gastransport GmbH (ONTRAS)** operates the 7,700-kilometre high-pressure pipeline system in Eastern Germany and is responsible for the reliable and efficient transport of gas. ONTRAS supports the European gas market and makes an important contribution to security of supply.

STORAGE

Underground storage facilities are an integral part of the gas infrastructure and essential for security of supply. Our Group subsidiary **VNG Gasspeicher GmbH (VGS)** – the third-largest gas storage operator in Germany – efficiently, safely and reliably stores its customers' gas, successfully markets storage capacities and offers innovative storage products.

BIOGAS

BALANCE Erneuerbare Energien GmbH (BALANCE) operates 42 biogas facilities in Eastern and Northern Germany. The production of green energy is just as much a focus as is the intensification of value creation and the development of new products related to biogas and biomethane.

DIGITAL INFRASTRUCTURE

The Digital Infrastructure division, which was only established in 2022, bundles the activities of several subsidiaries and joint ventures under the **GDMcom Group (GDMcom)**. Its activities range from the fibre optic backbone and the fibre optic distribution network to services in connection with digital infrastructure.

ENERGY IN MOTION

We experienced a year full of dynamic change, challenges and successes. And for VNG as a whole, the common factor has been that standing still is not an option – which is self-evident when looking at events, tasks and achievements in our business divisions. As a broadly based group of companies, we are in a position to move in the market environment flexibly and proactively – a theme which we will explore in more in detail on the following pages.

TRADING & SALES

Despite an initial stabilisation of supply and demand, the gas trading business remains characterised by uncertainty. Gas trading is very volatile. We are therefore continuing to focus on maximising flexibility, while managing prudently and with foresight. In this way, we can remain responsive and adapt to short-term market changes.

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TRANSPORT

Our subsidiary ONTRAS operates Germany's second-longest long-distance gas network and creates security of supply with modern technology and smart control. By 2032, the 600 km ONTRAS H2 start-up grid will be completed – a key contribution to the future energy system of Eastern Germany.

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BIOGAS

Biomass strengthens security of supply – biogas is important for decentralised energy systems. Our subsidiary BALANCE operates 42 biogas facilities, supplies 180,000 households with green energy and focuses on the regional circular economy – a growing sector with a future.

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BAD LAUCHSTÄDT ENERGY PARK

VNG, as consortium leader, is working at the Bad Lauchstädt Energy Park with its partners to bring the hydrogen economy to life. Wind power is used to generate H_2, which is stored, transported and utilised. The first consumers are ready – an important practical step towards the energy transition has been taken.

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STORAGE

Gas storage facilities secure the supply, compensate for fluctuations and stabilise the market. Our subsidiary VNG Gasspeicher GmbH – the third largest storage operator in Germany – can look back on a successful year, demonstrating the central role of storage facilities in the energy system.

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DIGITAL INFRASTRUCTURE

The GDMcom Group is responsible for VNG's range of digital infrastructure services. It is driving forward the expansion of fibre optics in Eastern Germany and implementing digital infrastructure projects. It also plans, builds and supports telecommunications solutions for B2B and B2C customers.

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SOCIAL COMMITMENT

VNG is shaping the future with a commitment to sustainability and social responsibility. The VNG Foundation and the Central Germany Foundation for Science and Education (known by its German initials "MSWB") promote culture, education, science and voluntary work for a strong region, social cohesion and opportunities for young talent.

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DEAR SHAREHOLDERS AND BUSINESS PARTNERS, DEAR COLLEAGUES, DEAR FRIENDS OF VNG,

The 2024 financial year was an eventful and stirring one – for our Group, the energy sector and indeed the entire German and wider European economy. And it was also a very successful one for VNG: At €321 million, our EBIT before interest, taxes, depreciation and amortisation and special items was well above expectations, as was our consolidated net profit of €232 million.

Despite continuing major challenges, particularly due to volatile markets and uncertain political conditions, this means that we were able to stabilise our economic performance at a level that is significantly higher than before the energy crisis in 2022. An achievement that we owe first and foremost to the commitment, flexibility and skill of our 1,900 employees, to whom we would like to express our sincere thanks. However, it is also a shared success with our shareholders and customers, whose trust in us is the indispensable basis of our daily work. And we would like to take this opportunity to explicitly thank you.

€232 million:

consolidated profit in 2024.

“Prudent stewardship of our business today so we’re ready for tomorrow – in line with our VNG 2030⁺ strategy.”

Ulf Heitmüller
Chairman of the Executive Board

Since 2016, when Ulf Heitmüller was appointed Chairman of the Executive Board of VNG AG, he has driven forward Group-wide transformation of the business.

Once again, we faced enormous economic challenges in the past financial year due to geopolitical events, which had a particularly strong impact on the energy and gas markets. As in previous years, the markets were characterised by major price fluctuations and volatility. VNG has responded to these challenges with a high degree of flexibility: we have found a healthy and ultimately successful balance of implementing our VNG 2030⁺ strategy and of seizing opportunities on the markets for us as a company. In the 2024 financial year, we once again succeeded in delivering a strong operating performance across all divisions by acting with foresight in a difficult market environment.

The very good results from 2023 and 2024 create a stable foundation on which we are building the VNG of the future. Over the next ten years, we want to invest up to €5 billion to strengthen our business activities and implement our strategic corporate goals, for the Leipzig region and rest of Eastern Germany and to support the decarbonisation of our company and that of our customers.

We are moving forward – with the expansion of the hydrogen core network, in which we are now doing pioneering work following the successful final investment decision last year, the hydrogen flagship projects “Bad Lauchstädt Energy Park” and “GreenRoot”, and our biogas activities. And always informed by the premise that prudent stewardship of our business today means we’re ready for tomorrow – in line with our VNG 2030⁺ strategy.

But those who lead the way also need support from the rear: the political framework conditions, especially for the roll-out of the hydrogen economy, which is essential for decarbonisation, have not improved sufficiently in recent months, both at German and European level. However, we at VNG and the energy industry in general, need reliable, legally secure and future-proof framework conditions for our investments. We are committed to this in dialogue with politicians directly and through our involvement in industry associations.

At both the European and national level, the key legal frameworks – the urgently needed prerequisites for investments in gas and hydrogen technologies and the associated infrastructure, and hence the roll-out of renewable and decarbonised gases – are not yet in place. These include, above all, the necessary pragmatic regulations, creating a secure framework for investment decisions, for the production of green and decarbonised hydrogen, the construction of gas and hydrogen power plants and hydrogen storage facilities, carbon management and the maintenance and further expansion of biogas and biomethane plants. Investments in these areas will only be possible if the conditions for commercial and capital market viability are actually in place.

On the way to a climate-neutral energy system, natural gas remains an important source of energy in Germany. To ensure that industry remains efficient and competitive, that homes stay warm and that electricity generation remains reliable and dependable, we are playing our part in maintaining security of supply in Germany. We have to invest in order to remain fit for the future, but we always do so with

a sense of proportion in order to ensure the long-term stability in the energy system that guarantees a reliable supply – even during ongoing restructuring. True to our corporate purpose: “we provide energy when and where it is needed”.

Germany imports the majority of the natural gas that it consumes. Following the suspension of Russian gas supplies, natural gas is now mainly sourced in Norway, the Netherlands and as LNG from the USA, Qatar and Algeria. To ensure a high level of supply security, we as a Group have been consistently diversifying our gas purchases since 2022. Following the signing of the supply contract with the Algerian company Sonatrach, since January 2024 we have become the first German company to purchase pipeline gas from Algeria. We are also negotiating a series of hydrogen and ammonia supply partnerships with a number of agreements in preparation for the hydrogen economy roll-out, for example with the Norwegian companies Equinor and Aker Horizons.

The 2024 financial year was again so successful for VNG because all of our business areas – i.e. Trading and Sales, Transport, Storage, Biogas and Digital Infrastructure – contributed to the excellent result and the Group-wide collaboration functioned so smoothly.

The Storage division deserves special mention, as it stayed on top of the complex market situation with a remarkable degree of agility. The investment decision to build the hydrogen core network in Central Germany is another important milestone for VNG. With an investment volume in the mid 3-digit million range, the ONTRAS H_2 start-up grid represents the largest single investment in the history of VNG. The ONTRAS H_2 start-up grid comprises around 600 km of hydrogen transport pipelines that will connect industrial centres, storage facilities and producers and consumers in Eastern and Central Germany.

The Biogas division brings into relief two core elements of our corporate DNA: regional roots and responsibility. After all, our investments in biogas facilities and their operation create added value and future-proof jobs for our home region of Eastern Germany.

The acquisition of biomethane trader bmp greengas is an important investment in the future, and as a result 60 new colleagues joined the VNG family in 2024. They not only benefit from being part of a strong Group with a modern and constructive working atmosphere, but also from our mission statement, which sees regional, social and societal commitment as a definitive aspect of our business activities.

This commitment is underlined, for example, by the activities of the VNG Foundation, which celebrated its 15th anniversary in 2024. With the revamped Central Germany Foundation for Education and Science” (“MSBW”), we are also increasingly launching projects to promote young academics through cooperation with universities and other tertiary education institutions, thereby also making Eastern Germany more attractive as a business location.

The ONTRAS H2 start-up grid will be

approx. 600 kilometres long.

Hans-Joachim Polk
Member of the Executive Board, Infrastructure & Technical Affairs

The petroleum and natural gas engineer joined the Executive Board of VNG AG in 2013 and is responsible for Infrastructure and Technology.

“The hydrogen core network is a milestone in the future hydrogen supply, and the ONTRAS H2 start-up grid is making a major contribution to this.”

VNG is investing

up to

€5 billion

over next 10 years.

“Investments in the sustainable expansion of new technologies will secure the future viability of VNG and the region.”

Bodo Rodestock
Member of the Executive Board, Finance, Human Resources and IT

Bodo Rodestock was appointed to the Executive Board of VNG AG in 2013, with responsibility for Finance and Human Resources. In 2020, his area of responsibility was expanded to include the IT department.

How do we see the future? 2025 will be a significant year in VNG’s 65-year company history. With the commissioning of the first section of the hydrogen core network and the start of trial operation of the electrolyser facility at the Bad Lauchstädt Energy Park, we will become the first producer and supplier of commercially usable green hydrogen in Germany.

In 2025 and the following years, our focus will therefore remain on our core business of supplying gas and expanding our pioneering work, particularly in the area of hydrogen. With a balanced portfolio, we will also successfully maintain the profitability of our business activities. For the current year, we expect a very good EBIT of between €230 and 260 million.

We can therefore face the future with well-founded confidence, because our business activities in recent years put us in a position to be commercially successful and make our contribution to creating a prosperous home region, future-proof jobs and a more sustainable world. Driven by our deep conviction that a successful transformation of our energy supply can only work through the interaction of electrons and molecules, we are keeping a steady focus on decarbonisation as a political and commercial goal, and will continue to push forward with our pioneering work, particularly in the field of hydrogen. At the same time, we remain a guarantor of supply security and stability thanks to our flexibility.

The Executive Board

Ulf Heitmüller	Hans-Joachim Polk	Bodo Rodestock
Chairman of the Executive Board	Member of the Executive Board, Infrastructure & Technical Affairs	Member of the Executive Board, Finance, Human Resources and IT

Dirk Güsewell
Chairman of the Supervisory Board of VNG AG

The work of the Supervisory Board of VNG and its committeesin the past financial year 2024 was again characterised in particular by the challenges of the macroeconomic environment and the associated strains on the German economy. At the same time, the further strategic development of VNG was an area of focus. Investments for profitable future growth and, above all, in the hydrogen core network dominated the discussions in VNG's Supervisory Board in the 2024 financial year. A central concern has been to achieve further tangible progress towards the goal of climate neutrality. This also involved discussing changes to the portfolio and finally measures for a more differentiated approach to management of the LNG business.

MAIN ACTIVITIES OF THE SUPERVISORY BOARD IN THE PAST FINANCIAL YEAR

As in previous years, the cooperation with the Executive Board was marked by a high degree of solution orientation and constructiveness, whereby the best solutions to secure the future of VNG were always the decisive criteria. The Supervisory Board would like to thank the members of the Executive Board for their work and the excellent cooperation informed by a spirit of mutual trust. The Supervisory Board would also like to thank the employees for their hard work and commitment to the Group.

In the 2024 financial year, the Supervisory Board of VNG once again performed in full the tasks and duties incumbent on this body in accordance with the law and the

Articles of Association. The Supervisory Board regularly monitored the Executive Management in its management of the company and provided advice on the strategic development of the Group and important individual measures. Accordingly, the Supervisory Board received comprehensive and regular information from the Executive Board. The Executive Board provided this information to the Supervisory Board both within and outside the meetings of the Supervisory Board and its committees by means of written and verbal reports from the former.

In connection with its advisory and monitoring responsibilities, the Supervisory Board reviewed the activities of all business areas of the Group. The focal points included:

- the annual and consolidated financial statements for the 2023 financial year,
- the medium-term planning for the years 2025-2027,
- The deliberations of the Supervisory Board pertained to:
  - the conclusion of a long-term gas supply agreement with EnBW AG,
  - the participation of Ontras Gastransportnetz GmbH in the German hydrogen core network,
  - the conclusion of an LNG co-operation agreement with EnBW AG,
  - the acquisition of bmp greengas GmbH,
  - the signing of new gas supply contracts between VNG Handel & Vertrieb GmbH and industrial customers,
  - the prolongation of framework releases of trade agreements,
  - the return of capital to shareholders,
  - the consideration of detailed, ongoing and miscellaneous reports,
  - the current situation of the Group, in particular on the earnings, financial and liquidity status and risk management of the VNG Group,
  - the development of political framework conditions, sanctions and market developments,
  - topics and measures in the HSSE spectrum as well as relevant compliance topics,
  - the current status of strategy implementation and the next steps in the HR strategy,
  - the current activities in the field of IT, IT security and AI,
  - the key topics from the operational business areas of trading, storage, transport and biogas,
  - the planned sales of equity stakes in companies and rental property, specifically the new company headquarters from 2027.

Based on these deliberations, the reports submitted and the information provided by the Executive Board, the Supervisory Board is satisfied that the management of the Group is being conducted in regular and orderly manner.

> “For the current year 2025, we are confident that VNG AG will be able to continue its successful development and achieve the targets it has set itself.”

– Dirk Güsewell,
Chairman of the Supervisory Board of VNG AG

You can find out more about the Supervisory Board on our **website**

AUDIT REPORT OF THE AUDITORS

Ernst & Young GmbH audited the annual financial statements of VNG AG as of 31 December 2024 as issued by the Executive Board as well as the Management Report for the 2024 financial year, including the bookkeeping and compliance with the accounting obligations in accordance with § 6b (3) EnWG (German Energy Industry Act), and endorses these with an unqualified audit certificate. In addition, the consolidated financial statements prepared in accordance with IFRS as of 31 December 2024 and the Group Management Report was also reviewed. The auditor also issued an unqualified audit certificate for these. The audit reports were presented to all members of the Supervisory Board. The Supervisory Board duly noted and approved the result of these audits.

The Supervisory Board reviewed the annual financial statements of VNG AG and the Management Report as well as the consolidated financial statements and the Group Management Report. After the final result of the Board's review thereof, no objections were raised. The auditor attended the financial statements meeting of the Supervisory Board and reported to the Supervisory Board on the main results of his audit. The Supervisory Board approved the annual financial statements as of 31 December 2024 as issued by the Executive Board. The annual financial statements were thus formally adopted. In addition, the Supervisory Board endorsed the consolidated financial statements of VNG AG as of 31 December 2024 and the Group Management Report.

The report on relationships with affiliated companies of VNG AG to be drawn up by the Executive Board in accordance with § 312 AktG (German Companies Act) has been presented. The auditor reviewed this report and issued the following unqualified audit opinion in accordance with § 313 (3) AktG:

"According to our due examination and assessment, we confirm that

1. the factual information in the report is correct,

2. the payments by the company for the legal transactions listed in the report were not unreasonably high and

3. there are no circumstances in favour of a significantly different assessment of the measures listed in the report than that stated by the Executive Board."

Based on its review, the Supervisory Board endorses the auditor's assessment.

COMPOSITION OF THE SUPERVISORY BOARD

In the 2024 financial year, the committees were composed as follows

Supervisory Board:
Dirk Güsewell (Chair of the Supervisory Board), Dr. Frank Brinkmann (1st Deputy Chair of the Supervisory Board), Christina Ledong (2nd Deputy Chair of the Supervisory Board), Markus Baumgärtner, Tobias Dittrich, Sascha Enderle, Barbara Endriss (until 31 October 2024), Christina Fenin (until 31 December 2024), Prof. Martin Fleckenstein, Hans-Peter Floren, Monty Heßler, Peter Heydecker, Prof. Antonio Hurtado, Hartmut Kremling, Karsten Rogall, Gunda Röstel, Katja Schmied, Dr Benno Seebach, Oliver Simonek (from 13 November 2024), Liv Monica Stubholt, Sebastian Thamm and Dr Bernd-Michael Zinow

Finance and Investment Committee:
Sascha Enderle (Committee Chairman), Markus Baumgärtner, Peter Heydecker, Karsten Rogall and Sebastian Thamm

Personnel Committee:
Dirk Güsewell (Committee Chair), Dr. Frank Brinkmann, Markus Baumgärtner, Christina Ledong and Dr. Bernd-Michael Zinow

For the current year 2025, we are confident that VNG AG will be able to continue its successful development and achieve the targets that it has set itself. The Supervisory Board will continue to constructively accompany and support the work of the Executive Board.

Leipzig, 27 March 2025.
The Supervisory Board

Dirk Güsewell
Chairman

Energy for today, tomorrow and the day after tomorrow

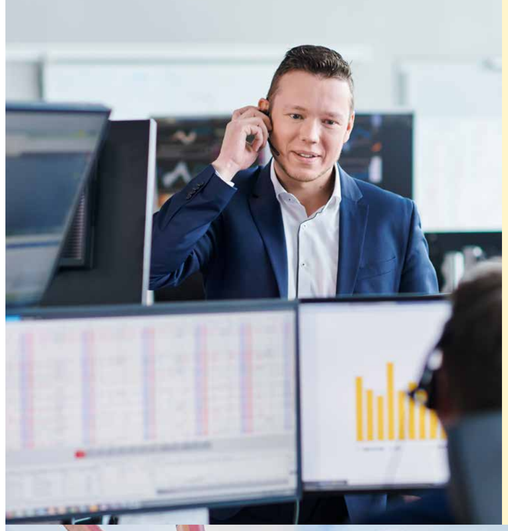
ALWAYS IN MOTION

Our mission: security of supply and helping shape the future

In recent years, we in the energy sector have seen how geopolitical changes, international developments and crises have repeatedly redefined the foundations of our activities. For this reason, corporate strategies can no longer be expected to maintain their validity for many years, but must be adapted and aligned more frequently and in shorter time cycles to new, dynamically changing political and social developments, regulatory requirements and market conditions. Our guiding framework for the longer-term development of the Group is the VNG 2030⁺ strategy. It sets out the basic direction of travel, but also offers scope for flexible adaptation to current requirements.

REALISTICALLY INTO THE FUTURE

In line with this VNG 2030⁺ strategy, in addition to optimising our core business – the trading, storage and transport of natural gas – we have set ourselves ambitious growth targets in the area of renewable and decarbonised gases, and are investing in a climate-friendly transformation of our business areas. We are pioneers in some areas, but are closely monitoring the overall pace of change and rate of progress. These depend on many factors and market players. As a responsible energy supplier, we are faced with the daily task of developing practical and sustainable solutions in the energy industry in the three-way tug-of-war between security of supply, economic efficiency and environmental compatibility.



64

Group companies

and holdings in 5 countries in Europe.

VNG is currently conducting

10

research,

development and cooperation projects along the entire value chain of renewable and decarbonised gases.

VNG & HyCC are planning to build a green hydrogen production facility in Lutherstadt Wittenberg.

The goals of the VNG 2030⁺ strategy

As part of its strategy, VNG is pursuing the goal of playing a significant role in the value chain for climate-neutral gases, particularly in the area of infrastructure. The prerequisite for this and at the same time our central corporate mission is and remains the guarantee of a secure gas supply.

The VNG 2030⁺ strategy defines the focus of our activities:

- **Optimisation and consistent further development** of our current business activities in the trading, transport and storage of natural gas
- **Supporting the roll-out of the hydrogen economy** in Eastern Germany by expanding the gas infrastructure, preparing the way for international hydrogen imports and participating in local hydrogen production projects
- **Selective expansion of the biogas business** for substantial growth and optimisation of plant operation

SUSTAINABLE MISSION STATEMENT

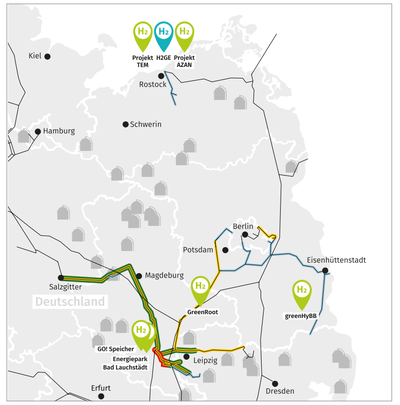
Our corporate purpose from the VNG mission statement provides us with overarching guidance: “We provide energy when and where it is needed.” This statement takes two key aspects into account: securing the energy supply and focusing on the needs of our stakeholders. We follow this guiding principle both in our established natural gas business and in our investments in the business areas of tomorrow, particularly in the areas of hydrogen and **biogas**.

