

Group Management Report 2022/2023

for Energie AG Oberösterreich ^{1), 2)}

GROUP

| FRAMEWORK CONDITIONS

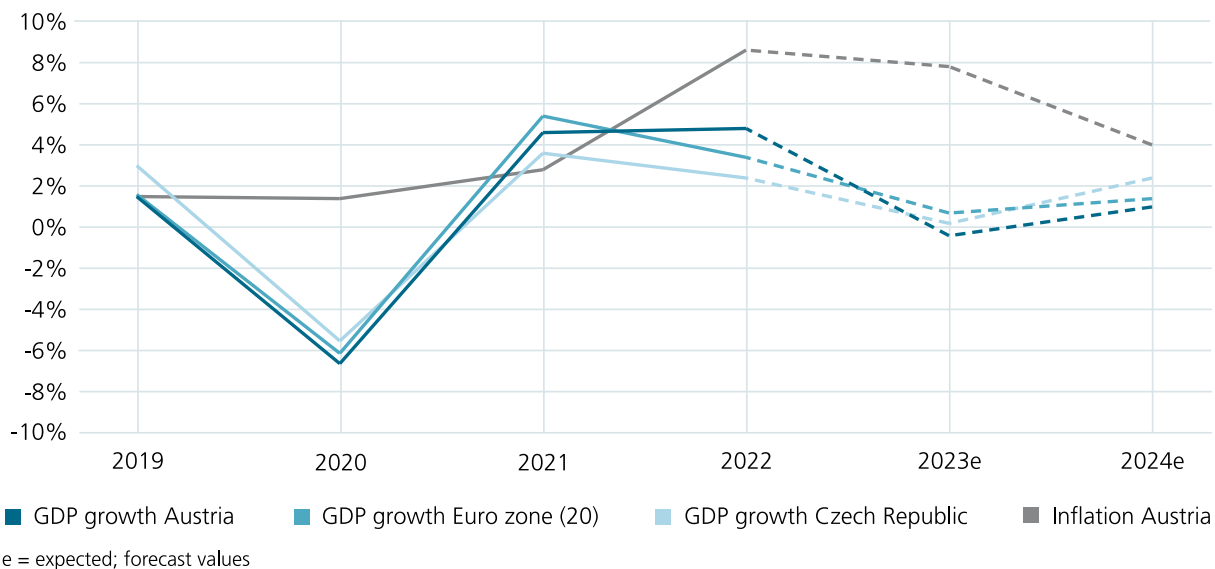
Macroeconomic environment ³⁾

The economic situation in the **2022/2023 fiscal year (1 October 2022 to 30 September 2023)** of Energie AG Oberösterreich (Energie AG) was characterised by continuing weak economic development, persistently high inflation rates and the struggle on the part of the international central banks to curb inflation by raising interest rates. In what is a historically unprecedented approach, the European Central Bank (ECB) successively raised key interest rates to 4.5% in eight steps during the reporting period. Due to the uncertainty surrounding economic forecasts, the field of tension between fighting inflation and stimulating the economy will remain consistently high in the coming months.

Economic growth and inflation

YoY real change (in %)

Sources: IHS, WIFO, IMF



¹⁾ The Group Management Report presented here was prepared in accordance with the requirements of § 267 of the Austrian Commercial Code (UGB) and refers to the IFRS consolidated financial statements of Energie AG Oberösterreich in terms of § 245a UGB.

²⁾ In conformity with EU Directive 2014/95/EU on the disclosure of non-financial information and diversity information and its implementation in the Austrian Sustainability and Diversity Improvement Act (NaDiVeG 2017), Energie AG prepares the Group Management Report 2022/2023 at the same time as the consolidated report on non-financial information (Non-Financial Report) 2022/2023, which is published as part of the Group Annual Report 2022/2023 and online at <http://www.energieag.at/sustainability>.

³⁾ Sources: IHS (Institute for Advanced Studies): [Fall Forecast of the Austrian Economy, 2022 – 2023](#), 17 October 2023. IMF [\(International Monetary Fund\): World Economic Outlook Database \(imf.org\)](#), 19 October 2023.

The Institute for Advanced Studies (IHS), the Institute of Economic Research (WIFO) and the International Monetary Fund (IMF) forecast an economic growth of between +0.4% and +1.1% (2022: +3.4%) in the **euro zone** for the year 2023.

For 2023, the Austrian WIFO and IHS institutes are forecasting a slight recession in the **Austrian economy** in the range of -0.4% to -0.8%. The IMF's forecast, however, is more positive, envisaging low growth of +0.1%. In the previous year, Austria's economic growth was +4.8%. Sharp increases in interest rates, high energy prices and purchasing power restraints are the causes of the anticipated economic downturn in 2023.

For the **Czech Republic** market relevant to Energie AG, an increase in the gross domestic product of +0.2% is anticipated for the calendar year 2023 (2022: +2.4%). In 2024, the Czech Republic's gross domestic product is forecast to grow by an average of +2.4%.

Energy and climate policy environment

In the first half of the reporting period, the EU's energy policy was again largely characterised by the implementation of immediate measures to cushion high energy prices in the form of "emergency regulations", by activities to reduce dependency on energy imports from Russia and by measures to improve supply security. For example, the EU published the **regulation on an emergency intervention to address high energy prices**, the **regulation on enhancing solidarity** and the **regulation on establishing a market correction mechanism to protect against excessively high gas prices**.

The Council also published the **EU Regulation on accelerating the deployment of renewable energy** on 29 December 2022; this regulation accelerates energy transition projects through simplified approval procedures. This regulation is directly applicable by all authorities and courts for proceedings initiated after its entry into force and is limited to 18 months.

In the second half of the year, the focus was on reforming the design of the EU electricity market, trilateral negotiations on the gas package and numerous measures in the fight against climate change.

In March 2023, political agreement was reached on a central climate action measure, the **revision of the Effort Sharing Regulation**. This regulation defines binding reduction targets for all member states in those sectors not covered by EU emissions trading. This represents a significant increase in the EU savings target from 29% to 40% by 2030 compared with the 2005 figures. What this means for Austria is a reduction in greenhouse gas (GHG) emissions of 48% by 2030.

On 18 April 2023, the European Parliament formally adopted **the revised EU Emissions Trading System (EU ETS 1)** as part of the "Fit for 55" package. Key elements include a significant increase in the GHG reduction target from -43% to -62% by 2030 compared to 2005 figures, with the gradual inclusion of additional sectors such as shipping and waste incineration (as of 2028 following prior monitoring and an impact assessment). Beyond this, the intent is to introduce **EU ETS 2**, a separate emissions trading system for buildings, road transport and process emissions not covered by EU ETS 1, starting in 2027. In this context, regulatory instruments will limit the CO₂ price to EUR 45.0 per tonne.

The planned amendment to the **Energy Efficiency Directive** to rapidly reduce dependence on Russian gas imports was published in the Official Journal of the EU on 20 September 2023. In line with this, the member states must collaborate to ensure a final energy consumption reduction of at least 11.7% by 2030, compared to the energy consumption forecasts for 2030, which were established in 2020.

After the summer break, trilateral negotiations on the **EU gas package** were resumed and intensified at the end of September 2023, with negotiations focusing on unbundling rules for hydrogen grid operators.

On 14 March 2023, the EU Commission presented proposals for a **reform of the EU electricity market** in order to accelerate both the expansion of renewable energies and the phase-out of gas as an energy source, and to protect consumers from price fluctuations of fossil fuels and future price spikes. At a parliamentary level, the negotiation mandate for the trilateral negotiations was adopted on 14 September 2023.

Both the large number of emergency regulations and the upheavals on the energy markets also led to numerous political and legislative measures in Austria. **National CO₂ pricing** for fossil energy came into force on 1 October 2022 as a central instrument of the eco-social tax reforms. This means that CO₂ emissions in Austria have, for the first time, been assigned a price beyond the bounds of the emissions trading system. This will be in the range of EUR 30.0 to 55.0 per tonne in the period between 2022 and 2025. Due to the rise in energy prices, the issue value for national certificates was reduced from EUR 35.0 to EUR 32.5 for 2023 in line with the price stability mechanism provided for in the Act.

Two minor amendments to the **Renewable Energy Expansion Act** in October and December 2022 essentially regulated an extension of the commissioning deadlines for renewable electricity generation plants or rather improvements to the application system and a suspension of the flat-rate renewables charge for 2023. The accompanying ordinance on the allocation of **market bonuses** to promote larger photovoltaic (PV), wind and hydropower plants for the years 2022 and 2023 was enacted on 4 October 2022. The regulation on **investment grants** for 2023 for small renewable electricity generation plants was published on 15 March 2023.

In July 2023, Austria's National Council passed **an amendment to the Electricity Industry and Organisation Act (EIWOG)** in the scope of the "Inflation Relief Package". It defined further mandatory reporting obligations for suppliers and transparency requirements to improve price transparency and promote competition.

Based on the EU Emergency Regulation on Revenue Skimming, the **Federal Act on the Energy Crisis Contribution – Electricity** was published on 29 December 2022. This caps the revenue from inframarginal electricity generation plants with a capacity of more than 1 MW at EUR 140/MWh. The maximum revenue increases to EUR 176/MWh if preferential investments in renewable energies can be claimed in 2022 and 2023. The levy amounts to 90% of surplus revenue and applies from 1 December 2022 until the end of 2023. Following a **minor amendment** in June 2023, the upper limit for market revenue was reduced from EUR 140.0 to EUR 120.0/MWh in response to the fall in wholesale prices.

The **Electricity Cost Subsidy Act** was passed to relieve the burden from increased energy prices for households. Private households will receive this subsidy for electricity consumption of up to 2,900 kWh per year, with effect in the period from 1 December 2022 to 30 June 2024. An **amendment** published in February 2023 extended the cap on electricity costs for households with more than three people. As of 1 June 2023, the group of beneficiaries was expanded to include people with an electricity supply contract classified as for agricultural, forestry or commercial purposes.

The amendment to the **Environmental Impact Assessment Act (UVP-G-2000)** announced in March 2023 has enabled significant facilitations for energy transition projects. This amendment is intended to enable faster and more efficient approval procedures and is welcomed by the industry as a whole.

The amendment to the **Gas Industry Act (GWG)**, announced on 22 March 2023, provides for an extension of the protected customer group to district heating plants that supply heat to households, social services or small and medium-sized enterprises (SME) and stipulates the grid level 1 connection of the Haidach storage facility.

The **Federal Energy Efficiency Act** came into force in mid-June 2023. What this means is that the EU Directive 2018/2002 (EED II) will be implemented nationally by simply amending the 2014 Federal Energy Efficiency Act. The intended focus is the continuation of final energy audits and energy management systems for large companies and the Federal Government's voluntary commitment to energy efficiency measures corresponding to an annual renovation rate of 3%. In line with this, the intent is to achieve cumulative final savings of 650 petajoules (PJ) by 2030 thanks to strategic measures by the Federal Government and the federal states in order to reduce final energy consumption to 920 PJ by 2030, although this is an indicative target value.

In order to fully implement the Internal Electricity Market Directive, the governing parties are looking to put into effect a far-reaching amendment to the Electricity Industry and Organisation Act (EIWOG). Despite repeated announcements by the Ministry, a review process of the **Electricity Industry Act (EIWG)** has not yet been initiated, making it doubtful that a resolution will be passed in this government term.

| BUSINESS DEVELOPMENT IN THE GROUP

Assets, liabilities, financial position and profit or loss ¹⁾

Group overview

	Unit	2022/2023	2021/2022	Change
Sales revenues ¹⁾	EUR mill.	4,251.1	3,993.7	6.4%
Operating result (EBIT)	EUR mill.	218.5	150.6	45.1%
EBIT margin ¹⁾	%	5.1	3.8	34.2%
Financial result	EUR mill.	-5.5	-28.7	80.8%
Earnings before taxes	EUR mill.	213.0	121.9	74.7%
Balance sheet total	EUR mill.	4,116.9	6,912.7	-40.4%
Equity	EUR mill.	1,610.7	1,794.5	-10.2%
Equity ratio	%	39.1	26.0	50.4%
Net debt ²⁾	EUR mill.	611.9	606.8	0.8%
Net gearing ³⁾	%	38.0	33.8	12.4%
Investments in property, plant and equipment and intangible assets	EUR mill.	212.7	201.2	5.7%
Cash flow from operating activities	EUR mill.	-504.9	1,136.5	> -100%
Cash flow from investing activities	EUR mill.	-109.4	-340.3	67.9%
Cash flow from financing activities	EUR mill.	-84.5	-86.1	1.9%
ROCE ¹⁾	%	8.8	5.2	69.2%
WACC	%	4.7	4.7	0.0%

¹⁾ Previous year's value restated

²⁾ The key figure net debt represents the net financial liabilities and is calculated by Energie AG Group as follows: Net debt = non-current financial liabilities + current financial liabilities (incl. pending margin payments) – cash and cash equivalents (cash, cheques, credit balances with banks). The previous year's figures have been restated to reflect a change in calculation methods.

