Consolidated financial statements for 2024

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH

Leipziger

Group management report for the 2024 business year

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

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1 Group principles

1.1 Business model

Under the umbrella of the LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig (LVV) the supply of energy and heating in a prospering city, the provision of drinking water and the safeguarding of wastewater disposal as well as the organisation of environmentally-friendly and attractive local public transport is ensured and further developed with a view to the future. As a service provider and business partner of the City of Leipzig, security of supply and corporate success are of key importance for the Leipzig Group. The services of general interest in the individual business areas are each provided by one or more subsidiaries of the LVV Group. In this context, LVV Group is active in regulated markets such as the supply of drinking water and wastewater disposal, and the operation of electricity, gas and heat distribution grids, as well as in competitive markets such as the provision of energy and mobility services. As part of the activities in Poland, Gdańskie Przedsiebiorstwo Energetyki Cieplnej Sp. z o.o., Gdańsk, Poland (GPEC), supplies, together with its subsidiaries, the regions around the northern Polish cities of Gdańsk and Sopot with heat.

1.2 Objectives and strategies

The starting point of the strategic corporate concept for the Leipzig Group constitutes the ownership objectives adopted by the City of Leipzig in 2008. Supplemented by further resolutions of the City Council, such as the development of a municipal heat plan and the municipal mobility strategy, this thus determines the orientation of the Leipzig Group. The focus is on security of supply based on a modern and future-proof infrastructure and customer-oriented services, the securing of public transport financing and climate neutrality. This entails increasing demands on the Leipzig Group for the coming decade, which we will meet.

The updated group strategy of the Leipzig Group "Sicher, nachhaltig und digital für Leipzig – Zuhause in der Transformation" (Safe, sustainable and digital for Leipzig – at home in transformation), with the long-term financial perspective to 2045, was adopted on 29 February 2024 by the shareholder of LVV, the City of Leipzig, subject to approval of the dual budget by the legal supervisory authority. This is based on the adopted individual strategies of the Stadtwerke, Verkehrsbetriebe and Wasserwerke and develops a shared perspective on group guardrails and strategic fields of action that, beyond their intersections, form the overarching direction of the Leipzig Group.

With over 5,000 employees, the Leipzig Group is one of the largest employers in the region and creates considerable and important regional value added through its supplier relationships. Connecting municipal and political requirements with entrepreneurial action and moderating the discourse between what is desirable and what is affordable is a central task. In this way, added value is created for our shareholders and a realistic yet ambitious implementation of the strategic objectives for urban development and Leipzig's urban community is ensured. Digitisation is viewed as an opportunity and a success factor for implementation.

The Leipzig Group has set itself the goal of making services of general interest resilient and climate neutral by 2040. The Leipzig Group is investing in the necessary infrastructure of the growing city and is essentially driving forward three transformations:

- the energy and heat transition through decarbonisation of the energy system,
- the sustainable advancement of water management by adapting the drinking water supply and wastewater disposal to population growth and climate change, and
- the mobility transition through the demand-oriented and economically justifiable expansion of the public local transport network (ÖPNV).

The impending transformations and the associated investments will constitute a tour de force in many respects: with regard to the related urban redevelopment and construction activity, to financing, to accompanying customers on the transformation path, and dealing with the looming shortage of labour and skilled workers. At the same time, they form the basis for the desired energy and mobility transition and for sustainable water management. In this nationwide task, the Leipzig Group is a high-performance entrepreneurial partner, but one that also needs the regulatory and financial framework in order to fulfil the tasks of the future.

The Leipzig Group makes the entrepreneurial, sustainable further development of our core business with regard to earnings quality, productivity and municipal benefit the focal point of its actions. Five fields of action have been defined to this end: market, customers, citizens; management and processes; employees; infrastructure and resources. Due to the fact digitisation provides solution modules in all fields, it acts as a cross-cutting area. The strategic framework is formed by the common good, economic reliability and sustainability.

Within the framework of the strategy, a long-term plan until 2045 was drawn up, which, upon the occurrence of the stipulated prerequisites, concludes that the LVV Group can finance 97.0% of the planned investments from its own resources. However, for the otherwise self-sustaining investments in the water and energy sectors, kick-starter aid as an equity-strengthening measure is required viewed as a whole. The LVV Group makes a significant contribution to securing the financing of transport services. Due to the widening gap between (increasingly) capped revenues and rising costs in public transport, the necessary compensation payments to the transport companies are also rising sharply. In the long term, additional permanent external financing elements will be necessary. In order to finance its public transport services, the LVV Group requires income-generating support (operating cost subsidy) from the city/state/federal government.

Energy: The strategy of Stadtwerke Leipzig GmbH, Leipzig (Stadtwerke), is based on securing its main pillars of business, opening up growth fields in the markets, and developing strategic perspectives. As a municipal company, Stadtwerke bears a special responsibility for long-term investments and sustainable earnings, in order to ensure a future-proof and climate-neutral energy supply. A key strategic issue is the implementation of the energy and heat transition and the expansion of the electricity and district heating grids.

The long-term corporate strategy focuses on strengthening the core business and exploiting potential for growth. The transformation of district heating will take centre stage here, accompanied by the expansion of the grids and the development of new products. In parallel with this, the strategic importance of the gas grid will diminish, with decommissioning planned to take place by 2045 in line with political directives. The efficient operation and modernisation of the electricity grids are essential in order to avoid grid bottlenecks and secure the supply of energy in the long term. Furthermore, the participation in GPEC is to be further developed.

The implementation of smart grids and digital control elements increases the efficiency of the energy distribution and improves the security of supply. New strategic perspectives are also being explored to open up innovative business fields. These include sector-coupling technologies, digital and innovative products, and the long-term development of a hydrogen-capable infrastructure.

Climate protection and sustainable corporate development are at the centre of the Group's strategic focus. Stadtwerke is actively committed to achieving the City of Leipzig's climate targets and make a contribution towards Germany's greenhouse-gas neutrality by 2045. The Sustainability Report and the Sustainability Atlas document current and future measures for climate-neutral public services. Special emphasis is placed on sustainable and needs-oriented products, a future-oriented technology and infrastructure, and strong regional engagement.

Financial stability remains a central component of the strategy in order to secure long-term investments and sustainable growth. Efficiency gains and economic optimisation contribute to increasing EBITDA and strengthening equity. The next strategic evaluation and adjustment are scheduled for 2026 to take account of the dynamic developments in the energy sector.

Mobility: With its MobiLE strategy, Leipziger Verkehrsbetriebe (LVB) GmbH, Leipzig (Verkehrsbetriebe) is enabling the implementation of the urban sustainability goals and council resolutions on mobility in Leipzig. The objectives and strategy are laid out in more specific detail in the annual economic and medium-term plan. MobiLE's objective is to increase the future viability and crisis resilience of the company, to reflect social developments and its contribution to the transport transition and to address technical and demand-related developments.

One field of action deals with the implementation of the local transport plan and the collaboration with the City of Leipzig, the Leipzig Group and the region. A key milestone has already been reached with the award of the Public Service Contract (öffentlicher Dienstleistungsauftrag, öDA). In addition, the transport contracts with the districts are to be further developed and transport funding from the Federal Government, the state and the Zweckverband für den Nahverkehrsraum Leipzig (Special-purpose association for the local transport area of Leipzig, ZVNL) is to be increased. Furthermore, the aim is to consolidate partnerships with the major tram companies in Saxony.

In addition, Verkehrsbetriebe are focussing on customer acquisition and retention and on meeting the mobility needs of the growing city and its surrounding areas. The "Liniennetz der Zukunft" ("Route network of the future") service concept is an expression of the objectives of the local transport plan and the sustainability scenario. Based on comprehensive potential analyses and participation processes, it will be introduced in the short term to significantly improve the public transport services in the City of Leipzig, to attract new customers to public transport.

Furthermore, modern and efficient infrastructures are being created using suitable technologies. The strategic focus is on the multimodal platform and app Leipzig MOVE, which is being supplemented by the on-demand-shuttle Flexa, as well as the switch to zero-emission vehicles in the bus sector, which is thus making a huge contribution towards achieving the Group's sustainability goals. This goes hand in hand with the further modernisation of the Group's properties. The procurement project XXL Plus for the new light rail vehicles represents a further challenge. This project is extremely challenging in the current market environment. The first vehicles are expected to be delivered in 2025. The "Basismodul Modernisierung Hauptachsen" ("Basic module modernisation of main axes") package of measures, which is already being implemented and forms part of the "Rahmenplan zur Umsetzung der Mobilitätsstrategie 2030 für Leipzig" ("Framework plan for the implementation of the Mobility Strategy 2030 for Leipzig"), is also of fundamental importance. In this programme, the existing network infrastructure is being modernised and further upgraded for the use of high-capacity 2.40 metre wide vehicles. At the same time, this package will result in the tram network being completely barrier-free. The modernisation of the main axes is also a key element in speeding up and improving the quality of public transport and preparing for future network expansions.

Employer marketing and recruitment are elementary components of the growth strategy, as are the further development of attractive employment conditions and future-oriented personnel development programmes. Vocational training is an important basis for the future of Verkehrsbetriebe in the context of demographic change and is being further developed with a view to the future and against the backdrop of digital transformation.

Water: By means of the future programme "Wasser 2030 – Nachhaltig. Zuverlässig. Vernetzt." ("Water 2030 – Sustainable. Reliable. Connected.") Kommunale Wasserwerke Leipzig GmbH, Leipzig (Wasserwerke), has set out a clear strategic basis for its actions. The programme contains the strategic goals for the coming years until 2030 for the most important six fields of action – infrastructure, service, processes/digitisation, resource conservation and climate protection, employees and economic efficiency. The priority measures and projects for achieving the goals are also presented.

Priority projects for the implementation of the water concept for 2030 are, in particular, compliance with the requirements arising from the general drainage plan regarding combined sewer overflows, the new construction of the waterworks in Naunhof, the so-called ring closure and the feeder system for drinking water to Naunhof. In addition, the technical measures arising from the Kommunale Abwasserrichtlinie of the EU (EU's Municipal Waste Water Directive) for the preparation of a so-called fourth purification stage in the company's wastewater facilities are to be considered in the planning.

A high level of supply quality and security of supply is, and remains, the central strategic goal and core task of Wasserwerke. The implementation is reflected in compliance with the quality standards for drinking water supplied and wastewater treated in an environmentally friendly manner, as well as in the very low failure rates of networks and systems. Service processes focus on customer needs with the aim of ensuring a high level of customer satisfaction, but also implementing permanent efficiency improvements. The focus of activities will be on the now approved expansion of the sewage treatment plant in Rosental with a view to the required population equivalents by extending the biological and mechanical treatment stages.

Resource conservation in the form of the sustainable and active protection of drinking water resources, the environment and bodies of water form the core task of Wasserwerke. In the course of a socio-ecological transformation, compliance with regulatory requirements and self-imposed sustainability targets are implemented in a targeted manner. The fact that a subsidiary of Wasserwerke has its own organic farming operations in the drinking water catchment areas is a highly regarded special feature in the sector and even in 2024 ensured the water-protection target of a nitrogen balance below 30 kgN/ha despite challenging weather conditions.

At the same time Wasserwerke also view themselves as the driving force behind forward-looking development for the supply and disposal area and, in consultation with the relevant authorities, examine and plan the forward-looking expansion of additional supply sources and waterworks to facilitate industrial growth. Wasserwerke explicitly view themselves as a partner in a regional hydrogen economy and as a trailblazer in addressing heavy rainfall, drought, irrigation, cooling and the circular economy.

1.3 Control system

The Group uses a target-oriented management system for control and management. The main active management tools are the strategic business guidelines defined in the Group strategy, the business plan based on these guidelines and the associated target agreements for managers as well as the risk management system organised throughout the Group.

As part of the annual strategy and planning process, fundamental considerations about investments in plants, markets and supporting activities are determined and assessed on the basis of strategic guidelines with regard to their impact on the development of corporate value. Deviations from the planning are reported by the subsidiaries on a quarterly basis and discussed within LVV's management in order to coordinate countermeasures. In addition, ad hoc disclosures on risks are issued if this is appropriate due to the significance of the imminent realisation of a risk.

For the management of the LVV Group, the performance indicators set out in the Financial Covenants agreed with the financing banks are of particular importance.

The key performance indicators in this context are the dynamic leverage ratio and the equity ratio. Minimum requirements have been established for both, and failure to meet them will result in a right of cancellation for all lenders, among other remedies. Compliance with the agreed limits is therefore an essential prerequisite in order to preserve the LVV Group's ability to finance itself.

The dynamic leverage ratio represents the ratio of net debt to "adjusted EBITDA" (hereinafter called EBITDA). It has been agreed with the lenders that this ratio must not exceed 4.5. In determining the LVV Group's net debt, interest-bearing liabilities – in particular those owed to lenders – are offset by liquid assets (cash on hand and balances with credit institutions).

2 Economic report

2.1 Macroeconomic and sector-specific conditions

According to preliminary data from the German Statistisches Bundesamt (Federal Statistical Office), the German economy registered a price-adjusted downturn in gross domestic product (GDP) of 0.2% in 2024. The development of GDP was shaped by the impact of the energy price crisis, the generally strained economic situation and increasing geopolitical fragmentation, such as the impending loss of parts of the global markets. Despite rising public and private consumer spending, both investments and exports fell sharply. For 2025, the German government is forecasting an increase in price-adjusted GDP of 0.3%, although geopolitical risks and weak competitiveness weigh on the export prospects. Positive impetus is expected from the domestic economy, in particular from private consumption and government investment.

As a municipal enterprise, LVV remains a key player for urban development and the provision of public services in Leipzig. While the challenges posed by the broader economic climate must continue to be closely monitored and managed, they are not expected to have any immediate repercussions for a municipally owned, regionally focused company.

The current situation in Leipzig's labour market has improved benefiting those offering secure, qualified jobs. The number of people in permanent jobs subject to compulsory insurance contributions has risen further to 300,530 – an important sign of stability. Nevertheless, the unemployment rate continued to rise from 7.0% to 7.9%.

At the end of 2024, 632,562 people were registered as having their main residence in Leipzig – marking an increase of a further 3,844 people (0.6%) compared to the previous year.

In the 2024 business year, the **energy policy framework conditions** were significantly shaped by the revision or amendment of a number of legal provisions.

At the end of April 2024, the German Bundestag (Federal Parliament) adopted Solar Package I in its final reading. The Bundesrat (Federal Council) gave its consent shortly afterwards. Solar Package I comprises a series of measures which should accelerate the expansion of renewable energy installations, including shortened approval procedures for the construction of onshore wind farms and ground mounted photovoltaic plants as well as their grid connections. It also allows for permanently designating zones suitable for renewable energy plants as acceleration areas. The right to lay pipes on publicly owned land also makes things easier.

The revision of the Treibhausgasemissionshandelsgesetz (Greenhouse Gas Emissions Trading Act, TEHG) has also been completed. Key elements of the TEHG amendment include the introduction of a national legal basis for implementing the EU anchored Kohlendioxidgrenzausgleichssystems (Carbon Border Adjustment Mechanism, CBAM) and the extension of the Europäisches Emissionshandelssystems auf den Gebäude- und Verkehrssektor (European emissions trading system to the buildings and transport sectors, ETS II). From 2027, the national Brennstoffemissionshandelsgesetz (Fuel Emissions Trading Act, BEHG) will be replaced by free European trade in emissions certificates. In this context, prices for fossil-based fuels are expected to rise.

At the end of January 2024, the Gericht der Europäischen Union (General Court of the European Union, EuG) ruled that the support measures under the Kraft-Wärme-Kopplungsgesetz (German Combined Heat and Power Act, KWKG) do not constitute state aid, since they are not funded from the federal budget. The

EuG thus rejected the opinion of the Commission of the European Union (EU Commission), which had assumed that the relevant measures were subject to notification under state aid law. According to the ruling, the German legislature would have enjoyed broad discretion in designing the KWKG. However, in 2024 the EuG’s judgement has not yet taken effect because the EU Commission has appealed to the Europäischer Gerichtshof (Court of Justice of the EU, EuGH). Its decision is still pending.

After a series of internal coalition negotiations on the power plant strategy became public at the beginning of 2024, the "Kraftwerkssicherungsgesetz" (Power Plant Assurance Act, KWSG) was intended to supplement the capacity mechanism planned from 2028 with the addition of secured power plant capacity. The first pillar envisaged the rapid addition of newly built and comprehensively modernised hydrogen ready gas fired plants. In the second pillar, longer-term security of supply should be addressed through the grid-friendly expansion of secure power plant capacities. This should have been achieved by way of a tender for the investment costs to be subsidised. In the subsequent process, the drafts proved to be no longer realisable against the backdrop of the premature end of the traffic light coalition. This also applies to other key measures in the energy policy business environment. For instance, the preparatory work for the fundamental revision of the KWKG, the amendment of the "Wärmelieferverordnung" (Heat Supply Ordinance) and the "Allgemeine Versorgungsbedingungen für Fernwärme" (General Supply Conditions for District Heating) were no longer used for specific changes.

With a view to the implementation of the **Transport Transition** as a national task, the framework conditions for municipal public transport companies are characterised by decisions made at different levels. The objectives of the EU, federal and state governments and the requirements set there (e.g. Clean Vehicles Directive etc.) mean that the aforementioned levels are responsible for the financing.