With determination and innovative strength on the one hand, and a sense of proportion and responsibility on the other, we are pursuing our own independent path. We consistently focus on the needs of our customers and the requirements of the energy transition. In doing so, we are making targeted investments to secure our future viability. In the coming years €200 to 300 million will be invested annually in further securing the supply and in the development of the ONTRAS H_2 start-up grid as part of the Germany-wide hydrogen core network as well as in the further development of our future projects.

GAS EXPERTISE FROM A SINGLE SOURCE

Our stability and sense of perspective affords VNG a broad, yet in-depth expertise in gas-based energy sources. As a B2B partner, we cover the entire gas value chain through our various business divisions, from import, **transport** and **storage** to **trading**. We offer municipal utilities and industrial companies reliable access to energy. Our transmission grids and underground storage facilities guarantee a high level of supply security. Furthermore, we are already one of the largest **biogas producers** in Germany.

With our eyes on the future, we have been actively involved in helping to shape the future hydrogen economy for many years, helping to create both the commercial and technical prerequisites. We want to play an active role in shaping the future – and we are demonstrating this with our innovative projects. At the **Bad Lauchstädt Energy Park,** we are doing pioneering work in the commercial application of hydrogen gas. In Lutherstadt Wittenberg, we are working on the GreenRoot project to help secure the future of local value creation in the industrial sector. We want to support the port of Rostock in its development into a regional energy hub and create prospects for further industrial clusters in Eastern Germany. Our expertise and our networks mean that we are a vital intermediary in the regional economy in Eastern Germany.



Our future projects

2027

VNG will relocate its headquarters from Leipzig-Schönefeld to Leipzig city centre.

CORE COMPETENCES: WILLINGNESS TO CHANGE AND ADAPTABILITY

We combine technological expertise with a pragmatic focus on solutions – as we have been doing for many decades. Thanks to our great flexibility, we are able to react quickly to developments in the energy sector.

We have acquired this degree of agility because change is not a problem for us, but a challenge to be overcome. In the more than 65 years of our company history, we have seen various economic systems come and go, and have constantly evolved. This also applies to the technology for handling gaseous energy sources: first town gas, then natural gas – and now also biogas and hydrogen. Those who have experienced so much change and have continuously developed despite sometimes major upheavals not only become more resilient, but are also structurally better prepared to ride the pressure for change.

RESPONSIBILITY FOR EASTERN GERMANY

Our history and our headquarters in Leipzig connect us closely with our home region. That is why we are particularly committed to Eastern Germany. Our infrastructure plays a key role in supporting important regional industries such as chemicals, glass and steel and the energy supply of our fellow citizens and enabling further development.

In addition to energy supply, the Group's commitment also includes the promotion of public welfare projects, scientific projects, educational initiatives and the start-up scene via the **VNG Foundation** and the **Central Germany Foundation for Science and Education**.

In this way, we are positioning ourselves for today, tomorrow and the day after tomorrow as a firm anchor of the gas-based energy industry and as a strong, dependable factor in the economy and society of Eastern Germany.

Moving to the heart of Leipzig

VNG plans to relocate its corporate headquarters from Leipzig-Schönefeld to Leipzig city centre in 2027. A modern, networked working environment is to be created at the new headquarters, a place for dialogue, creativity and concentrated work.

The building in the historical Graphisches Viertel at Johannisplatz will provide space for 650 employees on four floors and will bring together several VNG subsidiaries under one roof. With this move, VNG is underscoring its commitment to Leipzig.

> We stay the course even in turbulent times.”

Alexander Lück is Head of Sales at VNG H&V and Managing Director of the foreign subsidiary VNG Energie Czech s. r. o.

Challenges in the gas market

THE NEW NORMAL

An interview with Alexander Lück, Head of Sales at VNG Handel & Vertrieb

Even two years after the energy crisis, anyone trading in gas has to keep adapting to new conditions. Although the gas market in Germany has further stabilised and partially recovered, flexibility is still required. We asked Alexander Lück what his “new normal” looks like.

SUDDENLY DIFFERENT

The year 2022 was a turning point, including for the natural gas industry. The war in Ukraine and the resulting discontinuation of Russian gas supplies presented the market with major challenges. The market changed abruptly, particularly in terms of gas imports and suppliers.

STRATEGIC ADJUSTMENTS AND OPPORTUNITIES

Since the end of 2023, the calm has increasingly returned to the market and wholesale prices for natural gas have fallen significantly. “Supply and demand are converging again,” reports Lück. On the supply side, alternative sources of supply and import routes in Germany have been expanded by means of LNG terminals. VNG itself benefits from a diversified trading portfolio. Thanks to long-term supply agreements with Norway and Algeria, and our trading activities on the spot and futures market, we can guarantee a reliable gas supply for municipal utilities, distributors, industrial customers and electrical power generators. “And we are now able to reactivate more flexible products and services that were suspended during the crisis.” The decentralised structure of the sales team brings the products and services directly to the customer. “We have a presence on the ground – at municipal utilities and industrial customers in Germany, Austria, the Czech Republic and Poland,” explains Lück.

FINDING SOLUTIONS: RENEWABLE ENERGIES AND GREEN GASES

In the face of advancing climate change, pressure is increasing globally and in Europe, in particular on industry, to accelerate decarbonisation. VNG is therefore focusing its trading and sales activities on renewable and decarbonised gases in the long term. “However, climate-friendly, green gases such as hydrogen are still not commercially viable in some cases,” concedes Alexander Lück. "As VNG Handel & Vertrieb, our stance is nonetheless proactive: as a consortium partner in the Bad Lauchstädt Energy Park, we

concluded the first German supply contract for green hydrogen with the joint venture Elektrolyse Mitteldeutschland GmbH as early as 2023.” Letters of intent have also been signed with Norwegian partners for the import of green or decarbonised ammonia. And with its acquisition of bmp greengas GmbH, VNG H&V can also significantly expand biomethane trading. “In the coming years, we want to offer our customers a broad portfolio of green gases.”

CUSTOMER LOYALTY IN UNCERTAIN TIMES

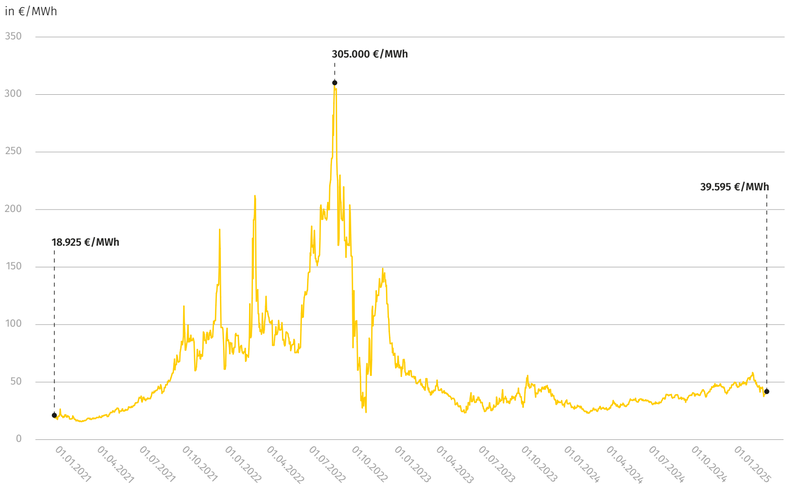
In a volatile market environment, customer loyalty is essential for companies. VNG H&V focuses on transparency, reliability, equitable partnership and carefully conceived products and services. By exploiting modern technologies and a strong sales network, we are able to retain our customers in the long term and open up new market segments. Alexander Lück emphasises that the company’s success is due in no small part to the outstanding performance of a highly motivated team. “We stay the course even in stormy times, we get our customers on board and keep them secure, and we do this with a crew that enjoys their work and is there for our customers and projects,” is how he expresses his respect for each and every one of his colleagues. “What our team is achieving is phenomenal.”

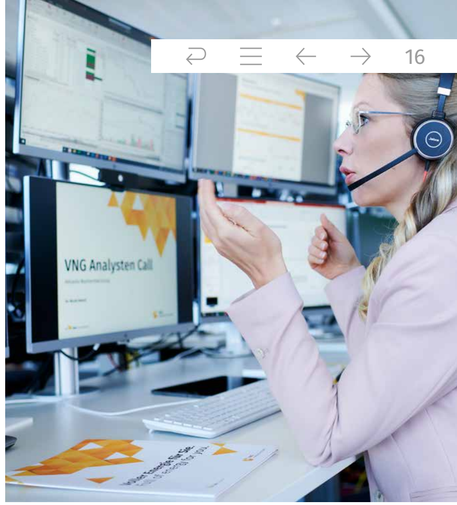
OUTLOOK AND CHALLENGES 2025

The year 2025 will be characterised by consolidation. The focus is on stabilising market share, particularly through expansion in international markets. The experience of recent years has shown that VNG H&V can master even extreme challenges by means of strategic adaptation and a strong team. Of one thing Alexander Lück is certain: “The future of the market will depend on the ability of all players to adapt to new circumstances and successfully integrate sustainable energy solutions.”

Price trends on the gas market

The chart shows the price trend on the gas market from 2021 to 2024. While prices were around €18.925/MWh at the beginning of 2021, they reached an extreme €305/MWh at the height of the gas crisis in 2022. In the 2024 financial year, the average price of €39.595/MWh is above the pre-crisis level, but well below the peak values – “the new normal” on the gas market.

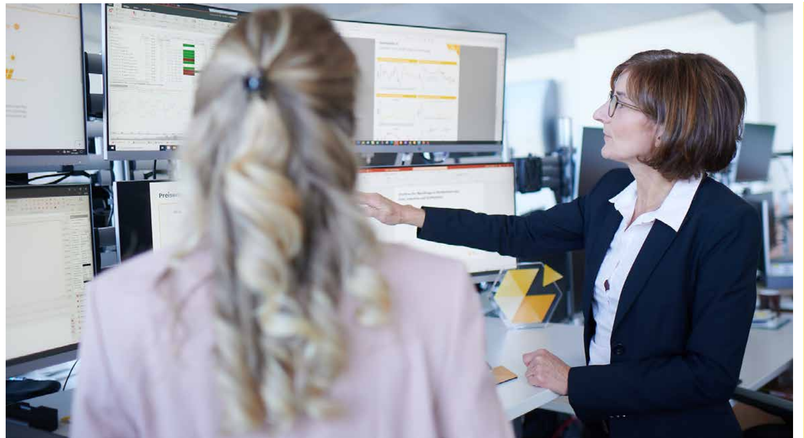




VNG H&V supplies more than

400

municipal utilities and industrial companies.



Expansion of biomethane trading

BMP GREENGAS ACQUIRED BY VNG

The management of VNG H&V and bmp greengas: from left to right Konstantin von Oldenburg (Managing Director of VNG H&V), Stefan Schneider (Managing Director of bmp), Sven Kraus (Managing Director of bmp) and Stephan Haupt (Managing Director of VNG H&V).

The biomethane trader bmp greengas has been part of VNG H&V since 2024. With this acquisition, VNG has expanded its green gas portfolio and strengthened its position in the renewable energy trading sector.

COMMITMENT TO RENEWABLE ENERGIES

The acquisition of bmp greengas is in line with the VNG 2030⁺ Group strategy, which focuses on the expansion of the biogas business and the transformation towards green gases. As one of the largest gas traders in Germany, VNG H&V has the necessary expertise to effectively manage an expanded biomethane portfolio and thus make a significant contribution to the energy transition.

More information about the company

The highlights of the VNG H&V portfolio in 2024

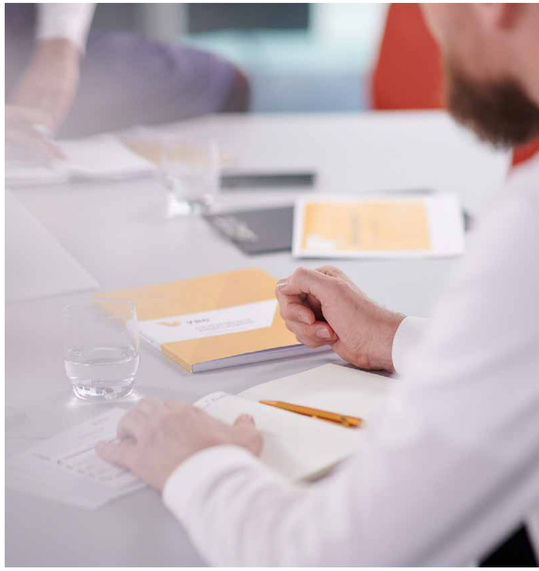
Diversified procurement portfolio

February
Contract signed with Sonatrach for the first pipeline gas from Algeria to Germany.

June
Supply contract with Vår Energi (Norway) extended by 12 years.

November
Portfolio expansion in green gases through acquisition of biomethane trader bmp greengas.

December
Signing with Aker Horizons (Norway) of a letter of intent for the supply of green ammonia.



In the 2024 financial year, VNG's gas sales totalled

352

billion kWh.

4
storage facilities
are operated by VNG Gasspeicher GmbH and Erdgasspeicher Peißen GmbH (EPG).

Our gas storage facilities

THE INVISIBLE GUARDIANS OF ENERGY SECURITY

As we have all been acutely aware since the 2022 energy crisis, gas storage facilities are extremely important for a reliable gas supply. Our subsidiary, VNG Gasspeicher GmbH (VGS), together with EPG, provides the necessary infrastructure with four underground gas storage facilities and up to 2.7 billion cubic metres of storage capacity so that sufficient energy is always available when it is needed.

PROTECTED SPACE FOR THE GAS SUPPLY

Gas storage facilities play a central role in the German gas market. They serve as a physical source of natural gas, and ensure grid stability and security of supply by balancing out seasonal fluctuations and providing a buffer for short-term market changes – be these due to extreme weather conditions or geopolitical crises.

In addition, they enable traders to store purchased gas for later sale. In this way, they contribute to price stability and market flexibility.

With the increasing integration of renewable energies into the energy system, storage systems are also gaining in importance. Cavern storage facilities in particular could be used as the hydrogen storage facilities in future and in this way support the transition to a climate-neutral energy supply. They therefore remain a central component of the energy transition and an energy supply of the future, as well as an indispensable instrument in gas trading.

HUGE ENERGY STORAGE CAPACITIES

With 45 underground storage facilities, Germany has the largest total gas storage capacity in Europe. The facilities have a storage capacity of 23.3 billion cubic metres – a quarter of Germany's annual consumption. In a mild winter, completely filled gas storage facilities would cover demand for around two to three months. VGS is one of the largest storage operators in Germany. In the VNG Group, we have over 50 years of experience in reliable, flexible and efficient gas storage. Today, VGS offers storage capacities and customised services, from dispatching to metrological services.

GAS STORAGE: THE KEY TO THE ENERGY TRANSITION

In contrast to electricity, gas can be stored easily in large quantities over long periods of time. Gas storage facilities can thus serve as a bridge between sun, wind and energy consumption. For example, electricity from renewable energy sources such as wind power or photovoltaics can be used in electrolysers to produce hydrogen. This hydrogen can be stored in suitable gas storage facilities and accessed flexibly; for example, to generate CO_2-neutral electricity again. The gas storage facilities can therefore act as huge batteries for electricity generated from renewables. Our storage systems provide a constant supply of energy even at times when neither the sun shines nor the wind blows.

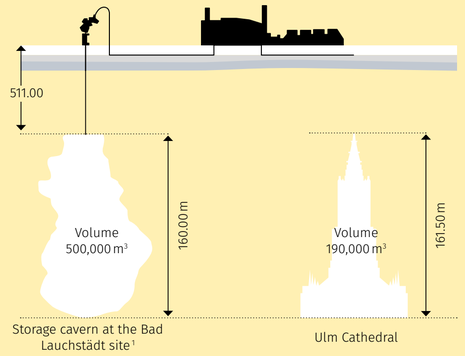
We are testing this value chain at production scale in the **Bad Lauchstädt Energy Park**. Hydrogen generated with wind power is to be stored there in appropriately adapted storage facilities.

ENERGY FOR TODAY AND TOMORROW

Gas storage facilities are more than just reserves – they are indispensable for a secure energy future. With VGS as a partner, we provide the infrastructure that will create grid stability, security of supply, scope for gas trading and a sustainable energy supply.

2.7
billion m³
is the storage capacity of the VGS storage facilities.

Comparison of the dimensions of an H_2 cavern at the Bad Lauchstädt underground gas storage facility



¹ The overpressure enables a storage capacity of around 50 million cubic metres of hydrogen.

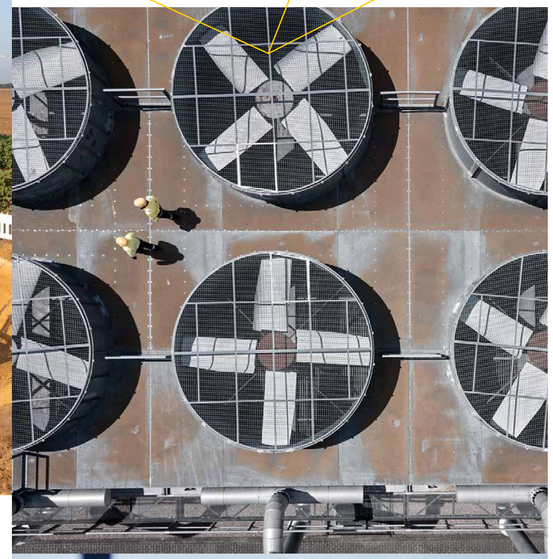
Hydrogen storage in Bad Lauchstädt

With the GO! Storage Project, a sub-project of Green Octopus Central Germany, the plan is to adapt one of a total of 17 existing natural gas caverns in Bad Lauchstädt for hydrogen storage. The cavern, which has a storage capacity of up to 50 million cubic metres of hydrogen, will later also be connected to the Germany-wide core network.

The project received funding from the IPCEI programme (Important Projects of Common European Interest) in 2024. This EU initiative supports key projects that are of particular importance for Europe's economic and technological development.

Storage infrastructure for the future

VGS contributes decades of experience with underground storage facilities. Managing Director Bernd Protze emphasises: "The storage infrastructure in Central Germany plays a key role for the German gas supply. Today, natural gas is stored in our storage facilities; in the medium to long term, it is likely to be hydrogen."



“We have to set the course for a sustainable energy future today – and that is exactly what we are doing.”

– Hans-Joachim Polk
Member of the Executive Board, Infrastructure & Technical Affairs

Transport

NETWORK WITH A FUTURE

Transmission system operator and co-creator of the German hydrogen economy

Leipzig-based ONTRAS Gastransport GmbH is one of the major players in the German energy system. As an independent transmission system operator, ONTRAS is responsible for a network with a pipeline length of 7,700 kilometres. It forms the backbone of the gas supply in Eastern Germany and guarantees reliable energy transport for industry, commerce and households – today natural gas and biomethane, in future increasingly green gases, all the way to a completely climate-neutral energy future.

INFRASTRUCTURE IN EASTERN GERMANY – ENERGY HUB FOR EUROPE

ONTRAS ensures a sustainably secure energy supply. The network connects large gas storage facilities, power plants, industrial consumers, regional network operators and municipal utilities with import points and biogas producers – a hub for the energy supply of Eastern Germany. The pipeline network extends across the federal states of Berlin, Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt and Thuringia. It has numerous interconnection points to other network operators, assuring a flexible and efficient gas supply. At the same time, it is a mainstay of European gas transport with border crossing points to Poland and the Czech Republic.

ONTRAS MASTERS THE GAS TRANSITION

In recent years, the “security of supply” has mostly been focused on ensuring that sufficient natural gas will reach Germany after Russian natural gas supplies were cut off in 2022. ONTRAS has optimised its network for this purpose. Today, this is history. In the ONTRAS network, gas flows from the north and west – regasified from LNG or pipeline gas, including from the Netherlands and Norway.

Network of the future: ONTRAS is expanding its infrastructure for the transport of natural gas, biogas and hydrogen.

The ONTRAS H2 start-up grid will have a total length of

600

kilometres.

Secure gas infrastructure: ONTRAS employees monitor and maintain systems to ensure a reliable energy supply.

Efficient gas distribution: state-of-the-art technology and expertise ensure a sustainable and efficient infrastructure.

RETHINKING THE INFRASTRUCTURE

Gas pipelines are never purely one-way streets. But simply reversing the flow is not easy. Existing plants had to be adapted for the new flow direction following the cutting off of Russian gas supplies from the East. Today, the ONTRAS network transports almost the same quantities of gas as before the Ukraine crisis, and just as safely and reliably.

CRISIS-PROOF INTO THE FUTURE

The reversal of direction in the network has been achieved and can secure the supply of gas via pipelines in the long term, a joint effort by the German transmission system operators. The ONTRAS grid has proven that it is crisis-proof. And on it goes: since October 2024 – with the approval of the hydrogen core network by the Federal Network Agency (“BNetzA”) – ONTRAS has been building the East German hydrogen start-up grid. ONTRAS is making itself “H2-ready”.

Power-to-gas plants have been using green hydrogen for several years as an admixture to natural gas. A Germany-wide hydrogen core network is now being created. ONTRAS connects consumers and producers in Eastern and Central Germany with import points and storage facilities, thus creating essential prerequisites for the market roll-out of the hydrogen economy in Eastern Germany.