³⁾ The key figure net gearing was developed from the key figure debt-equity ratio. While the key figure debt-equity ratio measures the ratio between debt capital and equity, the key figure net gearing juxtaposes the net debt (current and non-current financial liabilities (incl. pending margin payments) less cash and cash equivalents) against the equity. The previous year's figures have been restated to reflect a change in calculation methods.

Energie AG generated **sales revenues** of EUR 4,251.1 million (previous year: EUR 3,993.7 million) and an **operating result** of EUR 218.5 million (previous year: EUR 150.6 million) in the reporting period.

The increase in **sales revenues** was essentially attributable to higher revenues in the management of power plants, electricity procurement rights and gas portfolios as well as to price increases in electricity sales. In addition to the Energy Segment, increases in turnover were also achieved in all other segments.

The **balance sheet total** decreased by EUR 2,795.8 million from EUR 6,912.7 million to EUR 4,116.9 million. The decrease primarily resulted from lower fair values of derivative financial instruments and lower receivables due to collateral provided for derivative financial instruments.

The EBIT in the **Energy Segment** amounted to EUR 156.3 million in the reporting period (previous year: EUR 18.8 million). Higher contributions to earnings from the Group's own hydropower plants and from procurement rights for hydropower plants had a particularly positive effect. The operating result of the Sales business unit includes a one-off compensation payment to customers. An impairment in the amount of EUR 10.2 million was recognised for the Timelkam CCGT power plant in the reporting period due to changes in operating conditions.

¹⁾ With regard to the derivation of the financial performance indicators and the calculation methods, please refer, in addition to the explanations in the Group Management Report, to the corresponding explanations in the [Consolidated Financial Statements > Page 174](#)

In the **Grid Segment**, the operative result was EUR 31.9 million (previous year: EUR 45.3 million). Both the volume of electricity transported and the volume of gas transported were significantly lower than in the previous year.

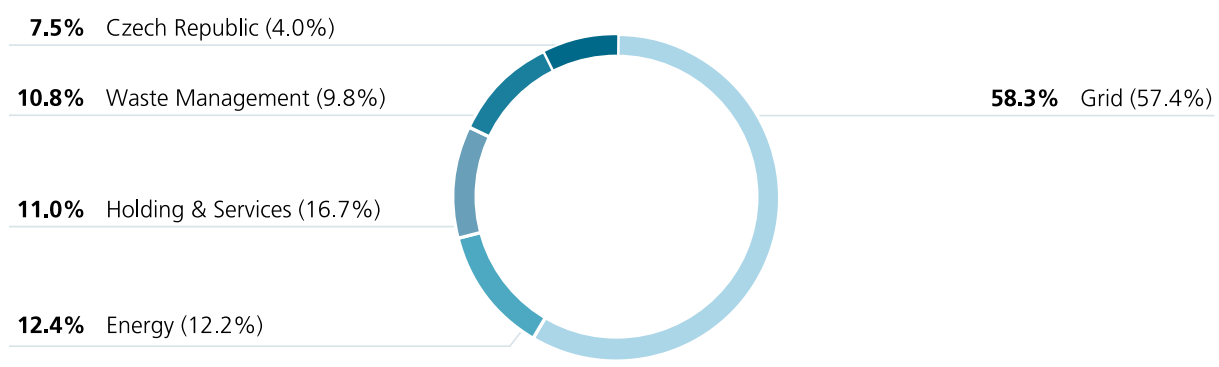
The **Waste Management Segment** generated an EBIT of EUR 30.4 million (previous year: EUR 33.9 million). The decline was caused by lower prices for recycling materials and higher expenses due to inflation.

In the **Czech Republic Segment**, sales revenues of EUR 229.7 million (previous year: EUR 194.7 million) and an operating result in the amount of EUR 10.5 million (previous year: EUR 6.0 million) were generated in the reporting period. The higher operating result is primarily due to a reduction in expenses for primary energy in relation to sales revenues.

The operating result of the **Holding & Services Segment** amounted to EUR -10.6 million in the reporting period (previous year: EUR 46.6 million). The previous year's result included income of EUR 37.0 million from the spin-off of the "Fibre-to-the-Home" (FTTH) operational unit. Beyond this, lower results were generated by companies accounted for using the equity method in the 2022/2023 fiscal year.

Investments in intangible assets and property, plant and equipment by Segments

2022/2023; previous year's figures in brackets



In the 2022/2023 fiscal year, **investments** in intangible assets and property, plant and equipment amounted to EUR 212.7 million, and were thus EUR 11.5 million above the previous year's level (EUR 201.2 million). With a share of 58.3%, the Grid Segment accounted for the largest part.

Net debt (non-current and current financial liabilities minus cash and cash equivalents, and adjusted for future margin payments) rose by EUR 5.1 million year-on-year from EUR 606.8 million to EUR 611.9 million. This increase is primarily attributable to a decrease in cash and cash equivalents.

Cash flow from operating activities in the 2022/2023 fiscal year was EUR -504.9 million, compared with EUR 1,136.5 million in the previous year. Cash flow from operating activities includes payments for derivative financial instruments in the amount of EUR 960.9 million and payments received for collateral for derivative financial instruments in the amount of EUR 324.4 million.

The **financial result** improved in the 2022/2023 fiscal year from EUR -28.7 million in the previous year to EUR -5.5 million. The higher interest expenses compared to the previous year

were more than compensated for by higher earnings on interest, and higher earnings from investments and securities.

Funding and investment strategy

In the past fiscal year, the focus of the treasury activities of the Energie AG Group was on ensuring solvency at all times while at the same time optimising for the greatest possible financial flexibility. The ongoing turmoil on the commodity markets, coupled with increased interest rate volatility, have led Group Treasury to increasingly focus on securing liquidity and creditworthiness in the long term. The conservative approach to Energie AG's funding and investment policy again proved its value in the 2022/2023 fiscal year.

Ensuring high financial flexibility

A mix of cash and highly liquid, extremely conservative money-market instruments is held to ensure solvency at all times. As of the reporting date, the Energie AG Group held cash and cash equivalents of EUR 230.7 million (previous year: EUR 929.4 million) as well as fixed-term deposits and short-term investments totalling EUR 258.7 million (previous year: EUR 273.5 million).

In view of the continuing high price fluctuations on the commodity markets and the associated volatile margin payments to collateralise trading transactions, Energie AG proactively expanded its credit lines with banks by a significant figure in the past fiscal year. At the end of the fiscal year, the Company had unused and readily available credit lines totalling EUR 950 million at its disposal (previous year: EUR 700.0 million).

Compared to the corresponding period in the previous year, it was again possible to reduce financial liabilities in the 2022/2023 fiscal year by EUR 22.0 million to EUR 638.5 million (previous year: 660.5 million). The Group's repayment profile is characterised by bullet bonds. For the first time, there will be a greater refinancing requirement in two years due to the maturity of the 2005-2025 bond (with a nominal value of EUR 300 million).

By proactively securing sufficient sources of funding and liquidity, the Energie AG Group is also well prepared for unexpected future crisis scenarios.

External rating of Energie AG again confirmed

The external rating of Energie AG was again confirmed in mid-March 2023 by S&P Global Ratings with an A seal of approval. The rating outlook is also assessed to be stable without change. The rating of Energie AG is very well secured due to the robust development of key figures and the financial policy, which has been stable for decades. The Group's strong credit rating supports the required transformation of the energy system with a view to achieving climate neutrality. The energy sector expects an increase in investment pressure in the context of the energy transition and efforts to safeguard security of supply.

Central financial management of the Group

The Group's internal financial management takes place centrally at the holding company level and includes both cost-optimised liquidity management of the Group companies and the long-term provision of financial resources in line with requirements and based on standard market conditions. At the end of the 2022/2023 fiscal year, 27 Group companies were integrated into the Energie AG cash pooling system.

Value-based corporate management and capital costs

Energie AG's value management strategy is an instrument for measuring and controlling the economic success of the Group's business activities. It serves to assess the attractiveness of investing activities and secures the company value as well as generating a capital market-oriented return for the owners. Along with the operating result, the weighted average cost of capital (WACC) is of essential importance. The WACC value serves as the basis for determining the minimum yield requirements for Group management and is therefore used as a yardstick for value generation in the Company.

Energie AG calculates the cost of capital as the weighted average of equity and borrowing costs. The cost of equity is determined using the capital asset pricing model (CAPM). Calculations take into account the risk-free interest rate, a country risk premium, a market risk premium and a beta factor. Borrowing costs are composed of the risk-free interest rate, a country risk premium and the credit spreads of the peer group. The parameters specified by the regulatory authority are used for the regulated business units. The capital costs of the business units with activities on non-regulated markets are determined using the reporting-date principle and based on market conditions. In a further step, the bottom-up method is used to weigh these costs up unto the Segment and Group capital costs.

This WACC method is subjected to on-going evaluation taking current publications and expert opinions into consideration. Adaptations are made as needed. Moreover, the costs of capital are continuously monitored against the background of a volatile financial market environment. The **consolidated WACC value** for the 2022/2023 fiscal year was 4.7% (previous year: 4.7%).

Along with the operating result, one of the most important key indicators for the Group's internal management is the ROCE (Return on Capital Employed), which indicates how efficiently and profitably the available capital is utilised. The ROCE is calculated as the quotient of Net Operating Profit After Tax (NOPAT) and average Capital Employed.

The NOPAT key indicator denotes the taxed profit from operating activities excluding the at equity result of associated companies. One-time effects such as impairments and market valuations are taken into account and are included in the NOPAT. When calculating taxes, all at-equity income is eliminated from the tax base, as the former is already adjusted for taxes.

The capital employed is derived by subtracting the non-productive assets and non-interest-bearing liabilities from the average total assets. It reflects the interest-bearing capital tied up in the company. The average capital employed (Ø CE) is calculated as the average of the total capital employed of the last two fiscal years. Capital employed includes the carrying amount of the investments accounted for using the equity method, excluding the associated strategic investments. For information on Capital Employed, please refer to the [Notes to the Consolidated Financial Statements, section 7. Segment reporting › Page 201](#).

The goal of the Energie AG Group is to generate an ROCE above the WACC through consistently value-oriented corporate management and control. The ROCE minus the WACC results in the relative value contribution. The absolute value added is calculated by multiplying it by the capital employed. In addition to the development of operating earnings, the level of ROCE and value added specifically depends on the capital employed. The NOPAT key indicator corresponds to EBIT less related taxes and other items, amounting to a total of EUR 156.6 million (previous year: EUR 95.2 million ¹⁾).

¹⁾ Previous year's value restated

In the Energie AG Group, in addition to strategic considerations, resources for future capital investments and acquisitions are allocated by prioritising projects exclusively on the basis of the presented value-oriented criteria and methods.

In the 2022/2023 fiscal year, the **ROCE** of the Energie AG Group was 8.8%, 3.6 percentage points above the previous year (5.2% ¹⁾).

Treasury stocks

By resolution of the annual General Meeting on 20 December 2022, the share capital of Energie AG was reduced by EUR 808.00 from EUR 88,652,558.00 to EUR 88,651,750.00 by means of a simplified capital reduction by cancellation of 808 no-par value registered shares of treasury stock in the form of non-voting preferred shares. As a result, § 4 of the Company's Articles of Association was amended accordingly.

In certain cases, the Energie AG Oberösterreich employee stock option plan provides for the right or the obligation to purchase Energie AG employee shares. In fiscal year 2022/2023, the following changes in treasury stock resulted from this security:

Treasury stocks

	Treasury stocks Shares	Share in capital stock %	Share in capital stock EUR 1,000
Treasury stocks as of 30.09.2022	808	0.001	0.8
Disposals 2022/2023	-808	-0.001	-0.8
Additions 2022/2023	1,624	0.002	1.6
Treasury stocks as of 30.09.2023	1,624	0.002	1.6

Related party disclosures

For Energie AG's transactions with related parties in the reporting period, please refer to the disclosures in the [Notes to the Consolidated Financial Statements, Section 35. Related party disclosures](#) > Page 259.