The systematic decoupling of fare developments from the trend of rising costs, initiated by fixed-price offers such as the Bildungsticket (subscription ticket for school pupils, volunteers and trainees) and the introduction of the Deutschlandticket (subscription ticket with access to all forms of public transport), is of fundamental importance. Apart from modest stimulation effects from newly generated demand, the "price cap" (i.e. the flat-rate system) prevents transport operators from sharing in the economic benefits of increased journey numbers. Rising operating costs – which companies must absorb in order to provide the agreed level of service – are not counterbalanced by adequate compensatory payments. For instance, under the Deutschlandticket-Finanzierungsverordnung 2024 (Germany Ticket Financing Ordinance, DTFinVO2024), the funds available for advance payment in 2025 were cut by half compared with 2024. At the same time, cost increases have arisen from collective-bargaining settlements and external price developments. Yet these operating costs are unavoidable if the agreed transport services are to be maintained.

The developments described impose a considerable financial burden, which the City of Leipzig, the Leipzig Group and Verkehrsbetriebe themselves must buffer. This can also not compensate for the price increase of the Deutschlandticket to €58 per month from 1 January 2025. As a result of the underlying equalisation mechanism, the additional revenue this generates merely reduces the amount of the subsidy, meaning Verkehrsbetriebe derive no economic benefit from this. Accordingly, a definitive resolution of how local public transport is to be financed remains unresolved.

The fiercely contested labour market across Germany and the ongoing shortage of skilled workers continue to present particular challenges for the public-transport sector. Verkehrsbetriebe are tackling these challenges pro-actively through targeted employer marketing and recruitment activities. A jointly developed "job diversity" campaign, created in collaboration with the Verkehrsbetriebe employees, has significantly enhanced the visibility and perception of Verkehrsbetriebe as attractive and versatile employers.

The principal challenges for **Wasserwerke** continue to be the renewal and rehabilitation of the existing supply and disposal infrastructure, the water-sensitive urban transformation that is simultaneously required, and the demands of climate-neutral operations. The necessary investments in the supply and disposal infrastructure constitute a huge financial, but also planning and construction effort. An expert report commissioned by the Verband kommunaler Unternehmen (VKU) calculates that municipal utilities alone will require around €800 billion of investment nationwide over the next 20 years to meet the regulatory requirements. This need arises against a backdrop of demographic change and ever-increasing competition for skilled workers, especially in technical and IT-related professions. Equally challenging is the rapidly accelerating technological transformation towards smart and digital solutions, which must at the same time satisfy heightened security requirements.

As a result of its classification as critical infrastructure (KRITIS), Wasserwerke is subject to a particularly large number of requirements arising from the KRITIS-Verordnung and IT-Sicherheitsgesetz (KRITIS Ordinance and the IT Security Act). Using the established Informationssicherheitsmanagementsystem (Information Security Management System, ISMS, certified according to ISO7iEC 27001), Wasserwerke meets these requirements.

In the supply area of Wasserwerke, the low specific water consumption in the supply area compared to the rest of Germany is still a noticeable local characteristic. By comparison with the average value of 123 litres per day and inhabitant in Germany established for 2024 by the Bundesverband der Energie- und Wasserwirtschaft e.V. (Federal Association of Energy and Water Management, BDEW), the use of 93 litres per day and inhabitant in the Wasserwerke supply area in 2024 corresponds to a 24.4% lower than average consumption. The average volume per person per day therefore stood slightly above the previous year's level, and the downward trend in drinking-water consumption observed on the part of many other suppliers nationwide has, for the time being, been halted. Price adjustments passed on to customers in 2024 were well received by the public, thanks to the transparent communication by Wasserwerke.

The number of inhabitants supplied has increased by about 0.5% compared to the previous year. With regard to the supply and disposal capacities, this trend is being closely monitored by Wasserwerke and will be taken into account in the revision of the long-term supply and disposal concepts.

In the period of the past five years, the sharp increase in drought has also clearly demonstrated how strongly weather-dependent water distribution actually is. This fact and increasing sales volumes also affect the capacity utilisation of the technical equipment of Wasserwerke.

Climate change and the associated increase in hot spells and heavy rainfall events are leading to an even stronger focus on adapting water management infrastructures in line with this development. The concept of the "sponge city", as well as a critical appraisal of the existing combined-sewer discharge points in response to the altered conditions, will continue to gain significance.

From a legislative point of view, an increasing tightening of the requirements with regard to the quality of purification, limit values and discharge conditions is to be expected. Overall, this, in combination with rising construction and service prices, leads to a high degree of tension for Wasserwerke. This also applies in particular in combination with the requirements for the sister companies in the Leipzig Group, for whom the challenges of the energy and mobility turnaround have to be mastered simultaneously.

2.2 Business development

The business development of the LVV Group in the 2024 business year has been characterised by the following key figures in comparison with the budget and the previous year:

Ratios

		Plan 2024	Actual 2024	Actual 2023
Consolidated profit/loss	€m	36.2	61.3	54.1
Adjusted EBITDA[1]	€m	299.3	322.4	344.3
Equity ratio[2]	%	35.7	35.4	34.2
Total net debt[3]	€m	1,241.7	1,051.4	1,057.9
Dynamic debt-equity ratio[4]		4.1	3.3	3.1

[1] Adjusted EBITDA equals earnings before interest, taxes, depreciations and amortisations, write-downs and impairments taking into account the new provisions of Accounting Standards Implementation Act (BilRUG)

[2] Equity ratio equals balance equity plus subordinated shareholder loans plus half of special items divided by total assets adjusted for receivables from shareholders

[3] Total net debt equals liabilities to banks plus other interest-bearing liabilities less cash and cash equivalents

[4] Dynamic debt-equity ratio equals total net debt divided by adjusted EBITDA

The LVV Group closes the 2024 business year with a consolidated net income of €61.3m. Thus, the consolidated results are €25.1m above the value expected in the budget and €7.2m above the previous year's result.

For the 2024 business year, the LVV Group's adjusted EBITDA amounts to €322.4m. Compared to the value forecast in the 2024 business plan, EBITDA exceeds expectations by €23.1m. The improvement in the EBITDA compared to the planning assumptions is due to the Energy and Water divisions.

The Group's equity ratio increased by 1.3 percentage points compared with the previous year. With an increase in total assets, this trend has been influenced by the positive consolidated net income for the year and the improvement in special items for grants and subsidies.

The Group's total net debt totalled €1,051.4m as at the balance sheet date. Thus, it remains almost at last year's level, but below the figure envisaged in the budget. Due to the decline in cash and cash equivalents and the reduction in EBITDA compared to the previous year, the dynamic debt-equity ratio has increased to 3.3. The fact that net bank debt and the dynamic debt-equity ratio are significantly below the assumptions in the budget is due in particular to the fact that the planned borrowings were not fully realised in the 2024 business year.

The following framework conditions play a key role in the development of the result of the Group's individual business areas in the 2024 business year:

The **Stadtwerke's** result before profit transfer of €102.8m was €1.7m below the previous year's figure, yet €9.2m higher than the figure forecast in the budget. Both sales revenues and the costs of materials decreased compared to the same period of the previous year. Due to the fact sales revenues decreased at a disproportionately high rate, this development led to a decline in the gross margin in the energy sector. This is a consequence of the general normalisation of market activity following the last two turbulent years. These effects were almost completely offset by lower depreciation and amortisation and higher other operating income.

In the **mobility sector**, passenger numbers have markedly increased from 153.3 million in the previous year to 166.9 million in the 2024 business year. Verkehrsbetriebe recorded the highest passenger figures since the 1990s, with line-haul trips exceeding the forecast by 10.0 million. The increase of 9% compared to the previous year demonstrates that the numerous service improvements are being actively utilised by passengers. The increase was significantly influenced in particular by the Deutschlandticket, which was available for a full year in 2024 for the first time, as well as by major events such as the European Football Championship. The number of customers with a season ticket increased by 23.7% compared to the previous year to a figure of 213,178.

At Verkehrsbetriebe, increased expenditure on purchased services and higher personnel costs – especially due to collective-bargaining developments – were offset by higher revenue from transport services and increased compensation payments and grants from third parties. Under the existing public service contract (öDA/VLFV), compensation payments totalling €90.6m (2023: €71.7m) were made to Verkehrsbetriebe from the LVV Group's own funds in the 2024 business year. In addition, further compensation funds and grants received in 2024, for example from the City of Leipzig (€35.5m) and from regionalisation funds from the federal and state governments (€5.7m), helped to offset additional costs and revenue shortfalls and to improve the capital structure.

The corporate structure was optimised by means of the merger of Leipziger Stadtverkehrsbetriebe (LSVB) GmbH and LTB Leipziger Transport und Logistik Betriebe GmbH into other companies within the LVB Group.

The **Water** business area supplies drinking water to about 733,600 people in the supply area and ensures the environmentally sound treatment of wastewater for about 703,600 inhabitants in the disposal area.

In the 2024 business year, Wasserwerke generated an annual result of €39.5m (2023: €25.9m). Despite the increase in material, personnel and other expenses, the improvement in earnings compared to the previous year is due in particular to the higher revenue from the provision of Wasserwerke's main service. Since 1 January 2024, the prices for drinking water and wastewater approved by the Supervisory Board of Wasserwerke have applied, which take account of the increased expenses. In addition, lower allocations to revenue subsidies based on replacement-cost values also contributed to the improved result.

2.3 Income situation

The change in the Group's income and expenses in the 2024 business year is shown in the following summarised income situation. The items of the underlying consolidated profit and loss account are adjusted for neutral effects.

Income situation	2024	2023	Change absolute
			in €m
Sales revenues	2,624.2	4,445.9	-1,821.7
Cost of materials	-1,924.9	-3,748.0	1,823.1
Gross margin	**699.3**	**697.9**	**1.4**
Other operational revenue	128.2	124.0	4.2
Personnel expenses	-347.5	-313.3	-34.2
Depreciation and amortisation	-206.2	-210.5	4.3
Other operational expenses	-199.6	-178.8	-20.8
Operating profit/loss	**74.2**	**119.3**	**-45.1**
Income from investments	6.6	6.2	0.4
Interest result	-27.3	-29.1	1.8
Non-operating profit/loss	26.7	-19.5	46.2
Profit before taxes on income	**80.2**	**76.9**	**3.3**
Taxes on income	-18.9	-22.8	3.9
Consolidated profit/loss for the year	**61.3**	**54.1**	**7.2**

The income situation is characterised by a decline in operating profit from the Group's core activities, despite a gross margin that remains virtually unchanged from the previous year. This development is mainly due to an increase in personnel expenses and in other operating expenses. However, with a significantly improved non-operating result and lower tax expenses, the consolidated result improved by €7.9m compared to the previous year.

The Group's sales revenue developed as follows compared to the previous year:

Group sales revenues	2024	2023	Change absolute
			in €m
Energy business area	2,245.1	4,113.5	-1,868.4
of which: system market	1,129.0	2,826.7	-1,697.7
of which: end-customer market	868.9	1,031.8	-162.9
Mobility business area	168.3	151.2	17.1
of which: transport revenue	142.7	132.6	10.1
Water business area	210.8	181.2	29.6
of which: drinking water supply	99.9	83.1	16.8
of which: wastewater disposal	110.9	97.3	13.6
	2,624.2	**4,445.9**	**-1,821.7**

The LVV Group's sales revenues were once again clearly dominated by the **Energy** business area in the 2024 business year, which accounted for 85.6% of the Group's total turnover (2023: 92.5%).

Stadtwerke's energy trading (system market), which relates to trading in the commodities of electricity and gas, has a significant impact on the Group's sales revenues and cost of materials. Revenues in the system market have declined disproportionately compared to the likewise substantial reduction in procurement costs. Following the price crisis in the energy market, trading volumes have now returned to a normal level.

Weather-related effects also lead to decreased sales volumes and procurement costs in the end-customer market for the private and commercial gas customers. Procurement costs were also lower in the electricity segment. The disproportionate fall in sales revenues was partly due to higher grid fees and levies not being passed on in full to the customers. Likewise, in the key accounts end-customer market, sales revenues decreased more sharply than procurement costs.

In the business area of district heating the sales volumes declined slightly primarily due to the prevailing weather conditions. The sales revenues nevertheless increased compared to the previous year. This was offset by higher material expenses. The positive trend here is primarily due to the marketing of electricity from Stadtwerke's district heating generation plants.

The sales revenues of the Polish subsidiaries also increased compared to the previous year and thus made a stable contribution to the Group's income situation.

Sales revenues of €168.3m (2023: €151.2m) were made in the **Mobility** business area in 2024. Despite a marked increase in the number of tickets sold, revenue from scheduled services included in transport receipts fell by €5.3m to €103.4m. This was caused by the first-time inclusion of Deutschlandticket income earned by Verkehrsbetriebe in the revenue-sharing procedure of the Mitteldeutscher Verkehrsverbund (MDV), which led to substantially higher transfers of revenue from LVB to the MDV. The reduction in scheduled-service revenue was offset by an increase in compensation payments of €14.7 m primarily resulting from reimbursements for the Deutschlandticket.

Sales revenues in the **Water** business area from the main services rose by 16.4% to €210.8m (2023: €177.9m). This increase resulted from price adjustments effective as of 1 January 2024 and slightly higher sales volumes, as well as changes in provisions for revenue risks and liabilities for income subsidies.

Of these sales revenues, €99.9m (47.4%) related to water supply and €110.9m (52.5%) to wastewater collection and treatment.

In the 2024 business year, Wasserwerke provided a total of 36.6 million m^3 (2023: 36.2 million m^3) of drinking water. At 32.8 million m^3, drinking water sales are slightly above the previous year's level. Drinking-water consumption increased across all customer groups compared with the previous year. The average consumption was 92.9 litres per person per day, and thus 1.4 litres per person per day higher than in the previous year.

Wastewater sales follow the trend of drinking water sales to some extent, insofar as the supply and disposal areas coincide.

The Group's costs of materials – besides the costs associated with energy trading – are also characterised by externally procured services for the maintenance of supply installations and networks. While the cost of materials in the water sector increased less than sales compared to the previous year and the gross margin improved significantly as a result, it decreased considerably in the energy sector. Overall, this led to a gross margin that remains virtually unchanged from the previous year.

The €4.3m year-on-year slight improvement in other operating income is mainly due to an increase in own work capitalised for services provided within the Group in the area of investments.

The Group's personnel expenses rose year-on-year by €34.2m. In addition to a higher number of employees, this development resulted in particular from wage and salary adjustments due to collective bargaining agreements.

A decline in depreciation and amortisation was mainly recorded in Stadtwerke's regulated markets. In addition, the depreciation and amortisation trend is characterised by the Group's investment activities. Here, new investments in the fixed assets of the Group companies significantly exceeded depreciation and amortisation in the 2024 business year.

Other operating expenses increased by €20.8m compared with the previous year. The increase was influenced in particular by increased expenses for concession fees, for third-party and other services and for IT services, which was in part due to the S/4HANA project.

The resulting operating result from the Group's operating activities fell to €74.2m compared with the previous year.

The result from participations of the LVV Group improved to €6.6m in the 2024 business year. This development is mainly due to higher dividend payments from VNG – Verbundnetz Gas Aktiengesellschaft, Leipzig (VNG).

The interest result reflects the high financial requirements of the companies included in the consolidated financial statements. However, net interest income improved by €1.8m compared to the previous year. Despite the high level of debt, this development is mainly due to an improvement in interest income.

In the 2024 business year, the consolidated results were also significantly affected by special effects, as well as by factors related to operations. On the earnings side, the neutral result is mainly influenced by income from the release of provisions (€49.1m), sales revenue relating to other periods (€28.3m), income from the release of value adjustments and the receipt of derecognised receivables (€8.0m) and compensation claims (€5.0m). On the expense side this primarily reflects expenses for energy purchases not relating to the accounting period (€37.1m), expenses from value adjustments (€14.0m) and additions to provisions for anticipated losses (€4.9m).

While taking into account the aforementioned earnings developments and the tax expense, which includes the advance tax payments made and additions to the tax provisions for the 2024 business year in addition to tax back payments resulting from external tax audits for previous years, a consolidated net income of €61.3m for the 2024 business year results, compared to €54,1m in the previous year.

After offsetting the results attributable to the other shareholders, the high consolidated loss carried forward from previous years and the transfer of the previous year's result to revenue reserves, the remaining consolidated balance sheet loss amounts to €71.6m.

2.4 Financial position

The change in the financial resources and the resulting cash movements are presented in the following summarised cash flow statement in accordance with Deutscher Rechnungslegungsstandard (German Accounting Standard, DRS) 21.

A further breakdown of cash flow is shown in the attached consolidated cash flow statement.

Financial position in €m

	2024	2023	Change absolute
Cash flow from operating activities	**284.2**	**282.8**	**1.4**
Cash flow from investing activities	**-236.6**	**-303.6**	**67.0**
Cash flow from financing activities	**-94.8**	**101.7**	**-196.5**
Changes in the financial resources	-47.2	80.9	-128.1
Financial resources at beginning of period	263.7	182.3	81.4
Changes in financial resources caused by the consolidated group or valuation	**0.1**	**0.5**	**-0.4**
Financial resources at end of period	**216.6**	**263.7**	**-47.1**

Financial resources in €m

	2024	2023	Change absolute
Liquid funds	224.6	268.2	-43.6
Utilisation of short-term credit lines	0.0	0.0	0.0
Receivables/liabilities from the cash pool	-8.0	-4.5	-3.5
Financial resources at end of period	**216.6**	**263.7**	**-47.1**

Cash flow from operating activities in the 2024 business year was virtually unchanged from the previous year. Higher cash inflows from the operating results of Wasserwerke and the Polish companies were offset by repayments of unused funds from the 2022 "ÖPNV-Rettungsschirm" (Public Transport Rescue Package), outstanding claims for Deutschlandticket compensation payments, and higher tax payments.