In 2024, the application for the Germany-wide hydrogen core network was approved by the Federal Network Agency. “This will enable Eastern Germany to expand its role as an energy hub; today for natural gas and biomethane, and for the climate-neutral future increasingly also with hydrogen,” says Ralph Bahke, ONTRAS Managing Director of Control and Development. The ONTRAS H2 start-up grid is the largest single investment in VNG’s corporate history: around 600 km of H2 transport pipelines will connect industrial centres, storage facilities, producers and consumers in Eastern and Central Germany. Over 80 percent will be created by converting existing gas pipelines, while just under 20 percent will be newly built.

A YEAR OF MILESTONES

Thanks to ONTRAS, another of our future-oriented projects has also taken great strides forward: the Bad Lauchstädt Energy Park, in which ONTRAS is one of seven consortium partners. A new branch valve was installed here in September, which will soon be used to transport green hydrogen to the TotalEnergies refinery in Central Germany. With this installation, we are connecting the first industrial consumer to the new hydrogen core network. In connection with this regulatory sandbox for the energy transition project, ONTRAS is converting 25 kilometres of former natural gas pipelines to transport hydrogen, making it a leader in Germany: in April 2025, the pipeline will be one of the first in the hydrogen core network to come on stream. The project as a whole is a milestone on the way to the future supply of hydrogen – and proof that the transformation of the gas infrastructure is no longer a vision for the future, but a reality.

ONTRAS ACTS SUSTAINABLY

In addition to the hydrogen core network, ONTRAS is active in other future-oriented projects: the development of new hydrogen technologies and the conversion of measurement and control technology to hydrogen are just some of the current challenges. “The ONTRAS H_2 start-up grid is an important step. Over the next few years, we will make other systems in our network more sustainable and efficient, and make our contribution to reducing overall emissions,” comments Gunar Schmidt, Managing Director of Operations and Safety.

ONTRAS is intensively involved in the development of innovative solutions for more sustainability in gas transport. Two pilot projects, whose technologies can be transferred to other systems, serve as models:

- **Climate-neutral gas pressure regulator station in Potsdam-Nesselgrund**

ONTRAS operates Germany’s first almost emission-free gas pressure measurement and control system in Potsdam-Nesselgrund. With its combination of innovative technologies, including integrated heat exchangers and a photovoltaic system on the roof, the system operates without gas consumption and requires only ten percent of the electricity compared to conventional systems. This project is considered groundbreaking for the gas industry.

- **Gas preheating with solar thermal energy in Kienbaum**

At the Kienbaum site near Berlin, ONTRAS relies on solar thermal energy to preheat gas in the gas pressure control and measuring station. By using its own solar thermal system, a large proportion of the energy required is generated on site, resulting in considerable savings in gas and CO_2.

- **Nordic-Baltic Hydrogen Corridor**

Together with other European transmission system operators, ONTRAS is planning the Nordic-Baltic Hydrogen Corridor (NBHC). This project aims to connect the green energy production regions in North-Eastern Europe with the most important consumption centres in Central Europe. By 2040, the corridor is expected to transport up to 2.7 million tonnes of renewable hydrogen per year and thus make a significant contribution to the decarbonisation of Europe.

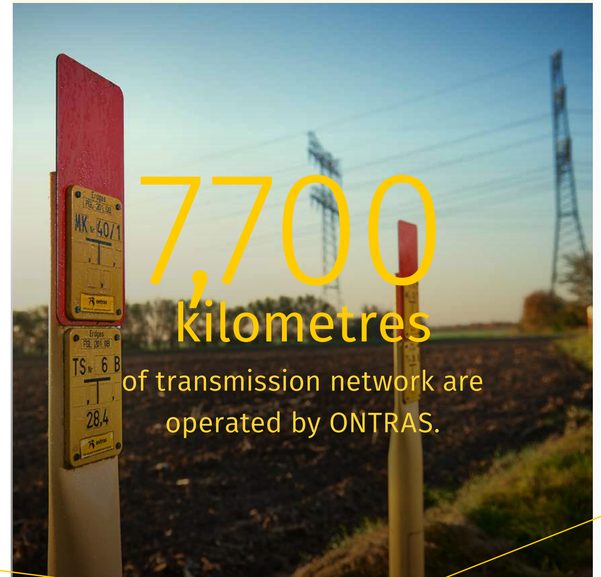
- **European Hydrogen Backbone**

ONTRAS is part of the European Hydrogen Backbone (EHB), an initiative supported by 31 gas transmission companies from 28 countries. The aim is to build a 53,000-kilometre European hydrogen transport network by 2040. This network is intended to increase the security of supply for renewable energy sources and promote their integration in Europe.

TOGETHER WITH THE MARKET AND POLITICS INTO A SECURE FUTURE

ONTRAS stands for a reliable, secure gas supply and for the transformation to a climate-friendly energy future. Whether green hydrogen for refineries or for a growing H_2 transport network, ONTRAS is at the forefront. “However, we will not be able to expand the hydrogen core network beyond our first 600 kilometres alone. On the one hand, we need market participants to generate further capacity requirements and make binding commitments. On the other, our investors need stable framework conditions that are attractive for the capital markets,” says Ralph Bahke.

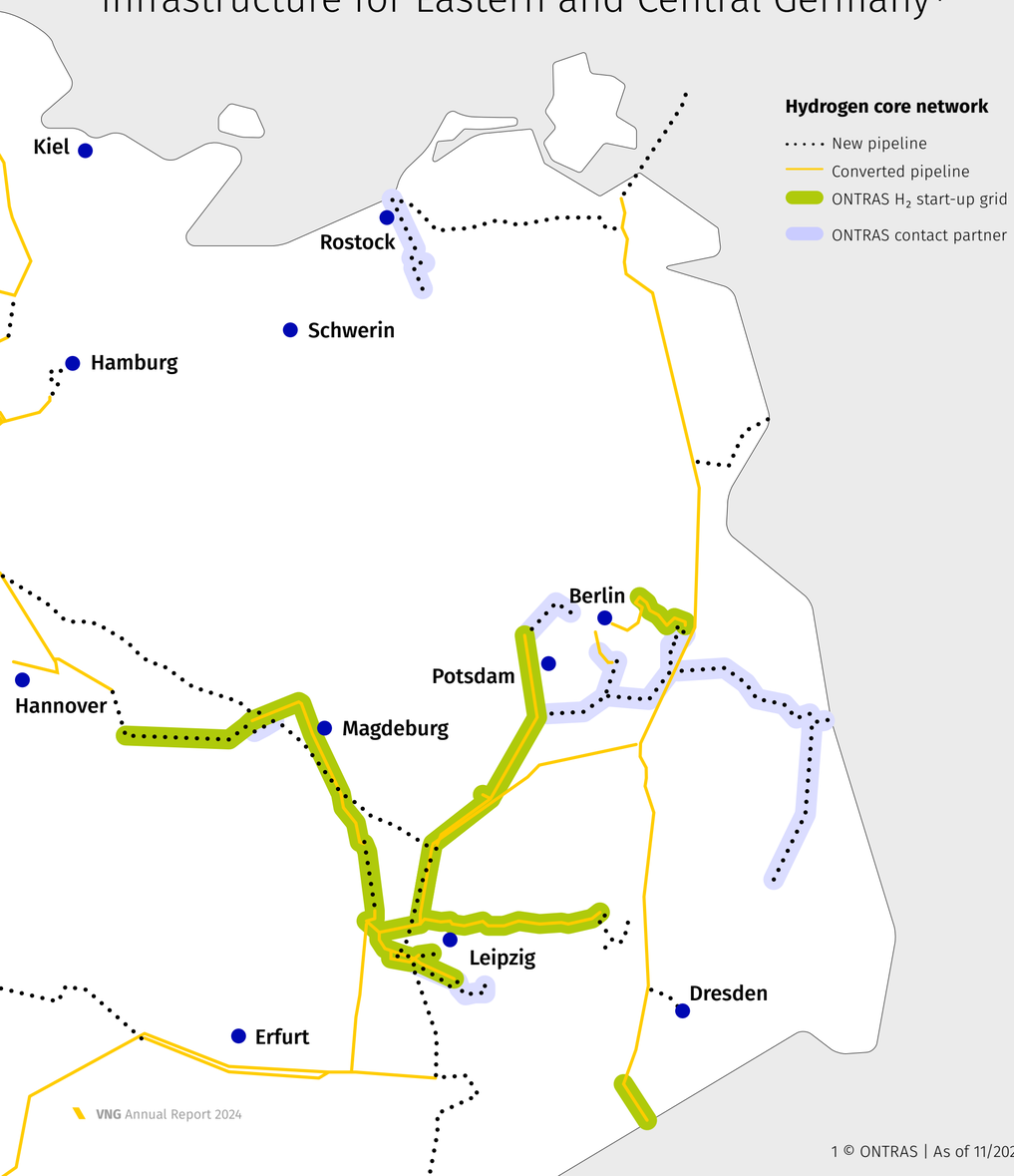
> “This will enable Eastern Germany to build on its role as an energy hub: today for natural gas and biomethane, in the climate-neutral future increasingly also with hydrogen.”
>
> – Ralph Bahke, ONTRAS Managing Director Control and Development



492
employees
work at ONTRAS to ensure reliable gas transport.

130
downstream network operators
purchase gas from ONTRAS pipelines.

Hydrogen core network: a section of the hydrogen infrastructure for Eastern and Central Germany[1]



1 © ONTRAS | As of 11/2024

The pipelines for the future

ONTRAS is one of the pioneers in the development of the hydrogen core network. Over the next few years, ONTRAS will be realising a hydrogen transport network for Central and Eastern Germany with a total length of around 600 kilometres. **This ONTRAS H_2 start-up grid is part of the Germany-wide hydrogen core network.**

The ONTRAS H2 start-up grid is intended to supply Eastern and Central Germany with sustainably produced hydrogen, help decarbonise industries and open up import corridors for H_2. The first section will go into operation in 2025, with the entire system due to be completed by 2032. More than 80 percent of the network will consist of existing gas pipelines that are being converted to hydrogen. Just under 20 percent will be newly built.

OLD PIPES, NEW ENERGY

Converting steel natural gas pipelines to the transport of hydrogen requires careful prior testing, detailed assessments, including by independent experts, and, if necessary, localised upgrades and technical adjustments:

The ONTRAS H2 start-up grid is an important step. Over the next few years, we will make other systems in our network more sustainable and efficient and do our bit to reduce overall emissions.

Gunar Schmidt, Managing Director Operations and Security

Material check

Hydrogen is the smallest molecule in the universe – it can slip through the smallest of cracks. The steel pipes, if they are to be converted, must therefore be meticulously inspected: are they leak-proof, do they tend to crack, do they have weak zones? Are all installed components and materials hydrogen-compatible? Or are there places that need to be upgraded before conversion? The good news is that most of the ONTRAS lines, including of course all those for the ONTRAS H2 start-up grid, are in good technical condition and therefore ready for the change.

Precautionary replacement

As a precautionary measure, ONTRAS replaces system components with moving parts for hydrogen operation, even if the components are classified as hydrogen-compatible in principle. This applies in particular to shut-off and branch valves. The measurement technology must also be adapted for hydrogen so that it is always clear just how pure and how much hydrogen is underway and where.

SAFETY FIRST

As has been the case for decades with natural gas, ONTRAS also applies this rule to the handling of hydrogen: safety first. Plants and pipeline system are designed to be H_2-ready. All relevant regulations and standards as well as applicable documents will be expanded to make allowance for hydrogen and adapted accordingly.

Cost-effective and fast: The cable ploughing method for laying fibre optic cables has proven its worth, particularly in rural areas, and minimises construction site costs.

Digital Infrastructure

Coming together so that together we grow more

The new GDMcom Group

Since 1 January 2024, there has been a new force on the telecommunications market: the GDMcom Group. It provides the entire range of services in VNG's Digital Infrastructure division, from planning and installation to support and documentation of customised telecommunications solutions for customers in the B2B and B2C sectors.

FROM SERVICE PROVIDER TO FULL-SERVICE PROVIDER

GDMcom has been leveraging its extensive experience in critical infrastructure for 25 years now. The documentation of gas networks and pipeline rights was once the core business. Today, this know-how as well as expertise in network security and communication technology brings considerable advantages in the expansion of fibre optics. "With this mix of services, we deliver significant added value for the Group and for our customers," says Managing Director Dirk Pohle. "Especially as the GDMcom Group now covers the entire value chain in the digital infrastructure sector – from planning to construction, operations management, documentation and end customer business."

The bundling of all players under one organisational roof at the start of 2024 has created the structures for more efficient collaboration. "We are a full-service provider – for a wide variety of infrastructures," says Dirk Pohle. "Whether gas, electricity, chemicals or telecommunications, we offer a comprehensive portfolio." And Pohle emphasises another advantage of forming the group: while other providers have to form consortia, bidding and joint ventures for major projects, the GDMcom Group can offer all the required expertise from a single source. "This is quite unique, especially in the telecommunications market."

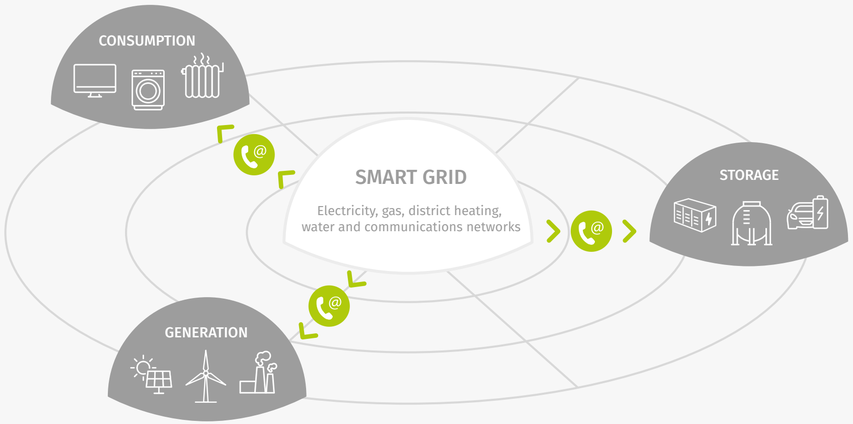
"We are a full-service provider for a wide variety of infrastructures."

DIRK POHLE
Managing Director GDMcom

More information about GDMcom

Broadband for the energy transition

Broadband expansion is essential for the energy transition. This is because the efficient balancing of energy generation and consumption requires the exchange of large volumes of data. Smart grids digitally link energy producers, grid operators and consumers in order to balance supply and demand in real time. Without high-performance data communication, they are neither practical nor economical. Smart home and smart metering solutions that optimise energy consumption in buildings also require reliable broadband connections.



Critical infrastructure – secure!

The physical proximity and cooperation within the VNG Group results in valuable synergies in the area of fibre optic expansion. The IT supporting the gas infrastructure comes with high-security technology. What we know from secure firewall protection is also used for the fibre optic network.

And sometimes the literal proximity to the gas grid business is an advantage: the super-fast data highways of the fibre optic backbone network are often laid by GDMcom along gas pipes. With great advantages - the routes are well documented and are located in areas monitored for security. And where there is a gas pipeline, there is little risk that an excavator will accidentally cut through a data line.

15
locations
in Eastern Germany.

370
employees
work for the GDMcom Group.

REGIONAL ROOTS AS A SUCCESS FACTOR

With 13 locations in Eastern Germany, the GDMcom Group is firmly rooted in its home region. “Our employees work and live here. They pay taxes and are members of local organisations,” says Pohle. “That’s why we are also so present here locally.” An expression of this local commitment is the offer of a wide range of traineeships, particularly in the fields of telecommunications, civil engineering and IT.

EXTENDED USE OF NETWORK EXPERTISE

The telecommunications market will change over the next few years. Broadband expansion should be largely completed by 2030. “Based on our expertise in this field, we definitely see growth potential in other areas such as electricity and heating networks,” says Dirk Pohle in relation to the future potential for GDMcom.

Coming together so that together we grow more – for the GDMcom Group, this is not just a slogan, but a strategic step into the future.

Biogas

THE UNDER-ESTIMATED ENERGY SOURCE

Green power from the region

Biomass as an energy source makes a vital contribution to the security of supply. The biogas generated from biomass is an important component in decentralised energy systems. In contrast to wind and solar energy, biogas offers controllable capacity for electricity production. In other words, it can be stored and is able to flexibly meet demand for an electrical-based load[1]. Processed into biomethane and fed into the natural gas grid, it contributes to defossilisation. As part of our VNG 2030+ strategy, we are therefore focusing our investments on the biogas business.

CONTRIBUTION TO THE SECURITY OF SUPPLIES

Biogas is playing an increasingly important role in the current energy landscape and is already an important pillar of a secure energy supply from renewable energies. Biogas in Germany today comes from almost 10,000 biogas facilities.

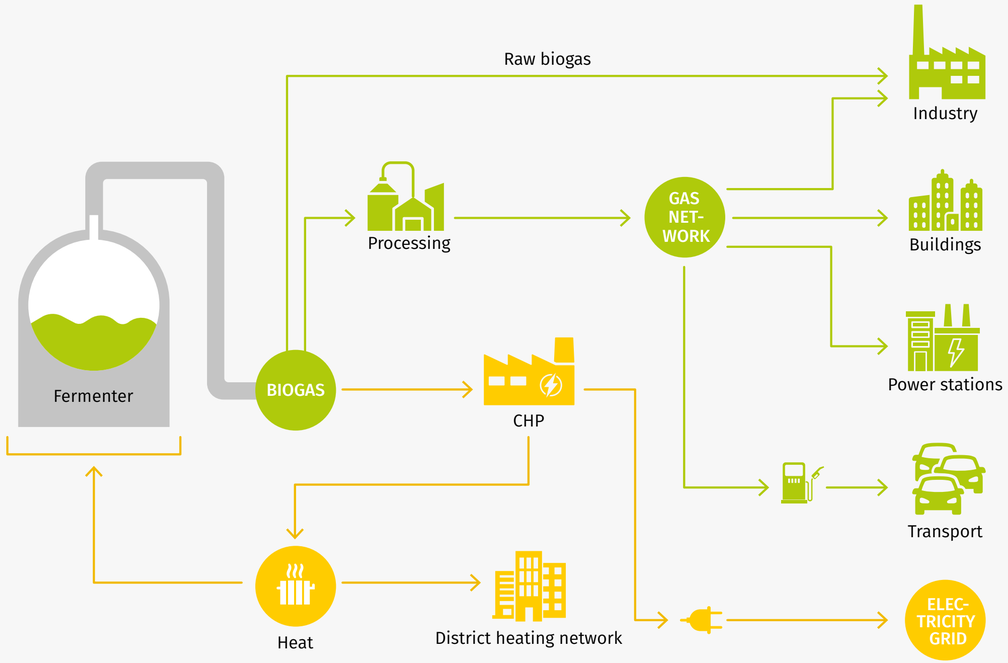
The total volume of electricity generated from biogas amounts to 28 TWh, representing around six per cent of Germany's total electricity demand (570 TWh). Around one percent of current natural gas consumption in Germany is already being replaced by biogas and biomethane. And as a heat supplier, biogas and biomethane generate around two per cent of Germany's heat production from natural gas.

The biogas facilities contribute to a secure energy supply because they supply gas and therefore energy independently of wind or sun. For example, for controllable gas-fired power plants that have a stabilising effect on the electricity grid and can also be operated in a climate-friendly manner using green gas. In addition, unlike electricity from wind and solar energy, biogas and biomethane are easily storable. Biogas therefore flexibly supplements the energy from other renewable sources

[1] In-demand electrical power minus the feed-in from volatile generators such as wind or solar energy

FROM THE SYSTEM TO THE END USER

Biogas is climate-friendly, renewable, regionally available and can be used in a variety of ways for electricity and heating applications. Unlike wind and solar energy, biogas can be stored and is therefore an important component of a climate-friendly energy supply.



BALANCE operates

42

biogas facilities

in Eastern and Northern Germany.

BALANCE fed

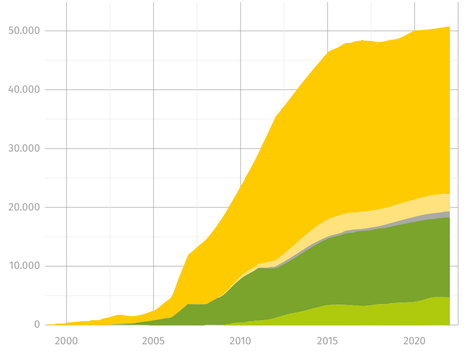
835

GWh of biomethane

into the grid last year.

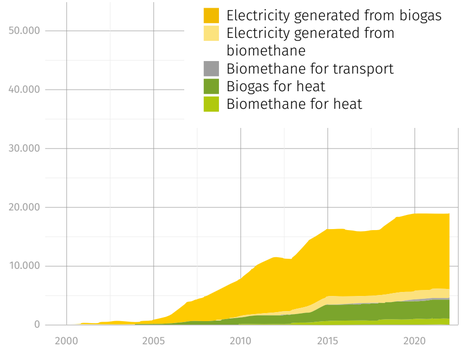
WHAT BIOGAS DOES TODAY...

... for the energy transition



Gross electricity and final energy consumption
GWh

and for climate protection



Greenhouse gas reduction
kt CO_2 equiv.

Source: AGEEStat (2023)

and can also be made available as required when the sun doesn't shine and the wind doesn't blow.

GROWTH IN BIOGAS

It is therefore hardly surprising that the biogas business is one of VNG's most important growth areas. The subsidiary BALANCE Erneuerbare Energien GmbH bundles the Group's activities in the areas of alternative energies and energy efficiency technologies. BALANCE operates biogas facilities and generates energy from renewable resources and agricultural residues. With 42 facilities in Northern and Eastern Germany, BALANCE is one of the leading biogas facility operators in Germany. This means that around 180,000 households can be supplied with green energy every year.