¹⁾ Previous year's value restated

Changes under corporate law

At the start of the 2022/2023 fiscal year, VAK Zápy s.r.o. was merged with its owning company VAK Beroun a.s., in which ENERGIE AG BOHEMIA s.r.o. has a share holding of some 60%. ENERGIE AG BOHEMIA s.r.o. now manages all water and waste water activities in the central area around Prague.

On 2 January 2023, Energie AG Kolín a.s. took over an operational unit of Zípr s.r.o. in Kouřim to further consolidate the market. This involved entering into an existing concession agreement and acquiring the assets required for this.

Trend in staff levels

In the 2022/2023 fiscal year, the Group's average consolidated workforce stood at 4,651 full time equivalents (FTE), thus representing an increase of 1.0% (45 FTE) over the average of the 2021/2022 fiscal year (4,606 FTE).

The increase in the Holding & Services Segment is mainly due to pension successions as part of personnel integration by Energie AG Oberösterreich Personal Power GmbH.

Staff levels ¹⁾

	Unit	2022/2023	2021/2022	Change
Energy Segment	FTE	455	459	-0.9%
Grid Segment	FTE	583	582	0.2%
Waste Management Segment	FTE	823	831	-1.0%
Czech Republic Segment	FTE	1,729	1,715	0.8%
Holding & Services Segment	FTE	1,061	1,019	4.1%
Group total	FTE	4,651	4,606	1.0%

¹⁾ Yearly average of the fully-consolidated and proportionately consolidated entities

Change in the Management Board

As of 1 January 2023, Dr. Leonhard Schitter took over the position as CEO of Energie AG and Board Member for Sales and Marketing. In this function he is taking over from the previous Chief Executive Officer DDr. Werner Steinecker, who retired at the end of the 2022 calendar year, to become the new Chairman of the Management Board of Energie AG.

Dr. Andreas Kolar was reappointed as Chief Financial Officer (CFO) and Dipl.-Ing. Stefan Stallinger MBA as Chief Operating Officer (COO) by the Supervisory Board, both continuing their previous functions.

Thanks to the board members' extensive knowledge of the company and industry it operates in, this new composition of the Management Board will assure the Group's continuous positive further development.

Group-wide strategic and organisational project

To proactively address the massive changes in the underlying conditions, such as the volatile market situation, the advancing climate crisis and demographic change, a Group-wide strategy and organisational project named "LOOP" was launched in March 2023.

This project triggered active shaping of the energy transition towards a sustainable energy future. Decarbonisation and the accelerated expansion of renewable energies are just as much in the focus of this project as is an even stronger orientation on customer requirements.

In the first phase of the project between March and June 2023, strategic directional decisions were made. Concrete measures were derived and implementation began in the second project phase starting in September 2023. The implementation of further focus topics, such as expanding wind and PV-based energy generation, and advancing hydrogen technology and energy storage, was triggered, as was the further development of the future topics of e-mobility and transforming the heating supply.

I INTERNAL CONTROL SYSTEM

The internal control system (ICS) is a process embedded in the work and operating procedures of the Energie AG Group which is being implemented by senior executives and employees in order to identify and control existing risks and to ensure with sufficient certainty that the following general objectives are achieved in the course of fulfilling the tasks of the Group:

- Effectiveness and efficiency of business activities;
- Regularity and reliability of internal and external reporting;
- Compliance with the internal regulations applicable to the Company and the pertinent legal provisions, in particular for the accounting process.

In the Energie AG Group, the roles “Group Treasury”, “Group Accounting” and “Controlling and Risk Management” have been established as company holding roles. The “Accounting” department acts as a service provider for the Group and is established in scope of Energie AG Oberösterreich Business Services GmbH (Business Services GmbH). The basis for the valid financial reporting is a strongly IT-supported process as well as a high degree of standardisation in data acquisition and processing, starting with commercial services, through the preparation of the companies' annual reports, to consolidation in the consolidated financial statements. The above-mentioned functions thus form the core of the **ICS control environment** with regard to the accounting process.

The **core processes** of the above-mentioned divisions, and the **process-inherent material risks** along with the appropriate controls, are documented and recorded using a Governance, Risk & Compliance (GRC) Management system. The IT tool used links the areas of ICS, Quality assurance and environmental protection (QSE), risk management, information and communication technology (ICT) risks, data protection, and compliance and has established itself as a valuable information system for senior executives and employees.

The concrete design of the **controls** is adapted to individual requirements which adequately consider risks and can include both manual and automated components. The dual control principle is strictly applied to approval processes. Conflicts of functional separation are avoided and monitored by compensatory controls.

Continuous monitoring and a **cyclical audit** of the design and effectiveness of the controls **by Group Internal Audit** form the **basis of quality validation** and monitoring for these systems throughout the Group.

Structured, standardised **reporting to the Management Board and supervisory bodies** ensures that the legally prescribed monitoring tasks are performed.

Control awareness is well anchored in the operating units and is sustainably implemented in the business processes. In addition, maintaining and strengthening risk awareness and

awareness of the importance of the ethical values laid down in the vision and mission statement is an essential component of the corporate governance culture. The legal obligation to equal treatment in accordance with ElWOG and GWG are subject to appropriate ICS controls and are monitored by the Equal Treatment Officer.

The ICS thus satisfied the statutory requirements in the year under review.

| RISKS AND OPPORTUNITIES

In the 2022/2023 fiscal year, Energie AG faced a number of challenges and opportunities that had a significant impact on the company's risks and opportunities management. This took place against the backdrop of unstable and uncertain conditions in the energy sector.

The energy industry was significantly influenced by political and regulatory developments during the reporting period. The European Union issued emergency regulations to cope with high energy prices and reduce dependence on Russian energy imports. Despite the ongoing burdens in the energy industry and the general political conditions, there was a downward trend in electricity and gas prices on both the spot and futures markets. All told, these developments led to a reduction in the risk position at Energie AG.

Due to volatile energy markets and uncertainties in energy policy, the reliability of medium and long-term forecasts is currently limited. All told, Energie AG did not identify any risks in the 2022/2023 fiscal year capable of posing a threat to the company as a going concern.

In the 2022/2023 fiscal year, risks and opportunities management played a key role in identifying risks at an early stage and in deriving measures capable of mitigating risks and leveraging opportunities. Continuous adaptation to political and regulatory developments and the increased focus on counterparty risk management have contributed to the Company's financial stability and long-term success. Despite uncertainties on the markets and in politics, Energie AG succeeded in consolidating its position during the reporting period and is well equipped to meet future challenges.

For more details on the risks and opportunities situation, see the [Notes to the Consolidated Financial Statements, Section 34. Risk management. > Page 253](#)

| RESEARCH, DEVELOPMENT AND INNOVATION

Energie AG pursues a clear strategy with a view to research, development and innovation throughout the Group in order to prepare itself in the best possible way for the challenges ahead and to ensure continuous further development. The specific focus is the European and Austrian targets for mitigating **climate change**. In the past few years, these targets have led to concrete guidelines and regulations, which have opened up new projects and fields of research.

Energie AG takes a proactive stance, and is committed to pursuing the latest research topics, in awareness of its social responsibility for future generations and for ensuring security of supply to its customers. In the reporting period, Energie AG worked in a targeted manner on projects related to the systematic analysis of the future decarbonised energy system and on the effects of increasing energy generation from renewable sources on the future grid infrastructure. Other focus topics included hydrogen, flexibility, renewable heat and IT security.

Energie AG also attaches great importance to development and innovation in the field of **digitalisation and automation**. In times where decarbonisation and the transformation of the energy system are becoming increasingly urgent, Energie AG emphasises the importance

of good networking and close cooperation with partners in science and industry. This valuable exchange of knowledge forms the basis for the successful research and development of innovative solutions that enable a sustainable and responsible energy future.

Since 1 October 2019, “innovation”, an important issue for the future, has been actively promoted by **Wertstatt 8 GmbH**. This wholly owned subsidiary focuses its activities on the development of digital solutions and innovative business models relating to energy and the environment. In the 2022/2023 fiscal year, the focus here was above all on the in-depth conceptualisation of ideas in preparation for implementation and on developing new business ideas. In addition to customer research, several experiments were conducted to validate the business models. Additionally, technology and cooperation partners were brought on board to implement individual projects, particularly in the fields of artificial intelligence and machine learning.

R&D&I key performance indicators

	Unit	2022/2023	2021/2022	Change
Number of R&D&I projects in the Group	Number	108	103	4.9%
Staff in R&D&I projects	FTE	59.3	56.3	5.3%
R&D&I expenses in the Group	EUR mill.	5.0	5.3	-5.2%

In fiscal year 2022/2023, research, development and innovation were pursued in the following projects (non-exhaustive list):

Project 567

This project aims to determine the increasing load that the expansion of decentralised energy generation systems, in particular PV, as well as the increased electrification of vehicles and the growing numbers of heat pumps will put on the distribution grids over the next 30 years, and to develop methods and scenarios for coping with the resulting grid expansion this will necessitate. Initially, a forecast, broken down by regions, of the development of the applicable technologies in the distribution grids was created. This forecast forms the basis for the comprehensive grid simulations needed to determine the medium and long-term grid expansion requirements in terms of medium and low-voltage infrastructure. Technical and economic analysis of various strategies for upgrading the distribution grids delivers comprehensive results on the effectiveness of the various measures, such as line reinforcements or building new stations, and forms the basis for efficient and future-oriented grid development.

CASCADE

Due to the wide range of possible applications such as heat and cold generation, heat storage and electricity generation, geothermal energy will play a decisive role in the transformation process for decarbonising industry. The “CASCADE” project aims to evaluate deep and geothermal resources in three areas in Upper Austria (Steyr, Gmunden and St. Martin im Mühlkreis) with a view to supplying heat to the participating industrial partners and the district heating networks of the communities. The key element of the project is that of elaborating a strategy for cascaded use of geothermal heat. The intent is to leverage deep high-temperature geothermal energy to cover industrial demand, and at the same time make this available to district heating networks; this will be followed by the use of medium and low-temperature heat for commercial and residential purposes. Taking the specific requirements of all partners, and the technical and economic aspects into account, the intent is to generate regional synergies while boosting the economic efficiency of the system.

Future Energy Upper Austria

The "Future Energy Upper Austria" study focuses on the development of energy scenarios and on integrated infrastructure analysis for the future energy system of Upper Austria. The aim is to highlight developments and opportunities and derive recommendations in the context of a climate-neutral energy industry. Three different scenarios are being examined in terms of their impact up to 2050. The first scenario extrapolates energy demand based on statistical development factors; the second takes into account measures that have already been adopted or announced by government, such as targets for the expansion of renewable energies. The third scenario applies an optimisation approach to compute the most systemically efficient sectoral energy use. The results are processed in a regionalised simulation across all energy carriers (electricity, gas, heat) in order to identify bottlenecks in the system and develop potential solution options or derive recommendations for action.

ECOSINT

The "ECOSINT" project focuses on smart integration of renewable energy communities into the overall system in order to make a positive contribution to managing the energy transition. Coordinated integration and use of flexibility can help to avoid load and feed-in peaks while ensuring resilience. The initial step is that of analysing the objectives, opportunities and requirements for renewable energy communities. A further focus is on designing a standardised, secure, modular and scalable IT system architecture. Following this, the IT system architecture will be validated using simulations based on selected use cases and evaluated in collaboration with the stakeholders. The project's aim is to create an efficient and secure basis for operating renewable energy communities, taking into account the internal goals while at the same time optimising the benefits for the overall system.

| KEY PERFORMANCE INDICATORS

Group overview

	Unit	2022/2023	2021/2022	Change
Electricity procurement	GWh	11,774	14,096	-16.5%
Electricity procured from third parties	GWh	8,619	10,519	-18.1%
Proprietary electricity procurement ¹⁾	GWh	3,155	3,577	-11.8%
Thermal power plants	GWh	603	1,135	-46.9%
Renewable energy	GWh	2,552	2,442	4.5%
Group's own hydropower plants	GWh	1,106	1,046	5.7%
Procurement rights from hydroelectric power	GWh	1,253	1,186	5.6%
Other renewable energy (photovoltaics, wind, biomass)	GWh	193	210	-8.1%
Electricity grid distribution volume to end customers	GWh	7,491	8,118	-7.7%
Electricity sales volume ²⁾	GWh	5,994	6,621	-9.5%
Gas grid distribution volume to end customers	GWh	16,861	19,592	-13.9%
Gas sales volume	GWh	4,818	5,461	-11.8%
Heat procurement	GWh	1,662	1,753	-5.2%
Heat sales volume	GWh	1,533	1,619	-5.3%
Total waste volume handled	1,000 t	1,529	1,575	-2.9%
Incinerated waste volume	1,000 t	602	591	1.9%
Invoiced drinking water volume	m ³ mill.	58.0	58.2	-0.3%
Invoiced waste water volume	m ³ mill.	45.2	45.2	0.0%
Internet data volume transferred ³⁾	TB	111,920	88,670	26.2%

¹⁾ of which in the fiscal year 2022/2023 3,153 GWh on the domestic market (previous year: 3,574 GWh)

²⁾ of which in the fiscal year 2022/2023 4,599 GWh distribution to consumers on the domestic market (previous year: 4,975 GWh)

³⁾ Key figure changed due to spin off of the Fibre-to-the-Home fibre-optic network in the 2021/2022 fiscal year; TB = Terabyte

Unless otherwise stated, the key performance indicators given in the following segment report always refer to the respective segment.