Cash flow from investing activities shows a outflow of €236.6m for the 2024 business year. The decrease of €67.0m compared to the previous year is due in particular to lower payments for investments in tangible fixed assets. This is offset by higher receipts from investment grants.

Cash flow from financing activities in the 2024 business year is characterised by a net cash outflow. New loans taken out of just €57.9m were offset by repayments of €107.5m, interest payments of €38.7m and distributions to non-Group shareholders totalling €6.6m. New loans taken out decreased compared to the previous year due to the utilisation of existing cash and cash equivalents, subsidies received and lower payments for investments.

The Group’s cash outflow from investing activities, from the repayment of loans, from interest payments and from dividends paid to non-Group shareholders could thus only be covered proportionately from the cash flow from operating activities, from borrowing and from the payment of grants.

The additional funds required were secured by reducing the cash and cash equivalents carried over from the previous year. Accordingly, cash and cash equivalents decreased by €47.1m as at the reporting date.

The Group’s liquidity was secured at all times. In order to permanently secure the Group’s creditworthiness, and therefore its financing capability, a factor of 4.5 has been agreed upon with lenders as an upper limit for the dynamic debt-equity ratio, plus a minimum ratio of 25.0% of the adjusted balance sheet total for the Group’s own resources. Both key performance indicators were maintained in the 2024 business year.

2.5 Net worth position

Net worth position

	31.12.2024		31.12.2023		Change
	€m	%	€m	%	absolute
Assets					
Long-term assets					
Fixed Assets	3,064.6	79.3	2,947.1	77.5	117.5
Receivables and other assets	0.1	0.0	0.2	0.0	-0.1
	3,064.7	**79.3**	**2,947.3**	**77.5**	**117.4**
Short-term assets					
Inventories	96.1	2.5	61.2	1.6	34.9
Receivables and other assets	469.6	12.2	519.1	13.6	-49.5
Liquid funds	224.6	5.8	268.2	7.0	-43.6
	790.3	**20.5**	**848.5**	**22.3**	**-58.2**
Other assets	**9.0**	**0.2**	**9.3**	**0.2**	**-0.3**
	3,864.0	**100.0**	**3,805.1**	**100.0**	**58.9**
Liabilities					
Equity	**948.7**	**24.6**	**892.7**	**23.5**	**56.0**
Special items	**840.7**	**21.8**	**817.3**	**21.5**	**23.4**
Medium to long-term provisions and liabilities					
Provisions	113.3	2.9	111.9	2.9	1.4
Liabilities	1,245.7	32.2	1,297.0	34.1	-51.3
	1,359.0	**35.2**	**1,408.9**	**37.0**	**-49.9**
Short-term provisions and liabilities					
Provisions	237.8	6.2	221.3	5.8	16.5
Liabilities	469.2	12.2	451.5	12.0	17.7
	707.0	**18.4**	**672.8**	**17.8**	**34.2**
Other liabilities	**8.6**	**0.2**	**13.4**	**0.4**	**-4.8**
	3,864.0	**100.0**	**3,805.1**	**100.0**	**58.9**

Compared to the previous year, the Group's asset and capital structure is characterised by an increase in the balance sheet total of €58.9m. On the assets side, this development is mainly reflected by an increase in the fixed assets and the inventories. This is offset by a reduction in receivables and other assets as well as a reduction in cash and cash equivalents.

The LVV Group has a very high investment intensity. Thus, 79.3% (2023: 77.5%) of the balance sheet total of €3,864.0m relates to fixed assets, which is entirely financed in the medium and long term, in particular by equity, investment grants and loans.

In the 2024 business year, the focus of investment activity was again on the further expansion of utilities and transport systems.

The decrease in accounts receivables is due to lower receivables from energy trading and, in particular, lower receivables from consumption billing and accruals from end-customers. Furthermore, the risk of bad debt losses was taken into account through appropriate value adjustments. In addition, other assets decreased, which is mainly due to the market price-related reduction in claims from variation and initial margin payments.

The Group's cash and cash equivalents were down by €43.6m compared to the previous reporting date, in particular due to the use of available liquidity for investments by the Group and the repayment of credit lines and loans.

On the liabilities side, the development of the balance sheet structure is mainly characterised by an increase in equity, special items and current provisions. This decrease is mainly offset by the reduction in long-term liabilities.

Equity increased by a total of €56.0m compared with the previous year. The positive consolidated annual result in particular contributed towards the improvement. The ratio of equity to the higher balance sheet total improved slightly to 24.6%.

The investment grants and subsidies reported in the special item represent a major component of the Group's ability to finance its investments. The ratio of subsidies used remains at a very high level. The increase in special items is primarily attributable to the fact that additions during the business year exceeded the scheduled releases to income.

Other provisions increased primarily due to further allocations to provisions for legal disputes, as well as the recognition of provisions for contingent liabilities and outstanding invoices.

The Group's liabilities decreased by a total of €33.6m compared with the previous year. In addition to a decline in liabilities from deliveries and services due on the balance sheet date, this development is influenced by a reduction in liabilities to banks of €50.1m. New loans taken out of €57.9m were offset by repayments of €107.5m. At €1,051.4m, total net debt was almost at the previous year's level (2023: €1,057.9m).

Set against this the liabilities from income subsidies received for replacement values increased.

2.6 Investments

In the 2024 business year, the LVV Group invested a total of €330.9m (2023: €367.7m) in fixed assets. However, the investment volume envisaged in the budget for 2024 (€460.5m) could not be fully implemented, due in particular to delays in the implementation or settlement of investments and postponements of investment measures to the following year.

Of the investments made in 2024, €123.0m (2023: €222.6m) are attributable to the **Energy** business area. This primarily concerns investments in the combined heat and power plant (CHP) South, in the solar thermal plant Leipzig West, in replacement and expansion investments for the electricity, gas and district heating grid, and in decentralised generation plants.

Investments of €96.0m (2023: €78.7m) were made in the **Mobility** business area in the 2024 business year. Investment activity was primarily focused on the expansion of track infrastructure and line equipment – among other locations at Jahnallee/Zeppelinbrücke, Dieskaustraße, Landsberger Straße, Menke- and Gorkistraße – the renewal of the bus fleet, and advance payments for the procurement of trams. The funding ratio at 41% was below the previous year's level due to project and reporting date factors (2023: 55%).

The investment volume including the free transfer of technical installations in the **Water** business area amounted to a total of €111.9m in the 2024 business year (2023: €66.4m); it is 67.4% above the previous year's investment volume. Of this amount €35.6m (2023: €25.0m) is attributable to the drinking water division, €69.9m (2023: €38.5m) to the wastewater division and €5.5m (2023: €2.9m) to other investments. €79.1m was invested in the drinking water and wastewater networks (2023: €47.7m) as well as €21.8m (2023: €12.2m) in waterworks and €5.7m (2023: €6.5m) in the other areas.

2.7 Employees and employment policy

In the 2024 business year the LVV Group employed a total of 5,392 staff (2023: 5,146) on average. The increase in the number of employees extends across all divisions of the Leipzig Group.

The Leipzig Group is perceived as an attractive employer, the instruments of co-determination are cultivated. Collegiality, professionalism and a commitment to further education, the preservation of existing skills and the acquisition of future-oriented competencies characterise the workforce.

The working environment is evolving in line with socio-political changes. The Group is adapting to these changes and responding with a targeted HR policy. Forms of working time, location and workload that take into account different life phases are offered with a high degree of flexibility. Support in acquiring future-proof skills in the fields of digitalisation, artificial intelligence and all other increasingly demanding qualification requirements and flexibility is promoted on a broad basis. The Leipzig Group therefore views itself as being responsible for inspiring and retaining existing employees and attracting new colleagues through an employee-orientated and appreciative corporate culture. The foundation for recruiting specialists – especially in highly specialised occupational groups – is the perception of the Leipzig Group as an attractive employer, by virtue of being modern, digital, highly professional and secure.

The emphasis is on focused and future-oriented human resources work here. Processes and instruments of strategic human resources planning are constantly being further developed in line with requirements. This paves the way for actively shaping the ongoing transformation of the working world and the generational shift. The imminent upheaval in the workforce due to upcoming retirements is being pro-actively encountered by means of a long-term personnel and succession concept as part of integrated personnel planning.

The Leipzig Group is working to gear up its companies for the future. The existing future collective agreement aims to provide all employees of the Leipzig Group with opportunities for further vocational training, ensuring they can also acquire individually necessary skills enhancements. Existing knowledge and work experience should be preserved and made available through a systematic and controlled transfer in order to safeguard business activities. The goal is also for the Leipzig Group to create an atmosphere of lifelong and intergenerational learning and thus promote the development of its employees. One example of this is the introduction of a Group-wide education platform in 2024.

Collaboration with the works councils and social partners within the company is held in high regard and represents a key success factor for the Group.

Achieving our objectives requires well-trained and motivated employees. Accordingly, the Leipzig Group invests in vocational training and, as part of the 2024 "Night of Training" event, successfully showcased its apprenticeship programmes. Furthermore, the employee and manager development within the Leipzig Group continues to be advanced. One example of the development of managers is the Group-wide high-potential development programme "PEP-22", which was launched in 2023 and successfully completed in 2024.

The Leipzig Group has additionally set itself the goal of maintaining the health and performance of its employees during their working lives to the best possible degree. To this end, preventive and curative measures are offered and implemented as part of the company's health management programme.

Equal opportunities, participation and inclusion are as self-evident as they are profitable for the Leipzig Group and will continue to be a success factor. The Leipzig Group offers interesting employment opportunities for severely disabled and so-called performance-impaired employees.

The Leipzig Group also actively provides training beyond current requirements and includes new occupational fields in its training programme. At the same time, it is promoting opportunities for dual study programmes.

The Leipzig Gruppe is a socio-politically relevant voice guided by a value-driven ethos and one which leaves no room for exclusion and violence.

3 Risk report, opportunities report, forecast report

3.1 Risk report

3.1.1 Risk management system

The Group-wide risk management system operated by LVV is an integral part of business controlling. Material risks of the LVV and its subsidiaries are regularly recorded, assessed and reported to management and the Supervisory Board. It aims to enable the executive management to identify risks that could prejudice LVV and the LVV Group's continuity or economic result and to promptly initiate countermeasures in good time wherever possible.

Risk management is integrated into the Group's business processes as a continuous process and consists of a large number of modules that are embedded in the Group's organisational structure and workflows. The direct responsibility for the early detection, analysis, control and communication of LVV risks lies with the management and for subsidiary risks with the respective management of the companies. To ensure that risks are recognised and assessed in good time, and countermeasures are initiated where required, the management teams are supported in their decision-making by comprehensive advice from their own qualified experts.

Within the framework of the existing risk management system, risks that could potentially threaten the continued existence of the company are identified, analysed and evaluated according to their type and scope and catalogued in the form of a risk portfolio. The relevant risks are assigned early warning indicators, probabilities of occurrence, potential loss amounts, threshold values and countermeasures. In the reporting based upon this, changes in individual risks in the risk inventory of LVV and significant risks of the subsidiaries are continuously recorded, evaluated and reported in aggregated form. In addition, there is a Group-wide ad hoc reporting system based on defined thresholds that ensures early recognition of changes in the risk portfolio. The risk portfolio is regularly updated and reviewed. Standardised reports on the summarised risks to the Group as a whole are submitted to the meetings of LVV's Supervisory Board every quarter.

The risk management system implemented meets the requirements of Section 91 (2) of the Aktiengesetz (German Companies Act, AktG). It is well-suited to identifying risks in good time that threaten continuity or could affect the company's net worth position, financial position or income situation, in order to control them effectively. The effectiveness of the early-warning system is regularly reviewed by the Internal Audit unit in accordance with statutory requirements.

The company group is directly exposed to a wide range of risks arising from changes in the legal, economic and political framework. In addition to financial risks and tax risks, the – largely operational – risks of the subsidiaries also indirectly influence the results of the Group.

3.1.2 Financing risks

As part of its business activity, the LVV Group is subject to financing risks, which are limited by the use of suitable management and control systems.

Liquidity risks: As the cash pool leader, LVV controls Group liquidity by means of monthly rolling liquidity planning for the next twelve months. All of the German Group companies that are incorporated into the cash-pool method are included in this process. Financing measures are derived from the liquidity planning when necessary in order to counteract the liquidity risks. If future liquidity requirements result which cannot be balanced by the available credit lines, this is covered by LVV through the capital markets. As of 31 December 2024, LVV had unused available credit lines of €97.5m for the cash pool as well as back-up credit lines of €80.0m. As of the balance-sheet date, the Group had liquid funds of €224.6m.

Long-term financing capability: For its financing, LVV has a broad range of products at its disposal to cover its financing requirements on the capital markets. The company attaches importance both to the diversification of instruments and counterparties and to a balanced maturity structure.

Financial market risk: LVV uses the capital markets to cover its financing needs. A potential restriction of the functioning of the financial markets, especially as a result of crises and geopolitical events, can also result in risks for LVV with regard to placeable volumes, conditions and maturities when taking out new loans.

In view of the current market developments − especially against the backdrop of the multiple international crises and its difficult overall economic situation − we also anticipate dampening effects in the case of the LVV Group’s financing partners in 2025. This can be seen, for example, in rising risk costs in terms of the pricing, a reduction in the volumes that can be placed with individual financing partners and the declining willingness to take out contracts for long and very long terms. These developments are being countered, as far as possible, by the ongoing effort to expand the circle of financing partners.

Creditworthiness risk of the LVV Group: In addition, the creditworthiness of the LVV Group also affects its ability to take out planned loans in the future with a credit margin assumed in the planning for investment grade creditworthiness. For this purpose, the Group financing team holds regular meetings with its creditors, but also with external partners, in order to know and understand their credit ratings, thereby enabling it to promptly receive indications of a possible deterioration and to respond accordingly. The financial figures constitute a very important quantitative indicator of the Group’s creditworthiness. When concluding unsecured medium- and long-term loan agreements, LVV has agreed to standardised financial covenants containing predefined financial relations such as the debt-equity ratio and the own funds ratio. To ensure future creditworthiness, compliance with the financial covenants is an important target figure for the budget and management of the LVV Group. The possible borrowing is based on this target figure.

Interest rate, currency and price risks: Interest rate and currency derivatives are taken out in order to limit interest rate and currency risks, and to optimise credit terms. Their use is regulated in terms of type, scope, business partners and other conditions by the Group financing handbook, and corresponding formalities relating to the board involvement of LVV.

The capital market environment in the 2024 business year was characterised compared to the previous years by higher financing costs. In particular, the increase in base rates – compared to the extremely low levels of recent years – has been reflected in higher borrowing costs. This has been further influenced by a general increase in risk provisions among financing partners, due to anticipated defaults linked to recessionary developments.

LVV's financing portfolio primarily consists of liabilities, which was agreed on a fixed-interest basis and are therefore not subject to any risk of a change in the interest rates. At the level of the LVV Group, there are reasonable levels of off-balance-sheet liabilities, as well as variable-interest liabilities to banks in the foreign subsidiaries that are not hedged against risks of a change in interest rates. The risk of a change in interest rates is countered by means of continuous monitoring of interest rate developments and active cash management.

GPEC's financing portfolio is characterised by bank loans and bonds that have been agreed on a variable interest rate basis (3 M WIBOR) and are therefore subject to a risk of a change in interest rates. From 2024 onwards, the financing portfolio of GPEC will be supplemented by a fixed-interest intercompany loan from LVV, aimed in part at reducing risks of a change in interest rates. GPEC counters the interest rate risk that additionally exists by means of the continuous monitoring of interest rate developments and active cash management.

Exchange rate risks that implicate the annual dividend payments of GPEC are counteracted by continuously monitoring the exchange rate developments between the Euro and the Złoty. If the value and timing of the distribution are known, the forward exchange rate is hedged if necessary.

Commodity derivatives in the form of futures are used to hedge against energy-price risks.

Default risks of contractual partners: Default risks exist vis-à-vis counterparts, especially in the case of deposits and, where applicable, derivatives. The LVV Group hedges against these risks by diversifying and actively monitoring the creditworthiness of counterparts as a part of the ongoing risk management.

3.1.3 Tax-related risks

In LVV's consolidated financial statements as at 31 December 2024, the expected tax burden was taken into account by offsetting advance payments already made for the 2024 business year. All findings and the resulting risks known at the time the consolidated financial statements were prepared, were taken into account in the extrapolation as of 31 December 2024. Further tax risks in connection with possible effects on the current or deferred tax burden may arise from current or future tax audits, changes in the law and the case law of the tax courts.

Final notices from the Leipzig II tax office are available from 2024 for the completed external tax audit for the period 2014 to 2016. A legal remedy for a still-disputed matter is still pending with the tax office; the application for a suspension of the proceedings has been granted.

The company audits for the years 2017 to 2019 at LVV and its domestic subsidiaries were completed as of the balance sheet date, so that the corresponding tax bases of the years until 2019 according to the provisional company audit report were considered.

There were no material tax risks for the foreign subsidiaries in the reporting period that would necessitate an additional provision in excess of the tax provisions already reported.

All currently discernible tax risks are thus reflected in the consolidated financial statements. In order to reduce further risks in the tax area, the development of tax legislation and jurisdiction is observed continuously and comprehensively.

Even after the discontinuation of the proceedings on the state aid character of the fiscal transverse Group at the EuGH and the Bundesfinanzhof (Federal Fiscal Court, BFH), the fiscal transverse Group continues to be the subject of case law, which means that this tax advantage remains fraught with risk. So the BFH issued a ruling on 15 July 2020 (Ref. I R 55/17, published on 4 March 2021) and renewed its critical stance. The most recent ruling by the BFH on the tax-related cross-subsidy dated 29 August 2024, case V R 43/21, is not relevant for LVV due to the absence of a swimming pool cross-subsidy arrangement.