More information on the website

LOCAL VALUE CREATION

In addition to operating the facilities, BALANCE invests in existing and new system concepts and develops them further. "We support local agriculture. Local farms supply the facilities with biomass," says BALANCE Managing Director Thomas Fritsch, describing the company's regional ties. "We operate a genuine circular economy. The fermentation products left over after production are used locally as fertiliser to grow new renewable biomass . In this way, we contribute directly to value creation in regional economic cycles."

HEAT FROM THE LAND

And biogas facilities are also ideal as the basis for combined heat and power plants, which feed heat into small, regional grids in addition to producing electricity. In combination with wind and photovoltaics, many places, especially in rural areas, can be self-sufficient and supply themselves directly with energy. Also smaller communities are therefore able to realise their own heating concepts with sustainable energy. “There is growing interest in our solutions for district heating systems in smaller rural communities,” says VNG board member Hans-Joachim Polk. “This is because smaller communities in rural areas will not be prioritised for connection to district heating networks.”

THE VERSATILITY OF BIOGAS FACILITIES PAYS OFF

The state-of-the-art biogas and biomethane facility in Kodersdorf not only feeds biomethane into the gas grid and generates electricity from biogas, it also supplies heat to companies in the nearby industrial estate. The offer of a local heating supply from biogas facilities is well received; we are seeing an increasing number of enquiries.

The biomass required to supply the facilities comes from local farms.

Our biomethane plant in Kodersdorf can feed up to 700 Nm³ of biogas per hour into the grid.

We procure the substrates for biogas production from within a

25

kilometre

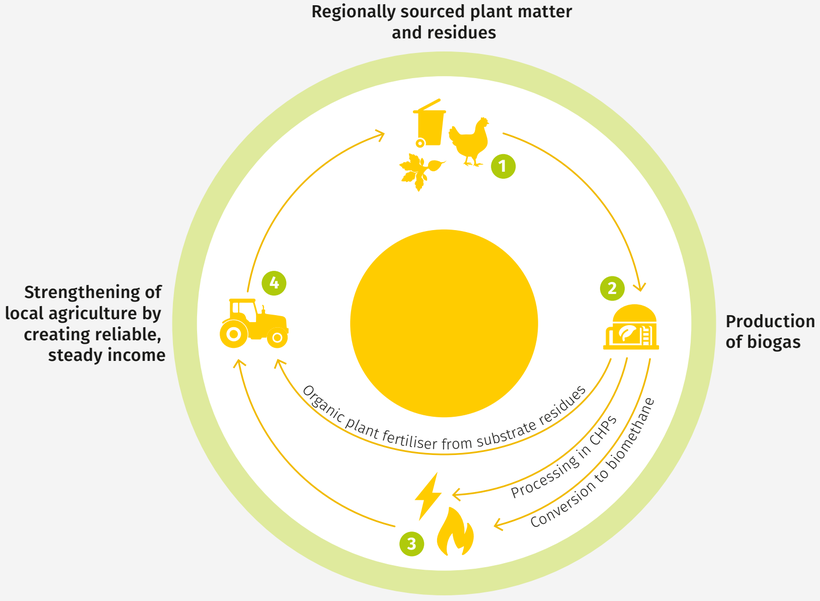
radius of our biogas facilities.

180,000

households

can be supplied with green energy from our biogas facilities every year.

Sustainable material and commercial cycle of our biogas facilities



Our product is well received

An interview with Thomas Fritsch, Managing Director of BALANCE, on the strategic importance of biogas.

Biogas is a sustainable alternative to fossil fuels that contributes to security of supply, domestic value creation and greenhouse gas reduction. What is needed to further expand this relevant segment?

We need a fundamental political commitment to biogas as an important building block for climate neutrality and security of supply. This is because there is a lack of legal and planning certainty. In addition, we have a lot of documentation and reporting obligations, a burdensome bureaucracy. I would also like to see greater harmonisation of regulations between the federal ministries relevant to biogas. And more fairness: cheap imports of supposedly green fuels and measures to avoid emissions are not scrutinised in the same way as our domestic products.

How important is biogas for agriculture?

The production of biogas offers a sustainable alternative source of income in agriculture and creates jobs in rural areas. It also creates added value at the regional level. We generally procure our substrates from within a 25 kilometre radius of the facilities. In addition, biogas production can be ideally integrated into agricultural cycles. We are increasingly utilising residual materials such as liquid manure and plant residues. The fermentation residue is a nutrient-rich fertiliser. Alternative substrate plants increase biodiversity and soil quality.

How much potential does biogas have in Germany?

A very high one. With biogas, we have a domestic and secure energy source that fits perfectly into the future energy system with flexible demands for electricity and heat. Biogas is a cost-effective solution for the defossilisation of electricity, transport, buildings and industry. The quality and sustainability certifications assure transparent traceability and ensure compliance with greenhouse gas reductions compared to fossil fuels.

What developments do you see in the coming years?

Biogas facilities will develop into veritable biorefineries that provide other products in addition to biomethane. Furthermore, the production and feed-in of hydrogen at biogas facilities is also being researched and may become relevant in the future.

Thomas Fritsch
Managing Director
BALANCE

Photos of the Bad Lauchstädt Energy Park from February 2025 show the progress of the construction site.

Bad Lauchstädt Energy Park

THE PROOF

Regulatory sandbox for the hydrogen economy

In the very middle of Central Germany, a flagship project is being established that is leading the way for the energy transition: the Bad Lauchstädt Energy Park (“EBL”). For the first time, the entire value chain of green hydrogen is being tested on a production scale, from production and storage to transport and utilisation. The ambitious project is supported by a strong consortium of six companies and a scientific institute. “With this project, we are doing pioneering work in many areas and want to prove that the hydrogen economy is not just a vision, but actually works,” emphasises Cornelia Müller-Pagel, Overall Project Manager at EBL and Head of Green Gases at VNG AG.

GREEN HYDROGEN FROM WIND TO ENERGY

The combination of production, transport, storage, marketing and utilisation of green hydrogen implemented in the Energy Park begins with wind power. A nearby wind farm with eight modern wind turbines generates renewable electricity, which is used to operate a large-scale electrolysis plant. In this process, water is broken down into its components, producing climate-neutral hydrogen. “This direct coupling of wind farm and large-scale electrolysis is currently still unique,” explains Müller-Pagel.

LAUNCH OF THE CORE NETWORK IN CENTRAL GERMANY

An existing natural gas pipeline was converted into a hydrogen pipeline for hydrogen gas transport, sustainably utilising existing infrastructure. This 25-kilometre long transport pipeline is also the nucleus of the **ONTRAS** Central German hydrogen start-up grid. In addition, a new connection line was laid to the anchor customer, TOTAL Raffinerie Mitteldeutschland in the Leuna Chemical Park.

30
megawatts
of power from the electrolysis plant for hydrogen production.

2,700
tonnes of hydrogen
will be produced per year.

25
kilometres
of converted pipeline for hydrogen transport.

“In Bad Lauchstädt, we are gaining valuable experience along the entire value chain for green hydrogen, which will provide us with important insights and expertise for scaling up further hydrogen projects.”

CORNELIA MÜLLER-PAGEL
Overall Project Manager of EBL and Head of Green Gases at VNG AG

In a later stage of the project, the green hydrogen is to be stored in a specially repurposed underground salt cavern. This method not only enables the efficient and safe storage of large quantities of gas, but also the continuous supply of gas to customers independently of fluctuations in production. “We are killing two birds with one stone here: sustainable transport and, in the long term, secure storage,” explains Overall Project Manager Müller-Pagel.

INDUSTRY IN FOCUS

“Hydrogen is a real all-rounder, from industry to mobility,” explains Müller-Pagel. In the first instance, the chemical industry based in Central Germany will be supplied, which will use hydrogen to make its processes more sustainable. In addition, applications in the mobility sector are possible in the future, for example for fuel cell vehicles.

Project schedule

Since the start of the project in September 2021, many milestones have been successfully passed. On the basis of a research project, a location has been created in Bad Lauchstädt to demonstrate that hydrogen can be renewably produced on an industrial scale. Another milestone will be passed with the technical commissioning in the course of this year.

September 2021
RELEASE OF STATE FUNDING
Start: Preparation of research and development work and site preparation
Start: Preparation of the licensing procedures, in particular for the construction of the large-scale electrolysis plant and the rededication of the natural gas pipeline as a hydrogen transport pipeline

October 2021
1ST CITIZENS’ INFORMATION EVENT

January 2023.
CONCLUSION OF BIMSCHV (FEDERAL IMMISSION CONTROL ORDINANCE) PROCEDURE
Authorisation for wind farm and electrolysis

50 MW
RATED OUTPUT

by April 2023
SITE PREPARATION
Site preparations for electrolysis and storage (above-ground plant)

from June 2023
START OF CONSTRUCTION WORK
Construction of transformer station

June 2024
OFFICIAL COMMISSIONING OF WIND FARM

100,000 m³
PER HOUR

by Q4 2024
CONVERSION OF NATURAL GAS PIPELINE
Conversion and upgrading of the natural gas pipeline to hydrogen transport

by Q2 2025
COMMISSIONING
of the converted hydrogen pipeline
Construction of large-scale electrolysis with subsequent pilot operation
Construction of a gas scrubbing system

30 MW
RATED OUTPUT

from Q3 2025
COMMISSIONING
Electrolysis
Gas scrubbing and gas volume measurement during pilot operation

August 2026
COMPLETION OF HYDROGEN PRODUCTION PILOT OPERATION

The consortium partners of the EBL:

- Terrawatt Planungsgesellschaft mbH
- Uniper
- VNG Handel & Vertrieb GmbH
- VNG Gasspeicher GmbH
- ONTRAS Gastransport GmbH
- DBI – Gastechnologisches Institut gGmbH
- VNG AG

Alliance for clean energy

The **Hydrogen Germany** business alliance positions Germany as a leading hydrogen-using nation, supported by leading companies and organisations along the entire value chain of the hydrogen economy. VNG is involved with activities relating to the EBL and the hydrogen core network, which serves as an anchor point for a European infrastructure and enables European partner connections.

More information about Hydrogen Germany

Partner of

Hydrogen Germany

REGIONAL VALUE CREATION A WIN FOR THE CENTRAL GERMANY REGION

In addition to technological innovation, the project creates economic impetus for the region. Local companies and skilled workers benefit from new orders and jobs. At the same time, the Bad Lauchstädt Energy Park strengthens Central Germany as an energy location and provides local solutions for the necessary reduction of CO_2 emissions in industry. The project partners are investing a total of €210 million. This includes funding for the “Real-life Laboratory for the Energy Transition” of €34 million from the 7th Energy Research Programme funding initiative of the Federal Ministry of Economics and Climate Protection (“BMWK”).

“We want to show how a climate-friendly energy system of the future can work with hydrogen and thus also provide a future perspective for the energy and chemical region in the south of Saxony-Anhalt,” says Müller-Pagel.

ON COURSE FOR THE FUTURE

Construction work has been progressing rapidly since the ground-breaking ceremony in June 2023. The wind turbines officially went into operation in June 2024. Structural and civil engineering work has largely been completed; the focus is now on the technical plant construction. The construction of the electrolyser and the completion of the transport pipeline are currently in progress. The technical commissioning of the entire facility is planned for 2025. “We are right on schedule and are looking forward to being able to feed green hydrogen into the grid soon,” says Müller-Pagel optimistically.

GreenRoot: Green hydrogen for the industry of tomorrow

Innovative hydrogen project in Lutherstadt Wittenberg

In order to defossilise the energy requirements of numerous industrial companies in Central Germany, we want to build an industrial-scale electrolysis plant in Lutherstadt Wittenberg together with the Dutch company HyCC to supply companies in the region with green hydrogen.

From 2029, around 50,000 tonnes of green hydrogen are to be produced annually. The electrolyser with a capacity of up to 500 megawatts is being realised by VNG AG, VNG Handel & Vertrieb and HyCC. The planned hydrogen volume corresponds to around five percent of the production capacity in Germany envisaged under the national hydrogen strategy. The plant is being built opposite the Agro-Chemie Park Piesteritz and thus in the direct neighbourhood of SKW Stickstoffwerke Piesteritz. Hydrogen is intended to replace natural gas in the future and reduce CO_2 emissions.

Socially committed

COMMITMENT TO THE FUTURE

For a strong region

Every year, the VNG Foundation awards a volunteering prize to Eastern German volunteering initiatives as part of its “Verbundnetz der Wärme” social engagement platform.

Anniversary celebration “15 years of the VNG Foundation”.

Market of opportunities for clubs and volunteers.

VNG AG has been actively involved in society and the region since it was founded. This is particularly evident in the two foundations set up by Group: the VNG Foundation and the Central Germany Foundation for Science and Education (“MSWB”). The VNG Foundation celebrated its 15th anniversary in 2024. At the anniversary celebration, social engagement awards were presented to five Eastern German associations.

Support for Paralympic sport

VNG-STIFTUNG

Watch the film about the VNG Foundation here

Five times €5,000
for volunteering projects in Eastern Germany.

PROMOTION OF THE COMMON GOOD

The VNG Foundation, established in 2009, specifically supports charitable projects in Eastern Germany. Its focus is on civil society & the common good, democracy & cohesion, art & culture and popular sport & health. A centrepiece of its work is the “Verbundnetz der Wärme” (Network of Warmth), which has been supporting voluntary work since 2001. Every year, the foundation awards the Social Engagement Prize, which is endowed with 5,000 euros each, to five associations or initiatives. “We want to recognise and reward voluntary work in Eastern Germany,” emphasises director of the Foundation, Mandy Baum.

Further information on the VNG Foundation

THREE QUESTIONS FOR

Mandy Baum
Foundation manager

15 YEARS OF THE VNG FOUNDATION: WHAT HAS BEEN THE HIGHLIGHT OF THE FOUNDATION’S WORK FOR YOU SO FAR?
We have had so many inspiring encounters with associations, foundations and volunteers from the region in recent years. I find it difficult to choose one particular highlight. That’s the best thing about the Foundation’s work - every day, we have the opportunity to come into contact with a wide variety of people who volunteer for others in all areas of life.

AND NOW VNG IS SUPPORTING A SECOND FOUNDATION?
Exactly. The 15th anniversary of the VNG Foundation was the perfect occasion to rethink and strategically develop our areas of support. Through the Central Germany Foundation for Science and Education (MSWB for short), we want to concentrate and selectively expand existing initiatives to promote education, science and the start-up scene.

WHAT DO YOU WANT FOR THE FUTURE?
More togetherness, co-operation and exchange. It is a great source of satisfaction for us to be able to nurture our proximity to society and to contribute to the common good in the region through the foundations.

MITTELDEUTSCHE STIFTUNG
WISSENSCHAFT · BILDUNG

A BRIDGE BETWEEN ACADEMIA AND SOCIETY

With the revamped Central German Foundation for Science and Education “MSWB”), we are promoting exchanges between academia, business and civil society in the region. It is thus taking over the existing partnerships with nine universities in Central and Eastern Germany, where, for example, Germany Scholarships are awarded to outstanding students. In addition, the MSWB promotes scientific studies, particularly in the areas of energy transition and climate protection, and participates in working groups that focus on knowledge transfer between business and science. For example, projects to promote the regional start-up scene are also supported.

Further information on the MSWB

NINE
UNIVERSITIES
in the Central and Eastern German region are partners of the MSWB.

“As a structurally critical company, we also want to invest in the future viability of the region.”

– Bodo Rodestock, Board Member for Finance, Human Resources & IT at VNG AG

VNG initiative “Thank you, fire service”

Thank you for your commitment!

As a company operating in the gas industry, VNG knows how crucial the fire service is for everyone’s safety. Wherever gas is used, care must be taken – and when it comes down to it, it is the firefighters who save lives and avert danger with courage, determination and tireless commitment.

With our “Thank you, fire service” initiative, we are actively expressing our appreciation for the heroes and heroines in the fire services. We support the fire services at the VNG Gasspeicher and BALANCE Erneuerbare Energien sites financially, with practical training and, in future, finding new recruits.

Watch the film here

COMBINED MANAGEMENT REPORT

for the VNG Group and VNG AG [1]

* The complete summarised Management Report of the VNG Group and VNG AG, Leipzig, for the 2024 financial year will be published in the company register. The annual report does not include information on the net assets, financial position and results of operations or the forecast report in the separate financial statements of VNG AG.

VNG at a glance

Development of an H_2 start-up grid for Eastern Germany with around **600** kilometres of pipelines.

1. BUSINESS MODEL AND STRATEGIC DIRECTION

The VNG Group (VNG) is a group of companies active throughout Europe with over 20 entities and approximately 1,900 employees. With its head office in Leipzig, the Group offers a broad and sustainable portfolio of gas-related services covering the majority of the gas value chain via international import and wholesale, as well as the operation of critical gas infrastructure. VNG is also pursuing an ambitious path for a market ramp-up of renewable and decarbonised gases such as biogas and hydrogen. **VNG AG**, the parent company, is primarily responsible for group-wide and service activities.

In 2024, VNG further developed its strategic focus in a targeted manner in order to meet the challenges of the changing energy market, take advantage of the opportunities presented by the transformation, and achieve the goals of decarbonisation. Based on an analysis of the macroeconomic environment, the political framework and developments in the energy industry, such as the methane and hydrogen markets, a project to further **concretise the 'VNG 2030⁺' strategy** was launched in order to make any necessary adjustments to the Group strategy. Looking ahead to 2025, VNG aims to further consolidate its position by adapting flexibly to the market and positioning itself strategically for the future. The transformation and the strengthening of the Group's internal financing resources remain priorities, while adapting to regulatory and technological developments remains crucial for a sustainable, secure and competitive energy future.

Overall, the "VNG 2030⁺" strategy is based on three objectives that outline the Company's path to an increasingly climate-neutral energy system: ensuring a reliable and secure gas supply; shaping the energy transition by switching from fossil natural gas to green gases; and supporting the structural change in Eastern Germany by investing in future projects and gas infrastructure. A solid capital base and the successful reporting year 2024 have created a good starting position for these objectives.

To implement its strategy, VNG is currently focusing on the following business areas and segments:

Transport: ONTRAS Gastransport GmbH (ONTRAS) operates a pipeline network in Eastern Germany with a total length of around 7,700 kilometres, and is responsible for the reliable and efficient transport of energy in the form of gas. This infrastructure is an integral part of both Germany's and Europe's gas transmission network. In addition to the transportation business, ONTRAS and its subsidiaries also operate telecommunications and refuelling infrastructure for alternative gas-based fuels, and provide a wide range of network-related and gas-related services in the non-regulated sector. ONTRAS transports climate-neutral gases via the 23 biogas feed-in facilities situated within its network territory, as well as the feeding in of hydrogen and synthetic methane via two power-to-gas facilities. With the development of an H_2 starter network for Eastern Germany with approximately 600 kilometres of pipeline as part of the nationwide German H_2 core network, ONTRAS intends to make its contribution to the European Hydrogen Backbone by 2030 and at the same time lay the foundations for hydrogen transport in Eastern and Central Germany.

Storage: With VNG Gasspeicher GmbH (VGS) and its subsidiary company Erdgasspeicher Peissen GmbH (EPG), the Storage area provides the market with a total capacity of around 2.8 billion cubic metres as a gas storage operator at five locations in Germany. VGS also functions as a technical plant manager for third-party storage facilities, and provides engineering services in the fields of plant engineering and measurement technology. EPG has been successfully integrated into VNG AG's group structures. As a result, the Company was restructured and stabilised both economically and financially. This has enabled the Storage area to further strengthen its position in the storage market. Its potential as a provider of hydrogen storage facilities will continue to be

You can find more information about the Bad Lauchstädt Energy Park **online**

pursued and prepared in accordance with the prevailing economic conditions.

Trading & Sales: VNG Handel & Vertrieb GmbH (VNG H&V) and its foreign subsidiaries supply natural gas to distributors and trading companies as well as to municipal utilities, industrial customers and power plants in Germany, Poland, Italy, Austria and the Czech Republic. VNG H&V also offers its customers services such as grid balancing and portfolio management. VNG H&V uses large-volume storage and transportation capacities to supply its customers and thus makes a contribution to the security of supply, which has been ensured at all times even with the recent extraordinary pricing and import situation on Europe's gas trading markets. As part of the strategy update, the Trading & Sales business area will focus on diversified procurement and the gradual transformation of the procurement portfolio towards renewable and decarbonised gases. In this regard, VNG relies in particular on international partnerships to secure the supply of hydrogen. The focus for hydrogen sales is on industrial companies based in Eastern Germany that are active in the chemical, steel, construction materials, glass and paper industries, for example.

Biogas: VNG bundles its activities relating to biogas as a fuel via BALANCE Erneuerbare Energien GmbH (BALANCE) and its subsidiary companies. Biogas is an important element of the decentralised energy system of the future, and provides a way to increase the share of green gases in the gas network in the long term. The current geopolitical developments have also caused the focus to shift toward its importance as a regionally produced, more secure and carbon-neutral fuel. Accordingly, the Biogas business area is one of the Group's central growth areas as part of the "VNG 2030+" strategy. In the financial year 2024, several measures to diversify production options were implemented as part of the site development, and the plant base was strengthened through acquisitions. Depending on the market situation and customer demand, reliable electricity, heat and raw biogas can be offered regionally, and biomethane can be marketed nationwide via the natural gas grid.