SEGMENTS

In accordance with internal reporting and pursuant to IFRS 8 “Operating segments”, the Energy, Grid, Waste Management, Czech Republic and Holding & Services Segments will be reported on in the [Notes to the Consolidated Financial Statements, Section 7. Segment reporting](#) › Page 201.

Segment name	Activities included
Energy	Production, trade and sales of electricity, gas, heat and telecommunications services
Grid	Construction and operation of the electricity and gas grids, incl. metering services
Waste Management	Acceptance, sorting, waste incineration and landfilling of residuals
Czech Republic	Supplying drinking water, waste water management, and supplying heat in the Czech Republic
Holding & Services	Telecommunications, service companies and management functions; associated at-equity companies which are not allocated to other segments

ENERGY SEGMENT

Energy Segment overview

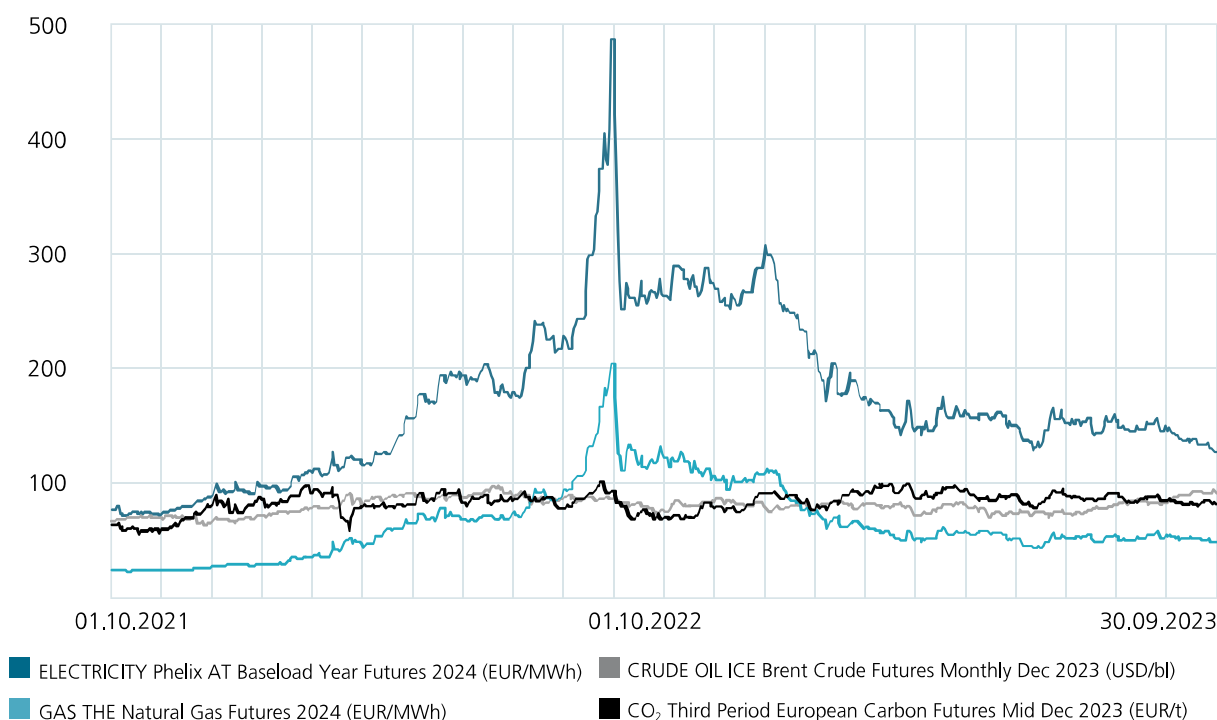
	Unit	2022/2023	2021/2022	Change
Total sales ¹⁾	EUR mill.	3,322.8	3,130.8	6.1%
EBIT	EUR mill.	156.3	18.8	> 100%
Investments in property, plant and equipment and intangible assets	EUR mill.	26.3	24.5	7.3%
Workforce (on average)	FTE	455	459	-0.9%
Electricity procurement, incl. third-party procurement	GWh	11,590	13,898	-16.6%
Proprietary electricity procurement	GWh	2,971	3,379	-12.1%
Electricity sales volume	GWh	5,994	6,621	-9.5%
Gas sales volume	GWh	4,818	5,461	-11.8%
Heat procurement	GWh	1,156	1,288	-10.2%
Heat sales volume	GWh	1,053	1,178	-10.6%

¹⁾ Previous year's value restated

ECONOMIC FRAMEWORK CONDITIONS FOR THE ENERGY SECTOR ¹⁾

Price development on international energy markets

Sources: EEX, ICE



¹⁾ Sources: EEX (European Energy Exchange AG) › [market data: Market data \(eex.com\)](https://www.eex.com), 1 October 2023. ICE (Intercontinental Currency Exchange) market data: › [Products - Futures & Options | ICE \(theice.com\)](https://www.theice.com), 1 October 2023.

The forward market prices for **electricity** for delivery in 2024 in Austria showed a clear downward trend in fiscal year 2022/2023. The main influencing factors here were the prices for coal, gas and CO₂ emission allowances as well as the macroeconomic development. Following volatile development in the fourth quarter of 2022 and a high of EUR 307.8/MWh at the beginning of December 2022, prices had dropped to half their previous level by March 2023 and then only continued to fall slowly in a lateral movement. The electricity price for the annual base of 2024 in the Austrian price zone reached its lowest value of EUR 127.4/MWh on the last trade date of the past fiscal year. The average price was EUR 185.7/MWh in the 2022/2023 fiscal year.

On the spot market, prices also dropped to around half compared with the same period of the previous year. The average European Power Exchange (EPEX) spot price base for delivery in Austria in the reporting period was EUR 134.3/MWh with a volatile development, with prices sharply declining since the start of 2023.

The **oil price** for delivery in December 2023 rose from a low of USD 71.1/barrel (bl) of Brent crude oil on 4 May 2023 to peak at USD 94.4/barrel on 27 September 2023. Among other factors, the increase can be attributed to production throttling by the OPEC countries and an increase in global demand.

A diversification of supply sources, the reduction in gas consumption in many areas and high storage levels caused the price of **natural gas** to fall significantly from the second quarter of the reporting period. In the 2022/2023 fiscal year, the Trading Hub Europe (THE) gas price for the front year 2024 fell from EUR 113.8/MWh at the beginning of October 2022 to EUR 48.4/MWh at the end of September 2023.

In the fiscal year 2022/2023, prices for **CO₂ emission allowances** fluctuated between EUR 68.8/t and EUR 100.3/t. After a rise in prices until February 2023, demand subsequently fell due to the gloomy economic outlook and the reduced use of power plants with fossil energy sources.

| BUSINESS DEVELOPMENT IN THE ENERGY SEGMENT

The Energy Segment recorded sales revenues of EUR 3,322.8 million in the reporting period. The reason for the 6.1% year-on-year increase was higher sales revenues from the management of the electricity and gas portfolios and the higher price level in electricity sales.

In the reporting period, the EBIT of the Energy Segment amounted to EUR 156.3 million and was well above the operating result of the same period of the previous year (EUR 18.8 million). The EBIT was positively influenced by the rise in water levels compared with the previous year and the resulting higher generation volumes from Group-owned hydropower plants, procurement rights from hydroelectric power, and sales price increases. In contrast to this, the reduced use of thermal power plants had a negative impact on the result in the Energy Segment. In addition, increased earnings contributions from the management of the electricity portfolio more than compensated for decreases in gas management.

In the reporting period, an impairment in the amount of EUR 10.2 million was recognised for the Timelkam CCGT power plant due to changes in operating conditions, whereas a reversal of impairment amounting to EUR 4.1 million had been recognised in the previous year. The operating result of the Energy Segment includes a one-off compensation payment to customers.

INCREASED PROPRIETARY ELECTRICITY PROCUREMENT FROM HYDROELECTRIC POWER AND DOWNTURN IN ELECTRICITY GENERATION FROM THERMAL POWER PLANTS

Total electricity procurement in the Energy Segment in the 2022/2023 fiscal year totalled 11,590 GWh and was 16.6% lower than in the previous year (13,898 GWh). The main reason for this development was the sharp decline in electricity procured from third parties to 8,619 GWh (previous year: 10,519 GWh). At 2,971 GWh, proprietary electricity procurement in the reporting period was also 12.1% lower than in the previous year (3,379 GWh).

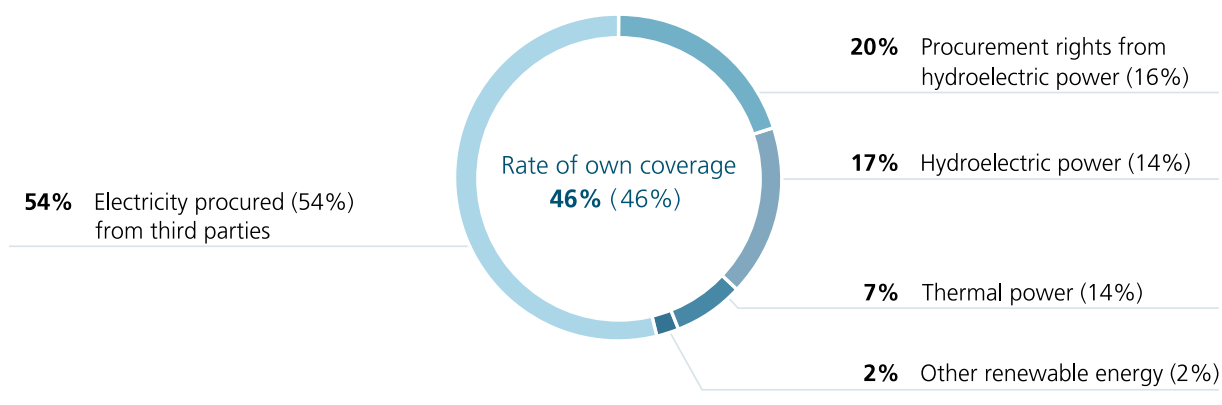
Electricity production from thermal capacities in the Energy Segment amounted to 483 GWh and thus nearly halved compared to the previous year's value of 1,015 GWh. Compared to the previous year, this development is attributable to the risk-optimised utilisation of the CCGT power plant Timelkam and to Cogeneration-Kraftwerke Management Oberösterreich GmbH (CMOÖ GmbH) in Laakirchen.

As the water level was significantly higher compared with the previous year, proprietary **electricity procurement from hydroelectric power** during the 2022/2023 fiscal year totalled 2,359 GWh, which is 5.7% above the previous year's figure of 2,232 GWh. Compared with the long-term average, river water levels were 7.0% below average in the reporting period (previous year: -12.1%). The hydro coefficient of the Group's own power plants and procurement rights was 0.93 during the reporting period (previous year: 0.88).

The drop in sales volumes and a reduction in trading volumes due to lower management activities at the thermal generation plants saw **electricity procured from third parties** fall.

Electricity procurement structure without electricity trading

2022/2023; previous year's figures in brackets



Due to the changing conditions in the energy market, provoked in particular by the push to expand electricity generation from the volatile energy forms wind and solar, long-term forecasts indicate both an increasing need for additional, high-performance flexibility and storage capacities and economic potential in this environment. This prompted the decision to construct a **pumped-storage power plant in Ebensee** during the reporting period. With an investment volume of some EUR 450 million, this project is the largest single investment in the history of Energie AG. Pumped storage power plants are capable of storing large amounts of energy and making it available at a later date. This type of power plant is extremely efficient and is available at all times, which in turn improves security of supply and grid stability.