3.1.4 Operation risks

Changes to EU law and implementing regulations under EU law, national legislation and current case law in the fields of energy, water and wastewater, and transport could pose significant risks to future development at the level of the LVV Group. The LVV Group continues to be affected by industry-specific framework conditions at the subsidiary level, which need to be continually monitored.

Particular importance is attached to surveying the LVV Group’s legal and political environment, especially in view of the increasing pace of change and the frequent change of direction in law and society.

Against the backdrop of the challenging economic conditions and the ongoing Russian war of aggression in Ukraine, it is still possible that prices and availability of energy, raw materials and services, supply chains, bad debt losses from energy and water deliveries, inflation-related wage and salary increases and delays in construction work and major projects will affect all business areas of the LVV Group.

According to the assessment of the current risk situation, the **Energy** business area is particularly exposed to risks expected from the regulatory, industry-specific and financial environment.

Regulatory risks are seen in the provisions of the Energiewirtschaftsgesetz (German Energy Industry Act), the relevant ordinances, in particular the Anreizregulierungsverordnung (Incentive Regulation Ordinance and the Network Charges Ordinances), in the stipulations and decisions of the regulatory authorities as well as the resulting reduction paths of the revenue caps for grid charges. Moreover, further risks can stem from new tasks that were not known about at the time of the base years for the remuneration approvals – and from the costs related to these tasks.

In the system market, the volatility of the market prices for electricity, gas and emission rights lead to general market price risks from trading transactions. Changing market prices lead in the event of price increases to a significant increase in volatility from the collateral to be deposited on the stock exchange for purchase and sale transactions concluded and a resulting short-term liquidity flow. This is where the influence of renewable energies in price formation has a constantly growing impact. Furthermore, the systemically high demands on balancing-group management and the provision of collateral at the various trading venues must be taken into account.

The operation of complex energy generation plants includes the risk of operational disturbances, production losses and supply interruptions. These risks are limited through regular servicing, maintenance and insurance for significant consequences of potential damage claims. In the case of the new generation plants to be built, there are risks in construction delays and successful lawsuits against building permits as well as the general market price increase of the construction costs.

In the end-customer market, the still greatly reduced construction and sales activity in the property sector may have a negative impact on the acquisition performance of Stadtwerke in this segment on the one hand, while the risk of insolvency among property developers and project developers remains high on the other. In the retail, manufacturing and catering sectors, it is still difficult to push through higher producer prices. There is a risk that customers may not fulfil their contractual payment obligations or not fulfil them on time. The creditworthiness of potential customers is therefore stringently checked during the contract initiation phase. In order to limit the counterparty default risk, especially in the case of key accounts, a credit-rating analysis is carried out in principle before agreement negotiations begin and before submitting a binding offer. Appropriate supply contracts and payment terms counteract the risk of credit default. In addition, a consistent receivables management system has been implemented so that the risk of bad debts and insolvencies can be countered promptly and, if necessary, provisions can be made.

An increasing regulatory density in customer side energy management – driven by disclosure requirements such as the Corporate Sustainability Reporting Directive (CSRD) – is prompting customers to scrutinise the energy sources they use and the efficiency of their energy systems. Entire business models are under review and set for fundamental change, especially in the energy sector. This poses risks for all existing supply relationships if they cannot support customers' reporting needs or if the corresponding data are unfavourable (parameters of the energy delivered).

Stadtwerke have responded to the increasing complexity on the market and the customers' desire for support in the development towards CO_2 neutrality by, among other things, pursuing an increasingly consultancy-oriented sales policy and offering customer-oriented products and services.

In addition, there are risks of being crowded out of the market due to actions by the competitors. To mitigate this, customer interface developments (customer portal) are ongoing.

Risks in the sector of grids may occur in connection with supply interruptions and malfunctions of the technical plants. These risks are countered by regular maintenance work and investments in the grids and plants.

In the case of the biomass as well as wind-energy and photovoltaics power stations, risks may arise from rising fuel prices or from insufficient wind levels or low levels of solar radiation and interruptions due to operational disturbances. In addition, there are marketing risks for new plants due to new legal regulations on subsidy options or falling market prices. The accelerated expansion of renewable energies increases the price pressures on these plants, which leads to economic risks. This is counteracted by the active management of the RE segment.

There may be risks in terms of the feasibility where the project development in the field of renewable energies is concerned. These can result from delays regarding the conclusion of utilisation contracts for the locations of the technical facilities, cable routes and access roads as well as from building permits that become available later or the search for partners for these projects. Further possible risks may relate to profitability. These are influenced by the success of achieving an appropriate surcharge in accordance with the Erneuerbare-Energien-Gesetz (Renewable Energy Sources Act, EEG) or other electricity marketing measures in the corresponding tenders and the general cost increases in the construction industry and the plant engineering sector.

On the one hand, the Polish Regulatory Authority (URE) provides a framework for the secure supply of heating to Polish customers through its regulatory requirements and, on the other hand, the tariff requirements restrict the pricing by Polish energy companies. GPEC is monitoring these developments closely. Further potential risks on the supply side are countered by close cooperation and ongoing exchange with the heat supplier.

Significant risks that could impair the performance and profitability of the **Mobility** business area, result in particular from the current collective bargaining negotiations and the resulting unplanned increase in personnel costs.

In addition, risks are seen from insufficient public transport funding and the possible shortfall in compensation payments from the federal government/state/municipality. Risks may also arise from, among other things, the questioning of the öDA, the failure to meet milestones and budget targets in the procurement of tram vehicles, lower subsidies and unplanned or above-average price increases in the procurement of materials and services.

In the **Water** business area, risks arise from operating activities, which affect the technical area in particular. Wasserwerke are thus working on a number of essential, overarching infrastructural measures that are of great importance for the "Zukunftskonzept Trinkwasserversorgung der Stadt Leipzig" ("Future Concept for the Drinking Water Supply of the City of Leipzig"). These include the construction of a new waterworks in Naunhof, the Westringschluss project and the Südzubringer project. In all three projects, intensive work is taking place to ensure that they can be authorised. The delays that have occurred so far are considered to be moderate and do not jeopardise the current schedule and budget target, but they are considered a potential financial risk.

For the expansion of the Rosental wastewater treatment plant changes had to be made to the rough schedule due to bottlenecks, the time required to prepare the expert reports to assess the environmental impact and long official review times. The start of the important construction project to further fulfil the requirements for environmentally friendly wastewater treatment was delayed. However, construction began as scheduled in 2024. All required contract awards and preparatory actions were completed. The risk of not meeting the time and budget targets set in the tenders and contract awards is considered moderate.

In addition to the risks from subsidiaries, LVV is also exposed to **investment risks**, primarily relating to the investment in VNG. VNG has positioned itself broadly with its natural gas business areas and is also tapping into new potential beyond the natural gas business area as part of its strategy, including through acquisitions. This positioning serves to diversify risks. A key milestone has been reached with the investment decision for the hydrogen core grid in central Germany. By means of the construction of a hydrogen launch grid for eastern Germany with around 600 kilometres of pipelines as part of the Germany-wide hydrogen core grid, the foundation stone for hydrogen transport in eastern and central Germany is to be laid by the mid-2030s. Based on this, the risk/reward profile will remain risk-orientated in the coming years. The main opportunities and risks are driven by market prices. This primarily relates to ongoing price fluctuations on the commodity markets in the trading sector and future spread trends in the storage sector. Other significant opportunities and risks arise from the regulatory environment. Based on current knowledge, there is no need for any impairment of the investments held by LVV.

Attacks on the IT infrastructure (cyberattacks), the unavailability of systems and the unauthorised use of data are now among the highest-rated threat scenarios in the context of emergency and crisis management. This is also illustrated by the numerous incidents of this type at companies in Germany and worldwide. LVV's strategy, as well as that of the companies in the Group, in dealing with these risks consists, on the one hand, in the continuous further development of security systems in order to limit the possibilities of such attacks. In order to maintain and extend the high standard of IT security, security analyses and emergency exercises, as well as penetration tests, which check the vulnerability of the IT systems from outside, are continuously carried out. Another focus is on training and sensitising employees on how to deal with such dangers.

The intragroup financing of transport services can only be guaranteed in the future insofar as, and to the extent that, sufficient own funds are available from LVV's business activity as the parent company, as well as from other measures within the LVV Group, in accordance with the contractual agreements.

According to our assessment of the risk, no risks threatening the continuity of LVV or its main subsidiaries were recorded.

3.2 Opportunities report

The growth of the City of Leipzig and the design of the urban energy and mobility transition will directly and indirectly pose enormous challenges for the company group and, at the same time, offer significant opportunities for its future development. In order to safeguard their ability to take action and to perform in the long term, the individual companies are harmonising their key activities such as investments in the modernisation and demand-driven expansion of infrastructure, the digitisation of services, products and processes and a forward-looking personnel policy.

Through the Group-wide management of financial positions and the tax optimisation of the fiscal transverse group, **LVV** systematically analyses and exploits opportunities which arise for the entire Group.

Thus, opportunities lie in the development of a regional hydrogen economy: The Leipzig Group is pushing ahead with projects that have high strategic potential in terms of the funding environment and the increasing importance of non-fossil energy sources. This relates in particular to the connection of the region to a superordinated hydrogen grid and – given the right energy industry conditions – the utilisation of hydrogen at the thermal power station (TPS) Leipzig Süd.

From the perspective of the **Energy** business area there are opportunities in the regulatory, sector-specific as well as the performance and financial fields, and a favourable market development. The relevance for the impact of the aforementioned opportunities on earnings depends on the extent of the external influences.

Against the backdrop of the current price trends in the energy markets the regulatory authorities will also continue to pursue the goal of keeping the grid operators' fees constant or further reducing them. The decoupling of permissible revenues from the actual costs is creating both opportunities and risks with regard to the development of efficiency potential.

If the ambitious climate protection goals are consistently accompanied by legislative action, opportunities fundamentally result from the shaping of energy and climate policy. This applies in particular if the objectives of an increased expansion of renewable energies, the prospective use of green hydrogen and a strengthening of combined heat and power generation are flanked and reviewed by the legal regulations at federal level. In order to implement the energy and climate policy objectives within the necessary time frame, stable framework conditions are necessary against the backdrop of long-term investments in the infrastructure and supply sector.

Market and asset utilisation opportunities can be found in the energy market design as well as in contractual and regulatory market developments. The further flexibilisation of the marketing and control of the plant park and the addition of new emission-free district heating plants provides moderate opportunities in an increasing electricity/gas/ CO_2-spread in the generation of electricity and heat.

In the system market of the Stadtwerke, opportunities arise from digitisation, new trading venues and products on the wholesale markets, the leveraging of automation potential and new revenue opportunities in the context of renewable energies. In addition, a volatile wholesale market offers opportunities from the exploitation of price differences on the markets.

For the biomass power stations, opportunities arise from falling fuel prices. When electricity prices on the wholesale markets are high, there are also opportunities from unsubsidised direct marketing. Opportunities arise for the wind power plants due to higher wind levels than planned and in the direct marketing. The weather-dependent heating business can be influenced equally in both directions by temperature fluctuations.

In the end-customer market of the Stadtwerke, opportunities are to be found in the faster realisation of the transfer of the heat supply away from fossil fuels to renewable technologies. Municipal heat planning is a catalyst for the energy transition process and opens up new market opportunities in the region in the form of implementation projects that develop from dedicated energy concepts.

Opportunities exist to strengthen the company’s market position through value added services such as energy management and efficiency consulting, since the industry requirements placed upon energy suppliers are diverse. Topics such as decentralisation and local generation, efficiency improvements, renewable technologies, digitalisation and dynamic tariffs play a major supporting part here. On the customer side, conventional energy carriers are being reviewed and adjusted to reduce consumption levels and save energy costs. Utilities have the opportunity to participate in the measures through value-added services and to help shape the customer’s energy system to be developed by providing advice, for instance by recording existing energy sources and providing advice on coordinated energy-saving measures.

Additional opportunities arise from the planned expansion of the renewable energy portfolio.

The GPEC Group meets the challenges of heat supply security in relation to fuels in the Pomerania region by means of an early and multi-supplier purchasing strategy for the input materials for its generation sources. There is also a close exchange and coordination with the heat supplier in Gdańsk. In 2025, GPEC Sp. z o.o. will expand its heat procurement by supplying heat from the waste incineration plant.

In the **Mobility** business area, and in line with the "MobiLE" corporate strategy, the central opportunity is seen in participating in the transport transition and in the development of the growing city of Leipzig as the primary business area and potential market.

The development of transport to date and the demand for mobility services suggest there will be a return to growth following the pandemic years. The "Liniennetz der Zukunft" ("route network of the future") is an expression of the objectives of the local transport plan and the sustainability scenario; it is expected to contribute towards a significant improvement in public transport services in the City of Leipzig. Their implementation is expected to result in a further increase in passenger numbers and transport revenue in the medium term.

From the perspective of Verkehrsbetriebe, there are also opportunities in the fact that the public transport authority and the Leipzig Group are committed to the sustainability and mobility goals and continue to support them financially. In light of the current increase in the disbursement of regionalisation funds, there is an opportunity going forward to finance operating costs on a permanent basis through federal and state grants.

In addition to the financial contributions from the Leipzig Group, the City of Leipzig and the federal/state governments, Verkehrsbetriebe aim to make a significant contribution of their own towards improving the financing of local public transport. To this end, the productivity programme was initiated in the 2024 business year as a sustainable contribution by LVB towards the improvement of profitability in order to actively contribute towards the counter-financing of existing and expected cost increases.

In the medium term, the **Water** business area also continues to assume a positive population trend in the supply area. This also takes into account the stable development in the area of the Zweckverband für Wasserversorgung und Abwasserbeseitigung Leipzig-Land, (Leipzig) (Special-purpose association for the water supply and wastewater disposal of the Leipzig region, ZV WALL). After stagnating in previous years, per capita consumption is expected to rise again slightly in the medium term. Thus, for Wasserwerke, this has the potential to increase drinking water sales.

Overall, the consequences of climate change and the resulting more frequent dry periods are increasing the importance and social appreciation of water as "food number one". In addition to energy and transport, the future use of water, including issues relating to the water-sensitive urban development, is playing a greater role in the face of changing urban development. The municipal side also relies on the expertise of Wasserwerke as a solution partner, which is reflected, for instance, in a joint steering network for this topic.

The funding landscape is increasingly offering programmes that are geared towards the consequences of climate change and the associated transformation processes in urban redevelopment for the water and energy sectors. Applications for funding were examined more closely.

For the necessary adjustment of technical facilities, such as the expansion of the capacity of the Rosental sewage treatment plant due to increasing wastewater loads as a result of the population growth, Wasserwerke have developed corresponding concepts and strategies, on the basis of which implementation planning and realisation are being driven forward.

Furthermore, opportunities continue to be seen above all in the increased implementation of digital applications to facilitate work and increase efficiency around the core business, as well as in cross-media approaches to utilise energy potentials.

In times of very volatile and difficult-to-predict economic developments, a stable business model also comes to the fore once more as a very immediate "opportunity" and "stable anchor". The safe supply of drinking water and safe wastewater treatment as an indispensable component of the provision of public services and the basis of Wasserwerke’s business must therefore be understood as the most important opportunity and basis for the future.

3.3 Forecast report

In order to achieve a positive results trend in the future, it is absolutely essential to sustainably secure the Leipzig Group's profitability and to make value-adding investments in existing business areas, while carefully considering all the opportunities and risks. The management will ensure a balanced use of the available funds in order to maintain and expand the business and other assets in the long term. In this context, the actions are attuned to the existing resources, the developments in the industry, and the existing and anticipated overall legal framework conditions.

An important goal for the future of the Leipzig Group is to further improve the very favourable competitive position in the region. The strengths of LVV and its subsidiaries lie in the infrastructure business and associated services. The aim here must be to make use of the economic opportunities arising from the City of Leipzig's growing prosperity. In order to successfully tackle the long-term challenges of continuing to improve benefits to customers and implementing our own objectives within the competitive environment, it is important to maintain the orientation towards the core business of the individual business areas.

The results of the LVV Group depend in particular on the economic development of the subsidiaries included in the consolidated financial statements and increasingly also on the external support of the shareholder. The intragroup financing of transport services and measures to improve earnings in the long term will continue to be the focus of activities.

The key figures of the Group's budget compared to the previous business year are presented below and reflect the management's expectations for the year ahead:

Ratios

		Actual 2024	Plan 2025	Change absolute
Consolidated profit/loss	€m	61.3	39.3	-22.0
Adjusted EBITDA	€m	322.4	322.6	0.2
Investments	€m	330.9	602.4	271.5
Equity ratio	%	35.4	37.9	2.5
Total net debt	€m	1,051.4	1,391.9	340.5
Dynamic debt-equity ratio		3.3	4.3	1.0

The Group's budget reveals a positive annual result for 2025 of €39.3m.

The Group's budget provides orientation for the development of the companies in the Leipzig Group over the next five years. In addition to the short-term view of the year 2025 medium-term perspective up to 2029 shows a way to meet the existing challenges in the individual business areas. Due to the still challenging framework conditions as well as the current geopolitical situation, there are still considerable uncertainties in the assumed planning values of LVV as well as the respective companies, which may have an impact on the assets, financial and earnings situation of the Leipzig Group.