Digital Infrastructure: Since 2022, VNG has established and further expanded Digital Infrastructure as an independent business area in order to sustainably strengthen and simultaneously diversify VNG's earnings base. The focus is on activities in the fibre optic backbone, the fibre optic distribution network (FTTX[1]) and services in connection with digital infrastructure. VNG invests directly and indirectly in the expansion and operation of digital infrastructure via various investments and subsidiaries, and works together with public utility companies in Leipzig and Wittenberg, among others. The FTTX business in particular should be focused on regional networks and collaborative partnerships.

Green Gases: The Green Gases area combines the Group's activities relating to renewable and decarbonised gases, and develops and implements related projects. The area is also dedicated to supporting the hydrogen market ramp-up. The activities are aligned to the value-added areas of generating, transporting, storing and marketing. The focus in this respect is on hydrogen and its derivative products, as well as biogas, biomethane and CO_2. In 2024, the Green Gases project portfolio was expanded further in accordance with the roadmap and the vision for green gases. Projects undertaken in cooperation with collaboration partners were also driven forward. The decision to invest in the hydrogen core network in Central Germany represents a key milestone. In addition, as part of the construction of the Bad Lauchstädt Energy Park, extensive progress was made in establishing an integrated hydrogen value chain.

Innovation: VNG Innovation GmbH (VNG Innovation) invests in early-stage start-ups that focus on the energy sector. VNG Innovation is supporting these start-ups with financial resources, as well as with the necessary infrastructure and its internal know-how. A partnership has been entered into in this context with SpinLab – The HHL Accelerator in Leipzig. VNG Innovation is one of two anchor investors in the "Smart Infrastructure Ventures" venture capital fund, which focuses on supporting start-ups during their seed phase.

2. FINANCIAL PERFORMANCE INDICATORS AND TARGETS

VNG's strategic direction is based on economic performance indicators, and matches its financial strategy. This strategy is aimed at profitable business activity, and creates transparent financial guidelines and assessments of the viability of the strategic direction. In addition to the Company's own internal financing capability, the primary instruments in the diversified financing portfolio are a syndicated loan agreement, promissory notes and bilateral lines of credit. In 2024, a new promissory note loan was issued and a credit line with an initial term of one year was extended. In addition, a further short-term money market loan was concluded.

[1] Fibre to the x, various expansion stages of fibre optic networks.

Background information on the subject of “hydrogen” can be found on our **website**

VNG’s financial strategy is based on the following core goals: generating positive cash flows, a suitable, risk-adjusted return, and avoiding risks to the Group’s ability to continue as a going concern. The Group is mainly managed on the basis of adjusted EBIT. Adjustments are made to exclude non-recurring effects on earnings that cannot be planned for. Other financial targets relate to the cash flow indicator “funds from operations” (FFO), as well as the levels of net financial liabilities, the equity ratio and gross/net investment. The focus is placed on performance indicators and information relating to the Group as a whole for the purposes of managing the business, monitoring the quality of forecasts, and reporting to executive management, the Supervisory Board and shareholders. These figures have been prepared in accordance with International Financial Reporting Standards (IFRSs). For VNG AG, whose separate financial statements continue to be prepared in accordance with the German Commercial Code (HGB), the annual result is of particular importance.

3. RESEARCH AND DEVELOPMENT

VNG is engaged in research and development projects throughout the entire value chain for decarbonised gases. The projects within the R&D portfolio were advanced during the reporting year.

At **Bad Lauchstädt Energy Park** the entire value chain for green hydrogen, from generation and storage to transportation and marketing, is being implemented on an industrial scale. The project receives funding from the German Federal Ministry for Economic Affairs and Climate Action [Bundesministerium für Wirtschaft und Klimaschutz, BMWK] under a “regulatory sandbox for the energy transition” programme. In addition to VNG AG, ONTRAS, VGS and VNG H&V, the project is being conducted in collaboration with a number of other industrial and research partners. Following the consortium’s final investment decision in 2023, the project has now entered the construction phase. Various milestones were reached in 2024. The associated wind farm was put into operation, and the buildings for the electrolysis plant were erected. Furthermore, construction work commenced on a measurement and control rail, and conversion work was undertaken on the transport pipeline towards Leuna, which is also part of the hydrogen core network. Work also started on the construction of a connecting pipeline to the customer, TotalEnergies Raffinerie Mitteldeutschland.

Together with research and industry partners, VNG has launched a project to develop and supply the city of Bad Lauchstädt (“**BLWH$_2$**”) with climate-neutral heating in order to investigate the integration of waste heat and hydrogen from electrolysis into the urban heating supply system. The project is part of the 8th Energy Research Programme funded by the BMWK.

VNG is involved in the Federal Ministry of Education and Research’s **TransHyDE** hydrogen transportation project as a syndicate partner. The project is being supported as part of the “Hydrogen Republic Germany” programme. The aim is to conduct research into and demonstrate possible ways of transporting hydrogen. VNG is a project partner in the system analysis sub-project. During the reporting period, the results of work on the evaluation of transport options for the import of hydrogen continued and results were published in a flagship publication summarising the findings of all project partners in the area of system analysis.

The project **BioHydroGen** for hydrogen production from biogas was concluded in the reporting period with the preparation of an economic and life cycle analysis. The project was funded by the BMWK as part of the “Hydrogen Technology Initiative” programme.

In addition, the **CapTransCO$_2$** project aimed at building up a CO_2 transportation infrastructure was completed. Together with industrial and research partners, the project investigated the feasibility of a climate-neutral industrial sector in Central Germany by building up a networked CO_2 transportation infrastructure for carbon capture and utilisation (CCU) and/or carbon capture and storage (CCS). The project is part of the 7th Energy Research Programme funded by the BMWK. Within the project, VNG performed research into the technical and legal feasibility of a CO_2 transportation infrastructure, including interim storage.

In addition to the projects described, VNG has also (jointly) commissioned and worked on a number of studies in order to increase knowledge in selected fields. In this connection, VNG participated in the **Hydrogen Network Central Germany 2.0** study, which performed investigations into a regional hydrogen distribution network in the federal states of Saxony, Saxony-Anhalt and Thuringia on behalf of 54 private and public sector partners. The study was coordinated and conducted by the organisation Europäische Metropolregion Mitteldeutschland [European Metropolitan Region of Central Germany], the HYPOS hydrogen network, DBI Gas- und Umwelttechnik GmbH and INFRACON Infrastruktur Service GmbH & Co. KG. VNG was also involved in the advisory board of the study **Ensuring Resilience in the European Energy Transition** commissioned by EUROGAS. The study was prepared by Frontier Economics and investigates the role of gases in achieving the European climate targets. In addition,

GreenRoot is planning an electrolysis plant for the production of green hydrogen with anoutput of up to

500 megawatts.

VNG is a member of the advisory board for the **Funding Initiative Heat Transition** and the **Funding Initiative Hydrogen** at the Institute of Energy Economics, University of Cologne (EWI). These initiatives aim to highlight new research topics and to network with players in the field. VNG is also an active member of the **HYPOS network** (Hydrogen Power Storage & Solution East Germany e.V.), which promotes the establishment of a green hydrogen economy in Central Germany.

VNG is also active in the development of **projects** for the market ramp-up of renewable and decarbonised gases. In addition to the infrastructure projects for hydrogen transport (H_2core network) and hydrogen storage (GO! Speicher), the focus is on the following projects: The **GreenRoot** project is planning an electrolysis plant to produce green hydrogen on an industrial scale. It is planned that the plant, to be built in Lutherstadt Wittenberg/Piesteritz, will have an output of up to 500 MW. The feasibility study was driven forward during the reporting period and the location was secured. The project is being developed in co-operation with the Dutch hydrogen company HyCC B.V. In the **Green-HyBB** project, a cooperation project between VNG and EnBW, the establishment of a regional hydrogen value chain with an electrolysis capacity of 100 MW is planned. Potential sites for electrolysis were investigated during the reporting period. As part of the **H_2GE Rostock** project, the production of decarbonised hydrogen for industrial customers in Eastern Germany from natural gas, as well as the capture, transport and safe storage of CO_2, are being pursued with the project partner Equinor. The technical feasibility and construction options were analysed during the reporting period. The **AZAN** project is investigating the feasibility of building a large-scale ammonia cracker in Rostock. VNG started the feasibility study together with the project partners EnBW and JERA during the reporting period.

Report on economic position

Energy consumption in Germany fell slightly by around 1.3 percent to

2.91 million GWh.

1. MARKET ENVIRONMENT

Macroeconomic developments: In 2024, the global economy continued to face challenging conditions characterised by a gradual but sluggish economic recovery. The inflation rate fell in Europe and the USA, but remained at a level that was a burden for many consumers. The European Central Bank maintained its restrictive interest rate policy in order to further combat inflation. This led to a stabilisation of inflation, but had the effect of slowing economic growth and had a negative impact on lending and companies' willingness to invest.

Another key issue in 2024 was the increasing uncertainty on the global markets due to geopolitical tensions, particularly in connection with the Russia-Ukraine war, tensions in the Middle East and ongoing trade conflicts between China and the USA. The global subsidy race to promote climate-friendly technologies continued, focusing on the implementation of the "Fit for 55" package in the EU and the "Inflation Reduction Act" in the USA. These measures led to a highly competitive atmosphere in which energy policy measures were used as an economic policy instrument.

In **Germany**, the economy largely stagnated in the reporting year. Overall, gross domestic product showed only a slight recovery. Private consumption suffered from the weakness in purchasing power, although changes in consumer prices were moderate compared to 2023. The energy price crisis continued to have repercussions, as the increase in energy costs from previous years was deeply embedded in the consciousness of households and companies. Investment levels fell short of expectations due to high financing costs and subdued economic momentum. The outlook for 2025 is characterised by cautious optimism, whereby a stabilisation of global supply chains, declining inflation rates and positive signals from international markets could lead to a slight upturn in economic activity. Nevertheless, growth will depend on the geopolitical situation and global commodity price trends.

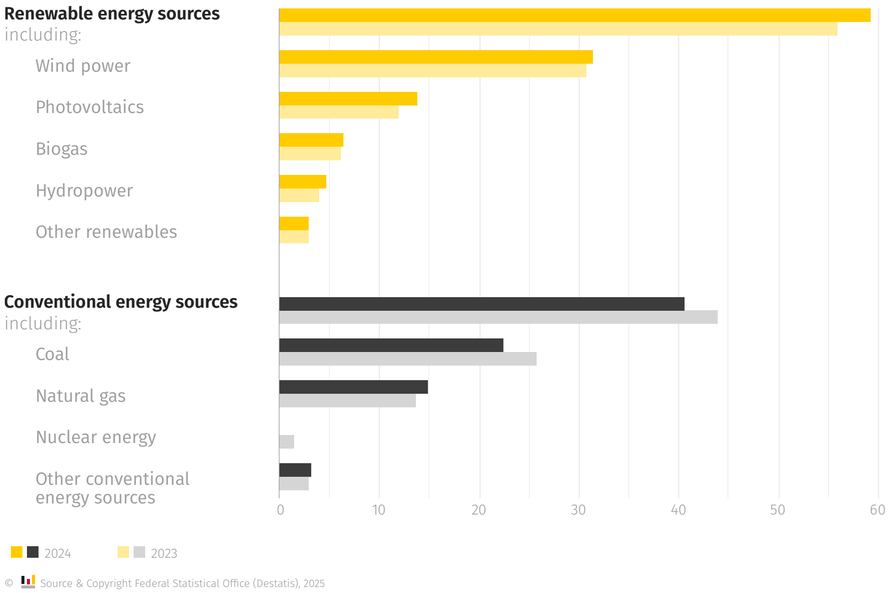
Energy consumption trend: Energy consumption in Germany continued to fall in the reporting year, albeit less drastically than in the previous year. The Arbeitsgemeinschaft Energiebilanzen e.V. [a working group on energy balances] recorded a year-on-year decline of approximately 1.3 percent to 2.91 million GWh compared to the previous year. This decline is partly due to improved energy efficiency measures and continued subdued industrial output. The mild winter months led to lower heating requirements and thus contributed to a reduction in energy consumption.

Natural gas consumption in Germany rose to around 844,000 GWh compared to the previous year (811,500 GWh). Prices for natural gas largely stabilised, but remained at a higher level than before the energy crisis. Well-stocked gas storage facilities and the increasing availability of liquefied natural gas (LNG) contributed to this stability. Gas prices showed moderate volatility over the course of the year, influenced by geopolitical uncertainties and demand fluctuations in Asia.

Renewable energies are playing an increasingly central role in German energy production. In the reporting year, net public electricity generation from renewable energies in Germany reached a record 62.7 percent of total electricity generation. In total, renewable energies generated around 259,000 GWh of electricity in 2024, up by 2 percent on the previous year (254,000 GWh). This increase is partly due to the expansion of wind power plants and photovoltaics. Wind energy accounted for 33 percent of total energy production, photovoltaics contributed 14.5 percent, while biomass and hydropower together accounted for around 14.2 percent.

Electricity feed-in from renewable and conventional energy sources

in %



The **German gas supply** was stable in 2024, and the statutory gas storage targets for the winter of 95 percent were exceeded. This ensured security of supply. Nevertheless, uncertainty on the global energy markets remains a relevant risk. The increased demand for energy in China at the end of 2024, driven by economic stimulus measures and increased industrial production, illustrates the potential dynamism of international markets. Furthermore, geopolitical tensions and unforeseen developments could have an additional impact on energy supply in the current year 2025.

2. ENERGY POLICY ENVIRONMENT

In terms of political developments, 2024 was marked by a significant number of elections at all levels of government. These included local and state elections in Eastern German states, European elections, and elections in the USA, among others. This was accompanied by reorganisation of the relevant institutions in conjunction with the development of a political agenda for the next legislative period. In addition, the so-called “traffic light coalition” came to an early end in Germany in autumn 2024, resulting in an early election to the German Bundestag in February 2025.

Energy policy developments at federal level: In 2024 the course was set at federal policy level for the further development of the German natural gas and hydrogen infrastructure. The approval of the hydrogen core network by the Federal Network Agency, the adoption of a corresponding financing framework by the German Bundestag and the adjustment of the imputed useful lives and depreciation modalities for natural gas pipeline infrastructure (KANU 2.0) were decisive factors here.

In addition, an amendment to the German Energy Industry Act [Energiewirtschaftsgesetz] was passed to abolish the gas storage levy at cross-border interconnection points. In the last regular session week of this legislative period, the extension of the German Combined Heat and Power Act [Kraft-Wärme-Kopplungs-Gesetz] and a biogas package were also passed, which provides a follow-up solution for biogas plants that fall out of the German Renewable Energy Act [Erneuerbare-Energien-Gesetz, EEG] subsidy programme in the short term.

Various planned legislative procedures were cancelled following the loss of the government majority in the Bundestag [German Parliament]. These include projects that have a significant influence on the role of gases and the gas infrastructure in the energy system. In addition to the Act amending the German Carbon Dioxide Storage Act [Kohlendioxid-Speicherungsgesetz], the German Hydrogen Acceleration Act [Wasserstoffbeschleunigungsgesetz], the German Power Plant Safety Act [Kraftwerkssicherheitsgesetz] and the adoption of the German National Biomass Strategy, the German National Hydrogen Storage Strategy and the German Carbon Management Strategy should also be mentioned here.

Energy policy developments at European level: In the reporting year, various legislative procedures were finalised at EU level before the elections to the EU Parliament. After political agreements had already been reached between the Council of the EU and the EU Parliament at the end of 2023, the Internal Gas Market Directive and Regulation and the Methane Regulation which aims to reduce methane emissions were published in the Official Journal of the EU in 2024 following formal approval. The Internal Gas Market Directive is therefore crucial for VNG, as it sets the course for the transition to a European hydrogen economy. Accordingly, the new rules primarily promote the development of renewable and low-carbon gases, in particular hydrogen. The Internal Gas Market Regulation is just as important for VNG, as it primarily sets out new rules for the development of a hydrogen infrastructure.

In addition, an agreement was reached in 2024 on the Energy Performance of Buildings Directive. The Net Zero Industry Act was also passed, which aims to increase production capacities for clean technologies in the EU. Hydrogen technologies are also to be promoted more strongly within this framework.

Before her re-election as Commission President, Ursula von der Leyen presented the political guidelines for the next European Commission 2024–2029. The new focus of this EU Commission is to be a stronger emphasis on competitiveness. Other key points are the presentation of a Clean Industrial Deal to promote investment in infrastructure and industry, and the definition of a greenhouse gas emissions reduction target of 90 percent by 2040 compared to 1990.

The year 2025 as a whole, and specifically the further development of energy and climate policy instruments and measures, will be characterised above all by the results of the Bundestag elections in February and the associated formation of a new German federal government and its priorities. What this national and European prioritisation looks like in concrete terms will also be influenced by the further course of the currently volatile geopolitical and geo-economic developments.

Human resources and organisation

1. CHANGES IN HEADCOUNT

VNG had a total of 1,939 employees as at 31 December 2024. Accordingly, there has been an increase of 251 in the number of employees compared to the previous year. The increase was primarily the result of a transformation-related increase in personnel in the strategic growth areas.

	31.12.2024	31.12.2023	Change (in %)
Transport	492	432	14
Storage	113	116	-3
Trading & Sales	570	485	18
Biogas	200	171	17
Digital Infrastructure	312	269	16
Group Centre	252	215	17
Total	**1,939**	**1,688**	**15**

VNG AG had a total of 252 employees as at 31 December 2024. Accordingly, there has been an increase of 37 in the number of employees compared to the previous year. The "Corporate Governance Statement" disclosures pursuant to Section 289f HGB are published on the VNG AG website.

2. NON-FINANCIAL PERFORMANCE INDICATORS

Employees: VNG's HR strategy underlines the HR department's role in helping the organisation implement its business strategy in a sustainable and successful way. In addition to traditional HR tasks along the employee life cycle, such as recruitment and staff retention, several strategic initiatives and projects were implemented in order to achieve the stated objective. These included the continuation of the Leadership Excellence concept, the expansion of learning and development opportunities, the strengthening of equal opportunities and diversity through the "Diversity, Fairness and Inclusion" project, the further development of the work culture through the "Next Work" initiative, the improved perception of the VNG employer brand, and dedicated talent management.

Management development under the umbrella brand "Leadership Excellence" was developed further. The onboarding of new employees has been completely redesigned and now includes a two-day onboarding programme, a mentoring concept and a standardised welcome package. Rapid technological changes require ongoing adjustments to the skills profiles available within the Company. VNG focuses on a wide range of learning and development opportunities. Triggered by the changes in VNG's business model, primarily due to the expansion of the hydrogen economy, the focus remains on organisational development. The "Fit for Strategy" organisational development initiative, which was launched in mid-2014 and aims to better align the Company with the implementation of the "VNG 2030⁺" strategy, is being driven with strong involvement from the Human Resources department. The effectiveness of the strategic HR topics was also reflected in the results of the EnMAB employee survey in the reporting year. The People Engagement Index (PEI), which measures the motivation and commitment of employees at VNG on a scale of zero to 100, increased by 4 percentage points to 84 percent in 2023. Overall, EnMAB 2024 shows many positive results for VNG. Our strengths lie particularly in respectful interaction with one another and in the area of occupational safety. Many employees stated that they enjoyed working for VNG and its companies, and would apply to work for the Company again.

Occupational health & safety: The health and safety of employees are crucial to a company's success and employee engagement. After VNG failed to achieve the target in the previous year, a significant improvement in the LTIF (Lost Time Injury Frequency) was achieved in the

reporting year thanks to the measures introduced (2024: 0.7; previous year: 2.4). To strengthen knowledge transfer across the Company, two events were held with representatives from various VNG entities in the reporting year, to enable group-wide exchange of experience on occupational safety issues. In the area of health management and workplace health promotion, employees were once again provided with a comprehensive and varied range of preventative measures in the reporting year. Throughout the year, targeted preventive occupational health measures were offered to ensure the long-term health of employees. In addition, various initiatives such as the active break, the pme Health Day and flu vaccinations were organised as part of the Company health promotion programme, which helped to improve the well-being and quality of life of employees.

Responsibility towards society: Diverse engagement in the interests of an active and engaged civil society and to advance the common good has long been a part of VNG's corporate identity. This engagement is above all focused on the regions in which VNG and its subsidiaries operate, as well as the core areas of social welfare, science and education, sport and art/culture, and targets the public at large in the municipalities of Eastern and Central Germany in particular.

VNG bundles this commitment through the VNG Foundation and the Central German Foundation for Science and Education. The VNG Foundation, as the sponsor of the "Verbundnetz der Wärme" [United Network for Warmth], organises its own formats on East German topics on an honorary basis. The VNG Foundation also awards the Commitment Prize with the aim of recognising the work of voluntary organisations and networking associations and foundations in the new federal states. The VNG Foundation is also actively committed to increasing the common good. This is done, for example, by awarding the City of Leipzig's Future Prize and by participating in the "Common Good in Leipzig" round table. In co-operation with regional universities, the Central German Foundation for Science and Education sponsors scholarships and studies, enabling VNG to establish contact with young talent at an early stage.

Sustainability: VNG published its second voluntary sustainability report on the VNG AG website in the reporting year. It reports on all the sustainable activities and measures undertaken by the Group companies VNG AG, VNG H&V, VGS, ONTRAS and BALANCE identified as part of a materiality analysis. The report is orientated towards the requirements of the established reporting standard of the Global Reporting Initiative (GRI).