The pumped-storage power plant is planned as a cavern power plant at the foot of the “Großer Sonnstein” mountain with a variable-speed Francis turbine. The construction of a natural dam with a height of approx. 60 metres is planned for the headwater reservoir in the Rumitzgraben. Lake Traunsee will serve as the lower reservoir. In times of surplus electricity production, the water is pumped around 500 meters uphill, through a cavern housing the reversible pump turbine, where it acts as an energy store that can be tapped at any time. When the demand for electricity increases, the water is routed back down again and converted into electrical energy by the turbine. The power plant has a storage capacity of 1.32 million m³ and an output of 170 MW. The storage capacity enables electricity generation for 10 full load hours.

Moreover, work in the hydroelectric power unit continued on the preliminary projects for the construction of the Weissenbach power plant and the replacement of the Traunfall power plant in order to establish projects capable of approval.

Ennskraftwerke AG, in which Energie AG holds a participating interest of 50%, also reported electricity production below the long-term average in the 2022/2023 fiscal year, with a hydro coefficient of 0.88 (previous year: 0.85). Energie AG holds electricity procurement rights to the hydropower plants of Ennskraftwerke AG and Verbund Hydro Power GmbH with a total annual standard production capacity amounting to 1,410 GWh.

Energie AG's **wind power portfolio** in Austria continues to comprise investments in four wind parks with a pro rata overall performance of nearly 15.2 MW. At the beginning of the 2022/2023 fiscal year, a further wind turbine with an output of 3.45 MW was commissioned by Windpark Munderfing GmbH, in which Energie AG holds a 14.7% interest. Generation from wind power in the reporting period was 33 GWh (previous year: 38 GWh).

Energie AG operates **photovoltaic plants** in Austria and Italy with a total capacity of 21 MW_p (previous year: 18 MW_p). In the fiscal year 2022/2023, 17 GWh of electricity (previous year: 18 GWh) was fed into the public grid. Two PV projects were being implemented during the reporting period. For one, a PV system with an output of 1.46 MW_p was installed on the roof of a horse riding facility. The second project was implemented at the Energie AG location in Timelkam. The existing PV system on the ash landfill site was supplemented by a second, independent system with approx. 1.15 MW_p, allowing the former landfill area to be used in the best possible way to generate electricity. Both systems were commissioned at the beginning of the 2023/2024 fiscal year.

Energie AG supplies several areas in Upper Austria, including Kirchdorf, Gmunden and Vöcklabruck, with sustainable **district heating**. The volume of district heating distributed from the power plant locations in Riedersbach and Timelkam dropped by 4.8% to 231 GWh compared with the previous year (242 GWh) due to the mild weather. Expansion of the Freistadt district heating site has reached the planning phase. The cornerstone of the project is the expansion of the biomass power plants by 2.5 MW and the district heating network by 1,900 metres of pipework.

In Laakirchen, CMOÖ GmbH supplies a key account customer with electricity and process heat through a CCGT power plant, as well as several adjacent companies with district heating. The volume of process heat and district heating distributed to customers during the 2022/2023 fiscal year amounted to 593 GWh and was therefore 13.5% below the previous year's value (685 GWh).

| ENERGIE AG AS A RELIABLE PARTNER FOR CUSTOMERS

Following the price guarantee given to electricity and gas customers for main brand standard products since 2017, it proved necessary to increase prices for existing customers in the electricity and gas unit in the reporting period on account of the extraordinary market situation.

The price adjustment for electricity implemented as of 2 January 2023 was supported by an external legal expert with a view to the new legal situation ("relevant circumstances" pursuant to § 80 para. 2a ElWOG). The price adjustment in the gas unit, which also took effect on 2 January 2023, was introduced in accordance with the provisions in the General Terms and Conditions (GTC) on the basis of changes in the Austrian Gas Price Index (ÖGPI) and the Consumer Price Index (CPI). Given the challenges to the legal conformity of the price increases for electricity introduced by many companies in the industry on the basis of the new legal situation, Energie AG and special interest groups agreed on a quick, customer-friendly and practicable solution in order to avoid a legal dispute lasting many years.

The price adjustment was accompanied by numerous campaigns – for example, Energie AG offered special advisory days for customers and also increased personnel resources in the call centre in advance in order to cope with the anticipated increased volume of communication. As a result, a set of measures was compiled to effectively counteract the high charges for specific customer groups, in particular for customers with heat pumps or night storage heaters as well as low-income customers. As of 1 February 2023, it proved possible to reduce prices for new customers acquired since December 2021, moving them to the lower existing customer price applicable as of 2 January 2023, thus adopting these customers into the existing customer base. As of 1 February 2023, the price for newly acquired customers was also reduced.

Thanks to its forward-looking, long-term procurement strategy, Energie AG Oberösterreich Vertrieb GmbH (Vertrieb GmbH) was able to reduce electricity prices for existing customers as of 1 June 2023 despite the challenging environment.

The reliable supply situation and the relatively mild winter of 2022/2023 have led to a drop in wholesale prices for gas as an energy source, which is why gas customers (annual consumption <400,000 kWh) are being granted a discount of 20% on standard products for the period from 1 June 2023 to 31 May 2024.

The noticeable easing on the energy markets during the reporting period has already led to an uptick in competitive activities on the sales market; however, the positive trend of low provider switching rates continued.

In the reporting period, the number of heating degree days, which define the temperature-related energy demand, was well below that of the comparable period in the previous year (-9.8%) in Upper Austria, and below the average for the last five years (-5.7%).

In the current energy industry environment, sales activities focused on ongoing and standardised risk management to ensure targeted risk control, while even greater attention was paid to monitoring risks from receivables.

Electricity

At 5,994 GWh, Energie AG's consolidated electricity sales volume in fiscal year 2022/2023 was 627 GWh below the previous year's figure of 6,621 GWh.

Electricity distribution to business and industrial customers has declined. This was attributable to lower purchase volumes from existing customers, an increase in provider switching behaviour and the growing proportion of self-supply from in-house PV systems. Due to mild weather in the first half of the fiscal year, the development in the volume sold to residential, commercial and municipal customers was also lower than in the previous year; in particular, lower volumes were sold in the period from October 2022 to January 2023 than in the same period of the previous year. The slightly cooler start to spring 2023 only partially compensated for these declines.

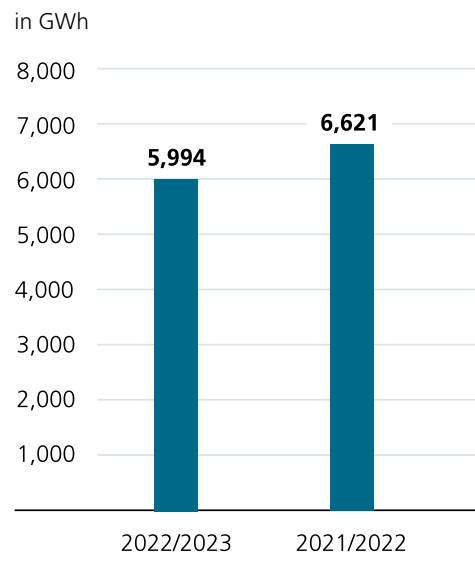
The continuing trend towards the installation of PV systems attracted many new customers in the prosumer target group (= a producer who is also a consumer). As a result of this, the number of customers who supplied electricity back to Energie AG increased significantly in the reporting period.

Gas

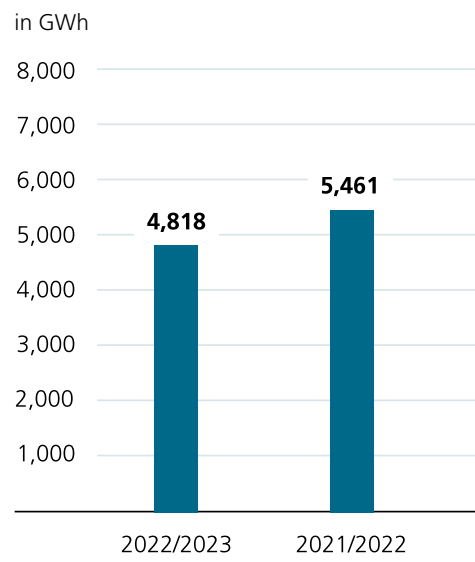
At 4,818 GWh, the volume of gas sold by Energie AG in the 2022/2023 fiscal year was 643 GWh or 11.8% below the previous year's figure of 5,461 GWh.

Volumes sold to business and industrial customers were down on the previous year; this was primarily due to lower consumption by existing customers. Due to the weather conditions, lower sales volumes were also noted for the gas sector's residential, commercial and municipal customers in the reporting period. In addition, interest in changing heating systems increased in this area due to the current economic framework conditions.

Electricity sales volume



Gas sales volume



Heat

The heat sales volume in Austria amounted to 1,053 GWh in the 2022/2023 fiscal year; this was down 10.6% on the previous year's figure of 1,178 GWh; again this was attributable to the mild weather in the reporting period. In addition to the district heating sales volume and the heat sales volume supplied to customers by CMOÖ GmbH, the heat sales volume also includes the volumes from energy purchase agreements.

Telecommunications

Prompted by the continuing great demand for online services, 19,495 private customers were already actively using Energie AG's products by the end of the 2022/2023 fiscal year (previous year: 16,723). Despite the dynamic and challenging competitive environment, Energie AG was also able to convince more customers in the business customer unit of its product benefits.

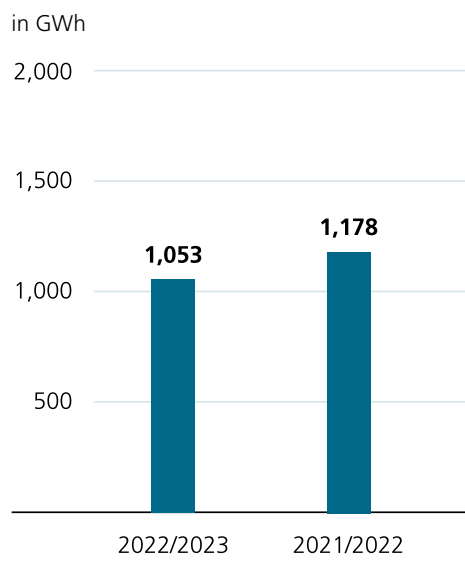
Photovoltaics

As of 30 September 2023, Energie AG was operating 74 photovoltaic plants on behalf of customers under on-site power purchase agreements (PPAs) (previous year: 61) with an output of 12.3 MW_p (previous year: 9.9 MW_p). Consumer products offered in the PV unit were in great demand during the reporting period.

Electromobility

The focus of Vertrieb GmbH's electromobility activities is currently on charging solutions, particularly in high-density residential areas and for company fleets in the business sector. Parallel to this, the targeted installation of public charging stations including operations management and service packages with local partners was continued and intensified. Vertrieb GmbH currently operates 212 publicly accessible charging stations (previous year: 164) with various output ranges from 3.7 kW to 150 kW, including a billing system, and manages a total of 904 charging points (previous year: 604).

Heat sales volume Austria



GRID SEGMENT

Grid Segment overview

	Unit	2022/2023	2021/2022	Change
Total sales	EUR mill.	431.7	392.0	10.1%
EBIT	EUR mill.	31.9	45.3	-29.6%
Investments in property, plant and equipment and intangible assets	EUR mill.	123.9	115.4	7.4%
Workforce (on average)	FTE	583	582	0.2%
Electricity grid distribution volume to end customers	GWh	7,491	8,118	-7.7%
Gas grid distribution volume to end customers	GWh	16,861	19,592	-13.9%

| STATUTORY AND REGULATORY FRAMEWORK IN THE GRID SEGMENT

At the beginning of the reporting period, the situation on the energy market continued to provoke rising costs for the procurement of grid loss energy. This prompted the regulatory authority to increase the grid utilisation fees for electricity by between 35.8% and 72.6% as of 1 January 2023. Austria's National Council decided to make a cost-reducing contribution towards grid loss charges for supply systems for 2023 in order to reduce the burden on customers. The major share of the increase in grid loss charges was subsequently cushioned by the government's subsidy, as well as the downward trend in market prices in the meantime, and tariff levels were reduced accordingly as of 1 March 2023. Compared with the previous year, the grid utilisation fees therefore increased by between 5.6% and 10.3% from 1 March 2023, with different tariffs now being applied for consumers and suppliers.

The grid utilisation fees in the gas sector rose by 23.5% for consumers at grid level 3 and by 40.8% for consumers at grid level 2. This significant increase was again prompted by higher grid loss costs and higher upstream grid costs.