For the 2025 business year and in the medium term, the Group's budget assumes that the internal financing of public transport will be secured from the Group's own resources. Furthermore, however, additional and permanent funding from the City of Leipzig, the Free State of Saxony and the Federal Government is necessary to offset the operating costs of public transport. Within the framework of the strategy, a long-term plan until 2045 was drawn up, which, upon the occurrence of the stipulated prerequisites, concludes that the LVV Group can finance 97.0% of the planned investments from its own resources. However, for the otherwise self-sustaining investments in the water and energy sectors, an equity-strengthening contribution from the shareholder, the City of Leipzig, is required viewed as a whole.

Adjusted EBITDA is expected to be €322.6m in 2025, in line with the Group's budget. An EBITDA of €447.1m is forecast at the end of the medium-term planning period. The attainment of the EBITDA goal is especially necessary in order to create the required scope to ensure the financing of the intended investments that would be expected in the market. For this reason, there is a requirement to identify and implement further measures in the coming years across the Group that will contribute towards a sustainable increase in the EBITDA, in addition to the pre-existing activities.

The Group's investment plan envisages a volume of €602.4m for the 2025 business year. Almost half of this total volume is accounted for by the energy sector. This mainly includes the heating supply future concept which includes investments in the use of industrial waste heat, in decentralised generation plants for various energy sources (e.g. EEG plants and solar thermal plants) and in additional storage capacities to secure the supply of district heating. Investments are also planned in the expansion and extension of the district heating grid, local heating solutions, media-independent energy services and in the submetering product segment.

In the case of the Polish participations, a gradual increase in heating consumers is anticipated over the next five years, which will have a positive effect on sales and turnover. Despite the difficult geopolitical situation, which has had a significant impact on the energy sector, the GPEC Group is set to develop strongly in terms of its heating and energy services, and also in engineering and construction projects. Continuous risk analyses as well as a dynamic long-term strategy that adapts to changing market situations can continue to secure positive sales forecasts for Polish companies.

Despite continued high levels of uncertainty with regard to the financial framework conditions for shaping the transport and energy transition, the investments anchored in the business plan are being consistently implemented in the Mobility business area. Public transport is an essential component of the solution in achieving the transport and climate policy goals. The investment offensive that has already been launched will be continued with – in line with the growth-oriented "Liniennetz der Zukunft" ("route network of the future") – and the chosen path of implementing the sustainability scenario will be further pursued in order to achieve the goals of the local transport plan adopted in December 2019. Investment planning in the Mobility business area is largely characterised by vehicle procurement and investments in the network infrastructure. To support the financing, the aim is to achieve a funding ratio of 63.0% through the active acquisition of subsidies.

The core tasks of the Water business area are and remain ensuring safe operation and the future-proof renewal and modernisation of the networks and facilities for drinking water supply and wastewater treatment. Activities focus on the programmatic processing of the renovation requirements of the existing fixed assets. The goal is to further improve the condition of the drinking water and wastewater networks and facilities and to respond to increased demands (for instance, the expansion of the Rosental sewage treatment plant). By means of the implementation of the comprehensive sewer rehabilitation programme, a noticeable and sustainable improvement in the condition of the sewer network is anticipated in the medium term. Reducing the share of short to medium-term rehabilitation requirements, taking into account other target dimensions such as cost efficiency and hydraulic concerns, represents one of the main objectives of the sewer rehabilitation programme. A significant proportion of the investment funds earmarked for the coming planning years will flow into the expansion of the Rosental sewage treatment plant. The expansion of the sewage treatment plant will create the necessary conditions for the safe disposal of increasing volumes of wastewater as a result of the growth of the City of Leipzig.

The Group's equity ratio is expected to amount to 37.9% due to the expected consolidated result in 2025 and rising special items for income subsidies and will increase slightly in the medium term due to planned contributions from the shareholder, the City of Leipzig.

The increase in total net debt is due to the continued borrowing of long-term loans to finance challenging investment projects in all business areas, geared towards successfully meeting the challenges of the growing city in the future as well. The dynamic debt-equity ratio will probably increase to 4.3 in the 2025 business year. As a result – thanks to intensive efforts within the Group – the upper limits agreed to with the creditors of 25.0% for the equity ratio and 4.5 for the dynamic debt-equity ratio are still adhered to, and the future creditworthiness of the LVV Group has thus been secured.

Leipzig, 30 April 2025

Management

Karsten Rogall Ulf Middelberg Volkmar Müller Kerstin Schultheiß

Consolidated balance sheet at 31 December 2024

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

Assets				in €k
			31.12.2024	31.12.2023
A.	Fixed Assets			
I.	Intangible assets			
	1.	Internally generated industrial property rights and similar rights and assets	1,677	1,419
	2.	Purchased concessions, licenses, rights of use, IT programs and easements	16,029	14,519
	3.	Payments on account	12,130	13,100
			29,836	**29,038**
II.	Tangible assets			
	1.	Land, leasehold rights and buildings including buildings on leased land	452,528	421,326
	2.	Technical equipment and machines	2,112,826	2,107,238
	3.	Other equipment, factory and office equipment	32,838	28,453
	4.	Payments on account and assets under construction	293,358	224,698
			2,891,550	**2,781,715**
III.	Financial assets			
	1.	Shares in affiliated companies	30,819	28,479
	2.	Loans to affiliated companies that are not consolidated	14,057	10,887
	3.	Participations	92,754	90,807
	4.	Loans to companies in which a participating interest is held	5,008	5,319
	5.	Other loans	613	814
			143,251	**136,306**
			3,064,637	**2,947,059**
B.	Current assets			
I.	Inventories			
	1.	Raw materials and supplies	70,953	44,416
	2.	Unfinished services	7,562	7,758
	3.	Payments on account	17,598	9,012
			96,113	**61,186**
II.	Receivables and other assets			
	1.	Receivables from deliveries and services	768,415	690,453
		Payments received	-407,024	-306,889
			361,391	383,564
	2.	Receivables from affiliated companies that are not consolidated	6,482	11,971
	3.	Receivables from companies in which a participating interest is held	544	14
	4.	Other assets	101,253	123,848
			469,670	**519,397**
III.	Cash in hand, bank balances and cheques		**224,617**	**268,182**
			790,400	**848,765**
C.	Prepaid Expenses		**9,011**	**9,261**
			3,864,048	**3,805,085**

Liabilities in €k

		31.12.2024	31.12.2023
A.	**Equity**		
I.	**Subscribed capital**	**512**	**512**
II.	**Capital reserve**	**651,942**	**651,942**
III.	**Revenue reserve**	**273,345**	**239,397**
IV.	**Equity difference resulting from currency translation**	**-5,186**	**-6,573**
V.	**Consolidated net loss**	**-71,584**	**-91,396**
VI.	**Non-controlling interests**	**99,685**	**98,807**
		948,714	**892,689**
B.	**Special item for subsidies, development funds and the gratuitous takeover of tangible fixed assets**	**699,304**	**683,537**
C.	**Special items for building-cost subsidies**	**141,429**	**133,757**
D.	**Provisions**		
	1. Provisions for pensions and similar obligations	21,954	22,787
	2. Provisions for taxation	7,131	18,075
	3. Other provisions	321,990	292,319
		351,075	**333,181**
E.	**Liabilities**		
	1. Liabilities to banks	1,185,977	1,236,110
	2. Payments received on account of orders	11,349	11,429
	3. Liabilities from deliveries and services	192,869	243,218
	4. Liabilities to affiliated companies that are not consolidated	21,126	25,338
	5. Liabilities to companies in which a participating interest is held	5,966	1,519
	6. Other liabilities	297,664	230,908
	of which tax liabilities: €18,050k (2023: €10,570k)		
	of which social security liabilities: €540k (2023: €376k)		
		1,714,951	**1,748,522**
F.	**Deferred income**	**8,470**	**13,285**
G.	**Deferred tax liabilities**	**105**	**114**
		3,864,048	**3,805,085**

Consolidated profit and loss statement for the business year from 1 January until 31 December 2024

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

in €k

			2024	2023
1.	Sales revenues		2,652,494	4,468,861
2.	Increase or decrease in unfinished services		-342	3,596
3.	Other internally produced and capitalised assets		27,256	21,588
4.	Other operating income		166,387	148,876
			2,845,795	4,642,921
5.	Cost of materials			
	a)	Costs of raw materials and supplies and purchased goods	1,844,932	3,691,226
	b)	Costs of purchased services	117,131	92,685
			1,962,063	3,783,911
6.	Personnel expenditure			
	a)	Wages and salaries	282,680	257,638
	b)	Social security contributions and expenses for pension schemes and support of which for pension schemes: €8,341k (2023: €6,254k)	64,853	55,686
			347,533	313,324
7.	Depreciation and amortisation			
	a)	of intangible and tangible fixed assets	206,728	231,978
	b)	of the special loss account from formation of provisions pursuant to Section 17(4) of the DMBilG	0	134
			206,728	232,112
8.	Other operating expenses		220,887	207,164
			108,584	106,410
9.	Income from participations of which from affiliated companies: €3,210k (2023: €4,124k)		7,637	6,700
10.	Income from profit transfer agreements		0	308
11.	Income from other securities and from loans from financial assets		450	471
12.	Other interests earned and similar income of which from affiliated companies: €175k (2023: €144k)		10,689	7,188
13.	Amortisation of financial assets		1,063	872
14.	Expenses from loss assumption		1,049	801
15.	Interest and related expenses of which to affiliated companies: €0k (2023: €0k)		38,246	36,515
			-21,582	-23,521
16.	**Result before tax**		**87,002**	**82,889**
17.	Taxes on corporate income and business profits of which change in deferred taxes: €9k (2023: €9k)		18,889	22,770
18.	**Result after tax**		**68,113**	**60,119**
19.	Other taxes		6,851	5,970
20.	**Consolidated net income**		**61,262**	**54,149**
21.	Non-controlling interests		-7,502	-4,845
22.	Group loss carried forward from previous years		-91,396	-139,691
23.	Withdrawal/transfer to revenue reserves		-33,948	-1,009
24.	**Consolidated net loss**		**-71,584**	**-91,396**

Notes to the consolidated financial statements for the 2024 business year

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

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1 Information on the form and presentation of the consolidated balance sheet and the consolidated profit and loss statement

1.1 General remarks

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig (LVV) has its registered office in Leipzig and it is listed in the commercial register of Leipzig District Court under number HRB 13860.

The consolidated financial statements of LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig (LVV Group) for the year ending 31 December 2024 have been prepared in accordance with the provisions of Sections 290 et seq. of the Handelsgesetzbuch (German Commercial Code, HGB), the supplementary provisions of the Gesetz betreffend die Gesellschaften mit beschränkter Haftung (Limited Liability Companies Act, GmbHG) and the stipulations of the Eröffnungsbilanz in Deutscher Mark und die Kapitalneufestsetzung (Deutsche Mark Balance Sheet Act, DMBilG). The regulations of the Deutscher Rechnungslegungs Standard (German Accounting Standard, DRS) were generally observed here.

The nature of expense method has been chosen as the method of organising the profit and loss statement. Additional information on the individual items on the consolidated balance sheet and the consolidated profit and loss statement is provided, in principle, in the notes to the consolidated financial statements.

The item ‘result before tax’ has been added to the structure of the consolidated profit and loss statement.

For computational reasons, the following figures and tables may be subject to rounding differences of +/- one unit (€k, %, etc.).

1.2 Consolidated balance-sheet date and consolidated group

The consolidated financial statements have been prepared as of the balance sheet date of 31 December 2024. The annual financial statements of the included companies have been prepared on the same balance-sheet date as the parent company.

With effect from 1 July 2024, the merger of Leipziger Stadtverkehrsbetriebe (LSVB) GmbH, Leipzig, into Leipziger Verkehrsbetriebe (LVB) GmbH, Leipzig, was completed. After the divestment of the Vehicle Workshop business area and its transfer to LeoBus GmbH, Leipzig, the remaining assets of LTB Leipziger Transport und Logistik Betriebe GmbH, Leipzig, were also merged into Leipziger Servicebetriebe (LSB) GmbH, Leipzig.

On 31 December 2024, LVV was indirectly or directly affiliated with – or had an indirect or direct participation in – the following companies:

Affiliated companies that are consolidated

	Abbreviation	Shareholder	Share of subscribed capital %	Equity €k	Result €k
Bau und Service Leipzig GmbH, Leipzig	Bau und Service	Wasserwerke	100.00	1,467	3,182[1]
Brillant Energie GmbH, Leipzig	Brillant	Stadtwerke	100.00	213	-872[1]
ELG Leipzig GmbH, Leipzig	ELG	Stadtwerke LVB	90.00 10.00	58	0
Gdańskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., Gdańsk, Polen[2]	GPEC	Stadtwerke	82.86	109,212	16,389
GPEC EKSPERT SP. Z O.O., Gdańsk, Polen[2]	GPEC EKSPERT	GPEC	100.00	19,011	5,232
IFTEC GmbH Co. KG, Leipzig[3]	IFTEC	LVB LIBV	50.00 0.00	8,867	1,470
Kommunale Wasserwerke Leipzig GmbH, Leipzig	Wasserwerke	LVV	74.65	285,466	39,518[4]
LAB Leipziger Aus- und Weiterbildungsbetriebe GmbH, Leipzig	LAB	LVB	100.00	200	180[1]
LAS GmbH, Leipzig	LAS	Stadtwerke	100.00	499	-199[1]
Leipziger Kommunale Energieeffizienz GmbH, Leipzig	LKE	Stadtwerke	100.00	25	537[1]
Leipziger Servicebetriebe (LSB) GmbH, Leipzig	LSB	LVB	100.00	1,032	227[1]
Leipziger Verkehrsbetriebe (LVB) GmbH, Leipzig	LVB	LVV	100.00	136,141	0[1]
LeoBus GmbH, Leipzig	LeoBus	LVB	100.00	2,033	496[1]
LSI GmbH, Leipzig	LSI	Bau und Service	100.00	2,680	378
Netz Leipzig GmbH, Leipzig	Netz Leipzig	Stadtwerke	100.00	96,009	-3,131[1]
Stadtwerke Leipzig GmbH, Leipzig	Stadtwerke	LVV	100.00	260,601	102,807[1]
Thüringenwind GmbH & Co. Tüngeda KG, Hörselberg-Hainich[6]	Tüngeda	LWM Stadtwerke	0.00 70.00	2,333	287

Affiliated companies that are not consolidated

	Abbreviation	Shareholder	Share of subscribed capital %	Equity €k	Result €k
GPEC ENERGIA SP. Z O.O., Gdańsk, Polen[2, 5]	GPEC ENERGIA	GPEC	100.00	3,149	841
GPEC PELPLIN SP. Z O.O., Pelplin, Polen[2, 5]	GPEC PELPLIN	GPEC	100.00	882	334
GPEC PRO SP. Z O.O., Gdańsk, Polen[2, 5]	GPEC PRO	GPEC	100.00	311	155
GPEC PROJEKT SP. Z O.O., Gdańsk, Polen[2, 5]	GPEC PROJEKT	GPEC	100.00	6,120	1,600
GPEC SYSTEM SP. Z O.O., Gdańsk, Polen[2, 5]	GPEC SYSTEM	GPEC	100.00	8,749	730
GPEC TERMO SP. Z O.O., Gdansk, Polen[2, 5]	GPEC TERMO	GPEC	100.00	2,625	400
KBL Kabelbau Leipzig GmbH, Leipzig[5, 6]	KBL	Stadtwerke	100.00	5,369	1,389
Leipziger Windpark Management GmbH, Leipzig[5]	LWM	Stadtwerke	100.00	38	-9
Meter1 GmbH & Co. KG, Halle (Saale)[5, 6]	Meter1 KG	Meter1 GmbH Stadtwerke	0.00 100.00	231	-19
Meter1 Verwaltung GmbH, Halle (Saale)[5, 6]	Meter1 GmbH	Stadtwerke	100.00	39	1
Mitteldeutsche Erneuerbare Energien GmbH & Co. KG, Leipzig[5, 6]	MEE KG	MEE GmbH Stadtwerke	0.00 100.00	427	-73
Mitteldeutsche Erneuerbare Energien Verwaltungs GmbH, Leipzig[5, 6]	MEE GmbH	MEE KG	100.00	21	2
Quartiersenergie GmbH, Leipzig[6, 7]	QE	Stadtwerke	67.00	532	-137
Seyda Erneuerbare Energien GmbH, Jessen[6, 8]	SEE GmbH	Stadtwerke	100.00	636	-40
Seyda Erneuerbare Energien Wind GmbH, Jessen[6, 8]	SEE Wind	Stadtwerke	100.00	392	-8
Sportbäder Leipzig GmbH, Leipzig[5]	Sportbäder	Wasserwerke	100.00	1,409	0
Wassergut Canitz GmbH, Leipzig[5]	Wassergut	Wasserwerke	100.00	2,264	-202[1]

Associated Companies[9]