The reporting requirements for companies are increasing following the EU Corporate Sustainability Reporting Directive (CSRD). The CSRD obliges companies to report comprehensively and comparably on their sustainability activities in order to create more transparency and promote sustainable investments.

VNG has responded to the increased regulatory requirements and the development of VNG into a sustainable energy supply group by creating a separate department for sustainability management. This manages VNG's sustainability activities and thus takes the aforementioned aspects into account. Furthermore, the introduction of an energy management system in accordance with DIN EN ISO 50001 was started. The first interim results are available in the form of the definition of the energy policy, the energy assessment and the creation of a legal register. Finally, VNG implemented the due diligence obligations of the German Supply Chain Due Diligence Act [Lieferkettensorgfaltspflichtengesetz]. In particular, responsibilities were defined, a risk management system was established for this purpose and a complaints procedure introduced.

Further information on the VNG Foundation can be found **online**

Performance of VNG’s business areas

1. TRANSPORT

Economic development: In the past financial year 2024, ONTRAS and its subsidiaries made a significant earnings contribution to adjusted EBIT in the higher double-digit millions of euros. Due to a decline in transport revenue and a general increase in costs, however, it was not possible to repeat the previous year’s result in the reporting year. These developments lead to a short-term decline in earnings, but this can be offset in the long term via the regulatory account. Although the reporting year is the second year of the fourth regulatory period, the general sectoral productivity factor (Xgen), and with that, the revenue cap, has not yet been finalised. The year 2024 was also characterised by discussions with the Federal Network Agency on the future regulatory framework for natural gas transport from 2028 (“NEST” process). According to the current KANU definition, the effects of the extended flexibilisation of the imputed useful lives for natural gas transport facilities may already be in effect during the current regulatory period. Depending on the utilisation options for the natural gas infrastructure after 2045, shorter useful lives can be applied. The restriction on new investments from 2023 has been lifted.

Projects for a climate-friendly gas supply: ONTRAS has continued to actively drive forward its hydrogen activities. In July 2024 ONTRAS received formal funding approval for the **doing hydrogen** and **Green Octopus Mitteldeutschland** projects applied for as part of the H_2 Important Projects of Common European Interest (IPCEI) for which it had previously received approval in December 2022 for an early commencement of work. With the approval of the Germany-wide core network by the Federal Network Agency on 22 October 2024, ONTRAS will initially be responsible for the realisation of a total of 604 kilometres of hydrogen pipelines, 495 kilometres of which will be converted natural gas pipelines. The conversion of around 25 kilometres of ONTRAS natural gas pipeline from Bad Lauchstädt to Leuna to transport hydrogen as part of the BMWK-funded Bad Lauchstädt Energy Park is proceeding according to plan. The pipeline has been disconnected from the natural gas system and the necessary reconnections for the further supply of gas have been completed. The hydrogen feed-out plant for TotalEnergies Raffinerie Mitteldeutschland GmbH in Leuna is currently being completed.

With the entry into force of the new regulatory framework for the transport of hydrogen, the cost review documents for the hydrogen core network for the period 2021 to 2025 were submitted to the Federal Network Agency for the first time on 30 June 2024. The documents were subjected to an initial cursory review and approved in part on 21 November 2024. The final detailed review of the costs eligible for approval will be carried out as part of the planned/actual cost comparison in 2026.

2. STORAGE

Economic development: In addition to the seasonal difference in gas prices, which is primarily reflected in the summer-winter spread (SWS), the extrinsic value of storage capacities has become significantly more important since the outbreak of the Russia-Ukraine war due to increased market volatility. This leads to higher achievable mark-ups on the SWS in marketing processes and thus to noticeable added value in addition to the SWS.

You can find more information about our business areas on our **website**

German storage facilities started 2024 at a fill level of approximately 91 percent. Due to another rather mild winter, the fill levels at the storage facilities were still very high at 66 percent on 1 April 2024 at the beginning of the storage year. As a result, all fill level targets were met over the remaining course of the year, and German storage facilities were 98 percent full by the beginning of November 2024. Due to the high storage levels, the SWS for the storage year 2024/25 fluctuated at a high level in a range of €3.70/MWh to €5.50/MWh from November 2023 to the end of July 2024. VGS was able to benefit significantly from this market situation by marketing capacities before the start of the storage year and by marketing some remaining capacities after the start of the storage year for the 2024/25 storage year. The Storage business area generated adjusted EBIT in the low three-digit millions of euros from its business operations in the reporting year.

Development of storage capacities: The capacity of the underground storage facilities was marketed in full in the storage year 2024/25. Investment activities are still partly characterised by capital expenditure on existing assets, with the aim of maintaining and optimising the asset structure in the long term. They also partly relate to the work that continued on the future hydrogen storage facility. This aims to contribute to a more secure, sustainable and economic energy supply for the future. A regular profitability analysis of all storage facilities is carried out, which takes the current changes in the market situation into account. The results have a significant influence on strategic decisions at VGS.

The restoration of the Buchholz underground storage facility is complete. The former company premises were sold and handed over to a regional agricultural business. The Katharina underground storage facility near Bernburg (Saxony-Anhalt), which is operated by EPG, is still being expanded. A further cavern was completed in the reporting year, meaning that only one final cavern is currently under construction.

Sustainable business: As a company operating in the energy sector, VGS is committed to continuous improvement as part of its sustainability strategy launched in 2020 aiming to conduct its business with net zero CO_2 emissions in the medium term. In doing so, the issue of reducing methane emissions is very relevant for VGS. In a first step methane emissions are recorded and reported, and in a second step measures are taken to prevent them. The Company has already been researching energy-efficient storage methods, developing green gas storage products, renaturing dismantled facilities and transferring them to third parties for a new purpose, and has been working to protect nature and biodiversity for many years. In 2020, VGS also introduced climate-neutral storage. As part of the Bad Lauchstädt Energy Park, VGS is installing a calibratable bidirectional gas quantity measurement system together with DBI – Gastechnologisches Institut gGmbH. Completion is planned for summer 2025. In a further phase, the utilisation of an existing cavern for hydrogen storage is planned as part of the Important Project of Common European Interest (IPCEI) “Green Octopus Mitteldeutschland – GO Speicher!”. The funding approval for this project was awarded in 2024, but an FID is still pending.

3. TRADING & SALES

Economic development: The Trading & Sales business area’s earnings continue to be mainly driven by gas sales to large customers and trading activities on the European gas markets. In the 2024 financial year, earnings contributions from portfolio management, the management of storage capacities and supply offerings for customers normalised at an adequate level. As expected, the one-off high earnings potential from the previous year could not be realised again. Security of supply for municipal utilities, redistributors, industrial customers and power plants remained the focus of activities in the reporting year. The procurement portfolio was further diversified with a long-term Norwegian gas supply contract and a medium-term Algerian gas supply contract, with initial delivery volumes in the reporting year replacing the lost Russian volumes. Overall, the Trading & Sales business area generated positive earnings in the low three-digit millions of euros, making a notable contribution to VNG’s total comprehensive income.

Business with end consumers also remains an important source of earnings for VNG. goldgas GmbH (goldgas), which has its registered office in Eschborn, generated adjusted EBIT in the low double-digit millions of euros under continued extremely challenging market conditions in the past financial year. goldgas achieved this with an increased customer base in the electricity and gas business. A prudent cover policy ensured the permanent provision of services for customers. Achieving satisfactory sales prices in the end customer market is challenging, particularly in comparison to the still high purchase prices for electricity and gas. These result from long-term supply contracts.

In the 2024 financial year, VNG's gas sales amounted to

352
billion kWh

Business customer sales in Austria continued the success of the previous year with existing and new customers. B2B sales in the Czech Republic reached the planned level. Procurement and portfolio management for sales customers in those countries is carried out centrally in Germany.

Polish wholesale activities developed above expectations, but did not match the extraordinary result of the previous year. The Polish energy market has some special aspects which mean that the procurement of gas and electricity and portfolio and risk management continue to be carried out locally in Poland. A significant number of customers are supplied using dedicated distribution networks. Following the unbundling of the grid and sales business of the Polish VNG subsidiary in accordance with national and European regulatory requirements, the new sales company G.EN Gaz Energia Sp. z o.o. continues to generate positive earnings contributions in a market that is still partially regulated. The grid business is now managed by G.EN. Operator Sp. z o.o. and can make positive, growing contributions to earnings within the framework of Polish regulation. It was not yet possible to finalise the tax proceedings in connection with a regular tax field audit at HANDEN Sp. Z o.o. (HANDEN).

As part of national and European climate policy, VNG is focusing its trading and sales activities on decarbonised gases in the long term. In the financial year 2023, VNG H&V signed the first German large-volume supply contract for green hydrogen as a consortium partner in the Bad Lauchstädt Energy Park with the joint venture Elektrolyse Mitteldeutschland GmbH. The wind farm was completed in 2024 and work on the electrolyser and pipeline progressed steadily. Together with the Dutch hydrogen company HyCC B.V., VNG H&V and VNG AG are planning to build an electrolyser to produce green hydrogen in Lutherstadt Wittenberg.

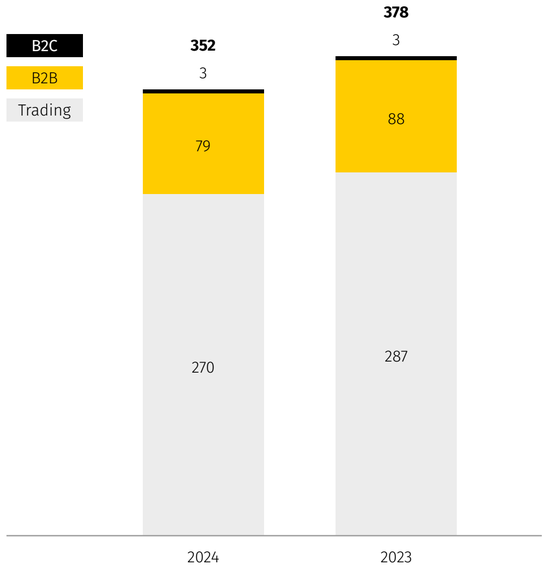
Declarations of intent on the import of green ammonia have been agreed with other Norwegian partners. A declaration of intent also laid the foundation for the import of green hydrogen from Algeria to Italy, Austria and Germany. With the acquisition of bmp greengas GmbH (bmp) in 2024, VNG H&V will also be able to significantly expand its biogas business and offer its customers a broad portfolio of green gases.

Demand for natural gas is expected to remain stable at least until the 2030s, particularly in the core German market. VNG is reorganising its procurement portfolio to ensure the security of supply. In addition to existing import relationships with suppliers from Norway and the Netherlands, new purchasing partnerships are also being driven forward. The first new contract was concluded with an Algerian supplier. Gas deliveries from Algeria already commenced in January 2024. In addition, the possibility of purchasing liquid gas is being negotiated in close co-operation with EnBW.

Development of unit sales and procurement volumes:
In the financial year 2024, VNG's **gas sales** amounted to 352 billion kWh, which was slightly down year-on-year (previous year: 378 billion kWh). While sales to B2C customers (3,005,762 MWh) remained stable, delivery volumes to B2B customers (79,309,253 MWh) fell due to gas savings potential on the customer side and lower demand. The decline in the volume of trading is related to the reduced sales performance, and can be largely attributed to risk and portfolio management activities.

VNG Gas sales

[in billions of kWh][1]



1 Excluding short-term arbitrage transactions

VNG **gas procurement** totalled 354 billion kWh of gas in 2024 (previous year: 378 billion kWh). The loss of supply volumes from Russia from 2022 onwards shifted gas procurements to other bilateral supply agreements with established partners and to trading activities on the European spot and futures markets. The long-standing connections with Norwegian gas producers remained stable.

192
megawatts

generated by VNG with the 42 biogas facilities in Eastern and Northern Germany in 2024.

4. BIOGAS

Portfolio expansion: The Biogas business area has seen further growth in 2024, driven by BALANCE and its subsidiaries. During the reporting year, BALANCE successfully increased the number of biogas facilities it operates to 42 in Eastern and Northern Germany. This development has led to an increase in the installed firing thermal capacity, which now stands at approximately 192 MW.

Economic development: The Biogas business area primarily generates revenue through the sale of processed biomethane to the natural gas network, as well as through marketing the conversion of biogas into electricity and the supply of renewable heat to customers in the vicinity of the biogas facilities. There was a significant fall in biomethane prices for the transport market (GHG reduction quotas) in 2024 compared to the previous year. As a result, the German biomethane market saw the insolvency of a second major biomethane trader in the second half of 2024, leading to further market turbulence. The initial turbulence in the first half of 2024 had been calmed with the conclusion of insolvency proceedings for another major market player. The management of BALANCE's biomethane sales portfolio was therefore subject to very challenging framework parameters. In the electricity market, the biomass package to make biogas plants more flexible and secure follow-up funding was adopted at the end of January 2025. The amendments to the EEG contained therein are intended to incentivise the continued operation of biogas plants for the purpose of on-site electricity generation. In addition to the wholesale energy market, the only relevant factors for the direct marketing of BALANCE's electricity in the short term are capacity-related electricity price fluctuations in daily trading, which supplement the current EEG remuneration. Follow-up funding is being examined internally for BALANCE equipment, and will provide a possible alternative in the medium term. In terms of feedstocks, there was a year-on-year decline in agricultural market-driven substrate prices for cultivated biomass and a significant fall in the price of residues for biomethane production for the GHG quota market.

Overall, the past year was characterised by an uncertain market situation, which was influenced by market turbulence and led to falling biomethane prices. At the same time, however, the actual production costs of biomethane were less volatile, as the main influencing factors in the sales market were not attributable to the biomethane producer market. The Biogas area achieved a break-even adjusted EBIT in this difficult environment. Overall, BALANCE has increasingly placed its operational focus on cost reduction as well as certification, sales and risk management processes in the reporting year, enabling it to respond appropriately to the tight market situation. Strategically, BALANCE is increasingly concentrating on diversifying its biomethane, electricity and heat products. Specific measures relate to the implementation of grid connections to the natural gas network for existing on-site electricity generation plants, the adjustment of the mix of input materials in the overall portfolio, the market-oriented alignment of energy products, and the optimisation of on-site electricity and heat production. All these measures relate to the overall objective of avoiding CO_2 and its economic pricing. In the biogas sector, the focus therefore remains on setting the course for economic, environmental and agricultural policy and stabilising the biomethane market.

5. DIGITAL INFRASTRUCTURE

The consistent growth in demand for data volumes among private and business customers, coupled with the persistent rise in demand for very high bandwidths, is a key driver of the ongoing expansion of fibre optics in Germany. At the same time, it is observable that the operators of telecommunications networks are beginning to consolidate. The main triggers for this are rising inflationary pressure, higher expansion costs and changed conditions on the capital market. At the same time, initial market reactions are emerging in the form of price increases for end customer products such as internet, telephony and TV.

Adjusted EBIT of the Digital Infrastructure business area was stable at slightly below the double-digit millions of euros as at the end of the financial year 2024. The focus of investment in the reporting year was on both the subsidised and self-funded expansion of the FTTX business in Central Germany.

Results of operations, financial position and net assets of the VNG Group

232
EUR mn

is the Group result as at the reporting date of 31/12/2024.

1. OVERALL ASSESSMENT

VNG generated **adjusted EBIT**[1] of €321 million in the financial year 2024, which is, as expected, below the previous year level (previous year: 447 million) but significantly above plan. This means that the operating result has normalised compared to the previous year due to a further calming of the markets and a lower price level overall. All operating business areas contributed to this development with a positive performance. Non-operating EBIT amounted to €30 million (previous year: 26 million) and is largely characterised by a negative goodwill resulting from as a business acquisition. The **Group result** largely follows EBIT; at €232 million (previous year: €380 million) this was, as expected, below the previous year's figure but also significantly above plan. The Group result exceeded the business planning, primarily as a result of the earnings generated by the Storage business area. The Storage business area benefited from higher revenues driven by spreads as a result of advance marketing.

Despite the decline in earnings, **FFO**[2] is almost at the previous year's level, as the Group consolidated earnings in the previous year were characterised by high non-cash effects from the fair value measurement of trading contracts, which were realised in the reporting year. As a result of a transformation-related increase in investment activity in almost all business areas, both **gross and net investments** were higher than in the previous year. The decrease in **net financial debt**[3] is largely due to the decrease in liabilities to banks.

The increase in profit is accompanied by an increase in group equity. The lower market values for gas purchase and gas sale agreements on the assets and liabilities sides of the balance sheet as of the reporting date also led to a lower balance sheet total. As a result, the **equity ratio** rose to 33 percent (previous year: 24 percent). Accordingly, VNG continues to have stable results of operations, financial position and net assets in order to continue implementing its strategy.

VNG's individual **performance indicators** changed as follows:

€ million	**2024**	**2023**
Billed revenue	**16,099**	23,196
Adjusted EBIT	**321**	447
Consolidated profit or loss	**232**	380
FFO	**484**	486
Gross investments	**329**	197
Net investments	**308**	189
Net financial liabilities	**671**	970
Equity ratio (%)	**33**	24

[1] EBIT adjusted for extraordinary and non-recurring effects on income.
[2] Funds from operations, i.e. consolidated profit or loss adjusted for non-cash expenses and income as well as gains/losses from the disposal of fixed assets.
[3] Liabilities to banks plus restricted funds plus other interest-bearing liabilities plus lease liabilities less cash and cash equivalents.

16.1
EUR bn

sales achieved by VNG in the 2024 financial year.

2. RESULTS OF OPERATIONS

The volume of **billed revenue**[4] in the financial year 2024 was approximately €16,099 million, which is €7,097 million lower than in the previous year. Much of revenue still stems from sales of gas and electricity in the Trading & Sales business area. The decrease in billed revenue and billed cost of materials is attributable to the significant decline in market price levels.

The IFRIC Agenda Decision on the "Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9)" stipulates that purchase and supply contracts measured at fair value through profit and loss must be recognised at their spot price on the date of settlement. Therefore, the billed revenue and cost of materials are presented in the consolidated statement of comprehensive income. Adjustments are netted against the other operating result. The application of the Agenda Decision leads to a change in presentation only, and has no impact on EBIT. Income and expenses from short-term arbitration transactions were presented on a net basis.

Other operating income (€472 million) is significantly lower than in the previous year (€741 million). This is due to lower income from the valuation of gas contracts.

Personnel expenses (€163 million) are up on the previous year (€150 million) on account of the increased headcount, particularly in Germany.

Depreciation and amortisation (€119 million) is at the previous year's level and is primarily attributable to the asset-intensive Transport, Storage and Biogas areas.

Other operating expenses of €756 million are significantly higher than in the previous year (previous year: €493 million). This is due to higher expenses from the valuation of gas contracts.

The **investment result** (€30 million) is €10 million lower than in the previous year. The result of companies accounted for using the equity method fell by €26 million in the reporting period. In the previous year there was an offsetting effect from a write-down in the investment result.

The **financial result** (€-37 million, previous year: €26 million) primarily consists of interest expenses from financing loans and from the discounting of provisions. The change compared to the previous year is primarily due to lower amounts of interest income from the reversal of provisions.

Tax expenses (€81 million) comprise ongoing tax expenses of €88 million and income from deferred taxes of €7 million.

[4] Prior to the application of the IFRIC Agenda Decision regarding IFRS 9.

3. FINANCIAL POSITION

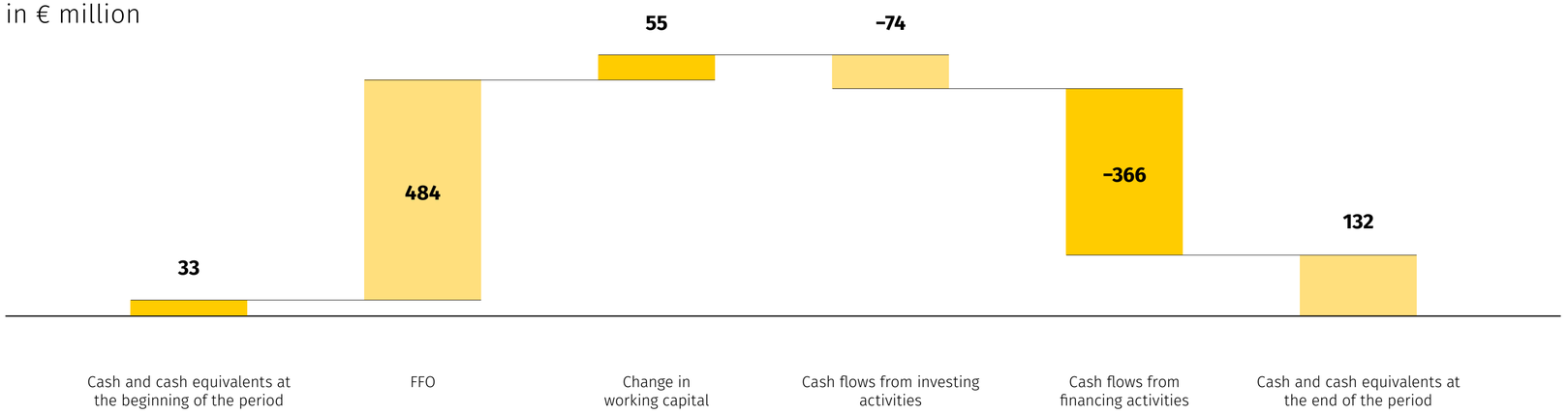
Despite the decline in earnings, **FFO** is almost at the previous year's level, as the Group consolidated earnings in the previous year were characterised by a high level of non-cash effects from the fair value measurement of trading contracts which were realised in the reporting year. The **changes in working capital** (€55 million) had a further positive impact on cash flows from operating activities.