The fourth regulatory period in the gas sector began on 1 January 2023 and will run for another 5-year period. In the 2022/2023 fiscal year, one focus in the Grid Segment was the initiation of the cost determination process for the fifth electricity regulatory period. In addition to wide-ranging requirements and queries from the authorities, expert meetings were held to discuss and define the parameters for the fifth regulatory period.

| BUSINESS DEVELOPMENT IN THE GRID SEGMENT

In the reporting period, sales revenues in the Grid Segment amounted to EUR 431.7 million, representing an increase of 10.1%. In fiscal year 2022/2023, the EBIT of the Energy Segment amounted to EUR 31.9 million, which is equivalent to a decline of 29.6%). This was primarily due to lower transported volumes on both the electricity and gas grids as well as to higher grid loss costs and upstream grid costs. These were only partially offset by the regulatory increase in grid utilisation fees. Besides this, the investments made prompted rises in depreciation and amortisation in the electricity and gas grids and other expenses.

| ELECTRICITY AND GAS GRID AS THE BACKBONE OF THE UPPER AUSTRIAN SUPPLY INFRASTRUCTURE

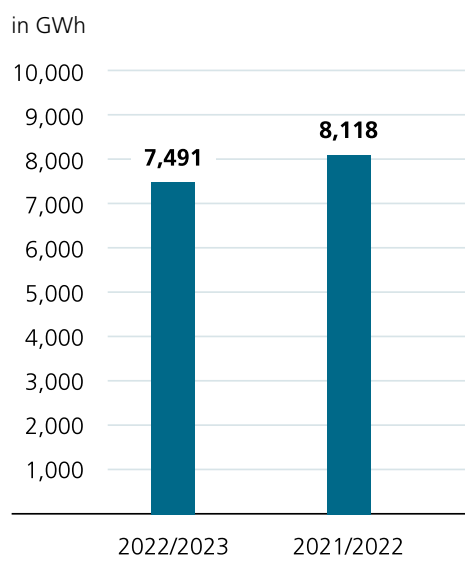
In the past fiscal year, Netz Oberösterreich GmbH (Netz OÖ GmbH) was the first Austrian gas grid operator to be audited in line with ÖVGW-QS-GNB 300 (quality requirements for gas grid operators for calorific value determination). The aim is to establish a binding and

comprehensible procedure for determining and billing for calorific values when gases with different calorific values are fed in. Beyond this, the company already has a number of existing certifications. The audit of the information security management system (ISMS) to ISO/IEC 27001:2013 standards confirmed the high level of information system security at Netz OÖ GmbH. This provides a solid basis for the planned restructuring of the energy system.

Compared to the same period of the previous year, the **electricity grid distribution volume** fell by a total of 7.7% from 8,118 GWh to 7,491 GWh in the fiscal year 2022/2023. A significant decline in electricity grid distribution volume at all grid levels was noticeable. As of 30 September 2023, the electricity business unit of the Grid Segment supplied approx. 527,000 active customer installations (previous year: 522,000).

In the reporting period, a sequence of several thunderstorms in the months July and August 2023 posed a challenge for grid operations. It was not only the individual events themselves, but also the number of consecutive events in this period of time that placed a strain on the response teams. In this situation, the 110 kV high-voltage grid once again proved to be the strong and reliable backbone of the Upper Austrian electricity supply.

Electricity grid distribution volume to end customers



In the 2022/2023 fiscal year, grid activities focused on both grid upgrade and expansion measures to maintain and secure a stable electricity supply, and on the consistent implementation of the "Electricity Grid Master Plan Upper Austria 2032" (Stromnetz-Masterplan Oberösterreich 2032). The environmental impact assessment (EIA) hearing was held for the "Central Region Upper Austria Electricity Supply" project. A mandatory EIA was imposed for the "Mühlviertel, Rohrbach – Langbruck Electricity Supply" project. The "Wagenham Grid Support", "Rottenbach Substation" and the "General Renovation of Steyr North – Steyr East" projects are currently in the implementation phase.

Replacing of overhead power line sections of the medium and low-voltage grid with underground cable was continued wherever expedient. 29 km of medium-voltage overhead lines and 135 km of low-voltage overhead lines were replaced by underground cables during the reporting period.

In the calendar year 2023, the very large number of grid connection applications for decentralised electricity generation systems or, more specifically, for PV systems, posed a major challenge again. It proved impossible to provide 100% of the required grid capacity – it will be necessary to create this capacity through additional low- and medium-voltage grid construction work. The installed capacity from PV is around 1,014 MW (previous year: 589 MW) with around 61,700 connected systems (previous year: 39,300 systems).

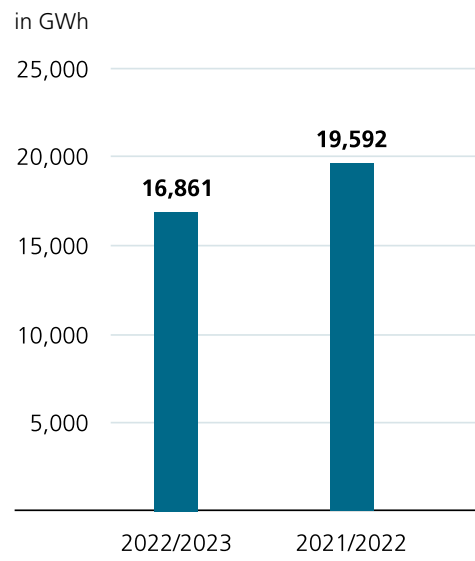
Particular attention was paid to optimising the customer interface. In addition to a wide range of new digital offerings on the online web portal, a decision was reached to implement a grid-specific customer competence centre.

In the reporting period, the **gas grid distribution volume** fell to 16,861 GWh and therefore by 13.9% compared to the same period of the previous year (19,592 GWh). This decline in volumes had an impact on both the industrial and household sectors and was influenced by the very high gas prices and what was a fairly mild winter.

The number of customers in the Gas unit declined in the past fiscal year. The causes are assumed to be trends in society and political requirements, especially relating to climate change mitigation.

Extensive upgrades were carried out at three reduction stations in the 2022/2023 fiscal year. A high-pressure natural gas pipeline with a total length of 3.6 km was investigated using smart pigging. Beyond this, various repairs to high-pressure pipelines were carried out in the reporting period.

Gas grid distribution volume to end customers



WASTE MANAGEMENT SEGMENT

Waste Management Segment overview

	Unit	2022/2023	2021/2022	Change
Total sales	EUR mill.	274.7	272.6	0.8%
EBIT	EUR mill.	30.4	33.9	-10.3%
Investments in property, plant and equipment and intangible assets	EUR mill.	23.0	19.7	16.8%
Workforce (on average)	FTE	823	831	-1.0%
Total waste volume handled	1,000 t	1,529	1,575	-2.9%
Incinerated waste volume	1,000 t	602	591	1.9%

ECONOMIC FRAMEWORK CONDITIONS FOR THE WASTE MANAGEMENT SECTOR

The Circular Economy Package authored at EU level aims to establish sustainable products as the norm in the EU, making these products more durable, repairable, reusable and recyclable throughout their entire life cycle. The Circular Economy Package amendment under the Waste Management Act (AWG) at national level is intended to ensure waste avoidance, recycling, and reuse, and to achieve a product design geared towards sustainability – based on eco-design specifications. Targets in line with this for recycling, quotas for reusable and disposable packaging and for the reduction of certain plastic products as well as on the issue of producer responsibility, incineration bans and landfill restrictions have been formulated and pose major challenges for the stakeholders.

One of the focuses here is plastic packaging: in order to achieve the EU target of a 50% recycling rate in 2025, recycling must be substantially increased in the coming years. In addition, a new independent quota for separate collection of PET beverage bottles becomes mandatory as of 2025. In order to be able to achieve these high targets, the Circular Economy Package, an amendment to the Waste Management Act, envisages the mandatory, staggered introduction of reusable packaging quotas in the food industry as well as a commitment on the part of the beverage industry to charge a deposit on PET and aluminium containers as of 1 January 2025.

Further provisions from the Waste Management Act (AWG) mandates that, starting on 1 January 2023, waste transportation of volumes above 10 t over distances of more than 300 kilometres must be effected by rail or similarly climate-friendly means of transport, with the kilometre threshold due to drop to 100 kilometres by 1 January 2026. Since 1 January 2023, the amendment to the Packaging Regulation (VVO) has required commercial packaging placed on the market exclusively to be returned via a collection and recovery system. As a waste management company, Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH) is essentially limited to logistics and handling services for only a part of the paper and cardboard volumes and – unlike before – is no longer permitted to market these volumes itself.

The general conditions for the recycling materials paper/cardboard and metals deteriorated compared with the previous year. Metal prices fell year-on-year, particularly at the beginning of the 2022/2023 fiscal year. In the reporting period, the average price for steel scrap was around 15% below the previous year's level, but above the long-term average.

There was again a significant price decline in recovered paper/cardboard in the 2022/2023 fiscal year following record figures in 2021/2022. This development was reflected in statistics including the Wiesbaden Index for paper and cardboard packaging.

| BUSINESS DEVELOPMENT IN THE WASTE MANAGEMENT SEGMENT

Despite the challenging economic environment in the 2022/2023 fiscal year, the Waste Management Segment once again managed to achieve stable economic development at a high level.

In the 2022/2023 fiscal year, sales revenues in the Waste Management Segment amounted to EUR 274.7 million (previous year 272.6 million), representing an increase of 0.8%. EBIT decreased by EUR 3.5 million to EUR 30.4 million compared with the previous year (EUR 33.9 million).

Compared to the previous year, declines in sales revenues, prompted by price trends for the recycling materials paper/cardboard and scrap metal, were more than compensated for by electricity and heat revenues for the volumes decoupled from the waste incineration plant Welscher Abfallverwertung (WAV).

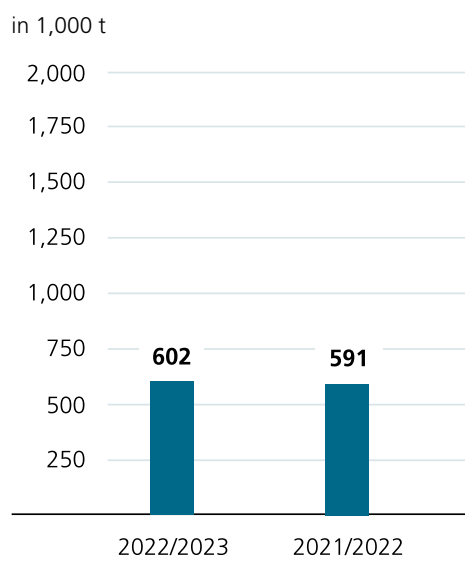
In addition to lower prices for the recycling materials paper/cardboard and scrap metal, the year-on-year decline in earnings was primarily due to inflation-driven increases in expenses such as operating costs.

| STABLE DEVELOPMENT IN WASTE MANAGEMENT SERVICES

The **waste incineration plants at Wels and Lenzing** achieved a **throughput** of about 601,900 tonnes of incinerated waste volume. This is equivalent to an increase of 1.9% compared with the previous year. At the Lenzing waste incineration plant, the annual inspection took place in spring. At the Wels waste incineration plant, the overhaul of line 2 was completed in June/July 2023, with line 1 being completed in August/September 2023.

Umwelt Service GmbH took over the exclusive heat supply to the district heating network of eww ag as of 1 May 2022. As a result, households and companies in the Wels area are primarily supplied with heat from waste incineration. Solar energy and biomass are also fed into the grid. The past 2022/2023 fiscal year was the first full fiscal year following the redistribution of activities between Umwelt Service GmbH and eww ag. Looking back, the initial results are very positive. Umwelt Service GmbH ensured an uninterrupted supply of district heating to the eww ag grid for the Wels area. In December 2022, there was an unplanned shutdown of the waste incineration plant in Wels for three days. During this period, the district heating supply was ensured by the newly-constructed backup system of hot water generators provided for this purpose.