	Abbreviation	Shareholder	Share of subscribed capital %	Equity €k	Result €k
caplog-x GmbH, Leipzig[6, 10]	caplog-x	Stadtwerke	31.33	2,908	972
Erdgasversorgung Industriepark Leipzig Nord GmbH, Leipzig[6, 10]	EVIL	Stadtwerke	50.00	407	-14
Energie Harzgerode GmbH, Harzgerode[11]	EH	Stadtwerke	49.00	n/a	n/a
KNL Kommunalnetz Leipzig GmbH, Leipzig[6, 10]	KNL	Stadtwerke	50.00	128	-83
		LEE GmbH	0.00		
Leipziger Erneuerbare Energien GmbH & Co. KG, Leipzig[6, 10]	LEE KG	Stadtwerke	50.00	1,091	-21
Leipziger Erneuerbare Energien Verwaltungs GmbH, Leipzig[6, 10]	LEE GmbH	LEE KG	100.00	24	2
LIB Verwaltungs-GmbH, Leipzig[10]	LIBV	LVB	50.00	26	1
Löwitz Energie GmbH, Magdeburg[6, 10]	LÖW	Stadtwerke	49.00	17	-7
		MEE 1 V GmbH	0.00		
MEE Projektgesellschaft 1 GmbH & Co. KG, Leipzig[6, 10]	MEE 1 KG	Stadtwerke	50.00	3,307	813
MEE Projektverwaltungsgesellschaft 1 mbH, Leipzig[6, 10]	MEE 1 V GmbH	MEE 1 KG	100.00	28	1
		MWM	0.00		
Mittelsächsische Windpark GmbH & Co. KG, Großschirma[6, 10]	MW KG	Stadtwerke	50.00	1,964	69
MWM Mitteldeutsche Windpark Management GmbH, Großschirma[6, 10]	MWM	Stadtwerke	50.00	45	5
VNG Verbundnetz Gas Verwaltungs- und Beteiligungsgesellschaft m.b.H, Leipzig[10]	VNG VuB	LVV	34.57	334	2
		WEO GmbH	0.00		
WEO GmbH & Co. KG, Berlin[6, 10]	WEO KG	Stadtwerke	33.33	0[12]	-785
WEO Verwaltungs GmbH, Berlin[6, 10]	WEO GmbH	WEO KG	100.00	56	3
Westsächsische Erneuerbare Energien GmbH & Co. KG,		WEE GmbH	0.00		
Leipzig[6, 10]	WEE KG	Stadtwerke	50.00	485	-20
Westsächsische Erneuerbare Energien Verwaltungs GmbH, Leipzig[6, 10]	WEE GmbH	WEE KG	100.00	29	2
		MWM	0.00		
Windkraft Hessenweg GmbH & Co. KG, Großschirma[6, 10]	WHW KG	Stadtwerke	50.00	593	-22
Windpark Altenhof GmbH Co. KG		MWM	0.00		
Großschirma[6, 10]	WAltH KG	Stadtwerke	50.00	0	-15
Windpark Königshain-Wiederau GmbH & Co. KG,		MWM	0.00		
Großschirma[6, 10]	WKW KG	Stadtwerke	50.00	1,057	-77
Windpark Königshain-Wiederau Zwei GmbH & Co. KG,		MWM	0.00		
Großschirma[6, 10]	WKW 2 KG	Stadtwerke	33.33	0	-23
		MWM	0.00		
Windpark Kyffhäuserland GmbH & Co. KG, Großschirma[6, 10]	WKL KG	Stadtwerke	50.00	250	-10

Additional holdings

	Abbreviation	Shareholder	Share of subscribed capital %	Equity €k	Result €k
8KU GmbH, Berlin[6]	8KU	Stadtwerke	12.50	314	1
beka GmbH, Köln[6]	beka	LVB	0.47	1,285	110
envia Mitteldeutsche Energie AG, Chemnitz[6]	enviaM	LVV	0.07[13]	2,117,547	375,266
European Energy Exchange AG, Leipzig	EEX	LVV	4.92	884,447	183,121
Fernwasserversorgung Elbaue-Ostharz GmbH, Torgau[6]	FEO	Wasserwerke	0.29	131,564	-222
Joblinge gemeinnützige AG Leipzig, Leipzig[6]	Joblinge	Stadtwerke	6.25	130	50
KBE Kommunale Beteiligungsgesellschaft mbH an der envia, Chemnitz[14]	KBE	LVV	1.35	514,047	35,541
Mitteldeutscher Verkehrsverbund GmbH (MDV), Halle (Saale)[6]	MDV	LVB	16.96	477	0
		MIV	0.00		
Mobility inside Holding GmbH & Co. KG, Frankfurt am Main[6]	MiH	LVB	2.21	3,478	-15,643
Mobility inside Verwaltungs GmbH, Frankfurt am Main[6]	MiV	LVB	5.00	55	1
SAG Abwicklungs AG, i. L., Zwenkau[15]	SAG	Brillant	11.43	n/a	n/a
		TEEV	0.00		
Trianel Erneuerbare Energien GmbH & Co. KG, Aachen[6]	TEE	Stadtwerke	3.46	142,754	7,076
Trianel Erneuerbare Energien Verwaltungs GmbH, Aachen[6]	TEEV	TEE	100.00	84	59
VNG AG, Leipzig	VNG AG	LVV	5.41[16]	1,713,701	355,449

[1] Annual result before profit transfer
[2] The exchange rate on the reporting date was used for the balance sheet; the average exchange rate was used for the profit and loss statement
[3] IFTEC GmbH Co. KG, Leipzig, is exempt, in accordance with Section 264b of the German Commercial Code, from the duty to disclose annual financial statements under commercial law and a management report in accordance with the regulations applicable to joint-stock companies
[4] Annual result before profit transfer and compensatory payment to minority shareholders
[5] Affiliated companies that are not consolidated pursuant to Section 296 (2) HGB because they are of minor importance due to insignificance in relation to the balance sheet total, turnover and result of the Group
[6] Information according to the annual financial statements as at 31 December 2023
[7] Non-inclusion of affiliated companies pursuant to Section 296 (1) No. 1 HGB due to non-controlling influence
[8] Non-inclusion of affiliated companies pursuant to Section 296 (1) No. 3 HGB due to intention to resell
[9] The shares in subscribed capital correspond to voting rights
[10] Associated companies that are not consolidated pursuant to Section 311 (2) HGB because they are of minor importance due to immateriality of the contributions to earnings and distributions
[11] Founded in 2023, entry in the commercial register in 2024 - annual financial statements not yet available
[12] Share of losses of the limited partners not covered by asset contributions of €8,936k
[13] Block of shares held in trust via KBE
[14] Information according to the annual financial statements as at 30 June 2024
[15] Company is dissolved – registered ex officio pursuant to Section 65 (1) GmbHG
[16] LVV shares held via VNG VuB

1.3 Consolidation principles

The consolidated financial statements of the LVV Group are prepared on the basis of the LVV's guidelines for preparing the consolidated financial statements and the commercial balance sheets II of the companies included in the consolidated financial statements.

The regulations on capital consolidation (Section 301 HGB), debt consolidation (Section 303 HGB) and the consolidation of expenses and revenues (Section 305 HGB) have been observed in the preparation of the consolidated financial statements. Currency translation differences from debt consolidation are recognised in profit or loss for reasons of simplification and materiality.

Capital consolidation is based on the valuation of the shares of the companies included in the consolidated financial statements at the time of their acquisition, formation or first inclusion in the consolidated financial statements. In permissible deviation from DRS No. 23, capital consolidation for all consolidated companies already included prior to 1 January 2010 is carried out using the book value method.

The option of not including subsidiaries in the consolidated financial statements in accordance with Section 296 HGB was exercised.

Receivables and liabilities between the companies included in the consolidated financial statements are netted out, and income is offset against the relevant expenses.

Interim results from the effected sale of fixed assets between the companies included in the consolidated financial statements were not eliminated pursuant to Section 304 (2) HGB.

The currency translation of foreign subsidiaries' balance-sheet items was based on the exchange rate on the balance-sheet date (mean spot exchange rate); the historical exchange rate (translation of foreign currencies) was used for equity. The items on the profit and loss statement were translated into Euros using the unweighted average exchange rates.

The participations in the associated companies are posted at book value in the consolidated balance sheet pursuant to Section 312 (1) HGB.

Insofar as participations in the associated companies are of minor importance, the application of Section 311 (1) and Section 312 HGB is waived with reference to Section 311 (2) HGB either upon acquisition of the participation or in the event of changed circumstances at a later date.

2 Information on the items of the consolidated balance sheet and the consolidated profit and loss statement in terms of posting, accounting and valuation

2.1 Accounting and valuation methods

In accordance with the statutory provisions, the annual financial statements of the companies included in the consolidated financial statements are compiled according to standardised accounting and valuation methods.

The **intangible assets** and **tangible assets** are valued at acquisition and production cost minus scheduled and non-scheduled depreciation and amortisation. The production costs of fixed assets and other assets constructed by the company take into account not only direct costs, but also proportionate parts of the overhead costs for materials and production as well as the depreciation necessary for this of the fixed assets.

In exercising the option pursuant to Section 248 (2) HGB self-created intangible assets are capitalised for significant items since 2019. This applies in particular to the in-house development of software solutions, which are amortised using the straight-line method over a useful life of three or five years.

Fixed assets acquired free of charge are reported at their fair market value on the date of transfer. Real-estate additions within the meaning of the Assets Allocation Act are shown on the balance sheet at a flat-rate land value.

The intangible assets include easements in accordance with the Grundbuchbereinigungsgesetz (Land Register Revision Act, GBBerG).

Scheduled depreciation and amortisation is always carried out using the straight-line method over the fixed asset's estimated useful life. Depreciation and amortisation is generally based on a useful life ranging from two to 55 years. In addition, in the event of permanent reductions in value, non-scheduled depreciation and amortisation is taken into account. If necessary, reversals of impairment losses on assets depreciated in a non-scheduled manner in previous years are taken into account through write-up.

If economically significant components of an asset have different useful lives and these components are physically separable, scheduled depreciation and amortisation is applied on a component basis. Furthermore, a performance-based depreciation is applied according to the operating hours for a gas turbine and a declining-balance depreciation is applied at the thermal power station (TPS) Leipzig Süd.

Low-value items under €800.00 are put on the asset side in the year that they were purchased and then immediately written off. If the value of an asset does not exceed €250.00, the acquisition costs are recognised immediately as an expense.

Where subsidies or financial support are received for fixed assets of the companies incorporated into the Group, these funds are posted under 'special item for subsidies, development funds and the gratuitous provision of tangible fixed assets', to make the picture of the company's net worth and financial position on the liabilities side more transparent. They are released according to the useful life of the subsidised assets.

Advance payments on intangible and tangible fixed assets are carried at their acquisition cost at nominal value (excluding value added tax).

Shares in affiliated companies, which are shown under **financial assets,** and associated undertakings are stated at acquisition costs plus incidental acquisition costs or closed at the lower fair value. The acquisition costs of the shares in foreign companies are converted at the exchange rate that applies at the time of the transaction. Where necessary, if reductions in value are expected to be permanent, items are written down to the lower fair value on the balance-sheet date. Loans are valued at nominal value.

In principle, all **raw materials and supplies** are reported at average acquisition cost, applying the rule of cost or market value, whichever is lower.

Emission certificates allocated free of charge are posted under inventories at their memo value. Purchased emission certificates are shown on the balance sheet under ‘inventories’ at acquisition cost. Where necessary, items are written down to the lower fair value on the balance-sheet date.

Unfinished services is valued loss-free at production cost. The production costs include not only direct material and manufacturing costs but also proportionate parts of overhead costs for materials and manufacturing as well as the depreciation of fixed assets that is necessary for this.

Advance payments on inventories are carried at their acquisition cost at nominal value (excluding value added tax).

Receivables and other assets are shown at their nominal value, taking into account identifiable non-payment risks. Under receivables from deliveries and services, received payments on account, which are recognised at nominal value, are openly deducted from the accrued consumption for electricity, gas, water and wastewater that has not yet been metered.

Receivables in foreign currency whose remaining term does not exceed one year are valued at the mean spot exchange rate on the balance-sheet date. All other foreign currency receivables are valued using the exchange rate on the invoice date or in compliance with the realisation principle for long-term positions (Section 256a HGB) the mean spot exchange rate on the balance-sheet date, whichever is lower.

In wholesale energy trading, receivables and liabilities are netted out in cases where netting contracts have been agreed upon with partners.

Cash in hand, bank balances and cheques are shown on the balance sheet at their nominal value. Amounts in foreign exchange with a term of less than one year are valued at the mean spot exchange rate on the balance-sheet date pursuant to Section 256a HGB.

Prepaid expenses include expenditures representing expenses after the balance-sheet date.

The deferred taxes resulting from consolidation measures were netted with the primary deferred tax assets (total difference approach). Deferred taxes from consolidation measures (secondary deferred taxes) are only recognised in the balance sheet if the comparison with the primary deferred taxes results in a surplus on the liabilities side or if there is a surplus on the assets side of secondary deferred taxes, irrespective of the exercise of the capitalisation option in accordance with Section 274 (1), sentence 2 in conjunction with Sections 298 and 300 (2) HGB.

The determination of deferred tax assets and liabilities is based on the balance sheet-oriented temporary concept (Section 274 (1) HGB). Deferred taxes on quasi-permanent differences arising from the different valuation of participations in the commercial and tax balance sheets are also taken into account here. In addition, deferred tax assets are recognised on the corporate and trade tax loss carryforwards where they exist to the extent that a loss offset is expected within the next five years. This assessment is based on corresponding planning calculations.

They are calculated for the German companies using a company-specific, combined income tax rate (corporation tax and solidarity surcharge, municipal trade tax) amounting to approximately 31.7% or, in the case of temporal accounting differences relating to participations in the legal form of a partnership, on the basis of a combined income tax rate of 15.9%, which only includes corporation tax and the solidarity surcharge. A tax rate of 19.0% is applied for the Polish companies. Over the 2024 business year, net posting (pursuant to Section 274 (1), sentence 3 HGB) results in a deferred tax asset overall. The option of posting the deferred tax asset surplus due to resulting tax benefit savings arising in accordance with Section 274 (1), sentence 2

HGB is not used within the scope of Group-wide accounting. Existing loss carryforwards were not to be valued due to a lack of usability.

The deferred taxes are based on differences in approaches reported by LVV and its consolidated Group subsidiaries. In this case, deferred tax assets result in particular from differences in valuation under commercial and tax law for tangible assets and financial assets, for inventories, other assets, special items, pension provisions, other provisions, liabilities and for deferred income. Deferred tax liabilities result essentially from tangible assets, financial assets, receivables, special items, provisions and liabilities. As a permissible deviation from DRS No. 18 "Deferred taxes", an illustration of the relationship between expected and stated tax expenditure in the form of a reconciliation statement is not included.

Consolidation measures (debt elimination) give rise to deferred tax liabilities (€50.9k). These have been measured using a combined income tax rate of approximately 12.67%. On account of the permissibility of the comprehensive difference approach (group-wide view), deferred taxes arising from the debt elimination are not recognised, as they are covered by an (overall existing) net surplus of deferred tax assets.

The deferred tax liabilities already recognised since 2021 in respect of the purchase price allocation for Tüngeda have been carried forward at an income tax rate of 13%; they are presented under Section 306 HGB (separate item on the liabilities side of the consolidated balance sheet). They amount to €104.4k as at the reporting date and are attributable to other shareholders. The change in deferred tax liabilities compared to the previous year (€113.9k) results from the scheduled reversal (€9.5k).

The **subscribed capital** is reported at its nominal value.

The item **equity difference resulting from currency translation** is a result of the discrepancy between the valuation of the balance sheet at the exchange rate on the reporting date and the profit and loss statement at the average exchange rate on the one hand, and the valuation of equity at the historical exchange rate used by the consolidated foreign companies on the other.

In addition to tangible fixed assets transferred free of charge, the **special item for subsidies, development funds and the gratuitous takeover of tangible fixed assets** shown under ‘liabilities’ includes mainly capital investment grants and the sewer-service charge, which can be netted against investments in environmental improvements; these investments are released to income over the useful life of the subsidised fixed assets. The rights shown under the ‘special item for emission entitlements issued free of charge’ were posted on the balance sheet at their memo value.

Received contributions towards house-connection costs and similar subsidies are shown under the **special item for building-cost subsidies.** The annual release to income amounts to 5.0% for building-cost subsidies received up to 31 December 2002. Building-cost subsidies received after 1 January 2003 are released to income over the useful life of the assets concerned.

Provisions for pensions and similar commitments as well as for selected provisions for staff, on the basis of actuarial expert opinions based on the 2018 G guideline tables compiled by Prof. Dr. Klaus Heubeck in accordance with the Anwartschaftsbarwertverfahren (Projected Unit Credit Method).

Provisions for pensions and other pension obligations are based on assumed actuarial interest rates of 1.88% to 1.90% for a term of 15 years and future salary and pension adjustments or increases in expenses of up to 5.0%.

As a result of the discounting of pension provisions using the average market interest rate over the past ten years, we see a difference of €110k compared with the discounting using the average market interest rate of the past seven years.

In the case of the Polish companies, provisions for old-age allowances are formed on the basis of mathematical expert opinions in accordance with IAS 19 using the Projected Unit Credit Method at an interest rate of 5.85%, as well as future salary adjustments of 5.7% and fluctuation rates of up to 12.1%.

A part of the pension obligations is valued at the fair value of pension-plan reinsurance pursuant to Section 253 (1) sentence 3 HGB (amortised cost from the interest-bearing accumulation of the savings portion of the insurance premiums paid plus any existing credit balances from surplus participation), since these are congruently reinsured employer's pension commitments. The valuation is based on actuarial reports.

In the case of selected other provisions for personnel (for anniversaries, semi-retirement and value account models), the valuation in the actuarial reports is based on interest rates in accordance with the average market interest rates of the past seven years published by the Deutsche Bundesbank with an assumed remaining term of 15 years. Future annual wage and salary increases are taken into account.

Assets whose sole purpose is to meet long-term pensions as well as obligations relating to semi-retirement and value accounts, and to which all other creditors have no access, are posted after being netted against the corresponding obligations pursuant to Section 246 (2), sentence 2 HGB. The valuation is based on available actuarial reports.

The **other provisions** appropriately and sufficiently cover all identifiable risks and contingent liabilities. They are valued at the amounts deemed necessary to settle obligations according to sound business judgement.