Net cash flows from **investing activities** amount to €-74 million. This includes cash outflows for investments amounting to €163 million, at the same level as in the previous year (€176 million), which primarily relate to investments made in the Transport and Biogas areas. This is offset by cash inflows from divestments of €55 million, a slight increase compared to the previous year. The cash flows from investing activities includes dividends received (€26 million; previous year: €34 million) and interest received (€8 million; previous year: €18 million).

Financing activities resulted in net cash outflows of €366 million in the financial year (previous year: cash inflows of €431 million). VNG made net repayments of financial liabilities to external financing partners totalling €281 million (previous year: new borrowings of €481 million). In addition, cash flows from financing activities were impacted by the repayment of lease liabilities amounting to €15 million (previous year: €14 million). Interest payments amounting to €30 million (previous year: €36 million) were made. In the financial year 2024, a dividend of €40 million was paid to VNG AG's shareholders for the financial year 2023 (previous year: €0 million).

After taking into account changes due to movements on exchange rates and changes in the scope of consolidation (€0 million; previous year: €1 million), there has been an increase in **cash and cash equivalents** from €33 million to €132 million. VNG was solvent at all times. The Group had unused credit lines of €1,727 million at 31 December 2024 (previous year: €1,326 million). There were also investment obligations amounting to €83 million as at the reporting date (previous year: €79 million), most of which will be financed from internal sources and with the use of existing credit lines.

Development of cash flows at VNG 2024
in € million



4. NET ASSETS

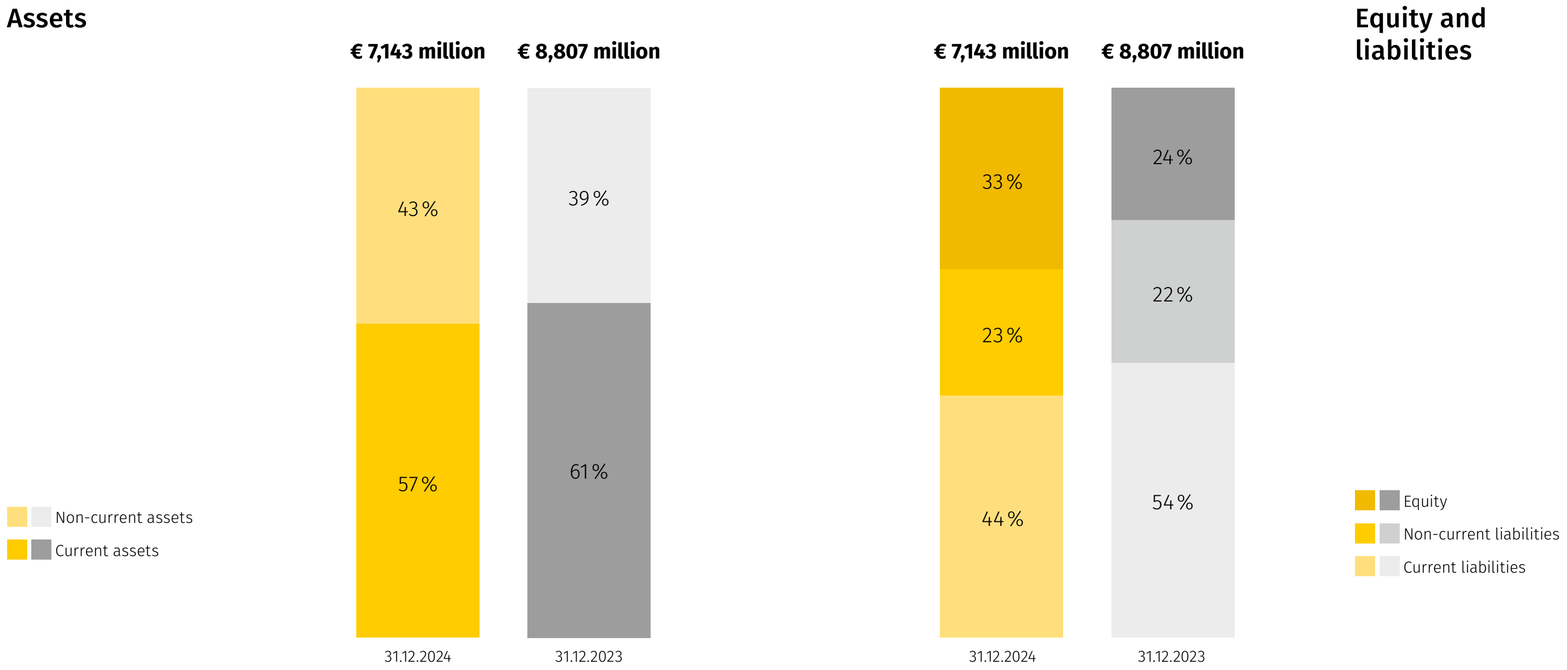
VNG's **balance sheet structure** changed as follows in comparison to the previous year (see chart below).

The **balance sheet total** fell by €1,664 million compared to the previous year. On the one hand, the decrease in **current assets and liabilities** is characterised by current movements in market conditions that led to lower market values for the gas sale and purchase agreements reported as derivative financial instruments.

On the other hand, there was an offsetting effect from the significant increase in reported inventories reported within current assets resulting from the trends in the spot prices of inventories in addition to the increase in the physical volume of inventories.

Non-current assets and liabilities also fell compared to the previous year, largely as a result of the fall in market values of gas sale and purchase agreements. This is reflected in the change in derivative financial instruments.

At 33 percent, the **equity ratio** is higher than in the previous year due to the lower balance sheet total and the improved consolidated result for the period.



Opportunity and risk report

1. RISK MANAGEMENT SYSTEM

VNG has an integrated risk management system that integrates all business areas and group entities. This system is used to ensure the constant maintenance of a balance between opportunities and risks at VNG, the risk-bearing capacity of VNG, and thus its ability to continue as a going concern. The total risk is managed on the basis of having sufficient risk cover in place if a risk occurs. As well as measuring and monitoring risks on an ongoing basis, a comprehensive annual risk inventory is carried out in which VNG-relevant risks and opportunities of all group entities are systematically recorded, assessed and measured in terms of deviations from the corresponding forecast earnings. In addition, significant opportunities and risks are updated twice annually. In addition to the regular risk assessment methods, an ad hoc risk reporting system based on defined thresholds is in place that identifies significant deviations from plans at an early stage, and in so doing promptly highlights changes in the opportunity/risk portfolio. The effectiveness of the risk management system is examined regularly by the internal audit function.

2. OPERATING OPPORTUNITIES AND RISKS

VNG has put itself on a broad footing with its core business areas relating to natural gas as a product, and is also exploiting new potential opportunities unrelated to natural gas as part of its “VNG 2030⁺” strategy, including through acquisitions. This positioning diversifies the Group’s risks, and also allows it to take advantage of opportunities in an extremely dynamic market. Based on the forecast results, the risk/reward profile for 2025 is largely balanced.

The significant opportunities and risks are driven by market prices. This primarily relates to ongoing price fluctuations on the commodity markets in the trading and biogas sectors. There are also opportunities and risks for the storage area in the spread developments. Further significant opportunities and risks stem from the regulatory environment. Apart from the general risks of business, there are currently no apparent risks with the potential to lastingly and significantly impact VNG’s results of operations, financial position and net assets.

Since the reporting year, an intensified review of existing and identification of new opportunities and risks with ESG relevance has been carried out in order to prepare the basis for CSRD reporting and its double materiality analysis.

Transport business area: The business performance of ONTRAS continues to depend primarily on the regulatory framework and the permissible revenue cap associated with it. The Federal Network Agency sets the equity interest rate for existing and new facilities in each regulation period based on historical rates.

ONTRAS also takes advantage of opportunities to provide services in the non-regulated energy infrastructure sector. With respect to the energy policy challenge of a CO_2-neutral future for energy, there is a significant opportunity for the continued use of Germany’s gas infrastructure as part of a gradual transition from natural gas to renewable gases. ONTRAS’ current activities to establish a hydrogen starter network for Eastern Germany, as part of the Germany-wide hydrogen core network, represent an important step in this direction. The creation of a stable and reliable regulatory framework is a decisive factor in achieving this objective.

The coupling of the electricity, heating market, mobility and industrial sectors makes it possible to develop an economically viable and cost-effective solution that involves the gas infrastructure. Accordingly, ONTRAS is actively working on the process of transformation to a climate-neutral gas supply by 2045. As part of this process, ONTRAS is committed to an ongoing programme of carrying out essential renovation and modernisation work on its technical facilities. This is

You can find more information about our business areas on our **website**

done to ensure the reliability of the existing network. It also ensures the supply of gas to downstream networks and end consumers in line with contractual commitments. The transmission network and its corresponding facilities were once again technically secure and available at all times in the financial year 2024. The risks for 2025 continue to be largely limited to the operation of technical facilities.

Storage business area: The volatility of market price trends and the changing regulatory environment continue to present significant opportunities and risks for the future marketing of storage capacities and the resulting revenue that can be generated. For example, the summer-winter spread for the 2025/26 storage year has been significantly negative in some cases since November 2024, which is likely to make marketing efforts difficult when offering available storage capacities.

The intensity of competition with other flexibility products means that the proportion of storage bookings at short notice remains high. The loss of the majority of Russian gas supply contracts in Europe, which in the past were key sources of flexibility, continues to increase the value of natural gas storage facilities. At the same time, however, the increasing LNG capacities are slowing this development. In addition, the requirements of the German Gas Storage Act [Gasspeichergesetz] reduce the flexibility in the management of storage facilities and thus the opportunities in marketing. Opportunities and risks arising from the entire share capital of EPG have been fully integrated into the risk inventory.

Substantial demand for storage capacity is also anticipated in the long term in view of the challenges associated with creating a carbon-neutral future for energy. Under certain circumstances, the existing infrastructure may be used to store renewable energy in the form of green gases. This is to be investigated and tested with project partners for green hydrogen as a fuel as part of the Bad Lauchstädt Energy Park regulatory sandbox.

The volatility of market price trends creates uncertainty for the future marketing of storage capacity and the revenue that can be generated from it. There are opportunities from increases in marketing prices in particular. VGS addresses the competitive environment with product innovation, targeted investment decisions, the potential decommissioning of inefficient and unprofitable storage facilities, and measures to improve efficiency and promote automation. Cost structures have already been optimised in response to the current demand situation. Ongoing maintenance and monitoring of underground gas storage facilities are carried out on the basis of technical regulations and internal company rules. Regular condition assessments for all surface and underground facilities ensure a high technological and mining law safety standard. High standards of quality are also ensured with the use of annual training plans for the ongoing qualification of VGS employees and service providers, as well as regular internal and external audits. VGS is certified in accordance with the requirements of ISO 9001, ISO 14001 and ISO 45001 for its integrated management system with certifications for quality, environmental, and occupational health and safety management matters.

Trading & Sales business area: The activities of VNG's Trading & Sales business area present opportunities and risks driven by price fluctuations on the commodity markets in particular. A key risk factor is the high volatility of prices on the wholesale market. Price differences between the European gas trading centres and between seasonal forward products are also sources of opportunities and risks. Trading performance can also be significantly affected by temperatures, particularly in the winter period. The positions in purchase and sale agreements are combined to form an overall portfolio, which is subject to constant monitoring and management. In addition to the portfolio's natural hedging effects, specific hedging strategies are used to limit the effects of negative changes in earnings that take the relevant risk factors into consideration and may also include derivative financial instruments. Trading activities are carried out in accordance with specific risk and loss limits for the operating business. Based on the forecast results, risks will slightly outweigh opportunities in 2025. The maximum total deviation in earnings as a result of the risk factors already mentioned is in the double-digit millions of euros.

VNG's Trading & Sales area has a structurally diversified procurement portfolio that is aligned with the market. The existing contracts primarily serve to cover the sales position. Some of the procurement contracts are concluded via stock exchanges. This goes hand in hand with corresponding capital requirements, but at the same time reduces potential credit risks. On the sales side, VNG's Trading & Sales area is dedicated to the continuous development of new products and the exploration of additional sales channels within the traditional wholesale business. VNG Trading & Sales also takes the opportunities presented by the market and by spot and futures trading to optimise its overall portfolio.

Significant credit risks result from natural gas supply and trading contracts with German and international business partners as well as from agreed financial instruments to hedge currency and commodity price risk positions. The credit ratings of business partners (customers, suppliers,

trading partners and financial institutions) are evaluated and continuously monitored on the basis of the information available as well as procedures that are customary for the market as part of the Group's established credit risk management system. The usual hedging instruments (including guarantees or upfront payments) are used to manage credit risks. The customer portfolio is also largely covered against default by loan default insurance.

VNG is subject to energy and financial market regulation. Appropriate IT systems have been installed in order to meet the requirements of MiFID II (Markets in Financial Instruments Directive), MAR (Market Abuse Regulation) and REMIT (Regulation on Energy Market Integrity and Transparency).

bmp, which was acquired in the reporting year, complements VNG Trading & Sales activities in the biogas sector with corresponding opportunities and risks. bmp is subject to the applicable VNG requirements for risk management processes and systems.

The end consumer supplier goldgas operates in a challenging competitive environment with low margins and the continued effects of higher procurement costs. If there are price adjustment measures or market prices remain low, this could have a negative impact on the customer base and unit sales. At the same time goldgas sees opportunities in connection with new distribution channels, the ongoing optimisation of processes, and services relating to the energy sector.

Biogas business area: This risk profile of the Biogas business area is influenced, among other things, by the decentralised nature of the investment portfolio. Regional weather-related risks are managed centrally by the substrate management department. The growth of BALANCE and parallel development of the portfolio continue to place significant demands on the organisation. The business area is operating in an increasingly challenging market environment in view of the current prices for GHG reduction quotas. Here, the amendment to the 38th Regulation on the Implementation of the Federal Emissions Protection Act [Verordnung zur Durchführung des Bundes-Immissionsschutzgesetzes, BImSchV] can contribute to price stabilisation over the next two years. However, a long-term solution still needs to be found for the years that follow from 2027 in order to permanently stabilise the German biogas market as a whole, and to exploit the opportunities that arise from the potential role of biogas for the transport sector as part of the energy transition and the decarbonisation that this aims to achieve.

Digital Infrastructure business area: The expansion of the fibre optic network in Germany is being driven by increasing competition for attractive expansion regions and customers as a result of growing public interest, political activities and steadily rising demand. The biggest opportunities and risks in the FTTX area therefore lie in the acquisition of attractive regions, the timely finishing of projects – in particular in view of the shortage of skilled labour and the limited availability of materials – and in future customer loyalty and price developments. There are also opportunities in the marketing of reserves in the FTTX networks as dark fibre[1] to third parties and in internet-related services with existing customers.

Fibre optic services include project business in addition to long-term and regularly recurring service and maintenance agreements. In addition to general risks such as fulfilment and performance obligations and IT security, the project business in particular, depending on the enterprise and business activity, is subject to the economic situation in the telecommunications and energy supply sector. It is therefore dependent on sector-specific and macroeconomic developments. Increasing digitalisation, which is also particularly relevant for energy suppliers with regard to the energy transition and new energy networks, is a key opportunity for the area of fibre optic services, in addition to the expansion of the fibre optic network. The future developments is dependent on winning new projects and additional customers.

3. OVERALL ASSESSMENT OF THE RISK SITUATION

The overall risk situation is assessed on the basis of a risk-bearing capacity concept and a deviation analysis of key performance indicators. Risk-bearing capacity describes a company's ability to financially cope with risks that occur, and therefore to avoid developments that threaten its ability to continue as a going concern. This can therefore be described as adequate if it has sufficient potential to cover risks if they occur. Risk cover potential includes capital to cover risks to earnings, which is defined as balance sheet equity, and capital to cover risks to liquidity, which is defined

[1] The term 'dark fibre' refers to unused fibre-optic cables.

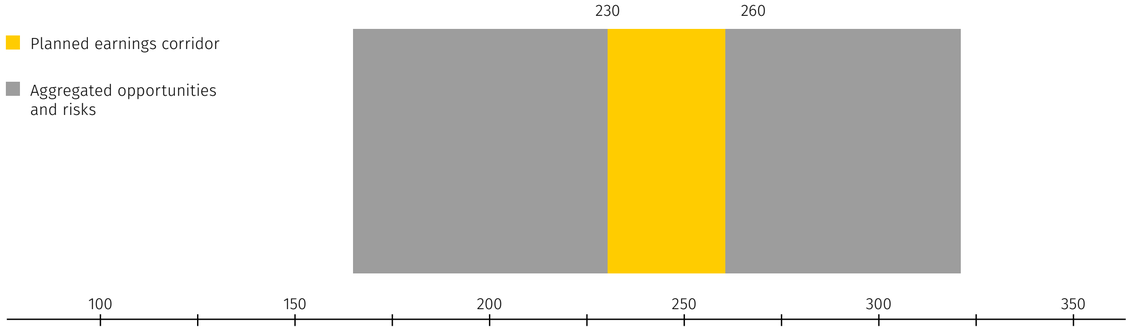
as the available financial framework. The potential loss in terms of profit (99 percent worst case) and the potential impact on liquidity (99 percent worst case) are calculated for the medium-term planning horizon using a Monte Carlo simulation, and compared with the risk cover capital. Based on this analysis of risk-bearing capacity, VNG's overall risk situation is not thought to pose a risk to its ability to continue as a going concern.

Opportunities and risks may also influence VNG's key performance indicators. The chart below shows the effects on adjusted EBIT for the financial year 2025 (figures stated in millions of euros), which are largely attributable to the continued volatile market prices. Based on a deviation analysis of the key performance indicators, the overall level of risk is considered to be appropriate.

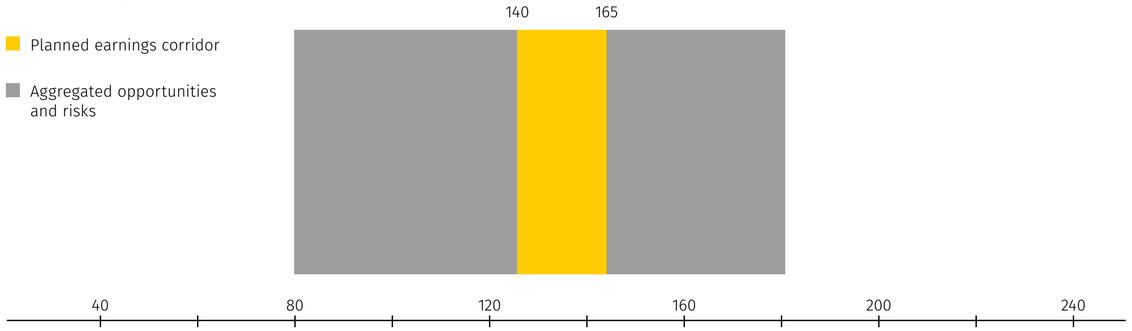
Opportunities and risks can also have an impact on the key performance indicators of VNG AG. The effects on the planned annual result for the 2025 financial year are shown in the following chart (in € million).

VNG is continuing to monitor the ongoing political and economic developments extremely closely, and is developing measures in particular in order to minimise negative effects from these developments. However, on account of the fluid situation, assumptions could change at any time. On the whole, there are currently no going concern risks within these considerations, taking the risks into account on both a gross as well as a net basis.

Adjusted EBIT 2025
in € million



Profit for the year 2025
in € million



4. COMPLIANCE MANAGEMENT SYSTEM

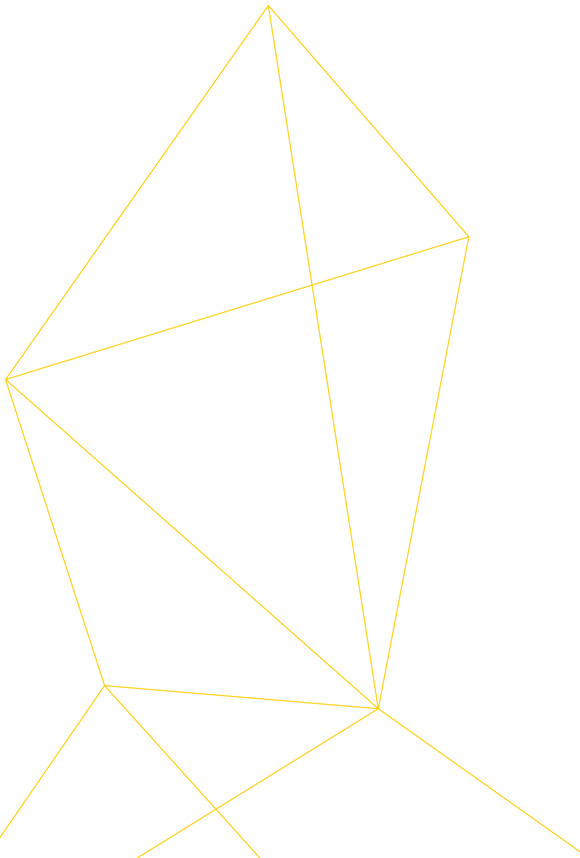
VNG has a group-wide compliance management system (CMS) that is aimed at ensuring that all employees act in accordance with the law and with integrity in order to avoid jeopardising the confidence of customers, business partners, shareholders and the general public. It includes all the core elements of an appropriate and effective CMS. An external review of the appropriateness of the CMS was initiated in 2023 and continued in 2024. The review is expected to be completed at the beginning of 2025.