Incinerated waste volume



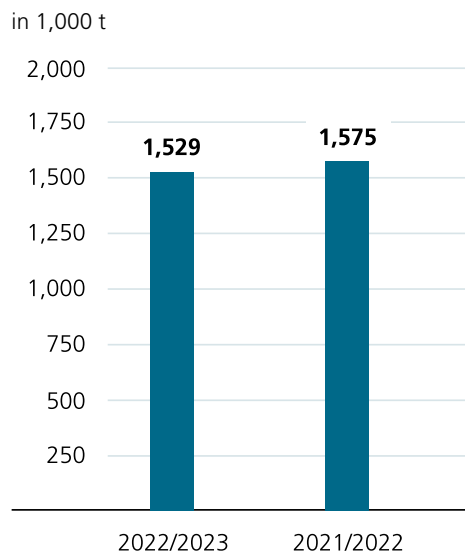
In the reporting period, the waste incineration plant in Wels distributed 283 GWh of **heat** (previous year: 243 GWh) to the district heating network and to one other key account customer. Electricity procurement totalled 184 GWh (previous year: 198 GWh).

The **treatment plants for hazardous waste** in Steyr were again very well utilised in the year under review. In terms of maintenance, the focus was primarily on the renovation of the CPO plant (chemical/physical treatment plant for organic waste). In addition, the fire alarm and extinguishing systems were upgraded.

Compared with the fiscal year 2021/2022, the total **volume handled** in the Waste Management Segment slightly dropped by approx. 2.9% to a total of some 1,529,000 t (previous year: 1,575,000 t). While the volumes in Austria declined, particularly in the area of construction waste, collection systems and commercial and industrial waste, there was an overall increase in volumes in South Tyrol.

Various investment projects were implemented at the sales locations in the reporting period. Among other things, building work began on a new office building at the Hörsching location in the scope of site reorientation, as the existing building had to be sold due to the four-lane expansion of the western railway line. At the Mühlendorf location, for example, a PV system was used to roof the waste collection centre, and there was an investment in a transformer.

Total waste volume handled



In the scope of the “LOOP” project, Umwelt Service GmbH took part in the tender for promoting zero-emission commercial vehicles and infrastructure (ENIN) and was awarded funding for the purchase of 3 electric trucks and the associated electric charging infrastructure at the Redlham location. The vehicles and charging infrastructure will be procured in the 2023/2024 fiscal year.

The investigations throughout Austria into the area of collection and transport in the waste management industry initiated by the Federal Competition Authority (BWB) in 2021 are still in progress. Umwelt Service GmbH is actively assisting in the investigation and has submitted a report. The BWB's response to this is still outstanding.

Despite lower prices for paper as a recycling material and higher personnel leasing expenses, stable results were achieved at the Neumarkt location in **South Tyrol**. Operations in the management of commercial and industrial waste and production of refuse-derived fuels (RDF) and glass sorting saw a positive development.

In the **WDL-WasserdienstleistungsGmbH** (WDL GmbH), the framework conditions for drinking water supply and waste water management in Austria were largely stable during the reporting period. At WDL GmbH, the main focus was on maintaining the secure supply of drinking water and further developing the services offered.

CZECH REPUBLIC SEGMENT

Czech Republic Segment overview

	Unit	2022/2023	2021/2022	Change
Total sales	EUR mill.	229.7	194.7	18.0%
EBIT	EUR mill.	10.5	6.0	75.0%
Investments in property, plant and equipment and intangible assets	EUR mill.	16.0	8.0	100%
Workforce (on average)	FTE	1,729	1,715	0.8%
Invoiced drinking water volume	m ³ mill.	48.9	49.2	-0.6%
Invoiced waste water volume	m ³ mill.	45.2	45.2	0.0%

FRAMEWORK CONDITIONS IN THE CZECH REPUBLIC

The development in economic growth in the Czech Republic was at a moderate level in the 2022/2023 fiscal year, while inflation was still very high in the reporting period. It was around 18% at the beginning of October 2022 and has dropped slowly since then. At the end of the reporting period, inflation was around 6.9%. The unemployment rate remained near full employment, as during the 2021/2022 fiscal year.

In the 2022/2023 fiscal year, high fuel prices, in particular, were relevant for the heating unit of the Czech Republic Segment. In the case of water supply and waste water management, notably higher market prices compared to the previous year impacted on electricity expenses for water and waste water treatment and allocation. However, a number of efficiency campaigns and the consideration of the increased energy expenditure in costing have greatly minimised these effects. As of 1 January 2023, the Czech government ratified a price cap for electricity and gas; this had an additional positive impact on energy expenditure in the Czech Republic Segment.

The Czech koruna continued to steadily strengthen against the euro in the course of the 2022/2023 fiscal year, only weakening slightly in the last quarter. The exchange rate as of 30 September 2023 was EUR/CZK 24.4.

BUSINESS DEVELOPMENT IN THE CZECH REPUBLIC SEGMENT

In the 2022/2023 fiscal year, the Czech Republic Segment generated sales revenues of EUR 229.7 million in its water and heating business. This was equivalent to an increase of 18.0% compared with the previous year and was attributable to the price increase which occurred in the reporting period, to exchange rate effects and to higher sales revenues in the service sector.

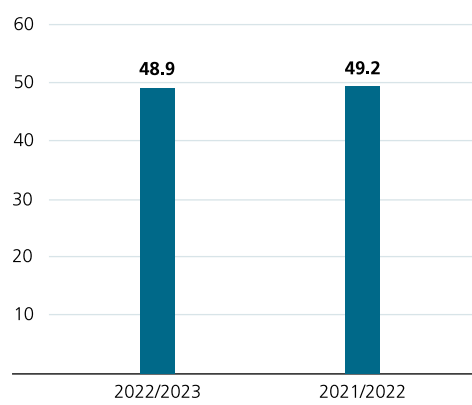
The EBIT in the Czech Republic Segment amounted to EUR 10.5 million in the reporting period. This is equivalent to an increase of 75.0% (previous year: EUR 6.0 million). The efficiency measures and the lower procurement prices for electricity and gas compared to the previous year, partly due to the statutory price cap, had a positive effect on EBIT in the reporting period.

| STABLE VOLUME DEVELOPMENT IN THE CZECH REPUBLIC

In the Czech Republic Segment, a total of 48.9 million m³ of **drinking water** and 45.2 million m³ of **waste water** were invoiced in the reporting period. This corresponds roughly to the previous year's level.

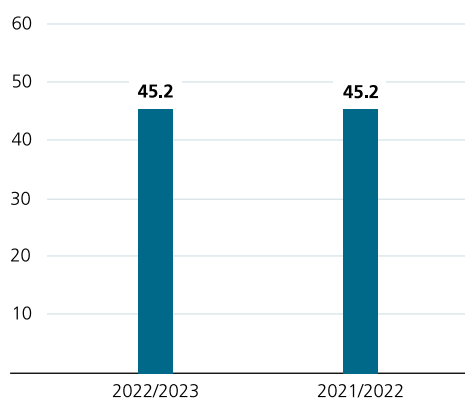
Invoiced drinking water volume

in m³ mill.



Invoiced waste water volume

in m³ mill.



In the 2022/2023 fiscal year, all major tenders for drinking water and effluent were won; the most important of these being the tenders in Prachatice, Dobřany, Blovice (ČEVAK a.s.) and Velké Přílepy (VAK Beroun a.s.).

To compensate for high energy prices, energy efficiency campaigns were successively launched at operational investments. For example, the CHP plant at the České Budějovice sewage treatment plant was renovated. As a result, biogas created by recycling sewage sludge is now used in a CHP plant to generate electricity and heat, with surplus quantities being fed into the public grid. At the Chrudim sewage treatment plant, the ventilation system for the digestion process is being renewed. In addition, PV projects are being pushed forward with a view to reducing requirements for external energy.

The "Digital Twin" pilot project for a VAK Beroun a.s. sewage treatment plant was further developed during the reporting period. The project, which is funded by the Czech Republic's Technology Agency, aims to create a digital simulation of operating procedures in order to optimise processes and boost energy efficiency.

The **heat sales volume** in the Czech Republic amounted to 197 GWh in the reporting period, which is at par with the previous year's figure (198 GWh). Declines due to the milder winter and customer savings offset the total increase due to the acquisition of RATE s.r.o. as of 3 January 2022.

HOLDING & SERVICES SEGMENT

Holding & Services Segment overview

	Unit	2022/2023	2021/2022	Change
Total sales	EUR mill.	281.0	258.1	8.9%
EBIT	EUR mill.	-10.6	46.6	> -100%
Investments in property, plant and equipment and intangible assets	EUR mill.	23.5	33.6	-30.1%
Workforce (on average)	FTE	1,061	1,019	4.1%
Internet data volume transferred ¹⁾	TB	111,920	88,670	26.2%

¹⁾ Key figure changed due to spin off of the Fibre-to-the-Home fibre-optic network in the 2021/2022 fiscal year; TB = Terabyte

| BUSINESS DEVELOPMENT IN THE HOLDING & SERVICES SEGMENT

Sales revenues in the Holding & Services Segment in the reporting period were EUR 281.0 million; this is equivalent to an increase of 8.9% compared with the previous year (EUR 258.1 million).

The EBIT of the Holding & Services Segment fell from EUR 46.6 million in the previous year to EUR -10.6 million in the 2022/2023 fiscal year. In the previous year, the measurement of the shareholding in BBOÖ Breitband Oberösterreich GmbH (BBOÖ GmbH) in the amount of EUR 37.0 million and reversals of impairment on the investment in Wels Strom GmbH, which is accounted for using the equity method, in the amount of EUR 3.5 million had a positive effect on EBIT in the Holding & Services Segment.

The entities measured using the equity method and allocated to the Holding & Services Segment generated significantly lower earnings contributions in the reporting period than in the fiscal year 2021/2022. The EBIT contributions of the service entities allocated to the Holding & Services Segment as well as of the Energie AG Oberösterreich Telekom GmbH (Telekom GmbH), declined slightly in operating terms, one reason being higher expenses.

| NEW STRATEGIC ORIENTATION IN THE TELECOM UNIT

The 2022/2023 fiscal year was characterised by the development and implementation of the “Wholesale Campaign” and “Added Value Offerings” strategic drive. While the former was aimed at improving results on the external fibre-optic market, the focus of the added value offerings was on a targeted expansion of the portfolio for partners within the Energie AG Group.

The volume of internet data transmitted in the telecommunications business area increased further, amounting to 111,920 terabytes (TB) in the 2022/2023 fiscal year (previous year: 88,670 TB). Numerous measures in the scope of the “Wholesale Campaign” significantly grew what was already healthy demand for broadband connections. Data transmission reliability was also maintained at an excellent level with a security of supply (= data connection availability) of 99.98% (previous year: 99.99%). A new disaster-resilient network was established in response to increasing customer demand for resilient telecommunications services. This makes it possible to offer premium services with far higher reliability. The successful wholesale campaign is being pushed forward with innovative products and targeted offers for internet service providers.

In order to be prepared for a blackout scenario in terms of service provision within the Group, numerous technical and organisational improvements were implemented in the past fiscal year in close consultation with the Group's internal partners.

The interfaces of Telekom GmbH with the BBOÖ GmbH FTTH joint venture were also successively further developed in the past fiscal year.

| STRATEGIC INVESTMENTS

The companies Wels Strom GmbH, Salzburg AG and BBOÖ GmbH, consolidated at equity, as well as further minority holdings complete the business portfolio of Energie AG.

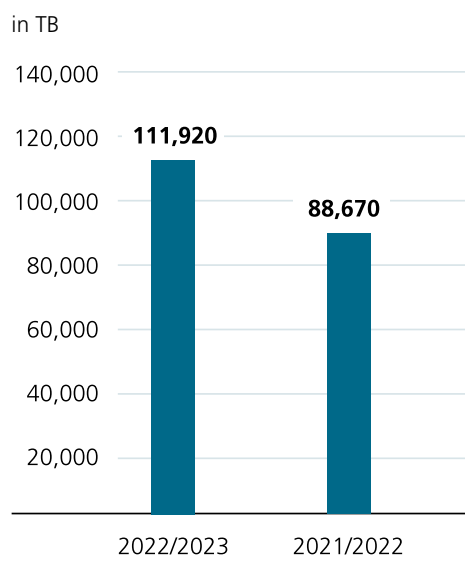
Wels Strom GmbH, in which Energie AG holds a 49% participating interest, is the integrated electricity supply company of the city of Wels. Other business areas include services relating to electromobility and energy systems for key account customers.

It proved possible to partially cushion the escalating price trend in the energy sector in 2022 thanks to rolling procurement, which meant that inevitable price increases were capped or delayed.

In the last full fiscal year (1 January 2022 to 31 December 2022), proprietary electricity generation increased by 6.2% year-on-year to around 115 GWh (net generation).

The electricity sales volume to customers fell to 710 GWh (previous year: 742 GWh), 16% of which was covered by proprietary production, mainly from hydroelectric power. Some 48% of the electricity distribution was generated outside the grid area of Wels Strom GmbH.