Also included in 'other provisions' are emission certificates allocated free of charge, which are posted at their memo value to meet the obligation to return them and emission certificates acquired for a consideration at their book value.

An appropriate rate of cost increases is taken into account when valuing each amount needed to settle obligations relating to certain long-term provisions. Other provisions with a term of more than one year are discounted at interest rates that are in line with the respective time span and have been announced by the Deutsche Bundesbank.

In accordance with Section 67 (1), sentence 2 of the Einführungsgesetz zum Handelsgesetzbuch (Introductory Act to the German Commercial Code, EGHGB), long-term provisions that would have to be released due to a change in valuation are retained if the amount to be released will have had to be returned by 31 December 2024 at the latest.

The company has used the option of **retaining provisions for operating expenses pursuant to Section 249 (2) HGB (old version)** in accordance with Section 67 (3), sentence 1 EGHGB, at the time of conversion to the new regulations of the Bilanzrechtsmodernisierungsgesetz (Act on modernisation of accounting law, BilMoG).

Liabilities are posted at their settlement amount and advance payments received at nominal value on the liability side. Liabilities in foreign currency whose remaining term does not exceed one year are valued at the mean spot exchange rate on the balance-sheet date. All other foreign currency liabilities are valued using the exchange rate on the invoice date or the mean spot exchange rate on the balance-sheet date, whichever is higher.

Other liabilities include the obligations in accordance with Section 13 (4) of the Sächsisches Kommunalabgabengesetz (Saxon Municipal Tax Act, SächsKAG), according to which the additional income resulting from the difference between the depreciation on the basis of replacement values (Wiederbeschaffungszeitwerte, WBZW) recognised in the calculation of charges and the depreciation under commercial law must be recognised in future calculation periods as a reduction in charges. From the 2016/2017 price period, the Kommunale Wasserwerke Leipzig GmbH, Leipzig (Wasserwerke) posted imputed depreciation and amortisation on the basis of current replacement values in the price calculation, in accordance with Section 13 (1) SächsKAG. Current replacement values are understood to mean the value of the fixed asset to be used at the time of determination that the company would have to pay to replace an asset with an item of the same type and quality. The obligation was determined on an asset class basis for the first time in 2016. From the time at which replacement and expansion investments are made in subsequent periods, the liabilities must undergo a scheduled release to income in favour of sales revenues, while taking into account the average useful life of the investments. The resulting reversal amounts for 2024 amount to €1,585k.

Deferred income covers receipts representing income after the balance-sheet date.

Derivative financial instruments are valued individually at their fair value on the balance sheet date. Where the conditions for the formation of valuation units are met, the hedges and underlying transactions are combined into a single valuation unit.

2.2 Notes to the consolidated balance sheet

The composition and development of the individual items of **fixed assets** are shown in the statement of fixed assets; the classification is based on Section 266 (2), in conjunction with Section 265 (6) HGB.

Taking reclassifications into account, €832k of internally generated intangible assets were capitalised in the business year. Total development costs of €939k were incurred, of which €832k were capitalised.

Financial assets include the shares of the affiliated companies not included in the consolidated group, loans to affiliated companies not included, participations, loans to companies in which a participating interest is held, and other loans.

The inventories contain emission entitlements allocated free of charge on the balance-sheet date with an obligation to return, which have been posted with a memo value (market value on 31 December 2024: €1,921k).

The **receivables from deliveries and services** on the consolidated balance sheet are mainly comprised of receivables from invoiced deliveries of energy and water, from wastewater treatment, and consumption between the date of the last metre reading and the balance-sheet date, which is charged to subsequent periods, totalling €707,271k. Payments received on account worth €407,024k are openly set off. The receivables from deliveries and services include receivables payable by the shareholder, the City of Leipzig, amounting to €39,923k (2023: €23,979k).

Of the **receivables from affiliated companies not included** €5,853k relate to receivables from cash management, €562k to other assets and €66k to receivables from deliveries and services.

The receivables from **companies in which a participating interest is held** relate to liabilities from deliveries and services amounting to €290k.

The **other assets** made up of receivables from the tax office amounting to €26,620k, some of which do not legally arise until after the balance-sheet date. Other assets also include receivables owed by the shareholder, the City of Leipzig, totalling €0k (2023: €3k).

Of the receivables, €6k (2023: €6k) of the trade receivables and €123k (2023: €163k) of the other assets have a **remaining term of more than one year.**

The differential amount (discount) included in **prepaid expenses** in accordance with Section 250 (3) HGB amounts to €2,300k (2023: €2,383k).

The **subscribed capital** corresponds to the parent company LVV's share capital. The original capital contribution is held in full by the City of Leipzig.

The **revenue reserves** constitute other revenue reserves.

The shares included in the item **non-controlling interests,** amounting to €99,684k, in the balance sheet are those of the Zweckverband für Wasserversorgung und Abwasserbeseitigung Leipzig-Land (ZV WALL), in Wasserwerke, of the City of Gdańsk in Gdańskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., Gdańsk, Poland, (GPEC), of Boreas Energie GmbH in Tüngeda and of Siemens AG in IFTEC GmbH Co. KG, Leipzig, (IFTEC). The profit of €7,502k attributable to these shareholders is allocated in this balance sheet item and stated separately in the consolidated profit and loss statement under 'non-controlling interests'.

In permissible deviation from DRS No. 22 "Group Equity", the disclosures on the statutory distribution or transfer blocks are omitted.

The **pension obligations** relating to German companies are netted against the corresponding asset value of concluded pension-plan reinsurance policies in accordance with Section 246 (2) HGB. Both the fair value of the netted assets and the netted debts (calculated as the amount needed to settle the obligation) each amount to €457k, taking payments already made into account. The acquisition costs of the asset value of the pension-plan reinsurance policies amount to €685k. In the 2024 business year, the interest earnings included in the fair value of the assigned reinsurance policies (€20k) are netted against the expenses of the obligation (€20k) in the profit and loss statement.

In addition to tax provisions for the present business year, the **provisions for taxation** take into account provisions for possible tax back payments for previous years resulting from ongoing government tax audits.

The **other provisions** mainly include provisions for outstanding invoices (€67,672k), for uncertain liabilities (€52,242k), for the clean-up of ecological damage (€48,584k), for obligations to return CO_2 certificates (€39,236k), for turnover risks in accordance with SächsKAG (€25,435k), for expenditures on part-time employment schemes for older employees, social compensation plans and personnel expenses (€23,955k), for sewer service charges and franchise fees (€18,168k), for litigation risks and legal proceedings (€15,084k), and for anticipated losses (€13,590k).

The **obligations relating to part-time employment schemes for older employees and other provisions for staff for value accounts** (€10,741k) are netted against assets to which no other creditors have access and whose sole purpose is to meet semi-retirement obligations or similar obligations due and payable in the long term, in accordance with Section 246 (2), sentence 2 HGB. The purchase costs of the netted assets are €10,741k. The fair value of the netted assets and the amount needed to settle the netted debts amount to €10,741k respectively. The interest expense resulting from the allocation of reinsured obligations (€128k) was settled with the interest income from the reinsurance policy (€26k).

Other provisions include provisions for expenses in the amount of €8,945k, for which the right of retention in accordance with Article 67, subsection 3, sentence 1 EGHGB was used.

The amount to cover long-term provisions retained in accordance with Article 67 (1), sentence 2 EGHGB is €20k.

The **liabilities** shown in the consolidated balance sheet have the following remaining terms:

Liabilities in €k

		Remaining term			Total
		Up to one year (2023)	From one to five years (2023)	Over five years (2023)	31.12.2024 (2023)
1.	Liabilities to banks	95,226	474,918	615,833	1,185,977
		(83,984)	(500,103)	(652,023)	(1,236,110)
2.	Payments received on account of orders	11,349	0	0	11,349
		(11,429)	(0)	(0)	(11,429)
3.	Liabilities from deliveries and services	192,869	0	0	192,869
		(243,218)	(0)	(0)	(243,218)
4.	Liabilities to affiliated companies that are not consolidated	21,126	0	0	21,126
		(25,338)	(0)	(0)	(25,338)
5.	Liabilities to companies in which a participating interest is held	5,966	0	0	5,966
		(1,519)	(0)	(0)	(1,519)
6.	Other liabilities	142,678	6,021	148,965	297,664
		(86,042)	(4,718)	(140,148)	(230,908)
		469,214	**480,939**	**764,798**	**1,714,951**
		(451,530)	**(504,821)**	**(792,171)**	**(1,748,522)**

For the majority of the **liabilities to banks and the liabilities from registered debentures/promissory note loans from institutional investors**, standardised financial covenants containing predefined financial relations such as the debt-equity ratio and the own funds ratio were agreed when concluding unsecured medium and long-term loan agreements. For liabilities owed to credit institutions of €7,810k, a transfer of ownership by way of security of the financed fixed assets and an open assignment of the receivables associated with the project were made.

€11,560k of the **liabilities from deliveries and services** relate to liabilities (2023: €9,157k) in respect of the shareholder City of Leipzig.

€13,910k of the **liabilities to affiliated companies which are not consolidated** concern liabilities from cash management, €6,267k concern other liabilities, €946k concern liabilities from deliveries and services and €3k concern tax liabilities.

The **liabilities to companies in which a participating interest is held** relate to liabilities from deliveries and services.

Other liabilities include liabilities from registered debentures/promissory note loans from institutional investors of €90,000k.

Furthermore, the other liabilities include obligations pursuant to Section 13 (4) SächsKAG (€66,559k, 2023: €56,110k).

The **deferred income** mainly includes fare income for the following year of €3,861k from Leipziger Verkehrsbetriebe (LVB) GmbH, Leipzig, (Verkehrsbetriebe), a payment of €2,101k received in accordance with LKE's hydrogen supply agreement and the receipt of fixed assets from GPEC free of charge in the amount of €1,896k.

Deferred tax liabilities amount to €104k (2023: €114k) as at the reporting date and are attributable to other shareholders. The change in deferred tax liabilities compared to the previous year results from the scheduled reversal of €10k.

2.3 Notes to the consolidated profit and loss statement

Of the Group's **sales revenue** €2,126,866k relates to wholesale energy trading and energy supplies, €215,989k to water supply/sewage treatment, €142,662k to income from transport services including compensatory payments, and €166,977k to ancillary business including income from the release of the special item for building-cost subsidies.

Of the sales revenue, €2,382,671k was generated in the Federal Republic of Germany and €269,823k was generated outside of Germany, of which €267,328k were generated in the Republic of Poland.

The sales revenue includes sales revenues unrelated to the accounting period amounting to €28,256k.

Other operating income includes income of €60,393k related to other periods. This mainly consists of income from the reversal of provisions (€49,146k) as well as from the reversal of value adjustments on receivables and the receipt of receivables written off (€7,967k).

Income from foreign-currency gains was €10k, €7k of this amount was not realised.

The **cost of materials** includes expenses unrelated to the accounting period of €37,151k.

Deprication and amoritisation include non-scheduled depreciation and amortisation on financial assets of €1,063k for investments, as well as on fixed assets and intangible assets of €533k, mainly relating to the Piesteritz and Bischofferode biomass power stations.

Other operating expenses include expenses relating to other accounting periods of €16,947k, which include expenses relating to other accounting periods of €14,012k for value adjustments and write-downs of receivables.

Expenses of €7k were incurred for foreign-currency losses.

Other interest and similar income include €1,682k from the discounting of provisions, while the item **interest and similar expenses** include €895k from the interest added back into provisions. The interest income include interest income not related to another accounting period of €534k, essentially resulting from tax rebates for previous years. The interest expenses include interest expenses not related to the accounting period of €292k, essentially resulting from payments of tax arrears for previous years.

The **taxes on corporate income and business profits** include payments of tax arrears for previous years of €5,129k.

3 Information on the annual result

The LVV Group closes the 2024 business year with a consolidated net profit of €61,262k.

Taking into account the results attributable to other shareholders (non-controlling interests) of €7,502k, the Group loss carried forward of €91,396k and the transfer of LVV's result in the previous year to the revenue reserve of €33,948k, a consolidated balance sheet loss of €71,584k remains.

It is proposed to carry forward the parent company's net income for the 2024 business year of €39,229k to new account.

4 Other information

4.1 Contingencies

The Group has contingencies of €51,069k. €50,895k is accounted for by membership obligations of IFTEC in a bidder consortium. Since the bidding consortium has so far performed its services in accordance with the contract and, according to current knowledge, will probably continue to do so in the future, it can be assumed that its utilisation is not to be expected.

4.2 Other financial obligations and transactions not included in the balance sheet

There are other financial commitments relating to rental, tenancy, leasing and service agreements as well as investments in the Group amounting to €52,236k.

From energy procurement, there are obligations from OTC (over the counter) trading for electricity with a nominal value of €335,7m, for gas with a nominal value of €225,5m and for emission certificates with a nominal value of €25,4m.

Furthermore, there are other financial commitments of €1,780k resulting from capital contributions that have not yet been called in, the provision of loans and the payment of variable additional purchase prices.

The purchase commitment amounts to €252,959k.

In the 2024 business year, some of the LVV Group companies paid contributions to the supplementary pension fund of the Kommunaler Versorgungsverband Sachsen (Saxony Municipal Pension Association), Dresden, amounting to 1.6%, and additional contributions amounting to 4.86% (2.4% of which was the employees' contribution, in part) of all employees' wages and salaries subject to supplementary pension contributions. The contributions and additional contributions are used for the medium-term funding of the supplementary pension fund that has existed since the transition to a contribution-based funded insurance system. The contribution system will be discontinued once the appropriate level of funding has been reached.

4.3 Derivative financial instruments

LVV employs **financial derivatives** to hedge interest rate and currency risks. These derivatives are always concluded with reference to an underlying transaction. Specifically, in 2024 LVV contracted an interest rate and currency swap for an intercompany loan granted to its Polish indirect subsidiary GPEC, which was outstanding at the balance sheet date and matures in 2028.

Financial derivatives				in €k
				31.12.2014
	Nominal volume	Fair value		Book value
			Assets	Liabilities
Interest rate derivatives (interest rate and currency swaps)	22,805	-90	0	0

The hedging transaction (swap) covers all cash flows from the intercompany loan. In addition to exchanging the initial notional amounts (€22,805,017.10/PLN100,000,000.00), this includes all interest and amortisation repayments under the loan. The so-called "freeze method" (compensatory measurement) is applied to reflect the effective portions of the designated hedging relationships in the financial statements.

The swap and the intercompany loan match in all critical terms ("Critical Terms Match"); that is, because of identical notional amounts and congruent maturities, interest rates, and interest and repayment dates, the opposing value changes or cash flows of the hedged item and the hedging instrument offset each other over the entire term.

The fair value of the swap, determined using market-standard valuation techniques and taking into account the market data available at the valuation date, amounts to -€89,548.56 as at 31 December 2024, according to the market-price confirmation from the bank with which the transaction was entered into.

Commodity derivatives in the form of futures are used to hedge against energy-price risks.

On the balance-sheet date, the nominal volume, fair value and book value of the commodity derivatives posted were as follows:

Commodity derivatives in €k

				31.12.2024
	Nominal volume	Fair value		Book value
			Assets	Liabilities
Electricty[1]	1,229,886	13,465	0	0[2]
Gas[1]	1,117,450	1,271	0	0[2]
CO_2-Emission Certificates[1]	63,296	520	0	0[2]

[1] Underlying and hedging instruments in valuation units
[2] Ineffective part of the hedging relationship

Financial instruments (derivatives, emission certificates) purchased via regulated markets (stock markets) or financial institutions are stated in the Notes to the financial statements as commodity derivatives in accordance with Section 1 (11) of the Kreditwesengesetz (German Banking Act, KWG). The nominal volume corresponds to the additive value of all agreed purchase (€1,234.4m) and selling agreements (€1,176.3m) for future delivery periods up to and including 2028.

The purchase and sale contracts concluded for trading purposes were pooled into separate portfolios according to delivery periods and commodities, and valued in accordance with Section 254 HGB. The fair values were determined at market prices on the balance-sheet date based on externally recognised sources, e.g. the official closing prices on the European Energy Exchange AG, Leipzig (EEX). In order to determine the prospective effectiveness of the hedging relationship, reference is made to the Company's documented, appropriate and functional risk management, which continuously monitors compliance with the risk limits. The changes in value are hedged over a period of two years. The effectiveness of the valuation unit is assessed at the end of the year by looking at the balance of the fair values of the transactions included. If this balance is negative, a provision for anticipated losses is created for the valuation unit. In the case of a positive balance of the fair values, these are not taken into account in the balance sheet.

For the trading business with renewable energies (midstream), product group portfolios were formed in accordance with IDW RS ÖFA 3, which include direct marketing and power purchase agreements and binding sales contracts with customers for the years up to 2031 as well as the sales that can very probably be anticipated. Provisions for anticipated losses of €241k were reversed for loss-making periods as at the reporting date, which increased the positive earnings contributions for the business year.

In the end-customer market area, contract portfolios were formed in accordance with IDW RS ÖFA 3 for electricity and gas. The portfolios currently comprise the completed or expected sale and procurement transactions for each of the years 2025, 2026 and 2027. The sales transactions include binding sales contracts with customers and customer sales which are very likely. These are countered by procurement transactions, which include contracted stock market or OTC procurement transactions. In addition, the directly attributable costs on the basis of the contribution margin V are taken into account in the portfolio analysis. In the 2024 business year, (discounted) provisions for anticipated losses of €8,728k were reversed.

In the accounting of the valuation units, the freezing method was applied in each case.

