

## Overall assessment of the economic situation of the Group

We have successfully concluded the EnBW 2020 strategy. Our EnBW 2025 strategy is increasingly placing the company's focus onto the infrastructure aspects of existing energy-related business fields and exploiting new growth opportunities above and beyond the energy sector. Organized in three strategic segments, we want to further strengthen our profitability and continuously improve our sustainability performance at the same time. The measures in our 25-point sustainability program were either implemented or pushed forward as a priority in 2021 and will in the next stage be transferred into our EnBW sustainability agenda. The aim is to make the company climate neutral with respect to our own emissions by 2035.

The operating business developed overall at a Group level in 2021 as expected and forecast at the start of the year: The adjusted EBITDA <sup>?</sup> increased by 6.4% in comparison to the previous year. The result in the Smart Infrastructure for Customers segment fell by 3.6% and was within the forecasted range. The adjusted EBITDA for the System Critical Infrastructure segment decreased by 4.3%, mainly due to higher expenses for the grid reserve and balancing energy to maintain the security of supply, and was thus slightly below our forecasted range. The result in the Sustainable Generation Infrastructure segment rose significantly by 20.1% and exceeded our forecasted range. While the adjusted EBITDA in the Renewable Energies area fell by 5.0%, mainly due to unfavorable wind conditions, the result in the Thermal Generation and Trading area rose by 67.6% due to growing volatility on the wholesale markets.

The fall in non-operating EBITDA <sup>?</sup> was primarily due to expenses related to additions to the provisions for onerous contracts for electricity procurement agreements. This was offset to some extent by valuation effects from derivatives.

In total, the Group net profit attributable to the shareholders of EnBW AG decreased from €596.1 million in 2020 to €363.2 million in the reporting year. The main reason for this development was impairment losses of €0.7 billion in the area of conventional generation and of €0.3 billion on offshore wind farms. In contrast, there was a significant improvement in the financial result due to the market valuation of securities. Earnings per share amounted to €1.34, compared to €2.20 in the previous year.

The financial position of the company remains sound. Solvency was ensured at all times up to the 2021 reporting date thanks to the company's available liquidity and its internal financing capability <sup>?</sup>, as well as external sources available for financing. As of 31 December 2021, net debt <sup>?</sup> fell by €5,620.4 million in comparison to the reporting date in the previous year, which was mainly attributable to the receipt of collateral and the increase in the interest rate for the pension provisions. As a result of the significant fall in net debt, primarily due to factors outside of the company's influence, the debt repayment potential <sup>?</sup> of 20.3% significantly exceeded the target value of between 11.5% and 12.5% for the reporting year. ROCE reached 7.0% and thus exceeded expectations for the 2021 financial year.

In the customers and society goal dimension, the Reputation Index in 2021 almost reached the same level as in the previous year. The satisfaction of EnBW customers fell slightly against the background of the public debate on the increasing prices on the energy market, while Yello was able to reaffirm the high level of satisfaction among its customers. As in the previous year, supply reliability remained at a very good level in 2021. In the environment goal dimension, we continued with the expansion of renewable energies. The CO<sub>2</sub> intensity of our own electricity generation increased in comparison to the previous year as a result of below-average wind conditions and higher electricity generation from fossil fuel-fired power plants due to market-driven developments. In the employees goal dimension, the People Engagement Index (PEI) remained at a high level in comparison with other companies. In the area of occupational safety, the LTIF for companies controlled by the Group increased in comparison to the previous year, while LTIF overall fell in comparison to the previous year.

In the estimation of the Board of Management, the operating business of our company developed positively in 2021. The operating result increased as expected. Furthermore, EnBW once again proved itself to be a reliable and economically stable partner in the second year of the coronavirus pandemic when it came to maintaining a secure supply of energy and reliable infrastructure.