Internet data volume transferred



The “Future Initiative Wels” project, which was developed in collaboration with eww ag, Umwelt Service GmbH and Erzeugung GmbH, was successfully brought to a close in the 2022 fiscal year. Operational management of the hydropower plants was assumed by Erzeugung GmbH with effect as of 1 January 2022. District heating generation and supply was transferred to Umwelt Service GmbH on 1 May 2022 and the corresponding Wels Strom GmbH generation plants were closed. eww ag has operated the electricity grid, which is still owned by Wels Strom GmbH, since 1 January 2022.

Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG), in which Energie AG holds a 26.13% interest, has consistently pushed forward with the expansion of renewable energies despite the unprecedented upheavals on the energy markets that resulted in historically high price levels and the need to deposit massive securities and ultimately provoked price increases.

The turmoil on the energy markets in particular is a drastic reminder of how important the switch from fossil fuels to renewable energy is to achieving independence. Salzburg AG has revitalised the Rotgülden hydropower plant, upping production by more than 4 GWh; this means that an additional 1,100 households can be supplied with clean electricity from hydroelectric power. In addition, the approval plans for the Stegenwald Salzach power plant (electricity generation of some 73 GWh per year) and the Sulzau am Obersulzbach hydropower plant (electricity generation of around 18 GWh per year) were finalised and the building decisions were taken.

With a view to decarbonising Salzburg, district and local heating from biomass and industrial waste heat are also hugely important. Construction of the Siezenheim II biomass CHP plant began in 2022; it will supply 8,300 households with district heating and 9,700 households with green electricity in future. Parallel to this, expansion of the public and private charging infrastructure for electric vehicles is being consistently pushed forward.

Business performance in the most recently completed fiscal year (1 January 2022 to 31 December 2022) was characterised by increased volatility on the wholesale markets. Sales to end users fell to 3,307 GWh (previous year: 3,387 GWh). The trading volume of around 10,723 GWh was more or less on a par with the previous year (10,708 GWh). Generation from hydroelectric power fell by 3.3 % compared to the previous year, totalling 1,344 GWh (previous year: 1,390 GWh).

There was a decline in total sales of natural gas in the 2022 fiscal year, with 1,813 GWh sold to end users (previous year: 1,793 GWh).

The telecommunications unit has seen constant growth for years; this is again the case in the 2022 fiscal year. It again proved possible to increase the number of internet customers, while the number of cable TV connections fell slightly. Again this year, internet trade magazines “connect” and “PC Magazin” confirmed that Salzburg AG offered the best performing internet in the entire Province of Salzburg.

Additions to non-current assets totalled EUR 269.5 million (previous year: EUR 185.7 million). This includes EUR 28.4 million in investments in generation plants (previous year: EUR 16.1 million). A total of EUR 98.3 million (previous year: EUR 57.7 million) was invested in property, plant and equipment for the electricity grid. In the telecom technologies unit, the corresponding figure was EUR 41.1 million (previous year: EUR 38.5 million).

In the 2022 Salzburg AG fiscal year, the reorganisation of local public transport in the central Salzburg region was discussed intensively and a comprehensive financing and organisational

model was developed. A resolution on this by the owners to bundle the transport agendas in a separate subsidiary in the future was passed in September 2023.

BBOÖ Breitband Oberösterreich GmbH is a company founded in 2022 by the Province of Upper Austria and Energie AG Oberösterreich; a 50% share is indirectly owned by the Province of Upper Austria via the Upper Austrian state holding company, while Energie AG Oberösterreich holds a further 50%.

The entity's aim is the rapid expansion of the fibre optic infrastructure in the Province of Upper Austria and providing access to the fastest transmission bandwidths at equal and fair conditions. The intent is to set up a non-discriminatory fibre-to-the-home (FTTH) network independently of internet service providers in accordance with uniform standards as notified by the European Commission.

In the course of the 2022 fiscal year, the business purpose of BBOÖ GmbH was changed by means of reorganisation to active operation of fibre optic networks. The expansion of a universally available fibre-optic network, was spun off to the subsidiary Breitband Oberösterreich Infrastruktur GmbH.

| SHARED SERVICES

The four Group-wide service companies

- Energie AG Oberösterreich Business Services GmbH (Business Services GmbH),
- Energie AG Oberösterreich Customer Services GmbH (Customer Services GmbH),
- Energie AG Oberösterreich Personalmanagement GmbH (Personalmanagement GmbH) as well as
- Energie AG Oberösterreich Tech Services GmbH (Tech Services GmbH)

are combined in the Holding & Services Segment.

These service companies provide commercial and technical services for the entire Group in accordance with precisely defined quality and safety standards. These services are guided by external market conditions for similar products and services.

Business Services GmbH bundles services for the Energie AG Group in the areas of purchasing and logistics, real estate management, information technology, accounting, and insurance and legal services. The focus of work in the 2022/2023 fiscal year was on completing the implementation of the "digital logbook", and the implementation of steps to grow user awareness and improve IT security. An extensive Group-wide SAP-S/4HANA transformation project is proceeding according to schedule. Additionally, the structural and civil engineering work for a new office and workshop building in Gmunden was completed, and work on the interior and on facility technology started. The construction project for a new office and canteen building in Timelkam was also launched in the reporting period, and involved the approval of the feasibility study, the implementation of various official procedures and the preparation of the invitation to tender.

The **Customer Services GmbH** bundles the Group's customer services and data protection back office, billing, provider switch management, receivables management and payment processing in customer-facing operations. In the 2022/2023 fiscal year, employees provided services for around 1.57 million customer contracts. In addition to the reliable provision of all services, the 2022/2023 fiscal year was characterised by the implementation of many projects. In the reporting period, the specific focus was on "Implementation of the Electricity Cost Subsidy Act", "Implementation and fulfilment of the Supplementary Electricity Cost

Subsidy Act” and the price reduction and discounting campaigns in the electricity and gas sectors.

The focus of **Personnelmanagement GmbH**'s activities is both on matters related to personnel strategy and personnel policy for the Group, governed by the Holding division “HR Strategy and Control”, and on all agendas relating to personnel and management development, personnel support, personnel accounting and apprenticeship programs. Employer branding measures, tailored for specific target groups, were implemented in the reporting period to secure the required human resources/skills. These activities are becoming even more important in view of the growth strategy defined in the “LOOP” project.

As the provider of all technical services at Energie AG, **Tech Services GmbH** is the central owner of know-how in the Group. The services include conceptual design, project planning, construction, maintenance and prompt troubleshooting of electricity, gas, and telecommunications infrastructures as well as power plants, especially in the field of hydroelectric power, heat, photovoltaics and biogas plants. The main challenges in the 2022/2023 fiscal year, partly caused by Russia's war of aggression against Ukraine, included supply difficulties and high price volatility for key material resources. In view of the increased expansion of electricity grids and generation plants in the scope of the energy transition, a need for additional personnel resources is anticipated in the next few years. Various process-oriented and organisational measures directly in the work environment, accompanied by internal employer branding and increased communication, are intended to support the recruitment of specialists and the retention of qualified employees at an early stage.

OUTLOOK

According to forecasts by economic research institutes, a moderate **economic recovery** can be expected for the 2023/2024 fiscal year. The development of real incomes is expected to lead to an increase in purchasing power in 2024, which will, in turn, stimulate growth. IHS, WIFO and the IMF anticipate restrained GDP growth in Austria in the range of +0.8% to +1.2% in 2024 with inflation at +3.7% to +4.2%. In the euro zone, economic growth of +1.2% to +1.6% is forecast.

External experts consider the development of **energy prices** for the 2023/2024 fiscal year to be significantly more stable than in the past two years. This assumption is based on the measures taken in the meantime to diversify gas supply sources, European and Austrian gas storage levels of almost 100%, and reduced demand. The major sources of uncertainty are still the on-going developments in political crisis regions, particularly in Ukraine and the Middle East, economic developments and the impact of climate change.

In view of the ongoing uncertainties relating to the supply of natural gas from Russia to the EU and Austria, an amendment to the Gas Industry Act (GWG) and the Electricity Industry and Organisation Act (ElWOG) was passed by the Economic Affairs Committee on 10 October 2023. The implementation of the ElWOG amendment especially will play a key role at **Vertrieb GmbH** in the 2023/2024 fiscal year. Energie AG will respond to the risks arising from the challenging energy policy environment and volatile market developments with appropriate operational and strategic countermeasures. With a view to the trend towards the installation of PV systems, the intent is to serve and support all customers – from households and energy communities to industry – on the sales side. A further increase in competitive activity is to be expected under the given conditions. The aim of the current procurement strategy mix, which the Company uses to procure products for its customers in the domestic sector on a very long-term basis in some cases, is to make sure that appropriate products continue to be developed and brought to market in the future in order to keep the switching rate low. The further development of sustainable products and services, particularly in the fields of e-mobility, PV and heating solutions, will continue to be the focus in the coming years.

Energie AG also sees itself as a driving force for a sustainable energy future in the **generation unit** and is pushing forward with the expansion of renewable energy sources. Construction work on the Ebensee pumped-storage power plant started in October 2023 and will take around four years. Trial operation of this pioneering power plant is planned for the end of 2027. The focus in the 2023/2024 fiscal year will also be on the campaign to expand wind power in Upper Austria. The Kobernaußerwald wind park project is being pushed forward.

The general regulatory framework for the **Grid Segment** for the 2023/2024 fiscal year can continue to be assessed as stable. The parameters for the fourth gas regulation period have been fixed. The statutory environment for the fifth electricity regulatory period (starting on 1 January 2024) has been clarified for the main part. The challenges in the context of connecting decentralised generation plants remain high; investment funding will thus increase in the coming years, while the focus will also remain on personnel resources and the sufficient availability of materials and operating resources.

In the **Waste Management Segment**, the volume of commercial and industrial waste is expected to develop at a restrained level in the 2023/2024 fiscal year. The future development of the recycling materials paper, metals and waste wood is difficult to forecast. Umwelt Service GmbH is preparing further investments in sustainable projects in the 2023/

2024 fiscal year, above all the installation of PV systems at several locations including landfills, as well as the procurement of trucks with electric drivetrains and electric charging infrastructure. The aim is also to complete reorientation work at the Hürsching location.

The price cap for energy, which was introduced by the Czech government on 1 January 2023 due to the turmoil on the energy market, will initially apply until the end of the 2023 calendar year. There are currently no plans to extend the cap. For this reasons, close monitoring of the situation on the electricity and gas market, which is dramatic in terms of costs, will continue in the **Czech Republic Segment**, especially since the continuing high price level is putting pressure on suppliers, operators and customers. Further to the planned investments, the corporate strategy envisages the implementation of various projects focusing on energy efficiency and alternative energy generation in order to achieve the Czech CO₂ reduction targets in the coming years. A positive development in services provided to municipalities and cities is expected in the 2023/2024 fiscal year.

As part of the "LOOP" project, a decision was taken to bundle the Group's digitalisation expertise in a punch-packed new business unit in order to respond even more quickly, and in a more targeted way, to the needs of the Group's internal and external customers and offer them an outstanding customer experience. The focus of **Telekom GmbH** in the 2023/2024 fiscal year will therefore be on organisational integration with the IT services provided by Business Service GmbH and with Customer Services GmbH. The objective in the telecommunications sector during this transition is to continue to face constantly increasing competition along the entire value chain in the telecommunications market, while at the same time again boosting value creation in this segment in line with planning. The objective in the internal Group services is to further optimise existing high standards in terms of quality, security and reliability, despite the on-going development of organisational or process structures.

In addition to reliably supplying **Energie AG's** customers and ensuring financial stability, the focus in the 2023/2024 fiscal year will continue to be on the strategic development of the Group in the scope of the Group-wide strategy and organisation project "LOOP". The focus of the specific actions derived from the decisions made on the alignment of the Group's segments will be increasing the expansion of modes of generation from renewable energy sources, along with future-oriented technologies and sustainable products and services. The permanent alignment of all services to customer needs, and pushing forward with digitalisation and innovation will again be upheld as important strategic objectives in the 2023/2024 fiscal year.

Assuming a largely stable economic and market environment and subject to any further political or regulatory market interventions, Energie AG expects the operating result for the 2023/2024 fiscal year to be above the level of the 2022/2023 fiscal year.

Linz, 4 December 2023

The Management Board of Energie AG Oberösterreich



Dr. Leonhard Schitter MA
CEO



Dr. Andreas Kolar
CFO



Dipl.-Ing. Stefan Stallinger MBA
COO