4.4 Information on the Minimum Tax Act

The LVV Group falls within the scope of the global minimum taxation rules ("Pillar 2"). The regulations on global minimum taxation came into force in Germany with effect from 28 December 2023 in the form of the Mindeststeuergesetz (Minimum Tax Act, MinStG). The MinStG applies for the first time for business years beginning after 30 December 2023. In accordance with MinStG, a supplementary tax is payable for each jurisdiction that has an effective tax rate of less than 15%.

For 2024, the LVV is not expected to face any tax burden under the MinStG, based on the so-called CbCR Safe Harbour provisions (Section 84 MinStG).

4.5 Information on the executive bodies

The **members of management board** are:

- Mr Karsten Rogall,

  Managing Director Energy, Management Board Spokesman Communications and Press, IT Strategy,
- Mr Ulf Middelberg,

  Managing Director Mobility, Corporate Development, Brand Development, Digitisation,
- Mr Volkmar Müller,

  Managing Director Group Audits, Legal Affairs, Board Management, Finance and Risk Management, Accounting, Taxes and Investment Controlling, and
- Mrs Kerstin Schultheiß,

  Managing Director Water, Employment Director, Human Resources and Coordination of HR Strategy, Data Protection, Occupational Safety, Occupational Health Service.

The following payments were made to the members of management in the 2024 business year:

in €k

	Fixed annual base salary (2023)	Other salary (2023)	Perfor-mance-based renum-eration (2023)	Total renumera-tion (2023)	Performed payments in the event of termination of activity (Severance payments) (2023)	Type of pension scheme[1] (2023)	Pension scheme (con-tribution) expense (2023)
Michael M. Theis	0	0	0	0	0		0
	(80)	(2)	(67)	(149)	(0)	(A)	(10)
Karsten Rogall	285 [2]	6	50 [3]	341	0	A	40
	(277)	(6)	(50)	(333)	(0)	(A)	(40)
Ulf Middelberg	260	6	50 [3]	316	0	A	40
	(260)	(4)	(50)	(314)	(0)	(A)	(40)
Volkmar Müller	260	6	50 [3]	316	0	A	40
	(260)	(8)	(50)	(318)	(0)	(A)	(40)
Kerstin Schultheiß	230	7	33 [4]	270	0	A	30
	(153)	(5)	(0)	(158)	(0)	(A)	(30)
	1,035	**25**	**183**	**1,243**	**0**		**150**
	(1,030)	**(25)**	**(217)**	**(1,272)**	**(0)**		**(160)**

[1] A – Contribution-oriented performance bonus

[2] Including spokesperson bonus

[3] Payment of performance bonus 2023 in 2024

[4] Payment of performance bonus pro rata for 2023 in 2024

The **Supervisory Board** is made up of the following members:

Shareholder representatives	
Burkhard Jung Chairman of the Supervisory Board	Mayor of the City of Leipzig
Martin Biederstedt (until 28 October 2024)	Jobseeker
Torsten Bonew (until 28 October 2024)	First Mayor and Chief Financial Officer, City of Leipzig
Siegbert Droese	Member of Parliament, European Parliament
Anja Feichtinger (from 28 October 2024)	Management assistance, VNG AG
Katharina Krefft (until 28 October 2024)	Physician, Parkkrankenhaus Leipzig
Sven Morlok	Minister of State, retired
Andreas Nowak (from 28 October 2024)	Member of Parliament, Saxon State Parliament
Heiko Oßwald (until 28 October 2024)	Head of the Income Tax Department, Tax Office Leipzig II
Eric Recke (from 28 October 2024)	Parliamentary Scientific Adviser, BSW Parliamentary Group in the Saxon State Parliament
Franziska Riekewald	Managing Director, Mobiler Behindertendienst Leipzig e.V.
Claus-Uwe Rothkegel (until 28 October 2024)	Managing Director, Rothkegel BauFachhandel GmbH und Rothkegel GmbH
Steffen Wehmann	Employee Finances/Banks, Konsum Leipzig eG Group assistant, Parliamentary Group DIE LINKE in the City Council of Leipzig
Michael Weickert (from 28 October 2024)	Speaker, Saxon State Parliament - Jessica Steiner, Member of parliament
Kristina Weyh (from 28 October 2024)	Research Assistant, Saxon State Parliament - Dr. Claudia Maicher, Member of parliament

Employees' representatives	
Ines Kuche Deputy Chair of the Board	Deputy Regional Manager, ver.di Landesbezirk Sachsen, Sachsen-Anhalt, Thüringen
Norman Friske (until 11 October 2024)	Regional Manager Halle-Magdeburg, IG BCE Halle-Magdeburg district
Susann Frölich	Chair of the Works Council, Stadtwerke Leipzig GmbH
Jens Herrmann-Kambach	Works Council, Leipziger Verkehrsbetriebe (LVB) GmbH
Susann Hildebrand (until 24 March 2025)	Head of vehicle cleaning division, Leipziger Servicebetriebe (LSB) GmbH
Armin Krück	Chair of the Works Council, Kommunale Wasserwerke Leipzig GmbH
Peter Kubiak (until 29 February 2024)	Office Clerk Coordination Communication Netz Leipzig GmbH
Enrico Lange	Division Manager Finances and Controlling, Leipziger Verkehrsbetriebe (LVB) GmbH
Nico Langhammer	Office Clerk Technology/Automation Technology, Bau und Service Leipzig GmbH
Boris Loew (from 13 December 2024)	Union Secretary IG BCE - Landesbezirk Nordost
Tina Neudorf (from 1 March 2024)	Works Council, Stadtwerke Leipzig GmbH
Frank Peter (from 25 April 2025)	CISO Chief Information Security Officer LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH
Paul Schmidt	Regional Head of Department Division B, ver.di Landesbezirk Sachsen, Sachsen-Anhalt, Thüringen

The members of the Supervisory Board received the following remuneration and attendance allowances for their work during the 2024 business year:

in €

Shareholder representatives	Total remuneration	Total attendance allowances
Burkhard Jung Chairman of the Supervisory Board	1,000.00	1,625.00
Martin Biederstedt (until 28 October 2024)	825.14	0.00
Torsten Bonew (until 28 October 2024)	825.14	0.00
Siegbert Droese	1,000.00	500.00
Anja Feichtinger (from 28 October 2024)	177.60	250.00
Katharina Krefft (until 28 October 2024)	825.14	750.00
Sven Morlok	1,000.00	1,000.00
Andreas Nowak (from 28 October 2024)	177.60	250.00
Heiko Oßwald (until 28 October 2024)	825.14	750.00
Eric Recke (from 28 October 2024)	177.60	250.00
Franziska Riekewald	1,000.00	1,000.00
Claus-Uwe Rothkegel (until 28 October 2024)	825.14	500.00
Steffen Wehmann	1,000.00	1,625.00
Michael Weickert (from 28 October 2024)	177.60	250.00
Kristina Weyh (from 28 October 2024)	177.60	250.00
	10,013.70	**9,000.00**

in €

Employees' representatives	Total remuneration	Total attendance allowances
Ines Kuche Deputy Chair of the Board	1,000.00	1,375.00
Norman Friske (until 11 October 2024)	778.69	500.00
Susann Frölich	1,000.00	1,625.00
Jens Herrmann-Kambach	1,000.00	1,000.00
Susann Hildebrand (until 24 March 2025)	1,000.00	750.00
Armin Krück	1,000.00	1,000.00
Peter Kubiak (until 29 February 2024)	163.93	0.00
Enrico Lange	1,000.00	1,000.00
Nico Langhammer	1,000.00	1,000.00
Boris Loew (from 13 December 2024)	51.91	0.00
Tina Neudorf (from 1 March 2024)	836.07	1,000.00
Frank Peter (from 25 April 2025)	0.00	0.00
Paul Schmidt	1,000.00	1,000.00
	9,830.60	**10,250.00**

4.6 Auditor's fee

The total fee charged by the auditor of the LVV Group for the 2024 business year was €573k. Auditor services accounted for €413k of this total and other confirmation services for €160k. The total fee includes payments of €62k for previous years.

The total fee for other auditors working at subsidiaries of the LVV Group amounted to €521k. Auditor services accounted for €373k of this total, other tax advisory services for €22k as well as €126k for other services. The total fee includes €5k for previous years.

4.7 Annual average number of employees

Annual average number of employees (Section 314 (1) No. 4 HGB)

	2024	2023
Employees	2,127	2,037
Blue-collar workers	3,265	3,109
	5,392	**5,146**

5 Supplementary report

The agreements between LVB and LeoBus concerning the provision of bus services – and the directly related shared services – were terminated with effect from 31 December 2024, and the bus operations were taken over and continued by LVB as of 1 January 2025.

A press release dated 7 April states that HeiterBlick GmbH has filed an application with the Leipzig District Court to open self-administration proceedings. In 2020, LVB had tendered the contract for an initial 25 NGT12+ trams, and a consortium led by HeiterBlick GmbH was awarded the contract. It is currently assumed that the risk of significant delays or a supplier default will not materialise and that the proceedings initiated by HeiterBlick GmbH offer the prospect of reorganising the company, thereby further stabilising the new-vehicle project and enabling its realisation.

There were no other events of special importance to report after the close of the business year that were not already mentioned in the consolidated financial statements for the year ending 31 December 2024 or the Management Report for the 2024 business year.

Leipzig, 30 April 2025

Management

Karsten Rogall Ulf Middelberg Volkmar Müller Kerstin Schultheiß

Development in the consolidated fixed assets in the 2024 business year

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

	Acquisition and production cost					
	01.01.2024	Currency difference	Additions	Transfers	Disposals	31.12.2024
I. Intangible assets						
1. Internally generated industrial property rights and similar rights and assets	3,965	0	535	0	0	4,500
2. Purchased concessions, licences, rights of use, IT programs and easements	155,575	60	3,133	8,344	5,256	161,856
3. Payments on account	13,100	0	4,965	-5,914	21	12,130
	172,640	**60**	**8,633**	**2,430**	**5,277**	**178,486**
II. Tangible assets						
1. Land, leasehold rights and buildings, including buildings on leased land	780,122	4,285	11,200	35,284	869	830,022
2. Technical equipment and machines	5,082,425	1,239	74,705	104,417	39,410	5,223,376
3. Other equipment, factory and office equipment	127,117	150	12,693	2,687	4,876	137,771
4. Payments on account and assets under construction	225,314	235	213,680	-144,818	356	294,055
	6,214,978	**5,909**	**312,278**	**-2,430**	**45,511**	**6,485,224**
III. Financial assets						
1. Shares in affiliated companies	28,479	261	2,243	842	0	31,825
2. Loans to affiliated companies that are not consolidated	10,887	86	4,881	0	1,796	14,058
3. Participations in associated companies	3,568	0	0	0	0	3,568
4. Participations	199,268	2	2,846	-842	2,934	198,340
5. Loans to companies in which a participating interest is held	7,180	0	0	0	311	6,869
6. Other loans	814	0	5	0	206	613
	250,196	**349**	**9,975**	**0**	**5,247**	**255,273**
	6,637,814	**6,318**	**330,886**	**0**	**56,035**	**6,918,983**

in €k

					Cumulative depreciation			Book values
01.01.2024	**Currency difference**	**Additions**	**Transfers**	**Apprecia-tions**	**Disposals**	**31.12.2024**	**31.12.2024**	**31.12.2023**
2,546	0	277	0	0	0	2,823	1,677	1,419
141,056	18	5,698	0	0	945	145,827	16,029	14,519
0	0	0	0	0	0	0	12,130	13,100
143,602	**18**	**5,975**	**0**	**0**	**945**	**148,650**	**29,836**	**29,038**
358,796	1,670	16,111	14	0	-903	377,494	452,528	421,326
2,975,187	783	173,570	-14	0	38,976	3,110,550	2,112,826	2,107,238
98,664	110	10,883	0	0	4,724	104,933	32,838	28,453
616	10	190	0	0	119	697	293,358	224,698
3,433,263	**2,573**	**200,754**	**0**	**0**	**42,916**	**3,593,674**	**2,891,550**	**2,781,715**
0	1	163	842	0	0	1,006	30,819	28,479
0	1	0	0	0	0	1	14,057	10,887
3,568	0	0	0	0	0	3,568	0	0
108,461	1	900	-842	0	2,934	105,586	92,754	90,807
1,861	0	0	0	0	0	1,861	5,008	5,319
0	0	0	0	0	0	0	613	814
113,890	**3**	**1,063**	**0**	**0**	**2,934**	**112,022**	**143,251**	**136,306**
3,690,755	**2,594**	**207,792**	**0**	**0**	**46,795**	**3,854,346**	**3,064,637**	**2,947,059**

Consolidated cash flow statement for the business year from 1 January until 31 December 2024

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

in €k

	2024	2023
Consolidated net income	**61,262**	**54,149**
Amortisation of intangible and tangible fixed assets	206,728	231,978
Amortisation of financial assets	1,063	872
Amortisation of the special loss account from formation of provisions pursuant to Section 17(4) of the DM Balance Sheet Act (DMBilG)	0	134
Write-ups to fixed assets	0	-742
Release of revenue subsidies received	-7,386	-7,120
Release of the special item for capital investment grants	-43,480	-42,413
Profit (-)/Loss (+) from disposal of fixed assets and consolidated companies	709	-1,660
Consolidated group related changes and other non-cash transactions	86	2,067
Increase (-)/decrease (+) in inventory	-34,927	-17,694
Increase (-)/decrease (+) in receivables and other assets	47,473	-54,084
Increase (+)/decrease (-) in provisions	30,019	10,499
Increase (+)/decrease (-) in payables and other liabilities	15,556	70,981
Interest expenses (+)/interest income (-)	27,557	29,327
Income from participations (-)	-7,637	-7,008
Income tax expense (+)/income (-)	18,889	22,770
Income tax payments (-)	-31,692	-9,309
Cash flow from operating activities	**284,220**	**282,747**
Receipts from disposals of fixed assets	8,530	10,356
Payments for investments in intangible assets	-8,633	-8,786
Payments for investments in tangible fixed assets	-304,039	-349,101
Payments for investments in financial assets	-9,975	-7,252
(+) Investment grants received	62,645	38,711
(+) Interest received	7,777	6,636
(+) Income from participations received	7,578	6,712
(+) Receipts from the disposal of cover assets	1,005	982
(-) Payments for the acquisition of cover assets	-1,476	-1,805
Cash flow from investing activities	**-236,588**	**-303,547**
Shareholder's capital contributions	0	622
Receipts from the taking up of loans	57,915	203,114
Payments for repayment of loans	-107,451	-59,226
Profit distribution payments	-6,617	-4,757
(-) Interest paid	-38,659	-38,056
Cash flow from financing activities	**-94,812**	**101,697**
Change in financial resources	**-47,180**	**80,897**
Cash and cash equivalents at beginning of period	**263,682**	**182,307**
Changes in cash and cash equivalents due to changes in the consolidated companies and valuation	**55**	**478**
Cash and cash equivalents at end of period	**216,557**	**263,682**
of which: Utilisation of a short-term credit line	-3	0
of which: Receivables/liabilities from the cash pool	-8,057	-4,500
of which: Cash, credits with banks	224,617	268,182
Financial resources at the end of the period	**216,557**	**263,682**
Significant non-cash transactions		
Transfer of fixed assets free of charge	8,239	2,595

Consolidated statement of changes in equity at 31 December 2024

LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

	Equity of the parent company						
		Reserves					
	Subscribed Capital	Capital reserve pursuant to Section 272 (2) No. 4 HGB	Revenue reserve other revenue reserves	Equity difference caused by currency conversion	Revenue carried forward/ loss carried forward	Group annual income/ loss attributable to the parent company	Total
As of 31 December 2022	**512**	**651,320**	**238,388**	**-13,163**	**-113,060**	**-26,631**	**737,366**
Transfer to/withdrawal from reserves	0	622	1,009	0	-1,009	0	622
Distribution	0	0	0	0	0	0	0
Currency translation	0	0	0	6,590	0	0	6,590
Other changes	0	0	0	0	0	0	0
Consolidated net income/loss	0	0	0	0	-25,622	74,926	49,304
As of 31 December 2023	**512**	**651,942**	**239,397**	**-6,573**	**-139,691**	**48,295**	**793,882**
Transfer to/withdrawal from reserves	0	0	33,948	0	-33,948	0	0
Distribution	0	0	0	0	0	0	0
Currency translation	0	0	0	1,387	0	0	1,387
Other changes	0	0	0	0	0	0	0
Consolidated net income/loss	0	0	0	0	82,243	-28,483	53,760
As of 31 December 2024	**512**	**651,942**	**273,345**	**-5,186**	**-91,396**	**19,812**	**849,029**

in €k

			Non-controlling interests	Consolidated equity
Non-controlling shares before equity difference resulting from currency conversion and annual results	To non-controlling shares of non-applicable equitiy difference from currency conversion	To non-controlling shares non-applicable profits/losses	Total	Total
92,371	**-306**	**6,659**	**98,724**	**836,090**
0	0	0	0	622
-4,757	0	0	-4,757	-4,757
0	0	0	0	6,590
-5	0	0	-5	-5
6,659	-118	-1,696	4,845	54,149
94,268	**-424**	**4,963**	**98,807**	**892,689**
0	0	0	0	0
-6,617	0	0	-6,617	-6,617
0	0	0	0	1,387
-7	0	0	-7	-7
4,963	-26	2,565	7,502	61,262
92,607	**-450**	**7,528**	**99,685**	**948,714**

INDEPENDENT AUDITOR'S REPORT

To Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig

Audit Opinions

We have audited the consolidated financial statements of Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Leipziger Versorgungs- und Verkehrsgesellschaft mbH for the financial year from 1 January to 31 December 2024.

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

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

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

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- 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 audit opinions on the consolidated financial statements and on the group 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 group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

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

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

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