As an extension of the existing CMS, VNG implemented a Tax CMS for income tax, VAT and excise tax for German subsidiaries whose accounting is handled by VNG AG. It serves to identify risks of significant breaches of tax regulations in the Company in good time, and to prevent breaches using targeted measures. An audit firm performed an audit on and issued a certification for the adequacy and effectiveness of the Tax CMS for income tax and VAT in 2021 and the adequacy and effectiveness of the system for excise tax (energy and electricity tax) in 2023. In addition, the Tax CMS for income tax and VAT was subject to a successful audit by the internal audit function in 2023.

5. FINANCIAL RISK MANAGEMENT

VNG is, above all, exposed to risks relating to changes in commodity prices, exchange rates and interest rates, as well as credit risks. The Group's fundamentally conservative approach is reflected in its systematic financial risk management. Front-office and back-office functions, and financial risk management, are kept organisationally separate from each other.

The standard derivative financial instruments used by the treasury department are only used to hedge existing risks associated with the underlying transactions. Futures are used by the trading companies to manage price risks associated with gas purchase and gas sale agreements, as well as for own-account trading. VNG uses statistical risk parameters to measure and monitor these risks daily, and limits the potential changes in the present value of the trading portfolio. All of the Group's currency exposures are concentrated with the parent company and hedged in full, if possible. Contracts with group entities based outside the euro zone are, as a rule, entered into in the domestic currencies of those entities. The hedging instruments used are primarily forward exchange transactions and natural portfolio hedging effects. VNG practices active interest risk management involving the regular evaluation of all interest rate risks, which are also managed using derivative financial instruments. Solvency is guaranteed at all times by maintaining sufficient reserves of cash and cash equivalents in the form of guaranteed lines of credit, and also by optimising the allocation of liquidity within the Group. The peak financing requirements in future are determined on a regular basis using rolling liquidity planning covering periods of several years. As at the reporting date, these are covered by sufficient sources of financing at all times, even in the risk scenarios.



Forecast report

VNG GROUP

The 2024 financial year was characterised by a calming of the gas market, in which it was challenging for VNG to build on the previous year's high operating result and achieve its ambitious targets. There were fewer market opportunities for the Trading & Sales business area in particular. However, this was offset by one-off positive effects resulting from previous years. The Biogas and Transport areas were also characterised by unfavourable market developments. However, due to high storage levels, a good marketing strategy and the complete integration of EPG, the Storage business area was still able to benefit from the favourable market situation of previous years and thus achieve an extraordinarily positive result, which more than compensated for the negative effects of the other business areas. Falling energy prices also supported the cost side of the energy-intensive business areas of Transport, Storage and Biogas. Adjusted EBIT for 2024 is therefore at a comparatively high level and is significantly higher than originally planned. Although non-repeatable effects, and in particular the decline in summer-winter spreads, suggest a lower result for 2025, this will still be significantly higher than the level before the outbreak of the gas crisis in 2022. Similar to 2024, VNG is planning to achieve adjusted EBIT of between €230 million and €260 million in 2025, as well as consolidated profit of between €130 million and €150 million. Earnings in the Transport business area are expected to be higher in 2025 than in 2024, primarily due to returns from new investments.

In the Storage business area, the current sharp fall in summer-winter spreads for the 2025/26 storage year will lead to a significantly lower result. The Trading & Sales business area was able to achieve its ambitious earnings target in the past year due to non-recurring effects. A significantly lower earnings level is expected for 2025 in view of the non-recurring effects in the previous year. One focus for trading will also be on developing new sources of supply and diversifying with new business cases. Here, the end consumer business continues to be an important source of income in the German, Polish, Austrian and Italian target markets. The Biogas area was hit hard by the fall in biomethane prices in the previous year. Although there are no signs of a recovery in prices in the short term, the development of individual power generation plants into more profitable biomethane feed-in plants nevertheless suggests an improvement in earnings. Further inorganic growth is also planned, but this is heavily dependent on a new investor and will not yet have a significant impact on earnings in 2025. The Digital Infrastructure business area performed particularly well, in particular GasLINE, in which the Group has a minority holding. In 2025, the earnings are expected to be lower once again, at a normal level.

Net financial debt is anticipated to be lower in 2025 due to the Company's own internal financing capacity being almost balanced and to falling levels of tied-up working capital. However, as in the past, movements in working capital in the trading business and its measurement as at the reporting date may be subject to severe fluctuation, and therefore may also have a significant impact not only on net debt, but also on the balance sheet total and the Group's equity ratio. In addition, a capital repayment is being considered for 2025. Such a repayment would in turn burden debt levels. Gross investments in 2025 are expected to remain at the level seen in the reporting year. FFO was characterised by the good level of earnings in 2024. In 2025, FFO is expected to be lower than in the reporting year, in line with EBIT development. Overall, VNG considers itself to be in a very good position for the financial year 2025.

Declaration pursuant to Section 312 of the German Stock Corporation Act [Aktiengesetz]

The Executive Board of VNG AG has prepared a report on relationships with affiliated companies for the period from 1 January to 31 December 2024, which contains the following closing declaration:

“We declare that VNG AG, Leipzig received appropriate consideration for each of the legal transactions and measures listed in the report on relationships with affiliated companies in the period from 1 January to 31 December 2024 and the preceding years according to the circumstances known to us at the time the legal transactions were carried out and the measures were taken, and that direct and indirect subsidiaries were not disadvantaged by the measures initiated by EnBW and VNG AG.”

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss

FROM 1 JANUARY TO 31 DECEMBER 2024

Consolidated statement of profit or loss for the period from 1 January to 31 December 2024	**1.1. to 31.12.2024**	**1.1. to 31.12.2023**
	€ million	€ million
Billed revenue	**16,099.2**	23,196.0
Restatement due to IFRIC Agenda Decision on IFRS 9	-2,513.1	-6,726.0
Revenue pursuant to IFRS	**13,586.1**	16,470.0
Changes in inventories	5.6	4.1
Other own work capitalised	9.6	7.2
Other operating income	471.6	741.0
Cost of materials billed	**-14,980.2**	-22,906.1
Restatement due to IFRIC Agenda Decision on IFRS 9	2,264.8	6,753.8
Cost of materials pursuant to IFRS	**-12,715.4**	-16,152.3
Personnel expenses	-162.8	-149.6
Depreciation and amortisation	-118.5	-115.8
Other operating expenses	-756.0	-370.7
Investment result	30.0	39.6
Financial result	-36.5	25.5
Income taxes	-81.3	-119.5
Consolidated profit or loss	**232.4**	379.5

Consolidated balance sheet

AS AT 31 DECEMBER 2024

Consolidated balance sheet as at 31 December 2024	**31.12.24**	**31.12.23**
	€ million	€ million
Assets	**7,143.3**	8,807.0
Non-current assets	**3,086.8**	3,441.8
Intangible assets	25.9	32.3
Property, plant and equipment	2,130.9	2,016.4
Entities accounted for using the equity method and other financial assets	331.9	283.4
Derivative financial instruments	582.1	1,094.3
Other non-current assets	9.3	7.7
Deferred taxes	6.7	7.7
Current assets	**4,056.5**	5,365.2
Inventories	986.0	516.1
Financial assets	0.5	11.2
Trade receivables	678.1	680.2
Derivative financial instruments	1,879.9	3,718.7
Other current assets	380.4	406.5
Cash and cash equivalents	131.6	32.5

Consolidated balance sheet as at 31 December 2024	**31.12.24**	**31.12.23**
	€ million	€ million
Equity and liabilities	**7,143.3**	8,807.0
Equity	**2,334.2**	2,140.8
Issued capital	452.7	452.7
Retained earnings	1,641.5	1,301.9
Group profit or loss for the year	232.4	379.5
Cumulative changes in other comprehensive income	7.6	6.7
Non-current liabilities	**1,643.2**	1,946.3
Provisions	394.1	365.2
Deferred taxes	89.8	96.9
Financial liabilities	523.3	500.1
Trade payables	0.0	0.9
Derivative financial instruments	620.5	970.1
Other liabilities and subsidies	15.5	13.1
Current liabilities	**3,165.9**	4,719.9
Provisions	218.7	73.1
Financial liabilities	201.0	503.9
Trade payables	648.4	731.5
Derivative financial instruments	1,857.0	3,264.1
Other liabilities and subsidies	240.8	147.3

Other disclosures

COMPOSITION OF VNG AG'S EXECUTIVE BOARD

Ulf Heitmüller	Chairman of the Executive Board
Hans-Joachim Polk	Member of the Executive Board, Infrastructure & Technical Affairs
Bodo Rodestock	Member of the Executive Board, Finance & Human Affairs

COMPOSITION OF VNG AG'S SUPERVISORY BOARD

Dirk Güsewell	Chairman Member of the Board of Management of EnBW Energie Baden-Württemberg AG | Chief Operating Officer for System Critical Infrastructure and Customers
Dr. Frank Brinkmann	1st Vice-Chairman Chairman of the Board of SachsenEnergie AG
Christina Ledong	2nd Vice-Chair Chair of the joint works council of VNG AG, ONTRAS Gastransport GmbH, VNG Gasspeicher GmbH and VNG Handel & Vertrieb GmbH
Markus Baumgärtner	Head of value chain natural gas of EnBW Energie Baden-Württemberg AG
Tobias Dittrich	Senior Business Expert Asset-Management of VNG Handel & Vertrieb GmbH
Sascha Enderle	Head of Digital Finance & Transformation of EnBW Energie Baden-Württemberg AG
Prof. Dr. Martin Fleckenstein	Independent consultant
Hans-Peter Floren	Executive Director of FLORENGY AG
Monty Heßler	Unified Communications System Specialist of GDMcom GmbH
Peter Heydecker	Member of the Executive Board of EnBW Energie Baden-Württemberg AG | Chief Operating Officer for Sustainable Energy Infrastructure
Markus Hoffmann (from 29 January 2025)	Key Account Manager at VNG Handel & Vertrieb GmbH
Prof. Dr.-Ing. habil. Antonio Hurtado	Institute of Process Engineering and Environmental Technology at the Technische Universität Dresden and President of the Dresden International University (DIU)
Hartmut Kremling	Consultant engineer
Karsten Rogall	Managing Director of LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH
Gunda Röstel	Managing Director of Stadtentwässerung Dresden GmbH
Katja Schmied	Order and Project Accounting Officer of ONTRAS Gastransport GmbH
Dr. Benno Seebach	Head of Capacity Planning of ONTRAS Gastransport GmbH
Oliver Simonek (from 13 November 2024)	Managing Director of OEW Energie-Beteiligungs GmbH
Liv Monica Stubholt	Partner at Selmer AS
Sebastian Thamm	Specialist M&A Wholesale at VNG AG
Dr. Bernd-Michael Zinow	Head of law, audit, compliance & regulation functional unit of EnBW Energie Baden-Württemberg AG

Former members of the Supervisory Board

Barbara Endriss (until 31 October 2024)	Managing Director of OEW Energie-Beteiligungs GmbH
Christina Fenin (until 31 December 2024)	Key person for technical cooperations of VNG Gasspeicher GmbH

Consolidated companies

FULLY CONSOLIDATED ENTITIES

Overview of the fully consolidated entities:

Shareholding (%)	Name and registered offices of the entity
Transport business area	
100.00	ONTRAS Gastransport GmbH, Leipzig
Storage business area	
100.00	Erdgasspeicher Peissen GmbH, Bernburg (Saale)
100.00	VNG Gasspeicher GmbH, Leipzig
100.00	VNG Gasspeicher Service GmbH, Leipzig
Trading & Sales business area	
Trading segment	
100.00	bmp greengas GmbH, Munich (from 14 March 2024)
100.00	ENERGIEUNION GmbH, Schwerin
100.00	VNG Handel & Vertrieb GmbH, Leipzig
Domestic sales segment	
100.00	goldgas GmbH, Eschborn
Foreign sales segment	
100.00	G.EN Gaz Energia Sp. z o.o., Warsaw, Poland
100.00	G.EN. Operator Sp. z o.o., Tarnowo Podgórne, Poland
100.00	goldgas GmbH, Vienna, Austria
100.00	HANDEN Sp. z o.o., Warschau, Poland
100.00	VNG Austria GmbH, Gleisdorf, Austria
100.00	VNG Energie Czech s.r.o., Prague, Czech Republic

Shareholding (%)	Name and registered offices of the entity
Biogas business area	
100.00	BALANCE Beteiligungsmanagement GmbH & Co. KG, Leipzig (from 17 December 2024)
100.00	BALANCE Erneuerbare Energien GmbH, Leipzig
100.00	Biogas Produktion Altmark GmbH, Leipzig
Group Centre business area	
100.00	VNG AG, Leipzig
100.00	VNG-Erdgascommerz GmbH, Leipzig
Digital Infrastructure business area	
100.00	Gas-Union GmbH, Frankfurt am Main[1]
100.00	GDMcom GmbH, Leipzig
100.00	GEOMAGIC GmbH, Leipzig

1 Gas-Union GmbH holds treasury shares of 1.85 percent.

Independent auditor’s report

To VNG AG, Leipzig

AUDIT OPINIONS

We have audited the consolidated financial statements of VNG AG, Leipzig, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information.

In addition, we have audited the combined management report of VNG AG for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the "OTHER INFORMATION" section.

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 IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereafter “IFRS Accounting Standards”) as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and

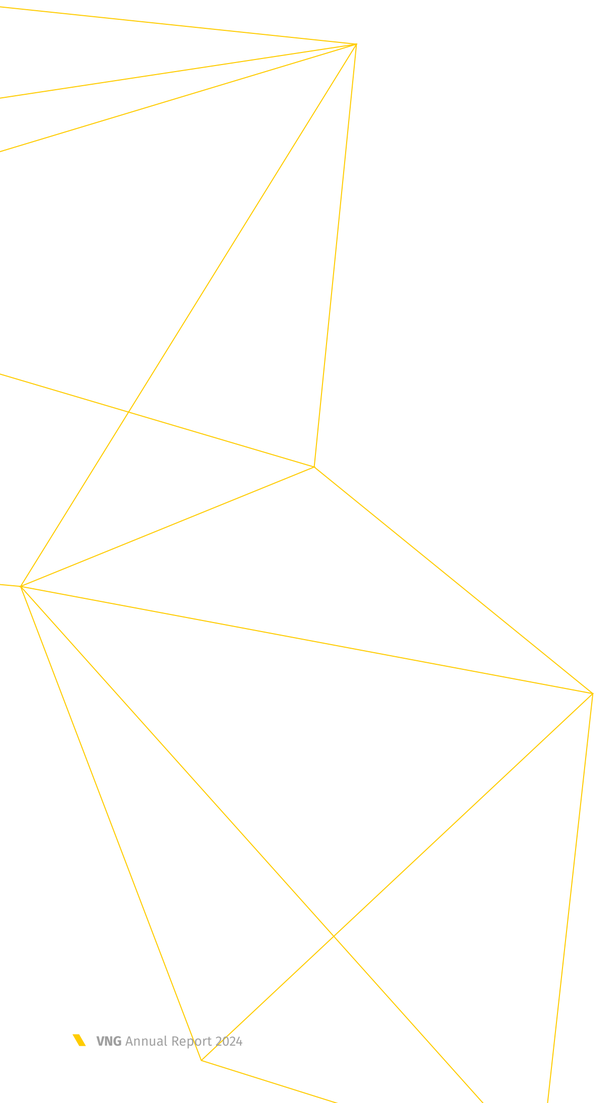
- the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the contents of the parts of the combined management report listed in the "OTHER INFORMATION" section.

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

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined 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 COMBINED 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 combined management report.

OTHER INFORMATION

The Executive Directors and/or the Supervisory Board are responsible for the other information. The other information comprises the declaration on corporate governance, which is published separately, to which reference is made in section C.1. “Changes in headcount” in the combined management report.

Our audit opinions on the consolidated financial statements and the combined management report do not cover the other information, and consequently we do not express an audit opinion nor any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

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

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The Executive Directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements in compliance with these requirements 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 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, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Directors are responsible for the preparation of the combined 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 combined 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 combined 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 combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED 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 combined 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 opinions on the consolidated financial statements and on the combined 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 combined management report.

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

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined 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 the internal controls or these arrangements and measures.

- 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 combined 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 the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.

- plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming the audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined 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 combined 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 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 controls that we identify during our audit.

Leipzig, 27 March 2025

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Dirks
Wirtschaftsprüfer
[German Public Auditor]

gez. Sachs
Wirtschaftsprüfer
[German Public Auditor]

SERVICE

Glossary

Biogas	Gas produced during the fermentation of biomass. It can be used in CHP plants for local electricity generation or reconditioned to natural gas quality. The resulting biomethane can then be fed into the natural gas network.
Biomethane, also known as bio natural gas	Renewable biogas with a high methane content suitable for feeding into the natural gas grid.
Blue hydrogen	Hydrogen, the production of which from methane releases no CO_2 into the atmosphere. The CO_2 emitted during the reforming of conventional natural gas can be captured and stored in geological structures (called CO_2 storage) or used to produce synthetic methane.
CCUS, Carbon Capture Use and Storage:	Describes technologies and processes that involve the capture, transport and permanent storage of CO_2 or its further processing in industrial products such as carbon-based fuels, carbonated water or chemicals.
Cracker	An ammonia cracker is a system that is used to produce hydrogen. The process is based on the thermal decomposition of ammonia (NH_3) to hydrogen (H_2) and nitrogen (N_2). Ammonia crackers play an important role in the hydrogen economy as they offer an efficient and sustainable method of producing hydrogen.
Steam reforming	Steam reforming is a cost- and energy-efficient process for the production of hydrogen from fossil energy sources, such as natural gas, benzine, methanol, biogas or biomass, with the addition of steam.
Decarbonisation	Decarbonisation is the reduction of carbon dioxide emissions through the use of low-carbon energy sources (including renewable energies), which results in lower emissions of greenhouse gases into the atmosphere.
Decarbonised gases	The term “decarbonised and renewable gases” refers to all energy sources that are available in gaseous form or in liquefied form from gases that no longer contain carbon and/or were obtained from renewable energies. They make a significant contribution to the fulfilment of climate targets.
Decarbonised hydrogen	Blue hydrogen is low in emissions and is therefore also referred to as “decarbonised hydrogen”. The CO_2 released during production is captured and stored or directly processed industrially.
Defossilisation	Defossilisation in the energy market refers to the transition away from fossil fuels such as coal, oil and natural gas to renewable energy sources such as solar and wind energy as well as biogas and hydrogen.
Electrolysis	“Electrolysis” refers to the splitting of a chemical compound through the use of an electric current. Electrolysis therefore separates the substances contained in the compound.
Electrolyser	The electrolyser is one of the essential hydrogen technologies in a hydrogen economy. It is used to split water into its components hydrogen and oxygen. Electrolysis is therefore the reverse reaction of the fuel cell.
Rated thermal output	The rated thermal output is the maximum fuel energy that can be supplied simultaneously to a combustion unit, based on the lower calorific value. The type of fuel used is irrelevant.
FTTX projects	FTTX stands for “Fibre to the X” and describes the expansion depth of fibre optic networks. Designations such as FTTB, FTTC or FTTH give an indication of how the fibre optic line is extended over the last mile, e.g. to the pavement or directly into the home.
Glass fibre backbone	Backbones are the high-performance core networks on which the internet is based. These base networks connect the individual sub-networks of the regions and enable global data exchange.
Grey hydrogen	Hydrogen obtained from natural gas by steam reforming, during the production of which CO_2 is emitted into the atmosphere.

Glossary

Green hydrogen	Climate-neutral gas produced using power-to-gas or electrolysis processes. During production, water is split into hydrogen and oxygen using electrical energy. The hydrogen produced in this way is designated as “green” provided that a certain proportion of the electricity used is generated from renewable energy.
IPCEI (project proposal)	IPCEI stands for “Important Project of Common European Interest”. These are important projects of common European interest that receive state funding and thus make an important contribution to the growth, employment and competitiveness of European industry and the economy.
Cavern storage	Cavern storage facilities are large, artificially created cavities in massive underground salt formations, such as salt domes. The physical properties of the salt formations mean that the caverns are naturally sealed as the surrounding salt forms a gas-impermeable barrier. In addition to natural gas, hydrogen can also be stored here.
LNG, Liquid Natural Gas	Liquefied natural gas that can be used as a fuel, e.g. in shipping and for truck transport.
LTI	Lost-time incident, accident at work resulting in lost time
Open-season procedure	An open-season procedure is a process in the energy sector to regulate and optimise the demand for transport capacity in pipelines or storage capacity in storage infrastructure. During this process, companies or organisations announce their interest in using this capacity.
Power-to-gas	Innovative technology in which gas is produced using electricity through water electrolysis and, if necessary, downstream methanisation.
Intersectoral energy integration	Networking of the energy and industrial sectors of electricity, district heating and transport in connection with the energy transition.
Summer-winter spreads	Seasonal difference between summer and winter prices for natural gas.
Spot and futures markets	The spot market is the market of international commodity exchanges where transactions are carried out against immediate payment and immediate delivery. Futures contracts are traded on a futures market that will only be fulfilled in the future.
Synthetic methane	Synthetic methane is produced using the power-to-gas process. After hydrogen has been produced by electrolysis, it is converted into synthetic methane by methanation with the addition of carbon dioxide.

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